

House Bill 936 (AS PASSED HOUSE AND SENATE)

By: Representatives Battles of the 15th, Rynders of the 152nd, Roberts of the 154th, Coleman of the 97th, Maxwell of the 17th, and others

A BILL TO BE ENTITLED
AN ACT

1 To amend Chapter 2 of Title 20 of the Official Code of Georgia Annotated, relating to
2 elementary and secondary education, so as to enact certain provisions relating to school
3 funding; to provide that the replacement allowance for purchasing new school buses shall
4 also be available to refurbish existing school buses; to revise certain provisions relative to
5 the "Georgia Education Authority (Schools) Act" in order to qualify for the federal American
6 Recovery and Reinvestment Act (ARRA) bond program for schools; to provide for related
7 matters; to provide for an effective date; to repeal conflicting laws; and for other purposes.

8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

9 **SECTION 1.**

10 Chapter 2 of Title 20 of the Official Code of Georgia Annotated, relating to elementary and
11 secondary education, is amended in Code Section 20-2-188, relating to student
12 transportation, by adding a new subsection to read as follows:

13 "(a.1) Any funds that the State Board of Education allocates for school bus replacement
14 may be used by local boards of education to refurbish existing school buses. Bus
15 replacement funds may not be restricted by the state board for use only in purchasing new
16 or replacement school buses. Any school bus that is refurbished shall be subject to all
17 safety and maintenance inspection requirements provided for by law. Refurbishment of
18 a school bus shall be done by a school bus manufacturer or by a dealer of a manufacturer.
19 Each local board of education that refurbishes a school bus pursuant to this subsection is
20 strongly encouraged to apply for federal funds to retrofit the engine. The State Board of
21 Education shall notify the Environmental Protection Division when a local board of
22 education receives state funds to refurbish a school bus so that the division may provide
23 information to such local board regarding the availability of federal funds for such
24 purposes."

25 **SECTION 2.**

26 Said chapter is further amended by revising Code Section 20-2-552, relating to the creation,
 27 members, officers, and staff of the Georgia Education Authority (Schools), procedural rules
 28 and regulations, and assignment to the Department of Administrative Services, as follows:
 29 "20-2-552.

30 (a) There is created a body corporate and politic to be known as the Georgia Education
 31 Authority (Schools), which shall be deemed to be an instrumentality of the State of Georgia
 32 and a public corporation and ~~which~~ by that name, style, and title such body may contract
 33 and be contracted with, bring and defend actions, and implead and be impleaded. The
 34 authority shall consist of ~~seven~~ five members, as follows: ~~the Governor, an appointee of~~
 35 ~~the Governor who is not the Attorney General, the state auditor, the chairman of the State~~
 36 ~~Board of Education, the chairman of the Board of Regents of the University System of~~
 37 ~~Georgia, the State School Superintendent, and the chancellor of the University System of~~
 38 ~~Georgia~~ three appointees of the Governor, one appointee of the Lieutenant Governor, and
 39 one appointee of the Speaker of the House of Representatives. The terms of office for all
 40 members shall be three years and until their successors are appointed and qualified.

41 (b) The authority shall elect one of its members as ~~chairman~~ chairperson and another as
 42 ~~vice-chairman~~ vice chairperson and a secretary and treasurer, who need not necessarily be
 43 a member of the authority ~~but who shall be the same as the secretary and treasurer of the~~
 44 ~~Georgia Education Authority (University).~~ The majority of the members of the authority
 45 shall constitute a quorum. No vacancy on the authority shall impair the right of the quorum
 46 to exercise all the rights and perform all the duties of the authority. The members of the
 47 authority shall not be entitled to compensation for their services but shall be entitled to and
 48 shall be reimbursed for their actual expenses necessarily incurred in the performance of
 49 their duties. ~~The staff of the authority shall be the same as the staff of the Georgia~~
 50 ~~Education Authority (University).~~ The authority may have staff assigned from within the
 51 Department of Education or the Georgia State Financing and Investment Commission for
 52 the purposes of carrying out the authority's duties and responsibilities, with compensation
 53 paid from resources available to the authority or the Department of Education or the
 54 Georgia State Financing and Investment Commission, as the department, the commission,
 55 and the authority may agree. The Department of Education and all other state or local
 56 government entities shall provide all necessary assistance requested by the authority. The
 57 Georgia State Financing and Investment Commission shall provide financial advisory
 58 services to the authority in accordance with Code Section 50-17-22, and all debt of the
 59 authority shall be subject to the approval of the Georgia State Financing and Investment
 60 Commission. The authority shall make rules and regulations for its own government. It
 61 shall have perpetual existence. Any change in name or composition of the authority shall

