



General Assembly

**Substitute Bill No. 25**

February Session, 2008

\* SB00025FIN\_\_040208\_\_ \*

**AN ACT CONCERNING A REPORT ON BOND ALLOCATIONS AND  
BOND AUTHORIZATIONS FOR THE CONNECTICUT HIGHER  
EDUCATION SUPPLEMENTAL LOAN AUTHORITY.**

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

1 Section 1. Subsection (g) of section 3-20 of the general statutes is  
2 repealed and the following is substituted in lieu thereof (*Effective July*  
3 *1, 2008*):

4 (g) (1) With the exception of refunding bonds, whenever a bond act  
5 empowers the State Bond Commission to authorize bonds for any  
6 project or purpose or projects or purposes, and whenever the State  
7 Bond Commission finds that the authorization of such bonds will be in  
8 the best interests of the state, it shall authorize such bonds by  
9 resolution adopted by the approving vote of at least a majority of said  
10 commission. No such resolution shall be so adopted by the State Bond  
11 Commission unless it finds that there has been filed with it (A) any  
12 human services facility colocation statement to be filed with the  
13 Secretary of the Office of Policy and Management, if so requested by  
14 the secretary, pursuant to section 4b-23 of the 2008 supplement to the  
15 general statutes; (B) a statement from the Commissioner of Agriculture  
16 pursuant to section 22-6, for projects which would convert twenty-five  
17 or more acres of prime farmland to a nonagricultural use; (C) prior to  
18 the meeting at which such resolution is to be considered, any capital  
19 development impact statement required to be filed with the Secretary

20 of the Office of Policy and Management; (D) a statement as to the full  
21 cost of the project or purpose when completed and the estimated  
22 operating cost for any structure, equipment or facility to be  
23 constructed or acquired; and (E) such requests and such other  
24 documents as it or said bond act [~~require~~] requires, provided no  
25 resolution with respect to any school building project financed  
26 pursuant to section 10-287d of the 2008 supplement to the general  
27 statutes or any interest subsidy financed pursuant to section 10-292k of  
28 the 2008 supplement to the general statutes shall require the filing of  
29 any statements pursuant to subparagraph (A), (B), (C), (D) or (E) of  
30 this subdivision and provided further any resolution requiring a  
31 capital impact statement shall be deemed not properly before the State  
32 Bond Commission until such capital development impact statement is  
33 filed. Any such resolution so adopted by the State Bond Commission  
34 shall recite the bond act under which said commission is empowered  
35 to authorize such bonds and the filing of all requests and other  
36 documents, if any, required by it or such bond act, and shall state the  
37 principal amount of the bonds authorized and a description of the  
38 purpose or project for which such bonds are authorized. Such  
39 description shall be sufficient if made merely by reference to a  
40 numbered subsection, subdivision or other applicable section of such  
41 bond act.

42 (2) The agenda of each meeting shall be made available to the  
43 members of the commission not later than five business days prior to  
44 the meeting at which such agenda is to be considered. The day of the  
45 meeting shall count as one of the business days. The agenda of each  
46 meeting, or any supporting documents included with such agenda,  
47 shall include a reference to the statute or public or special act which is  
48 the source of any funds to be used for any project on such agenda,  
49 including any contingency funds and any reuse or reallocation of  
50 funds previously approved for any other use or project, and a notation  
51 of the outside source from which any funds for any such project were  
52 received, if any.

