



**Substitute Senate Bill No. 1075**

**Public Act No. 07-109**

**AN ACT CONCERNING THE CONNECTICUT STUDENT LOAN FOUNDATION.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Section 10a-201 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2007*):

There is hereby created a nonprofit corporation which shall be known as the Connecticut Student Loan Foundation. The purpose of said corporation shall be to improve educational opportunity and promote repayment of loans. Improving educational opportunity shall include, but not be limited to, the following: (1) Guaranteeing loans for persons to assist them in meeting the expenses of education, including alternative loans and loans that are governed by Title IV, Part B of the Higher Education Act of 1965, as from time to time amended; (2) lending funds or acquiring loans made to persons to assist them in meeting the expenses of education, including alternative loans and loans that are governed by Title IV, Part B of the Higher Education Act of 1965, as from time to time amended; and (3) providing appropriate services incident to the administration of programs which are established to improve educational opportunities, all in accordance with the provisions of this chapter. Said corporation shall be exempt from all requirements of chapter 602.

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Sec. 2. Subdivision (5) of section 10a-204 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2007*):

(5) To create and operate the affairs of the corporation through a subsidiary or division, the dominant purpose of which shall be to carry out one or more of the purposes and provisions of this chapter.

Sec. 3. Subdivision (7) of section 10a-204 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2007*):

(7) To issue bonds, notes or other obligations of the corporation, the interest on which, if so designated by resolution of the corporation, shall be includable in the gross income of the holder or holders thereof for federal and state income tax purposes, to fund and refund the same, to provide for the rights of the holders thereof and to secure the same, or to cause a subsidiary to exercise such powers, all in accordance with section 10a-217.

Sec. 4. Section 10a-204b of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2007*):

(a) The Connecticut Student Loan Foundation, a nonprofit corporation is authorized from time to time to issue, [its] or to cause a subsidiary created pursuant to subdivision (5) of section 10a-204, as amended by this act, to issue, bonds, notes or other obligations in such principal amounts as in the opinion of the corporation shall be necessary to provide sufficient funds for carrying out the purposes set forth in subdivisions (2) and (3) of section 10a-201 including the payment, funding or refunding of the principal of, or interest or redemption premiums on, any bonds, notes or other obligations issued by it, or by such a subsidiary, whether the bonds, notes or other obligations or interest to be funded or refunded have or have not

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become due, the establishment of reserves to secure such bonds, notes or other obligations and all other expenditures of the corporation, or of such subsidiary, incident to and necessary or convenient to carry out the purposes set forth in subdivisions (2) and (3) of section 10a-201.

(b) (1) Except as may be otherwise expressly provided [herein] by this section or by any resolution adopted by the corporation authorizing the issuance of bonds, notes or other obligations every issue of bonds, notes or other obligations shall be general obligations of the corporation payable out of any moneys or revenues of the corporation subject only to any agreements with the holders of particular bonds, notes or other obligations pledging any particular moneys or revenues, or any specific pool of loans acquired by, the corporation. Any such bonds, notes or other obligations may be additionally secured by a pledge of any grant or contributions from any department, agency or instrumentality of the United States or person or a pledge or assignment of any moneys, income or revenues of the corporation or payable to the corporation from any source. [whatsoever.]

(2) Except as may be otherwise expressly provided by this section or by any resolution adopted by a subsidiary created pursuant to subdivision (5) of section 10a-204, as amended by this act, authorizing the issuance of bonds, notes or other obligations, every issue of bonds, notes or other obligations shall be general obligations of the subsidiary payable out of any moneys or revenues of the subsidiary subject only to any agreements with the holders of particular bonds, notes or other obligations pledging any particular moneys or revenues, or any specific pool of loans acquired by the subsidiary. Any such bonds, notes or other obligations may be additionally secured by a pledge of any grant or contributions from any department, agency or instrumentality of the United States or person or a pledge or assignment of any moneys, income or revenues of the subsidiary or

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payable to the subsidiary from any source.

(c) [Any provision of any law to the contrary notwithstanding] Notwithstanding any provision of the general statutes, any bonds, notes or other obligations issued by the corporation or by a subsidiary created pursuant to subdivision (5) of section 10a-204, as amended by this act, pursuant to this section shall be fully negotiable within the meaning and for all purposes of title 42a, whether or not the form and character so qualify under the terms thereof, subject only to the provisions of the authorizing resolution. Any such bonds are hereby made securities in which public officers and public bodies of the state and its political subdivisions, all insurance companies, credit unions, savings and loan associations, investment companies, banking associations, trust companies, executors, administrators, trustees and other fiduciaries and pension, profit-sharing and retirement funds may properly and legally invest funds, including capital in their control or belonging to them, and are hereby made securities which may properly and legally be deposited with and received by any state or municipal officer or any agency or political subdivision of the state for any purpose for which the deposit of bonds or other obligations of the state is now or may hereafter be authorized by law.

