

1 SB199
2 135024-5
3 By Senators Dial, Scofield, Ward, Whatley, Marsh and Waggoner
4 RFD: Finance and Taxation Education
5 First Read: 07-FEB-12

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8 SYNOPSIS: Under existing law, students enrolled in
9 public K-12 schools are provided approved textbooks
10 free of charge.

11 This bill would provide to all students in
12 the public school grades 9-12, where available,
13 approved textbooks and instructional materials to
14 students in electronic format.

15 This bill would also provide to all students
16 and teachers in public school grades 9-12, where
17 feasible, a pen-enabled tablet computer for
18 storing, reading, accessing, exploring, and
19 interacting with digital textbooks and other
20 instructional materials, in whole or in part, to
21 students in lieu of hardbound textbooks and other
22 instructional materials. The State Department of
23 Education will lead, implement, provide oversight,
24 and administer this act and shall adopt such rules
25 as necessary in accordance with an implementation
26 plan as authorized in this act.

1 This bill also authorizes the Alabama Public
2 School and College Authority to sell and issue up
3 to \$100,000,000 in aggregate principal amount of
4 additional bonds for the support of public
5 education and to use such funds for the acquisition
6 and maintenance of computer equipment, software,
7 and digital textbooks.

8 This bill authorizes the Authority to
9 reimburse the Department of Finance and the State
10 Treasurer's office for costs incurred in providing
11 services for the Authority; authorizes the
12 Authority to provide for the details of the bonds
13 and the sale and issuance thereof; makes an
14 appropriation and pledge for payment of the
15 principal and interest on the bonds from specific
16 taxes necessary to pay the principal and interest
17 at their respective maturities and authorizes the
18 Authority to pledge for payment of the principal
19 and interest on the bonds the funds that are
20 appropriated and pledged; provides for the
21 investment of funds by the State Treasurer;
22 provides that the bonds shall not constitute a debt
23 of the state but shall be limited obligations
24 payable out of the funds appropriated and pledged
25 therefor; provides that the bonds and income
26 therefrom shall be exempt from all taxation in this

1 state and that the bonds may be used to secure
2 deposits of funds of this state and its political
3 subdivisions, instrumentalities, and agencies, and
4 for investment of fiduciary funds; authorizes the
5 Authority to establish procedures and requirements
6 to ensure compliance with the tax covenants with
7 which the Authority must comply; exempts the bonds
8 from the usury laws of the state; authorizes the
9 Authority to issue refunding bonds and give the
10 details of such refunding; provides for the
11 employment of attorneys, fiscal advisors, trustees,
12 paying agents, investment bankers, banks, and
13 underwriters and for the payment of all expenses
14 incurred in the issuance of the bonds; provides
15 that after payment of the expenses of the issuance
16 of the bonds the proceeds from the sale thereof
17 shall be disbursed on order or warrants issued by
18 or under the direction of the Authority for the
19 purposes for which the bonds are authorized to be
20 issued; provides for the timely expenditure of
21 proceeds from the sale of the bonds; and provides
22 that if any portion of this act should be held
23 invalid such holding shall not affect the validity
24 of any other portion thereof.

25
26 A BILL

1 TO BE ENTITLED

2 AN ACT

3
4 Relating to public 9-12 education; to provide all
5 students and teachers, where available, approved textbooks and
6 instructional materials in electronic format and, where
7 feasible, to provide a pen-enabled tablet computer for
8 storing, reading, accessing, exploring, and interacting with
9 digital textbooks and other instructional materials; to
10 authorize the Alabama Public School and College Authority to
11 sell and issue up to \$100,000,000 in aggregate principal
12 amount of additional bonds for the support of public education
13 and to use such funds for the acquisition and maintenance of
14 computer equipment, software, and digital textbooks; to
15 authorize the Authority to reimburse the Department of Finance
16 and the State Treasurer's office for costs incurred in
17 providing services for the Authority; to authorize the
18 Authority to provide for the details of the bonds and the sale
19 and issuance thereof; to make an appropriation and pledge for
20 payment of the principal and interest on the bonds from
21 specific taxes necessary to pay the principal and interest at
22 their respective maturities and to authorize the Authority to
23 pledge for payment of the principal and interest on the bonds
24 the funds that are appropriated and pledged; to provide for
25 the investment of funds by the State Treasurer; to provide
26 that the bonds shall not constitute a debt of the state but

