



Agenda
Page County Board of Supervisors
Work Session
Board of Supervisors Room – 103 South Court Street, Luray
July 5, 2016 – 7:00 p.m.

Call to Order

- Pledge of Allegiance
- Invocation (Paul Johnson)

Joint Meeting with the School Board:

Update on the Health Science Building at the Technical Center

Establishment of School Contingency Fund

QAZB Bond Discussion (p. 2)

Discussion of School's Health Insurance Proposal

Work Session:

Discussion of TOT Funding for Cavemen Baseball

Approval of Tax Revenue Anticipation Note

Amity Moler

Report on Spring Clean-up Day

Lynda Minke

Adjourn

Mission Statement

To provide essential and desired services to all Page County citizens through an open and responsive decision making process that values ethical conduct, fiscal responsibility, professional expertise, regional collaboration and proactive stewardship.



Harris, Timothy <tharris@pagecounty.k12.va.us>

QZAB Projects

1 message

Harris, Timothy <tharris@pagecounty.k12.va.us>

Mon, May 9, 2016 at 2:20 PM

To: "Whitley-Smith, Donna" <dwsmith@pagecounty.k12.va.us>

PCHS Well	\$85,000.00
SBO Secure Vestibule	\$40,000.00
Springfield Elementary RTU	\$40,000.00
Luray Elementary RTU	\$40,000.00
Luray Middle Auditorium Carpet	\$25,000.00
PCTC, Stanley Elementary, Shenandoah Elementary Fire Panels	\$80,000.00
Springfield, Luray Elementary, Luray Middle Fire Panels	\$60,000.00
PCMS Intercom System	\$125,000.00
(3) 71P, (1) 29P Bus	<u>\$350,000.00</u>

\$845,000.00

Renewable power by AllSun Trackers for: (\$29,200.00 per unit)	
LES, LMS (10 units)	\$292,000.00 for 20%+ offset
LHS (5 units)	\$146,000.00 for 10% offset
PCHS, PCMS (10 units)	\$292,000.00 for 20%+ offset
STES (5 units)	<u>\$146,000.00</u> for 10% offset

\$876,000.00

Total \$1,721,000.00

(to be adjusted as desired)

—
Tim Harris
Page County Public Schools
Director of Transportation, Safety and Procurement
540-743-6533 ext. 2804



COMMONWEALTH of VIRGINIA

Office of the Governor

Anne B. Holton
Secretary of Education

June 6, 2016

Mrs. Donna L. Whitley-Smith
Division Superintendent
Page County Public Schools
735 West Main Street
Luray, Virginia 22835

Dear Mrs. Whitley-Smith:

Thank you for submitting the Qualified Zone Academy Zone (QZAB) Intent-to-Participate letter for Page County dated February 23, 2016. This is the first step in the revised QZAB application process as announced in Superintendent's Memo #310-15 dated December 11, 2015. Page County has met the free lunch eligibility criteria of at least 35 percent under the state appropriation set as a priority criteria for award of a QZAB allocation. The Virginia Secretary of Education is therefore authorized to award Page County a total of \$2.0 million in QZAB allocations from Virginia's calendar year 2014, 2015, and 2016 authorizations, which will be issued by the Virginia Public School Authority or a lending institution of your choice by December 31, 2016.

Completing the attached QZAB application is the next step in the QZAB financing process. Required deadlines of the process include:

- **July 11, 2016**, is the due date for submitting this application which the division superintendent and the local government administrator must sign. Under federal requirements, the specific qualified zone academy school(s) where the QZAB proceeds will be used must have a free or reduced lunch eligibility percentage of at least 35 percent.
- Within ten days of receipt of the QZAB application package, the Secretary of Education will inform your division in writing if your QZAB application has been approved.
- The 10 percent private contribution letters and the final signed and sealed school board and local governing body resolutions must be received by the Department of Education before **August 31, 2016**.