62 in no way affect the vested rights of any person under this part or impair the obligations of
63 any contracts existing under this part.

64 (c) The authority is assigned to the ~~Department of Administrative Services~~ Georgia State
65 Financing and Investment Commission for administrative purposes only as prescribed in
66 Code Section 50-4-3."

67 **SECTION 3.**

68 Said part is further amended by revising Code Section 20-2-553, relating to powers of the
69 Georgia Education Authority (Schools), as follows:

70 "20-2-553.

71 (a) The authority shall have the power:

72 (1) To have a seal and alter it at pleasure;

73 (2) To acquire by purchase, lease, or otherwise and to hold, lease, sell, and dispose of
74 real and personal property of every kind and character for its corporate purposes;

75 (3) To acquire in its own name by purchase, on such terms and conditions, and in such
76 manner as it may deem proper, or by condemnation in accordance with any and all
77 existing laws applicable to the condemnation of property for public use, real property or
78 rights of easements therein or franchises necessary or convenient for its corporate
79 purposes and to use them so long as its corporate existence shall continue and to lease or
80 make contracts ~~with respect to~~ for the use of or dispose of them in any manner it deems
81 to the best advantage of the authority, the authority being under no obligation to accept
82 and pay for any property condemned under this part, except from the funds provided
83 under the authority of this part. In any proceedings to condemn, such orders may be
84 made by the court having jurisdiction of the action or proceeding as may be just to the
85 authority and to the owners of the property to be condemned; and no property shall be
86 acquired under this part upon which any lien or other encumbrance exists unless at the
87 time such property is so acquired a sufficient sum of money is deposited in trust to pay
88 and redeem the fair value of such lien or encumbrance. If the authority shall deem it
89 expedient to construct any project on lands which are subject to the control of the public
90 school system of the state or of any county board of education, city board of education,
91 or governing body of an independent or quasi-independent district or system or local unit
92 of administration, the Governor, in the case of the state, or the boards of education of
93 counties or cities, or the equivalent governing authorities of independent school districts
94 or systems are authorized to execute for and in behalf of the state or the various county
95 boards of education, city boards of education, or governing bodies of independent
96 districts or systems, as the case may be, a lease upon such lands to the authority for such
97 parcel or parcels as shall be needed for a period not to exceed 50 years, at a nominal

98 rental of \$1.00 per year. If the authority shall deem it expedient to construct any project
 99 on any other lands the title to which shall then be in the state, the Governor is authorized
 100 to convey, for and in behalf of the state, title to such lands to the authority, upon payment
 101 into the state treasury for the credit of the general fund of the state of the reasonable value
 102 of such lands, such value to be determined by three appraisers to be agreed upon by the
 103 Governor and the ~~chairman~~ chairperson of the authority. Further, if the authority shall
 104 deem it expedient to construct any project on any other lands the title to which shall then
 105 be in any county, municipality, or other governmental subdivision of the state, the proper
 106 authorities of such county, municipality, or governmental subdivision are authorized to
 107 convey, for and in behalf of such county, municipality, or governmental subdivision, title
 108 to such lands to the authority, upon payment to the proper fiscal officer of the county,
 109 municipality, or other governmental subdivision of the reasonable value of such lands,
 110 such value to be determined by three appraisers to be agreed upon between such
 111 governmental authorities and the ~~chairman~~ chairperson of the authority;

