WEST VIRGINIA CODE CHAPTER 4 ARTICLE 11A

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§4-11A-1. Legislative findings and purpose.

(a) On November 23, 1998, tobacco product manufacturers entered into a settlement agreement with the state. This master settlement agreement releases those manufacturers from past, present and specific future claims against them in return for payment of annual sums of money to the state, obligates the manufacturers to change their advertising and marketing practices and requires the establishment by the manufacturers of a national foundation for the interests of public health.

(b) The revenues received pursuant to the master settlement agreement are directly related to the past, present and future costs incurred by the state for the treatment of tobaccorelated illnesses. The receipt of revenues in the future is subject to the ongoing risk of litigation against manufacturers or other events that may adversely affect the financial strength of the manufacturers. The purpose of this article is to preserve the revenues received from the settlement.

(c) The receipt of funds in accordance with the master settlement agreement shall be deposited only in accordance with the provisions of this article.

(d) The state receives revenue each year under the terms of the master settlement agreement with the tobacco manufacturers. This revenue is used to fund programs of vital importance to the people of West Virginia and the Legislature finds that it is in the best interest of the people of this state to protect these revenues by the sale of the state's share to the Tobacco Settlement Finance Authority created in section six of this article.

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§4-11A-1a. Legislative findings related to securitization of moneys received pursuant to master settlement agreement and previously dedicated to the Workers' Compensation Debt Reduction Fund.

(a) In December, 2005, the Governor issued a proclamation regarding the privatization of the workers' compensation system pursuant to section eleven, article two-c, chapter twenty-three of this code, thereby proclaiming that a revenue source had been secured to satisfy the Old Fund liabilities as they occur;

(b) A portion of the revenue source secured to satisfy the Old Fund liabilities as they occur was the first $30 million received pursuant to section IX(c)(1) of the master settlement agreement and the anticipated strategic compensation payments to be received pursuant to section IX(c)(2) of the master settlement agreement;

(c) For purposes of the proclamation, it was assumed that the first $30 million received pursuant to section IX(c)(1) of the master settlement agreement and the anticipated strategic compensation payments to be received pursuant to section IX(c)(2) of the master settlement agreement as calculated pursuant to subsection (a), section twelve of this article would on a calendar year basis provide a maximum of $45 million per year to satisfy the Old Fund liabilities as they occur;

(d) The Legislature finds and declares that replacing the first $30 million received pursuant to section IX(c)(1) of the master settlement agreement and the anticipated strategic compensation payments to be received pursuant to section IX(c)(2) of the master settlement agreement with $50,400,000 pursuant to section eighteen of this article for the benefit of the Old Fund, in combination with the remaining portions of the revenue sources secured for the unfunded liabilities of the Old Fund as established in Enrolled Senate Bill No. 1004 during the first extraordinary session of the Legislature, 2005, will ensure that a revenue source has been and will continue to remain secured to satisfy the Old Fund liabilities as they occur; and thus all conditions precedent to the issuance of the proclamation by the Governor remain in effect.

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§4-11A-2. Receipt of settlement funds and required deposit in West Virginia Tobacco Settlement Medical Trust Fund until June 1, 2005, then to Workers' Compensation Debt Reduction Fund; deposit of strategic compensation payments; transfer of trust fund moneys.

(a) The Legislature finds and declares that certain dedicated revenues should be preserved in trust for the purpose of stabilizing the state's health-related programs and delivery systems. It further finds and declares that these dedicated revenues should be preserved in trust for the purpose of educating the public about the health risks associated with tobacco usage and establishing a program designed to reduce and stop the use of tobacco by the citizens of this state and in particular by teenagers.

