



House of Representatives

General Assembly

File No. 397

January Session, 2013

Substitute House Bill No. 5569

House of Representatives, April 8, 2013

The Committee on Commerce reported through REP. PERONE of the 137th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT ESTABLISHING A GOVERNANCE STRUCTURE FOR THE STATE'S DEEP WATER PORTS.

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

1 Section 1. (NEW) (*Effective July 1, 2013*) (a) There is hereby
2 established and created a body politic and corporate, constituting a
3 public instrumentality and political subdivision of the state of
4 Connecticut established and created for the performance of an
5 essential public and governmental function, to be known as the
6 Connecticut State-Wide Port Authority. The authority shall not be
7 construed to be a department, institution or agency of the state.

8 (b) The powers of the authority shall be vested in and exercised by a
9 board of directors, which shall consist of fifteen members, appointed
10 as follows: (1) (A) The State Treasurer or the Treasurer's designee, (B)
11 the Commissioner of Transportation or the commissioner's designee,
12 (C) the Commissioner of Economic and Community Development or
13 the commissioner's designee, and (D) the Commissioner of Energy and
14 Environmental Protection or the commissioner's designee, each

15 serving ex officio; (2) one appointed by the speaker of the House of
16 Representatives for a term of four years; (3) one appointed by the
17 minority leader of the House of Representatives for a term of four
18 years; (4) one appointed by the president pro tempore of the Senate for
19 a term of four years; (5) one appointed by the minority leader of the
20 Senate for a term of four years; (6) one appointed by the chief executive
21 officer of the city of New Haven; (7) one appointed by the chief
22 executive officer of the city of Bridgeport; and (8) one appointed by the
23 chief executive officer of the city of New London. Thereafter, such
24 members of the General Assembly and such chief executive officers
25 shall appoint members of the board to succeed such appointees whose
26 terms expire and each member so appointed shall hold office for a
27 period of four years from the first day of July in the year of his or her
28 appointment. The Governor shall appoint four members to the board
29 as follows: (A) Two members for two years; and (B) two members for
30 four years. Thereafter, the Governor shall appoint members of the
31 board to succeed such appointees whose terms expire and each
32 member so appointed shall hold office for a period of four years from
33 July first in the year of his or her appointment. Appointed directors
34 shall have business and management experience and shall include
35 individuals who have experience and expertise in one or more of the
36 following areas: (i) Financial planning, (ii) budgeting and assessment,
37 (iii) marketing, (iv) master planning, (v) maritime trade, and (vi)
38 transportation management.

39 (c) Appointed directors may not designate a representative to
40 perform in their absence their respective duties under this section. Any
41 appointed director who fails to attend three consecutive meetings of
42 the board or who fails to attend fifty per cent of all meetings of the
43 board held during any calendar year shall be deemed to have resigned
44 from the board. Any vacancy occurring other than by expiration of
45 term shall be filled in the same manner as the original appointment for
46 the balance of the unexpired term.

47 (d) The board of directors of the authority shall appoint an executive
48 director who shall not be a member of the board and who shall serve at

49 the pleasure of the board and receive such compensation as shall be
50 fixed by the board. The executive director shall have extensive
51 experience in the development and management of multi-use port
52 operations. The executive director shall be the chief administrative
53 officer of the authority and shall direct and supervise administrative
54 affairs and technical activities in accordance with the directives of the
55 board. The executive director shall approve all accounts for salaries,
56 allowable expenses of the authority or of any employee or consultant
57 thereof, and expenses incidental to the operation of the authority. The
58 executive director shall perform such other duties as may be directed
59 by the board in carrying out the purposes of sections 1 to 9, inclusive,
60 of this act. The executive director shall be exempt from the classified
61 service. The executive director shall attend all meetings of the board,
62 keep a record of the proceedings of the authority and shall maintain
63 and be custodian of all books, documents and papers filed with the
64 authority and of the minute book or journal of the authority and of its
65 official seal. The executive director may cause copies to be made of all
66 minutes and other records and documents of the authority and may
67 give certificates under the official seal of the authority to the effect that
68 such copies are true copies, and all persons dealing with the authority
69 may rely upon such certificates.

70 (e) Each director shall be entitled to reimbursement for such
71 director's actual and necessary expenses incurred during the
72 performance of such director's official duties.

73 (f) Directors may engage in private employment, or in a profession
74 or business, subject to any applicable laws, rules and regulations of the
75 state or federal government regarding official ethics or conflict of
76 interest.

77 (g) Eight directors of the authority shall constitute a quorum for the
78 transaction of any business or the exercise of any power of the
79 authority. For the transaction of any business or the exercise of any
80 power of the authority, and, except as otherwise provided in this
81 section, the authority may act by a majority of the directors present at

82 any meeting at which a quorum is in attendance.

83 (h) The board may delegate to eight or more directors such board
84 powers and duties as it may deem necessary and proper in conformity
85 with the provisions of this section and its bylaws.

86 (i) The appointing authority for any director may remove such
87 director for inefficiency, neglect of duty or misconduct in office after
88 giving the director a copy of the charges against the director and an
89 opportunity to be heard, in person or by counsel, in the director's
90 defense, upon not less than ten days' notice. If any director shall be so
91 removed, the appointing authority for such director shall file in the
92 office of the Secretary of the State a complete statement of charges
93 made against such director and the appointing authority's findings on
94 such statement of charges, together with a complete record of the
95 proceedings.

96 (j) The authority shall continue as long as it has bonds or other
97 obligations outstanding and until its existence is terminated by law.
98 Upon the termination of the existence of the authority, all its rights and
99 properties shall pass to and be vested in the state of Connecticut.

100 (k) Notwithstanding any provision of the general statutes, it shall
101 not constitute a conflict of interest for a trustee, director, partner or
102 officer of any person, firm or corporation, or any individual having a
103 financial interest in a person, firm or corporation, to serve as a director
104 of the authority, provided such trustee, director, partner, officer or
105 individual shall abstain from deliberation, action or vote by the
106 authority in specific respect to such person, firm or corporation.

107 (l) The Governor shall appoint the chairperson of the board, who
108 shall serve for a term of four years. The board shall elect from its
109 members a vice-chairperson and such other officers as it deems
110 necessary. Vacancies among any officers shall be filled within thirty
111 days following the occurrence of such vacancy in the same manner as
112 the original selection. Said board shall establish bylaws to govern its
113 procedures and shall appoint such committees and advisory boards as

114 may be convenient or necessary in the transaction of its business.

115 (m) The initial members of the board may begin service
116 immediately upon appointment, but shall not serve past the sixth
117 Wednesday of the next regular session of the General Assembly unless
118 qualified in the manner provided in section 4-7 of the general statutes.
119 Thereafter, all appointments shall be made with the advice and
120 consent of both houses of the General Assembly, in the manner
121 provided in section 4-19 of the general statutes.

