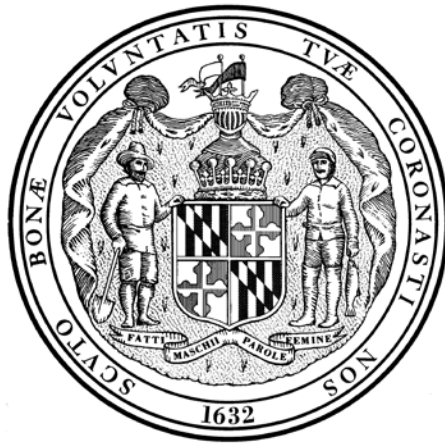


*ADMINISTRATIVE PROCEDURES*  
QUALIFIED ZONE ACADEMY BOND PROGRAM

STATE OF MARYLAND  
PUBLIC SCHOOL CONSTRUCTION PROGRAM

January 2008



Public School Construction Program  
200 W. Baltimore Street  
Baltimore, MD 21201  
Phone: 410-767-0742  
Fax: 410-333-6522  
E-mail: [kspivey @msde.state.md.us](mailto:kspivey@msde.state.md.us)



## ADMINISTRATIVE PROCEDURES QUALIFIED ZONE ACADEMY BOND

### ***Purpose***

The Qualified Zone Academy Bond (QZAB) Program authorized by the Federal government will enable the State of Maryland to sell bonds and the proceeds will be allocated to public school systems for capital improvements at eligible public school buildings. These funds can be used for capital improvements, repairs, and deferred maintenance work for existing public school buildings. These funds may not be used to construct new public schools or to build additions to existing public schools.

### ***Background***

The Qualified Zone Academy Bond Program was created in Section 1397E. of H.R. 2014, the Taxpayer Relief Act of 1997. The Federal government announced the authorizations for each State in January 1998 and 1999. Authorizations were made to each State based upon the respective population of individuals below the poverty line as defined by the Office of Management and Budget. The authorizations for the State of Maryland for the two years (1998 and 1999) totaled \$9,828,000. In 1999, Congress passed and the President signed into law an extension of the QZAB program through 2000 and 2001. The two-year authorization for Maryland totaled \$8,270,000. In 2001, as part of the Economic Stimulus Bill of 2001, the QZAB program was extended for an additional two years. Maryland's authorizations for the two years (2002 and 2003) total \$9,043,000. In 2004 the program was extended through 2005, as part of the Working Families Tax Relief Act of 2004 (Public Law 108-311) Maryland's authorization for 2004 and 2005 totals \$9,364,000. For 2006 the program has been extended through 2007 as part of the Tax Relief and Health Care Act of 2006 (Public Law 109-432). Maryland's current authorization is \$11,126,000. The bonds sold under this program require the seller to repay the principal only and the bondholder receives a federal tax credit in lieu of interest payments each year until the bond matures.

The State of Maryland made a decision that it would sell the QZABs, distribute the proceeds for approved eligible projects in all school systems in the State with qualified schools, and repay the principal. To enable the State to sell these bonds State legislation was introduced, passed during the 2000 legislative session, and signed into law. The State authorization to sell \$9,828,000 of QZABs was introduced as SB894 and signed into law as Chapter 322 of the Laws of Maryland of 2000. The authorization of the sale of the 2000 and 2001 QZAB in the amount of \$8,288,000 was a result of the passage of SB288, which the General Assembly passed and the Governor signed into law (Chapter 139 of the Laws of Maryland of 2001). The \$9,043,000 million authorization, 2002 and 2003 combined, was introduced as SB7, which was passed by the General Assembly and signed into law by the Governor (Chapter 55 of the Laws of Maryland of 2003). The \$9,364,000 million authorization, 2004 and 2005 combined was introduced as HB 1325, which was passed by the General Assembly and signed into law by the Governor (Chapter 431 of the Laws of Maryland of 2005). The \$11,126,000 million combined 2006 and 2007 authorization was introduced as SB986, which was passed by the General Assembly and signed into law by the Governor (Chapter 585 of the Laws of Maryland of 2007). The Interagency Committee on School Construction (IAC) was designated to administer the QZAB Program through the Public School Construction Program (PSCP).

The decision of the State to sell these bonds was based upon a number of factors that are cited below:

- (a) The State recognized that there are over 600 schools in twenty-three of the twenty-four school districts that would qualify as an “academy school” under the federal definition.
- (b) There are unmet capital improvement needs in all eligible school systems and the school systems could benefit from the availability of these resources.
- (c) Distributing the funds based upon a State established formula would assure all school systems in the State of equal access to these funds.
- (d) By allocating these resources on the basis of a formula, smaller school systems would not have to compete with larger and possibly wealthier school systems for the limited available funds.
- (e) The sale of these bonds by a Local Jurisdiction with a limited number of schools would be cost prohibitive in relationship to the funds that would be utilized for the capital improvements.
- (f) The State, with its AAA bond rating, may have a better rating in the QZAB financial market than many Local Jurisdictions and, therefore, may potentially obtain the maximum amount of the proceeds for capital improvements without discounting the face value of the QZABs.
- (g) The State determined that the resources required to repay the principal could be provided by the State government.
- (h) It was determined that it would be less costly to the citizens of Maryland to have the State sell the QZABs rather than having individual school systems obtain the funds from QZABs sold by the local governments (since school systems in Maryland are financially dependent on local governments for bond proceeds and the repayment of any debt service).

