



General Assembly

January Session, 2023

Raised Bill No. 1104

LCO No. 4562



Referred to Committee on HIGHER EDUCATION AND
EMPLOYMENT ADVANCEMENT

Introduced by:
(HED)

**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:

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2 statutes are repealed and the following is substituted in lieu thereof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

4 (b) (1) "Project", in the case of a participating institution for higher
5 education, means a (A) structure suitable for use as a dormitory or other
6 housing facility, including housing for staff members, employees or
7 students at such institution of higher education, dining hall, student
8 union, administration building, academic building, library, laboratory,
9 research facility, classroom, athletic facility, health care facility, and
10 maintenance, storage or utility facility and other structures or facilities
11 related thereto or required or useful for the instruction of students or
12 the conducting of research or the operation of an institution for higher
13 education, including parking and other facilities or structures essential
14 or convenient for the orderly conduct of such institution for higher

15 education, also including equipment and machinery and other similar
16 items necessary or convenient for the operation of a particular facility or
17 structure in the manner for which its use is intended or for the operation
18 of a participating institution for higher education, or any combination
19 thereof, [but shall not include such items as books, fuel, supplies or other
20 items the purchase of which is customarily deemed to result in a current
21 operating charge; in the case of a participating health care institution,]
22 or (B) program or service that is in furtherance of the organization or
23 mission of a participating institution of higher education; (2)
24 "participating health care institution" means a (A) structure suitable for
25 use as a hospital, clinic, or other health care facility, laboratory, laundry,
26 residence facility, including housing for nurses, interns, staff members,
27 employees or students at such health care institution and their
28 immediate families and for physically or mentally handicapped
29 persons, administration building, research facility, and maintenance,
30 storage or utility facility and other structures or facilities related thereto
31 or required or useful for the operation of the project, including parking
32 and other facilities or structures essential or convenient for the orderly
33 operation of such project, also including equipment and machinery and
34 other similar items necessary or convenient for the operation of the
35 project in the manner for which its use is intended or for the operation
36 of a participating health care institution, or any combination thereof,
37 [but shall not include such items as fuel, supplies or other items the
38 purchase of which is customarily deemed to result in a current operating
39 charge; in the case of a participating qualified nonprofit organization,]
40 or (B) program or service that is in furtherance of the organization or
41 mission of a participating health care institution; (3) "participating
42 qualified nonprofit organization" means a (A) structure or facility
43 owned in its entirety by, or suitable for use in accordance with the
44 charitable or nonprofit status of the qualified nonprofit organization,
45 also including equipment and machinery and other similar items
46 necessary or convenient for the operation of the project in the manner
47 for which its use is intended or for the operation of a participating
48 qualified nonprofit corporation, or (B) program or service that is
49 furtherance of the organization or mission of a participating qualified

50 nonprofit organization; and [, in the case of a participating nursing
51 home,] (4) "participating nursing home" means a (A) structure or facility
52 suitable for use as a nursing home, residential care home, rest home,
53 health care facility for the handicapped, mental health facility or
54 independent living facility subject to the licensing requirements of
55 chapter 368v and appurtenant facilities, equipment and machinery and
56 other similar items necessary or convenient for the operation of a
57 particular facility or structure in the manner for which its use is intended
58 or for the operation of a participating nursing home, or (B) program or
59 service that is in furtherance of the organization or mission of a
60 participating nursing home;

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

80 Sec. 2. Section 10a-186a of the general statutes is repealed and the
81 following is substituted in lieu thereof (*Effective July 1, 2023*):

