

South Central Connecticut Regional Water Authority
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or
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AGENDA

Regular Meeting of Thursday, February 22, 2024 at 12:30 p.m.

- A. Safety Moment
- B. Public Comment: The time limit granted to each speaker shall be three (3) minutes. Residents and customers may address the Board.
- C. Meet as Audit-Risk Committee: C. LaMarr
 - 1. Approve Minutes – December 21, 2023 meeting
 - 2. FY 2024 Plan of Audit: D. Flint and G. Epstein
- D. Meet as Pension & Benefit Committee (Special Meeting): C. LaMarr
 - 1. Approve minutes – January 25, 2024
 - 2. IPS Update
- E. Consent Agenda
 - 1. Approve Minutes – January 25, 2024 meeting
 - 2. Capital Budget Authorization – March 2024
 - 3. Capital Budget Transfer Notifications (no action required) – March 2024
 - 4. Monthly Financial Report – January 2024
 - 5. Accounts Receivable Update – January 2024
 - 6. Report on Code of Ethics Compliance – November 30, 2023
- F. Finance: R. Kowalski
 - 1. Consider and act on resolution to approve the Official Statement for the refunding bonds, 37th Series B-1
- G. Business Updates: L. Bingaman
 - 1. RWAY/CIS Update: P. Singh
 - 2. Monthly Business Highlights: L. Bingaman
- H. Reports on RPB Committee meetings
- I. Possible consideration and action regarding PFAS 3M class action settlement - *Upon 2/3 vote, convene in a possible executive session pursuant to C.G.S. Section 1-200(6)(B) to discuss matters pertaining to litigation.*
- J. Meet as Strategic Planning Committee: S. Sack
 - 1. Approve Minutes – November 16, 2023 meeting
 - 2. Review FY 2024 Six-month Strategic Action Plan Update & Global Metrics - Upon 2/3 vote, convene in executive session pursuant to C.G.S. Section 1-200(6)(E) to discuss matters covered by Section 1-210(b)(5)(B) concerning commercial or financial information.
 - 3. Special Topic - Internal Business Process: Technology Roadmap - *Upon 2/3 vote, convene in possible executive session pursuant to C.G.S. Section 1-200(6)(E) for matters covered by Section 1-210(b)(19)(i)(ii), pertaining to security risk.*
- K. Act on matters arising from Committee meetings
- L. *Presentation of Potential Acquisition Application (Application): R. Kowalski and A. Cosma - *Upon 2/3 vote, convene in executive session pursuant to C.G.S. Section 1-200(6)(E) to discuss matters covered by Section 1-210(b)(5)(B), pertaining to commercial and financial information.*
 - 1. Review and discuss Application
 - 2. Financing resolution
 - 3. Affidavit regarding confidential information within said Application

4. Motion for Protective Order for confidential information within said Application
5. Protective Order concerning confidential information within said Application for submission to the Representative Policy Board (RPB)
6. Possible recommendation to submit to the RPB

****** Members of the public may attend the meeting in person or by conference call. To view meeting documents please visit <http://tinyurl.com/3h4tm38z>. For questions, contact the board office at 203-401-2515 or by email at jslubowski@rwater.com.

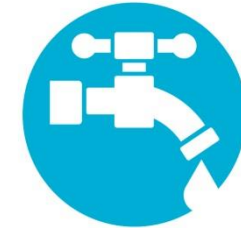
**RPB Member (Mr. Slocum) is excused at Item L.*

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SAFETY MOMENT

Tap Into
Safety



Regional Water Authority

SEASONAL INFLUENZA PREVENTION

According to the World Health Organization, there are approximately one billion cases of seasonal influenza reported annually, including 3-5 million cases of severe illness. People at greater risk include pregnant women, children under the age of 5, older people, and individuals with chronic medical conditions. Symptoms begin 1-4 days after exposure and usually last about a week. Below are ways to prevent the flu:

- Wash hands regularly and keep hand sanitizer nearby.
- Cover your mouth and nose when coughing or sneezing.
- Dispose of tissues correctly.
- STAY HOME when you are not feeling well.
- Avoid contact with sick people.
- Avoid touching your eyes, nose or mouth.



Service – Teamwork – Accountability – Respect – Safety

Safety is a core company value at the Regional Water Authority .
It is our goal to reduce workplace injuries to zero.

