

APPROVED AND SIGNED BY THE GOVERNOR

Date 3-26-80

Time 8:40 am

WEST VIRGINIA LEGISLATURE
REGULAR SESSION, 1980

ENROLLED

Committee Substitute for

SENATE BILL NO. 444

(By Mr. Shupe)

PASSED March 7 1980

In Effect from Passage

No. 444

ENROLLED

COMMITTEE SUBSTITUTE
FOR

Senate Bill No. 444

(MR. SHARPE, *original sponsor*)

[Passed March 7, 1980; in effect from passage.]

AN ACT to amend and reenact sections nine and fourteen, article three, chapter seven of the code of West Virginia, one thousand nine hundred thirty-one, as amended; to amend and reenact section twelve, article sixteen; section fourteen, article eighteen; sections four and six, article nineteen; and section five, article twenty, all of chapter eight of said code; to amend and reenact section fourteen, article one; and section five, article two-a, chapter thirteen of said code; to amend and reenact section ten, article thirteen; and section thirteen, article thirteen-a, chapter sixteen of said code; and to amend and reenact section six, article twenty-four, chapter eighteen of said code, all relating to increasing to ten percent the maximum interest rate that revenue bonds or general obligation bonds issued under these code sections may bear and provide for a corresponding increase in the allowable bond yield. ing *of*

Be it enacted by the Legislature of West Virginia:

That sections nine and fourteen, article three, chapter seven of the code of West Virginia, one thousand nine hundred thirty-one, as amended, be amended and reenacted; that section twelve, article sixteen; section fourteen, article eighteen; sections four and six, article nineteen; and section five, article twenty, all of chapter eight of said code be amended and reenacted; that section fourteen, article one; and section five, article two-a, chapter thirteen of said code be amended and reenacted; that section ten, article thirteen; and section thirteen, article thirteen-a, chapter sixteen of said code be

amended and reenacted; and that section six, article twenty-four, chapter eighteen of said code be amended and reenacted, all to read as follows:

CHAPTER 7. COUNTY COMMISSIONS AND OFFICERS.

ARTICLE 3. COUNTY PROPERTY.

§7-3-9. Form and payment of bonds; use of proceeds of bonds.

1 Any county commission issuing revenue bonds under
2 the provisions of this article shall thereafter, so long as
3 any such bonds remain outstanding, operate and maintain
4 said courthouse, hospital, other public buildings, or jail,
5 to provide revenues sufficient to pay all operating costs,
6 provide a sinking fund for, and to retire such bonds and
7 pay the interest thereon as the same may become due.
8 The amounts, as and when so set apart by said county
9 commission, shall be remitted to the West Virginia
10 municipal bond commission at least thirty days previous
11 to the time interest or principal payments become due,
12 to be retained and paid out by said commission consistent
13 with the provisions of this article and with the order
14 pursuant to which such bonds have been issued. The
15 West Virginia municipal bond commission is hereby
16 authorized to act as fiscal agent for the administration
17 of such sinking fund under any order passed pursuant
18 to the provisions of this article, and shall invest all
19 sinking funds, as provided by general law. Revenue bonds
20 issued under the provisions of this article are hereby
21 declared to be and to have all the qualities of negotiable
22 instruments. Such bonds shall bear interest at not more
23 than ten percent per annum, payable semiannually, and
24 shall mature at any time fixed by the county commission,
25 in not more than thirty years from their date. Such
26 bonds shall be sold at a price not lower than a price
27 which, when computed upon standard tables of bond
28 values, will show a net return of not more than eleven
29 percent per annum to the purchaser upon the amount
30 paid therefor. Such bonds may be made redeemable at
31 the option of the county commission at such price and
32 under terms and conditions as said commission may
33 fix, by its order, prior to the issuance of such bonds.
34 Revenue bonds issued hereunder shall be payable at the

35 office of the state treasurer, or some bank in the city of
36 New York.

37 In case any of the officers whose signatures appear on
38 such bonds or coupons shall cease to be such officers
39 before the delivery of such bonds, such signatures shall,
40 nevertheless, be valid and sufficient for all purposes the
41 same as if they had remained in office until such delivery.
42 The county commission shall by order entered prior to
43 the issuance of said bonds, fix the denominations, times
44 and places of payment of such bonds, the principal and
45 interest of which shall be payable in lawful money of
46 the United States of America. The proceeds of such bonds
47 shall be used solely for the payment of the cost of land,
48 buildings, furniture and equipment thereon, and shall
49 be checked out by the county commission under such
50 restrictions as are contained in the order providing for
51 the issuance of said bonds. If the proceeds of such bonds
52 issued for any courthouse, hospital, other public build-
53 ings, or jail, shall exceed the cost thereof, the surplus
54 shall be paid into the fund herein provided for the pay-
55 ment of principal and interest upon such bonds. Such
56 fund may be used for the purchase or redemption of
57 any of the outstanding bonds payable from such fund
58 at the market price, but at not exceeding the price at
59 which any of such bonds shall in the same year be re-
60 deemable, as fixed by the commission in its said order,
61 and all bonds redeemed or purchased shall forthwith
62 be canceled, and shall not again be issued.

63 Prior to the preparation of definitive bonds, the county
64 commission may, under like restrictions, issue temporary
65 bonds, or interim certificates, with or without coupons,
66 exchangeable for definitive bonds upon the issuance of
67 the latter. Such bonds may be issued without any other
68 proceedings or the happening of any other conditions
69 or things than those proceedings, conditions and things
70 which are specified and required by this article.

