

1 SB242  
2 204965-1  
3 By Senators Orr, Allen, Livingston, Price, Albritton, Marsh,  
4 Holley, Butler, Chambliss, Jones, Figures, Smitherman, Gudger,  
5 Coleman-Madison, Burkette, Chesteen, Beasley, Elliott,  
6 Sanders-Fortier, Singleton, Reed, Sessions, Williams and  
7 Whatley  
8 RFD: Finance and Taxation Education  
9 First Read: 27-FEB-20

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8 SYNOPSIS: This bill authorizes the Alabama Public  
9 School and College Authority to sell and issue  
10 \$1,000,000,000 in aggregate principal amount of  
11 additional bonds for capital improvements for the  
12 support of public education and provides for the  
13 distribution of bond proceeds to public schools,  
14 community colleges, and public institutions of  
15 higher education. This bill provides for the  
16 details of the bonds, for the duties of the  
17 Authority in issuing and administering the bonds,  
18 and for refunding bonds under certain conditions.

19  
20 A BILL  
21 TO BE ENTITLED  
22 AN ACT

23  
24 To authorize the Alabama Public School and College  
25 Authority to sell and issue \$1,000,000,000 in aggregate  
26 principal amount of additional bonds for capital improvements  
27 for the support of public education and to use such funds for

1 repayment of certain debt incurred for capital improvements;  
2 to provide funds for capital improvements for the public  
3 schools, the Alabama Community College System, and public  
4 institutions of higher education; to make an appropriation and  
5 pledge for payment of the principal of and premium, if any,  
6 and interest on the bonds from specific taxes necessary to pay  
7 the principal and interest at their respective maturities and  
8 to authorize the Authority to pledge for payment of the  
9 principal of and premium, if any, and interest on the bonds  
10 the funds that are appropriated and pledged; to provide that  
11 the bonds shall not constitute a debt of the state but shall  
12 be limited obligations payable out of the funds appropriated  
13 and pledged therefor; to provide that the bonds and income  
14 therefrom shall be exempt from all taxation in this state; to  
15 authorize the Authority to issue refunding bonds and give  
16 details of such refunding; to authorize the Authority to  
17 allocate bond proceeds; and to provide that if any portion of  
18 this Act should be held invalid such holding shall not affect  
19 the validity of any other portion thereof.

20 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

21 Section 1. Short Title.

22 This Act shall be known and may be cited as the  
23 Investing in Alabama's Future Act.

24 Section 2. Definitions.

25 Wherever used in this Act, the following terms shall  
26 have the following meanings respectively, unless the context  
27 clearly indicates otherwise:

1           (1) "1965 Act" means Act No. 243 enacted at the 1965  
2 First Special Session of the Legislature, codified as Title  
3 16, Chapter 16, Code of Alabama 1975.

4           (2) "1971 Acts" means Act No. 94 enacted at the 1971  
5 First Special Session of the Legislature, Act No. 2428 enacted  
6 at the 1971 Regular Session of the Legislature, and Act No. 56  
7 enacted at the 1971 Second Special Session of the Legislature.

8           (3) "1973 Act" means Act No. 1277 enacted at the  
9 1973 Regular Session of the Legislature as amended by Act No.  
10 73 enacted at the 1975 Third Special Session of the  
11 Legislature and Act No. 1223 enacted at the 1975 Regular  
12 Session of the Legislature.

13           (4) "1978 Act" means Act No. 138 enacted at the 1978  
14 Second Special Session of the Legislature, as amended by Act  
15 No. 79-41 enacted at the 1979 Special Session of the  
16 Legislature and Act No. 81-827 enacted at the 1981 Regular  
17 Session of the Legislature.

18           (5) "1985 Act" means Act No. 85-943 enacted at the  
19 1985 Second Special Session of the Legislature.

20           (6) "1990 Act" means Act No. 90-280 enacted at the  
21 1990 Regular Session of the Legislature.

22           (7) "1995 Act" means Act No. 95-752 enacted at the  
23 1995 Regular Session of the Legislature.

24           (8) "1998 Act" means Act No. 98-373 enacted at the  
25 1998 Regular Session of the Legislature.

