

1 HB517
2 152336-6
3 By Representatives Bracy, Buskey, Davis, Faust, Shiver, Baker,
4 McMillan, Gaston, Fincher, Ison, Barton, Hubbard (M) and
5 Sessions
6 RFD: Ways and Means Education
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ENROLLED, An Act,

To authorize the Alabama Public School and College Authority to sell and issue up to \$30,000,000 in aggregate principal amount of additional bonds to provide funds for capital improvements to certain schools that were damaged by tornadoes on April 27, 2011 and December 25, 2012; to authorize the authority to provide for the details of the bonds and the sale and issuance thereof; to make an appropriation and pledge for payment of the principal of and interest on the bonds from specific taxes necessary to pay the principal and interest at their respective maturities; to authorize the authority to pledge for payment of the principal of and interest on the bonds the funds that are appropriated and pledged; to provide for the investment of funds by the State Treasurer; to provide that the bonds not constitute a debt of the state but shall be limited obligations payable out of the funds appropriated and pledged therefor; to provide that the bonds and the income therefrom shall be exempt from taxation in this state and that the bonds may be used to secure deposits of funds of this state and its political subdivisions, instrumentalities, and agencies, and for investment of fiduciary funds; to authorize the authority to establish procedures and requirements to ensure compliance with tax covenants with which the authority must comply; to

1 exempt the bonds from the usury laws of the state; to
2 authorize the authority to issue refunding bonds and give
3 details of such refunding; to provide for the employment of
4 attorneys, fiscal advisors, trustees, paying agents,
5 investment bankers, banks and underwriters and for the payment
6 of all expenses incurred in the issuance of the bonds; to
7 provide that after payment of the expenses of the issuance of
8 the bonds the proceeds from the sale thereof shall be
9 disbursed on orders or warrants issued by or under the
10 direction of the authority for the purposes for which the
11 bonds are authorized to be issued; to provide for the timely
12 expenditure of the proceeds from the sale of the bonds; to
13 provide that if any portion of this act should be held invalid
14 such holding shall not affect the validity of any other
15 portion thereof; and to authorize the authority to reimburse
16 the Building Commission, the Department of Finance, and the
17 State Treasurer's Office for costs incurred in providing
18 services for the authority.

19 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

23 (1) 1965 Act. Act No. 243 enacted at the 1965 First
24 Special Session of the Legislature, codified as Title 16,
25 Chapter 16, Code of Alabama 1975.

1 (2) 1971 Acts. Act No. 94 enacted at the 1971 First
2 Special Session of the Legislature, Act No. 2428 enacted at
3 the 1971 Regular Session of the Legislature, and Act No. 56
4 enacted at the 1971 Second Special Session of the Legislature.

5 (3) 1973 Act. Act No. 1277 enacted at the 1973
6 Regular Session of the Legislature as amended by Act No. 73
7 enacted at the 1975 Third Special Session of the Legislature
8 and Act No. 1223 enacted at the 1975 Regular Session of the
9 Legislature.

10 (4) 1978 Act. Act No. 138 enacted at the 1978 Second
11 Special Session of the Legislature, as amended by Act No.
12 79-41 enacted at the 1979 Special Session of the Legislature
13 and Act No. 81-827 enacted at the 1981 Regular Session of the
14 Legislature.

15 (5) 1985 Act. Act No. 85-943 enacted at the 1985
16 Second Special Session of the Legislature.

17 (6) 1990 Act. Act No. 90-280 enacted at the 1990
18 Regular Session of the Legislature.

19 (7) 1995 Act. Act No. 95-752 enacted at the 1995
20 Regular Session of the Legislature.

21 (8) 1998 Act. Act No. 98-373 enacted at the 1998
22 Regular Session of the Legislature.

23 (9) 1999 Act. Act No. 99-348 enacted at the 1999
24 Regular Session of the Legislature.

1 (10) 2001 Act. Act No. 2001-668 enacted at the 2001
2 Regular Session of the Legislature.

3 (11) 2002 Act. Act No. 2002-240 enacted at the 2002
4 Regular Session of the Legislature.

5 (12) 2003 Act. Act No. 2003-436 enacted at the 2003
6 Second Special Session of the Legislature.

7 (13) 2007 Act. Act No. 2007-415 enacted at the 2007
8 Regular Session of the Legislature.

9 (14) 2010 Act. Act No. 2010-720 enacted at the 2010
10 Regular Session of the Legislature.

11 (15) AUTHORITY. The Public School and College
12 Authority.

