



# Commonwealth of Virginia

## GENERAL ASSEMBLY

RICHMOND

January 11, 2024

To Members of the General Assembly:

Pursuant to § 30-312, *Code of Virginia*, the chair of the Major Employment and Investment Project Approval (MEI) Commission shall report annually to the Virginia General Assembly. Detailed expectations of that report are outlined as follows:

The chairman of the Commission shall report annually by the first day of each General Assembly Regular Session on all endorsed incentive packages for which an offer has been made and publicly announced. Staff identified in § 30-311 shall assist the commission in preparing such report, which shall contain the following information:

- (i) the industrial sector of the MEI project,
- (ii) known competitor states,
- (iii) employment creation and capital investment expectations,
- (iv) anticipated average annual wage of the new jobs,
- (v) local and state returns on investment as prepared by the Virginia Economic Development Partnership Authority,
- (vi) expected time frame for repayment of the incentives to the Commonwealth in the form of direct and indirect general tax revenues,
- (vii) details of the proposed incentive package, including the breakdown of the components into various uses and an expected timeline for payments, and
- (viii) draft legislation or amendments to the Appropriation Act that propose financing for the endorsed incentive package through the Virginia Public Building Authority or any other proposed funding or financing mechanisms.

The following packages of incentives were endorsed by the MEI Commission and publicly announced during calendar year 2023:

### **March 23, 2023**

Project "Vessel" (ZIM American Integrated Shipping) was endorsed by the MEI Commission as presented and required MEI review due to the in-state relocation of an employer from one Virginia locality to another:

- i. Industrial sector: Corporate Headquarters
- ii. Known competitor states: New Jersey
- iii. Employment creation and capital investment expectations: 307 new jobs and \$16.4 million capital investment
- iv. Average annual wage of new jobs: \$67,708 for new jobs created in Virginia Beach
- v. Ten-year net return on state incentives as prepared by the Virginia Economic Development Partnership Authority: \$9.1 million
- vi. Expected timeframe for repayment of incentives: This information was not provided to the MEI Commission
- vii. Incentives endorsed (\$2.4 million total state incentives):
  - \$1.5 million grant from the Commonwealth Development Opportunity Fund;
  - \$481,000 in services through the Virginia Talent Accelerator Program
  - \$426,000 grant from the Port of Virginia Economic and Infrastructure Development Grant
  - In addition, Virginia Beach will offer a \$1.5 million cash grant to the company
- viii. No legislation is expected for this project during the upcoming General Assembly Session

Eldor's incentive required MEI review and approval due to the company's request for a 2<sup>nd</sup> extension of its grant performance period. MEI granted the company's request. Eldor is a supplier of automotive ignition coil systems in Botetourt County, Virginia. It received a \$3.2 million grant from the Commonwealth Development Opportunity Fund with the promise of investing \$75.2 million in the state and creating 350 new jobs at an average wage of \$37,950. The company has exceeded its capital investment commitment and needs to create 94 new jobs to meet its job performance criteria. With the extension granted by MEI at this meeting, Eldor has until June 30, 2024, to create these outstanding jobs.

### **July 10, 2023**

On July 10, 2023, the MEI Commission endorsed one incentive package for a project that has not yet been publicly announced and considers the relocation of an energy wire manufacturer in planning district 23. The MEI Commission received updates on economic development projects for Rocket Lab and Volvo in open session.

### **August 23, 2023**

Project "23L33T" (Wells Fargo) was endorsed by the MEI Commission as presented.

- i. Industrial sector: Business Support Services
- ii. Known competitor states: Similar Wells Fargo call centers located in the South and Southeast
- iii. Employment creation and capital investment expectations: 1,100 new jobs and \$87 million capital investment
- iv. Average annual wage of new jobs: \$52,100 for new jobs created in Roanoke County
- v. Ten-year net return on state incentives as prepared by the Virginia Economic Development Partnership Authority: \$18.6 million
- vi. Expected timeframe for repayment of incentives: This project is projected to be always cash positive.
- vii. Incentives endorsed (\$16.5 million total state incentives):
  - \$15.0 million custom performance grant from the state
  - \$1.5 million in services through the Virginia Talent Accelerator Program
  - In addition, Roanoke County will offer a \$5.4 million cash grant to the company
- viii. Draft legislation and budget amendments, as submitted to the MEI Commission, are included in Attachment A of this report.

### **December 11, 2023**

Project "Potter" (Monumental) was endorsed by the MEI Commission. This project plans to relocate facilities associated with the ownership group of the Capitals and Wizards from Washington, D.C. to a redevelopment project for Potomac Yards in Alexandria, Virginia. The project was presented by Secretary of Finance, Stephen Cummings. The structure of this economic development project uses revenues derived from the jobs, sales, and businesses created through the development to pay off debt required to finance the project. As proposed, the state would create the Virginia Sports and Entertainment Authority to issue debt for the redevelopment that includes the creation of an arena, concert venue, headquarters for the ownership group, and underground parking facility. The Virginia Department of Taxation and City of Alexandria would remit revenues derived from the economic development activity surrounding the project to pay the annual debt service and operating expenses for the Authority. Proposed state revenues available for recapture by the Authority include personal income, pass through entity, corporate income, and sales taxes. Proposed Alexandria City revenues include sales, business income, property, personal property, ticket, and hotel taxes.