82 [(a)] In connection with the issuance of bonds [to finance a project at

83 a participating nursing home or to refund bonds previously issued by
84 the authority to finance a project at a participating nursing home, or in
85 connection with the issuance of bonds to effect a refinancing or other
86 restructuring with respect to one or more participating nursing homes
87 as permitted by subsection (b) of this section,] to finance dormitories,
88 residential facilities, student centers, food service facilities and other
89 auxiliary service facilities and related buildings and improvements at a
90 public educational institution [] or to finance The University of
91 Connecticut Health Center clinical services projects, as defined in
92 subsection (g) of section 10a-114a, [or to finance up to one hundred
93 million dollars, in the aggregate, for equipment, including installation
94 and any necessary building renovations or alterations for the
95 installation and operation of such equipment, for participating health
96 care institutions at the discretion of the Secretary of the Office of Policy
97 and Management and the Treasurer,] the authority may create and
98 establish one or more reserve funds to be known as special capital
99 reserve funds and may pay into such special capital reserve funds (1)
100 any moneys appropriated and made available by the state for the
101 purposes of such funds, (2) any proceeds of the sale of notes or bonds
102 for a project, to the extent provided in the resolution of the authority
103 authorizing the issuance thereof, and (3) any other moneys which may
104 be made available to the authority for the purpose of such funds from
105 any other source or sources. The moneys held in or credited to any
106 special capital reserve fund established under this section, except as
107 hereinafter provided, shall be used solely for the payment of the
108 principal of and interest, when due, whether at maturity or by
109 mandatory sinking fund installments, on bonds of the authority secured
110 by such capital reserve fund as the same become due, the purchase of
111 such bonds of the authority, the payment of any redemption premium
112 required to be paid when such bonds are redeemed prior to maturity,
113 including in any such case by way of reimbursement of a provider of
114 bond insurance or of a credit or liquidity facility that has paid such
115 amounts; provided the authority shall have power to provide that
116 moneys in any such fund shall not be withdrawn therefrom at any time
117 in such amount as would reduce the amount of such funds to less than

118 the maximum amount of principal and interest becoming due by
119 reasons of maturity or a required sinking fund installment in the then
120 current or any succeeding calendar year on the bonds of the authority
121 then outstanding or the maximum amount permitted to be deposited in
122 such fund by the Internal Revenue Code of 1986, or any subsequent
123 corresponding internal revenue code of the United States, as from time
124 to time amended, to permit the interest on such bonds to be excluded
125 from gross income for federal tax purposes and secured by such special
126 capital reserve fund, such amount being herein referred to as the
127 "required minimum capital reserve", except for the purpose of paying
128 such principal of, redemption premium and interest on such bonds of
129 the authority secured by such special capital reserve becoming due and
130 for the payment of which other moneys of the authority are not
131 available. The authority may provide that it shall not issue bonds
132 secured by a special capital reserve fund at any time if the required
133 minimum capital reserve on the bonds outstanding and the bonds then
134 to be issued and secured by the same special capital reserve fund at the
135 time of issuance, unless the authority, at the time of the issuance of such
136 bonds, shall deposit in such special capital reserve fund from the
137 proceeds of the bonds so to be issued, or otherwise, an amount which,
138 together with the amount then in such special capital reserve fund, will
139 be not less than the required minimum capital reserve. On or before
140 December first, annually, there is deemed to be appropriated from the
141 state General Fund such sums, if any, as shall be certified by the
142 chairman or vice-chairman of the authority to the Secretary of the Office
143 of Policy and Management and the Treasurer of the state, as necessary
144 to restore each such special capital reserve fund to the amount equal to
145 the required minimum capital reserve of such fund, and such amounts
146 shall be allotted and paid to the authority. For the purpose of evaluation
147 of any such special capital reserve fund, obligations acquired as an
148 investment for any such fund shall be valued at market. Nothing
149 contained in this section shall preclude the authority from establishing
150 and creating other debt service reserve funds in connection with the
151 issuance of bonds or notes of the authority which are not special capital
152 reserve funds. Subject to any agreement or agreements with holders of

153 outstanding notes and bonds of the authority, any amount or amounts
154 allotted and paid to the authority pursuant to this section shall be repaid
155 to the state from moneys of the authority at such time as such moneys
156 are not required for any other of its corporate purposes and in any event
157 shall be repaid to the state on the date one year after all bonds and notes
158 of the authority theretofore issued on the date or dates such amount or
159 amounts are allotted and paid to the authority or thereafter issued,
160 together with interest on such bonds and notes, with interest on any
161 unpaid installments of interest and all costs and expenses in connection
162 with any action or proceeding by or on behalf of the holders thereof, are
163 fully met and discharged. No bonds secured by a special capital reserve
164 fund shall be issued to pay project costs unless the authority is of the
165 opinion and determines that the revenues from the project shall be
166 sufficient (A) to pay the principal of and interest on the bonds issued to
167 finance the project, (B) to establish, increase and maintain any reserves
168 deemed by the authority to be advisable to secure the payment of the
169 principal of and interest on such bonds, (C) to pay the cost of
170 maintaining the project in good repair and keeping it properly insured,
171 and (D) to pay such other costs of the project as may be required.

