

1 HB36  
2 178837-3  
3 By Representative Clouse  
4 RFD: Ways and Means General Fund  
5 First Read: 15-AUG-16

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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 provide for the distribution of the proceeds of the  
16 bonds to make deposits in the Alabama Trust Fund  
17 and the General Fund Rainy Day Account and to pay  
18 the cost of certain transportation projects of the  
19 State. This bill would also create a special fund  
20 entitled the "BP Settlement Fund" into which  
21 revenues from the settlement of economic damages  
22 claims against BP Petroleum and Exploration, Inc.  
23 would be deposited, and would pledge and  
24 appropriate such revenues for the payment of the  
25 authority's bonds.

1                   This bill would also provide further for and  
2                   express legislative intent regarding previously  
3                   enacted appropriations for debt payments and would  
4                   modify the repayment schedule for remaining amounts  
5                   owed to the Alabama Trust Fund pursuant to the  
6                   People's Trust Act.

7  
8                   A BILL  
9                   TO BE ENTITLED  
10                  AN ACT

11  
12                  To authorize the creation of a new public  
13                  corporation of the State of Alabama to be known as the  
14                  "Alabama Economic Settlement Authority"; to make Legislative  
15                  findings; to provide procedures for incorporating the  
16                  authority; to provide for the members, officers and directors  
17                  of the authority; to provide for the powers of the authority;  
18                  to authorize the issuance of bonds by the authority and to  
19                  provide for the source of payment of, and security for, the  
20                  bonds; to provide for the form, sale and execution of the  
21                  bonds; to provide for the disposition of the proceeds of the  
22                  bonds, including deposits in the Alabama Trust Fund and the  
23                  General Fund Rainy Day Account of the Alabama Trust Fund and  
24                  the payment of costs of certain transportation projects; to  
25                  create a special fund to be known as the "BP Settlement Fund"  
26                  and to provide for deposits into and withdrawals from the

1 fund; to appropriate and pledge certain revenues to be  
2 received by the State from the settlement of claims against BP  
3 Petroleum Exploration and Production, Inc. as security for the  
4 bonds and other uses; to provide a procedure for establishing  
5 the validity of the bonds; to provide that the bonds shall be  
6 exempt from taxation in the State; to make other provisions  
7 related to the sale of the bonds, services to be provided by  
8 the Department of Finance and dissolution of the authority  
9 when no bonds remain outstanding; to express legislative  
10 intent regarding previously enacted debt payments; to amend  
11 Section 18 of Act 2015-540 regarding the expenditure of  
12 settlement funds in fiscal year 2016; and to amend Section  
13 29-10-1, Code of Alabama 1975, to provide for modifications to  
14 the repayment schedule of amounts due to the Alabama Trust  
15 Fund pursuant to the People's Trust Act.

16 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

17 Section 1. Legislative Findings and Purpose.

18 (a) The Legislature finds and declares the  
19 following:

20 (1) In recent years, withdrawals have been made from  
21 the Alabama Trust Fund and the General Fund Rainy Day Account  
22 of the Alabama Trust Fund for current budgetary purposes. The  
23 Constitution and laws of the State of Alabama require  
24 repayment of the withdrawals and the Legislature recognizes  
25 the need to restore those funds to their prescribed levels.

1           (2) It is desirable and in the public interest to  
2     establish a public corporation of the State of Alabama with  
3     the power to issue bonds for the purpose of making transfers  
4     to and deposits in the Alabama Trust Fund and the General Fund  
5     Rainy Day Account of the Alabama Trust Fund, and for paying  
6     the costs of transportation projects, and to appropriate and  
7     pledge a portion of the revenues to be received by the State  
8     from the settlement of certain claims against BP Exploration  
9     and Production, Inc. (and its corporate affiliates) as the  
10    source of payment of the bonds.

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

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

16           b. Authorize the incorporation of the Alabama  
17    Economic Settlement Authority, with the power to issue bonds  
18    as provided in this act for the purpose of providing funds to  
19    be transferred to and deposited in the Alabama Trust Fund and  
20    the General Fund Rainy Day Account of the Alabama Trust Fund,  
21    and for paying the costs of certain transportation projects,  
22    which bonds shall be payable out of the monies held in the BP  
23    Settlement Fund and any other monies and property available to  
24    the authority.

