

**RESOLUTION OF THE
GEORGIA STATE FINANCING AND INVESTMENT COMMISSION
REGARDING QUALIFIED SCHOOL CONSTRUCTION BONDS AND
QUALIFIED ZONE ACADEMY BONDS**

WHEREAS, the Georgia State Financing and Investment Commission (“GSFIC”) is empowered by O.C.G.A. § 50-17-22(d)(6)(A) “[t]o apply for, arrange for, accept, and administer federal funds for capital outlay and construction related services and for authorization of public debt;” and

WHEREAS FURTHER, GSFIC is empowered by O.C.G.A. § 50-17-22(d)(6)(B)(iii) to “[c]ooperate with any public agency, authority, or officer in applying for, accepting and administering federal funds for public purposes mutual to the commission and any other agency, authority, or officer;” and

WHEREAS FURTHER, GSFIC is empowered by O.C.G.A. § 50-17-22(d)(6)(B)(iv) to “[a]pply or arrange to participate in and take all actions the commission determines appropriate to obtain the benefits of federal programs which provide tax credits, incentives, or other inducements to the state or to holders of public debt;” and

WHEREAS FURTHER, GSFIC is empowered by O.C.G.A. § 50-17-22(d)(6)(B)(v) to “[a]pply or arrange to participate in federal programs which require the allocation of funds or bonding authority among geographical areas, governmental jurisdictions and entities or other categories, and perform such allocation;” and

WHEREAS FURTHER, GSFIC is also empowered by O.C.G.A. § 50-17-22(d)(6)(B)(v) to perform allocations “including mandating, requiring, treating,

or deeming the waiver of any local allocation by way of resolution or policy of the commission . . . ; and

WHEREAS FURTHER, GSFIC is empowered by O.C.G.A. § 50-17-22(d)(6)(B)(vi) to “[e]stablish and apply criteria for determining a reasonable expectation of the state that an allocation made . . . will not be used by a local government entity so that the commission may mandate, require, treat, or deem such allocation as waived; and

WHEREAS FURTHER, GSFIC is empowered by O.C.G.A. § 50-17-22(d)(6)(B)(vi) to “[a]pply or arrange to participate in any other federal program which provides benefits consistent with state law and supportive of functions of the commission;” and

WHEREAS FURTHER, GSFIC is aware of a number of federal stimulus programs related to bond finance that require planning, consideration, allocations and other actions by the State and GSFIC to ensure that the State obtains benefits of tax credits, incentives, or other inducements to the State or to holders of public debt including, but not limited to Qualified Zone Academy Bonds and Qualified School Construction Bonds provided for under the Internal Revenue Code; and

WHEREAS FURTHER, by resolution of GSFIC of May 6, 2009, the Department of Education (“DOE”) was directed to develop and propose to GSFIC processes for the administration and allocation of Qualified Zone Academy Bonds and Qualified School Construction Bonds and to communicate its proposal process to the Director of the Financing and Investment Division; and

WHEREAS FURTHER, DOE has developed the required processes for the administration of Qualified Zone Academy Bonds and Qualified School Construction Bonds and has submitted the procedure to the Director; and

WHEREAS FURTHER, the Director has reviewed the processes submitted to DOE and recommended approval of the processes to the Chairman and the Chairman has recommended the adoption of the processes to GSFIC; and

WHEREAS FURTHER, the Department of the Treasury has issued 2009 and 2010 allocations of Qualified School Construction Bonds to the State and to Large Local Educational Agencies in the State of Georgia (Atlanta, Clayton, Cobb, DeKalb, Fulton, Gwinnett & Richmond) pursuant to Notices 2009-35 and 2010-17; and

WHEREAS FURTHER, the allocations of Qualified School Construction Bonds to the State for 2009 and 2010 total \$201,062,000 and \$234,431,000 respectively, and those to Large Local Educational Agencies for 2009 and 2010 total \$145,159,000 and \$133,168,000 respectively; and

WHEREAS FURTHER, of the total 2009 allocations of Qualified School Construction Bonds to Large Local Education Agencies of \$145,159,000, Atlanta City, Clayton, Cobb, DeKalb, Fulton and Richmond County School Districts have each waived their 2009 allocations totaling \$126,174,000; and

