SB199

135024-5

By Senators Dial, Scofield, Ward, Whatley, Marsh and Waggoner

RFD: Finance and Taxation Education

First Read: 07-FEB-12
SYNOPSIS: Under existing law, students enrolled in public K-12 schools are provided approved textbooks free of charge.

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

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

This bill authorizes the Authority to reimburse the Department of Finance and the State Treasurer's office for costs incurred in providing services for the Authority; authorizes the Authority to provide for the details of the bonds and the sale and issuance thereof; makes 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 authorizes the Authority to pledge for payment of the principal and interest on the bonds the funds that are appropriated and pledged; provides for the investment of funds by the State Treasurer; provides that the bonds shall not constitute a debt of the state but shall be limited obligations payable out of the funds appropriated and pledged therefor; provides that the bonds and income therefrom shall be exempt from all taxation in this
state and that the bonds may be used to secure deposits of funds of this state and its political subdivisions, instrumentalities, and agencies, and for investment of fiduciary funds; authorizes the Authority to establish procedures and requirements to ensure compliance with the tax covenants with which the Authority must comply; exempts the bonds from the usury laws of the state; authorizes the Authority to issue refunding bonds and give the details of such refunding; provides for the employment of attorneys, fiscal advisors, trustees, paying agents, investment bankers, banks, and underwriters and for the payment of all expenses incurred in the issuance of the bonds; provides that after payment of the expenses of the issuance of the bonds the proceeds from the sale thereof shall be disbursed on order or warrants issued by or under the direction of the Authority for the purposes for which the bonds are authorized to be issued; provides for the timely expenditure of proceeds from the sale of the bonds; and provides that if any portion of this act should be held invalid such holding shall not affect the validity of any other portion thereof.

A BILL
TO BE ENTITLED

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 computer 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 not constitute a debt of the state but
shall be limited obligations payable out of the funds appropriated and pledged therefor; to provide that the bonds and income therefrom shall be exempt from all taxation in this state and that the bonds may be used to secure deposits of funds of this state and its political subdivisions, instrumentalities, and agencies and for investment of fiduciary funds; to authorize the Authority to establish procedures and requirements to ensure compliance with the tax covenants with which the Authority must comply; to exempt the bonds from the usury laws of the state; to authorize the Authority to issue refunding bonds and give the details of such refunding; to provide for the employment of attorneys, fiscal advisors, trustees, paying agents, investment bankers, banks, and underwriters and for the payment of all expenses incurred in the issuance of the bonds; to provide that after payment of the expenses of the issuance of the bonds the proceeds from the sale thereof shall be disbursed on order or warrants issued by or under the direction of the Authority for the purposes for which the bonds are authorized to be issued; to provide for the timely expenditure of the proceeds from the sale of the bonds; and to provide that if any portion of this act should be held invalid such holding shall not affect the validity of any other portion thereof.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

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

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

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

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

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

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

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

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


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


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


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

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

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

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

(18) "Government Securities" means any bonds or other obligations which as to principal and interest constitute direct obligations of, or are unconditionally guaranteed by, the United States of America, including obligations of any federal agency to the extent such obligations are unconditionally guaranteed by the United States of America and any certificates or any other evidences of an ownership interest in such obligations of, or unconditionally guaranteed by, the United States of America or in specified portions thereof (which may consist of the principal thereof or the interest thereon).
"Legislature" means the Legislature of Alabama.

