

# WEST VIRGINIA LEGISLATURE

REGULAR SESSION, 1977



## ENROLLED

SENATE BILL NO. 521

(By Mr. Brotherton, Mr. President, et al.)



PASSED April 5, 1977

In Effect ninty days from Passage



110. 521

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### **Senate Bill No. 521**

**(By MR. BROTHERTON, MR. PRESIDENT)**

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[Passed April 5, 1977; in effect ninety days from passage.]

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**AN ACT** to authorize the issuance and sale, subsequent to the first day of February, one thousand nine hundred seventy-eight, by the governor of bonds of the state of West Virginia, under authority of the better school buildings amendment of 1972, in the amount not exceeding fifty million dollars, for the sole purpose of raising funds for distribution to county boards of education that qualify by meeting conditions, qualifications and requirements as are prescribed by general law and used and appropriated by such county boards of education solely for the construction, renovation or remodeling of elementary or secondary public school buildings or facilities, the equipping of the same in connection with any such construction, renovation or remodeling, and the acquisition and preparation of sites for elementary or secondary public school buildings or facilities; specifying the powers of and limitations upon the governor in the issuance and sale of such bonds; prescribing the duties of the auditor and treasurer with respect to such bonds; providing for transfer and registration fees with respect to registered bonds and the disposition of such fees; providing for places of payment of principal and interest on such bonds; exempting such bonds from taxation by the state, or by any county, district or municipality thereof; setting forth the form of coupon and registered bonds and coupons; establishing a special account designated state school buildings bond debt service account and stating what moneys shall be deposited therein and disposition thereof; providing a covenant between the state and the bondholders; providing that the proceeds from the sale of the bonds shall

be paid into a separate and distinct account and for expenditures from such account and investment of the proceeds in such account; providing that the plates, etc., from which the bonds are produced or made shall be the property of the state; providing for interim certificates in lieu of permanent bonds; providing for the state treasurer to be financial advisor; providing for the attorney general or his duly appointed legal representative to serve as bond counsel; and providing that all necessary expenses, including legal expenses approved by the attorney general, incurred in the execution of this act shall be paid out of the state school buildings bond debt service account on warrants of the auditor of the state drawn on the state treasurer.

*Be it enacted by the Legislature of West Virginia:*

**ISSUANCE AND SALE OF SCHOOL BUILDING BONDS.**

**§1. School buildings bonds; amount; when may issue.**

1 Bonds of the state of West Virginia, under authority of  
2 the better school buildings amendment of 1972, of the  
3 par value not to exceed fifty million dollars, are hereby  
4 authorized to be issued and sold, at some date subse-  
5 quent to the first day of February, one thousand nine hun-  
6 dred seventy-eight, for the sole purpose of raising funds  
7 for distribution to county boards of education that qualify  
8 by meeting conditions, qualifications and requirements  
9 as are prescribed by general law and used and appropri-  
10 ated by such county boards of education solely for the  
11 construction, renovation or remodeling of elementary or  
12 secondary public school buildings or facilities, the equip-  
13 ping of the same in connection with any such construc-  
14 tion, renovation or remodeling, and the acquisition and  
15 preparation of sites for elementary or secondary public  
16 school buildings or facilities. Such bonds may be issued  
17 by the governor in such amounts, in coupon or registered  
18 form, in such denominations, at such time, after the first  
19 day of February, one thousand nine hundred seventy-  
20 eight, bearing such date or dates, as the governor may de-  
21 termine, based upon an examination of the needs of the  
22 various county boards of education which justify the  
23 issuance by the governor of said bonds, and shall become

24 due and payable serially, annually or semiannually, in  
25 such amounts and mature in such years as the governor  
26 may determine. Such bonds shall mature within and not  
27 exceeding twenty-five years from their date. The gov-  
28 ernor must offer said bonds for competitive bids from  
29 recognized financial investment institutions before said  
30 bonds may be sold.