112 (4) To appoint and select officers, agents, and employees, including engineering,
 113 architectural, and construction experts, fiscal agents, and attorneys, and to fix their
 114 compensation;

115 (5) To make contracts, agreements of sale, and leases and to execute all instruments
 116 necessary or convenient, including contracts for construction of projects, agreements for
 117 the sale of projects, and leases of projects or contracts ~~with respect to~~ for the use of
 118 projects which the authority causes to be erected or acquired; and any and all political
 119 subdivisions, departments, institutions, or agencies of the state are authorized to enter into
 120 contracts, leases, or agreements with the authority upon such terms and for such purposes
 121 as they deem advisable. Without limiting the generality of the ~~above~~ foregoing, authority
 122 is specifically granted to the county boards of education, city boards of education, or
 123 governing bodies of independent districts or systems, for and on behalf of the units and
 124 institutions within their respective counties, cities, or districts, and to the authority to
 125 enter into contracts, agreements of sale, and lease agreements for the purchase or use of
 126 any structure, building, or facilities of the authority for a term not exceeding 50 years;
 127 and the board of education or equivalent governing body for and on behalf of the
 128 respective political subdivision may obligate itself and its successors to use only such
 129 structure, building, or facility and none other and so long as such property is used by such
 130 political subdivision to pay an amount to be determined from year to year for the use of
 131 such property so leased and also to obligate itself and its successors as a part of the lease
 132 contract to pay the cost of maintaining, repairing, and operating the property so
 133 leased from the authority;

134 (6) To construct, erect, acquire, own, repair, remodel, maintain, add to, extend, improve,
 135 equip, operate, and manage projects, as defined in paragraph (4) of subsection (a) of Code
 136 Section 20-2-551, to be located on property owned by or leased by the authority, the cost
 137 of any such project to be paid in whole or in part from the proceeds of revenue bonds of
 138 the authority, ~~or~~ from such proceeds and any grant from the United States or any agency
 139 or instrumentality thereof, or from any other source;

140 (7) To accept loans or grants of money or materials or property of any kind from the
 141 United States or any agency or instrumentality thereof upon such terms and conditions
 142 as the United States or such agency or instrumentality may impose;

143 (8) To borrow money for any of its corporate purposes and to issue negotiable revenue
 144 bonds payable solely from funds pledged for that purpose and to provide for the payment
 145 of such bonds and for the rights of the holders thereof;

146 (9) To exercise any power usually possessed by private corporations performing similar
 147 functions which is not in conflict with the Constitution and laws of this state; ~~and~~

148 (10) To issue various types of bonds with various federal tax consequences and to apply
 149 for and participate in any federal program which provides financial or other benefits or
 150 is supportive of functions of the authority. For purposes of federal law and without
 151 limiting the powers of the authority to issue other types of bonds and to participate in
 152 federal programs, the authority may act as the state education agency and may issue
 153 Qualified Zone Academy Bonds, Qualified School Construction Bonds, or Build America
 154 Bonds or, in its discretion, permit other authorized governmental bodies to issue
 155 Qualified Zone Academy Bonds, Qualified School Construction Bonds, or Build America
 156 Bonds. In participating in any federal program, the authority may apply for and receive
 157 funds, make certifications and designations, and do all other things necessary or
 158 convenient in the opinion of the authority to participate in or obtain the benefits of federal
 159 programs, including programs of bond finance provided under federal law;

160 (11) Deposit, or arrange for, federal funds in any form to be deposited into the sinking
 161 fund provided for in Code Section 20-2-567; and

162 ~~(10)~~(12) To do all things necessary or convenient to carry out the powers expressly given
 163 in this part.

