A bill for an act

relating to capital improvements; appropriating money for Independent School District No. 38, Red Lake, library accessibility and improvement, Anoka prairie restoration, Alden-Conger Community Center, Northwest Hennepin Family Center, United South Central Cooperative Facilities, Rushford-Peterson Cooperative Facilities, Department of Commerce, Minnesota State Academies, and Perpich Center for Arts Education; authorizing the sale of state bonds.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. **CAPITAL IMPROVEMENT APPROPRIATIONS.**

The sums shown in the column under "Appropriations" are appropriated from the bond proceeds fund, or another named fund, to the state agencies or officials indicated, to be spent for public purposes. Appropriations of bond proceeds must be spent as authorized by the Minnesota Constitution, article XI, section 5, paragraph (a), to acquire and better public land and buildings and other public improvements of a capital nature, or as authorized by the Minnesota Constitution, article XI, section 5, paragraphs (b) to (j), or article XIV. Unless otherwise specified, the appropriations in this act are available until the project is completed or abandoned subject to Minnesota Statutes, section 16A.642.

Sec. 2. **PRIORITIES.**

Subdivision 1. **General.** The Education Finance Division of the House Finance Committee prioritizes the appropriations in this act as provided in this section.

Subd. 2. **High priorities.** High priorities include: Minnesota State Academies asset preservation; Perpich Center asset preservation; Library grants; and Red Lake Secondary School maximum effort grant.

Subd. 3. **Medium.** Medium priorities include: Minnesota State Academies Mott Hall, Pollard Day Treatment, and Frechette Hall predesign; Perpich Center master plan update and Delta Dorm windows; Northwest Hennepin Family Center; Rushford-Peterson cooperative facilities grant; and renewable energy planning grants.

Subd. 4. **Low.** Low priorities include: Perpich Center prefab storage; Anoka-Hennepin Riverview Elementary prairie restoration; Alden-Conger Community Center; and United South Central Facility grant.

Sec. 3. **MINNESOTA DEPARTMENT OF EDUCATION**

Subdivision 1. **Total Appropriation**	**$**	**86,690,000**

To the commissioner of education for the purposes specified in this section.

Subd. 2. **Independent School District No. 38, Red Lake**	32,000,000

This appropriation is from the maximum effort school loan fund for a capital loan to Independent School District No. 38, Red Lake, as provided in Minnesota Statutes, sections 126C.60 to 126C.72, to design, construct, furnish, and equip renovation of the secondary school. This appropriation is expected to complete the financing for the construction projects at the secondary school. The commissioner and Independent School District No. 38, Red Lake, shall report to the legislature by January 10, 2009, on the progress of the capital loan.

Subd. 3. **Library Accessibility and Improvement Grants**	10,000,000

For library accessibility and improvement grants under Minnesota Statutes, section 134.45.

Subd. 4. **Anoka Prairie Restoration**	240,000

For a grant to Independent School District No. 11, Anoka-Hennepin, to acquire land adjacent to Riverview Elementary School and for improvements of a capital nature to develop and restore wetland and native prairie habitat on the land.

Subd. 5. **Alden-Conger Community Center** 950,000

For a grant to Independent School District No. 242, Alden-Conger, to acquire land for, design, construct, furnish, and equip a multifunction facility in Alden.

Subd. 6. **Northwest Hennepin Family Center** 3,500,000

For a grant to Independent School District No. 279, Osseo, to predesign, design, construct, furnish, and equip the Northwest Hennepin Family Center in Brooklyn Center. This appropriation is not available until the commissioner has determined that at least an equal amount has been committed from nonstate sources.

Subd. 7. **United South Central Cooperative Facilities Grant** 20,000,000

For a grant to Independent School District No. 2134, United South Central, upon approval of the commissioner of education. The district does not need to comply with the timelines in Minnesota Statutes, section 123A.443. The commissioner must approve or deny the grant within 60 days of its receipt.

Subd. 8. **Rushford-Peterson Cooperative Facilities Grant** 20,000,000

For a grant to Independent School District No. 239, Rushford-Peterson, upon approval of the commissioner of education. The district does not need to comply with the timelines in Minnesota Statutes, section 123A.443. The commissioner must approve or deny the grant within 60 days of its receipt.

Sec. 4. **DEPARTMENT OF COMMERCE**

Subdivision 1. **Total Appropriation**	**$**	**5,000,000**
Subd. 2. **Energy Grants**		5,000,000

For renewable energy project design grants under section 8.

Sec. 5. **MINNESOTA STATE ACADEMIES**

Subdivision 1. **Total Appropriation**	**$**	**6,317,000**

To the commissioner of administration for the purposes specified in this section.

Subd. 2. **Asset Preservation**		2,716,000

For asset preservation on both campuses of the academies, to be spent in accordance with Minnesota Statutes, section 16B.307.

Subd. 3. **Mott Hall Renovation**		3,301,000

To predesign, design, construct, furnish, and equip the renovation of Mott Hall.

