



STATE OF TENNESSEE

COMPTROLLER OF THE TREASURY

STATE CAPITOL

NASHVILLE, TENNESSEE 37243-9034

PHONE (615) 741-2501

Justin P. Wilson
Comptroller

Date: July 29, 2009

To: Members of the Tennessee General Assembly
Tennessee County Mayors
Tennessee City Mayors
Tennessee Directors of Schools

From: Justin P. Wilson, Comptroller of the Treasury and
Secretary, Tennessee State School Bond Authority

Re: School Facilities Funding Update – Application Materials
for Qualified School Construction Bond Program

I am pleased to advise you that the Tennessee State School Bond Authority (TSSBA) has approved a new program that will provide low- or no-interest loans of up to \$20 million for school systems to build new schools or to rehabilitate or repair existing ones. These loans will be made from the proceeds of Qualified School Construction Bonds (QSCBs) issued by the TSSBA. QSCBs are similar to the Qualified Zone Academy Bonds (QZABs) with which you may be familiar, but the QSCBs are much less restrictive. QSCBs were created by the American Recovery and Reinvestment Act of 2009 (ARRA) signed into law by President Obama on February 17, 2009. The Tennessee General Assembly approved Public Chapter 601 of the Acts of 2009 which authorized the TSSBA to establish the QSCB program in Tennessee. The TSSBA has structured the program based on current guidance from the federal government. Should additional information be provided by the federal government, the TSSBA will post the information on its website.

The total bonding authority available to Tennessee for 2009 is \$184.6 million of which \$62.8 million has been allocated by the federal government to the Memphis City Schools and the Metropolitan Nashville and Davidson County (Tennessee's only two school districts included in the 100 school districts nationally with the largest number of school-aged children living below the poverty line). Otherwise, eligibility for QSCBs, unlike some other ARRA programs, is not dependent on size or poverty levels. The remainder is available for all other Tennessee school systems through a competitive process that will be administered by TSSBA with assistance from the staff of the Tennessee Advisory Commission on Intergovernmental Relations (TACIR).

Attached are a copy of the application and a tentative time line that the TSSBA expects to follow in completing the sale of the bonds to fund approved projects. The application explains the program and how to apply for loans through the TSSBA. The minimum amount for which an LEA through its city or county may apply is \$2.0 million, and the maximum, initially, is \$20 million. Additional legislation will be required for Special School Districts (SSDs) to participate in the program. If such legislation is approved by the General Assembly in 2010, SSDs will be eligible for the 2010 competitive round.

As explained in the application, proceeds of QSCBs may be used only for

- construction, rehabilitation, or repair of public school facilities;
- acquisition of land for QSCB-funded construction projects; and
- equipment for QSCB-funded projects.

For purposes of scoring the applications, proposed projects will be divided into two groups: (i) construction projects and (ii) rehabilitation or repair projects. The same criteria will be used for both groups, but the weighting will be slightly different as indicated in the attached application and program criteria.

QSCB funds may be used for publicly owned facilities that house charter schools; however, loans will be made only to the county or city governments that own those facilities, not directly to the charter schools. If you have eligible charter schools in your district, please ensure that they are aware of this program.

Tennessee's Application Process

The Local Education Agency (LEA) and Local Government Unit (LGU) must deliver a completed application to the TSSBA by 4:30 p.m. on August 21, 2009. An information session will be held on August 6, 2009 at 1:30 p.m. in Room 16 of the Legislative Plaza to answer questions about the program. If, after the information session, you have questions, please contact:

Mary-Margaret Collier
Phone: 615-747-5370
mary.margaret.collier@tn.gov

I hope that several of Tennessee's schools will be able to benefit from this opportunity.

