# WEST VIRGINIA CODE: §4-11A-13

**§4-11A-13. Authorization of bonds of the authority.**

(a) The authority may issue bonds in more than one series and, if bonds are issued, shall use the net proceeds to purchase the state's share pursuant to the sales agreement to be applied as set forth in section twelve of this article. In connection with the issuance of bonds and subject to the terms of the sales agreement, the authority shall determine the terms and other details of the financing. Bonds issued pursuant to this section may be secured by a pledge of the state's share purchased by the authority. The authority may also issue refunding bonds, including advance refunding bonds, for the purpose of refunding previously issued bonds, and may issue other types of bonds, notes or other debt obligations and financing arrangements necessary to fulfill its purposes or the purposes of this article.

(b) The authority may issue its bonds in principal amounts which, in the opinion of the authority, are necessary to provide sufficient funds for achievement of its purposes, the payment of interest on its bonds, the establishment of reserves to secure the bonds, the costs of issuance of its bonds and all other expenditures of the authority incident to and necessary to carry out its purposes or powers. The bonds are investment securities and negotiable instruments within the meaning of and for the purposes of article eight, chapter forty-six of this code, subject only to the provisions of the notes or bonds for registration, unless otherwise provided by resolution of the authority.

(c) Bonds issued by the authority are payable solely and only out of the moneys, assets or revenues pledged by the authority and are not a general obligation or indebtedness of the authority or an obligation or indebtedness of the state or any subdivision of the state. The authority shall not pledge the credit or taxing power of the state or any political subdivision of the state, or create a debt or obligation of the state, or make its debts payable out of any moneys except those of the authority.

(d) Bonds of the authority shall state on their face that they are payable both as to principal and interest solely out of the assets of the authority pledged for their purpose and do not constitute an indebtedness of the state or any political subdivision of the state; are secured solely by and payable solely from assets of the authority pledged for such purpose; constitute neither a general, legal nor moral obligation of the state or any of its political subdivisions; and that the state has no obligation or intention to satisfy any deficiency or default of any payment of the bonds.

(e) Any amount pledged by the authority to be received under any sales agreement is valid and binding at the time the pledge is made. Amounts pledged and then or thereafter received by the authority are immediately subject to the lien of the pledge without any physical delivery thereof or further act. The lien of any pledge is valid and binding as against all parties having claims of any kind against the authority whether the parties have notice of the lien or not. Notwithstanding any other provision of law, the pledge is not subject to

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article nine, chapter forty-six of this code. Notwithstanding any other provision to the contrary, the resolution of the authority or any other instrument by which a pledge is created need not be recorded or filed to perfect the pledge.

(f) The proceeds of bonds issued by the authority may be invested in any security or obligation approved by the board and specified in the trust indenture or resolution pursuant to which the bonds must be issued, notwithstanding any other provision to the contrary provided that any sales proceeds derived from tax exempt bonds are invested in a manner prescribed by the board so as to maintain the tax exempt status of the bonds.

(g) The exercise of the powers granted to the authority by this article will be in all respects an essential governmental function and for the benefit of the people of the state and is a public purpose. The authority, its property, income and all bonds and all interest and income thereon are exempt from all taxation by this state and any county, municipality, political subdivision or agency thereof.

(h) Bonds of the authority shall comply with all of the following:

(1) The bonds may be issued in one or more series and shall be in a form, issued in denominations, carry such registration privileges and payable over terms and with rights of redemption as the board prescribes in the trust indenture or resolution authorizing their issuance;

(2) The bonds shall be fully negotiable instruments under the laws of this state and may be sold at prices, at public or private sale, and in a manner as prescribed by the board; and

(3) The bonds are subject to the terms, conditions and covenants providing for the payment of the principal, redemption premiums, if any, interest which may be fixed or variable, including, but not limited to, zero coupon bonds and capital appreciation bonds, during any period the bonds are outstanding, and other terms, conditions, covenants and protective provisions safeguarding payment as determined by the trust indenture or resolution of the board authorizing their issuance.

(i) The bonds issued under this article are securities in which insurance companies and associations and other persons engaged in the business of insurance; banks, trust companies, savings associations, savings and loan associations and investment companies; administrators, guardians, executors, trustees and other fiduciaries; and other persons authorized to invest in bonds or other obligations of the state may properly and legally invest funds, including capital, in their control or belonging to them.

(j) Bonds must be authorized by a resolution of the board. A resolution authorizing the issuance of bonds may delegate to an officer of the authority the power to negotiate and fix the details of an issue of bonds and of their sale by an appropriate certificate of the authorized officer or by execution and delivery of a trust indenture or bond purchase agreement. The bonds and notes shall be executed by the chairperson and secretary of the

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authority, both of whom may use facsimile signatures. In case any officer whose signature, or a facsimile of whose signature, appears on any bonds or notes ceases to be an officer before delivery of the bonds or notes, the signature or facsimile is nevertheless sufficient for all purposes the same as if he or she had remained in office until the delivery.

(k) The authority may issue one or more series of bonds at any time or times so that interest on the bonds may be or remain exempt from federal taxation or to comply with the purposes specified in this article: Provided, That the state shall covenant and agree to invest any funds received from the sales agreement which were derived from tax exempt bonds issued by the authority in a manner prescribed from the authority.

(l) In connection with the issuance of any bonds authorized and issued pursuant to this section, and in addition to the funds and accounts established elsewhere in this article, the board may, under the trust indenture or resolution pursuant to which the bonds are issued, establish any other accounts, subaccounts or reserves determined necessary by the board.

(m) While bonds of the authority are outstanding, the state shall not agree to any amendment of the master settlement agreement, the qualifying statute, the complementary legislation, this article or the sales agreement that materially and adversely affects the authority's ability or rights to receive the state's share that has been sold to the authority or the authority's rights and powers under this article and the sales agreement. The provision of this section shall be part of the contractual obligation owed to the holders of the authority's bonds.

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