AN ACT IMPLEMENTING THE RECOMMENDATIONS OF THE CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY.

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

Section 1. Subsections (b) and (c) of section 10a-178 of the general statutes are repealed and the following is substituted in lieu thereof (Effective July 1, 2023):

(b) "Project", in the case of a (1) participating institution for higher education, means a (A) structure suitable for use as a dormitory or other housing facility, including housing for staff members, employees or students at such institution of higher education, dining hall, student union, administration building, academic building, library, laboratory, research facility, classroom, athletic facility, health care facility, and maintenance, storage or utility facility and other structures or facilities related thereto or required or useful for the instruction of students or the conducting of research or the operation of an institution for higher education, including parking and other facilities or structures essential or convenient for the orderly conduct of such institution for higher education, also including equipment and machinery and other similar items necessary or convenient for the operation of a particular facility or structure in the manner for which its use is intended or for the operation
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of a participating institution for higher education, or any combination thereof, but shall not include such items as books, fuel, supplies or other items the purchase of which is customarily deemed to result in a current operating charge; in the case of a participating health care institution, or (B) program or service that is in furtherance of the organization or mission of a participating institution of higher education; (2) participating health care institution means a (A) structure suitable for use as a hospital, clinic, or other health care facility, laboratory, laundry, residence facility, including housing for nurses, interns, staff members, employees or students at such health care institution and their immediate families and for physically or mentally handicapped persons, administration building, research facility, and maintenance, storage or utility facility and other structures or facilities related thereto or required or useful for the operation of the project, including parking and other facilities or structures essential or convenient for the orderly operation of such project, also including equipment and machinery and other similar items necessary or convenient for the operation of the project in the manner for which its use is intended or for the operation of a participating health care institution, or any combination thereof, but shall not include such items as fuel, supplies or other items the purchase of which is customarily deemed to result in a current operating charge; in the case of a participating qualified nonprofit organization, or (B) program or service that is in furtherance of the organization or mission of a participating health care institution; (3) participating qualified nonprofit organization means a (A) structure or facility owned in its entirety by, or suitable for use in accordance with the charitable or nonprofit status of the qualified nonprofit organization, also including equipment and machinery and other similar items necessary or convenient for the operation of the project in the manner for which its use is intended or for the operation of a participating qualified nonprofit corporation, or (B) program or service that is furtherance of the organization or mission of a participating qualified nonprofit organization; and (4) in the case of a participating nursing home,
participating nursing home means a (A) structure or facility suitable for use as a nursing home, residential care home, rest home, health care facility for the handicapped, mental health facility or independent living facility subject to the licensing requirements of chapter 368v and appurtenant facilities, equipment and machinery and other similar items necessary or convenient for the operation of a particular facility or structure in the manner for which its use is intended or for the operation of a participating nursing home, or (B) program or service that is in furtherance of the organization or mission of a participating nursing home;

(c) "Cost" as applied to a project or any portion thereof financed under the provisions of this chapter embraces all or any part of the cost of construction and acquisition of all lands, structures, real or personal property, rights, rights-of-way, franchises, easements and interests acquired or used for a project, the cost of demolishing or removing any buildings or structures on land so acquired, including the cost of acquiring any lands to which such buildings or structures may be moved, the cost of all machinery and equipment, financing charges, interest prior to, during and for a period after completion of such construction, provisions for working capital, reserves for principal and interest and for extensions, enlargements, additions, replacements, renovations and improvements, cost of engineering, financial and legal services, plans, specifications, studies, surveys, estimates of cost and of revenues, administrative expenses, expenses necessary or incident to determining the feasibility or practicability of constructing the project and such other costs and expenses as may be necessary or incident to the [construction and acquisition of the] project and its operation, the financing of [such construction and acquisition] the project and the placing of the project in operation;

