

1 HB612  
2 151874-2  
3 By Representative Treadaway  
4 RFD: Ways and Means Education  
5 First Read: 11-APR-13

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8 SYNOPSIS: This bill establishes the Secure School  
9 Facilities Act.

10 This bill authorizes the Alabama Public  
11 School and College Authority to sell and issue up  
12 to \$50,000,000 in aggregate principal amount of  
13 additional bonds to provide funds for building  
14 renovations for local boards of education.

15  
16 A BILL  
17 TO BE ENTITLED  
18 AN ACT  
19

20 To provide for the Secure School Facilities Act; to  
21 authorize the Alabama Public School and College Authority to  
22 sell and issue up to \$50,000,000 in aggregate principal amount  
23 of additional bonds to provide funds for building renovations  
24 for local boards of education; to authorize the authority to  
25 provide for the details of the bonds and the sale and issuance  
26 thereof; to make an appropriation and pledge for payment of  
27 the principal of and interest on the bonds from specific taxes

1 necessary to pay the principal and interest at their  
2 respective maturities; to authorize the authority to pledge  
3 for payment of the principal of and interest on the bonds the  
4 funds that are appropriated and pledged; to provide for the  
5 investment of funds by the State Treasurer; to provide that  
6 the bonds not constitute a debt of the state but shall be  
7 limited obligations payable out of the funds appropriated and  
8 pledged therefor; to provide that the bonds and the income  
9 therefrom shall be exempt from taxation in this state and that  
10 the bonds may be used to secure deposits of funds of this  
11 state and its political subdivisions, instrumentalities, and  
12 agencies, and for investment of fiduciary funds; to authorize  
13 the authority to establish procedures and requirements to  
14 ensure compliance with tax covenants with which the authority  
15 must comply; to exempt the bonds from the usury laws of the  
16 state; to authorize the authority to issue refunding bonds and  
17 give details of such refunding; to provide for the employment  
18 of attorneys, fiscal advisors, trustees, paying agents,  
19 investment bankers, banks and underwriters and for the payment  
20 of all expenses incurred in the issuance of the bonds; to  
21 provide that after payment of the expenses of the issuance of  
22 the bonds the proceeds from the sale thereof shall be  
23 disbursed on orders or warrants issued by or under the  
24 direction of the authority for the purposes for which the  
25 bonds are authorized to be issued; to provide for the timely  
26 expenditure of the proceeds from the sale of the bonds; to  
27 provide that if any portion of this act should be held invalid

1 such holding shall not affect the validity of any other  
2 portion thereof; and to authorize the authority to reimburse  
3 the Building Commission, the Department of Finance, and the  
4 State Treasurer's Office for costs incurred in providing  
5 services for the authority.

6 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

7 Section 1. (a) This act shall be known and may be  
8 cited as the Secure School Facilities Act. Wherever used in  
9 this act, the following terms shall have the following  
10 meanings respectively, unless the context clearly indicates  
11 otherwise:

12 (1) 1965 Act. Act No. 243 enacted at the 1965 First  
13 Special Session of the Legislature, codified as Chapter 16,  
14 Title 16, Code of Alabama 1975.

15 (2) 1971 Acts. Act No. 94 enacted at the 1971 First  
16 Special Session of the Legislature, Act No. 2428 enacted at  
17 the 1971 Regular Session of the Legislature, and Act No. 56  
18 enacted at the 1971 Second Special Session of the Legislature.

19 (3) 1973 Act. Act No. 1277 enacted at the 1973  
20 Regular Session of the Legislature as amended by Act No. 73  
21 enacted at the 1975 Third Special Session of the Legislature  
22 and Act No. 1223 enacted at the 1975 Regular Session of the  
23 Legislature.

24 (4) 1978 Act. Act No. 138 enacted at the 1978 Second  
25 Special Session of the Legislature, as amended by Act No.  
26 79-41 enacted at the 1979 Special Session of the Legislature

1 and Act No. 81-827 enacted at the 1981 Regular Session of the  
2 Legislature.

3 (5) 1985 Act. Act No. 85-943 enacted at the 1985  
4 Second Special Session of the Legislature.

5 (6) 1990 Act. Act No. 90-280 enacted at the 1990  
6 Regular Session of the Legislature.

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

9 (8) 1998 Act. Act No. 98-373 enacted at the 1998  
10 Regular Session of the Legislature.

11 (9) 1999 Act. Act No. 99-348 enacted at the 1999  
12 Regular Session of the Legislature.

