

First Regular Session  
Sixty-eighth General Assembly  
STATE OF COLORADO

INTRODUCED

LLS NO. 11-0825.01 Nicole Myers

SENATE BILL 11-188

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SENATE SPONSORSHIP

Bacon and King K.,

HOUSE SPONSORSHIP

Casso,

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Senate Committees  
Education

House Committees

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A BILL FOR AN ACT

101      **CONCERNING INCREASING THE STATE'S OVERSIGHT OF THE PROGRAM**  
102            **THAT ALLOWS THE FINANCING OF CAPITAL CONSTRUCTION FOR**  
103            **QUALIFIED CHARTER SCHOOLS.**

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**Bill Summary**

*(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://www.leg.state.co.us/billsummaries>.)*

Current law contains a program that allows qualified charter schools to finance capital construction with revenues from bonds issued on their behalf (bonds) by the Colorado educational and cultural facilities authority (CECFA) and to obtain such financing on favorable terms by

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.  
*Capital letters indicate new material to be added to existing statute.*  
*Dashes through the words indicate deletions from existing statute.*

providing a source of state moneys that can be used to make bond payments if the qualified charter school fails to make such payments. This program is commonly referred to as the charter school capital construction moral obligation program (moral obligation program). The bill makes the following changes to the program:

- ! Currently, if the state treasurer expends certain moneys from the state charter school debt reserve fund (state fund) to make bond payments because a qualified charter school fails to make the payments, the state treasurer is authorized to withhold charter school per pupil facilities aid moneys that are appropriated annually through the "Public School Finance Act of 1994" to the extent necessary to restore the state fund to a one million dollar balance. The bill authorizes the state treasurer to also withhold the aid moneys to the extent necessary to restore the balance of the state charter school interest savings account (account) to the account balance prior to the state treasurer's expenditure of moneys from the account.
- ! Upon the expenditure of moneys from the state fund or the account by the state treasurer, the state treasurer may file a lien on behalf of the state on the property securing the bonds for which a qualified charter school debt reserve fund (charter school fund) has been established. In the event that the state sells the property, the state treasurer is required to deposit any net proceeds from the sale into the state fund and into the account, as specified, after the state treasurer's costs have been reimbursed.
- ! CECFA must publicly disclose the application requirements, the application and processing timeline, and all issuer fees and expenses that will apply to the transaction of issuing bonds on behalf of a qualified charter school. In addition, CECFA may not charge a trailer fee to a qualified charter school once the bonds have been issued.
- ! CECFA currently tracks the amount of principal allocated to all qualified charter schools from the total amount that the general assembly is authorized to appropriate to restore any charter school fund and verifies that there is enough principal left to back the bonds of a qualified charter school. The bill transfers this tracking and verification responsibility to the state treasurer.
- ! CECFA is currently required to submit an annual report to the state auditor that contains certain information regarding the issuance of bonds through the moral obligation program. The bill transfers the reporting requirement to the state treasurer, and the state treasurer may hire a contractor

to compile the report. The state treasurer may charge an administrative fee for the costs of compiling the report to each qualified charter school that has had bonds issued on its behalf through the moral obligation program.

! In the event that a charter school that is a qualified charter school and that has had bonds issued on its behalf through the moral obligation program may have its charter revoked or not renewed, the commissioner of education may suspend the revocation or nonrenewal for up to 120 days. During the suspension, the state treasurer, the commissioner of education, and CECFA may work with the chartering local board of education or the state charter school institute, as applicable, to determine whether an alternative to the revocation or nonrenewal of the charter exists.

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1 *Be it enacted by the General Assembly of the State of Colorado:*

2           **SECTION 1.** 22-30.5-407 (2) (a), Colorado Revised Statutes, is  
3 amended BY THE ADDITION OF A NEW SUBPARAGRAPH to read:

4           **22-30.5-407. State charter school debt reserve fund - creation**  
5 **- use of fund moneys - legislative declaration.** (2) (a) There is hereby  
6 created in the state treasury the state charter school debt reserve fund.

7 The fund shall consist of the following moneys:

8           (IV) MONEYS CREDITED TO THE FUND BY THE STATE TREASURER  
9 PURSUANT TO SECTION 22-30.5-408 (2) (c) (II).

