

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  
27 state and that the bonds may be used to secure

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

24  
25 A BILL  
26 TO BE ENTITLED  
27 AN ACT

1  
2           Relating to public 9-12 education; to provide all  
3 students and teachers, where available, approved textbooks and  
4 instructional materials in electronic format and, where  
5 feasible, to provide a pen-enabled tablet computer for  
6 storing, reading, accessing, exploring, and interacting with  
7 digital textbooks and other instructional materials; to  
8 authorize the Alabama Public School and College Authority to  
9 sell and issue up to \$100,000,000 in aggregate principal  
10 amount of additional bonds for the support of public education  
11 and to use such funds for the acquisition and maintenance of  
12 computer equipment, software, and digital textbooks; to  
13 authorize the Authority to reimburse the Department of Finance  
14 and the State Treasurer's office for costs incurred in  
15 providing services for the Authority; to authorize the  
16 Authority to provide for the details of the bonds and the sale  
17 and issuance thereof; to make an appropriation and pledge for  
18 payment of the principal and interest on the bonds from  
19 specific taxes necessary to pay the principal and interest at  
20 their respective maturities and to authorize the Authority to  
21 pledge for payment of the principal and interest on the bonds  
22 the funds that are appropriated and pledged; to provide for  
23 the investment of funds by the State Treasurer; to provide  
24 that the bonds shall not constitute a debt of the state but  
25 shall be limited obligations payable out of the funds  
26 appropriated and pledged therefor; to provide that the bonds  
27 and income therefrom shall be exempt from all taxation in this

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

21 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

24 (b) Commencing with the 2012-2013 school year,  
25 students in grades 9-12 shall be provided in electronic  
26 format, to the extent practicable and obtainable from the  
27 publisher, textbooks adopted pursuant to Article 3, commencing

1 with Section 16-36-60, of Chapter 36 of Title 16, Code of  
2 Alabama 1975, and other instructional materials through a  
3 phased-in process. Digital textbooks and other instructional  
4 materials provided in electronic format shall support the  
5 appropriate course or courses of study.

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

17 (d) The following school year, the providing school  
18 shall reassign the pen-enabled tablet computer to the students  
19 in the tenth grade public school system while continuing to  
20 provide incoming ninth grade public school students with a  
21 pen-enabled tablet computer. This process will be repeated in  
22 participating school systems to ensure a planned roll-over of  
23 devices and continued support.

24 (e) The State Department of Education shall lead,  
25 implement, provide oversight, and administer this act and  
26 shall adopt such rules as necessary in accordance with an  
27 implementation plan. This plan shall include, but is not

1 limited to, the following: Minimum specifications for devices;  
2 learning management system; maintenance and support  
3 requirements of the electronic devices authorized in this act;  
4 current readiness of participating schools' wireless networks;  
5 professional development for teachers; application process for  
6 school systems participating.

7 Section 2. Definitions. Wherever used in this act,  
8 the following terms shall have the following meanings unless  
9 the context clearly indicates otherwise:

10 (1) "1965 Act" means Act No. 243 enacted at the 1965  
11 First Special Session of the Legislature, codified as Title  
12 16, Chapter 16, Code of Alabama 1975.

13 (2) "1971 Acts" means Act No. 94 enacted at the 1971  
14 First Special Session of the Legislature, Act No. 2428 enacted  
15 at the 1971 Regular Session of the Legislature, and Act No. 56  
16 enacted at the 1971 Second Special Session of the Legislature.

17 (3) "1973 Act" means Act No. 1277 enacted at the  
18 1973 Regular Session of the Legislature as amended by Act No.  
19 73 enacted at the 1975 Third Special Session of the  
20 Legislature and Act No. 1223 enacted at the 1975 Regular  
21 Session of the Legislature.

22 (4) "1978 Act" means Act No. 138 enacted at the 1978  
23 Second Special Session of the Legislature, as amended by Act  
24 No. 79-41 enacted at the 1979 Special Session of the  
25 Legislature and Act No. 81-827 enacted at the 1981 Regular  
26 Session of the Legislature.



1 (5) "1985 Act" means Act No. 85-943 enacted at the  
2 1985 Second Special Session of the Legislature.

3 (6) "1990 Act" means Act No. 90-280 enacted at the  
4 1990 Regular Session of the Legislature.

5 (7) "1995 Act" means Act No. 95-752 enacted at the  
6 1995 Regular Session of the Legislature.

7 (8) "1998 Act" means Act No. 98-373 enacted at the  
8 1998 Regular Session of the Legislature.

9 (9) "1999 Act" means Act No. 99-348 enacted at the  
10 1999 Regular Session of the Legislature.