The following documents are attached to this memo:

- QSCB Tentative Schedule
- QSCB Instructions and Application
- QSCB Evaluation Criteria
- Useful Links to QSCB Information

QUALIFIED SCHOOL CONSTRUCTION BONDS

EXPECTED TIME LINE

TSSBA approval of criteria and pkg.	7/29/09
Applications Distributed to LEAs	7/30/09
Information Session	8/06/09
Application Deadline	8/21/09
Completion of TSSBA staff review of applications	9/02/09
Results presented to TSSBA for approval	9/10/09
Bond Sale	Last Week in October



July 30, 2009

**TENNESSEE STATE SCHOOL BOND AUTHORITY
INSTRUCTIONS FOR PREPARING A
QUALIFIED SCHOOL CONSTRUCTION BOND APPLICATION**

Overview

Qualified School Construction Bonds (QSCBs) are authorized by the American Recovery and Reinvestment Act of 2009 (ARRA). QSCBs are taxable bonds issued by the Tennessee State School Bond Authority (the "Authority"), the proceeds of which will be loaned to local government units (LGUs) to improve certain eligible public schools. The QSCB investor receives federal income tax credits in addition to potential periodic interest payments, if any, from the Authority while the bonds are outstanding. The tax credits (together with interest payments, if any) compensate the holder for lending money and function as payments of interest on the bonds. As a result, the LGU and the local education agency (LEA) that receive the proceeds are expected to pay little or no interest to borrow the funds and may benefit from interest earned by the TSSBA on the funds in the form of principal forgiveness.

The tax credit rate for QSCBs is determined by the United States Treasury Department and equals the percentage that the Treasury Department estimates generally will permit the issuance of QSCBs without discount or interest cost to the issuer. The United States Treasury imposes certain tax requirements on the issuance of QSCBs. To comply with these requirements, the Authority needs to obtain very specific information from each borrower regarding the qualifying school and the use of proceeds. The purpose of these instructions is to inform you of these requirements and the process to apply for participation in the QSCB program.

LGUs include counties and cities that operate school systems. QSCB proceeds cannot be loaned directly to school systems because they do not have the power to levy taxes in Tennessee. For purposes of these instructions, LGU will be used to refer to the county or city that would be the borrower of the proceeds of the QSCBs, and the term "local education agency" (LEA) will be used to refer to the school system of the county or city that actually operates the school or schools that will be the beneficiary of the proceeds of the QSCBs.

The repayment of the QSCB loan will be secured by the general obligation pledge of the LGU and its portion of the state-shared taxes. The LGU must authorize the issuance of the debt in compliance with all federal, state, and local regulations. TCA § 49-3-1206(d)(3) as amended by Public Chapter 601, Acts of 2009, states "Counties having a city or cities operating schools independent of the county or having special school districts operating schools independent of the county shall not be required to share proceeds of any loan agreement of a school credit bond project, notwithstanding any other law to the contrary." The Chapter also designates the Authority as the issuer of QSCBs for the State of Tennessee. The Authority intends to fund approximately twelve (12) loans prior to the end of the calendar year.

Please read the following information carefully. It describes how proceeds from QSCBs can be used and how to apply for them. **The deadline for 2009 allocation applications is August 21, 2009.**

GENERAL REQUIREMENTS

Proceeds of QSCBs are used to fund loans limited to the following purposes:

- construction, rehabilitation, or repair of public school facilities
- acquisition of land for a QSCB-funded construction project
- equipment for a QSCB-funded project

An LEA, upon receiving a commitment from its LGU to issue debt, may apply for a loan of QSCB proceeds on behalf of more than one school within its system. The LEA should submit a single Form A for the school system as a whole and a separate Form B for each project. The minimum loan size will be \$2,000,000. The maximum loan size will be \$20,000,000 during the initial round. Requests for additional funding will be considered after all initial applications have been scored and approved.

The LGU may borrow from the Authority on behalf of a charter school if the charter school is housed in a publicly owned building.

