

1 SB31
2 171068-1
3 By Senators Orr and Dial
4 RFD: Finance and Taxation General Fund
5 First Read: 03-AUG-15

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8 SYNOPSIS: This bill would authorize the creation of
9 the Alabama Economic Settlement Authority. This
10 bill would authorize the Authority to issue bonds
11 payable from revenues received from the settlement
12 of certain claims of the State against BP Petroleum
13 and Exploration, Inc. and would provide for the
14 terms of the bonds and their sale. The bill would
15 also authorize the proceeds of the bonds to be used
16 to make deposits in the Alabama Trust Fund and the
17 General Fund Rainy Day Account or to pay the cost
18 of capital improvements of the State. This bill
19 would also create a special fund entitled the "BP
20 Settlement Fund" into which revenues from the
21 settlement of economic damages claims against BP
22 Petroleum and Exploration, Inc. would be deposited,
23 and would pledge and appropriate such revenues for
24 the payment of the authority's bonds.

25
26 A BILL
27 TO BE ENTITLED

1 AN ACT

2
3 To authorize the creation of a new public
4 corporation of the State of Alabama to be known as the
5 "Alabama Economic Settlement Authority"; to make Legislative
6 findings; to provide procedures for incorporating the
7 authority; to provide for the members, officers and directors
8 of the authority; to provide for the powers of the authority;
9 to authorize the issuance of bonds by the authority and to
10 provide for the source of payment of, and security for, the
11 bonds; to provide for the form, sale and execution of the
12 bonds; to provide that the authority may seek a guaranty of
13 the bonds by the State; to authorize refunding bonds; to
14 provide for the disposition of the proceeds of the bonds,
15 including deposits in the Alabama Trust Fund and the General
16 Fund Rainy Day Account of the Alabama Trust Fund and the
17 payment of costs of capital improvements; to create a special
18 fund to be known as the "BP Settlement Fund" and to provide
19 for deposits into and withdrawals from the fund; to
20 appropriate and pledge certain revenues to be received by the
21 State from the settlement of claims against BP Petroleum
22 Exploration and Production, Inc. as security for the bonds and
23 other uses; to provide a procedure for establishing the
24 validity of the bonds; to provide that the bonds shall be
25 exempt from taxation in the State; and to make other
26 provisions related to the sale of the bonds, services to be

1 provided by the Department of Finance and dissolution of the
2 authority when no bonds remain outstanding.

3 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

4 Section 1. Legislative Findings and Purpose.

5 (a) The Legislature finds and declares the
6 following:

7 (1) In recent years, withdrawals have been made from
8 the Alabama Trust Fund and the General Fund Rainy Day Account
9 of the Alabama Trust Fund for current budgetary purposes. The
10 Constitution and laws of the State of Alabama require
11 repayment of the withdrawals and the Legislature recognizes
12 the need to restore those funds to their prescribed levels.

13 (2) It is desirable and in the public interest to
14 establish a public corporation of the State of Alabama with
15 the power to issue bonds for the purpose of making transfers
16 to and deposits in the Alabama Trust Fund and the General Fund
17 Rainy Day Account of the Alabama Trust Fund, and for paying
18 the costs of capital improvements, and to appropriate and
19 pledge a portion of the revenues to be received by the State
20 from the settlement of certain claims against BP Exploration
21 and Production, Inc. (and its corporate affiliates) as the
22 source of payment of the bonds.

23 (3) By the passage of this act, it is the intention
24 of the Legislature to:

25 a. Provide for the creation of a special fund known
26 as the "BP Settlement Fund" into which BP settlement revenues
27 (hereinafter defined) will be deposited.

1 b. Authorize the incorporation of the Alabama
2 Economic Settlement Authority, with the power to issue bonds
3 as provided in this act for the purpose of providing funds to
4 be transferred to and deposited in the Alabama Trust Fund and
5 the General Fund Rainy Day Account of the Alabama Trust Fund,
6 and for paying the costs of capital improvements, which bonds
7 shall be payable out of the monies held in the BP Settlement
8 Fund and any other monies and property available to the
9 authority.

10 c. Appropriate annually the monies held in the BP
11 Settlement Fund for the payment of such bonds.

