



# PUBLIC SCHOOLS OF NORTH CAROLINA

STATE BOARD OF EDUCATION William C. Harrison, Ed.D., *Chairman and Chief Executive Officer*  
DEPARTMENT OF PUBLIC INSTRUCTION June St. Clair Atkinson, Ed.D., *State Superintendent*  
WWW.NCPUBLICSCHOOLS.ORG

## MEMORANDUM

TO: Public School Superintendents  
Chairs of County Boards of Commissioners

FROM: Philip W. Price, Chief Financial Officer  
Benjamin J. Matthews, PhD., Director, School Support Division

DATE: June 25, 2009

SUBJECT: Qualified School Construction Bonds

We are pleased to inform you that zero or low interest bond availability has been allocated to your LEA for the 2009 Qualified School Construction Bonds program (QSCB). The QSCBs are new bonds established as part of the American Recovery Reinvestment Act of 2009 (Public Law 111-5) (ARRA) effective February 17, 2009. QSCBS are for the specific use of construction (both new and additions), rehabilitation or repair of a public school, or for land acquisition in conjunction with the previous.

The enclosed packet of materials will explain Qualified School Construction Bonds, provide information and cite additional sources, and offer instructions for utilizing this financial resource for schools within your jurisdiction. Pay particular attention to the stated deadlines as the procedure for issuing these bonds is time sensitive. Feel free to request additional clarification from Dr. Ben Matthews, Director of School Support, at (919) 807-3501 or Mary Gruebnaue, School Planning at (919) 807-3556.

PWP/mkg

CC: LEA Finance Directors  
County Finance Directors  
LEA Maintenance Directors

### **OFFICE OF FINANCIAL AND BUSINESS SERVICES**

Philip W. Price, *Chief Financial Officer* | pprice@dpi.state.nc.us  
6326 Mail Service Center, Raleigh, North Carolina 27699-6326 | (919) 807-3600 | Fax (919) 807-3604  
AN EQUAL OPPORTUNITY/AFFIRMATIVE ACTION EMPLOYER

QUALIFIED SCHOOL CONSTRUCTION BONDS  
(QSCB)  
North Carolina Guidelines

The following define and describe the QSCB program and its implications for public schools in North Carolina.

1. The Qualified School Construction Bonds program was established as a part of the American Recovery and Reinvestment Act of 2009 (Public Law 111-5) (ARRA) effective February 17, 2009.

2. Bond proceeds must be used for construction (including new construction), rehabilitation, or repair of a public school; or for land acquisition for such a facility.

a. Eligible equipment expenditures: equipment to be used in the portion of the public school facility to be constructed, rehabilitated, or repaired with QSCB funds. This may include wiring and other infrastructure improvements related to providing technology and equipment for the new construction and rehabilitation or repair of existing structures, but not for personal computers or similar technology.

b. The land purchase and building project on such land must be with the same bond proceeds and be completed within 3 years of bond issuance (not land for a future project).

c. QSCB funds may not be used for stadiums or other facilities primarily used for athletic contests or exhibitions or other events for which admission is charged to the general public; or stand alone facilities whose purpose is not the education of children, including the central office.

d. Up to 2% of the bond proceeds may be used for QSCB issue administrative costs.

3. The QSCB program offers tax credits, at a level set by the Treasury Department that is intended to allow the issuance of bonds without interest, to holders of the bonds. QSCB holders (these include banks, insurance companies, and corporations actively involved in the business of lending money, as well as private and individual businesses) receive a federal income tax credit in an amount equal to a percentage of the face value of the bond.

4. The maximum term of indebtedness, about 12 years under current market conditions which are subject to change, is set by the U.S. Treasury so that the local government's obligation to repay in present value terms will be 50 percent of the borrowed amount.

5. The U.S. Treasury Department has allocated for 2009 the authority to issue QSCBs in North Carolina in the face value amount of \$275,772,000.

a. See Appendix B at the end for the proposed allocations for each LEA's amount.

b. Allocations to the five largest LEA's (Mecklenburg, Cumberland, Forsyth, Guilford

and Wake) were made directly by the U.S. Treasury Department

c. It is the responsibility of the State Board of Education to allocate the remaining portion of the QSCB authority to the remaining LEA's.

d. An application to designate the funds will be required for QSCB's and is at the end of this package. This application must be postmarked no later than July 31, 2009.