26           (9) "1999 Act" means Act No. 99-348 enacted at the  
27 1999 Regular Session of the Legislature.

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

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

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

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

9           (14) "2009 Act" means Act No. 2009-813 enacted at  
10 the 2009 Regular Session of the Legislature.

11           (15) "2010 Acts" means Act No. 2010-551 enacted at  
12 the 2010 Regular Session of the Legislature, Act No. 2010-562  
13 enacted at the 2010 Regular Session of the Legislature, and  
14 Act No. 2010-720 enacted at the 2010 Regular Session of the  
15 Legislature.

16           (16) "2012 Act" means Act No. 2012-560 enacted at  
17 the 2007 Regular Session of the Legislature.

18           (17) "2013 Acts" means Act No. 2013-345 enacted at  
19 the 2013 Regular Session of the Legislature and Act No.  
20 2013-381 enacted at the 2013 Regular Session of the  
21 Legislature.

22           (18) "Authority" means Alabama Public School and  
23 College Authority.

24           (19) "Bonds" (except where that word is used with  
25 reference to bonds issued under another act) means those  
26 bonds, other than Refunding Bonds, issued under the provisions  
27 of this Act.

1           (20) "Capital Improvement" means capital outlay  
2 projects that include the planning, designing, inspection,  
3 purchasing, construction, reconstruction, enlargement,  
4 improvement, repair, or renovation of permanent buildings  
5 containing classrooms, offices, libraries, laboratories,  
6 clinical or teaching facilities, dormitories, vocational and  
7 professional and industrial training facilities, cafeterias,  
8 alternative schools, physical education facilities, research  
9 facilities, academic structures to reduce portable classrooms  
10 or substandard classroom facilities, related improvements and  
11 land as sites therefor, together with tangible personal  
12 property that becomes a permanent part of such facilities.

13           (21) "Government Securities" means any bonds or  
14 other obligations which as to principal and interest  
15 constitute direct obligations of, or are unconditionally  
16 guaranteed by, the United States of America, including  
17 obligations of any federal agency to the extent such  
18 obligations are unconditionally guaranteed by the United  
19 States of America and any certificates or any other evidences  
20 of an ownership interest in such obligations of, or  
21 unconditionally guaranteed by, the United States of America or  
22 in specified portions thereof (which may consist of the  
23 principal thereof or the interest thereon).

24           (22) "Legislature" means the Legislature of Alabama.

25           (23) "Permitted Investments" means (i) Government  
26 Securities; (ii) bonds, debentures, notes or other evidences  
27 of indebtedness issued by any of the following agencies: Bank

1 for Cooperatives; Federal Intermediate Credit Banks; Federal  
2 Financing Bank; Federal Home Loan Banks; Federal Farm Credit  
3 Bank; Export-Import Bank of the United States; Federal Land  
4 Banks; or Farmers Home Administration or any other agency or  
5 corporation which has been or may hereafter be created by or  
6 pursuant to an act of the Congress of the United States as an  
7 agency or instrumentality thereof; (iii) bonds, notes, pass  
8 through securities or other evidences of indebtedness of  
9 Government National Mortgage Association and participation  
10 certificates of Federal Home Loan Mortgage Corporation; (iv)  
11 time deposits evidenced by certificates of deposit issued by  
12 banks or savings and loan associations which are members of  
13 the Federal Deposit Insurance Corporation, provided that, to  
14 the extent such time deposits are not covered by federal  
15 deposit insurance, such time deposits (including interest  
16 thereon) are fully secured in accordance with the SAFE Program  
17 pursuant to Sections 41-14A-1 through 41-14A-14; and (v)  
18 repurchase agreements for obligations of the type specified in  
19 clauses (i), (ii), and (iii) above, provided such repurchase  
20 agreements are fully collateralized and secured by such  
21 obligations which have a market value at least equal to the  
22 purchase price of such repurchase agreements which are held by  
23 a depository satisfactory to the State Treasurer in such  
24 manner as may be required to provide a perfected security  
25 interest in such obligations, and which meet the greater of  
26 100% collateralization or the "AA" or "Aa" collateral levels

1 established by Standard & Poor's Ratings Group or Moody's  
2 Investors Service, respectively, for structured financings.

