

CERTIFICATION OF ENROLLMENT

ENGROSSED SUBSTITUTE HOUSE BILL 2254

Chapter 499, Laws of 2009

61st Legislature
2009 Regular Session

HIGHER EDUCATION PROJECTS--FINANCING

EFFECTIVE DATE: 07/26/09

Passed by the House April 25, 2009
Yeas 64 Nays 32

FRANK CHOPP

Speaker of the House of Representatives

Passed by the Senate April 24, 2009
Yeas 48 Nays 0

BRAD OWEN

President of the Senate

Approved May 15, 2009, 1:57 p.m.

CHRISTINE GREGOIRE

Governor of the State of Washington

CERTIFICATE

I, Barbara Baker, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **ENGROSSED SUBSTITUTE HOUSE BILL 2254** as passed by the House of Representatives and the Senate on the dates hereon set forth.

BARBARA BAKER

Chief Clerk

FILED

May 18, 2009

**Secretary of State
State of Washington**

ENGROSSED SUBSTITUTE HOUSE BILL 2254

AS AMENDED BY THE SENATE

Passed Legislature - 2009 Regular Session

State of Washington 61st Legislature 2009 Regular Session

By House Capital Budget (originally sponsored by Representatives White, Dunshee, and Kenney; by request of Office of Financial Management)

READ FIRST TIME 03/02/09.

1 AN ACT Relating to construction financing for state colleges and
2 universities; and amending RCW 28B.15.210, 28B.15.310, 28B.20.720,
3 28B.30.740, 28B.35.370, 28B.50.360, 28B.20.715, 28B.20.735, and
4 28B.30.730.

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

6 **Sec. 1.** RCW 28B.15.210 and 1985 c 390 s 20 are each amended to
7 read as follows:

8 Within thirty-five days from the date of collection thereof, all
9 building fees at the University of Washington, including building fees
10 to be charged students registering in the schools of medicine and
11 dentistry, shall be paid into the state treasury and credited as
12 follows:

13 One-half or such larger portion as may be necessary to prevent a
14 default in the payments required to be made out of the bond retirement
15 fund(~~(, and in no event shall such one-half be less than twelve dollars~~
16 ~~and fifty cents per each resident student per quarter, and thirty seven~~
17 ~~dollars and fifty cents per each nonresident student per quarter)) to
18 the "University of Washington bond retirement fund" and the remainder
19 thereof to the "University of Washington building account." The sum so~~

1 credited to the University of Washington building account shall be used
2 exclusively for the purpose of erecting, altering, maintaining,
3 equipping, or furnishing buildings, and for certificates of
4 participation under chapter 39.94 RCW, except for any sums transferred
5 as authorized in RCW 28B.20.725(3). The sum so credited to the
6 University of Washington bond retirement fund shall be used for the
7 payment of principal of and interest on bonds outstanding as provided
8 by chapter 28B.20 RCW except for any sums transferred as authorized in
9 RCW 28B.20.725(5).

10 **Sec. 2.** RCW 28B.15.310 and 1985 c 390 s 22 are each amended to
11 read as follows:

12 Within thirty-five days from the date of collection thereof, all
13 building fees shall be paid (~~(into the state treasury)~~) and credited as
14 follows: To the Washington State University bond retirement fund, one-
15 half or such larger portion as may be necessary to prevent a default in
16 the payments required to be made out of such bond retirement fund; and
17 the remainder thereof to the Washington State University building
18 account.

19 The sum so credited to the Washington State University building
20 account shall be expended by the board of regents for buildings,
21 equipment, or maintenance on the campus of Washington State University
22 as may be deemed most advisable and for the best interests of the
23 university, and for certificates of participation under chapter 39.94
24 RCW, except for any sums transferred as authorized by law.
25 Expenditures so made shall be accounted for in accordance with existing
26 law and shall not be expended until appropriated by the legislature.

27 The sum so credited to the Washington State University bond
28 retirement fund shall be used to pay and secure the payment of the
29 principal of and interest on building bonds issued by the university,
30 except for any sums which may be transferred out of such fund as
31 authorized by law.

