

S T A T E O F N E W Y O R K

6413--A

I N S E N A T E

(PREFILED)

January 6, 2010

Introduced by Sens. GOLDEN, C. JOHNSON -- read twice and ordered printed, and when printed to be committed to the Committee on Education -- recommitted to the Committee on Education in accordance with Senate Rule 6, sec. 8 -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the education law, in relation to allowing BOCES to enter into certain contracts with charter schools, extending the number of charters issued for charter schools, expanding the function of charter schools, and the financing of charter schools; to amend the public authorities law, in relation to establishing the charter school loan and lease program; and to amend the state finance law, in relation to expanding the purpose of the charter school stimulus fund

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 Section 1. Paragraph h of subdivision 4 of section 1950 of the educa-
2 tion law is amended by adding two new subparagraphs 8 and 9 to read as
3 follows:
4 (8) TO ENTER INTO CONTRACTS AS NECESSARY TO CARRY OUT THE PURPOSES OF
5 THE BOARD OF COOPERATIVE EDUCATIONAL SERVICES AS OUTLINED IN THIS
6 SECTION.
7 (9) TO ENTER INTO CONTRACTS WITH CHARTER SCHOOLS AUTHORIZED BY ARTICLE
8 FIFTY-SIX OF THIS CHAPTER, TO PROVIDE SERVICES AS AUTHORIZED BY THIS
9 SECTION.
10 S 2. Subdivision 9 of section 2852 of the education law, as amended by
11 section 2 of part D-2 of chapter 57 of the laws of 2007, is amended to
12 read as follows:
13 9. The total number of charters issued pursuant to this article shall
14 not exceed [two] FOUR hundred SIXTY. [One] TWO hundred THIRTY of such
15 charters shall be issued on the recommendation of the charter entity
16 described in paragraph (b) of subdivision three of section twenty-eight
17 hundred fifty-one of this article, and [one] TWO hundred THIRTY of such
18 charters shall be issued on the recommendation of the other charter
19 entities set forth in subdivision three of section twenty-eight hundred
20 fifty-one of this article, provided that up to fifty of the additional
21 charters authorized to be issued by [the] chapter FIFTY-SEVEN of the
22 laws of two thousand seven [which amended this subdivision effective

EXPLANATION--Matter in ITALICS (underscored) is new; matter in brackets
[] is old law to be omitted.

LBD15293-03-0

1 July first, two thousand seven] shall be reserved for a city school
2 district of a city having a population of one million or more. The fail-
3 ure of any body to issue the regulations authorized pursuant to this
4 article shall not [effect] AFFECT the authority of a charter entity to
5 propose a charter to the board of regents or the board of regents'
6 authority to grant such charter. A conversion of an existing public
7 school to a charter school or the renewal or extension of a charter
8 shall not be counted toward the numerical limits established by this
9 subdivision.

10 S 3. Paragraph (b-1) of subdivision 1 of section 2853 of the education
11 law, as added by chapter 4 of the laws of 1998, is amended to read as
12 follows:

13 (b-1) An education corporation operating a charter school shall not be
14 authorized to operate more than one school [or] BUT MAY BE AUTHORIZED TO
15 house any grade at more than one site[, provided that:

