



Substitute Senate Bill No. 1050

Public Act No. 05-255

AN ACT CONCERNING ENDOWMENT MATCHING FUNDS, THE BOARD OF TRUSTEES FOR THE UNIVERSITY OF CONNECTICUT, FACULTY INCREASES, AND THE UCONN HEALTH CENTER.

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

Section 1. Section 10a-103 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2005*):

There shall continue to be a Board of Trustees for The University of Connecticut to consist of [~~nineteen~~] twenty-one persons, twelve to be appointed by the Governor, who shall reflect the state's geographic, racial and ethnic diversity; two to be elected by the university alumni; two to be elected by the students enrolled at the institutions under the jurisdiction of said board; and [~~three~~] five members ex officio. On or before July 1, 1983, the Governor shall appoint members to the board as follows: Four members for a term of two years from said date; four members for a term of four years from said date; and four members for a term of six years from said date. Thereafter the Governor shall appoint trustees of said university to succeed those appointees whose terms expire, and each trustee so appointed shall hold office for a period of six years from the first day of July in the year of his or her appointment, provided two of the trustees appointed for terms commencing July 1, 1995, and their successors shall be alumni of the

Substitute Senate Bill No. 1050

university, one of the trustees appointed for a term commencing July 1, 1997, and his or her successors shall be such alumni and one of the members appointed for a term commencing July 1, 1999, and his or her successors shall be such alumni. The Commissioner of Agriculture, [and] the Commissioner of Education, the Commissioner of Economic and Community Development and the chairperson of The University of Connecticut Health Center Board of Directors shall be, ex officio, members of the board of trustees. The Governor shall be, ex officio, president of said board. The graduates of all of the schools and colleges of said university shall, prior to September first in the odd-numbered years, elect one trustee, who shall be a graduate of the institution and who shall hold office for four years from the first day of September succeeding his or her election. Not less than two nor more than four nominations for each such election shall be made by the alumni association of said university, provided no person who has served as an alumni trustee for the two full consecutive terms immediately prior to the term for which such election is to be held shall be nominated for any such election. Such election shall be conducted by mail prior to September first under the supervision of a canvassing board consisting of three members, one appointed by the board of trustees, one by the board of directors of the alumni association of the university and one by the president of the university. No ballot in such election shall be opened until the date by which ballots must be returned to the canvassing board. In such election all graduates shall be entitled to vote by signed ballots which have been circulated to them by mail and which shall be returned by mail. Vacancies occurring by death or resignation of either of such alumni trustees shall be filled for the unexpired portion of the term by special election, if such unexpired term is for more than eighteen months. When the unexpired term is eighteen months or less, such vacancy shall be filled by appointment by the board of directors of said alumni association. On or before November 1, 1975, the students of The University of Connecticut shall, in such manner as the board of

Substitute Senate Bill No. 1050

trustees of said university shall determine, elect two trustees, each of whom shall be enrolled as a full-time student of said university at the time of his or her election. One such member shall be elected for a term of one year from November 1, 1975, and one for a term of two years from said date. Prior to July first, annually, such students shall, in accordance with this section and in such manner as the board shall determine, elect one member of said board, who shall be so enrolled at said university at the time of his or her election and who shall serve for a term of two years from July first in the year of his or her election. The student member elected to fill the term expiring on June 30, 2003, and such elected member's successors shall be enrolled as full-time undergraduate students at a school or college of the university and shall be elected by the undergraduate students of the schools and colleges of the university. The student member elected to fill the term expiring on June 30, 2004, and such elected member's successors shall be enrolled as a full-time student in the School of Law, the School of Medicine, the School of Dentistry, the School of Social Work, or as a graduate student of a school or college of the university, and shall be elected by the students of the School of Law, the School of Medicine, the School of Dentistry, the School of Social Work and the graduate students of the schools and colleges of the university. Any vacancies in the elected membership of said board shall, except as otherwise provided in this section, be filled by special election for the balance of the unexpired term.