32 **Sec. 3.** RCW 28B.20.720 and 1985 c 390 s 39 are each amended to
33 read as follows:

34 For the purpose of paying and securing the payment of the principal
35 of and interest on the bonds as the same shall become due, there is
36 created in the custody of the state treasurer a special trust fund to

1 be known as the University of Washington bond retirement fund. An
2 appropriation is not required for expenditures from the fund. There
3 shall be paid into the (~~(state treasury and credited to a special trust~~
4 ~~fund to be known as the University of Washington bond retirement))~~
5 fund, the following:

6 (1) One-half of such building fees as the board may from time to
7 time determine, or such larger portion as may be necessary to prevent
8 default in the payments required to be made out of the bond retirement
9 fund(~~(, and in no event shall such one half be less than twelve dollars~~
10 ~~and fifty cents per each resident student per quarter and less than~~
11 ~~thirty seven dollars and fifty cents per each nonresident student per~~
12 ~~quarter));~~

13 (2) Any gifts, bequests, or grants which may be made, or may become
14 available, for the purpose of furthering the construction of any
15 authorized projects, or for the repayment of the costs thereof;

16 (3) Such additional funds as the legislature may provide.

17 (~~(Said bond retirement fund shall be kept segregated from all~~
18 ~~moneys in the state treasury and shall,))~~ While any (~~(of such))~~ bonds
19 issued in accordance with the provisions of this chapter or any
20 interest thereon remain(~~(s))~~ unpaid, the bond retirement fund shall be
21 available solely for the payment thereof except as provided in RCW
22 28B.20.725(5). As a part of the contract of sale of such bonds, the
23 board undertakes to charge and collect building fees and to deposit the
24 portion of such fees in the bond retirement fund in amounts which will
25 be sufficient to pay the principal of, and interest on all such bonds
26 outstanding.

27 **Sec. 4.** RCW 28B.30.740 and 1985 c 390 s 44 are each amended to
28 read as follows:

29 For the purpose of paying and securing the payment of the principal
30 of and interest on the bonds as the same shall become due, there is
31 created in the custody of the state treasurer a special trust fund to
32 be known as the Washington State University bond retirement fund. An
33 appropriation is not required for expenditures from the fund. There
34 shall be paid into the (~~(state treasury and credited to a special trust~~
35 ~~fund to be known as the Washington State University bond retirement~~
36 ~~fund, which fund is hereby created in the state treasury)) fund, the
37 following:~~

1 (1) One-half of such building fees as the board may from time to
2 time determine, or such larger portion as may be necessary to prevent
3 default in the payments required to be made out of the bond retirement
4 fund;

5 (2) Any grants which may be made, or may become available, for the
6 purpose of furthering the construction of any authorized projects, or
7 for the repayment of the costs thereof;

8 (3) Such additional funds as the legislature may provide.

9 ~~((Said bond retirement fund shall be kept segregated from all
10 moneys in the state treasury and shall,))~~ While any ~~((of such))~~ bonds
11 issued in accordance with the provisions of this chapter or any
12 interest thereon remain unpaid, the bond retirement fund shall be
13 available solely for the payment thereof except as provided in
14 ~~((subdivision (5) of))~~ RCW 28B.30.750(5). As a part of the contract of
15 sale of such bonds, the board shall undertake to charge and collect
16 building fees and to deposit the portion of such fees in the bond
17 retirement fund in amounts which will be sufficient to pay the
18 principal of, and interest on all such bonds outstanding.

19 **Sec. 5.** RCW 28B.35.370 and 1991 sp.s. c 13 s 49 are each amended
20 to read as follows:

21 Within thirty-five days from the date of collection thereof all
22 building fees of each regional university and The Evergreen State
23 College shall be paid into the state treasury and these together with
24 such normal school fund revenues as provided in RCW 28B.35.751 as are
25 received by the state treasury shall be credited as follows:

26 (1) On or before June 30th of each year the board of trustees of
27 each regional university and The Evergreen State College, if issuing
28 bonds payable out of its building fees and above described normal
29 school fund revenues, shall certify to the state treasurer the amounts
30 required in the ensuing twelve months to pay and secure the payment of
31 the principal of and interest on such bonds. The amounts so certified
32 by each regional university and The Evergreen State College shall be a
33 prior lien and charge against all building fees and above described
34 normal school fund revenues of such institution. The state treasurer
35 shall thereupon deposit the amounts so certified in the Eastern
36 Washington University capital projects account, the Central Washington
37 University capital projects account, the Western Washington University