6. QSCB's may be issued by local governments, which will then be responsible for repaying the principal amount. Proceeds may be held in an interest-bearing sinking fund account.

7. QSCB's must be issued by December 31, 2009 and the proceeds spent within 3 years of issue date.

8. The U.S. Treasury Department's guidance on the Qualified School Construction Bonds program can be found in its entirety at <http://www.irs.gov/pub/irs-drop/n-09-26.pdf>.

9. Local officials will be responsible for:

a. Determining whether the purposes for which QSCB's are issued conform to state law regarding indebtedness;

b. Working with financial institution(s) to issue the QSCB's;

c. Payment of the principal, upon maturity;

d. Reporting requirements (See Appendix "A"); and

f. Following all state statutes involving bidding bonds, including but not limited to GS 143-134.1 which refers to retainage fees.

10. It will be the responsibility of the governmental entity that issues the bonds to certify to prospective purchasers that it has met all requirements under the program. The IRS has indicated that bond holders may rely on these certifications if they are reasonably made. The Department of Public Instruction will not be involved in reviewing or assessing an issuer's eligibility under this program. Potential issuers are strongly encouraged to consult bond counsel before making any certification of eligibility.

11. In addition to federal requirements, any bonds issued for these purposes must also meet the requirements of North Carolina law, which, in some cases, might be more restrictive than federal rules. Borrowing under this plan requires the same authorization as any other municipal borrowing, including approval by the LGC.

12. Applications will be reviewed by a committee comprised of the Superintendents' Bond Advisory Council (SBAC), the executive director of North Carolina School Boards Association, and the general counsel of the North Carolina Association of County Commissioners, in

cooperation with School Planning staff. The committee will recommend allocations of authority.

13. Final authority will be allotted upon its review of formal applications postmarked by eligible LEAs no later than July 31, 2009. Formal application packets will be forwarded to each LEA. Authority, or any portion thereof, proposed for each LEA listed in Appendix "B", not requested to be used by that LEA, will be reallocated to the other LEA's as the SBAC determines.

14. Copies of the following are a required part of a formal application:

- a. Board of Education resolution certifying the eligibility of the proposed QSCB project
- b. Proposed spending plan and project schedule

15. A separate application must be submitted for each individual project.

16. All formal applications must be submitted via certified mail. Hand deliveries will not be accepted.

17. Note: Charter Schools are not eligible for the QSCB program.

18. 10% of the QSCB proceeds must be committed by contract with a third party within 6 months after issuance of the bonds.

19. Go to [www.schoolclearinghouse.org](http://www.schoolclearinghouse.org) for a copy of the 2009 Qualified School Construction Bonds (QSCB) package.

20. LEA's shall comply with the Solicitation Provisions and Contract Clauses required by the America Recovery and Reinvestment Act (ARRA) of which include the Reporting Requirements March 2009, among others.

QUALIFIED SCHOOL CONSTRUCTION BONDS (QSCB)  
APPENDIX A - Reporting

1. Section 1601 of the ARRA requires payment of the Davis-Bacon Act (40 USC 31) wage rates to “laborers and mechanics employed by contractors and subcontractors on projects funded directly by or assisted in whole or in part by and through the Federal Government” pursuant to the Recovery Act (ARRA).

2. Reporting requirements by QSCB’s authority recipients:

a. First reporting due by October 10, 2009 (Includes all cumulative activity since passage of the Recovery Act.)

b. Quarterly reports due 10 days after the end of each calendar year quarter thereafter.

c. Note: Detailed (final) reporting instructions will be made available at [www.FederalReporting.gov](http://www.FederalReporting.gov) no less than 45 days before the October 10, 2009 first reporting deadline.

d. LEA’s will send their reports directly to the Federal Government per their published instructions with a copy to the North Carolina Department of Public Instruction, School Planning Section, attention: Long Chang, P.E.

e. The Payroll form, attached at the end of this package, must be completed in accordance with Federal requirements. Instructions for completed this form can be found at [www.dol.gov/esa/whd/forms/wh347instr.htm](http://www.dol.gov/esa/whd/forms/wh347instr.htm)

