WEST VIRGINIA LEGISLATURE
REGULAR SESSION, 1973

ENROLLED
SENATE BILL NO. 2067

(By Mr. Brethren, Mr. President)

PASSED _______April 14_______ 1973

In Effect 90 Days from Passage
ENROLLED
Senate Bill No. 2067
(By Mr. Brotherton, Mr. President)

[Passed April 14, 1973; in effect ninety days from passage.]

AN ACT to amend and reenact section five, article two-e, chapter thirteen of the code of West Virginia, one thousand nine hundred thirty-one, as amended, relating to refunding bonds for the purpose of effecting the release, termination or modification of liens, restrictions, conditions or limitations imposed in connection with the bonds to be refunded; providing for the maximum stated rate of interest thereon and the maximum net interest cost upon the sale or exchange thereof.

Be it enacted by the Legislature of West Virginia:

That section five, article two-e, chapter thirteen of the code of West Virginia, one thousand nine hundred thirty-one, as amended, be amended and reenacted to read as follows:

ARTICLE 2E. REVENUE BOND REFUNDING ACT.

§13-2E-5. Issuance of refunding bonds; application of proceeds.

Refunding bonds issued under this article may be exchanged for not less than a like principal amount of the revenue bonds to be refunded, or may be sold at public or private sale, or may be exchanged in part and sold in part, in such manner and upon such terms as may be determined by the governing body to be for the best interests of the public body: Provided, That such refunding bonds shall not be sold or exchanged at a price lower than a price which will show a net saving to the issuer after deducting all expenses of the refunding: Provided, however, That if the governing body determines that one of the purposes of issuing such refunding bonds is to effect the release, termination or
modification of liens, restrictions, conditions or limitations
imposed in connection with the bonds which are to be re-

16 funded, then such refunding bonds may be issued without the
necessity of showing a net saving to the issuer, in which
event such refunding bonds shall bear interest at such rate or
rates as the governing body may determine, but such rate or
rates shall not exceed the maximum stated rate of interest

21 which the revenue bonds to be refunded thereby could bear if
they were being issued as of the date of issuance of such
refunding bonds, and such refunding bonds may not be sold
or exchanged at a price which would result in a net
interest cost in excess of the maximum net interest cost
which the revenue bonds to be refunded could be sold or
exchanged for if they were being issued as of the date
of issuance of such refunding bonds.

If any such refunding bonds are to be sold, they may be
issued in such principal amount as may be determined advis-
able by the governing body including, without limitation,
the aggregate principal amount of the revenue bonds to be
refunded, interest accrued and to accrue to the date or
dates on which the revenue bonds being refunded are
scheduled to mature or to be redeemed prior to maturity,
any redemption premiums which must be paid in order to
refund such outstanding revenue bonds and any costs and
expenses of issuing the refunding bonds and providing for
retirement of revenue bonds to be refunded. If sold, the net
proceeds shall either be immediately applied to the payment
or redemption and retirement of the revenue bonds to be
refunded, or the net proceeds of the refunding bonds may be
invested at the discretion and under the supervision of the
escrow agent in whole, or in part, (a) in direct obligations
issued by the United States of America or one of its
agencies, (b) in obligations unconditionally guaranteed by
the United States of America as to principal and interest,
or (c) in certificates of deposit of a banking corporation or
association which is a member of the federal deposit
insurance corporation, or successor; but any such certificates
of deposit must be fully secured as to both principal and
interest by pledged collateral consisting of direct obligations
of or obligations guaranteed by the United States of America
having a market value, excluding accrued interest, at all times
at least equal to the amount of the principal of an
accrued interest on such certificates of deposit. Any such
investments must mature, or be payable in advance of maturity at the option of the holder, and must bear interest in such manner as to provide funds which, together with uninvested money placed in the hereinafter mentioned escrow, will be sufficient to pay when due or called for redemption the revenue bonds refunded, together with interest accrued and to accrue thereon and redemption premiums, if any, and such refunding bond proceeds or obligations so purchased therewith shall, and with other funds legally available to the public body for such purpose may, be deposited in escrow with the state sinking fund commission to be held in trust for the payment and redemption of the revenue bonds refunded, and such money and obligations and any reinvestment thereof shall be held in trust by such escrow agent for the payment of interest on the refunded bonds when due, and principal thereof and applicable redemption premiums, if any, when due, or upon the date or dates for which they shall have been called for redemption, or upon an earlier voluntary surrender at the option of the escrow agent; provided if interest earned by any investment in such escrow is shown to be in excess of the amounts required from time to time for the payment of interest on and principal of the refunded revenue bonds, including applicable redemption premium, then such excess may be withdrawn from escrow and disbursed by the public body as are other revenues of the enterprise. Any moneys in the sinking or reserve funds or other funds maintained for the outstanding revenue bonds to be refunded may be applied in the same manner and for the same purpose as are the net proceeds of refunding bonds or may be deposited in the special fund or any reserve funds established for account of the refunding bonds. The term “net proceeds” as used above shall mean the gross proceeds of the refunding bonds after the deduction therefrom of all accrued interest, costs and expenses incurred in connection with the authorization and issuance of the refunding bonds and the retirement of the outstanding revenue bonds, and including all costs and expenses resulting from price variations to par or otherwise incurred in the purchase of obligations for escrow and in the disposition of the refunding bonds.
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.

To take effect ninety days from passage.

Clerk of the Senate

Clerk of the House of Delegates

President of the Senate

Speaker House of Delegates

The within ___ approved _____ day of April, 1973.
PRESENTED TO THE
GOVERNOR

Date  4/27/73
Time  10:39 a.m.

RECEIVED

May 3 9:34 AM '74

OFFICE OF
SECRETARY OF STATE
STATE OF WEST VIRGINIA