11 (10) "2001 Act" means Act No. 2001-668 enacted at  
12 the 2001 Regular Session of the Legislature.

13 (11) "2002 Act" means Act No. 2002-240 enacted at  
14 the 2002 Regular Session of the Legislature.

15 (12) "2003 Act" means Act No. 2003-436 enacted at  
16 the 2003 Second Special Session of the Legislature.

17 (13) "2007 Act" means Act No. 2007-414 enacted at  
18 the 2007 Regular Session of the Legislature.

19 (14) "Authority" means Alabama Public School and  
20 College Authority.

21 (15) "Bonds" (except where that word is used with  
22 reference to bonds issued under another act) means those  
23 bonds, other than Refunding Bonds, issued under the provisions  
24 of this act.

25 (16) "Computer Equipment and Software" means  
26 pen-enabled tablet computers for storing, reading, accessing,  
27 exploring, and interacting with digital textbooks and other

1 instructional material as well as software necessary for such  
2 equipment, learning management system, and equipment necessary  
3 to support wireless local area networks.

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

7 (18) "Government Securities" means any bonds or  
8 other obligations which as to principal and interest  
9 constitute direct obligations of, or are unconditionally  
10 guaranteed by, the United States of America, including  
11 obligations of any federal agency to the extent such  
12 obligations are unconditionally guaranteed by the United  
13 States of America and any certificates or any other evidences  
14 of an ownership interest in such obligations of, or  
15 unconditionally guaranteed by, the United States of America or  
16 in specified portions thereof (which may consist of the  
17 principal thereof or the interest thereon).

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

19 (20) "Permitted Investments" means (i) Government  
20 Securities; (ii) bonds, debentures, notes or other evidences  
21 of indebtedness issued by any of the following agencies: Bank  
22 for Cooperatives; Federal Intermediate Credit Banks; Federal  
23 Financing Bank; Federal Home Loan Banks; Federal Farm Credit  
24 Bank; Export-Import Bank of the United States; Federal Land  
25 Banks; or Farmers Home Administration or any other agency or  
26 corporation which has been or may hereafter be created by or  
27 pursuant to an act of the Congress of the United States as an

1 agency or instrumentality thereof; (iii) bonds, notes, pass  
2 through securities or other evidences of indebtedness of  
3 Government National Mortgage Association and participation  
4 certificates of Federal Home Loan Mortgage Corporation; (iv)  
5 full faith and credit obligations of any state, provided that  
6 at the time of purchase such obligations are rated at least  
7 "AA" by Standard & Poor's Ratings Group and at least "Aa" by  
8 Moody's Investors Service; (v) public housing bonds issued by  
9 public agencies or municipalities and fully secured as to the  
10 payment of both principal and interest by contracts with the  
11 United States of America, or temporary notes, preliminary  
12 notes or project notes issued by public agencies or  
13 municipalities, in each case fully secured as to the payment  
14 to both principal and interest by a requisition or payment  
15 agreement with the United States of America; (vi) time  
16 deposits evidenced by certificates of deposit issued by banks  
17 or savings and loan associations which are members of the  
18 Federal Deposit Insurance Corporation, provided that, to the  
19 extent such time deposits are not covered by federal deposit  
20 insurance, such time deposits (including interest thereon) are  
21 fully secured by a pledge of obligations described in clauses  
22 (i), (ii), (iii), and (v) above, which at all times have a  
23 market value not less than the amount of such bank time  
24 deposits required to be so secured and which meet the greater  
25 of 100 percent collateralization or the "AA" collateral levels  
26 established by Standard & Poor's Ratings Group for structured  
27 financings; (vii) repurchase agreements for obligations of the

1 type specified in clauses (i), (ii), (iii), and (v) above,  
2 provided such repurchase agreements are fully collateralized  
3 and secured by such obligations which have a market value at  
4 least equal to the purchase price of such repurchase  
5 agreements which are held by a depository satisfactory to the  
6 State Treasurer in such manner as may be required to provide a  
7 perfected security interest in such obligations, and which  
8 meet the greater of 100 percent collateralization or the "AA"  
9 collateral levels established by Standard & Poor's Ratings  
10 Group for structured financings; and (viii) uncollateralized  
11 investment agreements with, or certificates of deposit issued  
12 by, banks or bank holding companies, the senior long-term  
13 securities of which are rated at least "AA" by Standard &  
14 Poor's Ratings Group and at least "Aa" by Moody's Investors  
15 Service.

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

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

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

24 Nouns and pronouns when used in this act shall be  
25 deemed to include both singular and plural and all applicable  
26 genders.

