



COMMONWEALTH of VIRGINIA

Department of the Treasury

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September 30, 2005

The Honorable Mark R. Warner
Governor of Virginia
Office of the Governor
State Capitol, Third Floor
Richmond, Virginia 23219

The Honorable John H. Chichester
Chairman
Senate Finance Committee
Post Office Box 904
Fredericksburg, Virginia 22404

The Honorable Vincent F. Callahan, Jr.
Chairman
House Appropriations Committee
Post Office Box 1173
McLean, Virginia 22101

The Honorable Harry J. Parrish
Chairman
House Finance Committee
9009 Center Street
Manassas, Virginia 20110

Dear Governor Warner and Messrs. Chairmen:

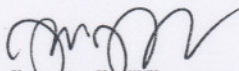
It is my pleasure to submit this report pursuant to §22.1-167.3 (C) of the *Code of Virginia* as enacted in 2001 (enclosed), concerning certain notes of the Virginia Public School Authority (VPSA) secured by a sum sufficient appropriation as provided in Item 146(C)(9)(i.1) of the 2005 Appropriation Act.

The School Educational Technology Notes Resolutions adopted on March 19, 2001, March 18, 2002, March 19, 2003, March 17, 2004 and March 16, 2005 by the VPSA Board of Commissioners, utilized the additional security provided by the sum sufficient appropriation to achieve higher credit ratings for the VPSA's technology notes issues from the three major credit rating agencies.

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During the fiscal year ended June 30, 2005, the VPSA issued an additional series of school educational technology notes under the School Educational Technology Notes Resolution adopted on March 16, 2005. Accordingly, as of June 30, 2005, the total amount of the Authority's outstanding bonds as described in §22.1-167.3 (C) of the Code of Virginia was \$168,315,000.

Respectfully submitted,



James J. Wheaton
Chairman, Virginia Public School Authority

Enclosure

c: The Honorable John M. Bennett
Secretary of Finance
Commissioners, Virginia Public School Authority

§ 22.1-167.3. Bonds or notes issued for the purpose of making grants; security for payment; appropriations.

A. The Authority is authorized to pledge to the bonds or notes of the Authority (i) authorized under the provisions of a resolution adopted subsequent to June 30, 2000, for the purpose described in § 22.1-166.2, (ii) issued subsequent to June 30, 2000, and (iii) not benefiting from the provisions of either clause (iii) or (iv) of § 22.1-168, or § 22.1-168.1, in addition to other sources available for such purpose, any funds in the general fund of the Commonwealth appropriated for such purpose.

B. The Governor's budget bill presented each year to the General Assembly pursuant to § 2.2-1509 shall include an appropriation to the Authority of a sum sufficient from the general fund of the Commonwealth to cure any shortfall in pledged primary revenues on any debt service payment date on the bonds or notes of the Authority described by this section. A shortfall in pledged primary revenues shall exist when the available moneys in the Literary Fund as of such date are less than the amount required to pay the debt service due on such bonds or notes on such date. For purposes of this subsection "available moneys in the Literary Fund" means moneys remaining after the payment, or provision for payment, of debt service on bonds or notes like those described in this section and payable from the Literary Fund, but issued prior to July 1, 2000.

C. On or before September 30 of each year, the Authority shall submit to the Governor and the chairmen of the House Appropriations Committee, House Finance Committee and the Senate Finance Committee a report as of the end of the prior fiscal year detailing the total amount of the Authority's outstanding bonds and notes secured by an appropriation of a sum sufficient from the general fund of the Commonwealth as described in subsection B. The report shall also describe any instances where any such appropriation has been used.

(2001, cc. 431, 456.)