12 Section 2. Short Title. This Act shall be known and
13 may be cited as the "2015 Economic Settlement Act."

14 Section 3. Definitions. When used in this act, the
15 following terms shall have the following meanings, unless the
16 context clearly indicates otherwise:

17 (1) ALABAMA TRUST FUND. The trust fund of the State
18 created under Amendment 450 to the Constitution of Alabama of
19 1901, as amended, and appearing as §219.02 of the Official
20 Recompilation of the Constitution of Alabama 1901, as amended.

21 (2) APPROPRIATED FUNDS. The BP settlement revenues
22 deposited in the special fund to the extent such revenues are
23 appropriated to the authority pursuant to Section 11.

24 (3) AUTHORITY. The Alabama Economic Settlement
25 Authority authorized to be established pursuant to Section 4.

1 (4) BOND COMMISSION. The Bond Commission created by
2 the constitutional amendment proposed by Senate Bill _____ of
3 the 2015 First Special Session.

4 (5) BONDS. Those bonds, including refunding bonds,
5 issued pursuant to this act.

6 (6) BP SETTLEMENT REVENUES. Revenues received by the
7 state in settlement of economic damages claims of the state
8 against BP Exploration and Production, Inc. (and any of its
9 corporate affiliates) arising out of the Deepwater Horizon oil
10 spill in the Gulf of Mexico. BP settlement revenues do not
11 include amounts received by the state from or through natural
12 resource damage assessment claims, the federal RESTORE Act, or
13 claims otherwise restricted by federal law or court order.

14 (7) CAPITAL IMPROVEMENTS. Capital outlay projects
15 that include the planning, designing, inspection, purchasing,
16 construction, reconstruction, improvement, repair or
17 renovation of permanent buildings, docks, structures and sites
18 therefor for the executive, legislative or judicial branches
19 of state government. The term "capital improvements" shall
20 also mean the construction or improvement of roads and bridges
21 in the highway system; payment of debt service on the bonds of
22 the state or any public corporation of the state; funding
23 economic development and industrial recruitment activities;
24 and the procurement of technical equipment, including computer
25 and telecommunications equipment, required or appropriate for
26 the operation of any governmental entity.

1 (8) GOVERNMENT SECURITIES. Any bonds or other
2 obligations the principal of and interest on which constitute
3 direct obligations of, or are unconditionally guaranteed by,
4 the United States of America, including obligations of any
5 federal agency to the extent such obligations are
6 unconditionally guaranteed by the United States of America and
7 any certificates or any other evidences of an ownership
8 interest in such obligations of, or unconditionally guaranteed
9 by, the United States of America or in specified portions
10 thereof, which may consist of the principal thereof or the
11 interest thereon.

12 (9) PERMITTED INVESTMENTS. (i) Government
13 Securities; (ii) bonds, debentures, notes, or other evidences
14 of indebtedness issued by any of the following agencies: Bank
15 for Cooperatives; federal intermediate credit banks; Federal
16 Financing Bank; federal home loan banks; Federal Farm Credit
17 Bank; Export-Import Bank of the United States; federal land
18 banks; or Farmers Home Administration or any other agency or
19 corporation which has been or may hereafter be created by or
20 pursuant to an act of the Congress of the United States as an
21 agency or instrumentality thereof; (iii) bonds, notes, pass
22 through securities or other evidences of indebtedness of the
23 Government National Mortgage Association and participation
24 certificates of the Federal Home Loan Mortgage Corporation;
25 (iv) full faith and credit obligations of any state, provided
26 that at the time of purchase such obligations are rated at
27 least "AA" by Standard & Poor's Ratings Group and at least

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

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

13 (10) RAINY DAY ACCOUNT. The General Fund Rainy Day
14 Account of the Alabama Trust Fund created by Amendment 803 to
15 the Constitution of Alabama 1901, as amended, and appearing as
16 §260.02 of the Official ReCompilation of the Constitution of
17 Alabama 1901, as amended.

18 (11) REFUNDING BONDS. Those refunding bonds issued
19 pursuant to this act.

20 (12) SPECIAL FUND. The BP Settlement Fund
21 established pursuant to Section 8.

22 (13) STATE. The State of Alabama.
23 Section 4. Incorporation of Authority Authorized;
24 Application; Filing.

25 (a) To become a public corporation and
26 instrumentality of the state with the powers herein provided,
27 the Governor, the State Treasurer, and the Finance Director

1 shall present to the Secretary of State of Alabama an
2 application signed by them which shall set forth all of the
3 following:

4 (1) The name, official designation, and official
5 residence of each of the applicants, together with a certified
6 copy of the commission evidencing each applicant's right to
7 office.