- i. Industrial sector: Entertainment-anchored mixed-use development
- ii. Known competitor states: D.C.

- iii. Employment creation and capital investment expectations: \$2.0 billion in capital investment, \$1.5 billion of which will come from debt issued by the Virginia Sports and Entertainment Authority and 19,685 direct jobs associated with arena, phase I, phase II, and phase III developments
- iv. Average annual wage of new jobs: This information was not provided to the MEI Commission.
- v. Forty-year net return on incentives as prepared by J.P. Morgan and Chase: \$3.8 billion NPV for the state and City of Alexandria
- vi. Expected timeframe for repayment of incentives: Forty-years to pay off debt issued by the Authority
- vii. Proposed incentives include:
  - \$1.2 billion of tax-free debt issued by the Authority
  - \$468 million of lease revenue debt issued by the Authority
  - \$106 million in cash from the City of Alexandria
  - In addition, Monumental will provide \$403 million in cash for the project
- viii. Draft legislation, as submitted to the MEI Commission, is included in Attachment A of this report.

The MEI Commission continues its work and will provide all relevant updates to the General Assembly by the next annual reporting deadline.

Sincerely,



The Honorable Barry D. Knight  
Chairman, MEI Commission

cc: The Honorable Caren Merrick, Secretary of Commerce and Trade  
Mr. Jason El Koubi, President and CEO, Virginia Economic Development  
Partnership

## Attachment A

### DRAFT BUDGET LANGUAGE FOR WELLS FARGO PROJECT

*Y. Out of the appropriation in this Item, \$1,633,008 the first year and \$1,403,988 the second year from the general fund shall be deposited to the Financial Services Expansion Program fund for grants to be paid in accordance with the custom performance grant approved by the MEI Project Approval Commission on August 23, 2023 and pursuant to an agreed upon memorandum of understanding (MOU) entered into between such financial services company and the Commonwealth on September 25, 2023.*

### DRAFT LEGISLATION FOR WELLS FARGO PROJECT

*A Bill to amend the Code of Virginia by adding in Title 59.2 a chapter numbered 22.22, consisting of a section numbered 59.1-284.43, relating to the Financial Services Expansion Grant Fund; established.*

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

**1. That the Code of Virginia is amended by adding in Title 59.1 a chapter numbered 22.22, consisting of a section numbered 59.1-284.43, as follows:**

#### **CHAPTER 22.22.**

#### **FINANCIAL SERVICES EXPANSION GRANT FUND.**

#### **§ 59.1-284.43. Financial Services Expansion Grant Fund.**

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

"Capital investment" means an expenditure by or on behalf of a qualified company on or after July 1, 2023, in real property, taxable tangible personal property, or both, at a facility in an eligible county that is properly chargeable to a capital account or would be so chargeable with a proper election. The purchase or lease of furniture, fixtures, business personal property, machinery and tools, including under an operating lease, and expected building construction and up-fit by or on behalf of a qualified company shall qualify as capital investment.

"Eligible county" means Roanoke County.

"Facility" means the building, group of buildings, or corporate campus, including any related machinery and tools, furniture, fixtures, and business personal property, that is located at or near a qualified company's operations in an eligible county and is owned, leased, licensed, occupied, or otherwise operated by a qualified company as an operations facility for use in provision of customer support for financial services.

"Fund" means the Financial Services Expansion Grant Fund.

"Grants" means the grant payments from the Fund awarded to a qualified company in an aggregate not to exceed \$15 million. The proceeds of the grants may be used by the qualified company for payment or reimbursement of the costs of workforce development, costs of construction and development of the facility, or any other lawful purpose.

"Memorandum of understanding" means a performance agreement or related documents entered into on September 25, 2023, by a qualified company, the Commonwealth, and VEDP that sets forth the requirements for capital investment and the creation of new full-time jobs by a qualified company in order for a qualified company to be eligible for grants from the Fund.

"New full-time job" means a job position, in which the employee of a qualified company is principally located at a facility, for which the average annual wage for the applicable year is at least equal to the average annual wage for that year required by the memorandum of understanding and the qualified company provides standard fringe benefits. Such position shall require a minimum of either (i) 35 hours of an employee's time per week for the entire normal year of the qualified company's operations, which "normal year" shall consist of at least 48 weeks, or (ii) 1,680 hours per year. Seasonal or temporary positions and positions with construction contractors, vendors, suppliers, and similar multiplier or spin-off jobs shall not qualify as new full-time jobs. The Commonwealth may gauge compliance with the new full-time job requirements for a qualified company by reference to the new payroll generated by a qualified company, if so indicated in the memorandum of understanding.

"Qualified company" means a company, including its affiliates, that engages in the provision of customer support for financial services in an eligible county and that between July 1, 2023, and December 31, 2033, is expected to (i) make a capital investment of at least \$87 million and (ii) create at least 1,100 new full-time jobs related to or supportive of its business.

"Secretary" means the Secretary of Commerce and Trade or his designee.

"VEDP" means the Virginia Economic Development Partnership Authority.