### ***Allocations***

The State allocation for each school system considered two factors. The first was the number of square feet in the school systems that were constructed prior to 1970 (that had not been renovated since that time). The second factor was the total number of students in the school system eligible for free or reduced price meals through the school lunch program established under the National School Lunch Act (based upon official eligibility data as of October 31, 2006). Each of the two factors cited above accounts for fifty percent of the funding allocation. The allocation for Fiscal Year 2008 is \$7,295,000, a combination of the new authorization amount of \$5,626,000 (balance remaining after deduction of \$5,500,000 from the total authorization of \$11,126,000 (SB 986, Chapter 585, 2007 Maryland Laws) in order to fund a portion of the Aging Schools Program) and the reallocation of a contingency balance amount of \$1,669,000 from previous QZAB authorizations. The State Board of Public Works approved the specific allocation for each eligible school system on July 11, 2007. The allocation based upon each factor and the total allocation approved for each school system is shown in Attachment I.

The funds will be made available for projects that receive State approval beginning on January 18, 2008. Projects must be submitted for review and approval to assure eligibility and the fulfillment of the QZAB requirements and assurances pertaining to the fulfillment of the QZAB requirements. The State allocation may only be utilized for approved capital improvements at eligible schools up to the limit of the allocation. The school system, however, may provide additional funds to increase the scope of work or cost for an approved project.

The State funds provided under this program do not require local matching funds for capital improvements. There is a requirement for private sector contributions to eligible schools approved for State funding equal to at least 10% present value of the QZAB funds allocated for

the project. The 10% private sector contributions value must be represented by the present value of the QZAB based on its date of issuance. This subject is discussed in detail below. It should be noted that the State/Local shared cost formula utilized for other State funded public school construction is not applicable.

### ***Projects Eligibility***

For a project to be eligible under the QZAB Program, the school must be located in either a Federal Empowerment or Enterprise Zone, or, at the time of application and for at least one-year later, the LEA must have the reasonable expectation that the school will have 35% or more of the student body eligible for free or reduced-cost lunches (FARM) through the school lunch program under the National School Lunch Act.

Another eligibility factor requires programs offered at the school to have been designed in cooperation with the business sector. Programs that fulfill this requirement are listed below. Each public school system in Maryland during the past several years has modified the instructional programs offered in the public schools that it is responsible to operate. Many of these changes are the result of the cooperation of the business community to enhance the academic curriculum, increase graduation and employment rates, and better prepare students for the rigors of college and an increasingly complex workforce. Some of the specific programs that are the product of the cooperation, participation, and involvement of the business sector are as follows:

- High Schools That Work
- Maryland Career Cluster Frameworks: Career and Technology Education (CTE) Pathway Programs
- Public School Standards
- Graduation Requirements for Maryland Public High Schools
- Maryland Content Standards K-12 and Voluntary State Curriculum
- Maryland Plan for Technology in Education

In general, eligible projects and expenditures are for capital improvements, repairs, rehabilitation, and/or deferred maintenance. Projects must be selected that fall within the QZAB Program guidelines. Attachment II provides a listing of the types and categories of projects that would be considered eligible for State funding under the QZAB Program. Other projects that are not listed may be considered but should be discussed with the QZAB Program Administrator prior to making a submission. A project is defined as a distinctive type or category of work in a single school building. The minimum amount of State funding that may be requested for one project is \$30,000. There is no limit on the maximum project cost; however, State funding may not exceed the total allocation approved for the school system.

Elementary schools, middle schools, high schools, career and technology centers and special education facilities that meet the QZAB requirements are eligible for funding under the QZAB Program.

Requests should be submitted for projects that will make improvements (as noted above) to the schools, portions of schools, or components in a school that are at least 15 years of age. A school system may submit a request for a project that is less than 15 years of age if there are no other potential projects that would otherwise be eligible at the designated school or at another eligible school in the school system. In no instance will QZAB funds be approved for a project which is not at least five years old. Schools that have less than a 60% utilization rate will require documentation supporting the need for the project.

Projects at schools that are 50 years old or older may be subject to review by the Maryland Historical Trust.

## ***Ineligible Projects/Expenditures***

Ineligible projects and expenditures are the same as those specified in COMAR 23.03.02.12 Regulations on the Administration of the Public School Construction Program , Ineligible Expenditures, Attachment III provides a listing of ineligible items. It should be noted that although Item (L) under Regulation .12 excludes individual contracts expressly for maintenance and/or repair, it is not applicable for QZAB projects. Projects funded through the QZAB Program are eligible for State funding under .19. Aging Schools Program , C(2). Funding.

In addition, the following are also ineligible projects/expenditures: the use of QZAB funds for the local share of a State funded school construction project; salaries of board of education or county government employees; project management or inspection fees; projects and/or improvements to property owned by a board of education that is not used by public school students; improvements to, or the movement of, relocatable classroom buildings; renovations that include additions to the existing building (unless the renovations are under a separate contract); and new schools or additions to existing school buildings.

State QZAB funds may not be utilized to increase the State share of a major renovation project above the otherwise eligible scope and the maximum State construction allocation. They may not be used to supplement an approved State allocation for a systematic renovation or an Aging School Program project.

## ***Required Project Approvals***

### The Application

An application must be submitted for each eligible school project. PSC/QZAB Form 1.1-R shall be submitted electronically. The submission form shall be completed and provide the following information: (a) how the public school qualifies as a QZAB school, (b) a summary of the types of qualified private entity contributions that will be provided to match at least 10% of the amount of QZAB funds requested, (c) a description of the type of project, age of the building area or component and scope of the work proposed, (d) the schedule for the project, (e) the estimated cost, including local funds if required, and (f) the amount of QZAB funds requested.

Projects must be approved and assigned a PSC/QZAB number before proceeding. After a project is assigned a PSC/QZAB number, there are certain requirements for the submittal of plans and specifications and approvals prior to bidding that are identified in Attachment II. There are also requirements for the approval of the award of contracts (\$100,000 or more) that must be met to assure continued eligibility for State funding under the QZAB Program.