Sec. 2. Section 10a-186a of the general statutes is repealed and the following is substituted in lieu thereof (Effective July 1, 2023):
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[(a)] In connection with the issuance of bonds [to finance a project at a participating nursing home or to refund bonds previously issued by the authority to finance a project at a participating nursing home, or in connection with the issuance of bonds to effect a refinancing or other restructuring with respect to one or more participating nursing homes as permitted by subsection (b) of this section,] to finance dormitories, residential facilities, student centers, food service facilities and other auxiliary service facilities and related buildings and improvements at a public educational institution [.] or to finance The University of Connecticut Health Center clinical services projects, as defined in subsection (g) of section 10a-114a, [or] to finance up to one hundred million dollars, in the aggregate, for equipment, including installation and any necessary building renovations or alterations for the installation and operation of such equipment, for participating health care institutions at the discretion of the Secretary of the Office of Policy and Management and the Treasurer,] the authority may create and establish one or more reserve funds to be known as special capital reserve funds and may pay into such special capital reserve funds (1) any moneys appropriated and made available by the state for the purposes of such funds, (2) any proceeds of the sale of notes or bonds for a project, to the extent provided in the resolution of the authority authorizing the issuance thereof, and (3) any other moneys which may be made available to the authority for the purpose of such funds from any other source or sources. The moneys held in or credited to any special capital reserve fund established under this section, except as hereinafter provided, shall be used solely for the payment of the principal of and interest, when due, whether at maturity or by mandatory sinking fund installments, on bonds of the authority secured by such capital reserve fund as the same become due, the purchase of such bonds of the authority, the payment of any redemption premium required to be paid when such bonds are redeemed prior to maturity, including in any such case by way of reimbursement of a provider of bond insurance or of a credit or liquidity facility that has paid such
amounts; provided the authority shall have power to provide that moneys in any such fund shall not be withdrawn therefrom at any time in such amount as would reduce the amount of such funds to less than the maximum amount of principal and interest becoming due by reasons of maturity or a required sinking fund installment in the then current or any succeeding calendar year on the bonds of the authority then outstanding or the maximum amount permitted to be deposited in such fund by the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as from time to time amended, to permit the interest on such bonds to be excluded from gross income for federal tax purposes and secured by such special capital reserve fund, such amount being herein referred to as the "required minimum capital reserve", except for the purpose of paying such principal of, redemption premium and interest on such bonds of the authority secured by such special capital reserve becoming due and for the payment of which other moneys of the authority are not available. The authority may provide that it shall not issue bonds secured by a special capital reserve fund at any time if the required minimum capital reserve on the bonds outstanding and the bonds then to be issued and secured by the same special capital reserve fund at the time of issuance, unless the authority, at the time of the issuance of such bonds, shall deposit in such special capital reserve fund from the proceeds of the bonds so to be issued, or otherwise, an amount which, together with the amount then in such special capital reserve fund, will be not less than the required minimum capital reserve. On or before December first, annually, there is deemed to be appropriated from the state General Fund such sums, if any, as shall be certified by the chairman or vice-chairman of the authority to the Secretary of the Office of Policy and Management and the Treasurer of the state, as necessary to restore each such special capital reserve fund to the amount equal to the required minimum capital reserve of such fund, and such amounts shall be allotted and paid to the authority. For the purpose of evaluation of any such special capital reserve fund, obligations acquired as an
investment for any such fund shall be valued at market. Nothing contained in this section shall preclude the authority from establishing and creating other debt service reserve funds in connection with the issuance of bonds or notes of the authority which are not special capital reserve funds. Subject to any agreement or agreements with holders of outstanding notes and bonds of the authority, any amount or amounts allotted and paid to the authority pursuant to this section shall be repaid to the state from moneys of the authority at such time as such moneys are not required for any other of its corporate purposes and in any event shall be repaid to the state on the date one year after all bonds and notes of the authority theretofore issued on the date or dates such amount or amounts are allotted and paid to the authority or thereafter issued, together with interest on such bonds and notes, with interest on any unpaid installments of interest and all costs and expenses in connection with any action or proceeding by or on behalf of the holders thereof, are fully met and discharged. No bonds secured by a special capital reserve fund shall be issued to pay project costs unless the authority is of the opinion and determines that the revenues from the project shall be sufficient (A) to pay the principal of and interest on the bonds issued to finance the project, (B) to establish, increase and maintain any reserves deemed by the authority to be advisable to secure the payment of the principal of and interest on such bonds, (C) to pay the cost of maintaining the project in good repair and keeping it properly insured, and (D) to pay such other costs of the project as may be required.