122 Sec. 2. (*Effective July 1, 2013*) (a) The Connecticut State-Wide Port
123 Authority shall have the duty, power and authority generally to
124 coordinate port development, with a focus on private and public
125 investments, pursue federal and state funds for dredging and other
126 infrastructure improvements to increase cargo movement through
127 Connecticut ports, market the advantages of such ports to the domestic
128 and international shipping industry, coordinate the planning and
129 funding of capital projects promoting the development of such ports
130 and develop strategic entrepreneurial initiatives that may be available
131 to the state, and specifically to:

132 (1) Develop an organizational and management structure that will
133 best accomplish the goals of the authority concerning Connecticut
134 ports;

135 (2) Create a code of conduct for the board of directors of the
136 authority consistent with part I of chapter 10 of the general statutes;

137 (3) On or before December fifteenth each year, report, in accordance
138 with the provisions of section 11-4a of the general statutes, to the
139 Governor and the joint standing committees of the General Assembly
140 having cognizance of matters relating to transportation, commerce and
141 the environment, summarizing the authority's activities, disclosing
142 operating and financial statements and recommending legislation to
143 promote the authority's purposes;

144 (4) Adopt rules for the conduct of its business which shall not be

145 considered regulations, as defined in subdivision (13) of section 4-166
146 of the general statutes;

147 (5) Receive and accept aid or contributions from any source of
148 money, property, labor or other things of value, to be held, used and
149 applied to carry out the purposes of sections 1 to 9, inclusive, of this
150 act, subject to such conditions upon which such grants and
151 contributions may be made, including, but not limited to, gifts or
152 grants from any department, agency or instrumentality of the United
153 States or this state for any purpose consistent with sections 1 to 9,
154 inclusive, of this act;

155 (6) Enter into agreements with any department, agency, office or
156 instrumentality of the United States or this state, including the office of
157 the State Treasurer, to carry out the purposes of sections 1 to 9,
158 inclusive, of this act;

159 (7) To the extent permitted under sections 1 to 9, inclusive, of this
160 act, borrow money or secure credit on a temporary, short-term, interim
161 or long-term basis;

162 (8) Issue bonds, bond anticipation notes and other obligations of the
163 authority to the extent permitted under sections 1 to 9, inclusive, of
164 this act, to fund and refund the same and provide for the rights of the
165 holders thereof, and to secure the same by pledge of revenues, notes
166 and mortgages of others;

167 (9) Acquire, lease, hold and dispose of real and personal property
168 for its corporate purposes;

169 (10) Employ such assistants, agents and other employees, including
170 a marketing manager with experience (A) in port market development
171 and promotion, and (B) working with vessel operators, railroads, the
172 shipping industry and the trucking industry, and to engage
173 consultants and such other independent professionals as may be
174 necessary or desirable to carry out its purposes in accordance with
175 sections 1 to 9, inclusive, of this act and, except for such employees

176 who are covered by collective bargaining agreements, to fix their
177 compensation, and to provide technical assistance as provided in
178 sections 1 to 9, inclusive, of this act;

179 (11) Maintain an office at such place or places as it may designate;

180 (12) Sue and be sued in its own name, and plead and be impleaded;

181 (13) Mortgage any property of the authority for the benefit of the
182 holders of obligations issued by the authority;

183 (14) In connection with, or incidental to, the issuance or carrying of
184 bonds, notes or other obligations of the authority, or acquisition or
185 carrying of any investment or program of investment, enter into any
186 contract which the authority determines to be necessary or appropriate
187 to place the obligation or investment of the authority, as represented
188 by the bonds, notes or other obligations, investment or program of
189 investment and the contract or contracts, in whole or in part, on the
190 interest rate, currency, cash flow or other basis desired by the
191 authority, including, without limitations, contracts commonly known
192 as interest rate swap agreements, currency swap agreements, forward
193 payment conversion agreements, futures or contracts providing for
194 payments based on levels of, or changes in, interest rates, currency
195 exchange rates, stock or other indices, or contracts to exchange cash
196 flows or a series of payments, or contracts, including, without
197 limitation, interest rate floors or caps, options, puts or calls to hedge
198 payment, currency, rate, spread or similar exposure or, contracts for
199 the purchase of option rights with respect to the mandatory tender for
200 purchase of bonds, notes or other obligations of the authority, which
201 are subject to mandatory tender or redemption, including the issuance
202 of certificates evidencing the right of the owner to exercise such option;

203 (15) In connection with, or incidental to, the issuance or carrying of
204 bonds, notes or other obligations or entering into any of the contracts
205 or agreements referred to in subdivision (14) of this subsection, enter
206 into credit enhancement or liquidity agreements, with payment,
207 interest rate, currency, security, default, remedy and other terms and

208 conditions as the authority determines;

209 (16) Make and enter into all contracts and agreements necessary or
210 incidental to the performance of its duties and the execution of its
211 powers under sections 1 to 9, inclusive, of this act, including, but not
212 limited to, the granting of leasehold interests, concession, access and
213 development rights and privileges, supplier, vendor, contractor and
214 consultant contracts; and

215 (17) Do all acts and things necessary or convenient to carry out the
216 purposes of sections 1 to 9, inclusive, of this act and chapter 242 of the
217 general statutes and the powers expressly granted by sections 1 to 9,
218 inclusive, of this act.

219 (b) To serve its purpose, the authority may:

220 (1) Have perpetual succession as a body politic and corporate and to
221 adopt bylaws for the regulation of its affairs and the conduct of its
222 business;

223 (2) Adopt an official seal and alter the same at pleasure;

224 (3) (A) Employ such assistants, agents and other employees as may
225 be necessary or desirable; (B) establish all necessary or appropriate
226 personnel practices and policies; and (C) engage consultants, attorneys
227 and appraisers as may be necessary or desirable to carry out its
228 purposes in accordance with this section;

229 (4) Invest in, acquire, lease, purchase, own, manage, hold and
230 dispose of real property and lease, convey or deal in or enter into
231 agreements with respect to such property on any terms necessary or
232 incidental to carrying out the purposes of sections 1 to 9, inclusive, of
233 this act, provided such transactions shall not be subject to approval,
234 review or regulation by any state agency pursuant to title 4b of the
235 general statutes or any other provision of the general statutes.
236 Notwithstanding this subdivision, the authority shall not convey fee
237 simple ownership in any land under its jurisdiction and control
238 without the approval of the Properties Review Board and the Attorney

239 General;

240 (5) Procure insurance against any liability or loss in connection with
241 its property and other assets, in such amounts and from such insurers
242 as it deems desirable and to procure insurance for employees; and

243 (6) Account for and audit funds of the authority and funds of any
244 recipients of funds from the authority.

245 Sec. 3. (NEW) (*Effective July 1, 2013*) The board of directors of the
246 Connecticut State-Wide Port Authority shall adopt written procedures,
247 in accordance with the provisions of section 1-121 of the general
248 statutes, for: (1) Adopting an annual budget and plan of operations,
249 including a requirement of board approval before the budget or plan
250 may take effect; (2) hiring, dismissing, promoting and compensating
251 employees of the authority, including an affirmative action policy and
252 a requirement of board approval before a position may be created or a
253 vacancy filled; (3) acquiring real and personal property and personal
254 services, including a requirement of board approval for any
255 nonbudgeted expenditure in excess of five thousand dollars; (4)
256 contracting for financial, legal, bond underwriting and other
257 professional services, including a requirement that the authority solicit
258 proposals at least once every three years for each such service which it
259 uses; (5) issuing and retiring bonds, bond anticipation notes and other
260 obligations of the authority; (6) awarding loans, grants and other
261 financial assistance, including eligibility criteria, the application
262 process and the role played by the authority's staff and board of
263 directors; and (7) the use of surplus funds to the extent authorized
264 under sections 1 to 9, inclusive, of this act or other provision of the
265 general statutes.

266 Sec. 4. (NEW) (*Effective July 1, 2013*) The board of directors of the
267 Connecticut State-Wide Port Authority shall submit to the joint
268 standing committees of the General Assembly having cognizance of
269 matters relating to appropriations, commerce, the environment and
270 transportation a copy of each audit of the authority conducted by an
271 independent auditing firm, not later than seven days after the audit is

272 received by said board of directors.

273 Sec. 5. (NEW) (*Effective July 1, 2013*) (a) The Connecticut State-Wide
274 Port Authority may authorize the issuance of bonds in one or more
275 series and in principal amounts necessary to carry out the purposes of
276 sections 1 to 9, inclusive, of this act. Such bonds shall be payable from
277 all or a portion of the revenues of the authority, as may be specified in
278 the proceedings authorizing such bonds, and may include, among
279 other types of bonds, special purpose revenue bonds payable solely
280 from revenues derived from special purpose facilities, bonds payable
281 from particular sources of revenues and bonds payable in whole or in
282 part from passenger or freight facility charges to the extent permitted
283 under applicable federal law. The authority may request such
284 assistance from the State Treasurer as may be necessary or desirable
285 for the issuance by the authority of bonds to finance such projects and
286 other improvements. The expense of such assistance shall be payable
287 from the proceeds of such bonds and the State Treasurer may provide
288 such assistance. The authority may appoint a finance or other
289 committee of the board or one or more officers or employees to serve
290 as the board's authorized delegate in connection with the issuance of
291 bonds pursuant to this section.

