



1 SB107
2 147753-1
3 By Senator Orr
4 RFD: Finance and Taxation General Fund
5 First Read: 05-FEB-13



1 147753-1 : n : 01/30/2013 : LFO-LC / csh

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

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

 This bill may redistribute a portion of
revenues produced by one cent (\$.01) a gallon of
the tax on gasoline pursuant to Act 2011-565 and



1 may redistribute revenues collected pursuant to
2 Section 40-12-248, Code of Alabama 1975.

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

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

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A BILL

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TO BE ENTITLED

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AN ACT

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To establish the Alabama Transportation

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Infrastructure Bank; to specify the membership, powers,

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duties, terms, sources for capitalization, and liability of

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the bank; to provide for the redistribution of a portion of

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gasoline tax revenues and motor vehicle registration fee

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revenues; to provide procedures for the issuance of loans and

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other financial assistance to certain government entities for

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certain qualified projects; to provide authority for the bank

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to issue certain bonds under certain conditions; to require

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the bank to report annually to the Governor and the

25

Legislature.

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BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:



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

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

5 (1) BANK. The Alabama Transportation Infrastructure
6 Bank.

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

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

10 (4) DEPARTMENT or DEPARTMENT OF TRANSPORTATION. The
11 Alabama Department of Transportation.

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

25 (6) ELIGIBLE PROJECT. Highways, roads, bridges and
26 mass transit capital projects which provide public benefits by



1 either enhancing mobility and safety, promoting economic
2 development, or increasing the quality of life and general
3 welfare of the public.

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

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

23 (9) LOAN. An obligation subject to repayment which
24 is provided by the bank to a qualified borrower for all or a
25 part of the eligible cost of a qualified project. A loan may



1 be disbursed in anticipation of reimbursement for or direct
2 payment of eligible costs of a qualified project.

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

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

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



1 disposition of property and from any other special source as
2 may be provided by the qualified borrower.

3 (13) QUALIFIED BORROWER. Any government unit which
4 is authorized to construct, operate, or own a qualified
5 project.

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

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

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

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

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

25 (d) The bank shall establish and maintain at least
26 the following accounts:



1 (1) State highway account.

2 (2) Federal highway account.

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

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

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

10 (3) One member of the House of Representatives
11 appointed by the Speaker of the House of Representatives.

12 (4) One member of the Senate appointed by the
13 President Pro Tempore of the Senate.

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

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



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

6 (1) Have perpetual succession.

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

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

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

16 (5) Make loans to qualified borrowers to finance the
17 eligible costs of qualified projects and to acquire, hold, and
18 sell loan obligations at prices and in a manner as the board
19 determines advisable.

20 (6) Provide qualified borrowers with other financial
21 assistance necessary to defray eligible costs of a qualified
22 project.

23 (7) Enter into contracts, arrangements, and
24 agreements with qualified borrowers and other persons and
25 execute and deliver all financing agreements and other



1 instruments necessary or convenient to the exercise of the
2 powers granted in this act.

3 (8) Enter into agreements with a department, agency,
4 or instrumentality of the United States or of this state or
5 another state for the purpose of planning and providing for
6 the financing of qualified projects.

7 (9) Establish the following:

8 a. Policies and procedures for the making and
9 administering of loans and other financial assistance.

10 b. Fiscal controls and accounting procedures to
11 ensure proper accounting and reporting by the bank, and
12 government units.

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

18 (11) Procure insurance, guarantees, letters of
19 credit, and other forms of collateral or security or credit
20 support from any public entity, including any department,
21 agency, or instrumentality of the United States or this state,
22 for the payment of any bonds issued by it, including the power
23 to pay premiums or fees on any insurance, guarantees, letters
24 of credit, and other forms of collateral or security or credit
25 support.



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

5 (13) Unless restricted under any agreement with
6 holders of bonds, consent to any modification with respect to
7 the rate of interest, time, and payment of any installment of
8 principal or interest, or any other term of any loan
9 obligations owned by it.

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

12 (15) Expend funds to obtain accounting, management,
13 legal, financial consulting, and other professional services
14 necessary to the operations of the bank.

15 (16) Expend funds credited to the bank as the board
16 determines necessary for the costs of administering the
17 operations of the bank.

