



COMMONWEALTH OF VIRGINIA

Department of the Treasury

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July 10, 2020

MEMORANDUM

TO: Attached Distribution List

FROM: Leslie M. English *Leslie M. English*
Public Finance Manager

SUBJECT: 2020A 9(c) Bond Sale

The Treasury Board is moving forward with the sale of its Commonwealth of Virginia General Obligation Bonds, Series 2020A, tentatively scheduled to sell on or about October 14, 2020, with funds becoming available to institutions on or about November 5, 2020. The purpose of this memorandum is to provide institutions with notice of the sale and the direction to the electronic information regarding the Bond Sale Survey, Use of Proceeds Certificate and Board of Visitor's Resolution for inclusion in the financing.

The electronic information package, including the Bond Sale Survey, Use of Proceeds Certificate and form of the Board of Visitor's Resolution is available at the Department of the Treasury home page on the Internet at:

<https://www.trs.virginia.gov/Bond-Finance/General-Obligation-Bonds>

This package will better acquaint you with the General Obligation Bond program. Please access the Internet address shown above to secure the forms and instructions needed to submit the survey for participation in the Series 2020 bond sale. The information also includes:

- ATTACHMENT A – Background and Survey Information; and
- ATTACHMENT B – Tentative financing schedule.

Participation in the sale is limited to Virginia public institutions of higher education wishing to request financing for capital projects authorized under the **2006 through 2020 Virginia Acts of Assembly**, and otherwise meeting the requirements of Article X, Section 9(c) of the *Constitution of Virginia*. Institutions planning to move forward with financing for their 9(c) capital projects must complete and submit the survey separately for each project for which 2020 General Obligation 9(c) Bond proceeds are being sought. Additional pages may be used to supplement the survey where descriptive language is required to complete a specific question. If you do not plan to participate in the upcoming sale you do not need to complete the survey.

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The draw schedule(s) that you submit to Treasury with your survey will be used to determine the size of your portion of the bonds. Treasury will factor in costs of issuance, construction fund earnings, etc. **Repayment of any borrowing done in anticipation of the sale (e.g., interfund loan, Treasury Loan) must be reflected in the first draw against bond proceeds. If your draw schedule extends beyond 24 months, your project may be split into two or more bond issues.**

Board of Visitors Resolutions

The Board of Visitors (“BOV”) of each institution participating in the sale must have adopted a resolution prior to the sale date with respect to the bonds. The BOV which, among other things, requests the Treasury Board to issue the bonds, covenants to fix and collect fees, and pledges the net fees to the payment of debt service. Accordingly, if your BOV has already adopted such a resolution, each institution must include a copy with your survey form. If your BOV has not yet adopted a resolution and you plan to participate, be sure to provide the dates of upcoming meetings, so this can be considered in finalizing the sale date.

Financial Feasibility Studies

In accordance with §4-4.01(i)(3) of the General Provisions of the Appropriations Act, prior to the issuance of debt for 9(c) general obligation projects, when more than one year has elapsed since the review and evaluation of financial feasibility, institutions must prepare and submit an updated Financial Feasibility Study (“FFS”) to the Department of the Treasury for review and evaluation prior to participation in the sale. In addition, Treasury’s review is required prior to requesting the Governor’s Opinion of Financial Feasibility required under Article X, Section 9(c) of the *Constitution of Virginia*. **You will be asked to either update or reaffirm your FFS by August 28, 2020.**

Institutions wishing to participate in the 2020 General Obligation Bond sale must complete and submit the survey electronically by August 14, 2020 to Leslie English at leslie.english@trs.virginia.gov and Debora Greene at debora.greene@trs.virginia.gov. **It is preferred that the completed survey be submitted via e-mail.** If another method of delivery is preferred, surveys may be delivered (for receipt no later than 4:00 p.m. on August 14) as follows:

Overnight service

Department of the Treasury
James Monroe Building, Third Floor
101 North 14th Street
Richmond, Virginia 23219
Attention: Debora Greene (804) 371-6235

US Mail

Department of the Treasury
P.O. Box 1879
Richmond, Virginia 23218-1879
Attention: Debora Greene

Should you have any questions, please do not hesitate to contact me at (804) 371-0341 or Debora B. Greene at (804) 371-6235.

LME:dbg
Attachments

DISTRIBUTION LIST

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Mr. John J. Cusimano
University Treasurer
Virginia Polytechnic Institute & State University
312 Burruss Hall
Blacksburg, Virginia 24061-0142

ATTACHMENT A – Background and Survey Information

GENERAL OBLIGATION BOND PROGRAM

Background and Authority

The Treasury Board (the "Board") is a policy board in the executive branch of state government established pursuant to Section 2.2-2416 et seq of the Code of Virginia. Among its powers and duties, the Board is responsible for the issuance of all Commonwealth general obligation debt. The Board exercises general supervision over all investments of state funds, administers the Security for Public Deposits Act and the State Non-Arbitrage Program. In addition, the Board makes recommendations to the Governor on proposed financing arrangements, approves the terms and structure of certain bonds or other financing arrangements paid from state appropriations, establishes guidelines for bonds or financing arrangements, and approves the financial terms of lease purchases for state agencies. The Board also oversees the leasing of personal property and energy efficiency projects by all state agencies, including the administration of a Master Equipment Lease Program (MELP) and the Energy Lease Program.