Applications will be reviewed and rated by the Tennessee State School Bond Authority using a competitive process. For scoring purposes, projects will be divided into two groups: Construction projects will be scored separately from rehabilitation and repair projects—please see Section VIII of the attached application form. After reviewing the loan applications and hearing the recommendations from the Tennessee Advisory Commission on Intergovernmental Relations (TACIR) staff, and the staff of the Authority, the Authority will approve the loans to be funded. The Authority will be the issuer of the bonds and will make every effort to sell the bonds in a timely and efficient manner; however, economic conditions, the timing of the release of relevant rules by the federal government or market occurrences could prevent, delay or otherwise affect the sale and thereby prevent funding of the loans to the LGUs. During the application process, any updates on federal regulations will be posted on the Authority's website at: <http://www.tn.gov/comptroller/bf/bftssba.htm>

Application Submission and Deadline

Applications will be accepted until 4:30 p.m. on August 21, 2009, or until all funds have been obligated or the federal government ceases the program.

Applications must be submitted to the Tennessee State School Bond Authority with a postmark on or before the deadline date. **AN ORIGINAL AND FOUR COPIES OF THE APPLICATION PACKET SHOULD BE ADDRESSED TO:**

QSCB
Division of Bond Finance
Comptroller of the Treasury
16th Floor James K. Polk Bldg.
Nashville, TN 37243-0273

Successful applicants will be notified in writing. Please respond completely to all items contained in this packet to ensure that the application can be processed without delay.

Application Contents and Sequence

The sequence of the application should be as follows:

1. **Cover page in any reasonable form selected by the LEA** indicating the name and number of the LEA, the name of the LEA's director of schools and the date of application.
2. **Completed Qualified School Construction Bond Application Form and Attachments.** The applications must be signed and dated by the director of schools and the school board chair or president.
3. **Letter(s) of Commitment to issue debt from responsible local government official on behalf of the LGU.**

If any applicant has questions regarding this application, please contact: Mary Margaret Collier at 615-747-5370.

A meeting will be held on August 6 at 1:30 p.m. to address any questions or concerns. The meeting will be held in Room 16 of the Legislative Plaza, Nashville, Tennessee.

STEPS TO OBTAINING A QSCB LOAN

To qualify for the low-cost financing afforded through the Qualified School Construction Bond program, the applying LEA should take the following steps:

1. The LEA identifies eligible costs that may be financed with the proceeds of QSCBs, namely
 - construction, rehabilitation, or repair of public school facilities;
 - the acquisition of land for a QSCB-funded public school construction project;
 - or equipment for a QSCB-funded public school project.
2. The LEA requests a loan of QSCB proceeds from the Authority plus the Authority's cost of issuance of up to 2.2% of the total (the amount the local government expects to borrow) by preparing the application package. If the application is approved, the Authority will provide written verification to the LGU and the LEA of the amount of the QSCB loan.
3. The LGU and or the LEA will negotiate the structure of repayment of the loan amount with the Authority. The LGU may request the assistance of its financial advisor or the Authority in this process; however, any costs for such assistance cannot be paid with QSCB proceeds. The QSCB structure with the federal tax credits will generally eliminate most or all of the interest costs associated with the loan to the local government, but the principal amount of the QSCBs (and any interest) is still a loan that must be repaid. The U.S. Treasury Department will set the maximum term of the loan, currently expected to be approximately 15 years.
4. At the proper times, the governing body of the LGU and the LEA will adopt appropriate resolutions approving the QSCB loan and the uses of such proceeds for the qualifying project. This resolution

will be prepared by bond counsel to the Authority. The cost will be covered by the LGU's pro rata share of the costs of issuance.

5. The LEA provides the Authority with an estimated draw schedule for the use of proceeds showing that
 - 100% of the available project proceeds to be spent for one or more qualified purposes within three years from the date bonds are issued (assumed to be October 31, 2009), and
 - the LEA will have incurred a binding commitment with a third party contractor within 6 months from the date the bonds are issued to spend at least 10% of the project proceeds assuming the bonds are issued on October 31, 2009.
6. The Authority arranges for the sale of the QSCBs. Upon such sale, the Authority will retain the proceeds of the QSCBs and invest such proceeds in the LGIP (Local Government Investment Pool) until they are disbursed to the local government to pay project costs. Such disbursements for project costs will be made only upon receipt of appropriate documentation and approval by the Authority. The Authority will deduct the LGU's pro rata share of the costs of issuance from its loan to pay such costs.
7. The LGU repays the loan (project costs plus costs of issuance) from the Authority in accordance with an amortization schedule established by the Authority to comply with federal tax laws.

