



COMMONWEALTH of VIRGINIA

Office of the Governor

P.O. Box 1475
Richmond, Virginia 23218

August 30, 2011

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

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

Dear Delegate Putney and Senator Colgan:

Pursuant to Item 121, Paragraph B. of the 2011 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 provided by a tax-exempt private activity bond for public school facilities. The 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 bonds have a volume limit equal to \$10 per state resident in any calendar year. For calendar year 2011, Virginia's portion of the bond limitation amount is \$80.0 million. Because Virginia carried forward the volume limit from two previous years, we have \$236.5 million currently available for issuance.

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To date, this office has received no requests for this bond authority. I will let you know if I receive a bond request 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 "Laura W. Fornash". The signature is written in a cursive style with a large, looping initial "L".

Laura W. Fornash
Secretary of Education

LWF/KCD/cps