

1 SB512  
2 140705-1  
3 By Senator Holley  
4 RFD: Finance and Taxation Education  
5 First Read: 12-APR-12

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

14  
15 A BILL  
16 TO BE ENTITLED  
17 AN ACT

18  
19 To authorize the Alabama Public School and College  
20 Authority to sell and issue fifty million dollars  
21 (\$50,000,000) in aggregate principal amount of additional  
22 bonds for capital improvements for the support of public  
23 education; to provide funds for capital improvements for  
24 training workers for new and existing industries; to authorize  
25 the authority to reimburse the Department of Finance, and the  
26 State Treasurer's office for costs incurred in providing

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

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

13 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

16 Section 2. Wherever used in this Act, the following  
17 terms shall have the following meanings, respectively, unless  
18 the context clearly indicates otherwise:

19 (1) "1965 Act " means Act 243 enacted at the 1965  
20 First Special Session of the Legislature, codified as Title  
21 16, Chapter 16, Code of Alabama 1975.

22 (2) "1971 Acts" means Act 94 enacted at the 1971  
23 First Special Session of the Legislature, Act 2428 enacted at  
24 the 1971 Regular Session of the Legislature, and Act 56  
25 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  
12 1985 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 therefore, 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.

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

12           (19) LEGISLATURE. The Legislature of Alabama.

13           (20) PERMITTED INVESTMENTS. (i) Government  
14 Securities; (ii) bonds, debentures, notes, or other evidences  
15 of indebtedness issued by any of the following agencies: Bank  
16 for Cooperatives; Federal Intermediate Credit Banks; Federal  
17 Financing Bank; Federal Home Loan Banks; Federal Farm Credit  
18 Bank; Export-Import Bank of the United States; Federal Land  
19 Banks; or Farmers Home Administration or any other agency or  
20 corporation which has been or may hereafter be created by or  
21 pursuant to an act of the Congress of the United States as an  
22 agency or instrumentally thereof; (iii) bonds, notes, pass  
23 through securities; or other evidences of indebtedness of  
24 Government National Mortgage association and participation  
25 certificates of Federal Home Loan Mortgage Corporation; (iv)  
26 full faith and credit obligations of any state, provided that

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



1 which are held by a depository satisfactory to the State  
2 Treasurer in such manner as may be required to provided a  
3 perfected security interest in such obligations, and which  
4 meet the greater of 100 percent collateralization or the "AA"  
5 collateral levels established by Standard & Poor's Ratings  
6 Group for structured financings; and (viii) uncollaterized  
7 investment agreements with, or certificates of deposit issued  
8 by, banks or bank holding companies, the senior long-term  
9 securities of which are rated at least "AA" by Standard &  
10 Poor's Ratings Group and at least "Aa" by Moody's Investors  
11 Service.

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

14 (22) STATE. The State of Alabama.

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

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

22 (a) The authority is hereby authorized to sell and  
23 issue its bonds in the aggregate principal amount of fifty  
24 million dollars (\$50,000,000) and to apply the proceeds as  
25 provided in this act, to include the following purposes:  
26 Paying the costs of workforce training for certain industries

1 of the state and capital investments in furtherance of  
2 economic development to create new jobs.

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

9 Section 4. Execution and Other Detail of the Bonds.

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

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

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

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

1 with the sale of any series of the bonds. Each series of the  
2 bonds shall be sold competitively only at public sale, on  
3 sealed bids which may be submitted either electronically or in  
4 writing, after such advertisement as shall be prescribed by  
5 the authority and at such time or times as the authority may  
6 consider advantageous, to the bidder whose bid reflects the  
7 lowest true interest cost to the authority computed to the  
8 respective maturities of the bonds being sold, considering  
9 mandatory redemption as scheduled maturity; provided, that if  
10 no bid deemed acceptable by the authority is received it may  
11 reject all bids. The authority may fix the method and the  
12 terms and conditions under which the sale of any series of the  
13 bonds may otherwise be held; provided that such terms and  
14 conditions shall not conflict with any requirement of this  
15 act. Approval by the Governor of Alabama of the terms and  
16 conditions under which any of the bonds may be issued shall be  
17 requisite to their validity. Before any series of the bonds  
18 shall be offered for sale by the authority, the Governor shall  
19 first determine that the issuance of that series of bonds and  
20 the application of the taxes pledged to the payment of the  
21 principal of the bonds as they mature and the interest thereon  
22 as the same shall come due will not impair the adequacy of the  
23 Trust Fund to pay appropriations there from and to support the  
24 public schools and institutions of higher learning during the  
25 period over which the bonds will mature. The Governor's  
26 determination in this regard shall be in writing signed by the

1 Governor and such determination shall be final and conclusive.  
2 Neither a public hearing nor consent of the State Department  
3 of Finance or any other department or agency shall be  
4 prerequisite to the issuance of any of the bonds.

