

**ORANGE COUNTY
BOARD OF EDUCATION**

AGENDA ITEM ABSTRACT

Meeting Date: March 21, 2011

AGENDA ITEM No. 11-03-(2)-15

ACTION ITEM (Y/N) Y

SUBJECT: 2010 Qualified School Construction Bond (QSCB) Resolution

INFO. CONTACT Dr. George McFarley **PHONE:** 919-732-8126

ATTACHMENTS:

1. Orange County Board of Education RESOLUTION For the Use of Qualified School Bond Proceeds

PURPOSE: To provide the Board an opportunity to approve the OCS RESOLUTION For the Use of Qualified School Bond (QSCB) Proceeds.

BACKGROUND: The QSCB Program was established as part of the American Recovery and Reinvestment Act (ARRA) (Public Law 111-5) effective February 17, 2009. In December 2009, OCS was allocated \$1,555,077 in QSCB funding.

On April 5, 2010 staff submitted a second application for \$1,448,363 in QSCB monies to finish funding the construction of an auditorium at C.W. Stanford Middle School. A RESOLUTION was approved at that time by the Board of Education for the 2009 QSCB application.

After the 2010 bond issuance deadline the state of North Carolina has a remainder of \$16,792,110 in Qualified School Construction Bonds. At this time the state is offering these funds to all LEAs, excluding the big five that received federal allocations. There is no limit to how much each LEA can apply for and this will be on a first come, first served basis until the funds have been exhausted. Administration has submitted an application for these funds and requests the Board of Education approve the RESOLUTION attached to complete the application process. This application is requesting \$14,000,000 for the purpose of a classroom wing addition at Cedar Ridge High School. This project is considered to be shovel-ready and is on the Orange County Schools Capital Improvement Plan.

FINANCIAL IMPACT: The district, if approved, has the potential to be allocated an additional fourteen million dollars in 2011 from the QSCB Program.

RECOMMENDATION: The Superintendent recommends the Board of Education approve the RESOLUTION For the Use of Qualified School Bond (QSCB) Proceeds.

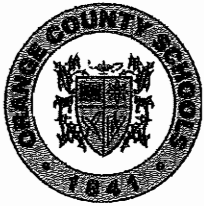
**Orange County
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Education**

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**RESOLUTION
For the Use of Qualified School Construction Bond Proceeds**

Whereas,

The Qualified School Construction Bond (QSCB) Program was established as part of the American Recovery and Reinvestment Act of 2009 (ARRA), (Public Law 111-5) effective February 17, 2009.

These interest free bonds must be used for the construction (including new construction), rehabilitation, or repair of a public school, or for land acquisition for such a facility. The maximum term of indebtedness, about 12 years under current market conditions which are subject to change, is set by the U.S. Treasury Department so that the local government's obligation to repay the present value terms will be 50 percent of the borrowed amount.

The U.S. Treasury Department has allocated for 2009 the authority to issue QSCBs in North Carolina in the face value amount of \$275,772,000. The ARRA includes a provision that will allow for a second issuance of bonds in 2010. QSCBs must be issued by December 31, 2011 and the proceeds must be spent within three years of issue date.

THEREFORE, BE IT RESOLVED, by the Orange County Board of Education, as follows:

The QSCB proceeds allocated to Orange County Schools will be used for the construction project identified at Cedar Ridge High School.

In Witness Whereof, I hereto
Set my hand on this 15th Day of March 2011.

Chair, Board of Education