164 (b) The validity of any bonds issued by the authority for projects certified as eligible for
 165 state development assistance under Code Section 45-12-170, ~~which bonds were and~~ issued
 166 prior to the time the first general obligation debt was incurred under Article VII, Section
 167 III, Paragraph I of the Constitution of 1945; shall not be impaired; but no future such bonds
 168 shall be issued."

169 **SECTION 4.**

170 Said part is further amended by revising Code Section 20-2-555, relating to the authority to
171 issue revenue bonds and terms, as follows:

172 "20-2-555.

173 The authority, or any authority or body which has or which may in the future succeed to
174 the powers, duties, and liabilities vested in the authority created by this part, shall have
175 power, at one time or from time to time, to provide by resolution for the issuance of
176 negotiable revenue bonds in an unlimited amount for the purpose of paying all or any part
177 of the cost, as defined in paragraph (3) of subsection (a) of Code Section 20-2-551, of any
178 one project or combination of projects. The principal and interest, if any, of such revenue
179 bonds shall be payable solely from the special fund provided in this part for such payment.
180 The bonds of each issue shall be dated; shall bear interest, if any, at such rate or rates,
181 payable ~~semiannually~~ on a date or dates certain; shall mature at such time or times not
182 exceeding 30 years from their date or dates; shall be payable in such medium of payment
183 as to both principal and interest as may be determined by the authority; and may be made
184 redeemable before maturity, at the option of the authority, at such price or prices and under
185 such terms and conditions as may be fixed by the authority in the resolution provided for
186 the issuance of the bonds."

187 **SECTION 5.**

188 Said chapter is further amended by revising Code Section 20-2-556, relating to forms of
189 bonds, denominations, place of payment, and registration, as follows:

190 "20-2-556.

191 The authority shall determine the form of the bonds, including any interest coupons to be
192 attached thereto, and shall fix the denomination or denominations of the bonds and the
193 place or places of payment of principal and interest, if any, thereof, which may be at any
194 bank or trust company within or without the state. The bonds may be issued in coupon or
195 registered form, or both, as the authority may determine; and provision may be made for
196 the registration of any coupon bond as to principal alone and also as to both principal and
197 interest, if any."

198 **SECTION 6.**

199 Said chapter is further amended by revising Code Section 20-2-559, relating to manner of
200 sale and price bonds and assistance by Georgia Building Authority, as follows:

201 "20-2-559.

202 The authority may sell its bonds in such manner and for such price as it may determine to
203 be for the best interests of the authority. ~~Whenever the authority shall determine to issue~~

204 ~~its bonds, it shall call upon the Georgia Building Authority to render advice and to perform,~~
 205 ~~as its agent, ministerial services in connection with the marketing of such bonds."~~

206 **SECTION 7.**

207 Said chapter is further amended by revising Code Section 20-2-560, relating to use of bond
 208 proceeds and additional bonds, as follows:

209 "20-2-560.

210 The proceeds of bonds shall be used solely for the payment of the cost of the project or
 211 combined project and shall be disbursed upon requisition or order of the ~~chairman~~
 212 chairperson of the authority under such restrictions, if any, as the resolution authorizing the
 213 issuance of the bonds or the trust indenture mentioned in Code Section 20-2-565 may
 214 provide. If the proceeds of such bonds, by error of calculation or otherwise, shall be less
 215 than the cost of the project or combined project, unless otherwise provided in the resolution
 216 authorizing the issuance of the bonds or in the trust indenture, additional bonds may in like
 217 manner be issued to provide the amount of such deficit. Unless otherwise provided in the
 218 resolution authorizing the issuance of the bonds or in the trust indenture, such additional
 219 bonds shall be deemed to be of the same issue and shall be entitled to payment from the
 220 same fund, without preference or priority, as the bonds first issued for the same purpose.
 221 If the proceeds of the bonds of any issue shall exceed the amount required for the purpose
 222 for which such bonds are issued, the surplus shall be paid into the fund provided in Code
 223 Section 20-2-567 for the payment of principal and interest, if any, of such bonds."