"Permitted Investments" means (i) Government Securities; (ii) bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Bank for Cooperatives; Federal Intermediate Credit Banks; Federal Financing Bank; Federal Home Loan Banks; Federal Farm Credit Bank; Export-Import Bank of the United States; Federal Land Banks; or Farmers Home Administration or any other agency or corporation which has been or may hereafter be created by or pursuant to an act of the Congress of the United States as an agency or instrumentality thereof; (iii) bonds, notes, pass through securities or other evidences of indebtedness of Government National Mortgage Association and participation certificates of Federal Home Loan Mortgage Corporation; (iv) full faith and credit obligations of any state, provided that at the time of purchase such obligations are rated at least "AA" by Standard & Poor's Ratings Group and at least "Aa" by Moody's Investors Service; (v) public housing bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by contracts with the United States of America, or temporary notes, preliminary notes or project notes issued by public agencies or municipalities, in each case fully secured as to the payment to both principal and interest by a requisition or payment agreement with the United States of America; (vi) time deposits evidenced by certificates of deposit issued by banks.
or savings and loan associations which are members of the Federal Deposit Insurance Corporation, provided that, to the extent such time deposits are not covered by federal deposit insurance, such time deposits (including interest thereon) are fully secured by a pledge of obligations described in clauses (i), (ii), (iii), and (v) above, which at all times have a market value not less than the amount of such bank time deposits required to be so secured and which meet the greater of 100 percent collateralization or the "AA" collateral levels established by Standard & Poor's Ratings Group for structured financings; (vii) repurchase agreements for obligations of the type specified in clauses (i), (ii), (iii), and (v) above, provided such repurchase agreements are fully collateralized and secured by such obligations which have a market value at least equal to the purchase price of such repurchase agreements which are held by a depository satisfactory to the State Treasurer in such manner as may be required to provide a perfected security interest in such obligations, and which meet the greater of 100 percent collateralization or the "AA" collateral levels established by Standard & Poor's Ratings Group for structured financings; and (viii) uncollateralized investment agreements with, or certificates of deposit issued by, banks or bank holding companies, the senior long-term securities of which are rated at least "AA" by Standard & Poor's Ratings Group and at least "Aa" by Moody's Investors Service.
(21) "Refunding Bonds" means those refunding bonds issued under the provisions of this act.

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

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

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

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

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

(b) The Bonds authorized by this act to be issued by the Authority shall be in addition to all other bonds previously authorized to be issued by it, and the powers conferred on the Authority by this act are in addition to all other powers heretofore conferred on the Authority by acts heretofore enacted by the Legislature.
Section 4. Execution and Other Details of the Bonds.

