

1 HB340
2 147885-1
3 By Representatives Bracy, Buskey, Gaston, Davis, Sessions,
4 Ison, Fincher, Barton, Shiver, Faust and McMillan
5 RFD: Ways and Means Education
6 First Read: 21-FEB-13

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8 SYNOPSIS: This bill authorizes the Alabama Public
9 School and College Authority to sell and issue up
10 to \$35,000,000 in aggregate principal amount of
11 bonds in addition to all other bonds previously
12 issued by the authority for the purpose of
13 providing funds to rebuild and equip the schools
14 that suffered tornado damage on April 27, 2011 and
15 December 25, 2012.

16 This bill also authorizes the authority to
17 provide for the details of the bonds and for the
18 terms of the sale thereof; and to make an
19 appropriation and pledge for payment of the
20 principal of and interest on the bonds of proceeds
21 from specific excise taxes and other specific and
22 dedicated appropriations to the extent necessary to
23 pay the principal and interest at their respective
24 maturities; to authorize the authority to pledge
25 for payment of the principal of and interest on the
26 bonds the monies so appropriated and pledged; to
27 provide for the investment of funds by the State

1 Treasurer; to provide that the bonds shall be
2 limited obligations of the authority payable solely
3 out of the funds so appropriated and pledged so
4 that the bonds will not create a debt or obligation
5 of the state; to provide that the bonds and the
6 income therefrom shall be exempt from taxation in
7 this state and the bonds may be used to secure
8 deposits of funds of this state and its political
9 subdivisions, instrumentalities, and agencies, and
10 for investment of fiduciary funds; to authorize the
11 authority to establish procedures and requirements
12 to ensure compliance with the tax covenants with
13 which the authority must comply; to exempt the
14 bonds from the usury laws of this state; to
15 authorize the issuance of refunding bonds by the
16 authority and give details of such refunding; to
17 provide for the employment of attorneys, fiscal
18 advisors, trustees, paying agents, investment
19 bankers, banks and underwriters and for the payment
20 of all expenses incurred in the issuance of the
21 bonds; to provide that after payment of the
22 expenses of the issuance of the bonds the proceeds
23 from the sale thereof shall be disbursed on orders
24 or warrants issued by or under the direction of the
25 authority for the purposes for which the bonds are
26 authorized to be issued; to provide for the timely
27 expenditure of the proceeds from the sale of the

1 of the funds appropriated and pledged therefor; to provide
2 that the bonds and the income therefrom shall be exempt from
3 taxation in this state and that the bonds may be used to
4 secure deposits of funds of this state and its political
5 subdivisions, instrumentalities, and agencies, and for
6 investment of fiduciary funds; to authorize the authority to
7 establish procedures and requirements to ensure compliance
8 with tax covenants with which the authority must comply; to
9 exempt the bonds from the usury laws of the state; to
10 authorize the authority to issue refunding bonds and give
11 details of such refunding; to provide for the employment of
12 attorneys, fiscal advisors, trustees, paying agents,
13 investment bankers, banks and underwriters and for the payment
14 of all expenses incurred in the issuance of the bonds; to
15 provide that after payment of the expenses of the issuance of
16 the bonds the proceeds from the sale thereof shall be
17 disbursed on orders or warrants issued by or under the
18 direction of the authority for the purposes for which the
19 bonds are authorized to be issued; to provide for the timely
20 expenditure of the proceeds from the sale of the bonds; to
21 provide that if any portion of this act should be held invalid
22 such holding shall not affect the validity of any other
23 portion thereof; and to authorize the authority to reimburse
24 the Building Commission, the Department of Finance, and the
25 State Treasurer's Office for costs incurred in providing
26 services for the authority.

27 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

1 Section 1. Wherever used in this act, the following
2 terms shall have the following meanings respectively, unless
3 the context clearly indicates otherwise:

4 (1) 1965 Act. Act No. 243 enacted at the 1965 First
5 Special Session of the Legislature, codified as Title 16,
6 Chapter 16, Code of Alabama 1975.

7 (2) 1971 Acts. Act No. 94 enacted at the 1971 First
8 Special Session of the Legislature, Act No. 2428 enacted at
9 the 1971 Regular Session of the Legislature, and Act No. 56
10 enacted at the 1971 Second Special Session of the Legislature.

