

CHAPTER 12.

[S. B. 5.]

STATE BUILDING FINANCING AUTHORITY ACT.

AN ACT relating to financing the construction and rehabilitation of certain public buildings; creating a state building financing authority and prescribing its powers and duties; authorizing the issuance of revenue bonds and making such bonds legal investments for all funds, public and private; authorizing institutions of higher learning and departments and agencies of the state to enter into contracts of lease and sublease with the state building financing authority; authorizing the legislature to provide additional means of paying the authority's obligations; providing an appropriation and declaring an emergency.

Be it enacted by the Legislature of the State of Washington:

Title of act.

SECTION 1. This act shall be known and may be cited as the "state building financing authority act."

Defined as herein used.

SEC. 2. The following terms whenever used or referred to in this chapter shall have the following meanings, except in those instances where the context clearly indicates otherwise:

"Authority."

(1) "Authority" shall mean the body politic and corporate created by this act;

"Project."

(2) "Project" shall mean any structure or facility of which the authority is authorized to finance the construction, improvement or maintenance under the provisions of this act;

"Bonds."

(3) "Bonds" shall mean the revenue bonds which the authority is authorized to issue pursuant to this act;

"Construction."

(4) "Construction" shall mean and include acquisition and construction, and the term "construct" shall mean and include to acquire and to construct;

"Improvement."

(5) "Improvement" shall mean and include extension, enlargement, and repair of a project as defined herein as well as the improvement thereof;

"Cost of a project."

(6) "Cost of a project" shall include, but shall not be limited to, the cost of all real estate, proper-

ties, property rights, easements, the cost of construction of buildings and the furnishing and equipment thereof, all financing charges, interest prior to and during construction, engineering, architects' and legal expenses, including the cost of plans, specifications and surveys, estimates of costs and revenues, and such other expenses as are necessary or incident to the financing herein authorized.

SEC. 3. There is hereby created a body corporate and politic to be known as the state building financing authority consisting of three members as follows: The governor or his representative, the state treasurer, and director of general administration. Said members of the authority holding public office and compensated by the state of Washington shall be entitled to no compensation for their services as members but shall be entitled to reimbursement for all necessary expenses incurred in connection with the performance of their duties as such members. A member of the authority not otherwise receiving compensation from the state of Washington shall receive in addition to reimbursement for his actual necessary expenses a per diem of twenty-five dollars per day for each day in which he performs duties for the authority, such per diem not to exceed four thousand dollars in any one calendar year.

State building financing authority created; membership.

Reimbursement.

Per diem.

Limitation.

SEC. 4. The authority is created for the purpose of financing the construction, reconstruction, rehabilitation, enlargement, improvement, maintenance, furnishing, equipping and holding for lease or sublease the following:

Purpose of authority.

(1) Buildings and facilities necessary or useful for institutions of higher learning of the state of Washington;

(2) Buildings and facilities necessary or useful for the various agencies and departments of the state of Washington: *Provided*, That the authority shall finance and enter into contracts of lease for projects

for institutions of higher learning and agencies and departments of the state of Washington only when such projects are specifically authorized by the legislature and only insofar as it may do so within the limits of its financial ceiling under the terms of this act.

SEC. 5. The authority is hereby granted and may exercise all the powers necessary or convenient for the carrying out of the purposes of this act, including but without limiting the generality of the foregoing, the following rights and powers:

Rights and powers of authority.

Suit.

(1) To sue and be sued, implead and be impleaded, complain and defend, in all courts;

Seal.

(2) To adopt, use and alter at will a seal;

Real and personal property.

(3) To acquire, purchase, hold, lease as lessee, and use any property real, personal or mixed, tangible or intangible, or any interest therein, necessary or desirable, for carrying out the purposes of this act, and to sell, lease as lessor, transfer and dispose of any property or any interest therein at any time acquired by it: *Provided, however,* That in any biennium initial contracts of lease shall be entered with institutions of higher learning and agencies and departments of government of the state for only such new buildings as have been specifically authorized by the legislature for that biennium;

Acquire projects herein defined.

