



COMMONWEALTH of VIRGINIA

Office of the Governor

Richard D. Brown
Secretary of Finance

P.O. Box 1475
Richmond, Virginia 23218

March 10, 2010

The Honorable Charles J. Colgan
Member, Senate of Virginia
General Assembly Building, Room 626
Capitol Square
Richmond, Virginia 23219

Dear Senator Colgan:

In accordance with §4-3.03c of Chapter 781 of the 2009 Acts of Assembly, I have enclosed the report regarding the Governor's recommendations for capital lease agreements in the introduced budget bill, SB30.

Please contact me if you have any questions with regard to the capital lease agreements.

Sincerely,

Handwritten signature of Lisa Hicks-Thomas in black ink.

Lisa Hicks-Thomas
Secretary of Administration

Handwritten signature of Richard D. Brown in black ink.

Richard D. Brown
Secretary of Finance

Enclosure

c Betsey Daley, Staff Director, Senate Finance Committee



COMMONWEALTH of VIRGINIA

Office of the Governor

P.O. Box 1475
Richmond, Virginia 23218

March 10, 2010

The Honorable Lacey E. Putney
Member, Virginia House of Delegates
General Assembly Building, Room 947
Capitol Square
Richmond, Virginia 23219

Dear Delegate Putney:

In accordance with §4-3.03c of Chapter 781 of the 2009 Acts of Assembly, I have enclosed the report regarding the Governor's recommendations for capital lease agreements in the introduced budget bill, HB30.

Please contact me if you have any questions with regard to the capital lease agreements.

Sincerely,

Handwritten signature of Lisa Hicks-Thomas in cursive script.

Lisa Hicks-Thomas
Secretary of Administration

Handwritten signature of Richard D. Brown in cursive script.

Richard D. Brown
Secretary of Finance

Enclosure

c Robert Vaughn, Staff Director, House Appropriations Committee

**Report to the General Assembly
Capital Leases Proposed in HB/SB 30
2010-2012 Biennium**

Agency	Budget Bill Item #	Short Title	Description	Recommendation
Community College System	C-87	Administrative Office Space, Northern Virginia Community College	Provide authority for VCCS to explore a capital lease to meet space requirements.	Recommend. No action to date.
Community College System	C-87	Academic Space, Manassas Campus	Provide authority for VCCS to explore a capital lease to meet space requirements.	Recommend. No action to date.
George Mason University	C-22	Construct Shirley Gate Sports Complex (PPEA)	Provide authority for GMU to explore financing alternatives, including PPEA or a capital lease arrangement	Approved.
George Mason University	C-23	Construct Lab Building, Prince William (PPEA)	Provide authority for GMU to explore financing alternatives, including PPEA or a capital lease arrangement	Approved.
George Mason University	C-24	Construct Student Housing, Prince William (PPEA)	Provide authority for GMU to explore financing alternatives, including PPEA or a capital lease arrangement	Approved.

§ 4-3.03 CAPITAL LEASES

a. GENERAL:

1. As part of their capital budget submission, all agencies and institutions of the Commonwealth proposing building projects that may qualify as capital lease agreements, as defined in Generally Accepted Accounting Principles (GAAP), and that may be supported in whole, or in part, from appropriations provided for in this act, shall submit copies of such proposals to the Directors of the Departments of Planning and Budget and General Services, the State Comptroller, and the State Treasurer. The Secretary of Finance may promulgate guidelines for the review and approval of such requests.

2. The proposals shall be submitted in such form as the Secretary of Finance may prescribe. The Comptroller and the Director, Department of General Services shall be responsible for evaluating the proposals to determine if they qualify as capital lease agreements. The State Treasurer shall be responsible for incorporating existing and authorized capital lease agreements in the annual Debt Capacity Advisory Committee reports.

b. APPROVAL OF FINANCINGS:

1. For any project which qualifies as a capital lease, as defined in the preceding subdivisions a 1 and 2, and which is financed through the issuance of securities, the Treasury Board shall approve the terms and structure of such financing pursuant to § 2.2-2416, Code of Virginia.

2. For any project for which costs will exceed \$5,000,000 and which is financed through a capital lease transaction, the Treasury Board shall approve the financing terms and structure of such capital lease in addition to such other reviews and approvals as may be required by law. Prior to consideration by the Treasury Board, the Departments of Accounts, General Services, and Planning and Budget shall notify the Treasury Board upon their approval of any transaction which qualifies as a capital lease under the terms of this section. The State Treasurer shall notify the Chairmen of the House Appropriations and Senate Finance Committees of the action of the Treasury Board as it regards this subdivision within five calendar days of its action.

c. REPORTS: Not later than December 20 of each year, the Secretary of Finance and the Secretary of Administration shall jointly be responsible for providing the Chairmen of the House Appropriations and Senate Finance Committees with recommendations involving proposed capital lease agreements.

d. This section shall not apply to capital leases that are funded entirely with nongeneral fund revenues and are entered into by public institutions of higher education governed by Chapters 933 and 943 of the 2006 Acts of Assembly.