

PENSION REFORM

2011

HB414-2011

- Pension Reform 2011 (HB414 - 2011) - \$181.5 million
 - Employee pension contribution increased from 5.0% to 7.25% (6.0% to 8.25% for FLC)
 - Total savings to state agencies of an estimated \$216.0 million in fiscal year 2012, plus another \$24.0 million beginning in FY2013 when contribution raises by 0.25%
 - *LFO Fiscal Note savings of \$240.0 million (\$170.5 + \$45.5 + \$24.0) includes the savings of DROP Repeal (SB72), resulting in net savings of \$181.5 million (\$240.0 - \$58.5)*

Source: LFO Fiscal Note <http://alisondb.legislature.state.al.us/acas/ACASLoginIE.asp>

Fiscal Notes for HB414 (Regular Session 2011)
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HB414 for - Dated 06/29/2011

Committee:
Analyst: Kirk Fulford

Sponsor: Love
Date: 06/29/2011

FISCAL NOTE

House Bill 414 as enacted (Act 2011-676) increases employee contribution rates for retirement as follows:

System	Current Contribution Rate	For pay periods beginning on or after October 1, 2011	For pay periods beginning on or after October 1, 2012
JRF	6%	8.25%	8.50%
TRS	5%	7.25%	7.50%
ERS	5%	7.25%	7.50%
Certified Law Enforcement and Firefighters	6%	8.25%	8.50%
State Police	10%	10%	10%

The increased employee contributions are optional for local employers participating in the retirement system.

According to the actuary for the retirement systems, the provisions of this act in combination with Act 2011-27, which limited member participation in the Deferred Retirement Option Program (DROP) to members that applied prior to March 24, 2011 and who were eligible to participate at that time, will reduce the employer contribution rates for the fiscal year ending September 30, 2012 as follows:

System	Previously Recommended Rate	Reduced Rate	Reduction in Employer Rate
JRF	26.59%	24.35%	2.24%
TRS	12.75%	10.00%	2.75%
ERS	12.31%	9.42%	2.89%

The reduced employer contribution rates will result in total savings to TRS state agencies of an estimated \$170.5 million in fiscal year 2012, of which an estimated \$119.3 million are employer costs that would normally be funded from the Education Trust Fund. The reduced employer rates will result in total savings to ERS and JRF state agencies of \$45.5 million in fiscal year 2012, of which an estimated \$17 million would be employer costs normally funded from the State General Fund.

Employer savings resulting from the additional .25% member rate increase effective October 1, 2012 will be determined based on the October 1, 2010 actuarial valuation.

This act also states that if future positive investment performance of any retirement system administered by the Retirement Systems of Alabama results in a decrease in the total contribution rate paid by employers and employees participating in the system, the Retirement Systems of Alabama must first reduce the employee contribution rate to at least partially offset the rate increases provided in this act.

HB414 for Finance and Taxation Education - Dated 04/20/2011

Committee: Finance and Taxation Education
Analyst: Kirk Fulford

Sponsor: Love
Date: 04/20/2011

FISCAL NOTE

House Bill 414 as passed the House of Representatives will reduce the employer contribution rates for state agencies contributing into the Judicial Retirement Fund (JRF), Employees' Retirement System (ERS) and Teachers' Retirement System (TRS) by the following percentages:

System	Fiscal Years 2011 and 2012 (Total)	Additional Savings in Fiscal Year 2013
Employees' Retirement	1.91%	.48%
Judicial Retirement	2.39%	.59%
Teachers' Retirement	1.88%	.47%

The reduced employer contribution rates will result in total savings to TRS state agencies of an estimated \$116.5 million in fiscal years 2011 and 2012, of which an estimated \$81.6 million would be employer costs normally funded by the Education Trust Fund. The additional savings to TRS agencies for fiscal year 2013 would be an estimated total of \$29.1 million, of which an estimated \$20.4 million would be employer costs normally funded by the Education Trust Fund. The reduced employer rates will result in total savings to ERS and JRF state agencies of \$30.5 million in fiscal years 2011 and 2012, of which an estimated \$11.7 million would be employer costs normally funded by the State General Fund. The additional savings to ERS and JRF state agencies for fiscal year 2013 would be an estimated \$7.7 million, of which an estimated \$3 million would be employer costs normally funded by the State General Fund.