The Bonds shall be signed by the president or vice-president of the Authority, and the seal of the Authority affixed thereto (or a facsimile thereof imprinted thereon) and attested by its secretary. All signatures of the president, vice-president, and secretary may be facsimile signatures if the Authority, in its proceedings with respect to issuance, provides for manual authentication (which may be in the form of a certificate as to registration) of the Bonds by a trustee, registrar or paying agent or by named individuals who are employees of the State and who are assigned to the Finance Department or State Treasurer's Office of the State. All Bonds bearing signatures or facsimiles of the signatures of officers of the Authority in office on the date of signing thereof shall be valid and binding notwithstanding that before the delivery thereof and payment therefor, any officer whose signature appears thereon shall have ceased to be an officer of the Authority. The Bonds and the income therefrom shall be exempt from all taxation in the State of Alabama, may be used as security for deposits, and shall be eligible for investments of fiduciary funds, as provided in the 1965 Act. The Bonds shall be construed to have all the qualities and incidents of negotiable instruments subject to any registration provisions pertaining to transfers. The Authority and the Bonds shall be exempt from all laws of the State governing usury including, without limitation, the provisions...
of Title 8, Chapter 8, Code of Alabama 1975, or any subsequent statute of similar import. The Bonds shall be in such form or forms and denomination or denominations and of such tenor and maturities, shall bear such rate or rates of interest payable and evidenced in such manner, may be made subject to redemption prior to their maturities, and may contain provisions not inconsistent with this act, all as may be provided by the resolution of the Authority under which the Bonds may be issued; provided, that no Bonds shall have a specified maturity date later than twenty years after their date; and provided further, that those Bonds having maturities more than ten years after their date shall be subject to redemption at the option of the Authority on any date on and after the tenth anniversary after their date at such redemption price or prices and under such conditions as may be prescribed in the proceedings of the Authority under which they are issued. For the purpose of paying the principal of, premium, if any, and interest on the Bonds or any Refunding Bonds, the Authority shall designate the State Treasurer or such bank or banks as the Authority, in its discretion, determines to be appropriate and desirable. Funds for the payment of debt service shall be transferred by the Authority or the State Treasurer on behalf of the Authority to the designated paying agent on the actual due date of such principal, premium, if any, or interest.
Section 5. Sale of the Bonds. The Bonds may be sold by the Authority from time to time in series, and if sold in more than one series, may all be authorized in one initial resolution of the Authority with the pledges therefor made by the Authority in such initial resolution although some of the details applicable to each series may be specified in the respective resolutions under which the different series are issued. The Authority, in the course of establishing, by resolution, a principal amount of Bonds to be authorized for sale at any given time, or to be sold in any series, may take into account the existence of any unexpended proceeds of prior issues of bonds of the Authority (and of any other issuer, if such should be deemed by the Authority to be relevant), and may structure the portions of the allocations provided for in Section 9 of this act to be distributed from the proceeds of a particular series (constituting less than all the Bonds authorized by this act) as the Authority deems necessary or prudent in order to enable the Authority to comply with any tax covenants that may be required of it, or that may be deemed by it to be prudent to be given by it, in connection with the sale of any series of the Bonds. Each series of the Bonds shall be sold competitively only at public sale, on sealed bids which may be submitted either electronically or in writing, after such advertisement as shall be prescribed by the Authority and at such time or times as the Authority may consider advantageous, to the bidder whose bid reflects the
lowest true interest cost to the Authority computed to the respective maturities of the Bonds being sold (considering mandatory redemption as scheduled maturity); provided, that if no bid deemed acceptable by the Authority is received it may reject all bids. The Authority may fix the method and the terms and conditions under which the sale of any series of the Bonds may otherwise be held; provided that such terms and conditions shall not conflict with any requirement of this act. Approval by the Governor of Alabama of the terms and conditions under which any of the Bonds may be issued shall be requisite to their validity. Before any series of the Bonds shall be offered for sale by the Authority, the Governor shall first determine that the issuance of that series of Bonds and the application of the taxes pledged to the payment of the principal of the Bonds as they mature and the interest thereon as the same shall come due will not impair the adequacy of the Trust Fund to pay appropriations therefrom and to support the public schools and institutions of higher learning during the period over which the Bonds will mature. The Governor's determination in this regard shall be in writing signed by the Governor and such determination shall be final and conclusive. Neither a public hearing nor consent of the State Department of Finance or any other department or agency shall be a prerequisite to the issuance of any of the Bonds.

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

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

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

(c) To the extent and to the extent only that the revenues appropriated in the foregoing subsections (a) and (b) of this Section may not be sufficient to pay at their respective maturities the principal of, premium, if any, and interest on the Bonds, the residue of the receipts from the excise tax ("the sales tax") levied by Title 40, Chapter 23, Article 1, Division 1, Code of Alabama 1975, as amended ("Article 1"), after there shall have been taken from the residue the amounts appropriated for other educational purposes in Section 40-23-35, Code of Alabama 1975 (which residue constitutes that portion of the receipts from the sales tax that is now required by law to be paid into the Trust Fund), and after there shall have been taken from the residue amounts sufficient to meet all prior charges on the residue including such amounts as may be necessary to pay at their respective maturities the principal of and interest on those bonds issued by the Authority under the 1965 Act, the
1971 Acts, the 1973 Act, the 1978 Act, the 1985 Act, the 1990 Act, the 1995 Act, the 1998 Act, the 1999 Act, the 2001 Act, the 2002 Act, the 2003 Act, the 2007 Act, or this Act that may be outstanding at the time of the delivery of the respective series of the Bonds authorized herein; and