WHEREAS FURTHER, the Atlanta City, Fulton County and DeKalb County School Districts have requested reallocation of their 2009 allocations of Qualified School Construction Bonds in the total amount of \$83,486,000; and

WHEREAS FURTHER, pursuant to House Bill 936 of the 2009-2010 session of the General Assembly, O.C.G.A. § 20-2-552(c) will provide as of July 1, 2010 that the

Georgia Education Authority (Schools) (“GEA(S)”) is assigned to the Commission for administrative purposes and O.C.G.A. § 20-2-553(a) will provide that GEA(S) is empowered to issue various types of bonds and participate in federal programs providing financial and other benefits including, but not limited to, issuing Qualified Zone Academy Bonds and Qualified School Construction Bonds;

NOW, THEREFORE, BE IT RESOLVED BY THE GEORGIA STATE FINANCING AND INVESTMENT COMMISSION THAT:

1. With regard to Qualified Zone Academy Bonds, the process required by the resolution of May 6, 2009 and submitted by DOE to the Director, recommended to the Chairman by the Director and recommended to GSFIC by the Chairman as set forth on the attached Exhibit A is hereby approved.
2. With regard to Qualified School Construction Bonds, the process required by the resolution of May 6, 2009 and submitted by DOE to the Director, recommended to the Chairman by the Director and recommended to GSFIC by the Chairman as set forth on the attached Exhibit B is hereby approved.
3. The GSFIC approval of the processes attached as Exhibits A and B includes the requirements in the processes, among others, that applications for Qualified School Construction Bonds and Qualified Zone Academy Bonds must be received by DOE no later than 4:00 p.m. on August 1, 2010 and such requirements are hereby specifically approved in addition to the other provisions of the processes.
4. GSFIC recognizes the need to ensure flexibility in order to maximize the State’s ability to participate in available programs of bond finance and in

furtherance of that need acknowledges that administrative or procedural adjustments to the Qualified School Construction Bond and Qualified Zone Academy Bond application processes may be warranted. It shall be the policy of the Commission that adjustments to the processes where deemed appropriate by the Director of the Financing and Investment Commission are authorized provided that any such adjustments shall be reported to the Commission and its next meeting and all allocations shall be subject to final approval of the Commission.

5. With regard to establishing an application process for school districts wishing to participate in a pooled financing through GEA(S), the Financing and Investment Division is authorized, in consultation with DOE and the Governor's Office of Planning and Budget, to establish minimum criteria for application to GEA(S) and to provide such information to school districts provided that all financings of GEA(S) shall be subject to final approval of the Commission.
6. Allocations of 2009 Qualified School Construction Bonds totaling \$143,955,000 are hereby approved to the following school systems in the amounts listed:

<u>System</u>	<u>QSCB Amount</u>
Bulloch	\$15,000,000
Cherokee	\$40,055,000
Hall	\$ 3,000,000
Heard	\$ 3,000,000

Marion	\$15,000,000
Meriwether	\$ 1,240,000
Newton	\$25,050,000
Rabun	\$16,000,000
Stephens	\$ 1,690,000
Treutlen	\$ 7,920,000
Upson	\$ 6,000,000
Carrollton	\$ 8,000,000
Thomasville	\$ 2,000,000

7. \$26,010,000 of 2009 Qualified School Construction Bonds are hereby allocated to the State of Georgia for the state General Obligation bond portion of the Marion and Treutlen local school district projects funded with proceeds of Qualified School Construction Bonds.

8. \$83,486,000 of 2009 Qualified School Construction Bonds are hereby reallocated to Atlanta City, Fulton County and DeKalb County School Systems as follows:

<u>System</u>	<u>QSCB Amount</u>
Atlanta	\$37,934,000
Fulton	\$17,720,000
DeKalb	\$27,832,000

9. The allocations provided for herein shall be utilized for projects identified in the systems' QSCB applications submitted to the Department of Education and are subject to compliance with the terms and conditions contained in the

Notice of Allocation to be issued by the Department of Education to each system.