In addition, the bill reduces the employer costs of local governments who have participate in the ERS by an amount similar to the State ERS in total. The actuary has not yet calculated individual cost savings for each local government unit.

The bill requires the boards of control of the ERS and TRS to reduce the recommended employer costs for fiscal years 2011 and 2012 to reflect the savings realized from this bill and any other bill affecting benefit obligations enacted during the 2011 Regular Session, including Act 2011-27 (DROP elimination).

As substituted and reported by the Committee on Finance and Taxation Education, the bill will reduce employer contribution rates for state agencies contributing into the Judicial Retirement Fund (JRF) and Employees' Retirement System by the following percentages. The reduced employer contribution rates for the Teachers' Retirement System (TRS) were not impacted by the substitute.

System	Fiscal Years, 2011 and 2012 (Total)	Additional Savings in Fiscal Year 2013
Employees' Retirement System		
Regular Employees	1.86%	.46%
State Police	1.95%	.49%
Judicial Retirement System	1.99%	.49%

The reduced employer rates will result in total savings to ERS and JRF state agencies of \$30.5 million in fiscal years 2011 and 2012, of which an estimated \$11.6 million would be employer costs normally funded by the State General Fund. The additional savings to ERS and JRF state agencies for fiscal year 2013 would be an estimated \$7.4 million, of which an estimated \$2.9 million would be employer costs normally funded by the State General Fund.

Lee "Trip" Pittman, Chairperson
Finance and Taxation Education

HB414 for Ways and Means Education - Dated 04/06/2011

Committee: Ways and Means Education
Analyst: Kirk Fulford

Sponsor: Love
Date: 04/06/2011

FISCAL NOTE

House Bill 414 as substituted by the Committee on Ways and Means Education will reduce the employer contribution rates for state agencies contributing into the Judicial Retirement Fund (JRF), Employees' Retirement System (ERS) and Teachers' Retirement System (TRS) by the following percentages:

System	Fiscal Years 2011 and 2012 (Total)	Additional Savings in Fiscal Year 2013
Employees' Retirement	1.91%	.48%
Judicial Retirement	2.39%	.59%
Teachers' Retirement	1.88%	.47%

The reduced employer contribution rates will result in total savings to TRS state agencies of an estimated \$116.5 million in fiscal years 2011 and 2012, of which an estimated \$81.6 million

would be employer costs normally funded by the Education Trust Fund. The additional savings to TRS agencies for fiscal year 2013 would be an estimated total of \$29.1 million, of which an estimated \$20.4 million would be employer costs normally funded by the Education Trust Fund. The reduced employer rates will result in total savings to ERS and JRF state agencies of \$30.5 million in fiscal years 2011 and 2012, of which an estimated \$11.7 million would be employer costs normally funded by the State General Fund. The additional savings to ERS and JRF state agencies for fiscal year 2013 would be an estimated \$7.7 million, of which an estimated \$3 million would be employer costs normally funded by the State General Fund.

In addition, the bill reduces the employer costs of local governments who have local law enforcement or firefighters participating in the ERS by an amount to be dependent on each local governments' costs for participation and number of such employees.

The bill requires the boards of control of the ERS and TRS to reduce the recommended employer costs for fiscal years 2011 and 2012 to reflect the savings realized from this bill and any other bill affecting benefit obligations enacted during the 2011 Regular Session, including Act 2011-27 (DROP elimination).

Jay Love, Chair
Ways and Means Education

PENSION REFORM

2012

SB388-2012

- Pension Reform 2012 (SB388 - 2012) - \$164.1 million
 - Creates a new pension plan for employees hired on or after January 1, 2013
 - Establishes a minimum retirement age (age 62, age 56 for Fire, Law, Corrections - FLC)
 - Eliminates pension spiking (adjusts “high 3-years” to “high 5-years”)
 - Reduces benefit factor (from 2.0125% to 1.65%, from 2.875% to 2.375% for FLC)
 - \$5.05 Billion of total savings over 30.75 years (\$164.1mm average annually)

Source: LFO Fiscal Note <http://alisondb.legislature.state.al.us/acas/ACASLoginIE.asp>

Fiscal Notes for SB388 (Regular Session 2012)
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SB388 for - Dated 06/19/2012

Viewable text not yet available.