Prior to the 2002 QZAB awards, school divisions were permitted to request from the Secretary of Education a carry-forward from one year to the next of any unused allocation. Beginning with the 2002 QZAB awards, school divisions are no longer permitted to carry-over unused awards. This change has been made to ensure that all QZABs are issued prior to their expiration dates. Consequently, the QZAB allocation awarded to Page County must be issued by December 31, 2016.

Mrs. Donna L. Whitley-Smith
Division Superintendent
Page 2
June 6, 2016

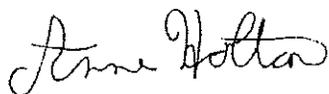
These procedures also established a new total allocation cap of \$15.0 million per division, which is calculated beginning with the 2002 calendar year allocations. When your division has received a total QZAB allocation of \$15.0 million, you will no longer be eligible for an allocation until all eligible school divisions have been provided an allocation.

Please note federal legislation (Tax Extenders and Alternative Minimum Tax Relief Act of 2008) that enacted new restrictions on QZABs. A key provision of this legislation requires school divisions to spend 100 percent of QZAB proceeds within three years of the issuance of the bonds.

Please keep in mind that QZAB financing represents debt of the locality that must be repaid and is not grant funding. As such, approval by your local governing body is required.

Should you have any questions about this program or the QZAB application, please contact Christina Snellings with the Department of Education Budget Office at (804) 225-2025.

Sincerely,



Anne Holton

cc: Dr. Steven R. Staples
Mr. Kent C. Dickey

Enclosure: QZAB Application

SAMPLE – QZAB APPLICATION PACKAGE

This is a sample Qualified Zone Academy Bond application packet. Once a school division provides a letter of intent to participate to the Secretary of Education and receives notification of a QZAB award, the division will be required to submit an application package to the Department of Education. The application package must contain the information listed below; worksheets are attached for your use in providing the necessary application information. Please fill in the required information and submit the documentation to the address at the bottom of this page by **July 11, 2016**.

1. Summary sheet including the signed assurance by the City Manager/County Administrator and Division Superintendent that the school division has a binding commitment with a third party to spend down at least 10 percent of the proceeds within six months after the issue of the QZAB bond, and 100 percent of the funds will be used directly for the project(s) within three years of the date of issuance of the QZAB bond.
2. The name of the school(s) to which QZAB allocations will be applied. The school must fall under the definition of a qualified zone academy, as outlined in Section 1.
3. A detailed description of the project(s) to be undertaken at the school(s). The project(s) must be for a qualified purpose, as defined in Section 1. Included in this description should be the status, total cost, funding source(s) for the project, school division contact name, phone number and e-mail address, and the contact name and phone number of bond counsel.
4. Proof that a private entity qualified contribution has been secured by the school division, as defined in Section 1 of the attached Qualified Zone Academy Bond (QZAB) Allocations & Award Criteria. This proof should include a signed commitment from a private entity or entities for qualified contributions. ***Please note that the sum of all contributions must total at least ten percent of the QZAB issuance amount.***
5. Proof that the QZAB to be issued meets the term requirements as defined in Section 1.
6. If the QZAB is to be issued locally (and not via the Virginia Public School Authority), proof that there is a qualified buyer that has shown an interest in purchasing QZABs. This should be in the form of a letter of intent from a participating lending institution outlining, in general, the terms of the bond should the QZAB application be accepted.
7. Original copies of school board and governing body resolutions approving the issuance of a QZAB. Such resolutions should include the amount of the bond issue as well as a description of the projects to be funded. ***Each resolution should contain an official raised seal.*** Note: Due by August 31, 2016.
8. A timeline for issuance of the bond. This timeline must meet issuance dates outlined in a school division's award letter.