B. There is hereby created in the state treasury a special nonreverting fund to be known as the Financial Services Expansion Grant Fund. The Fund shall be established on the books of the Comptroller. All funds appropriated to the Fund shall be paid into the state treasury and

credited to the Fund. Interest earned on moneys in the Fund shall remain in the Fund and be credited to it. Any moneys remaining in the Fund, including interest thereon, at the end of each fiscal year shall not revert to the general fund but shall remain in the Fund. Moneys in the Fund shall be used to pay grants pursuant to this chapter. Expenditures and disbursements from the Fund shall be made by the State Treasurer on warrants issued by the Comptroller pursuant to subsection F.

C. A qualified company shall be eligible to receive grants each fiscal year expected to begin with the Commonwealth's fiscal year starting on July 1, 2024, and ending with the Commonwealth's fiscal year starting on July 1, 2033, unless such timeframe is extended in accordance with a memorandum of understanding. Grants paid pursuant to this section shall be subject to appropriation by the General Assembly during each such fiscal year and are contingent on a qualified company meeting the requirements set forth in this chapter and the memorandum of understanding for the number of new full-time jobs created and maintained and the amount of capital investment made. The first grant payment shall not be awarded until a qualified company has created at least 377 new full-time jobs and achieved at least \$65,000,000 in capital investment.

D. The aggregate amount of grants payable under this section shall not exceed \$15 million. Grants are anticipated to be paid in ten annual installments, calculated in accordance with a memorandum of understanding as follows:

1. \$1,633,216 for the Commonwealth's fiscal year beginning July 1, 2024;
2. \$3,037,459, less the total amount of grants previously awarded pursuant to this subsection, for the Commonwealth's fiscal year beginning July 1, 2025;
3. \$4,532,777, less the total amount of grants previously awarded pursuant to this subsection, for the Commonwealth's fiscal year beginning July 1, 2026;
4. \$6,032,777, less the total amount of grants previously awarded pursuant to this subsection, for the Commonwealth's fiscal year beginning July 1, 2027;
5. \$7,532,777, less the total amount of grants previously awarded pursuant to this subsection, for the Commonwealth's fiscal year beginning July 1, 2028;
6. \$9,032,777, less the total amount of grants previously awarded pursuant to this subsection, for the Commonwealth's fiscal year beginning July 1, 2029;
7. \$10,532,777, less the total amount of grants previously awarded pursuant to this subsection for the Commonwealth's fiscal year beginning July 1, 2030;

8. \$12,032,777, less the total amount of grants previously awarded pursuant to this subsection for the Commonwealth's fiscal year beginning July 1, 2031;

9. \$13,532,777 million, less the total amount of grants previously awarded pursuant to this subsection for the Commonwealth's fiscal year beginning July 1, 2032; and

10. \$15 million, less the total amount of grants previously awarded pursuant to this subsection for the Commonwealth's fiscal year beginning July 1, 2033.

In accordance with a memorandum of understanding, actual payment amounts and fiscal years may differ from the schedule above and may be extended beyond the fiscal year beginning July 1, 2033, but the aggregate amount of grant payments shall not exceed \$15 million.

E. A qualified company applying for a grant installment under this section shall provide evidence satisfactory to the Secretary of (i) the aggregate number of new full-time jobs created and maintained as of the last day of the calendar year preceding the application and (ii) the amount of capital investment made in the calendar year preceding the application. The application and evidence shall be filed with the Secretary in person, by mail, or as otherwise agreed upon in a memorandum of understanding no later than April 1 each year reflecting performance through the last day of the prior calendar year. Failure to meet the filing deadline shall result in a deferral of a scheduled grant installment payment set forth in subsection D. For filings by mail, the postmark cancellation shall govern the date of the filing determination.

F. Within 60 days of receiving an application and evidence pursuant to subsection E, the Secretary shall certify to the Comptroller and the qualified company the amount of grants to which such qualified company is entitled for payment. Payment of such grants shall be made by check issued by the State Treasurer on warrant of the Comptroller in the Commonwealth's fiscal year following the submission of an application. The Comptroller shall not draw any warrant to issue checks for grants without a specific appropriation for the same.

G. As a condition of receipt of grants under this section, a qualified company shall make available to the Secretary for inspection, upon request, all documents relevant and applicable to determining whether the qualified company has met the requirements for receipt of a grant as set forth in this section and subject to the memorandum of understanding. All such documents appropriately identified by a qualified company shall be considered confidential and proprietary.

#### **DRAFT LEGISLATION FOR ARENA PROJECT**

A BILL to amend the Code of Virginia by adding in Title 15.2 a chapter numbered 58.1, consisting of sections numbered 15.2-5824 through 15.2-5842, relating to a Virginia Sports and Entertainment Authority.



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

**1. That the Code of Virginia is amended by adding in Title 15.2 a chapter numbered 58.1, consisting of sections numbered 15.2-5824 through 15.2-5842, as follows:**

CHAPTER 58.1.

VIRGINIA SPORTS AND ENTERTAINMENT AUTHORITY.

**§ 15.2-5824. Definitions.**

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

"Affiliate" means any person that is owned entirely or in part by a company or is an affiliate, assignee, employee, or agent of a company or is otherwise selected by a company to exercise any rights or undertake any obligations of the company that may be granted or established pursuant to this chapter.

"Authority" means the Virginia Sports and Entertainment Authority.

