

The U. S. Treasury Department has just announced the 2010 QSCB authorizations, and pending TEA's release of the application, districts will be able to submit for 2010 in the next few days.

We are recommending that districts interested in securing a QSCB allocation contact us immediately. Our team is prepared to not only assist with the application but will work to secure a funding slot in our QSCB pool, which in 2009 delivered some of the lowest QSCB interest rates in the state.

A selection of rates from recent closings:

Iraan-Sheffield ISD	0.30%
Carroll ISD	0.30%
Gonzales ISD	0.90%
Comstock ISD	1.15%
Bandera ISD	1.37%
Groesbeck ISD	0.91%

Contingent upon the use of funds, QSCBs may be issued in various forms including GO Bonds, Maintenance Tax Notes, and Contractual Obligations under Local Government Code 271. ANY facilities related construction or renovation project qualifies, including athletic facilities and the equipment to be used in the facilities (HVAC, lighting, etc.).

This is a first come, first served application so a few days of delay in contacting us may result in missing the cut.

Davis Bacon Act

It is not yet known what requirements will be on the 2010 QSCB application from TEA, but in 2009 there was a check box wherein districts were required to indicate their intention to comply with federal prevailing wage law, known as Davis Bacon.

This indication of intent to comply with D-B has been construed by some non-D-B professionals to be onerous. We agree that D-B should be a consideration. However, we disagree with fear tactics that appear to be designed to steer districts away from very low interest rate QSCBs (wherein the issuance fees are capped) and instead towards standard tax-exempt bonds and notes (wherein the issuance fees are not capped).

For districts concerned about Davis Bacon monitoring and documentation, we can refer districts to well known education law and professional engineering firms here in Texas who are willing and able to assist districts with D-B monitoring and compliance.

The fees associated with these services are modest relative to the interest savings. For example, one well known engineering firm we have spoken with requires a retainer of \$2,900 with monthly fees of less than \$1,000 per month for the duration of the project, plus actual travel costs. Using this analysis, consider the following example:

\$3,000,000 Bond or Note - 6 month construction period

	1% QSCB	4.25% Tax-Exempt	
Total interest cost	\$245,570	\$1,118,419	
Estimated D-B consulting cost	15,000		0
	\$260,570	\$1,118,419	

QSCB Savings after Davis Bacon compliance costs \$857,849

We believe these are dollars better left in your budget, or in the tax base for other needs, then in someone else's profit margins.

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