Regional Water Authority

**South Central Connecticut Regional Water Authority
Audit-Risk Committee**

Minutes of the December 21, 2023 Meeting

The regular meeting of the South Central Connecticut Regional Water Authority Audit-Risk Committee took place on Thursday, December 21, 2023, via remote access. Chairwoman LaMarr presided.

Present: **Committee Members Present**– Mss. LaMarr and Sack, and Messrs. Borowy, Curseaden and Ricozzi
Management – Mss. Kowalski and Calo, and Messrs. Bingaman, Hill, Lakshminarayanan, Singh, and Schnaittman
CohnReznick – Mr. Crisp
Staff – Mrs. Slubowski

Chair LaMarr called the meeting to order at 12:30 p.m.

On motion made by Ms. Sack, and seconded by Mr. Ricozzi, the Committee voted to approve the minutes of its meeting held on September 28, 2023, as presented.

Borowy	Aye
Curseaden	Absent
LaMarr	Aye
Ricozzi	Aye
Sack	Aye

At 12:31 p.m., on motion made by Mr. Ricozzi, and seconded by Ms. Sack, the Committee voted to convene in executive session pursuant to C.G.S. Section 1-200(6)(E) for matters covered by Section 1-210(b)(19)(i)(ii), pertaining to security risk. Present in executive session were the Authority members, Mss. Kowalski, Calo, and Slubowski, and Messrs. Bingaman, Crisp, Hill, Lakshminarayanan, Singh, and Schnaittman.

Borowy	Aye
Curseaden	Absent
LaMarr	Aye
Ricozzi	Aye
Sack	Aye

At 12:46 p.m., Mr. Curseaden entered the meeting.

At 12:52 p.m., Mr. Crisp withdrew from the meeting and Mr. Schnaittman entered the meeting.

At 1:36 p.m., the committee came out of executive session. No votes were taken in, or as a result of, executive session. On motion made by Mr. Borowy, and seconded by Mr. Ricozzi, the Committee voted to adjourn the meeting.

Borowy	Aye
Curseaden	Aye
LaMarr	Aye
Ricozzi	Aye
Sack	Aye

Catherine E. LaMarr, Chairwoman



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February 12, 2024

Regional Water Authority
South Central Connecticut Regional Water Authority
New Haven, CT 06511-5966

We are engaged to audit the financial statements of the business-type activities and fiduciary activities of the South Central Connecticut Regional Water Authority as of and for the year ended May 31, 2024. Professional standards require that we communicate to you the following information related to our audit. We will contact you to schedule a meeting to discuss this information since a two-way dialogue can provide valuable information for the audit process.

Our responsibility under Auditing Standards Generally Accepted in the United States of America, *Government Auditing Standards*, and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the Connecticut State Single Audit Act*

Financial statements, internal control, and compliance

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS); the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the Connecticut State Single Audit Act (State Single Audit). Those standards require us to be independent of the entity and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. Those standards also require that we exercise professional judgment and maintain professional skepticism throughout the planning and performance of the audit. As part of our audit, we will:

- Identify and assess the risks of material misstatement of the financial statements and material noncompliance, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement or a material noncompliance resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, we will communicate to you in writing any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we identify during the audit that are required to be communicated under U.S. GAAS and *Government Auditing Standards*.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial

statements, including the amounts and disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time.
- Form and express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America.
- Plan and perform the audit to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with U.S. GAAS and the standards for financial audits contained in *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.
- Perform, as part of obtaining reasonable assurance about whether the financial statements as a whole are free from material misstatement, tests of the entity's compliance with provisions of laws, regulations, contracts, and grant agreements that have a material effect on the financial statements. However, the objective of our tests is not to provide an opinion on compliance with such provisions and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.
- Provide a report (which does not include an opinion) on internal control over financial reporting and on compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements, as required by *Government Auditing Standards*.
- Obtain an understanding of internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over compliance. However, we will communicate to you in writing any significant deficiencies or material weaknesses in internal control over compliance that we identify during the audit that are required to be communicated.
- Plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the applicable compliance requirements occurred. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with U.S. GAAS, *Government Auditing Standards*, the Uniform Guidance and the State Single Audit Act will

always detect material noncompliance when it exists. Material noncompliance can arise from fraud or error and is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report.

- Perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with the direct and material compliance requirements applicable to each major federal or state award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance and the State Single Audit.
- Consider internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State Single Audit.
- Perform tests of transactions and other applicable procedures described in the “OMB Compliance Supplement” and the “Compliance Supplement to the State Single Audit” for the types of compliance requirements that could have a direct and material effect on each of the entity’s major programs. The purpose of these procedures will be to express an opinion on the entity’s compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance and the State Single Audit. While our audit will provide a reasonable basis for our opinion, it will not provide a legal determination on the entity’s compliance with those requirements.
- Provide a report on internal control over compliance related to major programs and express an opinion (or disclaimer of opinion) on compliance with federal and state statutes, regulations, and the terms and conditions of federal or state awards that could have a direct and material effect on each major program in accordance with the Uniform Guidance and the State Single Audit.
- Communicate significant matters related to the financial statement audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.
- Communicate circumstances that affect the form and content of the auditors’ report.

Our audit of the financial statements does not relieve you or management of your responsibilities.

Supplementary information in relation to the financial statements as a whole

Our responsibility for the schedule of expenditures of federal awards (SEFA) accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the SEFA in relation to the financial statements as a whole and to report on whether the SEFA is fairly stated, in all material respects, in relation to the financial statements as a whole. We will make certain inquiries of management and evaluate the form, content, and methods of preparing the SEFA to determine whether the SEFA complies with the

requirements of the Uniform Guidance, the method of preparing the schedule has not changed from the prior period, and the SEFA is appropriate and complete in relation to our audit of the financial statements. We will compare and reconcile the SEFA to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Required supplementary information

With respect to the required supplementary information (RSI) accompanying the financial statements, we will make certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We will compare the RSI for consistency with management’s responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we will not express an opinion or provide any assurance on the RSI.

Use of financial statements

Our auditors’ opinions, the audited financial statements, and the notes to financial statements should only be used in their entirety. Inclusion of the audited financial statements in a document you prepare, such as an annual report, should be done only with our prior approval and review of the document. You are responsible to provide us the opportunity to review such documents before issuance.

Other information included in annual reports

It is our understanding that our auditors’ report will be included in your annual report and that your annual report will be issued after the audit. Management is responsible for the preparation of other information included in your annual report and for providing such information to us in a timely manner, and if possible, prior to the date of our auditors’ report. Our responsibility for other information included in your annual report does not extend beyond the financial information identified in our opinions on the financial statements. We have no responsibility for determining whether such other information is properly stated and do not have an obligation to perform any procedures to corroborate other information contained in your annual report. We are required by professional standards to read the other information and consider whether a material inconsistency exists between the other information and the financial statements because the credibility of the financial statements and our auditors’ report thereon may be undermined by material inconsistencies between the audited financial statements and other information. If management refuses to correct a material misstatement of the other information, professional standards require us to communicate the matter to you. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Planned scope and timing of the audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit of the financial statements will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We will generally communicate our significant findings at the conclusion of the audit. However, some matters may be communicated sooner, particularly if significant difficulties are encountered during the audit where assistance is needed to overcome the difficulties or if the difficulties may lead to a modified opinion. We will also communicate any internal control related matters that are required to be communicated under professional standards.

Although our audit planning has not been concluded and modifications may be made, we have identified the following significant risks of material misstatement as part of our audit planning:

- Management override of controls
- Revenue Recognition

As a result of unexpected events, changes in conditions, or the audit evidence obtained from the results of audit procedures performed, we may need to modify the overall audit strategy and audit plan and, thereby, the resulting planned nature, timing, and extent of further audit procedures, based on the revised consideration of assessed risks.

We expect to begin our audit in the April/May timeframe and issue our report on approximately September 15, 2024.

* * *

This communication is intended solely for the information and use of Regional Water Authority and management of the South Central Connecticut Regional Water Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

CliftonLarsonAllen LLP



David Flint, CPA
Principal
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Statement of Work - Audit Services

February 9, 2024

This document constitutes a statement of work ("SOW") under the master service agreement ("MSA") dated February 6, 2023, or superseding MSA, made by and between CliftonLarsonAllen LLP ("CLA," "we," "us," and "our") and South Central Connecticut Regional Water Authority ("you," "your," or "the entity"). We are pleased to confirm our understanding of the terms and objectives of our engagement and the nature and limitations of the services CLA will provide for the entity as of and for the year ended May 31, 2024.

