

1 SB36  
2 179007-1  
3 By Senator Reed  
4 RFD: Tourism and Marketing  
5 First Read: 16-AUG-16

2  
3  
4  
5  
6  
7  
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 General Fund Rainy  
17 Day Account and to provide additional funding to  
18 the Medicaid Agency and to allow the Legislature to  
19 appropriate any remaining proceeds. This bill would  
20 also create a special fund entitled the "BP  
21 Settlement Fund" into which revenues from the  
22 settlement of economic damages claims against BP  
23 Petroleum and Exploration, Inc. would be deposited,  
24 and would pledge and appropriate such revenues for  
25 the payment of the authority's bonds.

26  
27 A BILL

1 TO BE ENTITLED

2 AN ACT

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

1 Finance and dissolution of the authority when no bonds remain  
2 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 the purpose of making transfers  
16 to and deposits in the General Fund Rainy Day Account of the  
17 Alabama Trust Fund and to provide additional funding to the  
18 Medicaid Agency and to allow the Legislature to appropriate  
19 any remaining proceeds and to appropriate and pledge a portion  
20 of the revenues to be received by the State from the  
21 settlement of certain claims against BP Exploration and  
22 Production, Inc. (and its corporate affiliates) as the source  
23 of payment of the bonds.

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

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

4           b. Authorize the incorporation of the Alabama  
5 Economic Settlement Authority, with the power to issue bonds  
6 as provided in this act for the purpose of providing funds to  
7 be transferred to and deposited in the General Fund Rainy Day  
8 Account of the Alabama Trust Fund and to provide additional  
9 funding to the Medicaid Agency and to allow the Legislature to  
10 appropriate any remaining proceeds, which bonds shall be  
11 payable out of the monies held in the BP Settlement Fund and  
12 any other monies and property available to the authority.

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

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

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

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

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

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

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

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

22 (7) PERMITTED INVESTMENTS. (i) Government  
23 Securities; (ii) bonds, debentures, notes, or other evidences  
24 of indebtedness issued by any of the following agencies: Bank  
25 for Cooperatives; federal intermediate credit banks; Federal  
26 Financing Bank; federal home loan banks; Federal Farm Credit  
27 Bank; Export-Import Bank of the United States; federal land

1 banks; or Farmers Home Administration or any other agency or  
2 corporation which has been or may hereafter be created by or  
3 pursuant to an act of the Congress of the United States as an  
4 agency or instrumentality thereof; (iii) bonds, notes, pass  
5 through securities or other evidences of indebtedness of the  
6 Government National Mortgage Association and participation  
7 certificates of the Federal Home Loan Mortgage Corporation;  
8 (iv) full faith and credit obligations of any state, provided  
9 that at the time of purchase such obligations are rated at  
10 least "AA" by Standard & Poor's Ratings Group and at least  
11 "Aa" by Moody's Investors Service; (v) public housing bonds  
12 issued by public agencies or municipalities and fully secured  
13 as to the payment of both principal and interest by contracts  
14 with the United States of America, or temporary notes,  
15 preliminary notes, or project notes issued by public agencies  
16 or municipalities, in each case fully secured as to the  
17 payment of both principal and interest by contracts with the  
18 United States of America, or temporary notes, preliminary  
19 notes or project notes issued by public agencies or  
20 municipalities, in each case fully secured as to the payment  
21 of both principal and interest by a requisition or payment  
22 agreement with the United States of America; (vi) time  
23 deposits evidenced by certificates of deposit issued by banks  
24 or savings and loan associations which are members of the  
25 Federal Deposit Insurance Corporation, provided that, to the  
26 extent such time deposits are not covered by federal deposit  
27 insurance, such time deposits (including interest thereon) are

