



Missouri Department of Elementary and Secondary Education

— Making a positive difference through education and service —

April 11, 2007

Dear Superintendent:

Re: Qualified Zone Academy Bonds

In 1997, Congress created the Qualified Zone Academy Bond (QZAB) to help “high poverty schools” raise funds to renovate and repair buildings, invest in equipment and current technology, develop challenging curricula and train quality teachers. This financial tool requires the formation of partnerships between public schools and businesses.

The Missouri Department of Elementary and Secondary Education (DESE) is hereby notifying all districts and charter schools of the availability of QZAB funds, the eligibility criteria, and the application process. DESE will review the applications and award the QZAB allocation based on the selection procedures detailed in the accompanying document titled Qualified Zone Academy Bond Information.

Missouri has \$6,764,000 of QZAB bond authority available for issuance by December 31, 2008, for the ninth cycle of QZAB applications. For the tenth cycle, \$6,764,000 is available for issuance by December 31, 2009. Districts must secure financing through a voter-approved bond issue. One benefit of a QZAB is that the interest on the bonds is paid by the federal government in the form of an annual tax credit to the bank or other eligible financial institution that holds the QZAB.

To be eligible for a QZAB, a school must be located in either an Empowerment Zone (EZ) or an Enterprise Community (EC), or local school officials must have a reasonable expectation that at least **35%** of the school’s students will be eligible for free or reduced price lunches as authorized by the National School Lunch Act at the time the bonds are issued. The free or reduced price lunch percentage will be based on the most recent submission of the January free or reduced lunch count and the January membership data submitted in the February cycle of Core Data.

In addition, there must be a written agreement between a Qualified Zone Academy and one or more business(es) in which the business(es) pledge contributions having a present value of at least 10% of the gross proceeds of the QZAB. This agreement must specify that the business partner(s) **will** provide the district with the eligible contribution(s) and list the contribution(s) and their value. The commitment from the business partner(s) should not be contingent upon the district or school making future purchases from the business partner(s). If a company is applying a service as their contribution to the 10% requirement that the company has previously provided without charge to the district, such qualifying service should not be a service provided to other customers.

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The following documents are attached to this letter:

- Ninth Cycle 2006-07 Qualified Zone Academy Bonds Program Application
- Tenth Cycle 2007-08 Qualified Zone Academy Bonds Program Application
- Qualified Zone Academy Bond Information
- Qualified Zone Academy Bonds Q & A's

Applications will be accepted for the ninth cycle until 4:00 p.m. on Friday, June 29, 2007.
Applications will be accepted for the tenth cycle until 4:00 p.m. on Friday, December 28, 2007. Applications must be in the School Governance office at DESE by the closing deadline of the cycle in order to be accepted. Districts or charter schools applying need to provide two applications, one original and one copy. Please read carefully the Missouri Parameters and the Application Selection Procedures.

The district is responsible for compliance with U. S. Department of Education and U. S. Department of Treasury requirements concerning Qualified Zone Academy Bonds and Missouri statutes. Additional information on the QZAB program may be obtained on the web at www.ed.gov/offices/OVAE/qzabfin.html or by contacting Tom Quinn in the School Governance Section at (573) 526-6949.

Sincerely,

Gerri Ogle

Gerri Ogle, Associate Commissioner
Administrative and Financial Services

Enclosures
c: Tom Quinn