

CERTIFICATION OF ENROLLMENT

**SUBSTITUTE HOUSE BILL 3099**

Chapter 184, Laws of 2000

56th Legislature  
2000 Regular Session

GOVERNMENT BONDS--INTEREST RATES

EFFECTIVE DATE: 7/1/00

Passed by the House March 6, 2000  
Yeas 98 Nays 0

CLYDE BALLARD  
**Speaker of the House of Representatives**

FRANK CHOPP  
**Speaker of the House of Representatives**

Passed by the Senate March 2, 2000  
Yeas 44 Nays 0

BRAD OWEN  
**President of the Senate**

Approved March 27, 2000

GARY LOCKE  
**Governor of the State of Washington**

CERTIFICATE

We, Timothy A. Martin and Cynthia Zehnder, Co-Chief Clerks of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 3099** as passed by the House of Representatives and the Senate on the dates hereon set forth.

CYNTHIA ZEHNDER  
**Chief Clerk**

TIMOTHY A. MARTIN  
**Chief Clerk**

FILED

March 27, 2000 - 5:02 p.m.

**Secretary of State  
State of Washington**

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**SUBSTITUTE HOUSE BILL 3099**

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Passed Legislature - 2000 Regular Session

AS AMENDED BY THE SENATE

**State of Washington                      56th Legislature                      2000 Regular Session**

**By** House Committee on Capital Budget (originally sponsored by Representatives Dunshee, Barlean, Murray, Reardon, Koster and Lovick)

Read first time 02/08/2000. Referred to Committee on .

1            AN ACT Relating to extending provisions on interest rates on  
2 government bonds; amending RCW 39.96.010, 39.96.030, 39.96.070,  
3 36.61.020, and 36.61.260; adding a new section to chapter 36.61 RCW;  
4 and providing an effective date.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6            **Sec. 1.** RCW 39.96.010 and 1995 c 192 s 1 are each amended to read  
7 as follows:

8            The legislature finds and declares that the issuance by state and  
9 local governments of bonds and other obligations(~~(, and the investment~~  
10 ~~of moneys in connection with these obligations,~~) involves exposure to  
11 changes in interest rates; that a number of financial instruments are  
12 available to lower the net cost of these borrowings, (~~(to increase the~~  
13 ~~net return on these investments,~~) or to reduce the exposure of state  
14 and local governments to changes in interest rates; that these reduced  
15 costs (~~(and increased returns)~~) for state and local governments will  
16 benefit taxpayers and ratepayers; and that the legislature desires to  
17 provide state and local governments with express statutory authority to  
18 take advantage of these instruments. In recognition of the complexity  
19 of these financial instruments, the legislature desires that this

1 authority be subject to certain limitations, and be granted for a  
2 period of ((seven)) twelve years.

3 **Sec. 2.** RCW 39.96.030 and 1993 c 273 s 3 are each amended to read  
4 as follows:

5 (1) Subject to subsections (2) and (3) of this section, any  
6 governmental entity may enter into a payment agreement in connection  
7 with, or incidental to, the issuance, incurring, or carrying of  
8 specific obligations, for the purpose of managing or reducing the  
9 governmental entity's exposure to fluctuations or levels of interest  
10 rates. No governmental entity may carry on a business of acting as a  
11 dealer in payment agreements. Nothing in this chapter shall be  
12 construed to provide governmental entities with separate or additional  
13 authority to invest funds or moneys relating to or held in connection  
14 with any obligations.

15 (2) No governmental entity may enter into a payment agreement under  
16 this chapter unless it first:

17 (a) Finds and determines, by ordinance or resolution, that the  
18 payment agreement, if fully performed by all parties thereto, will (i)  
19 reduce the amount or duration of its exposure to changes in interest  
20 rates; or (ii) result in a lower net cost of borrowing with respect to  
21 the related obligations(~~(, or a higher net rate of return on~~  
22 ~~investments made in connection with, or incidental to, the issuance,~~  
23 ~~incurring, or carrying of those obligations));~~

24 (b) Obtains, on or prior to the date of execution of the payment  
25 agreement, a written certification from a financial advisor that (i)  
26 the terms and conditions of the payment agreement and any ancillary  
27 agreements, including without limitation, the interest rate or rates  
28 and any other amounts payable thereunder, are commercially reasonable  
29 in light of then existing market conditions; and (ii) the finding and  
30 determination contained in the ordinance or resolution required by (a)  
31 of this subsection is reasonable.

32 (3) Prior to selecting the other party to a payment agreement, a  
33 governmental entity shall solicit and give due consideration to  
34 proposals from at least two entities that meet the criteria set forth  
35 in RCW 39.96.040(2). Such solicitation and consideration shall be  
36 conducted in such manner as the governmental entity shall determine is  
37 reasonable.

1       **Sec. 3.** RCW 39.96.070 and 1998 c 245 s 35 are each amended to read  
2 as follows:

3       (1) Except as provided in subsection (3) of this section, no  
4 governmental entity may enter a payment agreement under RCW 39.96.030  
5 after June 30, ~~((2000))~~ 2005.

6       (2) The termination of authority to enter payment agreements after  
7 June 30, ~~((2000))~~ 2005, shall not affect the validity of any payment  
8 agreements or other contracts entered into under RCW 39.96.030 on or  
9 before that date.

10       (3) A governmental entity may enter into a payment agreement under  
11 and in accordance with this chapter after June 30, ~~((2000))~~ 2005, to  
12 replace a payment agreement that relates to specified obligations  
13 issued on or before that date and that has terminated before the final  
14 term of those obligations.