16 (A) a]. A CHARTER SCHOOL HOUSING TWO OR MORE GRADES AT MORE THAN ONE
17 SITE SHALL HAVE EACH SUCH ADDITIONAL SITE DEEMED AS A CHARTER ISSUED FOR
18 THE PURPOSES OF SUBDIVISION NINE OF SECTION TWENTY-EIGHT HUNDRED FIFTY-
19 TWO OF THIS ARTICLE. NOTWITHSTANDING ANY OTHER PROVISION OF THIS CHAP-
20 TER, APPROVAL OF REVISIONS TO A CHARTER OR CHARTERS TO AUTHORIZE AN
21 EDUCATION CORPORATION TO HOUSE ANY GRADE OR GRADES AT MORE THAN ONE
22 SITE, INCLUDING THE MERGER OR CONSOLIDATION OF EXISTING EDUCATION CORPO-
23 RATIONS OPERATING CHARTER SCHOOLS TO A SINGLE EDUCATION CORPORATION,
24 SHALL BE MADE IN ACCORDANCE WITH PARAGRAPH (A) OF SUBDIVISION SEVEN OF
25 SECTION TWENTY-EIGHT HUNDRED FIFTY-TWO OF THIS ARTICLE. UPON SUCH MERGER
26 OR CONSOLIDATION, THE SURVIVING OR CONSOLIDATED EDUCATION CORPORATION,
27 PLUS ANY SUCH ADDITIONAL SITES, SHALL CONTINUE TO EACH BE COUNTED AS A
28 CHARTER ISSUED FOR THE PURPOSES OF SUBDIVISION NINE OF SECTION
29 TWENTY-EIGHT HUNDRED FIFTY-TWO OF THIS ARTICLE. IF A CHARTER SCHOOL HAS
30 EMPLOYEES WHO ARE MEMBERS OF A COLLECTIVE BARGAINING ORGANIZATION PURSU-
31 ANT TO ARTICLE FOURTEEN OF THE CIVIL SERVICE LAW THAT MERGES OR CONSOL-
32 IDATES WITH A CHARTER SCHOOL WHOSE EMPLOYEES ARE NOT MEMBERS OF A
33 COLLECTIVE BARGAINING ORGANIZATION, EMPLOYEES OF THE MERGED OR CONSOL-
34 IDATED CHARTER SCHOOL SHALL BE MEMBERS OF THE COLLECTIVE BARGAINING
35 ORGANIZATION THAT REPRESENTED LIKE POSITIONS, IF ANY, PRIOR TO THE MERG-
36 ER OR CONSOLIDATION. A charter school may operate in more than one
37 building at a single site; and

38 [(B)] a charter school which provides instruction to its students at
39 different locations for a portion of their school day shall be deemed to
40 be operating at a single site; AND A CHARTER SCHOOL OPERATING AT MORE
41 THAN ONE SITE BUT WHICH HOUSES EACH GRADE AT A SINGLE SITE SHALL BE
42 DEEMED TO BE OPERATING AT A SINGLE SITE.

43 S 3-a. Paragraph (p) of subdivision 2 of section 2851 of the education
44 law, as added by chapter 4 of the laws of 1998, is amended to read as
45 follows:

46 (p) The term of the proposed charter, which shall not exceed five
47 SCHOOL years IN WHICH INSTRUCTION IS PROVIDED TO PUPILS, PLUS THE PERIOD
48 COMMENCING WITH THE EFFECTIVE DATE OF THE CHARTER AND ENDING WITH THE
49 OPENING OF THE SCHOOL FOR INSTRUCTION.

50 S 4. Paragraph (a) of subdivision 1 of section 2853 of the education
51 law, as added by chapter 4 of the laws of 1998, is amended to read as
52 follows:

53 (a) Upon the approval of a charter by the board of regents, the board
54 of regents shall incorporate the charter school as an education corpo-
55 ration for a term not to exceed five SCHOOL years IN WHICH INSTRUCTION
56 IS PROVIDED TO PUPILS, PLUS THE PERIOD COMMENCING WITH THE EFFECTIVE

1 DATE OF THE CHARTER AND ENDING WITH THE OPENING OF THE SCHOOL FOR
2 INSTRUCTION. Such certificate of incorporation shall not modify or
3 limit any terms of the charter approved by the board of regents. Upon
4 approval of an application to renew a charter, the board of regents
5 shall extend the certificate of incorporation for a term not to exceed
6 five SCHOOL years, PLUS THE PERIOD, IF ANY, COMMENCING WITH THE EFFEC-
7 TIVE DATE OF THE RENEWAL CHARTER AND ENDING WITH THE FIRST DAY OF THE
8 FIRST FULL SCHOOL YEAR IN WHICH INSTRUCTION IS PROVIDED UNDER THE
9 RENEWAL CHARTER. Upon termination or nonrenewal of the charter of a
10 charter school pursuant to section twenty-eight hundred fifty-five of
11 this article, the certificate of incorporation of the charter school
12 shall be revoked by the board of regents pursuant to section two hundred
13 nineteen of this chapter, provided that compliance with the notice and
14 hearing requirements of such section twenty-eight hundred fifty-five of
15 this article shall be deemed to satisfy the notice and hearing require-
16 ments of such section two hundred nineteen. It shall be the duty of the
17 trustees of the charter school to obtain federal tax-exempt status no
18 later than one year following approval of a charter school by the board
19 of regents. For purposes of this article, "certificate of incorporation"
20 shall mean the provisional charter issued by the board of regents to
21 form the charter school as an educational corporation pursuant to
22 sections two hundred sixteen and two hundred seventeen of this chapter.