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

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



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

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

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

10 (22) To appoint and employ attorneys, accountants,
11 financial advisors, underwriters, trustees, depositories,
12 registrars, fiscal agents, and other advisors, agents, and
13 independent contractors as may be necessary or desirable.

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

16 (b) The bank is not authorized or empowered to be or
17 to constitute a bank or trust company within the jurisdiction
18 or under the control of the state or an agency of it or the
19 Comptroller of the Currency or the Treasury Department of the
20 United States, or a bank, banker, or dealer in securities
21 within the meaning of, or subject to the provisions of, any
22 securities, securities exchange, or securities dealers' law of
23 the United States or this state.

24 As used in this act, the bank is not a "bank" within
25 the meaning of Title 5, Code of Alabama 1975, including
26 without limitation Section 5-1A-2 and Section 5-1A-3, and is



1 not a "bank" within the meaning of the Alabama Constitution,
2 Sections 247, 248 and 253. Under this act, the bank does not
3 accept deposits from the public, its loans are only with
4 qualified borrowers as defined in Section 2(13), and the bank
5 does not, and is not authorized to, transact banking business
6 with the public.

7 (c) The bank is subject to the provisions of the
8 Administrative Procedure Act.

9 Section 6. (a) The following sources may be used to
10 capitalize the bank and for the bank to carry out its
11 purposes:

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

23 (2) An annual contribution, as determined by the
24 Director of the Department of Transportation and approved by
25 the Governor, of an amount of the revenues collected pursuant
26 to Section 40-12-248, Code of Alabama 1975, not to exceed the



1 balance remaining in the Public Road and Bridge Fund pursuant
2 to Section 40-12-270(d)(3), Code of Alabama 1975, after the
3 distributions required pursuant to Sections 40-12-270(d)(1)
4 and 40-12-270(d)(2), Code of Alabama 1975. Any contributions
5 which are to provide funds for debt service on bonds issued by
6 the bank shall continue until the bonds have been fully
7 repaid.

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

9 (4) Federal funds made available to the state for
10 the bank.

11 (5) Contributions and donations from government
12 units, and any other source as may become available to the
13 bank including, but not limited to, appropriations from the
14 Legislature.

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

20 (7) Proceeds from the issuance of bonds as provided
21 in this act.

22 (8) Other lawful sources as determined appropriate
23 by the board.

24 (9) Loans from the department to the bank to be
25 repaid from revenues committed to the bank for the following
26 year.



1 Section 7. (a) Earnings on balances in the federal
2 highway account, as created by this act, must be credited and
3 invested according to federal law. The bank may establish
4 accounts and subaccounts within the state highway account and
5 the federal highway account as considered desirable to
6 effectuate the purposes of this act, or to meet the
7 requirements of any state or federal programs. All accounts
8 shall be held in trust by the State Treasurer.

9 (b) For necessary and convenient administration of
10 the bank, the board shall direct the State Treasurer to
11 establish federal and state accounts and subaccounts within
12 the bank necessary to meet any applicable federal law
13 requirements or as the bank shall determine necessary or
14 desirable in order to implement this act.

15 (c) The bank shall comply with all applicable
16 federal laws and regulations prohibiting the commingling of
17 certain federal funds deposited in the bank.

18 Section 8. (a) The bank may provide loans and other
19 financial assistance to a government unit to pay for all or
20 part of the eligible cost of a qualified project. The term of
21 the loan or other financial assistance must not exceed the
22 useful life of the project. The bank may require the
23 government unit to enter into a financing agreement in
24 connection with its loan obligation or other financial
25 assistance. The board shall determine the form and content of
26 loan applications, financing agreements, and loan obligations



1 including the term and rate or rates of interest on a
2 financing agreement. The terms and conditions of a loan or
3 other financial assistance from the federal highway account
4 shall comply with applicable federal requirements.