(d) Bonds, notes or other obligations of the corporation shall be authorized by resolution of the corporation. [and] Bonds, notes and other obligations of a subsidiary created pursuant to subdivision (5) of section 10a-204, as amended by this act, shall be authorized by resolution of the subsidiary. Such bonds, notes and other obligations may be issued in one or more series and shall bear such date or dates, mature at such time or times, in the case of any such note, or any renewal [thereof] of any such note, not exceeding five years from the date of the original issue of such notes, and, in the case of bonds, not exceeding forty years from the date of the original issue of such bonds bear interest at such rate or rates, be in such denomination or

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denominations, be in such form, either coupon or registered, carry such conversion or registration privileges, have such rank or priority, be executed in such manner, be payable from such sources in such medium of payment at such place or places within or without this state, and be subject to such terms of redemption, with or without premium, as [such] the applicable authorizing resolution or resolutions may provide. [Such] Any such resolution may delegate to the president of the [corporation] issuer, acting solely or in combination with any one or more directors, the power to determine any details of [such] the bonds, notes or other obligations authorized by the resolution and to award such bonds, notes or other obligations to purchasers.

(e) Bonds, notes or other obligations of the corporation may be sold at public or private sale at such price or prices as the corporation shall determine. Bonds, notes or other obligations of a subsidiary created pursuant to subdivision (5) of section 10a-204, as amended by this act, may be sold at public or private sale at such price or prices as the subsidiary shall determine.

(f) Bonds, notes or other obligations of the corporation may be refunded and renewed from time to time as may be determined by resolution of the corporation and bonds, notes or other obligations of a subsidiary created pursuant to subdivision (5) of section 10a-204, as amended by this act, may be refunded and renewed from time to time as may be determined by resolution of the subsidiary, provided any such refunding or renewal shall be in conformity with any rights of the holders [thereof] of the affected bonds, notes or other obligations.

(g) Bonds, notes or other obligations of the corporation issued under the provisions of this section shall not be deemed to constitute a debt or liability of the state or of any political subdivision [thereof] of the state other than the corporation or a pledge of the faith and credit of the state or of any such political subdivision, [other than the

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corporation,] and shall not constitute bonds or notes issued or guaranteed by the state within the meaning of section 3-21 but shall be payable solely from the funds [herein provided therefore] provided for under this section. Bonds, notes or other obligations of a subsidiary created pursuant to subdivision (5) of section 10a-204, as amended by this act, issued under the provisions of this section shall not be deemed to constitute a debt or liability of the state or of any political subdivision of the state or a pledge of the faith and credit of the state or of any such political subdivision and shall not constitute bonds or notes issued or guaranteed by the state within the meaning of section 3-21 but shall be payable solely from the funds provided for under this section. All such bonds, notes or other obligations shall contain on the face thereof a statement to the effect that neither the state of Connecticut nor any political subdivision [thereof other than the corporation] of the state shall be obligated to pay the same, [or] that such bonds, notes or other obligations and the interest [thereon except] on such bonds, notes or other obligations shall be payable by the issuer solely from revenues or other funds of the [corporation] issuer pledged therefor and that neither the faith and credit nor the taxing power of the state of Connecticut or of any political subdivision [thereof other than the corporation] of the state is pledged to the payment of the principal of or the interest on such bonds, notes or other obligations.

(h) Any resolution or resolutions authorizing the issuance of bonds, notes or other obligations may contain provisions, except as expressly limited in this section and except as otherwise limited by existing agreements with the holders of bonds, notes or other obligations, which shall be a part of the contract with the holders thereof, as to the following: (1) The pledging and assignment of all or any part of the moneys received by or payable to the [corporation] issuer, (A) in payment of loans and interest thereon, (B) as guarantee or insurance payments with respect to loans and interest thereon, or (C) otherwise with respect to loans and interest thereon and other moneys received