**§7-3-14. Authority to acquire and operate hospitals, clinics,
long-term care facilities and other related facilities;
financing.**

1 The county commission of any county is hereby author-

2 ized and empowered to acquire by purchase or construc-
3 tion and to thereafter own, equip, furnish, operate, lease,
4 improve and extend a public hospital, clinic, long-term
5 care facility and other related facilities, with all appurte-
6 nances, including the necessary real estate as a site there-
7 for. Any such county public hospital acquired pursuant
8 thereto may include a nurses home and nurses training
9 school. The county commission is further authorized and
10 empowered, upon acquiring a hospital, clinic, long-term
11 care facility or other related facility, to lease to others any
12 or all such facilities for such rentals and upon such terms
13 and conditions as the county commission may deem
14 advisable. For the purpose of paying all or any part of
15 the costs, not otherwise provided, of acquiring, complet-
16 ing, equipping, furnishing, improving or extending such
17 hospital, clinic, long-term care facility or other related
18 facility, the county commission is hereby authorized and
19 empowered by order duly entered of record, to issue and
20 sell the negotiable revenue bonds of such county, which
21 shall be payable solely and only from all or such part of
22 the net revenues from the operation of such county public
23 hospital, clinic, long-term care facility or other related
24 facility as may be provided by said order; and each such
25 revenue bond so issued shall contain a recital that pay-
26 ment or redemption of the bond and payment of the
27 interest thereof is secured by the revenues pledged there-
28 for, and that such bond does not constitute an indebted-
29 ness of such county or the county commission thereof
30 within the meaning of any constitutional or statutory
31 limitation or provision. Such revenue bonds may bear
32 such date or dates, may mature at such time or times
33 not exceeding thirty-four years from their respective
34 dates, may bear interest at such rate or rates not exceed-
35 ing ten percent per annum, may be of such denomination
36 or denominations, may be in such form, may carry such
37 registration privileges, may be made subject to such terms
38 of redemption with or without premium, and may contain
39 such other terms and covenants not inconsistent with
40 this article as may be provided in such order. Such
41 revenue bonds shall be exempt from taxation by the
42 state of West Virginia and the other taxing bodies of the

43 state. In determining the amount of revenue bonds to be
 44 issued, there may be included any expenses in connection
 45 with and incidental to the issuance and sale of bonds and
 46 for the preparation of plans, specifications, surveys and
 47 estimates, interest during the estimated construction
 48 period and for six months thereafter, and a reasonable
 49 amount for working capital and prepaid insurance. Such
 50 bonds may be sold in such manner at such times and upon
 51 such terms as may be determined by the county commis-
 52 sion to be for the best interests of the county: *Provided,*
 53 That no bonds may be sold upon terms which will result
 54 in the net interest cost of more than eleven percent per
 55 annum computed to maturity of the bonds according to
 56 standard tables of bond values. There may be included
 57 in any such order authorizing the issuance of revenue
 58 bonds such covenants, stipulations and conditions as may
 59 be deemed necessary with respect to the expenditure
 60 of the bond proceeds, the operation and maintenance of
 61 the county public hospital, clinic, long-term care facility
 62 or other related facility, and the custody and application
 63 of the revenues from such operation. The holder of any
 64 bond or bonds may, by mandamus or other appropriate
 65 proceedings, require and compel performance of any
 66 duties imposed by law in connection with the hospital,
 67 clinic, long-term care facility or other related facility,
 68 or any covenant, stipulation or condition that may have
 69 been expressed in such bond order.

CHAPTER 8. MUNICIPAL LAW, MUNICIPALITIES AND COUNTIES; INTERGOVERNMENTAL RELATIONS.

ARTICLE 16. MUNICIPAL PUBLIC WORKS; REVENUE BOND FINANCING.

§8-16-12. Interest rate and life of bonds; redemption; how payable; form, denominations, etc.; additional bonds authorized; interim certificates.

1 Such revenue bonds shall bear interest at not more
 2 than ten percent per annum, payable semiannually, or
 3 at shorter intervals, and shall mature at such time or
 4 times, not exceeding forty years, as may be determined
 5 by the ordinance or ordinances authorizing the issuance
 6 of such bonds. Such bonds may be made redeemable

7 before maturity, at the option of the municipality or
8 municipalities issuing the same, to be exercised by said
9 board, at not more than the par value thereof, and at
10 a premium of not more than five percent, under such
11 terms and conditions as may be fixed by the ordinance
12 or ordinances authorizing the issuance of the bonds. The
13 principal and interest of the bonds may be made pay-
14 able in any lawful medium. Such ordinance or ordinances
15 shall determine the form of the bonds, including the
16 interest coupons to be attached thereto, and shall fix
17 the denomination or denominations of such bonds, and
18 the place or places of the payment of the principal and
19 interest thereof, which may be at any banking institution
20 or trust company within or without the state. When
21 two or more municipalities take joint action under the
22 provisions of this article, the bonds shall be issued by
23 the participating municipalities either as separate
24 or joint bonds, as the governing bodies thereof
25 may agree, and when separate bonds are issued, the
26 amount of the bonds to be issued by each participating
27 municipality shall be fixed by agreement of the govern-
28 ing bodies of the participating municipalities set forth
29 in the ordinance of each participating municipality
30 authorizing the issuance of such bonds. The bonds shall
31 contain a statement on their face that the municipality
32 or municipalities issuing the same shall not be obligated
33 to pay the same, or the interest thereon, except from
34 the special fund derived from the net revenue of the
35 works, or the pro rata part thereof, as provided for in
36 section eleven hereof. All such bonds shall be, and shall
37 have and are hereby declared to have all the qualities
38 and incidents of negotiable instruments, under the Uni-
39 form Commercial Code of this state. Provision may be
40 made for the registration of any of the bonds in the
41 name of the owner as to principal alone; but bonds shall
42 be executed in such manner as the governing body or
43 bodies may direct. The bonds shall be sold by the govern-
44 ing body or bodies in such manner as may be determined
45 to be for the best interest of the municipality or municipi-
46 talities: *Provided*, That said bonds shall not be negotiated
47 at a price lower than a price which when computed to

