

Virginia Board of Education Agenda Item



Agenda Item: B

Date: July 23, 2015

| | | | |
|------------------|--|--------------|----------------|
| Title | Final Review of Recommendations Concerning Literary Fund Applications Approved for Release of Funds or Placement on a Waiting List | | |
| Presenter | Mr. Kent C. Dickey, Deputy Superintendent for Finance and Operations | | |
| E-mail | Kent.Dickey@doe.virginia.gov | Phone | (804) 225-2025 |

Purpose of Presentation:

Action required by state or federal law or regulation.

Previous Review or Action:

No previous review or action.

Action Requested:

Final review: Action requested at this meeting.

Alignment with Board of Education Goals: Please indicate (X) all that apply:

| | |
|---|--|
| | Goal 1: Accountability for Student Learning |
| | Goal 2: Rigorous Standards to Promote College and Career Readiness |
| | Goal 3: Expanded Opportunities to Learn |
| | Goal 4: Nurturing Young Learners |
| | Goal 5: Highly Qualified and Effective Educators |
| | Goal 6: Sound Policies for Student Success |
| X | Goal 7: Safe and Secure Schools |
| | Other Priority or Initiative. Specify: |

Background Information and Statutory Authority:

Goal 7: The Literary Fund provides low-interest loans for new school construction and for additions or permanent improvements to existing schools to help provide students with a safe and secure environment in which to learn. School divisions that have successfully completed the application process for a low-interest loan from the Literary Fund for new construction or renovation are placed on one of two waiting lists. The Literary Fund regulations of the Board of Education establish two priorities for the Literary Fund Waiting Lists. These priorities are as follows:

Priority 1: Applications from localities having a composite index less than 0.6000 and indebtedness (including the application considered for release of funds) less than \$20 million to the Literary Fund (Attachment A).

Priority 2: Applications from localities having a composite index of 0.6000 or above or an indebtedness (including the application considered for release of funds) of \$20 million or greater to the Literary Fund (Attachment B).

Attachment C lists the projects that have been removed from the First Priority Waiting List.

Attachment D identifies the Literary Fund applications that are available for release.

Attachment E is the Board of Education's current Approved Application List. This attachment identifies the Literary Fund applications that are approved as to form but are awaiting other required information to be submitted to the Department. These projects are not included on either waiting list and are not recommended for funding at this time.

Summary of Important Issues:

To the extent funds are available, a recommendation for initial release of funds is presented for projects currently on the First Priority Waiting List or otherwise eligible for priority funding. To the extent funds are not available, new requests for the initial release of Literary Funds cannot be approved. As a result, such requests must be deferred and placed on either the First or Second Priority Waiting List in accordance with the Literary Fund regulations.

Four items require action by the Board of Education:

1. Warren County submitted a letter dated May 12, 2015, requesting that the Luray Avenue Middle School project be removed from the First Priority Waiting List. Other funding sources were obtained to complete this project.
2. Grayson County submitted a letter dated May 14, 2015, requesting that the West Grayson Elementary School and Fries Elementary School projects be removed from the First Priority Waiting List. The county is currently locked into an alternative financing option for these two facilities.
3. Fluvanna County submitted a letter dated May 13, 2015, requesting that the Fluvanna County High School project be removed from the First Priority Waiting List. This project has been completed with other funding sources.
4. Nottoway County submitted a letter dated May 26, 2015, requesting that the Blackstone Primary School project, the Crew Primary School project, and the Burkeville Elementary School project be removed from the First Priority Waiting List. All three gymnasiums have been built and funded through other sources.

Impact on Fiscal and Human Resources:

Current Board policy provides that, upon initial release of funds, Literary Fund cash is reduced in the total amount of the approved loan to assure that cash is available as required for project completion. The disbursement of funds is based on actual invoices or other evidence of bills due and payable from the Literary Fund.

Timetable for Further Review/Action:

The staff will prepare items for the Board on this action as needed. Based on the availability of funds, initial release of funds will be made or projects will be deferred and placed on the waiting lists.

Superintendent's Recommendation:

The Superintendent of Public Instruction recommends that the Board of Education approve the actions described in the items listed under “Summary of Important Issues.”

Rationale for Action:

The four school divisions notified the Department that other funding sources were obtained. Therefore, funding for these projects is no longer necessary from the Literary Fund.

