SB242

204965-3

By Senators Orr, Allen, Livingston, Price, Albritton, Marsh, Holley, Butler, Chambliss, Jones, Figures, Smitherman, Gudger, Coleman-Madison, Burkette, Chesteen, Beasley, Elliott, Sanders-Fortier, Singleton, Reed, Sessions, Williams and Whatley

RFD: Finance and Taxation Education

First Read: 27-FEB-20
ENROLLED, An Act,

To authorize the Alabama Public School and College Authority to sell and issue $1,250,000,000 in aggregate principal amount of additional bonds for capital improvements for the support of public education and to use such funds for repayment of certain debt incurred for capital improvements; to provide funds for capital improvements for the public schools, the Alabama Community College System, and public institutions of higher education; to make an appropriation and pledge for payment of the principal of and premium, if any, and interest on the bonds from specific taxes necessary to pay the principal and interest at their respective maturities and to authorize the Authority to pledge for payment of the principal of and premium, if any, and interest on the bonds the funds that are appropriated and pledged; to provide that the bonds shall not constitute a debt of the state but shall be limited obligations payable out of the funds appropriated and pledged therefor; to provide that the bonds and income therefrom shall be exempt from all taxation in this state; to authorize the Authority to issue refunding bonds and give details of such refunding; to authorize the Authority to allocate bond proceeds; and to provide that if any portion of
this Act should be held invalid such holding shall not affect
the validity of any other portion thereof.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Short Title.

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

Section 2. Definitions.

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

(1) "1965 Act" means Act No. 243 enacted at the 1965
First Special Session of the Legislature, codified as Title

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

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

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


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


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


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

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


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

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

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

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

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

(23) "Permitted Investments" means (i) Government Securities; (ii) bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Bank for Cooperatives; Federal Intermediate Credit Banks; Federal Financing Bank; Federal Home Loan Banks; Federal Farm Credit Bank; Export-Import Bank of the United States; Federal Land Banks; or Farmers Home Administration or any other agency or corporation which has been or may hereafter be created by or pursuant to an act of the Congress of the United States as an agency or instrumentality thereof; (iii) bonds, notes, pass through securities or other evidences of indebtedness of
Government National Mortgage Association and participation
certificates of Federal Home Loan Mortgage Corporation; (iv)
time deposits evidenced by certificates of deposit issued by
banks or savings and loan associations which are members of
the Federal Deposit Insurance Corporation, provided that, to
the extent such time deposits are not covered by federal
deposit insurance, such time deposits (including interest
thereon) are fully secured in accordance with the SAFE Program
pursuant to Sections 41-14A-1 through 41-14A-14; (v)
government money market mutual funds; and (vi) repurchase
agreements for obligations of the type specified in clauses
(i), (ii), and (iii) above, provided such repurchase
agreements are fully collateralized and secured by such
obligations which have a market value at least equal to the
purchase price of such repurchase agreements which are held by
a depository satisfactory to the State Treasurer in such
manner as may be required to provide a perfected security
interest in such obligations, and which meet the greater of
100% collateralization or the "AA" or "Aa" collateral levels
established by Standard & Poor's Ratings Group or Moody's
Investors Service, respectively, for structured financings.

(24) “Prior Acts” means the 1965 Act, the 1971 Acts,
the 1973 Act, the 1978 Act, the 1985 Act, the 1990 Act, the
1995 Act, the 1998 Act, the 1999 Act, the 2001 Act, the 2002
(25) "Refunding Bonds" means those refunding bonds issued under the provisions of this act.

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

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

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

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

(a) The Authority is hereby authorized to sell and issue its Bonds in the aggregate principal amount of $1,250,000,000 and to apply the proceeds as provided in this Act, to include the following purposes: paying the costs of capital improvements for public education purposes in the State; and providing funds for the retirement of existing debt that has been incurred by recipients of allocations to pay for capital costs.

