

1 HB530
2 182263-4
3 By Representative Wilcox
4 RFD: Transportation, Utilities and Infrastructure
5 First Read: 18-APR-17

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8 SYNOPSIS:

9 Under existing law, the Alabama
10 Transportation Infrastructure Bank was established
11 pursuant to Act 2015-50. Various sources of funding
12 were authorized to capitalize the bank including
13 revenue from one cent of the gasoline tax and a
14 portion of the revenue from the license and
15 registration fees on trucks and truck tractors. The
16 bank is authorized to make loans to units of
17 government to construct, operate, or own
18 transportation projects. The bank is authorized to
19 raise funds for qualified projects by the issuance
20 of bonds. At the current time, funding has not been
21 made available to capitalize the bank.

22 This bill would further provide for the
23 Alabama Transportation Infrastructure Bank. The
24 bill authorizes additional tax revenue to be
25 pledged to pay and secure revenue bonds issued by
26 the bank as determined by the Director of
27 Transportation and approved by the Governor,
including certain taxes on motor vehicle licenses

1 and registration, certain taxes on diesel fuel and
2 gasoline, and certain fees on identification
3 markers. These taxes and fees and the prior taxes
4 and fees authorized to capitalize the bank would be
5 irrevocably appropriated to capitalize the bank and
6 pay the debt service on bonds as determined by the
7 director and approved by the Governor. Under
8 certain conditions, pledges of the revenue would be
9 subordinate to the pledges of the revenue by the
10 Alabama Federal Aid Highway Finance Authority and
11 the Alabama Highway Finance Corporation.

12 The bill would otherwise provide for the
13 operation of the bank, including the following: (1)
14 Provide for the definitions of government unit,
15 qualified project, and qualified borrower; (2)
16 Specify that a borrower may pledge any revenue and,
17 if authorized, its full faith and credit for
18 obligations of the bank; (3) Authorize audits by
19 the Department of Examiners of Public Accounts in
20 addition to independent auditors; (4) Authorize
21 bonds of the bank to be secured by other forms of
22 credit instruments; (5) Clarify the bonds would not
23 be a debt of the state; (6) Delete the requirement
24 that bonds be issued by the State Treasurer; (7)
25 Specify that any pledge to secure bonds applies to
26 a pledge to secure other financial assistance.

1 The bill would also add provisions relating
2 to the granting of other financial assistance and
3 the execution of other financial instruments,
4 specify that the bank would be a nonprofit
5 corporation, and provide for the dissolution of the
6 bank.

7
8 A BILL
9 TO BE ENTITLED
10 AN ACT

11
12 Relating to the Alabama Transportation
13 Infrastructure Bank; to amend Sections 23-7-2, 23-7-6, 23-7-7,
14 23-7-9, 23-7-15, 23-7-17, 23-7-18, 23-7-19, 23-7-20, and
15 23-7-21, Code of Alabama 1975, and to add Sections 23-7-29,
16 23-7-30 and 23-7-31 to the Code of Alabama 1975, to further
17 provide for the definitions of government unit, qualified
18 borrower, and qualified project; to provide further for the
19 exercise of the powers of the bank; to provide for the
20 appropriation and pledge of certain gasoline tax revenues,
21 motor vehicle license taxes and registration fees, diesel fuel
22 tax revenues, motor carrier tax revenues, and identification
23 marker fees to capitalize the bank and for the bank to carry
24 out its purposes; to provide for the administration of the
25 bank; to provide that a pledge of the revenues of the bank to
26 secure its bonds or other financial assistance would continue
27 until such obligations have been paid or terminated unless the

