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§ 62.1-224. Definitions.

As used in this chapter, unless a different meaning clearly appears from the context:

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

"Board" means the State Water Control Board.

"Cost," as applied to any project financed under the provisions of this chapter, means the total of all costs incurred as reasonable and necessary for carrying out all works and undertakings necessary or incident to the accomplishment of any project. It includes, without limitation, 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 sellers of such land, buildings or improvements, site preparation and development, including demolition or removal of existing structures, construction and reconstruction, labor, materials, machinery and equipment, the reasonable costs of financing incurred in the course of the development of the project, carrying charges incurred before placing the project in service, interest on funds borrowed to finance the project to a date subsequent to the estimated date the project is to be placed in service, necessary expenses incurred in connection with placing the project in service, the funding of accounts and reserves which the Authority may require and the cost of other items which the Authority determines to be reasonable and necessary.

"Fund" means the Virginia Water Facilities Revolving Fund created by this chapter.

"Local government" means any county, city, town, municipal corporation, authority, district, commission or political subdivision created by the General Assembly or pursuant to the Constitution or laws of the Commonwealth or any combination of any two or more of the foregoing. The term "local government" includes any authority, commission, district, sanitary board or governmental entity issuing bonds on behalf of an authority, commission, district or sanitary board of an adjoining state that operates a wastewater treatment facility located in Virginia.

"Other entities" means owners of private wastewater treatment facilities.

"Project" means any small water facility project as defined in § [62.1-229](#) and any wastewater treatment facility located or to be located in the Commonwealth, all or part of which facility serves the citizens of the Commonwealth. The term includes, without limitation, sewage and wastewater (including surface and ground water) collection, treatment and disposal facilities;

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

1986, c. 415; 1992, c. 28; 1996, c. [20](#); 1999, c. [1012](#).

§ 62.1-225. Creation and management of Fund.

There shall be set apart as a permanent and perpetual fund, to be known as the "Virginia Water Facilities Revolving Fund," sums appropriated to the Fund by the General Assembly, sums allocated to the Commonwealth expressly for the purposes of establishing a revolving fund concept through the Clean Water Act (33 U.S.C. § 1251 et seq.), as amended from time to time, all receipts by the Fund from loans made by it to local governments or other entities as permitted by federal law, all income from the investment of moneys held in the Fund, and any other sums designated for deposit to the Fund from any source public or private. The Fund shall be administered and managed by the Authority as prescribed in this chapter, subject to the right of the Board, following consultation with the Authority, to direct the distribution of loans or grants from the Fund to particular local governments or other entities and to establish the interest rates and repayment terms of such loans as provided in this chapter. In order to carry out the administration and management of the Fund, the Authority is granted the power to employ officers, employees, agents, advisers and consultants, including, without limitation, attorneys, financial advisers, engineers and other technical advisers and public accountants and, the provisions of any other law to the contrary notwithstanding, to determine their duties and compensation without the approval of any other agency or instrumentality. The Authority may disburse from the Fund its reasonable costs and expenses incurred in the administration and management of the Fund and a reasonable fee to be approved by the Board for its management services. The Authority may provide a portion of that fee to the Department of Environmental Quality to cover the Department's costs and expenses in administering the construction assistance loan program.

1986, c. 415; 1999, c. [1012](#); 2009, c. [351](#).

§ 62.1-226. Deposit of money; expenditures; investments.

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

1986, c. 415; 1996, c. [77](#).

§ 62.1-227. Annual audit.

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

1986, c. 415.

§ 62.1-228. Collection of money due Fund.

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

1986, c. 415; 1999, c. [1012](#).

§ 62.1-229. Loans to local governments or other entities.