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

Section 4. Execution and Other Details of the Bonds.
The Bonds shall be signed by the president or
vice-president of the Authority, and the seal of the Authority
affixed thereto (or a facsimile thereof imprinted thereon) and
attested by its secretary. All signatures of the president,
vice-president, and secretary may be facsimile signatures if
the Authority, in its proceedings with respect to issuance,
provides for manual authentication (which may be in the form
of a certificate as to registration) of the Bonds by a
trustee, registrar or paying agent or by individuals named in
such proceedings who are employees of the State assigned to
the Finance Department or State Treasurer's Office of the
State. All Bonds bearing signatures or facsimiles of the
signatures of officers of the Authority in office on the date
of signing thereof shall be valid and binding notwithstanding
that before the delivery thereof and payment therefor, any
officer whose signature appears thereon shall have ceased to
be an officer of the Authority. The Bonds and the income
therefrom shall be exempt from all taxation in the State of
Alabama, may be used as security for deposits, and shall be
eligible for investments of fiduciary funds, as provided in
the 1965 Act. The Bonds shall be construed to have all the qualities and incidents of negotiable instruments subject to any registration provisions pertaining to transfers. The Authority and the Bonds shall be exempt from all laws of the State governing usury including, without limitation, the provisions of Title 8, Chapter 8, Code of Alabama 1975, or any subsequent statute of similar import. The Bonds shall be in such form or forms and denomination or denominations and of such tenor and maturities, shall bear such rate or rates of interest payable and evidenced in such manner, may be made subject to redemption prior to their maturities, and may contain provisions not inconsistent with this Act, all as may be provided by the resolution of the Authority under which the Bonds may be issued; provided, that no Bonds shall have a specified maturity date later than twenty years after their date; and provided further, that the period of time between the date of issuance of any Bonds and the first date on which such Bonds are subject to optional redemption by the Authority shall not be longer than ten years, and such optional redemption of Bonds shall be at such redemption price or prices and under such conditions as may be prescribed in the proceedings of the Authority under which they are issued. For the purpose of paying the principal of, premium, if any, and interest on the Bonds or any Refunding Bonds, the Authority shall designate the State Treasurer or such bank or banks as
the Authority, in its discretion, determines to be appropriate and desirable. Funds for the payment of debt service shall be transferred by the Authority or the State Treasurer on behalf of the Authority to the designated paying agent on the actual due date of such principal, premium, if any, or interest; provided, however, that if any bank has been designated as the paying agent with respect to any bonds, the Authority or the State Treasurer on behalf of the Authority shall make available to such bank, not later than one business day prior to the date on which any principal of or interest on such bonds is due and payable, funds sufficient to pay such principal and interest due on such date.

Section 5. Sale of the Bonds.

The Bonds may be sold by the Authority from time to time in series, and if sold in more than one series, may all be authorized in one initial resolution of the Authority with the pledges therefor made by the Authority in such initial resolution although some of the details applicable to each series may be specified in the respective resolutions under which the different series are issued. The Authority, in the course of establishing, by resolution, a principal amount of Bonds to be authorized for sale at any given time, or to be sold in any series, may take into account the existence of any unexpended proceeds of prior issues of bonds of the Authority (and of any other issuer, if such should be deemed by the
Authority to be relevant), and may structure the portions of
the allocations provided for in Section 9 of this Act to be
distributed from the proceeds of a particular series
(constituting less than all the Bonds authorized by this Act)
as the Authority deems necessary or prudent in order to enable
the Authority to comply with any tax covenants that may be
required of it, or that may be deemed by it to be prudent to
be given by it, in connection with the sale of any series of
the Bonds. Each series of the Bonds shall be sold on a
competitive basis or on a negotiated basis, as determined by
the Authority. The Authority may fix the method and the terms
and conditions under which the sale of any series of the Bonds
may be held; provided that such terms and conditions shall not
conflict with any requirement of this Act. Approval by the
Governor of Alabama of the terms and conditions under which
any of the Bonds may be issued shall be requisite to their
validity. Before any series of the Bonds shall be offered for
sale by the Authority, the Governor shall first determine that
the issuance of that series of Bonds and the application of
the taxes pledged to the payment of the principal of the Bonds
as they mature and the interest thereon as the same shall come
due will not impair the adequacy of the Trust Fund to pay
appropriations therefrom and to support the public schools and
institutions of higher learning during the period over which
the Bonds will mature. The Governor's determination in this
regard shall be in writing signed by the Governor and such
determination shall be final and conclusive. Neither a public
hearing nor consent of the State Department of Finance or any
other department or agency shall be a prerequisite to the
issuance of any of the Bonds.