VIRGINIA BOARD OF EDUCATION - LITERARY FUND FIRST PRIORITY WAITING LIST

The following projects have been placed or are recommended for placement on the First Priority Waiting List with the actions as indicated in the last column. Projects recommended for action at this meeting are presented in italics.

| Priority | Date Placed on Waiting List | School Division | School | Interest Rate | Amount | Cumulative Total | Action/Status |
|----------|--------------------------------|--------------------------------|----------------------------------|------------------|-----------|---------------------|------------------|
| 1 | July 2007 | Pulaski County | Riverlawn Elementary School | 2% | 7,500,000 | 7,500,000 | Funding Deferred |
| 2 | October 2007 | Manassas Park City | Cougar Upper Elementary School | 3% | 7,500,000 | 15,000,000 | Funding Deferred |
| 3 | October 2007 | Covington City | Jeter Watson Intermediate School | 2% | 7,500,000 | 22,500,000 | Funding Deferred |
| 4 | October 2007 | Covington City | Edgemont Primary School | 2% | 7,500,000 | 30,000,000 | Funding Deferred |
| 5 | October 2007 | Prince George County | North Elementary School | 2% | 7,500,000 | 37,500,000 | Funding Deferred |
| 6 | July 2008 | Petersburg City | Walnut Hill Elementary School | 2% | 5,818,691 | 43,318,691 | Funding Deferred |
| 7 | July 2008 | Norton City | Norton Elementary School | 3% | 7,500,000 | 50,818,691 | Funding Deferred |
| 8 | July 2008 | Northampton County | Northampton High School | 3% | 7,500,000 | 58,318,691 | Funding Deferred |
| 9 | July 2008 | Lee County | Dryden Elementary School | 2% | 2,300,000 | 60,618,691 | Funding Deferred |
| 10 | October 2008 | Pittsylvania County | Tunstall High School | 2% | 7,500,000 | 68,118,691 | Funding Deferred |
| 11 | October 2008 | Pittsylvania County | Chatham High School | 2% | 7,500,000 | 75,618,691 | Funding Deferred |
| 12 | October 2008 | Wythe County | Rural Retreat High School | 2% | 7,500,000 | 83,118,691 | Funding Deferred |
| 13 | October 2008 | Wythe County | Rural Retreat Middle School | 2% | 2,600,000 | 85,718,691 | Funding Deferred |
| 14 | April 2009 | Giles County | Giles County Technology Center | 2% | 7,500,000 | 93,218,691 | Funding Deferred |
| 15 | April 2009 | Giles County | Eastern Elementary/Middle School | 2% | 7,500,000 | 100,718,691 | Funding Deferred |
| 16 | July 2009 | Virginia Beach City | Great Neck Middle School | 3% | 7,500,000 | 108,218,691 | Funding Deferred |
| 17 | October 2009 | Washington County ¹ | Patrick Henry High School | 3% | 404,574 | 108,623,265 | Funding Deferred |
| 18 | October 2009 | Washington County ¹ | Meadowview Elementary School | 3% | 468,707 | 109,091,972 | Funding Deferred |
| 19 | October 2009 | Washington County ¹ | Wallace Middle School | 3% | 72,181 | 109,164,153 | Funding Deferred |
| 20 | October 2009 | Washington County ¹ | Glade Spring Middle School | 3% | 510,960 | 109,675,113 | Funding Deferred |
| 21 | October 2009 | Washington County ¹ | William N. Neff Center | 3% | 1,183,651 | 110,858,764 | Funding Deferred |
| 22 | October 2011 | Caroline County ² | Bowling Green Elementary School | 3% | 1,928,819 | 112,787,582 | Funding Deferred |
| 23 | January 2012 | Sussex County | Sussex Central Elementary School | 3% | 5,000,000 | 117,787,582 | Funding Deferred |
| 24 | April 2012 | Wise County | Appalachia Elementary School | 2% | 1,500,000 | 119,287,582 | Funding Deferred |
| 25 | July 2012 | Isle of Wight County | Windsor Middle School | 3% | 7,500,000 | 126,787,582 | Funding Deferred |
| 26 | July 2012 | Wise County | Union High School | 2% | 7,500,000 | 134,287,582 | Funding Deferred |
| 27 | July 2012 | Wise County | Eastside High School | 2% | 7,500,000 | 141,787,582 | Funding Deferred |
| 28 | October 2012 | Dickenson County | Combined Middle/High School | 2% | 7,500,000 | 149,287,582 | Funding Deferred |
| 29 | January 2013 | Town of West Point | West Point Middle/High School | 2% | 3,320,985 | 152,608,567 | Funding Deferred |