Application packages must be mailed to the following address:

Virginia Department of Education
P.O. Box 2120
Richmond, VA 23218-2120
Attention: QZAB Program, DOE Budget Office

APPLICATION APPROVAL

Within 10 days of receipt of a QZAB application package, the Secretary of Education will inform the school division in writing as to whether a package has been approved. Once approved, the school division will be required to notify the Department of Education in writing once the QZAB is issued (if issued locally).

SUMMARY SHEET

Calendar Year 2014, 2015, and 2016 QZAB Allocations

Division Number: _____ Division Name: _____

Calendar Year Award – 2014, 2015, 2016: \$ _____

The Qualified Zone Academy Bond proceeds will be used for the following purposes:

- | | | |
|----|--|----------------|
| a. | Rehabilitating or repairing the public school facility in which the academy is established | \$ <u>0.00</u> |
| b. | Providing equipment for use at an academy | \$ <u>0.00</u> |
| c. | Developing course materials for education to be provided at an academy | \$ <u>0.00</u> |
| d. | Training teachers and other school personnel in the academy | \$ <u>0.00</u> |
| e. | Issuance costs (maximum – 2% of the proceeds) | \$ <u>0.00</u> |

I hereby certify the following:

- 100 percent of the Qualified Zone Academy Bond proceeds will be used for the qualified zone academy(s) within 3 years of the date of issue;
- The Qualified Zone Academy Bond proceeds will be spent as determined by the Virginia Department of Education and consistent with the permitted uses set forth in Section 1397E of the Internal Revenue Code, Tax Extenders and Alternative Minimum Tax Relief Act of 2008 (Pub. L. No. 110-343), American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111-5), and the Hiring Incentives to Restore Employment Act (Pub. L. No. 111-147);
- The school division has a binding commitment with a third party to spend at least 10 percent of the proceeds within 6 months after issuance of the Qualified Zone Academy Bond;
- Written agreements have been obtained from one or more businesses or private entities that have pledged contributions having a present value of at least 10 percent of the gross proceeds of the QZAB.

City Manager / County Administrator

Date

Division Superintendent

Date

Name of School(s) and Description of Project(s)

Calendar Year 2014, 2015, and 2016 QZAB Allocations

Division Number: _____

Division Name: _____

Name of the school or schools to which QZAB allocations will be applied:

1. _____
2. _____
3. _____
4. _____

Check applicable QZAB school definition(s):

- The school is designed in cooperation with private business to improve the academic curriculum, enhance graduation and employment rates, and better prepare students for college and the workforce.
- Students of the school are subject to the same academic standards and assessments as other students educated by the local education agency.
- The school's comprehensive education plan is approved by the local education agency.
- The school is located in a federal empowerment zone as of December 31, 2013.
- There is a reasonable expectation when the bonds are issued that at least 35% of the school's students (or program participants) will be eligible for free or reduced price lunches under the school lunch program established under the National School Lunch Act.

Detailed description of the project(s) to be undertaken at the school(s):

Check applicable qualified purpose(s):

- Rehabilitating or repairing a public school facility in which a qualified zone academy is established
- Providing equipment for use at a qualified zone academy
- Developing course materials for education to be provided at a qualified zone academy
- Training teachers and other school personnel in a qualified zone academy
- Issuance costs (maximum – 2% of the proceeds)

Status of the project(s):

Total cost of the project(s):

\$ _____

Funding source(s) for the project(s):

Local contact information:

Name: _____
Title: _____
Telephone number: _____
E-mail: _____

Bond counsel information:

Firm: _____
Attorney contact: _____
Telephone number: _____
E-mail: _____

PROOF OF PRIVATE ENTITY QUALIFIED CONTRIBUTIONS; QUALIFIED BUYERS

Calendar Year 2014, 2015, and 2016 QZAB Allocations

Division Number: _____ Division Name: _____

Entity or Entities:

Short Description of Contributions:

- | | |
|----------|-------|
| 1. _____ | _____ |
| 2. _____ | _____ |
| 3. _____ | _____ |

- Please note that the total of all contributions must total at least ten percent of the QZAB issuance amount.
- The 10% match partner will help to set up an academic program (academy) to prepare students for college or workforce, as required by the QZAB legislation. This academy program should specify how many students will be trained in which academic areas using what resources, when the program will be implemented, who will direct the implementation and evaluation, and how the evaluation (pre- and post-tests) will be accomplished.
- Please attach signed commitment letter(s) from private entity or entities to this application package.

