

1 SB442  
2 121332-2  
3 By Senators Butler, Orr, Mitchem, Sanford, Bedford, and Barron  
4 RFD: Finance and Taxation General Fund  
5 First Read: 17-FEB-10

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4 ENGROSSED

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7 A BILL  
8 TO BE ENTITLED  
9 AN ACT

10  
11 To authorize the Alabama Public School and College  
12 Authority to sell and issue bonds and to apply such proceeds  
13 for the construction of new school facilities as well as the  
14 renovation of existing school facilities in the several school  
15 systems located in those areas of North Alabama that will be  
16 directly impacted by the 2005 Base Realignment and Closure  
17 together with subsequent Base Realignment and Closures; to  
18 provide certain requirements; and to require that local school  
19 districts provide a local dollar for dollar match in order to  
20 qualify for receipt of any bond proceeds authorized by this  
21 act.

22 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

23 Section 1. Military installations are a major source  
24 of economic stability for Alabama and, particularly, Madison  
25 County and North Alabama and are important to our Nation's  
26 defense. The United States Department of Defense was  
27 legislatively directed to reorganize its military installation

1 infrastructure through the 2005 Base Realignment and Closure  
2 (2005 BRAC) process. As a result of the 2005 BRAC and  
3 anticipated future base realignment and closure activities,  
4 Madison County and North Alabama have and are expected to  
5 experience significant growth which demands modernizing and  
6 expanding the infrastructure for schools, and school related  
7 capital projects, in the areas impacted by the growth at  
8 Redstone Arsenal. It is expected that Alabama will gain  
9 thousands of high paying jobs because of the 2005 BRAC and  
10 anticipated future Base Realignment and Closure processes. It  
11 is found and declared to be necessary to foster business  
12 growth and job creation and generate tax revenues by rendering  
13 aid to the school districts impacted by the growth at Redstone  
14 Arsenal.

15 Section 2. As used in this act, the following words  
16 and phrases shall have the following meanings:

17 (1) AUTHORITY. The Public School and College  
18 Authority.

19 (2) BASELINE DATE. January 1, 2010.

20 (3) 2005 BRAC. a. Closure actions according to the  
21 2005 Base Closure and Realignment Commission Report of the  
22 U.S. Department of Defense as they relate to Redstone Arsenal.

23 b. Subsequent BRAC Actions are closure actions  
24 according to any Base Closure and Realignment Commission  
25 Report of the U.S. Department of Defense subsequent to the  
26 2005 Base Closure and Realignment Commission Report of the  
27 U.S. Department of Defense or administrative actions by a

1 United States government agency, department, or organization  
2 which positively impact the number of Redstone Arsenal jobs.

3 (4) BRAC DISTRIBUTIONS. Bond proceeds to be  
4 distributed to the local school districts for purposes of and  
5 as allocated by this act.

6 (5) BRAC IMPACTED AREA. The geographic area within  
7 Madison County and the City of Huntsville described by a  
8 closed perimeter boundary consisting of Cummings Research  
9 Park, East and West, Thornton Research Park, Redstone Gateway  
10 EUL Area, and Redstone Arsenal.

11 (6) DETERMINATION DATE. September 30 of the fiscal  
12 year in which the Authority obtains certification that the  
13 jobs requirements of this act have been satisfied.

14 (7) GARRISON. The Garrison located at Redstone  
15 Arsenal, Alabama, and any successor thereto.

16 Section 3. For purposes of this act, the BRAC  
17 Distribution provided by the Authority shall be the difference  
18 calculated by subtracting the number of jobs in the BRAC  
19 Impacted District on the Baseline Date from the number of jobs  
20 in the BRAC Impacted Area on the Determination Date for any  
21 year in which the Authority distributes bond proceeds. The  
22 calculated difference shall be divided proportionately to  
23 produce the BRAC Distribution for any distribution  
24 calculation. The method for the Authority to distribute the  
25 amount paid by the state shall be determined in accordance  
26 with Section 4.

1           Section 4. The Authority shall distribute the BRAC  
2           Distribution to a local school district based upon the  
3           percentage of BRAC Impacted Area employees living in a city or  
4           county served by that school district, in accordance with the  
5           following:

6                   (1) Prior to the distribution of any bond proceeds  
7           authorized by this act, the City of Huntsville Federal  
8           Building Authority shall obtain from the Garrison the number  
9           of employees at Redstone Arsenal and the location of their  
10          residence based upon the Zip Codes of the employees.