23 S 5. Paragraph (a) of subdivision 2 of section 2854 of the education
24 law, as amended by section 5 of part D-2 of chapter 57 of the laws of
25 2007, is amended to read as follows:

26 (a) A charter school shall be nonsectarian in its programs, admission
27 policies, employment practices, and all other operations and shall not
28 charge tuition or fees; provided that a charter school may require the
29 payment of fees on the same basis and to the same extent as other public
30 schools. A charter school shall not discriminate against any student,
31 employee or any other person on the basis of ethnicity, national origin,
32 gender, or disability or any other ground that would be unlawful if done
33 by a school. Admission of students shall not be limited on the basis of
34 intellectual ability, measures of achievement or aptitude, athletic
35 ability, disability, race, creed, gender, national origin, religion, or
36 ancestry; provided, however, that nothing in this article shall be
37 construed to prevent the establishment of a single-sex charter school or
38 a charter school designed to provide expanded learning opportunities for
39 students at-risk of academic failure WHICH MAY INCLUDE, BUT NOT BE
40 LIMITED TO, STUDENTS WITH DISABILITIES AND LIMITED ENGLISH PROFICIENT
41 STUDENTS; and provided, further, that the charter school shall demon-
42 strate good faith efforts to attract and retain a comparable or greater
43 enrollment of students with disabilities and limited English proficient
44 students when compared to the enrollment figures for such students in
45 the school district in which the charter school is located. A charter
46 shall not be issued to any school that would be wholly or in part under
47 the control or direction of any religious denomination, or in which any
48 denominational tenet or doctrine would be taught.

49 S 6. Paragraph (c) of subdivision 2 of section 2854 of the education
50 law, as added by chapter 4 of the laws of 1998, is amended to read as
51 follows:

52 (c) A charter school shall serve one or more of the grades [one]
53 KINDERGARTEN through twelve, and shall limit admission to pupils within
54 the grade levels served. Nothing herein shall prohibit a charter school
55 from establishing a [kindergarten] PRE-KINDERGARTEN program, PROVIDED
56 HOWEVER, THAT THE STUDENTS ENROLLED IN SUCH PRE-KINDERGARTEN PROGRAM

1 SHALL NOT BE INCLUDED IN THE ENROLLMENT FOR PURPOSES OF PARAGRAPHS (A)
2 AND (B) OF SUBDIVISION ONE OF SECTION TWENTY-EIGHT HUNDRED FIFTY-SIX OF
3 THIS ARTICLE; AND PROVIDED FURTHER, HOWEVER, THAT SUCH PRE-KINDERGARTEN
4 PROGRAM SHALL BE ELIGIBLE FOR FUNDING IN ACCORDANCE WITH PARAGRAPH (D)
5 OF SUBDIVISION ONE OF SECTION TWENTY-EIGHT HUNDRED FIFTY-SIX OF THIS
6 ARTICLE.

7 S 7. Subdivision 1 of section 2856 of the education law is amended by
8 adding two new paragraphs (d) and (e) to read as follows:

9 (D) THE COMMISSIONER SHALL PAY EACH CHARTER SCHOOL OPERATING A
10 PRE-KINDERGARTEN PROGRAM A GRANT AMOUNT IN PROPORTION TO THE AMOUNT
11 COMPUTED FOR THE SCHOOL DISTRICT IN WHICH THE CHARTER SCHOOL IS LOCATED
12 PURSUANT TO SUBDIVISION TEN OF SECTION THIRTY-SIX HUNDRED TWO-E OF THIS
13 CHAPTER BASED ON THE PROJECTED NUMBER OF PRE-KINDERGARTEN PUPILS TO BE
14 SERVED BY THE CHARTER SCHOOL. PAYMENTS PURSUANT TO THIS PARAGRAPH SHALL
15 BE MADE BY THE COMMISSIONER IN SIX SUBSTANTIALLY EQUAL INSTALLMENTS EACH
16 YEAR BEGINNING ON THE FIRST BUSINESS DAY OF JULY AND EVERY TWO MONTHS
17 THEREAFTER. PAYMENTS MADE PURSUANT TO THIS PARAGRAPH SHALL BE MADE BY
18 THE COMMISSIONER FROM MONEYS APPROPRIATED BY THE STATE LEGISLATURE FOR
19 THE SUPPORT OF PUBLIC SCHOOLS. AMOUNTS PAYABLE TO A CHARTER SCHOOL IN
20 ITS FIRST YEAR OF OPERATION OF A PRE-KINDERGARTEN PROGRAM SHALL BE BASED
21 ON THE PROJECTIONS OF INITIAL-YEAR ENROLLMENT SET FORTH IN THE CHARTER
22 UNTIL ACTUAL ENROLLMENT DATA IS REPORTED TO THE COMMISSIONER BY THE
23 CHARTER SCHOOL. SUCH PROJECTIONS SHALL BE RECONCILED WITH THE ACTUAL
24 ENROLLMENT AS ACTUAL ENROLLMENT DATA IS SO REPORTED AND AT THE END OF
25 THE SCHOOL'S FIRST YEAR OF OPERATION AND EACH SUBSEQUENT YEAR BASED ON A
26 FINAL REPORT OF ACTUAL ENROLLMENT BY THE CHARTER SCHOOL, AND ANY NECES-
27 SARY ADJUSTMENTS RESULTING FROM SUCH FINAL REPORT SHALL BE MADE TO
28 PAYMENTS DURING THE SCHOOL'S FOLLOWING YEAR OF OPERATION.

