

1 HB346
2 166417-1
3 By Representative Gaston
4 RFD: Ways and Means General Fund
5 First Read: 31-MAR-15

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8 SYNOPSIS: This bill would create the Alabama
9 Transportation Infrastructure Bank for the purpose
10 of selecting and assisting in the financing of
11 major qualified transportation projects by
12 providing loans and other financial assistance to
13 certain government entities for constructing and
14 improving highways and transportation facilities
15 necessary for public purposes, including economic
16 development.

17 This bill would specify the membership,
18 powers, duties, terms, sources for capitalization,
19 and liability of the bank, as well as the
20 procedures for the bank to provide loans and other
21 financial assistance to government entities for
22 qualified projects.

23 This bill may redistribute a portion of
24 revenues produced by one cent (\$.01) a gallon of
25 the tax on gasoline pursuant to Act 2011-565 and
26 may redistribute revenues collected pursuant to
27 Section 40-12-248, Code of Alabama 1975.

1 This bill would authorize the bank to issue
2 bonds for certain qualified projects under certain
3 conditions.

4 This bill would also require an annual audit
5 of the books and accounts of the bank and would
6 require the bank to submit an annual report to the
7 Governor and the Legislature.

8
9 A BILL
10 TO BE ENTITLED
11 AN ACT

12
13 To establish the Alabama Transportation
14 Infrastructure Bank; to specify the membership, powers,
15 duties, terms, sources for capitalization, and liability of
16 the bank; to provide for the redistribution of a portion of
17 gasoline tax revenues and motor vehicle registration fee
18 revenues; to provide procedures for the issuance of loans and
19 other financial assistance to certain government entities for
20 certain qualified projects; to provide authority for the bank
21 to issue certain bonds under certain conditions; to require
22 the bank to report annually to the Governor and the
23 Legislature.

24 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

25 Section 1. This act shall be cited as the Alabama
26 Transportation Infrastructure Bank Act.

1 Section 2. For the purposes of this act, the
2 following words shall have the following meanings:

3 (1) BANK. The Alabama Transportation Infrastructure
4 Bank.

5 (2) BOARD. The board of directors of the bank.

6 (3) BONDS. Includes bonds, notes, or other evidence
7 of indebtedness except as otherwise provided in this act.

8 (4) DEPARTMENT or DEPARTMENT OF TRANSPORTATION. The
9 Alabama Department of Transportation.

10 (5) ELIGIBLE COST. As applied to a qualified project
11 to be financed from the federal highway account, the costs
12 that are permitted under applicable federal laws,
13 requirements, procedures, and guidelines in regard to
14 establishing, operating, and providing assistance from the
15 bank. As applied to a qualified project to be financed from
16 the state highway account, these costs include the costs of
17 preliminary engineering, traffic, and revenue studies;
18 environmental studies; right-of-way acquisition; legal and
19 financial services associated with the development of the
20 qualified project; construction; construction management;
21 facilities; and other costs necessary for the qualified
22 project.

23 (6) ELIGIBLE PROJECT. Highways, roads, bridges and
24 mass transit capital projects which provide public benefits by
25 either enhancing mobility and safety, promoting economic
26 development, or increasing the quality of life and general
27 welfare of the public.

1 (7) FINANCING AGREEMENT. Any agreement entered into
2 between the bank and a qualified borrower pertaining to a loan
3 or other financial assistance. This agreement may contain, in
4 addition to financial terms, provisions relating to the
5 regulation and supervision of a qualified project, or other
6 provisions as the board may determine. The term includes,
7 without limitation, a loan agreement, trust indenture,
8 security agreement, reimbursement agreement, guarantee
9 agreement, bond or note, ordinance or resolution, or similar
10 instrument.