SB388 for State Government - Dated 04/13/2012

Committee: State Government
Analyst: Lindsey Clements

Sponsor: Orr
Date: 04/13/2012

FISCAL NOTE

Senate Bill 388 as passed the Senate will establish a new tier of retirement benefits for members of the Teachers' Retirement System (TRS) and the Employees' Retirement System (ERS) hired on or after January 1, 2013. All members beginning eligible employment after January 1, 2013 and who have no eligible service in either system prior to January 1, 2013 will be Tier II members. All members who have service for which they received credit prior to January 1, 2013 will be Tier I members. According to the actuary for the Retirement Systems of Alabama (RSA), the estimated employer contribution rates will be as follows beginning January 1, 2013:

System	Tier I Employer Rate	Tier II Employer Rate
TRS	10.08%	9.44%
ERS	10.12%	10.04%
State Police	31.61%	25.32%

According to the actuary for the RSA, this bill will result in estimated employer savings in the following amounts beginning in FY 2013:

System	FY 2013	FY 2014	FY 2015	FY 2016-FY 2043	TOTAL
TRS	\$4,980,000	\$13,224,000	\$19,708,000	\$4,004,644,000	\$4,042,556,000
ERS	\$1,325,000	\$3,440,000	\$5,032,000	\$842,591,000	\$852,388,000
State Police	\$101,000	\$295,000	\$474,000	\$149,774,000	\$150,644,000

Jamie Ison, Chair
State Government

SB388 for Finance and Taxation General Fund - Dated 03/21/2012

Committee: Finance and Taxation General Fund
Analyst: Lindsey Clements

Sponsor: Orr
Date: 03/21/2012

FISCAL NOTE

Senate Bill 388 as introduced will establish a new tier of retirement benefits for members of the Teachers' Retirement System (TRS) and the Employees' Retirement System (ERS) hired on or after January 1, 2013. All members beginning eligible employment after January 1, 2013 and who have no eligible service in either system prior to January 1, 2013 will be Tier II members. All members who have service for which they received credit prior to January 1, 2013 will be Tier I members. According to the actuary for the Retirement Systems of Alabama (RSA), the estimated employer contribution rates will be as follows beginning January 1, 2013:

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According to the actuary for the RSA, this bill will result in estimated employer savings in the following amounts beginning in FY 2013:

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TRS	\$4,980,000	\$13,224,000	\$19,708,000	\$4,004,644,000	\$4,042,556,000
ERS	\$1,325,000	\$3,440,000	\$5,032,000	\$843,327,000	\$853,124,000
State Police	\$101,000	\$295,000	\$474,000	\$149,774,000	\$150,644,000

As amended and reported by the Committee on Finance and Taxation General Fund, allows Tier II plan members who are correctional officers, firefighters, or law enforcement officers as defined in Section 36-27-59 to retire at age 56. According to the RSA, this will result in estimated employer savings in the following amounts beginning in FY 2013:

System	FY 2013	FY 2014	FY 2015	FY 2016-FY 2043	TOTAL
TRS	\$4,980,000	\$13,224,000	\$19,708,000	\$4,004,644,000	\$4,042,556,000
ERS	\$1,325,000	\$3,440,000	\$5,032,000	\$842,591,000	\$852,388,000
State Police	\$101,000	\$295,000	\$474,000	\$149,774,000	\$150,644,000

Arthur Orr, Chairperson
Finance and Taxation General Fund

DROP REPEAL

SB72-2011

- DROP Repeal (SB72 - 2011) - \$58.5 million
 - Abolishment of the Deferred Retirement Option Program
 - Employer contributions paid to the Teachers Retirement System (TRS) and Employees Retirement System (ERS) reduced by an estimated \$58.5 million beginning in FY 2012

Source: LFO Fiscal Note <http://alisondb.legislature.state.al.us/acas/ACASLoginIE.asp>

Fiscal Notes for SB72 (Regular Session 2011)

SB72 for - Dated 07/06/2011

Viewable text not yet available.

