§ 407-b. Authorization for dormitory authority financing of capital facilities for state-supported schools for blind and deaf students. 1. The legislature declares that it is in the interest of the state and the children of the state to assure that state-supported schools for the instruction of blind and deaf students and other children with handicapping conditions pursuant to article eighty-five of this chapter and chapter one thousand sixty of the laws of nineteen hundred seventy-four have sufficient facilities related to the education of such children. The legislature finds that state-supported schools for blind and deaf students providing such education are in need of improved and additional facilities related to the education of such children, and the means to finance the construction of such improvements and additional facilities. The legislature, therefore, enacts the following provisions.

2. This section shall apply to state-supported schools for the instruction of the blind and deaf students and children with other handicapping conditions, subject to the appointment of the commissioner, pursuant to article eighty-five of this chapter and chapter one thousand sixty of the laws of nineteen hundred seventy-four.

3. Such state-supported schools may enter into leases, subleases or other agreements with the dormitory authority pursuant to title four of article eight of the public authorities law for the financing of the design, construction, reconstruction, rehabilitation, improvement, renovation or otherwise providing for furnishing or equipping of educational or residential facilities where the total estimated cost of such facilities exceeds ten thousand dollars. The plans and specifications of such capital facilities shall be subject to approval of the commissioner. Such educational or residential facilities may be constructed only on land owned by such state-supported school or, if the land is leased, where the lease is for a period at least equal to the appropriate period of probable usefulness for such facilities as listed in section 11.00 of the local finance law, or the length of the lease, sublease or other agreement with the dormitory authority, whichever is longer.

4. Each state-supported school shall, notwithstanding any other

provision of law, have the power to convey, lease, sublease or otherwise make available to the dormitory authority without consideration, title or any other rights in real property satisfactory to the dormitory authority.

5. In addition to providing for all other matters deemed necessary and proper, such leases, subleases and other agreements shall (a) require the state-supported school to pay to the dormitory authority annual rentals which shall include the amount required to pay the principal of and interest on obligations of the dormitory authority issued in relation to providing such facilities and all incidental expenses of the dormitory authority incurred in relation thereto, (b) require the state-supported school to include an amount sufficient to meet its obligations under the lease, sublease or other agreement in each proposed budget submitted during the term of the lease, sublease or other agreement, and (c) a provision that such agreement shall not be effective unless and until it is approved by the commissioner and the director of the budget.

6. Title or other real property rights, to the capital facilities financed pursuant to this section shall remain with the dormitory authority until the dormitory authority certifies to the commissioner and the comptroller the receipt by it of the amount necessary to pay the aggregate amount of annual rentals to the dormitory authority. At such time, title or other real property rights thereto shall be transferred by the dormitory authority to the state-supported school. In order to avail itself of the provisions of this section, each state-supported school must also agree to continue to operate a program for the education of children pursuant to article eighty-five of this chapter and chapter one thousand sixty of the laws of nineteen hundred seventy-four, and any lease, sublease or other agreement with the dormitory authority shall provide that, if the state-supported school shall cease to operate at any time during the term of the agreement, the school shall have the obligation to pay the total aggregate amount of annual rentals to the dormitory authority. Upon a determination that the state-supported school is unable to satisfy such obligations, the state may take such title or other real property rights of the dormitory

authority in such land, buildings, equipment and other properties which the state-supported school uses for its program upon payments, subject to appropriations, by the state to the dormitory authority of the amount required to pay the total aggregate amount of annual rentals to the dormitory authority.

7. On or before November fifteenth of each year, the dormitory authority shall submit, and thereafter may resubmit, to the director of the budget, the state comptroller, the chairman of the senate finance committee and the chairman of the assembly ways and means committee a report setting forth the amounts, if any, of all annual rentals estimated to become due in the succeeding state fiscal year to the dormitory authority from the state-supported schools pursuant to any leases, subleases or other agreements between the dormitory authority and state-supported schools to provide educational and residential facilities for such state-supported schools.

The state comptroller shall pay over to the dormitory authority pursuant to appropriations therefor solely from moneys available in the school capital facilities financing reserve fund the amount set forth in such report at the times and in the amounts set forth in the certificate filed with the comptroller by the dormitory authority pursuant to subparagraph (iv) of paragraph (b) of subdivision eight of this section.

