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3 By Representative McClendon
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ENROLLED, An Act,

Relating to public 9-12 education; to provide all students and teachers, where available, approved textbooks and instructional materials in electronic format and, where feasible, to provide a pen-enabled: tablet, mobile computer, or similar wireless electronic device for storing, reading, accessing, exploring, and interacting with digital textbooks and other instructional materials; to authorize the Alabama Public School and College Authority to sell and issue up to \$100,000,000 in aggregate principal amount of additional bonds for the support of public education and to use such funds for the acquisition and maintenance of computer equipment, software, and digital textbooks; to authorize the Authority to reimburse the Department of Finance and the State Treasurer's office for costs incurred in providing services for the Authority; to authorize the Authority to provide for the details of the bonds and the sale and issuance thereof; to make an appropriation and pledge for payment of the principal and interest on the bonds from specific taxes necessary to pay the principal and interest at their respective maturities and to authorize the Authority to pledge for payment of the principal and interest on the bonds the funds that are appropriated and pledged; to provide for the investment of funds by the State Treasurer; to provide that the bonds shall

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

1 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

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

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

1 returning the device to the providing school at the end of the
2 school year.

3 (d) The following school year, the providing school
4 shall reassign the pen-enabled: tablet, mobile computer, or
5 other similar wireless electronic device to the students in
6 the tenth grade public school system while continuing to
7 provide incoming ninth grade public school students with a
8 pen-enabled: tablet, mobile computer, or other similar
9 wireless electronic device. This process will be repeated in
10 participating school systems to ensure a planned roll-over of
11 devices and continued support.

12 (e) The Department of Education shall lead,
13 implement, provide oversight, and administer this act and
14 shall adopt such rules as necessary in accordance with an
15 implementation plan. This plan shall include, but is not
16 limited to, the following: Minimum specifications for devices;
17 learning management system; maintenance and support
18 requirements of the electronic devices authorized in this act;
19 current readiness of participating schools' wireless networks;
20 professional development for teachers; application process for
21 school systems participating.

22 (f) On or before October 1, 2012, and prior to
23 implementation of this section, the State Department of
24 Education shall provide a copy of the proposed implementation
25 plan to the Chair of the Senate Education Policy Committee and

1 the Chair of the House of Representatives Education Policy
 2 Committee.

3 (g) The State Department of Education shall
 4 establish an advisory committee to assist in the
 5 implementation of this act. The membership of the committee
 6 shall include, but not be limited to, the House of
 7 Representatives and Senate sponsors of the primary legislation
 8 establishing the Alabama Ahead Act, a member of the House of
 9 Representatives as appointed by the Speaker of the House of
 10 Representatives, and a member of the Senate as appointed by
 11 the President Pro Tempore of the Senate.

12 (h) The membership shall be inclusive and shall
 13 reflect the racial, gender, geographic, urban/rural, and
 14 economic diversity of the state.

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

18 (1) "1965 Act" means Act No. 243 enacted at the 1965
 19 First Special Session of the Legislature, codified as Title
 20 16, Chapter 16, Code of Alabama 1975.

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

1 (3) "1973 Act" means Act No. 1277 enacted at the
2 1973 Regular Session of the Legislature as amended by Act No.
3 73 enacted at the 1975 Third Special Session of the
4 Legislature and Act No. 1223 enacted at the 1975 Regular
5 Session of the Legislature.

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

11 (5) "1985 Act" means Act No. 85-943 enacted at the
12 1985 Second Special Session of the Legislature.

13 (6) "1990 Act" means Act No. 90-280 enacted at the
14 1990 Regular Session of the Legislature.

15 (7) "1995 Act" means Act No. 95-752 enacted at the
16 1995 Regular Session of the Legislature.

17 (8) "1998 Act" means Act No. 98-373 enacted at the
18 1998 Regular Session of the Legislature.

19 (9) "1999 Act" means Act No. 99-348 enacted at the
20 1999 Regular Session of the Legislature.

21 (10) "2001 Act" means Act No. 2001-668 enacted at
22 the 2001 Regular Session of the Legislature.

23 (11) "2002 Act" means Act No. 2002-240 enacted at
24 the 2002 Regular Session of the Legislature.

1 (12) "2003 Act" means Act No. 2003-436 enacted at
2 the 2003 Second Special Session of the Legislature.

3 (13) "2007 Act" means Act No. 2007-414 enacted at
4 the 2007 Regular Session of the Legislature.