15       NEW SECTION. **Sec. 4.** A new section is added to chapter 36.61 RCW  
16 to read as follows:

17       To improve the ability of counties to finance long-term lake  
18 management objectives, lake management districts may be created for any  
19 needed period of time.

20       **Sec. 5.** RCW 36.61.020 and 1987 c 432 s 2 are each amended to read  
21 as follows:

22       Any county may create lake management districts to finance the  
23 improvement and maintenance of lakes located within or partially within  
24 the boundaries of the county. All or a portion of a lake and the  
25 adjacent land areas may be included within one or more lake management  
26 districts. More than one lake, or portions of lakes, and the adjacent  
27 land areas may be included in a single lake management district. ~~((A  
28 lake management district may be created for a period of up to ten  
29 years.))~~

30       Special assessments or rates and charges may be imposed on the  
31 property included within a lake management district to finance lake  
32 improvement and maintenance activities, including: (1) The control or  
33 removal of aquatic plants and vegetation; (2) water quality; (3) the  
34 control of water levels; (4) storm water diversion and treatment; (5)  
35 agricultural waste control; (6) studying lake water quality problems  
36 and solutions; (7) cleaning and maintaining ditches and streams  
37 entering or leaving the lake; and (8) the related administrative,

1 engineering, legal, and operational costs, including the costs of  
2 creating the lake management district.

3 Special assessments or rates and charges may be imposed annually on  
4 all the land in a lake management district for the duration of the lake  
5 management district without a related issuance of lake management  
6 district bonds or revenue bonds. Special assessments also may be  
7 imposed in the manner of special assessments in a local improvement  
8 district with each landowner being given the choice of paying the  
9 entire special assessment in one payment, or to paying installments,  
10 with lake management district bonds being issued to obtain moneys not  
11 derived by the initial full payment of the special assessments, and the  
12 installments covering all of the costs related to issuing, selling, and  
13 redeeming the lake management district bonds.

14 **Sec. 6.** RCW 36.61.260 and 1985 c 398 s 26 are each amended to read  
15 as follows:

16 (1) Counties may issue lake management district bonds in accordance  
17 with this section. Lake management district bonds may be issued to  
18 obtain money sufficient to cover that portion of the special  
19 assessments that are not paid within the thirty-day period provided in  
20 RCW 36.61.190. (~~The maximum term of lake management district bonds  
21 shall be ten years.~~)

22 Whenever lake management district bonds are proposed to be issued,  
23 the county legislative authority shall create a special fund or funds  
24 for the lake management district from which all or a portion of the  
25 costs of the lake improvement and maintenance activities shall be paid.  
26 Lake management district bonds shall not be issued in excess of the  
27 costs and expenses of the lake improvement and maintenance activities  
28 and shall not be issued prior to twenty days after the thirty days  
29 allowed for the payment of special assessments without interest or  
30 penalties.

31 Lake management district bonds shall be exclusively payable from  
32 the special fund or funds and from a guaranty fund that the county may  
33 have created out of a portion of proceeds from the sale of the lake  
34 management district bonds.

35 (2) Lake management district bonds shall not constitute a general  
36 indebtedness of the county issuing the bond nor an obligation, general  
37 or special, of the state. The owner of any lake management district  
38 bond shall not have any claim for the payment thereof against the

1 county that issues the bonds except for payment from the special  
2 assessments made for the lake improvement or maintenance activities for  
3 which the lake management district bond was issued and from a lake  
4 management district guaranty fund that may have been created. The  
5 county shall not be liable to the owner of any lake management district  
6 bond for any loss to the lake management district guaranty fund  
7 occurring in the lawful operation of the fund. The owner of a lake  
8 management district bond shall not have any claim against the state  
9 arising from the lake management district bond, special assessments, or  
10 guaranty fund. Tax revenues shall not be used to secure or guarantee  
11 the payment of the principal of or interest on lake management district  
12 bonds.

13 The substance of the limitations included in this subsection shall  
14 be plainly printed, written, engraved, or reproduced on: (a) Each lake  
15 management district bond that is a physical instrument; (b) the  
16 official notice of sale; and (c) each official statement associated  
17 with the lake management district bonds.

18 (3) If the county fails to make any principal or interest payments  
19 on any lake management district bond or to promptly collect any special  
20 assessment securing the bonds when due, the owner of the lake  
21 management district bond may obtain a writ of mandamus from any court  
22 of competent jurisdiction requiring the county to collect the special  
23 assessments, foreclose on the related lien, and make payments out of  
24 the special fund or guaranty fund if one exists. Any number of owners  
25 of lake management districts may join as plaintiffs.

26 (4) A county may create a lake management district bond guaranty  
27 fund for each issue of lake management district bonds. The guaranty  
28 fund shall only exist for the life of the lake management district  
29 bonds with which it is associated. A portion of the bond proceeds may  
30 be placed into a guaranty fund. Unused moneys remaining in the  
31 guaranty fund during the last two years of the installments shall be  
32 used to proportionally reduce the required level of installments and  
33 shall be transferred into the special fund into which installment  
34 payments are placed.

35 (5) Lake management district bonds shall be issued and sold in  
36 accordance with chapter 39.46 RCW. The authority to create a special  
37 fund or funds shall include the authority to create accounts within a  
38 fund.

1 NEW SECTION. **Sec. 7.** This act takes effect July 1, 2000.

Passed the House March 6, 2000.

Passed the Senate March 2, 2000.

Approved by the Governor March 27, 2000.

Filed in Office of Secretary of State March 27, 2000.