WEST VIRGINIA LEGISLATURE
REGULAR SESSION, 1986

ENROLLED
Committee Substitute
SENATE BILL NO. 459

(By Senator Thompson)

PASSED  March 8, 1986
In Effect 90 days from Passage
AN ACT to amend and reenact sections one, twelve and seventeen, article nineteen, chapter eight of the code of West Virginia, one thousand nine hundred thirty-one, as amended; to amend and reenact sections twelve and sixteen, article twenty of said chapter, as amended; to further amend said article twenty by adding thereto a new section, designated section one-b; to amend and reenact sections two, five and seven, article two-e, chapter thirteen of said code as amended; that said chapter thirteen be further amended by adding thereto a new article, designated article two-f; to amend and reenact sections one, fifteen and twenty-two-a, article thirteen, chapter sixteen of said code; and to amend and reenact section twenty-four, article thirteen-a of said chapter, all relating to bonded indebtedness upon municipal waterworks sewer systems and electric power systems; permitting the severance of combined municipal waterworks and sewage system and combined waterworks and electric power systems and the creation of a special fund for such purposes; permitting the severance of combined municipal waterworks and sewage systems; providing for the cancellation of outstanding bonded indebtedness upon such combined waterworks and sewage systems; permitting the reorganization of the
governing board of such combined systems of the separate boards upon severance; acquisition of municipal waterworks system resulting from the severance of a combined waterworks and sewerage system included in the definition of enterprise; authorization of refunding bonds for a combined waterworks and sewage system; and providing that a municipality may acquire sewerage system resulting from the severance of a combined waterworks and sewerage system; the creation of a special fund for municipal waterworks and electric power system bond requirements with the West Virginia municipal bond commission; providing direct payment of requirements on such bonds owned by the United States of America or any agency or department thereof; payment of interest on temporary financing for municipal waterworks and electric power systems from the proceeds of such financing until the maturity thereof; the creation from revenues of a special fund for municipal combined waterworks and sewerage system bond requirements with the West Virginia municipal bond commission; providing for direct payment of requirements on such bonds owned by the United States of America or any agency or department thereof; payment of interest on temporary financing for combined municipal waterworks and sewerage systems from the proceeds of such financing until the maturity thereof; authorizing the appointment of a corporate trustee to act as escrow agent for the proceeds of refunding bonds; the issuance by public bodies of public obligations in registered or book-entry form; purpose of the article and that the article governs over charter provisions; defining terms; authorizing issuance in registered and book-entry form; powers of the registrar or his designee; allowing confidentiality and setting forth the application of the article to public obligations approved by voters; creation from net revenues of a municipal bond fund for municipal and sanitary district sewage bonds with the West Virginia municipal bond commission; providing for direct payment of bonds owned by the United States of America or any agency or department thereof; payment of interest on temporary financing for sewage works of municipal corporations and sanitary districts from the proceeds of such financing until the maturity thereof; and payment of interest on temporary financing for public
service districts for water, sewerage and gas services from the proceeds of such financing until the maturity thereof.

Be it enacted by the Legislature of West Virginia:

That sections one, twelve and seventeen, article nineteen, chapter eight of the code of West Virginia, one thousand nine hundred thirty-one, as amended, be amended and reenacted; that sections twelve and sixteen, article twenty of said chapter eight be amended and reenacted; that said article twenty be further amended by adding thereto a new section, designated section one-b; that sections two, five and seven, article two-e, chapter thirteen of said code be amended and reenacted; that said chapter thirteen be further amended by adding thereto a new article, designated article two-f; that sections one, fifteen and twenty-two-a, article thirteen, chapter sixteen of said code be amended and reenacted; and that section twenty-four, article thirteen-a of said chapter be amended and reenacted, all to read as follows:

CHAPTER 8. MUNICIPAL CORPORATIONS.

ARTICLE 19. MUNICIPAL WATERWORKS AND ELECTRIC POWER SYSTEMS.