48 maturity upon standard tables of bond values will show
 49 a net return of more than ten percent per annum to
 50 the purchaser upon the amount paid therefor. Any sur-
 51 plus of the bond proceeds over and above the cost of
 52 the project shall be paid into the sinking fund herein-
 53 after provided for. If the proceeds of the bonds, by error
 54 of calculation or otherwise, shall be less than the cost
 55 of the project, additional bonds may in like manner be
 56 issued to provide the amount of such deficit, and, unless
 57 otherwise provided in the ordinance or ordinances
 58 authorizing the issuance of the bonds first issued, or
 59 in the trust indenture hereinafter authorized, shall be
 60 deemed to be of same issue, and shall be entitled to
 61 payment without preference or priority of the bonds
 62 first issued; and if any preference or priority of the bonds
 63 first issued is provided for in the ordinance or ordinances
 64 authorizing the issuance of the bonds first issued or in
 65 said trust indenture, such preference to priority shall
 66 not extend to an amount exceeding ten percent of the
 67 original issue. Prior to the preparation of the definitive
 68 bonds, interim certificates may, under like restrictions,
 69 be issued with or without coupons exchangeable for de-
 70 finitive bonds upon the issuance of the latter.

**ARTICLE 18. ASSESSMENTS TO IMPROVE STREETS, SIDE-
 WALKS AND SEWERS; SEWER CONNECTIONS
 AND BOARD OF HEALTH.**

§8-18-14. Issuance of bonds.

1 Every municipality is hereby empowered and author-
 2 ized to issue its bonds for any improvements under the
 3 provisions of this article in anticipation of special as-
 4 sessments to be made upon the property abutting upon
 5 the streets, alleys, public ways or easements, or sewer
 6 rights-of-way or easements, so improved, and such bonds
 7 may be in such an amount as will be sufficient to pay
 8 the entire estimated cost and expense of such improve-
 9 ments for which such special assessments are levied.
 10 Such municipality is also authorized to sell such bonds,
 11 but the price for which they are sold shall not be below
 12 the par value of such bonds. Such bonds shall be pay-
 13 able in not to exceed ten years from the date of the
 14 issuance thereof, and shall bear interest at not to exceed

15 ten percent per annum, payable annually; and in the
16 issuance and sale of such bonds, the municipality shall
17 be governed by all the restrictions and limitations of
18 the constitution of this state, and by the restrictions and
19 limitations of the statutes of this state with respect to
20 the issuance and sale of other bonds, so far as they are
21 not in conflict with the provisions of this article; and
22 the assessments shall be collected as provided in sec-
23 tions ten and twelve of this article, and as paid and col-
24 lected shall be applied to the liquidation of such bonds
25 and the interest thereon; and if by reason of penalties
26 collected with delinquent assessments there be any
27 balance after the payment of such bonds and all accrued
28 interest and cost, such balance shall be turned into the
29 municipal treasury to the credit of the interest and
30 sinking fund of the municipality: *Provided*, That no such
31 municipality shall by sale or issuance of such bonds cause
32 the aggregate of its indebtedness of every kind whatso-
33 ever to exceed five percent of the value of taxable
34 property therein: *Provided, however*, That nothing here-
35 in contained shall be construed as authorizing any such
36 municipality to become indebted in any other manner
37 or for any other purpose, to an amount, including its
38 existing indebtedness, in the aggregate exceeding two
39 and one-half percent of the value of the taxable property
40 therein, as provided in section three, article one, chapter
41 thirteen of this code, except for the purpose of grading,
42 regrading, paving, repaving, surfacing, resurfacing, curb-
43 ing, recurbing, building or renewing sidewalks, or con-
44 structing sewers or otherwise improving or reimproving
45 the streets, alleys, public ways or easements, or sewer
46 rights-of-way or easements, of such municipality, as pro-
47 vided for in this article; nor shall such municipality make
48 such issuance and sale without at the same time pro-
49 viding for the collection of a direct annual tax sufficient
50 to pay annually the interest on such debt and the principal
51 thereof within ~~the~~ not exceeding ten years. All of the
52 assessments, interest and penalties collected from the
53 abutting property owners on account of the grading, re-
54 grading, paving, repaving, surfacing, resurfacing, curbing,
55 recurbing, building or renewing sidewalks, or constructing

 and

56 sewers or otherwise improving or reimproving the streets,
 57 alleys, public ways or easements, or sewer rights-of-way
 58 or easements, of any such municipality, under the provi-
 59 sions of this article, shall annually be applied to the annual
 60 tax required to pay the interest on such debt and such
 61 principal within and not exceeding ten years; and in the
 62 event that the assessments, interest and penalties so col-
 63 lected do not amount to a sum sufficient to pay annually
 64 the interest on such debt and the principal thereof within
 65 and not exceeding ten years, then the governing body of
 66 such municipality shall collect so much of such levy as
 67 will pay annually the interest on such debt and the
 68 principal thereof within and not exceeding ten years.

