

1 HB304
2 136865-2
3 By Representatives Ford and Galliher
4 RFD: Ways and Means Education
5 First Read: 14-FEB-12

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8 SYNOPSIS: This bill would authorize the Alabama Public
9 School and College Authority to sell and assume
10 fifty million dollars (\$50,000,000) aggregate
11 principal amount of bonds, for the following
12 purposes: To provide funds to pay the cost of
13 capital improvements for public education and for
14 capital improvements for training workers for new
15 or existing industries.

16
17 A BILL
18 TO BE ENTITLED
19 AN ACT
20

21 To authorize the Alabama Public School and College
22 Authority to sell and issue fifty million dollars
23 (\$50,000,000) in aggregate principal amount of additional
24 bonds for capital improvements for the support of public
25 education; to provide funds for capital improvements for the
26 K-12 public schools; to provide funds for capital improvements
27 for training workers for new and existing industries; to

1 authorize the authority to reimburse the Department of
2 Finance, and the State Treasurer's office for costs incurred
3 in providing services for the authority; to authorize the
4 authority to provide for the details of the bonds and the sale
5 and issuance thereof; to make an appropriation and pledge for
6 payment of the principal and interest on the bonds from
7 specific taxes necessary to pay the principal and interest at
8 their respective maturities and authorize the authority to
9 pledge for payment of the principal and interest on the bonds
10 the funds that are appropriated and pledged; to provide for
11 the investment of funds by the State Treasurer; to provide
12 that the bonds shall not constitute a debt of the state but
13 shall be limited obligations payable out of the funds
14 appropriated and pledged therefor; to provide that the bonds
15 and income therefrom shall be exempt from all taxation in this
16 state and that the bonds may be used to secure deposits of
17 funds of this state and its political subdivisions,
18 instrumentalities, and agencies and for investment of
19 fiduciary funds; to authorize the authority to establish
20 procedures and requirements to ensure compliance with the tax
21 covenants with which the authority must comply; to exempt the
22 bonds from the usury laws of the state; to authorize the
23 authority to issue refunding bonds and give the details of
24 such refunding; to provide for the employment of attorneys,
25 fiscal advisors, trustees, paying agents, investment bankers,
26 banks, and underwriters and for the payment of all expenses
27 incurred in the issuance of the bonds; to provide that after

1 payment of the expenses of the issuance of the bonds the
2 proceeds from the sale thereof shall be disbursed on order or
3 warrants issued by or under the direction of the authority for
4 the purposes for which the bonds are authorized to be issued;
5 to provide for the timely expenditure of the proceeds from the
6 sale of the bonds; to provide for use of amounts repaid to the
7 authority by local boards of education and to provide that if
8 any portion of this act should be held invalid such holding
9 shall not affect the validity of any other portion thereof;
10 and to require all projects using bond proceeds to have all
11 equipping of building to be supervised by the State Building
12 Commission and to provide for the payments of its reasonable
13 cost in reviewing contract documents and supervising and
14 inspecting the work.

15 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

16 Section 1. Short Title. This act shall be known and
17 may be cited as the Education Training Act of 2012.

18 Section 2. Definitions. Wherever used in this act,
19 the following terms shall have the following meanings,
20 respectively, unless the context clearly indicates otherwise:

21 (1) "1965 Act" means Act 243 enacted at the 1965
22 First Special Session of the Legislature, codified as Title
23 16, Chapter 16, Code of Alabama 1975.

24 (2) "1971 Acts" means Act 94 enacted at the 1971
25 First Special Session of the Legislature, Act 2428 enacted at
26 the 1971 Regular Session of the Legislature, and Act 56
27 enacted at the 1971 Second Special Session of the Legislature.

1 (3) "1973 Act" means Act 1277 enacted at the 1973
2 Regular Session of the Legislature as amended by Act 73
3 enacted at the 1975 Third Special Session of the Legislature
4 and Act 1223 enacted at the 1975 Regular Session of the
5 Legislature.

6 (4) "1978 Act" means Act 138 enacted at the 1978
7 Second Special Session of the Legislature, as amended by Act
8 79-41 enacted at the 1979 Special Session of the Legislature
9 and Act 81-827 enacted at the 1981 Regular Session of the
10 Legislature.

11 (5) "1985 Act" means Act 85-943 enacted at the 1985
12 Second Special Session of the Legislature.

13 (6) "1990 Act" means Act 90-280 enacted at the 1990
14 Regular Session of the Legislature.