13 (10) 2001 Act. Act No. 2001-668 enacted at the 2001  
14 Regular Session of the Legislature.

15 (11) 2002 Act. Act No. 2002-240 enacted at the 2002  
16 Regular Session of the Legislature.

17 (12) 2003 Act. Act No. 2003-436 enacted at the 2003  
18 Second Special Session of the Legislature.

19 (13) 2007 Act. Act No. 2007-415 enacted at the 2007  
20 Regular Session of the Legislature.

21 (14) 2010 Act. Act No. 2010-720 enacted at the 2010  
22 Regular Session of the Legislature.

23 (15) AUTHORITY. The Public School and College  
24 Authority.

25 (16) BONDS. Except where that word is used with  
26 reference to bonds issued under another act, those bonds,

1 other than refunding bonds, issued under the provisions of  
2 this act.

3 (17) CAPITAL IMPROVEMENT. Capital outlay projects  
4 that include the planning, designing, inspection, purchasing,  
5 construction, reconstruction, enlargement, improvement,  
6 repair, or renovation of permanent buildings containing  
7 classrooms, offices, libraries, laboratories, clinical or  
8 teaching facilities, dormitories, vocational and professional  
9 and industrial training facilities, research facilities,  
10 academic structures to reduce portable classrooms or  
11 substandard classroom facilities, related improvements and  
12 land as sites therefor, together with furnishings and  
13 equipment required for the operation of the facilities and the  
14 programs provided therein.

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

19 (19) DEPARTMENT. Alabama Department of Education.

20 (20) GOVERNMENT SECURITIES. Any bonds or other  
21 obligations which as to principal and interest constitute  
22 direct obligations of, or are unconditionally guaranteed by,  
23 the United States of America, including obligations of any  
24 federal agency to the extent such obligations are  
25 unconditionally guaranteed by the United States of America and  
26 any certificates or any other evidences of an ownership  
27 interest in such obligations of, or unconditionally guaranteed

1 by, the United States of America or in specified portions  
2 thereof (which may consist of the principal thereof or the  
3 interest thereon).

4 (21) LEGISLATURE. The Legislature of Alabama.

5 (22) PERMITTED INVESTMENTS. (i) Government  
6 Securities; (ii) bonds, debentures, notes, or other evidences  
7 of indebtedness issued by any of the following agencies: Bank  
8 for Cooperatives; Federal Intermediate Credit Banks; Federal  
9 Financing Bank; Federal Home Loan Banks; Federal Farm Credit  
10 Bank; Export-Import Bank of the United States; Federal Land  
11 Banks; or Farmers Home Administration or any other agency or  
12 corporation which has been or may hereafter be created by or  
13 pursuant to an act of the Congress of the United States as an  
14 agency or instrumentality thereof; (iii) bonds, notes, pass  
15 through securities, or other evidences of indebtedness of  
16 Government National Mortgage Association and participation  
17 certificates of Federal Home Loan Mortgage Corporation; (iv)  
18 full faith and credit obligations of any state, provided that  
19 at the time of purchase such obligations are rated at least  
20 "AA" by Standard & Poor's Ratings Group and at least "Aa" by  
21 Moody's Investors Service; (v) public housing bonds issued by  
22 public agencies or municipalities and fully secured as to the  
23 payment of both principal and interest by contracts with the  
24 United States of America, or temporary notes, preliminary  
25 notes, or project notes issued by public agencies or  
26 municipalities, in each case fully secured as to the payment  
27 to both principal and interest by a requisition or payment

1 agreement with the United States of America; (vi) time  
2 deposits evidenced by certificates of deposit issued by banks  
3 or savings and loan associations which are members of the  
4 Federal Deposit Insurance Corporation, provided that, to the  
5 extent such time deposits are not covered by federal deposit  
6 insurance, such time deposits (including interest thereon) are  
7 fully secured by a pledge of obligations described in clauses  
8 (i), (ii), (iii), and (v) above, which at all times have a  
9 market value not less than the amount of such bank time  
10 deposits required to be so secured and which meet the greater  
11 of 100 percent collateralization or the "AA" collateral levels  
12 established by Standard & Poor's Ratings Group for structured  
13 financings; (vii) repurchase agreements for obligations of the  
14 type specified in clauses (i), (ii), (iii), and (v) above,  
15 provided such repurchase agreements are fully collateralized  
16 and secured by such obligations which have a market value at  
17 least equal to the purchase price of such repurchase  
18 agreements which are held by a depository satisfactory to the  
19 State Treasurer in such manner as may be required to provide a  
20 perfected security interest in such obligations, and which  
21 meet the greater of 100 percent collateralization or the "AA"  
22 collateral levels established by Standard & Poor's Ratings  
23 Group for structured financings; and (viii) uncollateralized  
24 investment agreements with, or certificates of deposit issued  
25 by, banks or bank holding companies, the senior long-term  
26 securities of which are rated at least "AA" by Standard &



1 Poor's Ratings Group and at least "Aa" by Moody's Investors  
2 Service.

3 (23) REFUNDING BONDS. Those refunding bonds issued  
4 under the provisions of this act.