5 (14) "Authority" means Alabama Public School and
6 College Authority.

7 (15) "Bonds" (except where that word is used with
8 reference to bonds issued under another act) means those
9 bonds, other than Refunding Bonds, issued under the provisions
10 of this act.

11 (16) "Computer Equipment and Software" means
12 pen-enabled: tablets, mobile computers, or similar wireless
13 electronic devices for storing, reading, accessing, exploring,
14 and interacting with digital textbooks and other instructional
15 material as well as software necessary for such equipment,
16 learning management system, and equipment necessary to support
17 wireless local area networks.

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

21 (18) "Government Securities" means any bonds or
22 other obligations which as to principal and interest
23 constitute direct obligations of, or are unconditionally
24 guaranteed by, the United States of America, including
25 obligations of any federal agency to the extent such

1 obligations are unconditionally guaranteed by the United
 2 States of America and any certificates or any other evidences
 3 of an ownership interest in such obligations of, or
 4 unconditionally guaranteed by, the United States of America or
 5 in specified portions thereof (which may consist of the
 6 principal thereof or the interest thereon).

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

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

1 payment of both principal and interest by contracts with the
2 United States of America, or temporary notes, preliminary
3 notes or project notes issued by public agencies or
4 municipalities, in each case fully secured as to the payment
5 to both principal and interest by a requisition or payment
6 agreement with the United States of America; (vi) time
7 deposits evidenced by certificates of deposit issued by banks
8 or savings and loan associations which are members of the
9 Federal Deposit Insurance Corporation, provided that, to the
10 extent such time deposits are not covered by federal deposit
11 insurance, such time deposits (including interest thereon) are
12 fully secured by a pledge of obligations described in clauses
13 (i), (ii), (iii), and (v) above, which at all times have a
14 market value not less than the amount of such bank time
15 deposits required to be so secured and which meet the greater
16 of 100 percent collateralization or the "AA" collateral levels
17 established by Standard & Poor's Ratings Group for structured
18 financings; (vii) repurchase agreements for obligations of the
19 type specified in clauses (i), (ii), (iii), and (v) above,
20 provided such repurchase agreements are fully collateralized
21 and secured by such obligations which have a market value at
22 least equal to the purchase price of such repurchase
23 agreements which are held by a depository satisfactory to the
24 State Treasurer in such manner as may be required to provide a
25 perfected security interest in such obligations, and which

1 meet the greater of 100 percent collateralization or the "AA"
 2 collateral levels established by Standard & Poor's Ratings
 3 Group for structured financings; and (viii) uncollateralized
 4 investment agreements with, or certificates of deposit issued
 5 by, banks or bank holding companies, the senior long-term
 6 securities of which are rated at least "AA" by Standard &
 7 Poor's Ratings Group and at least "Aa" by Moody's Investors
 8 Service.

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

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

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

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

20 Section 3. Authorization to Issue Additional Bonds
 21 and Purposes Thereof.

22 (a) The Authority is hereby authorized to sell and
 23 issue its Bonds in the aggregate principal amount of up to
 24 \$100,000,000 and to apply the proceeds as provided in this
 25 act, to include the following purposes: Paying the costs of

1 acquisition and maintaining computer equipment, software, and
2 digital textbooks for public education purposes in the State.

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

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

10 The Bonds shall be signed by the president or vice-president
11 of the Authority, and the seal of the Authority affixed
12 thereto (or a facsimile thereof imprinted thereon) and
13 attested by its secretary. All signatures of the president,
14 vice-president, and secretary may be facsimile signatures if
15 the Authority, in its proceedings with respect to issuance,
16 provides for manual authentication (which may be in the form
17 of a certificate as to registration) of the Bonds by a
18 trustee, registrar or paying agent or by named individuals who
19 are employees of the State and who are assigned to the Finance
20 Department or State Treasurer's Office of the State. All Bonds
21 bearing signatures or facsimiles of the signatures of officers
22 of the Authority in office on the date of signing thereof
23 shall be valid and binding notwithstanding that before the
24 delivery thereof and payment therefor, any officer whose
25 signature appears thereon shall have ceased to be an officer

