

1           HB102  
2        147733-1  
3        By Representative Buttram  
4        RFD: Ways and Means Education  
5        First Read: 05-FEB-13  
6        PFD: 02/01/2013

8 SYNOPSIS: This bill, which shall be known and may be  
9 cited as The 21st Century Workforce Act, would  
10 authorize the Alabama Public School and College  
11 Authority to sell and issue up to \$50,000,000 in  
12 aggregate principal amount of bonds in addition to  
13 all other bonds previously issued by the authority  
14 for the purpose of providing funds for career and  
15 technical education equipment for local boards of  
16 education.

17 This bill also authorizes the authority to  
18 provide for the details of the bonds and for the  
19 terms of the sale thereof; and to make an  
20 appropriation and pledge for payment of the  
21 principal of and interest on the bonds of proceeds  
22 from specific excise taxes and other specific and  
23 dedicated appropriations to the extent necessary to  
24 pay the principal and interest at their respective  
25 maturities; to authorize the authority to pledge  
26 for payment of the principal of and interest on the  
27 bonds the monies so appropriated and pledged; to

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

1 expenditure of the proceeds from the sale of the  
2 bonds; to provide that if any portion of this act  
3 shall be held invalid such holding shall not affect  
4 the validity of any other portion thereof; and to  
5 authorize the authority to reimburse the Building  
6 Commission, the Department of Finance, and the  
7 State Treasurer's Office for costs incurred in  
8 providing services for the authority.

9

10 A BILL

11 TO BE ENTITLED

12 AN ACT

13

14 To provide for The 21st Century Workforce Act; to  
15 authorize the Alabama Public School and College Authority to  
16 sell and issue up to \$50,000,000 in aggregate principal amount  
17 of additional bonds to provide funds for career and technical  
18 education equipment for local boards of education; to  
19 authorize the authority to provide for the details of the  
20 bonds and the sale and issuance thereof; to make an  
21 appropriation and pledge for payment of the principal of and  
22 interest on the bonds from specific taxes necessary to pay the  
23 principal and interest at their respective maturities; to  
24 authorize the authority to pledge for payment of the principal  
25 of and interest on the bonds the funds that are appropriated  
26 and pledged; to provide for the investment of funds by the  
27 State Treasurer; to provide that the bonds not constitute a

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

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. This act shall be known as The 21st Century Workforce Act. Wherever used in this act, the following terms shall have the following meanings respectively, unless the context clearly indicates otherwise:

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

(2) 1971 Acts. 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. 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. 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 Legislature and Act No. 81-827 enacted at the 1981 Regular Session of the Legislature.

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

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

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

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

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

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

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

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

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

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

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

(16) ACCELERATE ALABAMA PLAN. The plan developed by the Economic Development Partnership of Alabama (EDPA).

(17) BONDS. Except where that word is used with reference to bonds issued under another act, those bonds, other than refunding bonds, issued under the provisions of this act.

(18) CAPITAL IMPROVEMENT. Capital outlay projects that include the planning, designing, inspection, purchasing, construction, reconstruction, enlargement, improvement,

1 repair, or renovation of permanent buildings containing  
2 classrooms, offices, libraries, laboratories, clinical or  
3 teaching facilities, dormitories, vocational and professional  
4 and industrial training facilities, research facilities,  
5 academic structures to reduce portable classrooms or  
6 substandard classroom facilities, related improvements and  
7 land as sites therefor, together with furnishings and  
8 equipment required for the operation of the facilities and the  
9 programs provided therein.

10 (19) CAREER AND TECHNICAL EDUCATION. Education that  
11 prepares youth (K-12) and adults for careers as related to  
12 industry needs in jobs that may not require a college degree.

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

17 (21) DEPARTMENT. Alabama Department of Education.

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

1 thereof (which may consist of the principal thereof or the  
2 interest thereon).

3 (23) LEGISLATURE. The Legislature of Alabama.

