AN ACT ESTABLISHING AN ENVIRONMENTAL 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 section and sections 2 to 4, inclusive, of this act, "environmental infrastructure" means any structure, development, improvement, equipment, system, technology, processes or practices that are related to the management or preservation of the natural resources of the state, including, but not limited to, the waters, air and lands of the state, the management, recycling or reduction of solid waste or the resiliency, reduction or adaptation to climate change.

(b) On and after July 1, 2020, the Public Utilities Regulatory Authority shall assess or cause to be assessed a charge of not less than one mill per kilowatt hour charged to each end use customer of electric services in this state which shall be deposited into the Environmental Infrastructure Fund established under subsection (c) of this section.

(c) There is hereby created an Environmental Infrastructure Fund which shall be within the Connecticut Earth Bank. The fund may
receive any amount required by law to be deposited into the fund and
may receive any federal funds as may become available to the state for
environmental infrastructure investments. Upon authorization of the
Connecticut Earth Bank established pursuant to subsection (d) of this
section, any amount in said fund may be used for expenditures that
promote investment in environmental infrastructure in accordance
with a comprehensive plan developed by it to foster the growth,
development and commercialization of environmental infrastructures,
related enterprises and stimulate demand for environmental
infrastructure and deployment of environmental infrastructures that
serve end use customers in this state. Such expenditures may include,
but not be limited to, providing low-cost financing and credit
enhancement mechanisms for environmental infrastructure projects
and technologies, reimbursement of the operating expenses, including
administrative expenses incurred by the Connecticut Earth Bank and
capital costs incurred by the Connecticut Earth Bank in connection
with the operation of the fund, the implementation of the plan
developed pursuant to subsection (d) of this section or the other
permitted activities of the Connecticut Earth Bank, disbursements from
the fund to develop and carry out the plan developed pursuant to
subsection (d) of this section, grants, direct or equity investments,
contracts or other actions which support research, development,
manufacture, commercialization, deployment and installation of
environmental infrastructures, and actions which expand the expertise
of individuals, businesses and lending institutions with regard to
environmental infrastructure technologies.

(d) (1) (A) The Connecticut Earth Bank is hereby established and
created as a body politic and corporate, constituting a public
instrumentality and political subdivision of the state of Connecticut
established and created for the performance of an essential public and
governmental function. The Connecticut Earth Bank shall not be
construed to be a department, institution or agency of the state.

(B) The Connecticut Earth Bank shall (i) develop separate programs
to finance and otherwise support environmental infrastructure investment in residential, municipal, small business and larger commercial projects and such others as the Connecticut Earth Bank may determine; (ii) support financing or other expenditures that promote investment in environmental infrastructure in accordance with a comprehensive plan developed by it to foster the growth, development and commercialization of environmental infrastructures and related enterprises; and (iii) stimulate demand for environmental infrastructures and the deployment of environmental infrastructure within the state that serve end use customers in the state.

(C) The Connecticut Earth Bank shall administer the Environmental Infrastructure Fund. The Connecticut Earth Bank shall have all the privileges, immunities, tax exemptions and other exemptions with respect to said fund. The Connecticut Earth Bank shall be subject to suit and liability solely from the assets, revenues and resources of said bank. The Connecticut Earth Bank may provide financial assistance in the form of grants, loans, loan guarantees or debt and equity investments, as approved in accordance with written procedures adopted pursuant to section 1-121 of the general statutes. The Connecticut Earth Bank may assume or take title to any real property, convey or dispose of its assets and pledge its revenues to secure any borrowing, convey or dispose of its assets and pledge its revenues to secure any borrowing, for the purpose of developing, acquiring, constructing, refinancing, rehabilitating or improving its assets or supporting its programs, provided each such borrowing or mortgage, unless otherwise provided by the board or said bank, shall be a special obligation of said bank, which obligation may be in the form of bonds, bond anticipation notes or other obligations which evidence an indebtedness to the extent permitted under the general statutes to fund, refinance and refund the same and provide for the rights of holders thereof, and to secure the same by pledge of revenues, notes and mortgages of others, and which shall be payable solely from the assets, revenues and other resources of said bank and such bonds may be secured by a special capital reserve fund contributed to by the state.
The Connecticut Earth Bank shall have the purposes as provided by resolution of said bank's board of directors, which purposes shall be consistent with this section. No further action is required for the establishment of the Connecticut Earth Bank, except the adoption of a resolution for said bank.