11 (3) 1973 Act. Act No. 1277 enacted at the 1973
12 Regular Session of the Legislature as amended by Act No. 73
13 enacted at the 1975 Third Special Session of the Legislature
14 and Act No. 1223 enacted at the 1975 Regular Session of the
15 Legislature.

16 (4) 1978 Act. Act No. 138 enacted at the 1978 Second
17 Special Session of the Legislature, as amended by Act No.
18 79-41 enacted at the 1979 Special Session of the Legislature
19 and Act No. 81-827 enacted at the 1981 Regular Session of the
20 Legislature.

21 (5) 1985 Act. Act No. 85-943 enacted at the 1985
22 Second Special Session of the Legislature.

23 (6) 1990 Act. Act No. 90-280 enacted at the 1990
24 Regular Session of the Legislature.

25 (7) 1995 Act. Act No. 95-752 enacted at the 1995
26 Regular Session of the Legislature.

1 (8) 1998 Act. Act No. 98-373 enacted at the 1998
2 Regular Session of the Legislature.

3 (9) 1999 Act. Act No. 99-348 enacted at the 1999
4 Regular Session of the Legislature.

5 (10) 2001 Act. Act No. 2001-668 enacted at the 2001
6 Regular Session of the Legislature.

7 (11) 2002 Act. Act No. 2002-240 enacted at the 2002
8 Regular Session of the Legislature.

9 (12) 2003 Act. Act No. 2003-436 enacted at the 2003
10 Second Special Session of the Legislature.

11 (13) 2007 Act. Act No. 2007-415 enacted at the 2007
12 Regular Session of the Legislature.

13 (14) 2010 Act. Act No. 2010-720 enacted at the 2010
14 Regular Session of the Legislature.

15 (15) AUTHORITY. The Public School and College
16 Authority.

17 (16) BONDS. Except where that word is used with
18 reference to bonds issued under another act, those bonds,
19 other than refunding bonds, issued under the provisions of
20 this act.

21 (17) CAPITAL IMPROVEMENT. Capital outlay projects
22 that include the planning, designing, inspection, purchasing,
23 construction, reconstruction, enlargement, improvement,
24 repair, or renovation of permanent buildings containing
25 classrooms, offices, libraries, laboratories, clinical or
26 teaching facilities, dormitories, vocational and professional
27 and industrial training facilities, research facilities,

1 academic structures to reduce portable classrooms or
2 substandard classroom facilities, related improvements and
3 land as sites therefor, together with furnishings and
4 equipment required for the operation of the facilities and the
5 programs provided therein.

6 (18) COMMISSION. The Building Commission created by
7 Section 41-9-140, Code of Alabama 1975, and its successors as
8 the state agency for awarding construction contracts and
9 supervising construction.

10 (19) GOVERNMENT SECURITIES. Any bonds or other
11 obligations which as to principal and interest constitute
12 direct obligations of, or are unconditionally guaranteed by,
13 the United States of America, including obligations of any
14 federal agency to the extent such obligations are
15 unconditionally guaranteed by the United States of America and
16 any certificates or any other evidences of an ownership
17 interest in such obligations of, or unconditionally guaranteed
18 by, the United States of America or in specified portions
19 thereof (which may consist of the principal thereof or the
20 interest thereon).

21 (20) LEGISLATURE. The Legislature of Alabama.

22 (21) PERMITTED INVESTMENTS. (i) Government
23 Securities; (ii) bonds, debentures, notes, or other evidences
24 of indebtedness issued by any of the following agencies: Bank
25 for Cooperatives; Federal Intermediate Credit Banks; Federal
26 Financing Bank; Federal Home Loan Banks; Federal Farm Credit
27 Bank; Export-Import Bank of the United States; Federal Land