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by or payable to the [corporation] issuer, to secure the payment of [the principal of and interest on] any bonds, notes or other obligations or [of] any [issue] issues thereof and the interest thereon; (2) the pledging and assignment of all or any part of the assets of the [corporation] issuer including, but not limited to, loans and the rights to receive payments pursuant to and enforce contracts with respect to loans and interest thereon, to secure the payment of principal and interest on any bonds, notes or other obligations or of any issue thereof; (3) the use and disposition of the gross income from, and the payments of principal received by or payable to the [corporation] issuer on, loans held by or on behalf of the [corporation] issuer; (4) the establishment of reserves or sinking funds, the making of charges and fees to provide for the same, and the regulation and disposition thereof; (5) limitations on the purpose to which the proceeds of sale of bonds, notes or other obligations may be applied and pledging such proceeds to secure the payment of the bonds, notes or other obligations, or of any issues thereof and the interest thereon; (6) limitations on the issuance of additional bonds, notes or other obligations, the terms upon which additional bonds, notes or other obligations may be issued and secured and the refunding or purchase of outstanding bonds, notes or other obligations of the [corporation] issuer; (7) the procedure, if any, by which the terms of any contract with the holders of any bonds, notes or other obligations of the [corporation] issuer may be amended or abrogated, the amount of bonds, notes or other obligations the holders of which must consent thereto, and the manner in which such consent may be given; (8) limitations on the amount of moneys to be expended by the [corporation] issuer for operating, administrative or other expenses of the [corporation] issuer; (9) the vesting in a trustee or trustees of such property, rights, powers and duties in trust as the [corporation] issuer may determine, which may include any or all of the rights, powers and duties of any trustee appointed by the holders of any bonds, notes or other obligations and limiting or abrogating the right of the holders of any bonds, notes or other obligations of the

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[corporation] issuer to appoint a trustee under this chapter or limiting the rights, powers and duties of such trustee; (10) a trust agreement by and between the [corporation] issuer and a corporate trustee which may be any trust company or bank having the powers of a trust company within or without the state, which agreement may provide for the pledging or assigning of any assets or income from assets to which or in which the [corporation] issuer has any rights or interests, and may further provide for such other rights and remedies exercisable by the trustee as may be proper for the protection of the holders of any bonds, notes or other obligations of the [corporation] issuer and not otherwise in violation of law, which agreement may provide for the restriction of the rights and remedies of any individual holder of bonds, notes or other obligations of the [corporation] issuer and which agreement may contain any further provisions which are reasonable and proper to delineate further the respective rights, duties, safeguards, responsibilities and liabilities of the [corporation] issuer, of individual and collective holders of bonds, notes and other obligations of the [corporation] issuer and the trustee and may further provide that all expenses incurred in carrying out the provisions of such trust agreement may be treated as a part of the cost of operation of the [corporation] issuer; (11) covenants to do or refrain from doing such acts and things as may be necessary or convenient or desirable in order to better secure any bonds, notes or other obligations of the [corporation] issuer, or which, in the discretion of the [corporation] issuer, will tend to make any bonds, notes or other obligations to be issued more marketable notwithstanding that such covenants, acts or things may not be enumerated herein; (12) the satisfaction of federal requirements; and (13) any other matters of like or different character, which in any way affect the security or protection of the bonds, notes or other obligations.

(i) Any pledge made by the corporation or by any subsidiary created pursuant to subdivision (5) of section 10a-204, as amended by

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this act, of income, revenues or other property to secure bonds, notes or other obligations of the corporation or to secure bonds, notes or other obligations of such a subsidiary shall be valid and binding from the time the pledge is made. The income, revenue or other property so pledged and thereafter received by or on behalf of the corporation or of the subsidiary, as applicable, shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of any such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the corporation or against the subsidiary, as applicable, irrespective of whether such parties have notice thereof. Any such lien shall have priority over all other liens, including, without limitation, the lien of any person who in the ordinary course of business furnishes services or materials to the corporation [ Any provision of law to the contrary notwithstanding] or to the subsidiary, as applicable. Notwithstanding any provision of the general statutes, neither possession nor the filing of any financing or continuation statement or other instrument shall be necessary with respect to any such income, revenues or other property to establish or evidence the lien of any such pledge with respect thereto. Neither this section, nor any resolution authorizing bonds, notes or other obligations, nor any trust agreement nor any other instrument by which such a pledge is created need be recorded. Any pledge or lien described by this subsection shall be conclusively deemed to be a pledge or lien described by subdivision (14) of subsection (d) of section 42a-9-109, notwithstanding that the corporation is [neither] not, and that any such subsidiary shall not be, either a political subdivision [nor] or an agency of the state.