ADDITIONAL FEDERAL AND STATE REQUIREMENTS FOR QSCBS

Each participating school system is responsible for complying with Tennessee's statutes and U.S. Department of Education and U.S. Department of Treasury requirements concerning Qualified School Construction Bonds. Specifically,

1. Compliance with Davis-Bacon and Related Acts. Section 1606 of the ARRA requires that "all laborers and mechanics employed by contractors and subcontractors on QSCB-funded projects shall be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the Secretary of Labor in accordance with subchapter IV of chapter 31 of title 40, United States Code." The Davis-Bacon Act directs the U.S. Department of Labor (DOL) to determine such locally prevailing wage rates. (Information concerning Tennessee's Prevailing Wage Rates can be found on the Tennessee Department of Labor and Workforce Development's website at <http://tennessee.gov/labor-wfd/prevail.html>.)

LEAs should be aware that the Department of Labor has not provided guidance on reporting compliance with the Davis-Bacon Act for projects funded with debt proceeds. That guidance is expected to be published in August. If such guidance is published prior to the application due date, it will be posted on the TSSBA website. Compliance with the Davis-Bacon Act may increase the costs of the project to the LEA.

2. Spending Expectations. Section 54A(d)(2) of the Internal Revenue Code requires reasonable expectations as of the date of issuance of the bonds that
 - 100% or more of the available project proceeds will be spent for one or more qualified purposes within 3-years from the date bonds are issued; and
 - a binding commitment with a third party will be incurred within 6 months to spend at least 10% of the project proceeds.
3. Use for Qualified Purposes. The facilities, and equipment financed with QSCB proceeds must at the outset be used and must continue to be used, for public school purposes.
4. Redemption with Non-spent Proceeds. Proceeds allocable to each LGU including investments earnings on these proceeds must be spent within 3 years of the date bonds are issued or used within 90 days after the end of this period to redeem bonds. Any redemption premium required in connection with this redemption must be contributed from available funds other than unspent proceeds

Bond counsel for the Authority will prepare certificates and agreements for signature by the LGU to evidence compliance with these requirements. Each applicant must commit to meeting the federal requirements as identified in the application. No exceptions or exemptions are permitted.

Failure to Comply

Failure to comply with federal requirements for these bonds by the LGU and/or the LEA may result in the acceleration of all or a portion of the entire QSCB bond issue, causing it to become due and payable by the LGU and possibly also the other LGUs whether or not they are in compliance, upon short notice and, in unusual and extreme circumstances, may result in a liability to bond holders and others in excess of the LGU's actual borrowing.

Other Information

Bond proceeds will be held and invested by the TSSBA until such time as LGUs are required to pay construction invoices.

The Division of Real Property Management of the Tennessee Department of Finance and Administration will inspect construction/rehabilitation/renovation and will approve all requests for progress payments. The costs for these services will be capitalized in the costs of issuance for the first year of the project. After year one and until project completion, these costs will be paid as a portion of the annual administrative fee to the Authority.

Administrative Fees: Borrowers will be charged administrative fees of 20 to 25 basis points during the initial and construction phase of the loan. These charges will cover the costs of accounting for and managing the loan by the TSSBA and the construction review by the State of Tennessee Division of Real Property Management. Once construction is completed the fee will drop to 9 to 10 basis points annually for the management of the loan.

FORM OF APPLICATION

FORM A

QUALIFIED SCHOOL CONSTRUCTION BONDS
Application for Receipt of Proceeds of Qualified School Construction Bonds
Tennessee State School Bond Authority

School System Name _____

School System Number _____

SECTION I: GENERAL INFORMATION

Director/Superintendent

Mailing Address (Street, City, State, Zip Code)

County

Telephone Number (Area Code & Number)

Fax Number (Area Code & Number)

() _____

() _____

Name & Title of Contact Person

Mailing Address (Street, City, State, Zip)

Telephone Number (Area Code & Number)

Fax Number (Area Code & Number)

() _____

() _____

E-mail Address

Amount of Allocation Requested for Qualified School Construction Bond Issue ¹

\$ _____

¹ Subject to increases for the borrower's pro rata share of the Authority's costs of issuance.