1 of the Authority. The Bonds and the income therefrom shall be
2 exempt from all taxation in the State of Alabama, may be used
3 as security for deposits, and shall be eligible for
4 investments of fiduciary funds, as provided in the 1965 Act.
5 The Bonds shall be construed to have all the qualities and
6 incidents of negotiable instruments subject to any
7 registration provisions pertaining to transfers. The Authority
8 and the Bonds shall be exempt from all laws of the State
9 governing usury including, without limitation, the provisions
10 of Title 8, Chapter 8, Code of Alabama 1975, or any subsequent
11 statute of similar import. The Bonds shall be in such form or
12 forms and denomination or denominations and of such tenor and
13 maturities, shall bear such rate or rates of interest payable
14 and evidenced in such manner, may be made subject to
15 redemption prior to their maturities, and may contain
16 provisions not inconsistent with this act, all as may be
17 provided by the resolution of the Authority under which the
18 Bonds may be issued; provided, that no Bonds shall have a
19 specified maturity date later than twenty years after their
20 date; and provided further, that those Bonds having maturities
21 more than ten years after their date shall be subject to
22 redemption at the option of the Authority on any date on and
23 after the tenth anniversary after their date at such
24 redemption price or prices and under such conditions as may be
25 prescribed in the proceedings of the Authority under which

1 they are issued. For the purpose of paying the principal of,
2 premium, if any, and interest on the Bonds or any Refunding
3 Bonds, the Authority shall designate the State Treasurer or
4 such bank or banks as the Authority, in its discretion,
5 determines to be appropriate and desirable. Funds for the
6 payment of debt service shall be transferred by the Authority
7 or the State Treasurer on behalf of the Authority to the
8 designated paying agent on the actual due date of such
9 principal, premium, if any, or interest.

10 Section 5. Sale of the Bonds. The Bonds may be sold
11 by the Authority from time to time in series, and if sold in
12 more than one series, may all be authorized in one initial
13 resolution of the Authority with the pledges therefor made by
14 the Authority in such initial resolution although some of the
15 details applicable to each series may be specified in the
16 respective resolutions under which the different series are
17 issued. The Authority, in the course of establishing, by
18 resolution, a principal amount of Bonds to be authorized for
19 sale at any given time, or to be sold in any series, may take
20 into account the existence of any unexpended proceeds of prior
21 issues of bonds of the Authority (and of any other issuer, if
22 such should be deemed by the Authority to be relevant), and
23 may structure the portions of the allocations provided for in
24 Section 9 of this act to be distributed from the proceeds of a
25 particular series (constituting less than all the Bonds

1 authorized by this act) as the Authority deems necessary or
2 prudent in order to enable the Authority to comply with any
3 tax covenants that may be required of it, or that may be
4 deemed by it to be prudent to be given by it, in connection
5 with the sale of any series of the Bonds. Each series of the
6 Bonds shall be sold competitively only at public sale, on
7 sealed bids which may be submitted either electronically or in
8 writing, after such advertisement as shall be prescribed by
9 the Authority and at such time or times as the Authority may
10 consider advantageous, to the bidder whose bid reflects the
11 lowest true interest cost to the Authority computed to the
12 respective maturities of the Bonds being sold (considering
13 mandatory redemption as scheduled maturity); provided, that if
14 no bid deemed acceptable by the Authority is received it may
15 reject all bids. The Authority may fix the method and the
16 terms and conditions under which the sale of any series of the
17 Bonds may otherwise be held; provided that such terms and
18 conditions shall not conflict with any requirement of this
19 act. Approval by the Governor of Alabama of the terms and
20 conditions under which any of the Bonds may be issued shall be
21 requisite to their validity. Before any series of the Bonds
22 shall be offered for sale by the Authority, the Governor shall
23 first determine that the issuance of that series of Bonds and
24 the application of the taxes pledged to the payment of the
25 principal of the Bonds as they mature and the interest thereon

1 as the same shall come due will not impair the adequacy of the
2 Trust Fund to pay appropriations therefrom and to support the
3 public schools and institutions of higher learning during the
4 period over which the Bonds will mature. The Governor's
5 determination in this regard shall be in writing signed by the
6 Governor and such determination shall be final and conclusive.
7 Neither a public hearing nor consent of the State Department
8 of Finance or any other department or agency shall be a
9 prerequisite to the issuance of any of the Bonds.