10. All officers, agencies and instrumentalities of state government are hereby directed to provide such assistance, cooperation and information as requested by the Director of the Financing and Investment Division in any way related to any program of public finance including, but not limited to, federal programs which provide tax credits, incentives, or other inducements to the state or to holders of public debt.
11. School districts receiving allocations or reallocations of Qualified School Construction Bonds pursuant to this Resolution are responsible for ensuring compliance with all laws, regulations, guidance or other requirements applicable to Qualified School Construction Bonds including, but not limited to, ensuring the eligibility of the projects for a Qualified School Construction Bond allocation, and such districts are hereby advised that DOE and GSFIC have not conducted any independent legal review of the submitted projects or qualified issuers.
12. Any allocations or reallocations of Qualified School Construction Bonds pursuant to this resolution remaining unused on January 1, 2011 shall expire. If districts are unable to issue the full amount of the allocation by December 31, 2010 but wish to retain the allocation, districts may request an extension, in writing, to DOE. DOE shall establish the form and timing requirements for an extension request. Extensions may be provided by DOE with the concurrence of the Director of the Financing and Investment Division. Unless

extended as contemplated herein, expired allocations shall be considered returned to the State by the recipients as of January 1, 2011 without further action by GSFIC or any other party of the State or by the recipient.

13. Any and all further allocation of Qualified School Construction Bonds and Qualified Zone Academy Bonds shall be conducted by way of a future resolution or policy of GSFIC in accordance with O.C.G.A. § 50-17-22(d)(6)(B)(v).

This Resolution is hereby adopted this 26th day of May, 2010.

GEORGIA STATE FINANCING AND INVESTMENT COMMISSION

By: 
Governor Sonny Perdue
Chairman
Georgia State Financing and Investment Commission

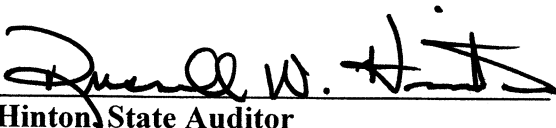
(SEAL)
Attest: 
Russell Hinton, State Auditor
Secretary
Georgia State Financing and Investment Commission

EXHIBIT A

QUALIFIED ZONE ACADEMY BONDS ALLOCATION



Kathy Cox, State Superintendent of Schools

Memorandum

DATE: May 31, 2010

TO: System Superintendents

FROM: Lynn B. Jackson
Associate Superintendent for Finance and Business Operations

SUBJECT: Qualified Zone Academy Bonds Allocation for 2009-2010

The Qualified Zone Academy Bond (QZAB) program is a federal initiative that is designed to help finance renovation and repair in schools that serve low-income children and establish an academy program in partnership with business. Unlike typical grant programs, this program allows issuers to issue QZABs as tax credit bonds or as taxable bonds and receive a 100% direct interest subsidy from the IRS over the life of the bonds, thereby leaving the school system responsible for repaying only the principal amount on the bonds.

Currently, Georgia has \$107 million in 2008, 2009 and 2010 QZAB allocations to distribute to local school systems. The 2008 allocation of \$13 million will expire December 31, 2010. A limit of \$10 million will be placed on the total amount awarded to any single project in a school system. **Please note that QZABs require the school systems to comply with the Davis-Bacon Act for the QZAB-financed project.** Eligibility requirements include a free/reduced lunch percentage of 35% or higher, an academy created to enhance student skills and a 10% match from private sources based on the value of the bonds to be sold. IRS regulations require that 100% of the bond proceeds be spent within three years.

In the event that requests for QZABs exceed the allocation available, the GaDOE will rank requests according to financial need as defined by:

- (a) the school system's property tax valuation per child and sales tax valuation per child.
- (b) the school system's percentage of students eligible for free and reduced lunch.
- (c) condition of facility need is also considered.

Enclosed you will find application materials and additional information about the QZAB program. If your system is interested in participating, please complete an application for each school you wish to have considered and send the applications together in one packet to GaDOE Facilities Services, 1670 Twin Towers East, 205 Jesse Hill, Jr. Drive, SE, Atlanta, Georgia, 30334. **To be considered for a QZAB allocation, applications must be received by no later than 4:00 pm on August 1, 2010. Pursuant to HB 581, GSFIC will make QSCB allocations at a subsequent GSFIC meeting.**

I hope you will be able to use this program to augment state and local resources for facility improvements. For questions or assistance, please contact the GaDOE Facilities Section at 404-656-2454.

