



General Assembly

Substitute Bill No. 441

February Session, 2012

* _____SB00441FIN__042012_____*

AN ACT CONCERNING THE ISSUANCE OF BONDS FOR MUNICIPAL SEWERAGE SYSTEMS.

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

1 Section 1. Section 7-259 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2012*):

3 Whenever a municipality has authorized the acquisition or
4 construction of all or any part of a sewerage system, whether located
5 within or without such municipality and whether constructed or
6 acquired by such municipality acting alone or jointly with one or more
7 other municipalities, and has made an appropriation or has incurred
8 debt therefor, or has made an appropriation for the purpose of
9 contributing funds to another municipality located within or without
10 this state for sharing the costs of acquisition or construction by such
11 other municipality of all or any part of a sewerage system which will
12 benefit the municipality making such appropriation, it may issue
13 bonds, notes or other obligations which are secured as to both
14 principal and interest by (a) the full faith and credit of the
15 municipality, (b) a pledge of revenues to be derived from sewerage
16 system use charges or (c) a pledge of revenues to be derived from
17 sewerage system connection or use charges or benefit assessments or
18 both and also by the full faith and credit of the municipality. Any such
19 pledge of revenues shall be valid and binding from the time the pledge

20 is made. The revenues so pledged and thereafter received by the
21 municipality shall immediately be subject to the lien of such pledge
22 without any physical delivery thereof or further act. The lien of any
23 such pledge shall be valid and binding against all parties having
24 claims of any kind against the municipality, irrespective of whether
25 such parties have actual or constructive notice of such lien. The
26 resolution, trust indenture or agreement by which a pledge is created
27 shall be filed with the clerk of the municipality or, in the case of a
28 metropolitan district, in the office of the district clerk. Bonds may be
29 issued by a municipality pursuant to this section for the purposes of
30 refunding bonds previously issued by the municipality pursuant to
31 this chapter, any other provision of the general statutes or any special
32 act. The body having power to authorize such bonds, notes or other
33 obligations shall determine the maximum authorized amount of such
34 bonds, notes or other obligations and may determine or may authorize
35 an officer or board or commission of the municipality to determine the
36 form of such bonds, notes or other obligations, their date, the dates of
37 principal and interest payments, terms of redemption, the manner of
38 issuing such bonds, notes or other obligations and by whom such
39 bonds, notes or other obligations shall be signed or countersigned and,
40 except as otherwise provided herein, all other particulars thereof. Such
41 body or the legislative body of the municipality, if different, may
42 determine the rate or rates of interest for each issue of bonds, notes or
43 other obligations or may provide that the rate or rates of interest shall
44 be determined by an officer or board or commission of the
45 municipality or that such officer, board or commission shall provide
46 for the method or manner of determining such rate or rates or time or
47 times at which interest is payable. Bonds may be coupon or registered
48 bonds. If coupon bonds, they may be registrable as to principal only or
49 as to both principal and interest. Any premium received for sale of
50 bonds, notes or other obligations, less the cost of preparing, issuing
51 and marketing them, may be used for the purposes for which such
52 bonds, notes or other obligations were issued, including capitalized
53 interest, and if not so used, shall be applied to the payment of the
54 principal of the first bonds, notes or other obligations of that particular

55 issue to mature, and contributions from other sources for payment of
56 such bonds, notes or other obligations shall be reduced
57 correspondingly.

58 Sec. 2. Section 7-260 of the general statutes is repealed and the
59 following is substituted in lieu thereof (*Effective October 1, 2012*):

60 Bonds, notes or other obligations issued under authority of this
61 chapter [shall] may be sold by the municipality at par, [and] at a
62 discount or at a premium, together with accrued interest. [or at a
63 discount.] Notwithstanding the terms of any resolution or ordinance
64 authorizing the issuance of bonds bearing a single rate of interest prior
65 to October 1, 1977, the bonds, notes or other obligations may bear a
66 single rate of interest, may bear different rates of interest for the same
67 or for different maturities or may contain provisions for the method or
68 manner of determining such rate or rates or the time or times at which
69 interest is payable. The proceeds arising from the sale of any bonds,
70 notes or other obligations issued under the authority of this chapter
71 shall be delivered to the treasurer of the municipality and kept by him
72 in accounts separate from other funds of the municipality. Said
73 proceeds shall be expended only for the purposes and subject to the
74 provisions of this chapter, provided the proceeds of sale of any bonds,
75 notes or other obligations shall first be applied to the payment of such
76 temporary notes as have been issued in anticipation of such issue.

