

1 HB407
2 136177-1
3 By Representatives McCutcheon, Williams (D), Greer, Ball,
4 Long, Johnson (W), Rich, Patterson, Collins, Williams (P),
5 Buttram, Johnson (K), Hall, Morrow and Black
6 RFD: Ways and Means Education
7 First Read: 23-FEB-12

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8 SYNOPSIS: Under existing law, the Alabama Public
9 School and College Authority is authorized to sell
10 and issue bonds and apply the proceeds for the
11 construction of new school facilities as well as
12 the renovation of existing school facilities in
13 school systems directly impacted by the 2005 Base
14 Realignment and Closure.

15 This bill would change the baseline date to
16 January 1, 2006.

17 This bill would provide that the average
18 salary or equivalent wage can be attributed to 2005
19 BRAC that is equal to or exceeding \$80,000.

20 This bill would remove the provision that a
21 school district may not receive the proceeds of the
22 bonds issued by the Public School and College
23 Authority unless the district or political
24 subdivision has experienced an increase in the
25 sales tax rate.

26 This bill would remove the provision that in
27 order to qualify for bond proceeds, a local school

1 system may redirect an existing tax not currently
2 dedicated to schools to qualify for bonds.

3
4 A BILL
5 TO BE ENTITLED
6 AN ACT
7

8 To amend Sections 16-16A-2, 16-16A-7, and 16-16A-8,
9 Code of Alabama 1975, to change the baseline date to January
10 1, 2006; to provide that the average salary or equivalent wage
11 can be attributed to 2005 BRAC that is equal to or exceeding
12 \$80,000; to remove the provision that a school district may
13 not receive the proceeds of the bonds issued by the Public
14 School and College Authority unless the district or political
15 subdivision has experienced an increase in the sales tax rate;
16 and to remove the provision that in order to qualify for bond
17 proceeds, a local school system may redirect an existing tax
18 not currently dedicated to schools to qualify for bonds.

19 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

20 Section 1. Sections 16-16A-2, 16-16A-7, and
21 16-16A-8, Code of Alabama 1975, are amended to read as
22 follows:

23 "§16-16A-2.

24 "As used in this chapter, the following words and
25 phrases shall have the following meanings:

26 "(1) AUTHORITY. The Public School and College
27 Authority.

1 "(2) BASELINE DATE. January 1, ~~2010~~ 2006.

2 "(3) 2005 BRAC. a. Closure actions according to the
3 2005 Base Closure and Realignment Commission Report of the
4 U.S. Department of Defense as they relate to Redstone Arsenal.

5 "b. Subsequent BRAC Actions are closure actions
6 according to any Base Closure and Realignment Commission
7 Report of the U.S. Department of Defense subsequent to the
8 2005 Base Closure and Realignment Commission Report of the
9 U.S. Department of Defense or administrative actions by a
10 United States government agency, department, or organization
11 which positively impact the number of Redstone Arsenal jobs.

12 "(4) BRAC DISTRIBUTIONS. Bond proceeds to be
13 distributed to the local school districts for purposes of and
14 as allocated by this chapter.

15 "(5) BRAC IMPACTED AREA. The geographic area within
16 Madison County and the City of Huntsville described by a
17 closed perimeter boundary consisting of Cummings Research
18 Park, East and West, Thornton Research Park, Redstone Gateway
19 EUL Area, and Redstone Arsenal.

20 "(6) DETERMINATION DATE. September 30 of the fiscal
21 year in which the Authority obtains certification that the
22 jobs requirements of this chapter have been satisfied.

23 "(7) GARRISON. The Garrison located at Redstone
24 Arsenal, Alabama, and any successor thereto.

