



Senate

General Assembly

File No. 255

January Session, 2019

Substitute Senate Bill No. 70

Senate, April 1, 2019

The Committee on Banking reported through SEN. BERGSTEIN of the 36th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT ESTABLISHING THE CONNECTICUT INFRASTRUCTURE BANK.

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

1 Section 1. (NEW) (*Effective October 1, 2019*) (a) For purposes of this
2 section, "infrastructure improvement" means the acquisition, removal,
3 construction, equipping, reconstruction, repair, rehabilitation and
4 improvement of, and acquisition of easements and rights-of-way with
5 respect to, roadways, highways, bridges, commuter and freight
6 railways, transit and intermodal systems, airports and aeronautic
7 facilities, ports, harbors, navigable waterways, energy transmission
8 and distribution resources, telecommunication networks and transit-
9 oriented development.

10 (b) There is hereby created an Infrastructure Improvement Fund
11 which shall be within the Connecticut Infrastructure Bank. The fund
12 may receive any amount required by law to be deposited into the fund
13 and may receive any federal funds as may become available to the
14 state for infrastructure improvement investments. Upon authorization

15 of the Connecticut Infrastructure Bank established pursuant to
16 subsection (c) of this section, any amount in said fund may be used for
17 expenditures that promote investment in infrastructure improvement
18 in accordance with a comprehensive plan developed by said bank to
19 foster the growth, development and commercialization of
20 infrastructure improvement and related enterprises. Such expenditures
21 may include, but not be limited to, providing low-cost financing and
22 credit enhancement mechanisms for projects and technologies,
23 reimbursement of the operating expenses, including administrative
24 expenses incurred by the Connecticut Infrastructure Bank, and capital
25 costs incurred by the Connecticut Infrastructure Bank in connection
26 with the operation of the fund, the implementation of the plan
27 developed pursuant to subsection (c) of this section or the other
28 permitted activities of the Connecticut Infrastructure Bank,
29 disbursements from the fund to develop and carry out the plan
30 developed pursuant to subsection (c) of this section, grants, direct or
31 equity investments, contracts or other actions which support research,
32 development, manufacture, commercialization, deployment and
33 installation of infrastructure improvement, and actions which expand
34 the expertise of individuals, businesses and lending institutions with
35 regard to infrastructure improvement.

36 (c) (1) (A) There is established the Connecticut Infrastructure Bank,
37 which shall be within the Connecticut Green Bank for administrative
38 purposes only. The Connecticut Infrastructure Bank is hereby
39 established and created as a body politic and corporate, constituting a
40 public instrumentality and political subdivision of the state of
41 Connecticut established and created for the performance of an
42 essential public and governmental function. The Connecticut
43 Infrastructure Bank shall not be construed to be a department,
44 institution or agency of the state.

45 (B) The Connecticut Infrastructure Bank shall (i) develop programs
46 to finance and otherwise support infrastructure improvement; (ii)
47 support financing or other expenditures that promote investment in
48 infrastructure improvement in accordance with a comprehensive plan

49 developed by it to foster the growth, development and
50 commercialization of infrastructure improvement and related
51 enterprises; and (iii) stimulate demand for infrastructure
52 improvement.

53 (C) The Connecticut Infrastructure Bank shall constitute a successor
54 agency to the Connecticut Green Bank, for the purposes of
55 administering the Infrastructure Improvement Fund in accordance
56 with section 4-38d of the general statutes. The Connecticut
57 Infrastructure Bank shall have all the privileges, immunities, tax
58 exemptions and other exemptions of the Connecticut Green Bank with
59 respect to said fund. The Connecticut Infrastructure Bank shall be
60 subject to suit and liability solely from the assets, revenues and
61 resources of said bank and without recourse to the general funds,
62 revenues and resources or other assets of the Connecticut Green Bank.
63 The Connecticut Infrastructure Bank may provide financial assistance
64 in the form of grants, loans, loan guarantees or debt and equity
65 investments, as approved in accordance with written procedures
66 adopted pursuant to section 1-121 of the general statutes. The
67 Connecticut Infrastructure Bank may assume or take title to any real
68 property and may mortgage, convey or dispose of its assets and pledge
69 its revenues to secure any borrowing, for the purpose of developing,
70 acquiring, constructing, refinancing, rehabilitating or improving its
71 assets or supporting its programs, provided each such borrowing or
72 mortgage, unless otherwise provided by the board of said bank, shall
73 be a special obligation of said bank, which obligation may be in the
74 form of bonds, bond anticipation notes or other obligations which
75 evidence an indebtedness to the extent permitted under this chapter to
76 fund, refinance and refund the same and provide for the rights of
77 holders thereof, and to secure the same by pledge of revenues, notes
78 and mortgages of others, and which shall be payable solely from the
79 assets, revenues and other resources of said bank and such bonds may
80 be secured by a special capital reserve fund contributed to by the state.
81 The Connecticut Infrastructure Bank shall have the purposes as
82 provided by resolution of said bank's board of directors, which
83 purposes shall be consistent with this section. No further action is

84 required for the establishment of the Connecticut Infrastructure Bank,
85 except the adoption of a resolution for said bank.

86 (D) In addition to, and not in limitation of, any other power of the
87 Connecticut Infrastructure Bank set forth in this section or any other
88 provision of the general statutes, said bank shall have and may
89 exercise the following powers in furtherance of or in carrying out its
90 purposes:

91 (i) To have perpetual succession as a body corporate and to adopt
92 bylaws, policies and procedures for the regulation of its affairs and the
93 conduct of its business;

94 (ii) To make and enter into all contracts and agreements that are
95 necessary or incidental to the conduct of its business;

96 (iii) To invest in, acquire, lease, purchase, own, manage, hold, sell
97 and dispose of real or personal property or any interest therein;

98 (iv) To borrow money or guarantee a return to investors or lenders;

99 (v) To hold patents, copyrights, trademarks, marketing rights,
100 licenses or other rights in intellectual property;

101 (vi) (I) To employ such assistants, agents and employees as may be
102 necessary or desirable, who shall be exempt from the classified service
103 and shall not be employees, as defined in subsection (b) of section 5-
104 270 of the general statutes; (II) establish all necessary or appropriate
105 personnel practices and policies, including those relating to hiring,
106 promotion, compensation and retirement, and said bank shall not be
107 an employer, as defined in subsection (a) of section 5-270 of the general
108 statutes; and (III) engage consultants, attorneys, financial advisers,
109 appraisers and other professional advisers as may be necessary or
110 desirable;

111 (vii) To invest any funds not needed for immediate use or
112 disbursement pursuant to investment policies adopted by said bank's
113 board of directors;

114 (viii) To procure insurance against any loss or liability with respect
115 to its property or business of such types, in such amounts and from
116 such insurers as it deems desirable;

117 (ix) To enter into joint ventures and invest in, and participate with
118 any person, including, without limitation, government entities and
119 private corporations, in the formation, ownership, management and
120 operation of a northeast regional infrastructure bank or any other
121 business entities, including stock and nonstock corporations, limited
122 liability companies and general or limited partnerships, formed to
123 advance the purposes of the Connecticut Infrastructure Bank, provided
124 members of the board of directors or officers or employees of said
125 bank may serve as directors, members or officers of any such regional
126 infrastructure bank or business entity, and such service shall be
127 deemed to be in the discharge of the duties or within the scope of the
128 employment of any such director, officer or employee, as the case may
129 be, so long as such director, officer or employee does not receive any
130 compensation or financial benefit as a result of serving in such role;

131 (x) To enter into a memorandum of understanding or other
132 arrangements with Connecticut Green Bank, with respect to the
133 provision or sharing of space, office systems or staff administrative
134 support, on such terms as may be agreed to between said bank and
135 Connecticut Green Bank; and

136 (xi) To do all other acts and things necessary or convenient to carry
137 out the purposes of said bank.

138 (E) (i) The Connecticut Infrastructure Bank may form one or more
139 subsidiaries to carry out the purposes of said bank, as described in
140 subparagraph (B) of this subdivision, and may transfer to any such
141 subsidiary any moneys and real or personal property of any kind or
142 nature. Any subsidiary may be organized as a stock or nonstock
143 corporation or a limited liability company. Each such subsidiary shall
144 have and may exercise such powers of said bank, as set forth in the
145 resolution of the board of directors of said bank prescribing the
146 purposes for which such subsidiary is formed, and such other powers

147 provided to it by law.

148 (ii) No such subsidiary of said bank shall be deemed a quasi-public
149 agency for purposes of chapter 12 of the general statutes and no such
150 subsidiary shall have all the privileges, immunities, tax exemptions
151 and other exemptions of said bank. In no event shall any such
152 subsidiary have the power to hire or otherwise retain employees. The
153 governing documents of any such subsidiary shall provide for the
154 dissolution of such subsidiary upon the completion of the purpose for
155 which such subsidiary was formed. Each such subsidiary may sue and
156 shall be subject to suit, provided its liability shall be limited solely to
157 the assets, revenues and resources of the subsidiary and without
158 recourse to the general funds, revenues, resources or any other assets
159 of said bank. Each such subsidiary is authorized to assume or take title
160 to property subject to any existing lien, encumbrance or mortgage and
161 to mortgage, convey or dispose of its assets and pledge its revenues to
162 secure any borrowing, provided each such borrowing or mortgage
163 shall be a special obligation of the subsidiary, which obligation may be
164 in the form of bonds, bond anticipation notes and other obligations, to
165 fund and refund the same and provide for the rights of the holders
166 thereof, and to secure the same by a pledge of revenues, notes and
167 other assets and which shall be payable solely from the revenues,
168 assets and other resources of the subsidiary. The Connecticut
169 Infrastructure Bank may assign to a subsidiary any rights, moneys or
170 other assets it has under any governmental program. No subsidiary of
171 said bank shall borrow without the approval of the board of directors
172 of said bank.