1           Section 3. Authorization to Issue Additional Bonds  
2 and Purposes Thereof.

3           (a) The Authority is hereby authorized to sell and  
4 issue its Bonds in the aggregate principal amount of up to  
5 \$100,000,000 and to apply the proceeds as provided in this  
6 act, to include the following purposes: Paying the costs of  
7 acquisition and maintaining computer equipment, software, and  
8 digital textbooks for public education purposes in the State.

9           (b) The Bonds authorized by this act to be issued by  
10 the Authority shall be in addition to all other bonds  
11 previously authorized to be issued by it, and the powers  
12 conferred on the Authority by this act are in addition to all  
13 other powers heretofore conferred on the Authority by acts  
14 heretofore enacted by the Legislature.

15           Section 4. Execution and Other Details of the Bonds.  
16 The Bonds shall be signed by the president or vice-president  
17 of the Authority, and the seal of the Authority affixed  
18 thereto (or a facsimile thereof imprinted thereon) and  
19 attested by its secretary. All signatures of the president,  
20 vice-president, and secretary may be facsimile signatures if  
21 the Authority, in its proceedings with respect to issuance,  
22 provides for manual authentication (which may be in the form  
23 of a certificate as to registration) of the Bonds by a  
24 trustee, registrar or paying agent or by named individuals who  
25 are employees of the State and who are assigned to the Finance  
26 Department or State Treasurer's Office of the State. All Bonds  
27 bearing signatures or facsimiles of the signatures of officers

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

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

12 Section 5. Sale of the Bonds. The Bonds may be sold  
13 by the Authority from time to time in series, and if sold in  
14 more than one series, may all be authorized in one initial  
15 resolution of the Authority with the pledges therefor made by  
16 the Authority in such initial resolution although some of the  
17 details applicable to each series may be specified in the  
18 respective resolutions under which the different series are  
19 issued. The Authority, in the course of establishing, by  
20 resolution, a principal amount of Bonds to be authorized for  
21 sale at any given time, or to be sold in any series, may take  
22 into account the existence of any unexpended proceeds of prior  
23 issues of bonds of the Authority (and of any other issuer, if  
24 such should be deemed by the Authority to be relevant), and  
25 may structure the portions of the allocations provided for in  
26 Section 9 of this act to be distributed from the proceeds of a  
27 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  
26 as the same shall come due will not impair the adequacy of the  
27 Trust Fund to pay appropriations therefrom and to support the



1 public schools and institutions of higher learning during the  
2 period over which the Bonds will mature. The Governor's  
3 determination in this regard shall be in writing signed by the  
4 Governor and such determination shall be final and conclusive.  
5 Neither a public hearing nor consent of the State Department  
6 of Finance or any other department or agency shall be a  
7 prerequisite to the issuance of any of the Bonds.

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

15 (a) The residue of the receipts from the excise tax  
16 ("the utility gross receipts tax") levied by Title 40, Chapter  
17 21, Article 3, Code of Alabama 1975, as amended ("Article 3"),  
18 remaining after payment of the expenses of administration and  
19 enforcement of Article 3, being that portion of the tax that  
20 is required by Article 3 to be deposited in the State Treasury  
21 to the credit of the Trust Fund, after there shall have been  
22 taken from the residue the amount necessary to pay at their  
23 respective maturities the principal of and interest on those  
24 bonds issued by the Authority under the 1965 Act, the 1971  
25 Acts, the 1973 Act, the 1978 Act, the 1985 Act, the 1990 Act,  
26 the 1995 Act, the 1998 Act, the 1999 Act, the 2001 Act, the  
27 2002 Act, the 2003 Act, the 2007 Act, or this Act that may be

1 outstanding at the time of the delivery of the respective  
2 series of the Bonds authorized herein;

3 (b) The residue of the receipts from the excise tax  
4 ("the utility service use tax") levied by Title 40, Chapter  
5 21, Article 4, Code of Alabama 1975 ("Article 4"), remaining  
6 after payment of the expenses of administration and  
7 enforcement of Article 4, being that portion of the tax that  
8 is required by Article 4 to be deposited in the State Treasury  
9 to the credit of the Trust Fund, after there shall have been  
10 taken from the residue the amount necessary to pay at their  
11 respective maturities the principal of and interest on those  
12 bonds issued by the Authority under the 1965 Act, the 1971  
13 Acts, the 1973 Act, the 1978 Act, the 1985 Act, the 1990 Act,  
14 the 1995 Act, the 1998 Act, the 1999 Act, the 2001 Act, the  
15 2002 Act, the 2003 Act, the 2007 Act, or this Act that may be  
16 outstanding at the time of the delivery of the respective  
17 series of the Bonds authorized herein;