25 "(8) PERMITTED INVESTMENTS. (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 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 full faith and credit obligations of any state, provided that
12 at the time of purchase such obligations are rated at least
13 "AA" by Standard & Poor's Rating Group and at least "Aa" by
14 Moody's Investors Service; (v) public housing bonds issued by
15 public agencies or municipalities and fully secured as to the
16 payment of both principal and interest by contracts with the
17 United States of America, or temporary notes, preliminary
18 notes or project notes issued by public agencies or
19 municipalities, in each case fully secured as to the payment
20 to both principal and interest by a requisition or payment
21 agreement with the United States of America; (vi) time
22 deposits evidenced by certificates of deposit issued by banks
23 or savings and loan associations which are members of the
24 Federal Deposit Insurance Corporation, provided that, to the
25 extent such time deposits are not covered by federal deposit
26 insurance, such time deposits (including interest thereon) are
27 fully secured by a pledge of obligations described in clauses

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

22 "§16-16A-7.

23 "(a) The Legislature finds that the number of
24 students attending the several school systems located in those
25 areas of North Alabama that will be directly impacted by the
26 2005 BRAC and Subsequent BRAC Actions will collectively
27 increase by an estimated 9,000 students. As a result, there

1 will be a need for the construction of additional school
2 facilities as well as the renovation of existing school
3 facilities. The Legislature also finds that the 2005 BRAC and
4 Subsequent BRAC Actions will have a positive impact on future
5 receipts to the Education Trust Fund, as the significant
6 population growth in North Alabama will increase sales,
7 income, and other tax collections. Thus, it is an efficient
8 use of state funds to allow such revenue growth to help pay
9 for capital improvement costs associated with BRAC-related
10 school construction.

11 " (b) The Alabama Public School and College Authority
12 is hereby authorized to sell and issue its Bonds in the
13 aggregate principal amount of up to one hundred seventy-five
14 million dollars (\$175,000,000) once proof is provided deemed
15 adequate by the Authority that ~~7,000~~ 4,700 direct full-time
16 jobs can be attributed to 2005 BRAC, Subsequent BRAC Actions,
17 and as a result of administrative actions by a United States
18 government agency, department, or organization placed in
19 service after January 1, ~~2010~~ 2006, and paying an average
20 salary or equivalent wages equal to or exceeding ~~eighty-five~~
21 ~~thousand dollars (\$85,000)~~ eighty thousand dollars (\$80,000)
22 per year. Recipient school districts shall apply such proceeds
23 for either the renovation of existing school facilities or the
24 construction of new school facilities in the several school
25 districts located in the BRAC Impacted Area or in the Primary
26 Study Area, as such area was identified in the Tennessee
27 Valley Regional Growth Coordination Plan of March 2009.

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

13 ~~"(2)(1)~~ The bond proceeds of the Authority
14 authorized by this chapter shall be provided as a dollar for
15 dollar match for local support of such capital projects.
16 School systems seeking to participate in the bond issue
17 program authorized by this chapter shall remit to the
18 Authority amounts equal to half of the semi-annual debt
19 service payments required to satisfy all covenants of the debt
20 issuance authorized under this chapter for the satisfaction of
21 such debt obligations attributable to the cost of projects to
22 be placed in service in such school system at such times as
23 the Authority shall require.

24 ~~"(3)(2)~~ In the event a school district fails to meet
25 the local revenue requirements in this chapter within 12
26 months of the Determination Date, the aggregate amount
27 authorized in this chapter shall be reduced by the amount

1 allocated to that school district. ~~In no event shall,~~ and
2 those proceeds shall be reallocated to any remaining approved
3 school system.

4 "~~(4)~~ (3) The Bonds herein authorized shall be in
5 addition to all other bonds previously authorized to be issued
6 by the Alabama Public School and College Authority, and the
7 powers conferred herein are in addition to all other powers
8 heretofore conferred on the Alabama Public School and College
9 Authority by acts heretofore enacted by the Legislature.