1 shall be limited obligations payable out of the funds
2 appropriated and pledged therefor; to provide that the bonds
3 and income therefrom shall be exempt from all taxation in this
4 state and that the bonds may be used to secure deposits of
5 funds of this state and its political subdivisions,
6 instrumentalities, and agencies and for investment of
7 fiduciary funds; to authorize the Authority to establish
8 procedures and requirements to ensure compliance with the tax
9 covenants with which the Authority must comply; to exempt the
10 bonds from the usury laws of the state; to authorize the
11 Authority to issue refunding bonds and give the details of
12 such refunding; to provide for the employment of attorneys,
13 fiscal advisors, trustees, paying agents, investment bankers,
14 banks, and underwriters and for the payment of all expenses
15 incurred in the issuance of the bonds; to provide that after
16 payment of the expenses of the issuance of the bonds the
17 proceeds from the sale thereof shall be disbursed on order or
18 warrants issued by or under the direction of the Authority for
19 the purposes for which the bonds are authorized to be issued;
20 to provide for the timely expenditure of the proceeds from the
21 sale of the bonds; and to provide that if any portion of this
22 act should be held invalid such holding shall not affect the
23 validity of any other portion thereof.

24 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

25 Section 1. (a) This section shall be known and may
26 be cited as the Alabama Ahead Act.

1 (b) Commencing with the 2012-2013 school year,
2 students in grades 9-12 shall be provided in electronic
3 format, to the extent practicable and obtainable from the
4 publisher, textbooks adopted pursuant to Article 3, commencing
5 with Section 16-36-60, of Chapter 36 of Title 16, Code of
6 Alabama 1975, and other instructional materials through a
7 phased-in process. Digital textbooks and other instructional
8 materials provided in electronic format shall support the
9 appropriate course or courses of study.

10 (c) Where feasible, each public ninth grade student
11 and teacher will be provided in lieu of or in addition to
12 hardbound textbooks and other instructional materials, in
13 whole or in part, a pen-enabled tablet computer for storing,
14 reading, accessing, exploring, and interacting with digital
15 textbooks and other instructional materials. Each student
16 provided with a pen-enabled tablet computer, and his or her
17 parent or legal guardian, is responsible for maintaining the
18 assigned device in good working order throughout the school
19 year and for returning the device to the providing school at
20 the end of the school year.

21 (d) The following school year, the providing school
22 shall reassign the pen-enabled tablet computer to the students
23 in the tenth grade public school system while continuing to
24 provide incoming ninth grade public school students with a
25 pen-enabled tablet computer. This process will be repeated in

1 participating school systems to ensure a planned roll-over of
2 devices and continued support.

3 (e) The State Department of Education shall lead,
4 implement, provide oversight, and administer this act and
5 shall adopt such rules as necessary in accordance with an
6 implementation plan. This plan shall include, but is not
7 limited to, the following: Minimum specifications for devices;
8 learning management system; maintenance and support
9 requirements of the electronic devices authorized in this act;
10 current readiness of participating schools' wireless networks;
11 professional development for teachers; application process for
12 school systems participating.

13 Section 2. Definitions. Wherever used in this act,
14 the following terms shall have the following meanings unless
15 the context clearly indicates otherwise:

16 (1) "1965 Act" means Act No. 243 enacted at the 1965
17 First Special Session of the Legislature, codified as Title
18 16, Chapter 16, Code of Alabama 1975.

19 (2) "1971 Acts" means Act No. 94 enacted at the 1971
20 First Special Session of the Legislature, Act No. 2428 enacted
21 at the 1971 Regular Session of the Legislature, and Act No. 56
22 enacted at the 1971 Second Special Session of the Legislature.

23 (3) "1973 Act" means Act No. 1277 enacted at the
24 1973 Regular Session of the Legislature as amended by Act No.
25 73 enacted at the 1975 Third Special Session of the

1 Legislature and Act No. 1223 enacted at the 1975 Regular
2 Session of the Legislature.

3 (4) "1978 Act" means Act No. 138 enacted at the 1978
4 Second Special Session of the Legislature, as amended by Act
5 No. 79-41 enacted at the 1979 Special Session of the
6 Legislature and Act No. 81-827 enacted at the 1981 Regular
7 Session of the Legislature.

8 (5) "1985 Act" means Act No. 85-943 enacted at the
9 1985 Second Special Session of the Legislature.

10 (6) "1990 Act" means Act No. 90-280 enacted at the
11 1990 Regular Session of the Legislature.