SB72 for Ways and Means General Fund - Dated 03/08/2011

Committee: Ways and Means General Fund
Analyst: Kirk Fulford

Sponsor: Marsh
Date: 03/08/2011

FISCAL NOTE

Senate Bill 72 as passed the Senate will reduce employer contributions paid to the Teachers' Retirement System (TRS) and the Employees' Retirement System (ERS) by .75% of payroll for each System. Employer contributions paid to the TRS will be reduced by an estimated \$46.5 million beginning in the FY 2012 of which, an estimated \$32.5 million is employer costs funded by the Education Trust Fund. Employer contributions paid to the ERS will be reduced by an estimated \$12 million beginning in FY 2012 of which, an estimated \$4.3 million is employer costs of agencies funded by the State General Fund.

The bill will also reduce the interest paid on DROP amounts for persons who have completed DROP but are still employed by reducing the interest rate from 4% to the lesser of 4% or a rate equal to the investment performance of the immediately preceding fiscal year but no less than \$0. Actual savings in the future will depend on future investment performance at the Retirement Systems.

Jim Barton, Chair
Ways and Means General Fund

SB72 for Finance and Taxation Education - Dated 03/02/2011

Committee: Finance and Taxation Education
Analyst: Kirk Fulford

Sponsor: Marsh
Date: 03/02/2011

FISCAL NOTE

Senate Bill 72 as introduced and as amended and reported by the Committee on Finance and Taxation Education will reduce employer contributions paid to the Teachers' Retirement System (TRS) and the Employees' Retirement System (ERS) by .75% of payroll for each System. Employer contributions paid to the TRS will be reduced by an estimated \$46.5 million

beginning in the FY 2012 of which, an estimated \$32.5 million is employer costs funded by the Education Trust Fund. Employer contributions paid to the ERS will be reduced by an estimated \$12 million beginning in FY 2012 of which, an estimated \$4.3 million is employer costs of agencies funded by the State General Fund.

The bill will also reduce the interest paid on DROP amounts for persons who have completed DROP but are still employed by reducing the interest rate from 4% to a rate tied to a Federal Government one-year bond rate. Savings for FY 2010 would have been an estimated \$12 million. Actual savings in the future will depend on future interest rates.

Lee "Trip" Pittman, Chairperson
Finance and Taxation Education

WORKFORCE RIGHTSIZING

2011-2012

- Workforce-Rightsizing (2011 & 2012) - \$181.3 million
 - State employees as of January 2011 - 34,768
 - State employees as of June 2012 – 31,710
 - Net decrease of -3,058 (8.8% of total workforce)
 - Average Salary (\$42,401) and fringe benefits (39.85% of salary or \$16,897) for total compensation of \$59,298
 - \$181.3mm savings (3,058 headcount reduction x \$59,298 average total compensation)

Source: State Personnel Department estimates
<http://personnel.alabama.gov/Default.aspx>

Carter, Clinton

From: Byrne, Alice Ann
Sent: Tuesday, July 17, 2012 4:56 PM
To: Carter, Clinton
Cc: Graham, Jackie
Subject: number of employees in merit system 2011 and 2012

Employees under the Merit System: Classified, Unclassified, Exempt, Form 8s, and Hourly employees.*

June 30, 2012:

Number of employees:

Average salary for these individuals is:

Benefits based upon average salary:

31,710
\$42,400.72
39.85% of salary

January, 2011:

Number of employees:

34,768

*No employees of the Administrative Office of Courts or the Alabama Legislature are included in these numbers.