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

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

4           (1) ALABAMA TRUST FUND. The trust fund of the State  
5 created under Amendment 450 to the Constitution of Alabama of  
6 1901, as amended, and appearing as §219.02 of the Official  
7 Recompilation of the Constitution of Alabama 1901, as amended.

8           (2) APPROPRIATED FUNDS. The BP settlement revenues  
9 deposited in the special fund to the extent such revenues are  
10 appropriated to the authority pursuant to Section 10.

11           (3) AUTHORITY. The Alabama Economic Settlement  
12 Authority authorized to be established pursuant to Section 3.

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

15           (5) BP SETTLEMENT REVENUES. Revenues received by the  
16 state in settlement of economic damages claims of the state  
17 against BP Exploration and Production, Inc. (and any of its  
18 corporate affiliates) arising out of the Deepwater Horizon oil  
19 spill in the Gulf of Mexico. BP settlement revenues do not  
20 include amounts received by the state from or through natural  
21 resource damage assessment claims, the federal RESTORE Act, or  
22 claims otherwise restricted by federal law or court order.

23           (6) GOVERNMENT SECURITIES. Any bonds or other  
24 obligations, the principal of and interest on which constitute  
25 direct obligations of, or are unconditionally guaranteed by,  
26 the United States of America, including obligations of any

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

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

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



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

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

16 (9) REFUNDING BONDS. Those refunding bonds issued  
17 pursuant to this act.

18 (10) SPECIAL FUND. The BP Settlement Fund  
19 established pursuant to Section 9.

20 (11) STATE. The State of Alabama.

21 (12) TRANSPORTATION PROJECTS. Any undertaking to  
22 construction a particular portion of a highway located in the  
23 Alabama Department of Transportation Districts 91 and 92 of  
24 the Southwest Region, including without limitation any bridges  
25 necessary for the highway.

1           Section 3. Incorporation of Authority Authorized;  
2 Application; Filing.

3           (a) To become a public corporation and  
4 instrumentality of the state with the powers herein provided,  
5 the Governor, the State Treasurer, the Speaker of the House of  
6 Representatives, the President Pro Tempore of the Senate and  
7 the Finance Director shall present to the Secretary of State  
8 of Alabama an application signed by them which shall set forth  
9 all of the following:

10           (1) The name, official designation, and official  
11 residence of each of the applicants, together with a certified  
12 copy of the commission evidencing each applicant's right to  
13 office.

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

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

18           (4) The location of the principal office of the  
19 proposed corporation, which shall be in the City of  
20 Montgomery.

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

24           (b) The application shall be subscribed and sworn to  
25 by each of the applicants before an officer authorized by the  
26 laws of the state to take acknowledgments to deeds. The

1 Secretary of State shall examine the application and, if he or  
2 she finds that it substantially complies with the requirements  
3 of this section, it shall be filed and recorded in an  
4 appropriate book of records in the office of the Secretary of  
5 State.

6 (c) When the application has been made, filed, and  
7 recorded as provided in subsection (b), the applicants shall  
8 constitute a corporation under the name stated in the  
9 application, and the Secretary of State shall make and issue  
10 to the applicants a certificate of incorporation pursuant to  
11 this act, under the Great Seal of the State, and shall record  
12 the certificate with the application. There shall be no fees  
13 paid to the Secretary of State in connection with the  
14 incorporation or dissolution of the authority.

15 Section 4. Members, Officers and Directors. The  
16 applicants named in the application and their respective  
17 successors in office shall constitute the members of the  
18 authority. The president, vice president, and secretary of the  
19 authority shall be elected by the members and shall serve for  
20 the terms and conditions as the members may establish. The  
21 State Treasurer shall act as custodian of the authority's  
22 funds, and shall pay, out of appropriated funds and any other  
23 monies and property available to the authority, all debt  
24 service related to bonds of the authority and any other  
25 amounts required by this act to be paid out of the BP  
26 Settlement Fund. The members of the authority shall constitute

