

1 HB312  
2 156478-1  
3 By Representatives Boyd, Melton, Ford, Hubbard (J), Burdine,  
4 Black, Scott and Jackson  
5 RFD: Ways and Means Education  
6 First Read: 21-JAN-14

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8 SYNOPSIS: This bill, which shall be known and may be  
9 cited as The Workforce Development and Training  
10 Act, would authorize the Alabama Public School and  
11 College Authority to sell and issue up to  
12 \$20,000,000 in aggregate principal amount of bonds  
13 in addition to all other bonds previously issued by  
14 the authority for the purpose of establishing a  
15 fund that would be used to expand Workforce  
16 Training Programs operated by the Alabama Community  
17 College System for existing business and industry.

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

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

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

10  
11 A BILL  
12 TO BE ENTITLED  
13 AN ACT  
14

15 To provide for The Workforce Development and  
16 Training Act; to authorize the Alabama Public School and  
17 College Authority to sell and issue up to \$20,000,000 in  
18 aggregate principal amount of additional bonds for the purpose  
19 of establishing a fund that would be used to expand Workforce  
20 Training Programs for existing business and industry; to  
21 authorize the authority to provide for the details of the  
22 bonds and the sale and issuance thereof; to make an  
23 appropriation and pledge for payment of the principal of and  
24 interest on the bonds from specific taxes necessary to pay the  
25 principal and interest at their respective maturities; to  
26 authorize the authority to pledge for payment of the principal  
27 of and interest on the bonds the funds that are appropriated

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

1 State Treasurer's Office for costs incurred in providing  
2 services for the authority.

3 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

4 Section 1. This act shall be known as The Workforce  
5 Development and Training Act. Wherever used in this act, the  
6 following terms shall have the following meanings  
7 respectively, unless the context clearly indicates otherwise:

8 (1) 1965 Act. Act No. 243 enacted at the 1965 First  
9 Special Session of the Legislature, codified as Title 16,  
10 Chapter 16, Code of Alabama 1975.

11 (2) 1971 Acts. Act No. 94 enacted at the 1971 First  
12 Special Session of the Legislature, Act. No. 2428 enacted at  
13 the 1971 Regular Session of the Legislature, and Act No. 56  
14 enacted at the 1971 Second Special Session of the Legislature.

15 (3) 1973 Act. Act No. 1277 enacted at the 1973  
16 Regular Session of the Legislature as amended by Act No. 73  
17 enacted at the 1975 Third Special Session of the Legislature  
18 and Act No. 1223 enacted at the 1975 Regular Session of the  
19 Legislature.

20 (4) 1978 Act. Act No. 138 enacted at the 1978 Second  
21 Special Session of the Legislature, as amended by Act No.  
22 79-41 enacted at the 1979 Special Session of the Legislature  
23 and Act No. 81-827 enacted at the 1981 Regular Session of the  
24 Legislature.

25 (5) 1985 Act. Act No. 85-943 enacted at the 1985  
26 Second Special Session of the Legislature.

1                   (6) 1990 Act. Act No. 90-280 enacted at the 1990  
2 Regular Session of the Legislature.

3                   (7) 1995 Act. Act No. 95-752 enacted at the 1995  
4 Regular Session of the Legislature.

5                   (8) 1998 Act. Act No. 98-373 enacted at the 1998  
6 Regular Session of the Legislature.

7                   (9) 1999 Act. Act No. 99-348 enacted at the 1999  
8 Regular Session of the Legislature.

9                   (10) 2001 Act. Act No. 2001-668 enacted at the 2001  
10 Regular Session of the Legislature.

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

13                   (12) 2003 Act. Act No. 2003-436 enacted at the 2003  
14 Regular Session of the Legislature.

15                   (13) 2007 Act. Act No. 2007-415 enacted at the 2007  
16 Regular Session of the Legislature.

17                   (14) 2010 Act. Act No. 210-720 enacted at the 2010  
18 Regular Session of the Legislature.

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

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

25                   (17) CAPITAL IMPROVEMENT. Capital outlay projects  
26 that include the planning, designing, inspection, purchasing,  
27 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 (18) COMMISSION. The Building Commission created by  
11 Section 41-9-140, Code of Alabama 1975, and its successors as  
12 the state agency for awarding construction contracts and  
13 supervising construction.

14 (19) DEPARTMENT. Alabama Department of Education.

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

26 (21) LEGISLATURE. The Legislature of Alabama.

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

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

25 (23) REGIONAL WORKFORCE DATA. Economic data  
26 assessing current and anticipated jobs requiring workforce

1 readiness skills compiled for each of the 10 workforce regions  
2 in Alabama by the Department of Labor and other entities.