1 instrument providing the pledge provides otherwise; to provide
2 that under certain conditions pledges of revenues would be
3 subordinate to the pledges of the revenues by the Alabama
4 Federal Aid Highway Finance Authority and the Alabama Highway
5 Finance Corporation; to provide for the priority of pledges by
6 the bank; to provide for the irrevocable appropriation to the
7 bank the taxes and fees as recommended by the Director of the
8 Department of Transportation and approved by the Governor for
9 the purpose of providing funds to capitalize the bank and for
10 the bank to carry out its purposes including the pledging for
11 the payment of debt service on bonds; to provide further that
12 a government unit may pledge additional types of tax revenues
13 and, if authorized, its full faith and credit to secure its
14 obligations to the bank; to provide further that an audit of
15 the books of the bank may be performed by the Department of
16 Examiners of Public Accounts; to provide further that bonds
17 issued by the bank may be secured by other financial
18 assistance provided by the bank as well as by bond insurance,
19 guarantees, letters of credit or other forms of credit
20 enhancement purchased or otherwise obtained by the bank from
21 any public or private entity; to provide further that bonds
22 and other financial assistance issued by the bank shall not
23 constitute an obligation or debt of the state or any of its
24 political subdivisions, but shall be limited obligations of
25 the bank payable solely from the revenue, money, or property
26 of the bank pledged for the purpose of the instruments; to
27 provide further that neither the full faith and credit nor the

1 taxing power of the state, or any of its political
2 subdivisions is pledged for payment of bonds or other
3 financial assistance of the bank; to remove the requirement
4 that the bank's bonds be issued by the State Treasurer and
5 that a trustee for the bank's bonds would be designated by the
6 State Treasurer; to provide that bonds of the bank may be
7 secured by a pledge of specific revenues and assets; to
8 provide further that any pledge to secure the bank's bonds or
9 other financial assistance is valid and binding from the time
10 it is made and that no recording or filing is necessary to
11 create or perfect any such pledge or security interest; to
12 provide further for the provision of other financial
13 assistance; to provide that the net earnings of the bank shall
14 not inure to the benefit of any individual, firm, or
15 corporation; and to provide for the dissolution of the bank.

16 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

17 Section 1. Sections 23-7-2, 23-7-6, 23-7-7, 23-7-9,
18 23-7-15, 23-7-17, 23-7-18, 23-7-19, 23-7-20, and 23-7-21, Code
19 of Alabama 1975, are amended to read as follows:

20 "§23-7-2.

21 "For the purposes of this chapter, the following
22 words shall have the following meanings:

23 "(1) BANK. The Alabama Transportation Infrastructure
24 Bank.

25 "(2) BOARD. The board of directors of the bank.

26 "(3) BONDS. Includes bonds, notes, or other evidence
27 of indebtedness except as otherwise provided in this chapter.

1 "(4) DEPARTMENT or DEPARTMENT OF TRANSPORTATION. The
2 Alabama Department of Transportation.

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

16 "(6) ELIGIBLE PROJECT. Highways, roads, bridges, and
17 mass transit capital projects which provide public benefits by
18 either enhancing mobility and safety, promoting economic
19 development, or increasing the quality of life and general
20 welfare of the public.

21 "(7) FINANCING AGREEMENT. Any agreement entered into
22 between the bank and a qualified borrower pertaining to a loan
23 or other financial assistance. This agreement may contain, in
24 addition to financial terms, provisions relating to the
25 regulation and supervision of a qualified project, or other
26 provisions as the board may determine. The term includes,
27 without limitation, a loan agreement, trust indenture,

1 security agreement, reimbursement agreement, guarantee
2 agreement, bond or note, ordinance or resolution, or similar
3 instrument.

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

14 "(9) LOAN. An obligation subject to repayment which
15 is provided by the bank to a qualified borrower for all or a
16 part of the eligible cost of a qualified project. A loan may
17 be disbursed in anticipation of reimbursement for or direct
18 payment of eligible costs of a qualified project.

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

21 "(11) OTHER FINANCIAL ASSISTANCE. Includes, but is
22 not limited to, grants, contributions, credit enhancement,
23 capital or debt reserves for bonds or debt instrument
24 financing, interest rate subsidies, provision of letters of
25 credit and credit instruments, provision of bond or other debt
26 financing instrument security, and other lawful forms of
27 financing and methods of leveraging funds that are approved by

1 the board, and in the case of federal funds, as allowed by
2 federal law.

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

17 "(13) QUALIFIED BORROWER. Any government unit which
18 is authorized to finance, construct, operate, or own a
19 qualified project or the applicable portion thereof in the
20 case of a qualified project consisting of a pool of eligible
21 projects for more than one government unit.