(j) The corporation or any subsidiary created pursuant to subdivision (5) of section 10a-204, as amended by this act, is authorized and empowered to obtain from any department, agency or instrumentality of the United States any insurance or guarantee as to, or of or for the payment or repayment of, interest or principal, or both,

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or any part thereof, on any loans, or on any bonds, notes or other obligations issued by the corporation or by the subsidiary, as applicable, pursuant to the provisions of this section and, notwithstanding any other provisions of this chapter, to enter into any agreement, contract or any other instrument whatsoever with respect to any such insurance or guarantee or with respect to the origination, servicing, collection and administration of loans, except to the extent that such action would in any way impair or interfere with the [corporation's] ability of the corporation or of the subsidiary, as applicable, to perform and fulfill the terms of any agreement made with the holders of [the] its bonds, notes or other obligations of the corporation or subsidiary.

(k) [Neither] None of the members of the board of directors of the [nor] corporation, or the members of the board of directors of the subsidiary created pursuant to subdivision (5) of section 10a-204, as amended by this act, or any person executing bonds, notes or other obligations issued pursuant to this section shall be liable personally on such bonds, notes or other obligations by reason of the issuance thereof. Any resolution authorizing the issuance of bonds, notes or other obligations may provide for the indemnification by the [corporation] issuer of the members of the board of directors of the corporation or the members of the board of directors of such a subsidiary and of any such person executing such bonds, notes or other obligations with respect to such bonds, notes or other obligations and the issuance thereof.

(l) The corporation and any subsidiary created pursuant to subdivision (5) of section 10a-204, as amended by this act, shall have power to purchase, hold and resell bonds, notes or other obligations of the corporation or of any such subsidiary out of any funds available therefor. The [corporation] issuer of such bonds, notes or other obligations may hold, cancel or resell such bonds, notes or other

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obligations subject to and in accordance with agreements with holders of its bonds, notes and other obligations.

(m) All moneys received by or on behalf of the corporation or by or on behalf of a subsidiary created pursuant to subdivision (5) of section 10a-204, as amended by this act, as applicable, pursuant to or subject to the pledge of any resolution or trust agreement authorized by this section, whether as proceeds from the sale of bonds or as revenues, shall be deemed to be trust funds to be held and applied solely as provided in such resolution or trust agreement. Subject to the provisions of any resolution authorizing the issuance of bonds, notes or other obligations, any such moneys may be invested in the Connecticut Short-Term Investment Fund and in such other investments and investment agreements as may be approved by resolution of the [corporation] issuer. The issuer shall fund borrower fee reductions, interest rate reductions, rebates, loan forgiveness or other borrower benefits allowable under the programs authorized by this chapter in an aggregate annual amount at least equal to the net reduction in program financing cost achieved by the issuer in each year through the issuance of private activity bonds, as defined in section 32-140, taking into account any federal loan program terms and any federal loan program or tax requirements resulting from such financing. Any officer with whom, or any bank or trust company with which, such moneys shall be deposited shall act as trustee of such moneys and shall hold and apply the same for the purposes hereof, subject to such regulations as this chapter and the resolution authorizing the bonds of any issue or the trust agreement securing such bonds may provide.

(n) Any holder of bonds, notes or other obligations issued under the provisions of this section or any of the coupons appertaining thereto, and the trustee or trustees under any trust agreement, except to the extent the rights herein given may be restricted by any resolution

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authorizing the issuance of, or any such trust agreement securing, such bonds, notes or other obligations, may, either at law or in equity, by suit, action, mandamus or other proceedings, protect and enforce any and all rights under the laws of the state or granted hereunder or under such resolution or trust agreement, and may enforce and compel the performance of all duties required by this section or by such resolution or trust agreement to be performed by the [corporation] issuer or by any officer, employee or agent of the [corporation] issuer, including the appointment of a receiver to administer any loans or other pledged assets and revenues.

(o) The corporation and any subsidiary created pursuant to subdivision (5) of section 10a-204, as amended by this act, is authorized and empowered, from time to time, to issue bonds, notes or other obligations the interest on which, if so designated by resolution of the issuer, shall be includable in the gross income of the holder or holders of such bonds, notes or other obligations under the Internal Revenue Code of 1986 or any subsequent corresponding internal revenue code of the United States, as from time to time amended, and in the same manner that interest on bills, bonds, notes or other obligations of the United States is includable in the gross income of the holder or holders thereof under said Internal Revenue Code; the state hereby consents to such inclusion only for the bonds, notes and other obligations of the corporation or such a subsidiary, as applicable, authorized by this section.

