

**COMMISSION FOR ARKANSAS PUBLIC SCHOOL ACADEMIC FACILITIES AND
TRANSPORTATION RULES GOVERNING RIGHT OF ACCESS TO UNUSED OR
UNDERUTILIZED PUBLIC SCHOOL FACILITIES AND THE SALE OR LEASE OF
PUBLIC SCHOOL FACILITIES**

Effective _____

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1.00 REGULATORY AUTHORITY

1.01 The Commission for Arkansas Public School Academic Facilities and Transportation (CAPSAFT) enacts these Rules pursuant to its authority set forth in Ark. ~~ansas~~ Code Ann. §§ 6-21-114, 6-21-804, 25-15-201 *et seq.*, and Act 542 of 2017.

2.00 DEFINITIONS

~~2.01~~ *"Academic" means any activity, objective, or purpose that is reasonably necessary for and related to a school district's provision of instruction to students permitted or required by state or federal law.*

~~2.01~~ ~~2.02~~ "Academic Facilities Master Plan" has the same meaning as in the CAPSAFT Rules Governing the Facilities Master Plan.

~~2.02~~ ~~2.03~~ "Academic facility" has the same meaning as in the CAPSAFT Rules Governing the Facilities Master Plan.

~~2.04~~ *"Administrative" means an activity, objective, or purpose that is reasonably necessary for and related to the suitable and efficient operation of a school district in its provision of an adequate education to each of its students.*

~~2.03~~ ~~2.05~~ "Charter school authorizer" has the same meaning as "authorizer" in Ark. Code Ann. § 6-23-103.

~~2.04~~ ~~2.06~~ "Division" means the Arkansas Division of Public School Academic Facilities and Transportation.

~~2.07~~ *"Educational" means an activity, objective, ~~activity~~, or purpose that is reasonably necessary for and related to a school district's provision of an education to students as permitted or required by state or federal law.*

~~2.08~~ *"Extracurricular" means an activity sponsored by the school district or the Arkansas Activities Association for the district's students that falls outside the realm of the normal curriculum.*

2.052.09 “Fair market value” means the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts.

2.062.10 “Public charter school” means:

2.06.12.10.1 An open-enrollment public charter school as defined in Ark. Code Ann. § 6-23-103.

2.06.22.10.2 An eligible entity as defined in Ark. Code Ann. § 6-23-103 that applies to authorize, amend, or renew a charter for an open-enrollment public charter school; and

2.06.32.10.3 A legal entity that is affiliated with or acting on behalf of an open-enrollment public charter school or eligible entity.

2.072.11 “Public school facility” has the same meaning as in the CAPSFT Rules Governing the Facilities Master Plan.

2.12 “Regular basis” means:

2.12.1 For public school facilities that by their nature are ordinarily characterized by intermittent use, such as auditoriums, gymnasiums, and athletic facilities, the facility is used no fewer than ~~twelve (12)~~ ten (10) times per school year; and

2.12.2 For all other public school facilities, the facility is used on no fewer than ninety (90) days per school year.

2.082.13 “School district” has the same meaning as in the CAPSFT Rules Governing the Facilities Master Plan.

2.14 “Significant portion”: ~~means~~ A school district must use at least forty percent (40%) or more of the gross square footage of a public school facility on a regular basis to be using a “significant portion.” is used by the school district for public educational, academic, extracurricular, or administrative purposes on a regular basis.

2.0915 “Unused or underutilized public school facility” means a public school facility or other real property owned by a public school that:

2.0915.1 As a whole or in significant portion is not being used for a public educational, academic, extracurricular, or administrative purpose; and

~~2.0915.2~~ The nonuse or underutilization threatens the integrity or purpose of the public school facility or other real property as a public education facility; and

~~2.0915.3~~ As of August 1, 2017, is not subject to a lease to a third party for fair market value or an executed offer to purchase by a third party for fair market value.

2.15.4 A public school facility shall not be considered underutilized if the district does not have other available school district spaces in which it can reasonably satisfy the educational, academic, extracurricular, or administrative activities being conducted in the facility.

2.15.5 Use of a public school facility solely for commercial purposes or for generating revenue for the district shall not constitute an educational, academic, extracurricular, or administrative purpose.

~~2.09.4 A public school facility shall be considered underutilized if it in whole or significant part is being used only irregularly or intermittently by the school district for educational, academic, extracurricular, or administrative purposes, and the district reasonably could satisfy those needs by using other available school district spaces.~~

~~2.09.5 "Administrative" activities do not include use of a public school facility or other real property as a whole or in significant portion for storage for a period of longer than one full school year.~~

3.00 REPORTING AND IDENTIFICATION OF UNUSED OR UNDERUTILIZED PUBLIC SCHOOL FACILITIES

3.01 By February 1 of each year, each school district shall submit to the Division a report that identifies:

3.01.1 All unused or underutilized public school facilities in the school district; and

3.01.2 The unused or underutilized public school facilities, if any, that are designated in the district's facilities master plan to be re-used, renovated or demolished as part of a specific committed project or planned new construction project.

3.01.3 The annual report shall be submitted in a format prescribed by the Division through the Master Plan tool.

Note: If a public charter school believes that a particular public school facility is unused or underutilized, the public charter school may bring this to the

Division's attention by notifying the Division Director by email on or before February 1 to afford the Division sufficient time to consider the assertion. The public charter school has no right of appeal from the Division's determination, however, as the applicable law does not provide an appeal right.