22 "(14) QUALIFIED PROJECT. ~~An~~ Includes: a. An eligible
23 project or combination of eligible projects of a government
24 unit the aggregate total cost of which exceeds five million
25 dollars (\$5,000,000) which has been selected by the bank to
26 receive a loan or other financial assistance from the bank to
27 defray an eligible cost; or b. a pool of eligible projects of

1 government units the aggregate total cost of which exceeds
2 five million dollars (\$5,000,000) which government units have
3 been selected by the bank to receive a loan funded from the
4 proceeds of bonds issued by the bank for the pool of eligible
5 projects to defray an eligible cost.

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

11 "§23-7-6.

12 "(a) The following sources may be used to capitalize
13 the bank and for the bank to carry out its purposes:

14 "(1) An annual contribution, as determined by the
15 Director of the Department of Transportation and approved by
16 the Governor, of an amount not to exceed revenues produced by
17 one cent (\$.01) a gallon of the tax on gasoline imposed
18 pursuant to subdivision (1) of subsection (a) of Section
19 40-17-325 Act 2011-565, 2011 Regular Session. Any funds
20 contributed pursuant to this subdivision shall be derived from
21 the gasoline tax proceeds collected during the fiscal year
22 remaining in the Public Road and Bridge Fund after
23 distributions of the tax to the cities and counties. ~~Any~~
24 ~~contributions which are to provide funds for debt service on~~
25 ~~bonds issued by the bank shall continue until the bonds have~~
26 ~~been fully repaid.~~

1 "(2) An annual contribution, as determined by the
2 Director of the Department of Transportation and approved by
3 the Governor, of an amount of the revenues collected during
4 the fiscal year pursuant to Section 40-12-248, not to exceed
5 the balance remaining in the Public Road and Bridge Fund
6 pursuant to Section 40-12-270(d)(3), after the distributions
7 required pursuant to Sections 40-12-270(d)(1) and
8 40-12-270(d)(2). The limitation in this subdivision on the
9 amount of any cash contributions to the bank out of the
10 revenues from the truck and truck tractor license tax and
11 registration fees levied pursuant to Section 40-12-248 is not
12 intended to limit the bank's authority to pay bonds and other
13 financial assistance from the motor vehicle license tax and
14 registration fee revenues authorized to be used for such
15 purpose in subdivision (1) of subsection (b) or to limit the
16 bank's ability to pledge the motor vehicle license tax and
17 registration fee revenue for that purpose. ~~Any contributions~~
18 ~~which are to provide funds for debt service on bonds issued by~~
19 ~~the bank shall continue until the bonds have been fully~~
20 ~~repaid.~~

21 "(3) Federal funds made available to the state.

22 "(4) Federal funds made available to the state for
23 the bank.

24 "(5) Contributions and donations from government
25 units, and any other source as may become available to the
26 bank including, but not limited to, appropriations from the
27 Legislature.

1 "(6) All monies paid or credited to the bank, by
2 contract or otherwise, payments of principal and interest on
3 loans or other financial assistance made from the bank, and
4 interest earnings which may accrue from the investment or
5 reinvestment of the bank's monies.

6 "(7) Proceeds from the issuance of bonds as provided
7 in this chapter.

8 "(8) Other lawful sources as determined appropriate
9 by the board.

10 "(9) Loans from the department to the bank to be
11 repaid from revenues committed to the bank for the following
12 year.

13 "(b) With the recommendation of the Director of the
14 Department of Transportation and approval by the Governor, the
15 following revenue sources may be used to pay and secure bonds
16 and other financial assistance issued by the bank:

17 "(1) The motor vehicle license taxes and
18 registration fees that are provided to be distributed to the
19 state pursuant to the provisions of Division 1 of Article 5 of
20 Chapter 12 of Title 40, remaining after the costs of
21 collection thereof.

22 "(2) The excise taxes levied by subdivision (2) of
23 subsection (a) of Section 40-17-325 on distributors and
24 storers of diesel fuel, except for the portion required to be
25 distributed to municipalities and counties pursuant to
26 subsection (b) of Section 40-17-361, remaining after payment
27 of the costs of collection thereof. The term "costs of

1 collection," as used in this subdivision, shall mean that
2 portion of the excise taxes referred to in this subdivision
3 that may be appropriated by the Legislature to the Department
4 of Revenue for its operating expenses.

