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SENATE BILL NO. 487

Offered January 26, 1998

A BILL to amend and reenact §§ 62.1-198, 62.1-199, 62.1-203, 62.1-204, 62.1-206 through 62.1-210, 62.1-213 through 62.1-216, and 62.1-219 of the Code of Virginia and to amend the Code of Virginia by adding a section numbered 62.1-216.1, relating to powers of the Virginia Resource Authority.

Patron—Colgan

Referred to the Committee on Agriculture, Conservation and Natural Resources

Be it enacted by the General Assembly of Virginia:

1. That §§ 62.1-198, 62.1-199, 62.1-203, 62.1-204, 62.1-206 through 62.1-210, 62.1-213 through 62.1-216, and 62.1-219 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding a section numbered 62.1-216.1 as follows:

§ 62.1-198. Legislative findings and purposes.

The General Assembly finds that there exists in the Commonwealth a critical need for additional sources of funding to finance the present and future needs of the Commonwealth for water supply, wastewater treatment facilities, drainage facilities, solid waste treatment, disposal and management facilities, recycling facilities, resource recovery facilities and certain heavy rail transportation facilities. This need can be alleviated in part through the creation of a resources authority. Its purpose is to encourage the investment of both public and private funds and to make loans ~~and~~, grants, *and credit enhancements* available to local governments to finance water and sewer projects, drainage projects, solid waste treatment, disposal and management projects, recycling projects, and resource recovery projects. The General Assembly determines that the creation of an authority for this purpose is in the public interest, serves a public purpose and will promote the health, safety, welfare, convenience or prosperity of the people of the Commonwealth.

§ 62.1-199. Definitions.

As used in this chapter, unless a different meaning clearly appears from the context:

"Authority" means the Virginia Resources Authority created by this chapter.

"Board of Directors" means the Board of Directors of the Authority.

"Bonds" means any bonds, notes, debentures, interim certificates, bond, grant or revenue anticipation notes, lease and sale-leaseback transactions or any other evidences of indebtedness of the Authority.

"Capital Reserve Fund" means the reserve fund created and established by the Authority in accordance with § 62.1-215.

"Cost," as applied to any project financed under the provisions of this chapter, means the total of all costs incurred by the local government as reasonable and necessary for carrying out all works and undertakings necessary or incident to the accomplishment of any project. It includes, without limitation, all necessary developmental, planning and feasibility studies, surveys, plans and specifications, architectural, engineering, financial, legal or other special services, the cost of acquisition of land and any buildings and improvements thereon, including the discharge of any obligations of the sellers of such land, buildings or improvements, site preparation and development, including demolition or removal of existing structures, construction and reconstruction, labor, materials, machinery and equipment, the reasonable costs of financing incurred by the local government in the course of the development of the project, *including the cost of any credit enhancements*, carrying charges incurred before placing the project in service, interest on local obligations issued to finance the project to a date subsequent to the estimated date the project is to be placed in service, necessary expenses incurred in connection with placing the project in service, the funding of accounts and reserves which the Authority may require and the cost of other items which the Authority determines to be reasonable and necessary. It also includes the amount of any contribution, grant or aid which a local government may make or give to any adjoining state, the District of Columbia or any department, agency or instrumentality thereof to pay the costs incident and necessary to the accomplishment of any project, including, without limitation, the items set forth above.

"Credit enhancements" means surety bonds, insurance policies, letters of credit, guarantees and other forms of collateral or security.

"Local government" means any county, city, town, municipal corporation, authority, district, commission or political subdivision created by the General Assembly or pursuant to the Constitution and laws of the Commonwealth or any combination of any two or more of the foregoing.

"Local obligations" means any bonds, notes, debentures, interim certificates, bond, grant or revenue anticipation notes, leases or any other evidences of indebtedness of a local government.

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60 "Minimum capital reserve fund requirement" means, as of any particular date of computation, the
61 amount of money designated as the minimum capital reserve fund requirement which may be established
62 in the resolution of the Authority authorizing the issuance of, or the trust indenture securing, any
63 outstanding issue of bonds *or credit enhancement*.

