

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL
No. 2124 Session of
2010

INTRODUCED BY PAYTON, BRIGGS, CALTAGIRONE, COHEN, JOSEPHS,
STURLA AND YOUNGBLOOD, SEPTEMBER 29, 2010

REFERRED TO COMMITTEE ON EDUCATION, SEPTEMBER 29, 2010

AN ACT

1 Amending Title 24 (Education) of the Pennsylvania Consolidated
2 Statutes, establishing the Pennsylvania Public School
3 Construction Authority and the Pennsylvania Public School
4 Construction Task Force; providing for their powers and
5 duties; establishing the Public School Construction Reserve
6 Fund, the Public School Building and Facility Adequacy Grant
7 Program, a direct grant program and an interest subsidy
8 program; and authorizing the issuance of bonds.

9 The General Assembly of the Commonwealth of Pennsylvania
10 hereby enacts as follows:

11 Section 1. Title 24 of the Pennsylvania Consolidated
12 Statutes is amended by adding a part to read:

13 PART II

14 BASIC EDUCATION

15 Chapter

16 33. Pennsylvania State of the Art Schools Program

17 CHAPTER 33

18 PENNSYLVANIA STATE OF THE ART

19 SCHOOLS PROGRAM

20 Sec.

21 3301. Short title of chapter.

1 3302. Findings.
2 3303. Purpose of chapter.
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4 3305. School building and facility assessment report.
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8 3309. Pennsylvania Public School Construction Authority.
9 3310. Annual report.
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11 3312. Public School Building and Facility Adequacy Grant
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13 3313. Direct grant program.
14 3314. Interest subsidy program.
15 3315. Bond issuance.
16 3316. Public School Construction Reserve Fund.
17 § 3301. Short title of chapter.

18 This chapter shall be known and may be cited as the
19 Pennsylvania State of the Art Schools Act.

20 § 3302. Findings.

21 The General Assembly finds and declares as follows:

22 (1) Quality education for the children of this
23 Commonwealth is essential for the future success of children
24 of this Commonwealth and the country.

25 (2) Essential elements of this Commonwealth's public
26 school system are the school buildings and facilities that
27 ideally provide a safe and secure environment for learning
28 and facilitate educational opportunities for students in this
29 Commonwealth's public schools.

30 (3) Regrettably not all public school buildings and

1 facilities in this Commonwealth are capable of providing this
2 high quality of education due to the physical condition or
3 insufficient capacity of those buildings and facilities.

4 (4) Due to the decreasing percentage of the State
5 funding share for education and an increasing cost burden on
6 local revenue sources, necessary maintenance on needy public
7 school buildings and facilities has been deferred until
8 school district budgets can afford those additional costs,
9 and regrettably this burden on school district budgets has
10 not lessened.

11 (5) As a result of these deferrals, certain school
12 buildings and facilities are not in a condition to provide a
13 safe and secure location for schooling of children in this
14 Commonwealth.

15 (6) Several school districts have also experienced
16 difficulty in funding new building and facility construction
17 for various purposes, such as accommodating increases in
18 student population and providing students with access to
19 schools that provide and utilize recent technological
20 advances to educate students.

21 (7) Another essential element of this Commonwealth's
22 public schools is various instructional equipment, which is
23 essential to providing an education for the students of the
24 public schools, including computer and science laboratories.

25 (8) Due to the decreasing percentage in the State
26 funding share, it is increasingly difficult for school
27 districts to purchase and utilize instructional equipment,
28 such as computers and other electronic equipment, that
29 provides students with the means to learn and to succeed in
30 the digital age.

1 § 3303. Purpose of chapter.

2 This chapter is intended to:

3 (1) Provide Statewide comparable data on the current
4 physical condition of public school buildings and facilities.

5 (2) Establish minimum adequacy standards for school
6 buildings and facilities, including physical conditions,
7 maintenance, compatibility with educational technology and
8 sufficient building area per student to avoid overcrowding.

9 (3) Determine the cost of essential and deferred
10 maintenance with the goal of improving the current physical
11 condition of existing eligible school buildings and
12 facilities to comply with minimum adequacy standards.

13 (4) Provide State assistance in the school district
14 design of new construction to comply with minimum adequacy
15 standards.

16 (5) Establish a tax-exempt bond program for the funding
17 of new school building and facility construction and the
18 repair and maintenance of eligible school buildings and
19 facilities and the purchase of school building and facility
20 equipment.

21 (6) Establish the Public School Building and Facility
22 Adequacy Grant Program to distribute grants and funding to
23 eligible school districts under two separate funding
24 programs.

25 (7) Establish the Public School Construction Reserve
26 Fund to address the bonds debt service and to fund emergency
27 school maintenance needs.

28 § 3304. Definitions.

29 The following words and phrases when used in this chapter
30 shall have the meanings given to them in this section unless the

1 context clearly indicates otherwise:

2 "Adequacy grant program." The Public School Building and
3 Facility Adequacy Grant Program established by this chapter.