1 fully secured by a pledge of obligations described in items  
2 (i), (ii), (iii), and (v) above, which at all times have a  
3 market value not less than the amount of such bank time  
4 deposits required to be so secured and which meet the greater  
5 of 100 percent collateralization or the "AA" collateral levels  
6 established by Standard & Poor's Ratings Group for structured  
7 financings; (vii) repurchase agreements for obligations of the  
8 type specified in items (i), (ii), (iii), and (v) above,  
9 provided such repurchase agreements are fully collateralized  
10 and secured by such obligations which have a market value at  
11 least equal to the purchase price of such repurchase  
12 agreements which are held by a depository satisfactory to the  
13 State Treasurer in such manner as may be required to provide a  
14 perfected security interest in such obligations, and which  
15 meet the greater of 100 percent collateralization or the "AA"  
16 collateral levels established by Standard & Poor's Ratings  
17 Group for structured financings; and (viii) uncollateralized  
18 investment agreements with, or certificates of deposit issued  
19 by, banks or bank holding companies, the senior long-term  
20 securities of which are rated at least "AA" by Standard &  
21 Poor's Ratings Group and at least "Aa" by Moody's Investors  
22 Service.

23 (8) RAINY DAY ACCOUNT. The General Fund Rainy Day  
24 Account of the Alabama Trust Fund created by Amendment 803 to  
25 the Constitution of Alabama 1901, as amended, and appearing as  
26 §260.02 of the Official Recompilation of the Constitution of  
27 Alabama 1901, as amended.



1 (9) REFUNDING BONDS. Those refunding bonds issued  
2 pursuant to this act.

3 (10) SPECIAL FUND. The BP Settlement Fund  
4 established pursuant to Section 9.

5 (11) STATE. The State of Alabama.

6 Section 3. Incorporation of Authority Authorized;  
7 Application; Filing.

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

15 (1) The name, official designation, and official  
16 residence of each of the applicants, together with a certified  
17 copy of the commission evidencing each applicant's right to  
18 office.

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

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

23 (4) The location of the principal office of the  
24 proposed corporation, which shall be in the City of  
25 Montgomery.

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

4           (b) The application shall be subscribed and sworn to  
5 by each of the applicants before an officer authorized by the  
6 laws of the state to take acknowledgments to deeds. The  
7 Secretary of State shall examine the application and, if he or  
8 she finds that it substantially complies with the requirements  
9 of this section, it shall be filed and recorded in an  
10 appropriate book of records in the office of the Secretary of  
11 State.

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

21           Section 4. Members, Officers and Directors. The  
22 applicants named in the application and their respective  
23 successors in office shall constitute the members of the  
24 authority. The president, vice president, and secretary of the  
25 authority shall be elected by the members and shall serve for  
26 the terms and conditions as the members may establish. The  
27 State Treasurer shall act as custodian of the authority's

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

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

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

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

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

18           (4) To establish a fiscal year.

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

23           (6) To sell and issue bonds as provided in this act  
24 for the purpose of providing funds to be transferred to and  
25 deposited in the Rainy Day Account or to the credit of the  
26 Medicaid Agency or to the General Fund to be appropriated by  
27 the Legislature.

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

3           (8) To receive and deposit the BP settlement  
4 revenues into the special fund, to invest such BP settlement  
5 revenues in the manner provided in this act, to apply such  
6 revenues to payment of bonds issued by the authority in the  
7 manner provided in this act, and to other authorized uses, and  
8 to cause the net proceeds from the sale of the bonds of the  
9 authority to be transferred to and deposited in the Rainy Day  
10 Account and to the credit of the Medicaid Agency and to the  
11 General Fund for appropriation by the Legislature.

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

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

21           (11) To arrange for various forms of security or  
22 credit enhancement for the authority's bonds, including  
23 letters of credit, guaranties, policies of insurance, surety  
24 bonds, and similar instruments.

25           (12) To accept gifts, grants, loans, appropriations,  
26 and other forms of aid from the federal government, the state  
27 or any state agency, or any political subdivision of the

1 state, or any person, corporation, foundation, or legal  
2 entity, and to agree to and comply with any conditions  
3 attached to federal and state financial assistance not  
4 inconsistent with this act.

5 (13) To establish accounts in one or more  
6 depositories.

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

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

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

22 (17) To acquire, hold, and dispose of real and  
23 personal property.

24 (18) To sell, assign or otherwise convey to another  
25 person or entity, for such consideration as the directors of  
26 the authority shall determine, the authority's right to  
27 receive and collect the appropriated revenues or any portion

1       thereof that have not been previously pledged as security for  
2       the bonds, and to use the proceeds from such sale, assignment  
3       or other conveyance for deposits into the Rainy Day Account or  
4       to the credit of the Medicaid Agency or to the General Fund  
5       for appropriation by the Legislature.

