



COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF EDUCATION

September 21, 2016

Ms. Amy J. Stewart
Superintendent
Warren County School District
6820 Market Street
Russell, PA 16345-3406

Re: 2014-2015 Qualified Zone Academy Bond Allocation

Dear Ms. Stewart:

I am pleased to inform you that Warren County School District has been granted an allocation of **\$5,000,000** from the Qualified Zone Academy Bond (QZAB) Program.

This allocation represents \$2,522,000 from the 2014 federal allocation and \$2,478,000 from the 2015 federal allocation. These funds are to be utilized for qualified work at Warren Area High School.

The school district must be willing to authorize a general obligation note with a maturity structure consistent with program requirements. It must settle the full amount of the allocation at the local school district level. Bonds for projects that meet the qualifiers and that use the 2014 QZAB allocation must be issued by **December 31, 2016**. Bonds for projects that meet the qualifiers and that use the 2015 QZAB allocation must be issued by **December 31, 2017**. Please be advised that bond amounts less than \$5,000,000 might prove difficult for the school district to sell on the bond market. As such, the school district should discuss with its financial consultant whether it should settle the full allocation amount at one time, prior to December 31, 2016.

A copy of the information on the bond financing that is provided to investors must be submitted to the Division of Budget and School Facilities within 15 days of issuance of the QZABs. All bond-related and expenditure documents related to this program should be retained for future auditing purposes. If the school district plans to seek state reimbursement through the PlanCon process, QZAB financing costs and revenue sources must be reported on PlanCon Part D, "Project Accounting Based on Estimates," and/or on PlanCon Part G, "Project Accounting Based on Bids."

Please note these Internal Revenue Service requirements:

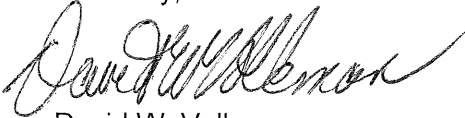
- Contract must be in place with a third party to spend down at least 10 percent of the bond proceeds within six months after issuance.
- 100 percent of the proceeds must be spent within three years of the bond issuance.
- QZAB proceeds are subject to arbitrage rules.
- Issuers are subject to IRS reporting requirements.
- The applicable maximum maturity, the discount rate for determining the maturity, and QZAB credit rate are published for that date by the Bureau of Public Debt on its internet site for State and Local Government Series securities at: <https://www.treasurydirect.gov>.

Ms. Stewart
Page 2
September 21, 2016

Awardees must confirm their acceptance of a QZAB allocation in the form of a school board resolution that is received in the office of the Division of Budget and School Facilities by **September 30, 2016**. Scanned documents may be sent to ra-schoolfacilities@pa.gov, or by mail to Bureau of Budget and Fiscal Management, 333 Market Street, Harrisburg, PA 17126.

If you have any questions, please contact the Division of Budget and School Facilities at 717.787.5993 or at ra-schoolfacilities@pa.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "David W. Volkman", written in a cursive style.

David W. Volkman
Executive Deputy Secretary

cc: Warren County File 2014, 2015
Warren County SD File