4 "Authority." The Pennsylvania Public School Construction
5 Authority established by this chapter.

6 "Bond." The notes, bonds and other evidences of indebtedness
7 or obligations which the Pennsylvania Public School Construction
8 Authority is authorized to issue under this chapter.

9 "Construction." This term includes acquisition and
10 construction, and the term "to construct" shall mean and include
11 to acquire and to construct in such a manner as may be deemed
12 desirable.

13 "Cost of project." The cost of all real estate, properties,
14 rights and easements acquired, the cost of construction of a
15 school building and facility and the furnishing and equipment
16 thereof, all financing charges, interest prior to and during
17 construction and engineering and legal expenses.

18 "Current physical condition." In reference to a public
19 school building or facility, this term shall include the current
20 condition of the heating, cooling, electrical and plumbing
21 systems; the building's exterior, including the roof, windows
22 and exterior doors; the building's interior, including the
23 walls, ceilings, floors, interior doors, lighting, glass,
24 educational equipment, school equipment and rest rooms;
25 gymnasiums and locker rooms; and technological capacity.

26 "Deferred maintenance." All regularly scheduled and
27 unscheduled maintenance required for the proper upkeep of a
28 school building or facility that has not been timely performed
29 but postponed to a later time.

30 "Educational equipment." All furniture, equipment and other

appliances for the use of the public schools. This term shall
exclude equipment utilizing educational technology.

"Educational technology." Any technical or scientific method
of sending, receiving, storing, packaging or assimilating audio,
video, graphic, data or any combination thereof by means of
electromagnetic signal and any equipment, processes and
facilities that are used for instruction in the public schools.

"Emergency maintenance." The performance of essential
maintenance on structurally unsound school buildings and
facilities to address the immediate risk to the health and
safety of students, employees and the public.

"Essential maintenance." The level of deferred maintenance
that must be completed for a school building or facility to
comply with the requirements of the school building and facility
adequacy standards.

"Financing." The provision of a grant or funding to a school
district for payment of the cost of a project.

"Fund." The Public School Construction Reserve Fund
established by this chapter.

"Manmade disaster." Any industrial, nuclear or
transportation accident, explosion, conflagration or other
similar condition resulting from manmade causes which threatens
or causes substantial damage to property, human suffering,
hardship or loss of life.

"Natural disaster." Any hurricane, tornado, storm, flood,
high water, wind-driven water, tidal wave, earthquake,
landslide, snowstorm, drought, fire, explosion or other
catastrophe which results in substantial damage to property,
hardship, suffering or possible loss of life.

"Needs assessment report." The report prepared by the

Department of the Auditor General that lists and calculates the total cost for the completion of all deferred maintenance and essential maintenance. This report shall include a copy of the school building and facility assessment report.

"School building and facility assessment report." The report compiled and organized by the Department of the Auditor General that lists the current physical condition of every public school in the Commonwealth. This report shall include the data collected and compiled by the contracted private entity.

"School buildings and facilities." All buildings and structures used by school districts for the classroom instruction of students. This term shall include gymnasiums and locker rooms but shall exclude stadiums, field houses, swimming pools and practice fields.

"School buildings and facilities adequacy standards." The standards proposed by the School Construction Task Force and accepted by the authority, establishing minimum standards for school buildings and facilities.

"School equipment." Equipment and machinery that are necessary for the proper and safe operation of a school building or facility.

"Structurally unsound buildings and facilities." School buildings and facilities that have extensive problems arising from uncompleted essential maintenance, which also pose a threat to the safety and health of students, employees and the public.

"Task force." The Pennsylvania Public School Construction Task Force established by this chapter.

"Technological capacity." The ability of a school building or facility to accommodate educational technology.

§ 3305. School building and facility assessment report.

1 (a) Duty to prepare report.--The Department of the Auditor
2 General shall:

3 (1) Prepare guidelines within two months of the
4 effective date of this chapter for the conduct of a Statewide
5 school building and facility assessment to collect data on
6 the current physical condition of all public school buildings
7 and facilities in every school district in this Commonwealth
8 and shall submit the guidelines and requirements for the
9 conduct of the school building and facility assessment by a
10 private entity to competitive bidding, as provided under 62
11 Pa.C.S. Pt. I (relating to Commonwealth procurement code).

12 (2) Enter into a contract with a private entity as soon
13 as practicable for the purpose of conducting the school
14 building and facility assessment.

15 (3) Prepare a school building and facility assessment
16 report that presents the Statewide data in a uniform manner
17 within nine months of the effective date of this chapter.

18 (4) Transmit the school building and facility assessment
19 report upon completion to the Pennsylvania Public School
20 Construction Task Force.

21 (b) Contents of report.--The school building and facility
22 assessment report shall provide uniform Statewide data regarding
23 the current condition of public school buildings and facilities
24 in this Commonwealth and shall include:

25 (1) The current condition of school buildings and
26 facilities on a Statewide basis, a school district basis and
27 an individual public school basis.

28 (2) Expected longevity of each school building and
29 facility.