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

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

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

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

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

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

(vi) To employ such assistants, agents and employees as may be necessary or desirable, who shall be exempt from the classified service and shall not be employees, as defined in subsection (b) of section 5-270 of the general statutes; establish all necessary or appropriate personnel practices and policies, including those relating to hiring, promotion, compensation and retirement, and said bank shall not be an employer, as defined in subsection (a) of section 5-270 of the general statutes; and engage consultants, attorneys, financial advisers, appraisers and other professional advisers as may be necessary or desirable;
(vii) To invest any funds not needed for immediate use or disbursement pursuant to investment policies adopted by said bank's board of directors;

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

(ix) To enter into joint ventures and invest in, and participate with any person, including, without limitation, government entities and private corporations, in the formation, ownership, management and operation of business entities, including stock and nonstock corporations, limited liability companies and general or limited partnerships, formed to advance the purposes of said bank, provided members of the board of directors or officers or employees of said bank may serve as directors, members or officers of any such business entity, and such service shall be deemed to be in the discharge of the duties or within the scope of the employment of any such director, officer or employee, as the case may be, so long as such director, officer or employee does not receive any compensation or financial benefit as a result of serving in such role;

(x) To enter into a memorandum of understanding or other arrangements with any state agency, department or quasi-public agency with respect to the provision or sharing of space, office systems or staff administrative support, on such terms as may be agreed to between said bank and such agency, department or quasi-public agency; and

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

(E) (i) The Connecticut Earth Bank may form one or more subsidiaries to carry out the purposes of said bank, as described in subparagraph (B) of subdivision (1) of this subsection, and may transfer to any such subsidiary any moneys and real or personal
property of any kind or nature. Any subsidiary may be organized as a stock or nonstock corporation or a limited liability company. Each such subsidiary shall have and may exercise such powers of said bank, as set forth in the resolution of the board of directors of said bank prescribing the purposes for which such subsidiary is formed, and such other powers provided to it by law.

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

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

(iv) The provisions of section 1-125 of the general statutes and this subsection shall apply to any officer, director, designee or employee appointed as a member, director or officer of any such subsidiary. Any such person so appointed shall not be personally liable for the debts, obligations or liabilities of any such subsidiary as provided in section 1-125 of the general statutes. The subsidiary shall, and said bank may, save harmless and indemnify such officer, director, designee or employee as provided by section 1-125 of the general statutes.

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

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

(2) (A) The Connecticut Earth Bank may seek to qualify as a Community Development Financial Institution under Section 4702 of the United States Code. If approved as a Community Development Financial Institution, said bank would be treated as a qualified community development entity for purposes of Section 45D and Section 1400N(m) of the Internal Revenue Code.

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

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

(i) Funds repurposed from existing programs providing financing support for environmental infrastructure projects, provided any transfer of funds from such existing programs shall be subject to approval by the General Assembly and shall be used for expenses of financing, grants and loans;

(ii) Any federal funds that can be used for the purposes specified in subsection (c) of this section;

(iii) Charitable gifts, grants, contributions as well as loans from individuals, corporations, university endowments and philanthropic foundations;

(iv) Earnings and interest derived from financing support activities for environmental infrastructure projects backed by the Connecticut Earth Bank;

(v) If and to the extent that the Connecticut Earth Bank qualifies as a Community Development Financial Institution under Section 4702 of the United States Code, funding from the Community Development Financial Institution Fund administered by the United States Department of Treasury, as well as loans from and investments by depository institutions seeking to comply with their obligations under the United States Community Reinvestment Act of 1977; and

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

(D) The Connecticut Earth Bank may provide financing support
under this subsection if said bank determines that the amount to be
financed by said bank and other nonequity financing sources do not
exceed eighty per cent of the cost to develop and deploy an
environmental infrastructure project or up to one hundred per cent of
the cost of financing an environmental infrastructure project.