5 (24) STATE. The State of Alabama.

6 (25) TRUST FUND. The Education Trust Fund, formerly  
7 designated as the Alabama Special Educational Trust Fund, the  
8 name of which was changed to the Education Trust Fund,  
9 effective October 1, 1996, pursuant to Act No. 95-264 enacted  
10 at the 1995 Regular Session of the Legislature.

11 (b) Nouns and pronouns when used in this act shall  
12 be deemed to include both singular and plural and all  
13 applicable genders.

14 Section 2. The purpose of this act is to provide  
15 funds for renovating entrances to certain public K-12 school  
16 facilities to minimize unrestricted access by intruders and  
17 unauthorized adults.

18 Section 3. The Legislature finds that students are  
19 attending certain K-12 school facilities that do not have  
20 entrances that would impede access by adults bent on  
21 inflicting physical or emotional harm to students or school  
22 staff.

23 Section 4. (a) The authority is hereby authorized to  
24 sell and issue its bonds in the aggregate principal amount of  
25 up to fifty million dollars (\$50,000,000) to provide funds to  
26 secure entrances in certain public K-12 school facilities. The  
27 bonds authorized in this act to be issued by the authority

1 shall be in addition to all other bonds previously authorized  
2 to be issued by the authority, and the powers conferred on the  
3 authority by this act are in addition to all other powers  
4 heretofore conferred on the authority by acts heretofore  
5 enacted by the Legislature.

6 (b) Proceeds from the sale of the bonds and the  
7 earnings thereon shall be paid out from time to time on orders  
8 or warrants issued by or at the direction of the authority to  
9 reimburse local boards of education for authorized  
10 expenditures for renovations to existing public school  
11 facilities in order to enhance the security of entrances that  
12 are needed to ensure the safety of students. Specifically, the  
13 proceeds from the sale of the bonds and the earnings thereof  
14 shall be distributed to the State Department of Education to  
15 be allocated as follows:

16 (1) Ten million dollars (\$10,000,000) to be  
17 allocated to each local board of education, pro rata, based on  
18 the number of students in each local board of education's  
19 Foundation Program Fund calculation for the 2013-2014 school  
20 year; and

21 (2) Forty million dollars (\$40,000,000) to be  
22 allocated by utilizing needs assessments provided to the  
23 department by local education agencies. The authority shall  
24 authorize grants to reimburse local boards of education for  
25 facility renovations as specified in subsection (c).

26 (c) The State Superintendent of Education shall  
27 designate the priority and amounts of grants to be provided to

1 local boards of education to providing secure entrances for  
2 certain facilities based on a needs assessment. The needs  
3 assessment shall give priority to renovation of entrances in  
4 the schools for local boards of education that could not  
5 afford the renovation costs without access to the grants  
6 provided by this act.

7 (1) Local education agencies applying for grants  
8 from the department shall provide detailed cost estimates and  
9 other information required by the department to determine the  
10 allocation of grants provided by this act.

11 (4) Funds allocated to local education agencies in  
12 subdivision (1) of subsection (b) may be expended for other  
13 demonstrated security needs including, but not limited to,  
14 surveillance cameras, metal detectors, and other safety  
15 equipment, if the local education agency certifies to the  
16 Department that all public K-12 school facilities have secure  
17 entrances that prevent unrestricted access to the school  
18 facilities.