292 (b) Bonds issued pursuant to this section shall be obligations of the
293 authority and shall neither be payable from nor charged upon any
294 funds other than the revenues of the authority pledged to the payment
295 thereof, nor shall the state or any political subdivision thereof be
296 subject to any liability thereon except to the extent of such pledged
297 revenues. The issuance of bonds under the provisions of sections 1 to
298 9, inclusive, of this act shall not directly or indirectly or contingently
299 obligate the state or any political subdivision thereof to levy or to
300 pledge any form of taxation whatever therefor or to make any
301 appropriation for their payment. The bonds shall not constitute a
302 charge, lien or encumbrance, legal or equitable, upon any property of
303 the state or of any political subdivision thereof, except the property of
304 the authority or the state mortgaged or otherwise encumbered under
305 the provisions and for the purposes of sections 1 to 9, inclusive, of this

306 act. The substance of such limitation shall be plainly stated on the face
307 of each bond. Bonds issued pursuant to sections 1 to 9, inclusive, of
308 this act shall not be subject to any statutory limitation on the
309 indebtedness of the state and such bonds, when issued, shall not be
310 included in computing the aggregate indebtedness of the state in
311 respect to and to the extent of any such limitation.

312 (c) The bonds referred to in this section may be executed and
313 delivered at such time or times, shall be dated, shall bear interest at
314 such rate or rates, including variable rates to be determined in such
315 manner as set forth in the proceedings authorizing the issuance of the
316 bonds, provide for payment of interest on such dates, whether before
317 or at maturity, shall mature at such time or times not exceeding forty
318 years from their date, have such rank or priority, be payable in such
319 medium of payment, be issued in coupon, registered or book entry
320 form, carry such registration and transfer privileges and be subject to
321 purchase or redemption before maturity at such price or prices and
322 under such terms and conditions, including the condition that such
323 bonds be subject to purchase or redemption on the demand of the
324 owner thereof, all as may be determined by the authority. The
325 authority shall determine the form of the bonds, including any interest
326 coupons to be attached thereto, the manner of execution of the bonds,
327 the denomination or denominations of the bonds and the place or
328 places of payment of principal and interest, which may be at any bank
329 or trust company within or without the state. Prior to the preparation
330 of definitive bonds, the authority may, under like restrictions, provide
331 for the issuance of interim receipts or temporary bonds, with or
332 without coupons, exchangeable for definitive bonds when such bonds
333 have been executed and are available for delivery. If any of the officers
334 whose signatures appear on the bonds or coupons cease to be officers
335 before the delivery of any such bonds, such signatures shall,
336 nevertheless, be valid and sufficient for all purposes, the same as if
337 they had remained in office until delivery.

338 (d) Any bonds issued under the authority of sections 1 to 9,
339 inclusive, of this act, may be sold at public sale on sealed proposals or

340 by negotiation in such manner, at such price and at such time or times
341 as may be determined by the authority. The authority may pay from
342 the proceeds of the bonds all costs and expenses which the authority
343 may deem necessary or advantageous in connection with the
344 authorization, sale and issuance thereof, including the cost of interest
345 on any short-term financing authorized under subsection (b) of section
346 6 of this act.

347 (e) The principal of and interest on any bonds issued pursuant to
348 this section shall be secured by a pledge of the revenues out of which
349 such bonds shall be made payable. They may be secured by a
350 mortgage covering all or any part of a project from which the revenues
351 so pledged may be derived or by a pledge of one or more leases, sale
352 contracts or loan agreements with respect to such project or by a
353 pledge of one or more notes, debentures, bonds or other secured or
354 unsecured debt obligations of any lessee or contracting party under a
355 loan agreement or sale contract or by a pledge of reserve and sinking
356 funds established pursuant to the resolution authorizing the issuance
357 of the bonds and any other funds and accounts, including proceeds
358 from investment of any of the foregoing, established pursuant to this
359 chapter or the proceedings authorizing the issuance of such bonds, and
360 by moneys paid under a credit facility, including, but not limited to, a
361 letter of credit or policy of bond insurance, issued by a financial
362 institution pursuant to an agreement authorized by such proceedings.

363 (f) The proceedings under which the bonds are authorized to be
364 issued pursuant to this section, and any mortgage given to secure the
365 same, may, subject to the provisions of the general statutes, contain
366 any agreements and provisions customarily contained in instruments
367 securing bonds, including, but not limited to: (1) Provisions respecting
368 custody of the proceeds from the sale of the bonds, including their
369 investment and reinvestment until used for the cost of a project; (2)
370 provisions respecting the fixing and collection of rents or payments
371 with respect to the facilities of the authority and the application and
372 use of passenger or freight facility charges; (3) the terms to be
373 incorporated in the lease, sale contract or loan agreement with respect

374 to a project; (4) the maintenance and insurance of a project; (5) the
375 creation, maintenance, custody, investment and reinvestment, and use
376 of the revenues derived from the operation of the authority's facilities;
377 (6) establishment of reserves or sinking funds, and such accounts
378 thereunder as may be established by the authority, and the regulation
379 and disposition thereof; (7) the rights and remedies available in case of
380 a default to the bondholders or to any trustee under any lease, sale
381 contract, loan agreement, mortgage or trust indenture; (8)
382 reimbursement agreements, remarketing agreements, standby bond
383 purchase agreements or similar agreements in connection with
384 obtaining any credit or liquidity facilities including, but not limited to,
385 letters of credit or policies of bond insurance and such other
386 agreements entered into pursuant to section 3-20a of the general
387 statutes; (9) provisions for the issuance of additional bonds on a parity
388 with bonds theretofore issued, including establishment of coverage
389 requirements with respect thereto; (10) covenants to do or to refrain
390 from doing such acts and things as may be necessary or convenient or
391 desirable in order to better secure any bonds or to maintain any federal
392 or state exemption from tax of the interest on such bonds; and (11)
393 provisions or covenants of like or different character from the
394 foregoing which are consistent with the provisions of sections 1 to 9,
395 inclusive, of this act, and which the authority determines in such
396 proceedings are necessary, convenient or desirable in order to better
397 secure the bonds or bond anticipation notes, or will tend to make the
398 bonds or bond anticipation notes more marketable, and which are in
399 the best interests of the state. The proceedings under which the bonds
400 are authorized, and any mortgage given to secure the same, may
401 further provide that any cash balances not necessary (A) to pay the
402 cost of maintaining, repairing and operating the facilities of the
403 authority, (B) to pay the principal of and interest on the bonds as the
404 same shall become due and payable, and (C) to create and maintain
405 reserve and sinking funds as provided in any authorizing resolution or
406 other proceedings, shall be deposited into one or more specifically
407 designated working funds to be held in trust by the authority and
408 applied to future debt service requirements or other authority

409 purposes.

410 (g) In the discretion of the authority, bonds issued pursuant to this
411 section may be secured by a trust indenture by and between the
412 authority and a corporate trustee, which may be any trust company or
413 bank having the powers of a trust company within or without the
414 state. Such trust indenture may contain such provisions for protecting
415 and enforcing the rights and remedies of the bondholders as may be
416 reasonable and proper and not in violation of law, including covenants
417 setting forth the duties of the authority in relation to the exercise of its
418 powers pursuant to sections 1 to 9, inclusive, of this act, and the
419 custody, safeguarding and application of all moneys. The authority
420 may provide by such trust indenture for the payment of the proceeds
421 of the bonds and the revenues from the operation of the authority's
422 facilities to the trustee under such trust indenture or other depository,
423 and for the method of disbursement thereof, with such safeguards and
424 restrictions as it may determine. All expenses incurred in carrying out
425 such trust indenture may be treated as a part of the operating expenses
426 of the applicable project. If the bonds shall be secured by a trust
427 indenture, the bondholders shall have no authority to appoint a
428 separate trustee to represent them.