172 [(b) Notwithstanding the provisions of subsection (a) of this section,
173 after June 4, 1998, no bonds secured by such a special capital reserve
174 fund shall be issued by the authority to finance a project at a
175 participating nursing home, or to refund, refinance or otherwise
176 restructure bonds issued to finance a project at a participating nursing
177 home, except for bonds that meet the following requirements: (1) Such
178 bonds, which may be bonds issued on a pooled or obligated group basis
179 with respect to more than one participating nursing home, must, at least
180 in part, refund, refinance or otherwise restructure bonds which are
181 already secured by a special capital reserve fund pursuant to this
182 section; (2) the state must be released from any obligation to restore any
183 special capital reserve fund for the bonds being refunded, refinanced or
184 otherwise restructured; and (3) the authority and the State Treasurer
185 and the Secretary of the Office of Policy and Management must approve
186 such bonds and must determine that the aggregate liability of the state

187 with respect to such bonds will be less than the aggregate liability of the
188 state with respect to the bonds being refunded, refinanced or otherwise
189 restructured and that such refunding, refinancing or restructuring is in
190 the best interest of the state. Any approval and determination by the
191 authority, the State Treasurer and the secretary under subdivision (3) of
192 this subsection shall be in lieu of (A) the otherwise required opinion of
193 sufficiency by the authority set forth in subsection (a) of this section, and
194 (B) the approval of the State Treasurer and the documentation of the
195 authority otherwise required under subsection (a) of section 1-124, and
196 may provide for the waiver or modification of such other requirements
197 of subsection (a) of this section as the authority, the State Treasurer and
198 the secretary determine to be necessary or appropriate in order to
199 effectuate such refunding, refinancing or restructuring, subject to all
200 applicable tax covenants of the authority and the state.]

201 Sec. 3. Subsection (a) of section 10a-114a of the general statutes is
202 repealed and the following is substituted in lieu thereof (*Effective July 1,*
203 *2023*):

204 (a) The University of Connecticut may, when authorized by the board
205 of trustees, borrow money from the Connecticut Health and Educational
206 Facilities Authority for any project for The University of Connecticut
207 Health Center for which the authority would be authorized to make
208 loans to a participating health care institution pursuant to chapter 187
209 and to refinance any such borrowing, and in connection with such
210 borrowing, The University of Connecticut is authorized to enter into any
211 loan or other agreement and to make such covenants, representations
212 and indemnities as the board of trustees deems necessary or desirable
213 to obtain such loans from the authority or to facilitate the issue of bonds
214 by the authority to finance such loans, including agreements with
215 providers of letters of credit, insurance or other credit facilities for such
216 financings. Any such agreement, covenant, representation and
217 indemnification shall be a full faith and credit obligation of The
218 University of Connecticut. The University of Connecticut may secure
219 such obligations by a pledge of the revenues to be derived from the
220 operation or use of a clinical services project or projects, from rates,

221 amounts, rents, fees, charges and other income and receipts from clinical
222 services or from other general revenues of The University of
223 Connecticut Health Center, provided any such pledge shall not violate
224 any covenant of the state under section 10a-109u. Bonds of the authority
225 issued pursuant to this section to finance a clinical services project for
226 The University of Connecticut Health Center shall be deemed to have
227 been issued to finance a project at a participating health care institution
228 for purposes of chapter 187 and shall be eligible for the benefit of a
229 special capital reserve fund created and established pursuant to
230 [subsection (a) of] section 10a-186a, as amended by this act.

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

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2023</i>	10a-178(b) and (c)
Sec. 2	<i>July 1, 2023</i>	10a-186a
Sec. 3	<i>July 1, 2023</i>	10a-114a(a)
Sec. 4	<i>July 1, 2023</i>	Repealer section

Statement of Purpose:

To expand the types of projects for which the Connecticut Health and Educational Facilities Authority can issue bonds to include programs and services and to remove references to obsolete programs.

[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.]