ARTICLE 19. MUNICIPAL WATERWORKS SYSTEMS.

§8-10-4. Estimate of cost; ordinance for issuance of revenue bonds; interest on bonds; rates for services.

1 Whenever a municipality shall, under the provisions of
 2 this article, determine to acquire, by purchase or other-
 3 wise, construct, establish, extend or equip a waterworks
 4 system, or to construct any additions, betterments or im-
 5 provements to any waterworks or electric power system,
 6 it shall cause an estimate to be made of the cost thereof,
 7 and shall, by ordinance, provide for the issuance of rev-
 8 enue bonds under the provisions of this article, which
 9 ordinance shall set forth a brief description of the con-
 10 templated undertaking, the estimated cost thereof, the
 11 amount, rate or rates of interest, the time and place of
 12 payment, and other details in connection with the issu-
 13 ance of the bonds. Such bonds shall be in such form and
 14 shall be negotiated in such manner and upon such terms
 15 as the governing body of such municipality may by ordi-
 16 nance specify. All such bonds and the interest thereon,
 17 and all properties and revenues and income derived from
 18 such waterworks or electric power system, shall be ex-
 19 empt from all taxation by this state, or any county,
 20 municipality, political subdivision or agency thereof. Such
 21 bonds shall bear interest at not more than ten percent
 22 per annum, payable semiannually, and shall be payable
 23 at such times, not exceeding forty years from their date,
 24 and at such place or places, within or without the state, as

25 shall be prescribed in the ordinance providing for their
26 issuance. Such ordinance shall also declare that a statu-
27 tory mortgage lien shall exist upon the property so to be
28 acquired, constructed, established, extended or equipped,
29 fix minimum rates or charges for water to be collected
30 prior to the payment of all of said bonds and shall pledge
31 the revenues derived from the waterworks or electric
32 power system for the purpose of paying such bonds and
33 interest thereon, which pledge shall definitely fix and
34 determine the amount of revenues which shall be neces-
35 sary to be set apart and applied to the payment of the
36 principal of and interest upon the bonds and the pro-
37 portion of the balance of such revenues, which are to be
38 set aside as a proper and adequate depreciation account,
39 and the remainder shall be set aside for the reasonable
40 and proper maintenance and operation thereof. The rates
41 or charges to be charged for the services from such
42 waterworks or electric power system shall be sufficient
43 at all times to provide for the payment of interest upon
44 all bonds and to create a sinking fund to pay the principal
45 thereof as and when the same become due, and reasonable
46 reserves therefor, and to provide for the repair, mainte-
47 nance and operation of the waterworks or electric power
48 system, and to provide an adequate depreciation fund,
49 and to make any other payments which shall be required
50 or provided for in the ordinance authorizing the issuance
51 of said bonds.

§8-19-6. Amount, negotiability and execution of bonds.

1 Bonds herein provided for shall be issued in such
2 amounts as may be necessary to provide sufficient funds to
3 pay all costs of acquisition, construction, establishment,
4 extension or equipment, including engineering, legal and
5 other expenses, together with interest to a date six
6 months subsequent to the estimated date of completion.
7 Bonds issued under the provisions of this article are here-
8 by declared to be negotiable instruments, and the same
9 shall be executed by the proper legally constituted au-
10 thorities of the municipality and be sealed with the cor-
11 porate seal of the municipality, and in case any of the
12 officers whose signatures appear on the bonds or coupons

13 shall cease to be such officers before delivery of such
 14 bonds, such signatures shall nevertheless be valid and
 15 sufficient for all purposes the same as if they had re-
 16 mained in office until such delivery. All signatures
 17 on the bonds or coupons and the corporate seal may be
 18 mechanically reproduced if authorized in the ordinance
 19 authorizing the issuance of the bonds. Said bonds shall
 20 not be negotiated at a price lower than a price which
 21 when computed to maturity upon standard tables of
 22 bond values will show a net return of more than ten per-
 23 cent per annum to the purchaser upon the amount paid
 24 therefor.

**ARTICLE 20. COMBINED WATERWORKS AND SEWERAGE
 SYSTEMS.**

**§8-20-5. Amount, negotiability and execution of bonds; refund
 of outstanding obligations or securities by sale or
 exchange of bonds.**

1 For the purpose of defraying the cost of acquisition, con-
 2 struction, establishment or equipment of any such water-
 3 works or sewerage system, or a combined waterworks
 4 and sewerage system, and for the purpose of paying the
 5 cost of constructing any extensions, additions, better-
 6 ments or improvements to either the waterworks or sew-
 7 erage system of said combined waterworks and sewerage
 8 system, or both, any such municipality may issue revenue
 9 bonds under the provisions of this article. All such bonds
 10 may be authorized, issued and sold pursuant to ordinance
 11 in installments at different times or an entire issue or
 12 series may be sold at one time. Such bonds shall bear
 13 interest at a rate not to exceed ten percent per annum,
 14 payable semiannually, and shall mature within the period
 15 of usefulness of the project involved, to be determined
 16 by the governing body and in any event within a period
 17 of not more than forty years. Such bonds may be in such
 18 denomination or denominations, may be in such form,
 19 either coupon or registered, may carry such registration
 20 and conversion privileges, may be executed in such
 21 manner, may be payable in such medium of payment, at
 22 such place or places, may be subject to such terms of
 23 redemption, with or without a premium, may be declared