15 (7) "1995 Act" means Act 95-752 enacted at the 1995
16 Regular Session of the Legislature.

17 (8) "1998 Act" means Act 98-373 enacted at the 1998
18 Regular Session of the Legislature.

19 (9) "1999 Act" means Act 99-348 enacted at the 1999
20 Regular Session of the Legislature.

21 (10) "2001 Act" means Act 2001-668 enacted at the
22 2001 Regular Session of the Legislature.

23 (11) "2002 Act" means Act 2002-240 enacted at the
24 2002 Regular Session of the Legislature.

25 (12) "2003 Act" means Act 2003-436 enacted at the
26 2003 Second Special Session of the Legislature.

1 (13) "2007 Act" means Act 2007-415 enacted at the
2 2007 Regular Session of the Legislature.

3 (14) AUTHORITY. Alabama Public School and College
4 Authority.

5 (15) BONDS. Except where that word is used with
6 reference to bonds issued under another act means those bonds,
7 other than refunding bonds, issued under the provisions of
8 this act.

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

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

26 (18) GOVERNMENT SECURITIES. Any bonds or other
27 obligations which as to principal and interest constitute

1 direct obligations of, or are unconditionally guaranteed by,
2 the United States of America, including obligations of any
3 federal agency to the extent such obligations are
4 unconditionally guaranteed by the United States of America and
5 any certificates or any other evidences of an ownership
6 interest in such obligations of, or unconditionally guaranteed
7 by, the United States of America or in specified portions
8 thereof, which may consist of the principal thereof or the
9 interest thereon.

10 (19) LEGISLATURE. The Legislature of Alabama.

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

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

1 collateral levels established by Standard & Poor's Ratings
2 Group for structured financings; and (viii) uncollateralized
3 investment agreements with, or certificates of deposit issued
4 by, banks or bank holding companies, the senior long-term
5 securities of which are rated at least "AA" by Standard &
6 Poor's Ratings Group and at least "Aa" by Moody's Investors
7 Service.

8 (21) REFUNDING BONDS. Those refunding bonds issued
9 under the provisions of this act.

10 (22) STATE. The State Alabama.

11 (23) TRUST FUND. The Education Trust Fund, formerly
12 designated as the Alabama Special Educational Trust Fund, the
13 name of which was changed to the Education Trust Fund,
14 effective October 1, 1996, pursuant to Act 95-264 enacted at
15 the 1995 Regular Session of the Legislature.

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

18 (a) The authority is hereby authorized to sell and
19 issue its bonds in the aggregate principal amount of fifty
20 million dollars (\$50,000,000) and to apply the proceeds as
21 provided in this act, to include the following purposes:
22 Paying the costs of capital improvements for public education
23 purposes in the state; providing funds for capital
24 improvements for workforce development in the public high
25 schools and K-12 career tech centers of the state and for
26 certain industries of the state.

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

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

8 The bonds shall be signed by the president or vice president
9 of the authority, and the seal of the authority affixed
10 thereto, or a facsimile thereof imprinted thereon, and
11 attested by its secretary. All signatures of the president,
12 vice president, and secretary may be facsimile signatures if
13 the authority, in its proceedings with respect to issuance,
14 provides for manual authentication, which may be in the form
15 of a certificate as to registration, of the bonds by a
16 trustee, registrar, or paying agent or by named individuals
17 who are employees of the state and who are assigned to the
18 Finance Department or State Treasurer's office of the state.
19 All bonds bearing signatures or facsimiles of the signatures
20 of officers of the authority in office on the date of signing
21 thereof shall be valid and binding notwithstanding that before
22 the delivery thereof and payment therefor, any officer whose
23 signature appears thereon shall have ceased to be an officer
24 of the authority. The bonds and the income therefrom shall be
25 exempt from all taxation in the State of Alabama, may be used
26 as security for deposits, and shall be eligible for
27 investments of fiduciary funds, as provided in the 1965 Act.