(b) There is hereby created a special account in the state Treasury, designated the West Virginia Tobacco Settlement Medical Trust Fund, which shall be an interest-bearing account and may be invested in the manner permitted by section nine, article six, chapter twelve of this code, with the interest income a proper credit to the fund. Unless contrary to federal law, fifty percent of all revenues received pursuant to the master settlement agreement shall be deposited in this fund. Funds paid into the account may also be derived from the following sources:

(1) All interest or return on investment accruing to the fund;

(2) Any gifts, grants, bequests, transfers or donations which may be received from any governmental entity or unit or any person, firm, foundation or corporation;

(3) Any appropriations by the Legislature which may be made for this purpose; and

(4) Any funds or accrued interest remaining in the board of Risk and Insurance Management Physicians' Mutual Insurance Company account created pursuant to section seven, article twenty-f, chapter thirty-three of this code on or after July 1, 2004.

(c) (1) The moneys from the principal in the trust fund may not be expended for any purpose, except that on April 1, 2003, the Treasurer shall transfer to the board of Risk and Insurance Management Physicians' Mutual Insurance Company account created by section seven, article twenty-f, chapter thirty-three of this code, $24 million from the West Virginia Tobacco Settlement Medical Trust Fund for use as the initial capital and surplus of the Physicians' Mutual Insurance Company created pursuant to said article. The remaining moneys in the trust fund resulting from interest earned on the moneys in the fund and the return on investments of the moneys in the fund shall be available only upon appropriation by the Legislature as part of the state budget and expended in accordance with the provisions of section three of this article.

(2) Notwithstanding any other provision of this code to the contrary, on the effective date of the amendment and reenactment of this section during the regular session of the Legislature in 2006, all moneys in the trust fund and any interest or other return earned thereon shall be

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transferred to the revenue shortfall reserve fund - Part B created in section twenty, article two, chapter eleven-b of this code and the trust fund shall be closed. No provisions of the amendments made to this section during the regular session of the Legislature in 2006 may be construed to change the requirements of this section for the deposit of revenues received pursuant to the master settlement agreement into the Workers' Compensation Debt Reduction Fund.

(d) Notwithstanding the preceding subsections to the contrary, the first $30 million of all revenues received after June 30, 2005, pursuant to section IX(c)(1) of the master settlement agreement shall in the fiscal year beginning July 1, 2005, and each fiscal year thereafter, be deposited in the Workers' Compensation Debt Reduction Fund established in the state Treasury in section five, article two-d, chapter twenty-three of this code. Receipts in excess of $30 million shall be deposited into the tobacco settlement fund provided in section three of this article.

(e) Notwithstanding anything in this code to the contrary, strategic compensation payments received pursuant to section IX(c)(2) of the master settlement agreement, beginning in 2008, shall be deposited in their entirety in the Workers' Compensation Debt Reduction Fund.

(f) Notwithstanding anything in this code to the contrary, on the effective date of the sale of the state's share to the authority as authorized in this article, the deposits and transfers provided in this section shall cease and no longer be required.

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§4-11A-3. Receipt of settlement funds and required deposit in the West Virginia Tobacco Settlement Fund.

(a) There is hereby created in the state Treasury a special revenue account, designated the Tobacco Settlement Fund, which shall be an interest-bearing account and may be invested in the manner permitted by the provisions of article six, chapter twelve of this code, with the interest income a proper credit to the fund. Unless contrary to federal law, fifty percent of all revenues received pursuant to the master settlement agreement shall be deposited in this fund. These funds shall be available only upon appropriation by the Legislature as part of the state budget: Provided, That for the fiscal year 2000, the first $5 million received into the fund shall be transferred to the Public Employees Insurance Reserve Fund created in article two, chapter five-a of this code.

(b) Appropriations from the Tobacco Settlement Fund are limited to expenditures for the following purposes:

(1) Reserve funds for continued support of the programs offered by the Public Employees Insurance Agency established in article sixteen, chapter five of this code;

(2) Funding for expansion of the federal-state Medicaid program as authorized by the Legislature or mandated by the federal government;

(3) Funding for public health programs, services and agencies; and

(4) Funding for any state-owned or -operated health facilities.