64 "Project" means any water supply or wastewater treatment facility including a facility for receiving
65 and stabilizing septage or a soil drainage management facility and any solid waste treatment, disposal, or
66 management facility, recycling facility, or resource recovery facility located or to be located in the
67 Commonwealth, the District of Columbia or any adjoining state, all or part of which facility serves or is
68 to serve any local government. The term includes, without limitation, water supply and intake facilities;
69 water treatment and filtration facilities; water storage facilities; water distribution facilities; sewage and
70 wastewater (including surface and ground water) collection, treatment and disposal facilities; drainage
71 facilities and projects; solid waste treatment, disposal or management facilities; recycling facilities;
72 resource recovery facilities; related office, administrative, storage, maintenance and laboratory facilities;
73 and interests in land related thereto. The term also means any heavy rail transportation facilities operated
74 by a transportation district, created under the Transportation District Act of 1964 (§ ~~45.1-1342~~ 15.2-4500
75 et seq.), which operates heavy rail freight service, including rolling stock, barge loading facilities, and
76 any related marine or rail equipment.

77 § 62.1-203. Powers of Authority.

78 The Authority is granted all powers necessary or appropriate to carry out and to effectuate its
79 purposes, including the following:

80 1. To have perpetual succession as a public body corporate and as a political subdivision of the
81 Commonwealth;

82 2. To adopt, amend and repeal bylaws, and rules and regulations, not inconsistent with this chapter
83 for the administration and regulation of its affairs and to carry into effect the powers and purposes of
84 the Authority and the conduct of its business;

85 3. To sue and be sued in its own name;

86 4. To have an official seal and alter it at will although the failure to affix this seal shall not affect
87 the validity of any instrument executed on behalf of the Authority;

88 5. To maintain an office at any place within the Commonwealth which it designates;

89 6. To make and execute contracts and all other instruments and agreements necessary or convenient
90 for the performance of its duties and the exercise of its powers and functions under this chapter;

91 7. To sell, convey, mortgage, pledge, lease, exchange, transfer and otherwise dispose of all or any
92 part of its properties and assets;

93 8. To employ officers, employees, agents, advisers and consultants, including without limitations,
94 attorneys, financial advisers, engineers and other technical advisers and public accountants and, the
95 provisions of any other law to the contrary notwithstanding, to determine their duties and compensation
96 without the approval of any other agency or instrumentality;

97 9. To procure insurance, in amounts and from insurers of its choice, or provide self-insurance,
98 against any loss, cost, or expense in connection with its property, assets or activities, including insurance
99 or self-insurance against liability for its acts or the acts of its directors, employees or agents and for the
100 indemnification of the members of its Board of Directors and its employees and agents;

101 10. To procure ~~insurance, guarantees, letters of credit and other forms of collateral or security credit~~
102 ~~enhancements~~ from any public or private entities, including any department, agency or instrumentality of
103 the United States of America or the Commonwealth, for the payment of any bonds issued by the
104 Authority, including the power to pay premiums or fees on any such ~~insurance, guarantees, letters of~~
105 ~~credit and other forms of collateral or security credit enhancements~~;

106 11. To receive and accept from any source aid, grants and contributions of money, property, labor or
107 other things of value to be held, used and applied to carry out the purposes of this chapter subject to the
108 conditions upon which the aid, grants or contributions are made;

109 12. To enter into agreements with any department, agency or instrumentality of the United States of
110 America or, the Commonwealth, the District of Columbia or any adjoining state for the purpose of
111 planning, regulating and providing for the financing of any projects;

112 13. To collect, or to authorize the trustee under any trust indenture securing any bonds *or any other*
113 *fiduciary* to collect, amounts due under any local obligations owned *or credit enhanced* by the
114 Authority, including taking the action required by § ~~15.1-227.61~~ 15.2-2659 *or* § 62.1-217 to obtain
115 payment of any sums in default;

116 14. To enter into contracts or agreements for the servicing and processing of local obligations owned
117 by the Authority;