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

5 (25) STATE. The State of Alabama.

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

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

14 Section 2. The purpose of this act is to expand  
15 funding for workforce development and training programs  
16 operated by the Alabama Community College System to existing  
17 and expanding businesses and industry partners.

18 Section 3. (a) The authority is hereby authorized to  
19 sell and issue its bonds in the aggregate principal amount of  
20 up to twenty million dollars (\$20,000,000) to provide funds to  
21 expand workforce education and training programs to existing  
22 businesses and industry partners. The bond authorized in this  
23 act to be issued by the authority shall be in addition to all  
24 other bonds previously authorized to be issued by the  
25 authority, and the powers conferred on the authority by this  
26 act are in addition to all other powers heretofore conferred

1 on the authority by acts heretofore enacted by the  
2 Legislature.

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 direction of the authority to  
6 expand workforce development and training programs to existing  
7 businesses and industry partners. Program offerings will be  
8 determined based upon annual regional workforce data  
9 identified in the strategic plans of local regional workforce  
10 development councils that specifically relate to addressing  
11 existing industry skills, gaps, and needs. The proceeds from  
12 the sale of the bonds and the earnings thereof shall be  
13 distributed to the State Department of Postsecondary of  
14 Education to be allocated to the 21st Century Workforce Fund  
15 created in subsection (c) (2).

16 (c) (1) There is hereby created the Workforce  
17 Development and Training Fund. Distributions from the fund may  
18 only be made by the Workforce Development and Training Grant  
19 Committee created in subsection (c) (2).

20 (2) There is hereby created the Workforce  
21 Development and Training Grant Committee. The committee shall  
22 be made up of the Chancellor of the Alabama Community College  
23 System, who shall serve as chair of the committee; the  
24 Secretary of Commerce, who shall serve as vice-chair of the  
25 committee; the Director of the Alabama Industrial Development  
26 Training Institute; the Director of the State Department of  
27 Education's Office of Career Technical Education and Workforce

1 Development; and one member, appointed by the Governor, who  
2 serves on the Governor's College and Career Ready Task Force.  
3 The committee shall allocate funds deposited into the  
4 Workforce Development and Training Fund to expand workforce  
5 development and training to existing business and industry.  
6 Authorized reimbursements from the Workforce Development and  
7 Training Fund will be determined by the committee based upon  
8 the regional workforce data identified in the strategic plans  
9 of the local regional workforce development councils that  
10 specifically relate to addressing existing business and  
11 industry skills, gaps, and needs.

12 (3) The membership of the committee shall be  
13 inclusive and shall reflect the racial, gender, geographic,  
14 urban/rural, and economic diversity of the state.

15 (4) Existing and expanding businesses applying for  
16 grants from the committee shall make application to members of  
17 the committee on a form or in a format prescribed by the chair  
18 of the committee. Upon the deposit of monies into the  
19 Workforce Development and Training Fund, the committee shall  
20 meet at least quarterly to consider grant applications.  
21 Meetings of the committee shall be called by the chair or the  
22 vice-chair. Nine members of the committee shall constitute a  
23 quorum and nine members of the committee must be present and  
24 vote affirmatively for the approval of any grant application.  
25 Meetings of the committee shall be open to the public and  
26 notice of such meetings shall comply with all applicable open  
27 records and open meeting laws.

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

10           Section 4. The bonds shall be signed by the  
11 president or vice president of the authority and the seal of  
12 the authority shall be affixed thereto (or a facsimile thereof  
13 imprinted thereon) and attested by its secretary. All  
14 signatures of the president, vice president, and secretary may  
15 be facsimile signatures if the authority, in its proceedings  
16 with respect to issuance, provides for manual authentication  
17 (which may be in the form of a certificate as to registration)  
18 of the bonds by a trustee, registrar, or paying agent or by  
19 named individuals who are employees of the state and who are  
20 assigned to the Finance Department or State Treasurer's  
21 Office. All bonds bearing signatures or facsimiles of the  
22 signatures of officers of the authority in office on the date  
23 of signing thereof shall be valid and binding notwithstanding  
24 that before the delivery thereof and payment therefor, any  
25 officer whose signature appears thereon shall have ceased to  
26 be an officer of the authority. The bonds and the income  
27 therefrom shall be exempt from all taxation in the State of

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

1 determine to be appropriate and desirable. Funds for the  
2 payment of debt service shall be transferred by the authority  
3 or the State Treasurer on behalf of the authority to the  
4 designated paying agent on the actual due date of such  
5 principal, premium, if any, or interest.

