

WEST VIRGINIA LEGISLATURE
REGULAR THIRTY-DAY SESSION, 1956



ENROLLED

SENATE BILL NO. 7

(By Mr. Amos, by request)



PASSED February 9, 1956

In Effect 90 days Passage



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

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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

by adding thereto a new article, to be designated article eleven-a, to read as follows:

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

18 services necessary, appurtenant or incidental to such
19 building or buildings; and shall also include all other
20 charges or expenses necessary, appurtenant or incidental
21 to the construction, financing and placing in operation
22 of any such building or buildings.

Sec. 2. *Special University Capital Improvements Fund*
2 *Created in State Treasury; Collections to Be Paid Into*
3 *Special Fund; Authority of Board of Governors to Pledge*
4 *Such Collections as Security for Revenue Bonds.*—There
5 is hereby created in the state treasury a special non-
6 revolving university capital improvements fund. On and
7 after the first day of July, one thousand nine hundred
8 fifty-seven, there shall be paid into such special fund
9 all fees collected under the provisions of section one,
10 article one-a, chapter twenty-five of this code, from
11 students at the university other than students in the
12 schools of medicine, medical technology, dentistry, dental
13 technology, nursing and pharmacy, except such fees as
14 are required by that section to be paid into other special
15 funds.
16 The board of governors shall have authority to pledge

17 all or such part of the revenue paid into the special uni-
18 versity capital improvements fund as may be needed to
19 meet the requirements of the sinking fund established
20 in connection with any revenue bond issue authorized
21 by this article, including a reserve fund for the payment
22 of the principal of and interest on such revenue bond
23 issue when other moneys in the sinking fund are in-
24 sufficient therefor; and may provide in the resolution
25 authorizing any issue of such bonds, and in any trust
26 agreement made in connection therewith, for such pri-
27 orities on the revenues paid into the special fund as may
28 be necessary for the protection of the prior rights of
29 the holders of bonds issued at different times under the
30 provisions of this article.

31 If any balance shall remain in the special university
32 capital improvements fund after the board has issued
33 the maximum of ten million dollars worth of bonds
34 authorized by this article, and after the requirements of
35 all sinking funds and reserve funds established in con-
36 nection with the issue of such bonds have been satisfied,
37 such balance may and shall be used solely for the re-

38 demption of any of the outstanding bonds issued here-
39 under which by their terms are then redeemable, or for
40 the purchase of bonds at the market price, but at not
41 exceeding the price, if any, at which such bonds shall
42 in the same year be redeemable, and all bonds redeemed
43 or purchased shall forthwith be cancelled and shall not
44 again be issued. Whenever all outstanding bonds issued
45 hereunder shall have been paid, the special university
46 capital improvements fund shall cease to exist and any
47 balance then remaining in such fund shall be transferred
48 to the general revenue fund of the state. Thereafter all
49 fees formerly paid into such special fund shall be paid
50 into the general revenue fund of the state.

Sec. 3. *Issuance of Revenue Bonds.*—The issuance of
2 bonds under the provisions of this article shall be au-
3 thorized by a resolution of the board of governors, which
4 shall recite an estimate by the board of the cost of the
5 proposed building or buildings; and shall provide for the
6 issuance of bonds in an amount sufficient, when sold as
7 hereinafter provided, to provide moneys sufficient to pay
8 such cost, less the amount of any other funds available

9 for the construction of the building or buildings from
10 any appropriation, grant or gift therefor. Such resolu-
11 tion shall prescribe the rights and duties of the bond-
12 holders and the board, and for such purpose may pre-
13 scribe the form of the trust agreement hereinafter re-
14 ferred to. The bonds shall be of such series, bear such
15 date or dates, mature at such time or times not exceed-
16 ing thirty years from their respective dates, bear inter-
17 est at such rate or rates not exceeding five per cent per
18 annum, payable semi-annually; be in such denomina-
19 tions; be in such form, either coupon or fully registered
20 without coupons, carrying such registration exchangea-
21 bility and interchangeability privileges; be payable in
22 such medium of payment and at such place or places;
23 be subject to such terms of redemption at such prices
24 not exceeding one hundred five per cent of the princi-
25 pal amount thereof, and be entitled to such priorities on
26 the revenues paid into the special university capital im-
27 provements fund as may be provided in the resolution
28 authorizing the issuance of the bonds or in any trust
29 agreement made in connection therewith. The bonds

30 shall be signed by the Governor, and by the president
31 of the board of governors, under the great seal of the
32 state, attested by the secretary of state, and the coupons
33 attached thereto shall bear the facsimile signature of the
34 president of the board. In case any of the officers whose
35 signatures appear on the bonds or coupons cease to be
36 such officers before the delivery of such bonds, such sig-
37 natures shall nevertheless be valid and sufficient for all
38 purposes the same as if such officers had remained in of-
39 fice until such delivery.