1 The bonds shall be construed to have all the qualities and
2 incidents of negotiable instruments subject to any
3 registration provisions pertaining to transfers. The authority
4 and the bonds shall be exempt from all laws of the state
5 governing usury including, without limitation, the provisions
6 of Title 8, Chapter 8, Code of Alabama 1975, or any subsequent
7 statute of similar import. The bonds shall be in such form or
8 forms and denomination or denominations and of such tenor and
9 maturities, shall bear such rate or rates of interest payable
10 and evidenced in such manner, may be made subject to
11 redemption prior to their maturities, and may contain
12 provisions not inconsistent with this act, all as may be
13 provided by the resolution of the authority under which the
14 bonds may be issued; provided, that no bonds shall have a
15 specified maturity date later than 20 years after their date;
16 and provided further, that those bonds having maturities more
17 than 10 years after their date shall be subject to redemption
18 at the option of the authority on any date on and after the
19 tenth anniversary after their date at such redemption price or
20 prices and under such conditions as may be prescribed in the
21 proceedings of the authority under which they are issued. For
22 the purpose of paying the principal of, premium, if any, and
23 interest on the bonds or any refunding bonds, the authority
24 shall designate the State Treasurer or such bank or banks as
25 the authority, in its discretion, determines to be appropriate
26 and desirable. Funds for the payment of debt service shall be
27 transferred by the authority or the State Treasurer on behalf

1 of the authority to the designated paying agent on the actual
2 due date of such principal, premium, if any, or interest.

3 Section 5. Sale of the Bonds. The bonds may be sold
4 by the authority from time to time in series, and if sold in
5 more than one series, may all be authorized in one initial
6 resolution of the authority with the pledges therefor made by
7 the authority in such initial resolution although some of the
8 details applicable to each series may be specified in the
9 respective resolutions under which the different series are
10 issued. The authority, in the course of establishing, by
11 resolution, a principal amount of bonds to be authorized for
12 sale at any given time, or to be sold in any series, may take
13 into account the existence of any unexpended proceeds of prior
14 issues of bonds of the authority, and of any other issuer, if
15 such should be deemed by the authority to be relevant, and may
16 structure the portions of the allocations provided for in
17 Section 9 of this act to be distributed from the proceeds of a
18 particular series, constituting less than all the bonds
19 authorized by this act, as the authority deems necessary or
20 prudent in order to enable the authority to comply with any
21 tax covenants that may be required of it, or that may be
22 deemed by it to be prudent to be given by it, in connection
23 with the sale of any series of the bonds. Each series of the
24 bonds shall be sold competitively only at public sale, on
25 sealed bids which may be submitted either electronically or in
26 writing, after such advertisement as shall be prescribed by
27 the authority and at such time or times as the authority may

1 consider advantageous, to the bidder whose bid reflects the
2 lowest true interest cost to the authority computed to the
3 respective maturities of the bonds being sold, considering
4 mandatory redemption as scheduled maturity; provided, that if
5 no bid deemed acceptable by the authority is received it may
6 reject all bids. The authority may fix the method and the
7 terms and conditions under which the sale of any series of the
8 bonds may otherwise be held; provided that such terms and
9 conditions shall not conflict with any requirement of this
10 act. Approval by the Governor of Alabama of the terms and
11 conditions under which any of the bonds may be issued shall be
12 requisite to their validity. Before any series of the bonds
13 shall be offered for sale by the authority, the Governor shall
14 first determine that the issuance of that series of bonds and
15 the application of the taxes pledged to the payment of the
16 principal of the bonds as they mature and the interest thereon
17 as the same shall come due will not impair the adequacy of the
18 Trust Fund to pay appropriations therefrom and to support the
19 public schools and institutions of higher learning during the
20 period over which the bonds will mature. The Governor's
21 determination in this regard shall be in writing signed by the
22 Governor and such determination shall be final and conclusive.
23 Neither a public hearing nor consent of the State Department
24 of Finance or any other department or agency shall be a
25 prerequisite to the issuance of any of the bonds.

26 Section 6. Appropriation of Revenues to the
27 Authority; Pledge Thereof for the Benefit of the Bonds. For

1 the purpose of providing for payment of the principal,
2 premium, if any, and interest on the bonds, and to accomplish
3 the objectives of this act, there is hereby irrevocably
4 pledged to those purposes, and hereby appropriated, such
5 amount as may be necessary therefor from the following
6 sources:

7 (1) The residue of the receipts from the excise tax,
8 the utility gross receipts tax, levied by Title 40, Chapter
9 21, Article 3, Code of Alabama 1975, as amended, Article 3,
10 remaining after payment of the expenses of administration and
11 enforcement of Article 3, being that portion of the tax that
12 is required by Article 3 to be deposited in the State Treasury
13 to the credit of the Trust Fund, after there shall have been
14 taken from the residue the amount necessary to pay at their
15 respective maturities the principal of and interest on those
16 bonds issued by the authority under the 1965 Act, the 1971
17 Acts, the 1973 Act, the 1978 Act, the 1985 Act, the 1990 Act,
18 the 1995 Act, the 1998 Act, the 1999 Act, the 2001 Act, the
19 2002 Act, the 2003 Act, the 2007 Act, or this act that may be
20 outstanding at the time of the delivery of the respective
21 series of the bonds authorized herein.

