

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.

26 This bill would also provide further for and
27 express legislative intent regarding previously

1 enacted appropriations for debt payments and would
2 modify the repayment schedule for remaining amounts
3 owed to the Alabama Trust Fund pursuant to the
4 People's Trust Act.

5
6 A BILL
7 TO BE ENTITLED
8 AN ACT

9
10 To authorize the creation of a new public
11 corporation of the State of Alabama to be known as the
12 "Alabama Economic Settlement Authority"; to make Legislative
13 findings; to provide procedures for incorporating the
14 authority; to provide for the members, officers and directors
15 of the authority; to provide for the powers of the authority;
16 to authorize the issuance of bonds by the authority and to
17 provide for the source of payment of, and security for, the
18 bonds; to provide for the form, sale and execution of the
19 bonds; to provide for the disposition of the proceeds of the
20 bonds, including deposits in the Alabama Trust Fund and the
21 General Fund Rainy Day Account of the Alabama Trust Fund and
22 the payment of costs of certain transportation projects; to
23 create a special fund to be known as the "BP Settlement Fund"
24 and to provide for deposits into and withdrawals from the
25 fund; to appropriate and pledge certain revenues to be
26 received by the State from the settlement of claims against BP
27 Petroleum Exploration and Production, Inc. as security for the

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

13 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

14 Section 1. Legislative Findings and Purpose.

15 (a) The Legislature finds and declares the
16 following:

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

23 (2) It is desirable and in the public interest to
24 establish a public corporation of the State of Alabama with
25 the power to issue bonds for the purpose of making transfers
26 to and deposits in the Alabama Trust Fund and the General Fund
27 Rainy Day Account of the Alabama Trust Fund, and for paying

1 the costs of transportation projects, and to appropriate and
2 pledge a portion of the revenues to be received by the State
3 from the settlement of certain claims against BP Exploration
4 and Production, Inc. (and its corporate affiliates) as the
5 source of payment of the bonds.

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

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

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

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

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

25 (1) ALABAMA TRUST FUND. The trust fund of the State
26 created under Amendment 450 to the Constitution of Alabama of

1 1901, as amended, and appearing as §219.02 of the Official
2 Recompilation of the Constitution of Alabama 1901, as amended.

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

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

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

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

18 (6) GOVERNMENT SECURITIES. Any bonds or other
19 obligations, the principal of and interest on which constitute
20 direct obligations of, or are unconditionally guaranteed by,
21 the United States of America, including obligations of any
22 federal agency to the extent such obligations are
23 unconditionally guaranteed by the United States of America and
24 any certificates or any other evidences of an ownership
25 interest in such obligations of, or unconditionally guaranteed
26 by, the United States of America or in specified portions

1 thereof, which may consist of the principal thereof or the
2 interest thereon.

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

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

1 securities of which are rated at least "AA" by Standard &
2 Poor's Ratings Group and at least "Aa" by Moody's Investors
3 Service.

4 (8) RAINY DAY ACCOUNT. The General Fund Rainy Day
5 Account of the Alabama Trust Fund created by Amendment 803 to
6 the Constitution of Alabama 1901, as amended, and appearing as
7 §260.02 of the Official ReCompilation of the Constitution of
8 Alabama 1901, as amended.

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

11 (10) SPECIAL FUND. The BP Settlement Fund
12 established pursuant to Section 9.

13 (11) STATE. The State of Alabama.

14 (12) TRANSPORTATION PROJECTS. Any undertaking to
15 construction a particular portion of a highway located in the
16 Alabama Department of Transportation Districts 91 and 92 of
17 the Southwest Region, including without limitation any bridges
18 necessary for the highway.

19 Section 3. Incorporation of Authority Authorized;
20 Application; Filing.

21 (a) To become a public corporation and
22 instrumentality of the state with the powers herein provided,
23 the Governor, the State Treasurer, the Speaker of the House of
24 Representatives, the President Pro Tempore of the Senate and
25 the Finance Director shall present to the Secretary of State
26 of Alabama an application signed by them which shall set forth
27 all of the following:

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

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

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

9 (4) The location of the principal office of the
10 proposed corporation, which shall be in the City of
11 Montgomery.