(p) In connection with, or incidental to, the issuance or carrying of bonds, notes or other obligations, or acquisition or carrying of any investment or program of investment, the corporation or any subsidiary created pursuant to subdivision (5) of section 10a-204, as amended by this act, may enter into any contract with any financial institution having a rating of at least "A", or into any contract secured by security so rated, which the [corporation] issuer determines to be

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necessary or appropriate to place the obligation or investment of the [corporation] issuer, as represented by the bonds, notes or other obligations, investment or program of investment and the contract or contracts, in whole or in part, on the interest rate cash flow or other basis desired by the [corporation] issuer.

(q) In connection with, or incidental to, the issuance or carrying of bonds, notes or other obligations or entering into any of the contracts or agreements referred to in subsection (p) of this section, the corporation or any subsidiary created pursuant to subdivision (5) of section 10a-204, as amended by this act, may enter into credit enhancement or liquidity agreements, with payment, interest rate, security, default, remedy and other terms and conditions as the [corporation] issuer determines.

(r) The state covenants with the purchasers and all other subsequent owners and transferees of bonds, notes or other obligations issued by the corporation or by any subsidiary created pursuant to subdivision (5) of section 10a-204, as amended by this act, pursuant to this section, in consideration of the acceptance of and payment for the bonds, notes or other obligations, until the bonds, notes or other obligations, together with the interest thereon, with interest on any unpaid installment of interest and all costs and expenses in connection with any action or proceeding on behalf of the owners, are fully met and discharged or unless expressly permitted or otherwise authorized by the terms of each contract and agreement made or entered into by or on behalf of the [corporation] issuer with or for the benefit of such owners, that the state: (1) Will not create or cause to be created any lien or charge on the assets or revenues pledged to secure such bonds, notes or other obligations, other than a lien or pledge created thereon pursuant to this section; (2) will not in any way impair the rights, exemptions or remedies of the owners; and (3) will not limit, modify, rescind, repeal or otherwise alter the rights or obligations of the

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[corporation] issuer to take such action as may be necessary to fulfill the terms of the resolution authorizing the issuance of the bonds, notes or other obligations; provided [,that] nothing [herein] in this section shall preclude the state from exercising its power, through a change in law, to limit, modify, rescind, repeal or otherwise alter this chapter if and when adequate provision shall be made by law for the protection of the holders of outstanding bonds, notes or other obligations, pursuant to the resolution under which the bonds, notes or other obligations are issued. The [corporation] state further covenants with the purchasers and all subsequent owners and transferees of bonds, notes or other obligations issued by the corporation or by such a subsidiary pursuant to this section, in consideration of the acceptance of and payment for the bonds, notes or other obligations that, notwithstanding any provision of title 12, the bonds, notes or other obligations shall be free at all times from taxes levied by any municipality or political subdivision or special district having taxing powers of the state, and the principal and interest of any bonds, notes or other obligations issued under the provisions of this section, the transfer of such bonds, notes or other obligations and the income from such bonds, notes or other obligations, including any profit on the sale or transfer of such bonds, notes or other obligations, shall at all times be exempt from any taxation by the state or under its authority, except for estate or succession taxes. The issuer is authorized to include [this covenant] covenants of the state provided for in this subsection, as a contract of the state, in any agreement with the owners of any bonds, notes or other obligations, in any credit facility or reimbursement agreement with respect to the bonds, notes or other obligations and in any agreement authorized by subsection (p) or (q) of this section.

(s) The provisions of this section shall be deemed to provide a complete, additional and alternative method for the actions and the things authorized thereby and shall be regarded as supplemental and additional to powers granted by other laws; the issuance of bonds,

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notes or other obligations under the provisions of this section need not comply with the requirements of any law applicable to the issuance of bonds, notes or other obligations. This section, being necessary for the welfare of the state and its inhabitants, shall be liberally construed to affect its purpose. None of the powers granted to the corporation or to any subsidiary created pursuant to subdivision (5) of section 10a-204, as amended by this act, under the provisions of this section shall be subject to the supervision or regulation or require the approval or consent of any municipality or political subdivision or any department, division, commission, board, body, bureau, official or agency thereof or of the state, and the exercise thereof shall not cause the corporation or any such subsidiary to be construed to be an agency within the scope of chapter 54 or a department, institution or agency of the state.