1 all of the directors of the authority, and any four directors  
2 shall constitute a quorum for the transaction of business.  
3 Should any person holding any state office named in this  
4 section cease to hold the office by reason of death,  
5 resignation, expiration of the term of office, or for any  
6 other reason, then his or her successor in office shall take  
7 the place as an officer and member of the directors of the  
8 authority. No officer or director of the authority shall  
9 receive any salary in addition to that now authorized by law  
10 for any service rendered or for any duty performed in  
11 connection with the authority. All proceedings had and done by  
12 the directors shall be reduced to writing by the secretary of  
13 the authority, shall be signed by the president and vice  
14 president and at least one other director present at the  
15 proceedings, and shall be recorded in a substantially bound  
16 book and filed in the office of the Secretary of State. Copies  
17 of the proceedings, when certified by the secretary of the  
18 authority, under the seal of the authority, shall be received  
19 in all courts as prima facie evidence of the matters and  
20 things therein certified.

21 Section 5. Powers of the Authority. The authority  
22 shall have, in addition to all other powers granted to it in  
23 this act, all of the following powers:

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

1           (2) To institute and defend legal proceedings in any  
2 court of competent jurisdiction and proper venue; provided,  
3 however, that the authority may not be sued in any nisi prius  
4 court other than the courts of the county in which is located  
5 the principal office of the authority; and provided further  
6 that the officers, directors, agents, and employees of the  
7 authority may not be sued for actions on behalf of the  
8 authority in any nisi prius court other than the courts of the  
9 county in which is located the principal office of the  
10 authority.

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

13           (4) To establish a fiscal year.

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

18           (6) To sell and issue bonds as provided in this act  
19 for the purpose of providing funds to be transferred to and  
20 deposited in the Alabama Trust Fund and the Rainy Day Account,  
21 or to pay the costs of transportation projects.

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

24           (8) To receive and deposit the BP settlement  
25 revenues into the special fund, to invest such BP settlement  
26 revenues in the manner provided in this act, to apply such

1 revenues to payment of bonds issued by the authority in the  
2 manner provided in this act, and to other authorized uses, and  
3 to cause the net proceeds from the sale of the bonds of the  
4 authority to be transferred to and deposited in the Alabama  
5 Trust Fund and the Rainy Day Account, and to be used to pay  
6 the costs of transportation projects.

7 (9) To execute and deliver mortgages, security  
8 agreements and trust indentures, and other forms of agreements  
9 for the purpose of securing the authority's bonds and in  
10 connection therewith, to mortgage, pledge, or assign the  
11 appropriated funds and other monies and property available to  
12 the authority.

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

16 (11) To arrange for various forms of security or  
17 credit enhancement for the authority's bonds, including  
18 letters of credit, guaranties, policies of insurance, surety  
19 bonds, and similar instruments.

20 (12) To accept gifts, grants, loans, appropriations,  
21 and other forms of aid from the federal government, the state  
22 or any state agency, or any political subdivision of the  
23 state, or any person, corporation, foundation, or legal  
24 entity, and to agree to and comply with any conditions  
25 attached to federal and state financial assistance not  
26 inconsistent with this act.

1           (13) To establish accounts in one or more  
2 depositories.

3           (14) To appoint, employ, contract with, and provide  
4 for the compensation of employees and agents, including  
5 engineers, attorneys, contractors, consultants, accountants,  
6 fiscal advisors, trustees, paying agents, investment bankers,  
7 and underwriters as the directors deem necessary or desirable  
8 for the conduct of the business of the authority.

9           (15) To make, enter into, and execute financing  
10 agreements and other contracts, agreements, or other  
11 instruments, and to take other actions as may be necessary or  
12 convenient to accomplish any purpose for which the authority  
13 was organized or to exercise any power granted to it.

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

18           (17) To acquire, hold, and dispose of real and  
19 personal property.

20           (18) To sell, assign or otherwise convey to another  
21 person or entity, for such consideration as the directors of  
22 the authority shall determine, the authority's right to  
23 receive and collect the appropriated revenues or any portion  
24 thereof that have not been previously pledged as security for  
25 the bonds, and to use the proceeds from such sale, assignment

1 or other conveyance for deposits into the Alabama Trust Fund  
2 or the Rainy Day Account or for transportation projects.