10 Section 6. Appropriation of Revenues to the
11 Authority; Pledge Thereof for the Benefit of the Bonds. For
12 the purpose of providing for payment of the principal, premium
13 (if any), and interest on the Bonds, and to accomplish the
14 objectives of this act, there is hereby irrevocably pledged to
15 those purposes, and hereby appropriated, such amount as may be
16 necessary therefor from the following sources:

17 (a) The residue of the receipts from the excise tax
18 ("the utility gross receipts tax") levied by Title 40, Chapter
19 21, Article 3, Code of Alabama 1975, as amended ("Article 3"),
20 remaining after payment of the expenses of administration and
21 enforcement of Article 3, being that portion of the tax that
22 is required by Article 3 to be deposited in the State Treasury
23 to the credit of the Trust Fund, after there shall have been
24 taken from the residue the amount necessary to pay at their
25 respective maturities the principal of and interest on those

1 bonds issued by the Authority under the 1965 Act, the 1971
2 Acts, the 1973 Act, the 1978 Act, the 1985 Act, the 1990 Act,
3 the 1995 Act, the 1998 Act, the 1999 Act, the 2001 Act, the
4 2002 Act, the 2003 Act, the 2007 Act, or this Act that may be
5 outstanding at the time of the delivery of the respective
6 series of the Bonds authorized herein;

7 (b) The residue of the receipts from the excise tax
8 ("the utility service use tax") levied by Title 40, Chapter
9 21, Article 4, Code of Alabama 1975 ("Article 4"), remaining
10 after payment of the expenses of administration and
11 enforcement of Article 4, being that portion of the tax that
12 is required by Article 4 to be deposited in the State Treasury
13 to the credit of the Trust Fund, after there shall have been
14 taken from the residue the amount necessary to pay at their
15 respective maturities the principal of and interest on those
16 bonds issued by the Authority under the 1965 Act, the 1971
17 Acts, the 1973 Act, the 1978 Act, the 1985 Act, the 1990 Act,
18 the 1995 Act, the 1998 Act, the 1999 Act, the 2001 Act, the
19 2002 Act, the 2003 Act, the 2007 Act, or this Act that may be
20 outstanding at the time of the delivery of the respective
21 series of the Bonds authorized herein;

22 (c) To the extent and to the extent only that the
23 revenues appropriated in the foregoing subsections (a) and (b)
24 of this Section may not be sufficient to pay at their
25 respective maturities the principal of, premium, if any, and

1 interest on the Bonds, the residue of the receipts from the
2 excise tax ("the sales tax") levied by Title 40, Chapter 23,
3 Article 1, Division 1, Code of Alabama 1975, as amended
4 ("Article 1"), after there shall have been taken from the
5 residue the amounts appropriated for other educational
6 purposes in Section 40-23-35, Code of Alabama 1975 (which
7 residue constitutes that portion of the receipts from the
8 sales tax that is now required by law to be paid into the
9 Trust Fund), and after there shall have been taken from the
10 residue amounts sufficient to meet all prior charges on the
11 residue including such amounts as may be necessary to pay at
12 their respective maturities the principal of and interest on
13 those bonds issued by the Authority under the 1965 Act, the
14 1971 Acts, the 1973 Act, the 1978 Act, the 1985 Act, the 1990
15 Act, the 1995 Act, the 1998 Act, the 1999 Act, the 2001 Act,
16 the 2002 Act, the 2003 Act, the 2007 Act, or this Act that may
17 be outstanding at the time of the delivery of the respective
18 series of the Bonds authorized herein; and

19 (d) To the extent and to the extent only that the
20 revenues appropriated in the foregoing subsections (a), (b),
21 and (c) of this Section may not be sufficient to pay at their
22 respective maturities the principal of, premium, if any, and
23 the interest on the Bonds, the residue of the receipts from
24 the excise tax ("the use tax") levied by Title 40, Chapter 23,
25 Article 2, Code of Alabama 1975, as amended ("Article 2"),

1 after there shall have been taken from the residue the amount
2 necessary to meet the expenses of the State Department of
3 Revenue in collecting the use tax (which residue constitutes
4 that portion of the receipts from the use tax that is now
5 required by law to be paid into the Trust Fund), and after
6 there shall have been taken from the residue such amounts as
7 may be necessary to meet all prior charges on the use tax
8 including the amounts sufficient to pay at their respective
9 maturities the principal of and interest on those outstanding
10 bonds referred to in subsection (c) of this Section.

11 All monies hereby appropriated and pledged shall
12 constitute a sinking fund for the purpose of paying the
13 principal of, premium, if any, and interest on the Bonds. The
14 State Treasurer is authorized and directed to pay at their
15 respective maturities the principal of, premium, if any, and
16 interest on the Bonds out of this fund and out of the residues
17 of the tax receipts herein appropriated and pledged for the
18 benefit of the Bonds, and is further authorized and directed
19 to set up and maintain appropriate records pertaining thereto.

