



## ***COMMONWEALTH of VIRGINIA***

### **MEMORANDUM**

TO: Heads of State Agencies with Capital Projects

FROM: J. Braxton Powell, Treasurer of the Commonwealth  
Richard D. Brown, Director, Department of Planning and Budget

RE: Chapter 847 Supplanting of General Fund Capital Projects

DATE: June 18, 2008

Item C-326.30 of Chapter 847 of the 2008 Acts (2008 Budget) authorized the issuance of up to \$300 million in bonds to replace or "supplant" the fund source for certain capital projects from general fund cash to bonds. This means that upon the conversion date, **future** project expenditures will be charged to bond proceeds rather than general fund.

Depending on the agency, the bonds will be issued by the Virginia Public Building Authority (VPBA) or the Virginia College Building Authority (VCBA). Although Item C-326.30 sets out a list of projects eligible for this change, not necessarily all projects will have their fund sources changed. The Department of Planning and Budget (DPB) has determined which projects will be impacted and the amounts to be supplanted.

Utilizing bond funds, rather than cash, requires certain changes to the procedures for the affected projects. This is primarily due to requirements under federal tax laws which are applicable to bonds proceeds. This memorandum provides guidance to agencies on the new procedures.

- 1) Attached is a list of affected projects and the amount of future project expenses to be paid from bonds. Agencies with general fund balances available for these supplant projects as of June 30, 2008, must completely spend down these general fund dollars before spending from bond proceeds.
- 2) DPB has transferred appropriations to agencies either as Fund Detail 0820 (VPBA) or Fund Detail 0817 (VCBA) as reflected on the attachment. Agencies must expend in the same fund detail that is transferred to their agencies.

- 3) Prior to processing any requisition against bond proceeds, it will be necessary for each agency/institution to have executed a Facilities Agreement or (particularly in the case of higher educational institutions) an amendment to an existing Facilities Agreement. The Facilities Agreement requests certain information about the projects required by bond counsel to ensure that the use of the bond proceeds will not violate federal tax law. VCBA and VPBA counsel will provide specific instructions to agencies on completing the Facilities Agreement.
- 4) Bond proceeds will be used to **reimburse** agencies for their expenditures on supplanted projects. Accordingly, agencies will be permitted to spend based on their appropriation amount, but they must promptly submit requisitions to the Department of the Treasury to obtain reimbursement from bond proceeds to cover the expenditures. This is like the process used for other capital projects funded with bond proceeds. A VCBA requisition or VPBA requisition will be provided upon completion of (or amendment to) the Facilities Agreement and will be available on Treasury's website.

If you have any questions about the reversion or the appropriation process, please contact your DPB budget analyst. If you have questions about the Facilities Agreement or the process for reimbursement, please contact the Treasury staff listed below.

VCBA Contact: Janet Aylor (804) 786-2082

[janet.aylor@trs.virginia.gov](mailto:janet.aylor@trs.virginia.gov)

VPBA Contact: Tracy Clemons (804) 371-4929

[tracy.clemons@trs.virginia.gov](mailto:tracy.clemons@trs.virginia.gov)

#### Attachment (Below)

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## Attachment – \$300 Million Supplant Amounts (Chapter 847, 2008 Projects)

Bond	Agency	Agency Name	Project	Project Title	Supplant Amount
VPBA	156	State Police	17250	Improvements: Renovate Administrative Headquarters (1939 Ed.) Building	2,236,390
VPBA	194	General Services	16967	Improvements: Renovate Washington Building	5,417,000
VPBA	263	Center for the Blind	17230	Improvements: Replace Roofs on Administration/Activities Building, Recreation Building, and Dining Hall	1,300,000
VPBA	720	Mental Health	16973	New Construction: Construct Permanent Facility for Sexually Violent Predator Program	4,920,177
VPBA	720	Mental Health	17228	Improvements: Replace and Repair HVAC Systems At Central State Hospital and Northern Virginia Training Center	5,132,749
VPBA	720	Mental Health	17456	New Construction: Eastern State Hospital	55,113,123
VPBA	778	Dept of Forensic Science	17459	New Construction: Northern Virginia Forensic Laboratory	39,812,923
VPBA	799	Department of Corrections	15755	New Construction: Replace St. Brides	2,389,494
VPBA	799	Department of Corrections	16993	New Construction: Expand Deerfield Correctional Center	5,042,763
<b>VPBA Total</b>					<b>121,364,619</b>
VCBA	207	University of Virginia	16283	Improvements: Fayerweather Hall Cost Overrun	2,199,999
VCBA	208	Virginia Tech	16714	New Construction: Construct New Engineering Facility, Phase I	3,230,475
VCBA	208	Virginia Tech	17120	Improvements: Upgrade Campus Heating Plant	8,594,429
VCBA	211	Virginia Military Institute	17303	New Construction: Expand Barracks	37,054,974
VCBA	236	VCU	16721	New Construction: Construct Medical Sciences Building, Phase II	10,129,634
VCBA	246	UVA's College at Wise	16830	New Construction: Renovate and Expand Drama Building	2,132,667
VCBA	260	Community College System	16836	New Construction: Relocate Portsmouth Campus, Tidewater	1,800,000

VCBA	260	Community College System	16848	New Construction: Construct Regional Automotive Technology/Workforce Development Center, Chesapeake Campus, Tidewater	1,645,424
VCBA	260	Community College System	17117	Improvements: Blackwater Building, Tidewater Community College	2,124,000
VCBA	260	Community College System	17375	Improvements: Repair or Replace Mechanical and Electrical Systems, Various Campuses	3,308,339
VCBA	260	Community College System	17377	New Construction: Construct Phase III Buildings, Loudoun Campus, Northern Virginia	27,085,056
VCBA	260	Community College System	17378	New Construction: Construct Phase I of Regional Health Professions Center, Virginia Beach Campus, Tidewater	18,272,157
VCBA	260	Community College System	17379	New Construction: Construct Information Technology Building, Blue Ridge	6,510,245
VCBA	260	Community College System	17383	Improvements: Renovate Instructional Labs, New River	1,382,221
VCBA	260	Community College System	17384	Improvements: Renovate Burnette Hall, Parham Road Campus, J. Sargeant Reynolds	8,857,685
VCBA	260	Community College System	17386	New Construction: Construct Phase II Building, Midlothian Campus, John Tyler	14,503,882
VCBA	260	Community College System	17387	New Construction: Construct Phase Vi Academic Building, Annandale Campus, Northern Virginia	26,210,065
VCBA	260	Community College System	17453	Improvements: College Library, Central Virginia	3,594,129
<b>VCBA Total</b>					<b>178,635,381</b>
<b>Grand Total</b>					<b>300,000,000</b>