

1 SB111
2 155204-1
3 By Senator Orr
4 RFD: Finance and Taxation General Fund
5 First Read: 03-MAR-15

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8 SYNOPSIS: This bill would create the Alabama
9 Transportation Infrastructure Bank for the purpose
10 of selecting and assisting in the financing of
11 major qualified transportation projects by
12 providing loans and other financial assistance to
13 certain government entities for constructing and
14 improving highways and transportation facilities
15 necessary for public purposes, including economic
16 development.

17 This bill would specify the membership,
18 powers, duties, terms, sources for capitalization,
19 and liability of the bank, as well as the
20 procedures for the bank to provide loans and other
21 financial assistance to government entities for
22 qualified projects.

23 This bill may redistribute a portion of
24 revenues produced by one cent (\$.01) a gallon of
25 the tax on gasoline pursuant to Act 2011-565 and
26 may redistribute revenues collected pursuant to
27 Section 40-12-248, Code of Alabama 1975.

1 This bill would authorize the bank to issue
2 bonds for certain qualified projects under certain
3 conditions.

4 This bill would also require an annual audit
5 of the books and accounts of the bank and would
6 require the bank to submit an annual report to the
7 Governor and the Legislature.

8
9 A BILL
10 TO BE ENTITLED
11 AN ACT

12
13 To establish the Alabama Transportation
14 Infrastructure Bank; to specify the membership, powers,
15 duties, terms, sources for capitalization, and liability of
16 the bank; to provide for the redistribution of a portion of
17 gasoline tax revenues and motor vehicle registration fee
18 revenues; to provide procedures for the issuance of loans and
19 other financial assistance to certain government entities for
20 certain qualified projects; to provide authority for the bank
21 to issue certain bonds under certain conditions; to require
22 the bank to report annually to the Governor and the
23 Legislature.

24 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

25 Section 1. This act shall be cited as the Alabama
26 Transportation Infrastructure Bank Act.

1 Section 2. For the purposes of this act, the
2 following words shall have the following meanings:

3 (1) BANK. The Alabama Transportation Infrastructure
4 Bank.

5 (2) BOARD. The board of directors of the bank.

6 (3) BONDS. Includes bonds, notes, or other evidence
7 of indebtedness except as otherwise provided in this act.

8 (4) DEPARTMENT or DEPARTMENT OF TRANSPORTATION. The
9 Alabama Department of Transportation.

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

23 (6) ELIGIBLE PROJECT. Highways, roads, bridges and
24 mass transit capital projects which provide public benefits by
25 either enhancing mobility and safety, promoting economic
26 development, or increasing the quality of life and general
27 welfare of the public.

1 (7) FINANCING AGREEMENT. Any agreement entered into
2 between the bank and a qualified borrower pertaining to a loan
3 or other financial assistance. This agreement may contain, in
4 addition to financial terms, provisions relating to the
5 regulation and supervision of a qualified project, or other
6 provisions as the board may determine. The term includes,
7 without limitation, a loan agreement, trust indenture,
8 security agreement, reimbursement agreement, guarantee
9 agreement, bond or note, ordinance or resolution, or similar
10 instrument.

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

20 (9) LOAN. An obligation subject to repayment which
21 is provided by the bank to a qualified borrower for all or a
22 part of the eligible cost of a qualified project. A loan may
23 be disbursed in anticipation of reimbursement for or direct
24 payment of eligible costs of a qualified project.

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

1 (11) OTHER FINANCIAL ASSISTANCE. Includes, but is
2 not limited to, grants, contributions, credit enhancement,
3 capital or debt reserves for bonds or debt instrument
4 financing, interest rate subsidies, provision of letters of
5 credit and credit instruments, provision of bond or other debt
6 financing instrument security, and other lawful forms of
7 financing and methods of leveraging funds that are approved by
8 the board, and in the case of federal funds, as allowed by
9 federal law.

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

24 (13) QUALIFIED BORROWER. Any government unit which
25 is authorized to construct, operate, or own a qualified
26 project.

1 (14) QUALIFIED PROJECT. An eligible project the
2 total cost of which exceeds five million dollars (\$5,000,000)
3 which has been selected by the bank to receive a loan or other
4 financial assistance from the bank to defray an eligible cost.

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

10 Section 3. (a) There is created a public corporation
11 to be known as the Alabama Transportation Infrastructure Bank.