Note: While completion of Form WH-347 is optional, it is mandatory for covered contractors and subcontractors performing work on Federally financed or assisted construction contracts to respond to the information collection contained in 29 C.F.R. 3.3, 5.5(a). The Copeland Act (40 U.S.C. 3145) contractors and subcontractors performing work on Federally financed or assisted construction contracts to “furnish weekly a statement with respect to the wages paid each employee during the preceding week.” U.S. Department of Labor (DOL) regulations at 29 C.F.R 5.5(a)(3)(ii) require contractors to submit weekly a copy of all payrolls to the Federal agency contracting for or financing the construction project, accompanied by a signed “Statement of Compliance” indicating that the payrolls are correct and complete and that each laborer or mechanic has been paid not less than the proper Davis-Bacon prevailing wage rate for the work performed. DOL and federal contracting agencies receiving this information review the information to determine that employees have received legally required wages and fringe benefits.

3. Quarterly reporting on the use of ARRA funds to include (as of this writing.):

a. Total amount of recovery funds received;

b. Amount of recovery funds received that were expended or obligated to projects or

activities;

c. Detailed list of all projects for which recovery funds were expended or obligated including:

1. Name of project or activity
2. Description of project or activity
3. Evaluation of completion status of project or activity
4. Estimate of number of jobs created and retained.



Date \_\_\_\_\_

I, \_\_\_\_\_  
(Name of Signatory Party) (Title)

do hereby state:

(1) That I pay or supervise the payment of the persons employed by

\_\_\_\_\_ on the  
(Contractor or Subcontractor)

\_\_\_\_\_;  
(Building or Work)

\_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, and ending the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_,  
all persons employed on said project have been paid the full weekly wages earned, that no rebates have  
been or will be made either directly or indirectly to or on behalf of said

\_\_\_\_\_ from the full  
(Contractor or Subcontractor)

weekly wages earned by any person and that no deductions have been made either directly or indirectly  
from the full wages earned by any person, other than permissible deductions as defined in Regulations, Part  
3 (29 C.F.R. Subtitle A), issued by the Secretary of Labor under the Copeland Act, as amended (48 Stat. 948,  
63 Stat. 108, 72 Stat. 967; 76 Stat. 357; 40 U.S.C. § 3145), and described below:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(2) That any payrolls otherwise under this contract required to be submitted for the above period are  
correct and complete; that the wage rates for laborers or mechanics contained therein are not less than the  
applicable wage rates contained in any wage determination incorporated into the contract; that the  
classifications set forth therein for each laborer or mechanic conform with the work he performed.

(3) That any apprentices employed in the above period are duly registered in a bona fide  
apprenticeship program registered with a State apprenticeship agency recognized by the Bureau of  
Apprenticeship and Training, United States Department of Labor, or if no such recognized agency exists in a  
State, are registered with the Bureau of Apprenticeship and Training, United States Department of Labor.

(4) That:

(a) WHERE FRINGE BENEFITS ARE PAID TO APPROVED PLANS, FUNDS, OR PROGRAMS

— in addition to the basic hourly wage rates paid to each laborer or mechanic listed in  
the above referenced payroll, payments of fringe benefits as listed in the contract  
have been or will be made to appropriate programs for the benefit of such  
employees, except as noted in section 4(c) below.

(b) WHERE FRINGE BENEFITS ARE PAID IN CASH

— Each laborer or mechanic listed in the above referenced payroll has been paid,  
as indicated on the payroll, an amount not less than the sum of the applicable  
basic hourly wage rate plus the amount of the required fringe benefits as listed  
in the contract, except as noted in section 4(c) below.

(c) EXCEPTIONS

EXCEPTION (CRAFT)	EXPLANATION

REMARKS:

NAME AND TITLE

SIGNATURE

THE WILLFUL FALSIFICATION OF ANY OF THE ABOVE STATEMENTS MAY SUBJECT THE CONTRACTOR OR  
SUBCONTRACTOR TO CIVIL OR CRIMINAL PROSECUTION. SEE SECTION 1001 OF TITLE 18 AND SECTION 231 OF TITLE  
31 OF THE UNITED STATES CODE.

