SYNOPSIS: This bill authorizes the Alabama Public School and College Authority to sell and issue $37,828,007 in aggregate principal amount of additional bonds for capital improvements for schools which suffered catastrophic damage as a result of the tornadoes on April 27, 2011. It authorizes the Authority to reimburse the Building Commission, the Department of Finance, and the State Treasurer's office for costs incurred in providing services for the Authority; it authorizes the Authority to provide for the details of the bonds and the sale and issuance thereof; it makes an appropriation and pledge for payment of the principal and interest on the bonds from specific taxes necessary to pay the principal and interest at their respective maturities and authorizes the Authority to pledge for payment of the principal and interest on the bonds the funds that are appropriated and pledged; it provides for the investment of funds by the State Treasurer; it
provides that the bonds shall not constitute a debt
of the state but shall be limited obligations
payable out of the funds appropriated and pledged
therefor; it provides that the bonds and income
therefrom shall be exempt from all taxation in this
state and that the bonds may be used to secure
deposits of funds of this state and its political
subdivisions, instrumentalities and agencies and
for investment of fiduciary funds; it authorizes
the Authority to establish procedures and
requirements to ensure compliance with the tax
covenants with which the Authority must comply; it
exempts the bonds from the usury laws of the state;
it authorizes the Authority to issue refunding
bonds and give the details of such refunding; it
provides for the employment of attorneys, fiscal
advisors, trustees, paying agents, investment
bankers, banks, and underwriters and for the
payment of all expenses incurred in the issuance of
the bonds; it provides that after payment of the
expenses of the issuance of the bonds the proceeds
from the sale thereof shall be disbursed on order
or warrants issued by or under the direction of the
Authority for the purposes for which the bonds are
authorized to be issued; it provides for the timely
expenditure of the proceeds from the sale of the
bonds; it provides for use of amounts repaid to the
Authority by local boards of education and provides that if any portion of this act should be held invalid such holding shall not affect the validity of any other portion thereof; and it requires all projects using bond proceeds to have all plans, specifications, construction, reconstruction, alteration, improvement, and equipping of buildings to be supervised by the State Building Commission and provides for the payments of its reasonable cost in reviewing contract documents and supervising and inspecting the work.

A BILL
TO BE ENTITLED
AN ACT

To authorize the Alabama Public School and College Authority to sell and issue $37,828,007 in aggregate principal amount of additional bonds for capital improvements for schools which suffered catastrophic damage as a result of the tornadoes on April 27, 2011. To authorize the Authority to reimburse the Building Commission, the Department of Finance, and the State Treasurer's office for costs incurred in providing services for the Authority; to authorize the Authority to provide for the details of the bonds and the sale and issuance thereof; to make an appropriation and pledge for payment of the principal and interest on the bonds from
specific taxes necessary to pay the principal and interest at their respective maturities and authorizes the Authority to pledge for payment of the principal and interest on the bonds the funds that are appropriated and pledged; to provide for the investment of funds by the State Treasurer; to provide that the bonds shall not constitute a debt of the state but shall be limited obligations payable out of the funds appropriated and pledged therefor; to provide that the bonds and income therefrom shall be exempt from all taxation in this state and that the bonds may be used to secure deposits of funds of this state and its political subdivisions, instrumentalities and agencies and for investment of fiduciary funds; to authorize the Authority to establish procedures and requirements to ensure compliance with the tax covenants with which the Authority must comply; to exempt the bonds from the usury laws of the state; to authorize the Authority to issue refunding bonds and give the details of such refunding; to provide for the employment of attorneys, fiscal advisors, trustees, paying agents, investment bankers, banks, and underwriters and for the payment of all expenses incurred in the issuance of the bonds; to provide that after payment of the expenses of the issuance of the bonds the proceeds from the sale thereof shall be disbursed on order or warrants issued by or under the direction of the Authority for the purposes for which the bonds are authorized to be issued; to provide for the timely expenditure of the proceeds from the sale of the bonds; to provide for use of amounts repaid to the
Authority by local boards of education and to provide that if any portion of this act should be held invalid such holding shall not affect the validity of any other portion thereof; and to require all projects using bond proceeds to have all plans, specifications, construction, reconstruction, alteration, improvement, and equipping of buildings to be supervised by the State Building Commission and to provide for the payments of its reasonable cost in reviewing contract documents and supervising and inspecting the work.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Definitions. Wherever used in this act, the following terms shall have the following meanings respectively, unless the context clearly indicates otherwise:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(15) "2010 Act" means Act No. 2010-720 enacted at
the 2010 Regular Session of the Legislature.