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

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

1 they mature and interest thereon as the same shall come due  
2 will not impair the adequacy of the trust fund to pay  
3 appropriations therefrom and to support the public schools and  
4 institutions of higher learning during the period over which  
5 the bonds will mature. The Governor's determination shall be  
6 in writing signed by the Governor and that determination shall  
7 be final and conclusive. Neither a public hearing nor consent  
8 of the state Department of Finance or any other department or  
9 agency shall be a prerequisite to the issuance of an of then  
10 bonds.

11 Section 6. For the purpose of providing for payment  
12 of the principal of premium, if any, and interest on the bonds  
13 and to accomplish the objectives of this act, there is hereby  
14 irrevocably pledged to those purposes, and hereby  
15 appropriated, such amount as may be necessary therefor from  
16 the following sources:

17 (a) The residue of the receipts from the excise tax  
18 ("the utility gross receipts tax") levied by Title 40, Chapter  
19 21, Article 3, Code of Alabama 1975, as amended ("Article 3"),  
20 remaining after payment of the expenses of administration and  
21 enforcement of Article 3, being that portion of the tax that  
22 is required by Article 3 to be deposited in the State Treasury  
23 to the credit of the trust fund, aft there shall have been  
24 taken from the residue to the amount necessary to pay at their  
25 respective maturities the principal of and interest on those  
26 bonds issued by the authority under the 1965 Act, 1971 Acts,  
27 the 1973 Act, the 1978 Act, the 1985 Act, the 1990 Act, the

1 1995 Act, the 1998 Act, the 1999 Act, the 2001 Act, the 2002  
2 Act, the 2003 Act, the 2007 Act, the 2010 Act, or this act  
3 that may be outstanding at the time of the delivery of the  
4 respective series of the bonds authorized herein;

5 (b) the residue of the receipts from the excise tax  
6 ("the utility service use tax") levied by Title 40, Chapter  
7 21, Article 4, Code of Alabama 1975 ("Article 4"), remaining  
8 after payment of the expenses of administration and  
9 enforcement of Article 4, being that portion of the tax that  
10 is required by Article 4 to be deposited in the State Treasury  
11 to the credit of the trust fund, after there shall have been  
12 taken from the residue the amount necessary to pay at their  
13 respective maturities the principal of and interest on those  
14 bonds issued by the authority under the 1965 Act, the 1971  
15 Acts, the 1993 Act, the 1978 Act, the 1985 Act, the 1990 Act,  
16 the 1995 Act, the 1998 Act, the 1999 Act, the 2001 Act, the  
17 2002 Act, the 2003 Act, the 2007 Act, the 2010 Act, or this  
18 act that may be outstanding at the time of the delivery of the  
19 respective series of the bonds authorized herein;

20 (c) To the extent and to the extent only that the  
21 revenues appropriated in the foregoing subsections (a) and (b)  
22 of this section may not be sufficient to pay at their  
23 respective maturities the principal of, premium, if any, and  
24 interest on the bonds, the residue of the receipts from the  
25 excise tax ("the sales tax") levied by Title 40, Chapter 23,  
26 Article 1, Division 1, Code of Alabama 1975, as amended  
27 ("Article 1"), after there shall have been taken from the

1 residue the amounts appropriated for other educational  
2 purposes in Section 40-23-35, Code of Alabama 1975 (which  
3 residue constitutes that portion of the receipts from the  
4 sales tax that is now required by law to be paid into the  
5 trust fund, and after there shall have been taken from the  
6 residue amounts sufficient to meet all prior changes on the  
7 residue including such amounts as may be necessary to pay at  
8 their respective maturities the principal of and interest on  
9 those bonds issued by the authority under the 1965 Act, the  
10 1971 Acts, the 1973 Act, the 1978 Act, the 1985 Act, and the  
11 1990 Act, the 1995 Act, the 1998 Act, the 1999 Act, the 2001  
12 Act, the 2002 Act, the 2003 Act, the 2007 Act, the 2010 Act,  
13 or this act that may be outstanding at the time of the  
14 delivery of the respective series of the bonds authorized  
15 herein; and

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

1 after there shall have been taken from the residue such  
2 amounts as may be necessary to meet all prior changes on the  
3 use tax including the amounts sufficient to pay at their  
4 respective maturities the principal of and interest on those  
5 outstanding bonds referred to in subsection (c) of this  
6 section.