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

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

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

(e) (1) The powers of the Connecticut Earth Bank shall be vested in
and exercised by a board of directors, which shall consist of eleven
voting and two nonvoting members each with knowledge and
expertise in matters related to the purpose and activities of said bank
appointed as follows: The Treasurer or the Treasurer's designee, the
Commissioner of Energy and Environmental Protection or the
commissioner's designee and the Commissioner of Economic and
Community Development or the commissioner's designee, each
serving ex officio, one member who shall represent a residential or low-income group appointed by the speaker of the House of Representatives for a term of four years, one member who shall have experience in investment fund management appointed by the minority leader of the House of Representatives for a term of three years, one member who shall represent an environmental organization appointed by the president pro tempore of the Senate for a term of four years, and one member who shall have experience in the finance or deployment of environmental infrastructure appointed by the minority leader of the Senate for a term of four years. Thereafter, such members of the General Assembly shall appoint members of the board to succeed such appointees whose terms expire and each member so appointed shall hold office for a period of four years from the first day of July in the year of his or her appointment. The Governor shall appoint four members to the board as follows: Two for two years who shall have experience in the finance of environmental infrastructure; one for four years who shall be a representative of a labor organization; and one who shall have experience in research and development or manufacturing of environmental infrastructure. Thereafter, the Governor shall appoint members of the board to succeed such appointees whose terms expire and each member so appointed shall hold office for a period of four years from the first day of July in the year of his or her appointment. The president of the Connecticut Earth Bank shall be elected by the members of the board. The president of the Connecticut Earth Bank shall serve on the board in an ex-officio, nonvoting capacity. The Governor shall appoint the chairperson of the board. The board shall elect from its members a vice-chairperson and such other officers as it deems necessary and shall adopt such bylaws and procedures it deems necessary to carry out its functions. The board may establish committees and subcommittees as necessary to conduct its business.

(2) The members of the board of directors of the Connecticut Earth Bank shall adopt written procedures, in accordance with the provisions of section 1-121 of the general statutes, for: (A) Adopting an
annual budget and plan of operations, including a requirement of
board approval before the budget or plan may take effect; (B) hiring,
dismissing, promoting and compensating employees of said bank,
including an affirmative action policy and a requirement of board
approval before a position may be created or a vacancy filled; (C)
acquiring real and personal property and personal services, including
a requirement of board approval for any nonbudgeted expenditure in
excess of five thousand dollars; (D) contracting for financial, legal,
bond underwriting and other professional services, including a
requirement that said bank solicit proposals at least once every three
years for each such service that it uses; (E) issuing and retiring bonds,
bond anticipation notes and other obligations of said bank; (F)
awarding loans, grants and other financial assistance, including
eligibility criteria, the application process and the role played by said
bank's staff and board of directors; and (G) the use of surplus funds to
the extent authorized under this section or other provisions of the
general statutes.

(3) No member of the board of directors of the Connecticut Earth
Bank shall be a trustee, director, partner or officer of any person, firm
or corporation, or have a financial interest in a person, firm or
corporation that participates in or otherwise receives support from
programs developed, administered or otherwise supported by the
Connecticut Earth Bank. The holding of any such position as a trustee,
director, partner or officer, or any financial interest by a member of the
board of directors of the Connecticut Earth Bank shall be deemed a
conflict of interest, provided it shall not constitute a conflict of interest
for a member of the board of directors of the Connecticut Earth Bank to
serve as a director, member or officer of a joint venture entered into by
the Connecticut Earth Bank pursuant to subsection (d) of this section.

(f) (1) The board shall issue annually a report to the Department of
Energy and Environmental Protection reviewing the activities of the
Connecticut Earth Bank in detail and shall provide a copy of such
report, in accordance with the provisions of section 11-4a of the general
statutes, to the joint standing committees of the General Assembly having cognizance of matters relating to the environment and commerce. The report shall include a description of the programs and activities undertaken during the reporting period.

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

(3) Any entity that receives financing for an environmental infrastructure project from the fund shall provide the board an annual statement, certified as correct by the chief financial officer of the recipient of such financing, setting forth all sources and uses of funds in such detail as may be required by the bank for such project. The Connecticut Earth Bank shall maintain any such audits for not less than five years. Residential projects for buildings with one to four dwelling units are exempt from this and any other annual auditing requirements, except that residential projects may be required to grant their utility companies’ permission to release their usage data to the Connecticut Green Bank.

