



General Assembly

February Session, 2020

Raised Bill No. 305

LCO No. 2244



Referred to Committee on HIGHER EDUCATION AND
EMPLOYMENT ADVANCEMENT

Introduced by:
(HED)

**AN ACT CONCERNING THE CONNECTICUT HEALTH AND
EDUCATIONAL FACILITIES AUTHORITY AND THE CONNECTICUT
HIGHER EDUCATION SUPPLEMENTAL LOAN AUTHORITY.**

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

1 Section 1. Subsection (g) of section 10a-178 of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective October*
3 *1, 2020*):

4 (g) "Health care institution" means (1) any nonprofit, state-aided
5 hospital or other health care institution, including The University of
6 Connecticut Health Center, which is entitled, under the laws of the state,
7 to receive assistance from the state by means of a grant made pursuant
8 to a budgetary appropriation made by the General Assembly, (2) any
9 other hospital or other health care institution which is licensed, or any
10 nonprofit, nonstock corporation which shall receive financing or shall
11 undertake to construct or acquire a project which is or will be eligible to
12 be licensed, as an institution under the provisions of sections 19a-490 to
13 19a-503, inclusive, [or] (3) any nonprofit, nonstock, nonsectarian facility
14 which is exempt from taxation under the provisions of section 12-81 or

15 38a-188 and which is a health care center under the provisions of
16 sections 38a-175 to 38a-194, inclusive, [or (3)] (4) any nonprofit
17 corporation that is (A) wholly owned by two or more hospitals or other
18 health care institutions which operates for and on behalf of such
19 hospitals or other health care institutions a project, as defined in
20 subsection (b) of this section, or [is] (B) a nursing home, or (5) any
21 affiliated health care institution, as defined in subsection (r) of this
22 section;

23 Sec. 2. Section 10a-178 of the general statutes is amended by adding
24 subsection (r) as follows (*Effective October 1, 2020*):

25 (NEW) (r) "Affiliated health care institution" means a (1) hospital,
26 health care institution or institution, as defined in subsection (a) of
27 section 19a-490, (2) nonprofit, nonstock corporation that undertakes to
28 construct or acquire a project that would qualify as a hospital, health
29 care institution or institution, as defined in subsection (a) of section 19a-
30 490, or (3) nonprofit, nonstock, nonsectarian health care center that
31 conducts activities and carries out purposes as described in subsection
32 (b) of section 38a-176, which entity, as described in subdivisions (1) to
33 (3), inclusive, of this subsection, (A) (i) is (I) a subsidiary wholly or
34 partially owned or controlled by an in-state health care institution, as
35 defined in subdivision (2) or (3) of subsection (g) of this section, and (II)
36 located in another state, or (ii) is (I) wholly under common ownership
37 or control as an in-state health care institution, as defined in subdivision
38 (2) or (3) of subsection (g) of this section, and (II) located in the state of
39 New York or Rhode Island or the commonwealth of Massachusetts, and
40 (B) for the purpose of financing a project, is jointly obligated with such
41 in-state health care institution on any bonds issued by the authority
42 pursuant to this chapter.

43 Sec. 3. Subdivision (1) of subsection (k) of section 10a-179 of the 2020
44 supplement to the general statutes is repealed and the following is
45 substituted in lieu thereof (*Effective October 1, 2020*):

46 (k) (1) The authority may form one or more subsidiaries to carry out

47 the public purposes of the authority and may transfer to any such
48 subsidiary, including to any subsidiary established by the General
49 Assembly through public or special act, any moneys and real or
50 personal property of any kind or nature. Any such subsidiary may be
51 organized as a stock or nonstock corporation or a limited liability
52 company. Each such subsidiary shall have and may exercise such
53 powers of the authority as are set forth in the resolution of the authority
54 or in a public or special act of the General Assembly prescribing the
55 purposes for which such subsidiary is formed and such other powers
56 provided to it by law. Each such subsidiary shall be deemed a quasi-
57 public agency for purposes of chapter 12 and shall have all the
58 privileges, immunities, tax exemptions and other exemptions of the
59 authority, including the privileges, immunities, tax exemptions and
60 other exemptions provided under the general statutes for special capital
61 reserve funds. Each such subsidiary shall be subject to suit provided its
62 liability shall be limited solely to the assets, revenues and resources of
63 the subsidiary and without recourse to the general funds, revenues,
64 resources or any other assets of the authority. Each such subsidiary is
65 authorized to assume or take title to property subject to any existing lien,
66 encumbrance or mortgage and to mortgage, convey or dispose of its
67 assets and pledge its revenues in order to secure any borrowing, for the
68 purpose of refinancing, rehabilitating or improving its assets, provided
69 each such borrowing or mortgage shall be a special obligation of the
70 subsidiary, which obligation may be in the form of bonds, bond
71 anticipation notes and other obligations to the extent permitted under
72 this chapter to fund and refund the same and provide for the rights of
73 the holders thereof, and to secure the same by pledge of revenues, notes
74 and other assets and which shall be payable solely from the assets,
75 revenues and other resources of the subsidiary. The authority shall have
76 the power to assign to a subsidiary any rights, moneys or other assets it
77 has under any governmental program including the nursing home loan
78 program.