(4) To acquire by purchase, lease or otherwise, projects as defined herein;

Rules and regulations.

(5) To make such rules and regulations, not inconsistent with this act, as it deems necessary for its proper management and functioning and the carrying on of its affairs;

Personnel and compensation.

(6) To appoint officers, agents, and employees, to prescribe their duties, and to fix their compensation;

Rentals and charges.

(7) To fix, alter, charge and collect rentals and other charges for its services and for the use of the projects, buildings, or facilities of the authority;

(8) To borrow money for the purpose of paying the cost of any project, or of paying warrants, bonds, and other evidences of indebtedness or obligations of the authority, and secure the payment of such bonds, or any part thereof, by pledge of any or all of its revenues, rentals and receipts;

Borrow money.

(9) To make such agreements, not inconsistent with the laws of the state of Washington, with the purchasers or holders of such bonds, or with others in connection with any such bonds, whether issued or to be issued, as the authority shall deem advisable, and to provide for the security of said bonds and the rights of the holders thereof: *Provided, however,* That at no time shall the authority issue and have outstanding more than fifty million dollars in bonds except that there may be temporarily more than fifty million dollars in its bonds outstanding if the amount in excess of fifty million dollars is to be used for the refunding of some or all of the bonds of the authority;

Agreements with bondholders.

Limitation on amount of bonds.

(10) To make contracts of every kind and nature and to execute all instruments necessary or convenient for the carrying on of its business and the performance of its duties;

Contracts.

(11) Without limitation of the foregoing, to borrow money and accept grants from, and to enter into contracts, leases or other transactions with the United States government or any federal or state agency or instrumentality, and to accept grants from any other public or private corporation, association or person;

Grants; negotiations with federal government.

(12) To do all things proper or necessary to entitle and qualify the authority and the state to accept, borrow or otherwise obtain the use of funds of the federal government and any agency or instrumentality thereof which may be available for furthering the purposes of this act;

Negotiate for use of funds of federal government.

Pledge
revenues.

(13) To pledge or otherwise encumber all or any of the revenues or receipts of the authority as security for all, or any, of the obligations of the authority;

General power.

(14) To do all acts and things necessary or convenient to carry out the powers granted by this act or any other act.

Limitation on
authority's
power.

SEC. 6. The authority shall have no power, at any time or in any manner, to pledge the credit or taxing power of the state of Washington, or any of its institutions of higher learning, agencies, departments or instrumentalities, nor shall any of its obligations or debts be deemed to be general obligations of the state of Washington or any of its institutions of higher learning, agencies, departments or instrumentalities, nor shall the state of Washington or any of its institutions of higher learning, agencies, departments or instrumentalities, be liable for the payment of principal or interest on the bonds or other indebtedness of the authority.

Purpose of
charges levied
by commis-
sion.

SEC. 7. Charges levied by the authority shall be for the purpose of providing for the payment of the expenses of the authority, the financing of construction, improvement, equipping, furnishing and maintenance of projects, as above set forth, the payment of the principal of, and interest on, its bonds and to fulfill the terms and provisions of any agreements made with the purchasers or holders of any such bonds.

Authorization
to state agen-
cies to enter
into contracts
with authority.

SEC. 8. Any institution of higher learning of the state of Washington by and through its board of regents, and any agency or department of government of the state of Washington, by and through the appropriate division of the department of institutions, shall have power and authority to enter into contracts with the authority to sell or lease as lessor to the authority any land or building and lease as lessee

from the authority any land or building, and the furnishings and equipment thereof, leased, owned or otherwise possessed by the authority, for a term not exceeding thirty years, at such rental or rentals as may be determined by the authority. Such contract to lease may be entered into prior to any construction on any land leased, owned or otherwise possessed by the authority.

Any institution of higher learning, or agency or department of government of the state of Washington may, at any time that sufficient funds are available, negotiate with and purchase from the authority its interest in any structure, equipment, facility or other property owned or otherwise possessed by the authority.