10           **SECTION 2.** The introductory portion to 22-30.5-407 (4) (d) and  
11 22-30.5-407 (4) (d) (II), Colorado Revised Statutes, are amended to read:

12           **22-30.5-407. State charter school debt reserve fund - creation**  
13 **- use of fund moneys - legislative declaration.** (4) (d) If the state  
14 treasurer expends moneys from the portion of the state charter school debt  
15 reserve fund that is not the state charter school interest savings account  
16 OR IF THE STATE TREASURER EXPENDS MONEYS FROM THE STATE CHARTER  
17 SCHOOL INTEREST SAVINGS ACCOUNT FOR PURPOSES OTHER THAN THE

1 PAYMENT OF THE ADMINISTRATIVE COSTS OF THE STATE TREASURER, the  
2 state treasurer shall withhold charter school per pupil facilities aid  
3 program moneys to the extent necessary to restore that portion of the state  
4 charter school debt reserve fund, by the transfer of all withheld amounts  
5 from the state education fund to that portion of the state charter school  
6 debt reserve fund, to a one million dollar balance AND TO THE EXTENT  
7 NECESSARY TO RESTORE THE STATE CHARTER SCHOOL INTEREST SAVINGS  
8 ACCOUNT, BY THE TRANSFER OF ALL WITHHELD AMOUNTS FROM THE  
9 STATE EDUCATION FUND TO THE STATE CHARTER SCHOOL INTEREST  
10 SAVINGS ACCOUNT, TO THE BALANCE PRIOR TO EXPENDITURE OF MONEYS  
11 FROM THE ACCOUNT, in accordance with the following requirements:

12 (II) If, in any given fiscal year, the state treasurer determines that  
13 after withholding the maximum amount of charter school per pupil  
14 facilities aid program moneys that may be withheld pursuant to  
15 subparagraph (I) of this paragraph (d) the portion of the state charter  
16 school debt reserve fund that is not the state charter school interest  
17 savings account will not be restored to a one million dollar balance OR  
18 THE STATE CHARTER SCHOOL INTEREST SAVINGS ACCOUNT WILL NOT BE  
19 RESTORED TO THE BALANCE IN THE ACCOUNT PRIOR TO THE STATE  
20 TREASURER'S EXPENDITURE OF MONEYS FROM THE ACCOUNT, each charter  
21 school that is not relying upon the state charter school debt reserve fund  
22 and the provisions of section 22-30.5-408 with respect to bonds issued on  
23 its behalf by the Colorado educational and cultural facilities authority  
24 shall have its payment reduced by the same percentage and by a  
25 maximum of ten percent.

26 **SECTION 3.** 22-30.5-408 (1), Colorado Revised Statutes, is  
27 amended BY THE ADDITION OF A NEW PARAGRAPH to read:

1           **22-30.5-408. Replenishment of qualified charter school debt**  
2 **service reserve funds - additional responsibilities - state treasurer -**  
3 **qualified charter schools - definitions.** (1) As used in this section:

4           (b.5) "MAXIMUM PRINCIPAL OUTSTANDING" MEANS THE  
5 AGGREGATE OUTSTANDING PRINCIPAL AMOUNT OF BONDS FOR WHICH  
6 MONEYS MAY BE APPROPRIATED PURSUANT TO PARAGRAPH (a) OF  
7 SUBSECTION (2) OF THIS SECTION.

8           **SECTION 4.** 22-30.5-408 (2), Colorado Revised Statutes, is  
9 amended BY THE ADDITION OF A NEW PARAGRAPH to read:

10           **22-30.5-408. Replenishment of qualified charter school debt**  
11 **service reserve funds - additional responsibilities - state treasurer -**  
12 **qualified charter schools - definitions.** (2) (c) (I) UPON THE

13 EXPENDITURE OF MONEYS FROM THE STATE CHARTER SCHOOL DEBT  
14 RESERVE FUND OR THE STATE CHARTER SCHOOL INTEREST SAVINGS  
15 ACCOUNT OF THE FUND BY THE STATE TREASURER, THE STATE TREASURER  
16 MAY FILE A LIEN ON BEHALF OF THE STATE ON THE PROPERTY SECURING  
17 THE BONDS FOR WHICH THE QUALIFIED CHARTER SCHOOL DEBT RESERVE  
18 FUND IS ESTABLISHED IN AN AMOUNT EQUAL TO THE AMOUNT OF MONEYS  
19 EXPENDED FROM THE STATE CHARTER SCHOOL DEBT RESERVE FUND OR  
20 THE STATE CHARTER SCHOOL INTEREST SAVINGS ACCOUNT; EXCEPT THAT  
21 SUCH LIEN SHALL NOT BE ON A PARITY WITH OR SUPERIOR TO ANY LIEN  
22 THEN SECURED BY THE PROPERTY, INCLUDING ANY LIEN SECURING SUCH  
23 QUALIFIED CHARTER SCHOOL BONDS.