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

1 shall have ceased to be an officer of the Alabama Public
2 School and College Authority. The Bonds and the income
3 therefrom shall be exempt from all taxation in the State of
4 Alabama, may be used as security for deposits, and shall be
5 eligible for investments of fiduciary funds, as provided in
6 the 1965 Act. The Bonds shall be construed to have all the
7 qualities and incidents of negotiable instruments subject to
8 any registration provisions pertaining to transfers. The
9 Alabama Public School and College Authority and the Bonds
10 shall be exempt from all laws of the state governing usury
11 including, without limitation, the provisions of Title 8,
12 Chapter 8, or any subsequent statute of similar import. The
13 Bonds shall be in such form or forms and denomination or
14 denominations and of such tenor and maturities, shall bear
15 such rate or rates of interest payable and evidenced in such
16 manner, may be made subject to redemption prior to their
17 maturities, and may contain provisions not inconsistent with
18 this chapter, all as may be provided by the resolution of the
19 Alabama Public School and College Authority under which the
20 Bonds may be issued; provided, that no Bonds shall have a
21 specified maturity date later than twenty years after their
22 date; and provided further, that those Bonds having maturities
23 more than ten years after their date shall be subject to
24 redemption at the option of the Alabama Public School and
25 College Authority on any date on and after the tenth
26 anniversary after their date at such redemption price or
27 prices and under such conditions as may be prescribed in the

1 proceedings of the Alabama Public School and College Authority
2 under which they are issued. For the purpose of paying the
3 principal of, premium, if any, and interest on the Bonds or
4 any Refunding Bonds, the Alabama Public School and College
5 Authority shall designate the State Treasurer or such bank or
6 banks as the Alabama Public School and College Authority, in
7 its discretion, determines to be appropriate and desirable.
8 Funds for the payment of debt service shall be transferred by
9 the Alabama Public School and College Authority or the State
10 Treasurer on behalf of the Alabama Public School and College
11 Authority to the designated paying agent on the actual due
12 date of such principal, premium, if any, or interest.

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

1 by the Alabama Public School and College Authority to be
2 relevant, and may structure the portions of the allocations
3 provided for in this chapter to be distributed from the
4 proceeds of a particular series, constituting less than all
5 the Bonds authorized by this chapter, as the Alabama Public
6 School and College Authority deems necessary or prudent in
7 order to enable the Alabama Public School and College
8 Authority to comply with any tax covenants that may be
9 required of it, or that may be deemed by it to be prudent to
10 be given by it, in connection with the sale of any series of
11 the Bonds. The Alabama Public School and College Authority may
12 fix the method and the terms and conditions under which the
13 sale of any series of the Bonds may otherwise be held;
14 provided that such terms and conditions shall not conflict
15 with any requirement of this chapter. Approval by the Governor
16 of Alabama of the terms and conditions under which any of the
17 Bonds may be issued shall be requisite to their validity.
18 Before any series of the Bonds shall be offered for sale by
19 the Alabama Public School and College Authority, the Governor
20 shall first determine that the issuance of that series of
21 Bonds and the application of the taxes pledged to the payment
22 of the principal of the Bonds as they mature and the interest
23 thereon as the same shall come due will not impair the
24 adequacy of the Trust Fund to pay appropriations therefrom and
25 to support the public schools and institutions of higher
26 learning during the period over which the Bonds will mature.
27 The Governor's determination in this regard shall be in

1 writing signed by the Governor and such determination shall be
2 final and conclusive. Neither a public hearing nor consent of
3 the State Department of Finance or any other department or
4 agency shall be a prerequisite to the issuance of any of the
5 Bonds.

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

12 "(1) The residue of the receipts from the excise
13 tax, "the utility gross receipts tax," levied by Title 40,
14 Chapter 21, Article 3, as amended, "Article 3," remaining
15 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 chapter or any prior
22 act that may be outstanding at the time of the delivery of the
23 respective series of the Bonds authorized herein.