79 Sec. 4. Subdivision (18) of section 10a-223 of the general statutes is
80 repealed and the following is substituted in lieu thereof (*Effective October*

81 1, 2020):

82 (18) "Education assistance program" means a program to assist in
83 financing the costs of education through education loans, [or] education
84 grants [, or both] or any other financial assistance made or awarded by
85 the authority to an individual who attends an institution of higher
86 education in the state or currently resides in the state;

87 Sec. 5. Subdivision (7) of subsection (a) of section 10a-225 of the
88 general statutes is repealed and the following is substituted in lieu
89 thereof (*Effective October 1, 2020*):

90 (7) To establish guidelines, criteria and procedures not in conflict
91 with existing statutes with respect to authority loans, education [grants,
92 education loans] assistance programs and education loan series
93 portfolios. Such guidelines, criteria and procedures shall not be
94 construed as regulations within the scope of chapter 54.

95 Sec. 6. Section 10a-230 of the general statutes is amended by adding
96 subsection (i) as follows (*Effective October 1, 2020*):

97 (NEW) (i) The state of Connecticut does hereby pledge to and agree
98 with the holders of any bonds and notes issued under this chapter and
99 with those parties who may enter into contracts with the authority or its
100 successor agency pursuant to the provisions of this chapter that the state
101 will not limit or alter the rights hereby vested in the authority until such
102 obligations, together with the interest thereon, are fully met and
103 discharged and such contracts are fully performed on the part of the
104 authority, provided nothing contained herein shall preclude such
105 limitation or alteration if and when adequate provision shall be made
106 by law for the protection of the holders of such bonds and notes of the
107 authority or those entering into such contracts with the authority. The
108 authority is authorized to include this pledge and undertaking for the
109 state in such bonds and notes or contracts.

110 Sec. 7. Subsection (b) of section 10a-232 of the general statutes is
111 repealed and the following is substituted in lieu thereof (*Effective October*

112 1, 2020):

113 (b) Notwithstanding the foregoing, (1) the constituent units of the
114 state system of higher education may participate in one or more
115 education loan programs with the authority and may incur
116 indebtedness pursuant to authority loans, and (2) the authority may
117 create and establish one or more reserve funds to be known as special
118 capital reserve funds and may pay into such special capital reserve
119 funds (A) any moneys appropriated and made available by the state for
120 the purposes of such funds, (B) any proceeds of sale of notes or bonds,
121 to the extent provided in the resolution of the authority authorizing the
122 issuance thereof, [and] (C) any other moneys which may be made
123 available to the authority for the purpose of such funds from any other
124 source or sources, and (D) any surety policy or other similar instrument
125 issued by a financial institution that is rated "AA" or better by at least
126 one nationally recognized statistical rating organization and approved
127 by the State Treasurer, which surety policy or instrument shall be in a
128 form prescribed by the State Treasurer and valued at par and payable
129 or available to be drawn upon on or before any date by which debt
130 service on the bonds secured thereby is required to be paid. The moneys,
131 surety policy or similar instrument held in or credited to any special
132 capital reserve fund established under this section, except as hereinafter
133 provided, shall be used solely for the payment of the principal of bonds
134 of the authority secured by such capital reserve fund as the same
135 become due, the purchase of such bonds of the authority, the payment
136 of interest on such bonds of the authority or the payment of any
137 redemption premium required to be paid when such bonds are
138 redeemed prior to maturity; provided, the authority shall have power
139 to provide that moneys in any such fund shall not be withdrawn
140 therefrom at any time in such amount as would reduce the amount of
141 such funds to less than the maximum amount of principal and interest
142 becoming due by reason of maturity or a required sinking fund
143 installment in any succeeding calendar year on the bonds of the
144 authority then outstanding and secured by such special capital reserve
145 fund, or such lesser amount specified by the authority in its resolution