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

17 (17) CAPITAL IMPROVEMENT. Capital outlay projects
18 that include the planning, designing, inspection, purchasing,
19 construction, reconstruction, enlargement, improvement,
20 repair, or renovation of permanent buildings containing
21 classrooms, offices, libraries, laboratories, clinical or
22 teaching facilities, dormitories, vocational and professional
23 and industrial training facilities, research facilities,
24 academic structures to reduce portable classrooms or
25 substandard classroom facilities, related improvements and

1 land as sites therefor, together with furnishings and
 2 equipment required for the operation of the facilities and the
 3 programs provided therein.

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

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

19 (20) LEGISLATURE. The Legislature of Alabama.

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

1 market value not less than the amount of such bank time
2 deposits required to be so secured and which meet the greater
3 of 100 percent collateralization or the "AA" collateral levels
4 established by Standard & Poor's Ratings Group for structured
5 financings; (vii) repurchase agreements for obligations of the
6 type specified in clauses (i), (ii), (iii), and (v) above,
7 provided such repurchase agreements are fully collateralized
8 and secured by such obligations which have a market value at
9 least equal to the purchase price of such repurchase
10 agreements which are held by a depository satisfactory to the
11 State Treasurer in such manner as may be required to provide a
12 perfected security interest in such obligations, and which
13 meet the greater of 100 percent collateralization or the "AA"
14 collateral levels established by Standard & Poor's Ratings
15 Group for structured financings; and (viii) uncollateralized
16 investment agreements with, or certificates of deposit issued
17 by, banks or bank holding companies, the senior long-term
18 securities of which are rated at least "AA" by Standard &
19 Poor's Ratings Group and at least "Aa" by Moody's Investors
20 Service.

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

23 (23) STATE. The State of Alabama.

24 (24) TRUST FUND. The Education Trust Fund, formerly
25 designated as the Alabama Special Educational Trust Fund, the

1 name of which was changed to the Education Trust Fund,
2 effective October 1, 1996, pursuant to Act No. 95-264 enacted
3 at the 1995 Regular Session of the Legislature.

4 Nouns and pronouns when used in this act shall be
5 deemed to include both singular and plural and all applicable
6 genders.

7 Section 2. (a) The authority is hereby authorized to
8 sell and issue its bonds in the aggregate principal amount of
9 up to thirty million dollars (\$30,000,000) to provide funds
10 for capital improvements to certain schools that were damaged
11 by tornadoes on April 27, 2011 and December 25, 2012. The
12 bonds authorized in this act to be issued by the authority
13 shall be in addition to all other bonds previously authorized
14 to be issued by the authority, and the powers conferred on the
15 authority by this act are in addition to all other powers
16 heretofore conferred on the authority by acts heretofore
17 enacted by the Legislature.

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

23 (1) Fifteen million dollars (\$15,000,000) shall be
24 allocated to the Mobile County School System to pay for

1 capital improvements to Murphy High School for damage caused
 2 by a tornado on December 25, 2012.

3 (2) Fifteen million dollars (\$15,000,000) shall be
 4 allocated to the State Department of Education to be distrib-
 5 uted to the following schools in the following amounts to pay
 6 for capital improvements to those schools for damage caused by
 7 tornadoes on April 27, 2011:

8	Alberta City Elementary	\$3,000,000
9	Phil Campbell High School	\$6,396,000
10	University Place Elementary School	\$2,500,000
11	Holt Elementary School	\$2,500,000
12	Plainview High School	\$604,000

13 Section 3. The bonds shall be signed by the
 14 president or vice president of the authority and the seal of
 15 the authority shall be affixed thereto (or a facsimile thereof
 16 imprinted thereon) and attested by its secretary. All
 17 signatures of the president, vice president, and secretary may
 18 be facsimile signatures if the authority, in its proceedings
 19 with respect to issuance, provides for manual authentication
 20 (which may be in the form of a certificate as to registration)
 21 of the bonds by a trustee, registrar, or paying agent or by
 22 named individuals who are employees of the state and who are