24 to become due before the maturity date thereof, may
25 provide for the replacement of mutilated, destroyed,
26 stolen or lost bonds, may be authenticated in such manner
27 and upon compliance with such conditions, and may con-
28 tain such other terms and covenants, as may be provided
29 by ordinance of the governing body of the municipality.
30 Notwithstanding the form of tenor thereof, and in the
31 absence of an express recital on the face thereof that the
32 bond is nonnegotiable, all such bonds shall at all times be,
33 and shall be treated as, negotiable instruments for all
34 purposes. Said bonds and the interest thereon, together
35 with all properties and facilities of said municipality
36 owned or used in connection with said combined water-
37 works or sewerage system, and all the moneys, revenues
38 and other income of such municipality derived from
39 such combined waterworks and sewerage system shall
40 be exempt from all taxation by this state or any county,
41 municipality, political subdivision or agency thereof.
42 Such bonds may be sold in such manner as the governing
43 body shall determine and if issued to bear interest at the
44 rate of ten percent per annum shall be sold for not less
45 than par and accrued interest. If any such bonds shall be
46 issued to bear interest at a rate of less than ten percent
47 per annum, the minimum price at which they may be
48 sold shall be such that the interest cost to such munici-
49 pality of the proceeds of such bonds shall not exceed ten
50 percent per annum computed to maturity according to
51 the standard table of bond values: *Provided*, That if the
52 governing body of the municipality determines to sell
53 any revenue bonds of such combined waterworks and
54 sewerage system for refunding purposes, such bonds shall
55 be sold at not less than par and accrued interest and the
56 proceeds deposited at the place of payment of the bonds,
57 obligations or securities being refunded thereby. In case
58 any officer whose signature appears on such bonds or
59 coupons attached thereto shall cease to be such officer
60 before the delivery of the bonds to the purchaser, such
61 signature shall nevertheless be valid and sufficient for
62 all purposes, with the same effect as if he had remained
63 in office until the delivery of the bonds. All signatures on
64 the bonds or coupons and the corporate seal may be

65 mechanically reproduced if authorized in the ordinance
66 authorizing the issuance of the bonds. Such bonds shall
67 have all the qualities of negotiable instruments under the
68 law of this state.

69 Whenever a waterworks and sewerage system is includ-
70 ed in a combined waterworks and sewerage system under
71 the provisions of this article and there are unpaid and out-
72 standing revenue bonds or any other obligations or securi-
73 ties previously issued which are payable solely from the
74 revenues of such waterworks or such sewerage system or
75 any part thereof, such outstanding bonds, obligations or
76 securities may be refunded by the issuance and sale or
77 exchange therefor of revenue bonds to be issued under
78 the provisions of this article. Whenever any outstanding
79 bonds, obligations or securities previously issued which
80 are payable solely from the revenues of any waterworks
81 or sewerage system included in a combined waterworks
82 and sewerage system under the provisions of this article
83 are refunded and the refunding is to be accomplished by
84 exchange, such outstanding bonds, obligations or securi-
85 ties shall be surrendered and exchanged for revenue
86 bonds of such combined waterworks and sewerage system
87 of a total principal amount which shall not be more and
88 may be less than the principal amount of the bonds,
89 obligations or securities surrendered and exchanged plus
90 the interest to accrue thereon to the date of surrender and
91 exchange, and if the refunding is to be accomplished
92 through the sale of revenue bonds of such combined
93 waterworks and sewerage system the total principal
94 amount of such revenue bonds which may be sold for
95 refunding purposes shall not exceed the principal amount
96 of the bonds, obligations or securities being refunded plus
97 the interest to accrue thereon to the retirement date or
98 the next succeeding interest payment date, whichever
99 date may be earlier. Provision may be made that each
100 bond to be exchanged for refunding bonds shall be kept
101 intact and shall not be canceled or destroyed until the
102 refunding bonds, and interest thereon, have been finally
103 paid and discharged; but each such bond shall be stamped
104 with a legend to the effect that the same has been re-
105 funded pursuant to the provisions of this article.

CHAPTER 13. PUBLIC BONDED INDEBTEDNESS.

ARTICLE 1. BOND ISSUES FOR ORIGINAL INDEBTEDNESS.

§13-1-14. Resolution authorizing issuance and fixing terms of bonds.

1 If three fifths of all the votes cast for and against the
2 proposition to incur debt and issue negotiable bonds shall
3 be in favor of the same, the governing body of the political
4 division shall, by resolution, authorize the issuance of
5 such bonds in an amount not exceeding the amount stated
6 in the proposition; fix the date thereof; set forth the
7 denominations in which they shall be issued, which
8 denominations shall be one hundred dollars or multiples
9 thereof; determine the rate of interest which the bonds
10 shall bear, which rate of interest shall be within the
11 maximum rate stated in the proposition submitted to
12 vote and payable semiannually, and shall in no case ex-
13 ceed ten percent per annum; prescribe the medium with
14 which the bonds shall be payable; require that the bonds
15 shall be made payable at the office of the state treasurer
16 and at such other place or places as the body issuing
17 the same may designate; provide for a sufficient levy to
18 pay the annual interest on the bonds and the principal
19 maturity; fix the times within the maximum period, as
20 contained in the proposition submitted to vote, when
21 the bonds shall become payable, which shall not exceed
22 thirty-four years from the date thereof; and prescribe a
23 form for executing the bonds authorized.