QUALIFIED SCHOOL CONSTRUCTION BONDS (QSCB)  
APPENDIX B - Allocations

Total for North Carolina: \$275,772,000

Large LEA's (Allocated Directly by U.S. Treasury):

260	Charlotte/ Mecklenburg	\$25,962,000
340	Cumberland County	\$15,948,000
410	Forsyth County	\$12,244,000
600	Guilford County	\$17,147,000
920	Wake County	<u>\$17,304,000</u>

\$ 88,605,000

Remainder: To be allocated by State Board of Education's Superintendent Bond Advisory Council to the remaining LEA's as follows: \$187,167,000

010	Alamance- Burlington	\$2,772,253.12
020	Alexander County	\$1,442,587.98
030	Alleghany County	\$1,119,935.24
040	Anson County	\$1,314,651.77
050	Ashe County	\$1,256,189.28
060	Avery County	\$1,178,476.95
070	Beaufort County	\$1,570,207.31
080	Bertie County	\$1,231,552.65
090	Bladen County	\$1,407,098.55
100	Brunswick County	\$1,934,053.13
110	Buncombe County	\$3,037,790.07
111	Asheville City	\$1,295,005.84
120	Burke County	\$2,104,370.68
130	Cabarrus County	\$3,191,155.08
132	Kannapolis City	\$1,405,434.99
140	Caldwell County	\$2,030,936.09
150	Camden County	\$1,150,275.53
160	Carteret County	\$1,653,860.95
170	Caswell County	\$1,251,119.36
180	Catawba County	\$2,391,058.68
181	Hickory City	\$1,357,983.72
182	Newton - Conover	\$1,227,591.78
190	Chatham County	\$1,610,845.87
200	Cherokee County	\$1,282,885.57
210	Edenton/Chowan	\$1,189,171.31
220	Clay County	\$1,110,270.71
230	Cleveland County	\$2,306,771.30

240	Columbus County	\$1,542,560.42
241	Whiteville City	\$1,194,478.88
250	Craven County	\$2,156,812.64
270	Currituck County	\$1,316,949.08
280	Dare County	\$1,380,006.18
290	Davidson County	\$2,633,384.91
291	Lexington City	\$1,244,069.01
292	Thomasville City	\$1,200,974.71
300	Davie County	\$1,526,162.40
310	Duplin County	\$1,701,312.22
320	Durham County	\$3,516,897.29
330	Edgecombe County	\$1,576,307.06
350	Franklin County	\$1,666,298.10
360	Gaston County	\$3,552,862.02
370	Gates County	\$1,151,939.10
380	Graham County	\$1,091,496.17
390	Granville County	\$1,698,460.39
400	Greene County	\$1,263,001.98
420	Halifax County	\$1,339,526.05
421	Roanoke Rapids City	\$1,233,216.22
422	Weldon City	\$1,076,286.42
430	Harnett County	\$2,483,426.25
440	Haywood County	\$1,624,233.62
450	Henderson County	\$2,052,166.37
460	Hertford County	\$1,251,357.02
470	Hoke County	\$1,594,843.94
480	Hyde County	\$1,049,907.00
490	Iredell - Statesville	\$2,686,619.04
491	Mooresville City	\$1,423,575.78
500	Jackson County	\$1,292,312.45
510	Johnston County	\$3,464,376.11
520	Jones County	\$1,094,110.35
530	Lee County	\$1,760,725.32
540	Lenoir County	\$1,738,385.99
550	Lincoln County	\$1,958,135.24
560	Macon County	\$1,348,952.93
570	Madison County	\$1,207,866.63
580	Martin County	\$1,306,333.94
590	McDowell County	\$1,521,330.14
610	Mitchell County	\$1,170,238.33
620	Montgomery County	\$1,347,368.58
630	Moore County	\$1,966,294.64
640	Nash - Rocky Mount	\$2,391,375.55