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

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

Section 7. Bonds to be Payable Solely out of the
Revenues Appropriated; Authorization for Authority to Pledge
Such Revenues for the Bonds. The Bonds shall not be general
obligations of the Authority but shall be limited obligations
payable solely out of the residues of the tax receipts
appropriated and pledged in Section 6 of this act. All Bonds
issued by the Authority pursuant to the provisions of this act
shall be solely and exclusively obligations of the Authority
and shall not constitute or create an obligation or debt of
the State. As security for the payment of the principal of,
premium, if any, and interest on the Bonds, the Authority is
hereby authorized and empowered to pledge the residues of the
tax receipts that are appropriated and pledged in Section 6
hereof for such purposes. All such pledges made by the
Authority shall take precedence in the order of the adoption
of the resolutions containing the pledges. All such pledges
shall be prior and superior to any pledges that may be made
for any refunding bonds hereafter issued by the Authority
under the provisions of any of the 1965 Act, the 1971 Acts,
the 1973 Act, the 1978 Act, the 1985 Act, the 1990 Act, the
1995 Act, the 1998 Act, the 1999 Act, the 2001 Act, the 2002
Act, the 2003 Act, the 2007 Act, or any other act heretofore enacted.

Section 8. Refunding Bonds. For the purpose of refunding any Bonds or Refunding Bonds of the Authority issued under the provisions of this act, the 1965 Act, the 1971 Acts, the 1973 Act, the 1978 Act, the 1985 Act, the 1990 Act, the 1995 Act, the 1998 Act, the 1999 Act, the 2001 Act, the 2002 Act, the 2003 Act, the 2007 Act or any other act previously enacted, or any combination thereof, whether such refunding shall occur before, at or after the maturity of the Bonds refunded and for the purpose of paying all premiums and expenses of such refunding (including, but not limited to, attorneys' fees, costs of printing the Refunding Bonds, fiscal agents' fees, and accountants' fees), the Authority is hereby authorized to sell and issue its Refunding Bonds. Such Refunding Bonds may be sold and issued from time to time, at public sale, on sealed bids and on such other terms and conditions as the Authority shall determine to be advantageous and shall adopt and provide for in its proceedings for the sale and issuance of such Refunding Bonds. Provided, however, no Refunding Bonds shall be issued unless the present value of all debt service on the Refunding Bonds (computed with a discount rate equal to the true interest rate of the Refunding Bonds and taking into account all underwriting discount and other issuance expenses) shall not be greater than 95 percent of the present value of all debt service on the Bonds to be
refunded (computed using the same discount rate and taking
into account the underwriting discount and other issuance
expenses originally applicable to such Bonds) determined as if
such Bonds to be refunded were paid and retired in accordance
with the schedule of maturities (considering mandatory
redemption as scheduled maturity) provided at the time of
their issuance. Provided further that the average maturity of
the Refunding Bonds, as measured from the date of issuance of
such Refunding Bonds, shall not exceed by more than three
years the average maturity of the Bonds to be refunded, as
also measured from such date of issuance, with the average
maturity of any principal amount of Bonds to be determined by
multiplying the principal of each maturity by the number of
years (including any fractional part of a year) intervening
between such date of issuance and each such maturity, taking
the sum of all such products, and then dividing such sum by
the aggregate principal amount of Bonds for which the average
maturity is to be determined. For the purpose of providing
funds to enable the Authority to pay at their respective
maturities the principal of, premium, if any, and interest on
the Refunding Bonds issued under this act, the Authority is
hereby authorized to pledge irrevocably for such purpose, and
there is hereby appropriated for such purpose, such amount as
may be necessary of the residues of the receipts from the
excise taxes pledged and appropriated in subsections (a), (b),
(c), and (d) of Section 6 of this act, any reserves or sinking
funds established by the Authority, as well as revenues of the Authority from any other sources specified in the proceedings wherein the Refunding Bonds are authorized to be issued.