### Matching Funds Contributions

The school system shall submit a letter of assurance for the contributions or services that each business or private sector entity will donate to the school that, in total, are equal to at least 10% present value of the QZAB funds requested. These contributions may be made to the school over the life of the bond (generally fourteen years). The contributions are eligible for the standard tax deduction by the business. The 10% contributions are not considered part of the State allocation, and will not be considered in meeting the \$30,000 minimum funding request. In-kind contributions are eligible and the reasonable value of such contributions is to be determined by the private sector and approved by the school system's superintendent of schools. Contributions made to the school system as a whole or to a group of schools may be pro-rated based upon student participation in the activity or benefits to the teachers from the activity or service. This includes workshops hosted for a multitude of educators and students, provided that it is prorated. No Federal, State, or Local government entities can contribute to fulfill the 10% requirement. However, booster clubs, Parent-Teacher Associations, and community groups are eligible contributors. Contributions must be at the school where the project is occurring. A private sector business or organization may contribute in any one or more of the categories listed below:

- Cash
- Teacher training
- Equipment for use in the Qualified Zone Academy
- Volunteers
- Internships
- Field trips
- Other property or services

Contributions shall be made only after the approval of the project by the State. No contribution received prior to State approval will be applied to the ten percent contribution requirement. In addition to the summary of the types of contributions to be made for the specific school and project PSC/QZAB Form 1.1-R, assurance letters from each contributor must be submitted describing the contribution that the private entity is committing to. Each letter must state what is being donated, over what period of time, and that the contribution is to be applied to the QZAB requirement. If a contributor is unable to fulfill their obligation, a substitute contributor must be found to satisfy the ten-percent requirement.

#### Summary of QZAB Project Requests

In addition to submitting the individual project application request (PSC/QZAB Form 1.1-R) in electronic format, the school system must complete, sign and mail the Summary of QZAB Project Requests/Assurance (PSC/QZAB Form 1.2). In addition to the required original of Form 1.2, a sufficient number of copies of Form 1.2 should be submitted to total the number of projects listed on Form 1.2. For example, if 5 projects are listed on the original, 4 copies should be submitted in addition to the original. PSC/QZAB Form 1.2 is the form that will be utilized by the State to document the school system's assurance of the (a) eligibility of the school, (b) eligibility of the project, as requested, and (c) the private sector contribution for at least 10% of the QZAB project cost. The corresponding private sector contribution assurance letters should be attached to the respective Form 1.2 for each project.

This list of the projects proposed for funding under the QZAB Program must be submitted for review and approval. The submission list shall identify the projects in priority order. Additionally, PSC/QZAB Form 1.2 should provide the following information: the name of the school, the type of project, the estimated cost, the amount of QZAB funding requested, and the amount of private sector contributions anticipated.

The superintendent's signature on PSC/QZAB Form 1.2 attesting to the submittal and the details of the specific projects submitted (in electronic format on PSC/QZAB Form 1.1), provides the assurance that the school system recognizes the QZAB requirements and that they will comply with the statements and requirements.

#### Schedule for Private Sector Contributions

Private sector matching contributions are required to equal 10% present value of the QZAB allocated per project. A schedule for receiving the matching contributions must be submitted on PSC/QZAB FORM 1.2A. On this form, the schedule for receipt of contributions should be by month rather than by specific date. To calculate the present value of the contribution, multiple the face value by the Monthly Present Value Multiplier supplied on the reverse side of PSC/QZAB FORM 1.2A. The present value of the contributions must equal the required 10% of the QZAB allocation. This schedule should be an accurate estimate, but if circumstances were to change, PSC/QZAB FORM 1.3-R will reflect the new contributors, contributions or contribution receipt date.

## Educational Program Compliance

As discussed above, all projects require prior private sector involvement with that school. For each QZAB project, a list shall be submitted detailing the prior private sector involvement in the school's curriculum development. Various State programs fulfill this requirement and most schools are currently utilizing them. To satisfy the requirement for each project, implemented State or Local programs shall be listed on PSC/QZ FORM 1.4. If a listed program is not from the list of State programs, the LEA will be required to submit a Program Description. This form is available upon request from Ms. Kimberly Spivey. The Program Description details the nature of the program including the private sector involvement and effects on the curriculum. Members of the PSCP staff will review the description to determine if the Program Description satisfies the requirement. At least three programs need to be listed on PSC/QZ FORM 1.4 to fulfill the requirement.

## Application Schedule and Approval

Applications may be submitted for QZAB project approval starting January 18, 2008. The last date for the submittal of an application is July 31, 2008 to access the funds approved for each school system by the Board of Public Works on July 11, 2007. Any project submitted after that date shall not be eligible for funding under the QZAB Program. For an application to be considered complete and ready to proceed to processing for approval, the following need to be completely and accurately submitted: PSC/QZAB FORM 1.1-R, PSC/QZAB FORM 1.2 with the private sector contributor assurance letter, PSC/QZAB FORM 1.2A, and PSC/QZAB FORM 1.4. If any part is missing or incorrectly entered, the project will not proceed to approval until all corrections are made, submitted and reviewed. Only the PSC/QZAB Form 1.1-R is to be submitted electronically, while all other forms are to be submitted via US Mail.

Send all hardcopies to: Kimberly Spivey  
Public School Construction Program  
200 W. Baltimore Street  
Baltimore, MD 21201

If a school system does not plan to participate in the QZAB Program, it must notify the IAC, in writing, prior to February 29, 2008. The IAC, with the approval of the Board of Public Works, may reallocate the available funds to other school systems desirous of participating in the QZAB Program.

After the projects have been approved and assigned a PSC/QZAB number, the school system may determine that another project is of a higher priority. They may request a substitution for the previously approved QZAB project. The request will utilize the same forms and will be subject to review and approval as required for all QZAB projects within the time limits set forth above.

The superintendent of schools must sign and submit the required assurance form for the school's application to be processed.

