



Substitute House Bill No. 7385

Public Act No. 07-87

AN ACT CONCERNING SCHOOL CONSTRUCTION BOND MATURITY.

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

Section 1. Section 7-380c of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2007*):

(a) Notwithstanding the provisions of sections 7-234, 7-236, 7-263 and 7-371 or any other public or special act or charter or ordinance or resolution which limits or imposes conditions on the final maturity of, or the due date of the last sinking fund payment for, bonds issued by any municipality, as defined in section 7-369, for the purpose of acquisition or construction of all or any part of a sewerage system, as those terms are defined in section 7-245, or for the acquisition, construction, extension, enlargement or maintenance of a municipal water supply system or the extension of water mains, the last installment of any series of such bonds shall mature, or the last sinking fund payment for such series of bonds shall be due, not later than forty years from the date of issue of such series, provided that such bonds are issued in conjunction with a water or waste facility loan from the United States Department of Agriculture pursuant to Subtitle A of the Consolidated Farm and Rural Development Act, Title III of P.L. 87-128 (7 USC 1992 et seq.) or Section 2322 of the Food, Agriculture,

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Conservation, and Trade Act of 1990, Title XXIII of P.L. 101-624 (7 USC 1926-1) as from time to time amended, and any regulations promulgated thereunder.

(b) Notwithstanding the provisions of section 7-371, or any other public or special act or charter or ordinance or resolution which limits or imposes conditions on the final maturity of, or the due date of the last sinking fund payment for, bonds issued by any municipality for a school building project, the last installment of any series of such bonds shall mature, or the last sinking fund payment for such series of bonds shall be due, not later than thirty years from the date of issue of such series. For purposes of this subsection, "school building project" means the construction, purchase, extension, replacement, renovation or major alteration of a building to be used for public school purposes, including the equipping and furnishing of such construction, purchase, extension, replacement, renovation or major alteration, the improvement of land therefor the improvement of the site of an existing building for public school purposes or the purchase cost of a site for public school purposes. "School building project" does not include any project authorized by the General Assembly pursuant to chapter 173 prior to July 1, 1996, or the purchase of equipment or the minor alteration or improvement of a building, land or site to be used for public school purposes, unless such purchase, minor renovation, alteration or improvement is in conjunction with a project that otherwise qualifies as a school building project.

Sec. 2. Section 7-378a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2007*):

Notwithstanding the provisions of sections 7-264 and 7-378, and any other public or special act or charter which limits the renewal of temporary notes issued in anticipation of the receipt of the proceeds of bond issues to two years or any lesser period of time from the date of the original notes, any municipality, as defined in section 7-369, may

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renew any temporary notes for a period of not more than eight years from the date of the original issue of such temporary notes if the municipality promptly applies all project grant payments toward project costs or toward payment of such temporary notes as the same shall become due and payable or deposits such grants in trust for such purposes and if the legislative body of such municipality (1) authorizes the inclusion in the annual budget for each year or otherwise appropriates sufficient sums, from funds other than project grants or note proceeds, to retire notes equal to at least one-twentieth of the town's estimated net cost of the project no later than three years from the date of the original issue of such temporary notes and again for each subsequent year during which such temporary notes remain outstanding; (2) reduces the principal amount of each bond issue when sold by the amount spent under subdivision (1) of this section, and provides for the payment or amortization of the principal of such bonds in annual installments commencing no later than nine years from the date of original issue of the temporary notes being permanently financed by such bonds; (3) reduces the maximum authorized term of the bonds when sold by not less than the number of months by which the date of issue exceeds two years from the date of the original notes. For sewer projects or school building projects, as defined in section 7-380c, as amended by this act, the annual payments required under said subdivision (1) shall be at least one-thirtieth of the town's estimated net cost of [the] such sewer or school building project. Any federal or state grants which are to be paid over a period of years to reimburse the municipality for a portion of principal due on bonds or notes may be used in computing the municipality's net cost of the project. That portion of the proceeds of the issue of any such temporary notes being issued as part of a common sale, which portion is not used to refund outstanding temporary notes, shall be deemed a separate loan and be considered to have a separate original issue date. Each such portion of any such temporary notes may be renewed in accordance with the provisions of this section.

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Sec. 3. Subsection (a) of section 10-56 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2007*):

(a) A regional school district shall be a body politic and corporate with power to sue and be sued; to purchase, receive, hold and convey real and personal property for school purposes; and to build, equip, purchase, rent, maintain or expand schools. Such district may issue bonds, notes or other obligations in the name and upon the full faith and credit of such district and the member towns to acquire land, prepare sites, purchase or erect buildings and equip the same for school purposes, if so authorized by referendum. Such referendum shall be conducted in accordance with the procedure provided in section 10-47c except that any person entitled to vote under section 7-6 may vote and the question shall be determined by the majority of those persons voting in the regional school district as a whole. The exercise of any or all of the powers set forth in this section shall not be construed to be an amendment of a regional plan pursuant to said section 10-47c. A regional board of education may expend any premium in connection with such issue, interest on the proceeds of such issue or unused portion of such issue to add to the land or buildings erected or purchased and for the purchasing and installing of equipment for the same. Such bonds, notes or other obligations shall be issued as either serial or term bonds or both, in registered form or with coupons attached, registrable as to principal and interest or as to principal alone, shall be signed by the chairman and the treasurer of the regional board of education and shall mature at such time or times, or contain provisions for mandatory amortization of principal at such time or times, be issued at such discount or bear interest at such rate or rates payable at such time or times, or contain provisions for the method or manner of determining such rate or rates or time or times at which interest is payable, and contain such provisions for redemption before maturity at the option of the issuer or at the option of the holder