5 "(3) The excise tax levied by Article 3 of Chapter
6 17 of Title 40, remaining after payment of the costs of
7 collection thereof, exclusive of that portion of the tax in
8 respect of gasoline. The term "costs of collection," as used
9 in this subdivision, shall mean that portion of the excise tax
10 referred to in this subdivision that may be appropriated by
11 the Legislature to the Department of Revenue for its operating
12 expenses.

13 "(4) The receipts from the fee in respect of
14 identification markers on motor vehicles that is provided for
15 in Section 40-17-150.

16 "(c) Any pledge of the revenues and amounts
17 described in subsection (a) or (b) to provide funds for
18 payment of debt service on bonds issued by the bank or to pay
19 obligations of the bank with respect to other financial
20 assistance shall continue until the bonds have been fully
21 repaid or the bank's obligations with respect to the other
22 financial assistance has terminated, unless the trust
23 indenture, financing agreement, or other related instrument
24 providing for the pledge expressly provides that the pledge
25 may be terminated earlier or otherwise limited by the bank.

26 "(d) Any pledge by the bank of revenues described in
27 subdivision (1) of subsection (a) shall be subordinate to the

1 pledges thereof for the benefit of bonds of Alabama Federal
2 Aid Highway Finance Authority and Alabama Highway Finance
3 Corporation. Any pledge by the bank of revenues described in
4 subdivision (2) of subsection (a) and subsection (b) shall be
5 subordinate to the pledges thereof for the benefit of bonds of
6 the Alabama Highway Finance Corporation. Pledges by the bank
7 of the revenue sources described in subsections (a) and (b)
8 for its bonds or other financial assistance shall take
9 precedence among themselves in the order of the instruments
10 making the pledges, except as otherwise provided in the
11 instruments.

12 "(e) There is hereby irrevocably appropriated to the
13 bank so much of the taxes and fees described in subdivisions
14 (1) and (2) of subsection (a) and subsection (b) as the
15 Director of the Department of Transportation shall from time
16 to time determine and the Governor shall approve for the
17 purpose of providing funds to capitalize the bank and for the
18 bank to carry out its purposes, including, without limitation,
19 amounts pledged for payment of debt service on the bonds of
20 the bank or pledged to pay amounts owed by it under any other
21 financial assistance.

22 "§23-7-7.

23 "(a) Earnings on balances in the federal highway
24 account, as created by this chapter, must be credited and
25 invested according to federal law. The bank may establish
26 accounts and subaccounts within the state highway account and
27 the federal highway account as considered desirable to

1 effectuate the purposes of this chapter, or to meet the
2 requirements of any state or federal programs. All accounts
3 shall be held in trust by the State Treasurer.

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

10 "(c) The bank shall comply with all applicable
11 federal laws and regulations prohibiting the commingling of
12 certain federal funds deposited in the bank.

13 "(d) The operations of the bank shall be
14 administered by the department, as agent for the bank, and the
15 department may establish procedures and adopt rules necessary
16 to administer the operations of the bank in accordance with
17 applicable law and to enter into contracts and other
18 agreements in connection with the operation of the bank
19 including, but not limited to, contracts and agreements with
20 federal agencies, public bodies, the bank, and other parties
21 to the extent necessary or convenient for administration of
22 the bank's operations. Except as provided in this chapter,
23 acting as agent for the bank, the department shall maintain
24 full authority for the administration of the bank's operations
25 in accordance with applicable federal and state law.

26 "§23-7-9.

1 "(a) Qualified borrowers may obtain loans or other
2 financial assistance from the bank through financing
3 agreements. Qualified borrowers entering into financing
4 agreements and issuing loan obligations to the bank may
5 perform any acts, take any action, adopt any proceedings, and
6 make and carry out any contracts or agreements with the bank
7 as may be agreed to by the bank and any qualified borrower for
8 carrying out the purposes of this chapter.

9 "(b) In addition to the authorizations contained in
10 this chapter, all other statutes or provisions permitting
11 government units to borrow money and issue obligations may be
12 utilized by any government unit in obtaining a loan or other
13 financial assistance from the bank to the extent determined
14 necessary or useful by the government unit in connection with
15 any financing agreement and the issuance, securing, or sale of
16 loan obligations to the bank.