(16) "Authority" means Alabama Public School and
College Authority.
(17) "Bonds" (except where that word is used with reference to bonds issued under another act) means those bonds, other than Refunding Bonds, issued under the provisions of this act.

(18) "Capital Improvement" means capital outlay projects that include the planning, designing, inspection, purchasing, construction, reconstruction, enlargement, improvement, repair, or renovation of permanent buildings containing classrooms, offices, libraries, laboratories, clinical or teaching facilities, dormitories, vocational and professional and industrial training facilities, cafeterias, alternative schools, physical education facilities, research facilities, academic structures to reduce portable classrooms or substandard classroom facilities, related improvements and land as sites therefor, together with furnishings and equipment required for the operation of the facilities and the programs provided therein.

(19) "Commission" means the building commission created by Section 41-9-140 Code of Alabama 1975, and its successors as the state agency for awarding construction contracts and supervising construction.

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

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

(22) "Permitted Investments" means (i) Government Securities; (ii) bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Bank for Cooperatives; Federal Intermediate Credit Banks; Federal Financing Bank; Federal Home Loan Banks; Federal Farm Credit Bank; Export-Import Bank of the United States; Federal Land Banks; or Farmers Home Administration or any other agency or corporation which has been or may hereafter be created by or pursuant to an act of the Congress of the United States as an agency or instrumentality thereof; (iii) bonds, notes, pass through securities or other evidences of indebtedness of Government National Mortgage Association and participation certificates of Federal Home Loan Mortgage Corporation; (iv) full faith and credit obligations of any state, provided that at the time of purchase such obligations are rated at least "AA" by Standard & Poor's Ratings Group and at least "Aa" by Moody's Investors Service; (v) public housing bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by contracts with the United States of America, or temporary notes, preliminary notes or project notes issued by public agencies or
municipalities, in each case fully secured as to the payment to both principal and interest by a requisition or payment agreement with the United States of America; (vi) time deposits evidenced by certificates of deposit issued by banks or savings and loan associations which are members of the Federal Deposit Insurance Corporation, provided that, to the extent such time deposits are not covered by federal deposit insurance, such time deposits (including interest thereon) are fully secured by a pledge of obligations described in clauses (i), (ii), (iii), and (v) above, which at all times have a market value not less than the amount of such bank time deposits required to be so secured and which meet the greater of 100% collateralization or the "AA" collateral levels established by Standard & Poor's Ratings Group for structured financings; (vii) repurchase agreements for obligations of the type specified in clauses (i), (ii), (iii), and (v) above, provided such repurchase agreements are fully collateralized and secured by such obligations which have a market value at least equal to the purchase price of such repurchase agreements which are held by a depository satisfactory to the State Treasurer in such manner as may be required to provide a perfected security interest in such obligations, and which meet the greater of 100% collateralization or the "AA" collateral levels established by Standard & Poor's Ratings Group for structured financings; and (viii) uncollateralized investment agreements with, or certificates of deposit issued by, banks or bank holding companies, the senior long-term
securities of which are rated at least "AA" by Standard &
Poor's Ratings Group and at least "Aa" by Moody's Investors
Service.

(23) "Refunding Bonds" means those refunding bonds
issued under the provisions of this act.

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

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

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

Section 2. Authorization to Issue Additional Bonds
and Purposes Thereof.