SEC. 9. The treasurer of the state of Washington shall transfer to the fund of the authority the amount of rental payments or other charges due and owing to it by any of its lessees from any funds held in the treasury of the state of Washington for said lessee and not otherwise restricted in its use by statute or the constitution of the state of Washington: *Provided, however,* That the authority shall furnish such evidence as the state treasurer shall require that the lessee has consented in its lease with lessor that any such funds may be so transferred by the state treasurer.

Transfer to the fund of the authority authorized.

SEC. 10. (1) The bonds of the authority hereinabove referred to and authorized to be issued, shall be authorized by resolution of the authority and shall be of such series, bear such date or dates, mature at such time or times, not exceeding thirty years from their respective dates, bear interest at such rate or rates not exceeding four per centum per annum, be in such denominations, be in such form, either coupon or fully registered without coupons, carry such registration, exchangeability and inter-

Bonds; authorized by resolution; type and form; conditions of.

Limitation on interest rate.

Bond; signa-
tures and seal.

changeability privileges, be payable at such place or places, be subject to such terms of redemption, and be entitled to such priorities in the revenues, rentals or receipts of the authority as such resolution or resolutions may provide. The bonds shall bear the facsimile signature of the chairman of the authority, together with a facsimile of the seal, and the manual signature of the secretary in attestation thereof, and coupon bonds shall have attached thereto interest coupons bearing the facsimile signature of the chairman and secretary of the authority, all as may be prescribed in such resolution or resolutions. Any such bonds may be issued and delivered notwithstanding that any of the aforesaid persons signing such bonds or whose facsimile signature shall be upon the bonds or coupons shall have ceased to hold their respective offices at the time when such bonds shall actually be delivered.

Provisions of
resolution
authorizing
bonds.

(2) Any resolution or resolutions authorizing any bonds shall contain provisions which shall be part of the contract with the holders thereof as to (a) pledging the full faith and credit of the authority, but not of the state of Washington nor any institution of higher learning, agency, department or instrumentality of the state of Washington, nor any county or other political subdivision thereof, for such bonds or restricting the same to all or any of the revenues, rentals or receipts of the authority from all or any projects or properties;

(b) the financing of the construction, improvement, extension, enlargement, maintenance and repair, of any project or projects and the duties of the authority with reference thereto;

(c) the terms and provisions of the bonds;

(d) limitations on the purposes to which the proceeds of the bonds, then or thereafter to be issued, or of any loan or grant by the United States or the state of Washington may be applied;

(e) the rate of rentals and other charges for use of the projects, buildings or facilities of, or for the services rendered by, the authority including limitations upon the power of the authority to modify any leases or other agreements pursuant to which any rentals or other charges are payable;

(f) the setting aside of reserves or sinking funds and the regulation and disposition thereof;

(g) limitations on the issuance of additional bonds;

(h) the terms and provisions of any deed or trust or indenture securing the bonds, or under which the same may be issued, and

(i) any other additional agreements with the holders of the bonds.

(3) The authority may enter into any deeds of trust, indentures or other agreements with any bank or trust company, or other person or persons in the United States having power to enter into the same, including the state or federal government or any agency thereof, as security for such bonds, and may assign and pledge all or any of the revenues, rentals or receipts of the authority thereunder. Such deed of trust, indenture or other agreement may contain such provisions as may be customary in such instruments, or as the authority may authorize, including but without limitation, provisions as to (a) the financing of the construction, improvement, maintenance and repair of any project or projects, and the duties of the authority with reference thereto, (b) the application of funds and the safeguarding of funds on hand or on deposit, (c) the rights and remedies of said trustee and the holders of the bonds, which may include restrictions upon the individual right of action of such bondholders, and (d) the terms and provisions of the bonds, or the resolutions authorizing the issuance of the same.

Deeds of trust and indenture agreements authorized.

Provisions in deed of trust and indenture agreements.

Bonds negotiable instruments.