29 (E) SUBJECT TO APPROPRIATION BY THE STATE LEGISLATURE, FOR EACH
30 STUDENT ENROLLED IN A CHARTER SCHOOL, AN AMOUNT UP TO FIFTEEN PER CENTUM
31 OF THE AMOUNT CALCULATED PURSUANT TO PARAGRAPH (A) OF THIS SUBDIVISION
32 SHALL BE PAID BY THE COMMISSIONER DIRECTLY TO EACH CHARTER SCHOOL
33 RECEIVING PAYMENTS IN ACCORDANCE WITH SUCH PARAGRAPH. PAYMENTS PURSUANT
34 TO THIS PARAGRAPH SHALL BE MADE BY THE COMMISSIONER FOR THE PURPOSES OF
35 SECURING FACILITIES INCLUDING, BUT NOT LIMITED TO, CONSTRUCTION OF ANY
36 NEW BUILDING, PURCHASE OF AN EXISTING BUILDING, OR REFINANCING OF AN
37 EXISTING BUILDING IN ORDER TO FACILITATE IMPROVEMENTS THERETO; THE
38 FINANCING OF REAL PROPERTY DEEMED ESSENTIAL FOR THE CONDUCT OF A CHARTER
39 SCHOOL, THE EXTENSION OR PROVISION OF UTILITIES AND ANY OTHER APPURTEN-
40 ANT FACILITIES TO BE USED BY ANY CHARTER SCHOOL; AND PERIODIC PAYMENTS
41 CALLED FOR UNDER THE TERMS OF A LOAN WHICH MAY INCLUDE BUT IS NOT LIMIT-
42 ED TO, INTEREST, INSTALLMENTS OF PRINCIPAL, TAXES AND ASSESSMENTS, LOAN
43 INSURANCE PREMIUMS AND HAZARD INSURANCE PREMIUMS. PAYMENTS PURSUANT TO
44 THIS PARAGRAPH SHALL BE MADE IN SIX SUBSTANTIALLY EQUAL INSTALLMENTS
45 EACH YEAR BEGINNING ON THE FIRST BUSINESS DAY OF JULY AND EVERY TWO
46 MONTHS THEREAFTER.

47 S 8. Subdivision 1 of section 3602-e of the education law is amended
48 by adding a new paragraph a-1 to read as follows:

49 A-1. "CHARTER SCHOOL" SHALL MEAN A SCHOOL AUTHORIZED BY ARTICLE
50 FIFTY-SIX OF THIS CHAPTER. NOTWITHSTANDING ANY PROVISION OF THIS SECTION
51 TO THE CONTRARY, APPROVAL OF PRE-KINDERGARTEN PROGRAMS OPERATED BY A
52 CHARTER SCHOOL SHALL BE MADE IN ACCORDANCE WITH SECTION TWENTY-EIGHT
53 HUNDRED FIFTY-TWO OF THIS CHAPTER.