224 **SECTION 8.**

225 Said chapter is further amended by revising Code Section 20-2-564, relating to bonds not
 226 state debt, uses of appropriations and other funds for leases from authority, collection or
 227 rentals, and assignment of rentals, as follows:

228 "20-2-564.

229 (a) Revenue bonds issued under this part shall not be deemed to constitute a debt of the
 230 state or a pledge of the faith and credit of the state, but such bonds shall be payable solely
 231 from the fund provided for in Code Section ~~20-2-577~~ 20-2-567. The issuance of such
 232 revenue bonds shall not directly, indirectly, or contingently obligate the state to levy or to
 233 pledge any form of taxation whatever therefor or to make any appropriation for their
 234 payment. All such bonds shall contain recitals on their face covering substantially the
 235 foregoing provisions of this Code section; provided, however, that such funds as may be
 236 received from state appropriations or from any other source are declared to be available and
 237 may be used on behalf of the county boards of education, city boards of education, or
 238 governing bodies of independent districts or systems for the performance of any lease

239 contract entered into by such boards or governing bodies, unless the use of such funds shall
 240 be otherwise stipulated by law.

241 (b) In the event any county board of education, city board of education, or governing body
 242 of an independent school district or system shall enter into a lease contract or an agreement
 243 of sale with the authority as provided in this part, then any sums accruing to and for the
 244 benefit of such ~~political subdivision~~ school district or system by virtue of any amounts
 245 ~~appropriated and allocated for that purpose pursuant to Code Section 20-2-250~~ shall, by the
 246 ~~State Board of Education, be paid all or~~ state appropriation to which such school district
 247 or system may be entitled shall be withheld from such school district or system and the
 248 State Board of Education shall, on behalf of such school district or system, apply so much
 249 thereof as is necessary directly to the authority until such time as the obligation ~~in respect~~
 250 ~~to such lease or lease contract~~ of the lease contract or agreement of sale shall have been
 251 paid in full; it being intended that such sums, if any, as may be appropriated by the
 252 legislature and ~~accrue and be allocated by the state board for the benefit of any particular~~
 253 ~~political subdivision for 'capital outlay' as provided by Code Section 20-2-250~~ to which a
 254 school district or system may be entitled shall be subject to be first applied on behalf of
 255 such school district or system to the extent necessary to the faithful performance of any
 256 lease contract or agreement of sale of that particular ~~subdivision~~ school district or system
 257 with the authority.

258 (c) In the event any such sums so appropriated by the legislature to the state board ~~to be~~
 259 ~~used in accordance with Code Section 20-2-250 and allocated by the state board~~ to and for
 260 the benefit of each ~~political subdivision~~ county, city, or independent school district or
 261 system which has entered into a lease contract or an agreement of sale with the authority
 262 are not sufficient to discharge the lease or installment purchase obligations and
 263 undertakings therein agreed to be performed and should the ~~political subdivision~~ school
 264 district or system fail to pay any sum necessary to make up the difference between the
 265 amount to be paid under the lease contract or agreement of sale and that actually paid by
 266 the state board on behalf of the school district or system directly to the authority as
 267 provided in subsection (b) of this Code section, then it shall be the duty of the authority to
 268 notify immediately, in writing, the state board, the Department of Education, and the Office
 269 of Treasury and Fiscal Services; of the amount due said authority, and thereupon ~~the Office~~
 270 ~~of Treasury and Fiscal Services, the state board, and the department, and the Office of~~
 271 Treasury and Fiscal Services are authorized and directed to withhold from any other funds
 272 appropriated, allotted, or due to be paid to such county, city, or independent school district
 273 or system an amount sufficient to pay the obligation due the authority by the defaulting
 274 county, city, or independent school district or system for ~~rental~~ the rental or purchase of
 275 buildings or facilities; and the state board, the department, and the Office of Treasury and

276 Fiscal Services are authorized and directed to pay such funds to the authority on behalf of
 277 the county, city, or independent school district or system to be applied in payment on such
 278 unpaid rentals or installment payments of purchase price, such payment being charged
 279 against the respective funds due such county, city, or independent school district or system.