30 (3) Calculations of current school building and facility

1 student capacity and space requirements necessary to
2 accommodate expected fluctuations in future student
3 population for a period of five years.

4 (4) Each school building's and facility's compliance or
5 noncompliance with safety requirements, including any local
6 building or construction codes.

7 (5) The ability of each school building and facility to
8 accommodate educational technology.

9 (c) Governmental assistance.--For the purposes of preparing
10 guidelines for the conduct of the building and facility
11 assessments and preparing the school building and facility
12 assessment report, the Department of the Auditor General may
13 request the assistance of local school districts, the Division
14 of Facilities Management of the Department of Education and
15 other departments, agencies and entities of the Commonwealth as
16 deemed necessary by the Department of the Auditor General.

17 (d) Timing for preparation of report.--At the completion of
18 the private entity's assessment data compilation, the Department
19 of the Auditor General shall prepare the Statewide school
20 building and facility assessment report.

21 § 3306. Pennsylvania Public School Construction Task Force.

22 (a) Establishment.--There is hereby established the
23 Pennsylvania Public School Construction Task Force.

24 (b) Membership.--The authority shall appoint 19 members to
25 the task force, which shall be comprised as follows:

26 (1) Three school directors, provided that no two or more
27 school directors shall serve on the same board of school
28 directors.

29 (2) Three school district superintendents.

30 (3) Three principals of public elementary or secondary

1 school buildings.

2 (4) Three teachers employed by a public school district.

3 (5) Three parents of a public elementary or secondary
4 school student.

5 (6) Four representatives of the private sector
6 architectural and construction management industries.

7 (c) Duties.--The task force shall have the duty to:

8 (1) Review and utilize the data contained in the school
9 building and facility assessment report and draft the
10 proposed public school building and facility adequacy
11 standards within three months of the receipt of the school
12 building and facility assessment report.

13 (2) Transmit the completed proposed public school
14 building and facility adequacy standards to the authority for
15 approval.

16 (3) Transmit a copy of the approved public school
17 building and facility adequacy standards to the Department of
18 the Auditor General for utilization in calculating the cost
19 for compliance with the minimum standards, following an
20 approval of the proposed standards by the authority.

21 (4) Review and incorporate any changes, revisions or
22 suggestions that the authority provides to the task force
23 into the proposed adequacy standards and to resubmit the
24 revised proposed adequacy standards to the authority
25 following a provisional approval of the adequacy standards by
26 the authority.

27 (5) Review and redraft the proposed adequacy standards
28 incorporating any suggestions and criticisms provided by the
29 authority following a rejection of the proposed adequacy
30 standards by the authority.

1 § 3307. Public school building and facility adequacy standards.

2 (a) Proposal of standards.--The task force shall utilize the
3 uniform data contained in the school building and facility
4 assessment report to propose adequacy standards to the authority
5 for public school buildings and facilities that require a
6 minimum level of:

7 (1) Essential maintenance.

8 (2) Structural and building integrity.

9 (3) Instructional area for education on a per student
10 basis.

11 (4) Technological capacity in school buildings and
12 facilities.

13 (b) Uniformity required.--The proposed adequacy standards
14 shall be uniform and have uniform Statewide application to all
15 public school buildings and facilities of this Commonwealth.

16 § 3308. Needs assessment report.

17 (a) Duty to prepare.--The Department of the Auditor General
18 shall prepare a needs assessment report for all public school
19 buildings and facilities which shall:

20 (1) Identify all deferred maintenance in each school
21 building and facility.

22 (2) Identify the essential maintenance required for each
23 school building and facility to comply with the school
24 building and facility adequacy standards.

25 (3) Calculate the total cost for the completion of all
26 deferred maintenance for each school building and facility.

27 (4) Calculate the total cost for the completion of
28 essential maintenance that is required for each school
29 building and facility to comply with the school building and
30 facility adequacy standards.

1 (b) Submission to authority.--The Department of the Auditor
2 General shall submit the needs assessment report to the
3 authority within two months of receiving a copy of the adequacy
4 standards from the task force. The needs assessment report shall
5 be presented in a uniform manner.

6 (c) Governmental assistance.--For the purposes of preparing
7 the needs assessment report for school buildings and facilities,
8 the Department of the Auditor General may request the assistance
9 of local school districts, the Division of Facilities Management
10 of the Department of Education, and other departments, agencies
11 and entities of the Commonwealth as deemed necessary by the
12 Department of the Auditor General.

13 § 3309. Pennsylvania Public School Construction Authority.

14 (a) Establishment.--There is hereby established a
15 Pennsylvania Public School Construction Authority.

16 (b) Membership.--The authority shall be comprised of 14
17 members as follows:

18 (1) The Governor or his designee.

19 (2) The Auditor General or his designee.

20 (3) The State Treasurer or his designee.

21 (4) The Secretary of Education or his designee.

22 (5) The Secretary of the Budget or his designee.

23 (6) The Secretary of General Services or his designee.

