

1 HB838
2 100737-1
3 By Representative Scott
4 RFD: Government Operations
5 First Read: 08-APR-08

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8 SYNOPSIS: This bill would create the Alabama Public
9 Management Authority to oversee and manage any
10 public utility or any county that is in default on
11 its public debt obligations.

12
13 A BILL
14 TO BE ENTITLED
15 AN ACT
16

17 To create the Alabama Public Management Authority to
18 oversee and manage any public utility or any county that is in
19 default on its public debt obligations and to provide for the
20 membership and specific powers of the authority.

21 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

22 Section 1. There is hereby created the Alabama
23 Public Management Authority for the purpose of overseeing and
24 managing any public utility or any county that is in default
25 on or after January 1, 2008, on its obligation to repay its
26 public indebtedness, including, but not limited to, its bonded
27 indebtedness. A public utility or a county shall be deemed to

1 be in default on its public debt obligation whenever it fails
2 to make a timely payment on any debt obligation and the grace
3 period for delinquent payment has expired, unless the holder
4 of the debt instrument or obligation agrees to a restructuring
5 of the debt agreement or an extension of the time for
6 repayment on the debt.

7 Section 2. The authority shall be composed of the
8 Governor or a designee of the Governor, the Lieutenant
9 Governor or a designee of the Lieutenant Governor, the Speaker
10 of the House of Representatives or a designee of the Speaker,
11 the President Pro Tempore of the Senate or a designee of the
12 President Pro Tempore, the Speaker Pro Tempore of the House or
13 a designee of the Speaker Pro Tempore, the State Treasurer or
14 a designee of the Treasurer, the CEO of the Retirement Systems
15 of Alabama or a designee of the Secretary-Treasurer, and the
16 Chairman of the Board of the Teachers Retirement System. Any
17 person who is designated to serve on the authority in the
18 place of any of the officers listed herein must have special
19 knowledge, experience, or expertise in accounting, public
20 finance, or banking.

21 Section 3. The authority shall be chaired by the
22 Governor and shall meet at the call of the Governor or upon
23 the call of a majority of the members of the authority.

24 Section 4. The authority shall be authorized to
25 review the actions of any public utility or county that is in
26 default on its public debt obligations. If the authority
27 determines that a utility or a county is in default, the

1 authority, by recorded majority vote, may assume the powers
2 and duties of the operation of the utility or county until the
3 defaulting utility or county makes 12 consecutive timely
4 payments and implements any recommendations or accountability
5 plans of the authority.

6 Section 5. The authority may negotiate fully for the
7 debt settlement or debt negotiation of a utility or county
8 that it manages or operates pursuant to this amendment due to
9 a delinquency or default.

10 Section 6. Nothing contained in this amendment shall
11 impair any contractual obligation otherwise protected by the
12 United States Constitution or the Constitution of Alabama of
13 1901.

14 Section 7. In determining whether a utility or
15 county is in default of a debt obligation, the authority shall
16 consider all aspects of the financial condition of a utility
17 or county under review, and the authority may consider the
18 debt or bond rating of a major bond rating service, such as,
19 but not limited to, Standard & Poor's Rating Services. A
20 public utility or county may acknowledge that it is delinquent
21 or in default of a debt obligation by the formal adoption of a
22 resolution of the governing body of the utility or county. A
23 court having jurisdiction of the parties to the debt agreement
24 may issue a judgment or order establishing that a utility or
25 county is delinquent or in default.

26 Section 8. The authority may hire a manager and
27 prescribe his or her duties and establish his or her

1 compensation without regard to the state Merit System. The
2 authority, or its manager, may provide for recommendations,
3 reforms, and accountability measures for any defaulting public
4 utility that it manages.

5 Section 9. The authority shall be subject to the
6 State Ethics Law and the Alabama Open Meetings Act.

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