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

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

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

(b) The residue of the receipts from the excise tax ("the utility service use tax") levied by Title 40, Chapter 21, Article 4, Code of Alabama 1975 ("Article 4"), remaining after payment of the expenses of administration and enforcement of Article 4, being that portion of the tax that is required by Article 4 to be deposited in the State Treasury to the credit of the Trust Fund, after there shall have been taken from the residue the amount necessary to pay at their respective maturities the principal of and interest on those bonds issued by the Authority under this Act or under the Prior Acts that may be outstanding at the time of the delivery of the respective series of the Bonds or Refunding Bonds authorized herein;

(c) To the extent only that the revenues appropriated in the foregoing subsections (a) and (b) of this Section may not be sufficient to pay at their respective maturities the principal of, premium, if any, and interest on the Bonds and the Refunding Bonds, the residue of the receipts from the excise tax ("the sales tax") levied by Title 40, Chapter 23, Article 1, Division 1, Code of Alabama 1975, as amended ("Article 1"), after there shall have been taken from the residue the amounts appropriated for other educational purposes in Section 40-23-35, Code of Alabama 1975 (which
residue constitutes that portion of the receipts from the
sales tax that is now required by law to be paid into the
Trust Fund), and after there shall have been taken from the
residue amounts sufficient to meet all prior charges on the
residue including such amounts as may be necessary to pay at
their respective maturities the principal of and interest on
those bonds issued by the Authority under this Act or under
the Prior Acts that may be outstanding at the time of the
delivery of the respective series of the Bonds or Refunding
Bonds authorized herein; and

(d) To the extent only that the revenues
appropriated in the foregoing subsections (a), (b), and (c) of
this Section may not be sufficient to pay at their respective
maturities the principal of, premium, if any, and the interest
on the Bonds and the Refunding Bonds, the residue of the
receipts from the excise tax ("the use tax") levied by Title
40, Chapter 23, Article 2, Code of Alabama 1975, as amended
("Article 2"), after there shall have been taken from the
residue the amount necessary to meet the expenses of the State
Department of Revenue in collecting the use tax (which residue
constitutes that portion of the receipts from the use tax that
is now required by law to be paid into the Trust Fund), and
after there shall have been taken from the residue such
amounts as may be necessary to meet all prior charges on the
use tax including the amounts sufficient to pay at their
respective maturities the principal of and interest on those
bonds issued by the Authority under this Act or under the
Prior Acts that may be outstanding at the time of the delivery
of the respective series of the Bonds or Refunding Bonds
authorized herein. All monies hereby appropriated and pledged
shall constitute a sinking fund for the purpose of paying the
principal of and premium, if any, and interest on the Bonds
and the Refunding Bonds. The State Treasurer is authorized and
directed to pay at their respective maturities the principal
of and premium, if any, and interest on the Bonds and the
Refunding Bonds out of this fund and out of the residues of
the tax receipts herein appropriated and pledged for the
benefit of the Bonds and the Refunding Bonds, and is further
authorized and directed to set up and maintain appropriate
records pertaining thereto.