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

16 Section 7. The bonds shall not be general  
17 obligations of the authority but shall be limited obligations  
18 payable solely out of the residues of the tax receipts  
19 appropriated and pledged in Section 6. All bonds issued by the  
20 authority pursuant to the provisions of this act shall be  
21 solely and exclusively obligations of the authority and shall  
22 not constitute or create an obligation or debt of the state.  
23 As security for the payment of the principal of, premium, if  
24 any, and interest on the bonds, the authority is hereby  
25 authorized and empowered to pledge the residues of the tax  
26 receipts that are appropriated and pledged in Section 7 hereof  
27 for such purposes. All such pledges made by the authority

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

10 Section 8. For the purpose of refunding any bonds or  
11 refunding bonds of the authority issued under the provisions  
12 of this act, the 1965 Act, the 1971 Acts, the 1973 Act, 1978  
13 Act, the 1985 Act, the 1990 Act, the 1995 Act, the 1998 Act,  
14 the 1999 Act, the 2001 Act, the 2002 Act, the 2003 Act, the  
15 2007 Act, the 2010 Act, or any other previously enacted, or  
16 any combination thereof, whether such refunding shall occur  
17 before, at or after the maturity of the bonds refunded and for  
18 the purpose of paying all premiums and expenses of the  
19 refunding (including, but not limited to, attorneys' fees,  
20 costs of printing the refunding bonds, fiscal agents' fees,  
21 and accountants' fees), the authority is hereby authorized to  
22 sell and issue its refunding bonds. Such refunding bonds may  
23 be sold and issued from time to time, at public sale, on  
24 sealed bids and on such other terms and conditions as the  
25 authority shall determine to be advantageous and shall adopt  
26 and provide for in its proceedings for the sale and issuance  
27 of such refunding bonds. Provided, however, that no refunding

1 bonds shall be issued unless the present value of all debts  
2 service on the refunding bonds (computed with a discount rate  
3 equal to the true interest rate of the refunding bonds and  
4 taking into account all underwriting discount and other  
5 issuance expenses) shall not be greater than 97 percent of the  
6 present value of all debt service on the bonds to be refunded  
7 (computed using the same discount rate and taking into account  
8 the underwriting discount and other issuance expenses  
9 originally applicable to such bonds) determined as if such  
10 bonds to be refunded were paid and retired in accordance with  
11 the schedule of maturities (considering mandatory redemption  
12 as scheduled maturity) provided at the time of their issuance.  
13 Provided further that the average maturity of the refunding  
14 bonds, as measured from the date of issuance of such refunding  
15 bonds, shall not exceed by more than three years the average  
16 maturity of the bonds to be refunded, as also measured from  
17 such date of issuance, with the average maturity of any  
18 principal amount of bonds to be determined by multiplying the  
19 principal of each maturity by the number of years (including  
20 any fractional part of a year) intervening between such a date  
21 of issuance and each such maturity, taking the sum of all such  
22 products, and then dividing such sum by the aggregate  
23 principal amount of bonds for which the average maturity is to  
24 be determined. For the purposes of providing funds to enable  
25 the authority to pay at their respective maturities the  
26 principal of, premium, if any, and interest on the refunding  
27 bonds issued under this act, the authority is hereby

1 authorized to pledge irrevocably for such purpose, and there  
2 is hereby appropriated for such purpose, such amount as may be  
3 necessary of the residues of the receipts from the excise  
4 taxes pledged and appropriated in subsections (a), (b), (c),  
5 and (d) of Section 6 of this act, any reserves or sinking  
6 funds established by the authority, as well as revenues of the  
7 authority from any other sources specified in the proceedings  
8 wherein the refunding bonds are authorized to be issued.

9 Pending the application of the proceeds of refunding bonds  
10 issued in accordance with this section, the proceeds, together  
11 with investment earnings therefrom, and amounts in any sinking  
12 fund, together with investment earnings thereon, may be held  
13 by the State Treasurer as treasurer of the authority in trust,  
14 or may be deposited by the State Treasurer in trust, on such  
15 terms as the State Treasurer and the authority shall approve,  
16 with a trustee or escrow agent, which trustee or escrow agent  
17 shall be a banking institution or trust company authorized to  
18 exercise trust powers in Alabama, for investment in permitted  
19 investments. Proceeds of refunding bonds shall be so invested  
20 and applied as to assure that the principal, interest, and  
21 redemption premium, if any, on the bonds being refunded shall  
22 be paid in full on the respective maturity, redemption, or  
23 interest payment dates. Refunding bonds issued by the  
24 authority shall not be general obligations of the authority  
25 but shall be payable solely from the sources specified in this  
26 act and in the proceedings whereby the refunding bonds are  
27 authorized to be issued. All refunding bonds issues by the