12 (b) The bank is governed by a board of directors as
13 provided in this act.

14 (c) The corporate purpose of the bank is to select
15 and assist in financing major qualified projects by providing
16 loans and other financial assistance to government units for
17 constructing and improving highway and transportation
18 facilities necessary for public purposes including economic
19 development.

20 (d) The bank shall establish and maintain at least
21 the following accounts:

22 (1) State highway account.

23 (2) Federal highway account.

24 Section 4. (a) The board of directors is the
25 governing board of the bank. The board shall consist of seven
26 voting members as follows:

1 (1) The Director of the Department of
2 Transportation, ex officio.

3 (2) Four members appointed by the Governor, one of
4 whom shall be designated as chair.

5 (3) One member of the House of Representatives
6 appointed by the Speaker of the House of Representatives.

7 (4) One member of the Senate appointed by the
8 President Pro Tempore of the Senate.

9 (b) Members appointed by the Governor hold office
10 concurrently with the Governor and until their successors are
11 appointed and qualified. Members appointed by the Speaker of
12 the House of Representatives and the President Pro Tempore of
13 the Senate shall serve during the member's term of office
14 during which the member was appointed and until the member's
15 successor is appointed and qualified. The vice chair shall be
16 elected by the board. Any person appointed to fill a vacancy
17 shall be appointed in the same manner as the original
18 appointee for the remainder of the unexpired term.

19 (c) Any four members of the board of directors shall
20 constitute a quorum for the transaction of business.

21 Section 5. (a) In addition to the powers contained
22 in other provisions of this act, the bank has all power
23 necessary, useful, or appropriate to fund, operate, and
24 administer the bank, and to perform its other functions
25 including, but not limited to, the following power to:

26 (1) Have perpetual succession.

1 (2) Adopt, promulgate, amend, and repeal bylaws, not
2 inconsistent with this act for the administration of the
3 bank's affairs and the implementation of its functions
4 including the right of the board to select qualifying projects
5 and to provide loans and other financial assistance.

6 (3) Sue and be sued in its own name.

7 (4) Have a seal and alter it at pleasure, although
8 the failure to affix the seal does not affect the validity of
9 an instrument executed on behalf of the bank.

10 (5) Make loans to qualified borrowers to finance the
11 eligible costs of qualified projects and to acquire, hold, and
12 sell loan obligations at prices and in a manner as the board
13 determines advisable.

14 (6) Provide qualified borrowers with other financial
15 assistance necessary to defray eligible costs of a qualified
16 project.

17 (7) Enter into contracts, arrangements, and
18 agreements with qualified borrowers and other persons and
19 execute and deliver all financing agreements and other
20 instruments necessary or convenient to the exercise of the
21 powers granted in this act.

22 (8) Enter into agreements with a department, agency,
23 or instrumentality of the United States or of this state or
24 another state for the purpose of planning and providing for
25 the financing of qualified projects.

26 (9) Establish the following:

1 a. Policies and procedures for the making and
2 administering of loans and other financial assistance.

3 b. Fiscal controls and accounting procedures to
4 ensure proper accounting and reporting by the bank, and
5 government units.

6 (10) Acquire by purchase, lease, donation, or other
7 lawful means and sell, convey, pledge, lease, exchange,
8 transfer, and dispose of all or any part of its properties and
9 assets of every kind and character or any interest in it to
10 further the public purpose of the bank.

11 (11) Procure insurance, guarantees, letters of
12 credit, and other forms of collateral or security or credit
13 support from any public entity, including any department,
14 agency, or instrumentality of the United States or this state,
15 for the payment of any bonds issued by it, including the power
16 to pay premiums or fees on any insurance, guarantees, letters
17 of credit, and other forms of collateral or security or credit
18 support.

19 (12) Collect or authorize the trustee under any
20 trust indenture securing any bonds to collect amounts due
21 under any loan obligations owned by it, including taking the
22 action required to obtain payment of any sums in default.

23 (13) Unless restricted under any agreement with
24 holders of bonds, consent to any modification with respect to
25 the rate of interest, time, and payment of any installment of
26 principal or interest, or any other term of any loan
27 obligations owned by it.

1 (14) Borrow money through the issuance of bonds and
2 other forms of indebtedness as provided in this act.

3 (15) Expend funds to obtain accounting, management,
4 legal, financial consulting, and other professional services
5 necessary to the operations of the bank.