§8-19-1. Acquisition and operation of municipal waterworks systems; construction of improvements to municipal electric power systems; extension beyond corporate limits; definitions.

Subject to and in accordance with the provisions of this article, any municipality may acquire, construct, establish, extend, equip, repair, maintain and operate, or lease to others for operation, a waterworks system, including acquisition of the municipal waterworks system resulting from the severance of a combined waterworks and sewerage system pursuant to section one-b, article twenty of this chapter, or construct, maintain and operate additions, betterments and improvements to an existing waterworks system or an existing electric power system, notwithstanding any provision or limitation to the contrary in any other law or charter: Provided, That such municipality shall not serve or supply water facilities or electric power facilities or services within the corporate limits of any other municipality without the consent of the governing body of such other municipality.
When used in this article, the term “waterworks system” shall be construed to mean and include a waterworks system in its entirety or any integral part thereof, including mains, hydrants, meters, valves, standpipes, storage tanks, pump tanks, pumping stations, intakes, wells, impounding reservoirs, pumps, machinery, purification plants, softening apparatus and all other facilities necessary, appropriate, useful, convenient or incidental in connection with or to a water supply system.

When used in this article, the term “electric power system” means a system or facility which produces electric power in its entirety or any integral part thereof, including, but not limited to, power lines and wires, power poles, guy wires, insulators, transformers, generators, cables, power line towers, voltage regulators, meters, power substations, machinery and all other facilities necessary, appropriate, useful, or convenient or incidental in connection with or to an electric power supply system.

§8-19-12. Service charges; sinking fund; amount of bonds; additional bonds; surplus.

(a) Every municipality issuing bonds under the provisions of this article shall thereafter, so long as any of such bonds remain outstanding, repair, maintain and operate its waterworks or electric power system as hereinafter provided and shall charge, collect and account for revenues therefrom as will be sufficient to pay all repair, maintenance and operation costs, provide a depreciation fund, retire the bonds and pay the interest requirements of the bonds as the same become due. The ordinance pursuant to which any such bonds are issued shall pledge the revenues derived from the waterworks or electric power system to the purposes aforesaid and shall definitely fix and determine the amount of revenues which shall be necessary and set apart in a special fund for the bond requirements. The amounts as and when so set apart into said special fund for the bond requirements shall be remitted to the West Virginia municipal bond commission to be retained and paid out by said commission consistent with the provisions of this article and the ordinance pursuant to which such bonds have been issued: Provided, That payment of principal of and interest on any bonds owned by the United
States of America or any agency or department thereof may be made by the municipality directly to the United States of America or said agency or department thereof. The bonds hereby authorized shall be issued in such amounts as may be determined necessary to provide funds for the purpose for which they are authorized, and in determining the amount of bonds to be issued it shall be proper to include interest on the bonds for a period not beyond six months from the estimated date of completion.

(b) If the proceeds of the bonds, because of error or otherwise, shall be less than the cost of the property or undertaking for which authorized, additional bonds may be issued to provide the amount of such deficit and such additional bonds shall be deemed to be of the same issue and shall be entitled to payment from the same fund without preference or priority over the bonds first authorized and issued.

(c) If the proceeds of the bonds shall exceed the cost of the property or undertaking, the surplus shall be converted into the fund thereon.

PART V. Grants, Loans and Advances. Cumulative Authority.

§8-19-17. Grants, loans and advances.