8. Method of payment; reserve fund. (a) Each state-supported school which elects to avail itself of the provisions of this section shall have established with the state comptroller a school capital facilities financing reserve account which shall be used to pay to the dormitory authority the annual rentals payable to the dormitory authority by state-supported schools which have entered into leases, subleases or other agreements with the dormitory authority to provide educational or residential facilities pursuant to this section or to reimburse the state for expenditures from appropriations made pursuant to subdivision seven of this section. The dormitory authority shall identify to the state comptroller and to the commissioner the state-supported schools with which it has leases, subleases or other agreements pursuant to this section and shall annually certify the amount of annual rentals required

to be paid pursuant to such leases, subleases or other agreements.

(b) (i) There is hereby established in the custody of the state comptroller a special fund to be known as the school capital facilities financing reserve fund. Within such fund, there is hereby established a special account for each state-supported school which enters into a lease, sublease or other agreement with the dormitory authority pursuant to this section.

(ii) Notwithstanding the provisions of any other law, such fund shall consist of payments as made and determined by the commissioner. The comptroller shall maintain sufficient amounts in the fund in order to pay when due the annual rentals due to the dormitory authority from each such state-supported school pursuant to any lease, sublease or other agreement entered into pursuant to the provisions of this section. The dormitory authority shall certify to the state comptroller the dates and amounts of such payments as scheduled in its lease, subleases or other agreements with such state-supported school. The commissioner shall certify the amount of payments due the fund from state-supported schools, and shall make such payments to the fund at such times as appropriate, subject to the approval of the director of the budget, and after consultation with the dormitory authority.

(iii) Revenues in any special account in the school capital facilities financing reserve fund may be commingled with any other moneys in such fund. All deposits of such revenues shall be secured by obligations of the United States or of the state of New York or its political subdivisions. Such obligations shall have a market value not less than one hundred five percent of the amount of such deposits. All the banks and trust companies are authorized to give security for such deposits. Any such revenues in such fund may, in the discretion of the comptroller, be invested in obligations of the United States or the state or obligations the principal of and interest on which are guaranteed by the United States or by the state. Any interest earned shall be credited to such fund.

(iv) Upon receipt by the comptroller of a certificate or certificates from the dormitory authority that it requires a payment or payments from the appropriate special account established for a state-supported school to comply with any lease, sublease or other agreement pursuant to this section, each of which certificate shall specify the required payment or

payments and the date when the payment or payments is required, the comptroller shall pay from such special account on or before the specified date or within thirty days after receipt of such certificate or certificates, whichever is later, to the paying agent designated by the dormitory authority in any such certificate, the amount or amounts so certified.

(v) Notwithstanding any other provisions of this subdivision to the extent that the state makes appropriations for the payment of annual rentals to the dormitory authority required to be paid pursuant to the terms of any lease, sublease or other agreement between the dormitory authority and any state-supported schools and makes such payments, moneys in the school capital facilities financing reserve fund shall be used to reimburse the state for moneys so expended from such appropriation.

(vi) All payments of money from the school capital facilities financing reserve fund shall be made on the audit and warrant of the state comptroller.

9. All state officials are authorized and required to take whatever actions are necessary to carry out the provisions of this section and any leases, subleases or other agreements entered into pursuant to this section, including making the required payments to the dormitory authority.

10. Notwithstanding any other provision of law to the contrary, the dormitory authority may execute leases, subleases, or other agreements with state supported schools for financing of the design, construction, rehabilitation, improvement, renovation, acquisition or provision, furnishing or equipping of capital facilities; provided, however, that during the two year period commencing July first, nineteen hundred ninety-five, the amount of bonds inclusive of principal, interest and issuance costs to be issued for each individual lease, sublease, or other agreement shall not exceed fifteen million dollars annually; provided further that the interest on such bonds may not be deferred through additional borrowing; and provided finally that the total amount of such bonds for all such leases, subleases, or agreements with state supported schools during such period shall not exceed sixty-five million

dollars.

On or before September first of each year, the commissioner shall submit to the chairs of the assembly ways and means committee, the senate finance committee and the director of the budget, a capital plan for those projects expected to be bonded for state supported schools pursuant to this section, within such sixty-five million dollar allowance. After application of the principles of the capital assets preservation program, such plan shall accord priority to health and safety considerations and shall specify the name, location, estimated total cost of the project at the time the project is to be bid, the anticipated bid date and the anticipated completion date and may contain any further recommendations the commissioner may deem appropriate.