173 (iii) Each such subsidiary shall act through its board of directors or
174 managing members, at least one-half of which shall be members of the
175 board of directors of said bank or their designees or officers or
176 employees of said bank.

177 (iv) The provisions of section 1-125 of the general statutes, as
178 amended by this act, and this subsection shall apply to any officer,
179 director, designee or employee appointed as a member, director or

180 officer of any such subsidiary. Any such person so appointed shall not
181 be personally liable for the debts, obligations or liabilities of any such
182 subsidiary as provided in section 1-125 of the general statutes, as
183 amended by this act. The subsidiary shall, and said bank may, save
184 harmless and indemnify such officer, director, designee or employee as
185 provided by section 1-125 of the general statutes, as amended by this
186 act.

187 (v) The Connecticut Infrastructure Bank, or such subsidiary, may
188 take such actions as are necessary to comply with the provisions of the
189 Internal Revenue Code of 1986, or any subsequent corresponding
190 internal revenue code of the United States, as amended from time to
191 time, to qualify and maintain any such subsidiary as a corporation
192 exempt from taxation under said code.

193 (vi) The Connecticut Infrastructure Bank may make loans to each
194 such subsidiary from its assets and the proceeds of its bonds, notes and
195 other obligations, provided the source and security for the repayment
196 of such loans is derived from the assets, revenues and resources of the
197 subsidiary.

198 (2) (A) The Connecticut Infrastructure Bank may seek to qualify as a
199 Community Development Financial Institution under 12 USC 4702, as
200 amended from time to time. If approved as a Community
201 Development Financial Institution, said bank would be treated as a
202 qualified community development entity for purposes of Section 45D
203 and Section 1400N(m) of the Internal Revenue Code of 1986, or any
204 subsequent corresponding internal revenue code of the United States,
205 as amended from time to time.

206 (B) Before making any loan, loan guarantee or such other form of
207 financing support or risk management for an infrastructure
208 improvement project, the Connecticut Infrastructure Bank shall
209 develop standards to govern the administration of said bank through
210 rules, policies and procedures that specify borrower eligibility, terms
211 and conditions of support and other relevant criteria, standards or
212 procedures.

213 (C) Funding sources specifically authorized include, but are not
214 limited to:

215 (i) Funds received by the state from transportation-related fees,
216 including, but not limited to, fees for bus, rail or ferry service, parking
217 and electric vehicle charging;

218 (ii) Proceeds from the sale of bonds authorized pursuant to section
219 3-20 of the general statutes;

220 (iii) Funds from the Special Transportation Fund, provided any such
221 funds are used solely for transportation purposes;

222 (iv) Any federal funds that can be used for the purposes specified in
223 subsection (b) of this section;

224 (v) Charitable gifts, grants and contributions as well as loans from
225 individuals, corporations, university endowments and philanthropic
226 foundations;

227 (vi) Earnings and interest derived from financing support activities
228 for infrastructure improvement projects backed by the Connecticut
229 Infrastructure Bank;

230 (vii) If and to the extent that the Connecticut Infrastructure Bank
231 qualifies as a Community Development Financial Institution under 12
232 USC 4702, as amended from time to time, funding from the
233 Community Development Financial Institution Fund administered by
234 the United States Department of Treasury, as well as loans from and
235 investments by depository institutions seeking to comply with their
236 obligations under the United States Community Reinvestment Act of
237 1977; and

238 (viii) The Connecticut Infrastructure Bank may enter into contracts
239 with private sources to raise capital. The average rate of return on such
240 debt or equity shall be set by the board of directors of said bank.

241 (D) The Connecticut Infrastructure Bank may provide financing

242 support under this subsection if said bank determines that the amount
243 to be financed by said bank and other nonequity financing sources do
244 not exceed eighty per cent of the cost to develop and implement an
245 infrastructure improvement project or up to one hundred per cent of
246 the cost of refinancing an investment improvement project.

247 (E) The Connecticut Infrastructure Bank may assess reasonable fees
248 on its financing activities to cover its reasonable costs and expenses, as
249 determined by the board.

250 (F) The Connecticut Infrastructure Bank shall make information
251 regarding the rates, terms and conditions for all of its financing
252 support transactions available to the public for inspection, including
253 formal annual reviews by both a private auditor conducted pursuant
254 to subdivision (2) of subsection (e) of this section and the Comptroller,
255 and providing details to the public on the Internet, provided public
256 disclosure shall be restricted for patentable ideas, trade secrets,
257 proprietary or confidential commercial or financial information,
258 disclosure of which may cause commercial harm to a
259 nongovernmental recipient of such financing support and for other
260 information exempt from public records disclosure pursuant to section
261 1-210 of the general statutes.

262 (3) No director, officer, employee or agent of the Connecticut
263 Infrastructure Bank, while acting within the scope of his or her
264 authority, shall be subject to any personal liability resulting from
265 exercising or carrying out any of the Connecticut Infrastructure Bank's
266 purposes or powers.

267 (d) (1) The powers of the Connecticut Infrastructure Bank shall be
268 vested in and exercised by a board of directors, which shall consist of
269 eleven voting and one nonvoting members each with knowledge and
270 expertise in matters related to the purpose and activities of said bank
271 appointed as follows: The Treasurer or the Treasurer's designee, the
272 Commissioner of Transportation or the commissioner's designee and
273 the Commissioner of Economic and Community Development or the
274 commissioner's designee, each serving *ex officio*, one member who

275 shall have experience in the finance or development of infrastructure
276 improvement projects appointed by the speaker of the House of
277 Representatives for a term of four years, one member who shall have
278 experience in investment fund management appointed by the minority
279 leader of the House of Representatives for a term of three years, one
280 member who shall represent an environmental organization appointed
281 by the president pro tempore of the Senate for a term of four years,
282 and one member who shall represent a business development
283 organization appointed by the minority leader of the Senate for a term
284 of four years. Thereafter, such members of the General Assembly shall
285 appoint members of the board to succeed such appointees whose
286 terms expire and each member so appointed shall hold office for a
287 period of four years from the first day of July in the year of his or her
288 appointment. The Governor shall appoint four members to the board
289 as follows: Two for two years who shall have experience in the finance
290 or development of infrastructure improvement projects; one for four
291 years who shall be a representative of a labor organization; and one
292 who shall have experience in the planning and installation of
293 infrastructure improvement projects. Thereafter, the Governor shall
294 appoint members of the board to succeed such appointees whose
295 terms expire and each member so appointed shall hold office for a
296 period of four years from the first day of July in the year of his or her
297 appointment. The president of the Connecticut Infrastructure Bank
298 shall be elected by the members of the board. The president of the
299 Connecticut Infrastructure Bank shall serve on the board in an ex-
300 officio, nonvoting capacity. The Governor shall appoint the
301 chairperson of the board. The board shall elect from its members a
302 vice-chairperson and such other officers as it deems necessary and
303 shall adopt such bylaws and procedures it deems necessary to carry
304 out its functions. The board may establish committees and
305 subcommittees as necessary to conduct its business.

306 (2) The members of the board of directors of the Connecticut
307 Infrastructure Bank shall adopt written procedures, in accordance with
308 the provisions of section 1-121 of the general statutes, for: (A)
309 Adopting an annual budget and plan of operations, including a

310 requirement of board approval before the budget or plan may take
311 effect; (B) hiring, dismissing, promoting and compensating employees
312 of said bank, including an affirmative action policy and a requirement
313 of board approval before a position may be created or a vacancy filled;
314 (C) acquiring real and personal property and personal services,
315 including a requirement of board approval for any nonbudgeted
316 expenditure in excess of five thousand dollars; (D) contracting for
317 financial, legal, bond underwriting and other professional services,
318 including a requirement that said bank solicit proposals at least once
319 every three years for each such service that it uses; (E) issuing and
320 retiring bonds, bond anticipation notes and other obligations of said
321 bank; (F) awarding loans, grants and other financial assistance,
322 including eligibility criteria, the application process and the role
323 played by said bank's staff and board of directors; and (G) the use of
324 surplus funds to the extent authorized under this section or other
325 provisions of the general statutes.

326 (3) No member of the board of directors of the Connecticut
327 Infrastructure Bank shall be a trustee, director, partner or officer of any
328 person, firm or corporation, or have a financial interest in a person,
329 firm or corporation that participates in or otherwise receives support
330 from programs developed, administered or otherwise supported by
331 the Connecticut Infrastructure Bank. The holding of any such position
332 as a trustee, director, partner or officer, or any financial interest by a
333 member of the board of directors of the Connecticut Infrastructure
334 Bank shall be deemed a conflict of interest, provided it shall not
335 constitute a conflict of interest for a member of the board of directors
336 of the Connecticut Infrastructure Bank to serve as a director, member
337 or officer of a joint venture entered into by the Connecticut
338 Infrastructure Bank pursuant to subsection (c) of this section.

339 (e) (1) The board shall issue annually a report to the Department of
340 Transportation reviewing the activities of the Connecticut
341 Infrastructure Bank in detail and shall provide a copy of such report, in
342 accordance with the provisions of section 11-4a of the general statutes,
343 to the joint standing committees of the General Assembly having

344 cognizance of matters relating to banking, commerce, energy,
345 environment and transportation. The report shall include a description
346 of the programs and activities undertaken during the reporting period.

347 (2) The Infrastructure Improvement Fund shall be audited annually.
348 Such audits shall be conducted with generally accepted auditing
349 standards by independent certified public accountants certified by the
350 State Board of Accountancy. Such accountants may be the accountants
351 for the Connecticut Infrastructure Bank.

352 (3) Any entity that receives financing for an infrastructure
353 improvement project from the fund shall provide the board an annual
354 statement, certified as correct by the chief financial officer of the
355 recipient of such financing, setting forth all sources and uses of funds
356 in such detail as may be required by the bank for such project. The
357 Connecticut Infrastructure Bank shall maintain any such audits for not
358 less than five years.