11                   (2) The Authority shall remit the portion of the  
12          BRAC Distributions to each city or county school district  
13          where the employees reside based on the percentage calculated  
14          by the City of Huntsville Federal Building Authority using the  
15          information referred to in subdivision (1) of Section 4. If an  
16          employee resides in a city, any bond proceeds shall be  
17          allocated to the school district of the city of residence. If  
18          an employee does not reside in a city, any bond proceeds shall  
19          be allocated to the county school district in which the  
20          employee resides.

21           Section 5. The City of Huntsville Federal Building  
22          Authority is hereby authorized to calculate the amount of BRAC  
23          Distribution that is due to each county or city school system  
24          and the Public School and College Authority shall specify  
25          criteria and procedures for the application, approval, and  
26          monitoring of the benefits under this act.

1           Section 6. The Authority shall not authorize any  
2       bonds unless and until employers located in the BRAC Impacted  
3       Area provide a certification and possess proof of the number  
4       of employees in the BRAC Impacted Area directly existing  
5       because of the 2005 BRAC or Subsequent BRAC Actions, or as a  
6       result of administrative actions by a United States government  
7       agency, department, or organization, as of January 1, 2010, to  
8       the City of Huntsville Federal Building Authority and to the  
9       Authority. The City of Huntsville Federal Building Authority  
10      shall request of the Garrison, or its designee, the number of  
11      persons employed at Redstone Arsenal and shall provide such  
12      information to the Authority. In order to prevent  
13      double-counting of employees in the BRAC Impacted Area in the  
14      case of private employers, the certifications shall delineate  
15      between employees located at Redstone Arsenal and those not  
16      located at Redstone Arsenal. The number of jobs in the BRAC  
17      Impacted Area shall be the sum of the number of employees  
18      employed on Redstone Arsenal plus the total number of jobs not  
19      on Redstone Arsenal but inside the BRAC Impacted Area directly  
20      existing because of the 2005 BRAC or Subsequent BRAC Actions,  
21      or as a result of administrative actions by a United States  
22      government agency, department, or organization. On or before  
23      December 31 of each year until the bond proceeds are issued,  
24      the City of Huntsville Federal Building Authority shall submit  
25      a report to the Governor and to the Director of Finance  
26      detailing the number of jobs within the BRAC Impacted Area  
27      created since the Baseline Date.

1           Section 7. (a) The Legislature finds that the number  
2 of students attending the several school systems located in  
3 those areas of North Alabama that will be directly impacted by  
4 the 2005 BRAC and Subsequent BRAC Actions will collectively  
5 increase by an estimated 9,000 students. As a result, there  
6 will be a need for the construction of additional school  
7 facilities as well as the renovation of existing school  
8 facilities. The Legislature also finds that the 2005 BRAC and  
9 Subsequent BRAC Actions will have a positive impact on future  
10 receipts to the Education Trust Fund, as the significant  
11 population growth in North Alabama will increase sales,  
12 income, and other tax collections. Thus, it is an efficient  
13 use of state funds to allow such revenue growth to help pay  
14 for capital improvement costs associated with BRAC-related  
15 school construction.

16           (b) The Alabama Public School and College Authority  
17 is hereby authorized to sell and issue its Bonds in the  
18 aggregate principal amount of up to one hundred seventy-five  
19 million dollars (\$175,000,000) once proof is provided deemed  
20 adequate by the Authority that 7,000 direct full-time jobs can  
21 be attributed to 2005 BRAC, Subsequent BRAC Actions, and as a  
22 result of administrative actions by a United States government  
23 agency, department, or organization placed in service after  
24 January 1, 2010, and paying an average salary or equivalent  
25 wages equal to or exceeding eighty-five thousand dollars  
26 (\$85,000) per year. Recipient school districts shall apply  
27 such proceeds for either the renovation of existing school

1 facilities or the construction of new school facilities in the  
2 several school districts located in the BRAC Impacted Area  
3 defined as being located in the Primary Study Area, including  
4 Redstone Arsenal, as such area was identified in the Tennessee  
5 Valley Regional Growth Coordination Plan of March 2009, for  
6 infrastructure supporting the growth and expansion related to  
7 the Defense Base Closure and Realignment Commission (BRAC).

