

**Proposed Substitute
Bill No. 5454**

LCO No. 3436

**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. Section 10a-178 of the general statutes is amended by
2 adding subsections (r) and (s) and (t) as follows (*Effective July 1, 2016*):

3 (NEW) (r) "Participating community hospital" means a participating
4 health care institution that (1) is an acute care nonprofit hospital; (2) is
5 not a teaching hospital or a member of a multihospital system; (3) has
6 twenty-five or fewer full-time equivalent interns or residents for each
7 one hundred inpatient beds; and (4) charges less for health care
8 services than the median prices for such health care services in the
9 state.

10 (NEW) (s) "Eligible project" means construction, renovation, the
11 acquisition of facilities, the purchase of equipment, including, but not
12 limited to, technology, and the cost of financing thereof.

13 Sec. 2. Subsection (a) of section 10a-186a of the general statutes is
14 repealed and the following is substituted in lieu thereof (*Effective July*
15 *1, 2016*):

16 (a) In connection with the issuance of bonds to finance a project at a
17 participating nursing home or to refund bonds previously issued by

18 the authority to finance a project at a participating nursing home, or in
19 connection with the issuance of bonds to effect a refinancing or other
20 restructuring with respect to one or more participating nursing homes
21 as permitted by subsection (b) of this section, to finance dormitories,
22 residential facilities, student centers, food service facilities and other
23 auxiliary service facilities and related buildings and improvements at a
24 public educational institution, to finance The University of Connecticut
25 Health Center clinical services projects, as defined in subsection (g) of
26 section 10a-114a, or to finance up to one hundred million dollars, in the
27 aggregate, for [equipment, including installation and any necessary
28 building renovations or alterations for the installation and operation of
29 such equipment, for participating health care institutions at the
30 discretion of the Secretary of the Office of Policy and Management and
31 the Treasurer] eligible projects for participating community hospitals
32 and participating nursing homes, the authority may create and
33 establish one or more reserve funds to be known as special capital
34 reserve funds and may pay into such special capital reserve funds (1)
35 any moneys appropriated and made available by the state for the
36 purposes of such funds, (2) any proceeds of the sale of notes or bonds
37 for a project, to the extent provided in the resolution of the authority
38 authorizing the issuance thereof, and (3) any other moneys which may
39 be made available to the authority for the purpose of such funds from
40 any other source or sources. The moneys held in or credited to any
41 special capital reserve fund established under this section, except as
42 hereinafter provided, shall be used solely for the payment of the
43 principal of and interest, when due, whether at maturity or by
44 mandatory sinking fund installments, on bonds of the authority
45 secured by such capital reserve fund as the same become due, the
46 purchase of such bonds of the authority, the payment of any
47 redemption premium required to be paid when such bonds are
48 redeemed prior to maturity, including in any such case by way of
49 reimbursement of a provider of bond insurance or of a credit or
50 liquidity facility that has paid such amounts; provided the authority
51 shall have power to provide that moneys in any such fund shall not be
52 withdrawn therefrom at any time in such amount as would reduce the

53 amount of such funds to less than the maximum amount of principal
54 and interest becoming due by reasons of maturity or a required
55 sinking fund installment in the then current or any succeeding
56 calendar year on the bonds of the authority then outstanding or the
57 maximum amount permitted to be deposited in such fund by the
58 Internal Revenue Code of 1986, or any subsequent corresponding
59 internal revenue code of the United States, as from time to time
60 amended, to permit the interest on such bonds to be excluded from
61 gross income for federal tax purposes and secured by such special
62 capital reserve fund, such amount being herein referred to as the
63 "required minimum capital reserve", except for the purpose of paying
64 such principal of, redemption premium and interest on such bonds of
65 the authority secured by such special capital reserve becoming due
66 and for the payment of which other moneys of the authority are not
67 available. The authority may provide that it shall not issue bonds
68 secured by a special capital reserve fund at any time if the required
69 minimum capital reserve on the bonds outstanding and the bonds then
70 to be issued and secured by the same special capital reserve fund at the
71 time of issuance, unless the authority, at the time of the issuance of
72 such bonds, shall deposit in such special capital reserve fund from the
73 proceeds of the bonds so to be issued, or otherwise, an amount which,
74 together with the amount then in such special capital reserve fund, will
75 be not less than the required minimum capital reserve. On or before
76 December first, annually, there is deemed to be appropriated from the
77 state General Fund such sums, if any, as shall be certified by the
78 chairman or vice-chairman of the authority to the Secretary of the
79 Office of Policy and Management and the Treasurer of the state, as
80 necessary to restore each such special capital reserve fund to the
81 amount equal to the required minimum capital reserve of such fund,
82 and such amounts shall be allotted and paid to the authority. For the
83 purpose of evaluation of any such special capital reserve fund,
84 obligations acquired as an investment for any such fund shall be
85 valued at market. Nothing contained in this section shall preclude the
86 authority from establishing and creating other debt service reserve
87 funds in connection with the issuance of bonds or notes of the

88 authority which are not special capital reserve funds. Subject to any
89 agreement or agreements with holders of outstanding notes and bonds
90 of the authority, any amount or amounts allotted and paid to the
91 authority pursuant to this section shall be repaid to the state from
92 moneys of the authority at such time as such moneys are not required
93 for any other of its corporate purposes and in any event shall be repaid
94 to the state on the date one year after all bonds and notes of the
95 authority theretofore issued on the date or dates such amount or
96 amounts are allotted and paid to the authority or thereafter issued,
97 together with interest on such bonds and notes, with interest on any
98 unpaid installments of interest and all costs and expenses in
99 connection with any action or proceeding by or on behalf of the
100 holders thereof, are fully met and discharged. No bonds secured by a
101 special capital reserve fund shall be issued to pay project costs unless
102 the authority is of the opinion and determines that the revenues from
103 the project shall be sufficient (A) to pay the principal of and interest on
104 the bonds issued to finance the project, (B) to establish, increase and
105 maintain any reserves deemed by the authority to be advisable to
106 secure the payment of the principal of and interest on such bonds, (C)
107 to pay the cost of maintaining the project in good repair and keeping it
108 properly insured, and (D) to pay such other costs of the project as may
109 be required.

110 Sec. 3. (NEW) (*Effective July 1, 2016*) Notwithstanding the provisions
111 of chapter 187 of the general statutes, the authority, in consultation
112 with the Office of Policy and Management and the State Treasurer,
113 shall establish a self-sufficiency standard applicable to community
114 hospitals that takes into consideration the unique economic
115 circumstances facing such hospitals. Such self-sufficiency standard
116 shall be applicable in lieu of other measures of credit worthiness when
117 determining eligibility for financing for an eligible project for a
118 participating community hospital pursuant to the provisions of section
119 10a-186a of the general statutes, as amended by this act.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>July 1, 2016</i>	10a-178
Sec. 2	<i>July 1, 2016</i>	10a-186a(a)
Sec. 3	<i>July 1, 2016</i>	New section