Any municipality is hereby empowered and authorized to accept loans or grants and procure loans or temporary advances evidenced by notes or other negotiable instruments issued in the manner, and subject to the privileges and limitations, set forth with respect to bonds authorized to be issued under the provisions of this article, for the purpose of paying part or all of the cost of acquisition, construction, establishment, extension or equipment of waterworks systems and the construction of additions, betterments and improvements to existing waterworks systems or to existing electric power systems, and for the other purposes herein authorized, from any authorized agency of the state or from the United States of America or any federal or public agency or department of the United States or any private agency, corporation or individual, which loans or temporary advances, including the interest thereon, may be repaid out of the proceeds of bonds authorized to be issued under the provisions of this article, the revenues of the said waterworks system or
electric power system or grants to the municipality from any agency of the state or from the United States of America or any federal or public agency or department of the United States or any private agency, corporation or individual or from any combination of such sources of payment, and to enter into the necessary contracts and agreements to carry out the purposes hereof with any agency of the state, the United States of America or any federal or public agency or department of the United States, or with any private agency, corporation or individual. Any other provisions of this article to the contrary notwithstanding, interest on any such loan or temporary advance may be paid from the proceeds thereof until the maturity of such notes or other negotiable instrument.

In no event shall any such loan or temporary advance be a general obligation of the municipality and such loans or temporary advances, including the interest thereon, shall be paid solely from the sources specified in this section.

ARTICLE 20. COMBINED WATERWORKS AND SEWERAGE SYSTEMS.

§8-20-1b. Severance of combined system.

Any municipality which has combined its waterworks and sewerage system under the provisions of this article, or pursuant to provisions of any other law, may hereafter sever said combined waterworks and sewerage system if the following conditions are met:

(a) An ordinance is enacted by the governing body of the municipality severing the combined waterworks and sewerage system into a separate waterworks system and a separate sewerage system.

(b) If revenue bonds or notes or other obligations with a lien on or pledge of the revenues of said combined waterworks and sewerage system, or any part thereof, are outstanding, then the municipality must provide in said ordinance (i) that the severance of the combined waterworks and sewerage system is not effective until all such outstanding revenue bonds or notes or other obligations with a lien on or pledge of the revenues of the system, or any part thereof, are paid and (ii) the method for paying said outstanding revenue bonds or notes or other obligations. For the purposes of this section, said
municipality may provide for payment of said outstanding revenue bonds or notes or other obligations by:

(1) Depositing moneys and funds with the West Virginia municipal bond commission or in escrow with a corporate trustee, which may be a trust company or bank having powers of a trust company within or without the state of West Virginia selected by the issuer to pay interest when due and to pay principal when due, whether at maturity or earlier redemption;

(2) Depositing securities with the municipal bond commission or said escrow trustee, the principal of and earnings on which will provide moneys sufficient to pay interest when due and to pay principal when due, whether at maturity or earlier redemption; or

(3) Depositing with the municipal bond commission or said escrow trustee any combination of the foregoing sufficient to pay interest when due and to pay principal when due, whether at maturity or earlier redemption.

(c) If the combined waterworks and sewerage system is under the supervision and control of a separate committee, board or commission, then the governing body of the municipality must provide for the dissolution of such committee, board or commission, and the creation of such other committees, boards or commissions as may be required by law.

§8-20-12. Use of revenues; sinking fund.

All revenues derived from the operation of any combined waterworks and sewerage system under the provisions of this article shall be set aside as collected and used only for the purpose of paying the cost of repairing, maintaining and operating such system, providing an adequate reserve fund, an adequate depreciation fund, and paying the principal of and interest upon the revenue bonds issued by the municipality under the provisions of this article. The ordinance pursuant to which any such bonds are issued shall pledge the revenues derived from the combined waterworks and sewerage system to the purposes aforesaid and shall definitely fix and determine the amount of revenues which shall be necessary and set apart in a special fund for the bond requirements. The amounts as and when so set apart into said special fund for the bond requirements
shall be remitted to the West Virginia municipal bond commission to be retained and paid out by said commission consistent with the provisions of this article and the ordinance pursuant to which such bonds have been issued:

Provided, That payments of principal of and interest on any bonds owned by the United States of America or any agency or department thereof may be made by the municipality directly to the United States of America or said agency or department thereof.

PART IV. Grants, Loans and Advances, Cumulative Authority.