8 (1) Provided, however, that in no event shall any  
9 school district receive the proceeds of the bonds issued  
10 herein unless such district or political subdivision including  
11 the district has experienced, on or after July 1, 2008, an  
12 increase in the sales tax rate of at least one-half cent, or  
13 equivalent property tax rate increase, with the revenue  
14 generated from such tax rate increase dedicated to schools  
15 within that district or political subdivision. To the extent a  
16 school district is located within a political subdivision with  
17 a sales tax of nine percent or greater, that school district  
18 may use any funds available to satisfy the local match  
19 requirements in Section 7(b)(1) and (2).

20 (2) The bond proceeds of the Authority authorized by  
21 this act shall be provided as a dollar for dollar match for  
22 local support of such capital projects. School systems seeking  
23 to participate in the bond issue program authorized by this  
24 act shall remit to the Authority amounts equal to half of the  
25 semi-annual debt service payments required to satisfy all  
26 covenants of the debt issuance authorized under this act for  
27 the satisfaction of such debt obligations attributable to the

1 cost of projects to be placed in service in such school system  
2 at such times as the Authority shall require.

3 (3) In the event a school district fails to meet the  
4 local revenue requirements in this act within 12 months of the  
5 Determination Date, the aggregate amount authorized in this  
6 act shall be reduced by the amount allocated to that school  
7 district. In no event shall those proceeds be reallocated to  
8 any remaining approved school system.

9 (4) The Bonds herein authorized shall be in addition  
10 to all other bonds previously authorized to be issued by the  
11 Alabama Public School and College Authority, and the powers  
12 conferred herein are in addition to all other powers  
13 heretofore conferred on the Alabama Public School and College  
14 Authority by acts heretofore enacted by the Legislature.

15 (c) The Bonds shall be signed by the president or  
16 vice-president of the Alabama Public School and College  
17 Authority, and the seal of the Alabama Public School and  
18 College Authority affixed thereto, or a facsimile thereof  
19 imprinted thereon, and attested by its secretary. All  
20 signatures of the president, vice-president, and secretary may  
21 be facsimile signatures if the Alabama Public School and  
22 College Authority, in its proceedings with respect to  
23 issuance, provides for manual authentication, which may be in  
24 the form of a certificate as to registration, of the Bonds by  
25 a trustee, registrar, or paying agent, or by named individuals  
26 who are employees of the state and who are assigned to the  
27 Finance Department or State Treasurer's Office of the state.

1 All Bonds bearing signatures or facsimiles of the signatures  
2 of officers of the Alabama Public School and College Authority  
3 in office on the date of signing thereof shall be valid and  
4 binding notwithstanding that before the delivery thereof and  
5 payment therefor, any officer whose signature appears thereon  
6 shall have ceased to be an officer of the Alabama Public  
7 School and College 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 Alabama Public School and College Authority and the Bonds  
15 shall be exempt from all laws of the state governing usury  
16 including, without limitation, the provisions of Title 8,  
17 Chapter 8, Code of Alabama 1975, or any subsequent statute of  
18 similar import. The Bonds shall be in such form or forms and  
19 denomination or denominations and of such tenor and  
20 maturities, shall bear such rate or rates of interest payable  
21 and evidenced in such manner, may be made subject to  
22 redemption prior to their maturities, and may contain  
23 provisions not inconsistent with this act, all as may be  
24 provided by the resolution of the Alabama Public School and  
25 College Authority under which the Bonds may be issued;  
26 provided, that no Bonds shall have a specified maturity date  
27 later than twenty years after their date; and provided

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

19 (d) The Bonds may be sold by the Alabama Public  
20 School and College Authority from time to time in series, and  
21 if sold in more than one series, may all be authorized in one  
22 initial resolution of the Alabama Public School and College  
23 Authority with the pledges therefor made by the Alabama Public  
24 School and College Authority in such initial resolution  
25 although some of the details applicable to each series may be  
26 specified in the respective resolutions under which the  
27 different series are issued. The Alabama Public School and

