

December 16, 2002

**CONTACT PERSON**

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**CFO No.:**

03-33
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**MEMORANDUM**

**TO:** District School Superintendents

**FROM:** Wayne V. Pierson

**SUBJECT:** Qualified Zone Academy Bonds (QZABs)

Qualified Zone Academy Bonds (QZABs) are available again this year. Florida's allocation for fiscal year 2002 is \$19,196,000. Listed below is information relevant to the program and application process.

**General Information on the Qualified Zone Academy Bonds (QZAB) Program**

1. QZABs are financial instruments that provide a different kind of subsidy in the form of **tax credit to a bank** or other financial institution that holds the QZABs. The approved QZAB program is one in which states or local governments are authorized to issue qualified zone academy bonds for use by a qualified zone academy. Florida will allocate QZAB authority amounts to approved eligible district/Qualified Zone Academy projects, but will not issue QZAB bonds.
2. The tax credits and bonding authority are made available by the federal government to support innovative school partnerships, enhance reform initiatives including augmenting federal education programs, technology and vocational equipment, and development of curriculum or teacher training to promote market driven technology. To become eligible, a school must be located in either an Empowerment Zone, an Enterprise Community, or have 35 percent or more of its students eligible for free or reduced lunch under the National School Lunch Act, and have established a partnership with a business. Miami- Dade County and the City of Jacksonville are designated as Empowerment Zones; Miami- Dade County, Jackson County, the City of Tampa, and Immokalee/Hendry Counties (Southwest Alliance) are designated as Enterprise Communities.

3. The district will determine whether the purposes for which QZABs are issued conform to state law regarding indebtedness; will obtain written agreements between a Qualified Zone

Academy and one or more local businesses which pledge contributions having a present value of at least 10 percent of the gross proceeds of the QZAB; will work with the financial institution to issue the QZABs; and will be responsible for repayment of the principal upon maturity.

- a. School districts shall not use PECO or CO&DS bond proceeds to pay QZAB debt, but may use 2 mill funds, not bond proceeds, to repay QZAB debt.
  - b. If 2 mill proceeds are proposed for repayment of QZAB debt, it shall not exceed the COPs limit established for 2 mill in Section 236.25, Florida Statute.
  - c. The state has not been authorized to secure QZAB loans.
4. Florida has a total allocation of \$19,196,000 for 2002. Allocations for 2003 will not be available until early 2003.
  5. Information from the U.S. Secretary of Education can be found at the following website:  
<http://www.ed.gov/offices/OVAE/qzabfin.html>

#### Application Procedures and Deadline

Fill in the attached application and return by March 1, 2003, to:

Janet Burns

Florida Department of Education  
325 W. Gaines Street, Room 1004G  
Tallahassee, Florida 32399-0400

This form can be down-loaded from the Department of Education's website at:  
<http://www.firn.edu/doe/oef/qzabmemo.htm>

Please be sure that the fund source proposed to repay the bond indebtedness is listed clearly on the form.

#### Allocation Procedure

The Department will form a committee to review the applications and distribute the bonding authority based on the quality of the proposed programs.

If you have additional questions, please call Jerry Martin at (850) 487-1130 (SUNCOM 277-1130), or Janet Burns at (850) 921-2962 (SUNCOM 291-2962).

WVP/jb

Attachment