24 (7) The President pro tempore of the Senate or his
25 designee, the Minority Leader of the Senate or his designee,
26 the Speaker of the House of Representatives or his designee,
27 and the Minority Leader of the House of Representatives or
28 his designee.

29 (8) Four representatives of the private sector
30 architectural and construction management industries, who

1 shall be appointed by the Governor.

2 (c) Term.--The term of the members of the authority shall be
3 as follows:

4 (1) The Governor, Auditor General, State Treasurer,
5 Secretary of Education, Secretary of the Budget, Secretary of
6 General Services and the members of the General Assembly
7 shall serve concurrently with their positions, and a designee
8 of one of these officials shall serve the same term as the
9 appointing official.

10 (2) The four representatives of the private sector
11 architectural and construction management industries shall
12 serve for terms of three years. Upon the end of their terms,
13 the Governor may reappoint them to the authority or may
14 appoint other representatives of the private sector
15 architectural and construction management industries.

16 (d) Reimbursement for expenses.--Each member of the
17 authority shall serve without compensation for the performance
18 of official duties but may be reimbursed for actual and
19 necessary expenses reasonably incurred in the performance of the
20 duties of the authority.

21 (e) Duties.--The authority shall have the following powers
22 and duties:

23 (1) Appoint the initial members of the task force within
24 two months of the effective date of this chapter.

25 (2) Review and approve, conditionally approve or reject
26 the proposed public school building and facility adequacy
27 standards submitted by the task force within 30 days of the
28 receipt of the proposed standards.

29 (3) Establish guidelines for the operation and
30 administration of the grant program, including criteria,

1 eligibility and funding for emergency public school
2 infrastructure needs, within three months of the effective
3 date of this chapter.

4 (4) Create a central depository for information on
5 school building projects through the establishment and
6 maintenance of an electronic database that contains the
7 condition and needs for every school building and facility.
8 The electronic database shall be designed so that information
9 can be easily collected, stored, amended, reviewed and
10 disseminated. The information contained in this database
11 shall be available for public inspection.

12 (5) Serve the school districts as a resource in
13 designing and constructing school buildings and facilities
14 that comply with the school building and facility adequacy
15 standards established by this chapter and to assist the
16 districts in best utilizing their funding from the program,
17 including the provision and utilization of existing model
18 plans of school buildings or the development of new model
19 plans for school buildings.

20 (6) Operate and administer the fund and adequacy
21 program.

22 (7) Prepare an annual report on the operation and
23 administration of the adequacy program and fund, which shall
24 be submitted to the chairman of the Committee on Education of
25 the Senate and the chairman of the Committee on Education of
26 the House of Representatives within three months of the end
27 of the fiscal year.

28 (8) Have continuing succession.

29 (9) Sue and be sued, implead and be impleaded, complain
30 and defend in all courts.

1 (10) Adopt, use and alter at will a corporate seal.

2 (11) Acquire, purchase, hold, lease as lessee and use
3 any property real, personal or mixed, tangible or intangible,
4 or any interest therein, necessary or desirable, for carrying
5 out the purposes of the authority and to sell, lease as
6 lessor, transfer and dispose of any property or any interest
7 therein at any time acquired by it.

8 (12) Make bylaws for the management and regulation of
9 its affairs.

10 (13) Appoint officers, agents, employees and servants,
11 to prescribe their duties and to fix their compensation.

12 (14) Finance projects by making grants to any eligible
13 school district.

14 (15) Borrow money for the purpose of financing or
15 refinancing the cost of any project, make and issue
16 negotiable notes, bonds and other evidences of indebtedness
17 or obligations of the authority to the extent authorized
18 under this chapter and to secure the payment of such bonds,
19 or any part thereof, by pledge or deed of trust of all or any
20 of its revenues and receipts, and to make such agreements
21 with the purchasers or holders of such bonds or with others
22 in connection with such bonds when issued or to be issued as
23 the authority shall deem advisable, and in general to provide
24 for the security of the bonds and the rights of the holder
25 thereof.

26 (16) Make contracts of every name and nature and to
27 execute all instruments necessary or convenient for the
28 carrying of its business.

29 (17) Borrow money and accept grants from and enter into
30 contracts or other transaction with any Federal agency,

1 without limitation of the other powers and duties specified
2 in this subsection.

3 (18) Pledge, hypothecate or otherwise encumber all or
4 any of the revenues or receipts of the authority as security
5 for all or any of the obligations of the authority.

6 (19) Do all acts and things necessary or convenient to
7 carry out the powers granted to it by this chapter.

8 (f) Exercise of powers and duties.--

9 (1) The powers and duties of the authority shall be
10 exercised by a governing body consisting of the members of
11 the authority acting as a board. Within 30 days after the
12 effective date of this chapter, the board shall meet and
13 organize by electing from their number a president, treasurer
14 and secretary. At the first regular meeting in each year
15 thereafter, they shall elect from their number a president
16 and a secretary.