The Board consists of the State Treasurer, the State Tax Commissioner, the State Comptroller and four additional citizen members appointed by the Governor, subject to confirmation by the General Assembly, who serve at the pleasure of the Governor. The Governor designates the State Treasurer to serve as the Chairman, who serves as chief executive officer of the Board. The Department of the Treasury provides staff support for the Board.

General Obligation Bond Program

General Obligation Bonds of the Commonwealth are secured by a pledge of the full faith and credit. The Virginia Constitution sets out the requirements for Commonwealth debt in Article X, Section 9. Under the Virginia Constitution, two categories of general obligation (GO) bonds are generally issued.

Section 9(b)

Section 9(b) of Article X of the Constitution permits the issuance of general obligation debt for capital projects upon authorization by the General Assembly, and upon approval by a majority of the voters at referendum. In 2002, the issuance of the 9(b) Public Facilities Bonds was authorized by Chapters 827 and 859 and Chapters 854 and 884 of the 2002 Virginia Acts of Assembly, entitled the "Commonwealth of Virginia Educational Facilities Bond Act of 2002" and the "Commonwealth of Virginia Parks and Natural Areas Bond Act of 2002", respectively, enacted pursuant to Section 9(b) of Article X of the Constitution of Virginia (the "Constitution").

Chapters 827 and 859 authorized the issuance of bonds in the aggregate amount of \$900,488,645 to fund 132 capital projects at various educational facilities. These capital projects include improvements to existing facilities and construction of new facilities. Chapters 854 and 884 authorize the issuance of bonds in the aggregate amount of \$119,040,000 to fund 73 capital projects for park and recreational facilities. These capital projects include improvements to existing facilities, construction of new facilities and the acquisition of land for natural area preserves and parks. The General Obligation Bonds, Series 2009B completed the issuance of General Obligation bonds approved by voters in 2002 for educational institutions and park and recreational facilities.

Section 9(c)

Section 9(c) of Article X of the Constitution permits the issuance of general obligation bonds without voter approval for specific revenue-producing capital projects secured by net revenues derived from rates, fees and charges of the project, and the full faith and credit of the Commonwealth. The debt must be authorized by the affirmative vote of two-thirds of the members elected to each house of the General Assembly. Consequently, only revenue-producing capital projects are eligible (e.g., dormitories, dining facilities, etc.). Further, prior to its authorization by the General Assembly, and again prior to its issuance, the Governor must certify that the anticipated net revenues of the project will be sufficient to pay principal and interest on the debt. The Financial Feasibility Studies ("FFS") is a critical part of this determination. The Department of the Treasury reviews FFS submitted by agencies and institutions of higher education seeking approval of this type of project.

Higher Education Bonds

The issuance of 9(c) Higher Education Bonds has been authorized by the 2006 through 2020 Virginia Acts of Assembly entitled Commonwealth of Virginia Institutions of Higher Education Bond Acts (the “Higher Education Acts”).

The Higher Institution Acts authorize the issuance of bonds in an aggregate principal amount of \$1,981,351,275, of which \$395,428,570 has been authorized by the 2006 Higher Education Act, \$103,550,000 by the 2007 Higher Education Act, \$350,565,000 by the 2008 Higher Education Act, \$40,000,000 by the 2009 Higher Education Act, \$206,870,000 by the 2010 Higher Education Act, \$64,579,000 by the 2011 Higher Education Act, \$135,244,000 by the 2012 Higher Education Act, by the 2013 Higher Education Act (amends and re-enacts §2 of the first enactment of the 2008 Higher Education Act and the 2012 Higher Education Act), \$245,020,705 by the 2014 Higher Education Act, \$67,500,000 by the 2015 Higher Education Act, \$40,987,000 by the 2016 Higher Education Act, \$13,637,000 by the 2017 Higher Education Act, \$21,000,000 by the 2018 Higher Education Act, \$17,500,000 by the 2019 Higher Education Act and \$279,470,000 by the 2020 Higher Education Act.

Parking Facilities Bonds

The issuance of the 9(c) Parking Facility Bonds has been authorized by Chapters 49 and 161 of the 2009 Virginia Acts of Assembly entitled the “Commonwealth of Virginia Parking Facilities Bond Act of 2009 (the “Parking Facilities Act”) enacted pursuant to Section 9(c) of Article X of the Constitution. The Parking Facilities Act authorizes the issuance of bonds in an aggregate principal amount of \$16,000,000.

