

1 HB517
2 151111-1
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
7 First Read: 02-APR-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 \$20,000,000 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 Murphy High
14 School in Mobile, Alabama, that suffered tornado
15 damage on 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 bonds; to provide that if any portion of this act
2 shall be held invalid such holding shall not affect
3 the validity of any other portion thereof; and to
4 authorize the authority to reimburse the Building
5 Commission, the Department of Finance, and the
6 State Treasurer's Office for costs incurred in
7 providing services for the authority.

8
9 A BILL
10 TO BE ENTITLED
11 AN ACT

12
13 To authorize the Alabama Public School and College
14 Authority to sell and issue up to \$20,000,000 in aggregate
15 principal amount of additional bonds to provide funds to pay
16 the cost of rebuilding and equipping Murphy High School in
17 Mobile, Alabama, that suffered tornado damage on December 25,
18 2012; to authorize the authority to provide for the details of
19 the bonds and the sale and issuance thereof; to make an
20 appropriation and pledge for payment of the principal of and
21 interest on the bonds from specific taxes necessary to pay the
22 principal and interest at their respective maturities; to
23 authorize the authority to pledge for payment of the principal
24 of and interest on the bonds the funds that are appropriated
25 and pledged; to provide for the investment of funds by the
26 State Treasurer; to provide that the bonds not constitute a
27 debt of the state but shall be limited obligations payable out

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 twenty million dollars (\$20,000,000) to provide funds to
7 pay the costs of rebuilding and equipping Murphy High School
8 in Mobile, Alabama, that suffered damage from tornados on
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: Twenty million
20 dollars (\$20,000,000) to the Mobile County School System to
21 pay the cost to rebuild and equip Murphy High School that
22 suffered from tornado damage on December 25, 2012.

23 Section 3. The bonds shall be signed by the
24 president or vice president of the authority and the seal of
25 the authority shall be affixed thereto (or a facsimile thereof
26 imprinted thereon) and attested by its secretary. All
27 signatures of the president, vice president, and secretary may

1 be facsimile signatures if the authority, in its proceedings
2 with respect to issuance, provides for manual authentication
3 (which may be in the form of a certificate as to registration)
4 of the bonds by a trustee, registrar, or paying agent or by
5 named individuals who are employees of the state and who are
6 assigned to the Finance Department or State Treasurer's
7 Office. All bonds bearing signatures or facsimiles of the
8 signatures of officers of the authority in office on the date
9 of signing thereof shall be valid and binding notwithstanding
10 that before the delivery thereof and payment therefor, any
11 officer whose signature appears thereon shall have ceased to
12 be an officer of the authority. The bonds and the income
13 therefrom shall be exempt from all taxation in the State of
14 Alabama, may be used as security for deposits, and shall be
15 eligible for investments of fiduciary funds, as provided in
16 the 1965 Act. The bonds shall be construed to have all the
17 qualities and incidents of negotiable instruments subject to
18 any registration provisions pertaining to transfers. The
19 authority and the bonds shall be exempt from all laws of the
20 state governing usury including, without limitation, the
21 provisions of Title 8, Chapter 8, Code of Alabama 1975, or any
22 subsequent statute of similar import. The bonds shall be in
23 such form or forms and denomination or denominations and of
24 such tenor and maturities, shall bear such rate or rates of
25 interest payable and evidenced in such manner, may be made
26 subject to redemption prior to their maturities, and may
27 contain provisions not inconsistent with this act, all as may

1 be provided by the resolution of the authority under which the
2 bonds may be issued; provided, that no bonds shall have a
3 specified maturity date later than twenty years after their
4 date; and provided further, that those bonds having maturities
5 more than ten years after their date shall be subject to
6 redemption at the option of the authority on any date on and
7 after the tenth anniversary after their date at such
8 redemption price or prices and under such conditions as may be
9 prescribed in the proceedings of the authority under which
10 they are issued. For the purpose of paying the principal of,
11 premium, if any, and interest on the bonds or any refunding
12 bonds, the authority shall designate the State Treasurer or
13 such bank or banks as the authority, in its discretion,
14 determines to be appropriate and desirable. Funds for the
15 payment of debt service shall be transferred by the authority
16 or the State Treasurer on behalf of the authority to the
17 designated paying agent on the actual due date of such
18 principal, premium, if any, or interest.