SECTION II: LOCAL EDUCATION AGENCY APPROVAL

Please attach a letter from the LEA stating:

We the undersigned affirm that, to the best of our belief and knowledge, the information contained in this application is correct and complete and meets the criteria for eligibility for QSCB funds, and that if this application is approved and QSCB funds are received, the LEA will comply with all reporting requirements and all federal requirements identified in the application.

We affirm that the LEA

- will use one hundred percent of the proceeds of this loan for qualified construction, rehabilitation, or repair of a public school facility; or for the acquisition of land on which such a facility is to be constructed with part of the proceeds of such issue; or for equipment for the portion of the facility being constructed, rehabilitated or repaired with the proceeds;
- will comply with the Use for Qualified Purposes and Redemption with Non-spent Proceeds requirements of the Instructions for Preparing QSCB Application will satisfy the Spending Expectations requirements set forth in the Instructions; and
- will comply with applicable provisions of the American Recovery and Reinvestment Act (ARRA) of 2009, including labor standards in section 1606 (i.e., Davis-Bacon prevailing wage requirements).

We

- understand and accept the Failure to Comply consequences described in the Instructions.

Name of Director of Schools
(Please print or type)

Name of School Board Chairman
(Please print or type)

Signature of Director

Signature of Chairman

Date: _____

Date: _____

Approval of this action is recorded in the official minutes of the LEA's board meeting held on _____, 200_, and a certified copy of said minutes are attached hereto as Annex I.

SECTION III: LOCAL GOVERNMENT APPROVAL

1. Please attach a letter from the city or county that will provide security for this debt stating that the local government
 - is the actual borrower;
 - commits to provide a general obligation pledge;
 - acknowledges that state shared taxes will be intercepted in the event of failure to pay timely any debt service or administrative fees;
 - will use one hundred percent of the proceeds of this loan for qualified construction, rehabilitation, or repair of a public school facility; or for the acquisition of land on which such a facility is to be constructed with part of the proceeds of such issue; or for equipment for the portion of the facility being constructed, rehabilitated or repaired with the proceeds;
 - will comply with the Use for Qualified Purposes and Redemption with Non-spent Proceeds requirements of the Instructions for Preparing QSCB Application and will satisfy the Spending Expectations requirements set forth in the Instructions for Preparing the QSCB Application and can satisfy the Spending Expectation requirements set forth in the Instructions
 - will comply with applicable provisions of the American Recovery and Reinvestment Act (ARRA) of 2009, including labor standards required by section 1606 (i.e., Davis-Bacon prevailing wage requirements);
 - will repay bonds within 15 years of date of issue or other maturity limitations prescribed by the U.S. Department of the Treasury; and;
 - understands and accepts the Failure to Comply consequences described in the Instructions.

The letter should be addressed to the Tennessee State School Bond Authority and attached hereto as Annex II.

2. How frequently does the governing body of the local government meet in regular session? _____
3. Identify the day of the week, time, and frequency (weekly, monthly, quarterly) when the governing body convenes.

4. To receive the loan, is the governing body willing to call special sessions if necessary?

SECTION IV: REQUIRED FINANCIAL INFORMATION

1. Bond Allocation Requested \$ _____
2. What percent of funds do you estimate will be spent within 6 months? _____
3. When do you anticipate that the project will be completed? _____
4. Please provide the credit rating(s) and the name of the applicable credit rating agency, if any, for the city or county providing security for the debt: _____

5. Please provide the maximum annual debt service for the currently outstanding general obligation bonds and the year in which it occurs. _____

6. If you do not receive bond proceeds and investment income sufficient to fully fund your project, how will you finance the remainder? _____

7. If you represent a special school district, does the district have available debt capacity? If so, how much? _____

SECTION V: PROJECTS FOR WHICH QSCB FUNDS ARE REQUESTED

Attach additional pages if needed.