17 (2) Nine members shall constitute a quorum of the board
18 for the purpose of organizing the authority and conducting
19 the business thereof and for all other purposes, and all
20 action shall only be taken by a vote of a majority of the
21 members of the authority unless the bylaws shall require a
22 larger number. The board shall have full authority to manage
23 the properties and business of the authority and to
24 prescribe, amend and repeal bylaws, rules and regulations
25 governing the manner in which the business of the authority
26 may be conducted and the powers granted to it may be
27 exercised and embodied. The board shall fix and determine the
28 number of officers, agents and employees of the authority and
29 their respective compensation and duties and may delegate to
30 one or more of their number or to one or more of the

officers, agents or employees such powers and duties as it may deem proper.

(g) Limitation.--The authority shall have no power at any time or in any manner to pledge the credit or taxing power of the Commonwealth or any of its school districts, nor shall any of its debts or obligations be deemed to be obligations of the Commonwealth or any of its school districts, nor shall the Commonwealth or any of its school districts be liable for the payment of principal or interest on such obligations.

§ 3310. Annual report.

The authority shall submit an annual report to the chairman of the Committee on Education of the Senate and the chairman of the Committee on Education of the House of Representatives regarding the administration and operation of the fund and adequacy grant program.

§ 3311. School district capital improvement plans.

(a) Plan necessary for program funding.--Following completion of the school building and facility assessment, the adequacy standards, needs assessment and the adequacy grant program guidelines, any school district that submits an application for funding under the program shall prepare and retain on file an annual and a five-year capital improvement plan. The five-year capital improvement plan shall be updated annually.

(b) Contents of plan.--The capital improvement plan shall:

(1) Address the deficiencies in the school district's school buildings and facilities as listed in the school building and facility assessment, needs assessment and authority report.

(2) Comply with the school building and facility

adequacy standards.

(3) Include all of the following:

(i) The project descriptions and rationale for repair, maintenance and construction of school buildings or facilities.

(ii) The project floor plans or a copy of project blueprints.

(iii) The student and school district employee capacity of each school building or facility in the capital improvement plan.

(iv) The current and projected student enrollment for a five-year period.

(v) The funding sources and cost estimates, including applicable cost estimates contained in the needs assessment and authority report.

(vi) The school district efforts to comply with the requirements of the school building and facility adequacy standards.

(vii) The calculations of the average useful life for each project financed under the adequacy grant program.

§ 3312. Public School Building and Facility Adequacy Grant Program.

(a) Establishment.--The Public School Building and Facility Adequacy Grant Program is hereby established and shall be administered by the authority.

(b) Components of program.--The adequacy grant program shall consist of two separate components which shall be known as the direct grant program and the interest subsidy program. The adequacy grant program shall be funded by moneys generated from

1 the issuance of bonds and deposited in the fund. Fifty percent
2 of those funds in the fund generated from bond proceeds shall
3 fund the direct grant program, and the remaining 50% shall fund
4 the interest subsidy program.

5 § 3313. Direct grant program.

6 (a) Grants to be provided.--The direct grant program shall
7 provide direct grants to eligible school districts for 100% of
8 the cost of a project, including the performance of essential
9 maintenance on or construction of a public school building or
10 facility and educational equipment.

11 (b) Applications.--School districts eligible under this
12 program may submit an annual application to the authority. The
13 authority shall establish procedures and guidelines regarding
14 the application for and award of direct grants under this
15 program. The procedures and guidelines shall include:

16 (1) Provisions for accountability to ensure that the
17 direct grants are used in accordance with this chapter.

18 (2) The following project priority list for the award of
19 grants under the program:

20 (i) To replace or reconstruct school buildings and
21 facilities destroyed or damaged by manmade or natural
22 disasters.

23 (ii) To perform essential maintenance on the most
24 deficient school buildings and facilities.

25 (iii) To replace school buildings and facilities
26 that no longer are structurally sound or have components
27 that are no longer structurally sound.

28 (iv) To construct new school buildings and
29 facilities to alleviate the overcrowding caused by
30 population growth.

1 (v) To purchase educational equipment.

2 (c) Eligibility criteria.--The authority shall establish
3 eligibility criteria for grant recipients, in which eligibility
4 shall be based on at least one of the following:

5 (1) The school district has at least 50% of its students
6 eligible for free or reduced-cost lunches under the National
7 School Lunch Act (60 Stat. 230, 42 U.S.C. § 1751 et seq.).

8 (2) The school district receives a poverty supplement in
9 its basic education funding.

10 (3) The school district has a market value income aid
11 ratio of 0.8000 or higher.

12 Any school district that meets the eligibility criteria under
13 this subsection shall be classified as a special need district.
14 § 3314. Interest subsidy program.

15 (a) Funding to be provided.--

16 (1) The interest subsidy program shall provide funding
17 in the form of a reimbursement to a school district that is
18 not classified as a special need district for a specific
19 percentage of the total costs of a project for the
20 performance of essential maintenance on or the construction
21 of school buildings and facilities.

22 (2) The authority shall establish a formula for the
23 calculation of the percentage of the total project costs
24 which may be reimbursed to the school district.