11 (8) GOVERNMENT UNIT. A municipal corporation,
12 county, or another public body, instrumentality, or agency of
13 the state including combinations of two or more of these
14 entities acting jointly to construct, own, or operate a
15 qualified project, and any other state or local authority,
16 board, commission, agency, department, or other political
17 subdivision created by the Legislature or pursuant to the
18 Constitution of Alabama of 1901, and laws of this state which
19 may construct, own, or operate a qualified project.

20 (9) LOAN. An obligation subject to repayment which
21 is provided by the bank to a qualified borrower for all or a
22 part of the eligible cost of a qualified project. A loan may
23 be disbursed in anticipation of reimbursement for or direct
24 payment of eligible costs of a qualified project.

25 (10) LOAN OBLIGATION. A bond, note, or other
26 evidence of an obligation issued by a qualified borrower.

1 (11) OTHER FINANCIAL ASSISTANCE. Includes, but is
2 not limited to, grants, contributions, credit enhancement,
3 capital or debt reserves for bonds or debt instrument
4 financing, interest rate subsidies, provision of letters of
5 credit and credit instruments, provision of bond or other debt
6 financing instrument security, and other lawful forms of
7 financing and methods of leveraging funds that are approved by
8 the board, and in the case of federal funds, as allowed by
9 federal law.

10 (12) PROJECT REVENUES. All rates, rents, fees,
11 assessments, charges, and other receipts derived or to be
12 derived by a qualified borrower from a qualified project or
13 made available from a special source, and, as provided in the
14 applicable financing agreement, derived from any system of
15 which the qualified project is a part of, from any other
16 revenue producing facility under the ownership or control of
17 the qualified borrower including, without limitation, proceeds
18 of grants, gifts, appropriations, and loans, including the
19 proceeds of loans made by the bank, investment earnings,
20 reserves for capital and current expenses, proceeds of
21 insurance or condemnation and proceeds from the sale or other
22 disposition of property and from any other special source as
23 may be provided by the qualified borrower.

24 (13) QUALIFIED BORROWER. Any government unit which
25 is authorized to construct, operate, or own a qualified
26 project.

1 (14) QUALIFIED PROJECT. An eligible project the
2 total cost of which exceeds five million dollars (\$5,000,000)
3 which has been selected by the bank to receive a loan or other
4 financial assistance from the bank to defray an eligible cost.

5 (15) REVENUES. When used with respect to the bank,
6 any receipts, fees, income, or other payments received or to
7 be received by the bank including, without limitation,
8 receipts and other payments deposited in the bank and
9 investment earnings on its funds and accounts.

10 Section 3. (a) There is created a public corporation
11 to be known as the Alabama Transportation Infrastructure Bank.

12 (b) The bank is governed by a board of directors as
13 provided in this act.

14 (c) The corporate purpose of the bank is to select
15 and assist in financing major qualified projects by providing
16 loans and other financial assistance to government units for
17 constructing and improving highway and transportation
18 facilities necessary for public purposes including economic
19 development.

20 (d) The bank shall establish and maintain at least
21 the following accounts:

22 (1) State highway account.

23 (2) Federal highway account.

24 Section 4. (a) The board of directors is the
25 governing board of the bank. The board shall consist of seven
26 voting members as follows:

1 (1) The Director of the Department of
2 Transportation, ex officio.

3 (2) Four members appointed by the Governor, one of
4 whom shall be designated as chair.

5 (3) One member of the House of Representatives
6 appointed by the Speaker of the House of Representatives.

7 (4) One member of the Senate appointed by the
8 President Pro Tempore of the Senate.

9 (b) Members appointed by the Governor hold office
10 concurrently with the Governor and until their successors are
11 appointed and qualified. Members appointed by the Speaker of
12 the House of Representatives and the President Pro Tempore of
13 the Senate shall serve during the member's term of office
14 during which the member was appointed and until the member's
15 successor is appointed and qualified. The vice chair shall be
16 elected by the board. Any person appointed to fill a vacancy
17 shall be appointed in the same manner as the original
18 appointee for the remainder of the unexpired term.

