



COMMONWEALTH OF VIRGINIA

Department of the Treasury

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September 30, 2008

The Honorable Timothy M. Kaine
Governor of Virginia
Office of the Governor
State Capitol, Third Floor
Richmond, Virginia 23219

The Honorable Charles J. Colgan
Chairman
Senate Finance Committee
10677 Aviation Lane
Manassas, Virginia 20110-2701

The Honorable Lacey E. Putney
Chairman
House Appropriations Committee
P.O. Box 127
Bedford, VA 24523

The Honorable Harry R. Purkey
Chairman
House Finance Committee
2352 Leeward Shore Drive
Virginia Beach, VA 23451

Dear Governor Kaine 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 140(C)(14) of the 2008 Appropriation Act.

The School Educational Technology Notes Resolutions adopted on March 19, 2001, March 18, 2002, March 19, 2003, March 17, 2004, March 16, 2005, March 17, 2006, March 23, 2007 and March 27, 2008 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, 2008, the VPSA issued an additional series of school educational technology notes under the School Educational Technology Notes Resolution adopted on March 27, 2008. Accordingly, as of June 30, 2008, the total amount of the Authority's outstanding bonds as described in §22.1-167.3 (C) of the Code of Virginia was \$173,090,000.

Respectfully submitted,



James J. Wheaton

Chairman, Virginia Public School Authority

Enclosure

c: The Honorable Richard D. Brown
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.)