25 (b) Eligibility criteria.--The authority shall establish
26 eligibility criteria for the award of the funding under this
27 program which shall incorporate the following project priority
28 list:

29 (1) To replace or reconstruct school buildings and
30 facilities destroyed or damaged by manmade or natural

1 disasters.

2 (2) To alleviate the overcrowding caused by population
3 growth or to replace school buildings and facilities that no
4 longer are structurally sound or have components that are no
5 longer structurally sound.

6 (3) To replace or reconstruct school buildings and
7 facilities that pose a risk to the health and safety of
8 students, employees and the public.

9 (4) To alter facilities to provide accessibility for
10 qualified individuals with disabilities, as defined under the
11 Americans with Disabilities Act of 1990 (Public Law 101-336,
12 42 U.S.C. § 12101 et seq.)

13 (5) To purchase educational equipment.

14 (c) Prerequisite for eligibility.--In order for a school
15 district to be eligible under the interest subsidy program, the
16 school district must obtain financing for a project at the
17 lowest available interest rate. The guidelines for the program
18 established by the authority shall address sufficient
19 documentation of such lowest available interest rate.

20 § 3315. Bond issuance.

21 (a) Amount authorized.--The authority is authorized to issue
22 a maximum of \$3,000,000,000 in negotiable bonds in four
23 individual series of \$750,000,000 over the course of two years
24 for the purpose of funding the adequacy grant program to provide
25 grants and reimbursements for the construction, maintenance and
26 equipping of public schools in this Commonwealth. The term of
27 each series of bonds shall be based on the average useful life
28 of the projects financed.

29 (b) Terms.--

30 (1) The bonds of the authority shall be of such series,

1 bear such date or dates, mature at such time or times, not
2 exceeding 30 years from their respective dates, bear such
3 interest at such rate or rates payable semiannually, be in
4 such denominations, be in such form, either coupon or fully
5 registered without coupons, carry such registration,
6 exchangeability and interchangeability privileges, be payable
7 in such medium of payment and at such place or places, be
8 subject to such terms of redemption at such prices not
9 exceeding 105% of the principal amount thereof and be
10 entitled to such priorities in the revenues and receipts of
11 the authority as such resolution or resolutions may provide.
12 The interest on bonds issued shall be paid during the term
13 for which the bonds were issued. The bonds shall be signed by
14 such officers, either manually or by facsimile as the
15 authority shall determine, and shall have imprinted thereon a
16 facsimile of the corporate seal, attested by the facsimile
17 signature of the treasurer of the authority, all as may be
18 prescribed in such resolution or resolutions. Any of the
19 bonds may be issued and delivered notwithstanding that any of
20 the authorized persons signing the bonds or whose facsimile
21 signature shall be upon the bonds shall have ceased to hold
22 their respective offices at the time when the bonds shall
23 actually be delivered.

24 (2) The bonds shall be sold as the authority shall
25 determine at private sale or to the highest responsible
26 bidder or bidders after public notice by advertisement. The
27 notice shall contain a general description of the bonds, the
28 manner, place and time of the sale or time limit for the
29 receipt of proposals, the name of the officer to whom the
30 bids or proposals shall be delivered and a statement of the

1 terms and conditions of the sale, which shall include a
2 statement of the highest net interest cost or highest
3 interest cost computed by the Present Worth Method, whichever
4 is specified, acceptable to the authority. For the purposes
5 of this section, net interest cost shall be determined by
6 ascertaining the total amount of interest payable with
7 respect to the bonds, computed from the date of the bonds to
8 the stated maturity dates thereof, plus the amount of any
9 discount from the principal amount of the bond or less the
10 amount of any premium in excess of the principal amount of
11 the bonds. Pending the preparation of the definitive bonds,
12 interim receipts may be issued to the purchaser or purchasers
13 of such bonds and may contain such terms and conditions as
14 the authority may determine.

15 (3) The bonds are hereby made securities in which all
16 officers of the Commonwealth and its political subdivisions
17 and municipal officers and administrative departments, boards
18 and commissions of the Commonwealth, all banks, bankers,
19 savings banks, trust companies, savings and loan
20 associations, investment companies and other persons carrying
21 on a banking business, all insurance companies, insurance
22 associations and other persons carrying on an insurance
23 business and all administrators, executors, guardians,
24 trustees and other fiduciaries, and all other persons
25 whatsoever who now or may hereafter be authorized to invest
26 in bonds or other obligations of the Commonwealth, may
27 properly and legally invest any funds, including capital,
28 belonging to them or within their control, and the bonds or
29 other securities or other obligations are hereby made
30 securities which may properly and legally be deposited with

1 and received by any State or municipal officers or agency of
2 the Commonwealth for any purpose for which the deposit of
3 bonds or other obligations of the Commonwealth is now or may
4 hereafter be authorized by law.