12 (7) "1995 Act" means Act No. 95-752 enacted at the
13 1995 Regular Session of the Legislature.

14 (8) "1998 Act" means Act No. 98-373 enacted at the
15 1998 Regular Session of the Legislature.

16 (9) "1999 Act" means Act No. 99-348 enacted at the
17 1999 Regular Session of the Legislature.

18 (10) "2001 Act" means Act No. 2001-668 enacted at
19 the 2001 Regular Session of the Legislature.

20 (11) "2002 Act" means Act No. 2002-240 enacted at
21 the 2002 Regular Session of the Legislature.

22 (12) "2003 Act" means Act No. 2003-436 enacted at
23 the 2003 Second Special Session of the Legislature.

24 (13) "2007 Act" means Act No. 2007-414 enacted at
25 the 2007 Regular Session of the Legislature.

1 (14) "Authority" means Alabama Public School and
2 College Authority.

3 (15) "Bonds" (except where that word is used with
4 reference to bonds issued under another act) means those
5 bonds, other than Refunding Bonds, issued under the provisions
6 of this act.

7 (16) "Computer Equipment and Software" means
8 pen-enabled tablet computers for storing, reading, accessing,
9 exploring, and interacting with digital textbooks and other
10 instructional material as well as software necessary for such
11 equipment, learning management system, and equipment necessary
12 to support wireless local area networks.

13 (17) "Digital Textbooks" means an interactive,
14 multimedia electronic book or digital resources that can be
15 used creatively by learners.

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

1 (19) "Legislature" means the Legislature of Alabama.

2 (20) "Permitted Investments" means (i) Government
3 Securities; (ii) bonds, debentures, notes or other evidences
4 of indebtedness issued by any of the following agencies: Bank
5 for Cooperatives; Federal Intermediate Credit Banks; Federal
6 Financing Bank; Federal Home Loan Banks; Federal Farm Credit
7 Bank; Export-Import Bank of the United States; Federal Land
8 Banks; or Farmers Home Administration or any other agency or
9 corporation which has been or may hereafter be created by or
10 pursuant to an act of the Congress of the United States as an
11 agency or instrumentality thereof; (iii) bonds, notes, pass
12 through securities or other evidences of indebtedness of
13 Government National Mortgage Association and participation
14 certificates of Federal Home Loan Mortgage Corporation; (iv)
15 full faith and credit obligations of any state, provided that
16 at the time of purchase such obligations are rated at least
17 "AA" by Standard & Poor's Ratings Group and at least "Aa" by
18 Moody's Investors Service; (v) public housing bonds issued by
19 public agencies or municipalities and fully secured as to the
20 payment of both principal and interest by contracts with the
21 United States of America, or temporary notes, preliminary
22 notes or project notes issued by public agencies or
23 municipalities, in each case fully secured as to the payment
24 to both principal and interest by a requisition or payment
25 agreement with the United States of America; (vi) time
26 deposits evidenced by certificates of deposit issued by banks

1 or savings and loan associations which are members of the
2 Federal Deposit Insurance Corporation, provided that, to the
3 extent such time deposits are not covered by federal deposit
4 insurance, such time deposits (including interest thereon) are
5 fully secured by a pledge of obligations described in clauses
6 (i), (ii), (iii), and (v) above, which at all times have a
7 market value not less than the amount of such bank time
8 deposits required to be so secured and which meet the greater
9 of 100 percent collateralization or the "AA" collateral levels
10 established by Standard & Poor's Ratings Group for structured
11 financings; (vii) repurchase agreements for obligations of the
12 type specified in clauses (i), (ii), (iii), and (v) above,
13 provided such repurchase agreements are fully collateralized
14 and secured by such obligations which have a market value at
15 least equal to the purchase price of such repurchase
16 agreements which are held by a depository satisfactory to the
17 State Treasurer in such manner as may be required to provide a
18 perfected security interest in such obligations, and which
19 meet the greater of 100 percent collateralization or the "AA"
20 collateral levels established by Standard & Poor's Ratings
21 Group for structured financings; and (viii) uncollateralized
22 investment agreements with, or certificates of deposit issued
23 by, banks or bank holding companies, the senior long-term
24 securities of which are rated at least "AA" by Standard &
25 Poor's Ratings Group and at least "Aa" by Moody's Investors
26 Service.

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

3 (22) "State" means the State of Alabama.