Term Requirements (if QZAB issued locally):

The maximum term for a QZAB sold in Month: _____, Year: _____ is _____ years.

Participating lending institution: _____

- Please attach a proposal letter from a participating lending institution.
- See <https://www.treasurydirect.gov/GA-SL/SLGS/selectQZABDate.htm> for current rate information.

RESOLUTIONS APPROVING ISSUANCE AND TIMELINE FOR ISSUANCE

Calendar Year 2014, 2015, and 2016 QZAB Allocations

Division Number: _____

Division Name: _____

Resolution/Ordinance:

Date Adopted:

- Please attach original copies of school board and governing body resolutions; each should contain an official raised seal.
- Ordinances should contain the amount of the bond issue and a description of the projects to be financed.

Timeline for Issuance:

Action:

Date:

Superintendent's Memo #310-15**COMMONWEALTH of VIRGINIA
Department of Education**

December 18, 2015

TO: Division Superintendents

FROM: Steven R. Staples, Superintendent of Public Instruction

**SUBJECT: Revised Guidelines and Application Process for the Calendar Year 2014
Qualified Zone Academy Bond Allocations**

The federal Qualified Zone Academy Bond program, better known as QZABs, was authorized by Congress under the Taxpayer Relief Act of 1997. The Virginia Appropriation Act establishes further requirements for the operation of this program in Virginia. A number of school divisions in Virginia have availed themselves of this program since its inception. QZABs are tax credit bonds designed for the state or local issuer to pay zero or near zero interest. The proceeds of these bonds must be used for school renovation, the purchase of school equipment, development of course materials, and/or training of teachers within a qualified zone academy (i.e., any public school or academic program within a public school established by and operated under the supervision of a local education agency). QZAB proceeds cannot be used for new construction and 100 percent of proceeds must be spent within three years of the sale of the bonds.

States or local governments may issue QZABs. Virginia's calendar year 2014 QZAB allocation from the federal government is \$7.4 million. Because of their zero or near zero interest rate, QZABs are a low cost vehicle for school divisions to modernize schools. Purchasers of QZABs receive federal tax credits in lieu of the interest on the bonds. In recent years, the Virginia Public School Authority (VPSA) has assisted with issuing QZABs on behalf of localities, greatly facilitating the use of these bonds in Virginia. Please note that QZAB proceeds represent debt of the locality that must be repaid.

Requirements

The following requirement must be met *before* a school division can receive a QZAB allocation:

- At least 35 percent or greater of students in the division [and in the school where the proceeds would be used] must be eligible for the free or reduced cost lunches under the National School Lunch Program. However, Virginia law gives priority to schools with at least 35 percent of students eligible for free lunch.

In addition, there are requirements that must be met *after* a school division receives a QZAB allocation and before a QZAB can be issued:

- A QZAB application must be completed and signed by the local government administrator and

- accompanied by signed and sealed school board and local governing body resolutions;
- A school division must obtain commitments from private enterprises [not state or local governments or school division employees] equal to 10 percent of the QZAB amount to be borrowed; and
- QZAB renovation projects must be in compliance with the Davis-Bacon Act.