20 Section 7. Bonds to be Payable Solely out of the
21 Revenues Appropriated; Authorization for Authority to Pledge
22 Such Revenues for the Bonds. The Bonds shall not be general
23 obligations of the Authority but shall be limited obligations
24 payable solely out of the residues of the tax receipts
25 appropriated and pledged in Section 6 of this act. All Bonds

1 issued by the Authority pursuant to the provisions of this act
2 shall be solely and exclusively obligations of the Authority
3 and shall not constitute or create an obligation or debt of
4 the State. As security for the payment of the principal of,
5 premium, if any, and interest on the Bonds, the Authority is
6 hereby authorized and empowered to pledge the residues of the
7 tax receipts that are appropriated and pledged in Section 6
8 hereof for such purposes. All such pledges made by the
9 Authority shall take precedence in the order of the adoption
10 of the resolutions containing the pledges. All such pledges
11 shall be prior and superior to any pledges that may be made
12 for any refunding bonds hereafter issued by the Authority
13 under the provisions of any of the 1965 Act, the 1971 Acts,
14 the 1973 Act, the 1978 Act, the 1985 Act, the 1990 Act, the
15 1995 Act, the 1998 Act, the 1999 Act, the 2001 Act, the 2002
16 Act, the 2003 Act, the 2007 Act, or any other act heretofore
17 enacted.

18 Section 8. Refunding Bonds. For the purpose of
19 refunding any Bonds or Refunding Bonds of the Authority issued
20 under the provisions of this act, the 1965 Act, the 1971 Acts,
21 the 1973 Act, the 1978 Act, the 1985 Act, the 1990 Act, the
22 1995 Act, the 1998 Act, the 1999 Act, the 2001 Act, the 2002
23 Act, the 2003 Act, the 2007 Act or any other act previously
24 enacted, or any combination thereof, whether such refunding
25 shall occur before, at or after the maturity of the Bonds

1 refunded and for the purpose of paying all premiums and
2 expenses of such refunding (including, but not limited to,
3 attorneys' fees, costs of printing the Refunding Bonds, fiscal
4 agents' fees, and accountants' fees), the Authority is hereby
5 authorized to sell and issue its Refunding Bonds. Such
6 Refunding Bonds may be sold and issued from time to time, at
7 public sale, on sealed bids and on such other terms and
8 conditions as the Authority shall determine to be advantageous
9 and shall adopt and provide for in its proceedings for the
10 sale and issuance of such Refunding Bonds. Provided, however,
11 no Refunding Bonds shall be issued unless the present value of
12 all debt service on the Refunding Bonds (computed with a
13 discount rate equal to the true interest rate of the Refunding
14 Bonds and taking into account all underwriting discount and
15 other issuance expenses) shall not be greater than 95 percent
16 of the present value of all debt service on the Bonds to be
17 refunded (computed using the same discount rate and taking
18 into account the underwriting discount and other issuance
19 expenses originally applicable to such Bonds) determined as if
20 such Bonds to be refunded were paid and retired in accordance
21 with the schedule of maturities (considering mandatory
22 redemption as scheduled maturity) provided at the time of
23 their issuance. Provided further that the average maturity of
24 the Refunding Bonds, as measured from the date of issuance of
25 such Refunding Bonds, shall not exceed by more than three

1 years the average maturity of the Bonds to be refunded, as
2 also measured from such date of issuance, with the average
3 maturity of any principal amount of Bonds to be determined by
4 multiplying the principal of each maturity by the number of
5 years (including any fractional part of a year) intervening
6 between such date of issuance and each such maturity, taking
7 the sum of all such products, and then dividing such sum by
8 the aggregate principal amount of Bonds for which the average
9 maturity is to be determined. For the purpose of providing
10 funds to enable the Authority to pay at their respective
11 maturities the principal of, premium, if any, and interest on
12 the Refunding Bonds issued under this act, the Authority is
13 hereby authorized to pledge irrevocably for such purpose, and
14 there is hereby appropriated for such purpose, such amount as
15 may be necessary of the residues of the receipts from the
16 excise taxes pledged and appropriated in subsections (a), (b),
17 (c), and (d) of Section 6 of this act, any reserves or sinking
18 funds established by the Authority, as well as revenues of the
19 Authority from any other sources specified in the proceedings
20 wherein the Refunding Bonds are authorized to be issued.
21 Pending the application of the proceeds of Refunding Bonds
22 issued in accordance with this Section, the proceeds, together
23 with investment earnings therefrom, and amounts in any sinking
24 fund, together with investment earnings thereon, may be held
25 by the State Treasurer as treasurer of the Authority in trust,