5 Section 6. Appropriation of Revenues to the  
6 Authority; Pledge Thereof for the Benefit of the Bonds. For  
7 the purpose of providing for payment of the principal,  
8 premium, if any, and interest on the bonds, and to accomplish  
9 the objectives of this act, there is hereby irrevocably  
10 pledged to those purposes, and hereby appropriated, such  
11 amount as may be necessary therefore from the following  
12 sources:

13 (1) The residue of the receipts from the excise tax,  
14 the utility gross receipts tax, levied by Title 40, Chapter  
15 21, Article 3, Code of Alabama 1975, as amended, Article 3,  
16 remaining after payment of the expenses of administration and  
17 enforcement of Article 3, being that portion of the tax that  
18 is required by Article 3 to be deposited in the State Treasury  
19 to the credit of the Trust Fund, after there shall have been  
20 taken from the residue the amount necessary to pay at their  
21 respective maturities the principal of and interest on those  
22 bonds issued be authority under 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 this act that may be

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

3 (2) The residue of the receipts from the excise tax,  
4 the utility service use tax, levied by Title 40, Chapter 21,  
5 Article 4, Code of Alabama 1975, Article 4 remaining after  
6 payment of the expenses of administration and enforcement of  
7 Article 4, being that portion of the tax that is required by  
8 Article 4 to be deposited in the State Treasury to the credit  
9 of the Trust Fund, after there shall have been taken from  
10 residue the amount necessary to pay at their respective  
11 maturities the principal of and interest on those bonds issued  
12 by the authority under the 1965 Act, the 1971 Acts, the 1973  
13 Act, the 1978 Act, the 1985 Act, the 1990 Act, the 1995 Act,  
14 the 1998 Act, the 1999 Act, the 2001 Act, the 2002 Act, the  
15 2003 Act, the 2007 Act, or this act that may be outstanding at  
16 the time of the delivery of the respective series of the bonds  
17 authorized herein.

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

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

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



1 may be necessary to meet all prior charges on the use tax  
2 including the amounts sufficient to pay at their respective  
3 maturities the principal of and interest on those outstanding  
4 bonds referred to in subdivision (3) of this section. All  
5 monies hereby appropriated and pledged shall constitute a  
6 sinking fund for the purpose of paying the principal of,  
7 premium, if any, and interest on the bonds. The State  
8 Treasurer is authorized and directed to pay at their  
9 respective maturities the principal of, premium, if any, and  
10 interest on bonds out of this fund and out of the residues of  
11 the tax receipts herein appropriated and pledged for the  
12 benefit of the bonds, and is further authorized and directed  
13 to set up and maintain appropriate records pertaining thereto.

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

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

10 Section 8. Refunding Bonds. For the purpose of  
11 refunding any bonds or refunding bonds of the authority issued  
12 under the provisions of this act, the 1965 Act, the 1971 Acts,  
13 the 1973 Act, the 1978 Act, the 1985 Act, the 1990 Act, the  
14 1995 Act, the 1998 Act, the 1999 Act, the 2001 Act, the 2002  
15 Act, the 2003 Act, the 2007 Act, or any other act previously  
16 enacted, or any combination thereof, whether such refunding  
17 shall occur before, at, or after the maturity of the bonds  
18 refunded and for the purpose of paying all premiums and  
19 expenses of such refunding, including, but not limited to,  
20 attorneys' fees, costs of printing the refunding bonds, fiscal  
21 agents' fees, and accountants' fees, the authority is hereby  
22 authorized to sell and issue its refunding bonds. Such  
23 refunding bonds may be sold and issued from time to time, at  
24 public sale, on sealed bids and on such other terms and  
25 conditions as the authority shall determine to be advantageous  
26 and shall adopt and provide for in its proceedings for the