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

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

12 Section 3. Authorization to Issue Additional Bonds
13 and Purposes Thereof.

14 (a) The Authority is hereby authorized to sell and
15 issue its Bonds in the aggregate principal amount of up to
16 \$100,000,000 and to apply the proceeds as provided in this
17 act, to include the following purposes: Paying the costs of
18 acquisition and maintaining computer equipment, software, and
19 digital textbooks for public education purposes in the State.

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

1 Section 4. Execution and Other Details of the Bonds.

2 The Bonds shall be signed by the president or vice-president
3 of the Authority, and the seal of the Authority affixed
4 thereto (or a facsimile thereof imprinted thereon) and
5 attested by its secretary. All signatures of the president,
6 vice-president, and secretary may be facsimile signatures if
7 the Authority, in its proceedings with respect to issuance,
8 provides for manual authentication (which may be in the form
9 of a certificate as to registration) of the Bonds by a
10 trustee, registrar or paying agent or by named individuals who
11 are employees of the State and who are assigned to the Finance
12 Department or State Treasurer's Office of the State. All Bonds
13 bearing signatures or facsimiles of the signatures of officers
14 of the Authority in office on the date of signing thereof
15 shall be valid and binding notwithstanding that before the
16 delivery thereof and payment therefor, any officer whose
17 signature appears thereon shall have ceased to be an officer
18 of the Authority. The Bonds and the income therefrom shall be
19 exempt from all taxation in the State of Alabama, may be used
20 as security for deposits, and shall be eligible for
21 investments of fiduciary funds, as provided in the 1965 Act.
22 The Bonds shall be construed to have all the qualities and
23 incidents of negotiable instruments subject to any
24 registration provisions pertaining to transfers. The Authority
25 and the Bonds shall be exempt from all laws of the State
26 governing usury including, without limitation, the provisions

1 of Title 8, Chapter 8, Code of Alabama 1975, or any subsequent
2 statute of similar import. The Bonds shall be in such form or
3 forms and denomination or denominations and of such tenor and
4 maturities, shall bear such rate or rates of interest payable
5 and evidenced in such manner, may be made subject to
6 redemption prior to their maturities, and may contain
7 provisions not inconsistent with this act, all as may be
8 provided by the resolution of the Authority under which the
9 Bonds may be issued; provided, that no Bonds shall have a
10 specified maturity date later than twenty years after their
11 date; and provided further, that those Bonds having maturities
12 more than ten years after their date shall be subject to
13 redemption at the option of the Authority on any date on and
14 after the tenth anniversary after their date at such
15 redemption price or prices and under such conditions as may be
16 prescribed in the proceedings of the Authority under which
17 they are issued. For the purpose of paying the principal of,
18 premium, if any, and interest on the Bonds or any Refunding
19 Bonds, the Authority shall designate the State Treasurer or
20 such bank or banks as the Authority, in its discretion,
21 determines to be appropriate and desirable. Funds for the
22 payment of debt service shall be transferred by the Authority
23 or the State Treasurer on behalf of the Authority to the
24 designated paying agent on the actual due date of such
25 principal, premium, if any, or interest.

1 Section 5. Sale of the Bonds. The Bonds may be sold
2 by the Authority from time to time in series, and if sold in
3 more than one series, may all be authorized in one initial
4 resolution of the Authority with the pledges therefor made by
5 the Authority in such initial resolution although some of the
6 details applicable to each series may be specified in the
7 respective resolutions under which the different series are
8 issued. The Authority, in the course of establishing, by
9 resolution, a principal amount of Bonds to be authorized for
10 sale at any given time, or to be sold in any series, may take
11 into account the existence of any unexpended proceeds of prior
12 issues of bonds of the Authority (and of any other issuer, if
13 such should be deemed by the Authority to be relevant), and
14 may structure the portions of the allocations provided for in
15 Section 9 of this act to be distributed from the proceeds of a
16 particular series (constituting less than all the Bonds
17 authorized by this act) as the Authority deems necessary or
18 prudent in order to enable the Authority to comply with any
19 tax covenants that may be required of it, or that may be
20 deemed by it to be prudent to be given by it, in connection
21 with the sale of any series of the Bonds. Each series of the
22 Bonds shall be sold competitively only at public sale, on
23 sealed bids which may be submitted either electronically or in
24 writing, after such advertisement as shall be prescribed by
25 the Authority and at such time or times as the Authority may
26 consider advantageous, to the bidder whose bid reflects the