40 Such bonds shall be sold in such manner as the board
41 may determine to be for the best interests of the state,
42 taking into consideration the financial responsibility of
43 the purchaser, the terms and conditions of the purchase,
44 and especially the availability of the proceeds of the
45 bonds when required for payment of the cost of such
46 building or buildings, such sale to be made at a price not
47 lower than a price which, when computed upon stand-
48 ard tables of bond values, will show a net return of not
49 more than six per cent per annum to the purchaser upon
50 the amount paid therefor. The proceeds of such bonds

51 shall be used solely for the payment of the cost of such
52 building or buildings, and shall be deposited in the state
53 treasury in a special fund and checked out as provided
54 by law for the disbursement of other state funds. If the
55 proceeds of such bonds, by error in calculation or other-
56 wise, shall be less than the cost of such building or build-
57 ings, additional bonds may in like manner be issued to
58 provide the amount of the deficiency; and unless other-
59 wise provided for in the resolution or trust agreement
60 hereinafter mentioned, shall be deemed to be of the same
61 issue, and shall be entitled to payment from the same
62 fund, without preference or priority, as the bonds before
63 issued for such building or buildings. If the proceeds of
64 bonds issued for such building or buildings shall exceed
65 the cost thereof, the surplus shall be paid into the sink-
66 ing fund to be established for payment of the principal
67 and interest of such bonds as hereinafter provided. Prior
68 to the preparation of definitive bonds, the board may,
69 under like restrictions, issue temporary bonds with or
70 without coupons, exchangeable for definitive bonds upon
71 their issuance.

72 The bonds issued under the provisions of this article
73 shall be and have all the qualities of negotiable instru-
74 ments under the law merchant and under the negotiable
75 instruments law of this state.

Sec. 4. *Trust Agreement for Holders of Bonds.*—The
2 board may enter into an agreement or agreements with
3 any trust company, or with any bank having the powers
4 of a trust company, either within or outside the state, as
5 trustee for the holders of bonds issued hereunder, set-
6 ting forth therein such duties of the board in respect to
7 the payment of the bonds, the fixing, establishing and
8 collecting of the fees hereinbefore referred to, the ac-
9 quisition, construction, improvement, maintenance, op-
10 eration, repair and insurance of such building or build-
11 ings, the conservation and application of all moneys, the
12 security for moneys on hand or on deposit, and the rights
13 and remedies of the trustee and the holders of the bonds,
14 as may be agreed upon with the original purchasers of
15 such bonds; and including therein provisions restricting
16 the individual right of action of bondholders as is cus-
17 tomary in trust agreements respecting bonds and deben-

18 tures of corporations, protecting and enforcing the rights
19 and remedies of the trustee and the bondholders, and
20 providing for approval by the original purchasers of the
21 bonds of the appointment of consulting engineers and
22 of the security given by those who contract to construct
23 such building or buildings, and for approval by the con-
24 sulting engineers of all contracts for construction. Any
25 such agreement entered into by the board shall be bind-
26 ing in all respects on such board and its successors from
27 time to time in accordance with its terms; and all the
28 provisions thereof shall be enforceable by appropriate
29 proceedings at law or in equity, or otherwise.

Sec. 5. *Sinking Fund for Payment of Bonds.*—From
2 the special university capital improvements fund the
3 board shall make periodic payments to the state sinking
4 fund commission in an amount sufficient to meet the re-
5 quirements of any issue of bonds sold under the pro-
6 visions of this article, as specified in the resolution of the
7 board authorizing the issue and in any trust agreement
8 entered into in connection therewith. The payments so
9 made shall be placed by the commission in a special

10 sinking fund which is hereby pledged to and charged
11 with the payment of the principal of the bonds of such
12 issue and the interest thereon, and to the redemption or
13 repurchase of such bonds, such sinking fund to be a fund
14 for all bonds of such issue without distinction or priority
15 of one over another. The moneys in the special sinking
16 fund, less such reserve for payment of principal and in-
17 terest as may be required by the resolution of the board
18 authorizing the issue and any trust agreement made in
19 connection therewith, may be used for the redemption
20 of any of the outstanding bonds payable from such fund
21 which by their terms are then redeemable, or for the
22 purchase of bonds at the market price; but at not ex-
23 ceeding the price, if any, at which such bonds shall in the
24 same year be redeemable; and all bonds redeemed or
25 purchased shall forthwith be cancelled and shall not
26 again be issued.

Sec. 6. *Credit of State Not Pledged.*—No provisions
2 of this article shall be construed to authorize the board
3 at any time or in any manner to pledge the credit or tax-
4 ing power of the state, nor shall any of the obligations

5 or debts created by the board under the authority herein
6 granted be deemed to be obligations of the state.

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

Sec. 8. *Conflicting Laws Repealed.*—The powers con-
2 ferred by this article shall be in addition and supple-
3 mental to the existing powers of the board of governors.
4 The provisions of any other law or laws conflicting with
5 the provisions of this article shall be and the same are
6 hereby superseded to the extent of any such conflict.

The Joint Committee on Enrolled Bills hereby certifies that the foregoing bill is correctly enrolled.

[Signature]
Chairman Senate Committee

[Signature]
Chairman House Committee

Originated in the Senate.

Takes effect 90 days from passage.

[Signature]
Clerk of the Senate

[Signature]
Clerk of the House of Delegates

[Signature]
President of the Senate

[Signature]
Speaker House of Delegates

The within approved this the 14
day of February, 1956.

[Signature]
Governor



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FEB 15 1956

D. PITT O'BRIEN
SECRETARY OF STATE