Applications from the school systems will be reviewed as they are submitted. Copies of the individual project request forms will be approved, signed, and returned to the school system with a PSC/QZAB number and instructions regarding reviews required (Attachment II) and the requirements for the approval of the award of contract described below.

Attachment II identifies the reviews required by the State of plans and specifications prior to advertising and bidding. Failure to comply with these review requirements will result in the project being deemed ineligible and State funding will not be provided. The required submission may be modified upon review of the initial project submittal on a case-by-case basis. The submittal requirement for projects that repair or replace a component(s) of a building system (e.g. ceilings, lighting, fire alarm system) may be reduced during the initial review process; the LEA will be notified if such a reduction is warranted.



It is anticipated that projects will be approved and PSC/QZAB numbers assigned within ten (10) working days of a complete and accurate submission. As soon as the PSC/QZAB number is assigned, the project may proceed through the design and/or procurement process.

### ***Procurement/Contract Awards***

Projects that cost between \$30,000 and \$99,999 in total funds are required to be bid consistent with local procurement requirements and Section 5-112 Bids of the State Education Article. Approval of the contract by the IAC is not necessary prior to entering into the contract. A copy of the bid tabulation and other documentation should be retained for submittal with the request for payment. Upon request for reimbursement, up to five percent above the contract award may be used for change orders.

Projects that cost \$100,000 or more in total funds are required to be bid consistent with local procurement requirements and Section 5-112 Bids of the State Education Article. The approval of the IAC is required prior to the board of education entering into the contract. **Failure to obtain the IAC approval prior to entering into the contract will make the project ineligible for State funding.** After the bids are opened and the contract approved by the board of education, the following must be submitted with IAC/PSCP Form 303.3 (Approval of Construction Contract Award): a copy of the bid tabulation, the low bidder's proposal, any documentation for the award other than to the low bidder (error, withdrawal, etc.), and the board of education's approval of the award. Following the approval of the contract award by the IAC, the school system shall submit a copy of the signed contract or purchase order and the Minority Business Enterprise participation information for the project.

Each QZAB project may utilize either a single contractor or any number of contractors to perform the work of the approved scope. If the project consists of either one contract that exceeds \$100,000 or a number of contracts and the total exceeds \$100,000, IAC approval is required.

At the time of the contract award for any project in excess of \$100,000, 2 ½ percent of the QZAB funds being utilized for the contract award may be requested to be retained for potential change orders during the course of construction. Change orders for all projects may be approved at the local school system level, but are subject to State review at the time of reimbursement. Furthermore, any change order for \$25,000 or more is subject to State review and approval for funding. This approval may be requested prior to or after execution by the school system.

An existing State or local contract that was previously competitively bid may be utilized for an approved QZAB project. The previously approved contract number, the bid date, and the expiration date of the contract are to be submitted. However, QZAB shall not be applied to alternates in existing contracts.

Every attempt should be made to advertise, bid, approve the contract award, and begin the project within six months of approval of the project request. The project should be completed within 12-18 months of the project approval.

A school system's Minority Business Enterprise Participation Procedures that are applicable for State funded school construction projects shall be utilized for QZAB projects. The bid documents and instructions to bidders shall be consistent with the board of education's procedures. The school system must review the MBE submissions and report this information to the PSCP. State of Maryland MBE Procedures and Goals must be adhered to for all projects, including requirements for requests for waivers.

If a QZAB project is estimated to cost \$500,000 or more and State funds are estimated to be 50 percent or more of the project cost, the State prevailing wage law is applicable. The appropriate wage rates must be requested from the Department of Labor, Licensing, and

Regulation (410-767-2357), included in the bid documents, and referenced in the advertisement for bids.

A State school construction sign is required for all QZAB projects with a total contract cost of \$100,000 or more. These signs are available from Maryland Correctional Enterprises (MCE) and their telephone number is (410) 540-6383. They may be ordered by faxing a purchase order to (410) 540-6408. Attachment IV shows a sample mock-up of the sign.

### ***Processing For Payment***

Payment for work completed under the Qualified Zone Academy Bond Program will be through reimbursement to the school system. The school system is required to certify that the payment being requested is reimbursement for payments made from a non-tax-exempt source. The proceeds from the State's QZAB program, which provides tax credits to the bondholders, may not be used as reimbursement for a payment made from a tax-exempt source. The State will make one payment upon completion of the project. Upon completion of the project, the school system shall submit IAC/PSCP Form QZ 5000 Project Reimbursement/Expenditure Report and IAC/PSCP Form QZ 5003 Minority Business Enterprise Participation. Copies of cancelled checks and contractor's requisitions/invoices or paid purchase orders must accompany this form. If the contractor's requisitions/invoices do not provide a description of the type of work performed, a copy of the purchase order or the contract must be provided. All supporting documents must be retained until a State audit occurs.

In lieu of submitting a copy of the cancelled check from the bank, the Contractor's Certification of Receipt Payment (IAC/PSCP Form 306.2a) will be accepted to initiate reimbursement. This form must accompany IAC/PSCP Form QZ 5000. Cancelled checks (originals) must be maintained by the school system for subsequent review by PSCP auditors.

If the project cost at time of contract award was between \$30,000 and \$99,999, the following must be submitted for reimbursements to be processed: the bid tabulation, board of education's approval of the contract award, and MBE information. These items do not need to be resubmitted for contracts of \$100,000 or more since these required items must be submitted when requesting approval of the contract award by the IAC prior to entering into the contract or proceeding with the work.

Projects submitted for reimbursement must exceed \$30,000 in State funding or the project will not be reimbursed.

If the request for reimbursement differs from the amount specified in the initial submission, the school system must submit a brief explanation of the difference. Funds requested for reimbursement for projects, including State funding for change orders, may not exceed the QZAB State allocation for the project.