54 S 9. Paragraph a of subdivision 9 of section 3602-e of the education
55 law, as amended by section 21 of part B of chapter 57 of the laws of
56 2008, is amended to read as follows:

1 a. Each year, the commissioner shall determine the maximum allocation
2 that each district AND CHARTER SCHOOL would be eligible to receive
3 pursuant to this section in the following school year based on pupil
4 data on file with the commissioner on a date prescribed by the commis-
5 sioner, and applying the formula specified in subdivision ten of this
6 section. No later than April thirtieth of the base year, the commission-
7 er shall notify districts AND CHARTER SCHOOLS of the maximum allocations
8 they may be eligible for pursuant to this section in the following
9 school year, and such maximum allocations shall be deemed final and not
10 subject to change thereafter, EXCEPT AS PROVIDED IN PARAGRAPH (D) OF
11 SUBDIVISION ONE OF SECTION TWENTY-EIGHT HUNDRED FIFTY-SIX OF THIS CHAP-
12 TER.

13 S 10. The public authorities law is amended by adding a new section
14 1689-j to read as follows:

15 S 1689-J. CHARTER SCHOOL LOAN AND LEASE GUARANTEE PROGRAM. 1. DEFINI-
16 TIONS. (A) "AUTHORITY" SHALL MEAN THE DORMITORY AUTHORITY CREATED BY
17 SECTION SIXTEEN HUNDRED SEVENTY-SEVEN OF THIS CHAPTER.

18 (B) "CHARTER SCHOOL" SHALL MEAN A SCHOOL AUTHORIZED BY ARTICLE FIFTY-
19 SIX OF THE EDUCATION LAW.

20 (C) "CHARTER SCHOOL PROJECT" SHALL MEAN CONSTRUCTION OF ANY NEW BUILD-
21 ING, PURCHASE OF AN EXISTING BUILDING, OR REFINANCING OF AN EXISTING
22 BUILDING IN ORDER TO FACILITATE SUBSTANTIAL IMPROVEMENT THERETO, THE
23 FINANCING OF REAL PROPERTY DEEMED ESSENTIAL FOR THE CONDUCT OF A CHARTER
24 SCHOOL, THE EXTENSION OR PROVISION OF UTILITIES AND ANY OTHER APPURTEN-
25 ANT FACILITIES TO BE USED BY ANY CHARTER SCHOOL APPROVED PURSUANT TO
26 SECTION TWENTY-EIGHT HUNDRED FIFTY-TWO OF THE EDUCATION LAW.

27 (D) "LENDING INSTITUTION" SHALL MEAN THE ORIGINAL LENDER UNDER THE
28 LOAN AGREEMENT OF PARTICIPANTS THEREIN AND ITS SUCCESSORS AND ASSIGNS,
29 AND MAY INCLUDE BUT IS NOT LIMITED TO, AN INDIVIDUAL LENDER, CORPO-
30 RATION, INSURANCE COMPANY, BANK, INVESTMENT COMPANY, EXECUTOR, TRUSTEE
31 OR OTHER FIDUCIARY, PENSION, PROFIT SHARING, AND RETIREMENT FUND.

32 (E) "PAYMENTS" SHALL MEAN PERIODIC PAYMENTS CALLED FOR UNDER THE TERMS
33 OF A LOAN, AND MAY INCLUDE, BUT IS NOT LIMITED TO, INTEREST, INSTALL-
34 MENTS OF PRINCIPAL, TAXES AND ASSESSMENTS, LOAN INSURANCE PREMIUMS AND
35 HAZARD INSURANCE PREMIUMS.

36 2. POWERS AND LIMITATIONS. THE AUTHORITY SHALL HAVE POWER TO:

37 (A) GUARANTEE LOAN AND LEASE REPAYMENTS TO A LENDING INSTITUTION THAT
38 HAS PROVIDED THE FUNDING FOR A CHARTER SCHOOL, AS DEFINED HEREIN, NOT TO
39 EXCEED EIGHTY PER CENTUM OF THE AMOUNT OF SUCH LOAN, UPON SUCH TERMS AND
40 CONDITIONS AS THE FUND MAY PRESCRIBE, AND FOR SUCH PURPOSES, THE FUND
41 MAY ENTER INTO SUCH AGREEMENT OR AGREEMENTS WITH LENDING INSTITUTIONS OR
42 OTHER PERSONS AS REQUIRED.

43 (B) ACCEPT GIFTS, GRANTS OR LOANS FROM, AND ENTER INTO CONTRACT OR
44 OTHER TRANSACTION WITH, ANY FEDERAL OR STATE AGENCY, ANY MUNICIPALITY,
45 ANY PRIVATE ORGANIZATION OR ANY OTHER SOURCE.