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

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

9 Section 6. Bonds of the Authority.

10 (a) General. The authority is authorized from time  
11 to time to sell and issue its bonds for the purpose of  
12 providing funds to be transferred to and deposited in the  
13 Alabama Trust Fund and the Rainy Day Account, for paying the  
14 costs of transportation projects, and for the purpose of  
15 refunding any or all of the authority's outstanding bonds.

16 (b) Sources of payment. Bonds issued by the  
17 authority shall be solely and exclusively an obligation of the  
18 authority and shall not create an obligation or debt of the  
19 state. Such bonds shall not be general obligations of the  
20 authority but shall be payable solely from one or more of the  
21 following sources:

22 (1) Appropriated funds.

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



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

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

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

8                   (6) Any other revenues that may hereafter be  
9 available to the authority.

10                   Unless otherwise provided in the resolution of the  
11 directors of the authority authorizing the issuance of the  
12 bonds, all pledges of appropriated funds made by the authority  
13 shall be on a parity so that all bonds of the authority  
14 secured by a pledge of appropriated funds shall be equally and  
15 ratably so secured without regard to time of issuance. Bonds  
16 issued by the authority shall be construed to be negotiable  
17 instruments, although payable solely from a specified source,  
18 as provided herein.

19                   (c) Security for the bonds. The principal of and  
20 interest on any bonds issued by the authority shall be secured  
21 by a pledge of the appropriated funds or other monies and  
22 property available to the authority and may be secured by a  
23 trust indenture evidencing such pledge or by a foreclosable  
24 mortgage and deed of trust conveying as security for such  
25 bonds all, or any part, of the authority's property. The  
26 resolution under which the bonds are authorized to be issued

1 or any such trust indenture or mortgage may contain any  
2 agreements and provisions respecting the rights, duties, and  
3 remedies of the parties to any such instrument and the parties  
4 for the benefit for whom such instrument is made and the  
5 rights and remedies available in the event of default as the  
6 authority shall deem advisable and which are not in conflict  
7 with the provisions of this act.

8 (d) General provisions respecting form, sale, and  
9 execution of the bonds. All bonds issued by the authority  
10 shall be signed by its president or vice president and  
11 attested by its secretary and the seal of the authority shall  
12 be affixed thereon. A facsimile of the signature of one or  
13 both of the officers may be printed or otherwise reproduced on  
14 any such bonds in lieu of being manually subscribed thereon  
15 and a facsimile of the seal of the authority may be printed or  
16 otherwise reproduced on any of the bonds in lieu of being  
17 manually affixed thereto. Any bonds of the authority may be  
18 executed and delivered by it at any time and from time to  
19 time, and shall be in the form and denominations and of such  
20 tenor and maturities, shall bear such rate or rates of  
21 interest, shall be payable at such times and evidenced in such  
22 manner, may be made subject to redemption at the option of the  
23 authority at such times and after such notice and on such  
24 conditions and at such redemption price or prices, and may  
25 contain such other provisions not inconsistent herewith, all  
26 as may be provided by the resolution of the directors of the

1 authority under which the bonds are authorized to be issued.  
2 Bonds of the authority may be sold, in the discretion of the  
3 authority, either (i) at public sale or sales, based on sealed  
4 bids received either electronically or on paper, after  
5 advertisement as may be prescribed by the authority, to the  
6 bidder whose bid reflects the lowest true interest cost to the  
7 authority computed to the respective maturities of the bonds  
8 sold; provided, however, that if no bid deemed acceptable by  
9 the authority is received, all bids may be rejected and the  
10 bonds offered again for public sale in accordance with the  
11 terms herein prescribed; or (ii) by negotiated sale. Such  
12 bonds may be issued in the form of current interest bonds,  
13 capital appreciation bonds or convertible capital appreciation  
14 bonds and may be issued as serial bonds or term bonds, all as  
15 may be directed by the authority.