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

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

(25) REGIONAL WORKFORCE DATA. Economic data assessing current and anticipated jobs requiring workforce readiness skills compiled for each of the 10 workforce regions in Alabama by the Department of Labor and other entities.

(26) REFUNDING BONDS. Those refunding bonds issued under the provisions of this act.

(27) STATE. The State of Alabama.

(28) TRUST FUND. 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.

(29) WORKFORCE READY SKILLS. Academic and employability skills, providing opportunities to students for preparation and assessment, and connecting with business and industry.

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

Section 2. The purpose of this act is to provide new equipment purchases for career and technical education programs in local boards of education in order to ensure that programs meet current business and industry standards to provide students with the training and skills necessary to provide a workforce for new, existing, or expanding jobs.

Section 3. The Legislature finds that the number of students receiving Alabama Secondary Workforce Development

1 training will need to increase if alignment of industry  
2 training is expected to meet the needs of each workforce  
3 region based on industry sectors and regional workforce data.

4 Workforce development training begins in secondary schools  
5 where a need for current industry defined equipment is  
6 critical to meet the training defined by industry in a 21st  
7 century training environment.

8 Section 4. (a) The authority is hereby authorized to  
9 sell and issue its bonds in the aggregate principal amount of  
10 up to fifty million dollars (\$50,000,000) to provide funds for  
11 career and technical education equipment for local boards of  
12 education. The bonds authorized in this act to be issued by  
13 the authority shall be in addition to all other bonds  
14 previously authorized to be issued by the authority, and the  
15 powers conferred on the authority by this act are in addition  
16 to all other powers heretofore conferred on the authority by  
17 acts heretofore enacted by the Legislature.

18 (b) Proceeds from the sale of the bonds and the  
19 earnings thereon shall be paid out from time to time on orders  
20 or warrants issued by or at the direction of the authority to  
21 provide equipment for career and technical education programs  
22 in order to meet industry standards by utilizing needs  
23 assessments provided by local education agencies (LEAs) that  
24 reference industry developed equipment lists. Program  
25 offerings will be determined based upon regional workforce  
26 data utilizing the Accelerate Alabama Plan and identifying  
27 local program needs as they relate to addressing industry

1 skills, gaps, and needs. Specifically, the proceeds from the  
2 sale of the bonds and the earnings thereof shall be  
3 distributed to the State Department of Education to be  
4 allocated as follows:

5 (1) Ten million dollars (\$10,000,000) to be  
6 allocated to each local board of education, pro rata, based on  
7 the number of Career Technical Education units operating in  
8 each local board of education during the 2012-2013 school  
9 year;

10 (2) Twenty million dollars (\$20,000,000) to be  
11 allocated to each local board of education, pro rata, based on  
12 the number of students in each local board of education's  
13 Career Technical Education program during the 2012-2013 school  
14 year; and

15 (3) Twenty million dollars (\$20,000,000) to be  
16 allocated to the 21st Century Workforce Fund created in  
17 subsection (c).

18 (c) (1) There is hereby created the 21st Century  
19 Workforce Fund. Twenty million dollars (\$20,000,000) from the  
20 first series of bonds issued pursuant to this act shall be  
21 deposited into the fund. Distributions from the fund may only  
22 be made by the 21st Century Workforce Grant Committee created  
23 in subsection (c) (2).

24 (2) There is hereby created the 21st Century  
25 Workforce Grant Committee. The committee shall be made up of  
26 the State Superintendent of Education, who shall serve as  
27 chair of the committee; the Secretary of Commerce, who shall

1 serve as vice-chair of the committee; the Director of the  
2 Alabama Industrial Development Training Institute; the  
3 Director of the State Department of Education's Office of  
4 Career Technical Education and Workforce Development; and one  
5 member, appointed by the Governor, who serves on the  
6 Governor's College and Career Ready Task Force. The committee  
7 shall allocate funds deposited into the 21st Century Workforce  
8 Fund, but only to reimburse career and technical education  
9 programs for expenses related to purchasing equipment  
10 necessary for those programs to meet industry standards, as  
11 determined by needs assessments provided by local education  
12 agencies that reference industry developed equipment lists.  
13 Authorized reimbursements from the 21st Century Workforce Fund  
14 will be determined by the committee based upon regional  
15 workforce data utilizing the Accelerate Alabama Plan and local  
16 program equipment purchases as they relate to addressing  
17 industry skills, gaps, and needs.

