

Costs/Benefits for Building Renovations Using QZAB Funds

COST

| <u>Item</u> | <u>Conventional Funding</u> | <u>QZAB Funding</u> | <u>Difference</u> |
|------------------------------------|---------------------------------|---------------------|-------------------|
| Cost of Money (Exhibit A1 & A2) | \$ 27,682,152.00 | \$ 21,233,959.00 | \$ 6,448,193.00 |
| Site Licenses (Exhibit B) | \$ - | \$ 1,006,680.00 | \$ (1,006,680.00) |
| Estimated Cost of Geothermal Wells | \$ - | \$ 140,000.00 | \$ (140,000.00) |
| Estimated Costs of Cisterns | \$ - | \$ 160,000.00 | \$ (160,000.00) |
| Estimated Costs of Solar Component | \$ - | \$ 3,000.00 | \$ (3,000.00) |
| Balance to Finish | \$ 18,990,441.00 | \$ 18,990,441.00 | \$ - |
| Totals | \$ 46,672,593.00 | \$ 41,534,080.00 | \$ 5,138,513.00 |

\$5,138,513.00
QZAB Advantage - Cost
Avoidance in interest
payments.

BENEFITS

1. Providing students with a learning environment that will focus on student success.
2. Providing students with a learning environment that is safe, warm and dry.
3. Providing students with a learning environment where today's student can pursue the skills necessary to achieve their unique personal potential.
4. Providing students with a learning environment well equipped with the latest innovations in educational delivery systems.
5. Providing students with a learning environment built around the goal of decreasing the drop out rate and increasing the graduation rate.
6. Providing students with a learning environment that will better prepare students for entering college or the work force.
7. Providing students with a learning environment equipped with a cyber based academy where students can experience thousands of course opportunities.
8. Providing students with a learning environment with improved air quality.
9. Providing students with a learning environment void of hazardous materials.
10. Reducing cost to taxpayers by recycling an existing structure, also benefiting the environment.
11. Reducing operating costs by installing energy efficient lighting and lighting controls.
12. Reducing operating costs by installing a new energy efficient heating system.
13. Reducing operating costs by installing a new electrical system.
14. Reducing operating costs by installing water saving devices.
15. Reducing operating costs by employing solar energy.
16. Reducing operating costs by employing geothermal wells.
17. Cost avoidance of \$5,138,310.00 in interest payments.

ADDITIONAL CONSIDERATION

The PlanCon reimbursement process will be different for projects currently not in the queue on 4/29/11 (per acting Secretary of Education). Both the Eisenhower and Beaty projects are in the queue and therefore subject to current reimbursable rates.

WARREN COUNTY SCHOOL DISTRICT
Comparison of QZAB vs. Tax Exempt Bond Issue

| | <u>Tax Exempt Bond Issue</u> | <u>Taxable QZAB</u> | <u>Benefit of QZAB</u> |
|---|----------------------------------|-------------------------|----------------------------|
| Borrowing Amount: | 23,500,000 | 23,500,000 | |
| PLUS: Estimated Interest: | 8,914,698 | 21,860,222 | |
| LESS: Estimated Federal Subsidy: | 0 | (18,497,111) | |
| LESS: Estimated Sinking Fund Earnings: | 0 | (2,010,700) | |
| LESS: Estimated State Aid: | (4,732,546) | (3,628,452) | |
| Total Local Effort (Principal + Interest): | 27,682,152 | 21,223,959 | 6,458,193 |

Assumptions

| | | |
|--------------------------------------|-----------------|-----------------|
| Amortization: | 15 Years | 15 Years |
| Interest Rate: | 4.00% | 6.50% |
| Subsidy: | 0 | 5.50% |
| Sinking Fund Investment Rate: | 0 | 2.00% |