16 (e) Other matters. Any bonds of the authority may be  
17 used by the holder as security for any funds belonging to the  
18 state, or to any political subdivision, instrumentality, or  
19 agency of the state, in any instance where security for the  
20 deposits may be required by law. Unless otherwise directed by  
21 the court having jurisdiction, or the document that is the  
22 source of authority, a trustee, executor, administrator,  
23 guardian, or one acting in any other fiduciary capacity may,  
24 in addition to any other investment powers conferred by law  
25 and with the exercise of reasonable business prudence, invest  
26 trust funds and bonds of the authority. Bonds of the authority

1 shall be legal investments for funds of the Teachers'  
2 Retirement System of Alabama, the Employees' Retirement System  
3 of Alabama, and the State Insurance Fund.

4 Section 7. Refunding Bonds.

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

8 (1) All or any part of the principal of the bonds to  
9 be refunded.

10 (2) Any redemption premium required to be paid as a  
11 condition to the redemption prior to maturity of any such  
12 bonds that are to be so redeemed in connection with such  
13 refunding.

14 (3) Any accrued and unpaid interest on the bonds to  
15 be refunded.

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

19 (5) The expenses incurred in connection with the  
20 refunding.

21 (b) Refunding bonds of the authority may be sold, in  
22 the discretion of the authority, either (i) at public sale or  
23 sales, based on sealed bids received either electronically or  
24 on paper, after advertisement as may be prescribed by the  
25 authority, to the bidder whose bid reflects the lowest true  
26 interest cost to the authority computed to the respective

1 maturities of the bonds sold; provided, however, that if no  
2 bid deemed acceptable by the authority is received, all bids  
3 may be rejected and the bonds offered again for public sale in  
4 accordance with the terms herein prescribed; or (ii) by  
5 negotiated sale, or may be exchanged for the bonds to be  
6 refunded. Any such refunding bonds may be executed and  
7 delivered by the authority at any time and, from time to time,  
8 shall be in such form and denomination or denominations and of  
9 such tenor and maturity or maturities, shall contain such  
10 provisions not inconsistent with the provisions of this act,  
11 and shall bear such rate or rates of interest, payable at such  
12 place or places, either within or without the state, and  
13 evidenced in such manner, as may be provided by resolution of  
14 the authority.

15 Section 8. Disposition of Proceeds of Bonds.

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

19 (1) For the purposes for which the bonds were  
20 authorized to be issued, in the following order:

21 a. To repay the General Fund Rainy Day Account for  
22 the \$161,565,874 transferred to the State General Fund in  
23 fiscal year 2010 pursuant to Amendment 803 to the Constitution  
24 of Alabama of 1901;

25 b. To repay a total of two hundred and eighty-seven  
26 million dollars (\$287,000,000) to the Alabama Trust Fund for

1 amounts transferred to the State General Fund in fiscal years  
2 2013, 2014, and 2015 pursuant to Section 4 of Amendment 856 to  
3 the Constitution of Alabama of 1901; and

4 c. Any remaining proceeds to supplement existing  
5 allocated revenues or any planned revenues, whether federal,  
6 state, or local for transportation projects in the Alabama  
7 Department of Transportation Districts 91 and 92 of the  
8 Southwest Region.

9 (2) To fund any reserve fund established in  
10 connection with an authorized issue if the authority deems the  
11 establishment of such reserve fund to be necessary and  
12 desirable.

13 (3) To pay for the cost of obtaining credit  
14 enhancement for the bonds.

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

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

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

20 (b) Pending the application of the proceeds of bonds  
21 of the authority to the purpose or purposes for which the  
22 bonds were issued, the proceeds and any monies held in funds  
23 created as security for the bonds may be invested by the  
24 authority in permitted investments, as the authority shall  
25 deem advisable.

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

10           Section 9. Creation of Special Fund. For the benefit  
11 of the State of Alabama and the citizens thereof, there is  
12 hereby created a special fund named the "BP Settlement Fund"  
13 which shall be funded with BP settlement revenues and  
14 administered in accordance with this act. All BP settlement  
15 revenues shall be deposited in the special fund upon receipt  
16 and shall be used first to pay principal, interest, and  
17 premium, if any, and any other amounts due on or with respect  
18 to the bonds of the authority. Any BP settlement revenues  
19 determined by the directors of the authority to be in excess  
20 of the amounts needed for the payment of all amounts due with  
21 respect to the bonds, may be withdrawn from the special fund  
22 and used to pay costs and expenses incident to the issuance of  
23 the bonds, including costs and expenses incurred by the  
24 Department of Finance in the administration of the bonds, may  
25 be transferred to and deposited in the Alabama Trust Fund or

1 the General Fund Rainy Day Account, or may be applied to pay  
2 the costs of transportation projects.