18 (3) Local education agencies applying for grants  
19 from the committee shall make application to members of the  
20 committee on a form or in a format prescribed by the chair of  
21 the committee. Upon the deposit of monies into the 21st  
22 Century Workforce Fund, the committee shall meet at least  
23 quarterly to consider grant applications. Meetings of the  
24 committee shall be called by the chair or the vice-chair.  
25 Three members of the committee shall constitute a quorum and  
26 three members of the committee must be present and vote  
27 affirmatively for the approval of any grant application.

1 Meetings of the committee shall be open to the public and  
2 notice of such meetings shall comply with all applicable open  
3 records and open meetings laws.

4 (4) Within 10 calendar days after the committee  
5 authorizes any distributions from the fund, the chair of the  
6 committee shall report to the Governor, the Lieutenant  
7 Governor, the Speaker of the House of Representatives, the  
8 Senate President Pro Tempore, the Chair of the House Ways and  
9 Means - Education Committee, and the Chair of the Senate  
10 Finance and Taxation - Education Committee the recipient of  
11 each distribution, the amounts provided to each recipient, and  
12 the purpose of each allocation.

13 Section 5. The bonds shall be signed by the  
14 president or vice president of the authority and the seal of  
15 the authority shall be affixed thereto (or a facsimile thereof  
16 imprinted thereon) and attested by its secretary. All  
17 signatures of the president, vice president, and secretary may  
18 be facsimile signatures if the authority, in its proceedings  
19 with respect to issuance, provides for manual authentication  
20 (which may be in the form of a certificate as to registration)  
21 of the bonds by a trustee, registrar, or paying agent or by  
22 named individuals who are employees of the state and who are  
23 assigned to the Finance Department or State Treasurer's  
24 Office. All bonds bearing signatures or facsimiles of the  
25 signatures of officers of the authority in office on the date  
26 of signing thereof shall be valid and binding notwithstanding  
27 that before the delivery thereof and payment therefor, any

1 officer whose signature appears thereon shall have ceased to  
2 be an officer of the authority. The bonds and the income  
3 therefrom shall be exempt from all taxation in the State of  
4 Alabama, may be used as security for deposits, and shall be  
5 eligible for investments of fiduciary funds, as provided in  
6 the 1965 Act. The bonds shall be construed to have all the  
7 qualities and incidents of negotiable instruments subject to  
8 any registration provisions pertaining to transfers. The  
9 authority and the bonds shall be exempt from all laws of the  
10 state governing usury including, without limitation, the  
11 provisions of Title 8, Chapter 8, Code of Alabama 1975, or any  
12 subsequent statute of similar import. The bonds shall be in  
13 such form or forms and denomination or denominations and of  
14 such tenor and maturities, shall bear such rate or rates of  
15 interest payable and evidenced in such manner, may be made  
16 subject to redemption prior to their maturities, and may  
17 contain provisions not inconsistent with this act, all as may  
18 be provided by the resolution of the authority under which the  
19 bonds may be issued; provided, that no bonds shall have a  
20 specified maturity date later than twenty years after their  
21 date; and provided further, that those bonds having maturities  
22 more than ten years after their date shall be subject to  
23 redemption at the option of the authority on any date on and  
24 after the tenth anniversary after their date at such  
25 redemption price or prices and under such conditions as may be  
26 prescribed in the proceedings of the authority under which  
27 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.