(g) (1) The state of Connecticut does hereby pledge to and agree with any person with whom the Connecticut Earth Bank may enter into contracts pursuant to the provisions of this section that the state will not limit or alter the rights hereby vested in said bank until such contracts and the obligations thereunder are fully met and performed on the part of said bank, provided nothing herein contained shall preclude such limitation or alteration if adequate provision shall be made by law for the protection of such persons entering into contracts with said bank. The pledge provided by this subsection shall be interpreted and applied broadly to effectuate and maintain the bank's financial capacity to perform its essential public and governmental function.
(2) The contracts and obligations thereunder of said bank shall be
obligatory upon the bank, and the bank may appropriate in each year
during the term of such contracts an amount of money that, together
with other funds of the bank available for such purposes, shall be
sufficient to pay such contracts and obligations or meet any contractual
covenants or warranties.

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

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

Sec. 2. (NEW) (Effective October 1, 2019) (a) The Connecticut Earth
Bank is authorized from time to time to issue its negotiable bonds for
any corporate purpose. In anticipation of the sale of such bonds, the
Connecticut Earth Bank may issue negotiable bond anticipation notes
and may renew the same from time to time. Such notes shall be paid
from any revenues of said bank or other moneys available for such
purposes and not otherwise pledged, or from the proceeds of sale of
the bonds of said bank in anticipation of which they were issued. The
notes shall be issued in the same manner as the bonds. Such notes and
the resolution or resolutions authorizing the same may contain any
provisions, conditions or limitations which a bond resolution of said
bank may contain.

(b) Every issue of the bonds, notes or other obligations issued by the
Connecticut Earth Bank shall be special obligations of said bank
payable from any revenues or moneys of said bank available for such
purposes and not otherwise pledged, subject to any agreements with
the holders of particular bonds, notes or other obligations pledging
any particular revenues or moneys, and subject to any agreements
with any individual, partnership, corporation or association or other
body, public or private. Notwithstanding that such bonds, notes or
other obligations may be payable from a special fund, they shall be
deemed to be for all purposes negotiable instruments, subject only to
the provisions of such bonds, notes or other obligations for
registration.

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

(d) Any resolution or resolutions authorizing any bonds or any
issue of bonds may contain provisions, which shall be a part of the
contract with the holders of the bonds to be authorized, as to: (I)
Pledges of the full faith and credit of the Connecticut Earth Bank, the
full faith and credit of any individual, partnership, corporation or
association or other body, public or private, all or any part of the
revenues of a project or any revenue-producing contract or contracts
made by said bank with any individual, partnership, corporation or association or other body, public or private, any federally guaranteed security and moneys received therefrom purchased with bond proceeds or any other property, revenues, funds or legally available moneys to secure the payment of the bonds or of any particular issue of bonds, subject to such agreements with bondholders as may then exist; (2) the rentals, fees and other charges to be charged, and the amounts to be raised in each year thereby, and the use and disposition of the revenues; (3) the setting aside of reserves or sinking funds, and the regulation and disposition thereof; (4) limitations on the right of said bank or its agent to restrict and regulate the use of the project funded by such bonds or issue of bonds; (5) the purpose and limitations to which the proceeds of sale of any issue of bonds then or thereafter to be issued may be applied, including as authorized purposes all costs and expenses necessary or incidental to the issuance of bonds, to the acquisition of or commitment to acquire any federally guaranteed security and to the issuance and obtaining of any federally insured mortgage note, and pledging such proceeds to secure the payment of the bonds or any issue of the bonds; (6) limitations on the issuance of additional bonds, the terms upon which additional bonds may be issued and secured and the refunding of outstanding bonds; (7) the procedure, if any, by which the terms of any contract with bondholders may be amended or abrogated, the amount of bonds the holders of which must consent thereto, and the manner in which such consent may be given; (8) limitations on the amount of moneys derived from such project to be expended for operating, administrative or other expenses of said bank; (9) definitions of the acts or omissions to act which shall constitute a default in the duties of said bank to holders of its obligations and the rights and remedies of such holders in the event of a default; and (10) the mortgaging of a project and the site thereof for the purpose of securing the bondholders.