6 (16) Expend funds credited to the bank as the board
7 determines necessary for the costs of administering the
8 operations of the bank.

9 (17) Establish advisory committees as the board
10 determines appropriate, which may include individuals from the
11 private sector with banking and financial expertise.

12 (18) Procure insurance against losses in connection
13 with its property, assets, or activities including insurance
14 against liability for its acts or the acts of its employees or
15 agents or to establish cash reserves to enable it to act as a
16 self-insurer against any and all such losses.

17 (19) Collect fees and charges in connection with its
18 loans or other financial assistance.

19 (20) Apply for, receive, and accept from any source,
20 aid, grants, and contributions of money, property, labor, or
21 other things of value to be used to carry out the purposes of
22 this act subject to the conditions upon which the aid, grants,
23 or contributions are made.

24 (21) Enter into contracts or agreements for the
25 servicing and processing of financial agreements.

26 (22) To appoint and employ attorneys, accountants,
27 financial advisors, underwriters, trustees, depositories,

1 registrars, fiscal agents, and other advisors, agents, and
2 independent contractors as may be necessary or desirable.

3 (23) Do all other things necessary or convenient to
4 carry out the purposes and powers conferred by this act.

5 (b) The bank is not authorized or empowered to be or
6 to constitute a bank or trust company within the jurisdiction
7 or under the control of the state or an agency of it or the
8 Comptroller of the Currency or the Treasury Department of the
9 United States, or a bank, banker, or dealer in securities
10 within the meaning of, or subject to the provisions of, any
11 securities, securities exchange, or securities dealers' law of
12 the United States or this state.

13 As used in this act, the bank is not a "bank" within
14 the meaning of Title 5, Code of Alabama 1975, including
15 without limitation Section 5-1A-2 and Section 5-1A-3, and is
16 not a "bank" within the meaning of the Alabama Constitution,
17 Sections 247, 248 and 253. Under this act, the bank does not
18 accept deposits from the public, its loans are only with
19 qualified borrowers as defined in Section 2(13), and the bank
20 does not, and is not authorized to, transact banking business
21 with the public.

22 (c) The bank is subject to the provisions of the
23 Administrative Procedure Act.

24 Section 6. (a) The following sources may be used to
25 capitalize the bank and for the bank to carry out its
26 purposes:

1 (1) An annual contribution, as determined by the
2 Director of the Department of Transportation and approved by
3 the Governor, of an amount not to exceed revenues produced by
4 one cent (\$.01) a gallon of the tax on gasoline imposed
5 pursuant to Act 2011-565, 2011 Regular Session. Any funds
6 contributed pursuant to this subdivision shall be derived from
7 the gasoline tax proceeds remaining in the Public Road and
8 Bridge Fund after distributions of the tax to the cities and
9 counties. Any contributions which are to provide funds for
10 debt service on bonds issued by the bank shall continue until
11 the bonds have been fully repaid.

12 (2) An annual contribution, as determined by the
13 Director of the Department of Transportation and approved by
14 the Governor, of an amount of the revenues collected pursuant
15 to Section 40-12-248, Code of Alabama 1975, not to exceed the
16 balance remaining in the Public Road and Bridge Fund pursuant
17 to Section 40-12-270(d)(3), Code of Alabama 1975, after the
18 distributions required pursuant to Sections 40-12-270(d)(1)
19 and 40-12-270(d)(2), Code of Alabama 1975. Any contributions
20 which are to provide funds for debt service on bonds issued by
21 the bank shall continue until the bonds have been fully
22 repaid.

23 (3) Federal funds made available to the state.

24 (4) Federal funds made available to the state for
25 the bank.

26 (5) Contributions and donations from government
27 units, and any other source as may become available to the

1 bank including, but not limited to, appropriations from the
2 Legislature.

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

8 (7) Proceeds from the issuance of bonds as provided
9 in this act.

10 (8) Other lawful sources as determined appropriate
11 by the board.

12 (9) Loans from the department to the bank to be
13 repaid from revenues committed to the bank for the following
14 year.

15 Section 7. (a) Earnings on balances in the federal
16 highway account, as created by this act, must be credited and
17 invested according to federal law. The bank may establish
18 accounts and subaccounts within the state highway account and
19 the federal highway account as considered desirable to
20 effectuate the purposes of this act, or to meet the
21 requirements of any state or federal programs. All accounts
22 shall be held in trust by the State Treasurer.