SEIB/PEEHIP
EMPLOYER RATES

HB123, SB133 - 2011

- SEIB/PEEHIP Employer Rates (HB123, SB133 - 2011) - \$61.3 million
 - Reduced the SEIB employer rate from \$805 per month/employee (FY11) to \$765 per month/employee (FY12). PEEHIP reduced from \$752/month/employee to \$714 per month
 - This \$40/\$38 per month reduction reduces the employer cost paid by state agencies to the SEIB by approximately
 - SEIB reduction - \$17,180,000 annually (based on 35,791 employees covered by SEIB)
 - PEEHIP reduction - \$44,100,000 annually (based on 96,815 employees covered by PEEHIP)

Source: Executive Budget Office <http://budget.alabama.gov/Default.aspx>

INDIGENT DEFENSE REFORM

SB440-2011

- Indigent Defense Reform (SB440 - 2011) - \$19.4 million (projected)
 - Created the Office of Indigent Defense Services to monitor and control excessive billing practices and eliminated the reimbursement of overhead charges to attorneys
 - Reduced fee from \$85-\$95 per hour (including overhead) to a flat rate of \$70 per hour
 - 2011 Actual Expenses - \$65.3mm vs. 2013 Projected Expenses - \$45.9mm

Source: LFO Fiscal Note, Office of Indigent Defense Services estimates
<http://oids.alabama.gov/>

State of Alabama
Office of Indigent Defense Services
Expenditures through June 30, 2012

Fair Trial Tax Fund (FTTF) Expenditures 10/1/11 thru 6/30/12											

Fiscal Notes for SB440 (Regular Session 2011)
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SB440 for - Dated 07/11/2011

Viewable text not yet available.

SB440 for Judiciary - Dated 05/30/2011

Viewable text not yet available.

SB440 for Judiciary - Dated 05/05/2011

Committee: Judiciary
Analyst: Sharon Bivens

Sponsor: Ward
Date: 05/05/2011

FISCAL NOTE

Senate Bill 440 as introduced provides for the unified administration of indigent defense services by the state. The overall fiscal impact of this bill is not determinable; however, the State General Fund (SGF) will continue to be the major funding source of indigent defense services. The provisions of this bill that have significant fiscal implications are listed below, and, if available, estimated amounts are provided.

First, this bill is projected to decrease the amount required to be paid from the State General Fund to the Fair Trial Tax Fund by an estimated \$800,000 annually as a net result of increasing the hourly rate to \$75 for attorney fees (an increase of \$19.8 million annually) and eliminating reimbursement for overhead expenses (a savings of \$20.6 million annually) under the appointed counsel system. The estimated decrease is based on average annual payments to appointed attorneys for FY 2009 and FY 2010.

Second, the bill creates, within the Department of Finance and subject to the control of the Director of Finance, the Office of Indigent Defense Services (Office), which would be responsible for duties related to the administration of indigent defense services. The Office shall be headed by the Director of the Office of Indigent Defense Services whose salary shall not exceed the state salary paid to a district attorney, \$148,936 annually (the total cost for the position, including benefits, would be up to \$210,000 annually). The Director shall use existing employees of the Department of Finance for administration of the indigent defense systems. According to the Department, the budgeted FY 2011 cost for this function, paid from the State General Fund, is an estimated \$405,000 (offset by the \$50,000 appropriations from the Fair Trial Tax Fund). The bill further authorizes the Director to recommend to the Director of Finance the hiring of personnel deemed necessary for the efficient operation of the Office. The affect of this provision is unknown.

Third, the bill provides that the Office shall request annually a sum necessary to be appropriated from the State General Fund and from the Fair Trial Tax Fund for operations

related to the state indigent defense services, including operations of the Office, local indigent defense systems, appellate defender services and, if established, the appellate defender office. This bill further provides that any amounts appropriated from the State General Fund for indigent defense shall continue to be an "open-ended" appropriation. The appropriation of \$50,000 to the Comptroller's Office for administering indigent defense is replaced with an unspecified amount necessary to pay the expenses of administering such by the Office of Indigent Defense Services. Current expenditures for indigent defense services on average totaled \$65.4 million annually for FY 2009 and FY 2010. Of the total expenditures for indigent defense services, \$23 million annually (35%) were funded from court costs and other court-related revenues deposited into the Fair Trial Tax Fund (FTTF) with the remaining \$42.4 million (65%) in expenditures being funded from the State General Fund.

Fourth, the bill eliminates maximum statutory fee amounts for appointed counsel as shown below. The fiscal implication of this provision is undeterminable.