1 sale and issuance of such refunding bonds. Provided, however,  
2 no refunding bonds shall be issued unless the present value of  
3 all debt service on the refunding bonds, computed with a  
4 discount rate equal to the true interest rate of the refunding  
5 bonds and taking into account all underwriting discount and  
6 other issuance expenses, shall not be greater than 95 percent  
7 of the present value of all debt service on the bonds to be  
8 refunded, computed using the same discount rate and taking  
9 into account the underwriting discount and other issuance  
10 expenses originally applicable to such bonds, determined as if  
11 such bonds to be refunded were paid and retired in accordance  
12 with the schedule of maturities, considering mandatory  
13 redemption as scheduled maturity, provided at the time of  
14 their issuance. Provided further that the average maturity of  
15 the refunding bonds, as measured from the date of issuance of  
16 such refunding bonds, shall not exceed by more than three  
17 years the average maturity of the bonds to be refunded, as  
18 also measured from such date of issuance, with the average  
19 maturity of any principal amount of bonds to be determined by  
20 multiplying the principal of each maturity by the number of  
21 years, including any fractional part of a year, intervening  
22 between such date of issuance and each such maturity, taking  
23 the sum of all such products, and then dividing such sum by  
24 the aggregate principal amount of bonds for which the average  
25 maturity is to be determined. For the purpose of providing  
26 funds to enable the authority to pay at their respective

1 maturities the principal of, premium, if any, and interest on  
2 the refunding bonds issued under this act, the authority is  
3 hereby authorized to pledge irrevocably for such purpose, and  
4 there is hereby appropriated for such purpose, such amount as  
5 may be necessary of the residues of the receipts from the  
6 excise taxes pledged and appropriated in subdivisions (1), (2),  
7 (3), and (4) of Section 6 of this act, any reserves or sinking  
8 funds established by the authority, as well as revenues of the  
9 authority from any other sources specified in the proceedings  
10 wherein the refunding bonds are authorized to be issued.  
11 Pending the application of the proceeds of refunding bonds  
12 issued in accordance with this section, the proceeds, together  
13 with investment earning there from, and amounts in any sinking  
14 fund, together with investment earnings thereon, may be held  
15 by the State Treasurer as treasurer of the authority in trust,  
16 or may be deposited by the State Treasurer in trust, on such  
17 terms as the State Treasurer and the authority shall approve,  
18 with a trustee or escrow agent, which trustee or escrow agent  
19 shall 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

1 but shall be payable solely from the sources specified in this  
2 act and in the proceedings whereby the refunding bonds are  
3 authorized to be issued. All refunding bonds issued by the  
4 authority shall be solely and exclusively obligations of the  
5 authority and shall not create debts of the State of Alabama.  
6 The faith and credit of the State of Alabama shall never be  
7 pledged for the payment of any refunding bonds issued by the  
8 authority under this act. The authority may contract with  
9 respect to the safekeeping and application of the proceeds of  
10 refunding bonds and other funds included therewith and the  
11 income there from, and shall have the right and power to  
12 appoint a trustee therefore, which may be any bank or company  
13 authorized to exercise trust powers and located within or  
14 without the state. All other provisions of this act shall  
15 apply to the refunding bonds issued hereunder except (a) the  
16 limitation contained in Section 3 of this act on the amount of  
17 bonds that may be issued under this act and (b) the provisions  
18 of Section 9 of this act. All pledges made by this act, or by  
19 the authority pursuant to the provisions of this act, for the  
20 benefit of refunding bonds issued under this act, and all such  
21 pledges for the benefit of refunding bonds which may be issued  
22 to refund any bonds issued under any of the 1965 Act, the 1971  
23 Acts, the 1973 Act, the 1978 Act, the 1985 Act, the 1990 Act,  
24 the 1995 Act, the 1998 Act, the 1999 Act, the 2001 Act, the  
25 2002 Act, the 2003 Act, the 2007 Act, or this act, shall take  
26 precedence in the order of the adoption of the resolutions