EXHIBIT A1-1

WARREN COUNTY SCHOOL DISTRICT
SERIES OF 2012
TAX-EXEMPT G.O. BONDS

SETTLE 11/1/2012
DATED 11/1/2012

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|----------|------------|-------|--------------|-----------------------------|---|--------------------|-----------------------------|-----------------------------|--------------------------|
| DATE | PRINCIPAL | RATE | INTEREST | SEMI-ANNUAL DEBT SERVICE | PROPOSED FISCAL YEAR DEBT SERVICE | LESS: STATE AID | PROPOSED LOCAL EFFORT | EXISTING LOCAL EFFORT | TOTAL LOCAL EFFORT |
| 3/1/2013 | | | 204,317.00 | 204,317.00 | 204,317.00 | (29,830.28) | 174,486.72 | 2,646,351.40 | 2,820,838.11 |
| 9/1/2013 | 5,000 | 1.130 | 306,475.50 | 311,475.50 | | | | | |
| 3/1/2014 | | | 306,447.25 | 306,447.25 | 617,922.75 | (90,216.72) | 527,706.03 | 2,644,743.45 | 3,172,449.47 |
| 9/1/2014 | 5,000 | 1.510 | 306,447.25 | 311,447.25 | | | | | |
| 3/1/2015 | | | 306,409.50 | 306,409.50 | 617,856.75 | (90,207.09) | 527,649.66 | 2,643,264.71 | 3,170,914.38 |
| 9/1/2015 | 5,000 | 1.970 | 306,409.50 | 311,409.50 | | | | | |
| 3/1/2016 | | | 306,360.25 | 306,360.25 | 617,769.75 | (90,194.38) | 527,575.37 | 2,640,833.39 | 3,168,408.76 |
| 9/1/2016 | 5,000 | 2.260 | 306,360.25 | 311,360.25 | | | | | |
| 3/1/2017 | | | 306,303.75 | 306,303.75 | 617,664.00 | (90,178.94) | 527,485.06 | 2,643,553.09 | 3,171,038.14 |
| 9/1/2017 | 5,000 | 2.570 | 306,303.75 | 311,303.75 | | | | | |
| 3/1/2018 | | | 306,239.50 | 306,239.50 | 617,543.25 | (90,161.31) | 527,381.94 | 2,641,079.40 | 3,168,461.33 |
| 9/1/2018 | 5,000 | 2.920 | 306,239.50 | 311,239.50 | | | | | |
| 3/1/2019 | | | 306,166.50 | 306,166.50 | 617,406.00 | (90,141.28) | 527,264.72 | 2,641,274.42 | 3,168,539.14 |
| 9/1/2019 | 5,000 | 3.240 | 306,166.50 | 311,166.50 | | | | | |
| 3/1/2020 | | | 306,085.50 | 306,085.50 | 617,252.00 | (90,118.79) | 527,133.21 | 2,642,386.94 | 3,169,520.15 |
| 9/1/2020 | 5,000 | 3.520 | 306,085.50 | 311,085.50 | | | | | |
| 3/1/2021 | | | 305,997.50 | 305,997.50 | 617,083.00 | (90,094.12) | 526,988.88 | 2,639,781.42 | 3,166,770.30 |
| 9/1/2021 | 5,000 | 3.770 | 305,997.50 | 310,997.50 | | | | | |
| 3/1/2022 | | | 305,903.25 | 305,903.25 | 616,900.75 | (90,067.51) | 526,833.24 | 2,638,346.24 | 3,165,179.48 |
| 9/1/2022 | 5,000 | 3.980 | 305,903.25 | 310,903.25 | | | | | |
| 3/1/2023 | | | 305,803.75 | 305,803.75 | 616,707.00 | (90,039.22) | 526,667.78 | 2,643,061.97 | 3,169,729.74 |
| 9/1/2023 | 5,000 | 4.140 | 305,803.75 | 310,803.75 | | | | | |
| 3/1/2024 | | | 305,700.25 | 305,700.25 | 616,504.00 | (90,009.58) | 526,494.42 | 2,642,880.45 | 3,169,374.87 |
| 9/1/2024 | 5,000 | 4.290 | 305,700.25 | 310,700.25 | | | | | |
| 3/1/2025 | | | 305,593.00 | 305,593.00 | 616,293.25 | (89,978.81) | 526,314.44 | 2,645,435.80 | 3,171,750.24 |
| 9/1/2025 | 1,015,000 | 4.440 | 305,593.00 | 1,320,593.00 | | | | | |
| 3/1/2026 | | | 283,060.00 | 283,060.00 | 1,603,653.00 | (234,133.34) | 1,369,519.66 | 1,802,623.20 | 3,172,142.86 |
| 9/1/2026 | 3,220,000 | 4.580 | 283,060.00 | 3,503,060.00 | | | | | |
| 3/1/2027 | | | 209,322.00 | 209,322.00 | 3,712,382.00 | (542,007.77) | 3,170,374.23 | | 3,170,374.23 |
| 9/1/2027 | 3,370,000 | 4.700 | 209,322.00 | 3,579,322.00 | | | | | |
| 3/1/2028 | | | 130,127.00 | 130,127.00 | 3,709,449.00 | (541,579.55) | 3,167,869.45 | | 3,167,869.45 |
| 9/1/2028 | 3,535,000 | 4.810 | 130,127.00 | 3,665,127.00 | | | | | |
| 3/1/2029 | | | 45,110.25 | 45,110.25 | 3,710,237.25 | (541,694.64) | 3,168,542.61 | | 3,168,542.61 |
| 9/1/2029 | 1,845,000 | 4.890 | 45,110.25 | 1,890,110.25 | | | | | |
| 3/1/2030 | | | | | 1,890,110.25 | (275,956.10) | 1,614,154.15 | | 1,614,154.15 |
| TOTALS | 13,045,000 | | 9,192,051.00 | 22,237,051.00 | 22,237,051.00 | (3,246,609.45) | 18,990,441.55 | 36,155,615.86 | 55,146,057.42 |
| PE%= | 20.00% | | | | | | | | |
| AR%= | 73.00% | | | | | | | | |

