

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 309, As Amended in the Senate

BY EDUCATION COMMITTEE

AN ACT

1 RELATING TO PUBLIC CHARTER SCHOOLS; AMENDING CHAPTER 52, TITLE 33, IDAHO
2 CODE, BY THE ADDITION OF A NEW SECTION 33-5217, IDAHO CODE, TO CREATE
3 THE PUBLIC CHARTER SCHOOL DEBT RESERVE, TO PROVIDE CONDITIONS TO USE THE
4 PUBLIC CHARTER SCHOOL DEBT RESERVE, TO PROVIDE FOR APPROVAL FROM THE
5 IDAHO HOUSING AND FINANCE ASSOCIATION, TO ESTABLISH THE PUBLIC CHARTER
6 SCHOOL DEBT RESERVE FUND, TO PROVIDE FOR CONTINUOUS APPROPRIATION, TO
7 PROVIDE FOR THE DEPOSIT OF CERTAIN MONEYS INTO THE FUND, TO ESTABLISH
8 PROVISIONS CONCERNING A DEFAULT ON AN OUTSTANDING DEBT, TO PROVIDE FOR
9 REPAYMENT OF MONEY WITHDRAWN FROM THE PUBLIC CHARTER SCHOOL DEBT RE-
10 SERVE FUND; AND PROVIDING AN EFFECTIVE DATE.
11

12 Be It Enacted by the Legislature of the State of Idaho:

13 SECTION 1. That Chapter 52, Title 33, Idaho Code, be, and the same is
14 hereby amended by the addition thereto of a NEW SECTION, to be known and des-
15 ignated as Section 33-5217, Idaho Code, and to read as follows:

16 33-5217. PUBLIC CHARTER SCHOOL DEBT RESERVE. (1) There is hereby cre-
17 ated the public charter school debt reserve to assist qualifying charter
18 schools in obtaining favorable financing for facility improvements and con-
19 struction. A public charter school seeking to use the public charter school
20 debt reserve must receive approval from the Idaho housing and finance asso-
21 ciation pursuant to the criteria set forth in this section.

22 (2) A public charter school shall be qualified to use the public charter
23 school debt reserve only upon satisfaction of the following conditions:

24 (a) The public charter school must demonstrate it has obtained one (1)
25 of the following:

26 (i) A letter of commitment from a national or state chartered fi-
27 nancial institution;

28 (ii) A letter of commitment from a nonprofit corporation;

29 (iii) A letter of commitment from a community development finan-
30 cial institution; or

31 (iv) A letter of commitment from a qualified underwriter or an in-
32 vestment firm;

33 (b) The public charter school must provide annual budgets and cash flow
34 statements and must demonstrate satisfaction of each of the following
35 criteria:

36 (i) Projected future budgets, cash flows and operating reserves
37 greater than sixty (60) days of cash on hand to support a debt ser-
38 vice coverage greater than 1.20x;

39 (ii) Cost to operate facility, including debt service, occupancy
40 cost and operating expenses, not to exceed twenty percent (20%) of
41 revenue;

1 (iii) Audited financial statements with unqualified opinions for
2 the prior three (3) years; and

3 (iv) Certification from a school administrator that projected fu-
4 ture budgets and cash flows are based on reasonable assumptions
5 related to level or increasing projected enrollment or waitlist
6 and projected total income, including any matching funds and dona-
7 tions contingent on receipt of a loan under this section; and

8 (c) The public charter school must obtain approval for issuance by the
9 Idaho housing and finance association to act as a conduit issuer.

10 (3) Public charter schools that satisfy the requirements set forth in
11 subsection (2) of this section shall receive approval from the Idaho hous-
12 ing and finance association to rely on the public charter school debt reserve
13 for assistance in obtaining favorable financing for facility improvements
14 and construction, so long as sufficient moneys exist pursuant to subsection
15 (4) of this section. Eligible schools shall receive approval on a first-come
16 basis according to date of completed application, in an amount not to exceed
17 twenty-four (24) months of principal and interest payments.

18 (4) There is hereby established in the state treasury the public char-
19 ter school debt reserve fund that shall consist of moneys made available
20 through appropriations, fees, grants, gifts or any other source to fulfill
21 the purposes of this section. Moneys in the fund are hereby continuously
22 appropriated for the purposes of this section, and shall only be expended for
23 the purposes stated herein. Qualifying schools annually shall pay an amount
24 equal to ten (10) basis points of the principal amount of the debt for which
25 it qualified to use the public charter school debt reserve, which shall be
26 deposited into the public charter school debt reserve fund.

27 (5) Subject to the limitations of subsection (3) of this section, if
28 a qualified public charter school defaults on an outstanding debt for which
29 the Idaho housing and finance association has made the debt reserve avail-
30 able, and there is no other money available to the charter school to make
31 the payment, money shall be withdrawn from the public charter school debt
32 reserve fund to pay the principal, redemption price or interest on the out-
33 standing debt. Upon certification by the Idaho housing and finance associa-
34 tion to the superintendent of public instruction, payment shall be made from
35 the public charter school debt reserve fund toward the outstanding debt.

36 (6) If money has been withdrawn from the public charter school debt re-
37 serve fund for a public charter school pursuant to subsection (5) of this
38 section, then the superintendent of public instruction shall redirect the
39 money from such public charter school's allocation of facilities funds pur-
40 suant to section 33-5208(5), Idaho Code. Any money redirected shall be ac-
41 cording to a determined time and sequence of payments, over a period of years
42 until the amount so withdrawn has been repaid to the fund so long as the redi-
43 rection does not cause an event of default under the agreement(s) governing
44 the public charter school's obligation for which the debt reserve was made
45 available, excepting that any money withdrawn during any fiscal year shall
46 be repaid within ten (10) years.

47 SECTION 2. This act shall be in full force and effect on and after July
48 1, 2016.