	Current Maximum Total Fee Amounts
Class A Felony	\$3,500
Class B Felony	\$2,500
Class C Felony	\$1,500
Juvenile Cases	\$2,000
All Other Cases	\$1,000
Appeals	\$2,000
Post convictions	\$1,000

Finally, other factors that have fiscal implications for the indigent defense services system are as listed below:

1. This bill would require the Director to decide, in consultation with the local indigent advisory board, on the type of indigent defense that would work best in a circuit, which may include but is not limited to, appointed counsel, contract counsel, or full or part-time public defender; however, contract counsel and public defender systems shall be preferred. This provision could eventually result in a decrease in the obligations of the Fair Trial Tax Fund (ultimately the State General Fund) based on data provided by the Department of Finance on average costs per claim for FY 2010 of the contract counsel system (\$248) and the public defender system (\$309) compared to the appointed counsel system (\$786). The amount of the decrease would be dependent in part on the extent to which circuits use the contract counsel and public defender systems rather than the appointed counsel system.
2. A provision of the bill states that the Director of the Office shall develop standards to provide for fiscal responsibility and accountability in indigent defense, which could result in cost savings of an undetermined amount. The extent of savings, if any, is difficult to predict.
3. In addition to the Office of Indigent Defense Services, other entities provided for by the bill include the creation of: (1) the three-member Indigent Defense Review Panel and (2) an indigent defense advisory board for each judicial circuit to replace indigent defense commissions, the fiscal implications of which are projected to be negligible.

As substituted and reported by the Committee on Judiciary, this bill provides that the most

efficient and effective indigent defense systems available shall be selected by the Director, rather than providing that contract counsel and public defender systems shall be preferred.

The bill also redefines "indigent defendant." This definition would affect the number of persons determined as such. The extent of savings, if any, is not determinable.

Cam Ward, Co-Chairperson
Judiciary

VARIOUS BOND REFINANCINGS

- Various Bond Refinancings & Contract Renegotiations - \$8.3 million

- 21st Century (Tobacco) Refunding - \$17.9mm savings over 9 years (\$1.9mm annually)
- Federal Aid Highway Finance Authority - \$8.9mm over 5 years (\$1.6mm annually)
- Public School & College Authority (2012) - \$26.3mm over 12-17 years (\$1.9mm annually)
- Public School & College Authority (2011) - \$39.5mm over 10-15 years (\$2.8mm annually)
- \$92.6 million of total realized savings. For consistency, average annual savings calculation assumes equally spread over remaining life of bonds (\$8.3mm annually)

Source: Finance Department <http://finance.alabama.gov/>

Cumulative Savings - Bond Refundings
State of Alabama
Finance Department (Clinton Carter)

Agency	Purpose	Issue	Total FV Savings	Closing Date	Final Maturity	Years Remaining	Avg. Annual Savings	Notes
21st Century Authority	Tobacco Refunding	2012	\$17,885,052	3/19/2012	6/1/2021	9.2	\$1,942,292	
APSCA	QZABs (Zone Academy)	2011-A	\$35,173,000	5/18/2011	5/1/2026	15.0	\$2,350,448	\$35.173mm interest credit (Federal subsidy, 4.6%)
APSCA	Refunding	2011-B	\$4,367,346	5/18/2011	5/1/2021	10.0	\$438,416	
APSCA	Pooled Refunding	2012-A	\$15,314,575	2/29/2012	3/1/2024	12.0	\$1,275,050	Benefit to local school districts participating
APSCA	Training Refunding	2012-B	\$11,021,620	2/29/2012	3/1/2029	17.0	\$647,809	
AFAHFA	Transportation Refunding	2011	\$8,945,047	8/23/2011	3/1/2017	5.5	\$1,618,712	
Total			<u>\$92,706,640</u>				<u>\$8,272,727</u>	



STATE OF ALABAMA
Department of Finance
Office of the Director

State Capitol, Suite N-105
Montgomery, Alabama 36130
Telephone (334) 242-7160 Fax (334) 353-3300
www.finance.alabama.gov



Robert Bentley
Governor

Marquita F. Davis, Ph.D.
Director of Finance

Alabama 21st Century Authority - Press Release

March 19, 2012 -- The Alabama 21st Century Authority (21st Century) successfully completed the refinancing of \$102.0 million of outstanding Tobacco Settlement Revenue Bonds (Tobacco Bonds), issued in 2000 and 2001. The bond refinancing is expected to result in savings of over \$17.9 million over the remaining 10-year life of the bonds.

