

CHAPTER 14.

[ S. B. 25. ]

COLLEGES OF EDUCATION—BUILDINGS—  
FINANCING.

AN ACT Relating to the State Colleges of Education; providing for the construction, completion, reconstruction, remodeling, rehabilitation and improvement of buildings and facilities; authorizing the boards of trustees thereof to construct and finance the same by the issuance of bonds payable from special funds into which shall be paid certain general tuition fees, authorizing the boards to make certain covenants in such bonds; authorizing the boards to accept federal and other grants; authorizing the legislature to provide additional means for raising money for payment of the bonds; authorizing the refunding of such bonds; and relating to tuition fees and other fees and the disposition thereof.

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

SECTION 1. The boards of trustees of Eastern Washington State College, Central Washington State College, and Western Washington State College are empowered in accordance with the provisions of this act, to provide for the construction, completion, reconstruction, remodeling, rehabilitation and improvement of buildings and facilities authorized by the legislature for the use of the aforementioned colleges and to finance the payment thereof by bonds payable out of special funds from revenues hereafter derived from the payment of general tuition fees, gifts, bequests or grants, and such additional funds as the legislature may provide.

Colleges of education. Building and facilities—Acquisition—Financing.

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

Definitions.

(1) The word "boards" means the boards of trustees of Eastern Washington State College, Central Washington State College, and Western Washington State College.

"Boards".

"General tuition fees".

(2) The words "general tuition fees" mean the general tuition fees charged students registering at each college, but shall not mean the special tuition or other fees charged such students or fees, charges, rentals, and other income derived from any or all revenue-producing lands, buildings, and facilities of the respective colleges, heretofore or hereafter acquired, constructed or installed, including but not limited to income from rooms, dormitories, dining rooms, hospitals, infirmaries, housing or student activity buildings, vehicular parking facilities, land or the appurtenances thereon.

"Bond retirement funds".

(3) The words "bond retirement funds" shall mean the special funds created by law and known as the Eastern Washington State College bond retirement fund, Central Washington State College bond retirement fund, and Western Washington State College bond retirement fund.

"Bonds".

(4) The word "bonds" means the bonds payable out of the bond retirement funds.

"Projects".

(5) The word "projects" means the construction, completion, reconstruction, remodeling, rehabilitation, or improvement of any building or other facility of any of the aforementioned colleges authorized by the legislature at any time and to be financed by the issuance and sale of bonds.

Board powers conferred.

SEC. 3. In addition to the powers conferred under existing law, each of the boards is authorized and shall have the power:

(1) To contract for the construction, completion, reconstruction, remodeling, rehabilitation and improvement of such buildings or other facilities of the college as are authorized by the legislature to be financed by the issuance and sale of bonds.

(2) To finance the same by the issuance of bonds secured by the pledge of any or all of the general tuition fees.

(3) Without limitation of the foregoing, to ac-

cept grants from the United States government, or any federal or state agency or instrumentality, or private corporation, association, or person to aid in defraying the costs of any such projects.

SEC. 4. For the purpose of financing the cost of any projects, each of the boards is hereby authorized to adopt the resolution or resolutions and prepare all other documents necessary for the issuance, sale and delivery of the bonds or any part thereof at such time or times as it shall deem necessary and advisable. Said bonds:

- (1) Shall not constitute
  - (a) An obligation, either general or special, of the state; or
  - (b) A general obligation of the college or of the board;
- (2) Shall be
  - (a) Either registered or in coupon form; and
  - (b) Issued in denominations of not less than one hundred dollars; and
  - (c) Fully negotiable instruments under the laws of this state; and
  - (d) Signed on behalf of the college by the chairman of the board, attested by the secretary of the board, have the seal of the college impressed thereon or a facsimile of such seal printed or lithographed in the bottom border thereof, and the coupons attached thereto shall be signed with the facsimile signatures of such chairman and the secretary;
- (3) Shall state
  - (a) The date of issue; and
  - (b) The series of the issue and be consecutively numbered within the series; and
  - (c) That the bond is payable both principal and interest solely out of the bond retirement fund;
- (4) Each series of bonds shall bear interest, payable either annually or semiannually, as the board may determine at an effective rate not to exceed six

Financing  
by bonds.

Form of  
bonds.

percent per annum over the life thereof, and no single interest or coupon rate shall exceed six percent per annum;

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

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

(7) Shall be sold in such manner as the board may prescribe, but never at a price at which the net interest cost over the life thereof shall exceed six percent per annum;

(8) Shall be issued under and subject to such terms, conditions and covenants providing for the payment of the principal thereof and interest thereon and such other terms, conditions, covenants and protective provisions safeguarding such payment, not inconsistent with this act, and as found to be necessary by the board for the most advantageous sale thereof, which may include but not be limited to:

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

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

(c) A covenant that sufficient moneys may be transferred from the capital projects account of the

college issuing the bonds to the bond retirement fund of such college when ordered by the board of trustees in the event there is ever an insufficient amount of money in the bond retirement fund to pay any installment of interest or principal and interest coming due on the bonds or any of them;

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

The proceeds of the sale of all bonds, exclusive of accrued interest which shall be deposited in the bond retirement fund, shall be deposited in the state treasury to the credit of the capital projects account of the college issuing the bonds and shall be used solely for paying the costs of the projects.