359 (f) (1) The state of Connecticut does hereby pledge to and agree with
360 any person with whom the Connecticut Infrastructure Bank may enter
361 into contracts pursuant to the provisions of this section that the state
362 will not limit or alter the rights hereby vested in said bank until such
363 contracts and the obligations thereunder are fully met and performed
364 on the part of said bank, provided nothing herein contained shall
365 preclude such limitation or alteration if adequate provision shall be
366 made by law for the protection of such persons entering into contracts
367 with said bank. The pledge provided by this subsection shall be
368 interpreted and applied broadly to effectuate and maintain the bank's
369 financial capacity to perform its essential public and governmental
370 function.

371 (2) The contracts and obligations thereunder of said bank shall be
372 obligatory upon the bank, and the bank may appropriate in each year
373 during the term of such contracts an amount of money that, together
374 with other funds of the bank available for such purposes, shall be
375 sufficient to pay such contracts and obligations or meet any contractual
376 covenants or warranties.

377 (g) The powers enumerated in this section shall be interpreted
378 broadly to effectuate the purposes established in this section and shall
379 not be construed as a limitation of powers.

380 (h) To the extent that the provisions of this section are inconsistent
381 with the provisions of any general statute or special act or parts
382 thereof, the provisions of this section shall be deemed controlling.

383 Sec. 2. (NEW) (*Effective October 1, 2019*) (a) For purposes of this
384 section, "required minimum capital reserve" means the maximum
385 amount permitted to be deposited in a special capital reserve fund by
386 the Internal Revenue Code of 1986, or any subsequent corresponding
387 internal revenue code of the United States, as amended from time to
388 time, to permit the interest on such bonds to be excluded from gross
389 income for federal tax purposes and secured by such special capital
390 reserve fund.

391 (b) In connection with the issuance of bonds or to refund bonds
392 previously issued by the Connecticut Infrastructure Bank, or in
393 connection with the issuance of bonds to effect a refinancing or other
394 restructuring with respect to one or more projects, said bank may
395 create and establish one or more reserve funds to be known as special
396 capital reserve funds, and may pay into such special capital reserve
397 funds (1) any moneys appropriated and made available by the state for
398 the purposes of such special capital reserve funds, (2) any proceeds of
399 the sale of notes or bonds, to the extent provided in the resolution of
400 said bank authorizing the issuance thereof, and (3) any other moneys
401 that may be made available to said bank for the purpose of such
402 special capital reserve funds from any other source or sources.

403 (c) The moneys held in or credited to any special capital reserve
404 fund established under this section, except as hereinafter provided,
405 shall be used for (1) the payment of the principal of and interest, when
406 due, whether at maturity or by mandatory sinking fund installments,
407 on bonds of the Connecticut Infrastructure Bank secured by such
408 special capital reserve fund as such payments become due, or (2) the
409 purchase of such bonds of said bank and the payment of any

410 redemption premium required to be paid when such bonds are
411 redeemed prior to maturity, including in any such case by way of
412 reimbursement of a provider of bond insurance or of a credit or
413 liquidity facility that has paid such redemption premiums.
414 Notwithstanding the provisions of subdivisions (1) and (2) of this
415 subsection, said bank may provide that moneys in any such special
416 capital reserve fund shall not be withdrawn therefrom at any time in
417 such amount as would reduce the amount of such moneys to less than
418 the maximum amount of principal and interest becoming due by
419 reasons of maturity or a required sinking fund installment in the then
420 current or any succeeding calendar year on the bonds of said bank
421 then outstanding, or less than the required minimum capital reserve,
422 except for the purpose of paying such principal of, redemption
423 premium and interest on such bonds of said bank secured by such
424 special capital reserve becoming due and for the payment of which
425 other moneys of said bank are not available. Said bank may provide
426 that it shall not issue bonds secured by a special capital reserve fund at
427 any time if the required minimum capital reserve on the bonds
428 outstanding and the bonds then to be issued and secured by the same
429 special capital reserve fund at the time of issuance exceeds the moneys
430 in the special capital reserve fund, unless said bank, at the time of the
431 issuance of such bonds, deposits in such special capital reserve fund
432 from the proceeds of the bonds so to be issued, or from other sources,
433 an amount which, together with the amount then in such special
434 capital reserve fund, will be not less than the required minimum
435 capital reserve.

436 (d) Prior to December first, annually, the Connecticut Infrastructure
437 Bank shall deposit into any special capital reserve fund, the balance of
438 which has fallen below the required minimum capital reserve of such
439 fund, the full amount required to meet the minimum capital reserve of
440 such fund, as available to said bank from any resources of said bank
441 not otherwise pledged or dedicated to another purpose. On or before
442 December first, annually, but after said bank has made such required
443 deposit, there is deemed to be appropriated from the General Fund
444 such sums, if any, as shall be certified by the chairperson or vice-

445 chairperson of the Connecticut Infrastructure Bank to the State
446 Treasurer and the joint standing committees of the General Assembly
447 having cognizance of matters relating to finance, revenue and bonding
448 and transportation, as necessary to restore each such special capital
449 reserve fund to the amount equal to the required minimum capital
450 reserve of such fund, and such amounts shall be allotted and paid to
451 said bank. For the purpose of evaluation of any such special capital
452 reserve fund, obligations acquired as an investment for any such
453 special capital reserve fund shall be valued at market. Nothing
454 contained in this section shall preclude said bank from establishing
455 and creating other debt service reserve funds in connection with the
456 issuance of bonds or notes of said bank that are not special capital
457 reserve funds. Subject to any agreement or agreements with holders of
458 outstanding notes and bonds of said bank, any amount or amounts
459 allotted and paid to said bank pursuant to this subsection shall be
460 repaid to the state from moneys of said bank at such time as such
461 moneys are not required for any other of said bank's corporate
462 purposes, and in any event shall be repaid to the state on the date one
463 year after all bonds and notes of said bank theretofore issued on the
464 date or dates such amount or amounts are allotted and paid to said
465 bank or thereafter issued, together with interest on such bonds and
466 notes, with interest on any unpaid installments of interest and all costs
467 and expenses in connection with any action or proceeding by or on
468 behalf of the holders thereof, are fully met and discharged.

469 (e) No bonds secured by a special capital reserve fund shall be
470 issued to pay project costs unless the Connecticut Infrastructure Bank
471 is of the opinion and determines that the revenues from the project
472 shall be sufficient to (1) pay the principal of and interest on the bonds
473 issued to finance the project, (2) establish, increase and maintain any
474 reserves deemed by said bank to be advisable to secure the payment of
475 the principal of and interest on such bonds, (3) pay the cost of
476 maintaining the project in good repair and keeping it properly insured,
477 and (4) pay such other costs of the project as may be required.

478 (f) Notwithstanding the provisions of this section, no bonds secured

479 by a special capital reserve fund shall be issued by the Connecticut
480 Infrastructure Bank unless and until such issuance has been approved
481 by the State Treasurer or the Deputy State Treasurer. Any such
482 approval by the Treasurer pursuant to this subsection shall be in
483 addition to (1) the opinion of sufficiency by said bank otherwise
484 required under subsection (e) of this section, and (2) the
485 documentation by said bank otherwise required under subsection (a)
486 of section 1-124 of the general statutes, as amended by this act. Such
487 approval may provide for the waiver or modification of such other
488 requirements of this section as the Treasurer determines to be
489 necessary or appropriate in order to effectuate such issuance, subject to
490 all applicable tax covenants of said bank and the state.

491 (g) Notwithstanding any other provision contained in this section,
492 the aggregate amount of bonds secured by such special capital reserve
493 fund authorized to be created and established by this section shall not
494 exceed one hundred million dollars.

495 Sec. 3. (NEW) (*Effective October 1, 2019*) (a) The Connecticut
496 Infrastructure Bank is authorized from time to time to issue its
497 negotiable bonds for any corporate purpose. In anticipation of the sale
498 of such bonds, the Connecticut Infrastructure Bank may issue
499 negotiable bond anticipation notes and may renew the same from time
500 to time. Such notes shall be paid from any revenues of said bank or
501 other moneys available for such purposes and not otherwise pledged,
502 or from the proceeds of sale of the bonds of said bank in anticipation of
503 which they were issued. The notes shall be issued in the same manner
504 as the bonds. Such notes and the resolution or resolutions authorizing
505 the same may contain any provisions, conditions or limitations that a
506 bond resolution of said bank may contain.

507 (b) Every issue of the bonds, notes or other obligations issued by the
508 Connecticut Infrastructure Bank shall be special obligations of said
509 bank payable from any revenues or moneys of said bank available for
510 such purposes and not otherwise pledged, subject to any agreements
511 with the holders of particular bonds, notes or other obligations

512 pledging any particular revenues or moneys, and subject to any
513 agreements with any individual, partnership, corporation or
514 association or other body, public or private. Notwithstanding that such
515 bonds, notes or other obligations may be payable from a special fund,
516 such bonds, notes or other obligations shall be deemed to be for all
517 purposes negotiable instruments, subject only to the provisions of such
518 bonds, notes or other obligations for registration.