If there is any reassignment of excess funds, in accordance with the Reassignment of Excess Funds section below, the request for reimbursement for both the reassignment and the original project must be submitted together.

### ***Record Keeping Requirements***

The school principal and school system will be responsible for recording and keeping records of the private sector contributions until the 10% requirement is satisfied. If during the bond repayment period, a business entity which made a commitment at the time of application is unable to fulfill their required contribution, the school and/or school system will be required to obtain a substitute contribution to meet the 10% requirement. As contributions are made to the school, the principal or designee shall record the date, from whom the contribution is made, the type of contribution, value of the contribution, and the total amount contributed as of that date.

The principal shall initial each entry. A copy of the form shall be sent annually by the principal to an individual designated in the school system's central office to be reviewed, verified for completeness and accuracy of the value of the contributions, and eligibility of the contributions. These records shall be maintained until the 10% contribution requirement is satisfied. At that time, the school system shall send the completed QZAB Private Entity Contribution Form (Form PSC/QZAB 1.3-R) to the PSCP. The school system shall maintain the original documentation until the bonds have been paid and the records in support of the bond sale have been audited. The State shall hold the materials filed until the project is audited and processed consistent with the Public School Construction Program's record retention schedule.

### ***Reassignment of Excess Project Funds***

At the time of contract award, the board of education may request PSCP approval to reassign funds remaining after the award of contract (with or without retaining funds for potential change orders). This submittal should be made within 90 days of the Board of Education approval of contracts below \$100,000 and within 90 days of the IAC approval of contracts of \$100,000 or more. They may request that the "excess" funds be reassigned for one or more of the following activities which must directly benefit the eligible school approved for the QZAB funds:

- (a) purchasing equipment;
- (b) curriculum development; or
- (c) teacher training

The request shall clearly describe the proposed activities and the benefits that will accrue to the students in the QZAB eligible school. A detailed cost estimate for each proposed activity must also accompany the request. Local matching funds are not required, however, it is suggested that the budget presented include some local funding to be sure that the QZAB funds will be fully expended for the purposes specified. The local funds budgeted are not required to be expended if the activity is completed with the QZAB funds.

Up to 10% of the total of the amount of the award of contract and the contingency for change orders is eligible for the reassignment of funds for any project where funding is still available. In no case will the maximum State allocation for the project be exceeded. If no change orders are anticipated, the reassignment of funds will be based on 10% of the contract award. Any remaining funds will be reverted.

There are stringent requirements regarding the utilization of the QZAB proceeds. A school system may not proceed with a "reassignment activity" until the activity has been reviewed and approved by the PSCP. Failure to obtain the approval prior to proceeding with a "reassignment activity" may jeopardize State funding for the QZAB project.

The 10% matching fund requirement previously submitted and approved for the QZAB project must be fully contributed even if there are "reassignment activities" approved. Excess funds at the completion of the project may not be held and applied to any other projects.

### ***Future Project Funding***

If a public school building is renovated through the Public School Construction Program within 15 years of the completion of a QZAB project, the maximum State construction allocation for the renovation of the building shall be adjusted to account for the State's previous QZAB allocation. Local funds expended for such improvements will not be deducted in future years from the maximum State construction allocation.

## List of Attachments/Forms

[Attachment I](#) - Qualified Zone Academy Bonds FY 2008 \$7,295,000 Authorization  
Breaks down school district allocation by the funding distribution formula

[Attachment II](#) - Eligible Projects/Expenditures and Required Project Approvals  
General overview of eligible projects and review requirements

[Attachment III](#) - Excerpt from COMAR 23.03.02 Regulations on the Administration of the Public School  
Construction Program, .12 List of ineligible expenditures

[Attachment IV](#) – Construction Sign for State Funded Qualified Zone Academy Bond Projects  
To be posted at certain schools that are using QZAB proceeds

[PSC/QZAB Form 1.1-R](#) - Qualified Zone Academy Bond Program Application  
Application by each school to be submitted electronically

[PSC/QZAB Form 1.2](#) - Summary of QZAB Project Requests/Assurance  
Submitted by the school system listing projects in order of priority enclosed with private sector  
contribution assurance letter

[PSC/QZAB Form 1.2A](#) - QZAB Project Private Sector Anticipated Contributions  
Detailed schedule of anticipated contribution receipt date

[PSC/QZAB Form 1.3-R](#) - QZAB Private Entity Contribution Tracking Form  
Track business sector contributions that fulfill the 10% present value requirement

[PSC/QZAB Form 1.4](#) - Educational Program Compliance  
List of private sector involved curriculum development programs

[IAC/PSCP Form QZ 5000](#) - Project Reimbursement/Expenditure Report  
Submitted after project completion to receive reimbursement

[IAC/PSCP Form QZ 5003](#) - Project Reimbursement/Expenditure Report Minority Business Enterprise  
Participation, Verification of minority business involvement

