

State of Arizona
House of Representatives
Forty-fifth Legislature
First Regular Session
2001

HOUSE BILL 2253

AN ACT

AMENDING SECTIONS 15-342, 15-1023.01, 15-2002, 15-2021, 15-2081, 15-2085, 41-2632 AND 41-3008.19, ARIZONA REVISED STATUTES; AMENDING LAWS 1998, FIFTH SPECIAL SESSION, CHAPTER 1, SECTION 55, AS AMENDED BY LAWS 1999, CHAPTER 299, SECTION 39 AND LAWS 2000, CHAPTER 163, SECTION 2; AMENDING LAWS 1998, FIFTH SPECIAL SESSION, CHAPTER 1, SECTION 60, AS AMENDED BY LAWS 2000, CHAPTER 163, SECTION 3; REPEALING LAWS 2000, FIFTH SPECIAL SESSION, CHAPTER 1, SECTION 59; RELATING TO THE SCHOOL FACILITIES BOARD.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:
2 Section 1. Section 15-342, Arizona Revised Statutes, is amended to
3 read:
4 15-342. Discretionary powers
5 The governing board may:
6 1. Expel pupils for misconduct.
7 2. Exclude from grades one through eight children under six years of
8 age.
9 3. Make such separation of groups of pupils as it deems advisable.
10 4. Maintain such special schools during vacation as deemed necessary
11 for the benefit of the pupils of the school district.
12 5. Permit a superintendent or principal or representatives of the
13 superintendent or principal to travel for a school purpose, as determined by
14 a majority vote of the board. The board may permit members and members-elect
15 of the board to travel within or without the school district for a school
16 purpose and receive reimbursement. Any expenditure for travel and
17 subsistence pursuant to this paragraph shall be as provided in title 38,
18 chapter 4, article 2. The designated post of duty referred to in section
19 38-621 shall be construed, for school district governing board members, to be
20 the member's actual place of residence, as opposed to the school district
21 office or the school district boundaries. Such expenditures shall be a
22 charge against the budgeted school district funds. The governing board of a
23 school district shall prescribe procedures and amounts for reimbursement of
24 lodging and subsistence expenses. Reimbursement amounts shall not exceed the
25 maximum amounts established pursuant to section 38-624, subsection C.
26 6. Construct or provide in rural districts housing facilities for
27 teachers and other school employees which the board determines are necessary
28 for the operation of the school.
29 7. Sell or lease to the state, a county, a city or a tribal government
30 agency, any school property required for a public purpose, provided the sale
31 or lease of the property will not affect the normal operations of a school
32 within the school district.
33 8. Annually budget and expend funds for membership in an association
34 of school districts within this state.
35 9. Enter into leases or lease-purchase agreements for school buildings
36 or grounds, or both, as lessor or as lessee, for periods of less than five
37 years subject to voter approval for construction of school buildings as
38 prescribed in section 15-341, subsection A, paragraph 8.
39 10. Subject to chapter 16 of this title, sell school sites or enter
40 into leases or lease-purchase agreements for school buildings and grounds, as
41 lessor or as lessee, for a period of five years or more, but not to exceed
42 ninety-nine years, if authorized by a vote of the school district electors in
43 an election called by the governing board as provided in section 15-491,
44 except that authorization by the school district electors in an election is
45 not required if ~~either~~ **ONE OF THE FOLLOWING REQUIREMENTS IS MET:**

1 (a) The market value of the school property is less than fifty
2 thousand dollars.

3 (b) THE BUILDINGS AND SITES ARE COMPLETELY FUNDED WITH MONIES
4 DISTRIBUTED BY THE SCHOOL FACILITIES BOARD.

5 (c) THE TRANSACTION INVOLVES THE SALE OF IMPROVED OR UNIMPROVED
6 PROPERTY PURSUANT TO AN AGREEMENT WITH THE SCHOOL FACILITIES BOARD IN WHICH
7 THE SCHOOL DISTRICT AGREES TO SELL THE IMPROVED OR UNIMPROVED PROPERTY AND
8 TRANSFER THE PROCEEDS OF THE SALE TO THE SCHOOL FACILITIES BOARD IN EXCHANGE
9 FOR MONIES FROM THE SCHOOL FACILITIES BOARD FOR THE ACQUISITION OF A MORE
10 SUITABLE SCHOOL SITE. FOR A SALE OF PROPERTY ACQUIRED BY A SCHOOL DISTRICT
11 PRIOR TO JULY 9, 1998, A SCHOOL DISTRICT SHALL TRANSFER TO THE SCHOOL
12 FACILITIES BOARD THAT PORTION OF THE PROCEEDS THAT EQUALS THE COST OF THE
13 ACQUISITION OF A MORE SUITABLE SCHOOL SITE. IF THERE ARE ANY REMAINING
14 PROCEEDS AFTER THE TRANSFER OF FUNDS TO THE SCHOOL FACILITIES BOARD, A SCHOOL
15 DISTRICT SHALL ONLY USE THOSE REMAINING PROCEEDS FOR FUTURE LAND PURCHASES
16 APPROVED BY THE SCHOOL FACILITIES BOARD, OR FOR CAPITAL IMPROVEMENTS NOT
17 FUNDED BY THE SCHOOL FACILITIES BOARD FOR ANY EXISTING OR FUTURE FACILITY.