429 (h) In connection with the issuance of bonds to finance a project or
430 to refund bonds previously issued by the authority or the state to
431 finance a project, the authority may create and establish one or more
432 reserve funds to be known as special capital reserve funds and may
433 pay into such special capital reserve funds (1) any moneys
434 appropriated and made available by the state for the purposes of such
435 funds, (2) any proceeds of sale of notes or bonds for a project, to the
436 extent provided in the resolution of the authority authorizing the
437 issuance thereof, and (3) any other moneys which may be made
438 available to the authority for the purpose of such funds from any other
439 source or sources. The moneys held in or credited to any special capital
440 reserve fund established under this section, except as hereinafter
441 provided, shall be used solely for the payment of the principal of and
442 interest on, when due, whether at maturity or by mandatory sinking

443 fund installments, on bonds of the authority secured by such capital
444 reserve fund as the same become due, the purchase of such bonds of
445 the authority, the payment of any redemption premium required to be
446 paid when such bonds are redeemed prior to maturity; provided the
447 authority shall have power to provide that moneys in any such fund
448 shall not be withdrawn therefrom at any time in such amount as
449 would reduce the amount of such funds to less than the maximum
450 amount of principal and interest becoming due by reasons of maturity
451 or a required sinking fund installment in the then current or any
452 succeeding calendar year on the bonds of the authority then
453 outstanding or the maximum amount permitted to be deposited in
454 such fund by the Internal Revenue Code of 1986, or any subsequent
455 corresponding internal revenue code of the United States, as from time
456 to time amended, to permit the interest on said bonds to be excluded
457 from gross income for federal tax purposes and secured by such
458 special capital reserve fund, such amount being herein referred to as
459 the "required minimum capital reserve", except for the purpose of
460 paying such principal of, redemption premium and interest on such
461 bonds of the authority secured by such special capital reserve
462 becoming due and for the payment of which other moneys of the
463 authority are not available. The authority may provide that it shall not
464 issue bonds secured by a special capital reserve fund at any time if the
465 required minimum capital reserve on the bonds outstanding and the
466 bonds then to be issued and secured by the same special capital
467 reserve fund at the time of issuance, unless the authority, at the time of
468 the issuance of such bonds, shall deposit in such special capital reserve
469 fund from the proceeds of the bonds so to be issued, or otherwise, an
470 amount which, together with the amount then in such special capital
471 reserve fund, will be not less than the required minimum capital
472 reserve. On or before December first, annually, there is deemed to be
473 appropriated from the state General Fund such sums, if any, as shall be
474 certified by the chairman or vice-chairman of the authority to the
475 Secretary of the Office of Policy and Management and the State
476 Treasurer, as necessary to restore each such special capital reserve
477 fund to the amount equal to the required minimum capital reserve of

478 such fund, and such amounts shall be allotted and paid to the
479 authority. For the purpose of evaluation of any such special capital
480 reserve fund, obligations acquired as an investment for any such fund
481 shall be valued at market. Nothing contained in this section shall
482 preclude the authority from establishing and creating other debt
483 service reserve funds in connection with the issuance of bonds or notes
484 of the authority which are not special capital reserve funds. Subject to
485 any agreement or agreements with holders of outstanding notes and
486 bonds of the authority, any amount or amounts allotted and paid to
487 the authority pursuant to this section shall be repaid to the state from
488 moneys of the authority at such time as such moneys are not required
489 for any other of its corporate purposes and in any event shall be repaid
490 to the state on the date one year after all bonds and notes of the
491 authority theretofore issued on the date or dates such amount or
492 amounts are allotted and paid to the authority or thereafter issued,
493 together with interest on such bonds and notes, with interest on any
494 unpaid installments of interest and all costs and expenses in
495 connection with any action or proceeding by or on behalf of the
496 holders thereof, are fully met and discharged. No bonds secured by a
497 special capital reserve fund shall be issued to pay project costs unless
498 the authority is of the opinion and determines that revenues pledged
499 to secure such bonds shall be sufficient to (A) pay the principal of and
500 interest on the bonds issued to finance the project, (B) establish,
501 increase and maintain any reserves deemed by the authority to be
502 advisable to secure the payment of the principal of and interest on
503 such bonds, (C) pay the cost of maintaining the project in good repair
504 and keeping it properly insured, and (D) pay such other costs of the
505 project as may be required. No bonds secured by a special capital
506 reserve fund shall be issued unless the issuance of such bonds is
507 approved by the State Treasurer.

508 (i) Any pledge made by the authority shall be valid and binding
509 from the time when the pledge is made, and the revenues or property
510 so pledged and thereafter received by the authority shall immediately
511 be subject to the lien of such pledge without any physical delivery
512 thereof or further act. The lien of any such pledge shall be valid and

513 binding as against all parties having claims of any kind in tort,
514 contract, or otherwise against the authority, irrespective of whether
515 such parties have notice thereof. Neither the resolution nor any other
516 instrument by which a pledge is created need be recorded.

517 (j) The authority shall have power out of any funds available
518 therefor to purchase bonds or notes of the authority or the state issued
519 pursuant to this section and section 6 of this act. The authority may
520 hold, pledge, cancel or resell such bonds, subject to and in accordance
521 with agreements with bondholders.

522 (k) Whether or not the notes and bonds are of such form and
523 character as to be negotiable instruments under the terms of the
524 Uniform Commercial Code, the notes and bonds are hereby made
525 negotiable instruments within the meaning of and for all purposes of
526 the Uniform Commercial Code, subject only to the provisions of the
527 notes and bonds for registration.

528 (l) Any moneys held by the authority with respect to the state's
529 ports, or by a trustee pursuant to a trust indenture, subject to the
530 provisions of such indenture, including proceeds from the sale of any
531 bonds and notes, and revenues, receipts and income from the
532 operation of such ports, may be invested and reinvested in such
533 obligations, securities and other investments, including, without
534 limitation, participation certificates in the Short Term Investment Fund
535 created in section 3-27a of the general statutes, or deposited or
536 redeposited in such bank or banks, all as shall be authorized by the
537 authority in the proceedings authorizing the issuance of the bonds and
538 notes.

539 (m) For the purposes of sections 1 to 9, inclusive, of this act, the
540 costs of the project payable out of the proceeds of bonds issued
541 pursuant to this section shall include: (1) Expenses and obligations
542 incurred for labor and materials in connection with the construction of
543 the project; (2) the cost of acquiring by purchase, if such purchase shall
544 be deemed expedient, and the amount of any award or final judgment
545 in any proceedings to acquire by condemnation, such land, property

546 rights, rights-of-way, franchises, easements and other interests in land
547 as may be deemed necessary or convenient in connection with such
548 construction or with the operation of the project, and the amount of
549 any damages incident thereto; (3) the costs of all machinery and
550 equipment acquired in connection with the project; (4) reserves for the
551 payment of the principal of and interest on any notes and bonds issued
552 pursuant to this section and section 6 of this act, and interest accruing
553 on any such notes, during construction of the project and for six
554 months after completion of such construction; (5) initial working
555 capital, expenses of administration properly chargeable to the
556 construction or acquisition of the project, legal, architectural and
557 engineering expenses and fees, costs of audits, costs of preparing and
558 issuing any notes and bonds pursuant to this section and section 6 of
559 this act; and (6) all other items of expense not elsewhere specified
560 incident to the planning, acquisition and construction of the project or
561 of the placing of the same in operation.

562 (n) For purposes of sections 1 to 9, inclusive, of this act, the term
563 "project" shall refer to the renovations and improvements to be
564 acquired and constructed at the authority's facilities as may be
565 specified from time to time by the board in a resolution as
566 contemplated by subsection (a) of this section.