24           (II) ANY NET PROCEEDS FROM THE SALE OF PROPERTY SECURING  
25 THE BONDS FOR WHICH THE QUALIFIED CHARTER SCHOOL DEBT RESERVE  
26 FUND IS ESTABLISHED SHALL BE USED TO REIMBURSE THE STATE  
27 TREASURER FOR ANY COSTS INCURRED IN CONNECTION WITH THE SALE OF

1 SUCH PROPERTY. THE STATE TREASURER SHALL CREDIT ANY ADDITIONAL  
2 NET PROCEEDS FROM THE SALE OF SUCH PROPERTY TO THE STATE CHARTER  
3 SCHOOL DEBT RESERVE FUND TO RESTORE THE FUND TO A BALANCE OF  
4 ONE MILLION DOLLARS. THE STATE TREASURER SHALL CREDIT ANY  
5 REMAINING NET PROCEEDS FROM THE SALE OF SUCH PROPERTY TO THE  
6 STATE CHARTER SCHOOL INTEREST SAVINGS ACCOUNT IN THE STATE  
7 CHARTER SCHOOL DEBT RESERVE FUND.

8 **SECTION 5.** 22-30.5-408, Colorado Revised Statutes, is  
9 amended BY THE ADDITION OF THE FOLLOWING NEW  
10 SUBSECTIONS to read:

11 **22-30.5-408. Replenishment of qualified charter school debt**  
12 **service reserve funds - additional responsibilities - state treasurer -**  
13 **qualified charter schools - definitions.** (1.5) (a) THE COLORADO  
14 EDUCATIONAL AND CULTURAL FACILITIES AUTHORITY SHALL DEVELOP  
15 AND PUBLICLY DISCLOSE THE APPLICATION REQUIREMENTS FOR THE  
16 QUALIFIED CHARTER SCHOOL, THE APPLICATION AND PROCESSING  
17 TIMELINE, AND ALL ISSUER FEES AND EXPENSES THAT WILL APPLY TO THE  
18 TRANSACTION.

19 (b) THE COLORADO EDUCATIONAL AND CULTURAL FACILITIES  
20 AUTHORITY SHALL NOT CHARGE A QUALIFIED CHARTER SCHOOL FOR  
21 WHICH IT ISSUES BONDS PURSUANT TO SECTION 22-30.5-407 AN ANNUAL  
22 FEE AFTER THE ISSUANCE OF THE BONDS OCCURS; EXCEPT THAT THIS  
23 PARAGRAPH (b) SHALL NOT BE CONSTRUED TO PROHIBIT THE AUTHORITY  
24 FROM CHARGING A QUALIFIED CHARTER SCHOOL FOR FEES AND EXPENSES  
25 INCURRED IN THE ENFORCEMENT OF COVENANTS OR REMEDIES.

26 (2.5) IF THE AMOUNT OF THE REQUESTS BY QUALIFIED CHARTER  
27 SCHOOLS FOR ISSUANCE OF QUALIFIED CHARTER SCHOOL BONDS EXCEEDS

1 THE MAXIMUM PRINCIPAL OUTSTANDING, THE STATE TREASURER SHALL  
2 ALLOCATE THE UNUSED AMOUNT OF THE MAXIMUM PRINCIPAL  
3 OUTSTANDING TO QUALIFIED CHARTER SCHOOLS IN THE ORDER IN WHICH  
4 THE QUALIFIED CHARTER SCHOOLS REQUESTED ISSUANCE OF QUALIFIED  
5 CHARTER SCHOOL BONDS. IF THE COLORADO EDUCATIONAL AND  
6 CULTURAL FACILITIES AUTHORITY DOES NOT ISSUE ITS BONDS FOR WHICH  
7 AN ALLOCATION IS MADE BY THE STATE TREASURER DUE TO SCARCITY OF  
8 MAXIMUM PRINCIPAL OUTSTANDING WITHIN ONE HUNDRED FIFTY DAYS OF  
9 THE STATE TREASURER'S ALLOCATION, THE ALLOCATION EXPIRES.