46 (C) ENTER INTO AGREEMENTS WITH PROSPECTIVE LENDING INSTITUTIONS AND
47 BORROWERS FOR THE PURPOSE OF PLANNING, DESIGNING, CONSTRUCTING, ACQUIR-
48 ING, ALTERING AND FINANCING PROJECTS.

49 (D) WHEN IT BECOMES DESIRABLE FOR THE FUND TO SAFEGUARD ITSELF FROM
50 LOSSES, IT MAY ACQUIRE, PURCHASE, MANAGE AND OPERATE, HOLD AND DISPOSE
51 OF REAL AND PERSONAL PROPERTY, TAKE ASSIGNMENTS OF RENTALS AND LEASES
52 AND MAKE AND ENTER INTO ALL CONTRACTS, LEASES, AGREEMENTS AND ARRANGE-
53 MENTS NECESSARY OR INCIDENTAL TO THE PERFORMANCE OF ITS DUTIES.

54 (E) IN ORDER TO FURTHER THE PURPOSES OF THIS ACT, OR TO SAFEGUARD THE
55 LOAN GUARANTEE FUND, PURCHASE, ACQUIRE AND TAKE ASSIGNMENTS OF NOTES,
56 MORTGAGES, AND OTHER FORMS OF SECURITY AND EVIDENCES OF INDEBTEDNESS,

1 PURCHASE, ACQUIRE, ATTACH, SEIZE, ACCEPT OR TAKE TITLE TO ANY PROJECT BY
2 CONVEYANCE, OR WHEN AN INSURED LOAN THEREON IS IN DEFAULT, FORECLOSE,
3 SELL, LEASE OR RENT THE SUBJECT MATTER PROVIDED FOR BY THE LOAN.

4 (F) PRESCRIBE STANDARDS AND CRITERIA BY WHICH APPLICATIONS FOR LOAN
5 GUARANTEES FOR CHARTER SCHOOLS WILL BE JUDGED, INsofar AS SUCH STANDARDS
6 AND CRITERIA ARE NOT INCONSISTENT WITH THE PURPOSES OF THIS ARTICLE.

7 (G) GUARANTEE TO ANY BONDING AGENCY AUTHORIZED TO DO BUSINESS IN THIS
8 STATE ANY BOND NECESSARY TO THE ACTIVITY OF THE CHARTER SCHOOL OR FOR
9 THE UNDERTAKING OF A CHARTER SCHOOL PROJECT. SUCH GUARANTEE SHALL NOT
10 EXCEED EIGHTY PER CENTUM OF THE FACE AMOUNT OF ANY LOSS INCURRED BY THE
11 BONDING AGENCY.

12 (H) ISSUE AND SELL ITS DEBENTURES, BEARING SUCH INTEREST RATES AND
13 HAVING SUCH MATURITIES AND OTHER TERMS AND PROVISIONS AS MAY BE DETER-
14 MINED BY THE AUTHORITY.

15 (I) TO DO ANY AND ALL THINGS NECESSARY OR CONVENIENT TO CARRY OUT ITS
16 PURPOSES AND EXERCISE THE POWERS GIVEN AND GRANTED UNDER THIS SECTION,
17 OR UNDER ANY OTHER LAW, SPECIAL, GENERAL OR LOCAL.

18 3. LOAN AND LEASE GUARANTEE FUND. THE AUTHORITY SHALL ESTABLISH A LOAN
19 GUARANTEE FUND. THE LOAN GUARANTEE FUND SHALL BE A NON-LAPSING, REVOLV-
20 ING FUND TO BE USED FOR THE PURPOSE OF CARRYING OUT THE PROVISIONS OF
21 THIS SECTION. TO SUCH LOAN GUARANTEE FUND SHALL BE CHARGED PAYMENTS
22 REQUIRED BY LOAN DEFAULTS. TO SUCH LOAN GUARANTEE FUND SHALL BE CREDITED
23 ALL RECEIPTS OF THE FUND, OTHER THAN RECEIPTS ALLOCATED FOR THE PAYMENT
24 OF CURRENT OPERATING EXPENSES, INCLUDING LOAN GUARANTEE PREMIUMS, GIFTS,
25 GRANTS OR LOANS, PROCEEDS OF THE SALE OF DEBENTURES BY THE FUND, TRANS-
26 FERS FROM THE CHARTER SCHOOLS STIMULUS FUND CREATED BY SECTION
27 NINETY-SEVEN-SSS OF THE STATE FINANCE LAW, AND PROCEEDS FROM THE SALE,
28 DISPOSAL, LEASE OR RENTAL OF REAL OR PERSONAL PROPERTY WHICH THE FUND
29 MAY RECEIVE UNDER THE PROVISIONS OF THIS SECTION. MONIES OF THE LOAN
30 GUARANTEE FUND, NOT NEEDED TO MEET CURRENT OBLIGATIONS OF THE FUND,
31 SHALL BE DEPOSITED TO THE CREDIT OF SUCH LOAN GUARANTEE FUND AND MAY BE
32 INVESTED AS THE DIRECTORS OF THE FUND SHALL DETERMINE.