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

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

23 (c) When the application has been made, filed, and
24 recorded as provided in subsection (b), the applicants shall
25 constitute a corporation under the name stated in the
26 application, and the Secretary of State shall make and issue
27 to the applicants a certificate of incorporation pursuant to

1 this act, under the Great Seal of the State, and shall record
2 the certificate with the application. There shall be no fees
3 paid to the Secretary of State in connection with the
4 incorporation or dissolution of the authority.

5 Section 4. Members, Officers and Directors. The
6 applicants named in the application and their respective
7 successors in office shall constitute the members of the
8 authority. The president, vice president, and secretary of the
9 authority shall be elected by the members and shall serve for
10 the terms and conditions as the members may establish. The
11 State Treasurer shall act as custodian of the authority's
12 funds, and shall pay, out of appropriated funds and any other
13 monies and property available to the authority, all debt
14 service related to bonds of the authority and any other
15 amounts required by this act to be paid out of the BP
16 Settlement Fund. The members of the authority shall constitute
17 all of the directors of the authority, and any four directors
18 shall constitute a quorum for the transaction of business.
19 Should any person holding any state office named in this
20 section cease to hold the office by reason of death,
21 resignation, expiration of the term of office, or for any
22 other reason, then his or her successor in office shall take
23 the place as an officer and member of the directors of the
24 authority. No officer or director of the authority shall
25 receive any salary in addition to that now authorized by law
26 for any service rendered or for any duty performed in
27 connection with the authority. All proceedings had and done by

1 the directors shall be reduced to writing by the secretary of
2 the authority, shall be signed by the president and vice
3 president and at least one other director present at the
4 proceedings, and shall be recorded in a substantially bound
5 book and filed in the office of the Secretary of State. Copies
6 of the proceedings, when certified by the secretary of the
7 authority, under the seal of the authority, shall be received
8 in all courts as prima facie evidence of the matters and
9 things therein certified.

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

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

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

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

27 (4) To establish a fiscal year.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

21 Section 6. Bonds of the Authority.

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

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

7 (1) Appropriated funds.

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

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

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

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

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

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

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

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

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

23 (e) Other matters. Any bonds of the authority may be
24 used by the holder as security for any funds belonging to the
25 state, or to any political subdivision, instrumentality, or
26 agency of the state, in any instance where security for the
27 deposits may be required by law. Unless otherwise directed by

1 the court having jurisdiction, or the document that is the
2 source of authority, a trustee, executor, administrator,
3 guardian, or one acting in any other fiduciary capacity may,
4 in addition to any other investment powers conferred by law
5 and with the exercise of reasonable business prudence, invest
6 trust funds and bonds of the authority. Bonds of the authority
7 shall be legal investments for funds of the Teachers'
8 Retirement System of Alabama, the Employees' Retirement System
9 of Alabama, and the State Insurance Fund.

10 Section 7. Refunding Bonds.

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

14 (1) All or any part of the principal of the bonds to
15 be refunded.

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

20 (3) Any accrued and unpaid interest on the bonds to
21 be refunded.

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

25 (5) The expenses incurred in connection with the
26 refunding.

1 (b) Refunding bonds of the authority may be sold, in
2 the discretion of the authority, either (i) at public sale or
3 sales, based on sealed bids received either electronically or
4 on paper, after advertisement as may be prescribed by the
5 authority, to the bidder whose bid reflects the lowest true
6 interest cost to the authority computed to the respective
7 maturities of the bonds sold; provided, however, that if no
8 bid deemed acceptable by the authority is received, all bids
9 may be rejected and the bonds offered again for public sale in
10 accordance with the terms herein prescribed; or (ii) by
11 negotiated sale, or may be exchanged for the bonds to be
12 refunded. Any such refunding bonds may be executed and
13 delivered by the authority at any time and, from time to time,
14 shall be in such form and denomination or denominations and of
15 such tenor and maturity or maturities, shall contain such
16 provisions not inconsistent with the provisions of this act,
17 and shall bear such rate or rates of interest, payable at such
18 place or places, either within or without the state, and
19 evidenced in such manner, as may be provided by resolution of
20 the authority.

21 Section 8. Disposition of Proceeds of Bonds.

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

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

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

5 b. To repay a total of two hundred and eighty-seven
6 million dollars (\$287,000,000) to the Alabama Trust Fund for
7 amounts transferred to the State General Fund in fiscal years
8 2013, 2014, and 2015 pursuant to Section 4 of Amendment 856 to
9 the Constitution of Alabama of 1901; and

10 c. Any remaining proceeds to supplement existing
11 allocated revenues or any planned revenues, whether federal,
12 state, or local for transportation projects in the Alabama
13 Department of Transportation Districts 91 and 92 of the
14 Southwest Region.