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

19 Section 9. Use of Bond Proceeds. (a) The proceeds  
20 derived from each sale of the bonds issued pursuant to this  
21 act shall be deposited in the State Treasury and shall be  
22 carried in a separate fund therein for the account of the  
23 authority, which shall pay the expenses of issuance there  
24 from. The expenses of issuance of the bonds shall be prorated  
25 among the recipients of the proceeds from the sale of the  
26 bonds in proportions they receive allocations of the proceeds

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

7 (b) Proceeds from the sale of the bonds and the  
8 earning thereon shall be paid out from time to time on orders  
9 or warrants issued by or at the direction of the authority for  
10 any one or more of the purposes specified in this act, to  
11 include the following allocations: (1) Fifty million dollars  
12 (\$50,000,000) shall be expended for worker training for  
13 economic development and for capital improvements in  
14 furtherance of economic development.

15 Section 10. Notwithstanding any of the foregoing and  
16 in addition to all powers heretofore granted to the authority,  
17 the authority is hereby expressly authorized to use the  
18 proceeds derived from the sale of bonds and income on  
19 permitted investments in accordance with the provisions of  
20 this act. The preparation of all plans and specifications for  
21 any building constructed wholly or in part with any of the  
22 monies realized from the sale of any of the bonds and all work  
23 done pursuant to expenditure of the proceeds thereof in regard  
24 to the construction, reconstruction, alteration, improvement,  
25 and equipping of buildings shall be supervised by the State  
26 Building Commission, and the authority shall reimburse the

1 commission for its reasonable direct and administrative costs  
2 in having plans, specifications, and contract documents  
3 prepared and in supervising and inspecting the work.

4 Additionally, the authority is hereby expressly  
5 permitted to pay to the Department of Finance and the State  
6 Treasurer's office, from time to time and from any funds  
7 available to the authority, amounts to offset costs incurred  
8 in the administration of the business of the authority. The  
9 cost of such compensation shall be prorated among the  
10 recipients of proceeds of the bonds in the same manner as the  
11 expense of issuance of the bonds are required hereby to be  
12 prorated.

13 Section 11. The authority shall hire or contract  
14 with businesses or individuals, which reflect the racial and  
15 ethnic diversity of the state.

16 Section 12. Tax Exemption. The authority shall have  
17 the power to make such payments to the United States of  
18 America as the board of directors of the authority deems  
19 necessary to cause the interest on any bonds of the authority,  
20 including the bonds, to be and remain exempt from, or  
21 excludable from gross income for purposes of, federal income  
22 taxation. The authority shall have the power to make such  
23 agreements respecting the investment of funds of the authority  
24 as the authority shall deem necessary in order that the  
25 interest income on bonds of the authority be and remain exempt



1 from, or excludable from gross income for purposes of, federal  
2 income taxation.

3 Section 13. Issuance Expenses; Contracts and  
4 Appointments. The authority is authorized to pay out of  
5 proceeds of any series of bonds the costs and expenses  
6 incurred in connection with the issuance of such bonds,  
7 including, without limitation, legal and accounting fees and  
8 expenses, fees and expenses of any financial or fiscal advisor  
9 employed by the authority, printing costs, rating agency fees,  
10 and premiums or charges for any credit enhancement or  
11 liquidity providers. Notwithstanding any provision of this act  
12 or the 1965 Act, in appointing, employing, or contracting with  
13 attorneys, fiscal advisors, trustees, paying agents,  
14 investment bankers, banks and underwriters, the authority may  
15 appoint, employ, or contract with firms whose principal  
16 offices are located without or within Alabama. The authority  
17 shall hire or contract with attorneys, fiscal advisors,  
18 trustees, paying agents, investment bankers, banks, and  
19 underwriters which shall reflect the racial and ethnic  
20 diversity of the state. The authority shall issue requests for  
21 proposals for attorneys, fiscal advisors, trustees, paying  
22 agents, investment bankers, banks, and underwriters. The  
23 authority shall evaluate each proposed bid publicly and award  
24 each contract publicly. Minutes of the authority's meeting  
25 shall record the reasons for awarding each contract.

1           Section 14. Severability. In the event any section,  
2 sentence, clause, or provision of this act shall be declared  
3 invalid by a court of competent jurisdiction, such action  
4 shall not affect the validity of the remaining sections,  
5 sentences, clauses, or provisions of this act, which shall  
6 continue effective.

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