Due to a very favorable interest rate environment, exceptionally low overall leverage and an A/Stable credit rating, the bonds sold well inside initial expectations. The original bond's interest rate of 4.82% will be replaced with an average true interest cost of 2.47% for the new issuance. Citigroup, Sterne, Agee & Leach, Frazer Lanier Company and Kipling Jones & Co. were the syndicate of investment banks which underwrote the bonds. As a result of the transaction, Standard & Poor's upgraded the Authority's debt to an "A" rating, the highest rating of any tobacco settlement bond in the country.

State Revenue Commissioner, Julie Magee, praised the sale, saying, "Today's refinancing will greatly benefit the people of Alabama and each of the agencies receiving funding through the 21st Century Authority. Given the dire economic climate that we're currently enduring, the timing of the savings could not be more opportune."

The Tobacco Bonds were issued in 2000 and 2001 for economic development and industrial recruitment as well as for the benefit of the Children's First Trust Fund, Senior Services, Medicaid, and the State General Fund.

The refinancing will result in present value interest rate savings totaling \$16.4 million, or approximately 16.1% of the outstanding balance of the bonds. All of the savings will be passed along to the 21st Century Authority through lower annual debt service. The cash flow savings will be \$9.65 million during 2012 and \$8.21 million in 2013.

State Finance Director, Marquita Davis, said, "Today's sale results are unprecedented, with some of the lowest interest rates in the history of the State of Alabama, a testament to the financial strength and conservative balance sheet of our great State. The structure of this sale was very unique in that we chose not to maximize potential leverage, but rather to refinance for savings and to hold maturity dates constant."



STATE OF ALABAMA
Department of Finance
Office of the Director

State Capitol, Suite N-105
Montgomery, Alabama 36130
Telephone (334) 242-7160 Fax (334) 353-3300
www.finance.alabama.gov



Robert Bentley
Governor

David Perry
Director of Finance

Alabama Federal Aid Highway Finance Authority - Press Release

August 23, 2011 -- The Alabama Federal Aid Highway Finance Authority (AFAHFA) successfully completed the refinancing of \$91.2 million in federal highway grant anticipation refunding bonds (GARVEEs) issued in 2002. The refinancing is expected to result in total savings of \$8.9 million over the remaining 6-year life of the bonds.

Proceeds from the GARVEEs will be used to refund the series 2002 bonds, which were issued to fund the replacement of approximately 1,000 county roads and bridges throughout the state. The new bonds represent the state's only debt under the GARVEE program. To date, contracts have been completed for all financed projects under the program, and almost all projects came within budget. The bonds are secured by a pledge of the Alabama Department of Transportation's (ALDOT) share of Title 23 federal aid transportation grants, with no backup pledge of other state funds.

State Transportation Director, John Cooper, praised the sale, saying, "Today's results are a great win for our state. The savings that are a result of refinancing these bonds will provide funds for important road construction and bridge repair throughout the state."

The 2011 bonds, which were issued at an average interest rate of 1.33%, are expected to result in annual savings of approximately \$1.5 million. Approximately \$96.8 million of the original 2002 issuance remains outstanding, all of which will be refunded after accounting for the bond issue premium of \$8.5 million. The refinancing will result in total interest rate savings of \$8.9 million, or approximately 9% of the outstanding balance of the bonds. All of the savings will be passed along to the Department of Transportation through lower annual debt service.

State Finance Director, David Perry, said, "We are very pleased to have achieved some of the lowest interest rates in the history of our state with this deal and to be passing along significant savings for the maintenance of our local infrastructure. These savings will allow our Transportation Department to stretch their dollars much further during this difficult economic climate."



