



General Assembly

January Session, 2013

Raised Bill No. 1044

LCO No. 3672



Referred to Committee on HIGHER EDUCATION AND
EMPLOYMENT ADVANCEMENT

Introduced by:
(HED)

***AN ACT CONCERNING THE CONNECTICUT HEALTH AND
EDUCATIONAL FACILITIES AUTHORITY.***

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

1 Section 1. Subsection (g) of section 10a-178 of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective July*
3 *1, 2013*):

4 (g) "Health care institution" means (1) any nonprofit, state-aided
5 hospital or other health care institution, including The University of
6 Connecticut Health Center, which is entitled, under the laws of the
7 state, to receive assistance from the state by means of a grant made
8 pursuant to a budgetary appropriation made by the General
9 Assembly, (2) any other hospital or other health care institution which
10 is licensed, or any nonprofit, nonstock corporation which shall receive
11 financing or shall undertake to construct or acquire a project which is
12 or will be eligible to be licensed, as an institution under the provisions
13 of sections 19a-490 to 19a-503, inclusive, or any nonprofit, nonstock,
14 nonsectarian facility which is exempt from taxation under the

15 provisions of section 12-81 or 38a-188 and which is a health care center
16 under the provisions of sections 38a-175 to 38a-191, inclusive, [or] (3)
17 any adjacent health care institution, as defined in subsection (q) of this
18 section, or (4) any nonprofit corporation wholly owned by two or more
19 hospitals or other health care institutions which operates for and on
20 behalf of such hospitals or other health care institutions a project, as
21 defined in subsection (b) of this section, or is a nursing home;

22 Sec. 2. Section 10a-178 of the general statutes is amended by adding
23 subsection (q) as follows (*Effective July 1, 2013*):

24 (NEW) (q) "Adjacent health care institution" means any hospital,
25 health care institution, nonprofit, nonstock corporation or any
26 nonprofit, nonstock nonsectarian facility that (1) is wholly owned or
27 controlled by an entity that is domiciled in this state and that is or
28 controls a health care institution, (2) is located in a state contiguous to
29 this state, and (3) would qualify as a health care institution if it were
30 located in this state.

31 Sec. 3. Subsection (a) of section 10a-186a of the general statutes is
32 repealed and the following is substituted in lieu thereof (*Effective July*
33 *1, 2013*):

34 (a) In connection with the issuance of bonds to finance a project at a
35 participating nursing home or to refund bonds previously issued by
36 the authority to finance a project at a participating nursing home, or in
37 connection with the issuance of bonds to effect a refinancing or other
38 restructuring with respect to one or more participating nursing homes
39 as permitted by subsection (b) of this section, to finance dormitories,
40 residential facilities, student centers, food service facilities and other
41 auxiliary service facilities and related buildings and improvements at a
42 public educational institution, to finance The University of Connecticut
43 Health Center clinical services projects, as defined in subsection (g) of
44 section 10a-114a, or to finance up to one hundred million dollars, in the
45 aggregate, for a project, as defined in subsection (b) of section 10a-178,

46 or equipment, including installation and any necessary building
47 renovations or alterations for the installation and operation of such
48 project or equipment, for participating health care institutions at the
49 discretion of the Secretary of the Office of Policy and Management and
50 the Treasurer, the authority may create and establish one or more
51 reserve funds to be known as special capital reserve funds and may
52 pay into such special capital reserve funds (1) any moneys
53 appropriated and made available by the state for the purposes of such
54 funds, (2) any proceeds of the sale of notes or bonds for a project, to the
55 extent provided in the resolution of the authority authorizing the
56 issuance thereof, and (3) any other moneys which may be made
57 available to the authority for the purpose of such funds from any other
58 source or sources. The moneys held in or credited to any special capital
59 reserve fund established under this section, except as hereinafter
60 provided, shall be used solely for the payment of the principal of and
61 interest, when due, whether at maturity or by mandatory sinking fund
62 installments, on bonds of the authority secured by such capital reserve
63 fund as the same become due, the purchase of such bonds of the
64 authority, the payment of any redemption premium required to be
65 paid when such bonds are redeemed prior to maturity, including in
66 any such case by way of reimbursement of a provider of bond
67 insurance or of a credit or liquidity facility that has paid such amounts;
68 provided the authority shall have power to provide that moneys in
69 any such fund shall not be withdrawn therefrom at any time in such
70 amount as would reduce the amount of such funds to less than the
71 maximum amount of principal and interest becoming due by reasons
72 of maturity or a required sinking fund installment in the then current
73 or any succeeding calendar year on the bonds of the authority then
74 outstanding or the maximum amount permitted to be deposited in
75 such fund by the Internal Revenue Code of 1986, or any subsequent
76 corresponding internal revenue code of the United States, as from time
77 to time amended, to permit the interest on such bonds to be excluded
78 from gross income for federal tax purposes and secured by such
79 special capital reserve fund, such amount being herein referred to as

