

# Virginia Board of Education Agenda Item



Agenda Item: A

Date: February 25, 2016

<b>Title</b>	Final Review of Recommendations Concerning Literary Fund Applications Approved for Release of Funds or Placement on a Waiting List		
<b>Presenter</b>	Mr. Kent C. Dickey, Deputy Superintendent for Finance and Operations		
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**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. Under Section 22.1-142, *Code of Virginia*, the Board of Education is responsible for the management of the Literary Fund. 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 of Literary Funds.

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. The maximum loan amount from the Literary Fund is \$7.50 million. 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.

One item requires action by the Board of Education:

1. Prince George County's North Elementary School project, with a priority ranking of number two on the First Priority Waiting List as of January 28, 2016, was placed on the First Priority Waiting List in October 2007. This project is eligible to receive a \$7.50 million Literary Fund loan for the new school construction project which was completed in 2009. The North Elementary School serves pre-kindergarten and grades K through 5 students.

The project was initially completed using a portion of the County's 2008A general obligation bonds. Proceeds from the Literary Fund loan will be used by Prince George County to refinance these general obligation bonds at the lower Literary Fund interest rate of two percent. Under the *Code*, Literary Fund loan proceeds may be used to refinance prior local debt used for the initial financing of Literary Fund projects. Since the North Elementary School project is ready to proceed with release of the Literary Fund loan, it is being presented to the Board ahead of the project ranked number one on the Waiting List. However, sufficient Literary Fund revenue is reserved for the project ranked number one when it is ready to proceed with release of the loan.

### **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. It is anticipated additional requests for release of Literary Fund loans for projects on the First Priority Waiting List will come before the Board in subsequent months.

**Superintendent's Recommendation:**

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

**Rationale for Action:**

In accordance with Chapter 665 of the 2015 Virginia Acts of Assembly (2015 Appropriation Act), the Department of Education may offer up to \$52.9 million in school construction loans from the Literary Fund during fiscal year 2016, contingent on sufficient revenues and uncommitted balances in the 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	July 2008	Petersburg City	Walnut Hill Elementary School	2%	5,818,691	13,318,691	Funding Deferred
3	July 2008	Northampton County	Northampton High School	3%	7,500,000	20,818,691	Funding Deferred
4	July 2008	Lee County	Dryden Elementary School	2%	2,300,000	23,118,691	Funding Deferred
5	October 2008	Pittsylvania County	Tunstall High School	2%	7,500,000	30,618,691	Funding Deferred
6	October 2008	Pittsylvania County	Chatham High School	2%	7,500,000	38,118,691	Funding Deferred
7	October 2008	Wythe County	Rural Retreat High School	2%	7,500,000	45,618,691	Funding Deferred
8	October 2008	Wythe County	Rural Retreat Middle School	2%	2,600,000	48,218,691	Funding Deferred
9	April 2009	Giles County	Giles County Technology Center	2%	7,500,000	55,718,691	Funding Deferred
10	April 2009	Giles County	Eastern Elementary/Middle School	2%	7,500,000	63,218,691	Funding Deferred
11	July 2009	Virginia Beach City	Great Neck Middle School	3%	7,500,000	70,718,691	Funding Deferred
12	October 2009	Washington County <sup>1</sup>	Patrick Henry High School	3%	404,574	71,123,265	Funding Deferred
13	October 2009	Washington County <sup>1</sup>	Meadowview Elementary School	3%	468,707	71,591,972	Funding Deferred
14	October 2009	Washington County <sup>1</sup>	Wallace Middle School	3%	72,181	71,664,153	Funding Deferred
15	October 2009	Washington County <sup>1</sup>	Glade Spring Middle School	3%	510,960	72,175,113	Funding Deferred
16	October 2009	Washington County <sup>1</sup>	William N. Neff Center	3%	1,183,651	73,358,764	Funding Deferred
17	October 2011	Caroline County <sup>2</sup>	Bowling Green Elementary School	3%	1,928,819	75,287,582	Funding Deferred
18	January 2012	Sussex County	Sussex Central Elementary School	3%	5,000,000	80,287,582	Funding Deferred
19	April 2012	Wise County	Appalachia Elementary School	2%	1,500,000	81,787,582	Funding Deferred
20	July 2012	Isle of Wight County	Windsor Middle School	3%	7,500,000	89,287,582	Funding Deferred
21	July 2012	Wise County	Union High School	2%	7,500,000	96,787,582	Funding Deferred
22	July 2012	Wise County	Eastside High School	2%	7,500,000	104,287,582	Funding Deferred
23	October 2012	Dickenson County	Combined Middle/High School	2%	7,500,000	111,787,582	Funding Deferred
24	January 2013	Town of West Point	West Point Middle/High School	2%	3,320,985	115,108,567	Funding Deferred
25	January 2013	Town of West Point	West Point Elementary School	2%	2,390,440	117,499,007	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*

<sup>1</sup>Literary 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.

<sup>2</sup>Literary 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.

**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
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*NO PROJECTS*

**February 2016**

**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
October 2007	Prince George County	North Elementary School	2%	7,500,000	7,500,000

**APPROVED APPLICATION LIST** <sup>1</sup>

Priority	Date Placed on Application List <sup>2</sup>	School Division	School	Interest Rate	Application Amount	Cumulative Total	Action/Status
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*New projects to be added to the approved application list:*

*NO NEW PROJECTS*

**Notes:**

<sup>1</sup> Reflects only those applications not on waiting lists.

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