SA:lmh

Enclosures

cc: Mrs. Kathy Cox
Mr. Scott Austensen
RESA Directors
DOE Distribution List Facilities Services Consultants

Qualified Zone Academy Bond Program Request for Allocation
(complete one application per project)

School Name _____ School Code _____

REQUEST for QZAB ALLOCATION

1. Issuer

- a) Name of District or Other Issuer _____
- b) Address _____
- c) City _____ County _____
- d) Zip Code _____
- e) Telephone (_____) _____
- f) Name and Email of contact person : _____

2. School District (if different from issuer)

- a) Name of District _____
- b) Address _____
- c) City _____ County _____
- d) Zip Code _____
- e) Telephone (_____) _____
- f) Name and Email of contact person : _____

3. Bond Counsel

- a) Name _____
- b) Firm _____
- c) Address _____
- d) City _____ County _____
- e) Zip Code _____
- f) Telephone (_____) _____
- g) Email _____

4. Amount of Allocation Requested: \$ _____

5. Application Requirements

- a) Referendum Requirements (include one of the following)
 - i) Certified Copy of Referendum Results
 - ii) District Resolution indicating date of proposed referendum
 - iii) Letter from Bond Counsel indicating referendum not required for QSCB issuance (Building Authority issuances and requests for participation in GEAS issuance) (may be included in the Bond Counsel Opinion referred to in 5(c) below)
- b) Academy Program Description
- c) Project description (include timetable, sources and uses, evidence of commitment of all funding sources)
- d) Bond Counsel Opinion (in form attached hereto)
- e) If 5(a)(i) or (ii) are not applicable, a Resolution from the issuing entity expressing its intent to issue QSCB Bonds for the benefit of the District.

6. Certifications

By signing this Request for QSCB Allocation, the undersigned, on behalf of the District, hereby certifies the following:

- i) The District shall spend all of the QSCB proceeds within 3 years of issuance, unless otherwise granted an extension by the IRS.
- ii) The District agrees that all Projects funded with QSCB proceeds will comply with Davis-Bacon Wage and Benefit requirements and all Internal Revenue Code requirements applicable to QSCBs
- iii) The District shall fully utilize the QSCB allocation prior to December 15, 2010

7. District/Issuer Certification: The information contained in the request for allocation and related attachments is true and accurate to the best of my knowledge.

_____	_____
Issuer	District
_____	_____
Title	Title

Instructions: Check all appropriate blanks to provide assurance that the school meets QZAB qualifying requirements and the school system will comply with state and federal requirements associated with bond issuance and the use of bond proceeds, including meeting the requirements of the Davis-Bacon Act.

___ A. The School Meets Financial Eligibility Requirements

School Name _____ School Number _____

At least 35 percent of students attending the school are eligible for free or reduced-cost lunches.

OR

The school is located in an Empowerment Zone or Enterprise Community. *(EZ/ECS include portions of Albany, Atlanta, the Central Savannah River Area (CSRA), and Southwest Georgia.)*

___ B. The Qualifying School Meets the Requirement for Establishing an Academy Program

The school or academy program in the school meets the following eligibility criteria:

The school's academy program is designed in cooperation with business to enhance the academic curriculum, to increase graduation and employment rates, and to better prepare students for the rigors of college and the increasingly complex workforce.

The students in the academy program school are subject to the same academic standards and assessments as other students in the school system.

The comprehensive education plan (school improvement plan) of the school and academy program has been approved by the school system.

A description of the academy program, including business/private entity support, is contained in Attachment B.

___ C. The School/System Meets the 10 Percent Contribution Requirement

The school provides written commitments from business(es), non-profit organization(s), and/or individual(s) for contributions that support the academy program in the qualifying school. The commitments are equal to at least 10 percent of the value of the QZAB bond issue. Qualifying contributions can include:

- equipment, including state of the art technology and vocational equipment.
- technical assistance in developing curriculum or training teachers.
- services of employees as volunteer mentors.
- internships, job shadowing, field trips, or other experiences outside the school.
- other property (including cash) or services as specified by the local educational agency.