3.02 *By On or before* March 1 of each year, the Division shall:

3.02.1 Identify any public school facility or other real property as unused or underutilized if a facility or other real property falls within the definition in Section ~~2.08~~ 2.15 of these rules and the school district fails to identify it in the district's annual report; and

3.02.2 Publish a list on its website identifying all unused or underutilized public school facilities *on or before March 1 of each year*; and

3.02.3 ~~notify~~ Notify any affected school district in writing *(via email or otherwise)* of the identification *prior to the publication of the list required in Section 3.02.2.*

3.02.4 *If the Division is in possession of information prior to March 1 that a public school facility is unused or underutilized but fails to place the facility on the list, it shall place the facility on the list within ten (10) working days after the Division discovers the error.*

3.03 A school district may appeal an identification made by the Division under section 3.02 of these rules to the Commission for *Arkansas Public School* Academic Facilities and Transportation pursuant to the procedures set forth in the CAPSAFT Rules Governing Appeals from Determinations of the Arkansas Division of Public School Academic Facilities and Transportation.

3.03.1 If a school district *submits to the Division a written appeal or written notification of intent to file* files an appeal, the Division will indicate on its website that ~~the an~~ an appeal is pending.

3.03.2 The *filing submission of an a written appeal or written notification of intent to file an appeal* by a school district under this section will toll the sixty (60) day period set forth in Section 4.03 of these rules until the appeal is resolved.

3.03.3 *A written appeal or written notification of intent to file an appeal will be considered submitted by the school district upon receipt by the Arkansas Department of Education Office of General Counsel, with a copy to the Division.*

3.03.4 The submission of a written notification of intent to appeal does not alter the timeline for appealing an identification under the CAPSAFT Rules Governing Appeals from Determinations of the Arkansas Division of Public School Academic Facilities and Transportation.

4.00 RIGHT OF ACCESS

- 4.01 Except as otherwise provided in this section, a school district shall make unused or underutilized public school facilities available for lease or purchase for no more than fair market value to any public charter school located within the geographical boundaries of the school district.
- 4.02 Once the Division identifies a public school facility or other real property as an unused or underutilized public school facility, a public charter school may give notice of its intent to purchase or lease the public school facility or other real property from the school district no earlier than the later of:
- 4.02.1 The date the public school facility or other real property is first identified by the Division as an unused or underutilized public school facility; or
- 4.02.2 If the public school facility or other real property has already been designated in the school district's facilities master plan to be reused, renovated, or demolished as part of a specific committed project or planned new construction project, two years from the date the public school facility or other real property is first identified by the Division as an unused or underutilized public school facility.
- 4.03 If the public charter school and school district are unable to agree on terms and execute the sale or lease within sixty (60) days of the notice of intent, unless the school district has appealed the Division's identification under section 3.03 of these rules (which tolls the 60 days period until the appeal is resolved), the public charter school may petition the Commission for an order directing the school district to lease the public school facility to the public charter school for fair market value in accordance with Section 5.00 of these rules.
- 4.04 If a public school facility or other real property has been identified by the Division of Public School Academic Facilities and Transportation as an unused or underutilized public school facility, or if a school district decides to sell, lease, or otherwise transfer ownership of an academic facility, the school district may sell, lease, or otherwise transfer ownership to a third party other than an open-enrollment public charter school only in a manner consistent with Ark. Code Ann. § 6-21-816.

4.05 Nothing in these rules shall be construed to delay or limit the authority of a school district to sell, lease, or otherwise transfer a public school facility or other real property to a public charter school on terms agreed to by the school district and public charter school in a manner consistent with Ark. Code Ann. § 6-21-816.

5.00 PETITIONS TO THE COMMISSION

5.01 Any petition by a public charter school under section 4.03 shall:

5.01.1 Be submitted in writing to the *Arkansas Department of Education* Office of General Counsel ~~of the Arkansas Department of Education~~ by certified mail, with a copy by certified mail to the school district that owns the public school facilities or other real property at issue;

5.01.2 Contain a brief written statement of no more than fifteen (15) pages, explaining in clear and express terms the facts of the case and the terms sought by the public charter school;

5.01.3 Identify the specific public school facility or other real property that the public charter school seeks to lease;

5.01.4 Include a copy of the notice of intent furnished by the public charter school to the school district;

5.01.5 Identify the amount that the public charter school contends is a fair market value lease payment for the public school facility or other real property, and include a copy of any supporting documentation;

5.01.6 Identify a desired lease term of between (5) and thirty (30) years;

5.01.7 Include any other evidence or information deemed relevant; and

5.01.8 Indicate whether the public charter school seeks a formal hearing before the Commission.

5.02 Within thirty (30) days of receiving a petition, the school district may submit a response to the petition to the *Arkansas Department of Education* Office of General Counsel ~~of the Arkansas Department of Education~~ via certified mail, with a copy by certified mail to the public charter school, to include:

5.02.1 A brief written statement of no more than fifteen (15) pages, explaining in clear and express terms the facts of the case and the terms sought by the school district, or the reasons why the school district contends the petition should be denied;

5.02.2 A statement of the amount the school district contends is a fair market value lease payment for the public school facility or other real property, along with any supporting documentation;

5.02.3 Any other evidence or information deemed relevant; and

5.02.4 A statement of whether the school district seeks a formal hearing before the Commission.

5.03 Upon receipt of a petition and school district response, the Commission will consider the petition at the call of its chair. Except for good cause shown, the chair will schedule the petition to be heard within thirty (30) calendar days of receipt of the school district's written response. Notice of the date, time, and location of the meeting shall be sent to the parties. If requested by either party or if the Commission determines that a hearing is necessary, a hearing concerning the petition will be held during the meeting.