[(b) Notwithstanding the provisions of subsection (a) of this section, after June 4, 1998, no bonds secured by such a special capital reserve fund shall be issued by the authority to finance a project at a participating nursing home, or to refund, refinance or otherwise restructure bonds issued to finance a project at a participating nursing home, except for bonds that meet the following requirements: (1) Such bonds, which may be bonds issued on a pooled or obligated group basis with respect to more than one participating nursing home, must, at least]
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in part, refund, refinance or otherwise restructure bonds which are already secured by a special capital reserve fund pursuant to this section; (2) the state must be released from any obligation to restore any special capital reserve fund for the bonds being refunded, refinished or otherwise restructured; and (3) the authority and the State Treasurer and the Secretary of the Office of Policy and Management must approve such bonds and must determine that the aggregate liability of the state with respect to such bonds will be less than the aggregate liability of the state with respect to the bonds being refunded, refinished or otherwise restructured and that such refunding, refinancing or restructuring is in the best interest of the state. Any approval and determination by the authority, the State Treasurer and the secretary under subdivision (3) of this subsection shall be in lieu of (A) the otherwise required opinion of sufficiency by the authority set forth in subsection (a) of this section, and (B) the approval of the State Treasurer and the documentation of the authority otherwise required under subsection (a) of section 1-124, and may provide for the waiver or modification of such other requirements of subsection (a) of this section as the authority, the State Treasurer and the secretary determine to be necessary or appropriate in order to effectuate such refunding, refinancing or restructuring, subject to all applicable tax covenants of the authority and the state.

Sec. 3. Subsection (a) of section 10a-114a of the general statutes is repealed and the following is substituted in lieu thereof (Effective July 1, 2023):

(a) The University of Connecticut may, when authorized by the board of trustees, borrow money from the Connecticut Health and Educational Facilities Authority for any project for The University of Connecticut Health Center for which the authority would be authorized to make loans to a participating health care institution pursuant to chapter 187 and to refinance any such borrowing, and in connection with such borrowing, The University of Connecticut is authorized to enter into any
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loan or other agreement and to make such covenants, representations and indemnities as the board of trustees deems necessary or desirable to obtain such loans from the authority or to facilitate the issue of bonds by the authority to finance such loans, including agreements with providers of letters of credit, insurance or other credit facilities for such financings. Any such agreement, covenant, representation and indemnification shall be a full faith and credit obligation of The University of Connecticut. The University of Connecticut may secure such obligations by a pledge of the revenues to be derived from the operation or use of a clinical services project or projects, from rates, amounts, rents, fees, charges and other income and receipts from clinical services or from other general revenues of The University of Connecticut Health Center, provided any such pledge shall not violate any covenant of the state under section 10a-109u. Bonds of the authority issued pursuant to this section to finance a clinical services project for The University of Connecticut Health Center shall be deemed to have been issued to finance a project at a participating health care institution for purposes of chapter 187 and shall be eligible for the benefit of a special capital reserve fund created and established pursuant to [subsection (a) of] section 10a-186a, as amended by this act.

Sec. 4. Sections 10a-186b, 10a-186c, 10a-194f, 10a-194g and 10a-194i of the general statutes are repealed. (Effective July 1, 2023)

Approved June 7, 2023