
SUBSTITUTE SENATE BILL 5321

State of Washington

58th Legislature

2003 Regular Session

By Senate Committee on Government Operations & Elections (originally sponsored by Senators Johnson and Prentice)

READ FIRST TIME 02/12/03.

1 AN ACT Relating to payment agreements; and amending RCW 39.96.020.

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

3 **Sec. 1.** RCW 39.96.020 and 1993 c 273 s 2 are each amended to read
4 as follows:

5 ((Unless the context clearly requires otherwise,)) The definitions
6 in this section apply throughout this chapter((+)) unless the context
7 clearly requires otherwise.

8 (1) "Financial advisor" means a financial services or financial
9 advisory firm:

10 (a) With recognized knowledge and experience in connection with the
11 negotiation and execution of payment agreements;

12 (b) That is acting solely as financial advisor to the governmental
13 entity in connection with the execution of the payment agreement and
14 the issuance or incurring of any related obligations, and not as a
15 principal, placement agent, purchaser, underwriter, or other similar
16 party, and that does not control, nor is it controlled by or under
17 common control with, any such party;

18 (c) That is compensated for its services in connection with the

1 execution of payment agreements, either directly or indirectly, solely
2 by the governmental entity; and

3 (d) Whose compensation is not based on a percentage of the notional
4 amount of the payment agreement or of the principal amount of any
5 related obligations.

6 (2) "Governmental entity" means state government or local
7 government.

8 (3) "Local government" means any city, county, port district,
9 public hospital district, or public utility district, or any joint
10 operating agency formed under RCW 43.52.360, that has or will have
11 outstanding obligations in an aggregate principal amount of at least
12 one hundred million dollars as of the date a payment agreement is
13 executed or is scheduled by its terms to commence or had at least one
14 hundred million dollars in gross revenues during the preceding calendar
15 year.

16 (4) "Obligations" means bonds, notes, bond anticipation notes,
17 commercial paper, or other obligations for borrowed money, or lease,
18 installment purchase, or other similar financing agreements or
19 certificates of participation in such agreements.

20 (5) "Payment agreement" means a written agreement which provides
21 for an exchange of payments based on interest rates, or for ceilings or
22 floors on these payments, or an option on these payments, or any
23 combination, entered into on either a current or forward basis.

24 (6) "State government" means (a) the state of Washington, acting by
25 and through its state finance committee, (b) the Washington health care
26 facilities authority, (c) the Washington higher education facilities
27 authority, (d) the Washington state housing finance commission, or (e)
28 the state finance committee upon adoption of a resolution approving a
29 payment agreement on behalf of any state institution of higher
30 education as defined under RCW 28B.10.016: PROVIDED, That such
31 approval shall not constitute the pledge of the full faith and credit
32 of the state, but a pledge of only those funds specified in the
33 approved agreement.

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