

1 SB13
2 179164-1
3 By Senator Sanford (Constitutional Amendment)
4 RFD: Tourism and Marketing
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 provide funding for road projects
17 throughout the state, to provide the additional
18 funding to the Medicaid Agency, to make deposits
19 into the General Fund Rainy Day Account, and to
20 deposit any remaining proceeds into the Alabama
21 Trust Fund. This bill would also create a special
22 fund entitled the "BP Settlement Fund" into which
23 revenues from the settlement of economic damages
24 claims against BP Petroleum and Exploration, Inc.
25 would be deposited, and would pledge and
26 appropriate such revenues for the payment of the
27 authority's bonds.

1
2 A BILL
3 TO BE ENTITLED
4 AN ACT
5

6 To authorize the creation of a new public
7 corporation of the State of Alabama to be known as the
8 "Alabama Economic Settlement Authority"; to make Legislative
9 findings; to provide procedures for incorporating the
10 authority; to provide for the members, officers and directors
11 of the authority; to provide for the powers of the authority;
12 to authorize the issuance of bonds by the authority and to
13 provide for the source of payment of, and security for, the
14 bonds; to provide for the form, sale and execution of the
15 bonds; to provide for the disposition of the proceeds of the
16 bonds, including funds for road projects throughout the state,
17 for the Alabama Medicaid Agency, for the General Fund Rainy
18 Day Account and for the Alabama Trust Fund; to create a
19 special fund to be known as the "BP Settlement Fund" and to
20 provide for deposits into and withdrawals from the fund; to
21 appropriate and pledge certain revenues to be received by the
22 State from the settlement of claims against BP Petroleum
23 Exploration and Production, Inc. as security for the bonds and
24 other uses; to provide a procedure for establishing the
25 validity of the bonds; to provide that the bonds shall be
26 exempt from taxation in the State; and to make other
27 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 General Fund Rainy Day Account of the Alabama Trust Fund
9 for previous budgetary purposes. The Constitution and laws of
10 the State of Alabama require repayment of the withdrawals and
11 the Legislature recognizes the need to restore those funds to
12 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 road projects throughout the
16 state, making transfers to and deposits to the General Fund
17 Rainy Day Account of the Alabama Trust Fund, to the Alabama
18 Medicaid Agency, and to the Alabama Trust Fund; and to
19 appropriate and pledge a portion of the revenues to be
20 received by the State from the settlement of certain claims
21 against BP Exploration and Production, Inc. (and its corporate
22 affiliates) as the 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 road projects throughout the
4 state, making transfers to and deposits to the General Fund
5 Rainy Day Account of the Alabama Trust Fund, to the Alabama
6 Medicaid Agency, and to the Alabama Trust Fund, 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. Definitions. When used in this act, the
13 following terms shall have the following meanings, unless the
14 context clearly indicates otherwise:

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

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

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

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

26 (5) BP SETTLEMENT REVENUES. Revenues received by the
27 state in settlement of economic damages claims of the state

1 against BP Exploration and Production, Inc. (and any of its
2 corporate affiliates) arising out of the Deepwater Horizon oil
3 spill in the Gulf of Mexico. BP settlement revenues do not
4 include amounts received by the state from or through Natural
5 Resource Damage Assessment claims, the federal RESTORE Act, or
6 claims otherwise restricted by federal law or court order.

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

18 (7) PERMITTED INVESTMENTS. (i) Government
19 Securities; (ii) bonds, debentures, notes, or other evidences
20 of indebtedness issued by any of the following agencies: Bank
21 for Cooperatives; federal intermediate credit banks; Federal
22 Financing Bank; federal home loan banks; Federal Farm Credit
23 Bank; Export-Import Bank of the United States; federal land
24 banks; or Farmers Home Administration or any other agency or
25 corporation which has been or may hereafter be created by or
26 pursuant to an act of the Congress of the United States as an
27 agency or instrumentality thereof; (iii) bonds, notes, pass

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

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

19 (8) RAINY DAY ACCOUNT. The General Fund Rainy Day
20 Account of the Alabama Trust Fund created by Amendment 803 to
21 the Constitution of Alabama 1901, as amended, and appearing as
22 §260.02 of the Official Recompilation of the Constitution of
23 Alabama 1901, as amended.