18 ~~(b)~~ (d) The transaction involves the sale of improved or unimproved
19 property pursuant to a formally adopted plan and the school district uses the
20 proceeds of this sale to purchase other property that will be used for
21 similar purposes as the property that was originally sold, provided that the
22 sale proceeds of the improved or unimproved property are used within two
23 years after the date of the original sale to purchase the replacement
24 property. If the sale proceeds of the improved or unimproved property are
25 not used within two years after the date of the original sale to purchase
26 replacement property, the sale proceeds shall be used towards payment of any
27 outstanding bonded indebtedness. If any sale proceeds remain after paying
28 for outstanding bonded indebtedness, or if the district has no outstanding
29 bonded indebtedness, sale proceeds shall be used to reduce the district's
30 primary tax levy. A school district shall not use the provisions of this
31 subdivision unless all of the following conditions exist:

32 (i) The school district is the sole owner of the improved or
33 unimproved property that the school district intends to sell.

34 (ii) The school district did not purchase the improved or unimproved
35 property that the school district intends to sell with monies that were
36 distributed pursuant to chapter 16 of this title.

37 (iii) The transaction does not violate section 15-341, subsection G.

38 11. Review the decision of a teacher to promote a pupil to a grade or
39 retain a pupil in a grade in a common school or to pass or fail a pupil in a
40 course in high school. The pupil has the burden of proof to overturn the
41 decision of a teacher to promote, retain, pass or fail the pupil. In order
42 to sustain the burden of proof, the pupil shall demonstrate to the governing
43 board that the pupil has mastered the academic standards adopted by the state
44 board of education pursuant to sections 15-701 and 15-701.01. If the
45 governing board overturns the decision of a teacher pursuant to this

1 paragraph, the governing board shall adopt a written finding that the pupil
2 has mastered the academic standards. Notwithstanding title 38, chapter 3,
3 article 3.1, the governing board shall review the decision of a teacher to
4 promote a pupil to a grade or retain a pupil in a grade in a common school or
5 to pass or fail a pupil in a course in high school in executive session
6 unless a parent or legal guardian of the pupil or the pupil, if emancipated,
7 disagrees that the review should be conducted in executive session and then
8 the review shall be conducted in an open meeting. If the review is conducted
9 in executive session, the board shall notify the teacher of the date, time
10 and place of the review and shall allow the teacher to be present at the
11 review. If the teacher is not present at the review, the board shall consult
12 with the teacher before making its decision. Any request, including the
13 written request as provided in section 15-341, the written evidence presented
14 at the review and the written record of the review, including the decision of
15 the governing board to accept or reject the teacher's decision, shall be
16 retained by the governing board as part of its permanent records.

17 12. Provide transportation or site transportation loading and unloading
18 areas for any child or children if deemed for the best interest of the
19 district, whether within or without the district, county or state.

20 13. Enter into intergovernmental agreements and contracts with school
21 districts or other governing bodies as provided in section 11-952.

22 14. Include in the curricula which it prescribes for high schools in
23 the school district vocational and technological education programs and
24 vocational and technological program improvement services for the high
25 schools, subject to approval by the state board of education. The governing
26 board may contract for the provision of vocational and technological
27 education as provided in section 15-789.

28 15. Suspend a teacher or administrator from his duties without pay for
29 a period of time of not to exceed ten school days, if the board determines
30 that suspension is warranted pursuant to section 15-341, subsection A,
31 paragraphs 23 and 24.

32 16. Dedicate school property within an incorporated city or town to
33 such city or town or within a county to that county for use as a public
34 right-of-way if both of the following apply:

35 (a) Pursuant to an ordinance adopted by such city, town or county,
36 there will be conferred upon the school district privileges and benefits
37 which may include benefits related to zoning.

38 (b) The dedication will not affect the normal operation of any school
39 within the district.

40 17. Enter into option agreements for the purchase of school sites.

41 18. Donate surplus or outdated learning materials to nonprofit
42 community organizations where the governing board determines that the
43 anticipated cost of selling the learning materials equals or exceeds the
44 estimated market value of the materials.

