



## COMMONWEALTH of VIRGINIA

### MEMORANDUM

TO: Heads of State Agencies with Capital Projects

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

RE: 2008-2010 Maintenance Reserve Funding

DATE: June 18, 2008

Maintenance reserve (MR) for general fund agencies historically has been funded with general fund dollars. The 2008 Session of the General Assembly authorized the issuance of \$75 million in bonds in each year of the 2008-10 biennium, rather than cash, to provide the funding for MR projects. Depending on the agency, the bonds will be issued by either the Virginia Public Building Authority (VPBA) or the Virginia College Building Authority (VCBA). Utilizing bond funds, rather than cash, requires certain changes to the MR procedures. This is primarily due to requirements under federal tax laws that are applicable to bonds proceeds. This memorandum provides guidance to agencies on the new procedures.

- 1) Agencies with general fund balances available for their MR projects as of June 30, 2008, must completely spend down these general fund dollars before new MR funds from bond proceeds are spent.
- 2) On or shortly after July 1, 2008, the Department of Planning and Budget (DPB) will transfer appropriations to agencies either as Fund Detail 0820 (VPBA) or Fund Detail 0817 (VCBA) as reflected on the attachment to this memorandum. Agencies must expend in the same fund detail that is transferred to their agencies.
- 3) Bond proceeds will be used to **reimburse** agencies for their MR expenditures. Accordingly, agencies will be permitted to spend based on their appropriation amounts, but they must promptly submit requisitions to the Department of the Treasury to obtain reimbursement from bond proceeds to cover the expenditures. This is similar to the process used for capital projects funded with bond proceeds. A VCBA requisition or

VPBA requisition will be provided upon completion of the Facilities Agreement and will be available on Treasury's website.

- 4) 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 maintenance reserve 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 agreement.
- 5) VCBA or VPBA maintenance reserve dollars cannot be transferred to a stand- alone project. However, agencies can still award a single contract for both the stand-alone project and the maintenance reserve subproject.

If you have any questions about MR 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	<a href="mailto:janet.aylor@trs.virginia.gov">janet.aylor@trs.virginia.gov</a>
VPBA Contact:	Tracy Clemons	(804) 371-4929	<a href="mailto:tracy.clemons@trs.virginia.gov">tracy.clemons@trs.virginia.gov</a>

Attachment

## Attachment

Agency Name	Project Code	FY 2009	FY 2010
<b>VCBA</b>			
Christopher Newport University	12719	\$575,000	\$607,000
The College of William and Mary in Virginia	12713	\$2,366,000	\$2,498,000
Richard Bland College	12716	\$76,000	\$80,000
Virginia Institute of Marine Science	12331	\$401,000	\$424,000
George Mason University	12712	\$3,154,000	\$3,330,000
James Madison University	12718	\$2,452,000	\$2,589,000
Longwood University	12722	\$1,308,000	\$1,381,000
Norfolk State University	12724	\$4,111,000	\$4,340,000
Old Dominion University	12710	\$1,811,000	\$1,912,000
Radford University	12731	\$933,000	\$985,000
University of Mary Washington	12723	\$606,000	\$640,000
University of Virginia	12704	\$7,054,000	\$7,447,000
University of Virginia's College at Wise	12706	\$373,000	\$394,000
Virginia Commonwealth University	12708	\$4,848,000	\$5,118,000
Virginia Community College System	12611	\$6,904,000	\$7,289,000
Virginia Military Institute	12732	\$1,160,000	\$1,225,000
Virginia Polytechnic Institute and State University	12707	\$8,221,000	\$8,679,000
Virginia State University	12733	\$3,489,000	\$3,684,000
Southwest Virginia Higher Education Center	16499	\$64,000	\$67,000
<b>Total VCBA</b>		<b>\$49,906,000</b>	<b>\$52,689,000</b>
<b>VPBA</b>			
Department of General Services	14260	\$2,638,000	\$2,785,000
Department of Veterans Services	17073	\$48,000	\$50,000
Department of Agriculture and Consumer Services	12253	\$354,000	\$374,000
Department of Forestry	13986	\$190,000	\$200,000
Department of Mines, Minerals and Energy	13096	\$64,000	\$67,000
Virginia School for the Deaf and the Blind at Staunton	14082	\$4,247,000	\$301,000
Frontier Culture Museum of Virginia	15045	\$105,000	\$111,000
Gunston Hall	12382	\$76,000	\$80,000
Jamestown-Yorktown Foundation	13605	\$514,000	\$543,000
The Library of Virginia	17423	\$3,000	\$3,000
The Science Museum of Virginia	13634	\$763,000	\$805,000
Virginia Museum of Fine Arts	13633	\$871,000	\$919,000
Department of Taxation	15994	\$336,000	\$355,000

Department of Mental Health, Mental Retardation and Substance Abuse Services	10880	\$6,001,000	\$6,336,000
Woodrow Wilson Rehabilitation Center	10885	\$1,038,000	\$1,096,000
Department for the Blind and Vision Impaired	13942	\$220,000	\$233,000
Department of Conservation and Recreation	16646	\$609,000	\$643,000
Marine Resources Commission	16498	\$61,000	\$65,000
Virginia Museum of Natural History	14439	\$67,000	\$70,000
Department of Corrections	10887	\$4,326,000	\$4,567,000
Department of Emergency Management	15989	\$61,000	\$65,000
Department of Forensic Science	16320	\$69,000	\$73,000
Department of Juvenile Justice	15081	\$1,758,000	\$1,857,000
Department of Military Affairs	10893	\$457,000	\$483,000
Department of State Police	10886	\$218,000	\$230,000
<b>Total VPBA</b>		<b>\$25,094,000</b>	<b>\$22,311,000</b>
<b>Grand Total</b>		<b>\$75,000,000</b>	<b>\$75,000,000</b>