10 (2.7) A QUALIFIED CHARTER SCHOOL THAT HAS FINANCED CAPITAL  
11 CONSTRUCTION WITH QUALIFIED CHARTER SCHOOL BONDS SHALL CONFIRM  
12 A STAND-ALONE CREDIT ASSESSMENT OR RATING OF AT LEAST  
13 INVESTMENT GRADE BY A NATIONALLY RECOGNIZED RATING AGENCY ON  
14 ITS OUTSTANDING QUALIFIED CHARTER SCHOOL BONDS AT THE TIME OF  
15 THE ISSUANCE OF ANY NEW CHARTER SCHOOL BONDS.

16 **SECTION 6.** The introductory portion to 22-30.5-409 (1) and  
17 22-30.5-409 (2), Colorado Revised Statutes, are amended, and the said  
18 22-30.5-409 is further amended BY THE ADDITION OF A NEW  
19 SUBSECTION, to read:

20 **22-30.5-409. Annual reports on bonds issued on behalf of**  
21 **charter schools - review by state auditor.** (1) ~~Prior to January 30,~~  
22 ~~2003, and prior to January 30 of each year thereafter, the Colorado~~  
23 ~~educational and cultural facilities authority created in section 23-15-104~~  
24 ~~(1)(a), C.R.S.~~ PRIOR TO JANUARY 30, 2012, AND PRIOR TO JANUARY 30  
25 OF EACH YEAR THEREAFTER, THE STATE TREASURER shall submit a report  
26 to the state auditor that includes information concerning the issuance of  
27 qualified charter school bonds, as defined in section 22-30.5-408 (1) (d),

1 that have resulted in charter schools obtaining more favorable financing  
2 terms by reliance on the existence of the state charter school debt reserve  
3 fund created in section 22-30.5-407 (2) (a) and the potential  
4 replenishment of the state charter school debt reserve fund pursuant to  
5 section 22-30.5-408 (2) (a). Such report shall include, but need not be  
6 limited to:

7 (2) No later than ~~March 1, 2002~~ MARCH 1, 2012, and no later than  
8 March 1 each year thereafter, the state auditor shall examine the report  
9 submitted in accordance with subsection (1) of this section and, upon  
10 completion of such review, shall report any findings regarding said  
11 submitted report to the education committees of the senate and the house  
12 of representatives, the legislative audit committee, the capital  
13 development committee, the joint budget committee, and the department  
14 of education.

15 (3) (a) THE STATE TREASURER MAY ENTER INTO A CONTRACT WITH  
16 A PUBLIC OR PRIVATE ENTITY TO PREPARE THE REPORT TO THE STATE  
17 AUDITOR REQUIRED PURSUANT TO SUBSECTION (1) OF THIS SECTION.

18 (b) THE STATE TREASURER MAY REQUIRE EACH QUALIFIED  
19 CHARTER SCHOOL THAT FINANCES CAPITAL CONSTRUCTION WITH  
20 QUALIFIED CHARTER SCHOOL BONDS TO PAY A FEE TO THE STATE  
21 TREASURER TO DEFRAY ANY DIRECT AND INDIRECT ADMINISTRATIVE  
22 COSTS INCURRED BY THE STATE TREASURER IN COMPLYING WITH THE  
23 REQUIREMENTS OF THIS SECTION. THE STATE TREASURER SHALL DEPOSIT  
24 ANY FEES RECEIVED PURSUANT TO THIS PARAGRAPH (b) INTO THE  
25 CHARTER SCHOOL FINANCING ADMINISTRATIVE CASH FUND CREATED IN  
26 SECTION 22-30.5-406 (1) (c) (I).