146 authorizing the issuance of any such bonds, such amount being herein
147 referred to as the "required minimum capital reserve", except for the
148 purpose of paying such principal of, redemption premium and interest
149 on such bonds of the authority secured by such special capital reserve
150 becoming due and for the payment of which other moneys of the
151 authority are not available. The authority may provide that it shall not
152 issue bonds at any time if the required minimum capital reserve on
153 outstanding bonds secured by a special capital reserve fund and the
154 bonds then to be issued and secured by a special capital reserve fund
155 will exceed the amount of such special capital reserve fund at the time
156 of issuance, unless the authority, at the time of the issuance of such
157 bonds, shall deposit in such special capital reserve fund from the
158 proceeds of the bonds so to be issued, or otherwise, an amount which,
159 together with the amount then in such special capital reserve fund, will
160 be not less than the required minimum capital reserve. The authority
161 may, as part of the contract of the authority with the owners of such
162 bonds, provide that on or before December first, annually, there is
163 deemed to be appropriated from the state General Fund such sums, if
164 any, as shall be certified by the chairman of the authority to the Secretary
165 of the Office of Policy and Management and the Treasurer of the state,
166 as necessary to restore each such special capital reserve fund to the
167 amount equal to the required minimum capital reserve of such fund,
168 and such amounts shall be allotted and paid to the authority. For the
169 purpose of evaluation of any such special capital reserve fund,
170 obligations acquired as an investment for any such fund shall be valued
171 at amortized cost. Nothing contained in this section shall preclude the
172 authority from establishing and creating other debt service reserve
173 funds in connection with the issuance of bonds or notes of the authority.
174 Subject to any agreement or agreements with owners of outstanding
175 notes and bonds of the authority, any amount or amounts allotted and
176 paid to the authority pursuant to this section shall be repaid to the state
177 from moneys of the authority at such time as such moneys are not
178 required for any other of its corporate purposes and in any event shall
179 be repaid to the state on the date one year after all bonds and notes of
180 the authority theretofore issued on the date or dates such amount or

181 amounts are allotted and paid to the authority or thereafter issued,
 182 together with interest on such bonds and notes, with interest on any
 183 unpaid installments of interest and all costs and expenses in connection
 184 with any action or proceeding by or on behalf of the owners thereof, are
 185 fully met and discharged.

186 (c) Notwithstanding any other provisions contained in this chapter,
 187 the aggregate amount of bonds outstanding at any time secured by such
 188 special capital reserve funds authorized to be created and established by
 189 this section shall not exceed [three] five hundred million dollars and no
 190 such bonds shall be issued to pay program costs unless the authority is
 191 of the opinion and determines that the revenues to be derived from the
 192 program shall be sufficient (1) to pay the principal of and interest on the
 193 bonds issued to finance the program, (2) to establish, increase and
 194 maintain any reserves deemed by the authority to be advisable to secure
 195 the payment of the principal of and interest on such bonds, (3) to pay
 196 the cost of maintaining and servicing the program and keeping it
 197 properly insured, and (4) to pay such other costs of the program as may
 198 be required.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2020</i>	10a-178(g)
Sec. 2	<i>October 1, 2020</i>	10a-178
Sec. 3	<i>October 1, 2020</i>	10a-179(k)(1)
Sec. 4	<i>October 1, 2020</i>	10a-223(18)
Sec. 5	<i>October 1, 2020</i>	10a-225(a)(7)
Sec. 6	<i>October 1, 2020</i>	10a-230
Sec. 7	<i>October 1, 2020</i>	10a-232(b)

Statement of Purpose:

To (1) allow the Connecticut Health and Educational Facilities Authority to (A) finance the capital projects of out-of-state health care institutions, and (B) make loans and transfer funds to its subsidiaries, and (2) allow the Connecticut Higher Education Supplemental Loan Authority to (A) fund the Special Capital Reserve Fund with a bank letter of credit, (B) increase its Special Capital Reserve Fund backed bond limit to five hundred million dollars, (C) allow it to provide educational financial

assistance other than loans and grants, and (D) add the state pledge for its bond holders.

[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.]