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SENATE BILL 6806

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State of Washington                      61st Legislature                      2010 Regular Session

By Senators Fraser and Brandland; by request of University of Washington

Read first time 01/29/10. Referred to Committee on Ways & Means.

1            AN ACT Relating to the use of building fees and net proceeds of the  
2 university tract for university building purposes; amending RCW  
3 28B.20.382, 28B.20.720, 28B.20.721, 28B.20.725, 28B.20.800, 28B.20.810,  
4 and 43.79.080; and reenacting and amending RCW 28B.15.210.

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

6            **Sec. 1.** RCW 28B.15.210 and 2009 c 499 s 1 and 2009 c 497 s 6019  
7 are each reenacted and amended to read as follows:

8            ~~((Within thirty five days from the date of collection thereof,))~~

9 All building fees at the University of Washington, including building  
10 fees 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 to the "University of Washington bond retirement fund" and the  
16 remainder thereof to the "University of Washington building account."  
17 The sum so credited to the University of Washington building account  
18 shall be used exclusively for the purpose of erecting, altering,  
19 maintaining, equipping, or furnishing buildings, and for certificates~~

1 of participation under chapter 39.94 RCW, except for any sums  
2 transferred as authorized in RCW 28B.20.725(3). The sum so credited to  
3 the University of Washington bond retirement fund shall be used for the  
4 payment of principal of and interest on bonds outstanding as provided  
5 by chapter 28B.20 RCW except for any sums transferred as authorized in  
6 RCW 28B.20.725(5). During the 2009-2011 biennium, sums credited to the  
7 University of Washington building account shall also be used for  
8 routine facility maintenance and utility costs)) applied by the  
9 university for university building purposes. "University building  
10 purposes" means to pay or finance costs of acquiring, erecting,  
11 altering, maintaining, equipping, furnishing, or operating buildings,  
12 including without limitation payment of principal of and interest on  
13 bonds authorized pursuant to section 5029, chapter 497, Laws of 2009,  
14 and certificates of participation under chapter 39.94 RCW. The  
15 university shall continue to support minor capital works and deferred  
16 maintenance from building fees at or above the university's 2009-2011  
17 biennial contribution.

18 **Sec. 2.** RCW 28B.20.382 and 1999 c 346 s 3 are each amended to read  
19 as follows:

20 (1) Until authorized by statute of the legislature, the board of  
21 regents of the university, with respect to the university tract, shall  
22 not sell the land or any part thereof or any improvement thereon, or  
23 lease the land or any part thereof or any improvement thereon or renew  
24 or extend any lease thereof for a term of more than eighty years. Any  
25 sale of the land or any part thereof or any improvement thereon, or any  
26 lease or renewal or extension of any lease of the land or any part  
27 thereof or any improvement thereon for a term of more than eighty years  
28 made or attempted to be made by the board of regents shall be null and  
29 void until the same has been approved or ratified and confirmed by  
30 legislative act.

31 (2) The board of regents shall have power from time to time to  
32 lease the land, or any part thereof or any improvement thereon for a  
33 term of not more than eighty years. Any and all records, books,  
34 accounts, and agreements of any lessee or sublessee under this section,  
35 pertaining to compliance with the terms and conditions of such lease or  
36 sublease, shall be open to inspection by the board of regents, the ways  
37 and means committee of the senate, the appropriations committee of the

1 house of representatives, and the joint legislative audit and review  
2 committee or any successor committees. It is not intended that  
3 unrelated records, books, accounts, and agreements of lessees,  
4 sublessees, or related companies be open to such inspection. The board  
5 of regents shall make a full, detailed report of all leases and  
6 transactions pertaining to the land or any part thereof or any  
7 improvement thereon to the joint legislative audit and review  
8 committee, including one copy to the staff of the committee, during  
9 odd-numbered years.