1 lowest true interest cost to the Authority computed to the
2 respective maturities of the Bonds being sold (considering
3 mandatory redemption as scheduled maturity); provided, that if
4 no bid deemed acceptable by the Authority is received it may
5 reject all bids. The Authority may fix the method and the
6 terms and conditions under which the sale of any series of the
7 Bonds may otherwise be held; provided that such terms and
8 conditions shall not conflict with any requirement of this
9 act. Approval by the Governor of Alabama of the terms and
10 conditions under which any of the Bonds may be issued shall be
11 requisite to their validity. Before any series of the Bonds
12 shall be offered for sale by the Authority, the Governor shall
13 first determine that the issuance of that series of Bonds and
14 the application of the taxes pledged to the payment of the
15 principal of the Bonds as they mature and the interest thereon
16 as the same shall come due will not impair the adequacy of the
17 Trust Fund to pay appropriations therefrom and to support the
18 public schools and institutions of higher learning during the
19 period over which the Bonds will mature. The Governor's
20 determination in this regard shall be in writing signed by the
21 Governor and such determination shall be final and conclusive.
22 Neither a public hearing nor consent of the State Department
23 of Finance or any other department or agency shall be a
24 prerequisite to the issuance of any of the Bonds.

25 Section 6. Appropriation of Revenues to the
26 Authority; Pledge Thereof for the Benefit of the Bonds. For

1 the purpose of providing for payment of the principal, premium
2 (if any), and interest on the Bonds, and to accomplish the
3 objectives of this act, there is hereby irrevocably pledged to
4 those purposes, and hereby appropriated, such amount as may be
5 necessary therefor from the following sources:

6 (a) The residue of the receipts from the excise tax
7 ("the utility gross receipts tax") levied by Title 40, Chapter
8 21, Article 3, Code of Alabama 1975, as amended ("Article 3"),
9 remaining after payment of the expenses of administration and
10 enforcement of Article 3, being that portion of the tax that
11 is required by Article 3 to be deposited in the State Treasury
12 to the credit of the Trust Fund, after there shall have been
13 taken from the residue the amount necessary to pay at their
14 respective maturities the principal of and interest on those
15 bonds issued by the Authority under the 1965 Act, the 1971
16 Acts, the 1973 Act, the 1978 Act, the 1985 Act, the 1990 Act,
17 the 1995 Act, the 1998 Act, the 1999 Act, the 2001 Act, the
18 2002 Act, the 2003 Act, the 2007 Act, or this Act that may be
19 outstanding at the time of the delivery of the respective
20 series of the Bonds authorized herein;

21 (b) The residue of the receipts from the excise tax
22 ("the utility service use tax") levied by Title 40, Chapter
23 21, Article 4, Code of Alabama 1975 ("Article 4"), remaining
24 after payment of the expenses of administration and
25 enforcement of Article 4, being that portion of the tax that
26 is required by Article 4 to be deposited in the State Treasury

1 to the credit of the Trust Fund, after there shall have been
2 taken from the residue the amount necessary to pay at their
3 respective maturities the principal of and interest on those
4 bonds issued by the Authority under the 1965 Act, the 1971
5 Acts, the 1973 Act, the 1978 Act, the 1985 Act, the 1990 Act,
6 the 1995 Act, the 1998 Act, the 1999 Act, the 2001 Act, the
7 2002 Act, the 2003 Act, the 2007 Act, or this Act that may be
8 outstanding at the time of the delivery of the respective
9 series of the Bonds authorized herein;

10 (c) To the extent and to the extent only that the
11 revenues appropriated in the foregoing subsections (a) and (b)
12 of this Section may not be sufficient to pay at their
13 respective maturities the principal of, premium, if any, and
14 interest on the Bonds, the residue of the receipts from the
15 excise tax ("the sales tax") levied by Title 40, Chapter 23,
16 Article 1, Division 1, Code of Alabama 1975, as amended
17 ("Article 1"), after there shall have been taken from the
18 residue the amounts appropriated for other educational
19 purposes in Section 40-23-35, Code of Alabama 1975 (which
20 residue constitutes that portion of the receipts from the
21 sales tax that is now required by law to be paid into the
22 Trust Fund), and after there shall have been taken from the
23 residue amounts sufficient to meet all prior charges on the
24 residue including such amounts as may be necessary to pay at
25 their respective maturities the principal of and interest on
26 those bonds issued by the Authority under the 1965 Act, the

1 1971 Acts, the 1973 Act, the 1978 Act, the 1985 Act, the 1990
2 Act, the 1995 Act, the 1998 Act, the 1999 Act, the 2001 Act,
3 the 2002 Act, the 2003 Act, the 2007 Act, or this Act that may
4 be outstanding at the time of the delivery of the respective
5 series of the Bonds authorized herein; and