19 (c) Any four members of the board of directors shall
20 constitute a quorum for the transaction of business.

21 (d) All appointing authorities shall coordinate
22 their appointments so that diversity of gender, race, and
23 geographical areas is reflective of the makeup of this state.

24 Section 5. (a) In addition to the powers contained
25 in other provisions of this act, the bank has all power
26 necessary, useful, or appropriate to fund, operate, and

1 administer the bank, and to perform its other functions
2 including, but not limited to, the following power to:

3 (1) Have perpetual succession.

4 (2) Adopt, promulgate, amend, and repeal bylaws, not
5 inconsistent with this act for the administration of the
6 bank's affairs and the implementation of its functions
7 including the right of the board to select qualifying projects
8 and to provide loans and other financial assistance.

9 (3) Sue and be sued in its own name.

10 (4) Have a seal and alter it at pleasure, although
11 the failure to affix the seal does not affect the validity of
12 an instrument executed on behalf of the bank.

13 (5) Make loans to qualified borrowers to finance the
14 eligible costs of qualified projects and to acquire, hold, and
15 sell loan obligations at prices and in a manner as the board
16 determines advisable.

17 (6) Provide qualified borrowers with other financial
18 assistance necessary to defray eligible costs of a qualified
19 project.

20 (7) Enter into contracts, arrangements, and
21 agreements with qualified borrowers and other persons and
22 execute and deliver all financing agreements and other
23 instruments necessary or convenient to the exercise of the
24 powers granted in this act.

25 (8) Enter into agreements with a department, agency,
26 or instrumentality of the United States or of this state or

1 another state for the purpose of planning and providing for
2 the financing of qualified projects.

3 (9) Establish the following:

4 a. Policies and procedures for the making and
5 administering of loans and other financial assistance.

6 b. Fiscal controls and accounting procedures to
7 ensure proper accounting and reporting by the bank, and
8 government units.

9 (10) Acquire by purchase, lease, donation, or other
10 lawful means and sell, convey, pledge, lease, exchange,
11 transfer, and dispose of all or any part of its properties and
12 assets of every kind and character or any interest in it to
13 further the public purpose of the bank.

14 (11) Procure insurance, guarantees, letters of
15 credit, and other forms of collateral or security or credit
16 support from any public entity, including any department,
17 agency, or instrumentality of the United States or this state,
18 for the payment of any bonds issued by it, including the power
19 to pay premiums or fees on any insurance, guarantees, letters
20 of credit, and other forms of collateral or security or credit
21 support.

22 (12) Collect or authorize the trustee under any
23 trust indenture securing any bonds to collect amounts due
24 under any loan obligations owned by it, including taking the
25 action required to obtain payment of any sums in default.

26 (13) Unless restricted under any agreement with
27 holders of bonds, consent to any modification with respect to

1 the rate of interest, time, and payment of any installment of
2 principal or interest, or any other term of any loan
3 obligations owned by it.

4 (14) Borrow money through the issuance of bonds and
5 other forms of indebtedness as provided in this act.

6 (15) Expend funds to obtain accounting, management,
7 legal, financial consulting, and other professional services
8 necessary to the operations of the bank.

9 (16) Expend funds credited to the bank as the board
10 determines necessary for the costs of administering the
11 operations of the bank.

12 (17) Establish advisory committees as the board
13 determines appropriate, which may include individuals from the
14 private sector with banking and financial expertise.

15 (18) Procure insurance against losses in connection
16 with its property, assets, or activities including insurance
17 against liability for its acts or the acts of its employees or
18 agents or to establish cash reserves to enable it to act as a
19 self-insurer against any and all such losses.

20 (19) Collect fees and charges in connection with its
21 loans or other financial assistance.

22 (20) Apply for, receive, and accept from any source,
23 aid, grants, and contributions of money, property, labor, or
24 other things of value to be used to carry out the purposes of
25 this act subject to the conditions upon which the aid, grants,
26 or contributions are made.