1 Banks; or Farmers Home Administration or any other agency or
2 corporation which has been or may hereafter be created by or
3 pursuant to an act of the Congress of the United States as an
4 agency or instrumentality thereof; (iii) bonds, notes, pass
5 through securities, or other evidences of indebtedness of
6 Government National Mortgage Association and participation
7 certificates of Federal Home Loan Mortgage Corporation; (iv)
8 full faith and credit obligations of any state, provided that
9 at the time of purchase such obligations are rated at least
10 "AA" by Standard & Poor's Ratings Group and at least "Aa" by
11 Moody's Investors Service; (v) public housing bonds issued by
12 public agencies or municipalities and fully secured as to the
13 payment of both principal and interest by contracts with the
14 United States of America, or temporary notes, preliminary
15 notes, or project notes issued by public agencies or
16 municipalities, in each case fully secured as to the payment
17 to both principal and interest by a requisition or payment
18 agreement with the United States of America; (vi) time
19 deposits evidenced by certificates of deposit issued by banks
20 or savings and loan associations which are members of the
21 Federal Deposit Insurance Corporation, provided that, to the
22 extent such time deposits are not covered by federal deposit
23 insurance, such time deposits (including interest thereon) are
24 fully secured by a pledge of obligations described in clauses
25 (i), (ii), (iii), and (v) above, which at all times have a
26 market value not less than the amount of such bank time
27 deposits required to be so secured and which meet the greater

1 of 100 percent collateralization or the "AA" collateral levels
2 established by Standard & Poor's Ratings Group for structured
3 financings; (vii) repurchase agreements for obligations of the
4 type specified in clauses (i), (ii), (iii), and (v) above,
5 provided such repurchase agreements are fully collateralized
6 and secured by such obligations which have a market value at
7 least equal to the purchase price of such repurchase
8 agreements which are held by a depository satisfactory to the
9 State Treasurer in such manner as may be required to provide a
10 perfected security interest in such obligations, and which
11 meet the greater of 100 percent collateralization or the "AA"
12 collateral levels established by Standard & Poor's Ratings
13 Group for structured financings; and (viii) uncollateralized
14 investment agreements with, or certificates of deposit issued
15 by, banks or bank holding companies, the senior long-term
16 securities of which are rated at least "AA" by Standard &
17 Poor's Ratings Group and at least "Aa" by Moody's Investors
18 Service.

19 (22) REFUNDING BONDS. Those refunding bonds issued
20 under the provisions of this act.

21 (23) STATE. The State of Alabama.

22 (24) TRUST FUND. The Education Trust Fund, formerly
23 designated as the Alabama Special Educational Trust Fund, the
24 name of which was changed to the Education Trust Fund,
25 effective October 1, 1996, pursuant to Act No. 95-264 enacted
26 at the 1995 Regular Session of the Legislature.

1 Nouns and pronouns when used in this act shall be
2 deemed to include both singular and plural and all applicable
3 genders.

4 Section 2. (a) The authority is hereby authorized to
5 sell and issue its bonds in the aggregate principal amount of
6 up to thirty-five million dollars (\$35,000,000) to provide
7 funds to pay the costs of rebuilding and equipping the schools
8 that suffered damage from tornados on April 27, 2011 and
9 December 25, 2012. The bonds authorized in this act to be
10 issued by the authority shall be in addition to all other
11 bonds previously authorized to be issued by the authority, and
12 the powers conferred on the authority by this act are in
13 addition to all other powers heretofore conferred on the
14 authority by acts heretofore enacted by the Legislature.

15 (b) Proceeds from the sale of the bonds and the
16 earnings thereon shall be paid out from time to time on orders
17 or warrants issued by or at the direction of the authority.
18 The proceeds from the sale of the bonds and the earnings
19 thereof shall be distributed as follows:

20 (1) \$20 million to the Mobile County School System
21 to pay the cost to rebuild and equip Murphy High School from
22 tornado damage suffered on December 25, 2012.

23 (2) \$15 million to the State Department of Education
24 to pay the costs to rebuild and equip those schools that
25 suffered tornado damage on April 27, 2011.