8 (2) The date on which each applicant was inducted
9 into office and the term of office of each applicant.

10 (3) The name of the proposed public corporation,
11 which shall be "Alabama Economic Settlement Authority."

12 (4) The location of the principal office of the
13 proposed corporation, which shall be in the City of
14 Montgomery.

15 (5) Any other matter relating to the authority that
16 the applicants may choose to insert and that is not
17 inconsistent with this division or the laws of the state.

18 (b) The application shall be subscribed and sworn to
19 by each of the applicants before an officer authorized by the
20 laws of the state to take acknowledgments to deeds. The
21 Secretary of State shall examine the application and, if he or
22 she finds that it substantially complies with the requirements
23 of this section, it shall be filed and recorded in an
24 appropriate book of records in the office of the Secretary of
25 State.

26 (c) When the application has been made, filed, and
27 recorded as provided in subsection (b), the applicants shall

1 constitute a corporation under the name stated in the
2 application, and the Secretary of State shall make and issue
3 to the applicants a certificate of incorporation pursuant to
4 this act, under the Great Seal of the State and shall record
5 the certificate with the application. There shall be no fees
6 paid to the Secretary of State in connection with the
7 incorporation or dissolution of the authority.

8 Section 5. Members, Officers and Directors. The
9 applicants named in the application and their respective
10 successors in office shall constitute the members of the
11 authority. The Governor shall be the president of the
12 authority, the State Treasurer shall be the vice president,
13 and the Finance Director shall be the secretary. The State
14 Treasurer shall act as custodian of the authority's funds, and
15 shall pay, out of appropriated funds and any other monies and
16 property available to the authority, debt service referable to
17 bonds of the authority issued pursuant to this act. The
18 members of the authority shall constitute all of the directors
19 of the authority, and any two directors shall constitute a
20 quorum for the transaction of business. Should any person
21 holding any state office named in this section cease to hold
22 the office by reason of death, resignation, expiration of the
23 term of office, or for any other reason, then his or her
24 successor in office shall take the place as an officer and
25 member of the directors of the authority. No officer or
26 director of the authority shall receive any salary in addition
27 to that now authorized by law for any service rendered or for

1 any duty performed in connection with the authority. All
2 proceedings had and done by the directors shall be reduced to
3 writing by the secretary of the authority, shall be signed by
4 at least two directors present at the proceedings, and shall
5 be recorded in a substantially bound book and filed in the
6 office of the Secretary of State. Copies of the proceedings,
7 when certified by the secretary of the authority, under the
8 seal of the authority, shall be received in all courts as
9 prima facie evidence of the matters and things therein
10 certified.

11 Section 6. Powers of the Authority. The authority
12 shall have, in addition to all other powers granted to it in
13 this act, all of the following powers:

14 (1) To have succession by its corporate name until
15 dissolved as herein provided.

16 (2) To institute and defend legal proceedings in any
17 court of competent jurisdiction and proper venue; provided,
18 however, that the authority may not be sued in any nisi prius
19 court other than the courts of the county in which is located
20 the principal office of the authority; and provided further
21 that the officers, directors, agents, and employees of the
22 authority may not be sued for actions on behalf of the
23 authority in any nisi prius court other than the courts of the
24 county in which is located the principal office of the
25 authority.

26 (3) To have and to use a corporate seal and to alter
27 the seal at pleasure.

1 (4) To establish a fiscal year.

2 (5) To adopt, and from time to time amend and
3 repeal, bylaws, rules, and regulations not inconsistent with
4 this act, to carry out and to effect the powers and purposes
5 of the authority in the conduct of its business.

6 (6) To sell and issue bonds as provided in this act
7 for the purpose of providing funds to be transferred to and
8 deposited in the Alabama Trust Fund and the Rainy Day Account,
9 or to pay the costs of capital improvements.

10 (7) To sell and issue refunding bonds, subject to
11 the terms and conditions of this act.

12 (8) To receive and deposit the BP settlement
13 revenues into the special fund, to invest such BP settlement
14 revenues in the manner provided in this act, to apply such
15 revenues to payment of bonds issued by the authority in the
16 manner provided in this act, and to other authorized uses, and
17 to cause the net proceeds from the sale of the bonds of the
18 authority to be transferred to and deposited in the Alabama
19 Trust Fund and the Rainy Day Account, or to be used to pay the
20 costs of capital improvements.