**§2. Transfer fee; registration fee; where payable; interest rate; tax exempt.**

1 The auditor and the treasurer are hereby authorized  
2 to arrange for the transfer of registered bonds and for  
3 each such transfer a fee of one dollar shall be charged by  
4 and paid to the state of West Virginia, to the credit of the  
5 state school buildings bond debt service account. Bonds  
6 taken in exchange shall be canceled by the auditor and  
7 treasurer and be carefully preserved by the treasurer.  
8 The treasurer shall make provisions for registering "pay-  
9 able to bearer" bonds and for each bond registered a  
10 fee of one dollar shall likewise be charged by and paid  
11 to the state of West Virginia, to the credit of the state  
12 school buildings bond debt service account. All such  
13 bonds shall be payable at the office of the treasurer of  
14 the state of West Virginia, or, at the option of the holder,  
15 at a bank in the city of New York to be designated by  
16 the governor, or, at the option of the holder at such other  
17 bank or banks, within the state, as may be designated or  
18 approved by the governor. The bonds shall bear interest,  
19 payable semiannually, to bearer, at the office of the  
20 treasurer of the state of West Virginia, at the capitol of  
21 the state, or at the banks designated and approved by the  
22 governor, upon presentation and surrender of interest  
23 coupons, then due, in the case of coupon bonds. For the  
24 payment of interest on registered bonds, the treasurer of  
25 the state of West Virginia shall requisition a warrant  
26 from the auditor of the state to be drawn on the state  
27 treasurer, and shall mail such warrant to the registered  
28 owner at the address as shown by the record of regis-  
29 tration. Both the principal and interest of the bonds shall  
30 be payable in lawful money of the United States of  
31 America and the bonds shall be exempt from taxation  
32 by the state of West Virginia, or by any county, district

33 or municipality thereof, which facts shall appear on the  
34 face of the bonds as part of the contract with the holder  
35 thereof.

§3. Form of bond.

1 The bonds shall be executed on behalf of the state of  
2 West Virginia, by the manual or facsimile signature of  
3 the treasurer thereof, under the great seal of the state  
4 or a facsimile thereof, and countersigned by the manual  
5 or facsimile signature of the auditor of the state: *Pro-*  
6 *vided*, That one of said signatures on said bonds shall be  
7 a manual signature and said bonds shall be in the fol-  
8 lowing form or to the following effect, as nearly as may  
9 be, namely:

10 COUPON SCHOOL BUILDINGS BOND  
11 (or registered school buildings bond, as the case may be)

12 OF THE  
13 STATE OF WEST VIRGINIA

14 \$ \_\_\_\_\_ No. \_\_\_\_\_

15 The state of West Virginia, under and by virtue of  
16 authority of an amendment to the constitution, which  
17 was proposed by Senate Joint Resolution No. 4, adopted  
18 the ninth day of March, one thousand nine hundred  
19 seventy-two, and was ratified by a vote of the people at  
20 the general election on the seventh day of November,  
21 one thousand nine hundred seventy-two, which is hereby  
22 made a part hereof as fully as if set forth at length  
23 herein, acknowledges itself to be indebted to and hereby  
24 promises to pay to the bearer hereof (in case of a coupon  
25 bond) or to \_\_\_\_\_ or assigns (the owner of  
26 record, in case of registered bonds) on the \_\_\_\_\_ day  
27 of \_\_\_\_\_, 19\_\_\_\_, in lawful money of the United  
28 States of America at the office of the treasurer of the  
29 state of West Virginia at the capitol of said state, or,  
30 at \_\_\_\_\_ bank in the city of New York,  
31 or at \_\_\_\_\_ bank, within the state, at the  
32 option of the holder, the sum of \_\_\_\_\_ dollars,  
33 with interest thereon at \_\_\_\_\_ percent a year from the  
34 date, payable semiannually in like lawful money of the  
35 United States of America at the treasurer's office or

36 banks aforesaid, on the first day of \_\_\_\_\_ and the  
37 first day of \_\_\_\_\_ of each year (and in the case of  
38 coupon bonds) according to the tenor of the annexed  
39 coupons bearing the facsimile signature of the treasurer  
40 of the state of West Virginia, upon surrender of such  
41 coupons. This bond (in case of a coupon bond) may be  
42 exchanged for a registered bond of like tenor upon  
43 application to the treasurer of the state of West Virginia.