ARTICLE 2A. REVENUE BOND REFINANCING.

§13-2A-5. Form of bonds; interest rates; negotiability.

1 The refunding bonds may be issued in one or more
2 series, may bear such date or dates, may mature at such
3 time or times not exceeding the period of usefulness
4 of the enterprise, as determined by the governing body
5 in its discretion, not in any event exceeding forty years
6 from their respective dates; may bear interest at such
7 rate or rates not exceeding the maximum rate of interest
8 borne by the notes, bonds or other obligations refinanced
9 thereby; may be in such denomination or denominations,
10 may be in such form either coupon or registered, may

11 carry such registration and conversion privileges, may be
12 executed in such manner, may be payable in such medium
13 of payment, at such place or places, may be subject to
14 such terms of redemption, with or without a premium,
15 may be declared or become due before the maturity date
16 thereof, may provide for the replacement of mutilated,
17 destroyed, stolen or lost bonds, may be authenticated in
18 such manner and upon compliance with such conditions;
19 and may contain such other terms and covenants, as
20 may be provided by resolution or resolutions of the
21 governing body of the public body: *Provided*, That if
22 the refinancing is for the sole purpose of discharging at
23 less than their face or par value all of the outstanding
24 notes, bonds or other obligations of a Class I or Class II
25 city, as defined in chapter eight of this code, and such
26 notes, bonds or other obligations are to be refinanced,
27 then such refunding bonds may bear interest at any rate
28 or rates, not exceeding ten percent per annum, which re-
29 sults in a total interest cost of not more than the total
30 amount of interest, including interest then in arrears,
31 that would have been payable from the date of such
32 refinancing to maturity of the notes, bonds or other
33 obligations so refinanced: *Provided, however*, That if the
34 governing body determines that one of the purposes of
35 issuing such refunding bonds is to effect the release,
36 termination or modification of liens, restrictions, con-
37 ditions or limitations imposed in connection with the
38 notes, bonds or other obligations refinanced thereby, then
39 such refunding bonds may be issued bearing interest at
40 such rate or rates as the governing body may determine,
41 but such rate or rates shall not exceed the maximum
42 stated rate of interest which the notes, bonds or other
43 obligations refinanced thereby could bear if they were
44 being issued as of the date of issuance of such refunding
45 bonds, and notwithstanding any other limitations con-
46 tained in this article, such refunding bonds may not be
47 sold or exchanged at a price which would result in a net
48 interest cost, herein defined to mean the total amount of
49 interest to accrue on the refunding bonds from the date
50 thereof to their respective maturities without regard to
51 any retained options of redemption plus the amount of any

52 discount below par or less the amount of any premium
53 above par at which the bonds may be sold or exchanged,
54 in excess of the maximum net interest cost which the
55 outstanding notes, bonds or other obligations to be re-
56 financed thereby could be sold or exchanged for if they
57 were being issued as of the date of issuance of such
58 refunding bonds.

59 Notwithstanding the form or tenor thereof, and in the
60 absence of an express recital on the face thereof that the
61 bond is nonnegotiable, all refunding bonds shall at all
62 times be, and shall be treated as, negotiable instruments
63 for all purposes.

CHAPTER 16. PUBLIC HEALTH.

ARTICLE 13. SEWAGE WORKS OF MUNICIPAL CORPORATIONS AND SANITARY DISTRICTS.

§16-13-10. Interest on and redemption of bonds; form; state- ment on face of bond; negotiability; exemption from taxation; registration; execution; sale; dis- position of surplus proceeds; additional and tem- porary bonds.

1 Such revenue bonds shall bear interest at not more
2 than ten percent per annum, payable semiannually, and
3 shall mature at such time or times as may be determined
4 by ordinance. Such bonds may be made redeemable be-
5 fore maturity at the option of the municipality, to be
6 exercised by said board, at not more than the par value
7 thereof and a premium of five percent, under such terms
8 and conditions as may be fixed by the ordinance authoriz-
9 ing the issuance of the bonds. The principal and interest
10 of the bonds may be made payable in any lawful medium.
11 Said ordinance shall determine the form of the bonds,
12 including the interest coupons to be attached thereto,
13 and shall fix the denomination or denominations of such
14 bonds and the place or places of payment of the principal
15 and interest thereof, which may be at any bank or
16 trust company within or without the state. The bonds
17 shall contain a statement on their face that the
18 municipality shall not be obligated to pay the same or
19 the interest thereon except from the special fund pro-
20 vided from the net revenues of the works. All such bonds
21 shall be, and shall have and are hereby declared to have