21 (9) To execute and deliver mortgages, security
22 agreements and trust indentures, and other forms of agreements
23 for the purpose of securing the authority's bonds and in
24 connection therewith, to mortgage, pledge, or assign the
25 appropriated funds and other monies and property available to
26 the authority.

1 (10) As security for the payment of the authority's
2 bonds, to pledge the appropriated funds and any other monies
3 and property available to the authority.

4 (11) To arrange for various forms of security or
5 credit enhancement for the authority's bonds, including
6 letters of credit, guaranties, policies of insurance, surety
7 bonds, and similar instruments.

8 (12) To accept gifts, grants, loans, appropriations,
9 and other forms of aid from the federal government, the state
10 or any state agency, or any political subdivision of the
11 state, or any person, corporation, foundation, or legal
12 entity, and to agree to and comply with any conditions
13 attached to federal and state financial assistance not
14 inconsistent with this act.

15 (13) To establish accounts in one or more
16 depositories.

17 (14) To appoint, employ, contract with, and provide
18 for the compensation of employees and agents, including
19 engineers, attorneys, contractors, consultants, accountants,
20 fiscal advisors, trustees, paying agents, investment bankers,
21 and underwriters as the directors deem necessary or desirable
22 for the conduct of the business of the authority.

23 (15) To make, enter into, and execute financing
24 agreements and other contracts, agreements, or other
25 instruments, and to take other actions as may be necessary or
26 convenient to accomplish any purpose for which the authority
27 was organized or to exercise any power granted to it.

1 (16) To sell, exchange, and convey any or all real
2 or personal property belonging to the authority whenever its
3 directors shall find any such action to be in furtherance of
4 the purposes for which the authority was organized.

5 (17) To acquire, hold, and dispose of real and
6 personal property.

7 (18) To sell, assign or otherwise convey to another
8 person or entity, for such consideration as the directors of
9 the authority shall determine, the authority's right to
10 receive and collect the appropriated revenues or any portion
11 thereof that have not been previously pledged as security for
12 the bonds, and to use the proceeds from such sale, assignment
13 or other conveyance for deposits into the Alabama Trust Fund
14 or the Rainy Day Account or for other authorized uses.

15 (19) To exercise any power granted by the laws of
16 the state to public or private corporations that are not in
17 conflict with the public purpose of this act.

18 (20) To adopt and promulgate administrative
19 regulations necessary or appropriate to effectuate its
20 purposes and to administer the programs herein authorized.

21 Section 7. Bonds of the Authority.

22 (a) General. The authority is authorized from time
23 to time to sell and issue its bonds for the purpose of
24 providing funds to be transferred to and deposited in the
25 Alabama Trust Fund and the Rainy Day Account, for paying the
26 costs of capital improvements, and for the purpose of
27 refunding any or all of the authority's outstanding bonds.

1 (b) Sources of payment. Bonds issued by the
2 authority shall be solely and exclusively an obligation of the
3 authority and, unless guaranteed by the State as provided in
4 Section 7(e), shall not create an obligation or debt of the
5 state. Such bonds shall not be general obligations of the
6 authority but shall be payable solely from one or more of the
7 following sources:

8 (1) Appropriated funds.

9 (2) The income or proceeds realized by the authority
10 under any mortgage or security granted to the authority.

11 (3) Amounts derived from any letter of credit,
12 insurance policy, or other form of credit enhancement
13 applicable to the bonds.

14 (4) Any reserve or other fund established for such
15 purpose by the authority.

16 (5) Any earnings on the proceeds of bonds invested
17 by the authority pending their disbursement.

18 (6) Any other revenues that may hereafter be
19 available to the authority.

20 Unless otherwise provided in the resolution of the
21 directors of the authority authorizing the issuance of the
22 bonds, all pledges of appropriated funds made by the authority
23 shall be on a parity so that all bonds of the authority
24 secured by a pledge of appropriated funds shall be equally and
25 ratably so secured without regard to time of issuance. Bonds
26 issued by the authority shall be construed to be negotiable

1 instruments, although payable solely from a specified source,
2 as provided herein.