567 Sec. 6. (NEW) (*Effective July 1, 2013*) (a) Any bonds issued by the
568 Connecticut State-Wide Port Authority under sections 1 to 9, inclusive,
569 of this act, or the state under the provisions of section 5 of this act, and
570 at any time outstanding may at any time be refunded by the authority
571 by the issuance of its refunding bonds in such amounts as the
572 authority may deem necessary, but not exceeding an amount sufficient
573 to refund the principal of the bonds to be so refunded, any unpaid
574 interest thereon and any premiums, related termination payments and
575 commissions necessary to be paid in connection therewith and to pay
576 costs and expenses which the authority may deem necessary or
577 advantageous in connection with the authorization, sale and issuance
578 of refunding bonds. Any such refunding may be effected whether the
579 bonds to be refunded shall have matured or shall thereafter mature.

580 All refunding bonds issued hereunder shall be payable and shall be
581 subject to and may be secured in accordance with the provisions of
582 section 5 of this act.

583 (b) Whenever the authority has adopted a resolution authorizing
584 bonds pursuant to section 5 of this act, the authority may, pending the
585 issue of such bonds, issue temporary notes and any renewals thereof in
586 anticipation of the proceeds from the sale of such bonds, which notes
587 and any renewals thereof shall be designated "Bond Anticipation
588 Notes". Such portion of the proceeds from the sale of such bonds as
589 may be so required shall be applied to the payment of the principal of
590 and interest on any such bond anticipation notes which have been
591 issued. The principal of and interest on any bond anticipation notes
592 issued pursuant to this subsection may be repaid from pledged
593 revenues or other receipts, funds or moneys pledged to the repayment
594 of the bonds in anticipation of which the bond anticipation notes are
595 issued, to the extent not paid from the proceeds of renewals thereof or
596 of the bonds.

597 Sec. 7. (NEW) (*Effective July 1, 2013*) (a) It is hereby determined that
598 the purposes of sections 1 to 9, inclusive, of this act are public purposes
599 and that the Connecticut State-Wide Port Authority will be performing
600 an essential governmental function in the exercise of the powers
601 conferred upon it hereunder. The state covenants with the purchasers
602 and all subsequent holders and transferees of notes and bonds issued
603 by the authority under sections 1 to 9, inclusive, of this act, in
604 consideration of the acceptance of and payment for the notes and
605 bonds, that the principal and interest of such notes and bonds shall at
606 all times be free from taxation, except for estate and gift taxes, imposed
607 by the state or by any political subdivision thereof but the interest on
608 such notes and bonds shall be included in the computation of any
609 excise or franchise tax. The authority is authorized to include this
610 covenant of the state in any agreement with the holder of such notes or
611 bonds. Any notes or bonds issued by the authority pursuant to
612 sections 1 to 9, inclusive, of this act may be issued on a basis that
613 provides that the interest thereon is intended to be exempt or not to be

614 exempt from federal income taxation, as may be determined by the
615 authority.

616 (b) Bonds issued under the authority of sections 1 to 9, inclusive, of
617 this act are hereby made securities in which all public officers and
618 public bodies of the state and its political subdivisions, all insurance
619 companies, credit unions, building and loan associations, investment
620 companies, banking associations, trust companies, executors,
621 administrators, trustees and other fiduciaries and pension, profit-
622 sharing and retirement funds may properly and legally invest funds,
623 including capital in their control or belonging to them. Such bonds are
624 hereby made securities which may properly and legally be deposited
625 with and received by any state or municipal officer or any agency or
626 political subdivision of the state for any purpose for which the deposit
627 of bonds or obligations of the state is now or may hereafter, be
628 authorized by law.

629 Sec. 8. (NEW) (*Effective July 1, 2013*) (a) Notwithstanding any
630 provision of the general statutes, and subject to any resolution
631 authorizing the issuance of bonds pursuant to section 5 of this act, the
632 Connecticut State-Wide Port Authority is authorized to fix, revise,
633 charge and collect rates, rents, fees and charges for the use of and for
634 the services furnished or to be furnished by the facilities of the
635 authority and to contract with any person, partnership, association or
636 corporation, or other body, public or private, in respect thereof. Such
637 rates, rents, fees and charges shall be fixed and adjusted in respect of
638 the aggregate of rates, rents, fees and charges from the operation of the
639 authority's facilities so as to provide funds sufficient with other
640 revenues or moneys available therefor, if any, (1) to pay the cost of
641 maintaining, improving, repairing and operating the facilities of the
642 authority and each and every portion thereof, to the extent that the
643 payment of such cost has not otherwise been adequately provided for,
644 (2) to pay the principal of and the interest on any outstanding revenue
645 obligations of the authority, including obligations of the state that may
646 be assumed by the authority, issued in respect of the project as the
647 same shall become due and payable, and (3) to create and maintain

648 reserves and sinking funds required, permitted or provided for in any
649 resolution authorizing, or trust agreement securing, such obligations.
650 A sufficient amount of the revenues as may be necessary to pay the
651 cost of maintenance, repair and operation and to provide reserves and
652 for renewals, replacements, extensions, enlargements and
653 improvements, as may be provided for in the resolution authorizing
654 the issuance of any bonds or in the trust agreement securing the same,
655 shall be set aside at such regular intervals as may be provided in such
656 resolution or trust agreement in a reserve, sinking or similar fund. The
657 use and disposition of moneys to the credit of such reserve, sinking or
658 similar fund shall be subject to the provisions of the resolution
659 authorizing the issuance of such bonds or of such trust agreement.

660 (b) The authority shall designate the beginning and ending dates of
661 the fiscal year for the operation of the authority's facilities. Each year,
662 within thirty days prior to the beginning of the next ensuing fiscal
663 year, the authority shall approve an annual operating budget for the
664 authority's facilities providing for (1) payment of the costs of
665 maintaining, repairing and operating the authority's facilities and each
666 and every portion thereof during such fiscal year, to the extent that the
667 payment of such costs has not otherwise been adequately provided for,
668 (2) the payment of the principal of and interest on any outstanding
669 revenue obligations of the authority, including obligations of the state
670 that may be assumed by the authority, becoming due and payable in
671 such fiscal year, and (3) the creation and maintenance of reserves and
672 sinking funds, and compliance with rate covenants, required,
673 permitted or provided for in any resolution authorizing, or trust
674 agreement securing, such obligations. Such annual operating budget
675 shall include an estimate of revenues from the rates, rents, fees and
676 charges fixed by the authority pursuant to subsection (a) of this
677 section, and from any and all other sources, to meet the estimated
678 expenditures of the authority's facilities for such fiscal year. The
679 annual operating budget of the authority's facilities as so approved
680 shall take effect as of the date of its approval. On or before the
681 twentieth day of each month, including the month next preceding the
682 first month of the fiscal year to which the annual operating budget

683 applies, the authority or the trustee under any trust indenture securing
684 the bonds issued under section 5 of this act, at the direction of the
685 authority, shall transfer to operating advance accounts established by
686 the authority from the funds available for such purpose such amount
687 as may be necessary to make the amount then held within such
688 accounts for the payment of operating expenses of the authority's
689 facilities equal to such amount as shall be necessary for the payment of
690 such operating expenses during the next ensuing two months, as
691 shown by the annual operating budget for such fiscal year. Except as
692 otherwise provided in sections 1 to 9, inclusive, of this act, either
693 expressly or by implication, all provisions of the general statutes
694 governing state employees and state property, and all other provisions
695 of the general statutes applicable to the authority's facilities, shall
696 continue in effect. All pension, retirement or other similar benefits
697 vested or acquired at any time before or after July 1, 1981, with respect
698 to any state employees shall continue unaffected and as if the salaries
699 and wages of such employees continued to be paid out of the general
700 funds of the state.

701 Sec. 9. (NEW) (*Effective July 1, 2013*) The state of Connecticut does
702 hereby pledge to and agree with the holders of any bonds and notes
703 issued under sections 1 to 9, inclusive, of this act, and with those
704 parties who may enter into contracts with the Connecticut State-Wide
705 Port Authority pursuant to the provisions of sections 1 to 9, inclusive,
706 of this act that the state will not limit or alter the rights hereby vested
707 in the authority until such obligations, together with the interest
708 thereon, are fully met and discharged and such contracts are fully
709 performed on the part of the authority, provided nothing contained
710 herein shall preclude such limitation or alteration if and when
711 adequate provision shall be made by law for the protection of the
712 holders of such bonds and notes of the authority or those entering into
713 such contracts with the authority. The authority is authorized to
714 include this pledge and undertaking for the state in such bonds and
715 notes or contracts.