A1-2

WARREN COUNTY SCHOOL DISTRICT

Estimated Millage Summary

WRAP AROUND DEBT SERVICE STRUCTURE

| | 1 | 2 | 3 | 4 |
|---------------------------------|---|--------------|-------------------|----------------------|
| | | QZAB | Tax Exempt | Gross Millage |
| Issue Size | | \$23,500,000 | \$13,045,000 | \$36,545,000 |
| Dated Date | | 5/23/2011 | 11/1/2012 | |
| 2011-2012 | | 0.39 | 0.00 | 0.39 |
| 2012-2013 | | 0.10 | 0.42 | 0.52 |
| 2013-2014 | | 0.00 | 0.84 | 0.84 |
| 2014-2015 | | 0.00 | 0.00 | 0.00 |
| Total Millage Equivalent | | 0.49 | 1.26 | 1.75 |

Assumptions

- Assumes PE% = 20.00%
- 1 collected mill = \$420,000

EXHIBIT A2

Public Financial Management, Inc. 2/28/2011

9



National Education Foundation CyberLearning

"Quality Education for All"

national non-profit leader in bridging the academic and digital divides

4926 C Eisenhower Ave, Alexandria, VA 22304
Tel. (703) 823-9999 Fax (703) 823-9990

E-mail: courses@cyberlearning.org
URL: www.cyberlearning.org

Advisors

- **Hon. Clarence Cooper**
U.S. Federal Judge
- **Dr. Appu Kuttan**
Philanthropist, Author
and Recognized Global
Leader in Digital
Education, Education
Systems, Management
Systems & Economic
Development
- **Dr. Laurence Peters**
Former U.S. Education
Department Senior
Official and First QZAB
Director
- **Alan Weinberger**
ASCII Group CEO
- **Pam Shriver**
USTA Foundation
President and
Tennis Hall of Famer

Supporting Organizations

- Microsoft
- Cisco
- Dell
- Lockheed Martin
- Washington Post
- Mindleaders
- Barron's Education
- Certiport
- ASCII

February 23, 2011

Robert E. Terrill Ed.D.
Superintendent
Warren County School District
185 Hospital Drive, Curwen Building
North Warren, PA 16365

RE: **Solutions Site License for the Eisenhower M/SHS QZAB**

Dear Dr. Terrill,

We are delighted that you have decided to set up a QZAB CyberLearning STEM Academy (QCSA) in your school district to serve your students and teachers, and that you have further requested a Solution Site License to support the QCSA to ensure compliance with the QZAB law.

The site licenses will provide:

- Onsite director (monthly stipend paid by us) to set up the QCSA
- A state-of-the-art Learning Management System (LMS) that can track student activities and progress for every student and help generate instant reports. This LMS is similar to the commercially available LMS from Blackboard Inc., which sells its LMS for about \$50-\$200 or more per year. See www.blackboard.com
- Online or onsite training and mentoring for participating teachers and directors on the LMS. The prevailing market rate for such mentoring service is \$30-\$40 per hour. See <http://www.tutor.com/pricing/>
- Technical assistance on structuring of academy programs and motivational rewards and mentoring programs
- Motivational rewards such as stipends for teachers
- Motivational rewards such as iPods for students
- Motivational awards such as gift certificates for parents
- Tech support
- World-class K-12 STEM and SAT/ACT Programs, which increase student scores and skills significantly.

Please complete the attached form below and we will begin to reserve the necessary resources to provide your school district with the services needed to complete your QCSA program successfully.