Revised Guidelines

Since 1998, the Virginia Secretary of Education has directly awarded QZAB allocations to school divisions based on a rank ordering of the student eligibility percentage for free lunch under the National School Lunch Program (usually 65 percent or greater). However, to facilitate and expedite the issuance of the calendar year 2014 Qualified Zone Academy Bonds among a larger pool of eligible school divisions meeting the 35 percent free lunch eligibility criteria, the Secretary of Education's guidelines have been revised to an open application process effective with the calendar year 2014 allocation and encourages eligible school divisions that are interested in receiving a QZAB allocation to apply as follows:

- By March 1, 2016, send an initial Intent to Participate form to the **Office of the Secretary of Education**, Patrick Henry Building, 1111 East Broad Street, Richmond, VA 23219. These divisions are then listed in rank order based on their percentage of free lunch eligibility. Failure to meet the March 1 deadline disqualifies a division from further consideration for an allocation.
- By April 1, 2016, among the eligible school divisions that submitted an Intent to Participate form by April 1, a preliminary allocation letter and application form will be sent to approximately the first four divisions based on the rank order of free lunch eligibility.
- The deadline for completed applications received by the Department of Education is June 1, 2016. If this deadline is not met, the school division will be disqualified and a preliminary allocation letter will be sent to the next school division on the free lunch eligibility rank order list.
- The 10 percent private contribution letters as well as the final signed and sealed school board and local governing body resolutions must be received by the Department of Education before August 31, 2016.
- By November or December 2016, the Virginia Public School Authority (VPSA) and/or individual localities will issue Calendar Year 2014 QZABs. December 31, 2016, is the expiration deadline for the issuance of Calendar Year 2014 QZAB bonds.

The attached document "Virginia Guidelines for Calendar Year 2014 QZABs" provides additional information on the QZAB program. It is also important that a school division consult with its local bond counsel to ensure compliance with all applicable federal and state regulations regarding the issuance and use of such bonds. Should you have any questions about this program, please contact Christina Snellings in the Budget Office at (804) 225-2025.

SRS/KCD/cps

Attachments:

- A. Virginia Guidelines for CY 2014 (PDF)
- B. Intent to Participate Form (PDF)

VIRGINIA GUIDELINES FOR CALENDAR YEAR 2014 QUALIFIED ZONE ACADEMY BOND (QZAB) ALLOCATIONS AND AWARD CRITERIA

Revised December 2015

Frequently Asked Questions

What is the Qualified Zone Academy Bond Program?

In 1997, Congress created the Qualified Zone Academy Bond Program (QZAB) so that schools could raise funds to: 1) renovate and repair public school buildings; 2) invest in equipment and current technology; 3) develop challenging curricula; and 4) train quality teachers.

What is a Qualified Zone Academy?

Qualified zone academies are public schools located in economically distressed areas that work with private entities to enhance curriculum, increase graduation and employment rates, and better prepare students for higher education and for the workforce.

How does the QZAB work?

School divisions (through the local governments) borrow funds from financing institutions or other buyers at zero or low interest. Instead of receiving interest on the funds, a financing institution has the option to receive a tax credit in lieu of interest that they would have charged. The credit rate for QZABs is set by the federal government through the Treasury Department. (See <https://www.treasurydirect.gov/GA-SL/SLGS/selectQZABDate.htm> for current rate information.)

In order to issue a QZAB, school divisions must secure a private contribution equal to at least 10 percent of the QZAB issuance. This private contribution can be in the following forms: 1) cash; 2) goods, including equipment and technology; 3) services, including assistance with the use of technology or with curriculum development; and 4) internships, field trips, or other education opportunities.

How much has Virginia been allocated in QZAB authority?

Each state is provided with an allocation using a formula based on state percentages of the national population of individuals with incomes below the poverty line. States have the flexibility to determine how the allocations will be distributed, so long as each school benefiting from a QZAB is either located in a federal Empowerment Zone authorized through December 31, 2014 (Pub. L 113-295) *or* at least 35 percent of its students are eligible for free or reduced price lunches.