118 15. To invest or reinvest its funds as provided in this chapter or permitted by applicable law;

119 16. Unless restricted under any agreement with holders of bonds, to consent to any modification with
120 respect to the rate of interest, time and payment of any installment of principal or interest, or any other
121 term of any local obligations owned by the Authority;

17. To establish and revise, amend and repeal, and to charge and collect, fees and charges in connection with any activities or services of the Authority;

18. To do any act necessary or convenient to the exercise of the powers granted or reasonably implied by this chapter; and

19. To pledge as security for the payment of any or all bonds of the Authority, all or any part of the Capital Reserve Fund transferred to a trustee for such purpose from the Water Facilities Revolving Fund pursuant to § 62.1-231 or from the Water Supply Revolving Fund pursuant to § 62.1-240 or from the Virginia Solid Waste or Recycling Revolving Fund pursuant to § 62.1-241.9.

§ 62.1-204. Power to borrow money and issue bonds and credit enhancements.

The Authority shall have the power to borrow money and issue its bonds in amounts the Authority determines to be necessary or convenient to provide funds to carry out its purposes and powers and to pay all costs and expenses incurred in connection with the issuance of bonds. ~~The total Authority shall also have the power to issue credit enhancements with respect to local obligations issued to finance or refinance the cost of any project. The total outstanding aggregate principal amount of bonds outstanding at any one time, issued by the Authority, and local obligations guaranteed by the Authority pursuant to credit enhancements shall not exceed the sum of \$550 million without prior approval of the General Assembly.~~

Notwithstanding the foregoing, the Authority shall not exceed the sum of eight million dollars in the total principal amount of bonds outstanding at any one time for the purpose of financing any heavy rail transportation facilities.

§ 62.1-206. Sources of payment and security for bonds and credit enhancements.

The Authority shall have the power to pledge any revenue or funds of or under the control of the Authority to the payment of its bonds *and credit enhancements*, subject only to any prior agreements with the holders of particular bonds *or the beneficiaries of particular credit enhancements* pledging money or revenue. Bonds *or credit enhancements* issued by the Authority may be secured by a pledge of any local obligation owned by the Authority, any grant, contribution or guaranty from the United States of America, the Commonwealth or any corporation, association, institution or person, any other property or assets of or under the control of the Authority, or a pledge of any money, income or revenue of the Authority from any source.

§ 62.1-207. Liability of Commonwealth, political subdivisions and members of board of directors.

No bonds *or credit enhancements* issued by the Authority under this chapter shall constitute a debt or a pledge of the faith and credit of the Commonwealth, or any political subdivision thereof other than the Authority, but shall be payable solely from the revenue, money or property of the Authority as provided for in this chapter. No member of the board of directors or officer, employee or agent of the Authority or any person executing bonds *or credit enhancements* of the Authority shall be liable personally on the bonds *or credit enhancements* by reason of their issuance or execution. Each bond *or credit enhancement* issued under this chapter shall contain on its face a statement to the effect (i) that neither the Commonwealth, nor any political subdivision thereof, nor the Authority shall be obligated to pay the principal of, or interest or premium on, the bond *or credit enhancement* or other costs incident to the bond *or credit enhancement* except from the revenue, money or property of the Authority pledged and (ii) that neither the faith and credit nor the taxing power of the Commonwealth, or any political subdivision thereof, is pledged to the payment of the principal of or interests or premium on the bond *or credit enhancement*.

§ 62.1-208. Authorization, content and sale of bonds *and credit enhancements*.

A. The bonds *and credit enhancements* of the Authority shall be authorized by a resolution of the Board of Directors.

B. The bonds shall bear the date or dates and mature at the time or times that the resolution provides, except that no bond shall mature more than fifty years from its date of issue. The bonds may be in the denominations, be executed in the manner, be payable in the medium of payment, be payable at the place or places and at the time or times, and be subject to redemption or repurchase and contain such other provisions as may be determined by the Authority prior to their issuance. The bonds may bear interest payable at such time or times and at such rate or rates as determined by the Authority or as determined in such manner as the Authority may provide, including the determination by agents designated by the Authority under guidelines established by it. Bonds may be sold by the Authority at public or private sale at the price or prices that the Authority determines and approves.