24 (9) REFUNDING BONDS. Those refunding bonds issued
25 pursuant to this act.

26 (10) SPECIAL FUND. The BP Settlement Fund
27 established pursuant to Section 9.

1 (11) STATE. The State of Alabama.

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

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

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

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

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

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

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

25 (b) The application shall be subscribed and sworn to
26 by each of the applicants before an officer authorized by the
27 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
27 all of the directors of the authority, and any four directors

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

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

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

25 (2) To institute and defend legal proceedings in any
26 court of competent jurisdiction and proper venue; provided,
27 however, that the authority may not be sued in any nisi prius

1 court other than the courts of the county in which is located
2 the principal office of the authority; and provided further
3 that the officers, directors, agents, and employees of the
4 authority may not be sued for actions on behalf of the
5 authority in any nisi prius court other than the courts of the
6 county in which is located the principal office of the
7 authority.

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

10 (4) To establish a fiscal year.

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

15 (6) To sell and issue bonds as provided in this act
16 for the purpose of providing funds to be transferred to and
17 deposited in the Rainy Day Account or to the credit of the
18 Medicaid Agency or to the General Fund to be appropriated by
19 the Legislature.

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

22 (8) To receive and deposit the BP settlement
23 revenues into the special fund, to invest such BP settlement
24 revenues in the manner provided in this act, to apply such
25 revenues to payment of bonds issued by the authority in the
26 manner provided in this act, and to other authorized uses, and
27 to cause the net proceeds from the sale of the bonds of the

1 authority to be transferred to and deposited in the Rainy Day
2 Account and to the credit of the Medicaid Agency and to the
3 General Fund for appropriation by the Legislature.

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

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

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

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

24 (13) To establish accounts in one or more
25 depositories.

26 (14) To appoint, employ, contract with, and provide
27 for the compensation of employees and agents, including

1 engineers, attorneys, contractors, consultants, accountants,
2 fiscal advisors, trustees, paying agents, investment bankers,
3 and underwriters as the directors deem necessary or desirable
4 for the conduct of the business of the authority.

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

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

14 (17) To acquire, hold, and dispose of real and
15 personal property.

16 (18) To sell, assign or otherwise convey to another
17 person or entity, for such consideration as the directors of
18 the authority shall determine, the authority's right to
19 receive and collect the appropriated revenues or any portion
20 thereof that have not been previously pledged as security for
21 the bonds, and to use the proceeds from such sale, assignment
22 or other conveyance for deposits into the Rainy Day Account or
23 to the credit of the Medicaid Agency or to the General Fund
24 for appropriation by the Legislature.

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

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

4 Section 6. Bonds of the Authority.

5 (a) General. The authority is authorized from time
6 to time to sell and issue its bonds for the purpose of
7 providing funds to be transferred to and deposited in the
8 Rainy Day Account, for additional funding to the Medicaid
9 Agency, for additional funds to the General Fund for
10 appropriation by the Legislature and for the purpose of
11 refunding any or all of the authority's outstanding bonds.

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

18 (1) Appropriated funds.

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

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

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

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

1 (6) Any other revenues that may hereafter be
2 available to the authority.

3 Unless otherwise provided in the resolution of the
4 directors of the authority authorizing the issuance of the
5 bonds, all pledges of appropriated funds made by the authority
6 shall be on a parity so that all bonds of the authority
7 secured by a pledge of appropriated funds shall be equally and
8 ratably so secured without regard to time of issuance. Bonds
9 issued by the authority shall be construed to be negotiable
10 instruments, although payable solely from a specified source,
11 as provided herein.