1 19. Prescribe policies for the assessment of reasonable fees for
2 students to use district-provided parking facilities. The fees are to be
3 applied by the district solely against costs incurred in operating or
4 securing the parking facilities. Any policy adopted by the governing board
5 pursuant to this paragraph shall include a fee waiver provision in
6 appropriate cases of need or economic hardship.

7 20. Establish alternative educational programs that are consistent with
8 the laws of this state to educate pupils, including pupils who have been
9 reassigned pursuant to section 15-841, subsection E or F.

10 21. Require a period of silence to be observed at the commencement of
11 the first class of the day in the schools. If a governing board chooses to
12 require a period of silence to be observed, the teacher in charge of the room
13 in which the first class is held shall announce that a period of silence not
14 to exceed one minute in duration will be observed for meditation, and during
15 that time no activities shall take place and silence shall be maintained.

16 22. Require students to wear uniforms.

17 23. Exchange unimproved property or improved property, including school
18 sites, where the governing board determines that the improved property is
19 unnecessary for the continued operation of the school district without
20 requesting authorization by a vote of the school district electors if the
21 governing board determines that the exchange is necessary to protect the
22 health, safety or welfare of pupils or when the governing board determines
23 that the exchange is based on sound business principles for either:

24 (a) Unimproved or improved property of equal or greater value.

25 (b) Unimproved property that the owner contracts to improve if the
26 value of the property ultimately received by the school district is of equal
27 or greater value.

28 24. For common and high school pupils, assess reasonable fees for
29 optional extracurricular activities and programs conducted when the common or
30 high school is not in session, except that no fees shall be charged for
31 pupils' access to or use of computers or related materials. For high school
32 pupils, the governing board may assess reasonable fees for fine arts and
33 vocational education courses and for optional services, equipment and
34 materials offered to the pupils beyond those required to successfully
35 complete the basic requirements of any other course, except that no fees
36 shall be charged for pupils' access to or use of computers or related
37 materials. Fees assessed pursuant to this paragraph shall be adopted at a
38 public meeting after notice has been given to all parents of pupils enrolled
39 at schools in the district and shall not exceed the actual costs of the
40 activities, programs, services, equipment or materials. The governing board
41 shall authorize principals to waive the assessment of all or part of a fee
42 assessed pursuant to this paragraph if it creates an economic hardship for a
43 pupil. For the purposes of this paragraph, "extracurricular activity" means
44 any optional, noncredit, educational or recreational activity which

1 supplements the education program of the school, whether offered before,
2 during or after regular school hours.

3 25. Notwithstanding section 15-341, subsection A, paragraphs 8 and 10,
4 construct school buildings and purchase OR LEASE school sites, without a vote
5 of the school district electors, if the buildings and sites are totally
6 funded from one or more of the following:

7 (a) Monies in the unrestricted capital outlay fund, except that the
8 estimated cost shall not exceed two hundred fifty thousand dollars for a
9 district that utilizes the provisions of section 15-949.

10 (b) Monies distributed from the school facilities board established by
11 section 15-2001.

12 (c) Monies specifically donated for the purpose of constructing school
13 buildings.

14 Nothing in this paragraph shall be construed to eliminate the requirement for
15 an election to raise revenues for a capital outlay override pursuant to
16 section 15-481 or a bond election pursuant to section 15-491.

17 26. Conduct a background investigation that includes a fingerprint
18 check conducted pursuant to section 41-1750, subsection G for certificated
19 personnel and personnel who are not paid employees of the school district, as
20 a condition of employment. A school district may release the results of a
21 background check to another school district for employment purposes. The
22 school district may charge the costs of fingerprint checks to its
23 fingerprinted employee, except that the school district may not charge the
24 costs of fingerprint checks for personnel who are not paid employees of the
25 school district.

26 27. Sell advertising space on the exterior of school buses as follows:

27 (a) Advertisements shall be age appropriate and not contain promotion
28 of any substance that is illegal for minors such as alcohol, tobacco and
29 drugs or gambling. Advertisements shall comply with the state sex education
30 policy of abstinence.

31 (b) Advertising approved by the governing board may appear only on the
32 sides of the bus in the following areas:

33 (i) The signs shall be below the seat level rub rail and not extend
34 above the bottom of the side windows.

35 (ii) The signs shall be at least three inches from any required
36 lettering, lamp, wheel well or reflector behind the service door or stop
37 signal arm.

38 (iii) The signs shall not extend from the body of the bus so as to
39 allow a handhold or present a danger to pedestrians.

40 (iv) The signs shall not interfere with the operation of any door or
41 window.

42 (v) The signs shall not be placed on any emergency doors.