17 "(c) A qualified borrower may receive, apply,
18 pledge, assign, and grant a security interest in project
19 revenues, and, in the case of a government unit, its project
20 revenues, revenues derived from a special source, ~~or~~ ad
21 valorem or other taxes, or, if the government unit is
22 authorized, its full faith and credit, to secure its
23 obligations as provided in this chapter, and may fix, revise,
24 charge, and collect fees, rates, rents, assessments, and other
25 charges of general or special application for the operation or
26 services of a qualified project, the system of which it is a
27 part, and any other revenue producing facilities from which

1 the qualified borrower derives project revenues, to meet its
2 obligations under a financing agreement or to provide for the
3 construction and improving of a qualified project.

4 "§23-7-15.

5 "Following the close of each state fiscal year, the
6 bank shall submit an annual report of its activities for the
7 preceding year to the Governor and to the Legislature. The
8 bank also shall submit an annual report to the appropriate
9 federal agency in accordance with requirements of any federal
10 program. An independent certified public accountant or the
11 Department of Examiners of Public Accounts shall perform an
12 audit of the books and accounts of the bank at least once in
13 each state fiscal year.

14 "§23-7-17.

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

19 "(b) The bank may pledge any of its revenue or funds
20 to the payment of its bonds, subject ~~only~~ to any prior
21 ~~agreements with the holders of particular bonds which may have~~
22 ~~pledged specific money or revenue~~ pledges for other
23 outstanding bonds or other financial assistance of the bank
24 and, in the case of those revenues described in subdivisions
25 (1) and (2) of subsection (a) and subsection (b) of Section
26 23-7-6, pledges by Alabama Federal Aid Highway Finance
27 Authority and Alabama Highway Finance Corporation of the

1 revenues for bonds issued by those entities. Bonds may be
2 secured by a pledge of any loan obligation owned by the bank,
3 any grant, contribution, or guaranty from the United States,
4 the state, or any corporation, association, institution, or
5 person, any other financial assistance provided by the bank,
6 any bond insurance, guarantees, letters of credit or other
7 forms of credit enhancement purchased or otherwise obtained by
8 the bank from any public or private entity, any other property
9 or assets of the bank, or a pledge of any money, income, or
10 revenue of the bank from any source.

11 "§23-7-18.

12 "Bonds, other financial assistance, and other
13 obligations issued by the bank shall not constitute ~~a~~ an
14 obligation or debt or a pledge of the full faith and credit of
15 this state, or any of its political subdivisions ~~other than~~
16 ~~the bank,~~ but ~~are~~ shall be limited obligations of the bank
17 payable solely from the revenue, money, or property of the
18 bank pledged for such purpose as provided in this chapter. ~~The~~
19 Any bonds, other financial assistance, or other obligations of
20 the bank issued do not constitute an indebtedness of the state
21 or any of its political subdivisions within the meaning of any
22 constitutional or statutory limitation, and neither the full
23 faith and credit nor the taxing power of the state, or any of
24 its political subdivisions, is pledged to the payment thereof.
25 No member of the bank or any person executing bonds, other
26 financial assistance, or other obligations of the bank is
27 liable personally thereon ~~on the bonds~~ by reason of their

1 issuance or execution. Each bond, other financial assistance,
2 and other obligation issued under this chapter shall contain
3 on its face a statement to the effect of the following:

4 "(1) ~~Neither the state, any of its political~~
5 ~~subdivisions, nor the bank is obligated to pay the principal~~
6 ~~of or interest on the bond or other costs incident to the bond~~
7 ~~except~~ The instrument is not a general obligation of the bank,
8 but is a limited obligation of the bank payable solely from
9 the revenue, money, or property of the bank pledged.

10 "(2) The instrument is not an obligation or debt of
11 the state, or any of its subdivisions, and neither ~~Neither the~~
12 full faith and credit nor the taxing power of the state, or
13 any of its political subdivisions, is pledged to the payment
14 of the instrument ~~principal of or interest on the bond.~~

15 "(3) The bank does not have taxing power.

16 "§23-7-19.

17 "(a) The bonds of the bank must be authorized by a
18 resolution of the bank.

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

22 "(c) The bonds may be in the denominations, be
23 executed in the manner, be payable in the medium of payment,
24 be payable at the place and at the time, and be subject to
25 redemption or repurchase and contain other provisions
26 determined by the bank prior to their issuance.