"Campus" means the land, buildings, facilities, and other development from which revenues will be generated for the Authority. Facilities include without limitation (i) a sports arena capable of hosting professional sports games; (ii) a performance venue, (iii) a public plaza located between the arena and the performance venue; (iv) hotel developments, (v) retail, food, and beverage developments, including whether fixed or mobile; (vi) office building development that includes space for company headquarters and other entities ; (vii) areas for practices and training of professional sports teams; (viii) areas for broadcasting production; (ix) onsite underground parking of at least 2,500 parking spaces; (x) residential buildings; (xi) parks and other public open spaces; and (xii) related on-site infrastructure necessary or desirable for all such elements for the campus.

"City" means the City of Alexandria, Virginia.

"Company" means a sports and entertainment company that has entered into a lease with the Authority pursuant to § 15.2-5830.

"Corporate income tax revenues" means corporate income tax revenues as estimated by the Tax Commissioner under Article 10 (§ 58.1-400 et seq.) of Chapter 3 of Title 58.1 from the company or any professional sports team or any affiliates thereof based on income generated on the campus, also including revenues generated in connection with the development and construction of the campus. Upon the recommendation of the Authority, and the written approval of the Governor, "corporate income tax revenues" shall also include corporate income tax revenues generated by other business entities new to the Commonwealth that locate on

the campus. The Tax Commissioner shall calculate such revenues by multiplying the estimated tax payment of any corporation as required under Article 20 (§ 58.1-500 et seq.) of Chapter 3 of Title 58.1 generating income as described herein by the ratio of their gross revenues from the activities as described herein to gross revenues from all activities in Virginia.

“Eligible expenses” means the reasonable expenses necessary for the Authority to carry out responsibilities set forth under this chapter.

“Excess funds” means any moneys available to the Authority in the Fund after the accounts set forth in subsection B of § 15.2-5833 have been sufficiently funded.

"Fund" means the Virginia Sports and Entertainment Authority Financing Fund.

"Pass-through entity tax revenues" means income tax revenues as estimated by the Tax Commissioner according to the provisions of Article 9 (§ 58.1-390.1 et seq.) of Chapter 3 of Title 58.1 from any pass-through entity, as defined in § 58.1-390.1, generated from the company or any professional sports team or any affiliates thereof based on income generated on the campus, including revenues generated in connection with the development and construction of the campus.

"Person" means a person as defined in § [1-230](#), except that the term does not include the Commonwealth or any of its political subdivisions or any agency or instrumentality thereof.

"Personal income tax revenues" means personal income tax revenues as estimated by the Tax Commissioner from individuals under Article 2 (§ 58.1-320 et seq.) of Chapter 3 of Title 58.1 based on salaries, wages, and other income generated through employment or the conduct of a trade or business in on the campus. The Tax Commissioner shall calculate such revenues by multiplying wages and salaries described by the average effective tax rate calculated by the Department of Taxation for the prior taxable year.

“Professional sports team” means a sports team affiliated with the National Basketball Association, the National Hockey League, or any other similar professional sports association, league, or group.

"Sales tax revenues" means tax collections under the Virginia Retail Sales and Use Tax Act (§ [58.1-600](#) et seq.), as limited herein, and as may be amended, generated by construction and transactions taking place on the campus. For purposes of this chapter, "sales tax revenues" does not include (i) the 0.5 percent sales and use tax increase enacted by the 1986 Special Session of the General Assembly that shall be paid into the Commonwealth Transportation Fund as defined in § [33.2-1524](#); (ii) the one percent of the state sales and use tax revenue distributed among the counties and cities of the Commonwealth pursuant to subsection D of § [58.1-638](#) on the basis of school-age population; (iii) any sales and use tax revenues generated

by increases or allocation changes imposed by the 2013 Session of the General Assembly; (iv) any sales and use tax revenues distributed pursuant to subsection F of § 58.1-638; (v) the additional state sales and use tax in certain counties and cities assessed pursuant to subsection B of § 58.1-603.1 and subsection B of §58.1-604.01; (vi) the additional state sales and use tax in certain counties and cities of historic significance imposed under § 58.1-603.2; (vii) the local sales and use tax imposed under §§ 58.1-605 and 58.1-606, unless remitted to the Authority under the provisions of subsection B of § 15.2-5835; and (viii) the local sales and use tax imposed under §§ 58.1-605.1 and 58.1-606.1 and used for the construction or renovation of schools.

“Sufficiently funded” means that the accounts established pursuant to subsection B of § 15.2-5833 have adequate funds to meet the needs of the Authority to maintain the campus and honor its contractual commitments and obligations, including debt service obligations. Whether the accounts are sufficiently funded shall be determined based on criteria adopted by the Authority, as well as the terms set forth in bond and other financing documents entered into by the Authority.

**§ 15.2-5825. Creation of Authority.**

There is hereby established a body corporate and politic known as the Virginia Sports and Entertainment Authority. The Authority is a political subdivision of the Commonwealth. It shall be the principal duty of the Authority to ensure the construction, operational, and financial viability of the facilities, to service the bonds issued by the Authority, and to ensure compliance with all terms and conditions of contracts, memoranda of understanding, and other agreements entered into regarding the campus.