53 (3) Upon adoption of a resolution, the principal amount of the

54 bonds authorized therein for such purpose or project shall be deemed  
55 to be an appropriation and allocation of such amount for such purpose  
56 or project, respectively, and subject to approval by the Governor of  
57 allotment thereof and to any authorization for such project or purpose  
58 that may otherwise be required, contracts may be awarded and  
59 obligations incurred with respect to any such project or purpose in  
60 amounts not in the aggregate exceeding such authorized principal  
61 amount, notwithstanding that such contracts and obligations may at a  
62 particular time exceed the amount of the proceeds from the sale of  
63 such bonds theretofore received by the state. In any such resolution so  
64 adopted, the State Bond Commission may include provision for the  
65 date or dates of such bonds, the maturity of such bonds and,  
66 notwithstanding the provisions of any bond act taking effect prior to  
67 July 1, 1973, provision for either serial or term, sinking fund or other  
68 reserve fund requirements, if any, due dates of the interest thereon, the  
69 form of such bonds, the denominations and designation of such bonds,  
70 registration, conversion and transfer privileges and the terms of  
71 redemption with or without premium and the date and manner of sale  
72 of such bonds, provisions for the consolidation of such bonds with  
73 other bonds including refunding bonds for the purpose of sale as  
74 provided in subsection (h) of this section, limitations with respect to  
75 the interest rate or rates on such bonds, provisions for receipt and  
76 deposit or investment of the good faith deposit pending delivery of  
77 such bonds and such other terms and conditions of such bonds and of  
78 the issuance and sale thereof as the State Bond Commission may  
79 determine to be in the best interest of the state, provided the State  
80 Bond Commission may delegate to the Treasurer all or any part of the  
81 foregoing powers in which event the Treasurer shall exercise such  
82 powers until the State Bond Commission, by adoption of a resolution  
83 prior to exercise of such powers by the Treasurer shall elect to  
84 reassume the same. Such powers shall be exercised from time to time  
85 in such manner as the Treasurer shall determine to be in the best  
86 interests of the state and the Treasurer shall file a certificate of  
87 determination setting forth the details thereof with the secretary of the  
88 State Bond Commission on or before the date of delivery of such

89 bonds, the details of which were determined by the Treasurer in  
90 accordance with such delegation.

91 [(4) On or before January 1, 2007, and annually thereafter, the  
92 Secretary of the Office of Policy and Management shall submit a report  
93 to the joint standing committee of the General Assembly having  
94 cognizance of matters relating to finance, revenue and bonding, which  
95 report shall update, for all outstanding bond allocations, the statement  
96 required under subparagraph (D) of subdivision (1) of this subsection.]

97 [(5)] (4) The State Bond Commission may authorize the  
98 Commissioner of Economic and Community Development to defer  
99 payments of interest or principal, or a portion thereof, in the case of a  
100 troubled loan, as defined in subdivision (1) of subsection (e) of section  
101 8-37x, made by the commissioner under any provision of the general  
102 statutes.

103 Sec. 2. Section 10a-232 of the general statutes is repealed and the  
104 following is substituted in lieu thereof (*Effective July 1, 2008*):

105 (a) Revenue bonds or notes issued under the provisions of this  
106 chapter shall not be deemed to constitute a debt or liability of the state  
107 or of any political subdivision thereof or a pledge of the full faith and  
108 credit of the state or of any such political subdivision, but shall be  
109 payable solely from the revenues and funds herein provided therefor.  
110 All such revenue bonds or notes shall contain on the face thereof a  
111 statement to the effect that: (1) The state of Connecticut shall not be  
112 obligated to pay the same or the interest thereon and (2) the authority  
113 shall not be obligated to pay the same or the interest thereon except  
114 from revenues of the education loan program or programs or the  
115 portion thereof for which they are issued, and that neither the full faith  
116 and credit nor the taxing power of the state of Connecticut or of any  
117 political subdivision thereof is pledged to the payment of the principal  
118 of or the interest on such bonds or notes.

119 (b) Notwithstanding the foregoing, (1) the constituent units of the  
120 state system of higher education may participate in one or more