5.04 If a hearing is conducted, the petitioner and school district each shall have up to ten (10) minutes to present an opening statement, beginning with the petitioner. Each party then shall have up to fifteen (15) minutes to present their cases-in-chief and up to five (5) minutes to present a closing statement in that same order. The Commission chair may allow either party additional time.

5.04.1 Members of the Commission may ask questions of either party at any time throughout the proceedings.

5.04.2 Documents offered during the hearing shall be marked in sequential, numeric order, and in a manner identifying the party offering the document.

5.05 After hearing all testimony and evidence presented, the Commission shall deliberate and may announce its decision at the close of the hearing or may take the matter under advisement.

5.06 The Commission shall render a written decision to approve or deny the petition within thirty (30) calendar days of the hearing.

5.07 The Commission may deny the petition if the school district makes an affirmative showing by a preponderance of the evidence that:

5.07.1 The public school facility, or the property to which the public school facility is attached, will be needed by the school district to accommodate future growth of the school district; or

5.07.2 Use of the public school facility or other real property by a public charter school would have a materially negative impact on the overall education of an educational campus located within five hundred feet (500') of the public school facility or other real property sought to be leased.

5.08 If the Commission grants the petition, it shall issue an order:

5.08.1 Directing the school district to lease the public school facility or other real property to the public charter school for fair market value, determining fair market value if it is not agreed to by the parties; and

5.08.2 Setting the term of the lease for a period of between five (5) and thirty (30) years as determined by the public charter school.

6.00 DUTIES OF PUBLIC CHARTER SCHOOL AND SCHOOL DISTRICT UNDER UPON SALE OR LEASE

6.01 Upon execution of a lease, whether voluntarily or by order of the Commission, the public charter school shall be responsible for all direct expenses related to the public school facility or real estate, including without limitation:

6.01.1 Utilities;

6.01.2 Insurance;

6.01.3 Maintenance;

6.01.4 Repairs; and

6.01.5 Renovation.

6.02 The school district shall remain responsible for any bonded debt incurred or mortgage liens that attached to the public school facility or other real property prior to a sale or lease.

Note: If the public school facility at issue was financed with tax-exempt debt and that tax exempt debt remains allocated to the public school facility as of the date of sale or lease of the property, the school district should be mindful of Internal Revenue Service Code restrictions/processes concerning the sale or lease of the property.

6.03 The public charter school shall take no actions that have a materially negative impact on:

- 6.03.1 Any bond rights attached to the public school facility or other real property; or
- 6.03.2 Any tax-exempt financing related to the public school facility or other real property.
- 6.04 The public charter school shall indemnify the school district for any mortgages, liens, or debt that attach to the public school facility or other real property by the public charter school's action or inaction.
- 6.05 The terms of a lease executed under this section shall provide that the lease shall be void, cancelled, and of no effect if:
- 6.05.1 The public charter school fails to use the public school facility or other real property for direct student instruction or administrative purposes within two (2) years of the effective date of the lease;
- 6.05.2 The public charter school closes, has its charter revoked, or has its charter application denied by the *charter school* authorizer; or
- 6.05.3 The public charter school initially uses the public school facility or other real property, but then leaves the public school facility or other real property unused for more than one hundred eighty (180) days.
- 6.06 A standard lease form, *which may be used to guide or assist in negotiations but which is not intended to provide specific requirements or responsibilities of the parties*, is attached to these rules as Appendix "A," and ~~also~~ will be placed on the Division's website in *a fillable an editable* format.
- 6.07 For the duration of a lease of a public school facility to a public charter school, the facility shall be:
- 6.07.1 Exempt from the provisions of the Arkansas Public School Academic Facilities Program Act, Ark. Code Ann. § 6-21-801 to 814, and the Commission's rules governing those sections, to the same extent that other public charter school facilities are exempt; and
- 6.07.2 Excluded from gross square footage calculations for the school district's campus value, program of requirements, and suitability analysis under the Academic Facilities Partnership Program.

7.00 SECURING VACANT PUBLIC SCHOOL FACILITIES

7.01 Vacant public school facilities must be secured:

7.01.1 To prevent unauthorized entry through doors, windows, or any other means; and

7.01.2 In accordance with state and local fire prevention codes or other applicable law.

7.008.00 ENFORCEMENT

7.018.01The Division may ~~classify~~ **identify** a school district that fails to comply with the above provisions as being in academic facilities distress under Ark. Code Ann. § 6-21-811.

7.028.02The charter school authorizer may take action under Ark. Code Ann. § 6-23-105 on the charter of a public charter school that fails to comply with the above provisions.

AUTHOR'S NOTES

(1) Please assume that all language in this mark-up version of the Standard Lease Agreement is underlined. Author did not underline because it likely would result in a confusing document.

(2) No changes were made to this Standard Lease Agreement following the first public comment period.