(c) Notwithstanding anything in this code to the contrary, on the effective date of the sale of the state's share to the authority as authorized in this article, the deposits and transfers provided in this section shall cease and no longer be required.

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§4-11A-4. Limitation on appeal bond.

The bond that any appellant who is a signatory or a successor to a signatory of the master settlement agreement or who controls or is under common control with a signatory of the master settlement agreement may be required to post to stay execution on a judgment during an appeal in any cause of action shall be set in accordance with the provisions of section fourteen, article five, chapter fifty-eight of this code and the West Virginia rules of civil procedure: Provided, That an appeal bond may not exceed $100 million for compensatory damages and all other portions of a judgment other than punitive damages and $100 million for punitive damages unless the appellee proves by a preponderance of the evidence that the appellant or appellants are purposefully dissipating or diverting assets outside of the ordinary course of its business to the effect that the ability to pay the ultimate judgment is impaired. For purposes of this section, multiple judgments resulting from cases that have been consolidated or aggregated for purposes of trial proceedings shall be treated as a single judgment.

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§4-11A-5. Applicability.

The provisions of section four of this article, as originally passed or later amended, apply to all actions pending in the courts of this state on the effective date of this section and to any action filed in this state on or after the effective date: Provided, That the provisions of section four of this article providing for the maximum amount of an appeal bond shall not apply in any action brought by any signatory to the master settlement agreement seeking to enforce compliance with the terms of the master settlement agreement or for a breach of the master settlement agreement.

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§4-11A-6. Creation of Tobacco Settlement Finance Authority.

(a) The Tobacco Settlement Finance Authority is hereby created and constitutes a body corporate and politic, constituting a public corporation and government instrumentality of the state and the exercise of its powers pursuant to this article is an essential governmental function.

(b) The authority shall not create any obligation of this state or any political subdivision of this state within the meaning of any Constitutional or statutory debt limitation.

(c) The authority shall not pledge the credit or taxing power of the state or any political subdivision of this state, or make its debts payable out of any moneys except those of the authority specifically pledged for their payment.

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§4-11A-7. Definitions.

Unless the context clearly indicates otherwise, as used in this article:

(a) "Authority" means the Tobacco Settlement Finance Authority created in this article.

(b) "Board" means the governing board of the authority.

(c) "Bonds" means bonds, notes and other obligations and financing arrangements issued or entered into by the authority pursuant to this article.

(d) "Complementary legislation" means article nine-d, chapter sixteen of this code.

(e) "Interest rate agreement" means an interest rate swap or exchange agreement, an agreement establishing an interest rate floor or ceiling or both, or any similar agreement. Any agreement may include the option to enter into or cancel the agreement or to reverse or extend the agreement.

(f) "Master settlement agreement" means the master settlement agreement as defined in section one of this article.

(g) "Net proceeds" means the amount of proceeds remaining following each sale of bonds which are not required by the authority to establish and fund reserve funds, to fund an operating expense reserve for the authority, to fund capitalized interest, if any, and to pay the costs of issuance and other expenses and fees related to the authorization and issuance of bonds.

(h) "Notes" means notes, warrants, loan agreements and all other forms of evidence of indebtedness authorized under this article.

(i) "Qualified investments" means investments of the authority authorized pursuant to this article as established by the authority pursuant to subdivision (11), subsection (a), section eleven of this article.

(j) "Qualifying statute" has the meaning given that term in the master settlement agreement, constituting article nine-b, chapter sixteen of this code.

(k) "Sales agreement" means any agreement authorized pursuant to this article in which the state provides for the sale of all or a portion of the state's share to the authority.

(l) "State's share" means all of the following:

(1) All payments required to be made by tobacco product manufacturers to the state, and the state's rights to receive the payments, under the master settlement agreement.