3 (c) Security for the bonds. The principal of and
4 interest on any bonds issued by the authority shall be secured
5 by a pledge of the appropriated funds or other monies and
6 property available to the authority and may be secured by a
7 trust indenture evidencing such pledge or by a foreclosable
8 mortgage and deed of trust conveying as security for such
9 bonds all, or any part, of the authority's property. The
10 resolution under which the bonds are authorized to be issued
11 or any such trust indenture or mortgage may contain any
12 agreements and provisions respecting the rights, duties, and
13 remedies of the parties to any such instrument and the parties
14 for the benefit for whom such instrument is made and the
15 rights and remedies available in the event of default as the
16 authority shall deem advisable and which are not in conflict
17 with the provisions of this act.

18 (d) General provisions respecting form, sale, and
19 execution of the bonds. All bonds issued by the authority
20 shall be signed by its president or vice president and
21 attested by its secretary and the seal of the authority shall
22 be affixed thereon. A facsimile of the signature of one or
23 both of the officers may be printed or otherwise reproduced on
24 any such bonds in lieu of being manually subscribed thereon
25 and a facsimile of the seal of the authority may be printed or
26 otherwise reproduced on any of the bonds in lieu of being
27 manually affixed thereto. Any bonds of the authority may be

1 executed and delivered by it at any time and from time to
2 time, and shall be in the form and denominations and of such
3 tenor and maturities, shall bear such rate or rates of
4 interest, shall be payable at such times and evidenced in such
5 manner, may be made subject to redemption at the option of the
6 authority at such times and after such notice and on such
7 conditions and at such redemption price or prices, and may
8 contain such other provisions not inconsistent herewith, all
9 as may be provided by the resolution of the directors of the
10 authority under which the bonds are authorized to be issued.
11 Bonds of the authority may be sold, in the discretion of the
12 authority, either (i) at public sale or sales, based on sealed
13 bids received either electronically or on paper, after
14 advertisement as may be prescribed by the authority, to the
15 bidder whose bid reflects the lowest true interest cost to the
16 authority computed to the respective maturities of the bonds
17 sold; provided, however, that if no bid deemed acceptable by
18 the authority is received, all bids may be rejected and the
19 bonds offered again for public sale in accordance with the
20 terms herein prescribed; or (ii) by negotiated sale. Such
21 bonds may be issued in the form of current interest bonds,
22 capital appreciation bonds or convertible capital appreciation
23 bonds and may be issued as serial bonds or term bonds, all as
24 may be directed by the authority.

25 (e) Guaranty by the state. Prior to the issuance of
26 any bond, the authority may request the Bond Commission to
27 approve and provide an unconditional guaranty by the state of

1 all principal of, premium (if any) and interest on such bonds.
2 The authority shall provide such information as may be
3 requested by the Bond Commission with respect to the bonds and
4 the expected uses of the proceeds thereof. If the Bond
5 Commission agrees to provide a guaranty of the state for the
6 bonds, a copy of the guaranty agreement or other document(s)
7 reflecting such guaranty shall be filed in the records of the
8 authority and the existence of such guaranty shall be noted in
9 the forms of the bonds and in any other appropriate financing
10 document(s) relating to the bonds.

11 (f) Other matters. Any bonds of the authority may be
12 used by the holder as security for any funds belonging to the
13 state, or to any political subdivision, instrumentality, or
14 agency of the state, in any instance where security for the
15 deposits may be required by law. Unless otherwise directed by
16 the court having jurisdiction, or the document that is the
17 source of authority, a trustee, executor, administrator,
18 guardian, or one acting in any other fiduciary capacity may,
19 in addition to any other investment powers conferred by law
20 and with the exercise of reasonable business prudence, invest
21 trust funds and bonds of the authority. Bonds of the authority
22 shall be legal investments for funds of the Teachers'
23 Retirement System of Alabama, the Employees' Retirement System
24 of Alabama, and the State Insurance Fund.

25 Section 8. Refunding Bonds.

1 (a) Any bonds issued by the authority may from time
2 to time be refunded by the issuance, sale, or exchange of
3 refunding bonds for the purpose of paying the following items:

4 (1) All or any part of the principal of the bonds to
5 be refunded.

6 (2) Any redemption premium required to be paid as a
7 condition to the redemption prior to maturity of any such
8 bonds that are to be so redeemed in connection with such
9 refunding.

10 (3) Any accrued and unpaid interest on the bonds to
11 be refunded.

12 (4) Any interest to accrue on each bond to be
13 refunded to the date on which it is to be paid, whether at
14 maturity or by redemption prior to maturity.