Section 6. 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 10 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

1       deemed by it to be prudent to be given by it, in connection  
2       with the sale of any series of the bonds. Each series of the  
3       bonds shall be sold at competitive bid and at such price or  
4       prices and at such time or times as the authority may consider  
5       advantageous. Bonds sold by competitive bid must be sold to  
6       the bidder whose bid reflects the lowest effective borrowing  
7       cost to the authority on the series of the bonds being sold;  
8       provided, that if no bid acceptable to the authority is  
9       received it may reject all bids. Notice or summary notice of  
10      each such sale by competitive bids shall be given by  
11      publication in either a financial journal or a financial  
12      newspaper published in the City of New York, New York, and  
13      also by publication in a newspaper published in the state  
14      which is customarily published not less often than five days  
15      during each calendar week, each of which notices must be  
16      published at least one time not less than ten days prior to  
17      the date fixed for the sale or, in the event no bid acceptable  
18      to the authority is received at any such sale and the bonds so  
19      offered are thereafter reoffered on the same terms and  
20      conditions, not less than five days prior to the date fixed  
21      for sale. The authority may fix the method and the terms and  
22      conditions under which the sale of any series of the bonds may  
23      otherwise be held; provided, that the terms and conditions  
24      shall not conflict with any requirement of this act. Approval  
25      by the Governor of Alabama of the terms and conditions under  
26      which any bonds may be issued shall be requisite to their  
27      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 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 shall be in writing signed by the Governor and that 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 7. For the purpose of providing for payment of the principal of, premium, if any, and interest on the 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 the 1965 Act, 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 Act, the 2003 Act, the 2007 Act, the 2010 Act, or this act that may be outstanding at the time of the delivery of the respective series of the 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 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 Act, the 2003 Act, the 2007 Act, the 2010 Act, or this act that may be outstanding at the time of the delivery of the respective series of the bonds authorized herein;

(c) To the extent and 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, the residue of the receipts from the

1 excise tax ("the sales tax") levied by Title 40, Chapter 23,  
2 Article 1, Division 1, Code of Alabama 1975, as amended  
3 ("Article 1"), after there shall have been taken from the  
4 residue the amounts appropriated for other educational  
5 purposes in Section 40-23-35, Code of Alabama 1975 (which  
6 residue constitutes that portion of the receipts from the  
7 sales tax that is now required by law to be paid into the  
8 trust fund), and after there shall have been taken from the  
9 residue amounts sufficient to meet all prior charges on the  
10 residue including such amounts as may be necessary to pay at  
11 their respective maturities the principal of and interest on  
12 those bonds issued by the authority under 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  
16 this act that may be outstanding at the time of the delivery  
17 of the respective series of the bonds authorized herein; and

18 (d) To the extent and to the extent only that the  
19 revenues appropriated in the foregoing subsections (a), (b),  
20 and (c) of this section may not be sufficient to pay at their  
21 respective maturities the principal of, premium, if any, and  
22 the interest on the bonds, the residue of the receipts from  
23 the excise tax ("the use tax") levied by Title 40, Chapter 23,  
24 Article 2, Code of Alabama 1975, as amended ("Article 2"),  
25 after there shall have been taken from the residue the amount  
26 necessary to meet the expenses of the state Department of  
27 Revenue in collecting the use tax (which residue constitutes

1 that portion of the receipts from the use tax that is now  
2 required by law to be paid into the trust fund), and after  
3 there shall have been taken from the residue such amounts as  
4 may be necessary to meet all prior charges on the use tax  
5 including the amounts sufficient to pay at their respective  
6 maturities the principal of and interest on those outstanding  
7 bonds referred to in subsection (c) of this section.