3 (24) "Prior Acts" means the 1965 Act, the 1971 Acts,  
4 the 1973 Act, the 1978 Act, the 1985 Act, the 1990 Act, the  
5 1995 Act, the 1998 Act, the 1999 Act, the 2001 Act, the 2002  
6 Act, the 2003 Act, the 2007 Act, the 2009 Act, the 2010 Acts,  
7 the 2012 Act, and the 2013 Acts.

8 (25) "Refunding Bonds" means those refunding bonds  
9 issued under the provisions of this act.

10 (26) "State" means the State of Alabama.

11 (27) "Trust Fund" means the Education Trust Fund,  
12 formerly designated as the Alabama Special Educational Trust  
13 Fund, the name of which was changed to the Education Trust  
14 Fund, effective October 1, 1996, pursuant to Act No. 95-264  
15 enacted at the 1995 Regular Session of the Legislature.

16 Nouns and pronouns when used in this Act shall be  
17 deemed to include both singular and plural and all applicable  
18 genders.

19 Section 3. Authorization to Issue Additional Bonds  
20 and Purposes Thereof.

21 (a) The Authority is hereby authorized to sell and  
22 issue its Bonds in the aggregate principal amount of  
23 \$1,000,000,000 and to apply the proceeds as provided in this  
24 Act, to include the following purposes: paying the costs of  
25 capital improvements for public education purposes in the  
26 State; and providing funds for the retirement of existing debt



1 that has been incurred by recipients of allocations to pay for  
2 capital costs.

3 (b) The Bonds authorized by this Act to be issued by  
4 the Authority shall be in addition to all other bonds  
5 previously authorized to be issued by it, and the powers  
6 conferred on the Authority by this Act are in addition to all  
7 other powers heretofore conferred on the Authority by acts  
8 heretofore enacted by the Legislature.

9 Section 4. Execution and Other Details of the Bonds.

10 The Bonds shall be signed by the president or  
11 vice-president of the Authority, and the seal of the Authority  
12 affixed thereto (or a facsimile thereof imprinted thereon) and  
13 attested by its secretary. All signatures of the president,  
14 vice-president, and secretary may be facsimile signatures if  
15 the Authority, in its proceedings with respect to issuance,  
16 provides for manual authentication (which may be in the form  
17 of a certificate as to registration) of the Bonds by a  
18 trustee, registrar or paying agent or by individuals named in  
19 such proceedings who are employees of the State assigned to  
20 the Finance Department or State Treasurer's Office of the  
21 State. All Bonds bearing signatures or facsimiles of the  
22 signatures of officers of the Authority in office on the date  
23 of signing thereof shall be valid and binding notwithstanding  
24 that before the delivery thereof and payment therefor, any  
25 officer whose signature appears thereon shall have ceased to  
26 be an officer of the Authority. The Bonds and the income  
27 therefrom shall be exempt from all taxation in the State of

1 Alabama, may be used as security for deposits, and shall be  
2 eligible for investments of fiduciary funds, as provided in  
3 the 1965 Act. The Bonds shall be construed to have all the  
4 qualities and incidents of negotiable instruments subject to  
5 any registration provisions pertaining to transfers. The  
6 Authority and the Bonds shall be exempt from all laws of the  
7 State governing usury including, without limitation, the  
8 provisions of Title 8, Chapter 8, Code of Alabama 1975, or any  
9 subsequent statute of similar import. The Bonds shall be in  
10 such form or forms and denomination or denominations and of  
11 such tenor and maturities, shall bear such rate or rates of  
12 interest payable and evidenced in such manner, may be made  
13 subject to redemption prior to their maturities, and may  
14 contain provisions not inconsistent with this Act, all as may  
15 be provided by the resolution of the Authority under which the  
16 Bonds may be issued; provided, that no Bonds shall have a  
17 specified maturity date later than twenty years after their  
18 date; and provided further, that the period of time between  
19 the date of issuance of any Bonds and the first date on which  
20 such Bonds are subject to optional redemption by the Authority  
21 shall not be longer than ten years, and such optional  
22 redemption of Bonds shall be at such redemption price or  
23 prices and under such conditions as may be prescribed in the  
24 proceedings of the Authority under which they are issued. For  
25 the purpose of paying the principal of, premium, if any, and  
26 interest on the Bonds or any Refunding Bonds, the Authority  
27 shall designate the State Treasurer or such bank or banks as