15 (5) The expenses incurred in connection with the
16 refunding.

17 (b) Refunding bonds of the authority may be sold, in
18 the discretion of the authority, either (i) at public sale or
19 sales, based on sealed bids received either electronically or
20 on paper, after advertisement as may be prescribed by the
21 authority, to the bidder whose bid reflects the lowest true
22 interest cost to the authority computed to the respective
23 maturities of the bonds sold; provided, however, that if no
24 bid deemed acceptable by the authority is received, all bids
25 may be rejected and the bonds offered again for public sale in
26 accordance with the terms herein prescribed; or (ii) by
27 negotiated sale, or may be exchanged for the bonds to be

1 refunded. Any such refunding bonds may be executed and
2 delivered by the authority at any time and, from time to time,
3 shall be in such form and denomination or denominations and of
4 such tenor and maturity or maturities, shall contain such
5 provisions not inconsistent with the provisions of this act,
6 and shall bear such rate or rates of interest, payable at such
7 place or places, either within or without the state, and
8 evidenced in such manner, as may be provided by resolution of
9 the authority.

10 Section 9. Disposition of Proceeds of Bonds.

11 (a) The authority is authorized and empowered to
12 apply the proceeds of any bonds and any other funds belonging
13 to the authority for any of the following purposes or uses:

14 (1) For the purposes for which the bonds were
15 authorized to be issued.

16 (2) To fund any reserve fund established in
17 connection with an authorized issue if the authority deems the
18 establishment of such reserve fund to be necessary and
19 desirable.

20 (3) To pay for the cost of obtaining credit
21 enhancement for the bonds.

22 (4) To pay capitalized interest on the bonds.

23 (5) To pay the costs of issuing the bonds.

24 (6) If refunding bonds are issued pursuant to this
25 act, to pay debt service on, and the redemption price of, any
26 bonds to be refunded.

1 (b) Pending the application of the proceeds of bonds
2 of the authority to the purpose or purposes for which the
3 bonds were issued, the proceeds and any monies held in funds
4 created as security for the bonds may be invested by the
5 authority in permitted investments, as the authority shall
6 deem advisable.

7 (c) Any and all revenues, receipts, investment
8 earnings, and other funds paid to, or otherwise coming into
9 the possession of the authority shall be held, deposited,
10 administered, invested, and applied as provided in the
11 resolution of the directors authorizing the issuance of the
12 bonds and as provided in any trust indenture or other
13 agreement delivered in connection therewith, or otherwise as
14 the authority may direct, consistent with the resolution,
15 trust indenture, or other agreement and this act.

16 Section 10. Creation of Special Fund. For the
17 benefit of the State of Alabama and the citizens thereof,
18 there is hereby created a special fund named the "BP
19 Settlement Fund" which shall be funded with BP settlement
20 revenues and administered in accordance with this act. All BP
21 settlement revenues shall be deposited in the special fund
22 upon receipt and shall be used first to pay principal,
23 interest, and premium, if any, and any other amounts due on or
24 with respect to the bonds of the authority. Any BP settlement
25 revenues determined by the directors of the authority to be in
26 excess of the amounts needed for the payment of all amounts
27 due with respect to the bonds, may be withdrawn from the

1 special fund and used to pay costs and expenses incident to
2 the issuance of the bonds, including costs and expenses
3 incurred by the Department of Finance in the administration of
4 the bonds, may be transferred to and deposited in the Alabama
5 Trust Fund or the General Fund Rainy Day Account, or may
6 applied to pay the costs of capital improvements.

7 Pending the use of revenues in the special fund for
8 the payment of debt service on the bonds, such revenues shall
9 be invested by the State Treasurer in permitted investments
10 until such revenues are needed for such purposes. Earnings on
11 such permitted investments shall remain a part of the special
12 fund.

13 Section 11. Pledge and Appropriation of BP
14 Settlement Revenue to Pay Bonds. There is hereby irrevocably
15 pledged and appropriated such amounts of the BP settlement
16 revenues retained in the special fund, and earnings thereon,
17 as shall be necessary to pay the principal, interest, and
18 premium (if any) on the authority's bonds, to redeem such
19 bonds prior to maturity if called for redemption by the
20 authority, and to pay the principal of, the interest, and
21 premium (if any) on any refunding bonds issued to refund such
22 bonds.

