§ 1689-f. Public school districts; dormitory authority financing of payments made or to be made by the state on account of certain approved expenditures for capital outlays.

1. (a) "Eligible school district projects" shall mean capital projects eligible for a capital outlay transition grant aid apportionment pursuant to subdivision twelve of section thirty-six hundred forty-one of the education law for which payments are made, as reimbursement of approved expenditures, from a school district's general fund, capital fund, or reserved funds for capital outlays as defined in subdivision six of section thirty-six hundred two of the education law, that are incurred by the school district on or after July first, two thousand one and on or before June thirtieth, two thousand two, and are not otherwise reimbursable in the two thousand two--two thousand three school year pursuant to subdivision six of section thirty-six hundred two of the education law.

(b) Notwithstanding the provisions of any general or special law to the contrary, for purposes of this section, the term "school district" shall mean a common school district, a consolidated school district, a union free school district, a central school district, a central high school district, or a city school district.

2. (a) Subject to chapter fifty-nine of the laws of two thousand, but notwithstanding any other provisions of any general or special law to the contrary, and subject to the making of annual appropriations therefor by the legislature, the dormitory authority is authorized to enter into one or more service contracts, none of which shall exceed ten years in duration, with the director of the budget, upon such terms as the director of the budget and the dormitory authority agree, for the purpose of financing eligible school district projects.

(b) Any service contract entered into pursuant to paragraph (a) of this subdivision or any payments made or to be made thereunder may be assigned and pledged by the dormitory authority as security for its bonds, notes, or other obligations; and may contain such other items and conditions as may be agreed upon by the parties thereto, including, but not limited to, the establishment of reserve funds and indemnities.

(c) Any such service contract shall provide that the obligation of the

director of the budget or of the state to fund or to pay the amounts therein provided for shall not constitute a debt of the state within the meaning of any constitutional or statutory provision and shall be deemed executory only to the extent moneys are available and that no liability shall be incurred by the state beyond the moneys available for the purpose, and that such obligation is subject to annual appropriation by the legislature;

(d) Any service contract or contracts entered into pursuant to this subdivision shall provide for state commitments to provide annually to the dormitory authority a sum or sums, upon such terms and conditions as shall be deemed appropriate by the director of the budget, to fund the principal, interest, or related expenses required for any bonds, notes, or other obligations, including bonds issued to fund any required debt service reserve fund for bonds, of the dormitory authority issued pursuant to paragraph (b) of subdivision four of this section.

3. (a) The commissioner of education shall certify, by September thirtieth, two thousand two, to the dormitory authority, and the director of the budget, each school district for which he has approved a capital outlay transition grant pursuant to subdivision twelve of section thirty-six hundred forty-one of the education law for an eligible school district project as reimbursement of approved expenditures for capital outlays in lieu of aid previously payable pursuant to subdivision six of section thirty-six hundred two of the education law, (1) a description of the eligible school district projects for which such aid is granted for each school district, including the cost of each project, and such other information regarding the expenditures for capital outlays requested by the dormitory authority as is necessary for the issuance of bonds, notes, or other obligations, pursuant to this section and (2) the amount of that grant.

(b) On or before October first of each year, the dormitory authority shall submit, and thereafter may resubmit, to the director of the budget a report setting forth the amounts, if any, of all annual payments required in the next state fiscal year and for the four state fiscal years following such fiscal year estimated to be appropriated to the dormitory authority pursuant to such service contract agreements between the dormitory authority and the director of the budget pursuant to this

section. Such report may be incorporated into other reports required to be given by the dormitory authority to the director of the budget on or before those dates.

4. (a) To obtain funds for the purposes of this section, the authority shall have power from time to time to issue negotiable bonds or notes of the authority. Unless the context shall clearly indicate otherwise, whenever the words "bond" or "bonds" are used in this section, such words shall include a note or notes of the authority. All the provisions of this title not inconsistent with the provisions of this section shall be applicable with respect to any bonds of the authority issued to obtain funds for the purposes authorized under this section.

(b) The dormitory authority shall not issue any bonds or notes in an amount in excess of one hundred forty million dollars for the purposes of this section, plus a principal amount of bonds or notes:

(1) to fund any debt service reserve fund, and

(2) to provide for the payment of fees and other charges and expenses, including underwriters' discount, related to the issuance of such bonds or notes, or related to the provision of any applicable bond or note facilities.

In computing for the purposes of this paragraph, the aggregate amount of indebtedness evidenced by bonds and notes of the dormitory authority issued pursuant to this title, there shall be excluded the amount of such indebtedness represented by such bonds or notes issued to refund or otherwise repay bonds or notes, provided that the amount so excluded under the clause may exceed the principal amount of such bonds or notes that were issued to refund or otherwise repay only if the present value of the aggregate debt service on the refunding or repayment bonds or notes shall not have at the time of their issuance exceeded the present value of the aggregate debt service of the bonds or notes they were issued to refund or repay, such present value in each case being calculated by using the effective interest rate of the refunding or repayment bonds or notes, which shall be that rate arrived at by doubling the semi-annual interest rate (compounded semi-annually) necessary to discount the debt service payments on the refunding or repayment bonds or notes from the payment date thereof to the date of

issue of the refunding or repayment bonds or notes from the payment date thereof to the date of issue of the refunding or repayment bonds or notes and to the price bid therefor, or to the proceeds received by the dormitory authority from the sale thereof, in each case including estimated accrued interest.

5. The state hereby covenants with the purchasers, holders and owners from time to time of the bonds of the authority issued pursuant to this section that it will not repeal, revoke, rescind, modify or amend the provisions of this section which relate to the making of annual service contract payments to the authority with respect to such bonds as to limit, impair or impede the rights and remedies granted to bondholders under this title or otherwise diminish the security pledged to such purchasers, holders and owners or significantly impair the prospect of payment of any such bond.