The school system will keep written documentation of the contribution(s) on file at the qualifying school and/or the central administration office.

___ D. The School System will follow the Requirements for Bond Issuance and Use of Bond Proceeds

All applicable federal and state laws will be followed, including but not limited to those pertaining to public bonding and indebtedness, school facilities and capital outlay, and bidding procedures.

No more than 2 percent of the QZAB proceeds will be used for issuance costs. Proceeds will be used only for renovation or repair of the school facility in which the academy program is located and infrastructure improvements and/or equipment to support the renovation or repair project. **The system provides a written spending plan including commitment to have the bond funds 100% spent within three years.**

A description of the facility repair/renovation project and proposed budget are attached

Note: QZAB allocations will expire within 6 months of the date of allocation and be returned to the state pool for reallocation unless an extension is granted by GaDOE.

Attachment B. - Academy Program Description

Instructions: Provide a brief overview of the proposed academy program and how the program will contribute to improved student achievement, attainment of school improvement goals, and the identified purposes in federal laws which are to enhance the academic curriculum, increase graduation and employment rates, and better prepare students for the rigors of college and the increasingly complex workforce. Include a description of how the school has worked in cooperation with business to design the program and how business, non-profit organizations, and/or individuals have or will contribute an equivalent of 10 percent of the QZAB bond issue in support of the academy program.

School Name _____ School Number _____

Attachment C. Facility Renovation/Repair Project

Instructions: Briefly describe the school/facility renovation or repair project and how it relates to the academy program. Include in the description any equipment to be procured with QZAB proceeds.

School Name _____ School Number _____

Attachment D. Project Budget

Instructions: Complete a budget for the QZAB-financed project. See footnotes for additional information.

School Name _____ School Number _____

Does the school system desire GEAS to issue the bonds for this project? _____ (yes or no)

Budget Item	Amount Financed By QZAB	Private Entity Contribution (10 percent of QZAB)
Renovation or repair of the public school facility.		
Equipment necessary for the renovation/repair project to support academy program.		
Development of curriculum materials.		
Services of private sector employees as volunteer mentors.		
Internships, field trips, job shadowing, or other experiences outside school.		
Other property (including cash) or services specified by the school system.		
Totals		

Footnotes:

1. If a school system requests QZAB allocations for more than one school, a separate request form, an academy program description, facility renovation/repair description, and project budget must be submitted for each potentially qualifying school.
2. The written commitment(s) for contributions from one or more businesses, non-profit organizations, and/or individuals must be equal to at least 10 percent of the QZAB bond issue. Contributions of volunteer time should be estimated at reasonable fair market value for the community. Contributions to be made in the future, such as equipment or employee time for mentoring or internships, should be estimated in terms of present value. According to federal regulations, neither the services of school system personnel nor funds from local, state, or federal governments can be used to meet the contribution requirement. Enter an aggregate amount if contributions are committed from multiple business or private entity partners.
3. There is no federal requirement for LUA contribution. However, LUA funds for school improvement, curriculum development, staff development, or other purposes may be necessary to ensure that the academy program results in improved student achievement.
4. QZAB proceeds cannot be used for new construction or additions to existing school facilities.
5. **No more than 2 percent of the proceeds can be used for issuance costs associated with the bond issue.**

QUALIFIED ZONE ACADEMY BONDS
PROGRAM INFORMATION

What is the Qualified Zone Academy Bond (QZAB) program?

The QZAB program is a tax code provision (Internal Revenue Code 1397E) created under the Taxpayer Relief Act of 1997. It is designed to help local school systems finance facility renovation and repair projects in schools that serve low-income children and establish an academy program in cooperation with local businesses. Each state receives an annual allocation of QZAB bonding authority, which can be sub-allocated to local school systems by the state education agency. Georgia's currently has 2008, 2009 and 2010 QZAB allocation of \$107 million to allocate.

How is the program financed?