24 "(2) The residue of the receipts from the excise
25 tax, "the utility service use tax," levied by Title 40,
26 Chapter 21, Article 4, "Article 4," remaining after payment of
27 the expenses of administration and enforcement of Article 4,

1 being that portion of the tax that is required by Article 4 to
2 be deposited in the State Treasury to the credit of the Trust
3 Fund, after there shall have been taken from the residue the
4 amount necessary to pay at their respective maturities the
5 principal of and interest on those bonds issued by the
6 Authority under this chapter or any prior act that may be
7 outstanding at the time of the delivery of the respective
8 series of the Bonds authorized herein.

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

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

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

20 "(g) For the purpose of refunding any Bonds or
21 Refunding Bonds of the Alabama Public School and College
22 Authority issued under the provisions of this chapter, or any
23 other act previously enacted, or any combination thereof,
24 whether such refunding shall occur before, at, or after the
25 maturity of the Bonds refunded and for the purpose of paying
26 all premiums and expenses of such refunding, including, but
27 not limited to, attorneys' fees, costs of printing the

1 Refunding Bonds, fiscal agents' fees, and accountants' fees,
2 the Alabama Public School and College Authority is hereby
3 authorized to sell and issue its Refunding Bonds. Such
4 Refunding Bonds may be sold and issued from time to time, by
5 negotiated or public sale, and on such other terms and
6 conditions as the Alabama Public School and College Authority
7 shall determine to be advantageous and shall adopt and provide
8 for in its proceedings for the sale and issuance of such
9 Refunding Bonds. Provided, however, no Refunding Bonds shall
10 be issued unless the present value of all debt service on the
11 Refunding Bonds, computed with a discount rate equal to the
12 true interest rate of the Refunding Bonds and taking into
13 account all underwriting discount and other issuance expenses,
14 shall not be greater than 97 percent of the present value of
15 all debt service on the Bonds to be refunded, computed using
16 the same discount rate and taking into account the
17 underwriting discount and other issuance expenses originally
18 applicable to such Bonds, determined as if such Bonds to be
19 refunded were paid and retired in accordance with the schedule
20 of maturities, considering mandatory redemption as scheduled
21 maturity, provided at the time of their issuance. Provided
22 further that the average maturity of the Refunding Bonds, as
23 measured from the date of issuance of such Refunding Bonds,
24 shall not exceed by more than three years the average maturity
25 of the Bonds to be refunded, as also measured from such date
26 of issuance, with the average maturity of any principal amount
27 of Bonds to be determined by multiplying the principal of each

1 maturity by the number of years, including any fractional part
2 of a year, intervening between such date of issuance and each
3 such maturity, taking the sum of all such products, and then
4 dividing such sum by the aggregate principal amount of Bonds
5 for which the average maturity is to be determined. For the
6 purpose of providing funds to enable the Alabama Public School
7 and College Authority to pay at their respective maturities
8 the principal of, premium, if any, and interest on the
9 Refunding Bonds issued under this chapter, the Alabama Public
10 School and College Authority is hereby authorized to pledge
11 irrevocably for such purpose, and there is hereby appropriated
12 for such purpose, such amount as may be necessary of the
13 residues of the receipts from the excise taxes pledged and
14 appropriated herein, any reserves or sinking funds established
15 by the Alabama Public School and College Authority, as well as
16 revenues of the Alabama Public School and College Authority
17 from any other sources specified in the proceedings wherein
18 the Refunding Bonds are authorized to be issued. Pending the
19 application of the proceeds of Refunding Bonds issued in
20 accordance with this subsection, the proceeds, together with
21 investment earnings therefrom, and amounts in any sinking
22 fund, together with investment earnings thereon, may be held
23 by the State Treasurer as treasurer of the Alabama Public
24 School and College Authority in trust, or may be deposited by
25 the State Treasurer in trust, on such terms as the State
26 Treasurer and the Alabama Public School and College Authority
27 shall approve, with a trustee or escrow agent, which trustee