C. The Authority may bring action pursuant to Article 6 (§ ~~45.1-227.52~~ 15.2-2650 et seq.) of Chapter ~~5.1~~ 26 of Title ~~45.1~~ 15.2 to determine the validity of any issuance or proposed issuance of its bonds *or credit enhancements* under this chapter and the legality and validity of all proceedings previously taken, or proposed in a resolution of the Authority to be taken, for the authorization, issuance, sale and delivery of bonds *or credit enhancements* and for the payment of the principal of and premium, if any, and interest on bonds *or payments of amounts due under credit enhancements of the*

183 *Authority.*

184 § 62.1-209. Provisions of resolution or trust indenture authorizing issuance of bonds.

185 A. Bonds may be secured by a trust indenture between the Authority and a corporate trustee, which
186 may be any bank having the power of a trust company or any trust company within or without the
187 Commonwealth. A trust indenture may contain provisions for protecting and enforcing the rights and
188 remedies of the bondholders that are reasonable and proper and not in violation of law, including
189 covenants setting forth the duties of the Authority in relation to the exercise of its powers and the
190 custody, safekeeping and application of all money. The Authority may provide by the trust indenture for
191 the payment of the proceeds of the bonds and all or any part of the revenues of the Authority to the
192 trustee under the trust indenture or to some other depository, and for the method of their disbursement
193 with whatever safeguards and restrictions as the Authority specifies. All expenses incurred in carrying
194 out the trust indenture may be treated as part of the operating expenses of the Authority.

195 B. Any resolution or trust indenture pursuant to which bonds are issued may contain provisions,
196 which shall be part of the contract or contracts with the holders of such bonds as to:

197 1. Pledging all or any part of the revenue of the Authority to secure the payment of the bonds,
198 subject to any agreements with bondholders that then exist;

199 2. Pledging all or any part of the assets of, or funds under control of the Authority, including local
200 obligations owned by the Authority, to secure the payment of the bonds, subject to any agreements with
201 bondholders that then exist;

202 3. The use and disposition of the gross income from, and payment of the principal of and premium,
203 if any, and interest on local obligations owned by the Authority;

204 4. The establishment of reserves, sinking funds and other funds and accounts and the regulation and
205 disposition thereof;

206 5. Limitations on the purposes to which the proceeds from the sale of the bonds may be applied, and
207 limitations pledging the proceeds to secure the payment of the bonds;

208 6. Limitations on the issuance of additional bonds, the terms on which additional bonds may be
209 issued and secured, and the refunding of outstanding or other bonds;

210 7. The procedure, if any, by which the terms of any contract with bondholders may be amended or
211 abrogated, the amount of bonds, if any, the holders of which must consent thereto, and the manner in
212 which any consent may be given;

213 8. Limitations on the amount of money to be expended by the Authority for operating expenses of
214 the Authority;

215 9. Vesting in a trustee or trustees any property, rights, powers and duties in trust that the Authority
216 may determine, and limiting or abrogating the right of bondholders to appoint a trustee or limit the
217 rights, powers and duties of the trustees;

218 10. Defining the acts or omissions which shall constitute a default, the obligations or duties of the
219 Authority to the holders of the bonds, and the rights and remedies of the holders of the bonds in the
220 event of default, including as a matter of right the appointment of a receiver; these rights and remedies
221 may include the general laws of the Commonwealth and other provisions of this chapter;

222 11. Requiring the Authority or the trustees under the trust indenture to file a petition with the
223 Governor and to take any and all other actions required under ~~§ 15.1-227.61~~ 15.2-2659 or § 62.1-217 to
224 obtain payment of all sums necessary to cover any default as to any principal of and premium, if any,
225 and interest on local obligations owned by the Authority or held by a trustee to which ~~§ 15.1-227.61~~
226 15.2-2659 or § 62.1-217 shall be applicable; and

227 12. Any other matter, of like or different character, relating to the terms of the bonds or the security
228 or protection of the holders of the bonds.