Issuers may elect to issue QZABs as tax credit bonds or taxable bonds. Under the tax credit bond option, the IRS provides federal tax credits to the financial institutions purchasing the bonds. Typically, the tax credits cover 65-100% the amount of the interest on the bonds, which means the school system Pays reduced or zero interest on the bonds. Under the taxable bond option, the IRS provides the issuer with a direct, 100% interest rate subsidy which means the school system only pays the principal to the extent the interest rate on the bonds does not exceed the federal limit.

How can school systems participate?

Interested school systems must submit a request for a QZAB allocation to the Georgia Department of Education (GaDOE) by the specified *deadline date of 4:00 pm August 1, 2010*. The GaDOE Facilities Section will review each application to determine if the proposed school site meets federal qualifying requirements and if the proposed renovation project is consistent with the local school facilities plan.

School systems that receive a QZAB award must work with bond counsel and interested financial institutions to finalize arrangements for using the QZAB allocation. The school system must follow applicable state laws including but not limited to facilities planning, capital outlay, bonding and indebtedness, and bidding procedures. The constitutional provisions and state laws that pertain to incurring public debt apply to QZAB-financed projects, as do the bidding requirements for public works construction contracts.

What can the QZAB proceeds be used for?

Federal law requires that only 2 percent can be used for issuance costs related to the QZAB debt issuance. In Georgia, the eligible uses for QZABs are:

- Renovation or repair of the public school facility in which the qualified zone academy is located, including infrastructure improvements such as wiring related to new technology.
- Equipment related to the QZAB renovation or repair project.

How is QZAB eligibility determined?

Eligibility is determined on a "school-by-school" basis. Thus, if a system decides to apply for more than one school, a separate application must be submitted for each school. To qualify, a school must meet the following criteria specified in federal law:

- At least 35 percent of the students attending the school must be eligible for free or reduced-cost lunches or the school must be located in an empowerment zone or enterprise community.
- The school must have an education plan approved by the school system, and the students must be subject to the same standards and

assessments as other students in the school system.

-The school must have an academy program designed in cooperation with business to enhance the academic curriculum, increase graduation and employment rates, and better prepare students for the rigors of college and the increasingly complex workforce.

-The school must provide pledges from business or private entities for contributions equivalent to at least 10 percent of the gross proceeds of the QZAB issue.

How can a school meet the 10 percent contribution requirement?

The school must have written commitments from qualifying private entities at the time of the QZAB issue, although the actual contribution(s) can be made during the bond repayment period. According to IRS regulations, private entities include businesses, non-profit organizations, and individuals. The IRS regulations prohibit using the services of school system employees or resources from federal, state, or local governments to meet the 10 percent match requirement.

Federal law lists the following as qualifying contributions:

Equipment, including state of the art technology or vocational equipment.

Technical assistance in developing curriculum or training teachers.

Services of employees as volunteer mentors.

Internships, job shadowing, field trips, or other experiences outside the school.

Other property (including cash) or services as specified by the school system.

Contributions of volunteer time should be estimated at reasonable fair market value for the community. Contributions to be made in the future, such as employee time for mentoring or internships should be estimated in terms of present value. Schools must make good faith efforts to collect the private entity contributions. Documentation of the contributions must be maintained.

What happens if the requests from school systems exceed the total amount available?

If local requests exceed the available state allocation, awards will be made in rank order based on the percent of students in the system eligible for free or reduced cost lunches and the fiscal capacity to meet renovation and repair needs as measured by property tax and sales tax valuations per child. Conversely, if the QZAB requests are less than the total amount available, the Department will provide additional opportunities for school systems to apply.

What if a school receives a QZAB allocation and then can't use it?

QZAB allocations will contain a time limitation for issuance of the bonds. Sometimes unforeseen events will make it impossible for a school system to use its QZAB allocation. In such an event, the allocation will be redistributed to other schools through the established application process. This will not preclude reapplication by the school system at a later date, assuming continued availability of the QZAB program. This redistribution process is necessary because Congress places time limits on the use of QZAB allocations.

Where can I get help or additional information?

For information about the QZAB program or to obtain assistance with the application or determining how QZAB might be used to address unmet facility needs, please contact your area facilities services consultant or the GaDOE Facilities Section at 404-656-2454.