Sincerely,

Dr. Appu Kuttan
Chairman

EXIB.B-1

QZAB CyberLearning Solutions Site License Letter (Page Two)

I, Robert E. Terrill Ed.D. Superintendent, Warren County School District, understand that NEF CyberLearning will provide a series of Solution Site License services listed above to our school district designed to make the QCSA successful, including helping us identify funding opportunities designed to sustain the Academy beyond the initial period. I further understand that if we are going to be successful, it is important that we measure the success of our students by conducting pre and post tests built into the courses, so that QCSA staff can monitor the progress of our students.

Upon issuance of the QZAB Bond, Warren County School District will designate a QCSA director and provide payments according to the following schedule:

| | <u>Total Licenses</u> | <u>Amount @\$30/license</u> |
|---|-----------------------|-----------------------------|
| Due on QZAB closing date (2% of QZAB allowed by QZAB law) | 8,000 | \$240,000 |
| First Anniversary of the closing date | 2,288 | \$68,440 |
| Second Anniversary of the closing date | 2,288 | \$68,440 |
| Third Anniversary of the closing date | 2,288 | \$68,440 |
| Fourth Anniversary of the closing date | 2,286 | \$68,580 |

Payment can come from any source including Title I funds or come from savings by replacing existing online programs.

The Solutions Site License covers a series of services outlined above. NEF CyberLearning will set up a workshop to take the designated QCSA director and participating teachers through the important steps of setting up and administering the Academy program. The licenses can be used during a one year period starting on the date of issue stated above.

We will make every effort to: 1) make the QCSA successful;
2) fund the QCSA program beyond the five year period.

Please complete the following and email/ fax us a copy of this letter and then mail the original to us. Our fax # is 703-823-9990

QZAB CyberLearning STEM Academy (QCSA) Director Info (if available):

Name _____

Email _____

Phone _____

Best days of the week and times to
contact: _____

School Superintendent/Authorized Person (Director of Buildings & Grounds Services):

I accept the terms specified above.

Authorized Signature: _____ Date: _____

Authorized Name: _____

Witness Signature: _____ Date: _____

EXHIBIT-2



National Education Foundation CyberLearning

"Quality Education for All"

national non-profit leader in bridging the academic and digital divides

4926 C Eisenhower Ave, Alexandria, VA 22304
Tel. (703) 823-9999 Fax (703) 823-9990

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Education, Education
Systems, Management
Systems & Economic
Development
- **Dr. Laurence Peters**
Former U.S. Education
Department Senior
Official and First QZAB
Director
- **Alan Weinberger**
ASCII Group CEO
- **Pam Shriver**
USTA Foundation
President and
Tennis Hall of Famer

Supporting Organizations

- Microsoft
- Cisco
- Dell
- Lockheed Martin
- Washington Post
- Mindleaders
- Barron's Education
- Certiport
- ASCII

February 23, 2011

Robert E. Terrill Ed.D.
Superintendent
Warren County School District
185 Hospital Drive, Curwen Building
North Warren, PA 16365

RE: **Solutions Site License for the Beatty Warren MS QZAB**

Dear Dr. Terrill,

We are delighted that you have decided to set up a QZAB CyberLearning STEM Academy (QCSA) in your school district to serve your students and teachers, and that you have further requested a Solution Site License to support the QCSA to ensure compliance with the QZAB law.

The site licenses will provide:

- Onsite director (monthly stipend paid by us) to set up the QCSA
- A state-of-the-art Learning Management System (LMS) that can track student activities and progress for every student and help generate instant reports. This LMS is similar to the commercially available LMS from Blackboard Inc., which sells its LMS for about \$50-\$200 or more per year. See www.blackboard.com
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- Motivational awards such as gift certificates for parents
- Tech support
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Chairman

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QZAB CyberLearning Solutions Site License Letter (Page Two)

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|---|-----------------------|-----------------------------|
| Due on QZAB closing date (2% of QZAB allowed by QZAB law) | 7,666 | \$230,000 |
| First Anniversary of the closing date | 2,191 | \$65,730 |
| Second Anniversary of the closing date | 2,191 | \$65,730 |
| Third Anniversary of the closing date | 2,191 | \$65,730 |
| Fourth Anniversary of the closing date | 2,191 | \$65,730 |

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We will make every effort to: 1) make the QCSA successful;
2) fund the QCSA program beyond the five year period.

Please complete the following and email/ fax us a copy of this letter and then mail the original to us. Our fax # is 703-823-9990

QZAB CyberLearning STEM Academy (QCSA) Director Info (if available):

Name _____

Email _____

Phone _____

Best days of the week and times to
contact: _____

School Superintendent/Authorized Person (Director of Buildings & Grounds Services):

I accept the terms specified above.

Authorized Signature: _____ Date: _____

Authorized Name: _____

Witness Signature: _____ Date: _____