

Board Meeting Agenda Item Executive Summary

Supt.'s Office Use Only

Board Meeting 3-20-07

Agenda Action

Item No. I. 3.

Board Meeting Date:	March 20, 2007
Submitted By:	Keith Birkett
Item Description:	Qualified Zone Academy Bonds (QZABs)

Purpose and Explanation: The Planning/Budgeting/Systems Accountability Division is working with the Instructional Technology Department to prepare a resolution and application to the Florida Department of Education to Participate in the Qualified Zone Academy Bonds (QZAB) program.

QZABs are financial instruments that provide a different kind of subsidy in the form of a tax credit to a bank or other financial institution that holds the QZABs. The approved QZAB program is one in which states or local governments are authorized to issue qualified zone academy bonds for use by a qualified zone academy.

The tax credits and bonding authority are made available by the federal government to support innovative school partnerships, enhance reform initiatives (including augmenting federal education programs), purchase technology and vocational equipment, and develop curriculum or teacher training to promote market-driven technology. To become eligible, a school must be located in either a federally designated Empowerment Zone or Enterprise Community or have 35 percent or more of its students eligible for free or reduced lunch, and have established a partnership with a business.

The district will provide written agreements between a Qualified Zone Academy and one or more local businesses that pledge contributions having a present value of at least 10 percent of the gross proceeds of the QZAB; will work with the financial institution to issue the QZAB; and will be responsible for repayment of the principal upon maturity. Resolution Number 07-02 containing the required assurances is submitted for Board approval.

Florida has a total allocation of \$20,271,000 for 2007. The district is applying for \$5 million to fund technology upgrades, Carnegie Math Academies (Cognitive Tutor) at eligible middle and high schools, and Reading Academies at eligible elementary schools. The schools that do not qualify with a 35% free or reduced lunch rate are High Springs (Gr. 6-8), Santa Fe High, Buchholz High, Hidden Oak, Talbot, and Chiles. These bonds are repaid with a portion of the district's 2 mill funds.

Project scope will be determined by final approved award amount.

BUDGETARY IMPACT

Funding Source (Description):	Amount:
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Staff Attorney Review & Approval <i>(For Contracts Only)</i>	Date: _____ Initial: _____	ADDITIONAL INFORMATION Yes: _____ No: _____
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**Resolution No. 07-02 of the
School Board of Alachua County, Florida
Making Required Assurances to the
Florida Department of Education for the Issuance of
Qualified Zone Academy Bonds (QZABs)**

WHEREAS, pursuant to Section 226 of the Taxpayer Relief Act of 1997, Section 1397E of the Internal Revenue Code, the School Board of Alachua County may be eligible to issue Qualified Zone Academy Bonds (QZABs); and

WHEREAS, the Florida Department of Education provides for the allocation and authority to Florida school districts for the issuance of Qualified Zone Academy Bonds; and

WHEREAS, the School Board of Alachua County desires to issue Qualified Zone Academy Bonds in the form of one or more lease purchase agreements authorized under Florida law,

NOW, THEREFORE BE IT RESOLVED

That the School Board of Alachua County, Florida, provides the following required assurances as defined in Section 226 of the Taxpayer's Relief Act of 1997, Section 1397E of the Internal Revenue Code:

- 1) There is a reasonable expectation, as of the date of issuance of the bonds, that at least 35 percent of the students attending the schools participating in the program will be eligible for free or reduced cost lunches established under the National School Lunch Act.
- 2) The eligible school district has written commitments from private entity match partners to make qualified contributions having a present value, as of the date of the issuance, of not less than ten percent of the proceeds of the bond issue, including such items as:
 - a. Equipment for use in the qualified zone academy (including state-of-the-art technology and vocational equipment),
 - b. Technical assistance in developing curriculum or training teachers to promote market-driven technology in the classrooms,
 - c. Internships, field trips, or other educational opportunities outside the academy for students,
 - d. Any other property (including cash) or service specified by the Local Education Agency that meets IRS requirements, and
 - e. The value of the ten percent match is below the fair market value offered by any entity providing similar products or services.
- 3) The ten percent match partner will help to set up an academic program (academy) to "prepare students for college or workforce," as required by the QZAB

legislation. This academy program will specify how many students will be trained in which academic areas using which resources, when the program will be implemented, who will direct the implementation and evaluation, and how the evaluation (pre- and post-tests) will be accomplished.

- 4) The academy program is established by and operated under the supervision of an eligible local education agency (LEA), as defined in Section 14101 of the Elementary and Secondary Education Act of 1965, to provide education or training below the post-secondary level:
 - a. Such academy is designed in cooperation with business to enhance the academic curriculum, increase graduation and employment rates, and better prepare students for the demands of college and the increasingly complex workforce,
 - b. Students in the academy are subject to the same academic standards and assessments as other students educated by the school districts, and
 - c. The comprehensive education plan of the program is approved by the school district.