43 (c) Establish a school bus advertisement fund that is comprised of
44 revenues from the sale of advertising space on school buses. The monies in a

1 school bus advertisement fund are not subject to reversion and shall be used
2 for the following purposes:

3 (i) To comply with the energy conservation measures prescribed in
4 section 15-349 in school districts that are in area A as defined in section
5 49-541, and any remaining monies shall be used to purchase alternative fuel
6 support vehicles and any other pupil related costs as determined by the
7 governing board.

8 (ii) For any pupil related costs as determined by the governing board
9 in school districts not subject to the provisions of item (i) of this
10 subdivision.

11 28. Assess reasonable damage deposits to pupils in grades seven
12 through twelve for the use of textbooks, musical instruments, band uniforms
13 or other equipment required for academic courses. The governing board shall
14 adopt policies on any damage deposits assessed pursuant to this paragraph at
15 a public meeting called for this purpose after providing notice to all
16 parents of pupils in grades seven through twelve in the school district.
17 Principals of individual schools within the district may waive the damage
18 deposit requirement for any textbook or other item if the payment of the
19 damage deposit would create an economic hardship for the pupil. The school
20 district shall return the full amount of the damage deposit for any textbook
21 or other item if the pupil returns the textbook or other item in reasonably
22 good condition within the time period prescribed by the governing board. For
23 the purposes of this paragraph, "in reasonably good condition" means the
24 textbook or other item is in the same or a similar condition as it was when
25 the pupil received it, plus ordinary wear and tear.

26 Sec. 2. Section 15-1023.01, Arizona Revised Statutes, is amended to
27 read:

28 15-1023.01. Municipal property corporation financing
29 prohibited; definition

30 A. Except as provided in subsection C, a school district shall not
31 directly or indirectly pledge its full faith and credit nor incur any direct
32 or indirect obligation of any kind against or pay school district revenues to
33 a municipal property corporation or a special district under title 48 as a
34 means of financing the acquisition or construction of school capital
35 facilities.

36 B. This section does not apply to any valid obligation initially
37 incurred by a school district on or before December 31, 1998.

38 C. A school district may pledge school district revenues to a
39 municipal property corporation or a special district under title 48 for the
40 purpose of constructing teacher housing facilities **OR FOR ANY PROJECT**
41 **FINANCED WITH A LOAN FROM THE UNITED STATES DEPARTMENT OF AGRICULTURE.**

42 D. For purposes of this section, "municipal property corporation"
43 means a corporation organized by or at the direction of a city, town or
44 school district to construct and own a capital facility that the school

1 district pledges to lease or lease-purchase and finance with school district
2 revenues.

3 Sec. 3. Section 15-2002, Arizona Revised Statutes, is amended to read:
4 15-2002. Powers and duties; executive director; staffing;
5 report

6 A. The school facilities board shall:

7 1. Make assessments of school facilities and equipment deficiencies
8 pursuant to section 15-2021 and approve the distribution of grants as
9 appropriate.

10 2. Develop a ~~data-base~~ DATABASE for administering the building renewal
11 formula prescribed in section 15-2031 and administer the distribution of
12 monies to school districts for building renewal.

13 3. Inspect school buildings at least once every five years to ensure
14 compliance with the building adequacy standards prescribed in section 15-2011
15 with respect to construction of new buildings and maintenance of existing
16 buildings.

17 4. Review and approve student population projections submitted by
18 school districts to determine to what extent school districts are entitled to
19 monies to construct new facilities pursuant to section 15-2041. The board
20 shall make a final determination within six months of the receipt of an
21 application by a school district for monies from the new school facilities
22 fund.

23 5. Certify that plans for new school facilities meet the building
24 adequacy standards prescribed in section 15-2011.

25 6. Develop prototypical elementary and high school designs. The board
26 shall review the design differences between the schools with the highest
27 academic productivity scores and the schools with the lowest academic
28 productivity scores. The board shall also review the results of a valid and
29 reliable survey of parent quality rating in the highest performing schools
30 and the lowest performing schools in this state. The survey of parent
31 quality rating shall be administered by the department of education. The
32 board shall consider the design elements of the schools with the highest
33 academic productivity scores and parent quality ratings in the development of
34 elementary and high school designs. The board shall develop separate school
35 designs for elementary, middle and high schools with varying pupil
36 capacities.

37 7. Develop application forms, reporting forms and procedures to carry
38 out the requirements of this article.

39 8. Review and approve or reject requests submitted by school districts
40 to take actions pursuant to section 15-341, subsection F.

41 9. Submit an annual report by December 15 to the speaker of the house
42 of representatives, the president of the senate, the superintendent of public
43 instruction, the director of the Arizona state library, archives and public
44 records and the governor that includes the following information:

1 (a) A detailed description of the amount of monies distributed by the
2 school facilities board in the previous fiscal year.