44 (Redemption provisions, if any, to be inserted here.)

45 To secure the payment of the principal and interest  
46 of this bond, the state of West Virginia covenants and  
47 agrees with the holder as follows: (1) That this bond  
48 shall constitute a direct and general obligation of the  
49 state of West Virginia; (2) that the full faith and credit  
50 of the state is pledged to secure the payment of the  
51 principal and interest of this bond; (3) that an annual  
52 state tax shall be collected in an amount sufficient to  
53 pay as it may accrue the interest on this bond and the  
54 principal as the same mature; and (4) that to the full  
55 extent permitted by the constitution of West Virginia  
56 any of the covenants, agreements and provisions of this  
57 act may be enforced in any court of competent jurisdic-  
58 tion by any holder of such bonds or of any interest coupon  
59 appertaining thereto.

60 This bond is hereby made exempt from any taxation  
61 by the state of West Virginia, or by any county, district  
62 or municipal corporation thereof.

63 In testimony whereof, witness the manual or facsimile  
64 signature of the treasurer of the state of West Virginia,  
65 and the manual or facsimile countersignature of the audi-  
66 tor of the state, hereto affixed according to law, dated  
67 the \_\_\_\_\_ day of \_\_\_\_\_, one thousand nine hun-  
68 dred \_\_\_\_\_, and the seal of the state of West Vir-  
69 ginia or a facsimile thereof.

70 \_\_\_\_\_  
71 Treasurer of the State of West Virginia  
72 (SEAL)

73 Countersigned:

74 \_\_\_\_\_  
75 Auditor of the State of West Virginia

**§4. Form of coupon.**

1 The form of coupon shall be substantially as follows,  
2 to wit:

3 STATE OF WEST VIRGINIA

4 Bond No. \_\_\_\_\_ Coupon No. \_\_\_\_\_

5 On the first day of \_\_\_\_\_, 19\_\_\_\_, the state  
6 of West Virginia will pay to the bearer, in lawful money  
7 of the United States of America, at the office of the  
8 treasurer of the state, or, at \_\_\_\_\_  
9 bank in the city of New York, or, at \_\_\_\_\_  
10 bank, within the state, at the option of the holder, the  
11 sum of \_\_\_\_\_dollars, the same being semi-  
12 annual interest on School Buildings Bond No. \_\_\_\_\_

13

14 Treasurer of the State of West Virginia

15 The signature of the treasurer to such coupon shall be  
16 by his facsimile signature and the coupons shall be  
17 numbered in the order of their maturity, from number  
18 one consecutively. The bonds and coupons may be signed,  
19 as provided in this act, by the present treasurer and  
20 auditor, or by any of their respective successors in office,  
21 and the bonds signed by the persons now in the office  
22 may be sold by the governor or his successor in office  
23 without being signed by the successor in office of the  
24 present treasurer or auditor.

**§5. Listing by auditor.**

1 All coupons and registered bonds issued under this act  
2 shall be separately listed by the auditor of the state in  
3 books provided for the purpose, in each case giving the  
4 date, number, character and amount of obligations issued,  
5 and in the case of registered bonds, the name and post-  
6 office address of the person, firm or corporation registered  
7 as the owner thereof.

**§6. Establishment of state school buildings bond debt service account; deposit therein.**

1 The treasurer shall establish in his office a special ac-  
2 count designated state school buildings bond debt service  
3 account. Into such account and from the appropriation



4 made by the Legislature for such purpose there shall be  
5 transferred sufficient moneys to pay the interest as the  
6 same may accrue and the principal as the same mature  
7 on such bonds. Moneys received from transfer and regis-  
8 tration fees shall likewise be deposited into said special  
9 account.

