



2010-009

STATE OF ALABAMA  
OFFICE OF THE ATTORNEY GENERAL

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November 4, 2009

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Honorable Connie Morrison  
Mayor, Town of Bear Creek  
Post Office Box 186  
Bear Creek, Alabama 35543

Municipalities – Water Boards – Dissolution  
– Marion County

The Water Works Board of the Town of Bear Creek automatically dissolved and title to said system immediately vested in the Town of Bear Creek when the principal and interest on all of its bonds were paid in full.

Dear Mayor Morrison:

This opinion of the Attorney General is issued in response to your request on behalf of the Town of Bear Creek.

QUESTION

Did the Water Works Board of the Town of Bear Creek automatically dissolve and title to said system immediately vest in the Town of Bear Creek when the principal and interest on all of its bonds were paid in full?

FACTS AND ANALYSIS

The Water Works Board of the Town of Bear Creek was organized pursuant to section 11-50-310, *et seq.*, of the Code of Alabama. In a recent letter, the Town of Bear Creek requested an opinion regarding whether the Water Works Board of the Town of Bear Creek (“Board”) automatically dissolved and title to said system immediately vested in the Town of Bear Creek when the principal and interest on all of its bond indebtedness was paid in full.

Initially, the Board issued bond indebtedness for the purpose of constructing and/or making improvements to the Board's water system. On or about November 26, 2004, the Board paid its bond indebtedness in full, which is evidenced by the cancellation of debt documents that were sent along with your request. Since the cancellation of debt in 2004, however, the Board has continued to operate and is currently indebted to the Town of Phil Campbell in the amount of approximately \$10,000 for the purchase of a certain water line.

Section 11-50-316 of the Code of Alabama generally sets forth the manner or mechanism in which the title of systems vest in the municipality. Section 11-50-316(b) states as follows:

**(b) *When the principal of and the interest on all bonds of such corporation payable from the revenues of any system owned by such corporation shall have been paid in full, then title to such system from the revenue of which the bonds are payable shall thereupon immediately vest in the municipality which authorized the incorporation of such corporation, and such system shall become the property of such municipality, except as otherwise provided in Section 11-50-320. When title to all property owned by any corporation organized or the certificate of incorporation of which is amended under this article shall have vested in the appropriate municipality which shall be entitled thereto under this section and Section 11-50-320, then such corporation shall thereupon stand dissolved; provided, that, if at any time any such corporation does not have any bonds outstanding (regardless of whether it has ever issued any bonds), its board of directors may adopt a resolution, which shall be duly entered on its minutes, declaring that such corporation shall be dissolved; and, upon the filing for record of a certified copy of such resolution in the office of the judge of probate of the county wherein the certificate of incorporation of such corporation was filed, such corporation shall stand dissolved, whereupon title to any property and assets then owned by such corporation shall, except as otherwise provided in Section 11-50-320, vest in the municipality which authorized the incorporation of such corporation. The formation of one or more corporations under the provisions of this***

article shall not prevent the subsequent formation hereunder of another corporation or corporations.

ALA. CODE § 11-50-316(b) (2008).

Under the established rules of statutory construction, words used in a statute must be given their natural, plain, ordinary, and commonly understood meaning, and where plain language is used, a court is bound to interpret that language to mean exactly what it says. *Ex parte Cove Properties, Inc.*, 796 So. 2d 331, 333-34 (Ala. 2000). Section 11-50-316 states that when the principal and interest on all bonds have been paid in full, the title of the system "shall thereupon immediately vest in the municipality . . . [and] such corporations shall thereupon stand dissolved." ALA. CODE § 11-50-316(b) (2008). According to the plain language of the statute, the Water Works Board of the Town of Bear Creek dissolved as of November 2004 when all of the bond indebtedness was paid in full.

#### CONCLUSION

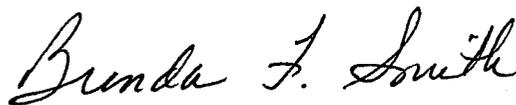
The Water Works Board of the Town of Bear Creek automatically dissolved and title to said system immediately vested in the Town of Bear Creek when the principal and interest on all of its bonds were paid in full.

I hope this opinion answers your question. If this Office can be of further assistance, please contact Monet Gaines of my staff.

Sincerely,

TROY KING  
Attorney General

By:



BRENDA F. SMITH  
Chief, Opinions Division