1 assigned to the Finance Department or State Treasurer's
2 Office. All bonds bearing signatures or facsimiles of the
3 signatures of officers of the authority in office on the date
4 of signing thereof shall be valid and binding notwithstanding
5 that before the delivery thereof and payment therefor, any
6 officer whose signature appears thereon shall have ceased to
7 be an officer of the authority. The bonds and the income
8 therefrom shall be exempt from all taxation in the State of
9 Alabama, may be used as security for deposits, and shall be
10 eligible for investments of fiduciary funds, as provided in
11 the 1965 Act. The bonds shall be construed to have all the
12 qualities and incidents of negotiable instruments subject to
13 any registration provisions pertaining to transfers. The
14 authority and the bonds shall be exempt from all laws of the
15 state governing usury including, without limitation, the
16 provisions of Title 8, Chapter 8, Code of Alabama 1975, or any
17 subsequent statute of similar import. The bonds shall be in
18 such form or forms and denomination or denominations and of
19 such tenor and maturities, shall bear such rate or rates of
20 interest payable and evidenced in such manner, may be made
21 subject to redemption prior to their maturities, and may
22 contain provisions not inconsistent with this act, all as may
23 be provided by the resolution of the authority under which the
24 bonds may be issued; provided, that no bonds shall have a
25 specified maturity date later than twenty years after their

1 date; and provided further, that those bonds having maturities
2 more than ten years after their date shall be subject to
3 redemption at the option of the authority on any date on and
4 after the tenth anniversary after their date at such
5 redemption price or prices and under such conditions as may be
6 prescribed in the proceedings of the authority under which
7 they are issued. For the purpose of paying the principal of,
8 premium, if any, and interest on the bonds or any refunding
9 bonds, the authority shall designate the State Treasurer or
10 such bank or banks as the authority, in its discretion,
11 determines to be appropriate and desirable. Funds for the
12 payment of debt service shall be transferred by the authority
13 or the State Treasurer on behalf of the authority to the
14 designated paying agent on the actual due date of such
15 principal, premium, if any, or interest.

16 Section 4. The bonds may be sold by the authority
17 from time to time in series, and if sold in more than one
18 series, may all be authorized in one initial resolution of the
19 authority with the pledges therefor made by the authority in
20 such initial resolution although some of the details
21 applicable to each series may be specified in the respective
22 resolutions under which the different series are issued. The
23 authority, in the course of establishing, by resolution, a
24 principal amount of bonds to be authorized for sale at any
25 given time, or to be sold in any series, may take into account

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

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

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

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

1 residue including such amounts as may be necessary to pay at
2 their respective maturities the principal of and interest on
3 those bonds issued by the authority under the 1965 Act, the
4 1971 Acts, the 1973 Act, the 1978 Act, the 1985 Act, the 1990
5 Act, the 1995 Act, the 1998 Act, the 1999 Act, the 2001 Act,
6 the 2002 Act, the 2003 Act, the 2007 Act, the 2010 Act, or
7 this act that may be outstanding at the time of the delivery
8 of the respective series of the bonds authorized herein; and

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

1 (e) All monies hereby appropriated and pledged shall
2 constitute a sinking fund for the purpose of paying the
3 principal of, premium, if any, and interest on the bonds. The
4 State Treasurer is authorized and directed to pay at their
5 respective maturities the principal of, premium, if any, and
6 interest on the bonds out of this fund and out of the residues
7 of the tax receipts herein appropriated and pledged for the
8 benefit of the bonds, and is further authorized and directed
9 to set up and maintain appropriate records pertaining thereto.

10 Section 6. The bonds shall not be general
11 obligations of the authority but shall be limited obligations
12 payable solely out of the residues of the tax receipts
13 appropriated and pledged in Section 5. All bonds issued by the
14 authority pursuant to the provisions of this act shall be
15 solely and exclusively obligations of the authority and shall
16 not constitute or create an obligation or debt of the state.
17 As security for the payment of the principal of, premium, if
18 any, and interest on the bonds, the authority is hereby
19 authorized and empowered to pledge the residues of the tax
20 receipts that are appropriated and pledged in Section 5 hereof
21 for such purposes. All such pledges made by the authority
22 shall take precedence in the order of the adoption of the
23 resolutions containing the pledges. All such pledges shall be
24 prior and superior to any pledges that may be made for any
25 refunding bonds hereafter issued by the authority under the

1 provisions of any of the 1965 Act, the 1971 Acts, the 1973
2 Act, the 1978 Act, the 1985 Act, the 1990 Act, the 1995 Act,
3 the 1998 Act, the 1999 Act, the 2001 Act, the 2002 Act, the
4 2003 Act, the 2007 Act, the 2010 Act, or any other act
5 heretofore enacted.

