



Substitute Senate Bill No. 1062

Public Act No. 19-77

AN ACT AUTHORIZING MUNICIPAL CLIMATE CHANGE AND COASTAL RESILIENCY RESERVE FUNDS.

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

Section 1. (NEW) (*Effective July 1, 2019*) (a) Upon the recommendation of the chief executive officer of a municipality and approval of the budget-making authority of the municipality, the legislative body of any municipality, as defined in section 7-369 of the general statutes, may, by a majority vote, create a Climate Change and Coastal Resiliency Reserve Fund.

(b) Upon the recommendation of the chief executive officer and approval of the budget-making authority and the legislative body in accordance with subsection (a) of this section, there shall be paid into such reserve fund: (1) Amounts authorized to be transferred into such Climate Change and Coastal Resiliency Reserve Fund from the general fund cash surplus available at the end of any fiscal year, and (2) the proceeds of bonds, notes or other obligations issued pursuant to subsection (b) of section 7-374b of the general statutes.

(c) The budget-making authority of such municipality may, from time to time, direct the treasurer to invest a portion of such Climate Change and Coastal Reserve Fund as in the opinion of such authority

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is advisable, provided: (1) Not more than forty per cent, or with respect to such a reserve fund for which the budget-making authority has adopted an asset allocation and investment policy, fifty per cent, of the total amount of such reserve fund shall be invested in equity securities, and (2) any portion of such reserve fund not invested pursuant to subdivision (1) of this subsection may be invested in: (A) Bonds or obligations of, or guaranteed by, the state or the United States, or agencies or instrumentalities of the United States, (B) certificates of deposit, commercial paper, savings accounts and bank acceptances, (C) the obligations of any state of the United States or any political subdivision thereof or the obligations of any instrumentality, authority or agency of any state or political subdivision thereof, if, at the time of investment, such obligations are rated in the top rating categories of any nationally recognized rating service or of any rating service recognized by the Banking Commissioner, and applicable to such obligations, (D) the obligations of any regional school district in this state, of any municipality in this state or any metropolitan district in this state, if, at the time of investment, such obligations of such government entity are rated in one of the top two rating categories of any nationally recognized rating service or of any rating service recognized by the Banking Commissioner, and applicable to such obligations, (E) in any fund in which a trustee may invest pursuant to section 36a-353 of the general statutes, (F) investment agreements with financial institutions whose long-term obligations are rated in the top two rating categories of any nationally recognized rating service or of any rating service recognized by the Banking Commissioner or whose short-term obligations are rated in the top rating category of any nationally recognized rating service or of any rating service recognized by the Banking Commissioner, or (G) investment agreements fully secured by obligations of, or guaranteed by, the United States or agencies or instrumentalities of the United States.

(d) The municipal treasurer shall submit, annually, a complete and

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detailed report of the condition of such Climate Change and Coastal Resiliency Reserve Fund to the chief elected official, budget-making authority and legislative body of such municipality. Such report shall be made a part of such municipality's annual report.

(e) Upon the recommendation of the chief elected official and budget-making authority of such municipality and the approval of the legislative body of such municipality, any part, or the whole, of such reserve fund may be used and appropriated to pay for municipal property losses, capital projects and studies related to mitigating hazards and vulnerabilities of climate change including, but not limited to, land acquisition.

(f) Such reserve fund may be discontinued, after recommendation by the chief elected official and budget-making authority of such municipality to the legislative body and upon approval of such discontinuation by such legislative body. Following any such vote to discontinue such reserve fund, any remaining portion of such fund shall be converted into, or added to, a sinking fund to provide for the retirement of the bonded indebtedness of such municipality. If the municipality has no bonded indebtedness, the remainder of such fund shall be transferred to the general fund of such municipality.