

Guaranteeing Financial Support for Ch. Schools

New Section to H.R. 4942 [Report No. 106-786] making consolidated appropriations for the District of Columbia for the fiscal year ending September 30, 2001, and for other purposes:

Sec. 153 of H.R. 3194 (P.L. 106-113) making consolidated appropriations for the District of Columbia for the fiscal year ending September 30, 2000, and for other purposes, is amended as follows:

- (1) The \$5,000,000 set aside for use as a credit enhancement fund for public charter schools in the District of Columbia may be used for the following authorized activities. However, in no event, may the funds be used for direct lending or for loans or grants to individual public charter schools.

(a) Authorized Activities.

- (1) Grantees may use funds provided under this section to assist charter schools to accomplish one or more of the following objectives:

The acquisition of interests in improved or unimproved real property (including by purchase, lease, or donation) necessary to commence or continue the operation of a charter school.

The construction of new improvements, or the renovation, repair or alteration of existing improvements (including the purchase or replacement of fixtures and equipment) necessary to commence or continue the operation of a charter school.

Planning, development and other costs incidental to the accomplishment of the foregoing objectives.

- (2) To assist charter schools to accomplish the foregoing objectives, grantees may undertake any one or more of the following credit enhancement activities:

- (a) Activities intended to enhance the availability and affordability of loans (including mortgage loans) to charter schools, including by:

Guaranteeing all or a portion of such loans.

Insuring such loans.

Providing security for such loans, including by pledging collateral or taking title to real property.

Facilitating a secondary market for such loans.

Providing all or a portion of a required downpayment, subsidizing interest payments, or otherwise directly facilitating such loans.

Helping identify potential lending sources, encouraging private lending, and other similar activities to promote lending to charter schools.

(b) Activities intended to enhance the availability of bond financing for charter schools, including:

Facilitating the issuance of bonds by charter schools or by other public entities for the benefit of charter schools by:

Providing technical, administrative and other appropriate assistance (including recruitment of bond counsel, underwriters and potential investors; and helping to consolidate multiple charter school projects within a single bond issue).

Providing financial or other assistance necessary to improve the rating of a proposed bond issue, to improve the repayment terms for a charter school, to induce the participation of underwriters, or to otherwise enhance the commercial feasibility of a proposed transaction (including by providing for repayment of all or a portion of installment payments on the bond amount in the event of borrower default, through the pledging of reserves or other collateral, or by agreeing to take or hold title to property or other interests).

(2) The Mayor of the District of Columbia may, in his sole discretion, administer and distribute up to one-half of the \$5,000,000 set aside for use as a credit enhancement fund for public charter schools in the District of Columbia

without the need to consult the committee described in Section 153 (2) of H.R. 3194. In exercising this authority, the Mayor shall distribute said funds through the Treasurer's Office of the District of Columbia Government consistent with the provisions of Section (1) above. The Mayor's authority pursuant to this section shall expire one year from enactment of this act or when the committee described in Section 153 (2) of H.R. 3194 is appointed and fully functioning, whichever is sooner.

- (a) **Award Criteria.** In making awards under Section (2), the Mayor shall consider only applications from private, not-for-profit corporations. The Mayor shall give preference to entities that have as their mission the provision of facilities and other financing assistance to public charter schools in the District of Columbia, those that have a history and proven record of providing such services, and those that have previously been funded by the federal government to design and implement a credit enhancement program to leverage private financing for charter schools facilities using the District of Columbia as a model for a national approach.

- (b) **Applications.** The Mayor, acting through the Treasurer's Office of the District of Columbia Government, shall award grants to one or more eligible entities having applications approved pursuant to Section (2) to demonstrate innovative methods of assisting charter schools to address the cost of acquiring, constructing, and renovating facilities by enhancing the availability of loans or bond financing. Applicants shall submit such information in such form as the Mayor may reasonably require. Such information shall include a statement identifying the activities proposed to be undertaken and a statement explaining how those activities can be expected to leverage other sources of private capital and otherwise enhance credit available to public charter schools in the District of Columbia.