In Virginia, the Secretary of Education makes QZAB awards to applying school divisions, giving priority to divisions based on a ranking of division-level free lunch eligibility of 35 percent or greater pursuant to the State appropriation act. The Virginia program does not recognize reduced-priced lunch factors when determining division awards. Consequently, QZAB allocations are awarded only for divisions with 35 percent or greater *free lunch* eligibility pursuant to the appropriation act. However, QZAB proceeds may be used for qualifying purposes at individual qualified zone academy schools with at least 35 percent of students eligible for free or reduced price lunch or located in a federal Empowerment Zone. Awards are typically made to Virginia school divisions based on a minimum allocation of \$1.5 million per division, until an award cap of \$15 million per division is reached.

Are there time limits for QZAB awards?

A school division must (1) secure at the time of issuance a private entity contribution greater than or equal to 10 percent of the QZAB proceeds; (2) incur within a 6 month period from date of issuance a binding contract with a third party to spend at least 10 percent of the available project proceeds; and (3) spend 100 percent of the proceeds within 3 years of the issuance date.

How are school divisions informed of QZAB awards?

The Secretary of Education will correspond with the superintendent of each school division eligible for an award based on a rank-ordering of free lunch eligibility of at least 35 percent or greater. Award information is provided to school divisions throughout the year, depending upon the timing of federal awards and whether or not unused allocations of existing Virginia awards are available.

What steps should a school division take once an award has been received?

Every school division receiving notification of a QZAB allocation award is required to submit a formal application to the Department of Education by the required deadline.

Please note that any school division that intends to participate in the Virginia QZAB program should seek legal advice from local bond counsel because of the complexity of the program and its eligibility requirements.

School divisions desiring to participate in the program must first submit a letter of intent to participate to the Virginia Secretary of Education. For those school divisions receiving an allocation award, the completed QZAB application package must then be submitted to the Virginia Department of Education.

VIRGINIA ALLOCATION AND AWARD GUIDELINES

SECTION I – DEFINITIONS

Private Entity Qualified Contribution - *A written agreement between a qualified zone academy and one or more business(es) or private entities under which the contributor pledges a contribution having a present value of at least 10 percent of the gross proceeds of the QZAB. For this purpose the following list constitutes eligible contributions:*

- 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 (including cash) or services specified by the local education agency; additional information on private entity qualified contributions can be found on the QZAB web page at: <http://www2.ed.gov/programs/qualifiedzone/index.html>.

Qualified Buyer - *A financial institution(s) or other buyer that is willing to purchase QZAB bonds issued by, or on behalf of, a Virginia locality. The Virginia Public School Authority has in the past served as a conduit issuer of QZAB bonds on behalf of participating Virginia localities.*

Qualified Purpose of QZAB Proceeds

- Rehabilitating or repairing a public school facility in which a qualified zone academy is established;
- Providing equipment for use at a qualified zone academy;
- Developing course materials for education to be provided at a qualified zone academy; and/or
- Training teachers and other school personnel in a qualified zone academy.

Qualified Zone Academy

A qualified zone academy is defined as any public school (or academic program within a public school) which is established by and operated under the supervision of an eligible local education agency to provide education or training below the postsecondary level if:

- The school is designed in cooperation with private business to improve the academic curriculum, enhance graduation and employment rates, and better prepare students for college and the workforce, as required by QZAB legislation.
- The school or academic program specifies how many students will be trained in which academic areas using what resources, when the program will be implemented, who will direct the implementation and evaluation, and how the evaluation (pre- and post-tests) will be accomplished.
- Students of the school are subject to the same academic standards and assessments as other students educated by the local education agency.
- The school's comprehensive education plan is approved by the local education agency.
- The school is located in either a federal empowerment zone (current designation authorized through December 31, 2014) or there is a reasonable expectation when the bonds are issued that at least 35 percent of the school's students (or program participants) will be eligible for free or reduced price lunch under the school lunch program established pursuant to the National School Lunch Act.