**§ 15.2-5826. Members of Authority; chairman; terms.**

A. The Authority shall consist of nine members. Six members shall be appointed by the Governor, and three members shall be appointed by the governing body of the City. The Governor shall designate one of the members as chairman. The members of the Authority annually shall elect a vice-chairman from their membership who shall perform the duties of the chairman in the chairman’s absence. The appointments of the members by the Governor pursuant to this section shall be confirmed in accordance with § 2.2-107.

B.1. Of the members appointed by the Governor (i) one shall be a lawyer with at least 15 years’ experience with advisory experience in creating and operating public-private real estate partnerships involving the issuance of public debt, (ii) one shall be an active or recently retired chief executive officer of a multi-billion dollar revenue public or private company with a preference for experience in sectors associated with the sports or entertainment industries, (iii) one shall be an owner or chief executive officer of a commercial construction or commercial

development company, (iv) one shall be a senior executive with financial services experience in public or private finance at a national financial services company, and (v) two shall be individuals with the education, business experience, and skills necessary to execute the duties and responsibilities of a member of the Authority.

2. Of the members appointed by the governing body of the City, (i) one shall be a developer and operator of a large-scale mixed-use development with experience in retail, hotel, hospitality, and entertainment sectors, and (ii) two shall be an individual with the education, experience, and skills necessary to execute the duties and responsibilities of a member of the Authority.

C. After the initial staggering of terms, members shall serve a term of four years. No member shall be eligible to serve for more than two successive terms.

D. At the end of a term, a member shall continue to serve until a successor is appointed and qualifies. A member who is appointed after a term has begun shall serve for the remainder of the term and shall be eligible to be reappointed for a full term at the expiration of such term. Upon the end of the term of a member, or upon the resignation or removal of a member, the original appointing authority shall appoint a member to the Authority. The Governor may remove a member for cause in accordance with § [2.2-108](#). The members of the Authority shall receive no compensation for their services, but a member may be reimbursed by the Authority for reasonable expenses actually incurred in the performance of the duties of that office.

**§ [15.2-5827](#). Quorum; actions of Authority; meetings.**

The Authority shall meet at least quarterly. Five members of the Authority, including at least one member appointed by the governing body of the City of Alexandria, shall constitute a quorum for the purpose of conducting business. Any action of the Authority shall require the affirmative vote of a majority of the quorum to be effective. No vacancy on the Authority shall impair the right of a quorum to exercise all rights and perform all the duties of the Authority. The Authority shall determine the times and places of its regular meetings. Special meetings of the Authority shall be held when requested by two or more members of the Authority. Any such request for a special meeting shall be in writing, and the request shall specify the time and place of the meeting and the matters to be considered at the meeting. A reasonable effort shall be made to provide each member with advance notice of any special meeting. No matter not specified in the notice shall be considered at such special meeting unless all the members of the Authority are present.

**§ [15.2-5828](#). Executive Director appointment; duties.**

A. The Authority shall appoint an Executive Director, who shall report to, but not be a member of, the Authority. The Executive Director shall serve as the ex officio secretary of the Authority

and shall administer, manage, and direct the Authority's affairs and activities in accordance with the policies adopted by and under the direction and control of the Authority.

B. In addition to any other duties set forth in this chapter, the Executive Director shall:

1. Attend all meetings and keep minutes of all proceedings;
2. Approve all accounts for salaries, per diem payments, and allowable expenses of the Authority and its independent contractors and approve all expenses incidental to the operation of the Authority;
3. Annually prepare and present a budget for approval by the Board. Throughout the year, the Executive Director shall monitor the Authority's fiscal performance relative to the budget and regularly deliver financial reports to the Authority regarding such performance;
4. Ensure proper execution of contracts, memoranda of understanding, and other such agreements and commitments of the Authority; and
5. Perform any other duty that the Authority requires for carrying out the provisions of this chapter.

**§ 15.2-5829. Powers.**

In addition to the powers set forth elsewhere in this chapter, the Authority may:

1. Adopt and alter an official seal;
2. Sue and be sued in its own name;
3. Adopt bylaws, rules, and regulations to carry out the provisions of this chapter;
4. Maintain an office on the campus. Until such office space is constructed, the Authority shall maintain an office at such place as the Authority may designate;
5. Employ, either as regular employees or independent contractors, consultants, accountants, attorneys, financial experts, agents, managers and other professional personnel, and any other personnel as may be necessary in the judgment of the Authority to carry out its responsibilities as outlined in this chapter, and fix their compensation;
6. Proceed with any undertaking and enter into any contracts or agreements with the Commonwealth or any political subdivision thereof or any person as the Authority deems necessary or desirable to carry out the provisions of this chapter related to development of the campus;

7. Review the Authority's responsibilities under contracts, memoranda of understanding, and other similar agreements, and delegate appropriate authority to the Executive Director to ensure that the provisions of such agreements are being efficiently, effectively, and prudently executed by the Executive Director and other staff.