280 (d) The rentals contracted to be paid by the state board or other contracting or leasing
 281 department, agency, or institution of the state to the authority under leases or contracts
 282 entered upon pursuant to this part shall constitute obligations of the state for the payment
 283 of which the good faith of the state is pledged. Such rentals shall be paid as provided in the
 284 lease contracts from funds appropriated for such purposes by the terms of the Constitution
 285 of Georgia. It shall be the duty of the state board or other contracting or leasing department,
 286 agency, or institution of the state to see to the punctual payment of all such rentals.

287 (e) In the event of any failure or refusal on the part of ~~lessees~~ any party punctually to
 288 perform any covenant or obligation contained in any ~~lease~~ contract entered upon pursuant
 289 to this part, the authority may enforce performance by any legal or equitable process
 290 against ~~the lessees~~ such party; and consent is given for the institution of any such action.

291 (f) The authority shall be permitted to assign any rental payment due it by ~~the lessees~~ a
 292 contracting party to a trustee or paying agent as may be required by the terms of any trust
 293 indenture entered into by the authority."

294

SECTION 9.

295 Said chapter is further amended by revising Code Section 20-2-567, relating to sinking fund,
 296 as follows:

297 "20-2-567.

298 The revenues, rents, and earnings derived from any particular project or combined projects;
 299 ~~and~~ all sums allocated or paid by the State Board of Education or Department of Education
 300 to the authority for the benefit of and on behalf of any ~~political subdivision~~ county, city,
 301 or independent school district or system or its governing body for the performance of any
 302 lease contract or agreement of sale or any and all funds from any sources received by the
 303 various county boards of education, city boards of education, or governing bodies of
 304 independent school districts or systems that have entered into lease contracts or agreements
 305 of sale with the authority and paid to it in the performance of such contract or contracts;
 306 ~~or~~ any and all revenues, rents, and earnings received by the authority, regardless of whether
 307 or not such rents, earnings, and revenues were produced by a particular project for which
 308 bonds have been issued, unless otherwise pledged and allocated; and federal funds where
 309 applicable may be pledged and allocated by the authority to the payment of the principal
 310 and interest, if any, on revenue bonds of the authority as the resolution authorizing the
 311 issuance of the bonds or the trust instrument may provide. Such funds so pledged from

312 whatever source received, ~~which pledge~~ may include funds received from one or more or
 313 all sources; and shall be set aside at regular intervals as may be provided in the resolution
 314 or trust indenture, into a sinking fund, which shall be pledged by the authority to and
 315 charged with the payment of:

- 316 (1) The interest, if any, upon such revenue bonds as such interest shall fall due;
 317 (2) The principal of the bonds as the same shall fall due;
 318 (3) The necessary charges of paying agents for paying principal and interest, if any; and
 319 (4) Any premium upon bonds retired by call or purchase as provided in Code Section
 320 20-2-555.

321 The use and disposition of such sinking fund shall be subject to such covenants and
 322 regulations as may be provided in the resolution authorizing the issuance of the revenue
 323 bonds or in the trust indenture, but, except as may otherwise be provided in such resolution
 324 or trust indenture, such sinking fund shall be a fund for the benefit of all revenue bonds
 325 without distinction or priority of one over another. Subject to the provisions of the
 326 resolution authorizing the issuance of the bonds or in the trust indenture, surplus moneys
 327 in the sinking fund may be applied to the purchase or redemption of bonds; and any such
 328 bonds so purchased or redeemed shall immediately be canceled and shall not again be
 329 issued."

330 **SECTION 10.**

331 Said chapter is further amended by revising Code Section 20-2-568, relating to remedies of
 332 bondholders, receivers, or indenture trustees, as follows:

333 "20-2-568.