519 (c) The bonds may be issued as serial bonds or as term bonds, or the
520 Connecticut Infrastructure Bank, in its discretion, may issue bonds of
521 both types. The bonds shall be authorized by resolution of the
522 members of the board of directors of said bank and shall bear such
523 date or dates, mature at such time or times, not exceeding twenty years
524 from their respective dates, bear interest at such rate or rates, be
525 payable at such time or times, be in such denominations, be in such
526 form, either coupon or registered, carry such registration privileges, be
527 executed in such manner, be payable in lawful money of the United
528 States at such place or places and be subject to such terms of
529 redemption, as such resolution or resolutions may provide. The bonds
530 or notes may be sold at public or private sale for such price or prices as
531 said bank shall determine. The power to fix the date of sale of bonds,
532 to receive bids or proposals, to award and sell bonds and to take all
533 other necessary action to sell and deliver bonds may be delegated to
534 the chairperson or vice-chairperson of the board, a subcommittee of
535 the board or other officers of said bank by resolution of the board. The
536 exercise of such delegated powers may be made subject to the
537 approval of a majority of the members of the board which approval
538 may be given in the manner provided in the bylaws of said bank.
539 Pending preparation of the definitive bonds, said bank may issue
540 interim receipts or certificates which shall be exchanged for such
541 definitive bonds.

542 (d) Any resolution or resolutions authorizing any bonds or any
543 issue of bonds may contain provisions, which shall be a part of the
544 contract with the holders of the bonds to be authorized, as to: (1)
545 Pledges of the full faith and credit of the Connecticut Infrastructure

546 Bank, the full faith and credit of any individual, partnership,
547 corporation or association or other body, public or private, all or any
548 part of the revenues of a project or any revenue-producing contract or
549 contracts made by said bank with any individual, partnership,
550 corporation or association or other body, public or private, any
551 federally guaranteed security and moneys received therefrom
552 purchased with bond proceeds or any other property, revenues, funds
553 or legally available moneys to secure the payment of the bonds or of
554 any particular issue of bonds, subject to such agreements with
555 bondholders as may then exist; (2) the rentals, fees and other charges
556 to be charged, and the amounts to be raised in each year thereby, and
557 the use and disposition of the revenues; (3) the setting aside of reserves
558 or sinking funds, and the regulation and disposition thereof; (4)
559 limitations on the right of said bank or its agent to restrict and regulate
560 the use of the project funded by such bonds or issue of bonds; (5) the
561 purpose and limitations to which the proceeds of sale of any issue of
562 bonds then or thereafter to be issued may be applied, including as
563 authorized purposes all costs and expenses necessary or incidental to
564 the issuance of bonds, to the acquisition of or commitment to acquire
565 any federally guaranteed security and to the issuance and obtaining of
566 any federally insured mortgage note, and pledging such proceeds to
567 secure the payment of the bonds or any issue of the bonds; (6)
568 limitations on the issuance of additional bonds, the terms upon which
569 additional bonds may be issued and secured and the refunding of
570 outstanding bonds; (7) the procedure, if any, by which the terms of any
571 contract with bondholders may be amended or abrogated, the amount
572 of bonds the holders of which must consent thereto, and the manner in
573 which such consent may be given; (8) limitations on the amount of
574 moneys derived from such project to be expended for operating,
575 administrative or other expenses of said bank; (9) definitions of the acts
576 or omissions to act that shall constitute a default in the duties of said
577 bank to holders of its obligations and the rights and remedies of such
578 holders in the event of a default; and (10) the mortgaging of a project
579 and the site thereof for the purpose of securing the bondholders.

580 (e) Neither the members of the board of directors of the Connecticut

581 Infrastructure Bank nor any person executing the bonds, notes or other
582 obligations shall be liable personally on the bonds, notes or other
583 obligations or be subject to any personal liability or accountability by
584 reason of the issuance thereof.

585 (f) The Connecticut Infrastructure Bank shall have the power to
586 purchase bonds, notes or other obligations out of any funds available
587 for such purposes. Said bank may hold, pledge, cancel or resell such
588 bonds, notes or other obligations, subject to and in accordance with
589 agreements with bondholders. Said bank may sell, transfer or assign
590 any of the bank's loan assets to a trustee or other third party for the
591 purposes of providing security for the bank's bonds, notes or other
592 obligations, or for bonds, notes or other obligations issued by the
593 trustee or other third party on its behalf.

594 (g) The Connecticut Infrastructure Bank is further authorized and
595 empowered to issue bonds, notes or other obligations under this
596 section, the interest on which may be includable in the gross income of
597 the holder or holders thereof under the Internal Revenue Code of 1986,
598 or any subsequent corresponding internal revenue code of the United
599 States, as amended from time to time, to the same extent and in the
600 same manner that interest on bills, notes, bonds or other obligations of
601 the United States is includable in the gross income of the holder or
602 holders thereof under said internal revenue code. Any such bonds,
603 notes or other obligations may be issued only upon a finding by said
604 bank that such issuance is necessary, is in the public interest, and is in
605 furtherance of the purposes and powers of said bank. The state hereby
606 consents to such inclusion only for the bonds, notes or other
607 obligations of said bank so issued.

608 (h) At the discretion of the Connecticut Infrastructure Bank, any
609 bonds issued under the provisions of this section may be secured by a
610 trust agreement by and between said bank and a corporate trustee or
611 trustees, which may be any trust company or bank having the powers
612 of a trust company within or without the state. Such trust agreement or
613 the resolution providing for the issuance of such bonds or other

614 instrument of said bank may secure such bonds by a pledge or
615 assignment of any revenues to be received, any contract or proceeds of
616 any contract, or any other property, revenues, moneys or funds
617 available to said bank for such purpose. Any pledge made by said
618 bank pursuant to this subsection shall be valid and binding from the
619 time when the pledge is made. The lien of any such pledge shall be
620 valid and binding as against all parties having claims of any kind in
621 tort, contract or otherwise against said bank, irrespective of whether
622 the parties have notice of the claims. Notwithstanding any provision of
623 the Uniform Commercial Code, no instrument by which such pledge is
624 created need be recorded or filed except in the records of said bank.
625 Any revenues, contract or proceeds of any contract, or other property,
626 revenues, moneys or funds so pledged and thereafter received by said
627 bank shall be subject immediately to the lien of the pledge without any
628 physical delivery thereof or further act, and such lien shall have
629 priority over all other liens. Such trust agreement or resolution may
630 mortgage, assign or convey any real property to secure such bonds.
631 Such trust agreement or resolution providing for the issuance of such
632 bonds may contain such provisions for protecting and enforcing the
633 rights and remedies of the bondholders as may be reasonable and
634 proper and not in violation of law, including such provisions as have
635 been specifically authorized by this section to be included in any
636 resolution of said bank authorizing bonds thereof. Any bank or trust
637 company incorporated under the laws of this state, which may act as
638 depositary of the proceeds of bonds or of revenues or other moneys,
639 may furnish such indemnifying bonds or pledge such securities as may
640 be required by said bank. Any such trust agreement or resolution may
641 set forth the rights and remedies of the bondholders and of the trustee
642 or trustees, and may restrict the individual right of action by
643 bondholders. In addition to the foregoing, any such trust agreement or
644 resolution may contain such other provisions as said bank may deem
645 reasonable and proper for the security of the bondholders. All
646 expenses incurred in carrying out the provisions of such trust
647 agreement or resolution may be treated as a part of the cost of the
648 operation of a project.

649 (i) Bonds issued under the provisions of this section shall not be
650 deemed to constitute a debt or liability of the state or of any political
651 subdivision thereof, other than the Connecticut Infrastructure Bank, or
652 a pledge of the full faith and credit of the state or any of its political
653 subdivisions other than said bank, but shall be payable solely from the
654 funds provided for such purposes by this section. All such bonds shall
655 contain on the face thereof a statement to the effect that neither the
656 state of Connecticut nor any political subdivision thereof, other than
657 said bank, shall be obligated to pay the same or the interest thereon
658 except from revenues of the project or the portion thereof for which
659 such bonds are issued, and that neither the full faith and credit nor the
660 taxing power of the state of Connecticut or of any political subdivision
661 thereof, other than said bank, is pledged to the payment of the
662 principal of or the interest on such bonds. The issuance of bonds under
663 the provisions of this section shall not directly, indirectly or
664 contingently obligate the state or any political subdivision thereof to
665 levy or to pledge any form of taxation or to make any appropriation
666 for the payment of such bonds. Nothing contained in this section shall
667 prevent or be construed to prevent said bank from pledging its full
668 faith and credit or the full faith and credit of any individual,
669 partnership, corporation or association or other body, public or
670 private, to the payment of bonds or issue of bonds authorized
671 pursuant to this section.

672 (j) The state of Connecticut does hereby pledge to and agree with
673 the holders of any bonds, notes or other obligations issued under this
674 section and with those parties who may enter into contracts with the
675 Connecticut Infrastructure Bank or its successor agency pursuant to
676 the provisions of this section that the state shall not limit or alter the
677 rights hereby vested in said bank until such obligations, together with
678 the interest thereon, are fully met and discharged and such contracts
679 are fully performed on the part of said bank, provided nothing
680 contained in this subsection shall preclude such limitation or alteration
681 if and when adequate provision is made by law for the protection of
682 the holders of such bonds, notes or other obligations of said bank or
683 those entering into such contracts with said bank. Said bank is

684 authorized to include this pledge and undertaking for the state in such
685 bonds, notes or other obligations, or contracts.

686 (k) (1) The Connecticut Infrastructure Bank is authorized to fix,
687 revise, charge and collect rates, rents, fees and charges for the use of
688 and for the services furnished or to be furnished by each project, and
689 to contract with any individual, partnership, corporation or
690 association, or other body, public or private, in respect thereof. Such
691 rates, rents, fees and charges shall be fixed and adjusted in respect of
692 the aggregate of rates, rents, fees and charges from such project so as to
693 provide funds sufficient with other revenues or moneys available for
694 such purposes, if any, (A) to pay the cost of maintaining, repairing and
695 operating the project and each and every portion thereof, to the extent
696 that the payment of such cost has not otherwise been adequately
697 provided for, (B) to pay the principal of and the interest on
698 outstanding bonds of said bank issued in respect of such project as the
699 same shall become due and payable, and (C) to create and maintain
700 reserves required or provided for in any resolution authorizing, or
701 trust agreement securing, such bonds of said bank. Such rates, rents,
702 fees and charges shall not be subject to supervision or regulation by
703 any department, commission, board, body, bureau or agency of this
704 state other than said bank.