8. Acquire, hold, lease, use, encumber, transfer, or dispose of real and personal property, including a lease of its property or any interest therein whatever the condition thereof, whether or not constructed or acquired, which is owned by the Authority, to a sports and entertainment company or its affiliate or other person as deemed necessary or desirable to carry out the provisions of this chapter, provided that any lease shall comply with § 15.2-5830;

9. Design, construct, reconstruct, improve, operate, and maintain the campus and any of its component buildings and facilities;

10. Fix, charge, and collect rates, fees, and charges for the use of, or the benefit derived from, the facilities provided, owned, operated, or financed by the Authority. Such rates, fees, and charges may be charged to and collected by such persons and in such manner as the Authority may determine from (i) any person using the facilities and (ii) the owners, tenants, or customers of the real estate and improvements that are served by, or benefit from the use of, any such facilities, in such manner as shall be authorized by the Authority in connection with the provision of such facilities;

11. Issue bonds under this chapter;

12. Borrow money;

13. Receive and accept from any source, private or public, contributions, gifts, or grants of money or property; and

14. Do all things necessary or convenient to carry out the powers granted by this chapter.

**§ 15.2-5830. Acquisition of property; lease agreement.**

A. The Authority may acquire or otherwise use in its own name, by gift or purchase, any real or personal property, or interests in property, necessary or convenient to construct or operate the campus.

B. In any jurisdiction where planning, zoning, and development regulations may apply, the Authority shall comply with and is subject to those regulations to the same extent as a private commercial or industrial enterprise.

C. The Authority shall negotiate and enter into a lease agreement for all or a portion of the buildings and facilities located on the campus if the Authority finds that a company has

committed to locate or relocate to the campus; and that such company and its affiliates have demonstrated to the satisfaction of the Authority that the company and its affiliates have the experience and financial resources to be able to successfully develop and operate the campus.

D. Any lease agreement for the campus entered into by the Authority with a company or its affiliates shall:

1. Provide for the payment of rent to the Authority, which shall be deposited into the Fund;
2. Provide for the payment of revenues, if any, generated by the company related to on-site underground parking on the campus to the Authority, which shall be deposited into the Fund;
3. Provide for the payment of revenues, if any, generated by the company for the sale of district naming rights at the campus to the Authority, which shall be deposited into the Fund;
4. Provide for the payment of revenues, if any, generated from the campus from other sources, including the sale of personal seat licenses, memberships, or other similar transactions, which shall be deposited in the Fund.
5. Grant the company and its affiliates full operational control of the campus;
6. Establish standards for the maintenance of, and capital reinvestment in, the campus throughout the term of the lease agreement that are necessary to support the Authority's financial obligations;
7. Have a term of no less than the term of the bonds sold pursuant to § 15.2-5831 for the construction and development of the campus;
8. Provide that if the company or its affiliates relocates after the operational date but before the expiration date of any lease entered into, the company will pay any outstanding principal, interest, and any other financing costs of all bonds issued under this chapter; and
9. Contain such other terms and conditions as deemed necessary and appropriate by the Authority and agreed to by the company that further the purpose of the Authority related to the financing of the campus.

**§ 15.2-5831. Bond issues.**

A. The Authority may at any time and from time to time issue bonds to carry out any of the purposes of this chapter. As used in this chapter, "bonds" includes notes of any kind, interim certificates, refunding bonds, and any other evidence of obligation.

B. The bonds of any issue shall be payable solely from the property or receipts of the Authority, or other security specifically pledged by the Authority to the payment thereof, including:

1. Taxes, fees, charges, lease payments, or other revenues payable to the Authority including amounts transferred from the Fund;
2. Payments by financial institutions, insurance companies, or others pursuant to letters or line of credit, policies of insurance, or purchase agreements;
3. Investment earnings from funds or accounts maintained pursuant to a bond resolution or trust agreement; and
4. Proceeds of refunding bonds.

C. Bonds shall be authorized by resolution of the Authority and may be secured by a trust agreement by and between the Authority and a corporate trustee or trustees, which may be any trust company or bank having the powers of a trust company within or outside the Commonwealth. The bonds shall:

1. Be issued at, above, or below par value, for cash or other valuable consideration, and mature at a time or times, whether as serial bonds or as term bonds or both, not exceeding 40 years from their respective dates of issue;
2. Bear interest at the fixed or variable rate or rates determined by the method provided in the resolution or trust agreement;
3. Be payable at a time or times, in the denominations and form, and carry the registration and privileges as to conversion and for the replacement of mutilated, lost, or destroyed bonds as the resolution or trust agreement may provide;
4. Be payable in lawful money of the United States at a designated place;
5. Be subject to the terms of purchase, payment, redemption, refunding, or refinancing that the resolution or trust agreement provides;
6. Be executed by the manual or facsimile signatures of the officers of the Authority designated by the Authority. Such signatures shall be valid at delivery even for one who has ceased to hold office; and
7. Be sold in the manner and upon the terms determined by the Authority, including private negotiated sale.

D. Any resolution or trust agreement may contain provisions that shall be a part of the contract with the holders of the bonds as to:



1. Pledging, assigning, or directing the use, investment, or disposition of receipts of the Authority or proceeds or benefits of any contract and conveying or otherwise securing any property rights;
  2. The setting aside of loan funding deposits, debt service reserves, capitalized interest accounts, cost of issuance accounts, and sinking funds, and the regulation, investment, and disposition thereof;
  3. Limitations on the purpose to which the proceeds of sale of any issue of bonds may be applied and restrictions to investments of such proceeds or revenues available to pay debt service;
  4. Limitations on the issuance of additional bonds and the terms upon which additional bonds may be issued and secured and may rank on a parity with, or be subordinate or superior to, other bonds;
  5. The refunding or refinancing of outstanding bonds;
  6. The procedure, if any, by which the terms of any contract with bondholders may be altered or amended and the amount of bonds the holders of which must consent thereto, and the manner in which consent shall be given;
  7. Defining the acts or omissions which shall constitute a default in the duties of the Authority to bondholders and providing the rights or remedies of such holders in the event of a default which may include provisions restricting individual right of action by bondholders;
  8. Providing for guarantees, pledges of property, letters of credit, or other security, or insurance for the benefit of bondholders; and
  9. Any other matter relating to the bonds which the Authority determines appropriate.
- E. No member of the Authority nor any person executing the bonds on behalf of the Authority shall be liable personally for the bonds or subject to any personal liability by reason of the issuance of the bonds.
- F. The Authority may enter into agreements with agents, banks, insurers, or others for the purpose of enhancing the marketability of, or as security for, its bonds.
- G. A pledge by the Authority of revenues as security for an issue of bonds shall be valid and binding from the time the pledge is made. The revenues pledged shall immediately be subject to the lien of the pledge without any physical delivery or further act, and the lien of any pledge shall be valid and binding against any person having any claim of any kind in tort, contract or otherwise against the Authority, irrespective of whether the person has notice. No resolution,

trust agreement or financing statement, continuation statement, or other instrument adopted or entered into by the Authority need be filed or recorded in any public record other than the records of the Authority in order to perfect the lien against third persons, regardless of any contrary provision of public general or public local law.

H. Except to the extent restricted by an applicable resolution or trust agreement, any holder of bonds issued under this chapter or a trustee acting under a trust agreement entered into under this chapter, may, by any suitable form of legal proceedings, protect and enforce any rights granted under the laws of Virginia or by any applicable resolution or trust agreement.

I. The Authority may issue bonds to refund any of its bonds then outstanding, including the payment of any redemption premium and any interest accrued or to accrue to the earliest or any subsequent date of redemption, purchase or maturity of the bonds. Refunding bonds may be issued for the public purposes of realizing savings in the effective costs of debt service, directly or through a debt restructuring, for alleviating impending or actual default and may be issued in one or more series in an amount in excess of that of the bonds to be refunded.

J. The company shall agree, as part of any development and lease agreement entered into pursuant to § [15.2-5830](#), that the company and its affiliates will not be relocated and that the company will operate on the campus until any bonds issued hereunder to finance and refinance the campus are redeemed or defeased.

**§ [15.2-5832](#). Investments in bonds.**

Any financial institution, investment company, insurance company or association, and any personal representative, guardian, trustee, or other fiduciary, may legally invest any moneys belonging to them or within its control in any bonds issued by the Authority.

**§ [15.2-5833](#). Virginia Sports and Entertainment Authority Financing Fund; use.**

A. There is hereby created in the state treasury a special nonreverting fund for Authority to be known as the Virginia Sports and Entertainment Authority Financing Fund. The Fund shall be established on the books of the Comptroller. All revenues to which the Authority is entitled pursuant to § [15.2-5835](#), all revenues and moneys approved by local governing body of the City to be directed to the Fund, all revenues and moneys generated by a lease agreement entered into pursuant to § 15.2-5830, any other moneys that may be appropriated by the General Assembly, and any moneys that may be received for the credit of the Fund from any other source shall be paid into the state treasury and credited to the Fund by the Comptroller as soon as practicable following their receipt. Interest earned on moneys in the Fund shall remain in the Fund and be credited to it. Any moneys remaining in the Fund, including interest thereon, at the end of each fiscal year shall not revert to the general fund but shall remain in the Fund.

B. The amounts dedicated to the Fund pursuant to subsection A shall be distributed to the Authority as soon as practicable for use in accordance with this chapter. The Authority shall establish a cash flow waterfall, and shall establish and deposit revenues into each of the following accounts in the following priority order:

1. Revenue Account;
2. Senior Debt Service Account;
3. Senior Debt Service Reserve Account;
4. Subordinate Debt Service Account;
5. Subordinate Debt Service Reserve Account; and
6. Capital Expenditures and Maintenance Account.

The Authority shall also establish a Distribution Account. If, in the opinion of the Authority, all other accounts listed in subdivisions 1 through 6 are sufficiently funded, the Authority shall distribute any excess funds back to the Commonwealth and the City, based upon a formula established and agreed upon by the Commonwealth and the City prior to the issuance of any bonds, so long as such distribution authorized by any bond or other financing documents entered into by the Authority.

C. To the extent deemed appropriate by the Authority, the receipts of the Fund shall be pledged to and transferred for the payment of debt service on Authority bonds and all reasonable charges and expenses related to Authority borrowing and the management of Authority obligations. The Authority may also use proceeds from the Fund for any expense associated with the development of the campus, whether onsite or offsite, or the administration of the Authority.