(a) The Authority is hereby authorized to sell and
issue its Bonds in the aggregate principal amount of
$37,828,007 and to apply the proceeds as provided in this act.

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

Section 3. Execution and Other Details of the Bonds.
The Bonds shall be signed by the president or vice-president
of the Authority, and the seal of the Authority affixed
there to (or a facsimile thereof imprinted thereon) and
attested by its secretary. All signatures of the president,
vice-president, and secretary may be facsimile signatures if
the Authority, in its proceedings with respect to issuance,
provides for manual authentication (which may be in the form
of a certificate as to registration) of the Bonds by a
trustee, registrar or paying agent or by named individuals who
are employees of the State and who are assigned to the Finance
Department or State Treasurer's Office of the State. All Bonds
bearing signatures or facsimiles of the signatures of officers
of the Authority in office on the date of signing thereof
shall be valid and binding notwithstanding that before the
delivery thereof and payment therefor, any officer whose
signature appears thereon shall have ceased to be an officer
of the Authority. The Bonds and the income therefrom shall be
exempt from all taxation in the State of Alabama, may be used
as security for deposits, and shall be eligible for
investments of fiduciary funds, as provided in the 1965 Act.
The Bonds shall be construed to have all the qualities and
incidents of negotiable instruments subject to any
registration provisions pertaining to transfers. The Authority
and the Bonds shall be exempt from all laws of the State
governing usury including, without limitation, the provisions
of Title 8, Chapter 8, Code of Alabama 1975, or any subsequent
statute of similar import. The Bonds shall be in such form or
forms and denomination or denominations and of such tenor and
maturities, shall bear such rate or rates of interest payable and evidenced in such manner, may be made subject to redemption prior to their maturities, and may contain provisions not inconsistent with this act, all as may be provided by the resolution of the Authority under which the Bonds may be issued; provided, that no Bonds shall have a specified maturity date later than twenty years after their date; and provided further, that those Bonds having maturities more than ten years after their date shall be subject to redemption at the option of the Authority on any date on and after the tenth anniversary after their date at such redemption price or prices and under such conditions as may be prescribed in the proceedings of the Authority under which they are issued. For the purpose of paying the principal of, premium, if any, and interest on the Bonds or any Refunding Bonds, the Authority shall designate the State Treasurer or such bank or banks as the Authority, in its discretion, determines to be appropriate and desirable. Funds for the payment of debt service shall be transferred by the Authority or the State Treasurer on behalf of the Authority to the designated paying agent on the actual due date of such principal, premium, if any, or interest.

Section 4. Sale of the Bonds. The Bonds may be sold by the Authority from time to time in series, and if sold in more than one series, may all be authorized in one initial resolution of the Authority with the pledges therefor made by the Authority in such initial resolution although some of the
details applicable to each series may be specified in the respective resolutions under which the different series are issued. The Authority, in the course of establishing, by resolution, a principal amount of Bonds to be authorized for sale at any given time, or to be sold in any series, may take into account the existence of any unexpended proceeds of prior issues of bonds of the Authority (and of any other issuer, if such should be deemed by the Authority to be relevant), and may structure the portions of the allocations provided for this act to be distributed from the proceeds of a particular series (constituting less than all the Bonds authorized by this act) as the Authority deems necessary or prudent in order to enable the Authority to comply with any tax covenants that may be required of it, or that may be deemed by it to be prudent to be given by it, in connection with the sale of any series of the Bonds. Each series of the Bonds shall be sold competitively only at public sale, on sealed bids which may be submitted either electronically or in writing, after such advertisement as shall be prescribed by the Authority and at such time or times as the Authority may consider advantageous, to the bidder whose bid reflects the lowest true interest cost to the Authority computed to the respective maturities of the Bonds being sold (considering mandatory redemption as scheduled maturity); provided, that if no bid deemed acceptable by the Authority is received it may reject all bids. The Authority may fix the method and the terms and conditions under which the sale of any series of the Bonds may
otherwise be held; provided that such terms and conditions shall not conflict with any requirement of this act. Approval by the Governor of Alabama of the terms and conditions under which any of the Bonds may be issued shall be requisite to their validity. Before any series of the Bonds shall be offered for sale by the Authority, the Governor shall first determine that the issuance of that series of Bonds and the application of the taxes pledged to the payment of the principal of the Bonds as they mature and the interest thereon as the same shall come due will not impair the adequacy of the Trust Fund to pay appropriations therefrom and to support the public schools and institutions of higher learning during the period over which the Bonds will mature. The Governor's determination in this regard shall be in writing signed by the Governor and such determination shall be final and conclusive. Neither a public hearing nor consent of the State Department of Finance or any other department or agency shall be a prerequisite to the issuance of any of the Bonds.