Except as otherwise provided in this chapter, money in the Fund shall be used solely to make loans to local governments or other entities as permitted by federal law to finance or refinance the cost of any project. The local governments or other entities to which loans are to be made, the purposes of the loan, the amount of each such loan, the interest rate thereon and the repayment terms thereof, which may vary between loan recipients, shall be designated in writing by the Board to the Authority following consultation with the Authority. No loan from the Fund shall exceed the total cost of the project to be financed or the outstanding principal amount of the indebtedness to be refinanced plus reasonable financing expenses. Loans may also be made from the Fund, in the Board's discretion, to a local government which has developed a low-interest loan program to provide loans or other incentives to facilitate the correction of onsite sewage disposal problems (small water facility projects), provided that the moneys may be used only for the program and that the onsite sewage disposal systems to be repaired or upgraded are owned by individual citizens of the Commonwealth where (i) public health or water quality concerns are present and (ii) connection to a public sewer system is not feasible because of location or cost.

Except as set forth above, the Authority shall determine the terms and conditions of any loan from the Fund, which may vary between loan recipients. Each loan shall be evidenced by appropriate bonds or notes of the local government or other entity payable to the Fund. The bonds or notes shall have been duly authorized by the local government or other entity and executed by its authorized legal representatives. The Authority is authorized to require in

connection with any loan from the Fund such documents, instruments, certificates, legal opinions and other information as it may deem necessary or convenient. In addition to any other terms or conditions which the Authority may establish, the Authority may require, as a condition to making any loan from the Fund, that the local government or other entity receiving the loan covenant to perform any of the following:

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

B. With respect to local governments, levy and collect ad valorem taxes on all property within the jurisdiction of the local government subject to local taxation sufficient to pay the principal of and premium, if any, and interest on the loan from the Fund to the local government;

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

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

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

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

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

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

4. The procurement of casualty and liability insurance.

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

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

1986, c. 415; 1996, c. [20](#); 1999, c. [1012](#).

§ 62.1-229.1. Loans and grants for agricultural best management practices.

Loans or grants may be made from the Fund, in the Board's discretion, to (i) any person for the construction, renovation, improvement, or equipping of facilities or structures to implement agricultural best management practices to prevent pollution of state waters; (ii) a local government that has developed a low-interest loan program to provide loans or other incentives to facilitate the construction, renovation, improvement, or equipping of such facilities or structures; or (iii) a financial institution working with a local government to establish a program pursuant to clause (ii). The Board shall develop guidelines for the administration of such loans and grants and shall determine the terms and conditions of any loan or grant from the Fund. For purposes of this section, facilities or structures to implement agricultural best management practices may include riparian buffers planted in trees and maintained in accordance with the terms and conditions of the loan or grant.

1999, c. [497](#); 2019, c. [552](#).

§ 62.1-229.2. Loans for remediation of contaminated properties.

Loans may be made from the Fund, in the Board's discretion, to local governments, public authorities, partnerships or corporations for necessary remediation activities undertaken at a brownfield site, as defined in § [10.1-1230](#), for the purpose of reducing ground water contamination or reducing risk to public health. The Board shall develop guidelines for the administration of such loans.

2001, c. [587](#); 2003, c. [407](#).

§ 62.1-229.3. Loans for land conservation.

Loans may be made from the Fund, in the Board's discretion, to a local government or a holder as defined in § [10.1-1009](#) for acquiring fee simple title to or a permanent conservation or open-space easement in real property upon the local government or holder establishing to the satisfaction of the Board that the acquisition will (i) protect or improve water quality and prevent the pollution of state waters, and (ii) protect the natural or open-space values of the property or assure its availability for agricultural, forestal, recreational, or open-space use. The Board shall consult with the Department of Conservation and Recreation in making a determination on whether the acquisition will meet the above requirements. Unless otherwise required by law, loans for land acquisition may be made only in fiscal years in which all loan requests from local governments for eligible projects as defined in § [62.1-224](#) have first been satisfied. The Board shall develop guidelines for the administration of such loans.

2003, c. [574](#); 2010, c. [644](#).

§ 62.1-229.4. Loans for stormwater runoff control best management practices.