(2) The state's rights in any collateral securing or otherwise assuring the receipt of the

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moneys.

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§4-11A-8. Governing board.

(a) The powers of the authority are vested in and shall be exercised by a board of five individuals, consisting of the Secretary of the Department of Administration, who shall act as chairperson, the Treasurer of the State of West Virginia, and three individuals, each appointed by the Governor, who shall have skill and experience in finance.

(b) Three members of the board constitute a quorum.

(c) The members shall elect a vice chairperson and secretary, annually, and other officers as the members determine necessary.

(d) Meetings of the board shall be held at the call of the chairperson or when a majority of the members request a meeting.

(e) The members of the board shall not receive compensation by reason of their membership on the board.

(f) Of the initial appointments made by the Governor to the authority, two shall be for a term of two years and two shall be for a term of three years. Members appointed to the authority subsequent to the initial appointments shall serve for terms of four years. Any member whose term has expired shall serve until his or her successor has been duly appointed and qualified. Any person appointed to fill a vacancy shall serve only for the unexpired term.

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§4-11A-9. Staff; assistance by state officers, agencies and departments.

(a) The Secretary of the Department of Administration shall furnish to the authority any secretarial, clerical, technical, research and other services that are necessary to the conduct of the business of the authority.

(b) State officers, agencies and departments may render services to the authority within their respective functions, as requested by the authority.

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§4-11A-10. Limitation of liability.

Members of the board and persons acting on the authority's behalf, while acting within the scope of their employment or agency, are not subject to personal liability resulting from carrying out the powers and duties conferred on them under this article.

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§4-11A-11. General powers.

(a) The authority has all the general powers necessary to carry out its purposes and duties and to exercise its specific powers, including, but not limited to, the power to:

(1) Enter into sales agreements and acquire by purchase, grant, lease, gift or otherwise from the state its right, title and interest in and to the state's share, including, without limitation, the rights of the state to receive the moneys due to it under this article and the rights in any collateral securing or otherwise assuring the receipt of the moneys;

(2) Sell, pledge or assign, as security or consideration, the state's share sold to the authority pursuant to one or more sales agreements, to provide for and secure the issuance and repayment of its bonds or to implement alternative funding options;

(3) Issue and sell one or more series or classes of bonds, notes or other obligations through public bidding, private placement or negotiated underwriting to finance the acquisition referred to in this article;

(4) Refund and refinance the authority's debts and obligations and to manage its funds, obligations and investments as necessary and if consistent with its purpose;

(5) Enter into funding options consistent with this article, including refunding and refinancing its debt and obligations;

(6) Enter into credit enhancements, liquidity agreements or interest rate agreements;

(7) Have perpetual succession as a public instrumentality and agency of the state, until dissolved in accordance with this article;

(8) Sue and be sued in its own name;

(9) Make and execute agreements, contracts and other instruments with any public or private person, in accordance with this chapter;

(10) Retain or employ counsel, Auditors, investment bankers, trustees, economic experts and any other private consultants and advisors, on a contract basis or otherwise, necessary or desirable for rendering legal, banking, financial or other professional, management or technical services or advice in connection with the acquisition and financing referred to in this article and pay for all of the services from the proceeds of the bonds;

(11) Establish investment guidelines, designate qualified investments and invest funds;

(12) Procure insurance, other credit enhancements, liquidity agreements and other financing arrangements and to execute instruments and contracts and to enter into agreements convenient or necessary to facilitate financing arrangements of the authority; and to fulfill the purposes of the authority under this article, including, but not limited to, any

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arrangements, instruments, contracts and agreements as municipal bond insurance, liquidity facilities, interest rate agreements and letters of credit;

(13) Determine, in connection with the issuance of bonds, and subject to the sales agreement, the terms, documentation and other details of the financing;

(14) Hold, use, sell, convey, mortgage, pledge, exchange or otherwise dispose of the state's share and any proceeds or further rights associated with the state's share;

(15) Establish a trust which is entitled to receive revenues and bond proceeds of the authority that are in excess of the authority's expenses, debt service and contractual obligations and to transfer its ownership interest in the trust to the state as the noncash portion of the purchase price for the state's share; and

(16) Include in its agreements with the holders of the bonds the nonimpairment pledge as described in subdivision (8), subsection (c), section twelve of this article.