1 the Authority, in its discretion, determines to be appropriate  
2 and desirable. Funds for the payment of debt service shall be  
3 transferred by the Authority or the State Treasurer on behalf  
4 of the Authority to the designated paying agent on the actual  
5 due date of such principal, premium, if any, or interest;  
6 provided, however, that if any bank has been designated as the  
7 paying agent with respect to any bonds, the Authority or the  
8 State Treasurer on behalf of the Authority shall make  
9 available to such bank, not later than one business day prior  
10 to the date on which any principal of or interest on such  
11 bonds is due and payable, funds sufficient to pay such  
12 principal and interest due on such date.

13 Section 5. Sale of the Bonds.

14 The Bonds may be sold by the Authority from time to  
15 time in series, and if sold in more than one series, may all  
16 be authorized in one initial resolution of the Authority with  
17 the pledges therefor made by the Authority in such initial  
18 resolution although some of the details applicable to each  
19 series may be specified in the respective resolutions under  
20 which the different series are issued. The Authority, in the  
21 course of establishing, by resolution, a principal amount of  
22 Bonds to be authorized for sale at any given time, or to be  
23 sold in any series, may take into account the existence of any  
24 unexpended proceeds of prior issues of bonds of the Authority  
25 (and of any other issuer, if such should be deemed by the  
26 Authority to be relevant), and may structure the portions of  
27 the allocations provided for in Section 9 of this Act to be

1 distributed from the proceeds of a particular series  
2 (constituting less than all the Bonds authorized by this Act)  
3 as the Authority deems necessary or prudent in order to enable  
4 the Authority to comply with any tax covenants that may be  
5 required of it, or that may be deemed by it to be prudent to  
6 be given by it, in connection with the sale of any series of  
7 the Bonds. Each series of the Bonds shall be sold on a  
8 competitive basis or on a negotiated basis, as determined by  
9 the Authority. The Authority may fix the method and the terms  
10 and conditions under which the sale of any series of the Bonds  
11 may be held; provided that such terms and conditions shall not  
12 conflict with any requirement of this Act. Approval by the  
13 Governor of Alabama of the terms and conditions under which  
14 any of the Bonds may be issued shall be requisite to their  
15 validity. Before any series of the Bonds shall be offered for  
16 sale by the Authority, the Governor shall first determine that  
17 the issuance of that series of Bonds and the application of  
18 the taxes pledged to the payment of the principal of the Bonds  
19 as they mature and the interest thereon as the same shall come  
20 due will not impair the adequacy of the Trust Fund to pay  
21 appropriations therefrom and to support the public schools and  
22 institutions of higher learning during the period over which  
23 the Bonds will mature. The Governor's determination in this  
24 regard shall be in writing signed by the Governor and such  
25 determination shall be final and conclusive. Neither a public  
26 hearing nor consent of the State Department of Finance or any

1 other department or agency shall be a prerequisite to the  
2 issuance of any of the Bonds.

3 Section 6. Appropriation of Revenues to the  
4 Authority; Pledge Thereof for the Benefit of the Bonds and the  
5 Refunding Bonds.

6 For the purpose of providing for payment of the  
7 principal, premium (if any), and interest on the Bonds and the  
8 Refunding Bonds, and to accomplish the objectives of this Act,  
9 there is hereby irrevocably pledged to those purposes, and  
10 hereby appropriated, such amount as may be necessary therefor  
11 from the following sources:

12 (a) The residue of the receipts from the excise tax  
13 ("the utility gross receipts tax") levied by Title 40, Chapter  
14 21, Article 3, Code of Alabama 1975, as amended ("Article 3"),  
15 remaining after payment of the expenses of administration and  
16 enforcement of Article 3, being that portion of the tax that  
17 is required by Article 3 to be deposited in the State Treasury  
18 to the credit of the Trust Fund, after there shall have been  
19 taken from the residue the amount necessary to pay at their  
20 respective maturities the principal of and interest on those  
21 bonds issued by the Authority under this Act or under the  
22 Prior Acts that may be outstanding at the time of the delivery  
23 of the respective series of the Bonds or Refunding Bonds  
24 authorized herein;