1 College Authority, in the course of establishing, by  
2 resolution, a principal amount of Bonds to be authorized for  
3 sale at any given time, or to be sold in any series, may take  
4 into account the existence of any unexpended proceeds of prior  
5 issues of bonds of the Alabama Public School and College  
6 Authority, and of any other issuer, if such should be deemed  
7 by the Alabama Public School and College Authority to be  
8 relevant, and may structure the portions of the allocations  
9 provided for in this act to be distributed from the proceeds  
10 of a particular series, constituting less than all the Bonds  
11 authorized by this act, as the Alabama Public School and  
12 College Authority deems necessary or prudent in order to  
13 enable the Alabama Public School and College Authority to  
14 comply with any tax covenants that may be required of it, or  
15 that may be deemed by it to be prudent to be given by it, in  
16 connection with the sale of any series of the Bonds. The  
17 Alabama Public School and College Authority may fix the method  
18 and the terms and conditions under which the sale of any  
19 series of the Bonds may otherwise be held; provided that such  
20 terms and conditions shall not conflict with any requirement  
21 of this act. Approval by the Governor of Alabama of the terms  
22 and conditions under which any of the Bonds may be issued  
23 shall be requisite to their validity. Before any series of the  
24 Bonds shall be offered for sale by the Alabama Public School  
25 and College Authority, the Governor shall first determine that  
26 the issuance of that series of Bonds and the application of  
27 the taxes pledged to the payment of the principal of the Bonds

1 as they mature and the interest thereon as the same shall come  
2 due will not impair the adequacy of the Trust Fund to pay  
3 appropriations therefrom and to support the public schools and  
4 institutions of higher learning during the period over which  
5 the Bonds will mature. The Governor's determination in this  
6 regard shall be in writing signed by the Governor and such  
7 determination shall be final and conclusive. Neither a public  
8 hearing nor consent of the State Department of Finance or any  
9 other department or agency shall be a prerequisite to the  
10 issuance of any of the Bonds.

11 (e) For the purpose of providing for payment of the  
12 principal, premium, if any, and interest on the Bonds, and to  
13 accomplish the objectives of this act, there is hereby  
14 irrevocably pledged to those purposes, and hereby  
15 appropriated, such amount as may be necessary therefor from  
16 the following sources:

17 (1) The residue of the receipts from the excise tax,  
18 "the utility gross receipts tax," levied by Title 40, Chapter  
19 21, Article 3, Code of Alabama 1975, as amended, "Article 3,"  
20 remaining after payment of the expenses of administration and  
21 enforcement of Article 3, being that portion of the tax that  
22 is required by Article 3 to be deposited in the State Treasury  
23 to the credit of the Trust Fund, after there shall have been  
24 taken from the residue the amount necessary to pay at their  
25 respective maturities the principal of and interest on those  
26 bonds issued by the Authority under this act or any prior act

1 that may be outstanding at the time of the delivery of the  
2 respective series of the Bonds authorized herein.

3 (2) The residue of the receipts from the excise tax,  
4 "the utility service use tax," levied by Title 40, Chapter 21,  
5 Article 4, Code of Alabama 1975, "Article 4," remaining after  
6 payment of the expenses of administration and enforcement of  
7 Article 4, being that portion of the tax that is required by  
8 Article 4 to be deposited in the State Treasury to the credit  
9 of the Trust Fund, after there shall have been taken from the  
10 residue the amount necessary to pay at their respective  
11 maturities the principal of and interest on those bonds issued  
12 by the Authority under this act or any prior act that may be  
13 outstanding at the time of the delivery of the respective  
14 series of the Bonds authorized herein.

15 (3) To the extent and to the extent only that the  
16 revenues appropriated in the foregoing subdivisions (1) and  
17 (2) of this subsection may not be sufficient to pay at their  
18 respective maturities the principal of, premium, if any, and  
19 interest on the Bonds, the residue of the receipts from the  
20 excise tax, "the sales tax," levied by Title 40, Chapter 23,  
21 Article 1, Division 1, Code of Alabama 1975, as amended,  
22 "Article 1," after there shall have been taken from the  
23 residue the amounts appropriated for other educational  
24 purposes in Section 40-23-35, Code of Alabama 1975, which  
25 residue constitutes that portion of the receipts from the  
26 sales tax that is now required by law to be paid into the  
27 Trust Fund, and after there shall have been taken from the

1 residue amounts sufficient to meet all prior charges on the  
2 residue including such amounts as may be necessary to pay at  
3 their respective maturities the principal of and interest on  
4 those bonds issued by the Authority under this act or any  
5 prior act that may be outstanding at the time of the delivery  
6 of the respective series of the Bonds authorized herein.

