



STATE OF ALABAMA
DEPARTMENT OF EDUCATION



Michael Sentance
State Superintendent of Education

November 29, 2016

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MEMORANDUM

TO: City and County Superintendents
FROM: Andy Craig 
Deputy State Superintendent
Administrative and Financial Services
RE: Qualified Zone Academy Bonds Survey

The enclosed survey form is to assist in our efforts to allocate the available funds related to the Qualified Zone Academy Bonds (**QZAB**). Although the deadline for submission of the survey is several days away, I would urge you to return the survey to us as soon as possible.

In addition to the requirements summarized in the enclosed sheet, the local school board will need to locate a financial institution that is willing to issue QZAB for qualified purposes. Recent QZAB financing by Alabama financial institutions have been at a zero interest rate.

Alabama's QZAB allotment currently totals \$14,444,000. This survey is intended to determine the interest in participating in the QZAB allotment. The enclosed survey must be returned by December 15 by emailing the completed document to speaspanen@alsde.edu.

If you have questions regarding Qualified Zone Academy Bonds, please contact Ms. Sonja Peaspanen (334-353-9886 or speaspanen@alsde.edu) or Mr. Dennis Heard (334-242-9747 or dheard@alsde.edu).

AC: SSP
Enclosures
cc: Chief School Financial Officers
FY17-3003

Qualified Zone Academy Bonds Survey

_____ Yes, our school system has building repair and renovation needs at specific schools with 35% or more students qualified for free or reduced price meals. Our school system will provide local funds for the repayment of debt to obtain **QZAB** funds in the amount of _____.

School Name

To be used for:

Amount

OR

_____ No, our school system does not intend to pursue **QZAB** funds.

Name of School System

Superintendent's signature

The survey form must be returned by December 15 by emailing the completed document to speaspanen@alsde.edu

**QUALIFIED ZONE ACADEMY BONDS
(QZABs)**

Summary

QZAB allow the school board to borrow funds interest-free or at a reduced interest rate depending on market conditions. The maximum term of the debt issue is determined on the date of the debt issuance.

QZAB allocations for Alabama are \$7,222,000 for each calendar year 2015 and 2016. These allocations are in addition to the \$159,413,000 previously made available for Alabama schools for the years 1998 through 2014.

Funds borrowed under this program may not be used for construction of new buildings but may be used for the following qualified purposes:

- *Rehabilitating, renovating, or repairing a school*
- *Providing equipment for a school*
- *Developing course materials for education to be provided at the school*
- *Training teachers and other school personnel at the school.*

A qualified zone academy can be established in schools from kindergarten through twelfth grade. A qualified zone academy can be a school (or an academic program within a school) that meets the following requirements:

1. *The school or academic program is 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.*
2. *Students in the school or academic program will be subject to the same academic standards and assessments as other students in the school system.*
3. *The comprehensive education plan of the school or academic program is approved by the school board.*
4. *There is a reasonable expectation (as of the date of the debt issuance) that at least 35% of the students attending the school or participating in the academic program will be eligible for free or reduced-cost lunches. (Schools in empowerment zones or enterprise communities also qualify.)*

In order to participate in the loan program the qualified zone academy must have written commitments from private entities to make qualified contributions having a present value (as of the date of the debt issuance) of not less than 10% of the debt proceeds. Qualified contributions are:

- *Equipment for use in the qualified zone academy (including state-of-the-art technology and vocational equipment),*
- *Technical assistance in developing curriculum or in training teachers in order to promote appropriate market driven technology in the classroom,*
- *Services of employees as volunteer mentors,*
- *Internships, field trips, or other educational opportunities outside the academy for students, or*
- *Any other property or service specified by the school board. (IRS regulations allow cash as a qualified contribution subject to certain restrictions.)*