25 (b) The residue of the receipts from the excise tax  
26 ("the utility service use tax") levied by Title 40, Chapter  
27 21, Article 4, Code of Alabama 1975 ("Article 4"), remaining

1 after payment of the expenses of administration and  
2 enforcement of Article 4, being that portion of the tax that  
3 is required by Article 4 to be deposited in the State Treasury  
4 to the credit of the Trust Fund, after there shall have been  
5 taken from the residue the amount necessary to pay at their  
6 respective maturities the principal of and interest on those  
7 bonds issued by the Authority under this Act or under the  
8 Prior Acts that may be outstanding at the time of the  
9 delivery of the respective series of the Bonds or Refunding  
10 Bonds authorized herein;

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

1 the Prior Acts that may be outstanding at the time of the  
2 delivery of the respective series of the Bonds or Refunding  
3 Bonds authorized herein; and

4 (d) To the extent only that the revenues  
5 appropriated in the foregoing subsections (a), (b), and (c) of  
6 this Section may not be sufficient to pay at their respective  
7 maturities the principal of, premium, if any, and the interest  
8 on the Bonds and the Refunding Bonds, the residue of the  
9 receipts from the excise tax ("the use tax") levied by Title  
10 40, Chapter 23, Article 2, Code of Alabama 1975, as amended  
11 ("Article 2"), after there shall have been taken from the  
12 residue the amount necessary to meet the expenses of the State  
13 Department of Revenue in collecting the use tax (which residue  
14 constitutes that portion of the receipts from the use tax that  
15 is now required by law to be paid into the Trust Fund), and  
16 after there shall have been taken from the residue such  
17 amounts as may be necessary to meet all prior charges on the  
18 use tax including the amounts sufficient to pay at their  
19 respective maturities the principal of and interest on those  
20 bonds issued by the Authority under this Act or under the  
21 Prior Acts that may be outstanding at the time of the delivery  
22 of the respective series of the Bonds or Refunding Bonds  
23 authorized herein. All monies hereby appropriated and pledged  
24 shall constitute a sinking fund for the purpose of paying the  
25 principal of and premium, if any, and interest on the Bonds  
26 and the Refunding Bonds. The State Treasurer is authorized and  
27 directed to pay at their respective maturities the principal

1 of and premium, if any, and interest on the Bonds and the  
2 Refunding Bonds out of this fund and out of the residues of  
3 the tax receipts herein appropriated and pledged for the  
4 benefit of the Bonds and the Refunding Bonds, and is further  
5 authorized and directed to set up and maintain appropriate  
6 records pertaining thereto.

7 Section 7. Bonds and Refunding Bonds to be Payable  
8 Solely out of the Revenues Appropriated; Authorization for  
9 Authority to Pledge Such Revenues for the Bonds and the  
10 Refunding Bonds.

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



1 the Authority under the provisions of any of the Prior Acts or  
2 any other Act heretofore enacted, if such pledge made pursuant  
3 to this Act is for Bonds or Refunding Bonds for which a  
4 resolution is adopted prior to the adoption of the resolution  
5 for the issuance of bonds issued by the Authority under the  
6 provisions of any of the Prior Acts or any other Act  
7 heretofore enacted.

8 Section 8. Refunding Bonds.

9 For the purpose of refunding any bonds or refunding  
10 bonds of the Authority issued under the provisions of this  
11 Act, the Prior Acts or any other Act previously enacted, or  
12 any combination thereof, whether such refunding shall occur  
13 before, at or after the maturity of the bonds refunded and for  
14 the purpose of paying all premiums and expenses of such  
15 refunding (including, but not limited to, attorneys' fees,  
16 costs of printing the Refunding Bonds, financial or fiscal  
17 advisors' fees, and accountants' fees), the Authority is  
18 hereby authorized to sell and issue its Refunding Bonds in one  
19 or more series, and if sold in more than one series, may all  
20 be authorized in one initial resolution of the Authority with  
21 the pledges therefor made by the Authority in such initial  
22 resolution although some of the details applicable to each  
23 series may be specified in the respective resolutions under  
24 which the different series are issued. Such Refunding Bonds  
25 shall be sold on a competitive basis or on a negotiated basis,  
26 as determined by the Authority. The Authority may fix the  
27 method and the terms and conditions under which the sale of