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

25 (5) All monies hereby appropriated and pledged shall  
26 constitute a sinking fund for the purpose of paying the  
27 principal of, premium, if any, and interest on the Bonds. The

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

7 (f) The Bonds shall not be general obligations of  
8 the State of Alabama but shall be limited obligations payable  
9 solely out of the residues of the tax receipts appropriated  
10 and pledged herein. All Bonds issued by the Alabama Public  
11 School and College Authority pursuant to the provisions of  
12 this act shall be solely and exclusively obligations of the  
13 Alabama Public School and College Authority and shall not  
14 constitute or create an obligation or debt of the State. As  
15 security for the payment of the principal of, premium, if any,  
16 and interest on the Bonds, the Alabama Public School and  
17 College Authority is hereby authorized and empowered to pledge  
18 the residues of the tax receipts that are appropriated and  
19 pledged herein. All such pledges made by the Alabama Public  
20 School and College Authority shall take precedence in the  
21 order of the adoption of the resolutions containing the  
22 pledges. All such pledges shall be prior and superior to any  
23 pledges that may be made for any refunding bonds hereafter  
24 issued by the Alabama Public School and College Authority  
25 under the provisions of any act heretofore enacted.

26 (g) For the purpose of refunding any Bonds or  
27 Refunding Bonds of the Alabama Public School and College

1 Authority issued under the provisions of this act, or any  
2 other act previously enacted, or any combination thereof,  
3 whether such refunding shall occur before, at, or after the  
4 maturity of the Bonds refunded and for the purpose of paying  
5 all premiums and expenses of such refunding, including, but  
6 not limited to, attorneys' fees, costs of printing the  
7 Refunding Bonds, fiscal agents' fees, and accountants' fees,  
8 the Alabama Public School and College Authority is hereby  
9 authorized to sell and issue its Refunding Bonds. Such  
10 Refunding Bonds may be sold and issued from time to time, at  
11 public sale, on sealed bids and on such other terms and  
12 conditions as the Alabama Public School and College Authority  
13 shall determine to be advantageous and shall adopt and provide  
14 for in its proceedings for the sale and issuance of such  
15 Refunding Bonds. Provided, however, no Refunding Bonds shall  
16 be issued unless the present value of all debt service on the  
17 Refunding Bonds, computed with a discount rate equal to the  
18 true interest rate of the Refunding Bonds and taking into  
19 account all underwriting discount and other issuance expenses,  
20 shall not be greater than 95 percent of the present value of  
21 all debt service on the Bonds to be refunded, computed using  
22 the same discount rate and taking into account the  
23 underwriting discount and other issuance expenses originally  
24 applicable to such Bonds, determined as if such Bonds to be  
25 refunded were paid and retired in accordance with the schedule  
26 of maturities, considering mandatory redemption as scheduled  
27 maturity, provided at the time of their issuance. Provided

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

1 fund, together with investment earnings thereon, may be held  
2 by the State Treasurer as treasurer of the Alabama Public  
3 School and College Authority in trust, or may be deposited by  
4 the State Treasurer in trust, on such terms as the State  
5 Treasurer and the Alabama Public School and College Authority  
6 shall approve, with a trustee or escrow agent, which trustee  
7 or escrow agent shall be a banking institution or trust  
8 company authorized to exercise trust powers in Alabama, for  
9 investment in Permitted Investments, as such term is defined  
10 in Act 2007-415. Proceeds of Refunding Bonds shall be so  
11 invested and applied as to assure that the principal,  
12 interest, and redemption premium, if any, on the Bonds being  
13 refunded shall be paid in full on the respective maturity,  
14 redemption, or interest payment dates. Refunding Bonds issued  
15 by the Alabama Public School and College Authority shall not  
16 be general obligations of the Alabama Public School and  
17 College Authority but shall be payable solely from the sources  
18 specified in this act and in the proceedings whereby the  
19 Refunding Bonds are authorized to be issued. All Refunding  
20 Bonds issued by the Alabama Public School and College  
21 Authority shall be solely and exclusively obligations of the  
22 Alabama Public School and College Authority and shall not  
23 create debts of the State of Alabama. The faith and credit of  
24 the State of Alabama shall never be pledged for the payment of  
25 any Refunding Bonds issued by the Alabama Public School and  
26 College Authority under this act. The Alabama Public School  
27 and College Authority may contract with respect to the