334 Any holder of revenue bonds or interest coupons issued under this part, any receiver for
 335 such holders, or indenture trustee, if any, except to the extent the rights given in this part
 336 may be restricted by resolution passed before the issuance of the bonds or by the trust
 337 indenture, may either at law or in equity, by action, mandamus, or other proceedings,
 338 protect and enforce any and all rights under the laws of this state or granted under this part
 339 or under such resolution or trust indenture and may enforce and compel performance of all
 340 duties required by this part or by resolution or trust indenture to be performed by the
 341 authority or any officer thereof, including the fixing, charging, and collecting of revenues,
 342 rents, and other charges for the use of the project or projects, and, in the event of default
 343 of the authority upon the principal and interest obligations of any revenue bond issue, shall
 344 be subrogated to each and every right, specifically including the contract rights of
 345 collecting rental or installment payments of purchase price, which the authority may
 346 possess against ~~the State Board of Education, its successors, or other~~ any contracting or
 347 ~~leasing department, agency, or institution of the state~~ county, city, or independent school

348 district or system or political subdivision. In the pursuit of his or its remedies as subrogee,
 349 such individual, receiver, or trustee may proceed either at law or in equity by action,
 350 mandamus, or other proceedings to collect any sums by such proceedings due and owing
 351 to the authority and pledged or partially pledged directly or indirectly to the benefit of the
 352 revenue bond issue of which such individual, receiver, or trustee is representative. No
 353 holder of any such bond or receiver or indenture trustee thereof shall have the right to
 354 compel any exercise of the taxing power of the state to pay any such bond or the interest
 355 thereon or to enforce the payment thereof against any property of the state; nor shall any
 356 such bond constitute a charge, lien, or encumbrance, legal or equitable, upon the property
 357 of the state; ~~provided, however, that any provision of this part or any other Act to the~~
 358 ~~contrary notwithstanding, any such bondholder or receiver or indenture trustee shall have~~
 359 ~~the right by appropriate legal or equitable proceedings, including, without being limited to,~~
 360 ~~mandamus, to enforce compliance by the appropriate public officials with Article VII,~~
 361 ~~Section IV, Paragraph III of the Constitution of Georgia; and permission is given for the~~
 362 ~~institution of any such proceedings to compel the payment of lease obligations."~~

363 **SECTION 11.**

364 Said chapter is further amended by revising Code Section 20-2-569, relating to refunding
 365 bonds, as follows:

366 "20-2-569.

367 The authority is authorized to provide by resolution for the issue of revenue refunding
 368 bonds of the authority for the purpose of refunding any revenue bonds issued under this
 369 part and then outstanding, together with accrued interest thereon, if any, and the premium,
 370 if any. The issuance of such revenue refunding bonds, the maturities and all other details
 371 thereof, the rights of the holders thereof, and the duties of the authority in respect to such
 372 bonds shall be governed by Code Sections 20-2-550 through 20-2-568 insofar as they may
 373 be applicable."

374 **SECTION 12.**

375 Said chapter is further amended by revising Code Section 20-2-570, relating to bonds legal
 376 investments and depositing bonds, as follows:

377 "20-2-570.

378 The bonds authorized in this part are made securities in which all public officers and bodies
 379 of this state and all municipalities and all ~~municipal~~ political subdivisions; all insurance
 380 companies and associations and other persons carrying on an insurance business; all banks,
 381 bankers, trust companies, savings banks, and savings associations, including savings and
 382 loan associations, building and loan associations, investment companies, and other persons

383 carrying on a banking business; all administrators, guardians, executors, trustees, and other
 384 fiduciaries; and all other persons whatsoever who are now or may hereafter be authorized
 385 to invest in bonds or other obligations of the state may properly and legally invest funds,
 386 including capital, in their control or belonging to them. The bonds are also made securities
 387 which may be deposited with and shall be received by all public officers and bodies of this
 388 state and all municipalities and ~~municipal~~ political subdivisions for any purpose for which
 389 the deposit of the bonds or other obligations of this state is authorized."