Section 5. Appropriation of Revenues to the Authority; Pledge Thereof for the Benefit of the Bonds. For the purpose of providing for payment of the principal, 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, 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 2009 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 2009 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;
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
excise tax ("the sales tax") levied by Title 40, Chapter 23,
Article 1, Division 1, Code of Alabama 1975, as amended
("Article 1"), after there shall have been taken from the
residue the amounts appropriated for other educational
purposes in Section 40-23-35, Code of Alabama 1975 (which
residue constitutes that portion of the receipts from the
sales tax that is now required by law to be paid into the
Trust Fund), and after there shall have been taken from the
residue amounts sufficient to meet all prior charges on the
residue including such amounts as may be necessary to pay at
their respective maturities the principal of and interest on
those bonds issued by the Authority under 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 2009 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; and
(d) To the extent and to the extent only that the revenues appropriated in the foregoing subsections (a), (b), and (c) of this Section may not be sufficient to pay at their respective maturities the principal of, premium, if any, and the interest on the Bonds, the residue of the receipts from the excise tax ("the use tax") levied by Title 40, Chapter 23, Article 2, Code of Alabama 1975, as amended ("Article 2"), after there shall have been taken from the residue the amount necessary to meet the expenses of the State Department of Revenue in collecting the use tax (which residue constitutes that portion of the receipts from the use tax that is now required by law to be paid into the Trust Fund), and after there shall have been taken from the residue such amounts as may be necessary to meet all prior charges on the use tax including the amounts sufficient to pay at their respective maturities the principal of and interest on those outstanding bonds referred to in subsection (c) of this Section.

All monies hereby appropriated and pledged shall constitute a sinking fund for the purpose of paying the principal of, premium, if any, and interest on the Bonds. The State Treasurer is authorized and directed to pay at their respective maturities the principal of, premium, if any, and interest on the Bonds out of this fund and out of the residues of the tax receipts herein appropriated and pledged for the benefit of the Bonds, and is further authorized and directed to set up and maintain appropriate records pertaining thereto.
Section 6. Bonds to be Payable Solely out of the Revenues Appropriated; Authorization for Authority to Pledge Such Revenues for the Bonds. The Bonds shall not be general obligations of the Authority but shall be limited obligations payable solely out of the residues of the tax receipts appropriated and pledged in Section 5 of this act. All Bonds issued by the Authority pursuant to the provisions of this act shall be solely and exclusively obligations of the Authority and shall not constitute or create an obligation or debt of the State. As security for the payment of the principal of, premium, if any, and interest on the Bonds, the Authority is hereby authorized and empowered to pledge the residues of the tax receipts that are appropriated and pledged in Section 5 hereof for such purposes. All such pledges made by the Authority shall take precedence in the order of the adoption of the resolutions containing the pledges. All such pledges shall be prior and superior to any pledges that may be made for any refunding bonds hereafter issued by the Authority under the provisions of any of 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 2009 Act, the 2010 Act, or any other act heretofore enacted.