6 Section 7. For the purpose of refunding any bonds or
7 refunding bonds of the authority issued under the provisions
8 of this act, the 1965 Act, the 1971 Acts, the 1973 Act, the
9 1978 Act, the 1985 Act, the 1990 Act, the 1995 Act, the 1998
10 Act, the 1999 Act, the 2001 Act, the 2002 Act, the 2003 Act,
11 the 2007 Act, the 2010 Act, or any other act previously
12 enacted, or any combination thereof, whether such refunding
13 shall occur before, at or after the maturity of the bonds
14 refunded and for the purpose of paying all premiums and
15 expenses of the refunding (including, but not limited to,
16 attorneys' fees, costs of printing the refunding bonds, fiscal
17 agents' fees, and accountants' fees), the authority is hereby
18 authorized to sell and issue its refunding bonds. Such
19 refunding bonds may be sold and issued from time to time, at
20 public sale, on sealed bids and on such other terms and
21 conditions as the authority shall determine to be advantageous
22 and shall adopt and provide for in its proceedings for the
23 sale and issuance of such refunding bonds. Provided, however,
24 that no refunding bonds shall be issued unless the present
25 value of all debt service on the refunding bonds (computed

1 with a discount rate equal to the true interest rate of the
2 refunding bonds and taking into account all underwriting
3 discount and other issuance expenses) shall not be greater
4 than 97 percent of the present value of all debt service on
5 the bonds to be refunded (computed using the same discount
6 rate and taking into account the underwriting discount and
7 other issuance expenses originally applicable to such bonds)
8 determined as if such bonds to be refunded were paid and
9 retired in accordance with the schedule of maturities
10 (considering mandatory redemption as scheduled maturity)
11 provided at the time of their issuance. Provided further that
12 the average maturity of the refunding bonds, as measured from
13 the date of issuance of such refunding bonds, shall not exceed
14 by more than three years the average maturity of the bonds to
15 be refunded, as also measured from such date of issuance, with
16 the average maturity of any principal amount of bonds to be
17 determined by multiplying the principal of each maturity by
18 the number of years (including any fractional part of a year)
19 intervening between such date of issuance and each such
20 maturity, taking the sum of all such products, and then
21 dividing such sum by the aggregate principal amount of bonds
22 for which the average maturity is to be determined. For the
23 purpose of providing funds to enable the authority to pay at
24 their respective maturities the principal of, premium, if any,
25 and interest on the refunding bonds issued under this act, the

1 authority is hereby authorized to pledge irrevocably for such
2 purpose, and there is hereby appropriated for such purpose,
3 such amount as may be necessary of the residues of the
4 receipts from the excise taxes pledged and appropriated in
5 subsections (a), (b), (c), and (d) of Section 5 of this act,
6 any reserves or sinking funds established by the authority, as
7 well as revenues of the authority from any other sources
8 specified in the proceedings wherein the refunding bonds are
9 authorized to be issued. Pending the application of the
10 proceeds of refunding bonds issued in accordance with this
11 section, the proceeds, together with investment earnings
12 therefrom, and amounts in any sinking fund, together with
13 investment earnings thereon, may be held by the State
14 Treasurer as treasurer of the authority in trust, or may be
15 deposited by the State Treasurer in trust, on such terms as
16 the State Treasurer and the authority shall approve, with a
17 trustee or escrow agent, which trustee or escrow agent shall
18 be a banking institution or trust company authorized to
19 exercise trust powers in Alabama, for investment in permitted
20 investments. Proceeds of refunding bonds shall be so invested
21 and applied as to assure that the principal, interest, and
22 redemption premium, if any, on the bonds being refunded shall
23 be paid in full on the respective maturity, redemption, or
24 interest payment dates. Refunding bonds issued by the
25 authority shall not be general obligations of the authority

1 but shall be payable solely from the sources specified in this
2 act and in the proceedings whereby the refunding bonds are
3 authorized to be issued. All refunding bonds issued by the
4 authority shall be solely and exclusively obligations of the
5 authority and shall not create debts of the State of Alabama.
6 The faith and credit of the State of Alabama shall never be
7 pledged for the payment of any refunding bonds issued by the
8 authority under this act. The authority may contract with
9 respect to the safekeeping and application of the refunding
10 bonds and other funds included therewith and the income
11 therefrom which may be any bank or trust company authorized to
12 exercise trust powers and located within and/or without the
13 state. All other provisions of this act shall apply to the
14 refunding bonds issued hereunder except (a) the limitation
15 contained in Section 2 of this act on the amount of bonds that
16 may be issued under this act and (b) the provisions of Section
17 8 of this act. All pledges made by this act or by the
18 authority pursuant to the provisions of this act, for the
19 benefit of refunding bonds issued under this act, and all such
20 pledges for the benefit of refunding bonds which may be issued
21 to refund any bonds issued under any of the 1965 Act, the 1971
22 Acts, the 1973 Act, the 1978 Act, the 1985 Act, the 1990 Act,
23 the 1995 Act, the 1998 Act, the 1999 Act, the 2001 Act, the
24 2002 Act, the 2003 Act, the 2007 Act, the 2010 Act, or this
25 act, shall take precedence in the order of the adoption of the