18 (c) To the extent and to the extent only that the  
19 revenues appropriated in the foregoing subsections (a) and (b)  
20 of this Section may not be sufficient to pay at their  
21 respective maturities the principal of, premium, if any, and  
22 interest on the Bonds, the residue of the receipts from the  
23 excise tax ("the sales tax") levied by Title 40, Chapter 23,  
24 Article 1, Division 1, Code of Alabama 1975, as amended  
25 ("Article 1"), after there shall have been taken from the  
26 residue the amounts appropriated for other educational  
27 purposes in Section 40-23-35, Code of Alabama 1975 (which

1 residue constitutes that portion of the receipts from the  
2 sales tax that is now required by law to be paid into the  
3 Trust Fund), and after there shall have been taken from the  
4 residue amounts sufficient to meet all prior charges on the  
5 residue including such amounts as may be necessary to pay at  
6 their respective maturities the principal of and interest on  
7 those bonds issued by the Authority under the 1965 Act, the  
8 1971 Acts, the 1973 Act, the 1978 Act, the 1985 Act, the 1990  
9 Act, the 1995 Act, the 1998 Act, the 1999 Act, the 2001 Act,  
10 the 2002 Act, the 2003 Act, the 2007 Act, or this Act that may  
11 be outstanding at the time of the delivery of the respective  
12 series of the Bonds authorized herein; and

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

1 maturities the principal of and interest on those outstanding  
2 bonds referred to in subsection (c) of this Section.

3 All monies hereby appropriated and pledged shall  
4 constitute a sinking fund for the purpose of paying the  
5 principal of, premium, if any, and interest on the Bonds. The  
6 State Treasurer is authorized and directed to pay at their  
7 respective maturities the principal of, premium, if any, and  
8 interest on the Bonds out of this fund and out of the residues  
9 of the tax receipts herein appropriated and pledged for the  
10 benefit of the Bonds, and is further authorized and directed  
11 to set up and maintain appropriate records pertaining thereto.

12 Section 7. Bonds to be Payable Solely out of the  
13 Revenues Appropriated; Authorization for Authority to Pledge  
14 Such Revenues for the Bonds. The Bonds shall not be general  
15 obligations of the Authority but shall be limited obligations  
16 payable solely out of the residues of the tax receipts  
17 appropriated and pledged in Section 6 of this act. All Bonds  
18 issued by the Authority pursuant to the provisions of this act  
19 shall be solely and exclusively obligations of the Authority  
20 and shall not constitute or create an obligation or debt of  
21 the State. As security for the payment of the principal of,  
22 premium, if any, and interest on the Bonds, the Authority is  
23 hereby authorized and empowered to pledge the residues of the  
24 tax receipts that are appropriated and pledged in Section 6  
25 hereof for such purposes. All such pledges made by the  
26 Authority shall take precedence in the order of the adoption  
27 of the resolutions containing the pledges. All such pledges

1 shall be prior and superior to any pledges that may be made  
2 for any refunding bonds hereafter issued by the Authority  
3 under the provisions of any of the 1965 Act, the 1971 Acts,  
4 the 1973 Act, the 1978 Act, the 1985 Act, the 1990 Act, the  
5 1995 Act, the 1998 Act, the 1999 Act, the 2001 Act, the 2002  
6 Act, the 2003 Act, the 2007 Act, or any other act heretofore  
7 enacted.

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

1 discount rate equal to the true interest rate of the Refunding  
2 Bonds and taking into account all underwriting discount and  
3 other issuance expenses) shall not be greater than 95 percent  
4 of the present value of all debt service on the Bonds to be  
5 refunded (computed using the same discount rate and taking  
6 into account the underwriting discount and other issuance  
7 expenses originally applicable to such Bonds) determined as if  
8 such Bonds to be refunded were paid and retired in accordance  
9 with the schedule of maturities (considering mandatory  
10 redemption as scheduled maturity) provided at the time of  
11 their issuance. Provided further that the average maturity of  
12 the Refunding Bonds, as measured from the date of issuance of  
13 such Refunding Bonds, shall not exceed by more than three  
14 years the average maturity of the Bonds to be refunded, as  
15 also measured from such date of issuance, with the average  
16 maturity of any principal amount of Bonds to be determined by  
17 multiplying the principal of each maturity by the number of  
18 years (including any fractional part of a year) intervening  
19 between such date of issuance and each such maturity, taking  
20 the sum of all such products, and then dividing such sum by  
21 the aggregate principal amount of Bonds for which the average  
22 maturity is to be determined. For the purpose of providing  
23 funds to enable the Authority to pay at their respective  
24 maturities the principal of, premium, if any, and interest on  
25 the Refunding Bonds issued under this act, the Authority is  
26 hereby authorized to pledge irrevocably for such purpose, and  
27 there is hereby appropriated for such purpose, such amount as

