
SENATE BILL 5425

State of Washington

58th Legislature

2003 Regular Session

By Senators Winsley, Prentice, Benton, Kohl-Welles, Carlson, B. Sheldon, Brown, Schmidt, Rossi, West and Sheahan; by request of Lieutenant Governor

Read first time 01/24/2003. Referred to Committee on Ways & Means.

1 AN ACT Relating to the total outstanding indebtedness of the higher
2 education facilities authority; and amending RCW 28B.07.050.

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

4 **Sec. 1.** RCW 28B.07.050 and 1983 c 169 s 5 are each amended to read
5 as follows:

6 (1) The authority may, from time to time, issue its special
7 obligation bonds in order to carry out the purposes of this chapter and
8 to enable the authority to exercise any of the powers granted to it in
9 this chapter. The bonds shall be issued pursuant to a bond resolution
10 or trust indenture and shall be payable solely out of the special fund
11 or funds created by the authority in the bond resolution or trust
12 indenture. The special fund or funds shall be funded in whole or in
13 part from moneys paid by one or more participants for whose benefit
14 such bonds were issued and from the sources, if any, described in RCW
15 28B.07.040(9) or from the proceeds of bonds issued by the authority for
16 the purpose of refunding any outstanding bonds of the authority.

17 (2) The bonds may be secured by:

18 (a) A first lien against any unexpended proceeds of the bonds;

1 (b) A first lien against moneys in the special fund or funds
2 created by the authority for their payment;

3 (c) A first or subordinate lien against the revenue and receipts of
4 the participant or participants which revenue is derived in whole or in
5 part from the project financed by the authority;

6 (d) A first or subordinate security interest against any real or
7 personal property, tangible or intangible, of the participant or
8 participants, including, but not limited to, the project financed by
9 the authority;

10 (e) Any other real or personal property, tangible or intangible; or

11 (f) Any combination of (a) through (e) of this subsection.

12 Any security interest created against the unexpended bond proceeds
13 and against the special funds created by the authority shall be
14 immediately valid and binding against the moneys and any securities in
15 which the moneys may be invested without authority or trustee
16 possession, and the security interest shall be prior to any party
17 having any competing claim against the moneys or securities, without
18 filing or recording under Article 9A of the Uniform Commercial Code,
19 Title 62A RCW, and regardless of whether the party has notice of the
20 security interest.

21 (3) The bonds may be issued as serial bonds or as term bonds or any
22 such combination. The bonds shall bear such date or dates; mature at
23 such time or times; bear interest at such rate or rates, either fixed
24 or variable; be payable at such time or times; be in such
25 denominations; be in such form, either coupon or registered, or both;
26 carry such registration privileges; be made transferable, exchangeable,
27 and interchangeable; be payable in lawful money of the United States of
28 America at such place or places; be subject to such terms of
29 redemption; and be sold at public or private sale, in such manner, at
30 such time, and at such price as the authority shall determine. The
31 bonds shall be executed by the manual or facsimile signatures of the
32 chairperson and the authority's duly-elected secretary or its executive
33 director, and by the trustee if the authority determines to use a
34 trustee. At least one signature shall be manually subscribed. Coupon
35 bonds shall have attached interest coupons bearing the facsimile
36 signatures of the chairperson and the secretary or the executive
37 director.

1 (4) Any bond resolution, trust indenture, or agreement with a
2 participant relating to bonds issued by the authority or the financing
3 or refinancing made available by the authority may contain provisions,
4 which may be made a part of the contract with the holders or owners of
5 the bonds to be issued, pertaining to the following, among other
6 matters: (a) The security interests granted by the participant to
7 secure repayment of any amounts financed and the performance by the
8 participant of its other obligations in the financing; (b) the security
9 interests granted to the holders or owners of the bonds to secure
10 repayment of the bonds; (c) rentals, fees, and other amounts to be
11 charged, and the sums to be raised in each year through such charges,
12 and the use, investment, and disposition of the sums; (d) the
13 segregation of reserves or sinking funds, and the regulation,
14 investment, and disposition thereof; (e) limitations on the uses of the
15 project; (f) limitations on the purposes to which, or the investments
16 in which, the proceeds of the sale of any issue of bonds may be
17 applied; (g) terms pertaining to the issuance of additional parity
18 bonds; (h) terms pertaining to the incurrence of parity debt; (i) the
19 refunding of outstanding bonds; (j) procedures, if any, by which the
20 terms of any contract with bondholders may be amended or abrogated; (k)
21 acts or failures to act which constitute a default by the participant
22 or the authority in their respective obligations and the rights and
23 remedies in the event of a default; (l) the securing of bonds by a
24 pooling of leases whereby the authority may assign its rights, as
25 lessor, and pledge rents under two or more leases with two or more
26 participants, as lessees; (m) terms governing performance by the
27 trustee of its obligation; or (n) such other additional covenants,
28 agreements, and provisions as are deemed necessary, useful, or
29 convenient by the authority for the security of the holders of the
30 bonds.

31 (5) Bonds may be issued by the authority to refund other
32 outstanding authority bonds, at or prior to the maturity thereof, and
33 to pay any redemption premium with respect thereto. Bonds issued for
34 such refunding purposes may be combined with bonds issued for the
35 financing or refinancing of new projects. Pending the application of
36 the proceeds of the refunding bonds to the redemption of the bonds to
37 be redeemed, the authority may enter into an agreement or agreements
38 with a corporate trustee under RCW 28B.07.080 with respect to the

1 interim investment of the proceeds and the application of the proceeds
2 and the earnings on the proceeds to the payment of the principal of and
3 interest on, and the redemption of the bonds to be redeemed.

4 (6) All bonds and any interest coupons appertaining to the bonds
5 shall be negotiable instruments under Title 62A RCW.

6 (7) Neither the members of the authority, nor its employees or
7 agents, nor any person executing the bonds shall be liable personally
8 on the bonds or be subject to any personal liability or accountability
9 by reason of the issuance of the bonds.

10 (8) The authority may purchase its bonds with any of its funds
11 available for the purchase. The authority may hold, pledge, cancel, or
12 resell the bonds subject to and in accordance with agreements with
13 bondholders.

14 (9) At no time shall the total outstanding bonded indebtedness of
15 the authority exceed (~~five hundred million~~) one billion dollars.

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