1 (21) Enter into contracts or agreements for the
2 servicing and processing of financial agreements.

3 (22) To appoint and employ attorneys, accountants,
4 financial advisors, underwriters, trustees, depositories,
5 registrars, fiscal agents, and other advisors, agents, and
6 independent contractors as may be necessary or desirable.

7 (23) Do all other things necessary or convenient to
8 carry out the purposes and powers conferred by this act.

9 (b) The bank is not authorized or empowered to be or
10 to constitute a bank or trust company within the jurisdiction
11 or under the control of the state or an agency of it or the
12 Comptroller of the Currency or the Treasury Department of the
13 United States, or a bank, banker, or dealer in securities
14 within the meaning of, or subject to the provisions of, any
15 securities, securities exchange, or securities dealers' law of
16 the United States or this state.

17 As used in this act, the bank is not a "bank" within
18 the meaning of Title 5, Code of Alabama 1975, including
19 without limitation Section 5-1A-2 and Section 5-1A-3, and is
20 not a "bank" within the meaning of the Alabama Constitution,
21 Sections 247, 248 and 253. Under this act, the bank does not
22 accept deposits from the public, its loans are only with
23 qualified borrowers as defined in Section 2(13), and the bank
24 does not, and is not authorized to, transact banking business
25 with the public.

26 (c) The bank is subject to the provisions of the
27 Administrative Procedure Act.

1 Section 6. (a) The following sources may be used to
2 capitalize the bank and for the bank to carry out its
3 purposes:

4 (1) An annual contribution, as determined by the
5 Director of the Department of Transportation and approved by
6 the Governor, of an amount not to exceed revenues produced by
7 one cent (\$.01) a gallon of the tax on gasoline imposed
8 pursuant to Act 2011-565, 2011 Regular Session. Any funds
9 contributed pursuant to this subdivision shall be derived from
10 the gasoline tax proceeds remaining in the Public Road and
11 Bridge Fund after distributions of the tax to the cities and
12 counties. Any contributions which are to provide funds for
13 debt service on bonds issued by the bank shall continue until
14 the bonds have been fully repaid.

15 (2) An annual contribution, as determined by the
16 Director of the Department of Transportation and approved by
17 the Governor, of an amount of the revenues collected pursuant
18 to Section 40-12-248, Code of Alabama 1975, not to exceed the
19 balance remaining in the Public Road and Bridge Fund pursuant
20 to Section 40-12-270(d)(3), Code of Alabama 1975, after the
21 distributions required pursuant to Sections 40-12-270(d)(1)
22 and 40-12-270(d)(2), Code of Alabama 1975. Any contributions
23 which are to provide funds for debt service on bonds issued by
24 the bank shall continue until the bonds have been fully
25 repaid.

26 (3) Federal funds made available to the state.

1 (4) Federal funds made available to the state for
2 the bank.

3 (5) Contributions and donations from government
4 units, and any other source as may become available to the
5 bank including, but not limited to, appropriations from the
6 Legislature.

7 (6) All monies paid or credited to the bank, by
8 contract or otherwise, payments of principal and interest on
9 loans or other financial assistance made from the bank, and
10 interest earnings which may accrue from the investment or
11 reinvestment of the bank's monies.

12 (7) Proceeds from the issuance of bonds as provided
13 in this act.

14 (8) Other lawful sources as determined appropriate
15 by the board.

16 (9) Loans from the department to the bank to be
17 repaid from revenues committed to the bank for the following
18 year.

19 Section 7. (a) Earnings on balances in the federal
20 highway account, as created by this act, must be credited and
21 invested according to federal law. The bank may establish
22 accounts and subaccounts within the state highway account and
23 the federal highway account as considered desirable to
24 effectuate the purposes of this act, or to meet the
25 requirements of any state or federal programs. All accounts
26 shall be held in trust by the State Treasurer.