(t) Notwithstanding the provisions of subsections (a) to (s), inclusive, of this section, any subsidiary created by a corporation pursuant to subdivision (5) of section 10a-204, as amended by this act, may issue bonds, notes or other obligations to refund corporation bonds if approved by resolution of the subsidiary, and the corporation may issue bonds, notes or other obligations to refund subsidiary bonds, if approved by resolution of the corporation. No bond, note or other obligation issued by any such subsidiary shall constitute a debt or liability of the corporation, except as may be designated by resolution of the corporation, or of any other subsidiary created pursuant to subdivision (5) of section 10a-204, as amended by this act, except as may be designated by resolution of such other subsidiary. No bond, note or other obligation of the corporation shall constitute a debt or liability of a subsidiary, except as may be designated by resolution of such subsidiary. Any subsidiary created for the purpose of financing student loans originated pursuant to Title IV, Part B of the Higher Education Act of 1965, as from time to time amended, through the issuance of bonds, notes or other obligations that bear interest that

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may be excludable from the gross income of the holder or holders of such bonds, notes or other obligations under the provisions of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as from time to time amended, shall be conclusively deemed to have been organized at the request of the state for purposes of Section 150(d)(2) of said Internal Revenue Code.

(u) Notwithstanding the provisions of this section, no subsidiary created pursuant to subdivision (5) of section 10a-204, as amended by this act, other than a nonprofit subsidiary, shall be authorized to issue bonds, notes or other obligations pursuant to this section, provided this subsection shall not be deemed to preclude the incurrence of debt, other than through the public issuance of bonds, notes or obligations, by a for-profit subsidiary to provide sufficient funds for carrying out the provisions of subdivision (3) of section 10a-201, as amended by this act.

Sec. 5. Subdivision (2) of subsection (a) of section 32-141 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2007*):

(2) The total amount of private activity bonds which may be issued by state issuers in the calendar year commencing January 1, ~~[2002]~~ 2007, and each calendar year thereafter, under the state ceiling in effect for each such year, shall be allocated as follows: (A) Sixty per cent to the Connecticut Housing Finance Authority; (B) twelve and one-half per cent to the Connecticut Development Authority; and (C) twenty-seven and one-half per cent to municipalities and political subdivisions, departments, agencies, authorities and other bodies of municipalities [,] and the Connecticut Higher Education Supplemental Loan Authority, then to the Connecticut Student Loan Foundation and then for contingencies.

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Sec. 6. Subsection (a) of section 10a-203 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2007*):

(a) Said corporation shall be governed and all of its corporate powers exercised by a board of directors which shall consist of [fourteen] fifteen members, as follows: The chairperson of the Board of Governors of Higher Education and the Commissioner of Higher Education; seven public members appointed by the Governor, at least one of whom shall represent the private colleges, and commencing with the next regular appointments made on and after July 1, 1984, at least one of whom shall be a financial aid officer at an eligible institution and at least one of whom shall be a person having a favorable reputation for skill, knowledge and experience in management of a private company or lending institution at least as large as the corporation and all of whom shall be electors of this state; one public member appointed by the board of directors, who shall have, through education or experience, an understanding of relevant accounting principles and practices, financial statements and audit committee functions and knowledge of internal controls, who shall be an elector of this state; two members from the House of Representatives, one appointed by the speaker of the House of Representatives and one appointed by the minority leader of the House of Representatives; [and] two members from the Senate, one appointed by the president pro tempore of the Senate and one appointed by the minority leader of the Senate; and the State Treasurer or, if so designated by the State Treasurer, the Deputy State Treasurer appointed pursuant to section 3-12. Those members who are appointed by the Governor and by the board of directors shall serve for terms of four years each from July first in the year of their appointment and until their successors have been appointed. Those members who are appointed by the speaker of the House of Representatives, the minority leader of the House of Representatives, the president pro

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tempore of the Senate and the minority leader of the Senate shall be appointed for terms of two years from January fifteenth in the year of their appointment. The term of each appointed member of the board shall be coterminous with the term of the appointing authority or until a successor is chosen, whichever is later. The board of directors shall elect, from its own members each year, a chairperson and a vice-chairperson who shall serve for terms of one year and who shall be eligible for reelection for successive terms. Vacancies shall be filled for the unexpired term in the same manner as original appointments. Directors shall receive no compensation for their services but shall be reimbursed for their expenses actually and necessarily incurred by them in the performance of their duties under this chapter. Any member may designate in writing to the chairperson of the board of directors a representative to act in the place of such member at a meeting or meetings, with all rights and obligations at such meeting as the member represented would have had at the meeting.

Approved June 11, 2007