



# COMMONWEALTH of VIRGINIA

Department of the Treasury

MANJU S. GANERIWALA  
TREASURER OF VIRGINIA

P. O. BOX 1879  
RICHMOND, VIRGINIA 23218-1879  
(804) 225-2142  
Fax (804) 225-3187

October 14, 2009

MEMORANDUM:

TO: School Division Superintendents and  
Local Government Chief Administrative Officers

FROM: Manju S. Ganeriwala, State Treasurer  
Patricia I. Wright, Superintendent of Public Instruction

*Manju Ganeriwala*  
*Kent C. Dickey for PIW*

SUBJECT: Application for Competitive Awards of Qualified School Construction  
Bond Allocation

Governor Kaine announced today a competitive application process to allocate the more than \$119 million in American Recovery and Reinvestment Act (ARRA) Qualified School Construction Bonds (QSCB) still available for K-12 school projects in 2009. This low cost bonding authority is in addition to the previously announced first allocation of \$71.6 million for eight projects across Virginia.

In accordance with Executive Order 90 (2009) and the ARRA provisions, the remaining \$119 million will be competitively awarded to finance energy efficiency improvements and renovations to existing public school buildings and the installation of renewable energy equipment on public school grounds. Projects should not be new construction of public school buildings. The application to request funding, including detailed requirements, is available on the Department of Education's (DOE) website at: [http://www.doe.virginia.gov/funding\\_grants/arra/competitive/index.shtml](http://www.doe.virginia.gov/funding_grants/arra/competitive/index.shtml). The deadline to submit the application to DOE is November 11, 2009.

Energy use in buildings represents almost 40 percent of all domestic energy use. Governor Kaine recognizes that energy costs are an increasing threat to state, local, and school division budgets. By focusing these bond allocations on energy efficiency improvements to school buildings and energy retrofits like solar panel installation, school divisions will reduce their energy use, cut costs, and stimulate the local economy by creating green jobs.

Eligible projects for funding can include items such as improving heating, cooling, and ventilation systems and controls, building improvements such as insulation and windows, more efficient lighting, as well as solar photovoltaic, solar hot water, biomass, or on-site wind power systems.

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As with the prior allocation, the Virginia Public School Authority (VPSA) will issue these QSCBs to finance eligible projects on behalf of localities and their school divisions. VPSA will lend the proceeds of the QSCBs to the participating localities. Eligible local participants must be willing to authorize and issue a general obligation local school bond with a maturity structure consistent with the program requirements. In addition, school projects must meet specific ARRA requirements to be eligible for funding.

Bonds issued under the QSCB program benefit from a federal tax credit. The tax credit is determined by formula by the U.S. Department of Treasury, and is intended to compensate the bond holders in lieu of receiving interest payments on their bonds. Depending on the market and the tax credit rate, this can result in a financing that is at or near zero interest.

We look forward to working with you as local school divisions and localities apply for school renovation and capital projects focused on energy efficiencies for our public schools.

For general questions on the QSCB program or the application process, please contact Brian Logwood, Department of Education, at (804) 225-2025 or [Brian.Logwood@doe.virginia.gov](mailto:Brian.Logwood@doe.virginia.gov). For technical questions on the energy-related items on the application, please contact Al Christopher, Department of Mines, Minerals, and Energy, at (804) 692-3216 or [Al.Christopher@dmme.virginia.gov](mailto:Al.Christopher@dmme.virginia.gov). For QSCB financing questions, please contact Evelyn Whitley, Department of the Treasury, at 371-6006 or [Evie.Whitley@trs.virginia.gov](mailto:Evie.Whitley@trs.virginia.gov).