19 Section 5. The bonds shall be signed by the  
20 president or vice president of the authority and the seal of  
21 the authority shall be affixed thereto (or a facsimile thereof  
22 imprinted thereon) and attested by its secretary. All  
23 signatures of the president, vice president, and secretary may  
24 be facsimile signatures if the authority, in its proceedings  
25 with respect to issuance, provides for manual authentication  
26 (which may be in the form of a certificate as to registration)  
27 of the bonds by a trustee, registrar, or paying agent or by

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

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

14 Section 6. The bonds may be sold by the authority  
15 from time to time in series, and if sold in more than one  
16 series, may all be authorized in one initial resolution of the  
17 authority with the pledges therefor made by the authority in  
18 such initial resolution although some of the details  
19 applicable to each series may be specified in the respective  
20 resolutions under which the different series are issued. The  
21 authority, in the course of establishing, by resolution, a  
22 principal amount of bonds to be authorized for sale at any  
23 given time, or to be sold in any series, may take into account  
24 the existence of any unexpended proceeds of prior issues of  
25 bonds of the authority (and of any other issuer, if such  
26 should be deemed by the authority to be relevant), and may  
27 structure the portions of the allocations provided for in

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

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

19 Section 7. For the purpose of providing for payment  
20 of the principal of, premium, if any, and interest on the  
21 bonds and to accomplish the objectives of this act, there is  
22 hereby irrevocably pledged to those purposes, and hereby  
23 appropriated, such amount as may be necessary therefor from  
24 the following sources:(a) The residue of the receipts from the  
25 excise tax ("the utility gross receipts tax") levied by  
26 Article 3, commencing with Section 40-21-80, Chapter 21, Title  
27 40, Code of Alabama 1975, as amended ("Article 3"), remaining

1 after payment of the expenses of administration and  
2 enforcement of Article 3, being that portion of the tax that  
3 is required by Article 3 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 the 1965 Act, 1971 Acts,  
8 the 1973 Act, the 1978 Act, the 1985 Act, the 1990 Act, the  
9 1995 Act, the 1998 Act, the 1999 Act, the 2001 Act, the 2002  
10 Act, the 2003 Act, the 2007 Act, the 2010 Act, or this act  
11 that may be outstanding at the time of the delivery of the  
12 respective series of the bonds authorized herein;

13 (b) The residue of the receipts from the excise tax  
14 ("the utility service use tax") levied by Article 4,  
15 commencing with Section 40-21-100, Chapter 21, Title 40, Code  
16 of Alabama 1975 ("Article 4"), remaining after payment of the  
17 expenses of administration and enforcement of Article 4, being  
18 that portion of the tax that is required by Article 4 to be  
19 deposited in the State Treasury to the credit of the trust  
20 fund, after there shall have been taken from the residue the  
21 amount necessary to pay at their respective maturities the  
22 principal of and interest on those bonds issued by the  
23 authority under the 1965 Act, the 1971 Acts, the 1973 Act, the  
24 1978 Act, the 1985 Act, the 1990 Act, the 1995 Act, the 1998  
25 Act, the 1999 Act, the 2001 Act, the 2002 Act, the 2003 Act,  
26 the 2007 Act, the 2010 Act, or this act that may be



1 outstanding at the time of the delivery of the respective  
2 series of the bonds authorized herein;

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

25 (d) To the extent and to the extent only that the  
26 revenues appropriated in the foregoing subsections (a), (b),  
27 and (c) may not be sufficient to pay at their respective

1 maturities the principal of, premium, if any, and the interest  
2 on the bonds, the residue of the receipts from the excise tax  
3 ("the use tax") levied by Article 2, commencing with Section  
4 40-23-60, Chapter 23, Title 40, Code of Alabama 1975, as  
5 amended ("Article 2"), after there shall have been taken from  
6 the residue the amount necessary to meet the expenses of the  
7 state Department of Revenue in collecting the use tax (which  
8 residue constitutes that portion of the receipts from the use  
9 tax that is now required by law to be paid into the trust  
10 fund), and after there shall have been taken from the residue  
11 such amounts as may be necessary to meet all prior charges on  
12 the use tax including the amounts sufficient to pay at their  
13 respective maturities the principal of and interest on those  
14 outstanding bonds referred to in subsection (c).

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

24 Section 8. The bonds shall not be general  
25 obligations of the authority but shall be limited obligations  
26 payable solely out of the residues of the tax receipts  
27 appropriated and pledged in Section 7. All bonds issued by the

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

17 Section 9. For the purpose of refunding any bonds or  
18 refunding bonds of the authority issued under the provisions  
19 of this act, the 1965 Act, the 1971 Acts, the 1973 Act, the  
20 1978 Act, the 1985 Act, the 1990 Act, the 1995 Act, the 1998  
21 Act, the 1999 Act, the 2001 Act, the 2002 Act, the 2003 Act,  
22 the 2007 Act, the 2010 Act, or any other act previously  
23 enacted, or any combination thereof, whether such refunding  
24 shall occur before, at or after the maturity of the bonds  
25 refunded and for the purpose of paying all premiums and  
26 expenses of the refunding (including, but not limited to,  
27 attorneys' fees, costs of printing the refunding bonds, fiscal