Survey Information/Instructions

The Treasury Board anticipates pricing the Series 2020A Bonds in October 2020 with funds available to participating institutions early November 2020. A preliminary schedule, subject to change, is Attachment B of this document. The deadline for receipt of surveys is **4:00 p.m. on Friday, August 14, 2020. The Surveys may be submitted via e-mail. The Treasury Board anticipates providing each institution with its preliminary debt service schedule(s) by early September. Each institution will need to approve its preliminary schedule(s) shortly thereafter.**

The survey should be used by Virginia public institutions of higher education wishing to request financing for capital projects through the General Obligation 9(c) Bond Program of the Commonwealth.

Use of Proceeds Certificates

The Use of Proceeds Certificate (the “Certificate”) will be submitted to the institutions under separate cover and must be completed by each participating institution in connection with each project that will be financed or refinanced with the proceeds of General Obligation 9C Bonds. The participating institution will represent that the project will be used for governmental purposes of the participating institution during the period of time the Bonds are outstanding. In Attachment B of the Certificate, the participating institution must list and describe any contracts, arrangements, leases (or subleases) or uses with respect to the project or loans made from the proceeds of the 9C Bonds that have been or will be entered into or agreed upon with persons or entities other than state or local governmental entities. In addition, in Attachment B the participating institution must describe any other uses of the project or activities of the participating institution that may constitute a Private Use.

Board of Visitors Resolutions

The Board of Visitors (BOV) of each institution participating in the bond sale must have adopted a resolution **prior to the sale** which, among other things, requests the Treasury Board to issue the bonds, covenants to fix and collect fees, and pledges the net fees to the payment of debt service. Accordingly, if your BOV has already adopted such a resolution, each institution must include a copy with your survey form. **If your BOV has not yet adopted a resolution, the requisite board of visitors approval must be received prior to the sale date with respect to the bonds.**

Financial Feasibility Studies (FFSs)

In accordance with §4-4.01(i)(3) of the General Provisions of the Appropriations Act, prior to the issuance of debt for 9(c) general obligation projects, when more than one year has elapsed since the review and evaluation of financial feasibility, institutions must prepare and submit an updated Financial Feasibility Study (“FFS”) to the Department of the Treasury for review and evaluation prior to participation in the sale. In addition, Treasury’s review is required prior to requesting the Governor’s Opinion of Financial Feasibility required under Article X, Section 9(c) of the *Constitution of Virginia*. **You will be asked to either update or reaffirm your FFS by August 28, 2020.**

Complete and submit the survey separately for each project for which 2020A General Obligation 9C Bond proceeds are being sought. Additional pages may be used to supplement the survey where descriptive language is required to complete a specific question.

It is preferred that the completed survey be submitted via e-mail to Debora Greene at debora.greene@trs.virginia.gov and Leslie English at leslie.english@trs.virginia.gov. If another method of delivery is preferred, applications may be delivered (for receipt no later than 4:00 p.m. on May 7) as follows:

Overnight service

Department of the Treasury
James Monroe Building, Third Floor
101 North 14th Street
Richmond, Virginia 23219
Attention: Debora Greene (804) 371-6235

US Mail

Department of the Treasury
P.O. Box 1879
Richmond, Virginia 23218-1879
Attention: Debora Greene

ATTACHMENT B – Tentative Financing Schedule

PRELIMINARY FINANCING SCHEDULE
(as of July 2020)

COMMONWEALTH OF VIRGINIA
GENERAL OBLIGATION 9C BONDS
SERIES 2020A

SCHEDULE FOR PARTICIPATING INSTITUTIONS

DATE (Subject to change)	TASK
Friday 7/10/2020	Surveys Distributed to Institutions
Friday 8/14/2020	Surveys received from Institutions
Thursday 9/3/2020	Send estimated (sample) debt service schedules to Borrowing Institutions
Friday 9/11/2020	Borrowing Institutions sign-off on debt service schedules
Wednesday 9/23/2020	Treasury Board Meeting
Monday 10/5//2020	Reconfirm schedules and intent with Borrowing Institutions. Last day for institutions to withdraw from financing
Wednesday 10/14/2020	Series 2020A SALE at 11:00 am
Thursday 11/5/2020	GOB Closing
Thursday 11/5/2020	Distribute final debt service schedules and closing memorandum to Borrowing Institutions

Note: All dates are tentative and subject to change by the Treasury Board.

Questions regarding the General Obligation 9C Bond Program may be addressed to Leslie English at (804) 371-0341 (leslie.english@trs.virginia.gov), and Debora Greene, (804) 371-6235 (debora.greene@trs.virginia.gov) Department of the Treasury, Division of Debt Management.