Attachment I

**Qualified Zone Academy Bonds FY 2008 Allocations  
(Federal 2006 and 2007)  
\$5,626,000 Authorization**

LEA		Pre-1970 Square Footage		Total Student Free or Reduced Price Meals as of 12-15-06		Funding Distribution Formula (2)
Allegany		470,818	1.38%	4,566	1.70%	\$112,000
Anne Arundel		2,737,639	8.00%	15,015	5.60%	\$495,000
Baltimore		5,797,560	16.94%	34,851	12.99%	\$1,090,000
Calvert	(1)	0	0.00%	0	0.00%	\$0
Caroline		141,956	0.41%	2,512	0.94%	\$49,000
Carroll	(1)	0	0.00%	0	0.00%	\$0
Cecil		598,630	1.75%	4,236	1.58%	\$121,000
Charles		287,654	0.84%	5,467	2.04%	\$105,000
Dorchester		9,444	0.03%	2,254	0.84%	\$32,000
Frederick		946,326	2.76%	6,225	2.32%	\$185,000
Garrett		119,719	0.35%	1,871	0.70%	\$38,000
Harford		1,200,815	3.51%	7,765	2.89%	\$233,000
Howard		374,612	1.09%	5,552	2.07%	\$115,000
Kent	(3)	109,293	0.32%	957	0.36%	\$30,000
Montgomery		3,371,808	9.85%	34,028	12.68%	\$821,000
Prince George's		7,239,387	21.15%	59,368	22.13%	\$1,576,000
Queen Anne's	(1)	0	0.00%	0	0.00%	\$0
St. Mary's		134,679	0.39%	3,900	1.45%	\$67,000
Somerset	(3)	11,765	0.03%	1,675	0.62%	\$30,000
Talbot	(1)	0	0.00%	0	0.00%	\$0
Washington		765,381	2.24%	7,747	2.89%	\$187,000
Wicomico		467,013	1.36%	6,559	2.44%	\$139,000
Worcester		24,334	0.07%	2,224	0.83%	\$33,000
Baltimore City		9,416,387	27.51%	61,524	22.93%	\$1,837,000
<b>Totals</b>		<b>34,225,220</b>	<b>100.00%</b>	<b>268,296</b>	<b>100.00%</b>	<b>\$7,295,000</b>

- (1) Calvert, Carroll, Queen Anne's and Talbot Counties have no eligible schools.  
 (2) Based upon 50% Square Footage and 50% Total Free or Reduced Price Meals (FARM).  
 (3) Allocation adjusted to provide a sufficient amount of allocation to fund the minimum project cost of \$30,000.  
 (4) Includes \$5,626,000 (SB986); Contingency Account \$1,669,000

Attachment II

**Eligible Projects\Expenditures and Required Project Approvals**

- All projects require State review, approval and the assignment of a PSC/QZAB number prior to award of contract.
- Any project with a total cost of \$100,000 or more requires State approval of the contract award prior to proceeding.

**Review level submission requirements are as follows:**

- 1 - An abbreviated educational specification, schematic drawings, design development documents and construction documents.
- 2 - Design development documents and construction documents.
- 3 - Construction documents.
- 4 - No submissions required after the project is assigned a PSC/QZAB number.

	<b>Review <u>Level</u></b>
ADA accessibility (interior/exterior) .....	3
Asbestos and/or lead paint removal/abatement.....	4
Bleacher repair and/or replacement (interior only).....	4
Building renovations (interior/exterior) .....	2
Carpeting (installation/replacement) .....	4
Ceilings (installation/replacement) .....	4
Communication systems (telephone and/or public address) .....	4
Consumer Science/Family Life facilities .....	1
Doors and/or windows (interior/exterior) .....	3
Electrical systems .....	3
Elevators .....	3
Energy conservation projects.....	3
Fire protection systems and/or components (alarms and/or sprinklers) .....	3
Flooring materials (repair, replace and/or refinish) .....	4
Folding partitions (installation/replacement) .....	4
Heating, ventilating, air conditioning systems and/or components .....	3
Kindergarten facilities.....	1
Lighting systems and/or components .....	3
Masonry work and/or components.....	4
Painting (interior/exterior, if not painted within past 10 years) .....	4
Playground equipment.....	4
Plumbing, water, and/or sewer lines and fixtures .....	4
Renovation projects (related to educational programs/services) .....	1
Roofing systems and/or components.....	3
Science facilities (middle or high school) .....	1
Site redevelopment .....	3
Technology Education facilities.....	1
Underground fuel tanks (remove and/or replace) .....	4
Wiring schools for technology (voice, video, & data) .....	3

**Excerpt from COMAR 23.03.02 Regulations on the Administration of the Public School  
Construction Program**

**12. Ineligible Expenditures.**

The following expenditures are ineligible for State funding:

- A. Site acquisition;
- B. Offsite development costs except those listed as eligible in Regulation .11G of this chapter;
- C. Architecture, engineering, or other consultant fees, except as permitted by Regulation .10 of this chapter;
- D. Master plans, feasibility studies, programs, educational specifications, or equipment specifications;
- E. Ancillary construction costs such as:
  - (1) Permits;
  - (2) Test borings;
  - (3) Soil analysis;
  - (4) Bid advertising;
  - (5) Water and sewer connection charges;
  - (6) Topographical surveys;
  - (7) Models;
  - (8) Renderings; or
  - (9) Cost estimating;
- F. Leasing or purchasing school facilities except as provided in COMAR 23.03.05;
- G. Construction inspection services;
- H. Relocation costs for site occupants;
- I. Salaries of local employees;
- J. Construction of administrative or support facilities, including regional or central administrative offices, warehousing, resource, printing, vehicle storage, and maintenance facilities;
- K. Movable equipment, furnishings, and artwork as defined by the IAC;
- L. Maintenance; and
- M. Temporary storage.

In any case where a local board desires to proceed with a capital improvement project, or part thereof which is ineligible for State funding, the Committee shall determine the added cost to the approved project generated by the ineligible aspects, and the local board may proceed with the project but without State funding for the added cost.

NOTE: Regulation 23.03.02.12 (L) is not applicable to QZAB projects.