David Flint is responsible for the performance of the audit engagement.

Scope of audit services

We will audit the financial statements of the business-type activities and fiduciary activities, which collectively comprise the basic financial statements of South Central Connecticut Regional Water Authority, and the related notes to the financial statements.

The Governmental Accounting Standards Board (GASB) provides for certain required supplementary information (RSI) to accompany the entity's basic financial statements.

The following RSI will be subjected to certain limited procedures, but will not be audited.

- Management's discussion and analysis.
- GASB-required supplementary pension and OPEB information.

We will also evaluate and report on the presentation of the supplementary information other than RSI accompanying the financial statements in relation to the financial statements as a whole.

Nonaudit services

We will also provide the following nonaudit services:

- Preparation of your financial statements and the related notes.
- Preparation of the required supplementary information (RSI).
- Preparation of the supplementary information.
- Preparation of schedule of federal awards.

- Preparation and submission of the electronic Data Collection Form SF-SAC
- Preparation of Adjusting Journal Entries

Audit objectives

The objectives of our audit of the financial statements are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS) will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Our audit will be conducted in accordance with U.S. GAAS; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards require us to be independent of the entity and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. Our audit will include tests of your accounting records, a determination of major program(s) in accordance with the Uniform Guidance, and other procedures we consider necessary to enable us to express opinions and render the required reports.

We will perform procedures on the financial information of the Watershed Fund (or request other auditors to perform procedures on the financial information of the Watershed Fund) to enable us to express our opinions.

We will apply certain limited procedures to the RSI in accordance with U.S. GAAS. However, we will not express an opinion or provide any assurance on the RSI because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. We will also perform procedures to enable us to express an opinion on whether the supplementary information (as identified above) other than RSI accompanying the financial statements is fairly stated, in all material respects, in relation to the financial statements as a whole.

The objectives of our audit also include:

- Reporting on internal control over financial reporting and on compliance with the provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Reporting on internal control over compliance related to major programs and expressing an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the

Uniform Guidance.

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The Uniform Guidance report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Both reports will state that the report is not suitable for any other purpose.

We will issue written reports upon completion of our audit of your financial statements and compliance with requirements applicable to major programs.

Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add an emphasis-of-matter or other-matter paragraph to our auditors' report, or if necessary, withdraw from the engagement. If our opinions on the financial statements or compliance are other than unmodified, we will discuss the reasons with you in advance. If circumstances occur related to the condition of your records, the availability of sufficient, appropriate audit evidence, or the existence of a significant risk of material misstatement of the financial statements or material noncompliance caused by error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment prevent us from completing the audit or forming an opinion on the financial statements or an opinion on compliance, we retain the right to take any course of action permitted by professional standards, including declining to express opinions or issue reports, or withdrawing from the engagement.

Auditor responsibilities, procedures, and limitations

We will conduct our audit in accordance with U.S. GAAS, the standards for financial audits contained in *Government Auditing Standards*, and the Uniform Guidance.

Those standards require that we exercise professional judgment and maintain professional skepticism throughout the planning and performance of the audit. As part of our audit, we will:

- Identify and assess the risks of material misstatement of the financial statements and material noncompliance, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement or a material noncompliance resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness

of the entity's internal control. However, we will communicate to you in writing any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements, including the amounts and disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time.

Although our audit planning has not been concluded and modifications may be made, we have identified the following significant risk(s) of material misstatement as part of our audit planning:

- Management override of controls

There is an unavoidable risk, because of the inherent limitations of an audit, together with the inherent limitations of internal control, that some material misstatements or noncompliance may not be detected, even though the audit is properly planned and performed in accordance with U.S. GAAS, Government Auditing Standards, and the Uniform Guidance. Because we will not perform a detailed examination of all transactions, material misstatements, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity, may not be detected. Because the determination of waste and abuse is subjective, Government Auditing Standards do not require auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or on major programs. However, we will inform the appropriate level of management and those charged with governance of any material errors, fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management and those charged with governance of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. We will include such matters in the reports required for a single audit.

Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting fraud or errors that are material to the financial statements and to preventing and detecting misstatements resulting from noncompliance with provisions of laws, regulations, contracts, and grant agreements that have a material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by the Uniform Guidance, we will perform tests of controls over compliance to evaluate the

effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance.