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

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

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

1 2002 Act, the 2003 Act, the 2007 Act, the 2010 Act, or this  
2 act, shall take precedence in the order of the adoption of the  
3 resolutions authorizing the issuance of such refunding bonds.  
4 Bonds refunded prior to their maturity with the proceeds of  
5 refunding bonds shall be deemed paid and the pledges herein  
6 and by the authority made for the payment thereof defeased if  
7 the authority, in its proceedings regarding issuance of the  
8 refunding bonds shall provide for and establishes a trust or  
9 escrow fund comprised of monies or government securities, or  
10 both, sufficient to pay, when due, the entire principal of,  
11 premium, if any, and interest on the bonds to be refunded  
12 thereby; provided, that such government securities shall not  
13 be subject to redemption prior to their maturities other than  
14 at the option of the holder thereof. Upon the establishment of  
15 such a trust or escrow fund, the refunded bonds shall no  
16 longer be deemed to be outstanding, shall no longer be secured  
17 by the funds pledged therefore in Section 7, shall no longer  
18 be obligations of the authority and shall be secured solely by  
19 and payable from monies and government securities deposited in  
20 such trust or escrow fund.

21 Section 10. (a) The proceeds derived from each sale  
22 of the bonds issued pursuant to this act shall be deposited  
23 into the State Treasury and shall be carried in a separate  
24 fund therein for the account of the authority, which shall pay  
25 the expenses of issuance therefrom. The expenses of issuance  
26 of the bonds shall be prorated among the recipients of the  
27 proceeds from the sale of the bonds in the same proportions as

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

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

12 Section 11. Not later than three years following  
13 allocation of bond proceeds as provided herein, the authority  
14 shall review the status of any unexpended allocations, and, at  
15 its sole discretion, determine if unexpended allocations or  
16 any portion thereof shall revert to the authority.

17 Section 12. Notwithstanding any of the foregoing and  
18 in addition to all powers heretofore granted to the authority,  
19 the authority is hereby expressly authorized to use the  
20 proceeds derived from the sale of bonds and income on  
21 permitted investments in accordance with the provisions of  
22 this act. Additionally, the authority is hereby expressly  
23 permitted to pay to the Department of Finance and the State  
24 Treasurer's Office, from time to time and from any funds  
25 available to the authority, amounts to offset costs incurred  
26 in the administration of the business of the authority. The  
27 cost of such compensation shall be prorated among the



1 recipients of proceeds of the bonds in the same manner as the  
2 expenses of issuance of the bonds are required hereby to be  
3 prorated.

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

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

18 Section 15. The authority is authorized to pay out  
19 of proceeds of any series of bonds the costs and expenses  
20 incurred in connection with the issuance of such bonds,  
21 including without limitation legal and accounting fees and  
22 expenses, fees, and expenses of any financial or fiscal  
23 advisor employed by the authority, printing costs, rating  
24 agency fees, and premiums or charges for any credit  
25 enhancement or liquidity providers. Notwithstanding any  
26 provision of this act or the 1965 Act, in appointing,  
27 employing, or contracting with attorneys, fiscal advisors,

1 trustees, paying agents, investment bankers, banks and  
2 underwriters, the authority may appoint, employ, or contract  
3 with firms whose principal offices are located without and/or  
4 within Alabama. The authority shall hire or contract with  
5 attorneys, fiscal advisors, trustees, paying agents,  
6 investment bankers, banks and underwriters which shall reflect  
7 the racial and ethnic diversity of the state. The authority  
8 shall issue requests for proposals for attorneys, fiscal  
9 advisors, trustees, paying agents, investment bankers, banks,  
10 and underwriters. The authority shall evaluate each proposed  
11 bid publicly and award each contract publicly. Minutes of the  
12 authority's meeting shall record the reasons for awarding each  
13 contract.

14 Section 16. In the event any section, sentence,  
15 clause or provision of this act shall be declared invalid by a  
16 court of competent jurisdiction, such action shall not affect  
17 the validity of the remaining sections, sentences, clauses, or  
18 provisions of this act, which shall continue effective.

19 Section 17. This act shall become effective  
20 immediately following its passage and approval by the  
21 Governor, or its otherwise becoming law.