(e) Neither the members of the board of directors of the Connecticut Earth Bank nor any person executing the bonds, notes or other obligations shall be liable personally on the bonds, notes or other
obligations or be subject to any personal liability or accountability by
reason of the issuance thereof.

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

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

(h) At the discretion of the Connecticut Earth Bank, any bonds
issued under the provisions of this section may be secured by a trust
agreement by and between said bank and a corporate trustee or
trustees, which may be any trust company or bank having the powers
of a trust company within or without the state. Such trust agreement or
the resolution providing for the issuance of such bonds or other
instrument of said bank may secure such bonds by a pledge or
assignment of any revenues to be received, any contract or proceeds of any contract, or any other property, revenues, moneys or funds available to said bank for such purpose. Any pledge made by said bank pursuant to this subsection shall be valid and binding from the time when the pledge is made. The lien of any such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against said bank, irrespective of whether the parties have notice of the claims. Notwithstanding any provision of the Uniform Commercial Code, no instrument by which such pledge is created need be recorded or filed except in the records of said bank. Any revenues, contract or proceeds of any contract, or other property, revenues, moneys or funds so pledged and thereafter received by said bank shall be subject immediately to the lien of the pledge without any physical delivery thereof or further act and such lien shall have priority over all other liens. Such trust agreement or resolution may mortgage, assign or convey any real property to secure such bonds. Such trust agreement or resolution providing for the issuance of such bonds may contain such provisions for protecting and enforcing the rights and remedies of the bondholders as may be reasonable and proper and not in violation of law, including such provisions as have been specifically authorized by this section to be included in any resolution of said bank authorizing bonds thereof. Any bank or trust company incorporated under the laws of this state, which may act as depositary of the proceeds of bonds or of revenues or other moneys, may furnish such indemnifying bonds or pledge such securities as may be required by said bank. Any such trust agreement or resolution may set forth the rights and remedies of the bondholders and of the trustee or trustees, and may restrict the individual right of action by bondholders. In addition to the foregoing, any such trust agreement or resolution may contain such other provisions as said bank may deem reasonable and proper for the security of the bondholders. All expenses incurred in carrying out the provisions of such trust agreement or resolution may be treated as a part of the cost of the operation of a project.
(i) Bonds issued under the provisions of this section shall not be deemed to constitute a debt or liability of the state or of any political subdivision thereof, other than the Connecticut Earth Bank, or a pledge of the full faith and credit of the state or any of its political subdivisions other than said bank, but shall be payable solely from the funds provided for such purposes by this section. All such bonds shall contain on the face thereof a statement to the effect that neither the state of Connecticut nor any political subdivision thereof, other than said bank, shall be obligated to pay the same or the interest thereon except from revenues of the project or the portion thereof for which such bonds are issued, and that neither the full faith and credit nor the taxing power of the state of Connecticut or of any political subdivision thereof, other than said bank, is pledged to the payment of the principal of or the interest on such bonds. The issuance of bonds under the provisions of this section shall not directly, indirectly or contingently obligate the state or any political subdivision thereof to levy or to pledge any form of taxation or to make any appropriation for the payment of such bonds. Nothing contained in this section shall prevent or be construed to prevent said bank from pledging its full faith and credit or the full faith and credit of any individual, partnership, corporation or association or other body, public or private, to the payment of bonds or issue of bonds authorized pursuant to this section.