3 (b) A list of each capital project that received monies from the
4 school facilities board during the previous fiscal year, a brief description
5 of each project that was funded and a summary of the board's reasons for the
6 distribution of monies for the project.

7 (c) A summary of the findings and conclusions of the building
8 maintenance inspections conducted pursuant to this article during the
9 previous fiscal year.

10 (d) A summary of the findings of common design elements and
11 characteristics of the highest performing schools and the lowest performing
12 schools based on academic productivity including the results of the parent
13 quality rating survey.

14 For the purposes of this paragraph, "academic productivity" means academic
15 year advancement per calendar year as measured with student-level data using
16 the statewide nationally standardized norm-referenced achievement test.

17 10. By December 1 of each even-numbered year, report to the joint
18 committee on capital review the estimated amounts necessary to fulfill the
19 requirements of sections 15-2021, 15-2031 and 15-2041 for the following two
20 fiscal years. By December 1 of each odd-numbered year, the board shall
21 provide to the joint committee on capital review an update of the estimated
22 amounts necessary to fulfill the requirements of sections 15-2021, 15-2031
23 and 15-2041 for the following fiscal year. No later than January 1 of each
24 year, the board shall instruct the state treasurer as to the amounts under
25 the transaction privilege tax to be credited in equal quarterly installments
26 for the following state fiscal year. The board shall provide copies of both
27 reports to the president of the senate, the speaker of the house of
28 representatives and the governor.

29 11. Adopt minimum school facility adequacy guidelines to provide the
30 minimum quality and quantity of school buildings and the facilities and
31 equipment necessary and appropriate to enable pupils to achieve the
32 educational goals of the Arizona state schools for the deaf and the
33 blind. The school facilities board shall establish minimum school facility
34 adequacy guidelines applicable to the Arizona state schools for the deaf and
35 the blind by December 31, 2000.

36 B. The school facilities board may contract for private services in
37 compliance with the procurement practices prescribed in title 41, chapter 23.

38 C. The governor shall appoint an executive director of the school
39 facilities board pursuant to section 38-211. The executive director is
40 eligible to receive compensation as determined pursuant to section 38-611 and
41 may hire and fire necessary staff as approved by the legislature in the
42 budget. The executive director shall have demonstrated competency in school
43 finance, facilities design or facilities management, either in private
44 business or government service. The executive director serves at the

1 pleasure of the governor. The staff of the school facilities board is exempt
2 from title 41, chapter 4, articles 5 and 6. The executive director:

3 1. Shall analyze applications for monies submitted to the board by
4 school districts.

5 2. Shall assist the board in developing forms and procedures for the
6 distribution and review of applications and the distribution of monies to
7 school districts.

8 3. May review or audit, or both, the expenditure of monies by a school
9 district for deficiencies corrections, building renewal and new school
10 facilities.

11 4. Shall assist the board in the preparation of the board's annual
12 report.

13 5. Shall research and provide reports on issues of general interest to
14 the board.

15 6. May aid school districts in the development of reasonable and
16 cost-effective school designs in order to avoid statewide duplicated efforts
17 and unwarranted expenditures in the area of school design.

18 7. May assist school districts in facilitating the development of
19 multijurisdictional facilities.

20 8. Shall assist the board in any other appropriate matter or method as
21 directed by the members of the board.

22 9. Shall establish procedures to ensure compliance with the notice and
23 hearing requirements prescribed in section 15-905.

24 10. May expedite any request for funds in which the local match was not
25 obtained for a project that received preliminary approval by the state board
26 for school capital facilities.

27 11. Shall expedite any request for funds in which the school district
28 governing board submits an application that shows an immediate need for a new
29 school facility.

30 12. Shall make a determination as to administrative completion within
31 one month after the receipt of an application by a school district for monies
32 from the new school facilities fund.

33 13. Shall provide technical support to school districts as requested by
34 school districts in connection with the construction of new school facilities
35 and the maintenance of existing school facilities.

36 D. When appropriate, the school facilities board shall review and use
37 the statewide school facilities inventory and needs assessment conducted by
38 the joint committee on capital review and issued in July, 1995.

39 E. The school facilities board shall contract with one or more private
40 building inspectors to complete an initial assessment of school facilities
41 and equipment provided in section 15-2021 and shall inspect each school
42 building in this state at least once every five years to ensure compliance
43 with section 15-2011. A copy of the inspection report, together with any
44 recommendations for building maintenance, shall be provided to the school
45 facilities board and the governing board of the school district.