26 Section 3. The bonds shall be signed by the
27 president or vice president of the authority and the seal of

1 the authority shall be affixed thereto (or a facsimile thereof
2 imprinted thereon) and attested by its secretary. All
3 signatures of the president, vice president, and secretary may
4 be facsimile signatures if the authority, in its proceedings
5 with respect to issuance, provides for manual authentication
6 (which may be in the form of a certificate as to registration)
7 of the bonds by a trustee, registrar, or paying agent or by
8 named individuals who are employees of the state and who are
9 assigned to the Finance Department or State Treasurer's
10 Office. All bonds bearing signatures or facsimiles of the
11 signatures of officers of the authority in office on the date
12 of signing thereof shall be valid and binding notwithstanding
13 that before the delivery thereof and payment therefor, any
14 officer whose signature appears thereon shall have ceased to
15 be an officer of the authority. The bonds and the income
16 therefrom shall be exempt from all taxation in the State of
17 Alabama, may be used as security for deposits, and shall be
18 eligible for investments of fiduciary funds, as provided in
19 the 1965 Act. The bonds shall be construed to have all the
20 qualities and incidents of negotiable instruments subject to
21 any registration provisions pertaining to transfers. The
22 authority and the bonds shall be exempt from all laws of the
23 state governing usury including, without limitation, the
24 provisions of Title 8, Chapter 8, Code of Alabama 1975, or any
25 subsequent statute of similar import. The bonds shall be in
26 such form or forms and denomination or denominations and of
27 such tenor and maturities, shall bear such rate or rates of

1 interest payable and evidenced in such manner, may be made
2 subject to redemption prior to their maturities, and may
3 contain provisions not inconsistent with this act, all as may
4 be provided by the resolution of the authority under which the
5 bonds may be issued; provided, that no bonds shall have a
6 specified maturity date later than twenty years after their
7 date; and provided further, that those bonds having maturities
8 more than ten years after their date shall be subject to
9 redemption at the option of the authority on any date on and
10 after the tenth anniversary after their date at such
11 redemption price or prices and under such conditions as may be
12 prescribed in the proceedings of the authority under which
13 they are issued. For the purpose of paying the principal of,
14 premium, if any, and interest on the bonds or any refunding
15 bonds, the authority shall designate the State Treasurer or
16 such bank or banks as the authority, in its discretion,
17 determines to be appropriate and desirable. Funds for the
18 payment of debt service shall be transferred by the authority
19 or the State Treasurer on behalf of the authority to the
20 designated paying agent on the actual due date of such
21 principal, premium, if any, or interest.

22 Section 4. The bonds may be sold by the authority
23 from time to time in series, and if sold in more than one
24 series, may all be authorized in one initial resolution of the
25 authority with the pledges therefor made by the authority in
26 such initial resolution although some of the details
27 applicable to each series may be specified in the respective

1 resolutions under which the different series are issued. The
2 authority, in the course of establishing, by resolution, a
3 principal amount of bonds to be authorized for sale at any
4 given time, or to be sold in any series, may take into account
5 the existence of any unexpended proceeds of prior issues of
6 bonds of the authority (and of any other issuer, if such
7 should be deemed by the authority to be relevant), and may
8 structure the portions of the allocations provided for in
9 Section 8 of this act to be distributed from the proceeds of a
10 particular series (constituting less than all the bonds
11 authorized by this act) as the authority deems necessary or
12 prudent in order to enable the authority to comply with any
13 tax covenants that may be required of it, or that may be
14 deemed by it to be prudent to be given by it, in connection
15 with the sale of any series of the bonds. Each series of the
16 bonds shall be sold at competitive bid and at such price or
17 prices and at such time or times as the authority may consider
18 advantageous. Bonds sold by competitive bid must be sold to
19 the bidder whose bid reflects the lowest effective borrowing
20 cost to the authority on the series of the bonds being sold;
21 provided, that if no bid acceptable to the authority is
22 received it may reject all bids. Notice or summary notice of
23 each such sale by competitive bids shall be given by
24 publication in either a financial journal or a financial
25 newspaper published in the City of New York, New York, and
26 also by publication in a newspaper published in the state
27 which is customarily published not less often than five days