(4) All bonds issued by the authority shall be negotiable instruments.

Issuance of re-funding bonds.

SEC. 11. The authority is hereby authorized to provide by resolution for the issuance of refunding bonds for the purpose of refunding any bonds of the authority issued under the provisions of this act and then outstanding, either by voluntary exchange with the holders of such outstanding bonds at par or by providing funds to redeem and retire such outstanding bonds. The issuance of such refunding bonds, the maturities and other details thereof, the rights of the holders thereof, and the duties of the authority in respect to the same, shall be governed by the foregoing provisions of this act insofar as the same may be applicable. Bonds may be issued by the authority to refund bonds originally issued or to refund bonds of the authority previously issued for refunding purposes. Bonds may be sold in a single series both for refunding outstanding bonds and to provide funds for financing further construction by the authority.

State finance committee consulted prior to issuance of bonds.

SEC. 12. Prior to issuing any bonds as provided for herein, the governing board of the authority shall confer with the state finance committee in order that the bonds issued shall be in such denominations, and sold in such manner and in such amounts and on such terms and conditions as the finance committee deems most desirable.

Bonds sold at public sale; advertising.

If bonds are sold to any purchaser other than the state of Washington, they shall be sold at public sale, and it shall be the duty of the state finance committee to cause such sale to be advertised in such manner as it shall deem sufficient and to otherwise be responsible for the details of such sale.

Bondholders' rights and remedies herein, additional.

SEC. 13. (1) The rights and the remedies herein granted to the bondholders, shall be in addition to, and not in limitation of, any rights and remedies lawfully granted to such bondholders by the resolution

or resolutions providing for the issuance of bonds, or by any deed of trust, indenture or other agreement under which the same may be issued. In the event that the authority shall default in the payment of, principal of, or interest on, any of the bonds after said principal or interest shall become due, whether at maturity or upon call for redemption, and such default shall continue for a period of thirty days, or in the event that the authority shall fail or refuse to comply with the provisions of this act, or shall default in any agreement made with the holders of the bonds, the holders of twenty-five per centum in aggregate principal amount of the bonds then outstanding, acting in concert, by instrument or instruments filed in the office of the auditor of Thurston county, Washington, and proved or acknowledged in the same manner as a deed to be recorded, except as such right may be limited under the provisions of any deed of trust, indenture or other agreement as aforesaid, may appoint a trustee to represent the bondholders for the purposes herein provided. Such trustee and any trustee under any deed of trust, indenture or other agreement may, and upon written request of the holders of twenty-five per centum, or such other percentage as may be specified in any deed of trust, indenture or other agreement aforesaid, in principal amount of the bonds then outstanding, shall in his or its own name:

Conditions warranting appointment of trustee for bondholders; procedure for.

Trustee's powers.

(a) By mandamus or other suit enforce all rights of the bondholders, including the right to require the authority to carry out any agreements with or for the benefit of the bondholders, and to perform its and their duties under this act;

(b) Bring suit upon the bonds;

(c) Require the authority to account as if it were the trustee of an express trust for the bondholders;

(d) Enjoin any acts or things which may be unlawful or in violation of the rights of the bondholders;

(e) By notice in writing to the authority declare all bonds due and payable, and if all defaults shall be made good, then with the consent of the holders of twenty-five per centum, or such other percentage as may be specified in any deed of trust, indenture or other agreement aforesaid, of the principal amount of the bonds then outstanding, annul such declaration and its consequences;

Trustee shall be entitled to the appointment of a receiver.