1 any series of the Refunding Bonds may be held; provided that  
2 such terms and conditions shall not conflict with any  
3 requirement of this Act. Provided, however, no Refunding Bonds  
4 shall be issued unless the present value of the aggregate debt  
5 service on the Refunding Bonds (computed with a discount rate  
6 equal to the yield of the Refunding Bonds, calculated in  
7 accordance with Section 148 of the Internal Revenue Code)  
8 shall not be greater than 97 percent of the present value of  
9 the aggregate debt service on the bonds to be refunded  
10 (computed with a discount rate equal to the yield of the  
11 Refunding Bonds, calculated in accordance with Section 148 of  
12 the Internal Revenue Code) determined as if such bonds to be  
13 refunded were paid and retired in accordance with the schedule  
14 of maturities (considering mandatory redemption as scheduled  
15 maturity) provided at the time of their issuance. Provided  
16 further that the average maturity of the Refunding Bonds, as  
17 measured from the date of issuance of such Refunding Bonds,  
18 shall not exceed by more than three years the average maturity  
19 of the bonds to be refunded, as also measured from such date  
20 of issuance, with the average maturity of any principal amount  
21 of bonds to be determined by multiplying the principal of each  
22 maturity by the number of years (including any fractional part  
23 of a year) intervening between such date of issuance and each  
24 such maturity, taking the sum of all such products, and then  
25 dividing such sum by the aggregate principal amount of bonds  
26 for which the average maturity is to be determined. Pending  
27 the application of the proceeds of Refunding Bonds issued in

1 accordance with this Section, the proceeds, together with  
2 investment earnings therefrom, and amounts in any sinking  
3 fund, together with investment earnings thereon, may be held  
4 by the State Treasurer as treasurer of the Authority in trust,  
5 or may be deposited by the State Treasurer in trust, on such  
6 terms as the State Treasurer and the Authority shall approve,  
7 with a trustee or escrow agent, which trustee or escrow agent  
8 shall be a banking institution or trust company authorized to  
9 exercise trust powers in Alabama, for investment in Permitted  
10 Investments. Proceeds of Refunding Bonds shall be so invested  
11 and applied as to assure that the principal, interest, and  
12 redemption premium, if any, on the bonds being refunded shall  
13 be paid in full on the respective maturity, redemption, or  
14 interest payment dates. Refunding Bonds issued by the  
15 Authority shall not be general obligations of the Authority  
16 but shall be payable solely from the sources specified in this  
17 Act and in the proceedings whereby the Refunding Bonds are  
18 authorized to be issued. All Refunding Bonds issued by the  
19 Authority shall be solely and exclusively obligations of the  
20 Authority and shall not create debts of the State of Alabama.  
21 The faith and credit of the State of Alabama shall never be  
22 pledged for the payment of any Refunding Bonds issued by the  
23 Authority under this Act. The Authority may contract with  
24 respect to the safekeeping and application of the proceeds of  
25 Refunding Bonds and other funds included therewith and the  
26 income therefrom, and shall have the right and power to  
27 appoint a trustee therefore, which may be any bank or company

1 authorized to exercise trust powers and located within and/or  
2 without the State. All other provisions of this Act shall  
3 apply to the Refunding Bonds issued hereunder except (a) the  
4 limitation contained in Section 3 of this Act on the amount of  
5 Bonds that may be issued under this Act and (b) the provisions  
6 of Section 9 of this Act. Any bonds refunded prior to their  
7 maturity with the proceeds of Refunding Bonds shall be deemed  
8 paid and the pledges herein and by the Authority made for the  
9 payment thereof defeased if the Authority, in its proceedings  
10 regarding issuance of the Refunding Bonds shall provide for  
11 and establish a trust or escrow fund comprised of monies or  
12 Government Securities, or both, sufficient to pay, when due,  
13 the entire principal of and premium, if any, and interest on  
14 the bonds to be refunded thereby; provided, that such  
15 Government Securities shall not be subject to redemption prior  
16 to their maturities other than at the option of the holder  
17 thereof. Upon the establishment of such a trust or escrow  
18 fund, the refunded bonds shall no longer be deemed to be  
19 outstanding, shall no longer be secured by the funds pledged  
20 therefor in Section 6 of this Act, shall no longer be  
21 obligations of the Authority and shall be secured solely by  
22 and payable from monies and Government Securities deposited in  
23 such trust or escrow fund.