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

1 (d) General provisions respecting form, sale, and
2 execution of the bonds. All bonds issued by the authority
3 shall be signed by its president or vice president and
4 attested by its secretary and the seal of the authority shall
5 be affixed thereon. A facsimile of the signature of one or
6 both of the officers may be printed or otherwise reproduced on
7 any such bonds in lieu of being manually subscribed thereon
8 and a facsimile of the seal of the authority may be printed or
9 otherwise reproduced on any of the bonds in lieu of being
10 manually affixed thereto. Any bonds of the authority may be
11 executed and delivered by it at any time and from time to
12 time, and shall be in the form and denominations and of such
13 tenor and maturities, shall bear such rate or rates of
14 interest, shall be payable at such times and evidenced in such
15 manner, may be made subject to redemption at the option of the
16 authority at such times and after such notice and on such
17 conditions and at such redemption price or prices, and may
18 contain such other provisions not inconsistent herewith, all
19 as may be provided by the resolution of the directors of the
20 authority under which the bonds are authorized to be issued.
21 Bonds of the authority may be sold, in the discretion of the
22 authority, either (i) at public sale or sales, based on sealed
23 bids received either electronically or on paper, after
24 advertisement as may be prescribed by the authority, to the
25 bidder whose bid reflects the lowest true interest cost to the
26 authority computed to the respective maturities of the bonds
27 sold; provided, however, that if no bid deemed acceptable by

1 the authority is received, all bids may be rejected and the
2 bonds offered again for public sale in accordance with the
3 terms herein prescribed; or (ii) by negotiated sale. Such
4 bonds may be issued in the form of current interest bonds,
5 capital appreciation bonds or convertible capital appreciation
6 bonds and may be issued as serial bonds or term bonds, all as
7 may be directed by the authority.

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

22 Section 7. Refunding Bonds.

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

26 (1) All or any part of the principal of the bonds to
27 be refunded.

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

5 (3) Any accrued and unpaid interest on the bonds to
6 be refunded.

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

10 (5) The expenses incurred in connection with the
11 refunding.

12 (b) Refunding bonds of the authority may be sold, in
13 the discretion of the authority, either (i) at public sale or
14 sales, based on sealed bids received either electronically or
15 on paper, after advertisement as may be prescribed by the
16 authority, to the bidder whose bid reflects the lowest true
17 interest cost to the authority computed to the respective
18 maturities of the bonds sold; provided, however, that if no
19 bid deemed acceptable by the authority is received, all bids
20 may be rejected and the bonds offered again for public sale in
21 accordance with the terms herein prescribed; or (ii) by
22 negotiated sale, or may be exchanged for the bonds to be
23 refunded. Any such refunding bonds may be executed and
24 delivered by the authority at any time and, from time to time,
25 shall be in such form and denomination or denominations and of
26 such tenor and maturity or maturities, shall contain such
27 provisions not inconsistent with the provisions of this act,

1 and shall bear such rate or rates of interest, payable at such
2 place or places, either within or without the state, and
3 evidenced in such manner, as may be provided by resolution of
4 the authority.

5 Section 8. Disposition of Proceeds of Bonds.

6 (a) The authority is authorized and empowered to
7 apply the proceeds of any bonds and any other funds belonging
8 to the authority for the following purposes in order of
9 priority:

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

12 a. To equally distribute two hundred fifty million
13 dollars (\$250,000,000) among the current Southwest Region,
14 Southeast Region, West Central Region, East Central Region,
15 and North Region of the Alabama Department of Transportation
16 for currently approved projects for the maintenance,
17 improvement, replacement, and construction of roads;

18 b. To equally distribute one hundred million dollars
19 (\$100,000,000) among the sixty-seven counties within the state
20 of Alabama to supplement local federal matching funds for the
21 maintenance, improvement, replacement, and construction of
22 roads;

23 c. To distribute fifty million dollars (\$50,000,000)
24 to the Alabama Medicaid Agency.

25 d. To repay the General Fund Rainy Day for the
26 \$161,565,874 transferred to the State General Fund fiscal year

1 2010 pursuant to 803 of the Constitution of Alabama of 1901;
2 and

3 e. To distribute remaining proceeds for the
4 repayment of the Alabama Trust Fund for amounts transferred to
5 the State General Fund for fiscal years 2013, 2014, and 2015
6 pursuant to Amendment 856 of the Constitution of Alabama of
7 1901.