Sec. 2. (NEW) (*Effective July 1, 2005*) (a) The University of Connecticut may, when authorized by the board of trustees, borrow money from the Connecticut Health and Educational Facilities Authority for any project for The University of Connecticut Health Center for which the authority would be authorized to make loans to a participating health care institution pursuant to chapter 187 of the general statutes and to refinance any such borrowing, and in connection with such borrowing, The University of Connecticut is

Substitute Senate Bill No. 1050

authorized to enter into any loan or other agreement and to make such covenants, representations and indemnities as the board of trustees deems necessary or desirable to obtain such loans from the authority or to facilitate the issue of bonds by the authority to finance such loans, including agreements with providers of letters of credit, insurance or other credit facilities for such financings. Any such agreement, covenant, representation and indemnification shall be a full faith and credit obligation of The University of Connecticut. The University of Connecticut may secure such obligations by a pledge of the revenues to be derived from the operation or use of a clinical services project or projects, from rates, amounts, rents, fees, charges and other income and receipts from clinical services or from other general revenues of The University of Connecticut Health Center, provided any such pledge shall not violate any covenant of the state under section 10a-109u of the general statutes. Bonds of the authority issued pursuant to this section to finance a clinical services project for The University of Connecticut Health Center shall be deemed to have been issued to finance a project at a participating health care institution for purposes of chapter 187 of the general statutes and shall be eligible for the benefit of a special capital reserve fund created and established pursuant to subsection (a) of section 10a-186a of the general statutes, as amended by this act.

(b) Any pledge made by The University of Connecticut pursuant to this section is and shall be deemed a statutory lien. 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 University of Connecticut, irrespective of whether the parties have notice of the claims. Notwithstanding any provision of the Uniform Commercial Code, no instrument by which such a pledge is created need be recorded or filed. Any revenues or other receipts, funds, moneys or income so pledged and thereafter received by The University of Connecticut Health Center shall be subject immediately to the lien of

Substitute Senate Bill No. 1050

the pledge without any physical delivery thereof or further act and 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 University of Connecticut.

(c) Notwithstanding the provisions of any general statute or public or special act which may require any revenue from the operation of facilities of The University of Connecticut Health Center or any other revenue of The University of Connecticut Health Center be paid to the State Treasurer for the payment of debt service on any bonds issued by the state for The University of Connecticut Health Center, any revenues pledged by the board of trustees pursuant to this section shall be applied first to the extent necessary to fulfill the obligations for which such revenues are pledged, and only thereafter to the State Treasurer.

(d) The Connecticut Health and Educational Facilities Authority shall not borrow any money or issue any bonds or notes which are secured by a pledge of any revenues of The University of Connecticut Health Center, unless such borrowing or issuance has been approved by the State Treasurer and the Secretary of the Office of Policy and Management or their deputies. In granting such approval the State Treasurer and the secretary shall consider the adequacy of revenues available to The University of Connecticut Health Center to pay (1) debt service on all the borrowings, bonds or notes issued by the Connecticut Health and Educational Facilities Authority for which revenues of The University of Connecticut Health Center are pledged, (2) debt service on all the bonds issued by the state for which revenues of The University of Connecticut Health Center are to be paid to the State Treasurer, and (3) debt service on any other borrowings for which the revenues of The University of Connecticut Health Center have been pledged.

Substitute Senate Bill No. 1050

(e) The state covenants with the authority and with the purchasers and all other subsequent owners and transferees of obligations issued by the authority for the benefit of The University of Connecticut Health Center pursuant to this section, in consideration of the financing by the authority and the acceptance of and payment for the securities of the authority, until all obligations of The University of Connecticut and all costs and expenses in connection with any action or proceeding in connection therewith, are fully met and discharged, unless expressly permitted or otherwise authorized by the terms of each contract and agreement made or entered into by or on behalf of The University of Connecticut with the authority or for the benefit of such other parties, that the state will not (1) create or cause to be created any lien or charge on the assets or revenues pledged to secure such obligations of The University of Connecticut, prior to or on parity with a lien or pledge created thereon pursuant to this section; (2) in any way impair the rights, exemptions or remedies of the authority or the owners of such bonds of the authority; and (3) limit, modify, rescind, repeal or otherwise alter the rights or obligations of The University of Connecticut to take such action as may be necessary to fulfill the terms of its obligations in connection with its borrowing from the authority; provided nothing in this section precludes the state from exercising its power, through a change in law, to limit, modify, rescind, repeal or otherwise alter this section if and when adequate provision is made by law for the protection of the authority and the holders of any outstanding securities of the authority, pursuant to the agreement of The University of Connecticut with the authority and pursuant to the indenture or other instrument under which the bonds of the authority are issued pursuant to this section. The University of Connecticut is authorized to include this covenant of the state, as a contract of the state, in any such agreement with the authority and in any credit facility or reimbursement agreement with respect to the obligations of The University of Connecticut or the obligations of the authority issued for the benefit of The University of Connecticut