1 F. The school facilities board may consider appropriate combinations
2 of facilities or uses in making assessments of and curing deficiencies
3 pursuant to subsection A, paragraph 1 of this section and in certifying plans
4 for new school facilities pursuant to subsection A, paragraph 5 of this
5 section.

6 G. The board shall not award any monies to fund new facilities that
7 are financed by class A bonds that are issued by the school district.

8 H. The board shall not distribute monies to a school district for
9 replacement or repair of facilities if the costs associated with the
10 replacement or repair are covered by insurance or a performance or payment
11 bond.

12 I. THE BOARD MAY CONTRACT FOR CONSTRUCTION SERVICES AND MATERIALS THAT
13 ARE NECESSARY TO CORRECT EXISTING DEFICIENCIES IN SCHOOL DISTRICT FACILITIES
14 AS DETERMINED PURSUANT TO SECTION 15-2021. THE BOARD MAY PROCURE THE
15 CONSTRUCTION SERVICES NECESSARY PURSUANT TO THIS SUBSECTION BY ANY METHOD
16 INCLUDING CONSTRUCTION-MANAGER-AT-RISK, DESIGN-BUILD, DESIGN-BID-BUILD, OR
17 JOB-ORDER-CONTRACTING AS PROVIDED BY TITLE 41, CHAPTER 23. THE CONSTRUCTION
18 PLANNING AND SERVICES PERFORMED PURSUANT TO THIS SUBSECTION ARE EXEMPT FROM
19 THE PROVISIONS OF SECTION 41-791.01.

20 J. THE SCHOOL FACILITIES BOARD MAY ENTER INTO AGREEMENTS WITH SCHOOL
21 DISTRICTS TO ALLOW SCHOOL FACILITIES BOARD STAFF AND CONTRACTORS ACCESS TO
22 SCHOOL PROPERTY FOR THE PURPOSES OF PERFORMING THE CONSTRUCTION SERVICES
23 NECESSARY PURSUANT TO SUBSECTION I OF THIS SECTION.

24 Sec. 4. Section 15-2021, Arizona Revised Statutes, is amended to read:
25 15-2021. Deficiencies correction fund

26 A. A deficiencies correction fund is established consisting of monies
27 appropriated by the legislature and monies credited to the fund pursuant to
28 section 42-5030.01. The school facilities board shall administer the fund
29 and distribute monies to school districts **AND PAY CONTRACTORS** for the purpose
30 of correcting existing deficiencies. Monies in the fund are continuously
31 appropriated and are exempt from the provisions of section 35-190 relating to
32 lapsing of appropriations.

33 B. School districts are eligible for monies from the deficiencies
34 correction fund for either of the following purposes:

35 1. To correct any square footage deficiency pursuant to section
36 15-2011. School districts shall submit a summary notice on a form prescribed
37 by the school facilities board that the school district believes it has a
38 square footage deficiency pursuant to section 15-2011, subsection C to the
39 school facilities board by December 1, 1998. If the school district exceeds
40 the standard by ten per cent or more, the school district may be required to
41 pay for the cost of an on-site space assessment by the school facilities
42 board. By June 30, 1999, the school facilities board shall assess all
43 alleged square footage deficiencies from the school district notices.

44 2. To correct quality deficiencies based on the district's inability
45 to comply with the minimum school facility adequacy requirements established

1 in and pursuant to section 15-2011. This state shall not correct quality
2 deficiencies pursuant to this paragraph for elective courses that require the
3 school district facilities to exceed building adequacy standards. School
4 districts shall submit a summary notice on a form prescribed by the school
5 facilities board that the school district has a quality deficiency need to
6 the school facilities board by August 1, 1999.

7 C. The school facilities board shall calculate the amount of
8 distribution for square footage deficiencies based on the square footage
9 prescribed in section 15-2011, subsection C and the cost per square foot
10 based on the amounts prescribed in section 15-2041, subsection D, paragraph
11 3, subdivision (c), adjusted as needed to bring the school district into
12 compliance with the minimum school facility adequacy requirements established
13 in and pursuant to section 15-2011.

14 D. The school facilities board may distribute monies for new
15 construction to a school district if the board determines after its
16 assessment that the new construction is more cost-effective than correcting
17 the deficiencies in the existing school building or buildings.

18 E. The school facilities board shall distribute monies ~~to school~~
19 ~~districts~~ from the deficiencies correction fund **TO SCHOOL DISTRICTS AND PAY**
20 **CONTRACTORS FOR THE PURPOSE OF CORRECTING EXISTING DEFICIENCIES** in an amount
21 approved by the board. The school facilities board shall review and award
22 monies to correct deficiencies pursuant to this section by June 30, 2001 and
23 shall ensure that school districts correct deficiencies pursuant to this
24 section by June 30, 2003.