121 education loan programs with the authority and may incur  
122 indebtedness pursuant to authority loans, and (2) the authority may  
123 create and establish one or more reserve funds to be known as special  
124 capital reserve funds and may pay into such special capital reserve  
125 funds (A) any moneys appropriated and made available by the state  
126 for the purposes of such funds, (B) any proceeds of sale of notes or  
127 bonds, to the extent provided in the resolution of the authority  
128 authorizing the issuance thereof, and (C) any other moneys which may  
129 be made available to the authority for the purpose of such funds from  
130 any other source or sources. The moneys held in or credited to any  
131 special capital reserve fund established under this section, except as  
132 hereinafter provided, shall be used solely for the payment of the  
133 principal of bonds of the authority secured by such capital reserve  
134 fund as the same become due, the purchase of such bonds of the  
135 authority, the payment of interest on such bonds of the authority or the  
136 payment of any redemption premium required to be paid when such  
137 bonds are redeemed prior to maturity; provided, the authority shall  
138 have power to provide that moneys in any such fund shall not be  
139 withdrawn therefrom at any time in such amount as would reduce the  
140 amount of such funds to less than the maximum amount of principal  
141 and interest becoming due by reason of maturity or a required sinking  
142 fund installment in any succeeding calendar year on the bonds of the  
143 authority then outstanding and secured by such special capital reserve  
144 fund, or such lesser amount specified by the authority in its resolution  
145 authorizing the issuance of any such bonds, such amount being herein  
146 referred to as the "required minimum capital reserve", except for the  
147 purpose of paying such principal of, redemption premium and interest  
148 on such bonds of the authority secured by such special capital reserve  
149 becoming due and for the payment of which other moneys of the  
150 authority are not available. The authority may provide that it shall not  
151 issue bonds at any time if the required minimum capital reserve on  
152 outstanding bonds secured by a special capital reserve fund and the  
153 bonds then to be issued and secured by a special capital reserve fund  
154 will exceed the amount of such special capital reserve fund at the time  
155 of issuance, unless the authority, at the time of the issuance of such

156 bonds, shall deposit in such special capital reserve fund from the  
157 proceeds of the bonds so to be issued, or otherwise, an amount which,  
158 together with the amount then in such special capital reserve fund, will  
159 be not less than the required minimum capital reserve. The authority  
160 may, as part of the contract of the authority with the owners of such  
161 bonds, provide that on or before December first, annually, there is  
162 deemed to be appropriated from the state General Fund such sums, if  
163 any, as shall be certified by the chairman of the authority to the  
164 Secretary of the Office of Policy and Management and the Treasurer of  
165 the state, as necessary to restore each such special capital reserve fund  
166 to the amount equal to the required minimum capital reserve of such  
167 fund, and such amounts shall be allotted and paid to the authority. For  
168 the purpose of evaluation of any such special capital reserve fund,  
169 obligations acquired as an investment for any such fund shall be  
170 valued at amortized cost. Nothing contained in this section shall  
171 preclude the authority from establishing and creating other debt  
172 service reserve funds in connection with the issuance of bonds or notes  
173 of the authority. Subject to any agreement or agreements with owners  
174 of outstanding notes and bonds of the authority, any amount or  
175 amounts allotted and paid to the authority pursuant to this section  
176 shall be repaid to the state from moneys of the authority at such time  
177 as such moneys are not required for any other of its corporate  
178 purposes and in any event shall be repaid to the state on the date one  
179 year after all bonds and notes of the authority theretofore issued on the  
180 date or dates such amount or amounts are allotted and paid to the  
181 authority or thereafter issued, together with interest on such bonds  
182 and notes, with interest on any unpaid installments of interest and all  
183 costs and expenses in connection with any action or proceeding by or  
184 on behalf of the owners thereof, are fully met and discharged.  
185 Notwithstanding any other provisions contained in this chapter, the  
186 aggregate amount of bonds outstanding at any time secured by such  
187 special capital reserve funds authorized to be created and established  
188 by this section shall not exceed [one hundred seventy million] three  
189 hundred million dollars and no such bonds shall be issued to pay  
190 program costs unless the authority is of the opinion and determines

191 that the revenues to be derived from the program shall be sufficient (1)  
192 to pay the principal of and interest on the bonds issued to finance the  
193 program, (2) to establish, increase and maintain any reserves deemed  
194 by the authority to be advisable to secure the payment of the principal  
195 of and interest on such bonds, (3) to pay the cost of maintaining and  
196 servicing the program and keeping it properly insured, and (4) to pay  
197 such other costs of the program as may be required.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2008</i>	3-20(g)
Sec. 2	<i>July 1, 2008</i>	10a-232

**FIN**            *Joint Favorable Subst.*