



Substitute Senate Bill No. 764

Special Act No. 11-15

AN ACT CONCERNING THE MATTABASSETT DISTRICT.

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

Section 1. Section 2 of number 240 of the special acts of 1961, as amended by section 1 of number 134 of the special acts of 1963 and section 1 of number 124 of the special acts of 1967, is amended to read as follows (*Effective from passage*):

(a) Within sixty days after action to establish said Mattabasset District has been initiated as set forth in section 1 [hereof] of number 240 of the special acts of 1961, the legislative bodies of the city of New Britain, and such of the towns of Berlin and Cromwell as have indicated an intention of forming such district, shall meet individually at a time and place designated by the presiding officer of the city council in the case of New Britain and by the first selectman in the case of Berlin and Cromwell, and each city and town shall provide, by resolution of its legislative body, for the appointment of its representative to the board of directors for said Mattabasset District, which board of directors shall consist of seven representatives from the city of New Britain, three representatives from the town of Berlin and two representatives from the town of Cromwell. Of the representatives so appointed by the city of New Britain, three shall serve for terms of three years, three for terms of two years and one for a term of one year

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as determined by the legislative body. Of the representatives so appointed by the town of Berlin, two shall serve for terms of two years and one for a term of one year, as so determined. Of the representatives appointed by the town of Cromwell, one shall be appointed for a term of two years and one shall be appointed for a term of one year. Thereafter, appointments shall be for terms of three years and [until successors have been appointed and have qualified, but no person shall continue to serve as a member of said board after removal of his residence from the municipality by which he was appointed. Within sixty days following the publication of the 1980 federal census and within sixty days following the publication of each subsequent federal census, the board of directors shall meet to determine whether any reapportionment shall be made in the number of members representing each constituent municipality on said board. The total number of members on said board shall be twelve and each constituent municipality having a population of five thousand or more shall be entitled to two memberships on said board. The remaining memberships on said board shall be allocated among the constituent municipalities in the same proportion as the population of each constituent municipality in excess of five thousand bears to the aggregate amount of such excess population. An allocation factor shall be computed by dividing said aggregate amount of excess population by the number of memberships to be allocated under this formula. Each constituent municipality shall be entitled to the number of additional memberships, rounded to the nearest whole number, resulting from dividing its population in excess of five thousand by the allocation factor. If application of the above formula requires reallocation of the membership of the board, such reallocation shall become effective one year after the publication of the applicable census unless the district board shall have set an earlier effective date.] the total number of representatives on the board of directors shall be twelve.

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(b) The city of Middletown may apply for admission to said Mattabassett District by vote of its legislative body. The board of directors of said Mattabassett District shall review such application for admission and shall recommend approval of such application to the constituent municipalities upon receipt of a payment by said city in the amount of thirteen million dollars. The city of Middletown shall be admitted as a constituent municipality upon approval by the legislative bodies of the existing constituent municipalities. If the city of Middletown is admitted to the Mattabassett District pursuant to this subsection, the provisions of subsection (c) shall apply.

(c) (1) The number of representatives on the board of directors of the Mattabassett District shall be determined as follows: (A) Each constituent municipality shall be represented by a base number of three representatives from each constituent municipality, and (B) each constituent municipality whose population, minus five thousand, is greater than the result of dividing the aggregate population of the constituent municipalities by the number of constituent municipalities shall be entitled to additional population-based compensatory representation. The number of additional representatives to which a constituent municipality is entitled may be calculated by (i) dividing the aggregate population of the constituent municipalities by the number of constituent municipalities, (ii) subtracting the result from the population of the constituent municipality, minus five thousand, (iii) dividing the result by fifteen thousand, and (iv) rounding the result up to the nearest whole number. The population of each municipality shall be determined according to the last-completed federal census.

(2) At the first meeting following the date on which the city of Middletown receives final approval for admission to said Mattabassett District, the board of directors of said Mattabassett District shall allocate the representatives on such board in accordance with

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subdivision (1) of this subsection. Such board of directors shall meet not later than sixty days after the publication of each federal census to determine whether a reapportionment in the number of representatives on the board of directors is required. If such board determines at such meeting that a reapportionment is required, each constituent municipality affected by such reapportionment shall increase or decrease its representatives on such board, as applicable, not later than one year after the date on which the board makes such determination.