Substitute Senate Bill No. 1050

Health Center.

(f) The Superior Court shall have jurisdiction to enter judgment against The University of Connecticut found upon any express contract, including any indemnification provisions thereof, between The University of Connecticut and the authority, any trustee or underwriter for the authority's bonds issued pursuant to this section, or any bond insurer or other credit facility provider. Any action brought under this section shall be brought in the superior court for the judicial district of Hartford. The jurisdiction conferred upon the Superior Court by this subsection includes any set-off, claim or demand whatever on the part of The University of Connecticut against any plaintiff commencing or joining an action under this subsection. Such action shall be tried to the court without a jury. All legal defenses except governmental immunity shall be reserved to The University of Connecticut. Any action brought under this section shall be privileged in respect to assignment for trial upon motion of either party.

(g) For purposes of this section, "clinical services" means clinical and patient services and programs, both in-patient and ambulatory, and including, but not limited to, university physicians' clinical operations, offered by The University of Connecticut Health Center, including, but not limited to, services at the John Dempsey Hospital, the Faculty Physician Practice or at clinics or other facilities operated by The University of Connecticut Health Center elsewhere in the state, exclusive of educational and research functions; and "clinical services project" means a project to be used principally to provide or support clinical services.

(h) The powers granted pursuant to this section to The University of Connecticut shall be in addition to the powers granted by The University of Connecticut 2000 Act pursuant to sections 10a-109a to 10a-109y, inclusive, of the general statutes.

Substitute Senate Bill No. 1050

Sec. 3. (NEW) (*Effective from passage*) Not later than December 31, 2005, and biennially thereafter, the Board of Trustees of the Community-Technical Colleges, the Board of Trustees of The University of Connecticut and the Board of Trustees of the Connecticut State University System shall each develop a plan to increase the number of full-time faculty teaching at the colleges and universities under the boards' jurisdiction. Not later than December 31, 2005, and biennially thereafter, each board of trustees shall report the plans in accordance with the provisions of section 11-4a of the general statutes to the committee of the General Assembly having cognizance of matters relating to higher education and employment advancement.

Sec. 4. Subsection (g) of section 10a-178 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2005*):

(g) "Health care institution" means (i) any nonprofit, state-aided hospital or other health care institution, including The University of Connecticut Health Center, which is entitled, under the laws of the state, to receive assistance from the state by means of a grant made pursuant to a budgetary appropriation made by the general assembly, (ii) any other hospital or other health care institution which is licensed, or any nonprofit, nonstock corporation which shall receive financing or shall undertake to construct or acquire a project which is or will be eligible to be licensed, as an institution under the provisions of sections 19a-490 to 19a-503, inclusive, or any nonprofit, nonstock, nonsectarian facility which is exempt from taxation under the provisions of section 12-81 or 38a-188 and which is a health care center under the provisions of sections 38a-175 to 38a-191, inclusive, or (iii) any nonprofit corporation wholly owned by two or more hospitals or other health care institutions which operates for and on behalf of such hospitals or other health care institutions a project as defined in subsection (b) hereof or is a nursing home.