An audit is not designed to provide assurance on internal control or to identify deficiencies, significant deficiencies, or material weaknesses in internal control. However, we will communicate to you in writing significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we identify during the audit that are required to be communicated under AICPA professional standards, Government Auditing Standards, and the Uniform Guidance.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the entity's compliance with the provisions of laws, regulations, contracts, and grant agreements that have a material effect on the financial statements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to Government Auditing Standards.

We will include in our report on internal control over financial reporting and on compliance relevant information about any identified or suspected instances of fraud and any identified or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements that may have occurred that are required to be communicated under Government Auditing Standards.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with federal statutes, regulations, and the terms and conditions of federal awards that may have a direct and material effect on each of the entity's major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the "OMB Compliance Supplement" for the types of compliance requirements that could have a direct and material effect on each of the entity's major programs. The purpose of these procedures will be to express an opinion on the entity's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

We will evaluate the presentation of the schedule of expenditures of federal awards accompanying the financial statements in relation to the financial statements as a whole. We will make certain inquiries of management and evaluate the form, content, and methods of preparing the schedule to determine whether the information complies with U.S. GAAP and the Uniform Guidance, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We will compare and reconcile the schedule to the underlying accounting records and other records used to prepare the financial statements or to the financial statements themselves.

Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Management responsibilities

Our audit will be conducted on the basis that you (management and, when appropriate, those charged with

governance) acknowledge and understand that you have certain responsibilities that are fundamental to the conduct of an audit.

You are responsible for the preparation and fair presentation of the financial statements, RSI, and the schedule of expenditures of federal awards in accordance with U.S. GAAP. Management is also responsible for identifying all federal awards received, understanding and complying with the compliance requirements, and for the preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received) in accordance with the requirements of the Uniform Guidance.

Management's responsibilities include the selection and application of accounting principles; recording and reflecting all transactions in the financial statements; determining the reasonableness of significant accounting estimates included in the financial statements; adjusting the financial statements to correct material misstatements; and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern for 12 months beyond the financial statement date.

Management is responsible for compliance with applicable laws and regulations and the provisions of contracts and grant agreements, including compliance with federal statutes, regulations, and the terms and conditions of federal awards applicable to the entity's federal programs. Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

You are responsible for the design, implementation, and maintenance of effective internal control, including internal control over compliance, relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including evaluating and monitoring ongoing activities and safeguarding assets to help ensure that appropriate goals and objectives are met; and that there is reasonable assurance that government programs are administered in compliance with compliance requirements.

You are responsible for the design, implementation, and maintenance of internal controls to prevent and detect fraud; assessing the risk that the financial statements may be materially misstated as a result of fraud; and for informing us about all known or suspected fraud affecting the entity involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for implementing systems designed to achieve compliance with applicable laws and regulations and the provisions of contracts and grant agreements, including compliance with federal statutes, regulations, and the terms and conditions of federal awards applicable to the entity's federal programs; identifying and ensuring that the entity complies with applicable laws, regulations, contracts, and grant agreements, including compliance with federal statutes, regulations, and the terms and conditions of federal awards applicable to the entity's federal programs; and informing us of all instances of identified or suspected

noncompliance whose effects on the financial statements should be considered.

You are responsible for taking timely and appropriate steps to remedy any fraud; noncompliance with provisions of laws, regulations, contracts, or grant agreements; or abuse that we may report. Additionally, as required by the Uniform Guidance, it is management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal awards; take prompt action when instances of noncompliance are identified, including noncompliance identified in audit findings; and to follow up and take prompt corrective action on reported audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan. The summary schedule of prior audit findings should be available for our review.

You are responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, including amounts and disclosures, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters, and for the accuracy and completeness of that information (including information from within and outside of the general and subsidiary ledgers), and for ensuring management information and financial information is reliable and properly reported; (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance; (3) additional information that we may request for the purpose of the audit; and (4) unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.

You agree to inform us of events occurring or facts discovered subsequent to the date of the financial statements that may affect the financial statements.

Management is responsible for providing us with, or making arrangements to facilitate (1) unrestricted communication between us and the component auditor(s) to the extent permitted by law or regulation; (2) communications between the component auditor(s), those charged with governance of the component(s), and component management, including communications of significant deficiencies and material weaknesses in internal control; (3) communications between regulatory authorities and the component(s) related to financial reporting matters; (4) access to component information, those charged with governance of the component(s), component management, and the component auditor(s) (including relevant audit documentation requested by us); and (5) permission to perform work, or request a component auditor to perform work, on the financial information of the component(s).