Any municipality is hereby empowered and authorized to accept loans or grants and procure loans or temporary advances evidenced by notes or other negotiable instruments issued in the manner, and subject to the privileges and limitations, set forth with respect to bonds authorized to be issued under the provisions of this article for the purpose of paying part or all of the cost of acquisition, construction, establishment, extension or equipment of combined waterworks and sewerage systems and the construction of additions, betterments and improvements thereto, and for the other purposes herein authorized, from any authorized agency of the state or from the United States of America or any federal or public agency or department of the United States or any private agency, corporation or individual, which loans or temporary advances, including the interest thereon, may be repaid out of the proceeds of bonds authorized to be issued under the provisions of this article, the revenues of the said combined waterworks and sewerage system or grants to the municipality from any agency of the state or from the United States of America or any federal or public agency or department of the United States or any private agency, corporation or individual or from any combination of such sources of payment, and to enter into the necessary contracts and agreements to carry out the purposes hereof with any agency of the state, the United States of America or any federal or public agency or department of the United States, or with any private agency, corporation or individual. Any other provisions of this article
9  notwithstanding, interest on any such loans or temporary
advances may be paid from the proceeds thereof until the
maturity of such notes or other negotiable instrument.
In no event shall any such loan or temporary advance be a
general obligation of the municipality and such loans or
temporary advances, including the interest thereon, shall
be paid solely from the sources specified in this section.

CHAPTER 13. PUBLIC BONDED INDEBTEDNESS.

ARTICLE 2E. REVENUE BOND REFUNDING ACT.


The following terms or words wherever used or referred
to in this article shall have the following meaning, unless a
different meaning plainly appears from the context:
The term “public body” means any city, town, village,
county, public service district, sanitary district, political
subdivision or any other similar public entity now or
hereafter created, and the state of West Virginia acting
through any of its agencies, boards, commissions or
departments, having power to issue revenue bonds.
The term “governing body” means a board, council or
other body having power to borrow money on behalf of a
public body.
The term “law” means any act or statutes, general, special
or local, of this state, including, without being limited to,
the charter of any public body.
The term “enterprise” means any work, undertaking, or
project which the public body is or may hereafter be
authorized to acquire or construct and from which the
public body has heretofore derived or may hereafter derive
revenues, for the refinancing of which enterprise refunding
bonds are issued under this article, and such enterprise
shall include all improvements, betterments, extensions
and replacements thereto, and all appurtenances, facilities,
lands, rights in land, water rights, franchises, and
structures in connection therewith or incidental thereto;
and for the purposes of this article “enterprise” includes the
waterworks system or the sewerage system, or both said
systems, resulting from the severance of a combined
waterworks and sewerage system pursuant to section one-
b, article twenty, chapter eight of this code, all as the
governing body shall authorize in the ordinance authorizing said severance.

The term "revenues" means all fees, tolls, rates, rentals and charges to be levied and collected in connection with and all other income and receipts of whatever kind or character derived by the public body from the operation of any enterprise or arising from any enterprise, and including earnings derived from investments and bank deposits.

The term "revenue bonds" means notes, bonds, certificates or other obligations of a public body heretofore or hereafter issued and outstanding under any law and which by their terms are payable from the revenues derived by such public body from the operation of an enterprise.

The term "refunding bonds" means notes, bonds, certificates or other obligations of a public body issued pursuant to this article.

The term "holder of bonds" or "bondholder" or any similar term means any person who shall be the bearer of any outstanding refunding bond or refunding bonds registered to bearer or not registered, or the registered owner of any such outstanding refunding bond or refunding bonds which shall at the time be registered other than to bearer.

The words "net interest cost" when referring to an outstanding issue of revenue bonds to be refunded, means the total amount of interest which would accrue on such revenue bonds from the date of the refunding bonds to the respective maturity dates of the outstanding revenue bonds to be refunded, without regard to any retained options of redemption.

The words "net interest cost" when referring to a proposed issue of refunding bonds, means the total amount of interest to accrue on the refunding bonds from their date to their respective maturities, without regard to any retained options of redemption, plus the amount of any discount below par or less the amount of any premium above par at which the bonds may be sold.