STANDARD LEASE AGREEMENT

THIS LEASE AGREEMENT ("Agreement") is entered into this ____ day of _____, 20____, by and between the _____ School District ("Lessor") and the _____ ("Lessee"). This Lease is entered into in accordance with Ark. Code Ann. § 6-21-815 and is governed by that section.

The parties hereto hereby agree as follows:

1. Property. Lessor agrees to lease to Lessee the following described property in _____ County, Arkansas, to wit:

[Legal Description]

2. Term. The term of this Agreement shall be a period of _____ years beginning on the date hereof, at a monthly rental fee of _____ Dollars (\$_____.00) per month to be paid in monthly installments beginning on _____, and ending on _____.

3. Improvements/Renovation. All improvements to or renovation of the leased property by Lessee must be approved by the Lessor in writing before the improvements are made.

4. Condition of Premises. Lessee accepts said premises in its current condition as of the beginning of the Lease and agrees to take good care of the premises and keep same in a good clean condition; to refrain from loud or unnecessary noise or other disturbances such as may disturb others; to make no alteration or additions to the same without written agreement between the parties; to commit no waste thereon; to obey all laws and ordinances affecting said premises;

and not to use the premises in violation of any laws; to replace all glass broken or cracked; to repay the Lessor the cost of all damage to the premises caused by Lessee, its employees or guests. Lessee will permit no nuisance to exist on the premises.

5. Delivery of Possession. It is understood that if the Lessee shall be unable to enter to and occupy the premises leased at the time above provided by reason of said premises not being ready for occupancy, or by reason of the holding over of any previous occupant of said premises, or as a result of any other cause or reason beyond the direct control of the Lessor, the Lessor shall not be liable in damages to the Lessee therefore, but during the period the Lessee shall be unable to occupy said premises as hereinafter before provided, the rental therefore shall be abated.

6. Insurance. Lessee will be responsible for fully insuring the premises upon the execution of this Lease. This includes but is not limited to property, fire, extended coverage, and liability insurance, as well as any other insurance deemed necessary by the Lessee. The Lessee shall be solely responsible for all costs associated with any damage to the property or any injury to its employees or guests. Upon request of Lessor, Lessee shall provide proof of such insurance, including the types and amounts.

7. Utilities. Lessee will pay direct to the utility companies all statements and deposits for utility services rendered or charged to the property during the term of the Lease Agreement, and will pay any tax assessment by an improvement district made against the property during the term of the Lease Agreement.

8. Destruction of Premises. In case of partial or total destruction or injury to said premises by fire, windstorm, lightning, the elements, or any other casualty of a type insurable by usual fire and extended coverage insurance, the Lease shall not terminate, and Lessee shall bear responsibility for payment of any insurance deductible, as well as for any costs above and beyond that covered by insurance up to and including the fair market value of the premises in the event that restoration or rebuilding is necessary.

9. Assignment or Subletting. Lessee further covenants that Lessee will not allow anyone to share said premises, keep roomers or boarders, nor assign, sublet or transfer said premises or any part thereof without the Lessor's consent endorsed in writing.

10. Condemnation. It is agreed by and between the Lessor and the Lessee that if the whole or any part of said premises hereby leased shall be taken by any competent authority for any public or semi-public use or purpose, then for that event, the term of this Lease shall cease and terminate from the date when the possessions of the part so taken shall be required for such use or purpose. All damages awarded for such taking shall belong to and be the property of the Lessor.

11. Liability of Lessor. Lessee agrees that Lessor shall not be liable for injury or damage to person or property of Lessee, its guests, employees, or invitees, occurring in, on or about the leased premises or occurring anywhere in or on the building in which the leased premises

are located or in or upon the grounds in which the building is located or in any building or structure on said grounds, howsoever caused or arising.

12. Manner of Payment. All payments of rents shall be made to the Lessor via automatic check draft or at such other places Lessor may designate in writing.

13. Surrender. Lessee further covenants and agrees that upon the expiration of said term, or upon the termination of the Lease for any cause, it will at once peacefully surrender and deliver up the whole of the above described premises together with all improvements thereon to the Lessor, its agents and assigns.

14. Holdover Tenant. Lessee covenants that its occupancy of the said premises beyond the term of this Lease shall not be deemed as a renewal of this Lease for the whole term or any part thereof, but that the acceptance by the Lessor of rent accruing after the expiration of this Lease shall be considered as a renewal of this Lease for one month only and for successive periods of one month only.

15. Prohibited Use. Lessee will not do or permit anything to be done, in, upon, or about the leased premises that increases the fire hazard beyond that which exists by reason of the ordinary use or occupancy of the premises for the purpose described hereinabove. Lessee will not do or permit to be done anything in, about, or upon the leased premises that interferes with the rights or tends to annoy other tenants or Lessor, or that conflicts with state or local laws, or that violates regulations of the local fire department or state board of health, or that otherwise creates a nuisance that is dangerous to persons or property.

16. Maintenance. Lessee agrees to maintain the property in good repair and not to permit any nuisance to be maintained thereon. Lessee will maintain the premises, including all buildings, equipment, fixtures and appurtenances, in as adequate and usable condition as they are in at the commencement of the term of this Lease except for fair wear and tear, and will provide such protection of the property from damage by vandalism and trespass, and promptly repair and restore any property damaged thereby. The Lessee will perform the necessary repairs and remodeling, including but not limited to repairs to the roof, to make and maintain the premises suitable for an educational facility. Lessee shall assume the cost of maintaining the heating and cooling system. All other maintenance costs also shall be the responsibility of the Lessee. Lessee shall not make alterations, additions, changes, or improvements to the leased premises without the prior written consent of Lessor.