27 **SECTION 7.** Part 1 of article 30.5 of title 22, Colorado Revised



1 Statutes, is amended BY THE ADDITION OF A NEW SECTION to  
2 read:

3 **22-30.5-110.3. Nonrenewal or revocation - qualified charter**  
4 **school - exceptions.** (1) NOTWITHSTANDING THE PROVISIONS OF  
5 SECTIONS 22-30.5-108 AND 22-30.5-110, THE PROVISIONS OF THIS SECTION  
6 SHALL APPLY IF:

7 (a) A CHARTERING LOCAL BOARD OF EDUCATION DETERMINES  
8 THAT THE CHARTER OF A QUALIFIED CHARTER SCHOOL, AS DEFINED IN  
9 SECTION 22-30.5-408 (1) (c), WILL BE REVOKED OR WILL NOT BE  
10 RENEWED; AND

11 (b) THE QUALIFIED CHARTER SCHOOL HAS FINANCED CAPITAL  
12 CONSTRUCTION WITH REVENUES FROM BONDS ISSUED ON BEHALF OF THE  
13 QUALIFIED CHARTER SCHOOL BY THE COLORADO EDUCATIONAL AND  
14 CULTURAL FACILITIES AUTHORITY CREATED IN SECTION 23-15-104 (1) (a),  
15 C.R.S., PURSUANT TO SECTION 22-30.5-407.

16 (2) (a) IF A CHARTERING LOCAL BOARD OF EDUCATION MAKES A  
17 DETERMINATION TO REVOKE OR NOT RENEW THE CHARTER OF A QUALIFIED  
18 CHARTER SCHOOL AND SUBSECTION (1) OF THIS SECTION APPLIES, THE  
19 CHARTERING LOCAL BOARD OF EDUCATION SHALL NOTIFY THE STATE  
20 TREASURER AND THE COMMISSIONER OF EDUCATION IMMEDIATELY UPON  
21 SUCH DETERMINATION. IF THE QUALIFIED CHARTER SCHOOL APPEALS THE  
22 DETERMINATION OF THE CHARTERING LOCAL BOARD OF EDUCATION TO  
23 THE STATE BOARD OF EDUCATION PURSUANT TO SECTION 22-30.5-108 AND  
24 THE STATE BOARD UPHOLDS THE DECISION OF THE CHARTERING LOCAL  
25 BOARD OF EDUCATION OR IF THE QUALIFIED CHARTER SCHOOL OPTS NOT  
26 TO APPEAL TO THE STATE BOARD WITHIN THIRTY DAYS OF THE DECISION  
27 OF THE CHARTERING LOCAL BOARD OF EDUCATION, THE COMMISSIONER

1 SHALL SUSPEND THE REVOCATION OR NONRENEWAL OF THE CHARTER  
2 UNTIL SUCH TIME AS THE STATE TREASURER, THE COMMISSIONER, AND THE  
3 COLORADO EDUCATIONAL AND CULTURAL FACILITIES AUTHORITY  
4 DETERMINE, WITH THE CHARTERING LOCAL BOARD OF EDUCATION AND  
5 THE QUALIFIED CHARTER SCHOOL, WHETHER AN ALTERNATIVE EXISTS TO  
6 SUCH REVOCATION OR NONRENEWAL OF THE CHARTER.

7 (b) A CHARTERING LOCAL BOARD OF EDUCATION SHALL NOT BE  
8 REQUIRED TO SUSPEND A REVOCATION OR NONRENEWAL OF A CHARTER  
9 PURSUANT TO PARAGRAPH (a) OF THIS SUBSECTION (2) FOR MORE THAN  
10 ONE HUNDRED TWENTY DAYS AFTER THE DATE THAT THE COMMISSIONER  
11 OF EDUCATION ORDERED THE SUSPENSION.

12 (3) THE STATE TREASURER, COMMISSIONER OF EDUCATION,  
13 CHARTERING LOCAL BOARD OF EDUCATION, AND COLORADO  
14 EDUCATIONAL AND CULTURAL FACILITIES AUTHORITY MAY PURSUE THE  
15 FOLLOWING:

16 (a) THE CONVERSION OF THE QUALIFIED CHARTER SCHOOL FROM  
17 A SCHOOL OF THE CHARTERING DISTRICT TO AN INSTITUTE CHARTER  
18 SCHOOL;