5 (b) The board shall determine which projects are
6 eligible projects and then select from among the eligible
7 projects those qualified to receive from the bank a loan or
8 other financial assistance. Preference shall be given to
9 eligible projects that have the most local financial support.
10 The board shall establish by rule or regulation a minimum
11 amount of local financial support which will be required in
12 order to qualify for loans or grants from the bank. Any such
13 minimum requirement shall be established as a percentage of
14 the total project costs and shall apply to all eligible
15 projects. In selecting qualified projects, the board shall
16 consider the projected feasibility of the project and the
17 amount and degree of risk to be assumed by the bank. The board
18 also may consider, but shall not be limited to, the following
19 criteria in making its determination that an eligible project
20 is a qualified project:

21 (1) The local support of the project, expressed by
22 resolutions by the governing bodies in the areas in which the
23 project will be located, and the financial or in-kind
24 contributions to the project.

25 (2) Maximum economic benefit, enhancement of
26 mobility, enhancement of public safety, acceleration of



1 project completion, and enhancement of transportation
2 services.

3 (3) The ability of the applicant to repay a loan
4 according to the terms and conditions established pursuant to
5 this act, consideration of which may include, at the option of
6 the bank board, the existence of current investment grade
7 rating on existing debt of the applicant secured by the same
8 revenues to be pledged to secure repayment under the loan
9 repayment agreement.

10 (4) The financial or in-kind contributions to the
11 project.

12 (5) Greater weighting in recommending priorities for
13 eligible projects to areas of the state experiencing high
14 unemployment.

15 (6) Whether the governing bodies of the county or
16 the incorporated municipality in which the project is to be
17 located provides to the bank a resolution which makes a
18 finding that the project is essential to economic development
19 in the political subdivisions, or the bank receives a
20 certificate from the Alabama Department of Commerce that the
21 project is essential to economic development in the state, or
22 both, at the option of the board.

23 Section 9. (a) Qualified borrowers may obtain loans
24 or other financial assistance from the bank through financing
25 agreements. Qualified borrowers entering into financing
26 agreements and issuing loan obligations to the bank may



1 perform any acts, take any action, adopt any proceedings, and
2 make and carry out any contracts or agreements with the bank
3 as may be agreed to by the bank and any qualified borrower for
4 the carrying out the purposes of this act.

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

13 (c) A qualified borrower may receive, apply, pledge,
14 assign, and grant a security interest in project revenues,
15 and, in the case of a government unit, its project revenues,
16 revenues derived from a special source or ad valorem taxes, to
17 secure its obligations as provided in this act, and may fix,
18 revise, charge, and collect fees, rates, rents, assessments,
19 and other charges of general or special application for the
20 operation or services of a qualified project, the system of
21 which it is a part, and any other revenue producing facilities
22 from which the qualified borrower derives project revenues, to
23 meet its obligations under a financing agreement or to provide
24 for the construction and improving of a qualified project.

25 Section 10. The bank is performing an essential
26 governmental function in the exercise of the powers conferred



1 upon it and is not required to pay taxes or assessments upon
2 property or upon its operations or the income from them, or
3 taxes or assessments upon property or loan obligations
4 acquired or used by the bank or upon the income from them.

5 Section 11. (a) If a government unit fails to
6 collect and remit in full all amounts due to the bank on the
7 date these amounts are due under the terms of any note or
8 other obligation of the government unit, the bank shall notify
9 the State Treasurer who shall withhold all or a portion of the
10 funds of the state and all funds administered by the state,
11 its agencies, boards, and instrumentalities allotted or
12 appropriated to the government unit and apply an amount
13 necessary to the payment of the amount due.

14 (b) Nothing contained in this section mandates the
15 withholding of funds allocated to a government unit the
16 withholding of which would violate contracts to which the
17 state is a party, the requirements of federal law imposed on
18 the state, or judgments of a court binding on the state.

19 Section 12. Neither the board nor any officer,
20 employee, or committee of the bank acting on behalf of it,
21 while acting within the scope of authority granted by this
22 act, is subject to any liability resulting from carrying out
23 any of the powers given in this act.

24 Section 13. Notice, proceeding, or publication,
25 except those required in this act, are not necessary to the



1 performance of any power authorized in this act nor is any act
2 of the bank subject to any referendum.

3 Section 14. All money of the bank, except as
4 authorized by law or provided in this act, shall be deposited
5 with and invested by the State Treasurer. Funds of the bank
6 not needed for immediate use or disbursement may be invested
7 by the State Treasurer in obligations or securities which are
8 declared to be legal obligations by general law. All federal
9 funds shall be invested as required by applicable federal law.