5 (c) Contents of resolution.--Any resolution authorizing the
6 bonds may contain provisions which shall be a part of the
7 contract with the holders thereof as to:

8 (1) Pledging the full faith and credit of the authority,
9 but not of the Commonwealth or any county or other political
10 subdivision thereof, for such obligations or restricting the
11 same to all or any of the revenues or receipts of the
12 authority from all or any projects.

13 (2) The financing and the duties of the authority with
14 reference thereto.

15 (3) The terms and provisions of the bonds.

16 (4) Limitations on the purposes to which the proceeds of
17 the bonds, then or to be later issued, or of any loan or
18 grant by the United States may be applied.

19 (5) The setting aside of reserves or sinking funds and
20 the regulation and disposition thereof.

21 (6) The terms and provisions of any deed of trust or
22 indenture securing the bonds or under which the same may be
23 issued.

24 (7) Any other or additional agreements with the holders
25 of the bonds.

26 (d) Documents.--The authority may enter into any deeds of
27 trust, indentures or other agreements with any bank or trust
28 company or other person or persons in the United States having
29 power to enter into the same, including any Federal agency, as
30 security for such bonds and may assign and pledge all or any of

1 the revenues or receipts of the authority thereunder. Such deed
2 of trust, indenture or other agreement may contain such
3 provisions as may be customary in such instruments or as the
4 authority may authorize, including, but without limitation,
5 provisions as to:

6 (1) The construction, improvement, financing, operation,
7 maintenance and repair of any project or projects and the
8 duties of the authority with reference thereto.

9 (2) The application of funds and the safeguarding of
10 funds on hand or on deposit.

11 (3) The rights and remedies of the trustee and the
12 holders of the bonds, which may include restrictions upon the
13 individual right of action of such bondholders.

14 (4) The terms and provisions of the bonds or the
15 resolutions authorizing the issuance of the same.

16 (e) Bonds as negotiable instruments.--Bonds of the authority
17 shall have the qualities of negotiable instruments under 13
18 Pa.C.S. (relating to commercial code).

19 (f) Rights and remedies of bondholders.--

20 (1) The rights and remedies conferred in this section
21 upon or granted to the bondholders shall be in addition to
22 and not in limitation of any rights and remedies lawfully
23 granted to such bondholders by the resolution or resolutions
24 providing for the issuance of bonds or by any deed of trust,
25 indenture or other agreement under which the same may be
26 issued or secured. In the event that the authority shall
27 default in the payment of principal of or interest on any of
28 the bonds after the principal or interest shall become due,
29 whether at maturity or upon call for redemption, and such
30 default shall continue for a period of 30 days, or in the

1 event that the authority shall fail or refuse to comply with
2 the provisions of this chapter or shall default in any
3 agreement made with the holders of the bonds, the holders of
4 25% in aggregate principal amount of the bonds then
5 outstanding, by instrument or instruments filed in the office
6 of the recorder of deeds of the county, and proved or
7 acknowledged in the same manner as a deed to be recorded may,
8 except as such right may be limited under the provisions of
9 any deed of trust, indenture or other agreement as provided
10 earlier, appoint a trustee to represent the bondholders for
11 the purposes provided in this section. Such trustee and any
12 trustee under any deed of trust, indenture or other agreement
13 may, and, upon written request of the holders of 25%, or such
14 other percentage as may be specified in any deed of trust,
15 indenture or other agreement as provided in this section, in
16 principal amount of the bonds then outstanding, shall in his
17 or its own name:

18 (i) by mandamus or other suit, action or proceeding
19 at law or in equity to enforce all rights of the
20 bondholders, including the right to require the authority
21 to collect rates and other charges adequate to carry out
22 any agreement as to, or pledge of the revenues or
23 receipts thereof, the authority, and to require the
24 authority to carry out any other agreements with or for
25 the benefit of the bondholders, and to perform its and
26 their duties under this chapter;

27 (ii) bring suit upon the bonds;

28 (iii) by action or suit in equity to require the
29 authority to account as if it were the trustee of an
30 express trust for the bondholders;

1 (iv) by an action or suit in equity to enjoin any
2 acts or things which may be unlawful or in violation of
3 the rights of the bondholders; or

4 (v) by notice in writing to the authority to declare
5 all bonds due and payable and if all defaults shall be
6 made good, then with the consent of the holders of 25%,
7 or such other percentage as may be specified in any deed
8 of trust, indenture or other agreement as provided in
9 this section, of the principal amount of the bonds then
10 outstanding, to annul such declaration and its
11 consequences.

12 (2) Any trustee, whether appointed as aforesaid or
13 acting under a deed of trust, indenture or other agreement,
14 and whether or not all bonds have been declared due and
15 payable, shall be entitled as of right to the appointment of
16 a receiver, who may, to the same extent that the authority
17 itself could do so, enter and take possession of the
18 facilities of the authority or any parts thereof, the
19 revenues or receipts from which are or may be applicable to
20 the payment of the bonds so in default, and operate and
21 maintain the same and collect and receive other revenues
22 thereafter rising therefrom in the same manner as the
23 authority might do and shall deposit all such moneys in a
24 separate account and apply the same in such manner as the
25 court shall direct. In any suit, action or proceeding by the
26 trustees, the fees, counsel fees and expenses of the trustee
27 and of the receiver, if any, and all costs and disbursements
28 allowed by the court shall be a first charge on any revenues
29 and receipts from which are or may be applicable to the
30 payment of the bonds so in default. The trustee shall, in

1 addition to the foregoing, have and possess all of the powers
2 necessary or appropriate for the exercise of any functions
3 specifically set forth in this section or incident to the
4 general representation of the bondholders in the enforcement
5 and protection of their rights.