19 (b) THE REORGANIZATION OF THE QUALIFIED CHARTER SCHOOL  
20 AND APPLICATION TO THE INITIAL CHARTERING LOCAL BOARD OF  
21 EDUCATION OR THE STATE CHARTER SCHOOL INSTITUTE FOR APPROVAL AS  
22 A CHARTER SCHOOL WITH THE CONDITION THAT THE NEWLY APPROVED  
23 CHARTER SCHOOL WILL ASSUME THE BOND OBLIGATIONS OF THE FORMER  
24 QUALIFIED CHARTER SCHOOL PURSUANT TO SECTION 22-30.5-407; OR

25 (c) ANY OTHER ALTERNATIVE DEEMED FEASIBLE BY THE STATE  
26 TREASURER, THE COMMISSIONER OF EDUCATION, THE COLORADO  
27 EDUCATIONAL AND CULTURAL FACILITIES AUTHORITY, THE CHARTERING

1 LOCAL BOARD OF EDUCATION, AND THE QUALIFIED CHARTER SCHOOL.

2 (4) NOTHING IN THIS SECTION SHALL BE CONSTRUED TO PREVENT  
3 THE CHARTERING LOCAL BOARD OF EDUCATION FROM MAKING A  
4 DETERMINATION TO REVOKE OR NOT RENEW THE CHARTER OF A QUALIFIED  
5 CHARTER SCHOOL PURSUANT TO SECTION 22-30.5-110.

6 **SECTION 8.** Part 5 of article 30.5 of title 22, Colorado Revised  
7 Statutes, is amended BY THE ADDITION OF A NEW SECTION to  
8 read:

9 **22-30.5-511.3. Nonrenewal or revocation - qualified charter**  
10 **school - exceptions.** (1) NOTWITHSTANDING THE PROVISIONS OF SECTION  
11 22-30.5-511, THE PROVISIONS OF THIS SECTION SHALL APPLY IF:

12 (a) THE INSTITUTE BOARD DETERMINES THAT THE CHARTER OF A  
13 QUALIFIED CHARTER SCHOOL, AS DEFINED IN SECTION 22-30.5-408 (1) (c),  
14 WILL BE REVOKED OR WILL NOT BE RENEWED; AND

15 (b) THE QUALIFIED CHARTER SCHOOL HAS FINANCED CAPITAL  
16 CONSTRUCTION WITH REVENUES FROM BONDS ISSUED ON BEHALF OF THE  
17 QUALIFIED CHARTER SCHOOL BY THE COLORADO EDUCATIONAL AND  
18 CULTURAL FACILITIES AUTHORITY CREATED IN SECTION 23-15-104 (1) (a),  
19 C.R.S., PURSUANT TO SECTION 22-30.5-407.

20 (2) (a) IF THE INSTITUTE BOARD MAKES A DETERMINATION TO  
21 REVOKE OR NOT RENEW THE CHARTER OF A QUALIFIED CHARTER SCHOOL  
22 AND SUBSECTION (1) OF THIS SECTION APPLIES, THE INSTITUTE BOARD  
23 SHALL NOTIFY THE STATE TREASURER AND THE COMMISSIONER OF  
24 EDUCATION IMMEDIATELY UPON SUCH DETERMINATION. IF THE QUALIFIED  
25 CHARTER SCHOOL APPEALS THE DETERMINATION OF THE INSTITUTE BOARD  
26 TO THE STATE BOARD OF EDUCATION PURSUANT TO SECTION 22-30.5-511  
27 (5) (b) AND THE STATE BOARD UPHOLDS THE DECISION OF THE INSTITUTE

1 BOARD OR IF THE QUALIFIED CHARTER SCHOOL OPTS NOT TO APPEAL TO  
2 THE STATE BOARD WITHIN THIRTY DAYS OF THE DECISION OF THE  
3 INSTITUTE BOARD, THE COMMISSIONER SHALL SUSPEND THE REVOCATION  
4 OR NONRENEWAL OF THE CHARTER UNTIL SUCH TIME AS THE STATE  
5 TREASURER, THE COMMISSIONER, AND THE COLORADO EDUCATIONAL AND  
6 CULTURAL FACILITIES AUTHORITY DETERMINE, WITH THE INSTITUTE  
7 BOARD AND THE QUALIFIED CHARTER SCHOOL, WHETHER AN ALTERNATIVE  
8 EXISTS TO SUCH REVOCATION OR NONRENEWAL OF THE CHARTER.