1 during each calendar week, each of which notices must be
2 published at least one time not less than ten days prior to
3 the date fixed for the sale or, in the event no bid acceptable
4 to the authority is received at any such sale and the bonds so
5 offered are thereafter reoffered on the same terms and
6 conditions, not less than five days prior to the date fixed
7 for sale. The authority may fix the method and the terms and
8 conditions under which the sale of any series of the bonds may
9 otherwise be held; provided, that the terms and conditions
10 shall not conflict with any requirement of this act. Approval
11 by the Governor of Alabama of the terms and conditions under
12 which any bonds may be issued shall be requisite to their
13 validity. Before any series of the bonds shall be offered for
14 sale by the authority, the Governor shall first determine that
15 the issuance of that series of bonds and the application of
16 the taxes pledged to the payment of the principal of the bonds
17 as they mature and interest thereon as the same shall come due
18 will not impair the adequacy of the trust fund to pay
19 appropriations therefrom and to support the public schools and
20 institutions of higher learning during the period over which
21 the bonds will mature. The Governor's determination shall be
22 in writing signed by the Governor and that determination shall
23 be final and conclusive. Neither a public hearing nor consent
24 of the state Department of Finance or any other department or
25 agency shall be a prerequisite to the issuance of any of the
26 bonds.

1 Section 5. For the purpose of providing for payment
2 of the principal of, premium, if any, and interest on the
3 bonds and to accomplish the objectives of this act, there is
4 hereby irrevocably pledged to those purposes, and hereby
5 appropriated, such amount as may be necessary therefor from
6 the following sources:

7 (a) The residue of the receipts from the excise tax
8 ("the utility gross receipts tax") levied by Title 40, Chapter
9 21, Article 3, Code of Alabama 1975, as amended ("Article 3"),
10 remaining after payment of the expenses of administration and
11 enforcement of Article 3, being that portion of the tax that
12 is required by Article 3 to be deposited in the State Treasury
13 to the credit of the trust fund, after there shall have been
14 taken from the residue the amount necessary to pay at their
15 respective maturities the principal of and interest on those
16 bonds issued by the authority under the 1965 Act, 1971 Acts,
17 the 1973 Act, the 1978 Act, the 1985 Act, the 1990 Act, the
18 1995 Act, the 1998 Act, the 1999 Act, the 2001 Act, the 2002
19 Act, the 2003 Act, the 2007 Act, the 2010 Act, or this act
20 that may be outstanding at the time of the delivery of the
21 respective series of the bonds authorized herein;

22 (b) The residue of the receipts from the excise tax
23 ("the utility service use tax") levied by Title 40, Chapter
24 21, Article 4, Code of Alabama 1975 ("Article 4"), remaining
25 after payment of the expenses of administration and
26 enforcement of Article 4, being that portion of the tax that
27 is required by Article 4 to be deposited in the State Treasury

1 to the credit of the trust fund, after there shall have been
2 taken from the residue the amount necessary to pay at their
3 respective maturities the principal of and interest on those
4 bonds issued by the authority under the 1965 Act, the 1971
5 Acts, the 1973 Act, the 1978 Act, the 1985 Act, the 1990 Act,
6 the 1995 Act, the 1998 Act, the 1999 Act, the 2001 Act, the
7 2002 Act, the 2003 Act, the 2007 Act, the 2010 Act, or this
8 act that may be outstanding at the time of the delivery of the
9 respective series of the bonds authorized herein;

10 (c) To the extent and to the extent only that the
11 revenues appropriated in the foregoing subsections (a) and (b)
12 of this section may not be sufficient to pay at their
13 respective maturities the principal of, premium, if any, and
14 interest on the bonds, the residue of the receipts from the
15 excise tax ("the sales tax") levied by Title 40, Chapter 23,
16 Article 1, Division 1, Code of Alabama 1975, as amended
17 ("Article 1"), after there shall have been taken from the
18 residue the amounts appropriated for other educational
19 purposes in Section 40-23-35, Code of Alabama 1975 (which
20 residue constitutes that portion of the receipts from the
21 sales tax that is now required by law to be paid into the
22 trust fund), and after there shall have been taken from the
23 residue amounts sufficient to meet all prior charges on the
24 residue including such amounts as may be necessary to pay at
25 their respective maturities the principal of and interest on
26 those bonds issued by the authority under the 1965 Act, the
27 1971 Acts, the 1973 Act, the 1978 Act, the 1985 Act, the 1990

1 Act, the 1995 Act, the 1998 Act, the 1999 Act, the 2001 Act,
2 the 2002 Act, the 2003 Act, the 2007 Act, the 2010 Act, or
3 this act that may be outstanding at the time of the delivery
4 of the respective series of the bonds authorized herein; and

