WEST VIRGINIA LEGISLATURE
REGULAR THIRTY-DAY SESSION, 1956

ENROLLED

SENATE BILL NO. 7

(By Mr. , by request)

PASSED February 9, 1956

In Effect 90 days from Passage

Filed in the Office of the Secretary of State of West Virginia
FEB 15 1956
D. PITT O'BRIEN
SECRETARY OF STATE
ENROLLED

Senate Bill No. 7
(By Mr. Amos, by Request)

[Passed February 9, 1956; in effect ninety days from passage.]

AN ACT to amend chapter eighteen of the code of West Virginia, one thousand nine hundred thirty-one, as amended; by adding thereto a new article, to be designated article eleven-a, relating to the authority of the board of governors of West Virginia university to issue revenue bonds to finance the construction of new buildings for West Virginia university and to pledge as security for such bonds the revenue collected at the university from certain student fees.

Be it enacted by the Legislature of West Virginia:

That chapter eighteen of the code of West Virginia, one thousand nine hundred thirty-one, as amended, be amended
Article 11-A. Revenue Bonds for University Capital Improvements.

Section 1. Board of Governors of West Virginia University Authorized to Issue Revenue Bonds for Certain Capital Improvements.—The board of governors of West Virginia university shall have authority, as provided in this article, to issue revenue bonds of the state, not to exceed ten million dollars in principal amount thereof, to finance the costs of providing new buildings for the college of agriculture, the agricultural experiment station, the agricultural extension division, the college of engineering, the engineering experiment station, and the school of mines of West Virginia university. The principal of and interest on such bonds shall be payable solely from the special non-revolving fund herein provided for such payment. The costs of any such building or buildings shall include the cost of acquisition of land, the construction and equipment of any such building or buildings, and the provision of roads, utilities and other
services necessary, appurtenant or incidental to such building or buildings; and shall also include all other charges or expenses necessary, appurtenant or incidental to the construction, financing and placing in operation of any such building or buildings.

Sec. 2. Special University Capital Improvements Fund

Created in State Treasury; Collections to Be Paid Into Special Fund; Authority of Board of Governors to Pledge Such Collections as Security for Revenue Bonds.—There is hereby created in the state treasury a special non-revolving university capital improvements fund. On and after the first day of July, one thousand nine hundred fifty-seven, there shall be paid into such special fund all fees collected under the provisions of section one, article one-a, chapter twenty-five of this code, from students at the university other than students in the schools of medicine, medical technology, dentistry, dental technology, nursing and pharmacy, except such fees as are required by that section to be paid into other special funds.

The board of governors shall have authority to pledge
all or such part of the revenue paid into the special university capital improvements fund as may be needed to meet the requirements of the sinking fund established in connection with any revenue bond issue authorized by this article, including a reserve fund for the payment of the principal of and interest on such revenue bond issue when other moneys in the sinking fund are insufficient therefor; and may provide in the resolution authorizing any issue of such bonds, and in any trust agreement made in connection therewith, for such priorities on the revenues paid into the special fund as may be necessary for the protection of the prior rights of the holders of bonds issued at different times under the provisions of this article.

If any balance shall remain in the special university capital improvements fund after the board has issued the maximum of ten million dollars worth of bonds authorized by this article, and after the requirements of all sinking funds and reserve funds established in connection with the issue of such bonds have been satisfied, such balance may and shall be used solely for the re-
demption of any of the outstanding bonds issued here-
under which by their terms are then redeemable, or for
the purchase of bonds at the market price, but at not
exceeding the price, if any, at which such bonds shall
in the same year be redeemable, and all bonds redeemed
or purchased shall forthwith be cancelled and shall not
again be issued. Whenever all outstanding bonds issued
hereunder shall have been paid, the special university
capital improvements fund shall cease to exist and any
balance then remaining in such fund shall be transferred
to the general revenue fund of the state. Thereafter all
fees formerly paid into such special fund shall be paid
into the general revenue fund of the state.

Sec. 3. Issuance of Revenue Bonds.—The issuance of
bonds under the provisions of this article shall be au-
thorized by a resolution of the board of governors, which
shall recite an estimate by the board of the cost of the
proposed building or buildings; and shall provide for the
issuance of bonds in an amount sufficient, when sold as
hereinafter provided, to provide moneys sufficient to pay
such cost, less the amount of any other funds available
of the building or buildings from any appropriation, grant or gift therefor. Such resolution shall prescribe the rights and duties of the bondholders and the board, and for such purpose may prescribe the form of the trust agreement hereinafter referred to. The bonds shall be of such series, bear such date or dates, mature at such time or times not exceeding thirty years from their respective dates, bear interest at such rate or rates not exceeding five per cent per annum, payable semi-annually; be in such denominations; be in such form, either coupon or fully registered without coupons, carrying such registration exchangeability and interchangeability privileges; be payable in such medium of payment and at such place or places; be subject to such terms of redemption at such prices not exceeding one hundred five per cent of the principal amount thereof, and be entitled to such priorities on the revenues paid into the special university capital improvements fund as may be provided in the resolution authorizing the issuance of the bonds or in any trust agreement made in connection therewith. The bonds
shall be signed by the Governor, and by the president of the board of governors, under the great seal of the state, attested by the secretary of state, and the coupons attached thereto shall bear the facsimile signature of the president of the board. In case any of the officers whose signatures appear on the bonds or coupons cease to be such officers before the delivery of such bonds, such signatures shall nevertheless be valid and sufficient for all purposes the same as if such officers had remained in office until such delivery.