**§7. Covenants of state.**

1 The state of West Virginia covenants and agrees with  
2 the holders of the bonds issued pursuant hereto as fol-  
3 lows: (1) That such bonds shall constitute a direct and  
4 general obligation of the state of West Virginia; (2) that  
5 the full faith and credit of the state is hereby pledged  
6 to secure the payment of the principal and interest of  
7 such bonds; (3) that an annual state tax shall be collected  
8 in an amount sufficient to pay as it may accrue the  
9 interest on this bond and the principal as the same  
10 mature; and (4) that to the full extent permitted by  
11 the constitution of West Virginia any of the covenants,  
12 agreements and provisions of this act may be enforced  
13 in any court of competent jurisdiction by any holder of  
14 such bonds or of any interest coupon appertaining  
15 thereto.

**§8. Sale by governor; minimum price.**

1 The governor shall sell the bonds herein authorized  
2 at such time or times as he may determine necessary  
3 to provide funds for the construction, renovation, re-  
4 modeling and equipping of elementary or secondary pub-  
5 lic school buildings or facilities as herein provided, and  
6 subject to the limitations contained in this act. All sales  
7 shall be at not less than par and accrued interest. All  
8 interest coupons becoming payable prior to the sale date  
9 shall be canceled by the treasurer and rendered ineffec-  
10 tive, before the delivery of the bonds so sold.

**§9. Proceeds paid into separate account; expenditures.**

1 The proceeds of all sales of bonds herein authorized  
2 shall be paid into a separate and distinct account and  
3 shall be used and appropriated solely for the construc-  
4 tion, renovation, remodeling and equipping of elemen-  
5 tary and secondary public school buildings or facilities



6 as provided for by the state constitution and the laws  
7 enacted thereunder. Except for such sums necessary for  
8 current operating balances, such account shall be invested  
9 and reinvested in short-term obligations of the United  
10 States treasury: *Provided*, That no such investment or  
11 reinvestment shall adversely affect the current operating  
12 balances of such account.

**§10. Plates, etc., property of state.**

1 The plates, casts, dies or other forms from which the  
2 bonds authorized by this act are produced or made shall  
3 be the property of the state of West Virginia.

**§11. Auditor to be custodian of unsold bonds.**

1 The state auditor shall be the custodian of all unsold  
2 bonds issued pursuant to the provisions of this act.

**§12. Interim certificates.**

1 The governor may authorize the issuance of interim  
2 certificates to be issued to the purchasers of such bonds  
3 to be held by them in lieu of permanent bonds. When  
4 interim certificates are so issued, they shall become full  
5 and legal obligations of the state of West Virginia under  
6 all of the provisions of this act just as fully and com-  
7 pletely as the permanent bonds.

**§13. State treasurer to be financial advisor.**

1 The state treasurer shall serve as financial advisor to  
2 the governor for the issuance and sale of such bonds.

**§14. Attorney general or his duly appointed legal representative to serve as bond counsel.**

1 The attorney general or his duly appointed legal rep-  
2 resentative, shall serve as bond counsel and shall be re-  
3 sponsible for the issuance of a final approving opinion  
4 regarding the legality of the sale of such bonds.

**§15. Approval and payment of all necessary expenses.**

1 All necessary expenses, including legal expenses ap-  
2 proved by the attorney general, incurred in the execution  
3 of this act shall be chargeable to and paid out of the state  
4 school buildings bond debt service account on warrants  
5 of the auditor of the state drawn on the state treasurer.

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

James L. Davis  
Chairman Senate Committee

Clarence C. Christman  
Chairman House Committee

Originated in the Senate.

To take effect ninety days from passage.

J. P. McElroy Jr.  
Clerk of the Senate

C. A. Blankenship  
Clerk of the House of Delegates

W. T. Smith  
President of the Senate

Donald L. Koop  
Speaker House of Delegates

The within is approved this the 15

day of April, 1977.

Paul R. Rhyne  
Governor



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APR 9 2 59 PM '77

OFFICE OF THE GOVERNOR

APPROVED AND SIGNED BY THE GOVERNOR

Date April 15, 1977

Time 9:20 A.M.

RECEIVED

77 APR 15 P 4:38

OFFICE  
SECY. OF STATE