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

The Bonds and the Refunding Bonds shall not be
general obligations of the Authority but shall be limited
obligations payable solely out of the residues of the tax
receipts appropriated and pledged in Section 6 of this Act.
All Bonds and Refunding Bonds issued by the Authority pursuant
to the provisions of this Act shall be solely and exclusively
obligations of the Authority and shall not constitute or
create an obligation or debt of the State. As security for the
payment of the principal of, premium, if any, and interest on
the Bonds and the Refunding Bonds, the Authority is hereby
authorized and empowered to pledge the residues of the tax
receipts that are appropriated and pledged in Section 6 hereof
for such purposes. All such pledges made by the Authority
shall take precedence in the order of the adoption of the
resolutions containing the pledges. For purposes of clarity, a
pledge made by the Authority pursuant to this Act shall be
prior and superior to any pledges made for any bonds issued by
the Authority under the provisions of any of the Prior Acts or
any other Act heretofore enacted, if such pledge made pursuant
to this Act is for Bonds or Refunding Bonds for which a
resolution is adopted prior to the adoption of the resolution
for the issuance of bonds issued by the Authority under the
provisions of any of the Prior Acts or any other Act
heretofore enacted.

Section 8. Refunding Bonds.

For the purpose of refunding any bonds or refunding
bonds of the Authority issued under the provisions of this
Act, the Prior Acts or any other Act previously enacted, or
any combination thereof, whether such refunding shall occur
before, at or after the maturity of the bonds refunded and for
the purpose of paying all premiums and expenses of such
refunding (including, but not limited to, attorneys' fees, costs of printing the Refunding Bonds, financial or fiscal advisors' fees, and accountants' fees), the Authority is hereby authorized to sell and issue its Refunding Bonds in one or more series, and if sold in more than one series, may all be authorized in one initial resolution of the Authority with the pledges therefor made by the Authority in such initial resolution although some of the details applicable to each series may be specified in the respective resolutions under which the different series are issued. Such Refunding Bonds shall be sold on a competitive basis or on a negotiated basis, as determined by the Authority. The Authority may fix the method and the terms and conditions under which the sale of any series of the Refunding Bonds may be held; provided that such terms and conditions shall not conflict with any requirement of this Act. Provided, however, no Refunding Bonds shall be issued unless the present value of the aggregate debt service on the Refunding Bonds (computed with a discount rate equal to the yield of the Refunding Bonds, calculated in accordance with Section 148 of the Internal Revenue Code) shall not be greater than 97 percent of the present value of the aggregate debt service on the bonds to be refunded (computed with a discount rate equal to the yield of the Refunding Bonds, calculated in accordance with Section 148 of the Internal Revenue Code) determined as if such bonds to be
refunded were paid and retired in accordance with the schedule of maturities (considering mandatory redemption as scheduled maturity) provided at the time of their issuance. Provided further that the average maturity of the Refunding Bonds, as measured from the date of issuance of such Refunding Bonds, shall not exceed by more than three years the average maturity of the bonds to be refunded, as also measured from such date of issuance, with the average maturity of any principal amount of bonds to be determined by multiplying the principal of each maturity by the number of years (including any fractional part of a year) intervening between such date of issuance and each such maturity, taking the sum of all such products, and then dividing such sum by the aggregate principal amount of bonds for which the average maturity is to be determined. Pending the application of the proceeds of Refunding Bonds issued in accordance with this Section, the proceeds, together with investment earnings therefrom, and amounts in any sinking fund, together with investment earnings thereon, may be held by the State Treasurer as treasurer of the Authority in trust, or may be deposited by the State Treasurer in trust, on such terms as the State Treasurer and the Authority shall approve, with a trustee or escrow agent, which trustee or escrow agent shall be a banking institution or trust company authorized to exercise trust powers in Alabama, for investment in Permitted Investments. Proceeds of Refunding Bonds shall be so invested
and applied as to assure that the principal, interest, and 
redemption premium, if any, on the bonds being refunded shall 
be paid in full on the respective maturity, redemption, or 
interest payment dates. Refunding Bonds issued by the 
Authority shall not be general obligations of the Authority 
but shall be payable solely from the sources specified in this 
Act and in the proceedings whereby the Refunding Bonds are 
authorized to be issued. All Refunding Bonds issued by the 
Authority shall be solely and exclusively obligations of the 
Authority and shall not create debts of the State of Alabama. 
The faith and credit of the State of Alabama shall never be 
pledged for the payment of any Refunding Bonds issued by the 
Authority under this Act. The Authority may contract with 
respect to the safekeeping and application of the proceeds of 
Refunding Bonds and other funds included therewith and the 
income therefrom, and shall have the right and power to 
appoint a trustee therefore, which may be any bank or company 
authorized to exercise trust powers and located within and/or 
without the State. All other provisions of this Act shall 
apply to the Refunding Bonds issued hereunder except (a) the 
limitation contained in Section 3 of this Act on the amount of 
Bonds that may be issued under this Act and (b) the provisions 
of Section 9 of this Act. Any bonds refunded prior to their 
maturity with the proceeds of Refunding Bonds shall be deemed 
paid and the pledges herein and by the Authority made for the
payment thereof defeased if the Authority, in its proceedings regarding issuance of the Refunding Bonds shall provide for and establish a trust or escrow fund comprised of monies or Government Securities, or both, sufficient to pay, when due, the entire principal of and premium, if any, and interest on the bonds to be refunded thereby; provided, that such Government Securities shall not be subject to redemption prior to their maturities other than at the option of the holder thereof. Upon the establishment of such a trust or escrow fund, the refunded bonds shall no longer be deemed to be outstanding, shall no longer be secured by the funds pledged therefor in Section 6 of this Act, shall no longer be obligations of the Authority and shall be secured solely by and payable from monies and Government Securities deposited in such trust or escrow fund.