You agree to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards. You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon or make the audited financial statements readily available to intended users of the schedule of expenditures of federal awards no later than the date the schedule of expenditures of federal awards is issued with our report thereon. Your responsibilities include acknowledging to us in the representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; (2) you believe the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with the Uniform Guidance; (3) the methods of measurement or presentation have not changed from those

used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

Management is responsible for the preparation and fair presentation of other supplementary information in accordance with U.S. GAAP. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon or make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. You agree to provide us written representations related to the presentation of the supplementary information.

Management is responsible for providing us with a written confirmation concerning representations made by you and your staff to us in connection with the audit and the presentation of the basic financial statements and RSI. During our engagement, we will request information and explanations from you regarding, among other matters, the entity's activities, internal control, future plans, specific transactions, and accounting systems and procedures. The procedures we will perform during our engagement and the conclusions we reach as a basis for our report will be heavily influenced by the representations that we receive in the representation letter and otherwise from you. Accordingly, inaccurate, incomplete, or false representations could cause us to expend unnecessary effort or could cause a material fraud or error to go undetected by our procedures. In view of the foregoing, you agree that we shall not be responsible for any misstatements in the entity's financial statements that we may fail to detect as a result of misrepresentations made to us by you.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies to us of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the "Audit objectives" section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other engagements or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions for the report, and for the timing and format for providing that information.

Responsibilities and limitations related to nonaudit services

For all nonaudit services we may provide to you, management agrees to assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, and/or experience to understand and oversee the services; evaluate the adequacy and results of the services; and accept responsibility for the results of the services. Management is also responsible for ensuring that your data and records are complete and that you have received sufficient information to oversee the services.

The responsibilities and limitations related to the nonaudit services performed as part of this engagement are as follows:

- We will prepare a draft of your financial statements, schedule of expenditures of federal awards, related notes, and RSI in conformity with U.S. GAAP and the Uniform Guidance based on information provided by you. Since the preparation and fair presentation of the financial statements, schedule of expenditures of federal awards, and RSI is your responsibility, you will be required to acknowledge in the representation letter our assistance with preparation of the financial statements, schedule of expenditures of federal awards, and RSI and that you have reviewed and approved the financial statements, schedule of expenditures of federal awards, related notes, and RSI prior to their issuance and have accepted responsibility for them. You have a responsibility to be in a position in fact and appearance to make an informed judgment on those financial statements, schedule of expenditures of federal awards and RSI.
 - We will prepare a draft of your supplementary information. Since the preparation of the supplementary information in accordance with the applicable criteria is your responsibility, you will be required to review, approve, and accept responsibility for the supplementary information prior to its issuance and have a responsibility to be in a position in fact and appearance to make an informed judgment on the supplementary information.
 - We will propose adjusting journal entries as needed. You will be required to review and approve those entries and to understand the nature of the changes and their impact on the financial statements.
 - We will prepare the Data Collection Form. Management is responsible to review for completeness and accuracy before submitting to the Federal Audit Clearing House.
- These nonaudit services do not constitute an audit under Government Auditing Standards and such services will not be conducted in accordance with Government Auditing Standards.

Use of financial statements

Should you decide to include or incorporate by reference these financial statements and our auditors' report(s) thereon in a future private placement or other offering of equity or debt securities, you agree that we are under no obligation to re-issue our report or provide consent for the use of our report in such a registration or offering document. We will determine, at our sole discretion, whether we will re-issue our report or provide consent for the use of our report only after we have performed the procedures we consider necessary in the circumstances. If we decide to re-issue our report or consent to the use of our report, we will be required to perform certain procedures including, but not limited to, (a) reading other information incorporated by reference in the registration statement or other offering document and (b) subsequent event procedures. These procedures will be considered an engagement separate and distinct from our audit engagement, and we will bill you separately. If we decide to re-issue our report or consent to the use of our report, you agree that we will be included on each distribution of draft offering materials and we will receive a complete set of final documents. If we decide not to re-issue our report or decide to withhold our consent to the use of our report, you may be required to engage another firm to audit periods covered by our audit reports, and that firm will likely bill you for its services. While the successor auditor may request access to our workpapers for those periods, we are under no obligation to permit such access.