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

17 Section 8. The bonds shall not be general  
18 obligations of the authority but shall be limited obligations  
19 payable solely out of the residues of the tax receipts  
20 appropriated and pledged in Section 7. All bonds issued by the  
21 authority pursuant to the provisions of this act shall be  
22 solely and exclusively obligations of the authority and shall  
23 not constitute or create an obligation or debt of the state.  
24 As security for the payment of the principal of, premium, if  
25 any, and interest on the bonds, the authority is hereby  
26 authorized and empowered to pledge the residues of the tax  
27 receipts that are appropriated and pledged in Section 7 hereof

1 for such purposes. All such pledges made by the authority  
2 shall take precedence in the order of the adoption of the  
3 resolutions containing the pledges. All such pledges shall be  
4 prior and superior to any pledges that may be made for any  
5 refunding bonds hereafter issued by the authority under the  
6 provisions of any of the 1965 Act, the 1971 Acts, the 1973  
7 Act, the 1978 Act, the 1985 Act, the 1990 Act, the 1995 Act,  
8 the 1998 Act, the 1999 Act, the 2001 Act, the 2002 Act, the  
9 2003 Act, the 2007 Act, the 2010 Act, or any other act  
10 heretofore enacted.

11 Section 9. For the purpose of refunding any bonds or  
12 refunding bonds of the authority issued under the provisions  
13 of this act, the 1965 Act, the 1971 Acts, the 1973 Act, the  
14 1978 Act, the 1985 Act, the 1990 Act, the 1995 Act, the 1998  
15 Act, the 1999 Act, the 2001 Act, the 2002 Act, the 2003 Act,  
16 the 2007 Act, the 2010 Act, or any other act previously  
17 enacted, or any combination thereof, whether such refunding  
18 shall occur before, at or after the maturity of the bonds  
19 refunded and for the purpose of paying all premiums and  
20 expenses of the refunding (including, but not limited to,  
21 attorneys' fees, costs of printing the refunding bonds, fiscal  
22 agents' fees, and accountants' fees), the authority is hereby  
23 authorized to sell and issue its refunding bonds. Such  
24 refunding bonds may be sold and issued from time to time, at  
25 public sale, on sealed bids and on such other terms and  
26 conditions as the authority shall determine to be advantageous  
27 and shall adopt and provide for in its proceedings for the

1 sale and issuance of such refunding bonds. Provided, however,  
2 that no refunding bonds shall be issued unless the present  
3 value of all debt service on the refunding bonds (computed  
4 with a discount rate equal to the true interest rate of the  
5 refunding bonds and taking into account all underwriting  
6 discount and other issuance expenses) shall not be greater  
7 than 97 percent of the present value of all debt service on  
8 the bonds to be refunded (computed using the same discount  
9 rate and taking into account the underwriting discount and  
10 other issuance expenses originally applicable to such bonds)  
11 determined as if such bonds to be refunded were paid and  
12 retired in accordance with the schedule of maturities  
13 (considering mandatory redemption as scheduled maturity)  
14 provided at the time of their issuance. Provided further that  
15 the average maturity of the refunding bonds, as measured from  
16 the date of issuance of such refunding bonds, shall not exceed  
17 by more than three years the average maturity of the bonds to  
18 be refunded, as also measured from such date of issuance, with  
19 the average maturity of any principal amount of bonds to be  
20 determined by multiplying the principal of each maturity by  
21 the number of years (including any fractional part of a year)  
22 intervening between such date of issuance and each such  
23 maturity, taking the sum of all such products, and then  
24 dividing such sum by the aggregate principal amount of bonds  
25 for which the average maturity is to be determined. For the  
26 purpose of providing funds to enable the authority to pay at  
27 their respective maturities the principal of, premium, if any,