24 Section 9. Use of Bond Proceeds.

25 (a) The proceeds derived from each sale of the Bonds  
26 issued pursuant to this Act shall be deposited in the State  
27 Treasury and shall be carried in a separate fund therein for

1 the account of the Authority, which shall pay the expenses of  
2 issuance therefrom. The expenses of issuance of the Bonds  
3 shall be prorated among the recipients of the proceeds from  
4 the sale of the Bonds in proportions they receive allocations  
5 of the proceeds thereunder. The proceeds from the sale of the  
6 Bonds remaining after payment of the expenses of issuance  
7 thereof shall be retained in said fund and, until they are  
8 paid out, shall be invested by the State Treasurer at the  
9 direction of the Authority in Permitted Investments maturing  
10 at such time or times as the Authority shall direct.

11 (b) Proceeds from the sale of the Bonds and the  
12 earnings thereon shall be paid out from time to time on orders  
13 or warrants issued by or at the direction of the Authority for  
14 any one or more of the purposes specified in this Act, to  
15 include the following allocations:

16 (1) Seven hundred twenty nine million seven hundred  
17 thousand dollars (\$729,700,000) to be allocated and expended  
18 on behalf of the k-12 public schools in this state, as  
19 follows:

20 a. Two hundred thousand dollars (\$200,000) to be  
21 allocated and expended on behalf of each state-supported local  
22 education agency, special department district, and separate  
23 school with its own board of directors or trustees established  
24 pursuant to legislative act, in the state.

25 b. Three hundred fifty million one hundred fifty  
26 thousand dollars (\$350,150,000) to be allocated and expended  
27 on behalf of state-supported local education agencies, special

1 department district, and separate school with its own board of  
2 directors or trustees established pursuant to legislative act  
3 pro rata, based on the 2019-2020 first 20 scholastic days  
4 after Labor Day of average daily membership of public schools,  
5 or anticipated 2020 enrollment of a separate school with no  
6 2019-2020 average daily membership, to pay the cost of capital  
7 improvements.

8 c. Three hundred fifty million one hundred fifty  
9 thousand dollars (\$350,150,000) to be allocated and expended  
10 on behalf of local education agencies, and separate school  
11 with its own board of directors or trustees established  
12 pursuant to legislative act based on their respective share of  
13 the allocation of the Public School Fund for the fiscal year  
14 ending September 30, 2020, to pay the cost of capital  
15 improvements.

16 (2) Ninety six million forty thousand seven hundred  
17 one dollars (\$96,040,701) to be allocated and expended on  
18 behalf of the Alabama Community College System for capital  
19 improvements.

20 (3) One hundred seventy four million two hundred  
21 fifty nine thousand two hundred ninety nine dollars  
22 (\$174,259,299) to be allocated and expended for capital  
23 improvements on behalf of higher education to colleges and  
24 universities as follows:

25 Alabama A & M University

\$5,930,348

1	Alabama State University	\$4,540,749
2	Athens State University	\$3,653,836
3	Auburn University	\$29,131,868
4	Auburn University at Montgomery	\$6,059,242
5	Jacksonville State University	\$9,583,570
6	Tuskegee University	\$973,080
7	Troy University	\$17,053,894
8	University of Alabama	\$33,070,498
9	University of Alabama at Birmingham	\$22,377,826
10	University of Alabama at Huntsville	\$10,426,905
11	University of Montevallo	\$2,995,863
12	University of North Alabama	\$8,201,336
13	University of South Alabama	\$14,527,573
14	University of West Alabama	\$5,732,711

15                   (c) The provision for the use of proceeds for the  
16 purposes specified in Section 9(b) notwithstanding, each  
17 recipient is permitted to use proceeds of the Bonds to retire  
18 existing indebtedness that has been incurred by the recipient  
19 to pay for capital improvements. The use of bond proceeds for  
20 this purpose shall require specific approval of the Authority  
21 and shall be subject to the Authority's policies and rules  
22 governing this use.

