Indiana Department of Education
SUPPORTING STUDENT SUCCESS

MEMORANDUM

TO: Indiana School Superintendents

FROM: Melissa K. Ambre, Director
Office of School Finance MKA

DATE: March 22, 2010

SUBJECT: 2010 Qualified School Construction Bonds

As part of the American Recovery and Reinvestment Act (ARRA) of 2009, the federal Treasury has continued the Qualified School Construction Bond (QSCB) program for 2010. Indiana's authorization for the 2010 program is $182,583,000. Of this amount, $82,583,000.00 will be designated for bonds up to $2,000,000. The remaining $100,000,000.00 will be designated for bonds over $2,000,000 but no larger than $10,000,000. The Department of Education reserves the right to adjust the allocation amounts and award criteria. It is the Department's expectation that schools will sell the bonds within nine months of the allocation award letter or the Department retains its flexibility to consider revocation of the allotment award amount.

With the success of the 2009 program and the large number of applications received, school corporations that submitted a project in 2009 that were not awarded an allocation may resubmit a project for consideration in 2010. ***In lieu of resubmitting a duplicate application, school officials should notify the Department, in writing, of a previous year application that should be reconsidered as well as provide a list of facilities owned/leased by the school, the present use and current capacity, and updated project cost information.*** Applications will be accepted until June 1, 2010. After the application deadline, the Department will then award allocations.

School corporations may only submit one application for consideration in 2010. If the total amount of projects requested is less than the allocations available, the pool will be re-opened until the allocation is exhausted.

All school districts with renovations, repair, or modernization projects may apply for a bond allocation. The review of new construction, space additions, administrative, and some extra-curricular areas will be based on age, capacity, security, and safety issues. If a school corporation is considering the purchase of land, a building project must be submitted with the application. *School corporations may not purchase land with an existing structure on it with the intent to renovate the structure under this program.* Schools must also provide information concerning all facilities owned by the school corporation and the current use and capacity of each facility.

Factors the Department will consider in determining allocation awards may include, but are not limited to, enrollment patterns, project description, the school's assessed value to ADM amount, outstanding debt, repayment term, and facility usage.

Consistent with the spirit of ARRA, allocations for QSCB financing will not be approved for refinancing or other borrowing or for projects already completed or under construction. Additionally, if a project is subject to the referendum or petition and remonstrance process, voter approval, if requested, must be completed before the application is submitted to the Department of Education.

Staff in the Office of School Finance will determine if applications meet state and federal criteria. An allocation award letter will then be sent to the school corporation. **The Department reserves the right to modify the criteria specified.**

School corporations must set up the bond financing independently. The terms of the QSCB (length or amortization and amount of tax credit) are set by the Treasury at date of issuance. The issuance of bonds by school corporations are subject to the provisions of Indiana law. The school corporation will need to utilize bond counsel for QSCBs just as they might any other type of bonding. The State of Indiana is not responsible for issuing, purchasing, or guaranteeing the bonds in any way.

The application for a QSCB is attached. Questions should be directed to Melissa Ambre at 317-232-0840 or by email to mambre@doe.in.gov.

QUALIFIED SCHOOL CONSTRUCTION BOND ALLOCATION REQUES

School Corporation_____
Corporation Number_____ **County** _____

Contact Information

Corporation Contact Person:
Title:
Address:
Phone:
Email:
Amount of QSCB allocation being requested: $_____ (maximum amount $10,000,000)

Bond Counsel Information

Firm Name:
Contact Person, Title:
Address:
Phone:
Email:

The School Board, or Directors, of the above named school corporation applies for a Qualified School Construction Bond allocation as authorized by ARRA and described in IRS/Treasury Notice 2009-35. The State of Indiana is not responsible for issuing, purchasing, or guaranteeing the bonds in any way.

Required information

1. A detailed description of the work to be financed through the QSCB.
2. Project budget, detailing both total project costs and revenue sources.
3. Date construction is expected to begin and permitting status as of application date.
4. Financial information as requested.
5. Evidence of successful completion of petition-remonstrance process.
6. A listing of all facilities owned/leased by the school and the current use of each facility and current capacity. If a facility is vacant, provide an explanation of future plans for the facility(ies). For each building, please provide the current capacity expressed as a percentage. i.e. 35,000 square foot building with 30,000 square feet in use, capacity is 85.7% (30,000/35,000)*100
7. If land is to be purchased with the QSCB allocation, building project plan must be submitted.