17. Fee Simple. Lessor warrants that it is the owner in fee simple absolute of the premises and may lease said premises as provided within this Agreement. Upon rental payments by Lessee as provided for within this Agreement, as well as the observance and performance of all of the other terms and conditions stated within this Agreement by Lessee, Lessee shall be entitled to peaceably and quietly hold and enjoy the leased premises without hindrance or interruption by the Lessor or any other person as to any claims subject to the terms and conditions of this Lease.

18. Default. In the event Lessee should fail to pay any one of the aforesaid installments of rent or any part thereof pursuant to the provisions of this Agreement set forth in paragraph 2 hereof, or in the event Lessee should fail to perform or observe any of the covenants, agreements, terms or conditions herein made, assumed or agreed to by Lessee, or in the event Lessee abandons or vacates the leased premises, or in the event of the insolvency of Lessee, then in any of the said events, at the option of Lessor (to be exercised within ninety (90) days after the occurrence of any one of the said events), Lessor may (a) immediately forfeit this Lease and terminate the same and repossess the premises, removing therefrom all goods and chattels not belonging thereto and expelling Lessee and any other person in possession thereof and hold Lessee liable for all accrued rent and for any and all damages caused by or thus arising from Lessee's breach; or (b) immediately repossess the premises and collect same for the account of Lessee, hold Lessee liable monthly for any deficiencies resulting for the residue of the term; or (c) may declare due and payable all unpaid rentals for the entire residue of the term or (d) produce any other right or remedy available in law or equity. All such rights and remedies are in addition to and not to the exclusion or exhaustion of any other rights, remedies or causes of action which Lessor may have at law or in equity (including the right to collect past due rent and distraint), and the exercise or pursuit by Lessor or any of the rights, remedies or cause of action accruing hereunder shall not be in exhaustion or exclusion of any other rights, remedies or cause of action Lessor might otherwise have. In the event Lessee abandons the premises, nothing herein shall require Lessor to release same for Lessee's account and there shall be no duty so to do. The failure of Lessor to exercise the options herein available to Lessor in any one or more instances shall not be a waiver of the right to exercise such options for any future breach of the same or any other covenant, agreement or condition. Lessee further covenants to pay a reasonable attorney's fee should Lessor find it necessary to employ an attorney by reason of default by Lessee.

20. Cancellation of Lease. This Lease shall be canceled and be of no effect if the Lessee fails to use the public school facility or other real property for direct student instruction or administrative purposes within two (2) years of the effective date of the Lease, if the Lessee has its charter revoked or closes its school, has its charter revoked, or has its charter application denied by the authorizer, or if the Lessee initially uses the public school facility or other real property, but then leaves the public school facility or other real property unused for more than one hundred eighty (180) days.

19. No Waiver. The failure the parties to insist upon the performance of any of the covenants, agreements or conditions herein in any one or more instances shall not be a waiver of the right thereafter to insist upon full and complete performance of the same or any other covenant, agreement or condition. Receipt by the Lessor of rent with knowledge of the breach of any of the conditions, covenants or agreements hereof shall not be deemed and shall not be a waiver of such breach.

20. Care of Premises. It shall be the duty of the Lessee to properly care for the lawn, shrubbery, and trees on the premises.

21. Taxes. Lessee will pay any taxes assessed against the real property and the improvements thereon.

22. Bonded debt/mortgage liens. The Lessor shall remain responsible for any bonded debt incurred or mortgage liens that attached to the public school facility or other real property prior to the execution of the Lease. Lessee shall take no actions that have a materially negative impact on any bond rights attached to the public school facility or other real property, or any tax-exempt financing related to the public school facility or other real property by the public charter school's action or inaction.

23. Notices. Any notice or document required or permitted to be delivered by this Lease shall be deemed to be delivered (whether or not actually received) when deposited in the United States Mail, postage prepaid, certified mail, return receipt requested, addressed to the parties at the respective addresses set out below, or by delivering the same in person to Lessor or Lessee as set out below:

IF TO LESSOR:

_____ School District

ATTN: _____

[Address]

[City, State Zip Code]

(501) _____

IF TO LESSEE:

ATTN: _____

[Address]

[City, State Zip Code]

(501) _____

24. Governing Law. This agreement shall be governed by, construed, and enforced in accordance with the laws of the State of Arkansas.

25. Effect of Partial Invalidity. The invalidity of any part of this agreement will not and shall not be deemed to affect the validity of any other part. In the event that any provision of this agreement is held to be invalid, the parties agree that the remaining provisions shall be deemed

to be in full force and effect as if they had been executed by both parties subsequent to the expungement of the invalid provision.

26. Entire Agreement. This agreement shall constitute the entire agreement between the parties. Any prior understanding or representation of any kind preceding the date of this agreement shall not be binding on either party except to the extent incorporated in this agreement.

27. Modification of Agreement. Any modification of this agreement or additional obligation assumed by either party in connection with this agreement shall be binding only if evidenced in writing signed by each party or an authorized representative of each party.

IN WITNESS WHEREOF, the parties hereto have executed this Lease Agreement on this _____ day of _____, 20__.