6 (3) In addition to all other rights and all other
7 remedies, any holder of bonds of the authority shall have the
8 right by mandamus or other suit, action or proceeding at law
9 or in equity to enforce his rights against the authority to
10 collect his fees, rentals and other such charges adequate to
11 carry out any agreement as to, or pledge of, such fees,
12 rentals or other charges or income, revenues and receipts and
13 to require the authority to carry out any of its covenants
14 and agreements with the bondholders and to perform its and
15 their duties under this chapter.

16 (g) Sinking fund.--The bonds of the authority shall be
17 issued under one or more resolutions or one or more trust
18 indentures and, as provided in such resolution or trust
19 indenture, the moneys set aside in any sinking fund pledged for
20 any particular bonds or series of bonds shall be held for the
21 sole benefit of such bonds, separate and apart from the moneys
22 pledged for any other bonds of the authority issued under any
23 other resolution or trust indenture.

24 (h) Commonwealth pledge.--The Commonwealth does hereby
25 pledge to and agree with any person, firm or corporation or
26 Federal agency subscribing to or acquiring the bonds to be
27 issued by the authority for the construction, financing,
28 extension, improvement or enlargement of any project or part
29 thereof that the Commonwealth will not limit or alter the rights
30 hereby vested in the authority or limit or alter any provisions

for the security and protection of the authority and its
bondholders contained in this act or as now provided by law
until all bonds at any time issued, together with the interest
thereon, are fully met and discharged. The Commonwealth does
further pledge to and agree with the United States and any other
Federal agency that, in the event that any Federal agency shall
construct or contribute any funds for the construction,
financing, extension improvement or enlargement of any project
or any portion thereof, the Commonwealth will not alter or limit
the rights and powers of the authority in any manner which would
be inconsistent with the continued maintenance and operation of
the project or the improvement thereof, or which would be
inconsistent with the due performance of any agreements between
the authority and any such Federal agency, and the authority
shall continue to have and may exercise all powers in this
section for carrying out of the purposes of this chapter and the
purposes of the United States in the construction or improvement
or enlargement of any project or such portion thereof.

(i) Tax exemption for authority.--The effectuation of the
authorized purposes of the authority established under this
chapter shall and will be in all respects for the benefit of the
people of this Commonwealth, for the increase of their welfare
and prosperity and for the improvement of their education and
educational facilities, and, since the authority will be
performing essential governmental functions in effectuating such
purposes, the authority shall be exempt from payment of any
taxes or assessments on any property acquired, held, owned,
leased or used by it for such purposes, and the bonds issued by
the authority, their transfer and the income therefrom,
including any profits made on the sale thereof, shall at all

1 times be free from taxation, other than inheritance and estate
2 taxation within this Commonwealth.

3 § 3316. Public School Construction Reserve Fund.

4 (a) Establishment.--The Public School Construction Reserve
5 Fund is hereby established in the State Treasury. The board of
6 the authority shall operate and administer the fund and shall
7 establish guidelines for the administration and operation of the
8 fund.

9 (b) Use of moneys.--Moneys in the fund shall be used by the
10 authority as follows:

11 (1) Proceeds raised from the sale of the bonds shall be
12 used to fund the adequacy grant program of which 50% of the
13 proceeds shall fund the direct grant program and the
14 remaining 50% shall fund the interest subsidy program.

15 (2) Funds transferred by the State Treasurer into the
16 fund under subsection (c) shall be used as follows:

17 (i) First to alleviate existing debt service.

18 (ii) After the annual debt service payment has been
19 made, the remaining funds shall be used for funding
20 emergency maintenance for structurally unsound school
21 buildings and facilities.

22 (c) Primary funding source.--To fully fund the annual debt
23 service, up to the sum of 100% of the amount allocated for
24 school construction and modernization under the Department of
25 Education's "PlanCon" program may be used, and at least one-half
26 of the allocation shall be used, with any amount unused and
27 remaining from this allocation being returned to the General
28 Fund annually.

29 (d) Other funding sources.--The authority shall deposit any
30 other moneys made available to the authority from any source for

1 such purposes into the fund.

2 (e) Use of remaining funds.--The fund shall have the
3 priority of alleviating existing debt service arising from the
4 bond issuance. When the annual debt service payment has been
5 paid, any remaining funds shall be used for emergency public
6 school maintenance needs in this Commonwealth in accordance with
7 guidelines established by the authority for emergency school
8 construction and maintenance funding.

9 Section 2. This act shall take effect immediately.