1 capital projects account, or The Evergreen State College capital
2 projects account respectively, which accounts are hereby created in the
3 state treasury. The amounts deposited in the respective capital
4 projects accounts shall be used (~~exclusively~~) to pay and secure the
5 payment of the principal of and interest on the building bonds issued
6 by such regional universities and The Evergreen State College as
7 authorized by law. If in any twelve month period it shall appear that
8 the amount certified by any such board of trustees is insufficient to
9 pay and secure the payment of the principal of and interest on the
10 outstanding building and above described normal school fund revenue
11 bonds of its institution, the state treasurer shall notify the board of
12 trustees and such board shall adjust its certificate so that all
13 requirements of moneys to pay and secure the payment of the principal
14 of and interest on all such bonds then outstanding shall be fully met
15 at all times.

16 (2) All normal school fund revenue pursuant to RCW 28B.35.751 shall
17 be deposited in the Eastern Washington University capital projects
18 account, the Central Washington University capital projects account,
19 the Western Washington University capital projects account, or The
20 Evergreen State College capital projects account respectively, which
21 accounts are hereby created in the state treasury. The sums deposited
22 in the respective capital projects accounts shall be appropriated and
23 expended (~~exclusively~~) to pay and secure the payment of the principal
24 of and interest on bonds payable out of the building fees and normal
25 school revenue and for the construction, reconstruction, erection,
26 equipping, maintenance, demolition and major alteration of buildings
27 and other capital assets, and the acquisition of sites, rights-of-way,
28 easements, improvements or appurtenances in relation thereto except for
29 any sums transferred therefrom as authorized by law.

30 (3) Funds available in the respective capital projects accounts may
31 also be used for certificates of participation under chapter 39.94 RCW.

32 **Sec. 6.** RCW 28B.50.360 and 2005 c 488 s 922 are each amended to
33 read as follows:

34 Within thirty-five days from the date of start of each quarter all
35 collected building fees of each such community and technical college
36 shall be paid into the state treasury, and shall be credited as
37 follows:

1 (1) On or before June 30th of each year the college board if
2 issuing bonds payable out of building fees shall certify to the state
3 treasurer the amounts required in the ensuing twelve-month period to
4 pay and secure the payment of the principal of and interest on such
5 bonds. The state treasurer shall thereupon deposit the amounts so
6 certified in the community and technical college capital projects
7 account. Such amounts of the funds deposited in the community and
8 technical college capital projects account as are necessary to pay and
9 secure the payment of the principal of and interest on the building
10 bonds issued by the college board as authorized by this chapter shall
11 be (~~exclusively~~) devoted to that purpose. If in any twelve-month
12 period it shall appear that the amount certified by the college board
13 is insufficient to pay and secure the payment of the principal of and
14 interest on the outstanding building bonds, the state treasurer shall
15 notify the college board and such board shall adjust its certificate so
16 that all requirements of moneys to pay and secure the payment of the
17 principal and interest on all such bonds then outstanding shall be
18 fully met at all times.

19 (2) The community and technical college capital projects account is
20 hereby created in the state treasury. The sums deposited in the
21 capital projects account shall be appropriated and expended
22 (~~exclusively~~) to pay and secure the payment of the principal of and
23 interest on bonds payable out of the building fees and for the
24 construction, reconstruction, erection, equipping, maintenance,
25 demolition and major alteration of buildings and other capital assets
26 owned by the state board for community and technical colleges in the
27 name of the state of Washington, and the acquisition of sites, rights-
28 of-way, easements, improvements or appurtenances in relation thereto,
29 engineering and architectural services provided by the department of
30 general administration, and for the payment of principal of and
31 interest on any bonds issued for such purposes.

32 (3) Funds available in the community and technical college capital
33 projects account may also be used for certificates of participation
34 under chapter 39.94 RCW.