(b) Other than the payments of debt service on its bonds, the authority may not make payments or distributions to private interests or private individuals unless those payments are reasonable in amount and paid in exchange for the performance of services.

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§4-11A-12. Authorization of the sale of rights in the master settlement agreement.

(a) The sale of the state's share shall be authorized by an executive order issued by the Governor as authorized in this section. The executive order shall be received by the Secretary of State and filed in the state Register pursuant to section three, article two, chapter twenty-nine-a of this code: Provided, That the Governor shall not issue the executive order unless the aggregate collective amount of net sale proceeds received by the state from the sale of the state's share is more than $800 million.

(b) The Governor may sell and assign all or a portion of the state's share to the authority pursuant to one or more sales agreements for the purpose of securitization of the amounts received by the state under the master settlement agreement.

(c) The terms and conditions of the sale established in any sales agreement shall include the following:

(1) A requirement that the state enforce its right to collect all moneys due from the participating tobacco manufacturers pursuant to the provisions of the master settlement agreement, including, without limitation, the state's share that has been sold to the authority under a sales agreement, and, in addition, that the state shall diligently enforce the qualifying statute as contemplated in section IX (d)(2)(b) of the master settlement agreement and the complementary legislation against all tobacco product manufacturers selling tobacco products in the state and that are not in compliance with the qualifying statute or the complementary legislation, in each case in the manner and to the extent considered necessary in the judgment of the Attorney General of the state;

(2) A requirement that the state 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;

(3) An agreement that the anticipated use by the state of sale proceeds received pursuant to the sales agreement shall be for the purposes set forth in this article;

(4) A requirement that the aggregate collective amount of net sale proceeds received by the state from the sale of the state's share shall not be less than $800 million;

(5) A requirement that the proceeds received by the state from the sale of the state's share be applied by the state upon receipt to the Consolidated Public Retirement Board for deposit into the state Teachers Retirement System to redeem a portion of the unfunded actuarial accrued liability;

(6) A requirement that the state may receive from the authority, as the purchase price for the sale, any combination of cash, securities and direct or beneficial ownership interests in

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property, including, but not limited to, the allocable beneficial interest in the residual state's share cash flows not needed to meet the bond debt service allocable to the state's share purchased by the authority from the state, whether by an initial sale or sales of the authority's bonds;

(7) A requirement that the cost of issuance excluding fees for bond insurance, credit enhancements, liquidity facilities and rating agency fees, plus underwriter's discount and any other costs associated with the issuance shall not exceed, in the aggregate, the sum of one percent of the aggregate principal amount of the bonds issued; and

(8) A requirement that the state will pledge to and agree with the holders of the authority's bonds and with any person or entity that contracts with the authority in connection with the issuance of the bonds that the state will not alter, limit or impair: (i) The rights vested in the authority to receive the state's share, to exercise its powers, or the ability to fulfill the terms of any contract entered into with the holders of the authority's bonds or any person or entity with reference to the authority's bonds; and (ii) the rights and remedies of the holders of any of the authority's bonds. The state's pledge and agreement shall continue in full force and effect until the authority's legal commitments with respect to the authority's bonds and contracts have been discharged in full.

(d) Any sale made under this section shall be irrevocable. Any sale shall constitute and be treated as a true and absolute sale and absolute transfer of the property transferred and not as a pledge or other security interest for any borrowing.