10 (3) The net proceeds from the sale or lease of land in the  
11 university tract, or any part thereof or any improvement thereon, shall  
12 be (~~deposited into the University of Washington facilities bond~~  
13 ~~retirement account hereby established outside the state treasury as a~~  
14 ~~nonappropriated local fund to be~~) used by the university exclusively  
15 for the purpose of (~~erecting, altering, maintaining, equipping, or~~  
16 ~~furnishing buildings at the University of Washington. The board of~~  
17 ~~regents shall transfer from the University of Washington facilities~~  
18 ~~bond retirement account to the University of Washington building~~  
19 ~~account under RCW 43.79.080 any funds in excess of amounts reasonably~~  
20 ~~necessary for payment of debt service in combination with other~~  
21 ~~nonappropriated local funds related to capital projects for which debt~~  
22 ~~service is required under section 4, chapter 380, Laws of 1999~~) (a)  
23 payment of debt service in combination with other nonappropriated local  
24 funds related to capital projects for which debt service is required  
25 under section 4, chapter 380, Laws of 1999, and (b) for university  
26 building purposes as defined in RCW 28B.15.210.

27 **Sec. 3.** RCW 28B.20.720 and 2009 c 499 s 3 are each amended to read  
28 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 University of Washington bond retirement fund. An  
33 appropriation is not required for expenditures from the fund. There  
34 shall be paid into the fund, the following:

35 (1) (~~One-half of such building fees as the board may from time to~~  
36 ~~time determine, or such larger portion as may be necessary to prevent~~

1 ~~default in the payments required to be made out of the bond retirement~~  
2 ~~fund;~~

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

6 ~~((3))~~ (2) Such additional funds as the legislature may provide.

7 While any bonds issued in accordance with the provisions of this  
8 chapter or any interest thereon remain unpaid, the bond retirement fund  
9 shall be available solely for the payment thereof (~~except as provided~~  
10 ~~in RCW 28B.20.725(5). As a part of the contract of sale of such bonds,~~  
11 ~~the board undertakes to charge and collect building fees and to deposit~~  
12 ~~the portion of such fees in the bond retirement fund in amounts which~~  
13 ~~will be sufficient to pay the principal of, and interest on all such~~  
14 ~~bonds outstanding)).~~

15 **Sec. 4.** RCW 28B.20.721 and 1969 ex.s. c 223 s 28B.20.721 are each  
16 amended to read as follows:

17 All moneys received from the lease or rental of lands set apart by  
18 the enabling act for university purposes; all interest or income  
19 arising from the proceeds of the sale of such lands or of the timber,  
20 fallen timber, stone, gravel, or other valuable material thereon; and  
21 all moneys received as interest on deferred payments on contracts for  
22 the sale of such lands shall be (~~deposited in the "University of~~  
23 ~~Washington bond retirement fund" to be expended for the purposes set~~  
24 ~~forth in RCW 28B.20.720)) paid to the university to be used for  
25 university building purposes as defined in RCW 28B.15.210.~~

26 **Sec. 5.** RCW 28B.20.725 and 1969 ex.s. c 223 s 28B.20.725 are each  
27 amended to read as follows:

28 The board is hereby empowered:

29 (1) To reserve the right to issue bonds later on a parity with any  
30 bonds being issued;

31 (2) To authorize the investing of moneys in the bond retirement  
32 fund and any reserve account therein;

33 (3) To authorize the transfer of money (~~from the University of~~  
34 ~~Washington building account)) to the bond retirement fund when  
35 necessary to prevent a default in the payments required to be made out  
36 of such fund; and~~

1 (4) To create a reserve account or accounts in the bond retirement  
2 fund to secure the payment of the principal of and interest on any  
3 bonds((+

4 ~~(5) To authorize the transfer to the University of Washington~~  
5 ~~building account of any money on deposit in the bond retirement fund in~~  
6 ~~excess of debt service for a period of three years from the date of~~  
7 ~~such transfer on all outstanding bonds payable out of such fund)).~~