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

9 Section 10. Pledge and Appropriation of BP  
10 Settlement Revenue to Pay Bonds. There is hereby irrevocably  
11 pledged and appropriated such amounts of the BP settlement  
12 revenues retained in the special fund, and earnings thereon,  
13 as shall be necessary to pay the principal, interest, and  
14 premium (if any) on the authority's bonds, to redeem such  
15 bonds prior to maturity if called for redemption by the  
16 authority, and to pay the principal of, the interest, and  
17 premium (if any) on any refunding bonds issued to refund such  
18 bonds.

19 Section 11. Notice - Contested Actions.

20 (a) Upon the adoption by the directors of any  
21 resolution providing for the issuance of bonds, the authority  
22 may cause to be published once a week for two consecutive  
23 weeks, in newspapers published or having a general circulation  
24 in the Cities of Birmingham, Montgomery, Huntsville, and  
25 Mobile, a notice in substantially the following form, at the



1 end of which shall be printed the name and title of either the  
2 president or the secretary of the authority:

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

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

25 Section 12. Tax Exemption. The income and property  
26 of the authority, all bonds of the authority and the interest

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

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

16 Section 14. Applicability of Other Laws. Articles 2  
17 and 3 of Chapter 16, Title 41, of the Code of Alabama 1975,  
18 and other similar laws shall not apply to the authority, its  
19 directors, or any of its officers, agents, or employees in  
20 their capacities as such.

21 Section 15. Dissolution. At any time when no bonds  
22 of the authority are outstanding, the authority may be  
23 dissolved upon the filing with the Secretary of State of an  
24 application for dissolution, which shall be subscribed by each  
25 of the directors of the authority and sworn to by each  
26 director before an officer authorized to take acknowledgments

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

10 Section 16. Diversity. In connection with the sale  
11 of its bonds, the authority shall, to the extent practical,  
12 utilize businesses and companies that reflect the racial and  
13 ethnic diversity of the state.

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

18 Section 18. Bonds are Legal Investments. Bonds  
19 issued by the authority are hereby made a legal investment for  
20 savings banks and insurance companies organized under the laws  
21 of the state and for trustees, executors, administrators,  
22 guardians, persons or organizations acting in a fiduciary  
23 capacity, unless otherwise directed by a court having  
24 jurisdiction or by a document providing fiduciary authority.  
25 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 19. Legislative Intent. It is the intent of  
4 the Legislature that payments allocated in Section 8 to the  
5 Alabama Trust Fund for the purpose of repaying amounts  
6 transferred to the State General Fund pursuant to Section 4 of  
7 Amendment 856 to the Constitution of Alabama of 1901 shall be  
8 in lieu of the fiscal year 2017 State General Fund  
9 appropriation of \$20,000,000 to the Alabama Trust Fund Board  
10 for the same purpose as provided in Act 2016-116 and that such  
11 \$20,000,000 be used instead to release a portion of the  
12 conditional appropriation to the Medicaid Agency contained in  
13 Act 2016-116.

14 Section 20. Section 18 of Act 2015-540, the General  
15 Appropriations Act for fiscal year 2016, is hereby amended as  
16 follows:

17 "Section 18. In addition to all other  
18 appropriations, the first \$70,000,000 in funds received by the  
19 state from any negotiated settlements is appropriated for ~~the~~  
20 ~~following purposes to be expended in amounts recommended by~~  
21 ~~the Director of Finance and approved by the Governor for the~~  
22 ~~following: repayment to the General Fund Rainy Day Account~~  
23 ~~pursuant to Amendment 803 to the Constitution of 1901;~~  
24 ~~repayment to the Alabama Trust Fund of the amount owed~~  
25 ~~pursuant to Section 29-10-1, Code of Alabama 1975; repayment~~  
26 ~~to the Education Trust Fund Budget Stabilization Fund set~~

1 ~~forth in Section 29-9-4, Code of Alabama 1975; up to~~  
2 ~~\$3,000,000 to the District Attorney's Administrative Fund;~~  
3 ~~Medicaid Reform; and prison reform and related capital~~  
4 ~~outlay."~~

5 Section 21. Section 29-10-1, Code of Alabama 1975,  
6 is amended to read as follows:

7 "§29-10-1.