Section 7. Refunding Bonds. For the purpose of refunding any Bonds or Refunding Bonds of the Authority issued under the provisions of this act, 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 2009 Act, the 2010 Act, or any other act previously enacted, or any combination thereof, whether such refunding shall occur before, at or after the maturity of the Bonds refunded and for the purpose of paying all premiums and expenses of such refunding (including, but not limited to, attorneys' fees, costs of printing the Refunding Bonds, fiscal agents' fees, and accountants' fees), the Authority is hereby authorized to sell and issue its Refunding Bonds. Such Refunding Bonds may be sold and issued from time to time, at public sale, on sealed bids and on such other terms and conditions as the Authority shall determine to be advantageous and shall adopt and provide for in its proceedings for the sale and issuance of such Refunding Bonds. Provided, however, no Refunding Bonds shall be issued unless the present value of all debt service on the Refunding Bonds (computed with a discount rate equal to the true interest rate of the Refunding Bonds and taking into account all underwriting discount and other issuance expenses) shall not be greater than 95 percent of the present value of all debt service on the Bonds to be refunded (computed using the same discount rate and taking into account the underwriting discount and other issuance expenses originally applicable to such Bonds) determined as if such Bonds to be refunded were paid and retired in accordance with the schedule of maturities (considering mandatory redemption as scheduled maturity) provided at the time of their issuance. Provided
further that the average maturity of the Refunding Bonds, as measured from the date of issuance of such Refunding Bonds, shall not exceed by more than three years the average maturity of the Bonds to be refunded, as also measured from such date of issuance, with the average maturity of any principal amount of Bonds to be determined by multiplying the principal of each maturity by the number of years (including any fractional part of a year) intervening between such date of issuance and each such maturity, taking the sum of all such products, and then dividing such sum by the aggregate principal amount of Bonds for which the average maturity is to be determined. For the purpose of providing funds to enable the Authority to pay at their respective maturities the principal of, premium, if any, and interest on the Refunding Bonds issued under this act, the Authority is hereby authorized to pledge irrevocably for such purpose, and there is hereby appropriated for such purpose, such amount as may be necessary of the residues of the receipts from the excise taxes pledged and appropriated in subsections (a), (b), (c), and (d) of Section 5 of this act, any reserves or sinking funds established by the Authority, as well as revenues of the Authority from any other sources specified in the proceedings wherein the Refunding Bonds are authorized to be issued. Pending the application of the proceeds of Refunding Bonds issued in accordance with this Section, the proceeds, together with investment earnings therefrom, and amounts in any sinking fund, together with investment earnings thereon, may be held by the State
Treasurer as treasurer of the Authority in trust, or may be deposited by the State Treasurer in trust, on such terms as the State Treasurer and the Authority shall approve, with a trustee or escrow agent, which trustee or escrow agent shall be a banking institution or trust company authorized to exercise trust powers in Alabama, for investment in Permitted Investments. Proceeds of Refunding Bonds shall be so invested and applied as to assure that the principal, interest, and redemption premium, if any, on the Bonds being refunded shall be paid in full on the respective maturity, redemption, or interest payment dates. Refunding Bonds issued by the Authority shall not be general obligations of the Authority but shall be payable solely from the sources specified in this act and in the proceedings whereby the Refunding Bonds are authorized to be issued. All Refunding Bonds issued by the Authority shall be solely and exclusively obligations of the Authority and shall not create debts of the State of Alabama. The faith and credit of the State of Alabama shall never be pledged for the payment of any Refunding Bonds issued by the Authority under this act. The Authority may contract with respect to the safekeeping and application of the proceeds of Refunding Bonds and other funds included therewith and the income therefrom, and shall have the right and power to appoint a trustee therefore, which may be any bank or company authorized to exercise trust powers and located within and/or without the State. All other provisions of this act shall apply to the Refunding Bonds issued hereunder except (a) the
limitation contained in Section 2 of this act on the amount of
Bonds that may be issued under this act and (b) the provisions
of Section 8 of this act. All pledges made by this act, or by
the Authority pursuant to the provisions of this act, for the
benefit of Refunding Bonds issued under this act, and all such
pledges for the benefit of Refunding Bonds which may be issued
to refund any bonds issued under any of 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 2009 Act, the 2010
Act, or this Act, shall take precedence in the order of the
adoption of the resolutions authorizing the issuance of such
Refunding Bonds. Bonds refunded prior to their maturity with
the proceeds of Refunding Bonds shall be deemed paid and the
pledges herein and by the Authority made for the payment
thereof defeased if the Authority, in its proceedings
regarding issuance of the Refunding Bonds shall provide for
and establish a trust or escrow fund comprised of monies or
Government Securities, or both, sufficient to pay, when due,
the entire principal of, premium, if any, and interest on the
Bonds to be refunded thereby; provided, that such Government
Securities shall not be subject to redemption prior to their
maturities other than at the option of the holder thereof.
Upon the establishment of such a trust or escrow fund, the
refunded Bonds shall no longer be deemed to be outstanding,
shall no longer be secured by the funds pledged therefor in
Section 5 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 8. Use of Bond Proceeds.