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

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

1 to the authority is received at any such sale and the bonds so
2 offered are thereafter reoffered on the same terms and
3 conditions, not less than five days prior to the date fixed
4 for sale. The authority may fix the method and the terms and
5 conditions under which the sale of any series of the bonds may
6 otherwise be held; provided, that the terms and conditions
7 shall not conflict with any requirement of this act. Approval
8 by the Governor of Alabama of the terms and conditions under
9 which any bonds may be issued shall be requisite to their
10 validity. Before any series of the bonds shall be offered for
11 sale by the authority, the Governor shall first determine that
12 the issuance of that series of bonds and the application of
13 the taxes pledged to the payment of the principal of the bonds
14 as they mature and interest thereon as the same shall come due
15 will not impair the adequacy of the trust fund to pay
16 appropriations therefrom and to support the public schools and
17 institutions of higher learning during the period over which
18 the bonds will mature. The Governor's determination shall be
19 in writing signed by the Governor and that determination shall
20 be final and conclusive. Neither a public hearing nor consent
21 of the state Department of Finance or any other department or
22 agency shall be a prerequisite to the issuance of any of the
23 bonds.

24 Section 5. For the purpose of providing for payment
25 of the principal of, premium, if any, and interest on the
26 bonds and to accomplish the objectives of this act, there is
27 hereby irrevocably pledged to those purposes, and hereby

1 appropriated, such amount as may be necessary therefor from
2 the following sources:

3 (a) The residue of the receipts from the excise tax
4 ("the utility gross receipts tax") levied by Title 40, Chapter
5 21, Article 3, Code of Alabama 1975, as amended ("Article 3"),
6 remaining after payment of the expenses of administration and
7 enforcement of Article 3, being that portion of the tax that
8 is required by Article 3 to be deposited in the State Treasury
9 to the credit of the trust fund, after there shall have been
10 taken from the residue the amount necessary to pay at their
11 respective maturities the principal of and interest on those
12 bonds issued by the authority under the 1965 Act, 1971 Acts,
13 the 1973 Act, the 1978 Act, the 1985 Act, the 1990 Act, the
14 1995 Act, the 1998 Act, the 1999 Act, the 2001 Act, the 2002
15 Act, the 2003 Act, the 2007 Act, the 2010 Act, or this act
16 that may be outstanding at the time of the delivery of the
17 respective series of the bonds authorized herein;

18 (b) The residue of the receipts from the excise tax
19 ("the utility service use tax") levied by Title 40, Chapter
20 21, Article 4, Code of Alabama 1975 ("Article 4"), remaining
21 after payment of the expenses of administration and
22 enforcement of Article 4, being that portion of the tax that
23 is required by Article 4 to be deposited in the State Treasury
24 to the credit of the trust fund, after there shall have been
25 taken from the residue the amount necessary to pay at their
26 respective maturities the principal of and interest on those
27 bonds issued by the authority under the 1965 Act, the 1971

1 Acts, the 1973 Act, the 1978 Act, the 1985 Act, the 1990 Act,
2 the 1995 Act, the 1998 Act, the 1999 Act, the 2001 Act, the
3 2002 Act, the 2003 Act, the 2007 Act, the 2010 Act, or this
4 act that may be outstanding at the time of the delivery of the
5 respective series of the bonds authorized herein;