APPENDIX E  
CONSTRUCTION SIGN FOR STATE FUNDED  
SCHOOL CONSTRUCTION PROJECTS (6' X 8')

**Martin O'Malley**  
*Governor*

**Anthony Brown**  
*Lt. Governor*



**BUILDING FOR**

The State of Maryland  
and  
The \_\_\_\_\_ County Board of Education  
are  
(Select from Page E-1A)  
(Enter School Name) School

Michael E. Busch    THE MARYLAND    Thomas V. Mike Miller, Jr.  
*Speaker of the House*    GENERAL ASSEMBLY    *President of the Senate*

**BOARD OF PUBLIC WORKS**    **Peter Franchot**    **Martin O'Malley**    **Nancy Kopp**  
*Comptroller*    *Governor*    *Treasurer*

Public School Construction Program    Architect: XXXXXXXXXXXXXXXXXXXXXXXX    Contractor: XXXXXXXXXXXXXXXXXXXXXXXX

**MARYLAND'S FUTURE**

E-1

March, 2007



Send to Designees [  ]

STATE OF MARYLAND  
Public School Construction Program  
200 W. Baltimore Street  
Baltimore, Maryland 21201

PSC/QZAB Form 1.1-R

### QUALIFIED ZONE ACADEMY BOND (QZAB) PROGRAM APPLICATION

Project Number:   
PSC/QZAB Number:   
Approved Date:

LEA:  School Name:   
School Address:

Contact Person:  Title:   
Address:   
City:  Telephone Number:   
Zip:  Fax Number:   
Email Address:

**Criterion 1: Qualified by location or student population**

(Click on the appropriate box to select)

- a) Location This school is located in either an Empowerment Zone within Baltimore City.
- b) Composition of Student Body This school has thirty-five percent (35%) or more of its students eligible for the Free or Reduced Price Meal Program as of October 2006.

**Criterion 2: Qualified by virtue of business contribution**

Contribution Type	Contributor	Designated Value
a) Cash		\$0

**Criterion 3: Qualified by virtue of the characteristics of the project**

Scope of Work:

Eligible QZAB Funds Requested:  Anticipated Bid Date:   
Local Funds:  Anticipated Completion Date:   
Total Cost of Project:   
Amount of Authorization Requested:

By submitting this QZAB application, the school system assures that the above information is true and accurate to the best of its knowledge and is consistent with the State of Maryland Public School Construction Program QZAB guidelines. The submittal of PSC/QZAB Form 1.2 provides written assurance of the above and the letters from the private sector document the required contributions for this QZAB project requested.

IAC Approval Date:  Type of Review Required:

STATE OF MARYLAND  
**Public School Construction Program**  
 200 W. Baltimore Street  
 Baltimore, MD 21201

<hr style="width: 80%; margin: 0 auto;"/> <p>Date Submitted</p>
---

## Summary of QZAB Project Requests/Assurance

LEA:	(Enter LEA Name)
------	------------------

**Please list projects in priority order:**

Priority	Name of School	Eligibility <sup>(1)</sup>	Amount of QZABs Requested	Total private sector contribution	Number of Contribution letters attached <sup>(2)</sup>

(1)Note: Eligibility is based on one of the following: 1. Empowerment Zone, 2. Enterprise Community/Zone, or 3. 35% or more of the students are eligible for FARM. Please enter only one of the corresponding numbers in this column.  
 (2)A letter should be provided from each contributor for each project.

I hereby certify that the Qualified Zone Academy Bond information submitted for individual projects on PSC/QZAB Form 1.1-R and summarized above is true and accurate to the best of my knowledge and is consistent with the State of Maryland Public School Construction Program QZAB guidelines. The QZAB proceeds allocated by the State will be used for eligible expenditures in respect to a Qualified Zone Academy as specified under Federal Law. Furthermore, the proceeds will be used in accordance with local procedures and Maryland Law. By signing this form, the State of Maryland has the approval of our school system to issue the QZABs, as required under the Taxpayer Relief Act of 1997.

\_\_\_\_\_  
 Signature of Superintendent of Schools

\_\_\_\_\_  
 Date

Enclosures: The total number of enclosures is

STATE OF MARYLAND  
**Public School Construction Program**  
 200 W. Baltimore Street  
 Baltimore, MD 21201

<hr style="width: 80%; margin: 0 auto;"/> <p>Date Submitted</p>
---

## QZAB Private Sector Anticipated Contributions

(Anticipated Present Value)

LEA:	Choose LEA Name	Name of School:	Click Here To Insert School Name
------	-----------------	-----------------	----------------------------------

QZAB Project must meet the private business contribution requirement by obtaining written assurances from private entities that pledge the school will receive Qualified Contributions, as defined in Section 1397E(d)(2)(B) of the Internal Revenue Code, from the private sector which total at least 10% on a present value basis as of December 20, 2006 of the QZAB Project Amount.

Please enter the appropriate information below for each private sector contribution. Utilize the table on the reverse to determine the “Monthly QZAB Present Value Multiplier” **FOR ALL CONTRIBUTIONS** based upon the month of the “Anticipated Date of Contribution.” The private sector contribution, based upon “Present Value of Contribution”, must equal at least 10% of the project cost to qualify for QZAB funding.

Anticipated Date of Contribution	Contributor(s)	Type of Contribution <sup>(1)</sup>	Face Value of Contribution	Monthly QZAB Present Value Multiplier <sup>(2)</sup>	Present Value of Contribution
<b>Total</b>					

(1) Use type of contribution from PSC/QZAB Form 1.1-R.  
 See reverse for the “Monthly QZAB Present Value Multiplier”

I hereby certify that the information presented reflects the anticipated private sector contributions (based upon a present value) that is necessary to meet the QZAB requirement. As actual contributions are received they will be entered on the QZAB Private Entity Contribution Tracking Form (PSC/QZAB Form 1.3) and I recognize that the total contribution (based upon present value when contributed) must finally equal 10% of the QZAB funds authorized for this project. The 10% contribution total will therefore equal the present value of the 10% private sector contribution up through and including the receipt of the final contribution so as to fulfill the requirement.