Qualified Zone Academy Bond (QZAB) - *A bond that is issued by a state or local government for the area where the qualified zone academy is located.*

The bond must meet all of the following requirements:

The issuer:

- a. Designates the bond issue for the use of a qualified zone academy;
- b. Has written assurances that the private business contribution requirement will be met;
- c. Has written assurances that a binding commitment with a third party to spend at least 10 percent of available project proceeds will be incurred within the 6-month period beginning on date of issuance;
- d. Has written approval for the bond issue from the local education agency.

100 percent of the bond proceeds must be used within 3 years of the issue of the Qualified Zone Academy Bond for one or more of the following qualified purposes:

- a. Rehabilitating or repairing the public school facility in which the academy is established;
- b. Providing equipment for use at an academy;
- c. Developing course materials for education to be provided at an academy; or
- d. Training teachers and other school personnel in an academy.

The term of each bond cannot exceed a maximum term. The maximum term is set so that the state or local government's obligation to repay in present value terms will be 50 percent of the borrowed amount. For more information, please see Section 1397E of the Internal Revenue Code:

<http://uscode.house.gov/view.xhtml?req=Section+1397E&f=treesort&fq=true&num=6&hl=true&edition=prelim&granuleId=USC-prelim-title26-section1397E>.

SECTION II - PROGRAM DESCRIPTION

In 1997, Congress created the Qualified Zone Academy Bond to help schools raise funds to achieve the following: (1) renovate and repair buildings; (2) invest in equipment and up-to-date technology; (3) develop challenging curricula; and (4) train quality teachers. The QZAB program is designed to assist school divisions serving low-income students by reducing the burden of interest payments by giving financial institutions holding the bonds a tax credit in lieu of interest, or, when permitted, if interest payments are received by the bond holder, the QZAB issuer may be reimbursed for interest payments through a direct subsidy payment (to date, 2010 QZABs only). A school division must still pay back the amount of money that is initially borrowed, but the school division does not have to pay any interest, or pays low interest.

The federal government provides each state with an allotment of principal bond proceeds that may be borrowed through the QZAB program. The Virginia Secretary of Education determines which school divisions will receive awards based on procedures in these guidelines. The following table provides information on total awards for the Commonwealth of Virginia:

Calendar Year	Virginia Allocation	Expiration
1998	8,188,000	Dec. 31, 2001
1999	9,051,000	Dec. 31, 2002
2000	6,395,000	Dec. 31, 2002
2001	6,288,000	Dec. 31, 2003
2002	6,391,000	Dec. 31, 2004
2003	6,462,000	Dec. 31, 2005
2004	7,683,000	Dec. 31, 2006
2005	7,818,000	Dec. 31, 2007
2006	7,020,000	Dec. 31, 2008
2007	7,020,000	Dec. 31, 2009
2008	7,436,000	Dec. 31, 2010
2009	26,025,000	Dec. 31, 2011
2010	26,185,000	Dec. 31, 2012
2011	7,197,000	Dec. 31, 2013
2012	7,264,000	Dec. 31, 2014
2013	7,264,000	Dec. 31, 2015
2014	7,444,000	Dec. 31, 2016

Before final allocation awards are made to school divisions, the school division must have obtained written commitments from private entities for qualified contributions with a present value (as of the bond issue date) of not less than 10 percent of the proceeds of the bond issue. The school division must have incurred within the 6-month period beginning on the bond issuance date a binding commitment with a third party to spend at least 10 percent of available project proceeds. The proceeds from the bond issue can only be used for schools that fall under the definition of a qualified zone academy.

SECTION III - AWARD PARAMETERS

Consistent with federal regulations, the Virginia Appropriation Act (Chapter 665, 2015 Acts of Assembly, Item 127.A.), states the following:

“The Secretary of Education is hereby authorized to make allocations to qualified zone academies of the portion of the national zone academy bond limitation amount to be allocated annually to the Commonwealth of Virginia pursuant to Section 1397E of the Internal Revenue Code of 1986, as amended, and to provide for carryovers of any unused limitation amount. In making such allocations, the Secretary of Education is directed to give priority to allocation requests for qualified zone academies having at least 35 percent free lunch participation or either located in federal enterprise communities or located in cities and counties within which federal enterprise communities are located.”