(e) On or after the effective date of any sale, the state shall not have any right, title or interest in the portion of the state's share sold, and the portion of the state's share sold shall be the property of the authority and not the state. None of the property sold by the state pursuant to this section shall be subject to garnishment, levy, execution, attachment or other process, or remedy in connection with the assertion or enforcement of any debt, claim, settlement or judgment against the state.

(f) On or before the effective date of any sale, the state shall notify the escrow agent under the master settlement agreement of the sale and shall irrevocably direct the escrow agent under the master settlement agreement that, subsequent to that date, all payments constituting the state's share or a portion thereof shall be made directly to the authority or its designee.

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§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 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.

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(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 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.

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(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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§4-11A-14. Exemption from purchasing provisions.

The provisions of article three, chapter five-a of this code shall not apply to the authority with respect to contracts entered into by the authority in carrying out the public and essential governmental functions set forth in this article and are exempt from the laws of the state which provide for competitive bids and hearings in connection with contracts and for review as to the form of contracts by the office of the Attorney General of the state.

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§4-11A-15. Bankruptcy.

Notwithstanding any other provision of law, the authority is not authorized, and no governmental officer or organization shall authorize the authority to become a debtor in a case under the United States bankruptcy code, Title 11 of the United States Code, to make an assignment for the benefit of creditors or to become the subject of any similar case or proceeding. The provisions of this section shall be part of any contractual obligation owed to holders of any bonds issued pursuant to this article and shall not be modified by the state prior to the date which is three hundred sixty-six days after which the authority no longer has any bonds outstanding.

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§4-11A-16. Dissolution of the authority; distribution of assets.

The authority shall dissolve not sooner than three hundred sixty-six days after it no longer has any bonds outstanding and no later than two years from the date of final payment of all outstanding bonds and the satisfaction of all outstanding obligations of the authority, except to the extent necessary to remain in existence to fulfill any outstanding covenants or provisions with bondholders or third parties made in accordance with this article. Upon dissolution of the authority, all assets of the authority shall be transferred to the state, and the authority shall execute any necessary assignments or instruments, including any assignment of any right, title or ownership to the state for receipt of payments under the master settlement agreement. In no event shall the authority dissolve while any bonds of the authority are outstanding.

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§4-11A-17. Construction.

This article, being considered necessary for the welfare of the state and its people, shall be liberally construed to affect its purpose.

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§4-11A-18. Dedication of personal income tax proceeds as replacement moneys for anticipated tobacco master settlement agreement proceeds to the Old Fund.

(a) There is hereby dedicated an annual amount of $50,400,000 from annual collections of the tax imposed by article twenty-one, chapter eleven of this code as a portion of the revenue source dedicated to satisfy the Old Fund liabilities as they occur to provide a dollar for dollar replacement of the first $30 million received pursuant to section IX(c)(1) of the master settlement agreement and the anticipated strategic compensation payments to be received pursuant to section IX(c)(2) of the master settlement agreement as previously dedicated to the Old Fund prior to the sale of state's share to the Tobacco Settlement Finance Authority. No portion of this amount may be pledged for payment of debt service on revenue bonds issued pursuant to article two-d, chapter twenty-three of this code.

(b) Notwithstanding any other provision of this code to the contrary, beginning immediately after the sale of the state's share to the Tobacco Settlement Finance Authority, $50,400,000 from collections of the tax imposed by article twenty-one, chapter eleven of this code shall be deposited each calendar year to the credit of the Old Fund created in article two-d, chapter twenty-three of this code in accordance with the following schedule. Each calendar month, except for July, August and September each year, $5,600,000 shall be transferred, on or before the twenty-eighth day of the month, to the Workers' Compensation Debt Reduction Fund created in article two-d, chapter twenty-three of this code. The transfers pursuant to this section are in addition to the transfers pursuant to section ninety-six, article twenty-one, chapter eleven of this code.

(c) Expiration. —

The transfers required by this section shall cease on and after February 1, 2016. No transfer pursuant to this section shall be made thereafter.

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