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

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

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

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

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

26 (b) Pending the application of the proceeds of bonds
27 of the authority to the purpose or purposes for which the

1 bonds were issued, the proceeds and any monies held in funds
2 created as security for the bonds may be invested by the
3 authority in permitted investments, as the authority shall
4 deem advisable.

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

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

1 Department of Finance in the administration of the bonds, may
2 be transferred to and deposited in the Alabama Trust Fund or
3 the General Fund Rainy Day Account, or may be applied to pay
4 the costs of transportation projects.

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

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

21 Section 11. Notice - Contested Actions.

22 (a) Upon the adoption by the directors of any
23 resolution providing for the issuance of bonds, the authority
24 may cause to be published once a week for two consecutive
25 weeks, in newspapers published or having a general circulation
26 in the Cities of Birmingham, Montgomery, Huntsville, and
27 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
27 paid on any such bonds, all conveyances by or to the

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

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

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

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

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

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

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

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

26 Section 19. Legislative Intent. It is the intent of
27 the Legislature that payments allocated in Section 8 to the

1 Alabama Trust Fund for the purpose of repaying amounts
2 transferred to the State General Fund pursuant to Section 4 of
3 Amendment 856 to the Constitution of Alabama of 1901 shall be
4 in lieu of the fiscal year 2017 State General Fund
5 appropriation of \$20,000,000 to the Alabama Trust Fund Board
6 for the same purpose as provided in Act 2016-116 and that such
7 \$20,000,000 be used instead to release a portion of the
8 conditional appropriation to the Medicaid Agency contained in
9 Act 2016-116.

10 Section 20. Section 18 of Act 2015-540, the General
11 Appropriations Act for fiscal year 2016, is hereby amended as
12 follows:

13 "Section 18. In addition to all other
14 appropriations, the first \$70,000,000 in funds received by the
15 state from any negotiated settlements is appropriated for ~~the~~
16 ~~following purposes to be expended in amounts recommended by~~
17 ~~the Director of Finance and approved by the Governor for the~~
18 ~~following: repayment to the General Fund Rainy Day Account~~
19 ~~pursuant to Amendment 803 to the Constitution of 1901;~~
20 ~~repayment to the Alabama Trust Fund of the amount owed~~
21 ~~pursuant to Section 29-10-1, Code of Alabama 1975; repayment~~
22 ~~to the Education Trust Fund Budget Stabilization Fund set~~
23 ~~forth in Section 29-9-4, Code of Alabama 1975; up to~~
24 ~~\$3,000,000 to the District Attorney's Administrative Fund;~~
25 ~~Medicaid Reform; and prison reform and related capital~~
26 ~~outlay."~~

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

3 "§29-10-1.

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

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

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

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

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

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

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

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

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

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

23 "~~h. e.~~ September 30, 2021: ~~\$180,000,000~~ \$10,000,000;

24 "~~i. f.~~ September 30, 2022: ~~\$225,000,000~~ \$10,000,000;

25 "~~j. g.~~ September 30, 2023: ~~\$275,000,000~~ \$10,000,000;

26 "~~k. h.~~ September 30, 2024: ~~\$330,000,000~~ \$10,000,000;

1 "~~h.~~ i. September 30, 2025: ~~\$390,000,000~~ \$10,000,000;

2 and

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

4 \$10,000,000;

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

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

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

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

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

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

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

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

21 "(d) If for any year the Legislature fails to make
22 such appropriations as are necessary to guarantee that the
23 total ~~cumulative~~ annual amount repaid to the Alabama Trust
24 Fund pursuant to this section is equal to or greater than the
25 amount set forth in subdivision (2) of subsection (b) for that
26 year, then there is hereby appropriated from the General Fund
27 such amount as is necessary to make up the difference between

1 the total ~~cumulative~~ annual amount repaid and the amount set
2 forth in subdivision (2) of subsection (b) for that year. In
3 the event that an appropriation is required under this
4 subsection such amount shall be absolute and shall not be
5 reduced pursuant to proration should such be necessary in any
6 of the years referenced in subdivision (2) of subsection (b)."

7 Section 22. Liberal Construction. This act shall be
8 liberally construed to effect its purpose.

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