1 may be necessary of the residues of the receipts from the  
2 excise taxes pledged and appropriated in subsections (a), (b),  
3 (c), and (d) of Section 6 of this act, any reserves or sinking  
4 funds established by the Authority, as well as revenues of the  
5 Authority from any other sources specified in the proceedings  
6 wherein the Refunding Bonds are authorized to be issued.

7 Pending the application of the proceeds of Refunding Bonds  
8 issued in accordance with this Section, the proceeds, together  
9 with investment earnings therefrom, and amounts in any sinking  
10 fund, together with investment earnings thereon, may be held  
11 by the State Treasurer as treasurer of the Authority in trust,  
12 or may be deposited by the State Treasurer in trust, on such  
13 terms as the State Treasurer and the Authority shall approve,  
14 with a trustee or escrow agent, which trustee or escrow agent  
15 shall be a banking institution or trust company authorized to  
16 exercise trust powers in Alabama, for investment in Permitted  
17 Investments. Proceeds of Refunding Bonds shall be so invested  
18 and applied as to assure that the principal, interest, and  
19 redemption premium, if any, on the Bonds being refunded shall  
20 be paid in full on the respective maturity, redemption, or  
21 interest payment dates. Refunding Bonds issued by the  
22 Authority shall not be general obligations of the Authority  
23 but shall be payable solely from the sources specified in this  
24 act and in the proceedings whereby the Refunding Bonds are  
25 authorized to be issued. All Refunding Bonds issued by the  
26 Authority shall be solely and exclusively obligations of the  
27 Authority and shall not create debts of the State of Alabama.

1 The faith and credit of the State of Alabama shall never be  
2 pledged for the payment of any Refunding Bonds issued by the  
3 Authority under this act. The Authority may contract with  
4 respect to the safekeeping and application of the proceeds of  
5 Refunding Bonds and other funds included therewith and the  
6 income therefrom, and shall have the right and power to  
7 appoint a trustee therefor, which may be any bank or company  
8 authorized to exercise trust powers and located within and/or  
9 without the State. All other provisions of this act shall  
10 apply to the Refunding Bonds issued hereunder except (a) the  
11 limitation contained in Section 3 of this act on the amount of  
12 Bonds that may be issued under this act and (b) the provisions  
13 of Section 9 of this act. All pledges made by this act, or by  
14 the Authority pursuant to the provisions of this act, for the  
15 benefit of Refunding Bonds issued under this act, and all such  
16 pledges for the benefit of Refunding Bonds which may be issued  
17 to refund any bonds issued under any of the 1965 Act, the 1971  
18 Acts, the 1973 Act, the 1978 Act, the 1985 Act, the 1990 Act,  
19 the 1995 Act, the 1998 Act, the 1999 Act, the 2001 Act, the  
20 2002 Act, the 2003 Act, the 2007 Act or this Act, shall take  
21 precedence in the order of the adoption of the resolutions  
22 authorizing the issuance of such Refunding Bonds. Bonds  
23 refunded prior to their maturity with the proceeds of  
24 Refunding Bonds shall be deemed paid and the pledges herein  
25 and by the Authority made for the payment thereof defeased if  
26 the Authority, in its proceedings regarding issuance of the  
27 Refunding Bonds shall provide for and establish a trust or



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

13 Section 9. Use of Bond Proceeds.

14 (a) The proceeds derived from each sale of the Bonds  
15 issued pursuant to this act shall be deposited in the State  
16 Treasury and shall be carried in a separate fund therein for  
17 the account of the Authority, which shall pay the expenses of  
18 issuance therefrom. The expenses of issuance of the Bonds  
19 shall be prorated among the recipients of the proceeds from  
20 the sale of the Bonds in proportions they receive allocations  
21 of the proceeds thereunder. The proceeds from the sale of the  
22 Bonds remaining after payment of the expenses of issuance  
23 thereof shall be retained in said fund and, until they are  
24 paid out, shall be invested by the State Treasurer at the  
25 direction of the Authority in Permitted Investments maturing  
26 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  
27 taxation. The Authority shall have the power to make such

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

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

1 contract publicly. Minutes of the Authority's meeting shall  
2 record the reasons for awarding each contract.

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

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