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

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

7 "~~(f) The State Treasurer shall issue the bonds of~~
8 ~~the bank not later than 60 days upon the resolution of the~~
9 ~~bank authorizing the issuance of the bonds.~~

10 "§23-7-20.

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

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

5 "(1) Pledging ~~all or any part of the revenue~~
6 specific revenues of the bank to secure the payment of the
7 bonds.

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

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

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

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

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

24 "(7) The procedure, if any, by which the terms of
25 any contract with bondholders may be amended or abrogated, the
26 amount of bonds, if any, the holders of which must consent to,
27 and the manner in which any consent may be given.

1 "(8) Limitations on the amount of money to be
2 expended by the bank for its operating expenses.

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

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

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

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

22 "§23-7-21.

23 "(a) Any pledge made by the bank to secure its
24 obligations with respect to bonds or other financial
25 assistance is valid and binding from the time the pledge is
26 made. The revenue, money, or property pledged and received by
27 the bank is immediately subject to the lien of the pledge

1 without any physical delivery or further act. The lien of any
2 pledge is valid and binding as against all parties having
3 claims of any kind in tort, contract, or otherwise against the
4 bank, irrespective of whether the parties have notice of the
5 pledge.

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

14 Section 2. Sections 23-7-29, 23-7-30, and 23-7-31
15 are added to the Code of Alabama 1975, to read as follows:

16 §23-7-29.

17 (a) The granting of other financial assistance by
18 the bank shall be authorized by a resolution of the bank.

19 (b) The bank may execute instruments and enter into
20 financing agreements, including, without limitation, a trust
21 indenture between the bank and a corporate trustee, which may
22 be the State Treasurer or any bank having trust powers or any
23 trust company doing business in this state, containing the
24 terms and conditions as the bank shall determine in connection
25 with the provision of other financial assistance and the
26 securing its obligations with respect to other financial
27 assistance.

1 (c) The bank may pledge any of its revenues or funds
2 to the payment of other financial assistance provided by the
3 bank, subject to any prior pledges for outstanding bonds or
4 other financial assistance of the bank and, in the case of
5 those revenues described in subdivisions (1) and (2) of
6 subsection (a) and subsection (b) of Section 23-7-6, the
7 pledges by Alabama Federal Aid Highway Finance Authority and
8 Alabama Highway Finance Corporation of the revenues for bonds
9 issued by the entities. Other financial assistance may be
10 secured by a pledge of any loan obligation owned by the bank,
11 any grant, contribution, or guaranty from the United States,
12 the state, or any corporation, association, institution, or
13 person, any other property or assets of the bank, or a pledge
14 of any money, income, or revenue of the bank from any source.

15 §23-7-30.

16 The bank shall be a nonprofit corporation and no
17 part of its net earnings remaining after payment of its
18 expenses shall inure to the benefit of any individual, firm,
19 or corporation, except that in the event its board of
20 directors shall determine that sufficient provision has been
21 made for the full payment of the expenses, bonds, other
22 financial assistance and other obligations of the bank, then
23 any net earnings of the bank thereafter accruing shall be paid
24 to the state.

25 §23-7-31.

26 At any time when no bonds, other financial
27 assistance or other obligations of the bank are outstanding,

1 the bank may be dissolved upon the filing with the Secretary
2 of State of an application for dissolution, which shall be
3 subscribed by each of the directors of the bank and which
4 shall be sworn to by each director before an officer
5 authorized to take acknowledgments to deeds. Upon the filing
6 of the application for dissolution, the bank shall cease and
7 any property owned by it at the time of its dissolution shall
8 pass to the state. The Secretary of State shall file and
9 record the application for dissolution, in an appropriate book
10 of record in his or her office, and shall make and issue,
11 under the Great Seal of the State, a certificate that the bank
12 is dissolved and shall record the certificate with the
13 application for dissolution.

14 Section 3. The provisions of this act are severable.
15 If any part of this act is declared invalid or
16 unconstitutional, that declaration shall not affect the part
17 which remains.

18 Section 4. This act shall become effective
19 immediately following its passage and approval by the
20 Governor, or its otherwise becoming law.