716 Sec. 10. Subsection (l) of section 1-79 of the general statutes is

717 repealed and the following is substituted in lieu thereof (*Effective July*
718 *1, 2013*):

719 (l) "Quasi-public agency" means Connecticut Innovations,
720 Incorporated, and the Connecticut Health and Education Facilities
721 Authority, Connecticut Higher Education Supplemental Loan
722 Authority, Connecticut Housing Finance Authority, Connecticut
723 Housing Authority, Connecticut Resources Recovery Authority, Lower
724 Fairfield County Convention Center Authority, Capital Region
725 Development Authority, Connecticut Lottery Corporation, Connecticut
726 Airport Authority, Health Information Technology Exchange of
727 Connecticut, Connecticut Health Insurance Exchange, [and] Clean
728 Energy Finance and Investment Authority and Connecticut State-Wide
729 Port Authority.

730 Sec. 11. Subdivision (1) of section 1-120 of the general statutes is
731 repealed and the following is substituted in lieu thereof (*Effective July*
732 *1, 2013*):

733 (1) "Quasi-public agency" means Connecticut Innovations,
734 Incorporated, and the Connecticut Health and Educational Facilities
735 Authority, Connecticut Higher Education Supplemental Loan
736 Authority, Connecticut Housing Finance Authority, Connecticut
737 Housing Authority, Connecticut Resources Recovery Authority,
738 Capital Region Development Authority, Connecticut Lottery
739 Corporation, Connecticut Airport Authority, Health Information
740 Technology Exchange of Connecticut, Connecticut Health Insurance
741 Exchange, [and] Clean Energy Finance and Investment Authority and
742 Connecticut State-Wide Port Authority.

743 Sec. 12. Section 1-124 of the general statutes is repealed and the
744 following is substituted in lieu thereof (*Effective July 1, 2013*):

745 (a) Connecticut Innovations, Incorporated, the Connecticut Health
746 and Educational Facilities Authority, the Connecticut Higher
747 Education Supplemental Loan Authority, the Connecticut Housing
748 Finance Authority, the Connecticut Housing Authority, the

749 Connecticut Resources Recovery Authority, the Health Information
750 Technology Exchange of Connecticut, the Connecticut Airport
751 Authority, the Capital Region Development Authority, the
752 Connecticut Health Insurance Exchange, [and] the Clean Energy
753 Finance and Investment Authority and the Connecticut State-Wide
754 Port Authority shall not borrow any money or issue any bonds or
755 notes which are guaranteed by the state of Connecticut or for which
756 there is a capital reserve fund of any kind which is in any way
757 contributed to or guaranteed by the state of Connecticut until and
758 unless such borrowing or issuance is approved by the State Treasurer
759 or the Deputy State Treasurer appointed pursuant to section 3-12. The
760 approval of the State Treasurer or said deputy shall be based on
761 documentation provided by the authority that it has sufficient
762 revenues to (1) pay the principal of and interest on the bonds and notes
763 issued, (2) establish, increase and maintain any reserves deemed by the
764 authority to be advisable to secure the payment of the principal of and
765 interest on such bonds and notes, (3) pay the cost of maintaining,
766 servicing and properly insuring the purpose for which the proceeds of
767 the bonds and notes have been issued, if applicable, and (4) pay such
768 other costs as may be required.

769 (b) To the extent Connecticut Innovations, Incorporated, and the
770 Connecticut Higher Education Supplemental Loan Authority,
771 Connecticut Housing Finance Authority, Connecticut Housing
772 Authority, Connecticut Resources Recovery Authority, Connecticut
773 Health and Educational Facilities Authority, the Health Information
774 Technology Exchange of Connecticut, the Connecticut Airport
775 Authority, the Capital Region Development Authority, the
776 Connecticut Health Insurance Exchange, [or] the Clean Energy Finance
777 and Investment Authority or the Connecticut State-Wide Port
778 Authority is permitted by statute and determines to exercise any
779 power to moderate interest rate fluctuations or enter into any
780 investment or program of investment or contract respecting interest
781 rates, currency, cash flow or other similar agreement, including, but
782 not limited to, interest rate or currency swap agreements, the effect of
783 which is to subject a capital reserve fund which is in any way

784 contributed to or guaranteed by the state of Connecticut, to potential
785 liability, such determination shall not be effective until and unless the
786 State Treasurer or his or her deputy appointed pursuant to section 3-12
787 has approved such agreement or agreements. The approval of the State
788 Treasurer or his or her deputy shall be based on documentation
789 provided by the authority that it has sufficient revenues to meet the
790 financial obligations associated with the agreement or agreements.

791 Sec. 13. Section 1-125 of the general statutes is repealed and the
792 following is substituted in lieu thereof (*Effective July 1, 2013*):

793 The directors, officers and employees of Connecticut Innovations,
794 Incorporated, and the Connecticut Higher Education Supplemental
795 Loan Authority, Connecticut Housing Finance Authority, Connecticut
796 Housing Authority, Connecticut Resources Recovery Authority,
797 including ad hoc members of the Connecticut Resources Recovery
798 Authority, Connecticut Health and Educational Facilities Authority,
799 Capital Region Development Authority, the Health Information
800 Technology Exchange of Connecticut, Connecticut Airport Authority,
801 Connecticut Lottery Corporation, Connecticut Health Insurance
802 Exchange, [and] the Clean Energy Finance and Investment Authority
803 and the Connecticut State-Wide Port Authority and any person
804 executing the bonds or notes of the agency shall not be liable
805 personally on such bonds or notes or be subject to any personal
806 liability or accountability by reason of the issuance thereof, nor shall
807 any director or employee of the agency, including ad hoc members of
808 the Connecticut Resources Recovery Authority, be personally liable for
809 damage or injury, not wanton, reckless, wilful or malicious, caused in
810 the performance of his or her duties and within the scope of his or her
811 employment or appointment as such director, officer or employee,
812 including ad hoc members of the Connecticut Resources Recovery
813 Authority. The agency shall protect, save harmless and indemnify its
814 directors, officers or employees, including ad hoc members of the
815 Connecticut Resources Recovery Authority, from financial loss and
816 expense, including legal fees and costs, if any, arising out of any claim,
817 demand, suit or judgment by reason of alleged negligence or alleged

818 deprivation of any person's civil rights or any other act or omission
 819 resulting in damage or injury, if the director, officer or employee,
 820 including ad hoc members of the Connecticut Resources Recovery
 821 Authority, is found to have been acting in the discharge of his or her
 822 duties or within the scope of his or her employment and such act or
 823 omission is found not to have been wanton, reckless, wilful or
 824 malicious.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2013</i>	New section
Sec. 2	<i>July 1, 2013</i>	New section
Sec. 3	<i>July 1, 2013</i>	New section
Sec. 4	<i>July 1, 2013</i>	New section
Sec. 5	<i>July 1, 2013</i>	New section
Sec. 6	<i>July 1, 2013</i>	New section
Sec. 7	<i>July 1, 2013</i>	New section
Sec. 8	<i>July 1, 2013</i>	New section
Sec. 9	<i>July 1, 2013</i>	New section
Sec. 10	<i>July 1, 2013</i>	1-79(l)
Sec. 11	<i>July 1, 2013</i>	1-120(1)
Sec. 12	<i>July 1, 2013</i>	1-124
Sec. 13	<i>July 1, 2013</i>	1-125

Statement of Legislative Commissioners:

In section 2(a)(7)(11)(12)(13)(14) and (15), technical revisions were made for statutory consistency.

CE *Joint Favorable Subst. -LCO*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: See Below

Municipal Impact: None

Explanation

The bill permits the Connecticut State-Wide Port Authority (the "authority") to issue bonds that are backed by a Special Capital Reserve Fund (SCRF). This is not expected to result in a General Fund impact because the Office of the State Treasurer is not expected to approve the issuance of SCRF-backed bonds unless the authority can show that it will be able to generate sufficient revenue from its activities to pay the debt service on the bonds.