Substitute Senate Bill No. 1050

Sec. 5. Subsection (a) of section 10a-186a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2005*):

(a) In connection with the issuance of bonds to finance a project at a participating nursing home or to refund bonds previously issued by the authority to finance a project at a participating nursing home, or in connection with the issuance of bonds to effect a refinancing or other restructuring with respect to one or more participating nursing homes as permitted by subsection (b) of this section, to finance dormitories, residential facilities, student centers, food service facilities and other auxiliary service facilities and related buildings and improvements at a public institution of higher education, to finance The University of Connecticut Health Center clinical services projects, as defined in subsection (g) of section 2 of this act, or to finance up to one hundred million dollars, in the aggregate, for equipment, including installation and any necessary building renovations or alterations for the installation and operation of such equipment, for participating health care institutions at the discretion of the Secretary of the Office of Policy and Management and the Treasurer, the authority may create and establish one or more reserve funds to be known as special capital reserve funds and may pay into such special capital reserve funds (1) any moneys appropriated and made available by the state for the purposes of such funds, (2) any proceeds of sale of notes or bonds for a project, to the extent provided in the resolution of the authority authorizing the issuance thereof, and (3) any other moneys which may be made available to the authority for the purpose of such funds from any other source or sources. The moneys held in or credited to any special capital reserve fund established under this section, except as hereinafter provided, shall be used solely for the payment of the principal of and interest, when due, whether at maturity or by mandatory sinking fund installments, on bonds of the authority secured by such capital reserve fund as the same become due, the

Substitute Senate Bill No. 1050

purchase of such bonds of the authority, the payment of any redemption premium required to be paid when such bonds are redeemed prior to maturity, including in any such case by way of reimbursement of a provider of bond insurance or of a credit or liquidity facility that has paid such amounts; provided the authority shall have power to provide that moneys in any such fund shall not be withdrawn therefrom at any time in such amount as would reduce the amount of such funds to less than the maximum amount of principal and interest becoming due by reasons of maturity or a required sinking fund installment in the then current or any succeeding calendar year on the bonds of the authority then outstanding or the maximum amount permitted to be deposited in such fund by the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as from time to time amended, to permit the interest on said bonds to be excluded from gross income for federal tax purposes and secured by such special capital reserve fund, such amount being herein referred to as the "required minimum capital reserve", except for the purpose of paying such principal of, redemption premium and interest on such bonds of the authority secured by such special capital reserve becoming due and for the payment of which other moneys of the authority are not available. The authority may provide that it shall not issue bonds secured by a special capital reserve fund at any time if the required minimum capital reserve on the bonds outstanding and the bonds then to be issued and secured by the same special capital reserve fund at the time of issuance, unless the authority, at the time of the issuance of such bonds, shall deposit in such special capital reserve fund from the proceeds of the bonds so to be issued, or otherwise, an amount which, together with the amount then in such special capital reserve fund, will be not less than the required minimum capital reserve. On or before December first, annually, there is deemed to be appropriated from the state General Fund such sums, if any, as shall be certified by the chairman or vice-chairman of the authority to the Secretary of the

Substitute Senate Bill No. 1050

Office of Policy and Management and the Treasurer of the state, as necessary to restore each such special capital reserve fund to the amount equal to the required minimum capital reserve of such fund, and such amounts shall be allotted and paid to the authority. For the purpose of evaluation of any such special capital reserve fund, obligations acquired as an investment for any such fund shall be valued at market. Nothing contained in this section shall preclude the authority from establishing and creating other debt service reserve funds in connection with the issuance of bonds or notes of the authority which are not special capital reserve funds. Subject to any agreement or agreements with holders of outstanding notes and bonds of the authority, any amount or amounts allotted and paid to the authority pursuant to this section shall be repaid to the state from moneys of the authority at such time as such moneys are not required for any other of its corporate purposes and in any event shall be repaid to the state on the date one year after all bonds and notes of the authority theretofore issued on the date or dates such amount or amounts are allotted and paid to the authority or thereafter issued, together with interest on such bonds and notes, with interest on any unpaid installments of interest and all costs and expenses in connection with any action or proceeding by or on behalf of the holders thereof, are fully met and discharged. No bonds secured by a special capital reserve fund shall be issued to pay project costs unless the authority is of the opinion and determines that the revenues from the project shall be sufficient (A) to pay the principal of and interest on the bonds issued to finance the project, (B) to establish, increase and maintain any reserves deemed by the authority to be advisable to secure the payment of the principal of and interest on such bonds, (C) to pay the cost of maintaining the project in good repair and keeping it properly insured, and (D) to pay such other costs of the project as may be required.

Approved July 13, 2005