LESSOR:

_____ SCHOOL DISTRICT

By: _____

[Name]

Title: Superintendent

LESSEE:

By: _____

[Name]

Title: _____

STATE OF ARKANSAS)

) ss. ACKNOWLEDGMENT

COUNTY OF PULASKI)

On this ____ day of _____, 20____, before me, the undersigned, a Notary Public, duly commissioned, qualified and acting, within and for said County and State, appeared in person the within named _____, to me personally well known, who stated that he was the Superintendent of the _____ School District and was duly authorized in that capacity to execute the foregoing instrument for and in the name and behalf of the _____ School District, and further stated and acknowledged that he had so signed, executed and delivered the foregoing instrument for the consideration, uses and purposes therein mentioned and set forth.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal this ____ day of _____, 20____.

Notary Public

My commission expires:

(S E A L)

STATE OF ARKANSAS)

) ss. ACKNOWLEDGMENT

COUNTY OF PULASKI)

On this ____ day of _____, 201____, before me, the undersigned, a Notary Public, duly commissioned, qualified and acting, within and for said County and State, appeared in person the within named _____, to me personally well known, who stated that he was the _____ of the _____ public charter school and was duly authorized in that capacity to execute the foregoing instrument for and in the name and behalf of the _____ public charter school, and further stated and acknowledged that he had so signed, executed and delivered the foregoing instrument for the consideration, uses and purposes therein mentioned and set forth.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal this _____ day of _____, 201__.

Notary Public

My commission expires:

(SEAL)

1 State of Arkansas
2 91st General Assembly
3 Regular Session, 2017

As Engrossed: S2/16/17

A Bill

SENATE BILL 308

4
5 By: Senators A. Clark, J. English, J. Hendren, Hester, J. Hutchinson, B. Johnson
6 By: Representatives Lowery, Ballinger, D. Douglas, Gates, K. Hendren, G. Hodges, Sullivan
7

For An Act To Be Entitled

8
9 AN ACT TO GRANT PUBLIC CHARTER SCHOOLS A RIGHT OF
10 ACCESS TO UNUSED OR UNDERUTILIZED PUBLIC SCHOOL
11 FACILITIES; TO CLARIFY RIGHTS OF FIRST REFUSAL TO
12 PURCHASE OR LEASE UNUSED OR UNDERUTILIZED PUBLIC
13 SCHOOL FACILITIES; AND FOR OTHER PURPOSES.
14

Subtitle

15
16
17 TO GRANT PUBLIC CHARTER SCHOOLS A RIGHT
18 OF ACCESS TO UNUSED OR UNDERUTILIZED
19 PUBLIC SCHOOL FACILITIES.
20

21
22 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
23

24 SECTION 1. Arkansas Code § 6-21-803, concerning definitions in the
25 Arkansas Public School Academic Facilities Program Act, is amended to add an
26 additional subdivision to read as follows:

27 (17) "Unused or underutilized public school facility" means a
28 public school facility or other real property that:

29 (A) As a whole or in a significant portion, is not being
30 used for a public educational, academic, extracurricular, or administrative
31 purpose and the nonuse or underutilization threatens the integrity or purpose
32 of the public school facility or other real property as a public education
33 facility; and

34 (B) As of the effective date of this act, is not subject
35 to:

36 (i) A lease to a third party for fair market value;



1 or

2 (ii) An executed offer to purchase by a third party
3 for fair market value.

4
5 SECTION 2. Arkansas Code § 6-21-806(a), concerning requirements for
6 the Academic Facilities Master Plan Program, is amended to add an additional
7 subdivision to read as follows:

8 (7)(A) Submit a report to the division by February 1 of each
9 year that identifies:

10 (i) All unused or underutilized public school
11 facilities in the school district; and

12 (ii) The unused or underutilized public school
13 facilities, if any, that are designated in the district's facilities master
14 plan to be re-used, renovated, or demolished as part of a specific committed
15 project or planned new construction project.

16 (B)(i) The division shall identify a public school
17 facility or other real property as an unused or underutilized public school
18 facility if the school district fails to identify in the report the public
19 school facility or other real property.

20 (ii) A school district may appeal an identification
21 made by the division under subdivision (a)(7)(B)(i) of this section to the
22 commission.

23
24 SECTION 3. Arkansas Code Title 6, Chapter 21, Subchapter 8, is amended
25 to add additional sections to read as follows:

26 6-21-815. Right of access to unused or underutilized public school
27 facilities.

28 (a) As used in this section and in § 6-21-816, "public charter school"
29 means:

30 (1) An open-enrollment public charter school as defined in § 6-
31 23-103;

32 (2) An eligible entity as defined in § 6-23-103 that applies to
33 authorize, amend, or renew a charter for an open-enrollment public charter
34 school; and

35 (3) A legal entity that is affiliated with or acting on behalf
36 of an open-enrollment public charter school or eligible entity.

1 (b) Annually by March 1 the Division of Public School Academic
2 Facilities and Transportation shall publish a list on its website identifying
3 all unused or underutilized public school facilities.

4 (c)(1) Except as otherwise provided in this section, a school district
5 shall make unused or underutilized public school facilities available for
6 lease or purchase for no more than fair market value to any public charter
7 school located within the geographical boundaries of the school district.