Subd. 4. **Frechette Hall**		100,000

For predesign for a new dorm to replace Frechette Hall.

Subd. 5. **Pollard Hall Day Treatment**		200,000

For updates and betterments of a capital nature to facilitate a day treatment center at Pollard Hall.

Sec. 6. **PERPICH CENTER FOR ARTS EDUCATION**

Subdivision 1. **Total Appropriation**	**$**	**999,000**

To the commissioner of administration for the purposes specified in this section.

Subd. 2. **Asset Preservation**	355,000
For asset preservation at the Perpich Center for Arts Education to be spent in accordance with Minnesota Statutes, section 16B.307.	
Subd. 3. **Master Plan**	206,000
To update the master plan and predesign for capital project needs.	
Subd. 4. **Delta Dorm**	385,000
To replace windows in the Delta Dorm.	
Subd. 5. **Prefabricated Shed**	53,000
To install a prefabricated storage and work shed building.	

Sec. 7. Minnesota Statutes 2007 Supplement, section 16A.695, subdivision 3, is amended to read:

Subd. 3. **Sale of property.** (a) A public officer or agency shall not sell any state bond financed property unless the public officer or agency determines by official action that the property is no longer usable or needed by the public officer or agency to carry out the governmental program for which it was acquired or ~~constructed~~ bettered, the sale is made as authorized by law, the sale is made for fair market value, and the sale is approved by the commissioner.

(b) If any state bonds issued to purchase or better the state bond financed property that is sold remain outstanding on the date of sale, the net proceeds of sale must be applied as follows:

(1) if the state bond financed property was acquired and bettered solely with state bond proceeds, the net proceeds of sale must be paid to the commissioner and deposited in the state treasury; or

(2) if the state bond financed property was acquired or bettered partly with state bond proceeds and partly with other money, the net proceeds of sale must be used: first, to pay to the state the amount of state bond proceeds used to acquire or better the property; second, to pay in full any outstanding public or private debt incurred to acquire or better the property; third, to pay interested public and private entities, other than any public officer or agency or any private lender already paid in full, the amount of money contributed to the acquisition or betterment of the property; and fourth, any excess over the

amount needed for those purposes must be divided in proportion to the shares contributed to the acquisition or betterment of the property and paid to the interested public and private entities, other than any private lender already paid in full, and the proceeds are appropriated for this purpose. In calculating the share contributed by each entity, the amount to be attributed to the owner of the property shall be the fair market value of the property that was bettered by state bond proceeds at the time the betterment began.

(c) If no state bonds issued to purchase or better the state bond financed property that is sold remain outstanding on the date of sale, the net proceeds of the sale must be applied as provided in paragraph (b) except as provided in this paragraph. If the state bond financed property was acquired or bettered partly with state bond proceeds totaling not more than $100,000, and partly with other money and was owned and directly operated and managed by a political subdivision, the net proceeds of the sale must be paid to the political subdivision and are appropriated for that purpose.

(d) When all of the net proceeds of sale have been applied as provided in this subdivision, this section no longer applies to the property.

Sec. 8. **DESIGN FOR RENEWABLE ENERGY PROJECTS FOR K-12 SCHOOLS.**

(a) The commissioner of commerce may make grants to school districts to pay the costs of designing renewable energy projects to generate energy used in public K-12 schools. In awarding grants, the commissioner must determine, at a minimum, the following:

(1) that the physical condition of the school building is sufficient to support the efficient operation of the renewable energy project;

(2) that enrollment projections for the school indicate no significant possibility that the school may close within ten years; and

(3) that the projected cumulative energy savings exceed the grant amount and the corresponding debt service within 15 years.

(b) For the purposes of this section, "renewable energy" means:

(1) a wind energy conversion system, as defined in Minnesota Statutes, section 216C.06, subdivision 19;

(2) a solar energy system, as defined in Minnesota Statutes, section 216C.06, subdivision 17; or

(3) a closed loop geothermal system consisting of:

(i) continuous underground pipes in which a fluid circulates to transfer heat between the earth and the fluid;

(ii) a heat pump to move heat between the fluid and a building; and

(3) a distribution system to distribute heating or cooling throughout a building.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 9. **BOND SALE AUTHORIZATION.**

Subdivision 1. **Bond proceeds fund.** To provide the money appropriated in sections 1 to 6 from the bond proceeds fund, the commissioner of finance shall sell and issue bonds of the state in an amount up to $67,006,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7.

Subd. 2. **Maximum effort fund.** To provide the money appropriated in section 3 from the maximum effort school loan fund, the commissioner of finance shall sell and issue bonds of the state in an amount up to $32,000,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7. The proceeds of the bonds, except accrued interest and any premium received on the sale of the bonds, must be credited to a bond proceeds account in the maximum effort school loan fund.

Sec. 10. **EFFECTIVE DATE.**

Except as otherwise provided, sections 1 to 9 are effective the day following final enactment.