22 all the qualities and incidents of, negotiable instru-
 23 ments under the Uniform Commercial Code of the state.
 24 Said bonds shall be exempt from all taxation, state,
 25 county and municipal. Provisions may be made for the
 26 registration of any of the bonds in the name of the
 27 owner as to principal alone. Such bonds shall be executed
 28 by the proper legally constituted authorities of the
 29 municipality and be sealed with the corporate seal of
 30 the municipality, and in case any of the officers whose
 31 signatures appear on the bonds or coupons shall cease
 32 to be such officers, before delivery of such bonds, such
 33 signatures shall nevertheless be valid and sufficient for
 34 all purposes the same as if they had remained in office
 35 until such delivery. Such bonds shall be sold at a price
 36 not lower than a price, which when computed upon
 37 standard tables of bond values, will show a net return
 38 of not more than eleven per centum per annum to the
 39 purchaser upon the amount paid therefor and the pro-
 40 ceeds derived therefrom shall be used exclusively for
 41 the purposes for which said bonds are issued and same
 42 may be sold at one time or in parcels as funds are needed.
 43 Any surplus of bond proceeds over and above the cost
 44 of the works shall be paid into the sinking fund here-
 45 inafter provided. If the proceeds of the bonds, by error
 46 of calculation or otherwise, shall be less than the cost
 47 of the works, additional bonds may in like manner be
 48 issued to provide the amount of such deficit and, unless
 49 otherwise provided in said ordinance authorizing the
 50 issuance of the bonds first issued or in the trust indenture
 51 hereinafter authorized, shall be deemed to be of the
 52 same issue and shall be entitled to payment without
 53 preference or priority of the bonds first issued. Prior
 54 to the preparation of the definitive bonds, temporary
 55 bonds may under like restrictions be issued with or with-
 56 out coupons, exchangeable for definitive bonds upon the
 57 issuance of the latter.

**ARTICLE 13A. PUBLIC SERVICE DISTRICTS FOR WATER AND
 SEWERAGE SERVICES.**

§16-13A-13. Revenue bonds.

1 For constructing or acquiring any public service prop-
 2 erties for the authorized purposes of the district, or

3 necessary or incidental thereto, and for constructing
4 improvements and extensions thereto, and also for reim-
5 bursing or paying the costs and expenses of creating the
6 district, the board of any such district is hereby author-
7 ized to borrow money from time to time and in evidence
8 thereof issue the bonds of such district, payable solely
9 from the revenues derived from the operation of the
10 public service properties under control of the district.
11 Such bonds may be issued in one or more series, may
12 bear such date or dates, may mature at such time or
13 times not exceeding forty years from their respective
14 dates, may bear interest at such rate or rates not exceed-
15 ing ten percent per annum payable semiannually, may be
16 in such form, may carry such registration privileges, may
17 be executed in such manner, may be payable at such
18 place or places, may be subject to such terms of redemp-
19 tion with or without premium, may be declared or become
20 due before maturity date thereof, may be authenticated
21 in any manner, and upon compliance with such condi-
22 tions, and may contain such terms and covenants as may
23 be provided by resolution or resolutions of the board.
24 Notwithstanding the form or tenor thereof, and in the
25 absence of any express recital on the face thereof, that
26 the bond is nonnegotiable, all such bonds shall be, and
27 shall be treated as, negotiable instruments for all pur-
28 poses. Bonds bearing the signatures of officers in office on
29 the date of the signing thereof shall be valid and binding
30 for all purposes notwithstanding that before the delivery
31 thereof any or all of the persons whose signatures appear
32 thereon shall have ceased to be such officers. Notwith-
33 standing the requirements or provisions of any other law,
34 any such bonds may be negotiated or sold in such manner
35 and at such time or times as is found by the board to be
36 most advantageous, and all such bonds may be sold at such
37 price that the interest cost of the proceeds therefrom does
38 not exceed ten percent per annum, based on the average
39 maturity of such bonds and computed according to stand-
40 ard tables of bond values. Any resolution or resolutions
41 providing for the issuance of such bonds may con-
42 tain such covenants and restrictions upon the issuance of
43 additional bonds thereafter as may be deemed necessary

44 or advisable for the assurance of the payment of the
45 bonds thereby authorized.

CHAPTER 18. EDUCATION.

ARTICLE 24. FEES AND OTHER MONEY COLLECTED AT STATE INSTITUTIONS OF HIGHER EDUCATION.

§18-24-6. Disposition and use of student union fees; issuance of revenue bonds.

1 Whenever the term "student union building" is used in
2 this section the same shall mean a student union building
3 or a combination student union building and dining hall
4 building; and wherever the term "building fund" is used
5 in this section the same shall mean the respective special
6 student union building funds created as provided in sec-
7 tion one of this article for each state educational institu-
8 tion which has imposed student union fees pursuant to
9 section one of this article, to be expended by the West
10 Virginia board of regents for the benefit of the state edu-
11 cational institutions under its control.

12 The West Virginia board of regents may make expendi-
13 tures from such building funds at the various state educa-
14 tional institutions under its control to finance in whole or
15 in part, together with any federal, state or other grants or
16 contributions, any one or more of the following purposes:

17 (1) The construction and acquisition of new student
18 union buildings. (2) The acquisition, renovation and im-
19 provement of existing buildings to be used as student
20 union buildings. (3) The construction of additions, exten-
21 sions and improvements to existing student union build-
22 ings. (4) The acquisition of furnishings and equipment for
23 any existing student union buildings or student union
24 buildings to be constructed or acquired, or the construc-
25 tion of any roads, utilities or other properties, real or
26 personal, or for any other purposes necessary, appur-
27 tenant or incidental to the construction, acquisition,
28 financing and placing in operation of such student union
29 buildings. (5) The payment of the cost of the operation
30 and maintenance of such student union buildings, subject
31 however to any covenants or agreements made with the
32 holders of revenue bonds heretofore or hereafter issued

33 pursuant to this section or pursuant to section one of this
34 article.

