

# FINAL BILL REPORT

## ESHB 1991

---

---

C 346 L 99

Synopsis as Enacted

**Brief Description:** Consolidating statutes that authorize the board of regents of the University of Washington to control university property.

**Sponsors:** By House Committee on Capital Budget (Originally sponsored by Representatives Murray and Mitchell).

**House Committee on Capital Budget**  
**Senate Committee on Ways & Means**

### **Background:**

In 1860, the Legislative Assembly of the Washington Territory established a university in Seattle if 10 acres of land suitable for a university would be "executed" to the territory. The following year, three families donated a forested 10-acre knoll overlooking Elliott Bay, fulfilling the Legislature's stipulation. The University of Washington operated on this site until it could no longer accommodate the growth of the university. In 1893, the Legislature appropriated money for the acquisition of land at Montlake, which is the present campus of the University of Washington.

The state retained ownership of the original 10-acre university site, which is now the center of downtown Seattle, when the university moved to its present campus in 1895. The site, known as the Metropolitan Tract, contains more than 1.4 million sq. ft. of rentable office space, 230,000 sq. ft. of commercial space, and 450 hotel rooms and access to more than 2,000 parking spaces. The entire Metropolitan Tract is managed under the direction of the Board of Regents of the University of Washington (board) and is leased to two lessees. The Four Seasons Olympic Hotel and Garage began leasing in 1952, with the current lease expiring in 2040. UNICO Properties began leasing the remainder of the tract in 1953, with an expiration date of 2014.

One of the policies adopted by the board for the management of the Metropolitan Tract is that the university provide all the funds for building modernization and new construction out of its lease revenues in order to retain control over the condition of the buildings, particularly in later years of the lease, as well as to reduce risk for the lessee. Over the years, the University of Washington reinvested lease revenues into the development of the Metropolitan Tract resulting in an appreciating asset valued in excess of \$150 million.

The University of Washington is reviewing its long-term strategy for the Metropolitan Tract and has requested more management flexibility from the Legislature.

**Summary:**

The board of Regents of the University of Washington is authorized to lease the Metropolitan Tract property for up to 80 years. The Board is also given full control over the tract to manage, operate, lease, borrow funds, and incur indebtedness as any other property of the University of Washington.

A new nonappropriated local bond retirement account is created. The net proceeds from leases on the Metropolitan Tract must be deposited into the facilities bond retirement account. Funds in the facilities bond retirement account that are in excess of debt services needs must be transferred to the University of Washington Building Account.

The board must provide a report on all transactions of the Metropolitan Tract to the Joint Legislative Audit and Review Committee every two years.

**Votes on Final Passage:**

House 95 0  
Senate 49 0 (Senate Amended)  
House 97 0 (House Concurred)

**Effective:** May 17, 1999