1 (b) For necessary and convenient administration of
2 the bank, the board shall direct the State Treasurer to
3 establish federal and state accounts and subaccounts within
4 the bank necessary to meet any applicable federal law
5 requirements or as the bank shall determine necessary or
6 desirable in order to implement this act.

7 (c) The bank shall comply with all applicable
8 federal laws and regulations prohibiting the commingling of
9 certain federal funds deposited in the bank.

10 Section 8. (a) The bank may provide loans and other
11 financial assistance to a government unit to pay for all or
12 part of the eligible cost of a qualified project. The term of
13 the loan or other financial assistance must not exceed the
14 useful life of the project. The bank may require the
15 government unit to enter into a financing agreement in
16 connection with its loan obligation or other financial
17 assistance. The board shall determine the form and content of
18 loan applications, financing agreements, and loan obligations
19 including the term and rate or rates of interest on a
20 financing agreement. The terms and conditions of a loan or
21 other financial assistance from the federal highway account
22 shall comply with applicable federal requirements.

23 (b) The board shall determine which projects are
24 eligible projects and then select from among the eligible
25 projects those qualified to receive from the bank a loan or
26 other financial assistance. Preference shall be given to
27 eligible projects that have the most local financial support.

1 The board shall establish by rule or regulation a minimum
2 amount of local financial support which will be required in
3 order to qualify for loans or grants from the bank. Any such
4 minimum requirement shall be established as a percentage of
5 the total project costs and shall apply to all eligible
6 projects. In selecting qualified projects, the board shall
7 consider the projected feasibility of the project and the
8 amount and degree of risk to be assumed by the bank. The board
9 also may consider, but shall not be limited to, the following
10 criteria in making its determination that an eligible project
11 is a qualified project:

12 (1) The local support of the project, expressed by
13 resolutions by the governing bodies in the areas in which the
14 project will be located, and the financial or in-kind
15 contributions to the project.

16 (2) Maximum economic benefit, enhancement of
17 mobility, enhancement of public safety, acceleration of
18 project completion, and enhancement of transportation
19 services.

20 (3) The ability of the applicant to repay a loan
21 according to the terms and conditions established pursuant to
22 this act, consideration of which may include, at the option of
23 the bank board, the existence of current investment grade
24 rating on existing debt of the applicant secured by the same
25 revenues to be pledged to secure repayment under the loan
26 repayment agreement.

1 (4) The financial or in-kind contributions to the
2 project.

3 (5) Greater weighting in recommending priorities for
4 eligible projects to areas of the state experiencing high
5 unemployment.

6 (6) Whether the governing bodies of the county or
7 the incorporated municipality in which the project is to be
8 located provides to the bank a resolution which makes a
9 finding that the project is essential to economic development
10 in the political subdivisions, or the bank receives a
11 certificate from the Alabama Department of Commerce that the
12 project is essential to economic development in the state, or
13 both, at the option of the board.

14 Section 9. (a) Qualified borrowers may obtain loans
15 or other financial assistance from the bank through financing
16 agreements. Qualified borrowers entering into financing
17 agreements and issuing loan obligations to the bank may
18 perform any acts, take any action, adopt any proceedings, and
19 make and carry out any contracts or agreements with the bank
20 as may be agreed to by the bank and any qualified borrower for
21 the carrying out the purposes of this act.

22 (b) In addition to the authorizations contained in
23 this act, all other statutes or provisions permitting
24 government units to borrow money and issue obligations may be
25 utilized by any government unit in obtaining a loan or other
26 financial assistance from the bank to the extent determined
27 necessary or useful by the government unit in connection with

1 any financing agreement and the issuance, securing, or sale of
2 loan obligations to the bank.