(2) Any trustee, whether appointed as aforesaid or acting under a deed of trust, indenture or other agreement, and whether or not all bonds have been declared due and payable, shall be entitled as of right to the appointment of a receiver, who may, to the same extent that the authority itself could do so, enter and take possession of the project, buildings or facilities of the authority or any parts thereof, the revenues, rentals, or receipts from which are, or may be applicable to, the payment of the bonds so in default, and operate and maintain the same and collect and receive all rentals and other revenues thereafter arising therefrom in the same manner as the authority might do, and shall deposit all such moneys in a separate account and apply the same in such manner as the court shall direct. In any suit, action or proceeding by the trustees, the fees, counsel fees and expenses of the trustee, and of the receiver, if any, and all costs and disbursements allowed by the court, shall be a first charge on any revenues and receipts derived from the projects, buildings or facilities of the authority the revenues or receipts from which are or may be applicable to the payment of the bonds so in default. Said trustee shall in addition to the foregoing have and possess all of the powers necessary or appropriate for the exercise of any functions specifically set forth herein or incident to the general representation of the bondholders in the enforcement and protection of their rights.

Costs of suit, action or proceeding by trustees.

General power of trustee.

Bondholder's rights.

(3) In addition to all other rights and all other remedies, any holder of bonds of the authority may

by mandamus or other suit, action or proceeding enforce his rights against the authority, including the right to require the authority to carry out any of its covenants and agreements with the bondholders and to perform its and their duties under this act.

SEC. 14. The powers of the authority shall be exercised by a governing body consisting of the members of the authority acting as a board. Within ninety days after this act shall become effective the board shall meet and organize. The governor of the state of Washington or his representative shall be the chairman, and the treasurer of the state of Washington shall be treasurer of the authority. The director of general administration shall be the secretary of the authority.

Organization
of authority
as board.

Two members shall constitute a quorum of the board and all action shall only be taken by vote of a majority of the members of the authority, unless in any case the rules and regulations promulgated by the authority shall require a larger number. The board shall have full authority to manage the properties and business of the authority and to prescribe, amend and repeal rules and regulations governing the manner in which the business of the authority may be conducted and the powers granted to it exercised. The board shall fix and determine the number of officers, agents and employees of the authority and their respective compensation and duties, and may delegate to one or more of their number, or to one or more of said officers, agents or employees, such powers and duties as it may deem proper.

Quorum.

Board's
authority.

SEC. 15. All moneys of the authority from whatever source derived shall be deposited with and held by the state treasurer as treasurer of the authority, and said moneys shall never be mingled with funds in the state treasury nor be deemed a part of the general fund of the state, but shall at all times be considered a special fund belonging to the authority.

Moneys of the
authority;
depositing;
payment out.

The moneys in said accounts shall be paid out pursuant to warrant or other order of the treasurer of the authority, or of such other person or persons as may be authorized by the authority to execute such warrants or orders. All moneys of the authority exclusive of that received from the sale of bonds from whatever source derived, except such part thereof as may be required to pay the administrative and other costs of operating the authority as may be provided for in the resolutions authorizing the issuance of the various series of bonds or in the various trust indentures, shall be set aside at such regular intervals as may be provided in such resolutions or trust indentures in a sinking fund, which fund shall be pledged to, and charged with, the payment of

- (1) the interest upon such bonds as it becomes due,
- (2) the principal of the bonds as same become due,
- (3) the necessary fiscal agency charges for paying principal and interest, (4) any premium upon bonds retired by call or purchase, as herein provided, and
- (5) any expenditures necessary or proper for issuance of additional series of revenue bonds, or necessary to the enforcement of the remedies of the bondholders as provided herein. The use and disposition of such sinking fund shall be subject to such regulations as may be provided in the resolutions authorizing the issuance of bonds or in the trust indentures, but except as may otherwise be provided in such resolutions or trust indentures, such sinking fund shall be a fund for the benefit of all bonds issued hereunder, without distinction or priority of one over another. Subject to the provisions of the resolutions authorizing the issuance of bonds or of the trust indentures, any moneys in such sinking fund in excess of an amount equal to the average annual requirements for interest and retirement on all bonds outstanding may be applied; (a) to the purchase or redemption of bonds; and/or (b) toward the payment

Sinking fund;
charged with;
use and dis-
position of.

of the cost of one or more projects as defined in section 2, subsection (6) of this act.