6 (d) To the extent and to the extent only that the
7 revenues appropriated in the foregoing subsections (a), (b),
8 and (c) of this Section may not be sufficient to pay at their
9 respective maturities the principal of, premium, if any, and
10 the interest on the Bonds, the residue of the receipts from
11 the excise tax ("the use tax") levied by Title 40, Chapter 23,
12 Article 2, Code of Alabama 1975, as amended ("Article 2"),
13 after there shall have been taken from the residue the amount
14 necessary to meet the expenses of the State Department of
15 Revenue in collecting the use tax (which residue constitutes
16 that portion of the receipts from the use tax that is now
17 required by law to be paid into the Trust Fund), and after
18 there shall have been taken from the residue such amounts as
19 may be necessary to meet all prior charges on the use tax
20 including the amounts sufficient to pay at their respective
21 maturities the principal of and interest on those outstanding
22 bonds referred to in subsection (c) of this Section.

23 All monies hereby appropriated and pledged shall
24 constitute a sinking fund for the purpose of paying the
25 principal of, premium, if any, and interest on the Bonds. The
26 State Treasurer is authorized and directed to pay at their

1 respective maturities the principal of, premium, if any, and
2 interest on the Bonds out of this fund and out of the residues
3 of the tax receipts herein appropriated and pledged for the
4 benefit of the Bonds, and is further authorized and directed
5 to set up and maintain appropriate records pertaining thereto.

6 Section 7. Bonds to be Payable Solely out of the
7 Revenues Appropriated; Authorization for Authority to Pledge
8 Such Revenues for the Bonds. The Bonds shall not be general
9 obligations of the Authority but shall be limited obligations
10 payable solely out of the residues of the tax receipts
11 appropriated and pledged in Section 6 of this act. All Bonds
12 issued by the Authority pursuant to the provisions of this act
13 shall be solely and exclusively obligations of the Authority
14 and shall not constitute or create an obligation or debt of
15 the State. As security for the payment of the principal of,
16 premium, if any, and interest on the Bonds, the Authority is
17 hereby authorized and empowered to pledge the residues of the
18 tax receipts that are appropriated and pledged in Section 6
19 hereof for such purposes. All such pledges made by the
20 Authority shall take precedence in the order of the adoption
21 of the resolutions containing the pledges. All such pledges
22 shall be prior and superior to any pledges that may be made
23 for any refunding bonds hereafter issued by the Authority
24 under the provisions of any of the 1965 Act, the 1971 Acts,
25 the 1973 Act, the 1978 Act, the 1985 Act, the 1990 Act, the
26 1995 Act, the 1998 Act, the 1999 Act, the 2001 Act, the 2002

1 Act, the 2003 Act, the 2007 Act, or any other act heretofore
2 enacted.

3 Section 8. Refunding Bonds. For the purpose of
4 refunding any Bonds or Refunding Bonds of the Authority issued
5 under the provisions of this act, the 1965 Act, the 1971 Acts,
6 the 1973 Act, the 1978 Act, the 1985 Act, the 1990 Act, the
7 1995 Act, the 1998 Act, the 1999 Act, the 2001 Act, the 2002
8 Act, the 2003 Act, the 2007 Act or any other act previously
9 enacted, or any combination thereof, whether such refunding
10 shall occur before, at or after the maturity of the Bonds
11 refunded and for the purpose of paying all premiums and
12 expenses of such refunding (including, but not limited to,
13 attorneys' fees, costs of printing the Refunding Bonds, fiscal
14 agents' fees, and accountants' fees), the Authority is hereby
15 authorized to sell and issue its Refunding Bonds. Such
16 Refunding Bonds may be sold and issued from time to time, at
17 public sale, on sealed bids and on such other terms and
18 conditions as the Authority shall determine to be advantageous
19 and shall adopt and provide for in its proceedings for the
20 sale and issuance of such Refunding Bonds. Provided, however,
21 no Refunding Bonds shall be issued unless the present value of
22 all debt service on the Refunding Bonds (computed with a
23 discount rate equal to the true interest rate of the Refunding
24 Bonds and taking into account all underwriting discount and
25 other issuance expenses) shall not be greater than 95 percent
26 of the present value of all debt service on the Bonds to be