The words "net effective interest rate" when referring to a proposed issue of refunding bonds, means the net interest cost of said refunding bonds divided by the product obtained by multiplying the aggregate principal amount of such refunding bonds maturing on each maturity date by
the number of years from the date of the refunding bonds to
their respective maturities, without regard to any retained
options of redemption.
The term "certified public accountant" means an
independent certified public accountant or firm of certified
public accountants licensed to practice in this state.
Words importing the singular number shall include the
plural number in each case and vice versa, and words
importing persons shall include firms and corporations.

§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
refunded, 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 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
advisable 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 West Virginia
municipal bond commission or a corporate trustee, which
may be a trust company or bank having powers of a trust
company within or without the state of West Virginia, to be
selected by the issuer 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.

1 Refunding bonds and all acts required to be authorized
hereunder shall be authorized in the manner in which the
bonds to be refunded were authorized and issued: Provided,
4 That refunding bonds of a system resulting from the
severance of a combined municipal waterworks and
sewerage system shall to the extent applicable be
authorized and issued under the terms and provisions of
law, including, but not limited to, interest rates and net
interest costs, under which revenue bonds of such resulting
system would be authorized and issued.

ARTICLE 2F. PUBLIC OBLIGATIONS REGISTRATION ACT.

1 This article may be cited as “Public Obligations
Registration Act.”
§13-2F-2. Purposes; article governs over charter provisions.

1 The purpose of this article is to provide a mechanism for public bodies in the state to issue public obligations in compliance with section 310(b)(1) of the tax equity and fiscal responsibility act of one thousand nine hundred eighty-two, United States Internal Revenue Code section 103(j), as amended.

2 To fulfill the purpose, this article shall govern notwithstanding any charter provisions.


1 The following terms wherever used or referred to in this article shall have the following meanings, unless a different meaning plainly appears from the context.

2 The term "public body" means any city, town, county commission, building commission, board of education, public service district, political subdivision or any other public entity, whether created before, on or after the effective date of this article, and the state of West Virginia acting through any of its agencies, boards, commissions or departments, having power to issue public obligations.

3 The term "public obligation" means notes, bonds, certificates or other obligations of a public body issued and outstanding on and after the first day of July, one thousand nine hundred eighty-six.

4 The term "registered" means, with respect to a public obligation, an obligation the ownership of which is noted on books of registration kept by a registrar and which is represented by certificates or other instruments to which no coupons for interest payments are attached.

5 The term "book-entry" means, with respect to a public obligation, an obligation the ownership of which is noted on books of registration kept by a registrar, but which ownership is not represented by any instrument.

6 The term "official registrar" means the official designated by the specific provisions of this code pursuant to which a public obligation is issued as the registrar of the public obligation and, in lieu of statutory designation, the person so designated by the act of the public body authorizing the issuance of the specific public obligation.
§13-2F-4. Authority to issue public obligations in registered and book entry forms.

Notwithstanding any other provision of this code to the contrary, on and after the first day of July, one thousand nine hundred eighty-six, any public body may issue public obligations in registered or book entry form in addition to any form authorized by the specific provisions of this code pursuant to which the public obligations are issued.

§13-2F-5. Powers of official registrar; designee.

The official registrar shall (a) act as transfer agent or registrar for the exchange or transfer of registered public obligations or maintain the records so that public obligations in book-entry form may be effected, or (b) contract with or otherwise designate a bank, trust company or other person to act as transfer agent or registrar for the registered public obligations or maintain the records so that public obligations in book-entry form may be effected. The bank, trust company or other person may include the federal government or any of its agencies or instrumentalities and may be located or have its principal office within or without the state. Public obligations in book-entry form shall be effected by means of entries on the record of the official registrar or his designee which shall reflect the description of the issue, the principal amount, the interest rate, the maturity date and the owner of the public obligation and other information as is considered by the official registrar or his designee to be appropriate. The official registrar or his designee may effect conversion between book-entry public obligations and registered public obligations for owners of public obligations who request a change. The official registrar or his designee shall issue a confirmation of the transaction in the form of a written advice. The official registrar or his designee shall have such additional powers as are necessary to effectuate the purposes of this article.