Information about the federal QZAB requirements can be found on the U.S. Department of Education Web site at <http://www.ed.gov/offices/OESE/SST/qzab.html>.

For information about Empowerment Zones and Enterprise Communities, visit www.ezec.gov. Georgia sites listed on the web site include the Albany Enterprise Community, Atlanta Renewal Community, Central Savannah River Area (CSRA) Enterprise Community, and Southwest Georgia United Empowerment Zone.

Loan guarantees may be available through the Rural Development Program of the U.S. Department of Agriculture (USDA). For information, visit www.usda.gov or contact Ms. Margaret Duck at the USDA office in Athens, 706-546-2171.

EXHIBIT B

QUALIFIED SCHOOL CONSTRUCTION BONDS ALLOCATION



Kathy Cox, State Superintendent of Schools

Memorandum

DATE: May 31, 2010

TO: System Superintendents

FROM: Lynn B. Jackson
Associate Superintendent for Finance and Business Operations

SUBJECT: Qualified School Construction Bond Allocation for 2009-2010

The Qualified School Construction Bond (QSCB) program is a federal initiative that is designed to help finance renovation and repair in schools. Unlike typical grant programs, this program allows issuers to issue QSCBs as tax credit bonds or as taxable bonds and receive a 100% direct interest subsidy from the IRS over the life of the bonds, thereby leaving the school system responsible for repaying only the principal amount on the bonds.

Currently, Georgia has at least \$292 million in 2009 and 2010 QSCB authorization to allocate to issuers. A limit of \$50 million will be placed on the total amount awarded to any school system. **Please note that QSCBs require the school systems to comply with the Davis-Bacon Act for QSCB-financed project.** IRS regulations require that 100% of the bond proceeds be spent within three years.

In the event that requests for QSCBs exceed the allocation available, the GaDOE will rank requests according to the following criteria:

- (a) Providing classrooms for unhoused students including purchase of property for the facility
- (b) Modification and renovation of earned facilities
- (c) Instructional equipment
- (d) Additional classrooms
- (e) Modification and renovation of unearned classrooms

Enclosed you will find application materials and additional information about the QSCB program. If your system is interested in participating, please complete an application for each facility you wish to have considered and send the applications together in one packet to GaDOE Facilities Services, 1670 Twin Towers East, 205 Jesse Hill, Jr. Drive, SE, Atlanta, Georgia, 30334. **To be considered for a QSCB allocation, applications must be received by no later than 4:00 pm on August 1, 2010. Pursuant to HB 581, GSFIC will make QSCB allocations at a subsequent GSFIC meeting.**

I hope you will be able to use this program to augment state and local resources for facility improvements. For questions or assistance, please contact the GaDOE Facilities Section at 404-656-2454.

SA:lmh

Enclosures

cc: Mrs. Kathy Cox
Mr. Scott Austensen
RESA Directors
DOE Distribution List Facilities Services Consultants

Qualified School Construction Bond Program Request for Allocation

(complete one application per project)

Facility Name _____ Facility Code _____

REQUEST for QSCB ALLOCATION

1. Issuer

- a) Name of District or Other Issuer _____
- b) Address _____
- c) City _____ County _____
- d) Zip Code _____
- e) Telephone (_____) _____
- f) Name and Email of contact person : _____

2. School District (if different from issuer)

- a) Name of District _____
- b) Address _____
- c) City _____ County _____
- d) Zip Code _____
- e) Telephone (_____) _____
- f) Name and Email of contact person : _____

3. Bond Counsel

- a) Name _____
- b) Firm _____
- c) Address _____
- d) City _____ County _____
- e) Zip Code _____
- f) Telephone (_____) _____
- g) Email _____

4. Amount of Allocation Requested: \$ _____

5. Application Requirements

- a) Referendum Requirements (include one of the following)
 - i) Certified Copy of Referendum Results
 - ii) District Resolution indicating date of proposed referenda
 - iii) Letter from Bond Counsel indicating referendum not required for QSCB issuance (Building Authority issuances and requests for participation in GEAS issuance) (may be included in the Bond Counsel Opinion referred to in 5(c) below)
- b) Project description (include timetable, sources and uses, evidence of commitment of all funding sources)
- c) Bond Counsel Opinion (in form attached hereto)
- d) If 5(a)(i) or (ii) are not applicable, a Resolution from the issuing entity expressing its intent to issue QSCB Bonds for the benefit of the District.