1 or may be deposited by the State Treasurer in trust, on such
2 terms as the State Treasurer and the Authority shall approve,
3 with a trustee or escrow agent, which trustee or escrow agent
4 shall be a banking institution or trust company authorized to
5 exercise trust powers in Alabama, for investment in Permitted
6 Investments. Proceeds of Refunding Bonds shall be so invested
7 and applied as to assure that the principal, interest, and
8 redemption premium, if any, on the Bonds being refunded shall
9 be paid in full on the respective maturity, redemption, or
10 interest payment dates. Refunding Bonds issued by the
11 Authority shall not be general obligations of the Authority
12 but shall be payable solely from the sources specified in this
13 act and in the proceedings whereby the Refunding Bonds are
14 authorized to be issued. All Refunding Bonds issued by the
15 Authority shall be solely and exclusively obligations of the
16 Authority and shall not create debts of the State of Alabama.
17 The faith and credit of the State of Alabama shall never be
18 pledged for the payment of any Refunding Bonds issued by the
19 Authority under this act. The Authority may contract with
20 respect to the safekeeping and application of the proceeds of
21 Refunding Bonds and other funds included therewith and the
22 income therefrom, and shall have the right and power to
23 appoint a trustee therefor, which may be any bank or company
24 authorized to exercise trust powers and located within and/or
25 without the State. All other provisions of this act shall

1 apply to the Refunding Bonds issued hereunder except (a) the
2 limitation contained in Section 3 of this act on the amount of
3 Bonds that may be issued under this act and (b) the provisions
4 of Section 9 of this act. All pledges made by this act, or by
5 the Authority pursuant to the provisions of this act, for the
6 benefit of Refunding Bonds issued under this act, and all such
7 pledges for the benefit of Refunding Bonds which may be issued
8 to refund any bonds issued under any of the 1965 Act, the 1971
9 Acts, the 1973 Act, the 1978 Act, the 1985 Act, the 1990 Act,
10 the 1995 Act, the 1998 Act, the 1999 Act, the 2001 Act, the
11 2002 Act, the 2003 Act, the 2007 Act or this Act, shall take
12 precedence in the order of the adoption of the resolutions
13 authorizing the issuance of such Refunding Bonds. Bonds
14 refunded prior to their maturity with the proceeds of
15 Refunding Bonds shall be deemed paid and the pledges herein
16 and by the Authority made for the payment thereof defeased if
17 the Authority, in its proceedings regarding issuance of the
18 Refunding Bonds shall provide for and establish a trust or
19 escrow fund comprised of monies or Government Securities, or
20 both, sufficient to pay, when due, the entire principal of,
21 premium, if any, and interest on the Bonds to be refunded
22 thereby; provided, that such Government Securities shall not
23 be subject to redemption prior to their maturities other than
24 at the option of the holder thereof. Upon the establishment of
25 such a trust or escrow fund, the refunded Bonds shall no

1 longer be deemed to be outstanding, shall no longer be secured
2 by the funds pledged therefor in Section 6 of this act, shall
3 no longer be obligations of the Authority and shall be secured
4 solely by and payable from monies and Government Securities
5 deposited in such trust or escrow fund.

6 Section 9. Use of Bond Proceeds.

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

20 (b) Proceeds from the sale of the Bonds and the
21 earnings thereon shall be paid out from time to time on orders
22 or warrants issued by or at the direction of the Authority to
23 the State Department of Education to be expended for the
24 acquisition and maintenance of the computer equipment,

1 software, and digital textbooks authorized in Section 1 of
2 this act.

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

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

1 from, or excludible from gross income for purposes of, federal
2 income taxation.

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

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

7 Section 14. This act shall become effective on the
8 first day of the third month following its passage and
9 approval by the Governor, or its otherwise becoming law.
10 Sections 2 to 12, inclusive, shall be implemented only upon
11 separate legislative enactment providing a specific date for
12 implementation.

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Speaker of the House of Representatives

President and Presiding Officer of the Senate

House of Representatives

I hereby certify that the within Act originated in
and was passed by the House 01-MAY-12, as amended.

Greg Pappas
Clerk

Senate

16-MAY-12

Passed