(3) Each constituent municipality shall select its representatives on the board of directors of the Mattabassett District by a vote of its legislative body, except a constituent municipality may, by vote of such legislative body, use an alternative means of selection. For purposes of this section, alternative means of selection may include, without limitation, direct election by the electors of a constituent municipality. Each constituent municipality shall determine the term of office of each of its representatives on such board of directors, provided no such term of office shall be more than three years.

(4) After the city of Middletown has been admitted to the Mattabassett District and the board of directors of said Mattabassett District has been apportioned and selected in accordance with this subsection, such board of directors shall select an initial chairperson. The initial chairperson shall be a representative from the constituent municipality with the greatest population, according to the last-completed federal census, and shall be elected from the representatives to such municipality by a majority vote of all of the representatives on the board, except that if a representative from such municipality is unable to serve as chairperson, the chairperson shall be elected from the full membership of the board of directors by a vote of all of the representatives on the board. The term of office of such initial chairperson shall not exceed seven years. Upon the expiration of such

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term of office, each subsequent chairperson shall be elected from the full membership of the board of directors by a vote of all of the representatives on the board.

(d) Beginning on the date on which the city of Middletown is admitted to the Mattabassett District pursuant to subsection (b) of this section, and annually thereafter, the Mattabassett District shall provide to the town of Cromwell a payment in the amount of one hundred thousand dollars. Such a payment shall be made after all payments of debt service on prior bonds of said Mattabassett District have been made for such fiscal year and shall not be made from amounts generated from sewerage system service charges, connection charges, benefit assessments or amounts paid in lieu of service charges by the constituent municipalities.

Sec. 2. Section 6 of number 134 of the special acts of 1963 is amended to read as follows (*Effective from passage*):

As used in [this act] number 134 of the special acts of 1963, unless a different meaning clearly appears from the context: (a) "District" means the Mattabassett District; (b) "district board" means the board of directors of the district; (c) "municipality" means any city, town, borough or fire district; (d) "constituent municipality" means the city of New Britain and the towns of Berlin and Cromwell, and the city of Middletown upon admission to the district pursuant to section 2 of number 240 of the special acts of 1961, as amended by section 1 of number 134 of the special acts of 1963, section 1 of number 124 of the special acts of 1967 and section 1 of this act; (e) the terms "sewage," "sewerage system," "acquire a sewerage system," "construct a sewerage system," "operate a sewerage system," and "person" shall have the meanings set forth in section 7-245 of the general statutes; (f) "bonds" means bonds, notes or other obligations issued pursuant to this act; (g) "service charges" means rents, rates, fees, or other charges for direct or indirect connection with or the use or services of the sewerage system;

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(h) "charter" means the charter adopted by the district as provided in section 4 of number 240 of the special acts of 1961; (i) "charter municipality" means the city of New Britain and the towns of Berlin and Cromwell.

Sec. 3. Section 16 of number 134 of the special acts of 1963 is amended to read as follows (*Effective from passage*):

Whenever the district has authorized the acquisition or construction of all or any part of a sewerage system, it may issue bonds or notes which are secured as to both principal and interest by (a) the full faith and credit of the district and of each of the constituent municipalities, or by (b) a pledge of and lien upon all or any portion of the revenues and proceeds to be derived from sewerage system service charges, connection charges, benefit assessments, amounts paid in lieu of service charges by the constituent municipalities, payments due to the district from the constituent municipalities, contributions from the federal government, the state or any of the constituent municipalities, or from any one or more of such sources, all of which sources are hereafter in this section and sections 18, 20, 22, 24 and 26 of number 134 of the special acts of 1963 referred to as "sewer revenues," or by (c) a pledge of and lien upon all or any portion of sewer revenues, and also by the full faith and credit of the district and of each of the constituent municipalities. Any such pledge pursuant to this section shall be valid and binding from the time the pledge is made. The sewer revenues so pledged by the district 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 against all parties having claims of any kind in tort, contract or otherwise against the district, irrespective of whether such parties have notice thereof. Such lien shall be on a parity with any prior pledge of revenue to pay debt service on bonds issued by said Mattabassett District and shall have priority over all other liens, including, without limitation,

