



UNITED INDEPENDENT SCHOOL DISTRICT INFORMATIONAL ITEM

TOPIC: Qualified School Construction Bond Program

SUBMITTED BY: Laida P. Benavides, CPA **OF:** Division of Finance

APPROVED FOR TRANSMITTAL TO SCHOOL BOARD: _____

DATE ASSIGNED FOR BOARD CONSIDERATION: September 16, 2009

Informational Item:

With the passage of the American Recovery and Reinvestment Act of 2009, Congress authorized the creation of the Qualified School Construction Bond (QSCB) program. The program allows school districts and charter schools to obtain interest-free or very-low interest financing for qualified construction projects. The program provides an incentive in the form of federal tax credits to lenders who purchase bonds from issuing school districts and charter schools. For the purpose of the QSCB Program, for school districts a "bond" may be in the form of a bond, lease purchase, time warrant, or maintenance tax note.

Presentation to be made to board members at the Business Committee.

Qualified School Construction Bond (QSCB) Program



What is the QSCB program?

- American Recovery and Reinvestment Act authorized the creation of the Qualified School Construction Bond (QSCB) program, which is a Federal Tax Credit program.
- School districts can obtain interest-free or very low-interest financing for qualified construction projects.

How do the bonds work?

- School districts can use the Bonds to save money on school construction, purchase of school land, rehabilitation or repair projects
- A "bond" may be in the form of a bond, lease purchase, time warrant or maintenance tax notes.
- Max term pay back is 14 years
- QSCB proceeds need to be spent in the three years from the sale of bonds

How much is available?

- The Texas allocation for the QSCB program consists of \$538.58 million for general allocation through TEA
 - Another \$466 million were allocated directly to 18 Texas School districts (LISD \$13.6m)
- TEA has developed an application process for school districts to apply on a "first come first serve" basis for these bonds.
- Per TEA's calculation, United ISD qualifies to apply for \$24,840,000

Maintenance Tax Notes

- Must meet the requirements under Texas Education Code Sect. 45.108
 - School districts may borrow money for the purpose of paying “maintenance” expenses
 - “Maintenance expense” includes all costs incurred in connection with the maintenance, repair, rehabilitation, or replacement of heating, air conditioning, water, sanitation, roofing, flooring, electric or other building systems of existing school properties.

United ISD Maintenance Projects Identified

- ADA Compliance Requirements
- Fire Protection System Requirements
- HVAC Systems Replacements
- Electrical and Lighting Systems Upgrade
- Roof Replacements
- Main Distribution Frames (MDF)/Intermediate Distribution Frames(IDF)closets for Technology equipment
- Krueger Field Stadium Rehabilitation

Maintenance Tax Notes

- Must be authorized by resolution adopted by a majority vote of the board of trustees
- Note payments will come from general operating fund
- Principal and Interest on bonds are repaid over an extended period of time
 - For the program, 14 years is the payback time
 - No or low interest for these notes will be charged

UISD Payback Options

- “Straight line”- Total amount borrowed and paid back evenly over the 14 year period
- “Back-load”- No payments until the latter part of the 14 year period (with no interest charged)
- “Wrap-around”- Set up payments to even out all existing debt (general fund) payments over the next 14 years
 - Currently our general fund debt payment is \$2.6 m

Timeline on QSCB

- September 2009-Submit application to TEA
- If approved by TEA, Board authorizes Issuance of Maintenance Tax Notes within a 30-60 day window
- Within 30-60 days staff procures for projects
- Commit at least 10% of proceeds within six months as required by program
- Finish all projects within 3 years

Deferred Maintenance Projects
 (Source: Long-Range Facilities Master Plan for 2007-2012)
UNITED INDEPENDENT SCHOOL DISTRICT
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Removal of Architectural Barriers, ADA-Compliance- Replacement of door hardware

Project 1: Perez Elementary School (Year Built: 1986)	\$165,000
Project 2: Ruiz Elementary School (1992)	\$180,000
Project 3: Newman Elementary School (1980)	\$130,000
Project 4: United DD Hachar Elementary School (1989)	\$165,000
Project 5: United South Middle School (1991)	\$215,000
Project 6: United South High School (1990)	\$285,000
TOTAL COST:	\$1,140,000

Fire Detection and Alarm Systems Replacements

Project 7: Juarez-Lincoln Elementary School (Year Built: 1993)	\$160,000
Project 8: Kennedy-Zapata Elementary School (1995)	\$160,000
Project 9: Newman Elementary School (1980, replaced 1992)	\$185,000
Project 10: Kazen Elementary School (1993)	\$160,000
Project 11: United Middle School (1963, replaced 1993)	\$225,000
Total Cost:	\$890,000

HVAC Systems Replacements

Project 12: Clark Elementary School (Year Built: 1973, replaced 1991)	\$800,000
Project 13: Finley Elementary School (1988)	\$1,200,000
Project 14: Newman Elementary School (1980)	\$1,000,000
Project 15: Perez Elementary School (1986)	\$1,200,000
Project 16: United DD Hachar Elementary School (1989)	\$1,200,000
Project 17: Trautmann Middle School 6th Grade Campus(1971, replaced 1990)	\$900,000
Project 18: United Middle School (1963, replaced 1993)	\$1,300,000
Project 19: United South Middle School (Core Areas Only) (1991)	\$600,000
Total Cost:	\$8,200,000

Electrical and Lighting Systems Upgrades

Project 20: United Middle School (1963)	\$950,000
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Roof Replacements

Project 21: Clark Elementary (Year Built: 1973, replaced 1993)	\$900,000
Project 22: Newman Elementary (1980, replaced 1992)	\$700,000
Project 23: Salinas Elementary School (1976, replaced 1993)	\$300,000
Project 24: Clark Middle School (1978, replaced 1993)	\$800,000
Project 25: Trautmann Middle School 6th Grade Campus (1971, replaced 1990)	\$700,000
Project 26: United Middle School (1963, replaced 1993)	\$600,000
Total Cost:	\$4,000,000

Deferred Maintenance Projects
(Source: Long-Range Facilities Master Plan for 2007-2012)
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A/C and Electrical Power for Technology Head-End Rooms

Project 27: Clark Elementary School	\$125,000
Project 28: Gutierrez Elementary School	\$85,000
Project 29: Finley Elementary School	\$125,000
Project 30: United DD Hachar Elementary School	\$80,000
Project 31: Perez Elementary School	\$40,000
Project 32: Ruiz Elementary School	\$80,000
Project 33: Salinas Elementary School	\$40,000
Project 34: Trautmann Elementary School	\$125,000
Project 35: Newman Elementary School	\$125,000
Project 36: Washington Middle School	\$80,000
Project 37: Los Obispos Middle School	\$80,000
Project 38: Salvador Garcia Middle School	\$80,000
Project 39: Trautmann Middle School	\$80,000
Project 40: United South Middle School	\$165,000
Project 41: United High School	\$170,000
Total Cost:	\$1,480,000

Rehabilitation of Krueger Stadium

Project 42: Repair of football field and track & field facilities	\$650,000
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TOTAL COST FOR LIST OF DEFERRED MAINTENANCE PROJECTS: \$17,310,000