33 4. GUARANTEE OF LOANS AND LEASES. THE AUTHORITY IS AUTHORIZED TO GUAR-
34 ANTEE REPAYMENTS OF A LOAN MADE BY A LENDING INSTITUTION TO PROVIDE
35 FUNDING FOR CHARTER SCHOOL PROJECTS AS DEFINED HEREIN, NOT TO EXCEED
36 EIGHTY PER CENTUM OF THE PRINCIPAL AMOUNT OF THE OBLIGATION, UPON SUCH
37 TERMS AND CONDITIONS AS THE AUTHORITY MAY PRESCRIBE, PROVIDED THAT THE
38 AGGREGATE AMOUNT OF THE UNPAID BALANCE OF ALL OBLIGATIONS SO GUARANTEED
39 AND OUTSTANDING AT ANY ONE TIME SHALL NOT EXCEED TEN MILLION DOLLARS
40 DURING THE FIRST FISCAL YEAR OF OPERATIONS OF THE FUND, AND IN ANY
41 SUCCEEDING FISCAL YEAR, FIVE TIMES THE AVERAGE ANNUAL BALANCE IN THE
42 LOAN GUARANTEE FUND FOR THE PRECEDING FISCAL YEAR, AND PROVIDED FURTHER,
43 HOWEVER, THAT THE TOTAL POTENTIAL LIABILITY OF THE FUND TO A LENDING
44 INSTITUTION ON BEHALF OF ANY ONE BORROWER SHALL NOT EXCEED FIVE MILLION
45 DOLLARS.

46 5. CONDITIONS FOR GUARANTEE. IN ORDER FOR A LOAN TO BE GUARANTEED
47 UNDER THE PROVISIONS OF THIS SECTION, THE LOAN TO BE GUARANTEED MUST BE
48 EXECUTED BY A BORROWER TO WHOM CREDIT IS NOT REASONABLY AVAILABLE AND
49 PROVIDE FINANCING FOR THE ACQUISITION, CONSTRUCTION, RECONSTRUCTION OR
50 REHABILITATION OF A FACILITY FOR A CHARTER SCHOOL.

51 6. LOAN GUARANTEE PREMIUM. THE AUTHORITY IS AUTHORIZED BUT NOT
52 REQUIRED TO FIX PREMIUMS FOR THE GUARANTEE OF LOAN REPAYMENTS UNDER THE
53 PROVISIONS OF THIS ACT, SUCH PREMIUMS TO BE COMPUTED AS A PERCENTAGE,
54 WHICH SHALL NOT EXCEED ONE PER CENTUM PER ANNUM ON THAT PORTION OF THE
55 PRINCIPAL OBLIGATION GUARANTEED HEREUNDER AS THE FUND SHALL DETERMINE ON
56 THE BASIS OF ALL PERTINENT AVAILABLE DATA. SUCH PREMIUMS SHALL BE PAYA-

1 BLE BY THE BORROWER IN SUCH MANNER AS SHALL BE PRESCRIBED BY THE AUTHOR-
2 ITY. THE AMOUNT OF PREMIUM IS NOT REQUIRED TO BE UNIFORM AMONG THE VARI-
3 OUS LOANS INSURED.

4 7. EXPENSES. THE AUTHORITY MAY IN ITS DISCRETION EXPEND SUCH MONIES AS
5 MAY BE NECESSARY FOR ANY OF ITS EXPENSES, INCLUDING ADMINISTRATIVE,
6 LEGAL, ACTUARIAL AND OTHER SERVICES.