1 refunded (computed using the same discount rate and taking
2 into account the underwriting discount and other issuance
3 expenses originally applicable to such Bonds) determined as if
4 such Bonds to be refunded were paid and retired in accordance
5 with the schedule of maturities (considering mandatory
6 redemption as scheduled maturity) provided at the time of
7 their issuance. Provided further that the average maturity of
8 the Refunding Bonds, as measured from the date of issuance of
9 such Refunding Bonds, shall not exceed by more than three
10 years the average maturity of the Bonds to be refunded, as
11 also measured from such date of issuance, with the average
12 maturity of any principal amount of Bonds to be determined by
13 multiplying the principal of each maturity by the number of
14 years (including any fractional part of a year) intervening
15 between such date of issuance and each such maturity, taking
16 the sum of all such products, and then dividing such sum by
17 the aggregate principal amount of Bonds for which the average
18 maturity is to be determined. For the purpose of providing
19 funds to enable the Authority to pay at their respective
20 maturities the principal of, premium, if any, and interest on
21 the Refunding Bonds issued under this act, the Authority is
22 hereby authorized to pledge irrevocably for such purpose, and
23 there is hereby appropriated for such purpose, such amount as
24 may be necessary of the residues of the receipts from the
25 excise taxes pledged and appropriated in subsections (a), (b),
26 (c), and (d) of Section 6 of this act, any reserves or sinking

1 funds established by the Authority, as well as revenues of the
2 Authority from any other sources specified in the proceedings
3 wherein the Refunding Bonds are authorized to be issued.

4 Pending the application of the proceeds of Refunding Bonds
5 issued in accordance with this Section, the proceeds, together
6 with investment earnings therefrom, and amounts in any sinking
7 fund, together with investment earnings thereon, may be held
8 by the State Treasurer as treasurer of the Authority in trust,
9 or may be deposited by the State Treasurer in trust, on such
10 terms as the State Treasurer and the Authority shall approve,
11 with a trustee or escrow agent, which trustee or escrow agent
12 shall be a banking institution or trust company authorized to
13 exercise trust powers in Alabama, for investment in Permitted
14 Investments. Proceeds of Refunding Bonds shall be so invested
15 and applied as to assure that the principal, interest, and
16 redemption premium, if any, on the Bonds being refunded shall
17 be paid in full on the respective maturity, redemption, or
18 interest payment dates. Refunding Bonds issued by the
19 Authority shall not be general obligations of the Authority
20 but shall be payable solely from the sources specified in this
21 act and in the proceedings whereby the Refunding Bonds are
22 authorized to be issued. All Refunding Bonds issued by the
23 Authority shall be solely and exclusively obligations of the
24 Authority and shall not create debts of the State of Alabama.
25 The faith and credit of the State of Alabama shall never be
26 pledged for the payment of any Refunding Bonds issued by the

1 Authority under this act. The Authority may contract with
2 respect to the safekeeping and application of the proceeds of
3 Refunding Bonds and other funds included therewith and the
4 income therefrom, and shall have the right and power to
5 appoint a trustee therefor, which may be any bank or company
6 authorized to exercise trust powers and located within and/or
7 without the State. All other provisions of this act shall
8 apply to the Refunding Bonds issued hereunder except (a) the
9 limitation contained in Section 3 of this act on the amount of
10 Bonds that may be issued under this act and (b) the provisions
11 of Section 9 of this act. All pledges made by this act, or by
12 the Authority pursuant to the provisions of this act, for the
13 benefit of Refunding Bonds issued under this act, and all such
14 pledges for the benefit of Refunding Bonds which may be issued
15 to refund any bonds issued under any of the 1965 Act, the 1971
16 Acts, the 1973 Act, the 1978 Act, the 1985 Act, the 1990 Act,
17 the 1995 Act, the 1998 Act, the 1999 Act, the 2001 Act, the
18 2002 Act, the 2003 Act, the 2007 Act or this Act, shall take
19 precedence in the order of the adoption of the resolutions
20 authorizing the issuance of such Refunding Bonds. Bonds
21 refunded prior to their maturity with the proceeds of
22 Refunding Bonds shall be deemed paid and the pledges herein
23 and by the Authority made for the payment thereof defeased if
24 the Authority, in its proceedings regarding issuance of the
25 Refunding Bonds shall provide for and establish a trust or
26 escrow fund comprised of monies or Government Securities, or

1 both, sufficient to pay, when due, the entire principal of,
2 premium, if any, and interest on the Bonds to be refunded
3 thereby; provided, that such Government Securities shall not
4 be subject to redemption prior to their maturities other than
5 at the option of the holder thereof. Upon the establishment of
6 such a trust or escrow fund, the refunded Bonds shall no
7 longer be deemed to be outstanding, shall no longer be secured
8 by the funds pledged therefor in Section 6 of this act, shall
9 no longer be obligations of the Authority and shall be secured
10 solely by and payable from monies and Government Securities
11 deposited in such trust or escrow fund.

