HB340

147885-1

By Representatives Bracy, Buskey, Gaston, Davis, Sessions, Ison, Fincher, Barton, Shiver, Faust and McMillan

RFD: Ways and Means Education

First Read: 21-FEB-13
SYNOPSIS: This bill authorizes the Alabama Public School and College Authority to sell and issue up to $35,000,000 in aggregate principal amount of bonds in addition to all other bonds previously issued by the authority for the purpose of providing funds to rebuild and equip the schools that suffered tornado damage on April 27, 2011 and December 25, 2012.

This bill also authorizes the authority to provide for the details of the bonds and for the terms of the sale thereof; and to make an appropriation and pledge for payment of the principal of and interest on the bonds of proceeds from specific excise taxes and other specific and dedicated appropriations to the extent necessary to pay the principal and interest at their respective maturities; to authorize the authority to pledge for payment of the principal of and interest on the bonds the monies so appropriated and pledged; to provide for the investment of funds by the State
Treasurer; to provide that the bonds shall be limited obligations of the authority payable solely out of the funds so appropriated and pledged so that the bonds will not create a debt or obligation of the state; to provide that the bonds and the income therefrom shall be exempt from taxation in this state and 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 this state; to authorize the issuance of refunding bonds by the authority and give 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 orders 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 that if any portion of this act shall be held invalid such holding shall not affect the validity of any other portion thereof; and 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.

A BILL

TO BE ENTITLED

AN ACT

To authorize the Alabama Public School and College Authority to sell and issue up to $35,000,000 in aggregate principal amount of additional bonds to provide funds to pay the cost of rebuilding and equipping schools that suffered tornado damage on April 27, 2011 and December 25, 2012; 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 of and interest on the bonds from specific taxes necessary to pay the principal and interest at their respective maturities; to authorize the authority to pledge for payment of the principal of 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 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 the income therefrom shall be exempt from
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 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
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 orders 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 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 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.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:
Section 1. Wherever used in this act, the following terms shall have the following meanings respectively, unless the context clearly indicates otherwise:


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

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

(17) CAPITAL IMPROVEMENT. 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, 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.

(18) COMMISSION. 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.

(19) GOVERNMENT SECURITIES. 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).

(20) LEGISLATURE. The Legislature of Alabama.

(21) PERMITTED INVESTMENTS. (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 percent 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 percent 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.

(22) REFUNDING BONDS. Those refunding bonds issued under the provisions of this act.

(23) STATE. The State of Alabama.

(24) TRUST FUND. 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. (a) The authority is hereby authorized to sell and issue its bonds in the aggregate principal amount of up to thirty-five million dollars ($35,000,000) to provide funds to pay the costs of rebuilding and equipping the schools that suffered damage from tornados on April 27, 2011 and December 25, 2012. The bonds authorized in this act to be issued by the authority shall be in addition to all other bonds previously authorized to be issued by the authority, 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.

(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. The proceeds from the sale of the bonds and the earnings thereof shall be distributed as follows:

(1) $20 million to the Mobile County School System to pay the cost to rebuild and equip Murphy High School from tornado damage suffered on December 25, 2012.

(2) $15 million to the State Department of Education to pay the costs to rebuild and equip those schools that suffered tornado damage on April 27, 2011.

Section 3. The bonds shall be signed by the president or vice president of the authority and the seal of
the authority shall be affixed thereto (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. 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. 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 in
Section 8 of 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 at competitive bid and at such price or
prices and at such time or times as the authority may consider
advantageous. Bonds sold by competitive bid must be sold to
the bidder whose bid reflects the lowest effective borrowing
cost to the authority on the series of the bonds being sold;
provided, that if no bid acceptable to the authority is
received it may reject all bids. Notice or summary notice of
each such sale by competitive bids shall be given by
publication in either a financial journal or a financial
newspaper published in the City of New York, New York, and
also by publication in a newspaper published in the state
which is customarily published not less often than five days
during each calendar week, each of which notices must be published at least one time not less than ten days prior to the date fixed for the sale or, in the event no bid acceptable to the authority is received at any such sale and the bonds so offered are thereafter reoffered on the same terms and conditions, not less than five days prior to the date fixed for sale. 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 the 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 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 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 shall be in writing signed by the Governor and that 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. For the purpose of providing for payment of the principal of, 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, 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 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 2010 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,
Act, the 1995 Act, the 1998 Act, the 1999 Act, the 2001 Act, the 2002 Act, the 2003 Act, the 2007 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.

(e) 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. 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. 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 2010 Act, or any other act
heretofore enacted.

Section 7. 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 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 the 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, that 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 97 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 refunding bonds and other funds included therewith and the income therefrom which may be any bank or trust 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 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 establishes 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 therefore 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. (a) The proceeds derived from each sale of the bonds issued pursuant to this act shall be deposited into 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 the same proportions as the allocations received of the proceeds thereunder. The proceeds from the sale of the bonds remaining after payment of the expenses of issuance thereof shall be retained in the funds 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 discretion of the authority for the purposes specified in this act.

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

Section 10. 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. 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 11. The authority shall hire or contract with businesses or individuals which reflect the racial and ethnic diversity of the state.

Section 12. 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 13. 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 liquidity providers. Notwithstanding any provision of this act or the 1965 Act, in appointing, employing, or contracting with attorneys, fiscal advisors, trustees, paying agents, investment bankers, banks and underwriters, the authority may appoint, employ, or contract with firms whose principal offices are located without and/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 14. 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 15. This act shall become effective immediately following its passage and approval by the Governor, or its otherwise becoming law.