9 (b) THE INSTITUTE BOARD SHALL NOT BE REQUIRED TO SUSPEND  
10 A REVOCATION OR NONRENEWAL OF A CHARTER PURSUANT TO PARAGRAPH  
11 (a) OF THIS SUBSECTION (2) FOR MORE THAN ONE HUNDRED TWENTY DAYS  
12 AFTER THE DATE THAT THE COMMISSIONER OF EDUCATION ORDERED THE  
13 SUSPENSION.

14 (3) THE STATE TREASURER, COMMISSIONER OF EDUCATION,  
15 INSTITUTE BOARD, AND COLORADO EDUCATIONAL AND CULTURAL  
16 FACILITIES AUTHORITY MAY PURSUE THE FOLLOWING:

17 (a) THE CONVERSION OF THE QUALIFIED CHARTER SCHOOL FROM  
18 AN INSTITUTE CHARTER SCHOOL TO A SCHOOL OF THE ACCOUNTING  
19 DISTRICT OF THE INSTITUTE CHARTER SCHOOL, AS DEFINED IN SECTION  
20 22-30.5-513 (1) (a);

21 (b) THE REORGANIZATION OF THE QUALIFIED CHARTER SCHOOL  
22 AND APPLICATION TO THE INSTITUTE BOARD OR THE LOCAL BOARD OF  
23 EDUCATION OF THE ACCOUNTING DISTRICT FOR APPROVAL AS A CHARTER  
24 SCHOOL WITH THE CONDITION THAT THE NEWLY APPROVED CHARTER  
25 SCHOOL WILL ASSUME THE BOND OBLIGATIONS OF THE FORMER QUALIFIED  
26 CHARTER SCHOOL PURSUANT TO SECTION 22-30.5-407; OR

27 (c) ANY OTHER ALTERNATIVE DEEMED FEASIBLE BY THE STATE

1     TREASURER, THE COMMISSIONER OF EDUCATION, THE COLORADO  
2     EDUCATIONAL AND CULTURAL FACILITIES AUTHORITY, THE INSTITUTE  
3     BOARD, AND THE QUALIFIED CHARTER SCHOOL.

4             (4) NOTHING IN THIS SECTION SHALL BE CONSTRUED TO PREVENT  
5     THE INSTITUTE BOARD FROM MAKING A DETERMINATION TO REVOKE OR  
6     NOT RENEW THE CHARTER OF A QUALIFIED CHARTER SCHOOL PURSUANT  
7     TO SECTION 22-30.5-511.

8             **SECTION 9.** 22-30.5-406 (1) (c) (I), Colorado Revised Statutes,  
9     is amended to read:

10            **22-30.5-406. Direct payment of charter school bonds by the**  
11    **state treasurer and school districts.** (1) (c) (I) In the case of a charter  
12    school authorized by a school district board of education, the state  
13    treasurer shall withhold the amount of any direct payments made on  
14    behalf of a charter school plus administrative costs associated with the  
15    making of direct payments in an amount agreed upon by the state  
16    treasurer and the charter school from the payments to the chartering  
17    district of the state share of the district's total program made pursuant to  
18    article 54 of this title. The state treasurer shall notify the chief financial  
19    officers of the chartering district and the charter school of any amount of  
20    moneys withheld and the chartering district shall reduce the amount of  
21    funding it provides to the charter school by said amount. Any  
22    administrative costs withheld by the state treasurer pursuant to this  
23    subparagraph (I) shall be credited to the charter school financing  
24    administrative cash fund, which fund is hereby created. THE MONEYS IN  
25    THE FUND SHALL ALSO CONSIST OF MONEYS CREDITED TO THE FUND  
26    PURSUANT TO SECTION 22-30.5-409 (3) (b). Moneys in the fund shall be  
27    continuously appropriated to the state treasurer for the direct and indirect

1 costs of the administration of this section AND FOR COMPLYING WITH THE  
2 REQUIREMENTS OF SECTION 22-30.5-409. Moneys in the charter school  
3 financing administrative cash fund shall remain in the fund and shall not  
4 revert to the general fund at the end of any fiscal year.

5 **SECTION 10. Effective date.** This act shall take effect July 1,  
6 2011.

7 **SECTION 11. Safety clause.** The general assembly hereby finds,  
8 determines, and declares that this act is necessary for the immediate  
9 preservation of the public peace, health, and safety.