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

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

12               Section 6. Bonds of the Authority.

13               (a) General. The authority is authorized from time  
14       to time to sell and issue its bonds for the purpose of  
15       providing funds to be transferred to and deposited in the  
16       Rainy Day Account, for additional funding to the Medicaid  
17       Agency, for additional funds to the General Fund for  
18       appropriation by the Legislature and for the purpose of  
19       refunding any or all of the authority's outstanding bonds.

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

26               (1) Appropriated funds.

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

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

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

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

10          (6) Any other revenues that may hereafter be  
11 available to the authority.

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

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



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

9 (d) General provisions respecting form, sale, and  
10 execution of the bonds. All bonds issued by the authority  
11 shall be signed by its president or vice president and  
12 attested by its secretary and the seal of the authority shall  
13 be affixed thereon. A facsimile of the signature of one or  
14 both of the officers may be printed or otherwise reproduced on  
15 any such bonds in lieu of being manually subscribed thereon  
16 and a facsimile of the seal of the authority may be printed or  
17 otherwise reproduced on any of the bonds in lieu of being  
18 manually affixed thereto. Any bonds of the authority may be  
19 executed and delivered by it at any time and from time to  
20 time, and shall be in the form and denominations and of such  
21 tenor and maturities, shall bear such rate or rates of  
22 interest, shall be payable at such times and evidenced in such  
23 manner, may be made subject to redemption at the option of the  
24 authority at such times and after such notice and on such  
25 conditions and at such redemption price or prices, and may  
26 contain such other provisions not inconsistent herewith, all  
27 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  
27 shall be legal investments for funds of the Teachers'

1 Retirement System of Alabama, the Employees' Retirement System  
2 of Alabama, and the State Insurance Fund.

3 Section 7. Refunding Bonds.

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

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

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

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

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

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

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

1 may be rejected and the bonds offered again for public sale in  
2 accordance with the terms herein prescribed; or (ii) by  
3 negotiated sale, or may be exchanged for the bonds to be  
4 refunded. Any such refunding bonds may be executed and  
5 delivered by the authority at any time and, from time to time,  
6 shall be in such form and denomination or denominations and of  
7 such tenor and maturity or maturities, shall contain such  
8 provisions not inconsistent with the provisions of this act,  
9 and shall bear such rate or rates of interest, payable at such  
10 place or places, either within or without the state, and  
11 evidenced in such manner, as may be provided by resolution of  
12 the authority.

13 Section 8. Disposition of Proceeds of Bonds.

14 (a) The authority is authorized and empowered to  
15 apply the proceeds of any bonds and any other funds belonging  
16 to the authority for the following purposes in order of  
17 priority:

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

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

24 b. To credit a total of seventy million dollars  
25 (\$70,000,000) to the Medicaid Agency; and

26 c. Any remaining proceeds to the General Fund to be  
27 appropriated by the Legislature.

1                   (2) To fund any reserve fund established in  
2 connection with an authorized issue if the authority deems the  
3 establishment of such reserve fund to be necessary and  
4 desirable.

5                   (3) To pay for the cost of obtaining credit  
6 enhancement for the bonds.

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

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

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

12                   (b) Pending the application of the proceeds of bonds  
13 of the authority to the purpose or purposes for which the  
14 bonds were issued, the proceeds and any monies held in funds  
15 created as security for the bonds may be invested by the  
16 authority in permitted investments, as the authority shall  
17 deem advisable.

18                   (c) Any and all revenues, receipts, investment  
19 earnings, and other funds paid to, or otherwise coming into  
20 the possession of the authority shall be held, deposited,  
21 administered, invested, and applied as provided in the  
22 resolution of the directors authorizing the issuance of the  
23 bonds and as provided in any trust indenture or other  
24 agreement delivered in connection therewith, or otherwise as  
25 the authority may direct, consistent with the resolution,  
26 trust indenture, or other agreement and this act.