6 (c) To the extent and to the extent only that the
7 revenues appropriated in the foregoing subsections (a) and (b)
8 of this section may not be sufficient to pay at their
9 respective maturities the principal of, premium, if any, and
10 interest on the bonds, the residue of the receipts from the
11 excise tax ("the sales tax") levied by Title 40, Chapter 23,
12 Article 1, Division 1, Code of Alabama 1975, as amended
13 ("Article 1"), after there shall have been taken from the
14 residue the amounts appropriated for other educational
15 purposes in Section 40-23-35, Code of Alabama 1975 (which
16 residue constitutes that portion of the receipts from the
17 sales tax that is now required by law to be paid into the
18 trust fund), and after there shall have been taken from the
19 residue amounts sufficient to meet all prior charges on the
20 residue including such amounts as may be necessary to pay at
21 their respective maturities the principal of and interest on
22 those bonds issued by the authority under the 1965 Act, the
23 1971 Acts, the 1973 Act, the 1978 Act, the 1985 Act, the 1990
24 Act, the 1995 Act, the 1998 Act, the 1999 Act, the 2001 Act,
25 the 2002 Act, the 2003 Act, the 2007 Act, the 2010 Act, or
26 this act that may be outstanding at the time of the delivery
27 of the respective series of the bonds authorized herein; and

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

18 (e) All monies hereby appropriated and pledged shall
19 constitute a sinking fund for the purpose of paying the
20 principal of, premium, if any, and interest on the bonds. The
21 State Treasurer is authorized and directed to pay at their
22 respective maturities the principal of, premium, if any, and
23 interest on the bonds out of this fund and out of the residues
24 of the tax receipts herein appropriated and pledged for the
25 benefit of the bonds, and is further authorized and directed
26 to set up and maintain appropriate records pertaining thereto.

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

22 Section 7. For the purpose of refunding any bonds or
23 refunding bonds of the authority issued under the provisions
24 of this act, the 1965 Act, the 1971 Acts, the 1973 Act, the
25 1978 Act, the 1985 Act, the 1990 Act, the 1995 Act, the 1998
26 Act, the 1999 Act, the 2001 Act, the 2002 Act, the 2003 Act,
27 the 2007 Act, the 2010 Act, or any other act previously

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

1 by more than three years the average maturity of the bonds to
2 be refunded, as also measured from such date of issuance, with
3 the average maturity of any principal amount of bonds to be
4 determined by multiplying the principal of each maturity by
5 the number of years (including any fractional part of a year)
6 intervening between such date of issuance and each such
7 maturity, taking the sum of all such products, and then
8 dividing such sum by the aggregate principal amount of bonds
9 for which the average maturity is to be determined. For the
10 purpose of providing funds to enable the authority to pay at
11 their respective maturities the principal of, premium, if any,
12 and interest on the refunding bonds issued under this act, the
13 authority is hereby authorized to pledge irrevocably for such
14 purpose, and there is hereby appropriated for such purpose,
15 such amount as may be necessary of the residues of the
16 receipts from the excise taxes pledged and appropriated in
17 subsections (a), (b), (c), and (d) of Section 5 of this act,
18 any reserves or sinking funds established by the authority, as
19 well as revenues of the authority from any other sources
20 specified in the proceedings wherein the refunding bonds are
21 authorized to be issued. Pending the application of the
22 proceeds of refunding bonds issued in accordance with this
23 section, the proceeds, together with investment earnings
24 therefrom, and amounts in any sinking fund, together with
25 investment earnings thereon, may be held by the State
26 Treasurer as treasurer of the authority in trust, or may be
27 deposited by the State Treasurer in trust, on such terms as

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

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

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

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 discretion of the authority
18 for the purposes specified in this act.

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

24 Section 10. Notwithstanding any of the foregoing and
25 in addition to all powers heretofore granted to the authority,
26 the authority is hereby expressly authorized to use the
27 proceeds derived from the sale of bonds and income on

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

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

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

25 Section 13. The authority is authorized to pay out
26 of proceeds of any series of bonds the costs and expenses
27 incurred in connection with the issuance of such bonds,

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

21 Section 14. In the event any section, sentence,
22 clause or provision of this act shall be declared invalid by a
23 court of competent jurisdiction, such action shall not affect
24 the validity of the remaining sections, sentences, clauses, or
25 provisions of this act, which shall continue effective.

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