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

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

(2) A sufficient amount of the revenues derived in respect of a project, except such part of such revenues as may be necessary to pay the cost of maintenance, repair and operation and to provide reserves and for renewals, replacements, extensions, enlargements and improvements as may be provided for in the resolution authorizing the issuance of any bonds of the Connecticut Earth Bank or in the trust agreement securing the same, shall be set aside at such regular intervals as may be provided in such resolution or trust agreement in a sinking or other similar fund which is hereby pledged to, and charged with, the payment of the principal of and the interest on such bonds as the same shall become due, and the redemption price or the purchase
price of bonds retired by call or purchase as therein provided. Such pledge shall be valid and binding from the time when the pledge is made. The rates, rents, fees and charges and other revenues or other moneys so pledged and thereafter received by said bank shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of any such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against said bank, irrespective of whether such parties have notice of such claims. Notwithstanding any provision of the Connecticut Uniform Commercial Code, neither the resolution nor any trust agreement nor any other agreement nor any lease by which a pledge is created need be filed or recorded except in the records of said bank. The use and disposition of moneys to the credit of such sinking or other similar fund shall be subject to the provisions of the resolution authorizing the issuance of such bonds or of such trust agreement. Except as may otherwise be provided in such resolution or such trust agreement, such sinking or other similar fund may be a fund for all such bonds issued to finance projects for any individual, partnership, corporation or association, or other body, public or private, without distinction or priority of one over another; provided said bank in any such resolution or trust agreement may provide that such sinking or other similar fund shall be the fund for a particular project for any individual, partnership, corporation or association, or other body, public or private, and for the bonds issued to finance a particular project and may, additionally, permit and provide for the issuance of bonds having a subordinate lien in respect of the security authorized by this subsection to other bonds of said bank, and, in such case, said bank may create separate sinking or other similar funds in respect of such subordinate lien bonds.

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

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

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

(o) The exercise of the powers granted by this section shall be in all respects for the benefit of the people of this state, for the increase of their commerce, welfare and prosperity, and for the improvement of
their health and living conditions, and, as the exercise of such powers shall constitute the performance of an essential public function, neither the Connecticut Earth Bank, any affiliate of said bank, nor any collection or other agent of said bank nor any such affiliate shall be required to pay any taxes or assessments upon or in respect of any revenues or property received, acquired, transferred or used by said bank, any affiliate of said bank or any collection or other agent of said bank or any such affiliate or upon or in respect of the income from such revenues or property. Any bonds, notes or other obligations issued under the provisions of this section, their transfer and the income therefrom, including any profit made on the sale of such bonds, notes or other obligations, shall at all times be free from taxation of every kind by the state and by the municipalities and other political subdivisions in the state, except for estate and succession taxes. The interest on such bonds, notes or other obligations shall be included in the computation of any excise or franchise tax.

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

(2) The proceeds of any such bonds issued for the purpose of refunding outstanding bonds may, at the discretion of the Connecticut Earth Bank, be applied to the purchase or retirement at maturity or redemption of such outstanding bonds either on their earliest or any subsequent redemption date or upon the purchase or at the maturity thereof and may, pending such application, be placed in escrow to be applied to such purchase or retirement at maturity or redemption on such date as may be determined by said bank.
Any such escrowed proceeds, pending such use, may be invested and reinvested in direct obligations of, or obligations unconditionally guaranteed by, the United States and certificates of deposit or time deposits secured by direct obligations of, or obligations unconditionally guaranteed by, the United States, or obligations of a state, a territory, or a possession of the United States, or any political subdivision of any of the foregoing, within the meaning of Section 103(a) of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as amended from time to time, the full and timely payment of the principal of and interest on which are secured by an irrevocable deposit of direct obligations of the United States which, if the outstanding bonds are then rated by a nationally recognized rating agency, are rated in the highest rating category by such rating agency, maturing at such time or times as shall be appropriate to assure the prompt payment, as to principal, interest and redemption premium, if any, of the outstanding bonds to be so refunded. The interest, income and profits, if any, earned or realized on any such investment or reinvestment may also be applied to the payment of the outstanding bonds to be so refunded. After the terms of the escrow have been fully satisfied and carried out, any balance of such proceeds and interest, income and profits, if any, earned or realized on the investments or reinvestments thereof may be returned to the Connecticut Earth Bank for use by it in any lawful manner.

The portion of the proceeds of any such bonds issued for the additional purpose of paying all or any part of the cost of constructing and acquiring additions, improvements, extensions or enlargements of a project or any portion thereof may be invested and reinvested as the provisions of this section and the resolution authorizing the issuance of such bonds or the trust agreement securing such bonds may provide. The interest, income and profits, if any, earned or realized on such investment or reinvestment may be applied to the payment of all or any part of such cost or may be used by the Connecticut Earth Bank in any lawful manner.
(5) All such bonds shall be subject to the provisions of sections 1 to 4, inclusive, of this act.