7 8. OBLIGATIONS ELIGIBLE FOR INVESTMENT. OBLIGATIONS GUARANTEED BY THE
8 AUTHORITY UNDER THIS SECTION AND PARTICIPATIONS THEREIN ARE HEREBY MADE
9 LEGAL INVESTMENTS FOR ALL INSURANCE COMPANIES, TRUST COMPANIES, BANKS,
10 INVESTMENT COMPANIES, SAVINGS BANKS, BUILDING AND LOAN ASSOCIATIONS,
11 CREDIT UNIONS, SAVINGS AND LOAN ASSOCIATIONS, EXECUTORS, ADMINISTRATORS,
12 GUARDIANS, CONSERVATORS, TRUSTEES AND OTHER FIDUCIARIES, PENSION,
13 PROFIT-SHARING AND RETIREMENT FUNDS.

14 9. CONTRACTS OF GUARANTEE; WAIVERS. (A) THE AUTHORITY SHALL ARRANGE BY
15 CONTRACT WITH THE LENDING INSTITUTION OR THE BORROWER OR BOTH TO SAFE-
16 GUARD THE INTEREST OF THE FUND IN THE EVENT OF DEFAULT BY THE BORROWER,
17 INCLUDING, AT THE DISCRETION OF THE FUND, PROVISION FOR NOTICE TO THE
18 FUND OF DEFAULT BY THE BORROWER, FOR FORECLOSURE OR OTHER REALIZATION
19 UPON ANY SECURITY FOR THE LOAN, FOR THE TIME AND CONDITIONS FOR PAYMENT
20 TO THE LENDING INSTITUTION BY THE FUND OF THE AMOUNT OF ANY LOSS TO THE
21 LENDING INSTITUTION GUARANTEED BY THE FUND, AND FOR THE DISPOSITION OF
22 THE PROCEEDS REALIZED FROM ANY SECURITY FOR THE LOAN GUARANTEED. WHEN IT
23 APPEARS DESIRABLE FOR A TEMPORARY PERIOD UPON DEFAULT OR THREATENED
24 DEFAULT BY THE BORROWER, THE FUND MAY ITSELF MAKE PAYMENTS OF INSTALL-
25 MENTS OF PRINCIPAL OR INTEREST OR BOTH, TO THE LENDING INSTITUTION, AND
26 OF TAXES AND INSURANCE, WHICH PAYMENTS SHALL BE REPAID, UNDER SUCH
27 CONDITIONS AS THE FUND MAY PRESCRIBE, AND THE FUND MAY ALSO AGREE TO
28 REVISED TERMS OF FINANCING WHEN SUCH APPEAR PRUDENT.

29 (B) UPON REQUEST OF THE LENDING INSTITUTION, THE FUND MAY AT ANY TIME,
30 UNDER SUCH EQUITABLE TERMS AND CONDITIONS AS IT MAY PRESCRIBE, CONSENT
31 TO THE RELEASE OF THE BORROWER FROM HIS LIABILITY UNDER THE LOAN OR
32 CONSENT TO THE RELEASE OF PARTS OF ANY SECURED PROPERTY FROM THE LIEN OF
33 THE LENDING INSTITUTION.

34 S 11. Section 97-sss of the state finance law, as added by chapter 4
35 of the laws of 1998, is amended to read as follows:

36 S 97-sss. Charter schools stimulus fund. There is hereby established
37 in the joint custody of the comptroller and the commissioner of taxation
38 and finance a fund to be known as the charter schools stimulus fund.
39 Such fund shall consist of all monies made available pursuant to appro-
40 priation for this purpose, all monies transferred to such fund pursuant
41 to law, and grants, gifts and devises and donations from any public or
42 private source. The purpose of such fund is to provide discretionary
43 financial support, including grants [and], loans, LOAN AND LEASE GUARAN-
44 TEES, AND FOR CREDIT ENHANCEMENT PURPOSES to charter school applicants
45 and to charter schools for start-up costs and for costs associated with
46 the acquisition, renovation, or construction of school facilities AND
47 COSTS ASSOCIATED WITH OPERATING PRE-KINDERGARTEN PROGRAMS.

48 S 12. This act shall take effect the first of July next succeeding the
49 date on which it shall have become a law, provided however, that the
50 amendments to subdivision 1 of section 2856 of the education law made by
51 section seven of this act shall not affect the expiration of such subdi-
52 vision and shall be deemed to expire therewith.