1           Section 9. Creation of Special Fund. For the benefit  
2 of the State of Alabama and the citizens thereof, there is  
3 hereby created a special fund named the "BP Settlement Fund"  
4 which shall be funded with BP settlement revenues and  
5 administered in accordance with this act. All BP settlement  
6 revenues shall be deposited in the special fund upon receipt  
7 and shall be used first to pay principal, interest, and  
8 premium, if any, and any other amounts due on or with respect  
9 to the bonds of the authority. Any BP settlement revenues  
10 determined by the directors of the authority to be in excess  
11 of the amounts needed for the payment of all amounts due with  
12 respect to the bonds, may be withdrawn from the special fund  
13 and used to pay costs and expenses incident to the issuance of  
14 the bonds, including costs and expenses incurred by the  
15 Department of Finance in the administration of the bonds, may  
16 be transferred to and deposited in the General Fund Rainy Day  
17 Account, to the credit of the Medicaid Agency or to the  
18 General Fund to be further appropriated by the Legislature.

19           Pending the use of revenues in the special fund for  
20 the payment of debt service on the bonds, such revenues shall  
21 be invested by the State Treasurer in permitted investments  
22 until such revenues are needed for such purposes. Earnings on  
23 such permitted investments shall remain a part of the special  
24 fund.

25           Section 10. Pledge and Appropriation of BP  
26 Settlement Revenue to Pay Bonds. There is hereby irrevocably  
27 pledged and appropriated such amounts of the BP settlement

1 revenues retained in the special fund, and earnings thereon,  
2 as shall be necessary to pay the principal, interest, and  
3 premium (if any) on the authority's bonds, to redeem such  
4 bonds prior to maturity if called for redemption by the  
5 authority, and to pay the principal of, the interest, and  
6 premium (if any) on any refunding bonds issued to refund such  
7 bonds.

8 Section 11. Notice - Contested Actions.

9 (a) Upon the adoption by the directors of any  
10 resolution providing for the issuance of bonds, the authority  
11 may cause to be published once a week for two consecutive  
12 weeks, in newspapers published or having a general circulation  
13 in the Cities of Birmingham, Montgomery, Huntsville, and  
14 Mobile, a notice in substantially the following form, at the  
15 end of which shall be printed the name and title of either the  
16 president or the secretary of the authority:

17 "Alabama Economic Settlement Authority, a public  
18 corporation under the laws of the State of Alabama, on the  
19 \_\_\_\_ day of \_\_\_\_\_, authorized the issuance of \$\_\_\_\_\_  
20 principal amount of bonds for purposes authorized in this act.  
21 The proceeds from the sale of the bonds are proposed to be  
22 used to \_\_\_\_\_. Any action or proceeding questioning the  
23 validity of the bonds, the security thereof, the use of the  
24 proceeds thereof, or the proceedings authorizing the bonds,  
25 shall be commenced within 30 days after the first publication  
26 of this notice."

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

13 Section 12. Tax Exemption. The income and property  
14 of the authority, all bonds of the authority and the interest  
15 paid on any such bonds, all conveyances by or to the  
16 authority, and all instruments by and to the authority shall  
17 be exempt from all taxation in the state. The authority shall  
18 also be exempt from all license and excise taxes imposed in  
19 respect of the privilege of engaging in any of the activities  
20 in which the authority may engage. The authority shall not be  
21 obligated to pay or allow any fees, taxes, or costs in the  
22 recording of any document to the judge of probate of any  
23 county.

24 Section 13. Notice and Hearing Not Required. Except  
25 as may be expressly provided in this act, no proceeding,  
26 notice, or approval shall be required for the issuance of any  
27 bonds by the authority, the execution of any mortgage and deed



1 of trust, trust indenture, or other document, or the exercise  
2 of any other of the powers of the authority.

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

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

23 Section 16. Diversity. In connection with the sale  
24 of its bonds, the authority shall, to the extent practical,  
25 utilize businesses and companies that reflect the racial and  
26 ethnic diversity of the state.

1                   Section 17. Services Provided by Department of  
2 Finance. The authority shall utilize all administrative  
3 services which may be provided by the state Department of  
4 Finance.

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

15                   Section 19. Liberal Construction. This act shall be  
16 liberally construed to effect its purpose.

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