229 § 62.1-210. Pledge by Authority.

230 Any pledge made by the Authority shall be valid and binding from the time when the pledge is
231 made. The revenue, money or property so pledged and thereafter received by the Authority shall
232 immediately be subject to the lien of such a pledge without any physical delivery thereof or further act.
233 Furthermore, the lien of any such pledge shall be valid and binding as against all parties having claims
234 of any kind in tort, contract or otherwise against the Authority, irrespective of whether the parties have
235 notice of the pledge. No recording or filing of the resolution authorizing the issuance of bonds or *credit*
236 *enhancements*, the trust indenture securing bonds or any other instrument, including filings under Title
237 8.9 (§ 8.9-101 et seq.) of the Uniform Commercial Code of Virginia, shall be necessary to create or
238 perfect any pledge or security interest granted by the Authority to secure any bonds or *credit*
239 *enhancements*.

240 § 62.1-213. Validity of signatures of prior members or officers.

241 In the event that any of the members of the board of directors or any officers of the Authority cease
242 to be members or officers before the delivery of any bonds or *credit enhancements* signed by them,
243 their signatures or authorized substitute signatures shall nevertheless be valid and sufficient for all
244 purposes as if the members or officers had remained in office until delivery.

§ 62.1-214. Bondholder protection.

Subsequent amendments to this chapter shall not limit the rights vested in the Authority with respect to any agreements made with, or remedies available to, the holders of bonds *or the beneficiaries of credit enhancements* issued under this chapter before the enactment of the amendments until the bonds, together with all premium and interest thereon, and *the credit enhancements*, and all costs and expenses in connection with any proceeding by or on behalf of the holders *or the beneficiaries*, are fully met and discharged.

§ 62.1-215. Establishment of capital reserve funds.

A. 1. The Authority may create and establish one or more capital reserve funds and may pay into each capital reserve fund (i) any moneys appropriated and made available by the Commonwealth for the purpose of such a fund, (ii) any proceeds of the sale of bonds of the Authority, to the extent provided in the resolution authorizing the issuance of, or the trust indenture securing, the bonds, and (iii) any other moneys which may be made available to the Authority for the purpose of such a fund from any other source. All moneys held in any capital reserve fund, except as hereinafter provided, shall be used solely for the payment when due of the principal of and premium, if any, and interest on the bonds *or obligations under credit enhancements issued by the Authority* secured in whole or in part by such a fund. If, however, moneys in any such fund are ever less than the minimum capital reserve fund requirement established for the fund, the Authority shall not use the moneys for any optional purchase or redemption of bonds. Any income or interest earned on, or increment to, any capital reserve fund due to its investment may be transferred by the Authority to other funds or accounts of the Authority to the extent it does not reduce the amount of the capital reserve fund below its minimal requirement.

2. The Authority shall not at any time issue bonds *or credit enhancements* secured in whole or in part by any capital reserve fund, if upon the issuance of the bonds *or credit enhancements*, the amount in the capital reserve fund will be less than its minimal requirement unless the Authority, at the time of issuance of the bonds *or credit enhancements*, deposits in the fund an amount which, together with the amount then in the fund, will not be less than the fund's minimal capital reserve requirement.

B. In order to assure further the maintenance of capital reserve funds, the chairman of the Authority shall annually, on or before December 1, make and deliver to the Governor and the Secretary of Administration a certificate stating the sum, if any, required to restore each capital reserve fund to its minimal requirement. Within five days after the beginning of each session of the General Assembly, the Governor shall submit to the presiding officer of each House of the General Assembly printed copies of a budget including the sum, if any, required to restore each capital reserve fund to its minimal requirement. All sums, if any, which may be appropriated by the General Assembly for any restoration and paid to the Authority shall be deposited by the Authority in the applicable capital reserve fund. All amounts paid to the Authority by the Commonwealth pursuant to the provisions of this section shall constitute and be accounted for as advances by the Commonwealth to the Authority and, subject to the rights of the holders of any bonds of the Authority *or the beneficiaries of credit enhancements of the Authority*, shall be repaid to the Commonwealth without interest from available operating revenues of the Authority in excess of amounts required for the payment of bonds, *credit enhancements* or other obligations of the Authority, the maintenance of capital reserve funds, and operating expenses.