SEC. 16. The bonds herein authorized shall be a legal investment for all state funds not otherwise restricted by the constitution of the state of Washington or for funds under state control not otherwise restricted, and for all funds of municipal corporations and shall be legal security for all state, county and municipal deposits and shall constitute legal investments for all banks, savings and loan associations and insurance companies doing business in this state.

Bonds authorized herein constitute legal investment.

SEC. 17. The legislature may by direct appropriation or by allocating other sources of revenue, provide additional means for the payment of the bonds authorized herein, or for the payment of the cost of a project or projects as defined in section 2, subsection (6) of this act, and this act shall not be deemed the exclusive method for such payment, but this section shall be permissive only and not mandatory, and the power granted herein shall not constitute a pledge of the faith and credit of the state nor of any of its institutions of higher learning, agencies, departments or instrumentalities.

Authority to legislature to provide additional means for payment of bonds.

SEC. 18. The use of the projects of the authority and the operation of its business shall be subject to the rules and regulations from time to time adopted by the authority and not inconsistent with the laws of the state of Washington.

Project use and operation subject to regulations of authority.

SEC. 19. The state of Washington does hereby pledge to, and agree with, any person, firm or corporation or federal agency subscribing to, or acquiring, the bonds to be issued by the authority for the financing of the construction, extension, improvement, or enlargement of any project, or part thereof, or for refunding purposes, that the state of Washington will not limit or restrict any provisions for the security and protection of the authority and its

Pledge by state of Washington.

bondholders contained in this act until all bonds at any time issued, together with the interest thereon, are fully paid and discharged. The state of Washington does further pledge to and agree with the United States and any federal agency that, in the event that any federal agency shall construct or contribute any funds for the financing of construction, extension, improvement or enlargement of any project or any portion thereof, the state of Washington will not restrict or limit the rights and powers of the authority in any manner which would be inconsistent with the continued maintenance and operation of the project, or the improvement thereof, or which would be inconsistent with the due performance of any agreements between the authority and any such federal agency, and the authority shall continue to have and may exercise all powers herein granted so long as the same shall be necessary or desirable for the carrying out of the purposes of this act and the purposes of the United States in financing the construction, improvement or enlargement of any project or portion thereof.

Additional
and alterna-
tive method.

SEC. 20. This act shall be deemed to provide an additional and alternative method for the doing of the things authorized herein and shall be regarded as supplemental and additional to powers conferred by other laws and shall not be regarded as in derogation of any powers now existing. This act being necessary for the welfare of the state of Washington and its inhabitants shall be liberally construed to effect the purposes thereof. Any section or provision of this act which may be susceptible to more than one construction shall be interpreted in favor of the construction most likely to satisfy federal laws entitling this state to receive federal funds, or otherwise participate in programs of the federal government or any of its agencies or instrumentalities furthering the purposes of this act.

Act liberally
construed.

Aid to inter-
pretation.

SEC. 21. The sum of ninety thousand dollars, or so much thereof as may be necessary, is hereby appropriated to the authority for the payment of costs and expenses incurred in commencing the work herein authorized. Any part of this appropriation used by the authority shall be repaid to the general fund of the state at such time as sufficient revenue bonds of the authority have been sold and the funds deposited with the treasurer of the authority.

Appropriation.

SEC. 22. If any part of this act shall be held unconstitutional, such invalidity shall not affect any other part. It is hereby declared that had any section, paragraph, sentence, clause, phrase or word as to which this act is declared invalid been eliminated from the act at the time the same was considered, the act would have nevertheless been enacted with such portions eliminated.

Invalidity.

SEC. 23. The state building authority records and accounts shall be kept in accordance with the uniform system of accounting prescribed by the state auditor and shall be subject to post audit by the state auditor at least once each year.

Records and accounts.

SEC. 24. This act is necessary for the immediate preservation of the public peace, health and safety, and for the support of the state government and the existing public institutions and shall take effect immediately.

Emergency.

Passed the Senate March 24, 1955.

Passed the House March 23, 1955.

Approved by the Governor April 4, 1955.