



PUBLIC SCHOOLS OF NORTH CAROLINA

STATE BOARD OF EDUCATION William C. Harrison, Ed.D., *Chairman and Chief Executive Officer*
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MEMORANDUM

TO: Public School Superintendents
Chairs of County Boards of Commissioners

FROM: Dr. Benjamin J. Matthews
Director, School Support

DATE: October 2, 2009

SUBJECT: Qualified School Construction Bond and Qualified Zone Academy Bond
Time Lines

Several LEAs have requested an outline of the steps that need to be followed during the Qualified School Construction Bond and Qualified Zone Academy Bond programs. We hope the following will help in this process. This timeline can also be found at www.schoolclearinghouse.org. Questions may be directed to Mary Gruebnaue, School Planning at (919) 807-3556.

It has come to our attention that several LEAs have had some difficulty in securing a lender for these bonds. To date on a nationwide basis, the bonds have been purchased by only a handful of buyers, and none by North Carolina banks. For the latest information on securing financing for these tax credit instruments, contact the State Treasurer's staff at the Local Government Commission, 919-807-2350.

BJM/mkg

CC: LEA Finance Directors
County Finance Directors
LEA Maintenance Directors

OFFICE OF FINANCIAL AND BUSINESS SERVICES

Philip W. Price, *Chief Financial Officer* | pprice@dpi.state.nc.us
6326 Mail Service Center, Raleigh, North Carolina 27699-6326 | (919) 807-3600 | Fax (919) 807-3604
AN EQUAL OPPORTUNITY/AFFIRMATIVE ACTION EMPLOYER

2008 / 2009 Qualified Zone Academy Bonds (QZAB) Time Line

ASAP after 10/26/2009	Final Allocations notification sent out to all Local Education Agencies (LEAS) from Department of Public Instruction (DPI)
Beginning 10/10/2009	LEAs enter reporting data thru www.FederalReporting.gov (on-line web portal collecting Recovery Act recipient reports) (see "Quarterly Reports" below)
Prior to Bidding	DPI (School Planning) plan review
* ASAP	<u>Search for lending institution to buy bonds (TO DATE THERE HAS BEEN VERY LIMITED INTEREST BY FINANCIAL INSTITUTIONS IN THE PURCHASE OF TAX CREDIT BONDS)</u>
* ASAP	Local Government Commission (LGC) required Board of County Commissioners resolution for "Installment Purchase Contract" Application
* 10 days before public hearing	LGC required Notice of Public Hearing
* ASAP	LGC required Public Hearing and Findings Resolution
* ASAP	LGC required Architects/Engineers Cost Estimate (or bids) if renovation or repair project
* *Minimum 28 days prior to LGC regular meeting	Receipt by LGC of completed application for "Installment Purchase Contract" as required by G.S. 160 A-20. Application should include results of public hearing, adopted findings resolution, and estimates or bids as appropriate.
* Next regular LGC meeting after application submittal	LGC meets to approve financing requests
Before bond issuance	<u>Completed</u> QZAB application submitted to School Planning, Division of School Support, DPI (missing signatures, etc. included)
15 days before bond issuance	Written notification to School Planning, Division of School Support, DPI that bonds are to be issued
2 years after Federal allocation to NC	Issue 2008 bonds by December 31, 2010. Issue 2009 bonds by December 31, 2011. (Allocation for Bonds not issued by this date will be forfeited.)
Quarterly Reports	Quarterly reports by the LEA due 10 days after the end of each calendar year quarter (after October 10, 2009)
6 months after bond Issuance	10% of bond proceeds to be committed by contract to third party
3 years after bond Issuance	All bond proceeds must be spent
Maturity Date set by US Treasury	LEA to pay back principal (required annual sinking fund payments into invested escrow account)

* Call LGC to discuss further details. The above steps are based on privately placed installment purchase financing contracts. Publicly sold financings require additional time.