705 (2) A sufficient amount of the revenues derived in respect of a
706 project, except such part of such revenues as may be necessary to pay
707 the cost of maintenance, repair and operation and to provide reserves
708 and for renewals, replacements, extensions, enlargements and
709 improvements as may be provided for in the resolution authorizing
710 the issuance of any bonds of the Connecticut Infrastructure Bank or in
711 the trust agreement securing the same, shall be set aside at such
712 regular intervals as may be provided in such resolution or trust
713 agreement in a sinking or other similar fund which is hereby pledged
714 to, and charged with, the payment of the principal of and the interest
715 on such bonds as the same shall become due, and the redemption price
716 or the purchase price of bonds retired by call or purchase as therein
717 provided. Such pledge shall be valid and binding from the time when

718 the pledge is made. The rates, rents, fees and charges and other
719 revenues or other moneys so pledged and thereafter received by said
720 bank shall immediately be subject to the lien of such pledge without
721 any physical delivery thereof or further act, and the lien of any such
722 pledge shall be valid and binding as against all parties having claims
723 of any kind in tort, contract or otherwise against said bank, irrespective
724 of whether such parties have notice of such claims. Notwithstanding
725 any provision of the Connecticut Uniform Commercial Code, neither
726 the resolution nor any trust agreement nor any other agreement nor
727 any lease by which a pledge is created need be filed or recorded except
728 in the records of said bank. The use and disposition of moneys to the
729 credit of such sinking or other similar fund shall be subject to the
730 provisions of the resolution authorizing the issuance of such bonds or
731 of such trust agreement. Except as may otherwise be provided in such
732 resolution or such trust agreement, such sinking or other similar fund
733 may be a fund for all such bonds issued to finance projects for any
734 individual, partnership, corporation or association, or other body,
735 public or private, without distinction or priority of one over another;
736 provided said bank in any such resolution or trust agreement may
737 provide that such sinking or other similar fund shall be the fund for a
738 particular project for any individual, partnership, corporation or
739 association, or other body, public or private, and for the bonds issued
740 to finance a particular project and may, additionally, permit and
741 provide for the issuance of bonds having a subordinate lien in respect
742 of the security authorized by this subsection to other bonds of said
743 bank, and, in such case, said bank may create separate sinking or other
744 similar funds in respect of such subordinate lien bonds.

745 (l) All moneys received pursuant to the provisions of this section,
746 whether as proceeds from the sale of bonds or as revenues, shall be
747 deemed to be trust funds to be held and applied solely as provided in
748 this section. Any officer with whom, or any bank or trust company
749 with which, such moneys are deposited shall act as trustee of such
750 moneys and shall hold and apply the same for the purposes of this
751 section, subject to the resolution authorizing the bonds of any issue or
752 the trust agreement securing such bonds.

753 (m) Any holder of bonds, bond anticipation notes, other notes or
754 other obligations issued under the provisions of this section, or any of
755 the coupons appertaining thereto, and the trustee or trustees under
756 any trust agreement, except to the extent the rights given by this
757 section may be restricted by any resolution authorizing the issuance of,
758 or any such trust agreement securing, such bonds, may, either at law
759 or in equity, by suit, action, mandamus or other proceedings, protect
760 and enforce any and all rights under the laws of the state or granted by
761 this section or under such resolution or trust agreement, and may
762 enforce and compel the performance of all duties required by this
763 section or by such resolution or trust agreement to be performed by the
764 Connecticut Infrastructure Bank or by any officer, employee or agent
765 thereof, including the fixing, charging and collecting of the rates, rents,
766 fees and charges authorized by this section and required by the
767 provisions of such resolution or trust agreement to be fixed,
768 established and collected.

769 (n) The Connecticut Infrastructure Bank shall have power to
770 contract with the holders of any of the bank's bonds or notes as to the
771 custody, collection, securing, investment and payment of any reserve
772 funds of said bank, or of any moneys held in trust or otherwise for the
773 payment of bonds or notes, and to carry out such contracts. Any officer
774 with whom, or any bank or trust company with which, such moneys
775 shall be deposited as trustee thereof shall hold, invest, reinvest and
776 apply such moneys for the purposes thereof, subject to such provisions
777 as this section and the resolution authorizing the issue of the bonds or
778 notes or the trust agreement securing such bonds or notes may
779 provide.

780 (o) The exercise of the powers granted by this section shall be in all
781 respects for the benefit of the people of this state, for the increase of
782 their commerce, welfare and prosperity, and for the improvement of
783 their health and living conditions, and, as the exercise of such powers
784 shall constitute the performance of an essential public function, neither
785 the Connecticut Infrastructure Bank, any affiliate of said bank, nor any
786 collection or other agent of said bank nor any such affiliate shall be

787 required to pay any taxes or assessments upon or in respect of any
788 revenues or property received, acquired, transferred or used by said
789 bank, any affiliate of said bank or any collection or other agent of said
790 bank or any such affiliate or upon or in respect of the income from
791 such revenues or property. Any bonds, notes or other obligations
792 issued under the provisions of this section, their transfer and the
793 income therefrom, including any profit made on the sale of such
794 bonds, notes or other obligations, shall at all times be free from
795 taxation of every kind by the state and by the municipalities and other
796 political subdivisions in the state, except for estate and succession
797 taxes. The interest on such bonds, notes or other obligations shall be
798 included in the computation of any excise or franchise tax.

799 (p) (1) The Connecticut Infrastructure Bank is hereby authorized to
800 provide for the issuance of bonds of said bank for the purpose of
801 refunding any bonds of said bank then outstanding, including the
802 payment of any redemption premium thereon and any interest
803 accrued or to accrue to the earliest or subsequent date of redemption,
804 purchase or maturity of such bonds, and, if deemed advisable by said
805 bank, for the additional purpose of paying all or any part of the cost of
806 constructing and acquiring additions, improvements, extensions or
807 enlargements of a project or any portion thereof.

808 (2) The proceeds of any such bonds issued for the purpose of
809 refunding outstanding bonds may, at the discretion of the Connecticut
810 Infrastructure Bank, be applied to the purchase or retirement at
811 maturity or redemption of such outstanding bonds either on their
812 earliest or any subsequent redemption date or upon the purchase or at
813 the maturity thereof and may, pending such application, be placed in
814 escrow to be applied to such purchase or retirement at maturity or
815 redemption on such date as may be determined by said bank.

816 (3) Any such escrowed proceeds, pending such use, may be
817 invested and reinvested in direct obligations of, or obligations
818 unconditionally guaranteed by, the United States and certificates of
819 deposit or time deposits secured by direct obligations of, or obligations

820 unconditionally guaranteed by, the United States, or obligations of a
821 state, a territory or a possession of the United States, or any political
822 subdivision of any of the foregoing, within the meaning of Section
823 103(a) of the Internal Revenue Code of 1986, or any subsequent
824 corresponding internal revenue code of the United States, as amended
825 from time to time, the full and timely payment of the principal of and
826 interest on which are secured by an irrevocable deposit of direct
827 obligations of the United States that, if the outstanding bonds are then
828 rated by a nationally recognized rating agency, are rated in the highest
829 rating category by such rating agency, maturing at such time or times
830 as shall be appropriate to assure the prompt payment, as to principal,
831 interest and redemption premium, if any, of the outstanding bonds to
832 be so refunded. The interest, income and profits, if any, earned or
833 realized on any such investment or reinvestment may also be applied
834 to the payment of the outstanding bonds to be so refunded. After the
835 terms of the escrow have been fully satisfied and carried out, any
836 balance of such proceeds and interest, income and profits, if any,
837 earned or realized on the investments or reinvestments thereof may be
838 returned to the Connecticut Infrastructure Bank for use by it in any
839 lawful manner.

840 (4) The portion of the proceeds of any such bonds issued for the
841 additional purpose of paying all or any part of the cost of constructing
842 and acquiring additions, improvements, extensions or enlargements of
843 a project or any portion thereof may be invested and reinvested as the
844 provisions of this section and the resolution authorizing the issuance
845 of such bonds or the trust agreement securing such bonds may
846 provide. The interest, income and profits, if any, earned or realized on
847 such investment or reinvestment may be applied to the payment of all
848 or any part of such cost or may be used by the Connecticut
849 Infrastructure Bank in any lawful manner.

850 (5) All such bonds shall be subject to the provisions of this section in
851 the same manner and to the same extent as other bonds issued
852 pursuant to this section or sections 2 and 3 of this act.

853 (q) Bonds issued by the Connecticut Infrastructure Bank under the
854 provisions of this section are hereby made securities in which all
855 public officers and public bodies of the state and its political
856 subdivisions, all insurance companies, state banks and trust
857 companies, national banking associations, savings banks, savings and
858 loan associations, investment companies, executors, administrators,
859 trustees and other fiduciaries may properly and legally invest funds,
860 including capital in their control or belonging to them. Such bonds are
861 hereby made securities that may properly and legally be deposited
862 with and received by any state or municipal officer or any agency or
863 political subdivision of the state for any purpose for which the deposit
864 of bonds or obligations of the state is now or may hereafter be
865 authorized by law.

866 (r) In conjunction with the issuance of the bonds, notes or other
867 obligations, the Connecticut Infrastructure Bank may: (1) Make
868 representations and agreements for the benefit of the holders of the
869 bonds, notes or other obligations to make secondary market
870 disclosures; (2) enter into interest rate swap agreements and other
871 agreements for the purpose of moderating interest rate risk on the
872 bonds, notes or other obligations; (3) enter into such other agreements
873 and instruments to secure the bonds, notes or other obligations; and (4)
874 take such other actions as necessary or appropriate for the issuance
875 and distribution of the bonds, notes or other obligations and may make
876 representations and agreements for the benefit of the holders of the
877 bonds, notes or other obligations that are necessary or appropriate to
878 ensure exclusion of the interest payable on the bonds, notes or other
879 obligations from gross income under the Internal Revenue Code of
880 1986, or any subsequent corresponding internal revenue code of the
881 United States, as amended from time to time.