5 (d) To the extent and to the extent only that the
6 revenues appropriated in the foregoing subsections (a), (b),
7 and (c) of this section may not be sufficient to pay at their
8 respective maturities the principal of, premium, if any, and
9 the interest on the bonds, the residue of the receipts from
10 the excise tax ("the use tax") levied by Title 40, Chapter 23,
11 Article 2, Code of Alabama 1975, as amended ("Article 2"),
12 after there shall have been taken from the residue the amount
13 necessary to meet the expenses of the state Department of
14 Revenue in collecting the use tax (which residue constitutes
15 that portion of the receipts from the use tax that is now
16 required by law to be paid into the trust fund), and after
17 there shall have been taken from the residue such amounts as
18 may be necessary to meet all prior charges on the use tax
19 including the amounts sufficient to pay at their respective
20 maturities the principal of and interest on those outstanding
21 bonds referred to in subsection (c) of this section.

22 (e) All monies hereby appropriated and pledged shall
23 constitute a sinking fund for the purpose of paying the
24 principal of, premium, if any, and interest on the bonds. The
25 State Treasurer is authorized and directed to pay at their
26 respective maturities the principal of, premium, if any, and
27 interest on the bonds out of this fund and out of the residues

1 of the tax receipts herein appropriated and pledged for the
2 benefit of the bonds, and is further authorized and directed
3 to set up and maintain appropriate records pertaining thereto.

4 Section 6. The bonds shall not be general
5 obligations of the authority but shall be limited obligations
6 payable solely out of the residues of the tax receipts
7 appropriated and pledged in Section 5. All bonds issued by the
8 authority pursuant to the provisions of this act shall be
9 solely and exclusively obligations of the authority and shall
10 not constitute or create an obligation or debt of the state.
11 As security for the payment of the principal of, premium, if
12 any, and interest on the bonds, the authority is hereby
13 authorized and empowered to pledge the residues of the tax
14 receipts that are appropriated and pledged in Section 5 hereof
15 for such purposes. All such pledges made by the authority
16 shall take precedence in the order of the adoption of the
17 resolutions containing the pledges. All such pledges shall be
18 prior and superior to any pledges that may be made for any
19 refunding bonds hereafter issued by the authority under the
20 provisions of any of the 1965 Act, the 1971 Acts, the 1973
21 Act, the 1978 Act, the 1985 Act, the 1990 Act, the 1995 Act,
22 the 1998 Act, the 1999 Act, the 2001 Act, the 2002 Act, the
23 2003 Act, the 2007 Act, the 2010 Act, or any other act
24 heretofore enacted.

25 Section 7. For the purpose of refunding any bonds or
26 refunding bonds of the authority issued under the provisions
27 of this act, the 1965 Act, the 1971 Acts, the 1973 Act, the

1 1978 Act, the 1985 Act, the 1990 Act, the 1995 Act, the 1998
2 Act, the 1999 Act, the 2001 Act, the 2002 Act, the 2003 Act,
3 the 2007 Act, the 2010 Act, or any other act previously
4 enacted, or any combination thereof, whether such refunding
5 shall occur before, at or after the maturity of the bonds
6 refunded and for the purpose of paying all premiums and
7 expenses of the refunding (including, but not limited to,
8 attorneys' fees, costs of printing the refunding bonds, fiscal
9 agents' fees, and accountants' fees), the authority is hereby
10 authorized to sell and issue its refunding bonds. Such
11 refunding bonds may be sold and issued from time to time, at
12 public sale, on sealed bids and on such other terms and
13 conditions as the authority shall determine to be advantageous
14 and shall adopt and provide for in its proceedings for the
15 sale and issuance of such refunding bonds. Provided, however,
16 that no refunding bonds shall be issued unless the present
17 value of all debt service on the refunding bonds (computed
18 with a discount rate equal to the true interest rate of the
19 refunding bonds and taking into account all underwriting
20 discount and other issuance expenses) shall not be greater
21 than 97 percent of the present value of all debt service on
22 the bonds to be refunded (computed using the same discount
23 rate and taking into account the underwriting discount and
24 other issuance expenses originally applicable to such bonds)
25 determined as if such bonds to be refunded were paid and
26 retired in accordance with the schedule of maturities
27 (considering mandatory redemption as scheduled maturity)