\_\_\_\_\_  
 Superintendent of Schools

\_\_\_\_\_  
 Date

\$4,378,000  
 STATE OF MARYLAND GENERAL OBLIGATION  
 QUALIFIED ZONE ACADEMY BONDS, SERIES 2006

Chart to Determine Present Value of Private Grant Monies as of December 20, 2006 from Date of Receipt

Chart to Determine Present Value of Private Grant Monies as of December 20, 2006 from Date of Receipt

QZAB Rate: 5.440%

Page 18

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
January	0.994	0.941	0.892	0.845	0.800	0.758	0.718	0.680	0.6439	0.6099
February	0.990	0.937	0.888	0.841	0.797	0.754	0.715	0.677	0.6412	0.6072
March	0.985	0.933	0.884	0.837	0.793	0.751	0.711	0.674	0.6381	0.6044
April	0.981	0.929	0.880	0.833	0.789	0.748	0.708	0.671	0.6352	0.6016
May	0.976	0.925	0.876	0.829	0.786	0.744	0.705	0.668	0.6323	0.5989
June	0.972	0.920	0.872	0.826	0.782	0.741	0.702	0.665	0.6295	0.5962
July	0.967	0.916	0.868	0.822	0.779	0.737	0.698	0.662	0.6266	0.5935
August	0.963	0.912	0.864	0.818	0.775	0.734	0.695	0.659	0.6238	0.5909
September	0.959	0.908	0.860	0.815	0.772	0.731	0.692	0.656	0.6210	0.5882
October	0.954	0.904	0.856	0.811	0.768	0.728	0.689	0.653	0.6182	0.5855
November	0.950	0.900	0.852	0.807	0.765	0.724	0.686	0.650	0.6154	0.5829
December	0.946	0.896	0.848	0.804	0.761	0.721	0.683	0.647	0.6126	0.5812

STATE OF MARYLAND  
**Public School Construction Program**  
 200 W. Baltimore Street  
 Baltimore, MD 21201

PSC/QZAB #	
Date Submitted	

**QZAB PRIVATE ENTITY CONTRIBUTION TRACKING FORM**

LEA: \_\_\_\_\_ Name of School: \_\_\_\_\_

Address: \_\_\_\_\_

Total Amount of QZAB utilized \$ _____
Total Amount of contribution required (10%) \$ _____ (present value)
Date Project approved: _____
Date project started: _____
Date project completed: _____

Date of Contribution	Contributor(s)	Type of Contribution <sup>(1)</sup>	Face Value of Contribution	Monthly QZAB Present Value Multiplier <sup>(2)</sup>	Present Value of Contribution	Total Present Value to Date	Information entered by:
<b>Total</b>							

(1) Use type of contribution from PSC/QZAB Form 1.1R  
 (2) See reverse for the "Monthly QZAB Present Value Multiplier"

I hereby certify that the information above is an accurate and true portrayal of the contributions that have been donated by the private sector and reflects an accurate present value . These items have been donated to meet the requirements of the Qualified Zone Academy Bond Program project at the above-cited school. The contributions donated total \$\_\_\_\_\_ in present value as of December 20, 2006 and represents at least 10% of the QZAB proceeds used for the project at this school.

\_\_\_\_\_  
 Superintendent of Schools

\_\_\_\_\_  
 Date

STATE OF MARYLAND  
**Public School Construction Program**  
 200 W. Baltimore Street  
 Baltimore, MD 21201

<hr style="width: 80%; margin: 0 auto;"/> <p>PSC/QZAB#</p>
--

## Educational Program Compliance

LEA:	(Enter LEA Name)
Name of School:	
Address:	

The Taxpayer Relief Act of 1997 requires business sector involvement in the curriculum development of the schools receiving QZAB funding. The involvement and/or cooperation with the business sector is designed to enhance the academic curriculum, increase graduation and employment rates, and better prepare students for the rigors of college and the increasingly complex workforce. These cooperative efforts have influenced, encouraged, and/or resulted in the development of curriculum changes. Please list below all of the programs that have included business sector involvement in this school's curriculum development.

Programs:

- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

I hereby certify that the Qualified Zone Academy Bond information submitted for the above school accurately represents to the best of my knowledge business sector involvement in the curriculum at this school.

\_\_\_\_\_  
 Signature of Superintendent of Schools

\_\_\_\_\_  
 Date

## PROJECT REIMBURSEMENT/EXPENDITURE REPORT

LEA: \_\_\_\_\_ DATE: \_\_\_\_\_  
 SCHOOL NAME: \_\_\_\_\_ PSC/QZ NO: \_\_\_\_\_  
 TYPE OF PROJECT: \_\_\_\_\_ COMPLETION DATE: \_\_\_\_\_

MAIL PAYMENT TO THE FOLLOWING ADDRESS:

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

TAX ID NUMBER:

REQUEST REIMBURSEMENT FOR THE FOLLOWING INVOICES:

CONTRACTOR	INVOICE NUMBER	INVOICE DATE	DATE PAID	TOTAL PROJ. COST	LOCAL COST	STATE REQUEST
TOTAL						

- NOTE:  ATTACH LEGIBLE COPIES OF CANCELED CHECK(S)  
 ATTACH LEGIBLE COPIES OF CONTRACTOR'S INVOICE(S).  
 ATTACH FORM QZ 5003, MINORITY BUSINESS ENTERPRISE PARTICIPATION  
 ATTACH BID TAB IF CONTRACT AMOUNT IS \$99,999 OR LESS  
 ATTACH CONTRACT OR PURCHASE ORDER IF CONTRACT AMOUNT WAS \$99,999 OR LESS

I hereby certify that this reimbursement request is for a project previously approved for funding Under the State's QZAB Program. The project is complete and represents invoices that have been approved for payment by all local responsible persons, is applicable to contractual agreements or purchase orders approved by the Board of Education and is eligible for State funding. I further certify that payment has been made by this Board of Education, from a non-tax exempt source, to the applicable vendor or contractor and has not been previously submitted for reimbursement.

\_\_\_\_\_  
 Signature of LEA Representative