Project/School 1.

Amount Requested \$ _____

Name of Project _____

Project/School 2.

Amount Requested \$ _____

Name of Project _____

Project/School 3.

Amount Requested \$ _____

Name of Project _____

Project/School 4.

Amount Requested \$ _____

Name of Project _____

Project/School 5.

Amount Requested \$ _____

Name of Project _____

SECTION VI: PROJECT FUNDING

Please provide the budget for the total of all projects. For construction projects and for any other projects for which the LGU is providing additional funding, include a sources and uses of funds statement and a cash flow statement. (Attach additional pages as necessary)

FORM B

**QUALIFIED SCHOOL CONSTRUCTION BONDS
Proposed Use of Proceeds from Qualified School Construction Bonds
Tennessee State School Bond Authority**

Please complete Form B for each school or project proposed for QSCB funds.

School System Name _____

School System Number _____

SECTION VII: PROJECT INFORMATION

1. Name of School or Project

2. Project Purpose—Please indicate the planned use or uses proposed for the bond proceeds:¹

____ Construction of a New Public School Facility

____ Rehabilitation of an Existing Public School Facility

____ Repair of an Existing Public School Facility

____ Land Acquisition for QSCB-funded construction

3. When do you expect construction to begin? _____

4. Will you be able to commit within six months of bond issuance to spend 10% with a third party? _____

5. When do you expect to have this project completed? _____

6. Project Description Please provide a detailed description of your proposed project (s).

¹ Internal Revenue Bulletin 2009-17 issued April 27, Notice 2009-35, 2009, states that “eligible expenditures include, among other things, expenditures for costs of acquisition of equipment to be used in such portion or portions of the public school facility that is being constructed, rehabilitated, or repaired with the proceeds of the QSCBs.

SECTION VIII: COMPETITIVE CRITERIA

Project Description Please describe how your project meets the following criteria. Attach as many additional pages as necessary. A total of 100 points is possible.

Note: Projects will be divided into two groups for scoring purposes as indicated in the following table. Construction projects will be scored separately from rehabilitation and repair projects. Please note the difference in point allocations.

1. Program Innovations

Construction Projects—Up to **40 points** may be awarded for projects designed to house innovative educational programs.

Rehabilitation or Repair Projects—Up to **25 points** may be awarded for projects designed to house innovative educational programs.

Please note that QSCB funds may not be used to operate the programs, but only to build or improve school facilities to house them. Please describe any educational programs that will be housed by QSCB-funded projects and are based on the latest thinking about improving student achievement. Examples include the use of technology in learning, programs based on the latest scientific understanding of how students learn and how to teach them, and a focus on skills needed to become life-long learners and to succeed in the 21st century economy.

2. Facility Improvements

a. Evidence of Need.

i. Previous Identification of Need

Construction Projects—Up to **20 points** may be awarded for projects that have been needed for some time, but not yet funded.

Rehabilitation or Repair Projects—Up to **25 points** may be awarded for projects that have been needed for some time, but not yet funded.

Please describe approximately how long this project has been identified as a need in your school system and why it has not yet been funded. Has it been reported in the TACIR Public Infrastructure Needs Inventory and/or the LEA's Capital Projects Plan or the LGU's capital improvements program? If so, at what cost and for how many years? (Please include whatever documentation you may have.) Is the project at an existing school that is rated less than "good," or in need of an addition? How will the project improve these conditions?

OR

ii. *Unanticipated Need for School Facilities*

Construction Projects—Up to **20 points** may be awarded for projects that are needed, for example, because of recent damage to a facility, because of a large, new employment center that is expected to increase enrollment, etc.

Rehabilitation or Repair Projects—Up to **25 points** may be awarded for projects that are needed, for example, because of recent damage to a facility, because of a large, new employment center that is expected to increase enrollment, etc.