35 The West Virginia board of regents, at its discretion,
36 may use the moneys in such building funds to finance the
37 costs of the above purposes on a cash basis, or may from
38 time to time issue revenue bonds of the state as provided
39 in this section to finance all or part of such purposes and
40 pledge all or any part of the moneys in such building
41 funds for the payment of the principal of and interest on
42 such revenue bonds, and for reserves therefor. Any pledge
43 of such building funds for such revenue bonds shall be a
44 prior and superior charge on such special funds over the
45 use of any of the moneys in such funds to pay for the cost
46 of any of such purposes on a cash basis, or for the pay-
47 ment of the cost of operation and maintenance, or any
48 part thereof, of such student union buildings, under such
49 terms and conditions as shall be provided in the proceed-
50 ings which authorized the issuance of such revenue bonds.

51 Such revenue bonds may be authorized and issued from
52 time to time by the West Virginia board of regents to
53 finance in whole or in part the purposes at any state edu-
54 cational institution under its control provided for in this
55 section in an aggregate principal amount not exceeding
56 the amount which the board shall determine can be paid
57 as to both principal and interest and reasonable margins
58 for a reserve therefor from the moneys in such building
59 funds.

60 The issuance of such revenue bonds shall be authorized
61 by a resolution adopted by the West Virginia board of
62 regents, and such revenue bonds shall bear such date or
63 dates, mature at such time or times not exceeding forty
64 years from their respective dates; bear interest at such
65 rate or rates not exceeding ten per centum per annum; be
66 in such form either coupon or registered, with such ex-
67 changeability and interchangeability privileges; be pay-
68 able in such medium of payment and at such place or
69 places, within or without the state; be subject to such
70 terms of prior redemption at such prices not exceeding
71 one hundred five per centum of the principal amount
72 thereof; and shall have such other terms and provisions

73 as the board shall determine. Such revenue bonds shall be
74 signed by the governor and by the president of the West
75 Virginia board of regents, under the great seal of the
76 state, attested by the secretary of state, and the coupons
77 attached thereto shall bear the facsimile signature of
78 the president of the West Virginia board of regents. Such
79 revenue bonds shall be sold in such manner as the board
80 may determine to be for the best interests of the state.

81 The West Virginia board of regents may enter into trust
82 agreements with banks or trust companies, within or with-
83 out the state, and in such trust agreements or the resolu-
84 tions authorizing the issuance of such bonds may enter in-
85 to valid and legally binding covenants with the holders of
86 such revenue bonds as to the custody, safeguarding and
87 disposition of the proceeds of such revenue bonds, the
88 moneys in such building funds, sinking funds, reserve
89 funds, or any other moneys or funds; as to the rank and
90 priority, if any, of different issues of revenue bonds issued
91 by the board for the same educational institution under
92 the provisions of this section; as to the maintenance or
93 revision of the amounts of such student union fees, and
94 the terms and conditions, if any, under which any of such
95 student union fees may be reduced; and as to any other
96 matters or provisions which are deemed necessary and
97 advisable by the board in the best interests of the state
98 and to enhance the marketability of such revenue bonds.

99 Any revenues or income derived from the operation of
100 such student union buildings may, in the discretion of the
101 board, be used to pay the cost of the operation and main-
102 tenance of such student union buildings, or for the debt
103 service on any bonds issued pursuant to this section or
104 pursuant to any other law.

105 After the issuance of any of such revenue bonds, the
106 student union fees at the state educational institution for
107 which such revenue bonds were issued shall not be re-
108 duced as long as any of such revenue bonds are outstand-
109 ing and unpaid except under such terms, provisions and
110 conditions as shall be contained in the resolution, trust
111 agreement or other proceedings under which such rev-
112 enue bonds were issued.

113 Such revenue bonds shall be and constitute negotiable
114 instruments under the Uniform Commercial Code of the
115 state, shall, together with the interest thereon, be exempt
116 from all taxation by the state of West Virginia, or by any
117 county, school district, municipality or political subdivi-
118 sion thereof; and such revenue bonds shall not be deemed
119 to be obligations or debts of the state, and the credit or
120 taxing power of the state shall not be pledged therefor,
121 but such revenue bonds shall be payable only from the
122 student union fees pledged therefor as provided in this
123 section.

124 The provisions of this section shall constitute an addi-
125 tional, alternative and complete authority for the exer-
126 cise of the powers and the issuance of the bonds provided
127 for in this section, but shall not prevent the West Vir-
128 ginia board of regents from exercising similar or related
129 powers or issuing bonds therefor under any other law or
130 laws, but the board, in exercising the powers and issuing
131 the bonds provided for in this section, shall only be re-
132 quired to comply with the provisions of this section and
133 shall not be required to comply with or be subject to the
134 provisions of any other law or laws.

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

James R. Davis
Chairman Senate Committee

Lawrence C. Chestnut, Jr.
Chairman House Committee

Originated in the Senate.

To take effect from passage.

Paul C. Mills
Clerk of the Senate

W. Blankenship
Clerk of the House of Delegates

W. Brotherton
President of the Senate

Clayton M. Lee
Speaker House of Delegates

The within is approved this the 26
day of March, 1980.

Paul R. Ryan
Governor



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STATE OF TEXAS

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