882 Sec. 4. Subdivision (12) of section 1-79 of the general statutes is
883 repealed and the following is substituted in lieu thereof (*Effective*
884 *October 1, 2019*):

885 (12) "Quasi-public agency" means Connecticut Innovations,

886 Incorporated, the Connecticut Health and Education Facilities
887 Authority, the Connecticut Higher Education Supplemental Loan
888 Authority, the Connecticut Student Loan Foundation, the Connecticut
889 Housing Finance Authority, the State Housing Authority, the Materials
890 Innovation and Recycling Authority, the Capital Region Development
891 Authority, the Connecticut Lottery Corporation, the Connecticut
892 Airport Authority, the Connecticut Health Insurance Exchange, the
893 Connecticut Green Bank, the Connecticut Infrastructure Bank, the
894 Connecticut Retirement Security Authority, the Connecticut Port
895 Authority and the State Education Resource Center.

896 Sec. 5. Subdivision (1) of section 1-120 of the general statutes is
897 repealed and the following is substituted in lieu thereof (*Effective*
898 *October 1, 2019*):

899 (1) "Quasi-public agency" means Connecticut Innovations,
900 Incorporated, the Connecticut Health and Educational Facilities
901 Authority, the Connecticut Higher Education Supplemental Loan
902 Authority, the Connecticut Student Loan Foundation, the Connecticut
903 Housing Finance Authority, the Connecticut Housing Authority, the
904 Materials Innovation and Recycling Authority, the Capital Region
905 Development Authority, the Connecticut Lottery Corporation, the
906 Connecticut Airport Authority, the Connecticut Health Insurance
907 Exchange, the Connecticut Green Bank, the Connecticut Infrastructure
908 Bank, the Connecticut Retirement Security Authority, the Connecticut
909 Port Authority and the State Education Resource Center.

910 Sec. 6. Section 1-124 of the general statutes is repealed and the
911 following is substituted in lieu thereof (*Effective October 1, 2019*):

912 (a) Connecticut Innovations, Incorporated, the Connecticut Health
913 and Educational Facilities Authority, the Connecticut Higher
914 Education Supplemental Loan Authority, the Connecticut Student
915 Loan Foundation, the Connecticut Housing Finance Authority, the
916 Connecticut Housing Authority, the Materials Innovation and
917 Recycling Authority, the Connecticut Airport Authority, the Capital
918 Region Development Authority, the Connecticut Health Insurance

919 Exchange, the Connecticut Green Bank, the Connecticut Infrastructure
920 Bank, the Connecticut Retirement Security Authority, the Connecticut
921 Port Authority and the State Education Resource Center shall not
922 borrow any money or issue any bonds or notes which are guaranteed
923 by the state of Connecticut or for which there is a capital reserve fund
924 of any kind which is in any way contributed to or guaranteed by the
925 state of Connecticut until and unless such borrowing or issuance is
926 approved by the State Treasurer or the Deputy State Treasurer
927 appointed pursuant to section 3-12. The approval of the State Treasurer
928 or said deputy shall be based on documentation provided by the
929 authority that it has sufficient revenues to (1) pay the principal of and
930 interest on the bonds and notes issued, (2) establish, increase and
931 maintain any reserves deemed by the authority to be advisable to
932 secure the payment of the principal of and interest on such bonds and
933 notes, (3) pay the cost of maintaining, servicing and properly insuring
934 the purpose for which the proceeds of the bonds and notes have been
935 issued, if applicable, and (4) pay such other costs as may be required.

936 (b) To the extent Connecticut Innovations, Incorporated, the
937 Connecticut Higher Education Supplemental Loan Authority, the
938 Connecticut Student Loan Foundation, the Connecticut Housing
939 Finance Authority, the Connecticut Housing Authority, the Materials
940 Innovation and Recycling Authority, the Connecticut Health and
941 Educational Facilities Authority, the Connecticut Airport Authority,
942 the Capital Region Development Authority, the Connecticut Health
943 Insurance Exchange, the Connecticut Green Bank, the Connecticut
944 Infrastructure Bank, the Connecticut Retirement Security Authority,
945 the Connecticut Port Authority or the State Education Resource Center
946 is permitted by statute and determines to exercise any power to
947 moderate interest rate fluctuations or enter into any investment or
948 program of investment or contract respecting interest rates, currency,
949 cash flow or other similar agreement, including, but not limited to,
950 interest rate or currency swap agreements, the effect of which is to
951 subject a capital reserve fund which is in any way contributed to or
952 guaranteed by the state of Connecticut, to potential liability, such
953 determination shall not be effective until and unless the State

954 Treasurer or his or her deputy appointed pursuant to section 3-12 has
955 approved such agreement or agreements. The approval of the State
956 Treasurer or his or her deputy shall be based on documentation
957 provided by the authority that it has sufficient revenues to meet the
958 financial obligations associated with the agreement or agreements.

959 Sec. 7. Section 1-125 of the general statutes is repealed and the
960 following is substituted in lieu thereof (*Effective October 1, 2019*):

961 The directors, officers and employees of Connecticut Innovations,
962 Incorporated, the Connecticut Higher Education Supplemental Loan
963 Authority, the Connecticut Student Loan Foundation, the Connecticut
964 Housing Finance Authority, the Connecticut Housing Authority, the
965 Materials Innovation and Recycling Authority, including ad hoc
966 members of the Materials Innovation and Recycling Authority, the
967 Connecticut Health and Educational Facilities Authority, the Capital
968 Region Development Authority, the Connecticut Airport Authority,
969 the Connecticut Lottery Corporation, the Connecticut Health Insurance
970 Exchange, the Connecticut Green Bank, the Connecticut Infrastructure
971 Bank, the Connecticut Retirement Security Authority, the Connecticut
972 Port Authority and the State Education Resource Center and any
973 person executing the bonds or notes of the agency shall not be liable
974 personally on such bonds or notes or be subject to any personal
975 liability or accountability by reason of the issuance thereof, nor shall
976 any director or employee of the agency, including ad hoc members of
977 the Materials Innovation and Recycling Authority, be personally liable
978 for damage or injury, not wanton, reckless, wilful or malicious, caused
979 in the performance of his or her duties and within the scope of his or
980 her employment or appointment as such director, officer or employee,
981 including ad hoc members of the Materials Innovation and Recycling
982 Authority. The agency shall protect, save harmless and indemnify its
983 directors, officers or employees, including ad hoc members of the
984 Materials Innovation and Recycling Authority, from financial loss and
985 expense, including legal fees and costs, if any, arising out of any claim,
986 demand, suit or judgment by reason of alleged negligence or alleged
987 deprivation of any person's civil rights or any other act or omission

988 resulting in damage or injury, if the director, officer or employee,
 989 including ad hoc members of the Materials Innovation and Recycling
 990 Authority, is found to have been acting in the discharge of his or her
 991 duties or within the scope of his or her employment and such act or
 992 omission is found not to have been wanton, reckless, wilful or
 993 malicious.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2019	New section
Sec. 2	October 1, 2019	New section
Sec. 3	October 1, 2019	New section
Sec. 4	October 1, 2019	1-79(12)
Sec. 5	October 1, 2019	1-120(1)
Sec. 6	October 1, 2019	1-124
Sec. 7	October 1, 2019	1-125

Statement of Legislative Commissioners:

In Section 1(d)(1), the number of nonvoting members of the board of directors was changed from "two" to "one" for accuracy and internal consistency.

BA 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:

Agency Affected	Fund-Effect	FY 20 \$	FY 21 \$
Treasurer, Debt Serv.	GF - Potential Cost	See Below	See Below

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill establishes a new quasi-state governmental agency known as the "Connecticut Infrastructure Bank," with the tasks of planning, financing and otherwise supporting infrastructure improvements involving transportation, transit-oriented development, and networks of telecommunications and energy transmission / distribution. The bill endows the Connecticut Infrastructure Bank with various powers such as issuing bonds, raising revenues through the imposition of fees for the use of its projects or services, making expenditures and entering into contracts.

Contingent liability of the State

The bill extends the state's credit to bonds issued by the Connecticut Infrastructure Bank via a special capital reserve fund or SCRF, subject to review and approval by the State Treasurer. Special capital reserve fund arrangements make the state liable for underlying debt if the issuing quasi-state governmental agency does not maintain the reserve or otherwise fails to make required debt payments ("contingent

liability”).¹ In the event that a quasi-state governmental agency does not maintain the minimum reserve as of December 1st of any year, funds are deemed appropriated from the state General Fund. Any such draw on the General fund is not subject to the constitutional spending cap.

While this represents a potential cost to the state, the impact to the General Fund is expected to be minimal as the Office of the State Treasurer is not expected to approve the issuance of SCRF-backed bonds unless the Connecticut Infrastructure Bank can show that it will be able to generate sufficient revenue from its activities to pay the debt service on the bonds.

Administration

The bill specifies that employees of the Connecticut Infrastructure Bank are not state employees, and places the Connecticut Infrastructure Bank within the Connecticut Green Bank for administrative purposes, only. As the bill does not provide for the transfer of any current state employees to the Connecticut Infrastructure Bank, there is no personnel-associated fiscal impact to the state.