35 **Sec. 7.** RCW 28B.20.715 and 1985 c 390 s 38 are each amended to
36 read as follows:

37 For the purpose of financing the cost of any projects, the board is

1 hereby authorized to adopt the resolution or resolutions and prepare
2 all other documents necessary for the issuance, sale and delivery of
3 the bonds or any part thereof at such time or times as it shall deem
4 necessary and advisable. Said bonds:

5 (1) Shall not constitute
6 (a) An obligation, either general or special, of the state; or
7 (b) A general obligation of the University of Washington or of the
8 board;

9 (2) Shall be
10 (a) Either registered or in coupon form; and
11 (b) Issued in denominations of not less than one hundred dollars;
12 and

13 (c) Fully negotiable instruments under the laws of this state; and
14 (d) Signed on behalf of the university by the president of the
15 board, attested by the secretary of the board, have the seal of the
16 university impressed thereon or a facsimile of such seal printed or
17 lithographed in the bottom border thereof, and the coupons attached
18 thereto shall be signed with the facsimile signatures of such president
19 and secretary;

20 (3) Shall state
21 (a) The date of issue; and
22 (b) The series of the issue and be consecutively numbered within
23 the series; and

24 (c) That, except as otherwise provided in subsection (8)(e) of this
25 section, the bond is payable both principal and interest solely out of
26 the bond retirement fund;

27 (4) Each series of bonds shall bear interest, payable either
28 annually or semiannually, as the board may determine;

29 (5) Shall be payable both principal and interest out of the bond
30 retirement fund;

31 (6) Shall be payable at such times over a period of not to exceed
32 forty years from date of issuance, at such place or places, and with
33 such reserved rights of prior redemption, as the board may prescribe;

34 (7) Shall be sold in such manner and at such price as the board may
35 prescribe;

36 (8) Shall be issued under and subject to such terms, conditions and
37 covenants providing for the payment of the principal thereof and
38 interest thereon and such other terms, conditions, covenants and

1 protective provisions safeguarding such payment, not inconsistent with
2 this chapter, and as found to be necessary by the board for the most
3 advantageous sale thereof, which may include but not be limited to:

4 (a) A covenant that the building fees shall be established,
5 maintained and collected in such amounts that will provide money
6 sufficient to pay the principal of and interest on all bonds payable
7 out of the bond retirement fund, to set aside and maintain the reserves
8 required to secure the payment of such principal and interest, and to
9 maintain any coverage which may be required over such principal and
10 interest;

11 (b) A covenant that a reserve account shall be created in the bond
12 retirement fund to secure the payment of the principal of and interest
13 on all bonds issued and a provision made that certain amounts be set
14 aside and maintained therein;

15 (c) A covenant that sufficient moneys may be transferred from the
16 University of Washington building account to the bond retirement fund
17 when ordered by the board of regents in the event there is ever an
18 insufficient amount of money in the bond retirement fund to pay any
19 installment of interest or principal and interest coming due on the
20 bonds or any of them;

21 (d) A covenant fixing conditions under which bonds on a parity with
22 any bonds outstanding may be issued;

23 (e) A covenant to obligate, to pay the principal of or interest on
24 the bonds, all or a component of the fees and revenues of the
25 University of Washington that are not subject to appropriation by the
26 legislature and that do not constitute general state revenues as
27 defined in Article VIII, section 1 of the state Constitution or general
28 state revenues for the purpose of calculating statutory limits on state
29 indebtedness pursuant to RCW 39.42.060.

30 The proceeds of the sale of all bonds(~~(, exclusive of accrued~~
31 ~~interest which shall be deposited in the bond retirement fund, shall be~~
32 ~~deposited in the state treasury to the credit of the University of~~
33 ~~Washington building account and)) issued in accordance with this
34 chapter shall be used solely for paying the costs of the projects,
35 including costs of issuance and other financing costs.~~

36 **Sec. 8.** RCW 28B.20.735 and 1985 c 390 s 40 are each amended to
37 read as follows:

1 The bonds authorized to be issued pursuant to the provisions of RCW
2 28B.20.700 through 28B.20.740 shall not be general obligations of the
3 state of Washington, but shall be limited obligation bonds payable only
4 from the special fund created for their payment (~~derived from the~~
5 ~~building fees~~) as herein provided. The legislature may provide
6 additional means for raising money for the payment of interest and
7 principal of said bonds. RCW 28B.20.700 through 28B.20.740 shall not
8 be deemed to provide an exclusive method for such payment. The power
9 given to the legislature by this section to provide additional means
10 for raising money is permissive, and shall not in any way be construed
11 as a pledge of the general credit of the state of Washington.