3 (c) A qualified borrower may receive, apply, pledge,
4 assign, and grant a security interest in project revenues,
5 and, in the case of a government unit, its project revenues,
6 revenues derived from a special source or ad valorem taxes, to
7 secure its obligations as provided in this act, and may fix,
8 revise, charge, and collect fees, rates, rents, assessments,
9 and other charges of general or special application for the
10 operation or services of a qualified project, the system of
11 which it is a part, and any other revenue producing facilities
12 from which the qualified borrower derives project revenues, to
13 meet its obligations under a financing agreement or to provide
14 for the construction and improving of a qualified project.

15 Section 10. The bank is performing an essential
16 governmental function in the exercise of the powers conferred
17 upon it and is not required to pay taxes or assessments upon
18 property or upon its operations or the income from them, or
19 taxes or assessments upon property or loan obligations
20 acquired or used by the bank or upon the income from them.

21 Section 11. (a) If a government unit fails to
22 collect and remit in full all amounts due to the bank on the
23 date these amounts are due under the terms of any note or
24 other obligation of the government unit, the bank shall notify
25 the State Treasurer who shall withhold all or a portion of the
26 funds of the state and all funds administered by the state,
27 its agencies, boards, and instrumentalities allotted or

1 appropriated to the government unit and apply an amount
2 necessary to the payment of the amount due.

3 (b) Nothing contained in this section mandates the
4 withholding of funds allocated to a government unit the
5 withholding of which would violate contracts to which the
6 state is a party, the requirements of federal law imposed on
7 the state, or judgments of a court binding on the state.

8 Section 12. Neither the board nor any officer,
9 employee, or committee of the bank acting on behalf of it,
10 while acting within the scope of authority granted by this
11 act, is subject to any liability resulting from carrying out
12 any of the powers given in this act, unless the officer or
13 employee acted in an unreasonable or reckless manner.

14 Section 13. Notice, proceeding, or publication,
15 except those required in this act, are not necessary to the
16 performance of any power authorized in this act nor is any act
17 of the bank subject to any referendum.

18 Section 14. All money of the bank, except as
19 authorized by law or provided in this act, shall be deposited
20 with and invested by the State Treasurer. Funds of the bank
21 not needed for immediate use or disbursement may be invested
22 by the State Treasurer in obligations or securities which are
23 declared to be legal obligations by general law. All federal
24 funds shall be invested as required by applicable federal law.

25 Section 15. Following the close of each state fiscal
26 year, the bank shall submit an annual report of its activities
27 for the preceding year to the Governor and to the Legislature.

1 The bank also shall submit an annual report to the appropriate
2 federal agency in accordance with requirements of any federal
3 program. An independent certified public accountant shall
4 perform an audit of the books and accounts of the bank at
5 least once in each state fiscal year.

6 Section 16. This act, being for the welfare of this
7 state and its inhabitants, shall be liberally construed to
8 effect the purposes specified in this act. However, nothing in
9 this act shall be construed as affecting any proceeding,
10 notice, or approval required by law for the issuance by a
11 government unit of the loan obligations, instruments, or
12 security for loan obligations.

13 Section 17. (a) Whenever it shall become necessary
14 that monies be raised for qualified projects, including monies
15 to be used to refund any bonds then outstanding, the bank may
16 issue bonds as provided in this act.

17 (b) The bank may pledge any of its revenue or funds
18 to the payment of its bonds, subject only to any prior
19 agreements with the holders of particular bonds which may have
20 pledged specific money or revenue. Bonds may be secured by a
21 pledge of any loan obligation owned by the bank, any grant,
22 contribution, or guaranty from the United States, the state,
23 or any corporation, association, institution, or person, any
24 other property or assets of the bank, or a pledge of any
25 money, income, or revenue of the bank from any source.

