
Overview of the Virginia College Building Authority Private College Program

*Presentation to:
House Joint Resolution 91 Subcommittee*

Manju Ganeriwala

State Treasurer

Commonwealth of Virginia

June 26, 2009

Virginia College Building Authority

- Virginia College Building Authority (VCBA) authorized to issue revenue bonds and notes to finance:
 - Pooled Bond Program - capital projects of public institutions of higher education secured by a general revenue pledge of the institution and a state aid intercept
 - 21st Century College and Equipment Program - capital projects of public institutions of higher education secured by appropriations of the Commonwealth
 - Private College Program - loans to private, non-profit institutions of higher education within the Commonwealth

VCBA Private College Program – Overview

- Authorized under Chapter 3.3 of Title 23 of the Code of Virginia
- VCBA assists as a conduit issuer for private, non-profit institutions of higher education in the Commonwealth
 - Defined by statute as “nonprofit educational institution within the Commonwealth whose primary purpose is to provide collegiate or graduate education and not to provide religious training or theological education”
- Conduit issuer, such as VCBA, required for private institution to gain access to tax-exempt bond market

VCBA Private College Program – Overview

- Finances a broad range of capital projects including:
 - New facilities
 - Additions and major renovations of existing facilities
 - Costs of land
 - Site development
 - Equipment
 - Professional fees
 - Interest during construction
 - Costs of issuance
 - Other costs normally associated with the development construction and placing of capital projects into operation
- Refinances debt for facilities previously financed through VCBA Private College Program or other method of financing

VCBA Private College Program – Legal Structure

- VCBA borrows money through the issuance of bonds
- VCBA bond proceeds loaned to participating private institution
- Institution issues its promissory note
- Payment on the promissory note provides the sole source of security for VCBA bonds
- Ratings on the VCBA bonds are based solely on the rating agencies' credit assessment of the institution
- VCBA bonds under this program are in no way construed as obligations of the Commonwealth - legal, moral or otherwise

VCBA Private College Program – Legal Structure

- Institutions qualify for tax-exempt financing under Section 501(c)(3) of the Internal Revenue Code
- Section 147(f) of the Internal Revenue Code requires a public hearing on the project be held by the VCBA
- Governor, as chief elected officer of the issuer (VCBA) must approve the issuance of VCBA bonds

VCBA Private College Program – Guidelines

- VCBA established guidelines for the program (available at www.trsvirginia.gov) to:
 - Assist institutions in structuring financing arrangements in manner consistent with purposes of the enabling legislation
 - Set forth an application process leading to consideration for approval by the Board of the VCBA

VCBA Private College Program – Application

- Application available on Treasury's website
- Requires:
 - Authorization by board of the institution for VCBA financing
 - Project information
 - Financial information
 - Terms and structure of the proposed financing
- Institution provides VCBA with draft financing documents at least two weeks prior to VCBA meeting
- VCBA staff (Treasury staff) reviews application information
- SCHEV staff evaluates and summarizes institution characteristics (e.g. enrollment, admissions, tuition, revenue sources) and provides to VCBA

VCBA Private College Program – Approval

- Public hearing on the project(s) held in conjunction with VCBA meeting
- In the approving resolution VCBA appoints institution's selection of:
 - Bond counsel
 - Trustee
 - Underwriter
 - Financial advisor
 - Other professionals
- VCBA bond counsel represents VCBA

VCBA Private College Program – Costs

- All costs incurred in connection with the issuance of VCBA obligations paid from bond proceeds or by the institution directly
- Item 275(D.) of Chapter 781 of the 2009 Acts of Assembly (the Appropriation Act) authorizes the State Treasurer to charge participating institutions a one-time administrative fee of up to 10 basis points of the amount financed in addition to out-of-pocket costs of issuance
 - Fee used to compensate Treasury for direct and indirect staff time and expenses

VCBA Private College Program Outstanding Bonds as of 6/15/2009

<u>College/University</u>	<u>Series</u>	<u>Dated Date</u>	<u>Original Final Maturity</u>	<u>Yield</u>	<u>Amount of Bonds Issued & Notes Purchased</u>	<u>Total Outstanding 6/15/2009</u>
Hampden-Sydney College	1998	Apr 1, 1998	Sep 1, 2018	5.078%	13,340,000	7,865,000
Hampton University	1998	Dec 1, 1998	Apr 1, 2018	4.546%	10,745,000	3,935,000
	2000	Feb 15, 2000	Apr 1, 2020	5.897%	21,500,000	1,000,000
	2003	Apr 16, 2003	Apr 1, 2014	3.644%	16,670,000	8,365,000
	2005	Apr 29, 2005	Apr 1, 2020	4.157%	24,500,000	23,175,000
Marymount University	1998	Nov 1, 1998	Jul 1, 2028	5.082%	26,015,000	19,840,000
	2009	Mar 4, 2009	Mar 1, 2039	V A R	40,000,000	40,000,000
Randolph Macon College	1998	Apr 1, 1998	Mar 1, 2013	4.593%	9,830,000	9,830,000
Regent University	2006	Aug 9, 2006	Jun 1, 2036	5.026%	99,105,000	89,870,000
Roanoke College	2007	Jun 6, 2007	Jun 30, 2037	4.641%	20,430,000	19,640,000
Shenandoah University	2006	Nov 16, 2006	Nov 1, 2036	V A R	21,895,000	21,275,000
University of Richmond	2002A	Mar 1, 2002	Mar 1, 2032	4.467%	22,170,000	22,170,000
	2002B	Aug 1, 2002	Mar 1, 2032	4.467%	7,445,000	7,445,000
	2004A	Aug 1, 2004	Aug 1, 2034	V A R	46,000,000	46,000,000
	2006	Nov 8, 2006	Nov 1, 2036	V A R	55,900,000	55,900,000
	2009	Feb 26, 2009	Feb 26, 2039	V A R	45,085,000	45,085,000
	2009	Feb 26, 2009	Feb 26, 2039	V A R	29,615,000	29,615,000
Washington & Lee University	1998	Apr 1, 1998	Jan 1, 2031	5.095%	52,205,000	52,205,000
	2001	Jun 1, 2001	Jan 1, 2034	5.351%	43,000,000	43,000,000
	2006	Aug 10, 2006	Jan 1, 2026	4.259%	20,045,000	15,930,000
Totals					625,495,000	562,145,000

For Further Information Contact

Manju S. Ganeriwala, State Treasurer
Post Office Box 1879
Richmond, VA 23218
804.225.3131
804.786.0833 (Fax)

Manju.ganeriwala@trs.virginia.gov

www.trsvirginia.gov