STATE OF ALABAMA
Department of Finance
Office of the Director

State Capitol, Suite N-105
Montgomery, Alabama 36130
Telephone (334) 242-7160 Fax (334) 353-3300
www.finance.alabama.gov



Robert Bentley
Governor

David Perry
Director of Finance

Public School College Authority - Press Release

May 18, 2011 -- The Alabama Public School and College Authority (PSCA) successfully completed the sale of \$51.3 million in Qualified Zone Academy Bonds (QZABs) and the refinancing of \$28.1 million of PSCA bonds issued in 2001. Together, the two bond deals are expected to result in savings of over \$39 million over the life of the bonds.

Proceeds from the QZABs will be used by 16 public school systems for building renovations and other capital needs for 76 individual schools across the State of Alabama. Because of favorable tax treatment and an interest rate subsidy by the U. S. Treasury, the school systems participating in the program will effectively pay back only 75 cents for every dollar borrowed. See below for a full listing of all school systems that will benefit from the sale of the bonds.

State School Superintendent, Dr. Joe Morton, praised the sale, saying, "This is a great result for Alabama's public schools. These bonds will provide funds for important building renovations and repairs at a very low cost for our local school systems."

The PSCA also successfully refinanced \$28.1 million of its Series 2001 Bonds. The Bonds were issued for the benefit of local systems in 2001. The refinancing will result in present value interest rate savings totaling \$4.0 million, or approximately 14% of the outstanding balance of the bonds. All of the savings will be passed along to the local school systems which participated in the 2001 issuance through lower annual debt service.

State Finance Director, David Perry, said, "We are pleased that we are able to provide such significant savings for our local school systems through reduced interest costs. These savings will allow our school systems to stretch their dollars further during this difficult budget climate."

Schools participating in the QZAB transaction:

Decatur City
Alexander City
Mobile County
Randolph County
Macon County
Shelby County
Coffee County
Baldwin County

Houston County
Selma City
Huntsville City
Ozark City
Attalla City
Bullock County
Crenshaw County
Dale County



STATE OF ALABAMA
Department of Finance
Office of the Director

State Capitol, Suite N-105
Montgomery, Alabama 36130
Telephone (334) 242-7160 Fax (334) 353-3300
www.finance.alabama.gov



Robert Bentley
Governor

Marquita F. Davis, Ph.D.
Director of Finance

Public School College Authority - Press Release

February 29, 2012 -- The Alabama Public School and College Authority (PSCA) successfully completed the refinancing of \$90.9 million of outstanding Capital Improvement Pool Bonds and the refinancing of \$90.6 million of Economic Development and Training bonds issued, issued in 2002 and 2003. Together, the two bond deals are expected to result in savings of over \$26 million over the life of the bonds.

Due to a very favorable interest rate environment and solid credit ratings of AA+/AA/Aa1, the bonds sold on a competitive basis and well inside initial expectations with average true interest cost of 1.65% for the Capital Improvement Pool Bonds and 2.09% for the Economic Development and Training Bonds. Goldman Sachs and Bank of America Merrill Lynch were the winning bidders, respectively.

The Capital Improvement Pool Bonds were issued for the benefit of local school systems in 2002. The refinancing will result in present value interest rate savings totaling \$11.0 million, or approximately 12.1% of the outstanding balance of the bonds. All of the savings will be passed along to the local school systems which participated in the 2002 issuance through lower annual debt service.

State School Superintendent, Dr. Tommy Bice, praised the sale, saying, "Today was a great day for Alabama's public schools. The refinancing of these bonds will provide additional relief to the Education Trust Fund and lower debt service for our local school systems."

The Economic Development and Training Bonds were issued for the benefit of training of personnel for various economic development projects throughout the State. The refinancing will result in present value interest rate savings totaling \$14.3 million, or approximately 15.7% of the outstanding balance of the bonds. All of the savings will be passed along to the Education Trust Fund through lower annual debt service.

State Finance Director, Marquita Davis, said, "Today's sale results are unprecedented, with some of the lowest interest rates in the history of the State of Alabama, a testament to the financial strength and conservative balance sheet of our great State. During this difficult budget climate, we're searching high and low for savings that will provide some relief to our school systems and the ETF."