80 the "required minimum capital reserve", except for the purpose of
81 paying such principal of, redemption premium and interest on such
82 bonds of the authority secured by such special capital reserve
83 becoming due and for the payment of which other moneys of the
84 authority are not available. The authority may provide that it shall not
85 issue bonds secured by a special capital reserve fund at any time if the
86 required minimum capital reserve on the bonds outstanding and the
87 bonds then to be issued and secured by the same special capital
88 reserve fund at the time of issuance, unless the authority, at the time of
89 the issuance of such bonds, shall deposit in such special capital reserve
90 fund from the proceeds of the bonds so to be issued, or otherwise, an
91 amount which, together with the amount then in such special capital
92 reserve fund, will be not less than the required minimum capital
93 reserve. On or before December first, annually, there is deemed to be
94 appropriated from the state General Fund such sums, if any, as shall be
95 certified by the chairman or vice-chairman of the authority to the
96 Secretary of the Office of Policy and Management and the Treasurer of
97 the state, as necessary to restore each such special capital reserve fund
98 to the amount equal to the required minimum capital reserve of such
99 fund, and such amounts shall be allotted and paid to the authority. For
100 the purpose of evaluation of any such special capital reserve fund,
101 obligations acquired as an investment for any such fund shall be
102 valued at market. Nothing contained in this section shall preclude the
103 authority from establishing and creating other debt service reserve
104 funds in connection with the issuance of bonds or notes of the
105 authority which are not special capital reserve funds. Subject to any
106 agreement or agreements with holders of outstanding notes and bonds
107 of the authority, any amount or amounts allotted and paid to the
108 authority pursuant to this section shall be repaid to the state from
109 moneys of the authority at such time as such moneys are not required
110 for any other of its corporate purposes and in any event shall be repaid
111 to the state on the date one year after all bonds and notes of the
112 authority theretofore issued on the date or dates such amount or
113 amounts are allotted and paid to the authority or thereafter issued,

114 together with interest on such bonds and notes, with interest on any
115 unpaid installments of interest and all costs and expenses in
116 connection with any action or proceeding by or on behalf of the
117 holders thereof, are fully met and discharged. No bonds secured by a
118 special capital reserve fund shall be issued to pay project costs unless
119 the authority is of the opinion and determines that the revenues from
120 the project shall be sufficient (A) to pay the principal of and interest on
121 the bonds issued to finance the project, (B) to establish, increase and
122 maintain any reserves deemed by the authority to be advisable to
123 secure the payment of the principal of and interest on such bonds, (C)
124 to pay the cost of maintaining the project in good repair and keeping it
125 properly insured, and (D) to pay such other costs of the project as may
126 be required.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2013</i>	10a-178(g)
Sec. 2	<i>July 1, 2013</i>	10a-178
Sec. 3	<i>July 1, 2013</i>	10a-186a(a)

Statement of Purpose:

To permit the Connecticut Health and Educational Facilities Authority to issue debt for health care projects in contiguous states for a health care institution with a parent domiciled in this state and to expand the definition of a qualified project for a participating health care institution to include construction and renovation in addition to equipment.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]