1 resolutions authorizing the issuance of such refunding bonds.
2 Bonds refunded prior to their maturity with the proceeds of
3 refunding bonds shall be deemed paid and the pledges herein
4 and by the authority made for the payment thereof defeased if
5 the authority, in its proceedings regarding issuance of the
6 refunding bonds shall provide for and establishes a trust or
7 escrow fund comprised of monies or government securities, or
8 both, sufficient to pay, when due, the entire principal of,
9 premium, if any, and interest on the bonds to be refunded
10 thereby; provided, that such government securities shall not
11 be subject to redemption prior to their maturities other than
12 at the option of the holder thereof. Upon the establishment of
13 such a trust or escrow fund, the refunded bonds shall no
14 longer be deemed to be outstanding, shall no longer be secured
15 by the funds pledged therefore in Section 5 of this act, shall
16 no longer be obligations of the authority and shall be secured
17 solely by and payable from monies and government securities
18 deposited in such trust or escrow fund.

19 Section 8. (a) The proceeds derived from each sale
20 of the bonds issued pursuant to this act shall be deposited
21 into the State Treasury and shall be carried in a separate
22 fund therein for the account of the authority, which shall pay
23 the expenses of issuance therefrom. The expenses of issuance
24 of the bonds shall be prorated among the recipients of the
25 proceeds from the sale of the bonds in the same proportions as

1 the allocations received of the proceeds thereunder. The
2 proceeds from the sale of the bonds remaining after payment of
3 the expenses of issuance thereof shall be retained in the
4 funds and, until they are paid out, shall be invested by the
5 State Treasurer at the direction of the authority in permitted
6 investments maturing at such time or times as the authority
7 shall direct.

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

12 Section 9. Not later than three years following
13 allocation of bond proceeds as provided herein, the authority
14 shall review the status of any unexpended allocations, and, at
15 its sole discretion, determine if unexpended allocations or
16 any portion thereof shall revert to the authority.

17 Section 10. Notwithstanding any of the foregoing and
18 in addition to all powers heretofore granted to the authority,
19 the authority is hereby expressly authorized to use the
20 proceeds derived from the sale of bonds and income on
21 permitted investments in accordance with the provisions of
22 this act. The preparation of all plans and specifications for
23 any building constructed wholly or in part with any of the
24 monies realized from the sale of any of the bonds and all work
25 done pursuant to expenditure of the proceeds thereof in regard

1 to the construction, reconstruction, alteration, improvement
2 and equipping of buildings shall be supervised by the State
3 Building Commission, and the Authority will reimburse the
4 Commission for its reasonable direct and administrative costs
5 in having plans, specifications, and contract documents
6 prepared and in supervising and inspecting the work.

7 Additionally, the authority is hereby expressly permitted to
8 pay to the Department of Finance and the State Treasurer's
9 Office, from time to time and from any funds available to the
10 authority, amounts to offset costs incurred in the
11 administration of the business of the authority. The cost of
12 such compensation shall be prorated among the recipients of
13 proceeds of the bonds in the same manner as the expenses of
14 issuance of the bonds are required hereby to be prorated.

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

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

1 deem necessary in order that the interest income on bonds of
2 the authority be and remain exempt from, or excludible from
3 gross income for purposes of, federal income taxation.

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

1 authority's meeting shall record the reasons for awarding each
2 contract.

3 Section 14. In the event any section, sentence,
4 clause or provision of this act shall be declared invalid by a
5 court of competent jurisdiction, such action shall not affect
6 the validity of the remaining sections, sentences, clauses, or
7 provisions of this act, which shall continue effective.

8 Section 15. This act shall become effective
9 immediately following its passage and approval by the
10 Governor, or its otherwise becoming law.

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Speaker of the House of Representatives

President and Presiding Officer of the Senate

House of Representatives

I hereby certify that the within Act originated in
and was passed by the House 30-APR-13, as amended.

Jeff Woodard
Clerk

Senate 20-MAY-13 Passed