22 (2) The residue of the receipts from the excise tax,
23 the utility service use tax, levied by Title 40, Chapter 21,
24 Article 4, Code of Alabama 1975, Article 4, remaining after
25 payment of the expenses of administration and enforcement of
26 Article 4, being that portion of the tax that is required by
27 Article 4 to be deposited in the State Treasury to the credit

1 of the Trust Fund, after there shall have been taken from the
2 residue the amount necessary to pay at their respective
3 maturities the principal of and interest on those bonds issued
4 by the authority under the 1965 Act, the 1971 Acts, the 1973
5 Act, the 1978 Act, the 1985 Act, the 1990 Act, the 1995 Act,
6 the 1998 Act, the 1999 Act, the 2001 Act, the 2002 Act, the
7 2003 Act, the 2007 Act, or this act that may be outstanding at
8 the time of the delivery of the respective series of the bonds
9 authorized herein.

10 (3) To the extent and to the extent only that the
11 revenues appropriated in the foregoing subdivisions (1) and
12 (2) of this section may not be sufficient to pay at their
13 respective maturities the principal of, premium, if any, and
14 interest on the bonds, the residue of the receipts from the
15 excise tax, the sales tax, levied by Title 40, Chapter 23,
16 Article 1, Division 1, Code of Alabama 1975, as amended,
17 Article 1, after there shall have been taken from the residue
18 the amounts appropriated for other educational purposes in
19 Section 40-23-35, Code of Alabama 1975, which residue
20 constitutes that portion of the receipts from the sales tax
21 that is now required by law to be paid into the Trust Fund,
22 and after there shall have been taken from the residue amounts
23 sufficient to meet all prior charges on the residue including
24 such amounts as may be necessary to pay at their respective
25 maturities the principal of and interest on those bonds issued
26 by the authority under the 1965 Act, the 1971 Acts, the 1973
27 Act, the 1978 Act, the 1985 Act, the 1990 Act, the 1995 Act,

1 the 1998 Act, the 1999 Act, the 2001 Act, the 2002 Act, the
2 2003 Act, the 2007 Act, or this act that may be outstanding at
3 the time of the delivery of the respective series of the bonds
4 authorized herein.

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

22 All monies hereby appropriated and pledged shall
23 constitute a sinking fund for the purpose of paying the
24 principal of, premium, if any, and interest on the bonds. The
25 State Treasurer is authorized and directed to pay at their
26 respective maturities the principal of, premium, if any, and
27 interest on the bonds out of this fund and out of the residues

1 of the tax receipts herein appropriated and pledged for the
2 benefit of the bonds, and is further authorized and directed
3 to set up and maintain appropriate records pertaining thereto.

4 Section 7. Bonds to be Payable Solely out of the
5 Revenues Appropriated; Authorization for Authority to Pledge
6 Such Revenues for the Bonds. The bonds shall not be general
7 obligations of the authority but shall be limited obligations
8 payable solely out of the residues of the tax receipts
9 appropriated and pledged in Section 6 of this act. All bonds
10 issued by the authority pursuant to the provisions of this act
11 shall be solely and exclusively obligations of the authority
12 and shall not constitute or create an obligation or debt of
13 the state. As security for the payment of the principal of,
14 premium, if any, and interest on the bonds, the authority is
15 hereby authorized and empowered to pledge the residues of the
16 tax receipts that are appropriated and pledged in Section 6
17 hereof for such purposes. All such pledges made by the
18 authority shall take precedence in the order of the adoption
19 of the resolutions containing the pledges. All such pledges
20 shall be prior and superior to any pledges that may be made
21 for any refunding bonds hereafter issued by the authority
22 under the provisions of any of the 1965 Act, the 1971 Acts,
23 the 1973 Act, the 1978 Act, the 1985 Act, the 1990 Act, the
24 1995 Act, the 1998 Act, the 1999 Act, the 2001 Act, the 2002
25 Act, the 2003 Act, the 2007 Act, or any other act heretofore
26 enacted.