In accordance with the bill, the Connecticut Infrastructure Bank may impose fees for its services to cover costs. To the extent that revenues generated by the agency’s fees are insufficient or untimely to cover costs incurred, it is unclear whether other resources would be available (particularly for start-up costs). It is presumed that no state funding will be used to support the Connecticut Infrastructure Bank, unless otherwise appropriated. However, if it is determined that the state will provide funding or a grant, then a state cost would be incurred.

There is no state cost for the Office of the State Treasurer to review a SCRF arrangement or for the Commissioner of the Department of Transportation to review annual reports submitted by the Connecticut

¹ Contingent liabilities do not count against the state’s statutory limits on bonding.

Infrastructure Bank in accordance with the bill.

Other

The potential impact to other state, municipal or other quasi-state governmental agencies resulting from the activities of the Connecticut Infrastructure Bank is uncertain, pending future decisions by the Connecticut Infrastructure Bank, the Office of the State Treasurer, and any memoranda of understanding made with the Connecticut Green Bank.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation, subject to the terms of any agreements and the issuance of bonds.

OLR Bill Analysis**SB 70*****AN ACT ESTABLISHING THE CONNECTICUT INFRASTRUCTURE BANK.*****SUMMARY**

This bill establishes the Connecticut Infrastructure Bank as a quasi-public agency and within the bank, the Infrastructure Improvement Fund. The bank may use the fund to invest in and financially support "infrastructure improvement," which the bill defines as the acquisition, removal, construction, equipping, reconstruction, repair, rehabilitation and improvement of easements and rights-of-way to roadways, highways, bridges, commuter and freight railways, transit and intermodal systems, airports and aeronautic facilities, ports, harbors, navigable waterways, energy transmission and distribution resources, telecommunication networks and transit oriented development.

Under the bill, the bank must:

1. develop programs to finance and otherwise support infrastructure improvement,
2. support financing or other expenditures that promote investment in infrastructure improvement and in accordance with the comprehensive plan it develops, and
3. stimulate demand for infrastructure improvement.

Under the bill, the bank may charge fees for the use of, and services furnished to, projects it funds. It may also charge fees for the financing it provides.

The bill places the Infrastructure Bank within the Connecticut Green

Bank for “administrative purposes only,” which the bill does not define. It also makes it a successor to the Green Bank with respect to the Infrastructure Improvement Fund. (It is unclear how the bank may be a successor to the newly-created fund).

The Infrastructure Bank has many of the same powers and authorities existing law extends to other quasi-public agencies, including the authority to finance certain infrastructure projects, issue bonds and establish special capital reserve funds (SCRFs), hire employees, establish subsidiaries, and contract with vendors. The Infrastructure Bank is governed by a board of directors and is established once the board passes a resolution adopting the bank’s purposes.

The bill also makes conforming changes to the statutes governing quasi-public agencies (§§ 4-7).

EFFECTIVE DATE: October 1, 2019

§ 1 — CONNECTICUT INFRASTRUCTURE BANK

The bill establishes the Connecticut Infrastructure Bank as a quasi-public agency. In doing so, it makes the bank a public instrumentality and political subdivision of the state, created to perform an essential public and governmental function, and thus subject to statutory procedural, operating, audit, and reporting requirements for quasi-public agencies, including lobbying restrictions and an ethics code. The bank is not a state department, institution, or agency.

In establishing the bank as a quasi-public agency, the bill imposes the same statutory requirements that apply to the state’s other quasi-public agencies. It generally indemnifies the bank’s directors, officers, employees, and their agents and requires the treasurer’s approval before borrowing money or issuing bonds or notes that are guaranteed or contributed to by the state.

Powers and Authorities

The bill specifies that (1) the bank's powers specified in statute must

be interpreted broadly to effectuate its purposes and not be construed to limit its powers and (2) if any provision of the Infrastructure Bank's statutes is inconsistent with any other state laws or special acts, the bank's statutes must be deemed controlling. It authorizes the bank to do the following to fulfill its purposes:

1. have perpetual succession as a corporate body and adopt bylaws, policies, and procedures to regulate its affairs and business conduct;
2. make and enter into all contracts and agreements needed or incidental to conduct its business;
3. invest in, acquire, lease, purchase, own, manage, hold, sell, and dispose of real or personal property or any interest in it;
4. borrow money or guarantee a return to investors or lenders;
5. hold patents, copyrights, trademarks, marketing rights, licenses, or other intellectual property rights;
6. invest funds that are not needed for immediate use or disbursement under investment policies the bank's board of directors adopts;
7. procure property or business insurance against any loss or liability in such types and amounts and from such insurers as it deems desirable;
8. enter into a memorandum of understanding or other arrangements with the Connecticut Green Bank to share space, office systems, or administrative support staff; and
9. do anything else necessary or convenient to carry out the bank's purposes.

The act also allows the Infrastructure Bank to employ any staff that it needs or wants, provided that such employees are not state employees and the bank is not an employer under the state collective

bargaining law. The bank may establish personnel practices and policies, including those related to hiring, promotion, compensation, and retirement. It may also engage consultants, attorneys, financial advisers, appraisers, and other professionals.

The act allows the bank to enter into joint ventures and invest in and participate with any person, including government entities and private corporations, to form, own, manage, and operate (1) a northeast regional infrastructure bank or (2) any other business entities formed to advance the bank's purposes, including stock and nonstock corporations, limited liability companies (LLCs), and general or limited partnerships. If the bank's officers, employees, or directors serve as the business entity's officers, members, or directors, their service is deemed to be in the discharge of their bank duties or within the scope of their bank employment as long as they do not receive any compensation or financial benefit from the business entity.

Subsidiaries

The act allows the Infrastructure Bank to (1) form subsidiaries to carry out the bank's purposes and (2) transfer money or property of any kind to them. The subsidiaries may be organized as stock or nonstock corporations or LLCs. Each subsidiary must have and exercise (1) the bank's powers, as stated in a resolution by the bank's board of directors that explains why the subsidiary was formed, and (2) any other powers provided to it by law.

Each subsidiary must act through its board of directors or managing members, at least half of whom must be either the bank's (1) directors or their designees or (2) officers or employees

Under the act, the bank's subsidiaries are not considered quasi-public agencies and do not have the privileges, immunities, tax exemptions, and other exemptions of the Infrastructure Bank.

A subsidiary is prohibited from hiring or retaining employees and its governing documents must require it to dissolve after completing the purpose for which it was formed. The subsidiaries may sue and be

sued, but their liability is limited solely to their assets, revenues, and resources, without recourse to the bank's general funds, revenues, resources, or other assets.

The bill authorizes the subsidiaries to (1) assume or take title to property subject to an existing lien, encumbrance, or mortgage and (2) mortgage, convey, or dispose of their assets and pledge their revenues to secure any borrowing, specifying the circumstances under which they may do so. The Infrastructure Bank may assign a subsidiary any rights, moneys, or other assets it has under any governmental program. No subsidiary may borrow without approval from the bank's board of directors.

Under the bill, any of the bank's officers or employees appointed as a subsidiary's member or officer are not personally liable for the subsidiary's debts, obligations, or liabilities. The subsidiary must, and the bank may, hold harmless and indemnify an appointee from financial loss and expense if the appointee was acting in the discharge of his or her duties or within the scope of his or her employment and the actions were not wanton, reckless, willful or malicious.

The bill allows the Infrastructure Bank and its subsidiaries to take any actions necessary for a subsidiary to qualify and remain a tax exempt corporation under federal tax law.

It also allows the bank to make loans to the subsidiaries from its assets and the proceeds from its bonds, notes, and other obligations, as long as the source and security for the loans' repayment comes from the subsidiary's assets, revenues, and resources.

Loan Standards

Prior to making a loan, loan guarantee, or any other financial support or risk management for an infrastructure project, the bank must develop governance standards, including rules, borrower eligibility policies and procedures, terms and conditions of support, and other relevant criteria, standards, or procedures.

Funding Sources

Under the bill, the bank is specifically authorized to receive funding from the following:

1. funds received by the state from transportation-related fees, including bus, rail, ferry, parking, and electric vehicle charging fees;
2. proceeds from state general obligation bond sales;
3. funds from the Special Transportation Fund, as long as the funds are used solely for transportation purposes;
4. any federal funds that can be used for the bank's infrastructure improvement projects;
5. charitable gifts, grants, contributions, and loans from individuals, corporations, university endowments, and philanthropic foundations;
6. earnings and interest derived from financing the bank's infrastructure improvement projects; and
7. if the bank is CDFI certified, funding from the federal Department of Treasury, the federal Community Development Financial Institution Fund, if applicable; and loans and investments from other institutions seeking to meet their obligations on the federal Community Reinvestment Act.

The bank may also contract with private sources to raise capital, as long as the return on the debt or equity is set by the bank's board of directors.

Under the bill, the Infrastructure Bank may seek to qualify as a Community Development Financial Institution (CDFI). If approved under federal law, the bank is treated as a qualified community development entity for certain federal tax and funding incentives.

Project Financing Limits

The bank may finance infrastructure projects as long as financing from the bank and other nonequity financing sources is 80% or less of the project's cost. The bank may provide up to 100% of the value of refinancing a project.

Financing Fees

The bank may charge reasonable financing fees on its financing activities to cover reasonable costs and expenses, as determined by the board.

Rates and Rate Information

The bank must make its rates, terms, and conditions for all of its financing support transactions available to the public, including for formal annual reviews by a private auditor and the comptroller. Details of the bank's financial support transactions must be publicly available on the Internet, although the bill allows such disclosure to be restricted for trade secrets, confidential commercial or financial information, and any other information exempt from public records disclosure.

Liability

Under the bill, directors, officers, employees, and agents of the Infrastructure Bank acting within the scope of their duties are immune from personal liability resulting from exercising or carrying out any of the bank's purposes or powers.