Notwithstanding any other provision of this code to the contrary, the books of registry held by the official registrar or his designee shall be confidential, and the information contained therein shall not be available to the public.

1 The provisions of this article shall be effective with respect to public obligations which have prior to the first day of July, one thousand nine hundred eighty-six, been approved by the voters of the issuer of the public obligations at an election on the question of issuing public obligations in coupon and registered form, or in coupon form only, and the public obligations need not be resubmitted to the voters for the purpose of approving the issuance of the public obligations in registered form only.

CHAPTER 16. PUBLIC HEALTH.

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

§16-13-1. Acquisition, operation, etc., of works; acquisition of property; issuance of bonds.

1 Any municipal corporation and/or sanitary district in the state of West Virginia is hereby authorized and empowered to own, acquire, construct, equip, operate and maintain within and/or without the corporate limits of such municipal corporation, a sewage collection system and/or a sewage treatment plant or plants, intercepting sewers, outfall sewers, force mains, pumping stations, ejector stations, and all other appurtenances necessary or useful and convenient for the collection and/or treatment, purification and disposal, in a sanitary manner, of the liquid and solid waste, sewage, night soil and industrial waste of such municipal corporation and/or sanitary district, including acquisition of the municipal sewerage system resulting from the severance of a combined waterworks and sewerage system pursuant to section one-b, article twenty, chapter eight of this code, and shall have authority to acquire by gift, grant, purchase, condemnation, or otherwise, all necessary lands, rights-of-way and property therefor, within and/or without the corporate limits of such municipal corporation and/or sanitary district, and to issue revenue bonds to pay the cost of such works and property; and any such municipality may serve and supply the facilities of such sewerage system within the corporate limits of such municipality and within
the area extending twenty miles beyond the corporate limits of such municipality: Provided, That such municipality shall not serve or supply the facilities of such sewerage system within the corporate limits of any other municipality without the consent of the governing body thereof. No obligations shall be incurred by any such municipality and/or sanitary district in such construction or acquisition except such as is payable solely from the funds provided under the authority of this article.


1. At or before the issuance of any such bonds the governing body shall by said ordinance create a sinking fund, to be remitted to and administered by the West Virginia municipal bond commission, for the payment of the bonds and the interest thereon and the payment of the charges of banks or trust companies for making payment of such bonds or interest, and shall set aside and pledge a sufficient amount of the net revenues of the works, hereby defined to mean the revenues of the works remaining after the payment of the reasonable expense of operation, repair and maintenance, such amount to be paid by the board into said sinking fund at intervals to be determined by ordinance prior to issuance of the bonds, for: (a) The interest upon such bonds as such interest shall fall due; (b) the necessary fiscal agency charges for paying bonds and interest; (c) the payment of the bonds as they fall due, or, if all bonds mature at one time, the proper maintenance of a sinking fund in such amounts as are necessary and sufficient for the payment thereof at such time; (d) a margin for safety and for the payment of premiums upon bonds retired by call or purchase as herein provided, which margin, together with any unused surplus of such margin carried forward from the preceding year, shall equal ten percent of all other amounts so required to be paid into the sinking fund. Such required payments shall constitute a first charge upon all the net revenue of the works. Prior to the issuance of the bonds the board may by ordinance be given the right to use or direct the West Virginia municipal bond commission to use such sinking fund or any part thereof in the purchase of any of the outstanding bonds payable therefrom at the market price thereof, but not exceeding the price, if any, at which the same shall in the same year be payable or
redeemable, and all bonds redeemed or purchased shall forthwith be cancelled and shall not again be issued. After the payments into such fund as herein required, the board may at any time in its discretion transfer all or any part of the balance of the net revenues, after reserving an amount deemed by the board sufficient for operation, repair and maintenance for an ensuing period of not less than twelve months and for depreciation, into the sinking fund or into a fund for extensions, betterments and additions to the works. The amounts of the balance of the net revenue as and when so set apart shall be remitted to the West Virginia municipal bond commission to be retained and paid out by said commission consistent with the provisions of this article and with the ordinance pursuant to which such bonds have been issued. The West Virginia municipal bond commission is hereby authorized to act as fiscal agent for the administration of such sinking fund, under any ordinance passed pursuant to the provisions of this article, and shall invest all such sinking funds as provided by general law. Notwithstanding the foregoing, payments of principal and interest on any bonds owned by the United States of America or any agency or department thereof may be made by the governing body directly thereto.