1 Section 8. Refunding Bonds. For the purpose of
2 refunding any bonds or refunding bonds of the authority issued
3 under the provisions of this act, the 1965 Act, the 1971 Acts,
4 the 1973 Act, the 1978 Act, the 1985 Act, the 1990 Act, the
5 1995 Act, the 1998 Act, the 1999 Act, the 2001 Act, the 2002
6 Act, the 2003 Act, the 2007 Act, or any other act previously
7 enacted, or any combination thereof, whether such refunding
8 shall occur before, at, or after the maturity of the bonds
9 refunded and for the purpose of paying all premiums and
10 expenses of such refunding, including, but not limited to,
11 attorneys' fees, costs of printing the refunding bonds, fiscal
12 agents' fees, and accountants' fees, the authority is hereby
13 authorized to sell and issue its refunding bonds. Such
14 refunding bonds may be sold and issued from time to time, at
15 public sale, on sealed bids and on such other terms and
16 conditions as the authority shall determine to be advantageous
17 and shall adopt and provide for in its proceedings for the
18 sale and issuance of such refunding bonds. Provided, however,
19 no refunding bonds shall be issued unless the present value of
20 all debt service on the refunding bonds, computed with a
21 discount rate equal to the true interest rate of the refunding
22 bonds and taking into account all underwriting discount and
23 other issuance expenses, shall not be greater than 95 percent
24 of the present value of all debt service on the bonds to be
25 refunded, computed using the same discount rate and taking
26 into account the underwriting discount and other issuance
27 expenses originally applicable to such bonds, determined as if

1 such bonds to be refunded were paid and retired in accordance
2 with the schedule of maturities, considering mandatory
3 redemption as scheduled maturity, provided at the time of
4 their issuance. Provided further that the average maturity of
5 the refunding bonds, as measured from the date of issuance of
6 such refunding bonds, shall not exceed by more than three
7 years the average maturity of the bonds to be refunded, as
8 also measured from such date of issuance, with the average
9 maturity of any principal amount of bonds to be determined by
10 multiplying the principal of each maturity by the number of
11 years, including any fractional part of a year, intervening
12 between such date of issuance and each such maturity, taking
13 the sum of all such products, and then dividing such sum by
14 the aggregate principal amount of bonds for which the average
15 maturity is to be determined. For the purpose of providing
16 funds to enable the authority to pay at their respective
17 maturities the principal of, premium, if any, and interest on
18 the refunding bonds issued under this act, the authority is
19 hereby authorized to pledge irrevocably for such purpose, and
20 there is hereby appropriated for such purpose, such amount as
21 may be necessary of the residues of the receipts from the
22 excise taxes pledged and appropriated in subdivisions (1),
23 (2), (3), and (4) of Section 6 of this act, any reserves or
24 sinking funds established by the authority, as well as
25 revenues of the authority from any other sources specified in
26 the proceedings wherein the refunding bonds are authorized to
27 be issued. Pending the application of the proceeds of

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

1 be any bank or company authorized to exercise trust powers and
2 located within or without the state. All other provisions of
3 this act shall apply to the refunding bonds issued hereunder
4 except (a) the limitation contained in Section 3 of this act
5 on the amount of bonds that may be issued under this act and
6 (b) the provisions of Section 9 of this act. All pledges made
7 by this act, or by the authority pursuant to the provisions of
8 this act, for the benefit of refunding bonds issued under this
9 act, and all such pledges for the benefit of refunding bonds
10 which may be issued to refund any bonds issued under any of
11 the 1965 Act, the 1971 Acts, the 1973 Act, the 1978 Act, the
12 1985 Act, the 1990 Act, the 1995 Act, the 1998 Act, the 1999
13 Act, the 2001 Act, the 2002 Act, the 2003 Act, the 2007 Act,
14 or this act, shall take precedence in the order of the
15 adoption of the resolutions authorizing the issuance of such
16 refunding bonds. Bonds refunded prior to their maturity with
17 the proceeds of refunding bonds shall be deemed paid and the
18 pledges herein and by the authority made for the payment
19 thereof defeased if the authority, in its proceedings
20 regarding issuance of the refunding bonds shall provide for
21 and establish a trust or escrow fund comprised of monies or
22 government securities, or both, sufficient to pay, when due,
23 the entire principal of, premium, if any, and interest on the
24 bonds to be refunded thereby; provided, that such government
25 securities shall not be subject to redemption prior to their
26 maturities other than at the option of the holder thereof.
27 Upon the establishment of such a trust or escrow fund, the

1 refunded bonds shall no longer be deemed to be outstanding,
2 shall no longer be secured by the funds pledged therefor in
3 Section 6 of this act, shall no longer be obligations of the
4 authority and shall be secured solely by and payable from
5 monies and government securities deposited in such trust or
6 escrow fund.