1 safekeeping and application of the proceeds of Refunding Bonds  
2 and other funds included therewith and the income therefrom,  
3 and shall have the right and power to appoint a trustee  
4 therefor, which may be any bank or company authorized to  
5 exercise trust powers and located within and/or without the  
6 state. All pledges made by this act, or by the Alabama Public  
7 School and College Authority pursuant to the provisions of  
8 this act, for the benefit of Refunding Bonds issued under this  
9 act, and all such pledges for the benefit of Refunding Bonds  
10 which may be issued to refund any bonds issued under any prior  
11 act, shall take precedence in the order of the adoption of the  
12 resolutions authorizing the issuance of such Refunding Bonds.  
13 Bonds refunded prior to their maturity with the proceeds of  
14 Refunding Bonds shall be deemed paid and the pledges herein  
15 and by the Alabama Public School and College Authority made  
16 for the payment thereof defeased if the Alabama Public School  
17 and College Authority, in its proceedings regarding issuance  
18 of the Refunding Bonds, shall provide for and establish a  
19 trust or escrow fund comprised of monies or Government  
20 Securities, as such term is defined in Act 2007-415, or both,  
21 sufficient to pay, when due, the entire principal of, premium,  
22 if any, and interest on the Bonds to be refunded thereby;  
23 provided, that such Government Securities, as such term is  
24 defined in Act 2007-415, shall not be subject to redemption  
25 prior to their maturities other than at the option of the  
26 holder thereof. Upon the establishment of such a trust or  
27 escrow fund, the refunded Bonds shall no longer be deemed to

1 be outstanding, shall no longer be secured by the funds  
2 pledged therefor in this act, shall no longer be obligations  
3 of the Alabama Public School and College Authority, and shall  
4 be secured solely by and payable from monies and Government  
5 Securities, as such term is defined in Act 2007-415, deposited  
6 in such trust or escrow fund.

7 (h) The Alabama Public School and College Authority  
8 is authorized to pay out of proceeds of any series of Bonds  
9 the costs and expenses incurred in connection with the  
10 issuance of such Bonds, including, without limitation, legal  
11 and accounting fees and expenses, fees and expenses of any  
12 financial or fiscal advisor employed by the Alabama Public  
13 School and College Authority, printing costs, rating agency  
14 fees, and premiums or charges for any credit enhancement or  
15 liquidity providers. Notwithstanding any provision of this act  
16 or any previous act, in appointing, employing, or contracting  
17 with attorneys, fiscal advisers, trustees, paying agents,  
18 investment bankers, banks, and underwriters, the Alabama  
19 Public School and College Authority may appoint, employ, or  
20 contract with firms whose principal offices are located  
21 without or within Alabama. The Alabama Public School and  
22 College Authority shall hire or contract with attorneys,  
23 fiscal advisors, trustees, paying agents, investment bankers,  
24 banks, and underwriters which shall reflect the racial and  
25 ethnic diversity of the state. The Alabama Public School and  
26 College Authority shall issue Requests For Proposals for  
27 attorneys, fiscal advisors, trustees, paying agents,

1 investment bankers, banks, and underwriters. The Alabama  
2 Public School and College Authority shall evaluate each  
3 proposed bid publicly and award each contract publicly.  
4 Minutes of the Alabama Public School and College Authority's  
5 meeting shall record the reasons for awarding each contract.  
6 The Alabama Public School and College Authority shall hire or  
7 contract with businesses or individuals which reflect the  
8 racial and ethnic diversity of the State. The Alabama Public  
9 School and College Authority shall have the power to make such  
10 payments to the United States of America as the board of  
11 directors of the Alabama Public School and College Authority  
12 deems necessary to cause the interest on any bonds of the  
13 Alabama Public School and College Authority, including the  
14 Bonds, to be and remain exempt from, or excludible from gross  
15 income for purposes of, federal income taxation. The Alabama  
16 Public School and College Authority shall have the power to  
17 make such agreements respecting the investment of funds of the  
18 Alabama Public School and College Authority as the Alabama  
19 Public School and College Authority shall deem necessary in  
20 order that the interest income on bonds of the Alabama Public  
21 School and College Authority be and remain exempt from, or  
22 excludible from gross income for purposes of, federal income  
23 taxation.

24 Section 8. This act shall become effective  
25 immediately upon signature of the Governor or otherwise  
26 becoming law.

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Senate

Read for the first time and referred to the Senate committee on Finance and Taxation General Fund ..	17-FEB-10
Read for the second time and placed on the calen- dar .....	25-MAR-10
Read for the third time and passed as amended ...	06-APR-10

Yeas 24  
Nays 0

McDowell Lee  
Secretary