23 (b) For necessary and convenient administration of
24 the bank, the board shall direct the State Treasurer to
25 establish federal and state accounts and subaccounts within
26 the bank necessary to meet any applicable federal law

1 requirements or as the bank shall determine necessary or
2 desirable in order to implement this act.

3 (c) The bank shall comply with all applicable
4 federal laws and regulations prohibiting the commingling of
5 certain federal funds deposited in the bank.

6 Section 8. (a) The bank may provide loans and other
7 financial assistance to a government unit to pay for all or
8 part of the eligible cost of a qualified project. The term of
9 the loan or other financial assistance must not exceed the
10 useful life of the project. The bank may require the
11 government unit to enter into a financing agreement in
12 connection with its loan obligation or other financial
13 assistance. The board shall determine the form and content of
14 loan applications, financing agreements, and loan obligations
15 including the term and rate or rates of interest on a
16 financing agreement. The terms and conditions of a loan or
17 other financial assistance from the federal highway account
18 shall comply with applicable federal requirements.

19 (b) The board shall determine which projects are
20 eligible projects and then select from among the eligible
21 projects those qualified to receive from the bank a loan or
22 other financial assistance. Preference shall be given to
23 eligible projects that have the most local financial support.
24 The board shall establish by rule or regulation a minimum
25 amount of local financial support which will be required in
26 order to qualify for loans or grants from the bank. Any such
27 minimum requirement shall be established as a percentage of

1 the total project costs and shall apply to all eligible
2 projects. In selecting qualified projects, the board shall
3 consider the projected feasibility of the project and the
4 amount and degree of risk to be assumed by the bank. The board
5 also may consider, but shall not be limited to, the following
6 criteria in making its determination that an eligible project
7 is a qualified project:

8 (1) The local support of the project, expressed by
9 resolutions by the governing bodies in the areas in which the
10 project will be located, and the financial or in-kind
11 contributions to the project.

12 (2) Maximum economic benefit, enhancement of
13 mobility, enhancement of public safety, acceleration of
14 project completion, and enhancement of transportation
15 services.

16 (3) The ability of the applicant to repay a loan
17 according to the terms and conditions established pursuant to
18 this act, consideration of which may include, at the option of
19 the bank board, the existence of current investment grade
20 rating on existing debt of the applicant secured by the same
21 revenues to be pledged to secure repayment under the loan
22 repayment agreement.

23 (4) The financial or in-kind contributions to the
24 project.

25 (5) Greater weighting in recommending priorities for
26 eligible projects to areas of the state experiencing high
27 unemployment.

1 (6) Whether the governing bodies of the county or
2 the incorporated municipality in which the project is to be
3 located provides to the bank a resolution which makes a
4 finding that the project is essential to economic development
5 in the political subdivisions, or the bank receives a
6 certificate from the Alabama Department of Commerce that the
7 project is essential to economic development in the state, or
8 both, at the option of the board.

9 Section 9. (a) Qualified borrowers may obtain loans
10 or other financial assistance from the bank through financing
11 agreements. Qualified borrowers entering into financing
12 agreements and issuing loan obligations to the bank may
13 perform any acts, take any action, adopt any proceedings, and
14 make and carry out any contracts or agreements with the bank
15 as may be agreed to by the bank and any qualified borrower for
16 the carrying out the purposes of this act.

17 (b) In addition to the authorizations contained in
18 this act, all other statutes or provisions permitting
19 government units to borrow money and issue obligations may be
20 utilized by any government unit in obtaining a loan or other
21 financial assistance from the bank to the extent determined
22 necessary or useful by the government unit in connection with
23 any financing agreement and the issuance, securing, or sale of
24 loan obligations to the bank.

25 (c) A qualified borrower may receive, apply, pledge,
26 assign, and grant a security interest in project revenues,
27 and, in the case of a government unit, its project revenues,

1 revenues derived from a special source or ad valorem taxes, to
2 secure its obligations as provided in this act, and may fix,
3 revise, charge, and collect fees, rates, rents, assessments,
4 and other charges of general or special application for the
5 operation or services of a qualified project, the system of
6 which it is a part, and any other revenue producing facilities
7 from which the qualified borrower derives project revenues, to
8 meet its obligations under a financing agreement or to provide
9 for the construction and improving of a qualified project.