Please explain the reason for the newly recognized need. If it is unanticipated enrollment growth, include the size of the increase and a description of the method used to estimate it.

b. *Compliance with Existing Facilities Mandates*

Construction Projects—Up to **20 points** may be awarded for projects that will correct facilities problems related to federal, state, and local building requirements such as the Americans with Disabilities Act and building or fire codes.

Rehabilitation or Repair Projects—Up to **25 points** may be awarded for projects that will correct facilities problems related to federal, state, and local building requirements such as the Americans with Disabilities Act and building or fire codes.

If the proposed project will resolve any such problems, please clearly describe those aspects of the project and provide an estimate of the cost if less than the total amount requested. Has the problem been identified in TACIR's Public Infrastructure Needs Inventory? Have you been cited for lack of compliance in recent inspection reports? Please include any documentation you may have demonstrating the nature of the problem.

c. *Energy Efficient Schools Initiative of 2008*

Construction Projects—Up to **20 points** may be awarded for projects that improve the energy efficiency of a proposed or existing facility.

Rehabilitation or Repair Projects —Up to **25 points** may be awarded for projects that improve the energy efficiency of a proposed or existing facility.

Recent state and federal laws and policies encourage improved energy efficiency in buildings. Please describe how this project complies with the design and technology guidelines established by the Energy Efficient Schools Council.

**CRITERIA FOR RECEIVING A
2009 TENNESSEE STATE SCHOOL BOND AUTHORITY
QUALIFIED SCHOOL CONSTRUCTION LOAN**

I. Technical Requirements

A. Financial Criteria

Pass/Fail

- Approval of Project by Board of LEA
- Approval of Project Funding by Local Government Unit (i.e. agree to provide general obligation pledge)
- Sufficient Coverage of State Shared Taxes and pledge of unobligated State Shared Taxes in the event of failure to pay debt service timely
- Adequate discussion of additional required financial information
- Approval of all loan documents within 4 weeks of notification of award

B. Assertion of Compliance With ARRA Requirements

Pass/Fail

- Davis-Bacon prevailing wage laws
- A binding commitment with a third party to spend at least 10 percent of such available project proceeds will be incurred within the 6-month period beginning on the date of bond issuance
- 100 percent or more of the available project proceeds to be spent within the 3-year period beginning on the date of bond issuance

II. Program and Facility Criteria

Note: Projects will be divided into two groups for scoring purposes as indicated in the following table. Construction projects will be scored separately from rehabilitation and repair projects. Please note the difference in point allocations.

Scoring Criteria	Construction Projects <i>Maximum Possible Score</i>	Rehabilitation and Repair Projects <i>Maximum Possible Score</i>
<p>A. Program Innovations</p> <p>Points may be awarded for projects designed to house innovative programs. <i>Please note that QSCB funds may not be used to operate the programs, but only to build or improve school facilities to house them.</i> Please describe any educational programs that will be housed by QSCB funded projects and are based on the latest thinking about improving student achievement. Examples include the use of technology in learning, programs based on the latest scientific understanding of how students learn and how to teach them, and a focus on skills needed to become life-long learners and to succeed in the 21st century economy.</p>	40 points	25 points

QUALIFIED SCHOOL CONSTRUCTION BONDS
LINKS TO USEFUL WEBSITES

State of Tennessee site on the American Recovery and Reinvestment Act (ARRA)

<http://tnrecovery.gov>

National Clearinghouse for Educational Facilities

<http://www.ncef.org/school-modernization>

U.S. Department of Education website on ARRA

<http://www.ed.gov/policy/gen/leg/recovery/index.html>

Letter from U.S. Secretary of Education

<http://www.ed.gov/print/policy/gen/guid/secletter/090529.html>

Internal Revenue Service Notice 2009-35, dated April 27, 2009

http://www.irs.gov/irb/2009-17_IRB/ar08.html

Tennessee State School Bond Authority

<http://www.tn.gov/comptroller/bf/bftssba.htm>