25 F. School districts that receive monies from the deficiencies
26 correction fund shall establish a school district deficiencies correction
27 fund and shall use the monies in the school district deficiencies correction
28 fund only for the purposes prescribed in this section. Ending cash balances
29 in a school district's deficiencies correction fund may be used in following
30 fiscal years only for the purposes prescribed in this section. Each school
31 district that receives monies from the deficiencies correction fund shall
32 annually report the expenditures in the previous fiscal year to the school
33 facilities board by October 15 and provide an accounting of the monies
34 remaining in the deficiencies correction fund at the end of the previous
35 fiscal year. The school facilities board shall submit a report to the
36 legislature and the Arizona state library, archives and public records by
37 December 15, 1999 that includes a detailed cost estimate of the monies that
38 will need to be appropriated to correct the existing deficiencies of all
39 schools in this state by June 30, 2003. This state shall annually
40 appropriate monies to the deficiencies correction fund established in this
41 section in order to correct existing deficiencies of all schools in this
42 state by June 30, 2003.

43 **G. A DEFICIENCY CORRECTION PROJECT AWARDED PURSUANT TO THIS SECTION**
44 **MAY BE COMBINED WITH THE DEFICIENCY CORRECTION PROJECTS OF ONE OR MORE**
45 **ADDITIONAL SCHOOL DISTRICTS FOR PURPOSES OF PROCURING CONSTRUCTION SERVICES**

1 AND MATERIALS THAT ARE NECESSARY TO CORRECT DEFICIENCIES IF THE SCHOOL
2 FACILITIES BOARD DETERMINES THAT COMBINING THE PROJECTS MAXIMIZES THE
3 PURCHASING VALUE OF THE PUBLIC MONIES OF THIS STATE.

4 Sec. 5. Section 15-2081, Arizona Revised Statutes, is amended to read:
5 15-2081. Authorization of state school improvement revenue
6 bonds

7 A. The school facilities board may issue revenue bonds in a principal
8 amount not to exceed eight hundred million dollars pursuant to this article.
9 The bonds may be issued for the following purposes:

10 1. To provide monies to pay the cost of:

11 (a) Correcting existing deficiencies as prescribed by section 15-2021.

12 (b) Bond related expenses including any expenses incurred by the
13 school facilities board to issue and administer its bonds including
14 underwriting fees and costs, trustee fees, financial consultant fees,
15 printing and advertising costs, paying agent fees, transfer agent fees,
16 legal, accounting, feasibility consultant and other professional fees and
17 expenses, bond insurance or other credit enhancements or liquidity
18 facilities, attorney and accounting fees and expenses related to credit
19 enhancement, bond insurance or liquidity enhancement, remarketing fees,
20 rating agency fees and costs, travel and telephone expenses and all other
21 fees considered necessary by the school facilities board in order to market
22 and administer the bonds.

23 2. To fully or partially fund any reserves or sinking accounts
24 established by the bond resolution.

25 B. The school facilities board shall authorize the bonds by
26 resolution. The resolution shall prescribe:

27 1. The fixed or variable rate or rates of interest, the date or dates
28 on which interest is payable and the denominations of the bonds.

29 2. The date or dates of the bonds and maturity, within twenty years
30 after the date of issuance.

31 3. The form of the bonds.

32 4. The manner of executing the bonds.

33 5. The medium and place of payment.

34 6. The terms of redemption, which may provide for a premium for early
35 redemption.

36 C. The bonds issued pursuant to this article shall be known as state
37 school improvement revenue bonds.

38 D. THE AUTHORITY OF THE SCHOOL FACILITIES BOARD TO ISSUE SCHOOL
39 IMPROVEMENT BONDS PURSUANT TO THIS ARTICLE EXPIRES FROM AND AFTER JUNE 30,
40 2003, EXCEPT FOR BONDS ISSUED TO REFUND ANY BONDS ISSUED BY THE BOARD.

41 Sec. 6. Section 15-2085, Arizona Revised Statutes, is amended to read:
42 15-2085. Securing principal and interest

43 A. In connection with issuing bonds authorized by this article and to
44 secure the principal and interest on the bonds, the school facilities board
45 by resolution may:

1 1. Segregate the school improvement revenue bond debt service fund
2 into one or more accounts and subaccounts and provide that bonds issued under
3 this article may be secured by a lien on all or part of the monies paid into
4 the revenue bond debt service fund or into any account or subaccount in the
5 fund.