Enrollment

Please provide enrollment growth information from 2009 to 2010 (please check that which applies)

_____ 0 or less
_____ 1-10%
_____ 10% or greater

Qualified Zone Academy Bonds and Qualified School Construction Bonds

Was the school awarded a QZAB in 2008? No _____ Yes ____ Amount $_____
Was the school awarded a QZAB in 2009? No _____ Yes ____ Amount $_____
Was the school awarded a QSCB in 2009? No _____ Yes ____ Amount $_____

Project description (add attachment if necessary)

Project Cost

(If this request includes more than one project, please provide a separate sheet detailing the cost of each project and use this section for summary purposes.)

1) Cost of construction _____
2) Construction Manager _____
3) Contingencies _____
4) Architect fees _____
5) Architect reimbursables _____
6) Soil testing and surveys _____
7) Loose equipment _____
8) Land, Building, and Equipment Cost _____
9) Technology costs _____
10) Attorney fees _____
11) Bond counsel _____
12) Financial Adviser _____
13) Underwriting _____
14) Other cost of financing _____
15) Capitalized Interest _____
16) Total project cost (sum lines 1 through 15) _____

Sources of funds used to finance the project

17) Qualified School Construction Bonds _____
18) _____ _____
19) _____ _____
20) _____ _____
21) Total sources of funds (sum lines 17 through 20) _____

Repayment term _____
Estimated tax rate impact of this project: _____
If the tax rate impact is zero, please provide a brief explanation:

Current debt service tax rate (excluding this project): _____
Outstanding principle amount of obligations for the school:_____

Facilities

1. Please attach is list of facilities currently owned/leased by the school corporation, the present use and current capacity expressed as a percentage. (i.e. 35,000 square foot building with 30,000 square feet in use, capacity is 85%) If a facility is vacant, please specify the future plans for the facility.

Financial

Please attach a copy of the school corporation or charter school's most recent Form 9 Bi-annual Financial Report Summary Page of Receipts and Expenditures by Fund (first part).

Please provide the time table for completing the project: (may attach a separate sheet)

Is this project part of a larger issue? Yes____ No____ If yes, please explain.

Was a petition and remonstrance process required? _____ Yes _____ No
If the answer is yes, please provide an Auditor's Certificate of the completion of the process.

Was a referendum held for this project? _____ Yes _____ No
If a referendum was held, please provide a certification of the outcome.

Other comments or information: (optional)

Assurances

- One hundred percent of the proceeds of this bond will be used for qualified construction, rehabilitation, or repair of a public school facility or for the acquisition of land on which such a facility is to be constructed.
- The issuer of the bonds will comply with applicable provisions of the American Recovery and Reinvestment Act (ARRA) of 2009, including labor standards in section 1601 and 1606 and Buy American provisions in section 1605.
- The issuer of the bonds will make reports to the Department of Education as required.

I certify to the best of my knowledge, the information provided with this application is true and correct and is in compliance with statutes and with administrative provisions of the Indiana Department of Education. The School Board of Directors for the above named school corporation has authorized me to sign this application on its behalf.

_____ _____

Signature of Superintendent Date

Submittal Address: Indiana Department of Education
Attn: Melissa Ambre
151 W. Ohio St.
Indianapolis, IN 46204

INDIANA DEPARTMENT OF EDUCATION USE:

Complete application received (date):_____

Amount of Allocation Requested: $_____

Comments:

Certification of the Issuance of Bonds

(To be completed after the sale of bonds)

This is to certify that _____, _____ County, Indiana,
(School name)
has sold Qualified School Construction Bonds, as allowed by the American Recovery and Reinvestment Act of 2009, within 270 days of the Indiana Department of Education Order granting such approval.

Title of Bonds: _____

Amount of bonds: $_____

Award allocation order date: _____

Bond issuance date: _____

Dated this _____ day of _____, 20__.

_____
(Title)

Repayment term _____
Estimated tax rate impact of this project: _____
If the tax rate impact is zero, please provide a brief explanation:

Current debt service tax rate (excluding this project): _____
Outstanding principle amount of obligations for the school:_____

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Other comments or information: (optional)