12 Section 9. Use of Bond Proceeds.

13 (a) The proceeds derived from each sale of the Bonds
14 issued pursuant to this act shall be deposited in the State
15 Treasury and shall be carried in a separate fund therein for
16 the account of the Authority, which shall pay the expenses of
17 issuance therefrom. The expenses of issuance of the Bonds
18 shall be prorated among the recipients of the proceeds from
19 the sale of the Bonds in proportions they receive allocations
20 of the proceeds thereunder. The proceeds from the sale of the
21 Bonds remaining after payment of the expenses of issuance
22 thereof shall be retained in said fund and, until they are
23 paid out, shall be invested by the State Treasurer at the
24 direction of the Authority in Permitted Investments maturing
25 at such time or times as the Authority shall direct.

1 (b) Proceeds from the sale of the Bonds and the
2 earnings thereon shall be paid out from time to time on orders
3 or warrants issued by or at the direction of the Authority to
4 the State Department of Education to be expended for the
5 acquisition and maintenance of the computer equipment,
6 software, and digital textbooks authorized in Section 1 of
7 this act.

8 Section 10. Notwithstanding any of the foregoing and
9 in addition to all powers heretofore granted to the Authority,
10 the Authority is hereby expressly authorized to use the
11 proceeds derived from the sale of Bonds and income on
12 Permitted Investments in accordance with the provisions of
13 this act. The Authority is hereby expressly permitted to pay
14 to the Department of Finance and the State Treasurer's Office,
15 from time to time and from any funds available to the
16 Authority, amounts to offset costs incurred in the
17 administration of the business of the Authority. The cost of
18 such compensation shall be prorated among the recipients of
19 proceeds of the Bonds in the same manner as the expenses of
20 issuance of the Bonds are required hereby to be prorated.

21 Section 11. Tax Exemption. The Authority shall have
22 the power to make such payments to the United States of
23 America as the board of directors of the Authority deems
24 necessary to cause the interest on any bonds of the Authority,
25 including the Bonds, to be and remain exempt from, or
26 excludible from gross income for purposes of, federal income

1 taxation. The Authority shall have the power to make such
2 agreements respecting the investment of funds of the Authority
3 as the Authority shall deem necessary in order that the
4 interest income on bonds of the Authority be and remain exempt
5 from, or excludible from gross income for purposes of, federal
6 income taxation.

7 Section 12. Issuance Expenses; Contracts and
8 Appointments. The Authority is authorized to pay out of
9 proceeds of any series of Bonds the costs and expenses
10 incurred in connection with the issuance of such Bonds,
11 including without limitation legal and accounting fees and
12 expenses, fees and expenses of any financial or fiscal advisor
13 employed by the Authority, printing costs, rating agency fees,
14 and premiums or charges for any credit enhancement or
15 liquidity providers. Notwithstanding any provision of this act
16 or the 1965 Act, in appointing, employing, or contracting with
17 attorneys, fiscal advisers, trustees, paying agents,
18 investment bankers, banks and underwriters, the Authority may
19 appoint, employ or contract with firms whose principal offices
20 are located without or within Alabama. The Authority shall
21 hire or contract with attorneys, fiscal advisors, trustees,
22 paying agents, investment bankers, banks, and underwriters
23 which reflect the racial and ethnic diversity of the state.
24 The Authority shall issue Requests For Proposals for
25 attorneys, fiscal advisors, trustees, paying agents,
26 investment bankers, banks, and underwriters. The Authority

1 shall evaluate each proposed bid publicly and award each
2 contract publicly. Minutes of the Authority's meeting shall
3 record the reasons for awarding each contract.

4 Section 13. Severability. In the event any section,
5 sentence, clause or provision of this act shall be declared
6 invalid by a court of competent jurisdiction, such action
7 shall not affect the validity of the remaining sections,
8 sentences, clauses, or provisions of this act, which shall
9 continue effective.

10 Section 14. This act shall become effective on the
11 first day of the third month following its passage and
12 approval by the Governor, or its otherwise becoming law.