1 and interest on the refunding bonds issued under this act, the  
2 authority is hereby authorized to pledge irrevocably for such  
3 purpose, and there is hereby appropriated for such purpose,  
4 such amount as may be necessary of the residues of the  
5 receipts from the excise taxes pledged and appropriated in  
6 subsections (a), (b), (c), and (d) of Section 7 of this act,  
7 any reserves or sinking funds established by the authority, as  
8 well as revenues of the authority from any other sources  
9 specified in the proceedings wherein the refunding bonds are  
10 authorized to be issued. Pending the application of the  
11 proceeds of refunding bonds issued in accordance with this  
12 section, the proceeds, together with investment earnings  
13 therefrom, and amounts in any sinking fund, together with  
14 investment earnings thereon, may be held by the State  
15 Treasurer as treasurer of the authority in trust, or may be  
16 deposited by the State Treasurer in trust, on such terms as  
17 the State Treasurer and the authority shall approve, with a  
18 trustee or escrow agent, which trustee or escrow agent shall  
19 be a banking institution or trust company authorized to  
20 exercise trust powers in Alabama, for investment in permitted  
21 investments. Proceeds of refunding bonds shall be so invested  
22 and applied as to assure that the principal, interest, and  
23 redemption premium, if any, on the bonds being refunded shall  
24 be paid in full on the respective maturity, redemption, or  
25 interest payment dates. Refunding bonds issued by the  
26 authority shall not be general obligations of the authority  
27 but shall be payable solely from the sources specified in this

1 act and in the proceedings whereby the refunding bonds are  
2 authorized to be issued. All refunding bonds issued by the  
3 authority shall be solely and exclusively obligations of the  
4 authority and shall not create debts of the State of Alabama.  
5 The faith and credit of the State of Alabama shall never be  
6 pledged for the payment of any refunding bonds issued by the  
7 authority under this act. The authority may contract with  
8 respect to the safekeeping and application of the refunding  
9 bonds and other funds included therewith and the income  
10 therefrom which may be any bank or trust company authorized to  
11 exercise trust powers and located within and/or without the  
12 state. All other provisions of this act shall apply to the  
13 refunding bonds issued hereunder except (a) the limitation  
14 contained in Section 4 of this act on the amount of bonds that  
15 may be issued under this act and (b) the provisions of Section  
16 10 of this act. All pledges made by this act or by the  
17 authority pursuant to the provisions of this act, for the  
18 benefit of refunding bonds issued under this act, and all such  
19 pledges for the benefit of refunding bonds which may be issued  
20 to refund any bonds issued under any of the 1965 Act, the 1971  
21 Acts, the 1973 Act, the 1978 Act, the 1985 Act, the 1990 Act,  
22 the 1995 Act, the 1998 Act, the 1999 Act, the 2001 Act, the  
23 2002 Act, the 2003 Act, the 2007 Act, the 2010 Act, or this  
24 act, shall take precedence in the order of the adoption of the  
25 resolutions authorizing the issuance of such refunding bonds.  
26 Bonds refunded prior to their maturity with the proceeds of  
27 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 establishes a trust or escrow fund comprised of monies or government securities, or both, sufficient to pay, when due, the entire principal of, 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 therefore in Section 7 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 10. (a) The proceeds derived from each sale of the bonds issued pursuant to this act shall be deposited into 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 the same proportions as the allocations received 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 the funds and, until they are paid out, shall be invested by the State Treasurer at the direction of the authority in permitted

1 investments maturing at such time or times as the authority  
2 shall direct.

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

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

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

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

Section 14. 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 excludable 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 excludable from gross income for purposes of, federal income taxation.

Section 15. The authority is authorized to pay out of proceeds of any series of bonds the costs and expenses incurred in connection with the issuance of such 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, 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 and/or

1                   within Alabama. The authority shall hire or contract with  
2                   attorneys, fiscal advisors, trustees, paying agents,  
3                   investment bankers, banks and underwriters which shall reflect  
4                   the racial and ethnic diversity of the state. The authority  
5                   shall issue requests for proposals for attorneys, fiscal  
6                   advisors, trustees, paying agents, investment bankers, banks,  
7                   and underwriters. The authority shall evaluate each proposed  
8                   bid publicly and award each contract publicly. Minutes of the  
9                   authority's meeting shall record the reasons for awarding each  
10                  contract.

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

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