1                   Section 10. (a) Should Bond proceeds exceed  
2                   \$1,000,000,000 due to receipt of original issue premium in  
3                   connection with sale of Bonds or due to any other reason, such  
4                   Bond proceeds in excess of \$1,000,000,000 shall be allocated  
5                   by the Authority in a resolution adopted by the board of  
6                   directors of the Authority.

7                   (b) Not later than three years following allocation  
8                   of Bond proceeds as provided herein, the Authority shall  
9                   review the status of any unexpended allocations, and, at its  
10                  sole discretion, determine if unexpended allocations or any  
11                  portion thereof shall revert to the Authority for reallocation  
12                  by the board of directors of the Authority.

13                  Section 11. Notwithstanding any of the foregoing and  
14                  in addition to all powers heretofore granted to the Authority,  
15                  the Authority is hereby expressly authorized to use the  
16                  proceeds derived from the sale of Bonds and income on  
17                  Permitted Investments in accordance with the provisions of  
18                  this Act. The preparation of all plans and specifications for  
19                  any building constructed wholly or in part with any of the  
20                  monies realized from the sale of any of the Bonds and all work  
21                  done pursuant to expenditure of the proceeds thereof in regard  
22                  to the construction, reconstruction, alteration, improvement,  
23                  and equipping (not including furnishings) of buildings shall  
24                  comply with the requirements of Sections 39-1-1 through 39-8-8  
25                  Code of Alabama 1975 and Section 41-4-400 Code of Alabama  
26                  1975. Additionally, the Authority is hereby expressly  
27                  permitted to pay to the Department of Finance and the State



1 Treasurer's Office, from time to time and from any funds  
2 available to the Authority, amounts to offset costs incurred  
3 in the administration of the business of the Authority. The  
4 cost of such compensation shall be prorated among the  
5 recipients of proceeds of the Bonds in the same manner as the  
6 expenses of issuance of the Bonds are required hereby to be  
7 prorated.

8 Section 12. The Authority shall hire or contract  
9 with businesses or individuals which reflect the racial and  
10 ethnic diversity of the State.

11 Section 13. Tax Exemption.

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

23 Section 14. Issuance Expenses; Contracts and  
24 Appointments.

25 The Authority is authorized to pay out of proceeds  
26 of any series of Bonds or Refunding Bonds the costs and  
27 expenses incurred in connection with the issuance of such

1 Bonds or Refunding Bonds, including without limitation legal  
2 and accounting fees and expenses, fees and expenses of any  
3 financial or fiscal advisor employed by the Authority,  
4 printing costs, rating agency fees, and premiums or charges  
5 for any credit enhancement or liquidity providers.  
6 Notwithstanding any provision of this Act or the 1965 Act, in  
7 appointing, employing, or contracting with attorneys,  
8 financial or fiscal advisors, trustees, paying agents,  
9 investment bankers, banks and underwriters, the Authority may  
10 appoint, employ or contract with firms whose principal offices  
11 are located without or within Alabama. The Authority shall  
12 hire or contract with attorneys, financial or fiscal advisors,  
13 trustees, paying agents, investment bankers, banks, and  
14 underwriters which shall reflect the racial and ethnic  
15 diversity of the state.

16 Section 15. Order of Issuance.

17 The Authority shall issue bonds under this Act or  
18 under the Prior Acts in the same order the Authority adopts  
19 resolutions authorizing such bonds to be issued. If the  
20 Authority authorizes the issuance of multiple series of bonds  
21 under this Act or under the Prior Acts in one resolution, all  
22 bonds so authorized shall be issued simultaneously.

23 Section 16. Severability.

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

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

3                    Section 17. This act shall become effective  
4        immediately upon its passage and approval by the Governor, or  
5        upon its otherwise becoming law.