**§ [15.2-5834](#). Additional duties.**

In addition to the duties set forth elsewhere in this chapter, the Authority shall:

1. Keep records as are consistent with sound business practices and accounting records using generally accepted accounting practices;
2. Adopt criteria to be used, taking into account the obligations established in bond and other financing documents entered into by the Authority, in determining when the accounts established pursuant to subdivision B of § 15.2-5833 are sufficiently funded;
3. Secure an annual external audit of the books of the Authority and its transactions by a nationally recognized auditing firm with sufficient skills and experience to conduct a thorough

audit of the Authority. The results of such audit shall be submitted the Governor and the chairmen of the House Committee on Appropriations and the Senate Committee on Finance and Appropriations;

4. Be subject to audit and examination at any reasonable time of its accounts and transactions by the Auditor of Public Accounts; and

5. Submit a detailed annual report of its activities and financial standing to the Governor and to the General Assembly.

**§ [15.2-5835](#). Entitlement to certain tax revenues.**

A. The Authority shall be entitled, subject to appropriation and to the limitations of this chapter, to all sales tax revenues. Revenues received under this subsection shall be applied to any purposes that the Authority deems appropriate for the campus, including the payment of debt service on the Authority's bonds. The State Comptroller shall remit such sales tax revenues to the Fund on a quarterly basis, subject to such reasonable processing delays as may be required by the Department of Taxation. The State Comptroller shall make such remittances to the Fund, as provided herein, notwithstanding any provisions to the contrary in the Virginia Retail Sales and Use Tax Act (§ [58.1-600](#) et seq.). Such entitlement shall continue as necessary to cover eligible expenses of the Authority.

B. The local governing body of the locality in which the campus is located may direct, by ordinance or resolution, that all local sales and use tax revenues generated by transactions taking place upon the premises of the campus or on the campus from taxes levied pursuant to §§ [58.1-605](#) and [58.1-606](#) shall be remitted by such locality to the Authority for any purposes of the Authority. Such remittances shall be for the same period and under the same conditions as remittances to the Authority paid in accordance with subsection A, mutatis mutandis.

C. The Authority shall be entitled, subject to appropriation and to the limitations of this chapter, to all personal income tax revenues, corporate income tax revenues, and pass-through entity tax revenues. Such revenues shall be applied for any purposes which the Authority deems appropriate for the campus, including the payment of debt service on the Authority's bonds. The State Comptroller shall remit all such state tax revenue to the Fund on a quarterly basis, subject to such reasonable processing delays as may be required by the Department of Taxation. Such entitlement shall continue as necessary to cover eligible expenses of the Authority.

D. In connection with the issuance of bonds by the Authority to finance or refinance the campus, the local governing body of the City may direct, by ordinance or resolution, any other taxes or funds available to it for the repayment of bonds, campus operating expenses or capital

expenditures, and other purposes of the Authority, including any other revenues approved by the local governing body of the locality in which the campus is located and any other taxes imposed by the locality.

**§ [15.2-5836](#). Cooperation between the Authority and other political subdivisions.**

The Authority may enter into agreements with any other political subdivision of the Commonwealth for joint or cooperative action in accordance with § [15.2-1300](#).

**§ [15.2-5837](#). Tort liability.**

No pecuniary liability of any kind shall be imposed on the Commonwealth or on any other political subdivision of the Commonwealth because of any act, agreement, contract, tort, malfeasance or nonfeasance by or on the part of the Authority, its independent contractors, or its agents.

**§ [15.2-5838](#). Tort claims.**

For purposes of Article 18.1 (§ [8.01-195.1](#) et seq.) of Chapter 3 of Title 8.01, the Authority is an "agency" within the meaning of § [8.01-195.2](#), and each of its members and agents is an "employee" within the meaning of such section.

**§ [15.2-5839](#). Policy statement.**

It is hereby found, determined, and declared that the construction and development of the campus will result in substantial economic development in the Commonwealth and is in all respects for the benefit of the people of the Commonwealth and is a public purpose and that the Authority will be performing an essential government function in the exercise of the powers conferred by this chapter.

**§ [15.2-5840](#). Audits and reports.**

A. The Auditor of Public Accounts of the Commonwealth, and his legally authorized representatives, is hereby authorized and empowered from time to time to examine the accounts and books of the Authority, including its receipts, disbursements, contracts, leases, investments, and any other matters relating to its finances, operation, and affairs.

B. The Tax Commissioner shall report to the Chairman of the Senate Finance and Appropriations Committee, Chairman of the House Finance Committee, and the Chairman of the House Appropriations Committee, before July 1 of each year, the amount of the entitlement pursuant to § [15.2-5837](#).

**§ [15.2-5841](#). Prohibited use of funds.**

No funds of the Authority derived from state tax revenues may be used to pay fees or expenses of lobbyists required to register under § [2.2-422](#).

**§ [15.2-5842](#). Exemption of Authority from personnel and procurement procedures.**

The provisions of the Virginia Personnel Act (§ [2.2-2900](#) et seq.) and the Virginia Public Procurement Act (§ [2.2-4300](#) et seq.) shall not apply to the Authority in the exercise of any power conferred under this chapter.

**2. That the initial appointment of members of the Virginia Sports and Entertainment Authority established by this act shall be as follows: (i) one of the members appointed by the Governor and one of the members appointed by the governing body of the City of Alexandria shall be appointed for a term of four years; (ii) two of the members appointed by the Governor and one of the members appointed by the City of Alexandria shall be appointed for a term of three years; (iii) two of the members appointed by the Governor and one of the members appointed by the governing body of the City of Alexandria shall be appointed for a term of two years; and (iv) one of the members appointed by the Governor and one of the members appointed by the governing body of the City of Alexandria shall be appointed for a term of one year. Members appointed to an initial term of less than four years shall be eligible to be reappointed for two full four-year terms.**