77 Sec. 3. Section 7-263 of the general statutes is repealed and the
78 following is substituted in lieu thereof (*Effective October 1, 2012*):

79 Bonds, notes or other obligations issued under the authority of this
80 chapter (1) shall be in serial form (A) maturing in annual or
81 semiannual installments of principal that shall substantially equalize
82 the aggregate amount of principal and interest due in each annual
83 period, commencing with the first annual period in which an
84 installment of principal is due, or (B) maturing in annual or
85 semiannual installments of principal no one of which shall exceed by
86 more than fifty per cent the amount of any prior installment, or (2)

87 shall be in term form with mandatory deposit of sinking fund
88 payments into a sinking fund [of] in amounts (A) sufficient to redeem
89 or amortize the principal of the obligations in annual or semiannual
90 installments that shall substantially equalize the aggregate amount of
91 principal redeemed or amortized and interest due in each annual
92 period, commencing with the first annual period in which a
93 mandatory sinking fund payment becomes due, or (B) sufficient to
94 redeem or amortize the principal of the obligations in annual or
95 semiannual installments no one of which shall exceed by more than
96 fifty per cent the amount of any prior installment, provided such
97 requirements will be deemed to have been met with respect to any
98 issue if they would have been met by the issue taken together with all
99 other bonds, notes or other obligations previously issued under this
100 chapter, any provision of the general statutes or any special act and
101 declared by the municipality to be part of a single plan of finance. The
102 first installment or the first sinking fund payment of any such series of
103 obligations, other than obligations secured solely by a pledge of
104 revenue to be derived from sewerage system use charges, shall mature
105 or shall be due not later than three years from the date of issue of such
106 series and the last installment or the last sinking fund payment shall
107 mature or shall be due not later than thirty years from the date of issue
108 of such series or, if any notes have been issued in anticipation thereof
109 or are to be paid from the proceeds thereof, from the date of issue of
110 the first such note. The first installment or the first sinking fund
111 payment of any series of obligations issued under the authority of this
112 chapter which are secured solely by a pledge of revenues to be derived
113 from sewerage system use charges shall mature or shall be due not
114 later than four years from the date of issue of such series and the last
115 installment or the last sinking fund payment shall mature or shall be
116 due not later than thirty years from the date of the issue of such series
117 or, if any notes have been issued in anticipation thereof or are to be
118 paid from the proceeds thereof, from the date of issue of the first such
119 note.

120 Sec. 4. Section 7-266 of the general statutes is repealed and the

121 following is substituted in lieu thereof (*Effective October 1, 2012*):

122 In connection with any bonds or notes issued under the authority of
123 this chapter, the municipality may, by resolution of the body having
124 power to make appropriations for such municipality, covenant and
125 agree with the holders thereof as to [(a)] (1) the rates or charges to be
126 imposed upon the users of such sewerage system, including the
127 municipality, for connection with or the use of such system, [(b)] (2)
128 the use and disposition of the revenue from such rates or charges, [(c)]
129 (3) the creation and maintenance of special funds and reserves derived
130 from any revenue source, and the management, use and disposition
131 thereof, [(d)] (4) the purposes for which the proceeds of the sale of such
132 bonds or notes may be used, [(e)] (5) the acts or conduct which shall
133 constitute a default and the rights and liabilities of the holders arising
134 upon such default, [(f)] (6) the terms and conditions upon which bonds
135 or notes issued under the authority of this chapter shall become or may
136 be declared due before maturity and the terms and conditions upon
137 which such declaration and its consequences may be waived, [(g)] (7)
138 the conditions upon which other or additional bonds or notes may be
139 issued and secured by revenue from sewerage system use charges or
140 benefit assessments or both, and the refunding of outstanding bonds,
141 [(h)] (8) the insurance to be carried upon the sewerage system, or parts
142 thereof, and the use and disposition of any insurance moneys, [(i)] (9)
143 the maintenance of books of account and the inspection and audit
144 thereof, (10) the procedure, if any, by which the terms of any contract
145 with bondholders may be amended or abrogated, including the
146 number or percentage of bondholders that must consent to such
147 amendment or abrogation, the manner in which such consent may be
148 given and any restrictions on the rights of individual bondholders, and
149 (11) provisions for the execution of reimbursement agreements or
150 similar agreements in connection with credit facilities, including, but
151 not limited to, letters of credit, policies of bond insurance, remarketing
152 agreements and agreements for the purpose of moderating interest
153 rate fluctuations. Such covenant and agreement may take the form of a
154 trust indenture between the municipality and a corporate trustee

155 approved by the municipality.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2012</i>	7-259
Sec. 2	<i>October 1, 2012</i>	7-260
Sec. 3	<i>October 1, 2012</i>	7-263
Sec. 4	<i>October 1, 2012</i>	7-266

PD *Joint Favorable Subst.*

FIN *Joint Favorable*