26 Section 18. Bonds issued by the bank shall not
27 constitute a debt or a pledge of the full faith and credit of

1 this state, or any of its political subdivisions other than
2 the bank, but are payable solely from the revenue, money, or
3 property of the bank as provided in this act. The bonds issued
4 do not constitute an indebtedness of the state within the
5 meaning of any constitutional or statutory limitation. No
6 member of the bank or any person executing bonds of the bank
7 is liable personally on the bonds by reason of their issuance
8 or execution. Each bond issued under this act shall contain on
9 its face a statement to the effect of the following:

10 (1) Neither the state, any of its political
11 subdivisions, nor the bank is obligated to pay the principal
12 of or interest on the bond or other costs incident to the bond
13 except from the revenue, money, or property of the bank
14 pledged.

15 (2) Neither the full faith and credit nor the taxing
16 power of the state, or any of its political subdivisions, is
17 pledged to the payment of the principal of or interest on the
18 bond.

19 (3) The bank does not have taxing power.

20 Section 19. (a) The bonds of the bank must be
21 authorized by a resolution of the bank.

22 (b) The bonds shall bear the date and mature at the
23 time which the resolution provides, except that no bond may
24 mature more than 40 years from its date of issue.

25 (c) The bonds may be in the denominations, be
26 executed in the manner, be payable in the medium of payment,
27 be payable at the place and at the time, and be subject to

1 redemption or repurchase and contain other provisions
2 determined by the bank prior to their issuance.

3 (d) The bonds may bear interest payable at a time
4 and at a rate as determined by the bank, including the
5 determination by agents designated by the bank under
6 guidelines established by it.

7 (e) Bonds may be sold by the bank at public or
8 private sale at the price it determines and approves.

9 (f) The State Treasurer shall issue the bonds of the
10 bank not later than 60 days upon the resolution of the bank
11 authorizing the issuance of the bonds.

12 Section 20. (a) Bonds may be secured by a trust
13 indenture between the bank and a corporate trustee, which may
14 be the State Treasurer or any bank having trust powers or any
15 trust company, designated by the State Treasurer doing
16 business in this state. A trust indenture may contain
17 provisions for protecting and enforcing the rights and
18 remedies of the bondholders which are reasonable and proper,
19 including covenants setting forth the duties of the bank in
20 relation to the exercise of its powers and the custody,
21 safekeeping, and application of its money. The bank may
22 provide by the trust indenture for the payment of the proceeds
23 of the bonds and all or any part of the revenues of the bank
24 to the trustee under the trust indenture or to some other
25 depository, and for the method of its disbursement with
26 safeguards and restrictions prescribed by it. All expenses
27 incurred in performing the obligations of the bank under the

1 trust indenture may be treated as part of its operating
2 expenses.

3 (b) Any resolution or trust indenture pursuant to
4 which bonds are issued may contain provisions which are part
5 of the contract with the holders of the bonds and which
6 include the following:

7 (1) Pledging all or any part of the revenue of the
8 bank to secure the payment of the bonds.

9 (2) Pledging all or any part of the assets of the
10 bank including loan obligations owned by it to secure the
11 payment of the bonds.

12 (3) The use and disposition of the gross income
13 from, and payment of the principal of, and interest on loan
14 obligations owned by the bank.

15 (4) The establishment of reserves, sinking funds,
16 and other funds and accounts, and their regulation and
17 disposition.

18 (5) Limitations on the purposes to which the
19 proceeds from the sale of the bonds may be applied, and
20 limitations on pledging the proceeds to secure the payment of
21 the bonds.

22 (6) Limitations on the issuance of additional bonds,
23 the terms upon which additional bonds may be issued and
24 secured, and the refunding of outstanding or other bonds.

25 (7) The procedure, if any, by which the terms of any
26 contract with bondholders may be amended or abrogated, the

1 amount of bonds, if any, the holders of which must consent to,
2 and the manner in which any consent may be given.

3 (8) Limitations on the amount of money to be
4 expended by the bank for its operating expenses.

5 (9) Vesting in a trustee property, rights, powers,
6 and duties as the bank may determine, limiting or abrogating
7 the right of bondholders to appoint a trustee, and limiting
8 the rights, powers, and duties of the trustee.