C. The Authority may create and establish other funds as necessary or desirable for its corporate purposes.

D. Nothing in this section shall be construed as limiting the power of the Authority to issue bonds *or credit enhancements* not secured by a capital reserve fund.

§ 62.1-216. Purchase and credit enhancements of local obligations.

The Authority shall have the power and authority, with any funds of the Authority available for such a purpose, to purchase and acquire, on terms which the Authority determines, local obligations to finance or refinance the cost of any project. The Authority may pledge to the payment of any bonds all or any portion of the local obligations so purchased. The Authority may also, subject to any such pledge, sell any local obligations so purchased and apply the proceeds of such a sale to the purchase of other local obligations for financing or refinancing the cost of any project or for any other corporate purpose of the Authority.

The Authority shall also have the power and authority to issue credit enhancements, on terms which the Authority determines, to credit enhance local obligations issued to finance or refinance the cost of any project.

The Authority may require, as a condition to the purchase *or credit enhancement* of any local ~~obligation~~ *obligations*, that the local government issuing ~~an obligation~~ *the local obligations* covenant to perform any of the following:

A. Establish and collect rents, rates, fees and charges to produce revenue sufficient to pay all or a specified portion of (i) the costs of operation, maintenance, replacement, renewal and repairs of the project; (ii) any outstanding indebtedness incurred for the purposes of the project, including the principal

306 of and premium, if any, and interest on the local obligations issued by the local government to the
307 Authority; and (iii) any amounts necessary to create and maintain any required reserve, including any
308 rate stabilization fund deemed necessary or appropriate by the Authority to offset the need, in whole or
309 part, for future increases in rents, rates, fees or charges;

310 B. Create and maintain a special fund or funds for the payment of the principal of and premium, if
311 any, and interest on ~~any~~ the local obligations and any other amounts becoming due under any agreement
312 entered into in connection with the local ~~obligation~~ obligations, or for the operation, maintenance, repair
313 or replacement of the project or any portions thereof or other property of the local government, and
314 deposit into any fund or funds amounts sufficient to make any payments as they become due and
315 payable;

316 C. Create and maintain other special funds as required by the Authority; and

317 D. Perform other acts, including the conveyance of real and personal property together with all right,
318 title and interest therein to the Authority, or take other actions as may be deemed necessary or desirable
319 by the Authority to secure payment of the principal of and premium, if any, and interest on the local
320 obligations *or obligations to the Authority with respect to any credit enhancement* and to provide for the
321 remedies of the Authority or other holder of the local obligations in the event of any default by the
322 local government in the payment, including, without limitation, any of the following:

323 1. The procurement of ~~insurance, guarantees, letters of credit and other forms of collateral, security,~~
324 ~~credit enhancements or~~ liquidity arrangements ~~or credit supports~~ for local obligations from any source,
325 public or private, and the payment therefor of premiums, fees or other charges.

326 2. The payment of the allocable shares of the local governments, as determined by the Authority, of
327 any costs, fees, charges or expenses attributable to ~~insurance, guarantees, letters of credit and other~~
328 ~~forms of collateral, security,~~ liquidity arrangements ~~or credit supports~~ incurred in connection with the
329 issuance of bonds by the Authority to acquire local obligations of one or more local governments. The
330 determination of such allocable shares may be made by the Authority on any reasonable basis.

331 3. The combination of one or more projects, or the combination of one or more projects with one or
332 more other undertakings, facilities, utilities or systems, for the purpose of operations and financing, and
333 the pledging of the revenues from such combined projects, undertakings, facilities, utilities and systems
334 to secure local obligations issued in connection with such combination or any part or parts thereof.