10 Section 10. The bank is performing an essential
11 governmental function in the exercise of the powers conferred
12 upon it and is not required to pay taxes or assessments upon
13 property or upon its operations or the income from them, or
14 taxes or assessments upon property or loan obligations
15 acquired or used by the bank or upon the income from them.

16 Section 11. (a) If a government unit fails to
17 collect and remit in full all amounts due to the bank on the
18 date these amounts are due under the terms of any note or
19 other obligation of the government unit, the bank shall notify
20 the State Treasurer who shall withhold all or a portion of the
21 funds of the state and all funds administered by the state,
22 its agencies, boards, and instrumentalities allotted or
23 appropriated to the government unit and apply an amount
24 necessary to the payment of the amount due.

25 (b) Nothing contained in this section mandates the
26 withholding of funds allocated to a government unit the
27 withholding of which would violate contracts to which the

1 state is a party, the requirements of federal law imposed on
2 the state, or judgments of a court binding on the state.

3 Section 12. Neither the board nor any officer,
4 employee, or committee of the bank acting on behalf of it,
5 while acting within the scope of authority granted by this
6 act, is subject to any liability resulting from carrying out
7 any of the powers given in this act.

8 Section 13. Notice, proceeding, or publication,
9 except those required in this act, are not necessary to the
10 performance of any power authorized in this act nor is any act
11 of the bank subject to any referendum.

12 Section 14. All money of the bank, except as
13 authorized by law or provided in this act, shall be deposited
14 with and invested by the State Treasurer. Funds of the bank
15 not needed for immediate use or disbursement may be invested
16 by the State Treasurer in obligations or securities which are
17 declared to be legal obligations by general law. All federal
18 funds shall be invested as required by applicable federal law.

19 Section 15. Following the close of each state fiscal
20 year, the bank shall submit an annual report of its activities
21 for the preceding year to the Governor and to the Legislature.
22 The bank also shall submit an annual report to the appropriate
23 federal agency in accordance with requirements of any federal
24 program. An independent certified public accountant shall
25 perform an audit of the books and accounts of the bank at
26 least once in each state fiscal year.

1 Section 16. This act, being for the welfare of this
2 state and its inhabitants, shall be liberally construed to
3 effect the purposes specified in this act. However, nothing in
4 this act shall be construed as affecting any proceeding,
5 notice, or approval required by law for the issuance by a
6 government unit of the loan obligations, instruments, or
7 security for loan obligations.

8 Section 17. (a) Whenever it shall become necessary
9 that monies be raised for qualified projects, including monies
10 to be used to refund any bonds then outstanding, the bank may
11 issue bonds as provided in this act.

12 (b) The bank may pledge any of its revenue or funds
13 to the payment of its bonds, subject only to any prior
14 agreements with the holders of particular bonds which may have
15 pledged specific money or revenue. Bonds may be secured by a
16 pledge of any loan obligation owned by the bank, any grant,
17 contribution, or guaranty from the United States, the state,
18 or any corporation, association, institution, or person, any
19 other property or assets of the bank, or a pledge of any
20 money, income, or revenue of the bank from any source.

21 Section 18. Bonds issued by the bank shall not
22 constitute a debt or a pledge of the full faith and credit of
23 this state, or any of its political subdivisions other than
24 the bank, but are payable solely from the revenue, money, or
25 property of the bank as provided in this act. The bonds issued
26 do not constitute an indebtedness of the state within the
27 meaning of any constitutional or statutory limitation. No

1 member of the bank or any person executing bonds of the bank
2 is liable personally on the bonds by reason of their issuance
3 or execution. Each bond issued under this act shall contain on
4 its face a statement to the effect of the following:

5 (1) Neither the state, any of its political
6 subdivisions, nor the bank is obligated to pay the principal
7 of or interest on the bond or other costs incident to the bond
8 except from the revenue, money, or property of the bank
9 pledged.

10 (2) Neither the full faith and credit nor the taxing
11 power of the state, or any of its political subdivisions, is
12 pledged to the payment of the principal of or interest on the
13 bond.

14 (3) The bank does not have taxing power.

15 Section 19. (a) The bonds of the bank must be
16 authorized by a resolution of the bank.

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

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

25 (d) The bonds may bear interest payable at a time
26 and at a rate as determined by the bank, including the

1 determination by agents designated by the bank under
2 guidelines established by it.

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

5 (f) The State Treasurer shall issue the bonds of the
6 bank not later than 60 days upon the resolution of the bank
7 authorizing the issuance of the bonds.