Section 9. Use of Bond Proceeds.

(a) The proceeds derived from each sale of the Bonds issued pursuant to this Act shall be deposited in the State Treasury and shall be carried in a separate fund therein for the account of the Authority, which shall pay the expenses of issuance therefrom. The expenses of issuance of the Bonds shall be prorated among the recipients of the proceeds from the sale of the Bonds in proportions they receive allocations of the proceeds thereunder. The proceeds from the sale of the Bonds remaining after payment of the expenses of issuance
thereof shall be retained in said fund and, until they are paid out, shall be invested by the State Treasurer at the direction of the Authority in Permitted Investments maturing at such time or times as the Authority shall direct.

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

(l) Nine hundred twelve million one hundred twenty-five thousand dollars ($912,125,000) to be allocated and expended on behalf of the K-12 public schools in this state, as follows:

a. Four hundred thousand dollars ($400,000) to be allocated and expended on behalf of each state-supported local education agency, special department district, and separate school with its own board of directors or trustees established pursuant to legislative act, in the state.

b. Four hundred twenty-six million six hundred sixty-two thousand five hundred dollars ($426,662,500) to be allocated and expended on behalf of state-supported local education agencies, special department district, and separate school with its own board of directors or trustees established pursuant to legislative act pro rata, based on the 2019-2020 first 20 scholastic days after Labor Day of average daily
membership of public schools, or anticipated 2020 enrollment of a separate school with no 2019-2020 average daily membership, to pay the cost of capital improvements.

c. Four hundred twenty-six million six hundred sixty-two thousand five hundred dollars ($426,662,500) to be allocated and expended on behalf of local education agencies, and separate school with its own board of directors or trustees established pursuant to legislative act based on their respective share of the allocation of the Public School Fund for the fiscal year ending September 30, 2020, to pay the cost of capital improvements.

(2) One hundred twenty million fifty thousand eight hundred seventy-nine dollars ($120,050,879) to be allocated and expended on behalf of the Alabama Community College System for capital improvements.