Any municipality is authorized and empowered to accept loans or grants and procure loans or temporary advances evidenced by notes or other negotiable instruments issued in the manner, and subject to the privileges and limitations, set forth with respect to bonds authorized to be issued under the provisions of this article, for the purpose of paying part or all of the cost of acquisition or construction of said sewage works and the construction of betterments and improvements thereto, and for the other purposes herein authorized, from any authorized agency of the state or from the United States of America or any federal or public agency or department of the United States or any private agency, corporation or individual, which loans or temporary advances, including the interest thereon, may be repaid out of the proceeds of bonds authorized to be issued under the provisions of this article, the revenues of the said sewage works or grants to the municipality from any agency
of the state or from the United States of America or any federal or public agency or department of the United States or any private agency, corporation or individual or from any combination of such sources of payment, and to enter into the necessary contracts and agreements to carry out the purposes hereof with any agency of the state, the United States of America or any federal or public agency or department of the United States, or with any private agency, corporation or individual. Any other provisions of this article to the contrary notwithstanding, interest on any such loans or temporary advances may be paid from the proceeds thereof until the maturity of such notes or other negotiable instrument.

In no event shall any such loan or temporary advance be a general obligation of the municipality and such loans or temporary advances, including the interest thereon, shall be paid solely from the sources specified in this section.

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


Any public service district created pursuant to the provisions of this article is authorized and empowered to accept loans or grants and procure loans or temporary advances evidenced by notes or other negotiable instruments issued in the manner, and subject to the privileges and limitations, set forth with respect to bonds authorized to be issued under the provisions of this article, for the purpose of paying part or all of the cost of construction or acquisition of water systems, sewage systems or gas facilities, or all of these, and the other purposes herein authorized, from any authorized agency or from the United States of America or any federal or public agency or department of the United States or any private agency, corporation or individual, which loans or temporary advances, including the interest thereon, may be repaid out of the proceeds of the bonds authorized to be issued under the provisions of this article, the revenues of the said water system, sewage system or gas facilities or grants to the public service district from any authorized
agency or from the United States of America or any federal or public agency or department of the United States or from any private agency, corporation or individual or from any combination of such sources of payment, and to enter into the necessary contracts and agreements to carry out the purposes hereof with any authorized agency or the United States of America or any federal or public agency or department of the United States, or with any private agency, corporation or individual. Any other provisions of this article to the contrary notwithstanding, interest on any such loans or temporary advances may be paid from the proceeds thereof until the maturity of such notes or other negotiable instrument.
The Joint Committee on Enrolled Bills hereby certifies that the foregoing bill is correctly enrolled.

Bruce O. Williams
Chairman Senate Committee

Floyd Fuller
Chairman House Committee

Originated in the Senate.

In effect ninety days from passage.

Joseph C. Miller
Clerk of the Senate

Donald J. Kopp
Clerk of the House of Delegates

Dan Tkacz
President of the Senate

Joseph P. Altobelli
Speaker House of Delegates

The within .................................. this the .................................. day of .................................., 1986.

Governor

[Signature]
PRESENTED TO THE
GOVERNOR
Date 3/24/86
Time 4:29 p.m.