8 (2) Once a public school facility or other real property is
9 identified by the division as an unused or underutilized public school
10 facility, a public charter school may give notice of its intent to purchase
11 or lease the public school facility or other real property from the school
12 district no earlier than the later of:

13 (A) The date the public school facility or other real
14 property is first identified by the division as an unused or underutilized
15 public school facility; or

16 (B) If the public school facility or other real property
17 has already been designated in the school district's facilities master plan
18 to be reused, renovated, or demolished as part of a specific committed
19 project or planned new construction project, two (2) years from the date the
20 public school facility or other real property is first identified by the
21 division as an unused or underutilized public school facility.

22 (3)(A) If the public charter school and school district are
23 unable to agree on terms and execute the sale or lease within sixty (60) days
24 of the notice of intent, the public charter school may petition the
25 Commission for Arkansas Public School Academic Facilities and Transportation
26 for an order directing the school district to lease the public school
27 facility to the public charter school for fair market value.

28 (B) The lease shall be for a term of between five (5) and
29 thirty (30) years, as determined by the public charter school.

30 (4) The commission may deny the petition if the school district
31 makes an affirmative showing by a preponderance of the evidence that:

32 (A) The public school facility, or the property to which
33 the public school facility is attached, will be needed by the school district
34 to accommodate future growth of the school district; or

35 (B) Use of the public school facility or other real
36 property by a public charter school would have a materially negative impact

1 on the overall educational environment of an educational campus located
2 within five hundred feet (500') of the public school facility or other real
3 property sought to be leased.

4 (d)(1) Upon the execution of a lease, the public charter school shall
5 be responsible for all direct expenses related to the public school facility,
6 including without limitation:

7 (A) Utilities;

8 (B) Insurance;

9 (C) Maintenance;

10 (D) Repairs; and

11 (E) Renovation.

12 (2) The school district shall remain responsible for any bonded
13 debt incurred or mortgage liens that attached to the public school facility
14 or other real property prior to a sale or lease.

15 (3) The public charter school shall take no actions that have a
16 materially negative impact on:

17 (A) Any bond rights attached to the public school facility
18 or other real property; or

19 (B) Any tax-exempt financing related to the public school
20 facility or other real property.

21 (4) The public charter school shall indemnify the school
22 district for any mortgages, liens, or debt that attach to the public school
23 facility or other real property by the public charter school's action or
24 inaction.

25 (e) The terms of a lease executed under this section shall provide
26 that the lease shall be cancelled and be of no effect if:

27 (1) The public charter school fails to use the public school
28 facility or other real property for direct student instruction or
29 administrative purposes within two (2) years of the effective date of the
30 lease;

31 (2) The public charter school closes, has its charter revoked,
32 or has its charter application denied by the authorizer; or

33 (3) The public charter school initially uses the public school
34 facility or other real property, but then leaves the public school facility
35 or other real property unused for more than one hundred eighty (180) days.

36 (f)(1) The division may classify a school district that fails to

1 comply with this section as being in academic facilities distress under § 6-
2 21-811.

3 (2) The charter school authorizer may take action under § 6-23-
4 105 on the charter of a public charter school that fails to comply with this
5 section.

6 (g) The commission shall promulgate rules to implement this section,
7 including without limitation a standard lease form.

8
9 6-21-816. Sale or lease of public school facilities.

10 (a)(1) Except as otherwise provided in this section, if a school
11 district determines that any public school facility or other real property is
12 no longer needed for school purposes or is unused or underutilized, the
13 school district may sell or lease the facility in accordance with §§ 6-13-103
14 and 6-13-620 and this subchapter.

15 (2)(A) Money derived from the sale or lease of property under
16 this section shall be placed in the appropriate school fund established under
17 applicable law, as determined by the school district.

18 (B) Money derived from the sale or lease may be used for
19 any purpose allowed by law, including without limitation redemption of bonds
20 related to the financing of the facility sold or leased.

21 (3) A school district may not make a covenant that prohibits the
22 sale or lease of a public school facility or other real property to an open-
23 enrollment public charter school that is located within the geographic
24 boundary of the school district.

25 (b)(1)(A) If a school district decides to sell, lease, or otherwise
26 transfer ownership of an academic facility, an open-enrollment public charter
27 school located within the school district's boundaries shall have a right of
28 first refusal to purchase or lease the facility for fair market value.

29 (B) If the school district ceases to use a public school
30 facility as an academic facility, the right of first refusal shall continue
31 for two (2) years after the date the public school facility or other real
32 property was last used as an academic facility.

33 (C) If there is more than one (1) open-enrollment public
34 charter school located within the boundaries of the school district, the
35 right of first refusal shall be available to the open-enrollment public
36 charter school according to a priority list determined by the charter

1 authorizer following a review of the comparative status and educational needs
2 of the open-enrollment public charter schools.

3 (2)(A) If an open-enrollment public charter school decides to
4 sell or lease a public school facility or other real property purchased by
5 the public charter school under this section or under § 6-21-815, and the
6 sale or lease is to a third party that is not a public charter school, the
7 school district in which the public school facility or other real property is
8 located shall have a right of first refusal to purchase or lease the public
9 school facility or other real property for fair market value, subject to any
10 mortgage or lien attached to the public school facility or other real
11 property.

12 (B) The school district may waive its right of first
13 refusal under subdivision (b)(2)(A) of this section if the public school
14 facility or other real property or its revenues are to be pledged by the
15 public charter school as security for debt to fund the purchase or renovation
16 of the public school facility or other real property.