(3) Two hundred seventeen million eight hundred twenty-four thousand one hundred twenty-one dollars ($217,824,121) to be allocated and expended for capital improvements on behalf of higher education to colleges and universities as follows:

<table>
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<tr>
<th>Institution</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Alabama A &amp; M University</td>
<td>$7,412,935</td>
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<tr>
<td>Alabama State University</td>
<td>$5,675,936</td>
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<td>Athens State University</td>
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<tr>
<td>Auburn University</td>
<td>$36,414,835</td>
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<tr>
<td>Institution</td>
<td>Amount</td>
</tr>
<tr>
<td>-------------------------------------------------</td>
<td>------------</td>
</tr>
<tr>
<td>Auburn University at Montgomery</td>
<td>$7,574,052</td>
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<td>Jacksonville State University</td>
<td>$11,979,462</td>
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<tr>
<td>Tuskegee University</td>
<td>$1,216,350</td>
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<tr>
<td>Troy University</td>
<td>$21,317,367</td>
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<td>University of Alabama at Birmingham</td>
<td>$27,972,283</td>
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<td>University of Alabama in Huntsville</td>
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<td>University of Montevallo</td>
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<td>University of South Alabama</td>
<td>$18,159,466</td>
</tr>
<tr>
<td>University of West Alabama</td>
<td>$7,165,888</td>
</tr>
</tbody>
</table>

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

Section 10. (a) Should Bond proceeds exceed $1,250,000,000 due to receipt of original issue premium in connection with sale of Bonds or due to any other reason, such
Bond proceeds in excess of $1,250,000,000 shall be allocated by the Authority in a resolution adopted by the board of directors of the Authority.

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

Section 11. Notwithstanding any of the foregoing and in addition to all powers heretofore granted to the Authority, the Authority is hereby expressly authorized to use the proceeds derived from the sale of Bonds and income on Permitted Investments in accordance with the provisions of this Act. The preparation of all plans and specifications for any building constructed wholly or in part with any of the monies realized from the sale of any of the Bonds and all work done pursuant to expenditure of the proceeds thereof in regard to the construction, reconstruction, alteration, improvement, and equipping (not including furnishings) of buildings shall comply with the requirements of Sections 39-1-1 through 39-8-8 Code of Alabama 1975 and Section 41-4-400 Code of Alabama 1975. Additionally, the Authority is hereby expressly permitted to pay to the Department of Finance and the State Treasurer's Office, from time to time and from any funds
available to the Authority, amounts to offset costs incurred in the administration of the business of the Authority. The cost of such compensation shall be prorated among the recipients of proceeds of the Bonds in the same manner as the expenses of issuance of the Bonds are required hereby to be prorated.

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

Section 13. Tax Exemption.

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

Section 14. Issuance Expenses; Contracts and Appointments.

The Authority is authorized to pay out of proceeds of any series of Bonds or Refunding Bonds the costs and
expenses incurred in connection with the issuance of such Bonds or Refunding Bonds, including without limitation legal and accounting fees and expenses, fees and expenses of any financial or fiscal advisor employed by the Authority, printing costs, rating agency fees, and premiums or charges for any credit enhancement or liquidity providers. Notwithstanding any provision of this Act or the 1965 Act, in appointing, employing, or contracting with attorneys, financial or fiscal advisors, trustees, paying agents, investment bankers, banks and underwriters, the Authority may appoint, employ or contract with firms whose principal offices are located without or within Alabama. The Authority shall hire or contract with attorneys, financial or fiscal advisors, trustees, paying agents, investment bankers, banks, and underwriters which shall reflect the racial and ethnic diversity of the state.

Section 15. Order of Issuance.

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

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

Section 17. This act shall become effective immediately upon its passage and approval by the Governor, or upon its otherwise becoming law.
President and Presiding Officer of the Senate

Speaker of the House of Representatives

SB242
Senate 04-MAY-20
I hereby certify that the within Act originated in and passed the Senate, as amended.

Patrick Harris,
Secretary.

House of Representatives
Passed: 07-MAY-20

By: Senator Orr