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

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

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

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

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

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

25 (c) Any and all revenues, receipts, investment
26 earnings, and other funds paid to, or otherwise coming into
27 the possession of the authority shall be held, deposited,

1 administered, invested, and applied as provided in the
2 resolution of the directors authorizing the issuance of the
3 bonds and as provided in any trust indenture or other
4 agreement delivered in connection therewith, or otherwise as
5 the authority may direct, consistent with the resolution,
6 trust indenture, or other agreement and this act.

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

26 Pending the use of revenues in the special fund for
27 the payment of debt service on the bonds, such revenues shall

1 be invested by the State Treasurer in permitted investments
2 until such revenues are needed for such purposes. Earnings on
3 such permitted investments shall remain a part of the special
4 fund.

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

15 Section 11. Notice - Contested Actions.

16 (a) Upon the adoption by the directors of any
17 resolution providing for the issuance of bonds, the authority
18 may cause to be published once a week for two consecutive
19 weeks, in newspapers published or having a general circulation
20 in the Cities of Birmingham, Montgomery, Huntsville, and
21 Mobile, a notice in substantially the following form, at the
22 end of which shall be printed the name and title of either the
23 president or the secretary of the authority:

24 "Alabama Economic Settlement Authority, a public
25 corporation under the laws of the State of Alabama, on the
26 ____ day of _____, authorized the issuance of \$_____
27 principal amount of bonds for purposes authorized in this act.

1 The proceeds from the sale of the bonds are proposed to be
2 used to _____. Any action or proceeding questioning the
3 validity of the bonds, the security thereof, the use of the
4 proceeds thereof, or the proceedings authorizing the bonds,
5 shall be commenced within 30 days after the first publication
6 of this notice.”

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

19 Section 12. Tax Exemption. The income and property
20 of the authority, all bonds of the authority and the interest
21 paid on any such bonds, all conveyances by or to the
22 authority, and all instruments by and to the authority shall
23 be exempt from all taxation in the state. The authority shall
24 also be exempt from all license and excise taxes imposed in
25 respect of the privilege of engaging in any of the activities
26 in which the authority may engage. The authority shall not be
27 obligated to pay or allow any fees, taxes, or costs in the

1 recording of any document to the judge of probate of any
2 county.

3 Section 13. Notice and Hearing Not Required. Except
4 as may be expressly provided in this act, no proceeding,
5 notice, or approval shall be required for the issuance of any
6 bonds by the authority, the execution of any mortgage and deed
7 of trust, trust indenture, or other document, or the exercise
8 of any other of the powers of the authority.

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

14 Section 15. Dissolution. At any time when no bonds
15 of the authority are outstanding, the authority may be
16 dissolved upon the filing with the Secretary of State of an
17 application for dissolution, which shall be subscribed by each
18 of the directors of the authority and sworn to by each
19 director before an officer authorized to take acknowledgments
20 to deeds. Upon the filing of the application for dissolution,
21 the authority shall cease to exist. The Secretary of State
22 shall file and record the application for dissolution in an
23 appropriate book of record in his or her office, and shall
24 make and issue, under the Great Seal of the State, a
25 certificate that the authority is dissolved, and shall record
26 the certificate with the application for dissolution. Title to

1 all property held in the name of the authority shall be vested
2 in the state upon dissolution of the authority.

3 Section 16. Diversity. In connection with the sale
4 of its bonds, the authority shall, to the extent practical,
5 utilize businesses and companies that reflect the racial and
6 ethnic diversity of the state.

7 Section 17. Services Provided by Department of
8 Finance. The authority shall utilize all administrative
9 services which may be provided by the state Department of
10 Finance.

11 Section 18. Bonds are Legal Investments. Bonds
12 issued by the authority are hereby made a legal investment for
13 savings banks and insurance companies organized under the laws
14 of the state and for trustees, executors, administrators,
15 guardians, persons or organizations acting in a fiduciary
16 capacity, unless otherwise directed by a court having
17 jurisdiction or by a document providing fiduciary authority.
18 Any governmental entity or public corporation is authorized,
19 in its discretion, to invest any available funds in the bonds
20 of the authority.

21 Section 19. Liberal Construction. This act shall be
22 liberally construed to effect its purpose.

23 Section 20. Effective Date. This act shall become
24 effective immediately after its passage and approval by the
25 Governor, or its otherwise becoming law.