10 Section 15. Following the close of each state fiscal
11 year, the bank shall submit an annual report of its activities
12 for the preceding year to the Governor and to the Legislature.
13 The bank also shall submit an annual report to the appropriate
14 federal agency in accordance with requirements of any federal
15 program. An independent certified public accountant shall
16 perform an audit of the books and accounts of the bank at
17 least once in each state fiscal year.

18 Section 16. This act, being for the welfare of this
19 state and its inhabitants, shall be liberally construed to
20 effect the purposes specified in this act. However, nothing in
21 this act shall be construed as affecting any proceeding,
22 notice, or approval required by law for the issuance by a
23 government unit of the loan obligations, instruments, or
24 security for loan obligations.

25 Section 17. (a) Whenever it shall become necessary
26 that monies be raised for qualified projects, including monies



1 to be used to refund any bonds then outstanding, the bank may
2 issue bonds as provided in this act.

3 (b) The bank may pledge any of its revenue or funds
4 to the payment of its bonds, subject only to any prior
5 agreements with the holders of particular bonds which may have
6 pledged specific money or revenue. Bonds may be secured by a
7 pledge of any loan obligation owned by the bank, any grant,
8 contribution, or guaranty from the United States, the state,
9 or any corporation, association, institution, or person, any
10 other property or assets of the bank, or a pledge of any
11 money, income, or revenue of the bank from any source.

12 Section 18. Bonds issued by the bank shall not
13 constitute a debt or a pledge of the full faith and credit of
14 this state, or any of its political subdivisions other than
15 the bank, but are payable solely from the revenue, money, or
16 property of the bank as provided in this act. The bonds issued
17 do not constitute an indebtedness of the state within the
18 meaning of any constitutional or statutory limitation. No
19 member of the bank or any person executing bonds of the bank
20 is liable personally on the bonds by reason of their issuance
21 or execution. Each bond issued under this act shall contain on
22 its face a statement to the effect of the following:

23 (1) Neither the state, any of its political
24 subdivisions, nor the bank is obligated to pay the principal
25 of or interest on the bond or other costs incident to the bond



1 except from the revenue, money, or property of the bank
2 pledged.

3 (2) Neither the full faith and credit nor the taxing
4 power of the state, or any of its political subdivisions, is
5 pledged to the payment of the principal of or interest on the
6 bond.

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

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

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

13 (c) The bonds may be in the denominations, be
14 executed in the manner, be payable in the medium of payment,
15 be payable at the place and at the time, and be subject to
16 redemption or repurchase and contain other provisions
17 determined by the bank prior to their issuance.

18 (d) The bonds may bear interest payable at a time
19 and at a rate as determined by the bank, including the
20 determination by agents designated by the bank under
21 guidelines established by it.

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

24 (f) The State Treasurer shall issue the bonds of the
25 bank not later than 60 days upon the resolution of the bank
26 authorizing the issuance of the bonds.



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

19 (b) Any resolution or trust indenture pursuant to
20 which bonds are issued may contain provisions which are part
21 of the contract with the holders of the bonds and which
22 include the following:

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



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

4 (3) The use and disposition of the gross income
5 from, and payment of the principal of, and interest on loan
6 obligations owned by the bank.

7 (4) The establishment of reserves, sinking funds,
8 and other funds and accounts, and their regulation and
9 disposition.

10 (5) Limitations on the purposes to which the
11 proceeds from the sale of the bonds may be applied, and
12 limitations on pledging the proceeds to secure the payment of
13 the bonds.

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

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

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

23 (9) Vesting in a trustee property, rights, powers,
24 and duties as the bank may determine, limiting or abrogating
25 the right of bondholders to appoint a trustee, and limiting
26 the rights, powers, and duties of the trustee.



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

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

13 (12) Any other matter relating to the terms of the
14 bonds or the security or protection of the holders of the
15 bonds which may be considered appropriate.

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

24 (b) No recording or filing of the resolution
25 authorizing the issuance of bonds, the trust indenture
26 securing the bonds, or any other instrument including filings



1 under the Uniform Commercial Code is necessary to create or
2 perfect any pledge or security interest granted by the bank to
3 secure any bonds.

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

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

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

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



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

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

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



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

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