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the lien of any person who in the ordinary course of business furnishes services or materials to the district. Notwithstanding any provision of the Uniform Commercial Code, neither the bond resolution nor any financing statement, continuation statement or other instrument by which a pledge or security interest is created or by which the district's interest in sewer revenues is assigned need be filed in any public records in order to perfect the security interest or lien thereof as against third parties. Bonds of the district shall not be issued unless such issue shall have been approved by a two-thirds vote of the entire membership of the district board. Bonds of the district which are secured by a pledge of the full faith and credit of the constituent municipalities shall not be issued unless such issue shall have been approved by each constituent municipality by vote of its electors and citizens qualified to vote at a regular or special meeting called for such purpose. The district board [shall determine the amount of each issue of bonds or notes and] may determine or may authorize an officer or a committee to determine the amount of each issue of bonds or notes, the manner of sale of such bonds or notes, the form of such bonds or notes, their date, the dates of principal and interest payments, the manner of issuing such bonds or notes, [and] by whom such bonds or notes shall be signed or countersigned, [and, except as otherwise provided herein, all other particulars thereof. Such board may determine] the rate or rates of interest for each issue of bonds or notes, and all other particulars thereof. [or may provide that the rate or rates of interest shall be determined by an officer or a committee upon the receipt of bids to purchase such bonds or notes but such rate shall not exceed six per cent per annum. Bonds may be coupon or registered bonds. If coupon bonds, they may be registerable as to principal only or as to both principal and interest. Notes which mature not later than one year from their date may be sold at discount and the amount of the discount shall be treated as interest paid in advance. Any premium received for sale of bonds or notes, less the cost of preparing, issuing and marketing them, shall be applied to the payment of the principal

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of the first bonds or notes of that particular issue to mature, and contributions from other sources for payment of such bonds or notes shall be reduced correspondingly.]

Sec. 4. Section 17 of number 134 of the special acts of 1963 is amended to read as follows (*Effective from passage*):

[Bonds or notes issued under authority of this act shall be sold by the district at public sale upon sealed proposals but at not less than par and accrued interest except that any issue of notes which matures in its entirety within one year from the date of issue may be sold at private sale. Notice of such public sale shall be published at least seven days in advance thereof in a recognized publication carrying municipal bonds notices and devoted primarily to financial news or to the subject of state and municipal bonds. The notice of sale shall describe the bond or notes and shall set forth the terms and conditions of the sale. Such notice may provide that all of the bonds or notes shall bear a single rate of interest or may permit bidders to name not more than three different rates of interest for different maturities, provided no such rate shall be greater than six per cent. Such notice shall provide that, unless all bids are rejected, the bonds or notes shall be awarded to the bidder offering to purchase them at the lowest net cost to the district. Such net cost shall be computed as to each bid by adding the total interest which will be paid under the terms of the bid after deducting from such total interest any premiums offered. If no bids were submitted or if all bids are rejected, the bonds or notes may be re-offered by the district in accordance with the above provisions for public sale or the bonds or notes may be sold by the district at private sale.] The proceeds arising from the sale of any bonds or notes issued under the authority of [this section] number 134 of the special acts of 1963 shall be delivered to the treasurer of the district and kept by him in accounts separate from other funds of the district. Such proceeds shall be expended only for the purposes and subject to the provisions of [this

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act] number 134 of the special acts of 1963, provided the proceeds of sale of any serial bonds or notes shall first be applied to the payment of such temporary notes as may have been issued in anticipation of such issue.

Sec. 5. Section 22 of number 134 of the special acts of 1963, as amended by number 159 of the special acts of 1967, is amended to read as follows (*Effective from passage*):

Bonds issued under the authority of [this act] number 134 of the special acts of 1963 shall be (1) serial bonds maturing 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, (2) in serial form maturing in annual [instalments] or semiannual installments of principal and no [instalment] installment of any series shall exceed by more than fifty per cent any prior [instalment] installment of such series, or (3) term bonds with mandatory deposit of sinking fund payments into a sinking fund of amounts (A) 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 (B) sufficient to redeem or amortize the principal of the bonds in annual or semiannual installments not one of which shall exceed by more than fifty per cent the amount of any prior installment. The first [instalment] installment of any such series of bonds [, other than bonds secured solely by a pledge of and lien upon all or any portion of sewer revenues,] shall mature, or the first sinking fund payment of any series of bonds shall be due, not more than [two] three years from the date of issue of such series and the last [instalment] installment shall mature not more than thirty years from the date of

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issue of each series, or, if any notes have been issued in anticipation thereof or are to be paid from the proceeds thereof, from the date of issue of the first such note. [The first instalment of any series of bonds issued under the authority of this act which are secured solely by a pledge of and lien upon all or any portion of sewer revenues shall mature not more than four years from the date of issue of such series and the last instalment shall mature not more than thirty years from the date of the issue of such series, or if any notes shall have been issued in anticipation thereof, or are to be paid from the proceeds thereof, from the date of issue of the first such note.]

