



# COMMONWEALTH of VIRGINIA

Office of the Governor

Peter A. Blake  
Secretary of Education

September 19, 2005

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

The Honorable John H. Chichester  
Chairman  
Senate Finance Committee  
Post Office Box 9904  
Fredericksburg, Virginia 22404

Dear Delegate Callahan and Senator Chichester:

Pursuant to Item 135, Paragraph C. of the Appropriation Act, I write to bring you up to date on activity relating to tax-exempt private activity bond allocations to the Commonwealth of Virginia for qualified public educational facilities pursuant to the Economic Growth and Tax Relief Reconciliation Act of 2001 of the Internal Revenue Code of 1986.

The 2001 Tax Act permits private entities partnering with public schools to enjoy a capital cost subsidy to be provided by a new type of tax-exempt private activity bond for public school facilities. The new bonds must be used to finance a public elementary or secondary school facility to be owned by a private, for-profit corporation pursuant to a public-private partnership agreement with a state or local educational agency. The term "school facility" means a school building, any functionally related and subordinate facility and land with respect to such buildings, and any other depreciable property for use in such facilities.

Under the public-private partnership agreement, the corporation must agree to 1) construct, rehabilitate, refurbish, and/or equip a school facility, and 2) transfer the school facility to the educational agency for no additional consideration at the end of the term of the agreement.

The new bonds have a volume limit equal to \$10 per resident in any calendar year. For calendar year 2005, Virginia's portion of the bond limitation amount is \$74.6

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million. Because we carried forward the volume limit from two previous years, we have \$221.3 million currently available for issuance.

To date, this office has received no requests for this new bond authority. I will let you know if I hear anything from any of the school divisions.

Please let me know if you have questions about this letter. I look forward to continuing to work with you on this program.

Sincerely,

A handwritten signature in black ink that reads "Peter Blake". The signature is written in a cursive style with a large, prominent initial "P".

Peter A. Blake

PAB/jbh

c: The Honorable William H. Leighty  
The Honorable John M. Bennett  
Ms. Elizabeth B. Daley  
Mr. Robert P. Vaughn