335 4. The payment of the allocable shares of the local governments, as determined by the Authority on
336 any reasonable basis, of rate stabilization funds established or required by the Authority in connection
337 with the issuance of bonds by the Authority to acquire *or provide credit enhancement for* local
338 obligations of two or more local governments.

339 All local governments issuing and selling local obligations to the Authority *or to be credit enhanced*
340 *by the Authority* are authorized to perform any acts, take any action, adopt any proceedings and make
341 and carry out any contracts with the Authority that are contemplated by this chapter. Such contracts
342 need not be identical among all participants in financings of the Authority, but may be structured as
343 determined by the Authority according to the needs of the contracting local governments and the
344 Authority.

345 § 62.1-216.1. *Investigation by Governor of alleged defaults; withholding state funds from defaulting*
346 *locality; payment of funds withheld; receipts, reports, etc.*

347 *Whenever it appears to the Governor from an affidavit filed with him by or on behalf of the*
348 *Authority as the holder or credit enhancer of local obligations (regardless of the security therefor)*
349 *issued by any county, city or town that the county, city or town has defaulted in its payment of the*
350 *principal of or premium, if any, or interest on any of its outstanding local obligations held or credit*
351 *enhanced by the Authority, the Governor shall immediately make a summary investigation into the facts*
352 *set forth in the affidavit. The Authority may, but shall not be required to, file such an affidavit unless*
353 *the Authority has otherwise contracted to make such filing for the benefit of the holders of any of its*
354 *bonds or the local obligations credit enhanced by it.*

355 *If it is established to the satisfaction of the Governor that the county, city or town is in default in the*
356 *payment of such local obligations or the interest on them, the Governor shall immediately make an*
357 *order directing the Comptroller to withhold all further payment to the county, city or town of all funds,*
358 *or of any part of them, appropriated and payable by the Commonwealth to the county, city or town for*
359 *any and all purposes, until the default is cured. The Governor shall, while the default continues, direct*
360 *in writing the payment of all sums withheld by the Comptroller, or as much of them as is necessary, to*
361 *the Authority, so as to cure, or cure insofar as possible, the default as to the local obligations or*
362 *interest on them.*

363 *The Governor shall, as soon as practicable, give notice of the default and of the availability of funds*
364 *with the Comptroller in writing to the Authority. Any payment so made by the Comptroller to the*
365 *Authority shall be credited as if made directly by the county, city or town and shall be charged by the*
366 *Comptroller against the first appropriations otherwise payable to the county, city or town as if paid to*
367 *the county, city or town. The Authority, at the time of payment or at the time of each payment shall*

368 receipt for the payment and deliver to the Comptroller all local obligations or other instruments or
369 documents, in a form satisfactory to the Comptroller, evidencing the Authority's right to receive the
370 amounts satisfied by the payment. The Comptroller shall report each payment made to the governing
371 body of the defaulting county, city or town and deliver or send by registered mail to the governing body
372 all local obligations, or other instruments or documents received by the Comptroller under the
373 provisions of this section.

374 Nothing in this section shall be construed to create any obligation on the part of the Comptroller or
375 the Commonwealth to make any payment on behalf of the defaulting county, city or town other than
376 from funds appropriated and payable to the defaulting county, city or town.

377 § 62.1-219. Exemption from taxation.

378 As set forth in § 62.1-200, the Authority will be performing an essential governmental function in the
379 exercise of the powers conferred upon it by this chapter. Accordingly, the Authority shall not be
380 required to pay any taxes or assessments upon any project or any property or upon any operations of the
381 Authority or the income therefrom, or any taxes or assessments upon any project or any property or
382 local obligation acquired, *credit enhanced* or used by the Authority under the provisions of this chapter
383 or upon the income therefrom. Any bonds and *credit enhancements* issued by the Authority under the
384 provisions of this chapter, the transfer thereof and the income therefrom, including any profit on the sale
385 thereof, shall at all times be free from taxation and assessment of every kind by the Commonwealth and
386 by the local governments and other political subdivisions of the Commonwealth.