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

26 (b) Any resolution or trust indenture pursuant to
27 which bonds are issued may contain provisions which are part

1 of the contract with the holders of the bonds and which
2 include the following:

3 (1) Pledging all or any part of the revenue of the
4 bank to secure the payment of the bonds.

5 (2) Pledging all or any part of the assets of the
6 bank including loan obligations owned by it to secure the
7 payment of the bonds.

8 (3) The use and disposition of the gross income
9 from, and payment of the principal of, and interest on loan
10 obligations owned by the bank.

11 (4) The establishment of reserves, sinking funds,
12 and other funds and accounts, and their regulation and
13 disposition.

14 (5) Limitations on the purposes to which the
15 proceeds from the sale of the bonds may be applied, and
16 limitations on pledging the proceeds to secure the payment of
17 the bonds.

18 (6) Limitations on the issuance of additional bonds,
19 the terms upon which additional bonds may be issued and
20 secured, and the refunding of outstanding or other bonds.

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

25 (8) Limitations on the amount of money to be
26 expended by the bank for its operating expenses.

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

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

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

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

20 Section 21. (a) Any pledge made by the bank is valid
21 and binding from the time the pledge is made. The revenue,
22 money, or property pledged and received by the bank is
23 immediately subject to the lien of the pledge without any
24 physical delivery or further act. The lien of any pledge is
25 valid and binding as against all parties having claims of any
26 kind in tort, contract, or otherwise against the bank,
27 irrespective of whether the parties have notice of the pledge.

1 (b) No recording or filing of the resolution
2 authorizing the issuance of bonds, the trust indenture
3 securing the bonds, or any other instrument including filings
4 under the Uniform Commercial Code is necessary to create or
5 perfect any pledge or security interest granted by the bank to
6 secure any bonds.

7 Section 22. The bank, subject to agreements with
8 bondholders as may then exist, may purchase outstanding bonds
9 of the bank with any available funds, at any reasonable price.
10 If the bonds are then redeemable, the price shall not exceed
11 the redemption price then applicable plus accrued interest to
12 the next interest payment date.

13 Section 23. Bonds of the bank shall be in a form and
14 shall be executed in a manner prescribed by the bank.

15 Section 24. If any of the members or officers of the
16 bank cease to be members before the delivery of any bonds
17 signed by them, their signatures or authorized facsimile
18 signatures are nevertheless valid and sufficient for all
19 purposes as if they had remained in office until the delivery
20 of the bonds.

21 Section 25. Subsequent amendments to this act may
22 not limit the rights vested in the bank with respect to any
23 agreements made with, or remedies available to, the holders of
24 bonds issued under this act before the enactment of the
25 amendments until the bonds, with all premiums and interest on
26 them, and all costs and expenses in connection with any

1 proceeding by or on behalf of the holders, are fully met and
2 discharged.

3 Section 26. Any bonds issued by the bank, the
4 transfer of bonds, and the income from them, are free from
5 taxation and assessment of every kind by the state and by the
6 local governments and other political subdivisions of the
7 state.

8 Section 27. (a) The bonds issued by the bank are
9 legal investments in which all public officers or public
10 bodies of the state, its political subdivisions, all
11 municipalities and political subdivisions, all insurance
12 companies and associations and other persons carrying on
13 insurance business, all banks, bankers, banking associations,
14 trust companies, savings banks, savings associations,
15 including savings and loan association investment companies,
16 and other persons carrying on a banking business, all
17 administrators, guardians, executors, trustees, and other
18 fiduciaries, and all other persons who are now or may be
19 authorized in the future to invest in bonds or other
20 obligations of the state, may invest funds in their control or
21 belonging to them.

22 (b) The bonds of the bank are also securities which
23 may be deposited with and received by all public officers and
24 bodies of the state or any agency or political subdivision of
25 the state and all municipalities and public corporations for
26 any purpose for which the deposit of bonds or other

1 obligations of the state is now or may later be required by
2 law.

3 Section 28. Except as otherwise prohibited by
4 Federal law, all contracts funded with the revenue or bond
5 proceeds which are authorized pursuant to this act shall be
6 performed by a workforce which consists of only legal
7 residents of the State of Alabama.

8 Section 29. This act shall become effective on the
9 first day of the third month following its passage and
10 approval by the Governor, or its otherwise becoming law.