390 **SECTION 13.**

391 Said chapter is further amended by revising Code Section 20-2-571, relating to tax exemption
 392 of authority's property, activities, charges, and bonds, as follows:

393 "20-2-571.

394 The creation of the authority and the carrying out of its corporate purpose shall be a public
 395 purpose and in all respects for the benefit of the people of this state. The authority will be
 396 performing an essential governmental function in the exercise of the power conferred upon
 397 it by this part; and this state covenants with the holders of the bonds that the authority shall
 398 be required to pay no taxes or assessments upon any of the property acquired or leased by
 399 it or under its jurisdiction, control, possession, or supervision or upon its activities in the
 400 operation or maintenance of the buildings erected or acquired by it or any fees, revenues,
 401 rentals, or other charges for the use of such buildings or other income received by the
 402 authority and that the bonds of the authority and the income therefrom shall at all times be
 403 exempt from taxation within ~~the~~ this state."

404 **SECTION 14.**

405 Said chapter is further amended by revising Code Section 20-2-572, relating to procedure for
 406 validating bonds, as follows:

407 "20-2-572.

408 Bonds of the authority shall be confirmed and validated in accordance with the procedure
 409 of Article 3 of Chapter 82 of Title 36. The petition for validation shall make the authority
 410 party defendant and shall also make party defendant to such action ~~the State Board of~~
 411 Education and any political subdivision or county, city, or independent school district or
 412 system which has contracted with the authority for the purchase or use of any building,
 413 structure, or facility for which bonds have been issued and sought to be validated; and such
 414 parties shall be required to show cause, if any, why the contract or contracts and the terms
 415 and conditions thereof should not be inquired into by the court, the validity of the terms
 416 thereof determined, the matters and conditions imposed on the ~~state board~~ contracting
 417 parties to be performed, and all such undertakings adjudicated as security for the payment

418 of any such bonds of the authority. In the event no appeal is taken or if taken and the
 419 judgment is affirmed by the proper appellate court of this state, the judgment of the
 420 superior court so confirming and validating the issuance of the bonds shall be forever
 421 conclusive upon the validity of the bonds against the authority issuing them and against all
 422 parties to such proceedings."

423 SECTION 15.

424 Said chapter is further amended by revising Code Section 20-2-577, relating to fixing rentals
 425 and charges for use of projects, as follows:

426 "20-2-577.

427 The authority is authorized to fix rentals, installment payments of purchase price, and other
 428 charges which the various county boards of education, city boards of education, or
 429 governing bodies of independent districts or systems shall pay to the authority for the use
 430 or purchase of each project or part thereof or combination of projects, to charge and collect
 431 them, and to lease or sell and make contracts with the various ~~counties~~ county, city, or
 432 independent school districts or systems ~~with respect to~~ for the use or purchase by any
 433 ~~institution or unit under its control~~ county, city, or independent school districts or systems
 434 of any project or part thereof. Such rentals, installment payments of purchase price, and
 435 other charges shall be so fixed and adjusted in ~~respect~~ relation to their total amount from
 436 the project or projects for which a single issue of revenue bonds is issued so as to provide
 437 a fund sufficient with other revenues of such project or projects, if any, to pay:

438 (1) The cost of maintaining, repairing, and operating the project or projects, including
 439 reserves for extraordinary repairs and insurance and other reserves required by the
 440 resolution or trust indentures, unless such ~~cost~~ reserves shall be otherwise provided for,
 441 ~~which cost~~ shall be deemed to include the expenses incurred by the authority on account
 442 of the project or projects for water, light, sewer, and other services furnished by other
 443 facilities at such institution; and

444 (2) The principal of the revenue bonds and the interest thereon, if any, as they shall
 445 become due."

446 SECTION 16.

447 This Act shall become effective on July 1, 2010.

448 SECTION 17.

449 All laws and parts of laws in conflict with this Act are repealed.