



STATE OF MAINE
DEPARTMENT OF EDUCATION
23 STATE HOUSE STATION
AUGUSTA, MAINE
04333-0023

JOHN ELIAS BALDACCI
GOVERNOR

SUSAN A. GENDRON
COMMISSIONER

Exhibit #IX.A.

TO: Members of the State Board of Education

FROM: Susan A. Gendron, Commissioner*

DATE: July 15, 2009

SUBJECT: Federal Qualified Zone Academy Bond Program

STATEMENT OF FACT

The Department of Education coordinates the Federal Qualified Zone Academy Bond (QZAB) program. QZABs are bonds issued by state or local governments which the Federal government subsidizes by providing tax credits to the bondholders. The credits are approximately equal to the interest that the issuers would pay to the bondholders. Issuers are generally responsible for repayment of only the bond principal. Maine has an available QZAB allocation balance of \$6,935,000 for 2008 and 2009 and will receive an additional allocation for 2010. Six SAUs submitted QZAB applications to the Department requesting bonding authority. The Department has completed its review of the applications and verified that the school districts on the accompanying lists and their proposed projects meet the eligibility criteria which includes having a 35% free and reduced lunch rate, receiving a private contribution worth 10% of the bond proceeds, and using bond proceeds for rehabilitation or repair of school buildings, purchasing equipment, developing course materials, and/or training teachers and other school personnel.

DEPARTMENT RECOMMENDATION

The Department of Education recommends that the State Board of Education approve the QZAB applications for projects in Auburn, Jay, AOS 92/Waterville, RSU 22/SAD 22, and RSU 38/Mt. Vernon and authorize issuance of QZABs for up to the amounts shown on the accompanying list "2009 QZAB Recommended Approvals." The total QZAB authorization amount for 2009 is \$6,935,000.

The Department also recommends that the remaining 2009 QZAB requests for projects in Lewiston and AOS 92/Waterville shown on the accompanying "Recommended Priority List for 2010 QZAB Approvals" be designated for priority approval in 2010 when Maine expects to receive its additional Federal QZAB allocation.

*Prepared by the School Facilities Services Team