1 provided at the time of their issuance. Provided further that
2 the average maturity of the refunding bonds, as measured from
3 the date of issuance of such refunding bonds, shall not exceed
4 by more than three years the average maturity of the bonds to
5 be refunded, as also measured from such date of issuance, with
6 the average maturity of any principal amount of bonds to be
7 determined by multiplying the principal of each maturity by
8 the number of years (including any fractional part of a year)
9 intervening between such date of issuance and each such
10 maturity, taking the sum of all such products, and then
11 dividing such sum by the aggregate principal amount of bonds
12 for which the average maturity is to be determined. For the
13 purpose of providing funds to enable the authority to pay at
14 their respective maturities the principal of, premium, if any,
15 and interest on the refunding bonds issued under this act, the
16 authority is hereby authorized to pledge irrevocably for such
17 purpose, and there is hereby appropriated for such purpose,
18 such amount as may be necessary of the residues of the
19 receipts from the excise taxes pledged and appropriated in
20 subsections (a), (b), (c), and (d) of Section 5 of this act,
21 any reserves or sinking funds established by the authority, as
22 well as revenues of the authority from any other sources
23 specified in the proceedings wherein the refunding bonds are
24 authorized to be issued. Pending the application of the
25 proceeds of refunding bonds issued in accordance with this
26 section, the proceeds, together with investment earnings
27 therefrom, and amounts in any sinking fund, together with

1 investment earnings thereon, may be held by the State
2 Treasurer as treasurer of the authority in trust, or may be
3 deposited by the State Treasurer in trust, on such terms as
4 the State Treasurer and the authority shall approve, with a
5 trustee or escrow agent, which trustee or escrow agent shall
6 be a banking institution or trust company authorized to
7 exercise trust powers in Alabama, for investment in permitted
8 investments. Proceeds of refunding bonds shall be so invested
9 and applied as to assure that the principal, interest, and
10 redemption premium, if any, on the bonds being refunded shall
11 be paid in full on the respective maturity, redemption, or
12 interest payment dates. Refunding bonds issued by the
13 authority shall not be general obligations of the authority
14 but shall be payable solely from the sources specified in this
15 act and in the proceedings whereby the refunding bonds are
16 authorized to be issued. All refunding bonds issued by the
17 authority shall be solely and exclusively obligations of the
18 authority and shall not create debts of the State of Alabama.
19 The faith and credit of the State of Alabama shall never be
20 pledged for the payment of any refunding bonds issued by the
21 authority under this act. The authority may contract with
22 respect to the safekeeping and application of the refunding
23 bonds and other funds included therewith and the income
24 therefrom which may be any bank or trust company authorized to
25 exercise trust powers and located within and/or without the
26 state. All other provisions of this act shall apply to the
27 refunding bonds issued hereunder except (a) the limitation

1 contained in Section 2 of this act on the amount of bonds that
2 may be issued under this act and (b) the provisions of Section
3 8 of this act. All pledges made by this act or by the
4 authority pursuant to the provisions of this act, for the
5 benefit of refunding bonds issued under this act, and all such
6 pledges for the benefit of refunding bonds which may be issued
7 to refund any bonds issued under any of the 1965 Act, the 1971
8 Acts, the 1973 Act, the 1978 Act, the 1985 Act, the 1990 Act,
9 the 1995 Act, the 1998 Act, the 1999 Act, the 2001 Act, the
10 2002 Act, the 2003 Act, the 2007 Act, the 2010 Act, or this
11 act, shall take precedence in the order of the adoption of the
12 resolutions authorizing the issuance of such refunding bonds.
13 Bonds refunded prior to their maturity with the proceeds of
14 refunding bonds shall be deemed paid and the pledges herein
15 and by the authority made for the payment thereof defeased if
16 the authority, in its proceedings regarding issuance of the
17 refunding bonds shall provide for and establishes a trust or
18 escrow fund comprised of monies or government securities, or
19 both, sufficient to pay, when due, the entire principal of,
20 premium, if any, and interest on the bonds to be refunded
21 thereby; provided, that such government securities shall not
22 be subject to redemption prior to their maturities other than
23 at the option of the holder thereof. Upon the establishment of
24 such a trust or escrow fund, the refunded bonds shall no
25 longer be deemed to be outstanding, shall no longer be secured
26 by the funds pledged therefore in Section 5 of this act, shall
27 no longer be obligations of the authority and shall be secured

1 solely by and payable from monies and government securities
2 deposited in such trust or escrow fund.