9 (10) Defining the acts or omissions which constitute
10 a default, the obligations or duties of the bank to the
11 holders of the bonds, and the rights and remedies of the
12 holders of the bonds in the event of default, including as a
13 matter of right the appointment of a receiver, and all other
14 rights generally available to creditors.

15 (11) Requiring the bank or the trustee under the
16 trust indenture to take any and all other action to obtain
17 payment of all sums required to eliminate any default as to
18 any principal of and interest on loan obligations owned by the
19 bank or held by a trustee, which may be authorized by the laws
20 of this state.

21 (12) Any other matter relating to the terms of the
22 bonds or the security or protection of the holders of the
23 bonds which may be considered appropriate.

24 Section 21. (a) Any pledge made by the bank is valid
25 and binding from the time the pledge is made. The revenue,
26 money, or property pledged and received by the bank is
27 immediately subject to the lien of the pledge without any

1 physical delivery or further act. The lien of any pledge is
2 valid and binding as against all parties having claims of any
3 kind in tort, contract, or otherwise against the bank,
4 irrespective of whether the parties have notice of the pledge.

5 (b) No recording or filing of the resolution
6 authorizing the issuance of bonds, the trust indenture
7 securing the bonds, or any other instrument including filings
8 under the Uniform Commercial Code is necessary to create or
9 perfect any pledge or security interest granted by the bank to
10 secure any bonds.

11 Section 22. The bank, subject to agreements with
12 bondholders as may then exist, may purchase outstanding bonds
13 of the bank with any available funds, at any reasonable price.
14 If the bonds are then redeemable, the price shall not exceed
15 the redemption price then applicable plus accrued interest to
16 the next interest payment date.

17 Section 23. Bonds of the bank shall be in a form and
18 shall be executed in a manner prescribed by the bank.

19 Section 24. If any of the members or officers of the
20 bank cease to be members before the delivery of any bonds
21 signed by them, their signatures or authorized facsimile
22 signatures are nevertheless valid and sufficient for all
23 purposes as if they had remained in office until the delivery
24 of the bonds.

25 Section 25. Subsequent amendments to this act may
26 not limit the rights vested in the bank with respect to any
27 agreements made with, or remedies available to, the holders of

1 bonds issued under this act before the enactment of the
2 amendments until the bonds, with all premiums and interest on
3 them, and all costs and expenses in connection with any
4 proceeding by or on behalf of the holders, are fully met and
5 discharged.

6 Section 26. Any bonds issued by the bank, the
7 transfer of bonds, and the income from them, are free from
8 taxation and assessment of every kind by the state and by the
9 local governments and other political subdivisions of the
10 state.

11 Section 27. (a) The bonds issued by the bank are
12 legal investments in which all public officers or public
13 bodies of the state, its political subdivisions, all
14 municipalities and political subdivisions, all insurance
15 companies and associations and other persons carrying on
16 insurance business, all banks, bankers, banking associations,
17 trust companies, savings banks, savings associations,
18 including savings and loan association investment companies,
19 and other persons carrying on a banking business, all
20 administrators, guardians, executors, trustees, and other
21 fiduciaries, and all other persons who are now or may be
22 authorized in the future to invest in bonds or other
23 obligations of the state, may invest funds in their control or
24 belonging to them.

25 (b) The bonds of the bank are also securities which
26 may be deposited with and received by all public officers and
27 bodies of the state or any agency or political subdivision of

1 the state and all municipalities and public corporations for
2 any purpose for which the deposit of bonds or other
3 obligations of the state is now or may later be required by
4 law.

5 Section 28. Except as otherwise prohibited by
6 Federal law, all contracts funded with the revenue or bond
7 proceeds which are authorized pursuant to this act shall be
8 performed by a workforce which consists of only legal
9 residents of the State of Alabama.

10 Section 29. This act shall become effective on the
11 first day of the third month following its passage and
12 approval by the Governor, or its otherwise becoming law.