23 Section 12. Notice - Contested Actions.

24 (a) Upon the adoption by the directors of any
25 resolution providing for the issuance of bonds, the authority
26 may cause to be published once a week for two consecutive
27 weeks, in newspapers published or having a general circulation

1 in the Cities of Birmingham, Montgomery, Huntsville, and
2 Mobile, a notice in substantially the following form, at the
3 end of which shall be printed the name and title of either the
4 president or the secretary of the authority:

5 "Alabama Economic Settlement Authority, a public
6 corporation under the laws of the State of Alabama, on the
7 ____ day of _____, authorized the issuance of \$_____
8 principal amount of bonds for purposes authorized in this act.
9 The proceeds from the sale of the bonds are proposed to be
10 used to _____. Any action or proceeding questioning the
11 validity of the bonds, the security thereof, the use of the
12 proceeds thereof, or the proceedings authorizing the bonds,
13 shall be commenced within 30 days after the first publication
14 of this notice."

15 (b) Any action or proceeding in any court to set
16 aside or question the proceedings for the issuance of the
17 bonds referred to in the notice or to contest the validity of
18 any bonds or the validity of security therefor, or the
19 validity of the proposed use of the proceeds thereof must be
20 commenced within 30 days after the first publication of the
21 notice. After the expiration of the period, no right of action
22 or defense questioning or attacking the foregoing shall be
23 asserted, nor shall the validity of the proceeding, bonds,
24 security, or use of proceeds be open to question in any court
25 on any ground whatsoever except in an action commenced within
26 the period.

1 Section 13. Tax Exemption. The income and property
2 of the authority, all bonds of the authority and the interest
3 paid on any such bonds, all conveyances by or to the
4 authority, and all instruments by and to the authority shall
5 be exempt from all taxation in the state. The authority shall
6 also be exempt from all license and excise taxes imposed in
7 respect of the privilege of engaging in any of the activities
8 in which the authority may engage. The authority shall not be
9 obligated to pay or allow any fees, taxes, or costs in the
10 recording of any document to the judge of probate of any
11 county.

12 Section 14. Notice and Hearing Not Required. Except
13 as may be expressly provided in this act, no proceeding,
14 notice, or approval shall be required for the issuance of any
15 bonds by the authority, the execution of any mortgage and deed
16 of trust, trust indenture, or other document, or the exercise
17 of any other of the powers of the authority.

18 Section 15. Applicability of Other Laws. Articles
19 2 and 3 of Chapter 16, Title 41, of the Code of Alabama 1975,
20 and other similar laws shall not apply to the authority, its
21 directors, or any of its officers, agents, or employees in
22 their capacities as such.

23 Section 16. Dissolution. At any time when no bonds
24 of the authority are outstanding, the authority may be
25 dissolved upon the filing with the Secretary of State of an
26 application for dissolution, which shall be subscribed by each
27 of the directors of the authority and sworn to by each

1 director before an officer authorized to take acknowledgments
2 to deeds. Upon the filing of the application for dissolution,
3 the authority shall cease to exist. The Secretary of State
4 shall file and record the application for dissolution in an
5 appropriate book of record in his or her office, and shall
6 make and issue, under the Great Seal of the State, a
7 certificate that the authority is dissolved, and shall record
8 the certificate with the application for dissolution. Title to
9 all property held in the name of the authority shall be vested
10 in the state upon dissolution of the authority.

11 Section 17. Diversity. In connection with the sale
12 of its bonds, the authority shall, to the extent practical,
13 utilize businesses and companies that reflect the racial and
14 ethnic diversity of the state.

15 Section 18. Services Provided by Department of
16 Finance. The authority shall utilize all administrative
17 services which may be provided by the state Department of
18 Finance.

19 Section 19. Bonds are Legal Investments. Bonds
20 issued by the authority are hereby made a legal investment for
21 savings banks and insurance companies organized under the laws
22 of the state and for trustees, executors, administrators,
23 guardians, persons or organizations acting in a fiduciary
24 capacity, unless otherwise directed by a court having
25 jurisdiction or by a document providing fiduciary authority.
26 Any governmental entity or public corporation is authorized,

1 in its discretion, to invest any available funds in the bonds
2 of the authority.

3 Section 20. Liberal Construction. This act shall be
4 liberally construed to effect its purpose.

5 Section 21. Effective Date. This act shall become
6 effective immediately after its passage and approval by the
7 Governor, or its otherwise becoming law.