6 2. Provide that the bonds issued under this article are secured by a
7 first lien on the monies paid into the school improvement revenue bond debt
8 service fund as provided by ~~section 37-521, subsection B, paragraph 1 and~~
9 section 42-5029, subsection E and PARAGRAPH 1 pledge and assign to or in
10 trust for the benefit of the holder or holders of the bonds all or part of
11 the monies in the school improvement revenue bond debt service fund, in any
12 account or subaccount in the fund or in the school improvement revenue bond
13 proceeds fund as is necessary to secure and pay the principal, the interest
14 and any premium on the bonds as they come due.

15 3. Establish priorities among bondholders based on criteria adopted by
16 the board.

17 4. Set aside, regulate and dispose of reserves and sinking accounts.

18 5. Prescribe the procedure, if any, by which the terms of any contract
19 with bondholders may be amended or abrogated, the amount of bonds the holders
20 of which must consent to and the manner in which the consent may be given.

21 6. Provide for payment of bond related expenses from the proceeds of
22 the sale of the bonds or other revenues authorized by this article and
23 available to the board.

24 7. Provide for the services of trustees, cotrustees, agents and
25 consultants and other specialized services with respect to the bonds.

26 8. Take any other action that in any way may affect the security and
27 protection of the bonds or interest on the bonds.

28 9. Refund any bonds issued by the board, if these bonds are secured
29 from the same source of revenues as the bonds authorized by this article, by
30 issuing new bonds, whether at or before maturity of the bonds being refunded.

31 10. Issue bonds partly to refund outstanding bonds and partly for any
32 other purpose consistent with this article.

33 B. Bonds issued to refund any bonds issued by the board as provided by
34 subsection A, paragraphs 9 and 10 of this section are not subject to
35 legislative authorization or subject to the eight hundred million dollar
36 limitation prescribed by section 15-2081, subsection A.

37 Sec. 7. Section 41-2632, Arizona Revised Statutes, is amended to read:
38 41-2632. Cooperative purchasing authorized

39 A. Any public procurement unit may either participate in, sponsor,
40 conduct or administer a cooperative purchasing agreement for the procurement
41 of any materials, services or construction with one or more public
42 procurement units in accordance with an agreement entered into between the
43 participants. A nonprofit educational or public health institution may enter
44 into an agreement pursuant to this section if one or more of the parties
45 involved is a public procurement unit. An agreement entered into as provided

1 in this article is exempt from section 11-952, subsections D and F. Parties
2 under a cooperative purchasing agreement may:

3 1. Sponsor, conduct or administer a cooperative agreement for the
4 procurement or disposal of any materials, services or construction.

5 2. Cooperatively use materials or services.

6 3. Commonly use or share warehousing facilities, capital equipment and
7 other facilities.

8 4. Provide personnel, except that the requesting public procurement
9 unit shall pay the public procurement unit providing the personnel the direct
10 and indirect cost of providing the personnel, in accordance with the
11 agreement.

12 5. On request, make available to other public procurement units
13 informational, technical or other services that may assist in improving the
14 efficiency or economy of procurement. The public procurement unit furnishing
15 the informational or technical services has the right to request
16 reimbursement for the reasonable and necessary costs of providing such
17 services.

18 B. THE SCHOOL FACILITIES BOARD OR SCHOOL DISTRICTS, OR BOTH, MAY ENTER
19 INTO AN AGREEMENT WITH A PUBLIC PROCUREMENT UNIT PURSUANT TO THIS SECTION FOR
20 THE PURPOSE OF PROCURING MATERIALS AND SERVICES NEEDED TO CORRECT
21 DEFICIENCIES IN SCHOOL FACILITIES AS DETERMINED IN SECTION 15-2021.

22 ~~B.~~ C. The activities described in this section do not limit what
23 parties may do under a cooperative purchasing agreement.

24 Sec. 8. Section 41-3008.19, Arizona Revised Statutes, is amended to
25 read:

26 41-3008.19. School facilities board; termination July 1, 2008

27 A. The school facilities board terminates on July 1, 2008.

28 B. Title 15, chapter 16 is repealed on January 1, 2009 only if either:

29 1. The board has no outstanding state school facilities revenue bonds
30 issued pursuant to title 15, chapter 16, article 6 AND NO OUTSTANDING SCHOOL
31 IMPROVEMENT BONDS ISSUED PURSUANT TO TITLE 15, CHAPTER 16, ARTICLE 7.

32 2. The legislature has otherwise provided for paying or retiring any
33 outstanding state school facilities revenue bonds AND ANY OUTSTANDING STATE
34 SCHOOL IMPROVEMENT BONDS.

35 C. If neither of the conditions in subsection B have occurred by
36 January 1, 2009, title 15, chapter 16 is repealed thirty days after the
37 retirement of all revenue bonds issued pursuant to title 15, chapter 16,
38 article 6 AND TITLE 15, CHAPTER 16, ARTICLE 7.