8 **Sec. 6.** RCW 28B.20.800 and 1991 sp.s. c 13 s 97 are each amended  
9 to read as follows:

10 All moneys hereafter received from the lease or rental of lands set  
11 apart for the University of Washington by chapter 91, Laws of 1903 and  
12 section 9, chapter 122, Laws of 1893, and all interest or income  
13 arising from the proceeds of the sale of such land, less the allocation  
14 to the state treasurer's service ((~~account~~[~~fund~~]) fund pursuant to  
15 RCW 43.08.190 and the state investment board expense account pursuant  
16 to RCW 43.33A.160, and all proceeds from the sale of timber, fallen  
17 timber, stone, gravel, or other valuable material and all other  
18 receipts therefrom shall be ((~~deposited to the credit of the~~  
19 ~~"University of Washington bond retirement fund" to be expended for the~~  
20 ~~purposes set forth in RCW 28B.20.720)) paid to the university to be  
21 used for university building purposes as defined in RCW 28B.15.210.~~

22 All proceeds of sale of such lands, exclusive of investment income,  
23 shall be deposited to the credit of the state university permanent  
24 fund, shall be retained therein and shall not be transferred to any  
25 other fund or account. All interest earned or income received from the  
26 investment of the money in the state university permanent fund ((~~shall~~  
27 ~~be deposited to the credit of the University of Washington bond~~  
28 ~~retirement fund)) less the allocations to the state treasurer's service  
29 fund pursuant to RCW 43.08.190 and the state investment board expense  
30 account pursuant to RCW 43.33A.160, shall be paid to the university to  
31 be used for university building purposes as defined in RCW 28B.15.210.~~

32 ((~~As a part of the contract of sale of bonds payable out of the~~  
33 ~~University of Washington bond retirement fund, the board of regents of~~  
34 ~~the University of Washington may covenant that all moneys derived from~~  
35 ~~the above provided sources, which are required to be paid into the bond~~  
36 ~~retirement fund, shall continue to be paid into such bond retirement~~  
37 ~~fund for as long as any of such bonds are outstanding.))~~

1       **Sec. 7.** RCW 28B.20.810 and 1991 sp.s. c 13 s 78 are each amended  
2 to read as follows:

3       The board of regents of the University of Washington is empowered  
4 to authorize from time to time the transfer from the state university  
5 permanent fund (~~((to be held in reserve in the bond retirement fund  
6 created by RCW 28B.20.720))~~) any unobligated funds and investments  
7 derived from lands set apart for the support of the university by  
8 chapter 91, Laws of 1903 and section 9, chapter 122, Laws of 1893, (~~((to  
9 the extent required to comply with bond covenants regarding principal  
10 and interest payments and reserve requirements for bonds payable out of  
11 the bond retirement fund up to a total amount of five million dollars,  
12 and to transfer any or all of said unobligated funds and investments in  
13 excess of five million dollars))~~) to the university (~~((building account  
14 created by RCW 43.79.330(22). Any funds transferred to the bond  
15 retirement fund pursuant to this section shall be replaced by moneys  
16 first available out of the moneys required to be deposited in such fund  
17 pursuant to RCW 28B.20.800))~~) for university building purposes as  
18 defined in RCW 28B.15.210. The board is further empowered to direct  
19 the state finance committee to convert any investments in such  
20 permanent fund acquired with funds derived from such lands into cash or  
21 obligations of or guaranteed by the United States of America prior to  
22 the transfer of such funds and investments to (~~((such reserve account or  
23 building account))~~) the university.

24       **Sec. 8.** RCW 43.79.080 and 1985 c 57 s 36 are each amended to read  
25 as follows:

26       There shall be in the state treasury a fund known and designated as  
27 the "University of Washington building account(<sup>1</sup>)."  
28 All amounts on deposit in the University of Washington building account on the  
29 effective date of this section shall be transferred to the university  
30 to be applied for university building purposes as defined in RCW  
31 28B.15.210.

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