

Exhibit # VIII.C.

TO: Members of the State Board of Education

FROM: Stephen L. Bowen, Commissioner*

DATE: September 19, 2012

SUBJECT: Federal Qualified School Construction Bond Program – Madawaska

STATEMENT OF FACT

The Department of Education coordinates the Federal Qualified School Construction Bond (QSCB) program. QSCBs are bonds issued by state or local governments which the Federal government subsidizes by providing tax credits to bondholders or direct payment interest subsidies to issuers. Bond proceeds can be used for construction, rehabilitation, or repair of public school facilities.

The Madawaska School Department submitted a 2011 QSCB application for Madawaska Middle/High School and on November 9, 2011 received State Board of Education approval for a QSCB allocation in the amount of \$1,600,000. The Madawaska School Department has requested that they be permitted to return their allocation to the Department of Education and that the Department reissue Madawaska's allocation directly to the Maine Municipal Bond Bank (MMBB) for their project. Pursuant to this reallocation, the MMBB shall issue a QSCB to provide funds for the previously approved Madawaska project.

CONSTRUCTION COMMITTEE RECOMMENDATION

On Monday, September 4, 2012, the Construction Committee voted unanimously to recommend that the State Board approve that the Federal QSCB allocation to Madawaska School Department in the amount of \$1,600,000 be returned to the Department of Education and reallocated to the Maine Municipal Bond Bank provided that the QSCB issued by the Maine Municipal Bond Bank pursuant to this allocation shall be issued to provide funds for the Madawaska Middle/High School project that the State Board of Education previously approved on November 9, 2011.

DEPARTMENT RECOMMENDATION

The Department of Education recommends that the State Board approve that the Federal QSCB allocation to Madawaska School Department in the amount of \$1,600,000 be returned to the Department of Education and reallocated to the Maine Municipal Bond Bank provided that the QSCB issued by the Maine Municipal Bond Bank pursuant to this allocation shall be issued to provide funds for the Madawaska Middle/High School project that the State Board of Education previously approved on November 9, 2011.

*Prepared by the School Facilities Services Team