7 Section 9. Use of Bond Proceeds.

8 (a) The proceeds derived from each sale of the bonds
9 issued pursuant to this act shall be deposited in the State
10 Treasury and shall be carried in a separate fund therein for
11 the account of the authority, which shall pay the expenses of
12 issuance therefrom. The expenses of issuance of the bonds
13 shall be prorated among the recipients of the proceeds from
14 the sale of the bonds in proportions they receive allocations
15 of the proceeds thereunder. The proceeds from the sale of the
16 bonds remaining after payment of the expenses of issuance
17 thereof shall be retained in the fund and, until they are paid
18 out, shall be invested by the State Treasurer at the direction
19 of the authority in permitted investments maturing at such
20 time or times as the authority shall direct.

21 (b) Proceeds from the sale of the bonds and the
22 earnings thereon shall be paid out from time to time on orders
23 or warrants issued by or at the direction of the authority for
24 any one or more of the purposes specified in this act, to
25 include the following allocations:

26 (1) Thirty million dollars (\$30,000,000) to be
27 allocated and expended on behalf of the K-12 public education

1 in this state local boards of education, pro rata, based on
2 the 2006-2007 first 20 scholastic days after Labor Day of
3 average daily membership of public schools, to pay the cost of
4 career tech equipment as approved by the authority and the
5 State Superintendent of Education.

6 (2) Twenty million dollars (\$20,000,000) shall be
7 expended for obligations of the state regarding Goodyear Tire
8 & Rubber Co.

9 Section 10. Notwithstanding any of the foregoing and
10 in addition to all powers heretofore granted to the authority,
11 the authority is hereby expressly authorized to use the
12 proceeds derived from the sale of bonds and income on
13 permitted investments in accordance with the provisions of
14 this act. The preparation of all plans and specifications for
15 any building constructed wholly or in part with any of the
16 monies realized from the sale of any of the bonds and all work
17 done pursuant to expenditure of the proceeds thereof in regard
18 to the construction, reconstruction, alteration, improvement,
19 and equipping of buildings shall be supervised by the State
20 Building Commission, and the authority shall reimburse the
21 commission for its reasonable direct and administrative costs
22 in having plans, specifications, and contract documents
23 prepared and in supervising and inspecting the work.

24 Additionally, the authority is hereby expressly permitted to
25 pay to the Department of Finance and the State Treasurer's
26 office, from time to time and from any funds available to the
27 authority, amounts to offset costs incurred in the

1 administration of the business of the authority. The cost of
2 such compensation shall be prorated among the recipients of
3 proceeds of the bonds in the same manner as the expenses of
4 issuance of the bonds are required hereby to be prorated.

5 Section 11. The authority shall hire or contract
6 with businesses or individuals which reflect the racial and
7 ethnic diversity of the state.

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

20 Section 13. Issuance Expenses; Contracts and
21 Appointments. The authority is authorized to pay out of
22 proceeds of any series of bonds the costs and expenses
23 incurred in connection with the issuance of such bonds,
24 including, without limitation, legal and accounting fees and
25 expenses, fees and expenses of any financial or fiscal advisor
26 employed by the authority, printing costs, rating agency fees,
27 and premiums or charges for any credit enhancement or

1 liquidity providers. Notwithstanding any provision of this act
2 or the 1965 Act, in appointing, employing, or contracting with
3 attorneys, fiscal advisors, trustees, paying agents,
4 investment bankers, banks and underwriters, the authority may
5 appoint, employ, or contract with firms whose principal
6 offices are located without or within Alabama. The authority
7 shall hire or contract with attorneys, fiscal advisors,
8 trustees, paying agents, investment bankers, banks, and
9 underwriters which shall reflect the racial and ethnic
10 diversity of the state. The authority shall issue requests for
11 proposals for attorneys, fiscal advisors, trustees, paying
12 agents, investment bankers, banks, and underwriters. The
13 authority shall evaluate each proposed bid publicly and award
14 each contract publicly. Minutes of the authority's meeting
15 shall record the reasons for awarding each contract.

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

22 Section 15. This act shall become effective
23 immediately following its passage and approval by the
24 Governor, or its otherwise becoming law.