6. Certifications

By signing this Request for QSCB Allocation, the undersigned, on behalf of the District, hereby certifies the following:

- i) The District shall spend all of the QSCB proceeds within 3 years of issuance, unless otherwise granted an extension by the IRS.
- ii) The District agrees that all Projects funded with QSCB proceeds will comply with Davis-Bacon Wage and Benefit requirements and all other Internal Revenue Code requirements applicable to QSCBs
- iii) The District shall have sold the QSCB bond allocation prior to December 15, 2010

7. District/Issuer Certification: The information contained in the request for allocation and related attachments is true and accurate to the best of my knowledge.

Issuer

District

Title

Title

Attachment C. Facility Project

Instructions: Briefly describe the project.

Facility Name _____ Facility Number _____

Attachment D. Project Budget

Instructions: Complete a budget for the QSCB -financed project. See footnotes for additional information.

Does the school system desire GEAS to issue the bonds for this project? _____ (yes or no)

Facility Name _____ Facility Number _____

Budget Item	Amount Financed By QSCB
-------------	----------------------------

Totals

Footnotes:

QUALIFIED SCHOOL CONSTRUCTION BONDS
PROGRAM INFORMATION

What is the Qualified School Construction Bond (QSCB) program?

The QSCB program is a bond program created under the American Recovery and Reinvestment Act of 2009. It is designed to help local school systems finance land acquisition, facility construction and renovation and repair projects in. Each state receives an annual allocation of QSCB bonding authority, which can be sub-allocated to local school systems. Georgia currently has approximately \$292 million to allocate.

How is the program financed?

Issuers may elect to issue QSCBs as tax credit bonds or taxable bonds. Under the tax credit bond option, the IRS provides federal tax credits to the financial institutions purchasing the bonds. Typically, the tax credits cover 65-100% the amount of the interest on the bonds, which means the school system Pays reduced or zero interest on the bonds. Under the taxable bond option, the IRS provides the issuer with a direct, 100% interest rate subsidy which means the school system only pays the principal to the extent the interest rate on the bonds does not exceed the federal limit.

How can school systems participate?

Interested school systems must submit a request for a QSCB allocation to the Georgia Department of Education (GaDOE) Facilities Section by the specified *deadline date of 4:00 pm August 1, 2010*. The GaDOE Facilities Section will review each application to determine if the proposed project meets federal qualifying requirements and if the proposed project is consistent with the local facilities plan.

School systems that receive a QSCB allocation must work with bond counsel and interested financial institutions to finalize arrangements for using the QSCB allocation. The school system must follow applicable state laws including but not limited to facilities planning, capital outlay, bonding and indebtedness, and bidding procedures. The constitutional provisions and state laws that pertain to incurring public debt apply to QSCB-financed projects, as do the bidding requirements for public works construction contracts.

What can the QSCB proceeds be used for?

Federal law requires that only 2 percent can be used for issuance costs related to the QSCB debt issuance. In Georgia, the eligible uses for QSCBs are:

- Land acquisition for new schools
- Construction of schools
- Repair and rehabilitation of schools
- Equipment to be used in facility being constructed, repaired or rehabilitated

What if a school receives a QSCB allocation and then can't use it?

QSCB allocations will contain a time limitation for issuance of the bonds. Sometimes unforeseen events will make it impossible for a school system to use its QSCB allocation. In such an event, the allocation will be redistributed to other schools through the established application process. This will not preclude reapplication by the school system at a later date, assuming continued availability of the QSCB program. This redistribution process is necessary because Congress places time limits on the use of QSCB allocations.

Where can I get help or additional information?

For information about the QSCB program or to obtain assistance with the application or determining how QSCB might be used to address unmet facility needs, please contact your area facilities services consultant or the GaDOE Facilities Section at 404-656-2454.

Information about the federal QSCB requirements can be found on the IRS website at <http://www.irs.gov/taxexemptbond/article/0,,id=206034,00.html>