Such bonds shall be sold in such manner as the board may determine to be for the best interests of the state, taking into consideration the financial responsibility of the purchaser, the terms and conditions of the purchase, and especially the availability of the proceeds of the bonds when required for payment of the cost of such building or buildings, such sale to be made at a price not lower than a price which, when computed upon standard tables of bond values, will show a net return of not more than six per cent per annum to the purchaser upon the amount paid therefor. The proceeds of such bonds
shall be used solely for the payment of the cost of such building or buildings, and shall be deposited in the state treasury in a special fund and checked out as provided by law for the disbursement of other state funds. If the proceeds of such bonds, by error in calculation or otherwise, shall be less than the cost of such building or buildings, additional bonds may in like manner be issued to provide the amount of the deficiency; and unless otherwise provided for in the resolution or trust agreement hereinafter mentioned, shall be deemed to be of the same issue, and shall be entitled to payment from the same fund, without preference or priority, as the bonds before issued for such building or buildings. If the proceeds of bonds issued for such building or buildings shall exceed the cost thereof, the surplus shall be paid into the sinking fund to be established for payment of the principal and interest of such bonds as hereinafter provided. Prior to the preparation of definitive bonds, the board may, under like restrictions, issue temporary bonds with or without coupons, exchangeable for definitive bonds upon their issuance.
The bonds issued under the provisions of this article shall be and have all the qualities of negotiable instruments under the law merchant and under the negotiable instruments law of this state.

Sec. 4. Trust Agreement for Holders of Bonds.—The board may enter into an agreement or agreements with any trust company, or with any bank having the powers of a trust company, either within or outside the state, as trustee for the holders of bonds issued hereunder, setting forth therein such duties of the board in respect to the payment of the bonds, the fixing, establishing and collecting of the fees hereinbefore referred to, the acquisition, construction, improvement, maintenance, operation, repair and insurance of such building or buildings, the conservation and application of all moneys, the security for moneys on hand or on deposit, and the rights and remedies of the trustee and the holders of the bonds, as may be agreed upon with the original purchasers of such bonds; and including therein provisions restricting the individual right of action of bondholders as is customary in trust agreements respecting bonds and deben-
tures of corporations, protecting and enforcing the rights
and remedies of the trustee and the bondholders, and
providing for approval by the original purchasers of the
bonds of the appointment of consulting engineers and
of the security given by those who contract to construct
such building or buildings, and for approval by the con-
sulting engineers of all contracts for construction. Any
such agreement entered into by the board shall be bind-
ing in all respects on such board and its successors from
time to time in accordance with its terms; and all the
provisions thereof shall be enforceable by appropriate
proceedings at law or in equity, or otherwise.

Sec. 5. Sinking Fund for Payment of Bonds.—From
the special university capital improvements fund the
board shall make periodic payments to the state sinking
fund commission in an amount sufficient to meet the re-
quirements of any issue of bonds sold under the pro-
visions of this article, as specified in the resolution of the
board authorizing the issue and in any trust agreement
entered into in connection therewith. The payments so
made shall be placed by the commission in a special
sinking fund which is hereby pledged to and charged
with the payment of the principal of the bonds of such
issue and the interest thereon, and to the redemption or
repurchase of such bonds, such sinking fund to be a fund
for all bonds of such issue without distinction or priority
of one over another. The moneys in the special sinking
fund, less such reserve for payment of principal and in-
terest as may be required by the resolution of the board
authorizing the issue and any trust agreement made in
connection therewith, may be used for the redemption
of any of the outstanding bonds payable from such fund
which by their terms are then redeemable, or for the
purchase of bonds at the market price; but at not ex-
ceeding the price, if any, at which such bonds shall in the
same year be redeemable; and all bonds redeemed or
purchased shall forthwith be cancelled and shall not
again be issued.

Sec. 6. Credit of State Not Pledged.—No provisions
of this article shall be construed to authorize the board
at any time or in any manner to pledge the credit or tax-
ing power of the state, nor shall any of the obligations
or debts created by the board under the authority herein
granted be deemed to be obligations of the state.

Sec. 7. Bonds Exempt from Taxation.—All bonds is-
issued by the board under the provisions of this article
shall be exempt from taxation by the state of West Vir-
ginia, or by any county, school district or municipality
thereof.

Sec. 8. Conflicting Laws Repealed.—The powers con-
ferred by this article shall be in addition and supple-
mental to the existing powers of the board of governors.
The provisions of any other law or laws conflicting with
the provisions of this article shall be and the same are
hereby superseded to the extent of any such conflict.
The Joint Committee on Enrolled Bills hereby certifies that the foregoing bill is correctly enrolled.

Chairman Senate Committee

Chairman House Committee

Originated in the Senate.

Takes effect ________ days from ________ passage.

Clerk of the Senate

Clerk of the House of Delegates

President of the Senate

Speaker House of Delegates

The within ________ approved ________ this the ________ day of ________ ________ 1956.

Governor

Filed in the Office of the Secretary of State of West Virginia

D. Pitt O'Brien
SECRETARY OF STATE