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

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

(1) DeKalb County Board of Education (Plainview School) $3,837,857
(2) Franklin County Board of Education $11,673,678
Section 9. Notwithstanding any of the foregoing and in addition to all powers heretofore granted to the Authority, the Authority is hereby expressly authorized to use the proceeds derived from the sale of Bonds and income on Permitted Investments in accordance with the provisions of this act. The preparation of all plans and specifications for any building constructed wholly or in part with any of the monies realized from the sale of any of the Bonds and all work done pursuant to expenditure of the proceeds thereof in regard to the construction, reconstruction, alteration, improvement, and equipping of buildings shall be supervised by the State Building Commission, and the Authority will reimburse the Commission for its reasonable direct and administrative costs.
in having plans, specifications, and contract documents prepared and in supervising and inspecting the work. Additionally, the Authority is hereby expressly permitted to pay to the Department of Finance and the State Treasurer's Office, from time to time and from any funds available to the Authority, amounts to offset costs incurred in the administration of the business of the Authority. The cost of such compensation shall be prorated among the recipients of proceeds of the Bonds in the same manner as the expenses of issuance of the Bonds are required hereby to be prorated.

Section 10. The Authority shall hire or contract with businesses or individuals which reflect the racial and ethnic diversity of the State.

Section 11. Tax Exemption. The Authority shall have the power to make such payments to the United States of America as the board of directors of the Authority deems necessary to cause the interest on any bonds of the Authority, including the Bonds, to be and remain exempt from, or excludible from gross income for purposes of, federal income taxation. The Authority shall have the power to make such agreements respecting the investment of funds of the Authority as the Authority shall deem necessary in order that the interest income on bonds of the Authority be and remain exempt from, or excludible from gross income for purposes of, federal income taxation.

Section 12. Issuance Expenses; Contracts and Appointments. 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
liability providers. Notwithstanding any provision of this act
or the 1965 Act, in appointing, employing, or contracting with
attorneys, fiscal advisers, trustees, paying agents,
investment bankers, banks and underwriters, the Authority may
appoint, employ or contract with firms whose principal offices
are located without or within Alabama. The Authority shall
hire or contract with attorneys, fiscal advisors, trustees,
paying agents, investment bankers, banks, and underwriters
which shall reflect the racial and ethnic diversity of the
state. The Authority shall issue Requests For Proposals for
attorneys, fiscal advisors, trustees, paying agents,
investment bankers, banks, and underwriters. The Authority
shall evaluate each proposed bid publicly and award each
contract publicly. Minutes of the Authority's meeting shall
record the reasons for awarding each contract.

Section 13. Severability. In the event any section,
sentence, clause or provision of this act shall be declared
invalid by a court of competent jurisdiction, such action
shall not affect the validity of the remaining sections,
sentences, clauses, or provisions of this act, which shall
continue effective.
Section 14. Effective Date. This act shall become effective immediately upon its passage and approval by the Governor or upon its otherwise becoming a law.