12 **Sec. 9.** RCW 28B.30.730 and 2002 c 238 s 302 are each amended to
13 read as follows:

14 For the purpose of financing the cost of any projects, the board is
15 hereby authorized to adopt the resolution or resolutions and prepare
16 all other documents necessary for the issuance, sale and delivery of
17 the bonds or any part thereof at such time or times as it shall deem
18 necessary and advisable. Said bonds:

19 (1) Shall not constitute

20 (a) An obligation, either general or special, of the state; or

21 (b) A general obligation of Washington State University or of the
22 board;

23 (2) Shall be

24 (a) Either registered or in coupon form; and

25 (b) Issued in denominations of not less than one hundred dollars;

26 and

27 (c) Fully negotiable instruments under the laws of this state; and

28 (d) Signed on behalf of the university by the president of the
29 board, attested by the secretary or the treasurer of the board, have
30 the seal of the university impressed thereon or a facsimile of such
31 seal printed or lithographed in the bottom border thereof, and the
32 coupons attached thereto shall be signed with the facsimile signatures
33 of such president and secretary;

34 (3) Shall state

35 (a) The date of issue; and

36 (b) The series of the issue and be consecutively numbered within
37 the series; and

1 (c) That, except as otherwise provided in subsection (8)(e) of this
2 section, the bond is payable both principal and interest solely out of
3 the bond retirement fund;

4 (4) Each series of bonds shall bear interest, payable either
5 annually or semiannually, as the board may determine;

6 (5) Shall be payable both principal and interest out of the bond
7 retirement fund;

8 (6) Shall be payable at such times over a period of not to exceed
9 forty years from date of issuance, at such place or places, and with
10 such reserved rights of prior redemption, as the board may prescribe;

11 (7) Shall be sold in such manner and at such price as the board may
12 prescribe;

13 (8) Shall be issued under and subject to such terms, conditions and
14 covenants providing for the payment of the principal thereof and
15 interest thereon and such other terms, conditions, covenants and
16 protective provisions safeguarding such payment, not inconsistent with
17 RCW 28B.30.700 through 28B.30.780, and as found to be necessary by the
18 board for the most advantageous sale thereof, which may include but not
19 be limited to:

20 (a) A covenant that the building fees shall be established,
21 maintained and collected in such amounts that will provide money
22 sufficient to pay the principal of and interest on all bonds payable
23 out of the bond retirement account, to set aside and maintain the
24 reserves required to secure the payment of such principal and interest,
25 and to maintain any coverage which may be required over such principal
26 and interest;

27 (b) A covenant that a reserve account shall be created in the bond
28 retirement fund to secure the payment of the principal of and interest
29 on all bonds issued and a provision made that certain amounts be set
30 aside and maintained therein;

31 (c) A covenant that sufficient moneys may be transferred from the
32 Washington State University building account to the bond retirement
33 account when ordered by the board of regents in the event there is ever
34 an insufficient amount of money in the bond retirement account to pay
35 any installment of interest or principal and interest coming due on the
36 bonds or any of them;

37 (d) A covenant fixing conditions under which bonds on a parity with
38 any bonds outstanding may be issued;

1 (e) A covenant to obligate, to pay the principal of or interest on
2 the bonds, all or a component of the fees and revenues of Washington
3 State University that are not subject to appropriation by the
4 legislature and that do not constitute general state revenues as
5 defined in Article VIII, section 1 of the state Constitution or general
6 state revenues for the purpose of calculating statutory limits on state
7 indebtedness pursuant to RCW 39.42.060.

8 The proceeds of the sale of all bonds (~~((shall be deposited in the~~
9 ~~state treasury to the credit of the Washington State University~~
10 ~~building account and))~~ issued in accordance with this chapter shall be
11 used solely for paying the costs of the projects, including costs of
12 issuance and other financing costs. The Washington State University
13 building account shall be credited with the investment income derived
14 pursuant to RCW 43.84.080 on the investable balances of scientific
15 permanent fund and agricultural permanent fund, less the allocation to
16 the state treasurer's service fund pursuant to RCW 43.08.190. (~~During~~
17 ~~the 2001-2003 fiscal biennium, the legislature may transfer from the~~
18 ~~Washington State University building account to the state general fund~~
19 ~~such amounts as reflect the excess fund balance of the account.))~~

Passed by the House April 25, 2009.

Passed by the Senate April 24, 2009.

Approved by the Governor May 15, 2009.

Filed in Office of Secretary of State May 18, 2009.