8 "(a) This section shall be known and may be cited as  
9 The People's Trust Act.

10 "(b) (1) Notwithstanding any other provision of law  
11 to the contrary, the Legislature shall provide for the  
12 repayment of all funds transferred from the Alabama Trust Fund  
13 to the State General Fund pursuant to Amendment 856 to the  
14 Constitution of Alabama of 1901. All funds borrowed pursuant  
15 to this amendment shall be repaid to the Alabama Trust Fund by  
16 not later than September 30, ~~2026~~ 2033.

17 "(2) The total ~~cumulative~~ annual amount repaid  
18 pursuant to this section shall not be less than the following  
19 amounts on the following dates:

20 "a. September 30, 2014: \$5,000,000;

21 "b. September 30, 2015: ~~\$15,000,000~~ \$10,000,000;

22 "~~c. September 30, 2016: \$30,000,000;~~

23 "~~d. c.~~ September 30, 2017: ~~\$50,000,000~~ \$287,000,000;

24 "~~e. September 30, 2018: \$75,000,000;~~

25 "~~f. September 30, 2019: \$105,000,000;~~

26 "~~g. d.~~ September 30, 2020: ~~\$140,000,000~~ \$10,000,000;

1 "h. e. September 30, 2021: ~~\$180,000,000~~ \$10,000,000;  
2 "i. f. September 30, 2022: ~~\$225,000,000~~ \$10,000,000;  
3 "j. g. September 30, 2023: ~~\$275,000,000~~ \$10,000,000;  
4 "k. h. September 30, 2024: ~~\$330,000,000~~ \$10,000,000;  
5 "l. i. September 30, 2025: ~~\$390,000,000~~ \$10,000,000;

6 and

7 "m. j. September 30, 2026: ~~\$437,390,829.~~

8 \$10,000,000;

9 "k. September 30, 2027: \$10,000,000;

10 "l. September 30, 2028: \$10,000,000;

11 "m. September 30, 2029: \$10,000,000;

12 "n. September 30, 2030: \$10,000,000;

13 "o. September 30, 2031: \$10,000,000;

14 "p. September 30, 2032; \$10,000,000; and

15 "q. September 30, 2033; \$5,390,829.

16 "(c) Beginning with the 2015 Regular Session and  
17 continuing every regular session thereafter until all funds  
18 are repaid, the Legislative Fiscal Office shall, by the fifth  
19 legislative day, report to the Speaker of the House of  
20 Representatives, the President Pro Tempore of the Senate, and  
21 the Chairs of the House Ways and Means and Senate Finance and  
22 Taxation - General Fund Committees the total annual and  
23 cumulative ~~amount~~ amounts repaid pursuant to this section as  
24 of the end of the then-preceding fiscal year.

25 "(d) If for any year the Legislature fails to make  
26 such appropriations as are necessary to guarantee that the

1 total ~~cumulative~~ annual amount repaid to the Alabama Trust  
2 Fund pursuant to this section is equal to or greater than the  
3 amount set forth in subdivision (2) of subsection (b) for that  
4 year, then there is hereby appropriated from the General Fund  
5 such amount as is necessary to make up the difference between  
6 the total ~~cumulative~~ annual amount repaid and the amount set  
7 forth in subdivision (2) of subsection (b) for that year. In  
8 the event that an appropriation is required under this  
9 subsection such amount shall be absolute and shall not be  
10 reduced pursuant to proration should such be necessary in any  
11 of the years referenced in subdivision (2) of subsection (b)."

12 Section 22. Liberal Construction. This act shall be  
13 liberally construed to effect its purpose.

14 Section 23. Effective Date. This act shall become  
15 effective immediately after its passage and approval by the  
16 Governor, or its otherwise becoming law.