- 5) Eligible QZAB projects include:
 - a. Rehabilitating or repairing the public school facility in which the academy is established,
 - b. Providing equipment for use at such academy,
 - c. Providing instructional materials, and
 - d. Providing professional development for teachers.

Date this 20th day of March, 2007

Virginia S. Childs, Chairperson

Attest: _____
W. Daniel Boyd, Jr., Superintendent

FLORIDA DEPARTMENT OF EDUCATION



STATE BOARD OF EDUCATION

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CONTACT PERSON

NAME: Cindy Greiwe
PHONE: (850) 245-9245
SUNCOM: 205-9245
COEFO: 07-16

MEMORANDUM

DATE: February 23, 2007
TO: District School Superintendents
FROM: Linda Champion
SUBJECT: Qualified Zone Academy Bond Program (QZAB)

The Qualified Zone Academy Bond (QZAB) program has been extended through 2007. Florida's allocation for calendar year 2006 is \$20,271,000 and \$20,271,000 for calendar year 2007. Should your application be approved, the approval grants authority to incur debt. The QZAB program is not a new funding source. Listed below is information relevant to the program and application process. The program supports the mission of Florida's K-20 education system to increase the proficiency of all students within one seamless, efficient system. Through this and other modes of assistance, the Office of Educational Facilities supports the State Board of Education's goal to deliver quality, efficient services (Section 1008.31(3), Florida Statutes).

General Information on the Qualified Zone Academy Bond (QZAB) Program

- QZABs are financial instruments that provide a different kind of subsidy in the form of tax credit to a bank or other financial institution that holds the QZABs. The approved QZAB program is one in which states or local governments are authorized to issue qualified zone academy bonds for use by a qualified zone academy. Florida will allocate QZAB authority amounts to approved eligible district/Qualified Zone Academy projects, but will not issue QZAB bonds.
- The tax credits and bonding authority are made available by the federal government to support innovative school partnerships, enhance reform initiatives including augmenting federal education programs, technology and vocational equipment, and development of curriculum or teacher training to promote market-driven technology. To become eligible, a school must be located in either a federally designated Empowerment Zone or Enterprise Community, or have 35 percent or more of its students eligible for free or reduced lunch under the National School Lunch Act, and have established a partnership with a business.

LINDA CHAMPION
DEPUTY COMMISSIONER, FINANCE AND OPERATIONS

- The district will determine whether the purposes for which QZABs are issued conform to state law regarding indebtedness; will obtain written agreements between a Qualified Zone Academy and one or more local businesses that pledge contributions having a present value of at least 10 percent of the gross proceeds of the QZAB; will work with the financial institution to issue the QZABs; and will be responsible for repayment of the principal upon maturity. QZABs are considered debt incurred by the district and must be repaid.
 - School districts shall not use PECO or CO&DS bond proceeds to pay QZAB debt, but may use two-mill funds, not bond proceeds, to repay QZAB debt.
 - If two-mill proceeds are proposed for repayment of QZAB debt, it shall not exceed the Certificates of Participation limit established for two-mill in Section 1011.71, Florida Statute.
 - The state has not been authorized to issue or guarantee QZAB loans.
- Florida has a total allocation of \$20,271,000 for 2006 and \$20,271,000 for 2007.
- Archived information from the U.S. Secretary of Education regarding the QZAB program can be found at the following website: <http://www.ed.gov/offices/OVAE/qzabfin.html>. Additional information and links can be found on the Office of Educational Facilities website.

Application Procedures and Deadline

Complete the attached application and return it by March 31, 2007, to:

Cindy Greiwe
Florida Department of Education
325 W. Gaines Street
1004 Turlington Building
Tallahassee, Florida 32399-0400

This form can be downloaded from the Department of Education's website at: <http://www.firn.edu/doe/edfacil/>.

Allocation Procedure

The Department will form a committee to review the applications and distribute the bonding authority based on the quality of the proposed programs. Bonding authority will be allocated based on the quality of proposals and criteria developed by the Department of Education. Applications received on or before March 31, 2007, will be reviewed. Applications received after March 31, 2007, will not be considered as part of the review process.

Requests must contain a minimum of \$1 million and a maximum of \$5 million per district. Please do not request more bonding authority than you can reasonably expect to repay or qualify for through a financial institution.

If you have additional questions, please call Cindy Greiwe at (850) 245-9245 (SUNCOM 205-9245).

LC/csg

Attachments

cc: District Finance Officers
District Facilities Managers