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thereof at such price or prices and under such terms and conditions as shall be determined by such board, or by such officer or body to whom the regional board of education delegates the authority to make such determinations, provided that any serial bonds, notes or other obligations shall be so arranged to mature in annual or semiannual installments of principal that shall substantially equalize the aggregate amount of principal and interest due in each annual period commencing with the first annual period in which an installment of principal is due or maturing in annual or semiannual installments of principal no one of which shall exceed by more than fifty per cent the amount of any prior installment, and any term bonds, notes or other obligations, shall be issued with mandatory deposit of sinking fund payments into a sinking fund of amounts sufficient to redeem or amortize the principal of the bonds in annual or semiannual installments that shall substantially equalize the aggregate amount of principal redeemed or amortized and interest due in each annual period commencing with the first annual period in which a mandatory sinking fund payment becomes due, or sufficient to redeem or amortize the principal of the bonds in annual or semiannual installments no one of which shall exceed by more than fifty per cent the amount of any installment. The first installment of any series of bonds shall mature or the first sinking fund payment of any series of bonds shall be due not later than three years from the date of issue of such series and the last installment of such series shall mature or the last sinking fund payment of such series shall be due not later than twenty years therefrom for any grant commitment authorized by the General Assembly pursuant to chapter 173 prior to July 1, 1996, and not later than thirty years therefrom for any grant commitment authorized by the General Assembly pursuant to said chapter on or after July 1, 1996. Such bonds, notes or other obligations when executed, issued and delivered, shall be general obligations of such district and the member towns, according to their terms.

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Sec. 4. Subsection (c) of section 10-56 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2007*):

(c) When a district has been authorized to issue general obligation bonds, notes or other obligations as provided by this section, the board may authorize, for a period not to exceed eight years, the issue of temporary notes in anticipation of the receipt of the proceeds from the sale of such bonds. Notes issued for a shorter period of time may be renewed by the issue of other notes, provided the period from the date of the original notes to the maturity of the last notes issued in renewal thereof shall not exceed eight years. The term of such notes shall not be included in computing the time within which such bonds shall mature, provided such term does not exceed four years. For any series of notes the term of which is extended past the fourth year, the provisions of section 7-378a, as amended by this act, providing for the retirement from budgeted funds of one-twentieth, or one-thirtieth, as applicable, of the net project cost, the reduction of the term of the bonds when sold and the commencement of the first principal payment of such bonds, shall apply with respect to each year beyond the fourth that the notes are outstanding. The provisions of section 7-373 shall be deemed to apply to such notes. The board, or such officer or body to whom the board delegates the authority to make such determinations, shall determine the date, maturity, interest rate, form, manner of sale and other terms of such notes which shall be general obligations of the regional school district and member towns. Such notes may bear interest or be sold at a discount. The interest or discount on such notes and any renewals thereof and the expense of preparing, issuing and marketing them may be included as a part of the cost of the project for the financing of which such bonds were authorized. Upon the sale of such bonds, the board shall apply immediately the proceeds thereof, to the extent required, to the payment of the principal and interest of all notes issued in anticipation thereof or deposit the proceeds in trust for

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such purpose with a bank or trust company, which may be the bank or trust company, if any, at which such notes are payable.

Sec. 5. Section 10-60a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2007*):

Any regional school district which has issued any bonds, notes or other obligations pursuant to any general statute or special act may issue refunding bonds for the purpose of paying, funding or refunding prior to maturity all or any part of such district's bonds, notes or other obligations, the redemption premium, if any, with respect thereto, the interest thereon, the costs with respect to the issuance of such refunding bonds and the payment of such refunded bonds, notes or other obligations. Such refunding bonds shall mature not later than (1) in the case of a single series of bonds, notes or other obligations being refunded, the final maturity date thereof; and (2) in the case of multiple series of bonds, notes or other obligations being refunded, the final maturity date of any such series last to occur. Such refunding bonds shall be authorized, and the proceeds thereof appropriated for the purposes permitted under this section, by resolution of the regional board of education and shall be issued in the same manner, and shall be subject to the same limitations and requirements, other than those requirements with respect to the manner of authorization of the bonds, as bonds issued pursuant to section 10-56, as amended by this act, provided the provisions of section 10-56, as amended by this act, regarding limitations on the date of the first maturity, or on the amount of any principal or on any principal and interest installments on any bonds, shall not apply to refunding bonds issued under this section that achieve net present value savings after comparing total debt service payable on the refunding bonds to the total debt service payable on the refunded bonds, after accounting for costs of issuance and underwriters' discount. Upon placement in escrow of the proceeds of such refunding bonds or other funds of the district in an amount

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sufficient, together with such investment earnings thereon as are to be retained in said escrow, to provide for the payment when due of the principal of and interest on the bonds, notes or other obligations to be paid, funded or refunded by such refunding bonds and other funds, such bonds, notes or other obligations shall cease to be included in computing the aggregate indebtedness of the district pursuant to subsection (b) of section 10-56.

Approved June 1, 2007