SEC. 5. Within thirty-five days from the date of collection thereof, all general tuition fees shall be paid into the state treasury and credited as follows:

Disposition  
of general  
tuition fees.

(1) On or before June 30th of each year the board of trustees of each college issuing such bonds shall certify to the state treasurer the amounts required in the ensuing twelve months to pay and secure the payment of the principal of and interest on the same. The amounts so certified shall be a prior lien and charge against all general tuition fees of such college. The state treasurer shall thereupon deposit the amounts so certified in the Eastern Washington State College bond retirement fund, the Central Washington State College bond retirement fund, or the Western Washington State College bond retirement fund, respectively. The amounts deposited in the respective bond retirement funds shall be used exclusively to pay and secure the payment of the principal of and interest on such bonds. If in any twelve-month period it shall appear that the amount certified by any such board of trustees is insufficient to pay and secure the payment of the principal of and interest on such bonds, the state treasurer-

er shall notify the board of trustees and such board shall adjust its certificate so that all requirements of moneys to pay and secure the payment of the principal of and interest on such bonds then outstanding shall be fully met at all times.

(2); All general tuition fees not needed for or in excess of the amounts certified to the state treasurer as being required to pay and secure the payment of bond principal or interest shall be deposited in the Eastern Washington State College capital projects account, the Central Washington State College capital projects account, or the Western Washington State College capital projects account, respectively. The sums deposited in the respective capital projects accounts shall be appropriated and expended exclusively for the construction, reconstruction, erection, equipping, maintenance, demolition, and major alteration of buildings and other capital assets and the acquisition of sites, rights of way, easements, improvements, or appurtenances in relation thereto, except for any sums transferred therefrom as authorized in subdivision (3) of section 7 of this act.

Bond retire-  
ment funds—  
Moneys  
credited to.

SEC. 6. For the purpose of paying and securing the payment of the principal of and interest on the bonds as the same shall become due, there shall be paid into the state treasury and credited to the respective bond retirement fund of each college issuing bonds, the following:

(1) Amounts derived from general tuition fees as the board shall certify as necessary to prevent default in the payments required to be paid into such bond retirement fund;

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

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

Said bond retirement fund shall be kept segregated from all moneys in the state treasury and shall, while any of such bonds or any interest thereon remains unpaid, be available solely for the payment thereof. As a part of the contract of sale of such bonds, the board shall undertake to charge and collect general tuition fees and to deposit the portion of such fees in the bond retirement fund in amounts which will be sufficient to pay and secure the payment of the principal of, and interest on all such bonds outstanding.

SEC. 7. The board of any such college is hereby empowered:

Board powers incidental to financing through bond issuance.

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

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

(3) To authorize the transfer of money from the college's capital projects account to the college's bond retirement fund when necessary to prevent a default in the payments required to be made out of such fund;

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

SEC. 8. Each board of trustees is hereby empowered to issue refunding bonds to provide funds to refund any or all outstanding bonds payable from the bond retirement fund and to pay any redemption premium payable on such outstanding bonds being refunded. Such refunding bonds may be issued in the manner and on terms and conditions and with the covenants permitted by this act for the issuance of bonds. The refunding bonds shall be payable out of the bond retirement fund and shall not constitute an obligation either general or special, of the state or a general obligation of the college of Washington

Refunding bonds authorized.

issuing the bonds or the board thereof. The net interest cost to maturity on such refunding bonds shall not exceed six percent per annum nor shall any single interest or coupon rate exceed six percent per annum. The board may exchange the refunding bonds at par for the bonds which are being refunded or may sell them in such manner as it deems for the best interest of the college.

Bonds as limited obligation—Method of payment nonexclusive.

SEC. 9. The bonds authorized to be issued pursuant to the provisions of this act shall not be general obligations of the state of Washington, but shall be limited obligation bonds payable only from the special funds created for their payment. The legislature may provide additional means for raising money for the payment of interest and principal of said bonds. This act shall not be deemed to provide an exclusive method for such payment. The power given to the legislature by this section to provide for additional means for raising money is permissive, and shall not in any way be construed as a pledge of the general credit of the state of Washington.

Act concurrent.

SEC. 10. This act is concurrent with other legislation with reference to providing funds for the construction of buildings at the state colleges and is not to be construed as repealing or limiting any existing provision of law with reference thereto.

Passed the Senate March 24, 1961.

Passed the House March 25, 1961.

Approved by the Governor March 30, 1961.