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

(r) In conjunction with the issuance of the bonds, notes or other obligations, the Connecticut Earth Bank may: (1) Make representations and agreements for the benefit of the holders of the bonds, notes or other obligations to make secondary market disclosures; (2) enter into interest rate swap agreements and other agreements for the purpose of moderating interest rate risk on the bonds, notes or other obligations; (3) enter into such other agreements and instruments to secure the bonds, notes or other obligations; and (4) take such other actions as necessary or appropriate for the issuance and distribution of the bonds, notes or other obligations and may make representations and agreements for the benefit of the holders of the bonds, notes or other obligations which are necessary or appropriate to ensure exclusion of the interest payable on the bonds, notes or other obligations from gross income under the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as amended from time to time.

Sec. 3. (NEW) (Effective October 1, 2019) The Connecticut Earth Bank
shall establish a "Connecticut Earth Loan Guaranty Fund". Such fund shall be used for the purposes of guaranteeing loans authorized under section 4 of this act, and may be used for expenses incurred by said bank in the implementation of the program under said section.

Sec. 4. (NEW) (Effective October 1, 2019) (a) For the purposes of this section:

(1) "Participating qualified nonprofit organizations" means individuals, nonprofit organizations and small businesses;

(2) "Small business" means a business entity employing not more than fifty full-time employees;

(3) "Eligible environmental infrastructure project" means an environmental infrastructure project meeting the criteria identified, as provided in subsection (d) of this section;

(4) "Participating lending institution" means any bank, trust company, savings bank, savings and loan association or credit union, whether chartered by the United States of America or this state, or any insurance company authorized to do business in this state that participates in the Connecticut Earth Loan Guaranty Fund program; and

(5) "Bank" means the Connecticut Earth Bank.

(b) The bank shall establish the Connecticut Earth Loan Guaranty Fund program from the proceeds of the bonds issued pursuant to section 3 of this act for the purpose of guaranteeing loans made by participating lending institutions to a participating qualified nonprofit organization for eligible environmental infrastructure projects. In carrying out the purposes of this section, the bank shall have and may exercise the powers provided in subsection (d) of section 1 of this act.

(c) Participating qualified nonprofit organizations may borrow money from a participating lending institution for any environmental
infrastructure project for which the bank provides guaranties pursuant
to this section. In connection with the provision of such a guaranty by
the bank, (1) a participating qualified nonprofit organization shall
enter into any loan or other agreement and make such covenants,
representations and indemnities as a participating lending institution
deems necessary or appropriate; and (2) a participating lending
institution shall enter into a guaranty agreement with the bank,
pursuant to which the bank has agreed to provide a first loss guaranty
of an agreed percentage of the original principal amount of loans for
eligible environmental infrastructure projects.

(d) The Connecticut Green Bank shall identify types of projects that
qualify as eligible environmental infrastructure projects. The bank
shall establish priorities for financing eligible environmental
infrastructure projects based on need and quality determinants. The
bank shall adopt procedures, in accordance with the provisions of
section 1-121 of the general statutes, to implement the provisions of
this section.

(e) The bank shall, (1) ensure that the program established pursuant
to this section integrates with existing state environmental
infrastructure programs; (2) establish performance targets for the
program to ensure that the program in coordination with existing
financing programs will enable infrastructure improvements for at
least fifteen per cent of single family homes in the state by 2020; (3)
enter into agreements with participating lending institutions that
provide loan origination services; and (4) exercise such other powers
as are necessary for the proper administration of the program.

(f) Financial assistance provided by participating lending
institutions pursuant to this section shall be subject to the following
terms: (1) Eligible environmental infrastructure projects shall meet
cost-effectiveness standards adopted by the bank, and (2) loans shall
be at interest rates determined by the bank to be no higher than
necessary to result in the participation of participating lending
institutions in the program.

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

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<thead>
<tr>
<th>Section</th>
<th>Date</th>
<th>Description</th>
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<tbody>
<tr>
<td>Sec. 1</td>
<td>October 1, 2019</td>
<td>New section</td>
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<tr>
<td>Sec. 2</td>
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<td>Sec. 3</td>
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<tr>
<td>Sec. 4</td>
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**Statement of Purpose:**
To utilize the Green Bank model for environmental infrastructure, including water and solid waste management, recycling, climate resiliency and natural resource conservation.

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

Co-Sponsors:   Introducer Withdrawn

H.B. 6646