Loans may be made from the Fund, in the Board's discretion, to a local government for the purpose of constructing facilities or structures or implementing other best management practices that reduce or prevent pollution of state waters caused by stormwater runoff from impervious surfaces. The Board shall develop guidelines for the administration of such loans and shall determine the terms and conditions of any loan from the Fund. Unless otherwise required by law, loans for such facilities, structures, and other best management practices may be made only when loan requests for eligible wastewater treatment facilities designed to meet the water quality standards established pursuant to § [62.1-44.15](#) have first been satisfied. The Board shall give priority (i) first to local governments that have adopted a stormwater control program in accordance with § [15.2-2114](#), (ii) second to projects designed to reduce or prevent a pollutant in a water body where the water body is in violation of water quality standards established pursuant to § [62.1-44.15](#), (iii) third to local governments subject to an MS4 discharge permit issued by the Board in accordance with § [62.1-44.15:20](#), (iv) fourth to local governments that have adopted a stormwater management program in accordance with the stormwater management provisions of the State Water Control Law (§ [62.1-44.2](#) et seq.), and (v) fifth to all others.

2010, c. [644](#); 2013, cc. [756](#), [793](#).

§ 62.1-229.5. Loans for living shorelines.

Loans may be made from the Fund, in the Board's discretion, (i) to a local government for the purpose of establishing living shorelines, as defined in § [28.2-104.1](#), to protect or improve water quality and prevent the pollution of state waters or (ii) to a local government that has developed a funding program to provide low-interest loans or other incentives to businesses or individual citizens of the Commonwealth to facilitate the establishment of living shorelines to protect or improve water quality and prevent the pollution of state waters. To be eligible for loan funding, a business shall be located within a locality that is in the Rural Coastal Virginia Community Enhancement Authority as defined in § [15.2-7600](#). Eligible businesses include bed-and-breakfast

operations, campgrounds, and restaurants, as defined in § [35.1-1](#), and businesses that use working waterfronts, as defined in § [15.2-2201](#). The Board shall develop guidelines for the administration of such loans.

2015, c. [474](#); 2019, c. [497](#).

§ 62.1-230. Grants to local governments.

Subject to any restrictions which may apply to the use of money in the Fund, the Board in its discretion may approve the use of money in the Fund to make grants or appropriations to local governments to pay the cost of any project. The Board may establish such terms and conditions on any grant as it deems appropriate. Grants shall be disbursed from the Fund by the Authority in accordance with the written direction of the Board.

1986, c. 415.

§ 62.1-230.1. Loans and grants for regional projects, etc.

In approving loans and grants, the Board shall give preference to loans and grants for projects that will (i) utilize private industry in operation and maintenance of such projects where a material savings in cost can be shown over public operation and maintenance or (ii) serve two or more local governments to encourage regional cooperation or (iii) both.

1992, c. 378.

§ 62.1-231. Pledge of loans to secure bonds of Authority.

The Authority is empowered at any time and from time to time to transfer from the Fund to banks or trust companies designated by the Authority any or all of the assets of the Fund to be held in trust as security for the payment of the principal of and premium, if any, and interest on any or all of the bonds (as defined in § [62.1-199](#)) of the Authority. The interests of the Fund in any obligations so transferred shall be subordinate to the rights of the trustee under the pledge. To the extent funds are not available from other sources pledged for such purpose, any payments of principal and interest received on the assets transferred or held in trust may be applied by the trustee thereof to the payment of the principal of and premium, if any, and interest on such bonds of the Authority to which the obligations have been pledged, and, if such payments are insufficient for such purpose, the trustee is empowered to sell any or all of such assets and apply the net proceeds from the sale to the payment of the principal of and premium, if any, and interest on such bonds of the Authority. Any assets of the Fund transferred in trust as set forth above and any payments of principal, interest or earnings received thereon shall remain part of the Fund but shall be subject to the pledge to secure the bonds of the Authority and shall be held by the trustee to which they are pledged until no longer required for such purpose by the terms of the pledge. On or before the tenth day of January in each year, the Authority shall transfer, or shall cause the trustee to transfer, to the Fund any assets transferred or held in trust as set forth above which are no longer required to be held in trust pursuant to the terms of the pledge.

1986, c. 415.

§ 62.1-231.1. Sale of loans.

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

1994, c. [684](#).

§ 62.1-231.2. Powers of the Authority.

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

1994, c. [684](#).

§ 62.1-232. Liberal construction of chapter.

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

1986, c. 415.