Relationship to Green Bank

The bill makes the Infrastructure Bank a successor agency to the Green Bank for the purposes of administering the Infrastructure Improvement Fund. The bill extends to the Infrastructure Bank, with respect to the fund, the same privileges, immunities, tax exemptions, and other exemptions as existing law extends to the Green Bank. The bank is subject to suit and liable solely from its own assets, revenues, and resources, without recourse to the General Fund or the Green Bank's assets.

Because the Infrastructure Improvement Fund is a new fund established by the bill, it was never administered by or related to the Green Bank and the legal effect of these provisions is unclear.

State Pledge

Under the bill, the state of Connecticut pledges to not limit or alter the bank's rights until its contracts and obligations are met, unless adequate provision is given through law to protect individuals entering into contracts with the bank. The pledge must be interpreted and applied broadly to effectuate and maintain the bank's financial capacity to perform its essential public and governmental functions.

Under the bill, the bank's contracts and obligations are obligatory, and the bank may appropriate during contract terms an amount of money that, together with other funds, is sufficient to pay the contracts and obligations or meet any contractual covenants or warranties.

Infrastructure Improvement Fund

The bill establishes the Infrastructure Improvement Fund within the Connecticut Infrastructure Bank. Under the bill, the fund may receive any amount required by law to be deposited into it and any federal funds available to the state for infrastructure improvement investments. The funds may be used by the bank to promote investment in infrastructure improvement according to a comprehensive plan the bank must develop that fosters the growth, development, and commercialization of infrastructure improvement and related enterprises. The bill authorizes the funds to be used to provide or pay for the following, among other things:

1. low-cost financing and credit enhancement mechanisms for projects and technologies;
2. reimbursements to the bank for operating expenses, including administrative expenses;
3. capital costs incurred by the bank in operating the fund, implementing the comprehensive plan, or any other permitted

activities;

4. disbursements from the fund to develop and implement the plan;
5. grants, direct or equity investments, contracts or other actions that support research, development, manufacture, commercialization, deployment, and installation of infrastructure improvement; and
6. other actions that expand the expertise of individuals, businesses, and lending institutions with regard to infrastructure improvement.

Governance

Under the bill, the Infrastructure Bank is governed by a 12-member board of directors, 11 voting and one nonvoting. Eight voting members are appointed and three serve ex-officio: the treasurer and the economic and community development and transportation commissioners. Such ex-officio members may instead send their designees. In addition to the 11 voting members, the bank's president serves as a non-voting member.

Each appointed board member must have knowledge and expertise in matters related to the bank's purpose and activities. Table 1 lists the appointed voting directors, their appointing authority, and their initial terms.

Table 1: Connecticut Infrastructure Bank Board Appointees

<i>Appointing Authority</i>	<i>Number of Appointments</i>	<i>Initial Term</i>	<i>Notes</i>
Governor	Four	Four years for one director	Four-year appointee must be a labor representative
		Two years for two directors	Two-year appointees must have experience financing or developing infrastructure
		No term	

		specified for one director	projects The last appointee must have experiencing planning and installing infrastructure improvement projects
House speaker	One	Four years	Must have experience financing or developing infrastructure improvement projects
Senate president pro tempore	One	Four years	Must represent an environmental organization
House minority leader	One	Three years	Must have experience in investment fund management
Senate minority leader	One	Four years	Must represent a business development organization

After the initial terms, the appointing authorities must appoint successor appointees, who each have four-year terms that begin on July 1 in his or her appointment year. Board vacancies must be filled for the unexpired term by the original appointing authority.

The governor appoints the chairperson, and the board selects (1) a vice-chairperson from among the members and (2) any other needed officers. The board must adopt any bylaws and procedures necessary for the bank's functions, and may establish committees and subcommittees as well.

Procedures. The act requires the directors to adopt written procedures for the following:

1. adopting an annual budget and operations plan, including a requirement that the board approve it before the budget or plan takes effect;
2. hiring, dismissing, promoting, and compensating the bank's

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- employees, including an affirmative action policy and a requirement for board approval before a position is created or filled;
3. acquiring real and personal property and personal services, including a requirement that the board approve any non-budgeted expenditure over \$5,000;
 4. contracting for financial, legal, bond underwriting, and other professional services, including a requirement that the bank solicit proposals at least once every three years for each service it uses;
 5. issuing and retiring the bank's bonds, notes, and other obligations;
 6. awarding loans, grants, and other financial assistance, including the application process, eligibility criteria, and the bank's staff and directors role; and
 7. using surplus funds as the law allows.

All of these procedures must be adopted according to the notice requirements for quasi-public agencies (generally, at least 30 days' notice in the *Connecticut Law Journal*).

Conflicts of Interest. The act prohibits board members from being a trustee, director, partner, or officer of any business (person, firm, or corporation), or having a financial interest in a business if the business participates in or receives support from programs that the bank developed, administers, or otherwise supports. However, it is not a conflict of interest for a member of the bank's board to serve as a director, member, or officer of a joint venture that the bank enters into as the act allows.

Annual Reporting and Audits. The board must annually report to the Department of Transportation on the bank's activities and provide a copy of the report to the banking, commerce, energy and technology,

and transportation committees. The report must include a description of the bank's programs and activities during the reporting period.

Under the bill, the bank must be audited annually according to generally accepted auditing standards and by independently certified public accountants. The bill specifies the auditors may not be the same accountants as the bank's.

Additional Reporting. The bill requires any entity receiving funding from the bank for an infrastructure project to provide to the board an annual statement certified by its chief financial officer describing all sources and uses of funds in as much detail as the bank requires. The bank must maintain any audits and certified statements for at least five years.

§ 3 — BONDING AUTHORITY

The bill allows the bank to issue bonds with terms of up to 20 years. The bonds are secured by the bank's financial resources.

The bill allows the bank 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 bill makes the bonds securities in which governments and private entities may invest. The bank 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.

Under the bill, the bank may issue bonds to refund its outstanding bonds and specifies conditions for doing so.

Tax Provisions

The bill exempts the principal and interest payments to bondholders from all state and local taxes except estate and succession taxes, but requires bondholders to include these payments when computing excise and franchise taxes.

Bondholder Protection

The bill authorizes or requires several actions to assure bondholders that the bank will repay them. Under the bill, the state pledges not to alter the bank's rights until (1) the bonds are paid off or (2) it makes adequate provisions to protect the bondholders. The bonds are not state obligations and only the bank is liable for them. The bill also allows the bank to secure that pledge by entering into agreements with a trustee representing the bondholders' interests (i.e., a trust of indenture agreement). The bill requires the bank to secure principal and interest payments by pledging its revenue, which is also immediately subject to lien without any action on the bondholders' part.

It exempts board directors and those executing bonds or notes from personal liability. And it gives bondholders and their trustees the right, subject to the provisions of the bond resolution, to take legal action to force the board to perform its duties. The bill makes the bond proceeds and other revenue connected with the bonds trust funds, which must be used as the bond resolution specifies.

Project Maintenance Fees and Other Revenue

Under the bill, the bank is authorized to fix, revise, charge, and collect rates, rents, fees, and charges for (1) the use of each project and (2) services furnished by each project. The bank may also contract with another party to set and collect such fees. The fees must be set so that, when combined with other available revenue, they provide funds sufficient to:

1. pay for the project's maintenance, repair, and operating costs, to the extent the cost has not otherwise been adequately paid;
2. pay the principal and interest on any bond the bank issued for the project, as the payments become due; and
3. create and maintain any required reserves.

Under the bill, any charges imposed by the bank are not subject to any supervision or regulation, other than by the bank itself.

A sufficient amount of revenue derived from a bond must be regularly set aside in a sinking or similar fund (i.e., a fund to gradually accrue debt repayment funds). The bank may establish such funds for each project or one aggregate fund for all projects. Under the bill, the sinking fund is pledged and charged with repaying the bond as it becomes due. Under the bill, any rates and fees pledged by the bank are immediately subject to lien, which is valid and binding against all valid claims regardless of any notice or recording requirements in existing law.

§ 2 — SPECIAL CAPITAL RESERVE FUNDS (SCRFs)

The bill allows the Connecticut Infrastructure Bank to establish one or more SCRFs in connection with its bonds. The maximum amount in bonds that may be backed by a SCRF is \$ 100 million. The issuance of bonds backed by a SCRF requires the treasurer's approval.

Money appropriated or made available by the state, any proceeds from the sale of notes or bonds, and any other money made available to the bank can be credited into a SCRF. Money credited to and held in the SCRF must be used solely to (1) buy, or pay interest or principal on, the bonds the fund secures or (2) pay redemption premiums on them if they are redeemed before maturity. Funding in the SCRF must stay above a minimum capital reserve level.

Although the bonds secured by a SCRF are not backed by the state's full faith and credit, the state assumes a contingent liability for the bonds by allowing the bank to establish these funds. The state's liability is to maintain the minimum reserve on an annual basis and restore it to the minimum if it falls below the required amount in any particular year. If funding in the SCRF falls below the mandated level as of December 1 of any year, the shortfall is "deemed appropriated" from the General Fund. The shortfall must be repaid within one year, subject to bondholder agreements.

The bank cannot issue bonds secured by a SCRF unless it determines that project revenues are sufficient to (1) pay the bonds'

principal and interest; (2) establish, increase, and maintain any reserves it deems advisable to secure principal and interest payments; (3) pay the project's maintenance and insurance costs; and (4) pay other required project costs.

BACKGROUND

Related Bills

HB 7280, favorably reported by the Transportation Committee, creates the quasi-public Connecticut Transportation Finance Authority, which among other things must establish a Connecticut Transportation Infrastructure Bank.

sSB 927, favorably reported by the Banking Committee, expands the Connecticut Green Bank's duties to include (1) developing separate programs to finance and otherwise support environmental infrastructure and (2) promoting investment in such infrastructure.

COMMITTEE ACTION

Banking Committee

Joint Favorable

Yea 9 Nay 6 (03/12/2019)