1 authority shall be solely and exclusively obligations of the  
2 authority and shall not create debts of the State of Alabama.  
3 The faith and credit of the State of Alabama shall never be  
4 pledged for the payment of any refunding bonds issued by the  
5 authority under this act. The authority may contract with  
6 respect to the safekeeping and application of the refunding  
7 bonds and other funds included therewith and the income  
8 therefrom which may be any bank or trust company authorized to  
9 exercise trust powers and located within and/or without the  
10 state. All other provisions of this shall apply to the  
11 refunding bonds issued hereunder except (a) the limitation  
12 contained in Section 3 of this act on the amount of bonds that  
13 may be issued under this act and (b) the provisions of Section  
14 10 of this act. All pledges made by this act or by the  
15 authority pursuant to the provisions of this act, for the  
16 benefit of refunding bonds issued under this act and all such  
17 pledges for the benefit of refunding bonds which may be issued  
18 to refund any bonds issued any of the 1965 Act, the 1971 Acts,  
19 the 1973 Act, 1978 Act, the 1985 Act, the 1990 Act, the 1995  
20 Act, the 1998 Act, the 1999 Act, the 2001 Act, the 2002 Act,  
21 the 2003 Act, the 2007 Act, the 2010 Act, or this act, shall  
22 take precedence in the order of the adoption of the  
23 resolutions authorizing the issuance of such refunding bonds.  
24 Bonds refunded prior to their maturity with the proceeds of  
25 refunding bonds shall be deemed paid and the pledges herein  
26 and by the authority made for the payment thereof defeased if  
27 the authority, in its proceedings regarding issuance of the

1 refunding bonds shall provide for and establishes a trust or  
2 escrow fund comprised of monies or government securities, or  
3 both, sufficient to pay, when due, the entire principal of,  
4 premium, if any, and interest on the bonds to be refunded  
5 thereby; provided, that such government securities shall not  
6 be subject to redemption prior to their maturities other than  
7 at the option of the holder thereof. Upon the establishment of  
8 such a trust or escrow fund, the refunded bonds shall on  
9 longer be deemed to be outstanding, shall no longer be secured  
10 by the funds pledged therefore in Section 6 of this act, shall  
11 no longer be obligations of the authority and shall be secured  
12 solely by and payable from monies and government securities  
13 deposited in such trust or escrow fund.

14 Section 9. (a) The proceeds derived from each sale  
15 of the bonds issued pursuant to this act shall be deposited  
16 into the State Treasury and shall be carried in a separate  
17 fund therein for the account of the authority, which shall pay  
18 the expense of issuance therefrom. The expense of issuance of  
19 the bonds shall be prorated among the recipients of the  
20 proceeds from the sale of the bonds in the same proportions as  
21 the allocations received of the proceeds thereunder. The  
22 proceeds from the sale of the bonds remaining after payment of  
23 the expenses of issuance thereof shall be retained in the  
24 funds and, until they are paid out, shall be invested by the  
25 State Treasurer at the discretion of the authority in  
26 permitted investments maturing at such time or times as the  
27 authority shall direct.

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

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

10 Section 11. Notwithstanding any of the foregoing and  
11 in addition to all powers heretofore granted to the authority,  
12 the authority is hereby expressly authorized to use the  
13 proceeds derived from the sale of bonds and income on  
14 permitted investments in accordance with the provisions of  
15 this act. Additionally, the authority is hereby expressly  
16 permitted to pay to the Department of Finance and the State  
17 Treasurer's Office, from time to time and from any funds  
18 available to the authority, amounts to offset costs incurred  
19 in the administration of the business of the authority. There  
20 cost of such compensation shall be prorated among the  
21 recipients of proceeds of the bonds in the same manner as the  
22 expenses of issuance of the bonds are required hereby to be  
23 prorated.

24 Section 12. The authority shall hire or contract  
25 with businesses or individuals which reflect the racial and  
26 ethnic diversity of the state.

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

12           Section 14. The authority is authorized to pay out  
13 of proceeds of any series of bonds the costs and expenses  
14 incurred in connection with the issuance of such bonds,  
15 including without limitation legal and accounting fees and  
16 expenses, fees, and expenses of any financial or fiscal  
17 advisor employed by the authority, printing costs, rating  
18 agency fees, and premiums or charges for any credit  
19 enhancement or liquidity providers. Notwithstanding any  
20 provision of this act or the 1965 Act, in appointing,  
21 employing, or contracting with attorneys, fiscal advisors,  
22 trustees, paying agents, investment bankers, banks, and  
23 underwriters, the authority may appoint, employ, or contract  
24 with firms whose principal offices are located without and/or  
25 within Alabama. The authority shall hire or contract with  
26 attorneys, fiscal advisors, trustees, paying agents,  
27 investment bankers, banks and underwriters which shall reflect

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

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

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