Federal regulations allow school divisions to use allocation awards for any qualifying school, which is defined as any school with 35 percent or greater free or reduced price lunch eligibility. If a school division is located in a federal Empowerment Zone as designated through December 31, 2014, then a QZAB allocation may be used for any school, regardless of the free or reduced price lunch eligibility percentage. IRS Notice 2015-26.

QZAB awards to school divisions are based on a rank order of each school division’s free lunch eligibility percentage. Allocation awards are made in rank order of each school division’s free lunch eligibility percentage among those school divisions submitting an Intent to Participate form during an open application period (as detailed in Sections IV and V below). School divisions receiving an award are permitted to use the QZAB allocation for any school with 35 percent or greater free or reduced lunch eligibility or for any school located as of December 31, 2014, in a designated federal Empowerment Zone.

Any school division receiving an award must submit a formal application to the Department of Education by the required deadline. A deadline for application submission will be included in the award letters provided to school divisions. Any school division receiving an award letter from the Secretary of Education must be prepared to issue QZAB bonds within the calendar year of the award notification. If a school division is unable to meet this timeline, then its award for that calendar year may be reallocated. The school division will continue to remain eligible for future awards, until the state QZAB issuance cap of \$15.0 million per division is reached or the division wide free lunch eligibility factor for the division falls below 35 percent.

SECTION IV - APPLICATION PROCESS

The Virginia Secretary of Education will determine the award amount for eligible school divisions based on a rank-ordering of the division level free lunch eligibility percentages of the division’s submitting an initial Intent to Participate form by the required deadline and having a

division-level free lunch eligibility percentage of 35 percent or greater. These school divisions will be notified in writing of their allocation amounts. These school divisions will then be required to submit a formal application to the Department of Education by the required deadline.

If a school division declines its allocation award or misses the application deadline, then another school division will be selected for an award based on the rank-ordering of division free lunch eligibility percentage. However, the school division declining the allocation or missing the application deadline will continue to be eligible for future awards, until the \$15.0 million QZAB issuance cap is reached or it no longer qualifies based on its free lunch rate. Should circumstances arise where a school division indicates its intent to participate and submits an application but later finds that it cannot issue QZABs within the December 31 time frame, the affected school division must notify the Secretary of Education as soon as possible, so that the allocation may be provided to another eligible school division. The affected school division will continue to be eligible for future awards, until the QZAB \$15.0 million issuance cap is reached or it no longer qualifies based on its free lunch rate.

SECTION V – INTENT TO PARTICIPATE/APPLICATION/ISSUANCE DEADLINES

- **March 1, 2016**
Initial Intent to Participate forms submitted by eligible school divisions (35 percent or greater free lunch eligibility) to establish a pool of potential awardees. These divisions are listed in rank order based on percentage of free lunch eligibility. Failure to meet the March 1 deadline disqualifies a division from further consideration for an award.
- **April 1, 2016**
Among the eligible school divisions submitting Intent to Participate Forms by April 1, a preliminary award letter and application form from the Secretary of Education is sent to approximately the first four divisions on the free lunch eligibility rank order list.
- **June 1, 2016**
Completed applications are received by the Department of Education. If this deadline is not met, the school division will be disqualified and a preliminary award letter will be sent to the next school division in the rank order list of divisions.
- **August 31, 2016**
Final signed and sealed resolutions from the local school board and the local governing body as well as the 10 percent private contribution letters received by the Department of Education.
- **November or December 2016**
Virginia Public School Authority (VPSA) and/or individual localities issue Calendar Year 2014 QZABs.
- **December 31, 2016**
Expiration deadline to issue Calendar Year 2014 QZAB bonds.