



General Assembly

January Session, 2023

Substitute Bill No. 1104



**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2 statutes are repealed and the following is substituted in lieu thereof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) "Project", in the case of a (1) participating institution for higher
5 education, means a (A) structure suitable for use as a dormitory or
6 other housing facility, including housing for staff members, employees
7 or 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
17 or structure in the manner for which its use is intended or for the
18 operation of a participating institution for higher education, or any
19 combination thereof, [but shall not include such items as books, fuel,

20 supplies or other items the purchase of which is customarily deemed
21 to result in a current operating charge; in the case of a participating
22 health care institution,] or (B) program or service that is in furtherance
23 of the organization or mission of a participating institution of higher
24 education; (2) participating health care institution means a (A)
25 structure suitable for use as a hospital, clinic, or other health care
26 facility, laboratory, laundry, residence facility, including housing for
27 nurses, interns, staff members, employees or students at such health
28 care institution and their immediate families and for physically or
29 mentally handicapped persons, administration building, research
30 facility, and maintenance, storage or utility facility and other structures
31 or facilities related thereto or required or useful for the operation of the
32 project, including parking and other facilities or structures essential or
33 convenient for the orderly operation of such project, also including
34 equipment and machinery and other similar items necessary or
35 convenient for the operation of the project in the manner for which its
36 use is intended or for the operation of a participating health care
37 institution, or any combination thereof, [but shall not include such
38 items as fuel, supplies or other items the purchase of which is
39 customarily deemed to result in a current operating charge; in the case
40 of a participating qualified nonprofit organization,] or (B) program or
41 service that is in furtherance of the organization or mission of a
42 participating health care institution; (3) participating qualified
43 nonprofit organization means a (A) structure or facility owned in its
44 entirety by, or suitable for use in accordance with the charitable or
45 nonprofit status of the qualified nonprofit organization, also including
46 equipment and machinery and other similar items necessary or
47 convenient for the operation of the project in the manner for which its
48 use is intended or for the operation of a participating qualified
49 nonprofit corporation, or (B) program or service that is furtherance of
50 the organization or mission of a participating qualified nonprofit
51 organization; and [, in the case of a participating nursing home,] (4)
52 participating nursing home means a (A) structure or facility suitable
53 for use as a nursing home, residential care home, rest home, health
54 care facility for the handicapped, mental health facility or independent

55 living facility subject to the licensing requirements of chapter 368v and
56 appurtenant facilities, equipment and machinery and other similar
57 items necessary or convenient for the operation of a particular facility
58 or structure in the manner for which its use is intended or for the
59 operation of a participating nursing home, or (B) program or service
60 that is in furtherance of the organization or mission of a participating
61 nursing home;

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

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

83 [(a)] In connection with the issuance of bonds [to finance a project at
84 a participating nursing home or to refund bonds previously issued by
85 the authority to finance a project at a participating nursing home, or in
86 connection with the issuance of bonds to effect a refinancing or other
87 restructuring with respect to one or more participating nursing homes

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

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

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

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

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

206 Sec. 3. Subsection (a) of section 10a-114a of the general statutes is
207 repealed and the following is substituted in lieu thereof (*Effective July*
208 *1, 2023*):

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

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

237 Sec. 4. Sections 10a-186b, 10a-186c, 10a-194f, 10a-194g and 10a-194i
 238 of 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 Legislative Commissioners:

In Section 1(b), the subdivision designator (1) was moved to before "participating" for accuracy.

HED *Joint Favorable Subst. -LCO*