Establishing the authority has no General Fund impact because (1) the authority under the bill is a quasi-public agency financially autonomous from the state and (2) the bill does not provide any state appropriation or bond authorization for the authority. The bill requires the authority to generate operating and capital funding through various sources, however the bill does not specify how the administration of the authority will be funded. It is presumed that all capital projects will be financed through the authority's bond issuances, and all other operational expenses will be financed through other revenue sources.

In the event a state employee is transferred to the authority there is no fiscal impact to the state associated with the continuance of fringe benefits.

Background

The authority will issue its own bonds to finance improvements at port facilities and use revenue derived from the fees it charges to pay debt service on the bonds. The state backs bonds with a special capital reserve fund (SCRF) so quasi-public agencies like the authority can issue them at a lower interest rate. If the authority did not have sufficient revenue to make debt service payments itself: (1) the SCRF would be used to make them, (2) the state would be required to refill the SCRF with General Fund resources if it fell below a certain level, and (3) the authority would be required to repay the funds used from the General Fund at a future date, when sufficient revenue was available.

The Out Years***State Impact:*** None***Municipal Impact:*** None

OLR Bill Analysis**sHB 5569*****AN ACT ESTABLISHING A GOVERNANCE STRUCTURE FOR THE STATE'S DEEP WATER PORTS.*****SUMMARY:**

This bill establishes the Connecticut State-Wide Port Authority (i.e., the authority) as a quasi-public agency to coordinate the development of the state's ports, focusing on private and public investments, and makes technical changes to the laws governing the state's quasi-public agencies. Currently, local port authorities plan, develop, and manage the state's three deep-water ports (Bridgeport, New Haven, and New London) and the Connecticut Maritime Commission advises the governor and other policymakers on policies and programs that affect them (CGS § 13b-51a).

Under the bill, the authority must:

1. seek federal and state funds for dredging and improving port infrastructure to increase cargo movement in the ports,
2. market the ports to domestic and international shippers,
3. coordinate port improvements and how they are funded, and
4. develop strategic entrepreneurial initiatives that may be available to the state.

The bill establishes a 15-member board to govern the authority and authorizes it to hire staff, adopt budgets, acquire property, contract for financial and professional services, provide financial assistance, and report annually to the legislature on the authority's projects.

The bill gives the authority broad fiscal powers. It allows the authority to issue bonds backed by its revenue and specifies how it may do so. It also allows the authority to raise revenue by levying rates, rents, fees, and other charges for using its facilities and services.

EFFECTIVE DATE: July 1, 2013

§§ 1, 2, 7, 10, 11, 12, & 13 — QUASI-PUBLIC AGENCY

The bill establishes the authority as a quasi-public agency charged with coordinating the planning and development of the state's ports. As such, it must meet the same statutory conditions and requirements as other quasi-public agencies. Consequently, it must obtain the state treasurer's approval before it can issue bonds or incur other debt guaranteed by the state or backed by a state-capitalized or -guaranteed capital reserve fund. Its employees must comply with the state code of ethics and enjoy the same indemnity as state employees.

As a quasi-public agency, the authority has perpetual succession as a body politic and corporate and continues operating until it repays its bonds and meets its other obligations. It may adopt and alter an official seal and adopt bylaws to conduct business and regulate its affairs.

ORGANIZATIONAL STRUCTURE

Board of Directors

§ 1 — Membership. The authority's board consists of 15 members, including four state officials or their designees, and 11 appointed members. The four officials, who serve ex-officio, are the (1) state treasurer and the commissioners of (2) economic and community development, (3) transportation, and (4) energy and environmental protection.

The 11 remaining members are appointed as follows:

1. four by the governor, two for four-year terms and two for two-year terms;

2. one each, to four-year terms, by the (a) House speaker, (b) House minority leader, (c) Senate president, and (d) Senate minority leader; and
3. one each, for unspecified terms, by the chief executive officers of (a) Bridgeport, (b) New Haven, and (c) New London.

Appointed directors must have business and management experience, and experience and expertise in at least one of the following areas:

1. financial planning,
2. budgeting and assessment,
3. marketing,
4. master planning,
5. maritime trade, and
6. transportation management.

The initial board members may begin serving immediately on appointment, but not beyond the sixth Wednesday of the next regular legislative session, unless confirmed by the legislature according to law. All subsequent appointments must be made with legislative advice and consent according to law. The subsequent appointees serve for four years, starting on July 1 in the year they are appointed.

The governor must appoint the board chairperson, who serves for a four-year term. The board must elect a vice chairperson and other officers it deems necessary from among its members. Vacancies must be filled within 30 days in the same manner as the original selection. The board must establish bylaws and appoint such committees and advisory boards as may be convenient or necessary to conduct its business.

§ 1 — Reimbursement, Conflicts of Interest, and Quorums. Each

director is entitled to be reimbursed for actual and necessary expenses incurred performing his or her duties. Directors may be privately employed subject to state and federal ethics and conflict of interest laws, rules, and regulations. However, regardless of the law, it is not a conflict of interest for a trustee, director, partner, or officer of any firm or corporation, or any person with a financial interest in such a person, firm, or corporation, to serve as a director, providing he or she abstains from deliberating, acting, or voting on a matter concerning the person, firm, or corporation.

The board may delegate to eight or more directors board powers and duties it deems necessary and proper according to the bill and board bylaws. Eight directors constitute a quorum for transacting business or exercising any power, and the authority may act by a majority of the quorum present.

§ 1 — Attendance Requirements and Removal from the Board.

Appointed directors may not designate anyone to perform their duties. Any appointee who fails to attend three consecutive board meetings or half of all meetings held in a calendar year is deemed to have resigned from the board. Any such vacancy must be filled in the same way as the original appointment for the rest of the unexpired term.

The appointing authority may remove any director for inefficiency, neglect of duty, or misconduct in office. Before doing so, the appointing authority must give the director a copy of the charges against him or her, and an opportunity for a hearing, no earlier than 10 days after notice, where the director may respond personally or through an attorney. When a director is removed, the appointing authority must file with the secretary of the state a complete statement of charges against the director and the appointing authority's findings on the charges, along with a complete record of the proceedings.

§ 3 — Board of Directors' Written Procedures. The board must adopt written procedures to:

1. adopt annual budgets and operating plans and require board

approval before either can take effect;

2. hire, dismiss, promote, and pay authority employees, develop an affirmative action policy, and require board approval before a position may be created or a vacancy filled;
3. acquire real and personal property and personal services, and require board approval for any non-budgeted expenditure of more than \$5,000;
4. contract for financial, legal, bond underwriting, and other professional services, and require the board to solicit proposals at least once every three years for these services;
5. issue and retire bonds and other authority obligations;
6. award loans, grants and other financial assistance, including (a) developing eligibility criteria and an application process and (b) determining the role played by employees and directors; and
7. use surplus funds as authorized by the bill or law.

§§ 2 & 4 — Reporting Requirements. The board must report each year, by December 15, to the Commerce, Environment and Transportation committees on its activities, operating and financial statements, and legislative recommendations.

It must submit to the Appropriations, Commerce, Environment, and Transportation committees a copy of each audit of the authority conducted by an independent auditing firm no later than seven days after the board receives it.

§ 1 — Executive Director

The board must appoint an executive director as the authority's chief administrative officer. The executive director (1) is exempt from classified service and receives compensation set by the board, (2) serves at its pleasure, and (3) cannot be a board member. He or she must have extensive experience in developing and managing multi-use

port operations.

The executive director directs and supervises administrative and technical activities at the board's direction. He or she must approve all the authority's employees' and consultants' salaries and expenses.

The executive director must attend all board meetings; keep a record of authority proceedings; and maintain and have custody of all books, documents, and papers filed with the authority, and of the authority's minutes or journal and its official seal. He or she may have copies made of the minutes and records, and may use the seal to certify them as true copies on which people may rely. The executive director must perform other duties as the board directs.