3 Section 8. (a) The proceeds derived from each sale
4 of the bonds issued pursuant to this act shall be deposited
5 into the State Treasury and shall be carried in a separate
6 fund therein for the account of the authority, which shall pay
7 the expenses of issuance therefrom. The expenses of issuance
8 of the bonds shall be prorated among the recipients of the
9 proceeds from the sale of the bonds in the same proportions as
10 the allocations received of the proceeds thereunder. The
11 proceeds from the sale of the bonds remaining after payment of
12 the expenses of issuance thereof shall be retained in the
13 funds and, until they are paid out, shall be invested by the
14 State Treasurer at the direction of the authority in permitted
15 investments maturing at such time or times as the authority
16 shall direct.

17 (b) Proceeds from the sale of the bonds and the
18 earnings thereon shall be paid out from time to time on orders
19 or warrants issued by or at the discretion of the authority
20 for the purposes specified in this act.

21 Section 9. Not later than three years following
22 allocation of bond proceeds as provided herein, the authority
23 shall review the status of any unexpended allocations, and, at
24 its sole discretion, determine if unexpended allocations or
25 any portion thereof shall revert to the authority.

26 Section 10. Notwithstanding any of the foregoing and
27 in addition to all powers heretofore granted to the authority,

1 the authority is hereby expressly authorized to use the
2 proceeds derived from the sale of bonds and income on
3 permitted investments in accordance with the provisions of
4 this act. Additionally, the authority is hereby expressly
5 permitted to pay to the Department of Finance and the State
6 Treasurer's Office, from time to time and from any funds
7 available to the authority, amounts to offset costs incurred
8 in the administration of the business of the authority. The
9 cost of such compensation shall be prorated among the
10 recipients of proceeds of the bonds in the same manner as the
11 expenses of issuance of the bonds are required hereby to be
12 prorated.

13 Section 11. The authority shall hire or contract
14 with businesses or individuals which reflect the racial and
15 ethnic diversity of the state.

16 Section 12. The authority shall have the power to
17 make such payments to the United States of America as the
18 board of directors of the authority deems necessary to cause
19 the interest on any bonds of the authority, including the
20 bonds, to be and remain exempt from, or excludible from gross
21 income for purposes of, federal income taxation. The authority
22 shall have the power to make such agreements respecting the
23 investment of funds of the authority as the authority shall
24 deem necessary in order that the interest income on bonds of
25 the authority be and remain exempt from, or excludible from
26 gross income for purposes of, federal income taxation.

1 Section 13. The authority is authorized to pay out
2 of proceeds of any series of bonds the costs and expenses
3 incurred in connection with the issuance of such bonds,
4 including without limitation legal and accounting fees and
5 expenses, fees, and expenses of any financial or fiscal
6 advisor employed by the authority, printing costs, rating
7 agency fees, and premiums or charges for any credit
8 enhancement or liquidity providers. Notwithstanding any
9 provision of this act or the 1965 Act, in appointing,
10 employing, or contracting with attorneys, fiscal advisors,
11 trustees, paying agents, investment bankers, banks and
12 underwriters, the authority may appoint, employ, or contract
13 with firms whose principal offices are located without and/or
14 within Alabama. The authority shall hire or contract with
15 attorneys, fiscal advisors, trustees, paying agents,
16 investment bankers, banks and underwriters which shall reflect
17 the racial and ethnic diversity of the state. The authority
18 shall issue requests for proposals for attorneys, fiscal
19 advisors, trustees, paying agents, investment bankers, banks,
20 and underwriters. The authority shall evaluate each proposed
21 bid publicly and award each contract publicly. Minutes of the
22 authority's meeting shall record the reasons for awarding each
23 contract.

24 Section 14. In the event any section, sentence,
25 clause or provision of this act shall be declared invalid by a
26 court of competent jurisdiction, such action shall not affect

1 the validity of the remaining sections, sentences, clauses, or
2 provisions of this act, which shall continue effective.

3 Section 15. This act shall become effective
4 immediately following its passage and approval by the
5 Governor, or its otherwise becoming law.