



Substitute Senate Bill No. 304

Public Act No. 24-64

**AN ACT IMPLEMENTING THE RECOMMENDATIONS OF THE
CONNECTICUT HIGHER EDUCATION SUPPLEMENTAL LOAN
AUTHORITY.**

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

Section 1. (NEW) (*Effective from passage*) Any resident of the state otherwise qualifying for an authority loan, as defined in section 10a-223 of the general statutes, shall not be disqualified for the authority loan by reason of being under the age of eighteen years and, for the purpose of applying for, receiving and repaying an authority loan, any such person shall be deemed to have the full legal capacity to act and shall have all the rights, powers, privileges and obligations of a person who is eighteen years of age or older, with respect to an authority loan, provided such person obtains such authority loan with a cosigner, as defined in 15 USC 1650(a), as amended from time to time, who is eighteen years of age or older.

Sec. 2. Subsection (b) of section 10a-232 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2024*):

(b) Notwithstanding the foregoing, (1) the constituent units of the state system of higher education may participate in one or more

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education loan programs with the authority and may incur indebtedness pursuant to authority loans, and (2) the authority may create and establish one or more reserve funds to be known as special capital reserve funds and may [pay into] fund such special capital reserve funds with (A) any moneys appropriated and made available by the state for the purposes of such funds, (B) any proceeds of the sale of notes or bonds, to the extent provided in the resolution of the authority authorizing the issuance thereof, [and] (C) any other moneys [which] that may be made available to the authority for the purpose of such funds from any other source or sources, and (D) any surety policy or other similar instrument valued at par and payable or available to be drawn upon on or before any date by which debt service on the bonds secured thereby is required to be paid and issued by a financial institution that is rated "AA" or better by any nationally recognized statistical rating organization and approved by the State Treasurer. The [moneys] assets 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 notes and bonds of the authority secured by such capital reserve fund as the same become due, the purchase of such notes and bonds of the authority, the payment of interest on such notes and bonds of the authority or the payment of any redemption premium required to be paid when such bonds are redeemed prior to maturity or released by the authority; provided, the authority shall have power to [provide] require 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 reason of maturity or a required sinking fund installment in any succeeding calendar year on the bonds of the authority then outstanding and secured by such special capital reserve fund, or such lesser amount specified by the authority in its resolution authorizing the issuance of any such bonds, such amount being herein referred to as the "required minimum capital reserve", except for the purpose of paying such principal of, redemption

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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 at any time if the required minimum capital reserve on outstanding bonds secured by a special capital reserve fund and the bonds then to be issued and secured by a special capital reserve fund will exceed the amount of such 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. The authority may, as part of the contract of the authority with the owners of such bonds, provide that 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 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 amortized cost. 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. Subject to any agreement or agreements with owners 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,

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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 owners thereof, are fully met and discharged. Notwithstanding any other provisions contained in this chapter, the aggregate amount of bonds outstanding at any time secured by such special capital reserve funds authorized to be created and established by this section shall not exceed three hundred million dollars and no such bonds shall be issued to pay program costs unless the authority is of the opinion and determines that the revenues to be derived from the program shall be sufficient [(1)] (i) to pay the principal of and interest on the bonds issued to finance the program, [(2)] (ii) 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, [(3)] (iii) to pay the cost of maintaining and servicing the program and keeping it properly insured, and [(4)] (iv) to pay such other costs of the program as may be required.