Sec. 6. Section 24 of number 134 of the special acts of 1963 is amended to read as follows (*Effective from passage*):

The district board having authorized the acquisition or construction of all or any part of a sewerage system and having made an appropriation therefor may borrow temporarily upon the credit of the district such sum or sums as may be necessary for such acquisition or construction and may issue temporary notes for any such loan, including temporary notes issued in anticipation of the sale of bonds of the district. Each issue of any such temporary notes shall constitute a separate loan and may be for a period of not more than [two years, except that any temporary notes issued in anticipation of the sale of bonds to be secured solely by a pledge of and lien upon all or any portion of sewer revenues may be for a period of not more than four years. Such temporary notes may be renewed from time to time by the issue of other temporary notes, provided the period from the date of issue of the original notes to the date of maturity of the last renewal notes shall not be more than two or four years as the case may be. The interest or discount on such temporary notes, including renewals thereof, and the expense of preparing, issuing and marketing the same may be included as a cost of the acquisition or construction of the sewerage system and may either be borrowed temporarily under the

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provisions of this section or funded by the issue of serial bonds or notes under the provisions of this act. Temporary notes may be issued under the authority of this section in anticipation of proceeds to be derived from the sale of bonds, notwithstanding that, at the time of issuing such temporary notes, the district shall not have actually authorized the issue of such bonds] the term permitted to municipalities pursuant to chapter 109 of the general statutes.

Sec. 7. Section 26 of number 134 of the special acts of 1963 is amended to read as follows (*Effective from passage*):

In connection with any bonds or notes issued under the authority of [this act] number 134 of the special acts of 1963, the district board may, or may by resolution [of the district board] authorize an officer or a committee to, and each constituent municipality may, by resolution of the legislative body [having power to make annual appropriations for] of such municipality, as defined in section 7-370c of the general statutes, covenant and agree with the holders thereof as to (a) the rates or charges to be imposed upon the users of such sewerage system, including each constituent municipality, for connection with or the use of such system; (b) the use and disposition of the revenue from such rates or charges; (c) the creation and maintenance of special funds and the management, use and disposition thereof; (d) the purpose for which the proceeds of the sale of such bonds or notes may be used; (e) the acts or conduct which shall constitute a default and the rights and liabilities of the holders arising upon such default; (f) the terms and conditions upon which bonds or notes issued under the authority of [this act] number 134 of the special acts of 1963 shall become or may be declared due before maturity and the terms and conditions upon which such declaration and its consequences may be waived; (g) the conditions upon which other or additional bonds or notes may be issued and secured by a pledge of and lien upon all or any portion of sewer revenues; (h) the insurance to be carried upon the sewerage

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system or parts thereof, and the use and disposition of any insurance moneys; (i) the maintenance of books of accounts and the inspection and audit thereof.

Sec. 8. Section 27 of number 134 of the special acts of 1963 is amended to read as follows (*Effective from passage*):

[Each] The district board may determine, or may by resolution authorize an officer or a committee to determine, whether each bond or note issued in accordance with [this act] number 134 of the special acts of 1963 shall be issued exempt, both as to principal and interest, from taxation, or in such form and manner that the interest on such bonds or notes may be includable under the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as from time to time amended, in the gross income of the holder or holders of such bonds or notes. Taxable bonds or notes may be issued only upon a finding by the district board or other officers or by a committee authorized by the board to determine the rate of interest that such bonds or notes shall bear, that the issuance of such taxable bonds or notes is in the public interest.

Sec. 9. Number 134 of the special acts of 1963 is amended by adding section 32 as follows (*Effective from passage*):

Sec. 32. Notwithstanding the provisions of number 240 of the special acts of 1961, number 134 of the special acts of 1963, number 124 of the special acts of 1967, number 159 of the special acts of 1967, number 178 of the special acts of 1969 and special act 85-28, upon vote of the district board, the district may issue bonds, notes and other obligations in the manner provided in chapter 103 of the general statutes and shall have those powers of municipalities as provided in sections 7-369b, 7-370b, 7-370c, 7-374b, 7-376, 7-377, 7-378b and 7-379 of the general statutes.

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