17 (3) Subject to the priority list under subdivision (b)(1)(C) of
18 this section, nothing in this subchapter shall be construed to delay or limit
19 the authority of a school district to sell, lease, or otherwise transfer a
20 public school facility or other real property to a public charter school on
21 terms agreed to by the school district and public charter school.

22 (c) If a public school facility or other real property has been
23 identified by the Division of Public School Academic Facilities and
24 Transportation as an unused or underutilized public school facility, the
25 school district may sell or lease the unused or underutilized public school
26 facility to a third party, other than an open-enrollment public charter
27 school, no earlier than the later of:

28 (1) Two (2) years after the date the public school facility or
29 other real property is identified by the division as an unused or
30 underutilized public school facility, so long as no public charter school has
31 claimed a right of access under § 6-21-815 or a right of first refusal under
32 this section; or

33 (2) If the unused or underutilized public school facility has
34 been designated in the school district's facilities master plan to be reused,
35 renovated, or demolished as part of a specific committed project or planned
36 new construction project, three (3) years from the date the public school

1 facility or other real property is identified by the division as an unused or
2 underutilized public school facility.

3 (d)(1) A school district may petition the division for a waiver of
4 subsection (c) of this section as it applies to an unused or underutilized
5 public school facility within the school district.

6 (2) The petition shall include a statement that the school
7 district believes that a public charter school would not be interested in
8 leasing or purchasing the unused or underutilized public school facility.

9 (e)(1)(A) If the division receives a petition under subsection (d) of
10 this section, the division, within five (5) days after receiving the
11 petition, shall notify each eligible entity granted a charter under § 6-23-
12 101 et seq. and statewide organization representing charter schools in
13 Arkansas by certified mail of the petition.

14 (B) The notice under subdivision (e)(1)(A) of this section
15 shall include a copy of the petition.

16 (2) Not later than thirty (30) days after an eligible entity
17 granted a charter under § 6-23-101 et seq. or statewide organization
18 representing charter schools in Arkansas receives a notice described in
19 subdivision (e)(1)(A) of this section, the eligible entity or statewide
20 organization representing charter schools may submit to the division an
21 objection in writing to the petition.

22 (3) An objection shall include:

23 (A) The name of the open-enrollment public charter school
24 that is interested in leasing or purchasing the unused or underutilized
25 public school facility; and

26 (B) A time frame, which may not exceed one (1) year from
27 the date of the objection, in which the open-enrollment public charter school
28 intends to begin providing classroom instruction in the unused or
29 underutilized public school facility.

30 (f)(1) If the division receives an objection that meets the
31 requirements of subdivision (e)(3) of this section, the division shall deny
32 the petition.

33 (2)(A) If the division does not receive an objection that meets
34 the requirements of subdivision (e)(3) of this section, the division shall
35 grant the petition.

36 (B) A school district that receives a waiver under this

1 section may sell, lease, or otherwise dispose of the unused or underutilized
2 public school facility in accordance with §§ 6-13-103 and 6-13-620 and this
3 subchapter.

4 (g)(1) A decision by the division under this section may be appealed
5 to the Commission for Arkansas Public School Academic Facilities and
6 Transportation.

7 (2) All time frames under this section, including subsection (c)
8 and subdivision (e)(3)(B) of this section, shall be tolled during the
9 pendency of an appeal.

10 (h)(1) The division may classify a school district that fails to
11 comply with this section as being in academic facilities distress under § 6-
12 21-811.

13 (2) The authorizer may take action under § 6-23-105 on the
14 charter of a public charter school that fails to comply with this section.

15 (i) The commission may promulgate rules to implement this section.
16

17 SECTION 4. Arkansas Code § 6-23-501(d), concerning open-enrollment
18 public charter schools, is repealed.

19 ~~(d)(1) An open-enrollment public charter school shall have a right of~~
20 ~~first refusal to purchase or lease for fair market value a closed public~~
21 ~~school facility or unused portions of a public school facility located in a~~
22 ~~public school district from which it draws its students if the public school~~
23 ~~district decides to sell or lease the public school facility.~~

24 ~~(2) The public school district may not require lease payments~~
25 ~~that exceed the fair market value of the property.~~

26 ~~(3) The application of this subsection is subject to the rights~~
27 ~~of a repurchaser under § 6-13-103 regarding property taken by eminent domain.~~

28 ~~(4) A public school district is exempt from the provisions of~~
29 ~~this subsection if the public school district, through an open bid process,~~
30 ~~receives and accepts an offer to lease or purchase the property from a~~
31 ~~purchaser other than the open-enrollment public charter school for an amount~~
32 ~~that exceeds the fair market value.~~

33 ~~(5) The purposes of this subsection are to:~~

34 ~~(A) Acknowledge that taxpayers intended a public school~~
35 ~~facility to be used as a public school; and~~

36 ~~(B) Preserve the option to continue that use.~~

1 ~~(6) Nothing in this subsection is intended to diminish the~~
2 ~~opportunity for an Arkansas Better Chance Program to bid on the purchase or~~
3 ~~lease of the public school facility on an equal basis as the open-enrollment~~
4 ~~public charter school.~~

5
6 */s/A. Clark*
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9 **APPROVED: 03/20/2017**
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