Pending the application of the proceeds of Refunding Bonds issued in accordance with this Section, the proceeds, together with investment earnings therefrom, and amounts in any sinking fund, together with investment earnings thereon, may be held by the State Treasurer as treasurer of the Authority in trust, or may be deposited by the State Treasurer in trust, on such terms as the State Treasurer and the Authority shall approve, with a trustee or escrow agent, which trustee or escrow agent shall be a banking institution or trust company authorized to exercise trust powers in Alabama, for investment in Permitted Investments. Proceeds of Refunding Bonds shall be so invested and applied as to assure that the principal, interest, and redemption premium, if any, on the Bonds being refunded shall be paid in full on the respective maturity, redemption, or interest payment dates. Refunding Bonds issued by the Authority shall not be general obligations of the Authority but shall be payable solely from the sources specified in this act and in the proceedings whereby the Refunding Bonds are authorized to be issued. All Refunding Bonds issued by the Authority shall be solely and exclusively obligations of the Authority and shall not create debts of the State of Alabama. The faith and credit of the State of Alabama shall never be pledged for the payment of any Refunding Bonds issued by the
Authority under this act. The Authority may contract with
respect to the safekeeping and application of the proceeds of
Refunding Bonds and other funds included therewith and the
income therefrom, and shall have the right and power to
appoint a trustee therefor, which may be any bank or company
authorized to exercise trust powers and located within and/or
without the State. All other provisions of this act shall
apply to the Refunding Bonds issued hereunder except (a) the
limitation contained in Section 3 of this act on the amount of
Bonds that may be issued under this act and (b) the provisions
of Section 9 of this act. All pledges made by this act, or by
the Authority pursuant to the provisions of this act, for the
benefit of Refunding Bonds issued under this act, and all such
pledges for the benefit of Refunding Bonds which may be issued
to refund any bonds issued under any of the 1965 Act, the 1971
Acts, the 1973 Act, the 1978 Act, the 1985 Act, the 1990 Act,
the 1995 Act, the 1998 Act, the 1999 Act, the 2001 Act, the
2002 Act, the 2003 Act, the 2007 Act or this Act, shall take
precedence in the order of the adoption of the resolutions
authorizing the issuance of such Refunding Bonds. Bonds
refunded prior to their maturity with the proceeds of
Refunding Bonds shall be deemed paid and the pledges herein
and by the Authority made for the payment thereof defeased if
the Authority, in its proceedings regarding issuance of the
Refunding Bonds shall provide for and establish a trust or
escrow fund comprised of monies or Government Securities, or
both, sufficient to pay, when due, the entire principal of, premium, if any, and interest on the Bonds to be refunded thereby; provided, that such Government Securities shall not be subject to redemption prior to their maturities other than at the option of the holder thereof. Upon the establishment of such a trust or escrow fund, the refunded Bonds shall no longer be deemed to be outstanding, shall no longer be secured by the funds pledged therefor in Section 6 of this act, shall no longer be obligations of the Authority and shall be secured solely by and payable from monies and Government Securities deposited in such trust or escrow fund.

Section 9. Use of Bond Proceeds.

(a) The proceeds derived from each sale of the Bonds issued pursuant to this act shall be deposited in the State Treasury and shall be carried in a separate fund therein for the account of the Authority, which shall pay the expenses of issuance therefrom. The expenses of issuance of the Bonds shall be prorated among the recipients of the proceeds from the sale of the Bonds in proportions they receive allocations of the proceeds thereunder. The proceeds from the sale of the Bonds remaining after payment of the expenses of issuance thereof shall be retained in said fund and, until they are paid out, shall be invested by the State Treasurer at the direction of the Authority in Permitted Investments maturing at such time or times as the Authority shall direct.
(b) Proceeds from the sale of the Bonds and the earnings thereon shall be paid out from time to time on orders or warrants issued by or at the direction of the Authority to the State Department of Education to be expended for the acquisition and maintenance of the computer equipment, software, and digital textbooks authorized in Section 1 of this act.

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

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

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

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

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