650	New Hanover County	\$2,901,219.16
660	Northampton County	\$1,201,133.14
670	Onslow County	\$2,874,206.00
680	Orange County	\$1,555,076.78
681	Chapel Hill - Carrboro	\$1,916,783.72
690	Pamlico County	\$1,113,280.97
700	Pasquotank County	\$1,481,087.66
710	Pender County	\$1,642,928.94
720	Perquimans County	\$1,137,204.65
730	Person County	\$1,419,852.56
740	Pitt County	\$2,823,982.13
750	Polk County	\$1,197,251.49
760	Randolph County	\$2,491,031.12
761	Asheboro City	\$1,360,043.38
770	Richmond County	\$1,615,123.61
780	Robeson County	\$2,866,521.91
790	Rockingham County	\$2,115,144.25
800	Rowan - Salisbury	\$2,648,515.44
810	Rutherford County	\$1,743,931.21
820	Sampson County	\$1,668,753.84
821	Clinton City	\$1,245,019.62
830	Scotland County	\$1,524,023.53
840	Stanly County	\$1,743,059.82
850	Stokes County	\$1,568,543.75
860	Surry County	\$1,689,271.16
861	Elkin City	\$1,094,189.57
862	Mount Airy City	\$1,129,837.42
870	Swain County	\$1,150,909.27
880	Transylvania County	\$1,297,778.45
890	Tyrrell County	\$1,046,896.74
900	Union County	\$4,000,599.13
910	Vance County	\$1,589,061.07
930	Warren County	\$1,206,440.71
940	Washington County	\$1,155,028.58
950	Watauga County	\$1,351,725.54
960	Wayne County	\$2,520,024.72
970	Wilkes County	\$1,796,135.52
980	Wilson County	\$1,994,020.75
990	Yadkin County	\$1,475,621.66
995	Yancey County	\$1,195,271.05

**QUALIFIED SCHOOL CONSTRUCTION BONDS PROGRAM  
(QSCB)  
APPLICATION FOR AUTHORIZATION**

<b>Submittal Date:</b>	<b>Contact Person:</b>
<b>LEA:</b>	<b>Title:</b>
<b>School:</b>	<b>Address:</b>
<b>Address:</b>	<b>City:</b>
<b>City:</b>	<b>Phone/Fax:</b>
<input type="checkbox"/> <b>New</b> <input type="checkbox"/> <b>Renovation/Addition</b>	<b>E-mail:</b>

<b>Certification of Eligibility</b>
<p>The Board of Education of the above-named LEA certifies, through a board resolution dated _____, that the QSCB proceeds will be used as follows:  <i>Note: A copy of the resolution must accompany this application.</i></p>

1. Construction, rehabilitation, or repair of a public school or for land acquisition for such a facility (not land for a future project).
2. Provision of equipment to be used in the portion of the public school facility to be constructed, rehabilitated, or repaired with QSCB funds (not personal computers or similar technology).

*Note: A copy of the proposed spending plan and project schedule must accompany this application.*

**QSCB'S MUST BE ISSUED BY DECEMBER 31, 2009**

_____	Board of Education	_____	County Board of Commissioners
_____	Chair	_____	Chair
_____	Secretary	_____	Clerk
_____	Date	_____	Date

Please return original via certified mail post marked no later than **July 31, 2009** to:

QSCB I  
 School Planning Section  
 North Carolina Department of Public Instruction  
 6319 Mail Service Center  
 Raleigh NC 27699-6319

**Public Schools of North Carolina**  
**Qualified School Construction Bonds Program (QSCB)**  
**PROPOSED SPENDING PLAN AND PROJECT SCHEDULE**

LEA \_\_\_\_\_ Date \_\_\_\_\_

LEA Code \_\_\_ \_\_\_ \_\_\_ School Code \_\_\_ \_\_\_ \_\_\_ DSP Property Number (if known) \_\_\_ \_\_\_ \_\_\_

School \_\_\_\_\_ Grades \_\_\_\_\_

**Proposed Spending Plan**

Administration cost/Bond issue costs (max 2%) \$ \_\_\_\_\_

Design fees \$ \_\_\_\_\_

New construction cost \$ \_\_\_\_\_

Renovation cost \$ \_\_\_\_\_

Land cost \$ \_\_\_\_\_

Total project cost \$ \_\_\_\_\_

Amount of QSCB authority requested \$ \_\_\_\_\_

Other sources of funding and amounts for overall project \$ \_\_\_\_\_

(Note: Funds and reporting are NOT allowed to be comingled)

To comply with the Federal QSCB requirements, we understand that a commitment in the form of contracts for the work for 10% of the funds must be made within 6 months and the remainder must be spent within 3 years after the issue of QSCB bonds. Signed \_\_\_\_\_

Provide a written explanation clearly showing the means by which the district intends to repay the bond principal upon maturity.

**Proposed Project Schedule**

Date of design start \_\_\_\_\_

Date of project start \_\_\_\_\_

Estimated completion date \_\_\_\_\_