§ 2 — GENERAL ADMINISTRATIVE POWERS

The act gives the authority many of the powers the law grants to other quasi-public agencies that include:

1. having perpetual succession and adopting bylaws;
2. adopting and modifying an official seal;
3. employing assistants, agents, and other employees; establishing necessary or appropriate personnel policies; and engaging consultants, attorneys, and appraisers to carry out its purposes;
4. obtaining insurance against liability or loss in connection with its property and other assets in such amounts and from such insurers as it deems desirable, and to procuring insurance for employees;
5. accounting for and auditing authority funds and recipients of those funds; and
6. investing in, acquiring, leasing, purchasing, owning, managing, holding, and disposing of real property, and leasing, conveying, or entering into agreements with respect to the property on any terms necessary or incidental to carry out the authority's

purpose. Such transactions are not subject to approval, review, or regulation by any state agency under laws governing the purchase, sale, or lease of state property, except the authority cannot convey fee simple ownership in land (full ownership) under its jurisdiction and control without the approval of the State Properties Review Board and attorney general.

§ 2 — OPERATIONAL POWERS

The bill also gives the authority other powers related to coordinating port development that include:

1. developing an organizational and management structure to best achieve the authority's goals;
2. creating a code of ethical conduct for board members consistent with applicable law;
3. adopting rules, which are not considered regulations and therefore do not have to go through the regulatory approval process, to conduct its business;
4. receiving and accepting aid or contributions from any source to be held, used, and applied to carry out authority purposes, subject to the conditions of the grant or contribution, which include gifts or grants from any federal or state department, agency, or instrumentality;
5. entering into agreements with any federal or state department, agency, office, or instrumentality;
6. borrowing money or securing credit on a temporary, short-term, interim, or long-term basis as the bill allows;
7. issuing bonds, bond anticipation notes, and other obligations, funding and refunding them, and providing for the rights of their holders, and securing the obligations by pledging revenue, notes, and mortgages of others;

8. acquiring, leasing, holding, and disposing of real and personal property for its corporate purposes;
9. employing, among other employees, a marketing manager with experience in (a) port market development and promotion and (b) working with vessel operators, railroads, and the shipping and trucking industries;
10. setting the compensation of employees, except for those subject to collective bargaining agreements;
11. engaging consultants and other independent professionals needed to carry out its purposes and to provide technical assistance;
12. maintaining one or more offices;
13. acting in its own name;
14. mortgaging its property to benefit the authority's bondholders;
15. when issuing bonds or other obligations, entering into (a) currency and interest rate swaps and (b) credit enhancements, liquidity agreements, and other contracts;
16. making and entering into contracts and agreements needed or incidental to its duties and powers, including granting leasehold interests; concession, access and development rights and privileges; and supplier, vendor, contractor, and consultant contracts; and
17. doing all things necessary or convenient to carry out its purposes under the bill and the law.

§§ 5-9 — BONDING

The bill authorizes the authority to issue bonds backed by its own revenue to finance improvements at the port facilities. The authority must repay the bonds no later than 40 years after issuing them. It may

request assistance from the state treasurer and appoint a finance committee. The authority's directors, officers, and employees are not personally liable for the bonds.

It can issue bonds to finance (1) general improvements and back them with some or all of its revenue and (2) a specific improvement and back it only with the revenue the improvement generates.

The authority may use the proceeds from the bond sales to:

1. cover construction costs, including labor and material;
2. acquire land and interests needed to construct or operate facilities, apparently including by condemnation, and any subsequent damage costs;
3. purchase machinery and equipment needed for these purposes;
4. capitalize reserve funds for repaying the bonds;
5. provide initial working capital;
6. cover administrative, legal, architectural, and engineering expenses;
7. cover audit and bond issuance costs; and
8. cover all other expenses related to planning, acquisition, project construction, or placing the project in operation.

The bonds do not count toward the state's bond cap, and only the authority is liable for them. The bill explicitly exempts the state, municipalities, and other political subdivisions from any obligation to repay the bonds. It exempts the principal and interest payments to the bondholders from all taxes except the estate and gift tax, but requires them to include the interest payments when computing excise and franchise taxes.

The bill allows the authority to determine how it will issue and

repay the bonds and specifies the kinds of terms and conditions it may include in its agreements with the bondholders. The terms and conditions may indicate if the bonds are exempt from federal income taxes. The bill declares the bonds negotiable instruments under the Uniform Commercial Code subject only to their registration requirements. The bill makes the bonds securities in which governments and private entities may invest. The authority may sell the bonds (1) at a public sale on sealed proposals at a price and time it chooses or (2) by negotiating with investors.

The bill authorizes or requires several actions to assure bondholders that the authority will repay them. It specifies that the state will not limit or alter the authority's rights until the authority repays its outstanding bonds and authorizes the authority to create and maintain special capital reserves to back them. It also appropriates from the General Fund any amount needed to maintain these special capital reserves at the required minimum level. The funds must be appropriated as needed annually on or before December 1. The authority's chairperson or vice chairperson must certify the amount to the treasurer and the OPM secretary. Subject to any agreements with bond holders, the authority must repay the state any amount it appropriated to maintain the authority's special capital reserves.

The bill requires the authority to secure principal and interest payments by pledging its revenue, such as by a mortgage, which is also immediately subject to lien without any action on the bondholders' part. It allows the authority to secure that pledge by entering into agreements with a trustee representing the bondholders' interests (i.e., trust of indenture).

When the authority expects to issue bonds for a project but is not ready to do so, the bill allows it to cover its immediate costs by issuing temporary notes. If the authority does so, it must repay the notes with the proceeds from the bonds it issues. The bill also allows the authority to issue bonds to refund its outstanding bonds and specifies conditions for doing so. It also allows the authority to use its funds to purchase its

bonds and those of the state and dispose of the bonds as the bond agreements allow.

§ 8 — REVENUE

Income

The bill authorizes the authority to fix, revise, charge, and collect rates and fees and charges for the use of, or services provided by its facilities and to contract for their use or services. It must fix and adjust the rates and charges to provide enough money to pay to improve, maintain, repair, and operate the facilities of the authority; pay principal and interest on outstanding revenue obligation; and create and maintain reserves and sinking funds, required, permitted, or provided for such obligations.

The authority must set aside, at regular intervals, in a reserve, sinking, or similar fund enough money (1) to pay the cost of maintenance, repair, and operation, and to provide reserves and (2) for renewals, replacements, extension, enlargements, and improvements provided for in the resolution authorizing the issuance of any bonds or in the trust agreement securing the bonds.

Investments

The bill allows the authority to manage its funds, including bond proceeds. The authority can invest and reinvest its funds in obligations, securities, and other investments. It can also deposit and redeposit them in banks. But, in either case, it must comply with the bond agreements.

§ 8 — BUDGETING

The authority must, within 30 days of the start of the next fiscal year, approve an annual operating budget for its facilities. The budget must provide for:

1. payment of the facilities' maintenance and operating costs;
2. payment of principal and interest of the authority's outstanding revenue obligations;

3. the creation and maintenance of reserves and sinking funds; and
4. compliance with rate covenants required, permitted, or provided for in any resolution authorizing, or trust agreement securing, the obligations.

The annual budget must include an estimate of the authority’s revenue to meet the estimated expenditures of the authority’s facilities for the fiscal year.

§ 8 — PERSONNEL

The bill requires the authority to comply with all laws governing state employees and state property and other laws that apply to the authority’s facilities to remain in effect. All pension, retirement, or similar benefits vested or acquired with respect to state employees must continue unaffected and as if the salaries and wages of the employees were still paid from the General Fund. Because the bill does not refer to state employees working for the authority, it is not clear what effect this has.

BACKGROUND

Related Bill

sSB 1043 also establishes the Connecticut State-Wide Port Authority under nearly identical provisions.

COMMITTEE ACTION

Commerce Committee

Joint Favorable
 Yea 19 Nay 0 (03/21/2013)