VIRGINIA BOARD OF EDUCATION - LITERARY FUND FIRST PRIORITY WAITING LIST

The following projects have been placed or are recommended for placement on the First Priority Waiting List with the actions as indicated in the last column. Projects recommended for action at this meeting are presented in italics.

| Priority | Date Placed on Waiting List | School Division | School | Interest Rate | Amount | Cumulative Total | Action/Status |
|----------|--------------------------------|--------------------|------------------------------|------------------|-----------|---------------------|------------------|
| 30 | January 2013 | Town of West Point | West Point Elementary School | 2% | 2,390,440 | 154,999,007 | Funding Deferred |

New projects to be added with funding deferred until funds are approved for release by separate action of the Board of Education

NO NEW PROJECTS

¹Literary Fund application amount reduced by the amount that was funded with the issuance of Series 2010-1 VPSA/Qualified School Construction Bonds on June 28, 2010.

²Literary Fund application amount reduced by the amount that was funded with the issuance of Series 2012-1 VPSA/Qualified School Construction Bonds on October 31, 2012.

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VIRGINIA BOARD OF EDUCATION - LITERARY FUND SECOND PRIORITY WAITING LIST

The following projects have been placed or are recommended for placement on the Second Priority Waiting List with the actions as indicated in the last column. Projects recommended for action at this meeting are presented in italics.

| Priority | Date Placed on Waiting List | School Division | School | Interest Rate | Amount | Cumulative Total | Action/Status | Comments |
|----------|--------------------------------|---------------------|-----------------------|------------------|-----------|---------------------|------------------|----------|
| 1 | October 2008 | Pittsylvania County | Dan River High School | 2% | 7,500,000 | 7,500,000 | Funding Deferred | |
| 2 | October 2008 | Pittsylvania County | Gretna High School | 2% | 7,500,000 | 15,000,000 | Funding Deferred | |
| 3 | October 2012 | Wise County | Central High School | 2% | 7,500,000 | 22,500,000 | Funding Deferred | |

New projects to be added with funding deferred until funds are approved for release by separate action of the Board of Education

NO NEW PROJECTS

VIRGINIA BOARD OF EDUCATION - REMOVAL FROM FIRST PRIORITY WAITING LIST

The following projects have been removed from the First Priority Waiting List with the actions as indicated in the last column.

| Date Placed on Waiting List | School Division | School | Interest Rate | Amount | Cumulative Total | Action/Status |
|--------------------------------|-----------------|--------------------------------|------------------|-----------|---------------------|--|
| July 2008 | Grayson County | West Grayson Elementary School | 2% | 7,500,000 | 7,500,000 | Locked in alternative finance option |
| January 2009 | Warren County | Luray Avenue Middle School | 3% | 7,500,000 | 15,000,000 | Application withdrawn; funding was acquired from other sources |
| January 2009 | Grayson County | Fries Elementary School | 2% | 7,500,000 | 22,500,000 | Locked in alternative finance option |
| April 2009 | Nottoway County | Blackstone Primary School | 2% | 666,667 | 23,166,667 | Funding obtained from other sources |
| April 2009 | Nottoway County | Crewe Primary School | 2% | 666,667 | 23,833,334 | Funding obtained from other sources |
| April 2009 | Nottoway County | Burkeville Elementary School | 2% | 666,666 | 24,500,000 | Funding obtained from other sources |
| April 2009 | Fluvanna County | Fluvanna County High School | 3% | 2,670,000 | 27,170,000 | Funding obtained from other sources |

VIRGINIA BOARD OF EDUCATION - RELEASE OF LITERARY FUNDS

It is recommended that Literary Funds be released for the following projects on the First Priority Waiting List.

| Date Placed on Waiting List | School Division | School | Interest Rate | Amount | Cumulative Total |
|--------------------------------|-----------------|--------|------------------|--------|---------------------|
|--------------------------------|-----------------|--------|------------------|--------|---------------------|

NO PROJECTS

APPROVED APPLICATION LIST¹

| Priority | Date Placed on Application List ² | School Division | School | Interest Rate | Application Amount | Cumulative Total | Action/Status |
|----------|---|-----------------|--------|------------------|-----------------------|---------------------|---------------|
|----------|---|-----------------|--------|------------------|-----------------------|---------------------|---------------|

New projects to be added to the approved application list:

NO NEW PROJECTS

Notes:

¹ Reflects only those applications not on waiting lists.

² Per 8 VAC20-100-90, applications which remain on the approved application list for three years shall be removed from the list.

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