



STATE OF ALABAMA  
DEPARTMENT OF EDUCATION



Joseph B. Morton  
State Superintendent  
of Education

Alabama  
State Board  
of Education

September 13, 2010

Governor Bob Riley  
President

**MEMORANDUM**

Randy McKinney  
District I  
President Pro Tem

**TO: City and County Superintendents  
Chief School Financial Officers**

Betty Peters  
District II

**FROM: Warren Craig Pouncey**  
*Warren Craig Pouncey*  
**Deputy State Superintendent  
Administrative and Financial Services**

Stephanie W. Bell  
District III

**RE: Qualified Zone Academy Bonds –Survey**

Dr. Ethel H. Hall  
District IV  
Vice President  
Emerita

The Federal stimulus legislation included additional allotments for a financing tool many Alabama school systems have previously used for the repair and renovation of school buildings. Qualified Zone Academy Bonds (QZABs) may be issued at a zero (or low) interest rate with the bond holder receiving a tax credit. QZABs may also be issued as taxable interest-bearing debt with the issuing entity receiving a tax refund from the federal government. When issued with an accompanying sinking fund, the debt repayment could be less than the amount borrowed.

Ella B. Bell  
District V

While the repayment structure for the financing for QZABs is currently the same as that for the recent PSCA issues for Qualified School Construction Bonds, funds from QZABs may not be used for new construction or building additions. Also, the schools (or program at a school) designated as qualified zone academies must have 35% or more of its students qualify for free or reduced cost meals. For each school designated as a qualified zone academy, participating school systems will be required to obtain written commitments from private entities to make qualified contributions to the school having a present value (as of the date of debt issuance) of not less than 10% of the debt proceeds.

David F. Byers, Jr.  
District VI

Alabama's allotments of Qualified Zone Academy Bonds currently total \$58,876,000. Recent legislation allows the Public School and College Authority to issue QZABs as a pooled bond issue with the participating school systems responsible for the debt repayment. This survey is intended to determine the interest in Qualified Zone Academy Bonds (QZABs). The enclosed survey must be returned by Monday, September 27 by faxing the completed document to (334) 353-4497.

Sandra Ray  
District VII  
Vice President

Dr. Mary Jane Caylor  
District VIII

If you have questions regarding Qualified Zone Academy Bonds (QZABs) contact Mr. Dennis Heard by calling (334) 242-9747 or at the e-mail address [dheard@alsde.edu](mailto:dheard@alsde.edu).

Joseph B. Morton  
Secretary and  
Executive Officer

WCP:DWH  
Enclosure  
FY10-3112

## 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

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**OR**

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

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Name of School System

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Superintendent