1 or escrow agent shall be a banking institution or trust
2 company authorized to exercise trust powers in Alabama, for
3 investment in Permitted Investments, as such term is defined
4 in Act 2007-415. Proceeds of Refunding Bonds shall be so
5 invested and applied as to assure that the principal,
6 interest, and redemption premium, if any, on the Bonds being
7 refunded shall be paid in full on the respective maturity,
8 redemption, or interest payment dates. Refunding Bonds issued
9 by the Alabama Public School and College Authority shall not
10 be general obligations of the Alabama Public School and
11 College Authority but shall be payable solely from the sources
12 specified in this chapter and in the proceedings whereby the
13 Refunding Bonds are authorized to be issued. All Refunding
14 Bonds issued by the Alabama Public School and College
15 Authority shall be solely and exclusively obligations of the
16 Alabama Public School and College Authority and shall not
17 create debts of the State of Alabama. The faith and credit of
18 the State of Alabama shall never be pledged for the payment of
19 any Refunding Bonds issued by the Alabama Public School and
20 College Authority under this chapter. The Alabama Public
21 School and College Authority may contract with respect to the
22 safekeeping and application of the proceeds of Refunding Bonds
23 and other funds included therewith and the income therefrom,
24 and shall have the right and power to appoint a trustee
25 therefor, which may be any bank or company authorized to
26 exercise trust powers and located within and/or without the
27 state. All pledges made by this chapter, or by the Alabama

1 Public School and College Authority pursuant to the provisions
2 of this chapter, for the benefit of Refunding Bonds issued
3 under this chapter, and all such pledges for the benefit of
4 Refunding Bonds which may be issued to refund any bonds issued
5 under any prior act, shall take precedence in the order of the
6 adoption of the resolutions authorizing the issuance of such
7 Refunding Bonds. Bonds refunded prior to their maturity with
8 the proceeds of Refunding Bonds shall be deemed paid and the
9 pledges herein and by the Alabama Public School and College
10 Authority made for the payment thereof defeased if the Alabama
11 Public School and College Authority, in its proceedings
12 regarding issuance of the Refunding Bonds, shall provide for
13 and establish a trust or escrow fund comprised of monies or
14 Government Securities, as such term is defined in Act
15 2007-415, or both, sufficient to pay, when due, the entire
16 principal of, premium, if any, and interest on the Bonds to be
17 refunded thereby; provided, that such Government Securities,
18 as such term is defined in Act 2007-415, shall not be subject
19 to redemption prior to their maturities other than at the
20 option of the holder thereof. Upon the establishment of such a
21 trust or escrow fund, the refunded Bonds shall no longer be
22 deemed to be outstanding, shall no longer be secured by the
23 funds pledged therefor in this chapter, shall no longer be
24 obligations of the Alabama Public School and College
25 Authority, and shall be secured solely by and payable from
26 monies and Government Securities, as such term is defined in
27 Act 2007-415, deposited in such trust or escrow fund.

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

1 contract with businesses or individuals which reflect the
2 racial and ethnic diversity of the State. The Alabama Public
3 School and College Authority shall have the power to make such
4 payments to the United States of America as the board of
5 directors of the Alabama Public School and College Authority
6 deems necessary to cause the interest on any bonds of the
7 Alabama Public School and College Authority, including the
8 Bonds, to be and remain exempt from, or excludible from gross
9 income for purposes of, federal income taxation. The Alabama
10 Public School and College Authority shall have the power to
11 make such agreements respecting the investment of funds of the
12 Alabama Public School and College Authority as the Alabama
13 Public School and College Authority shall deem necessary in
14 order that the interest income on bonds of the Alabama Public
15 School and College Authority be and remain exempt from, or
16 excludible from gross income for purposes of, federal income
17 taxation.

18 "§16-16A-8.

19 "In addition to the counties participating under
20 Section 16-16A-7, Jackson County and Marshall County may also
21 participate in the funding benefits of this chapter. ~~In~~
22 ~~addition, in order to qualify for bond proceeds, a local~~
23 ~~school system may redirect an existing tax not currently~~
24 ~~dedicated to schools to qualify for bonds in lieu of the~~
25 ~~requirements otherwise provided for in Section 16-16A-7."~~

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