If the parties (i.e., you and CLA) agree that CLA will not be involved with your official statements related to municipal securities filings or other offering documents, we will require that any official statements or other offering documents issued by you with which we are not involved clearly indicate that CLA is not involved with the contents of such documents. Such disclosure should read as follows:

CliftonLarsonAllen LLP, our independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. CliftonLarsonAllen LLP also has not performed any procedures relating to this offering document.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website or submitted on a regulator website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in those sites or to consider the consistency of other information in the electronic site with the original document.

We may issue preliminary draft financial statements to you for your review. Any preliminary draft financial statements should not be relied on or distributed.

Engagement administration and other matters

We understand that your employees will prepare all confirmations, account analyses, and audit schedules we request and will locate any documents or invoices selected by us for testing. A list of information we expect to need for our audit and the dates required will be provided in a separate communication.

At the conclusion of the engagement, we will complete the auditor sections of the electronic Data Collection Form SF-SAC and perform the steps to certify the Form SF-SAC and single audit reporting package. It is management's responsibility to complete the auditee sections of the Data Collection Form. We will create the single audit reporting package PDF file for submission; however, it is management's responsibility to review for completeness and accuracy and electronically submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors' reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse and, if appropriate, to pass-through entities. The Data Collection Form and the reporting package must be electronically submitted within the earlier of 30 calendar days after receipt of the auditors' reports or nine months after the end of the audit period.

We will provide copies of our reports to the entity; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing confidential or sensitive information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the sole and exclusive property of CLA and constitutes confidential and proprietary information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to State of Connecticut, or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of CLA personnel. Furthermore, upon request, we may provide copies or electronic versions of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of seven years after the report release date or for any additional period requested by the State of Connecticut. If we are aware that a federal or state awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Professional standards require us to be independent with respect to you in the performance of these services. Any discussion that you have with our personnel regarding potential employment with you could impair our independence with respect to this engagement. Therefore, we request that you inform us prior to any such discussions so that we can implement appropriate safeguards to maintain our independence and objectivity. Further, any employment offers to any staff members working on this engagement without our prior knowledge may require substantial additional procedures to ensure our independence. You will be responsible for any additional costs incurred to perform these procedures.

Our audit engagement ends on delivery of our signed report. Any additional services that might be requested will be a separate, new engagement. The terms and conditions of that new engagement will be governed by a new, specific SOW for that service.

Government Auditing Standards require that we make our most recent external peer review report publicly available. The report is posted on our website at www.CLAconnect.com/Aboutus/.

Fees

Our professional fees will not exceed \$117,500.00 (\$105,000 for the audit and \$12,500 for the Federal Single Audit. Any additional Federal Single Audits beyond the first will be billed at \$7,500 each). We will also bill for expenses including travel and internal and administrative charges. This estimate is based on anticipated cooperation from your personnel and their assistance with locating requested documents and preparing requested schedules. If the requested items are not available on the dates required or are not accurate, the fees and expenses will likely be higher. Our invoices, including applicable state and local taxes, will be rendered each month as work progresses and are payable on presentation.

Unexpected circumstances

We will advise you if unexpected circumstances require significant additional procedures resulting in a substantial increase in the fee estimate.

Changes in accounting and audit standards

Standard setters and regulators continue to evaluate and modify standards. Such changes may result in new or revised financial reporting and disclosure requirements or expand the nature, timing, and scope of the activities we are required to perform. To the extent that the amount of time required to provide the services described in the SOW increases due to such changes, our fee may need to be adjusted. We will discuss such circumstances with you prior to performing the additional work.

Agreement

We appreciate the opportunity to provide to you the services described in this SOW under the MSA and believe this SOW accurately summarizes the significant terms of our audit engagement. This SOW and the MSA constitute the entire agreement regarding these services and supersedes all prior agreements (whether oral or written), understandings, negotiations, and discussions between you and CLA related to audit

services. If you have any questions, please let us know. Please sign, date, and return this SOW to us to indicate your acknowledgment and understanding of, and agreement with, the arrangements for our audit of your financial statements including the terms of our engagement and the parties' respective responsibilities.

Sincerely,

CliftonLarsonAllen LLP

Response:

This letter correctly sets forth the understanding of South Central Connecticut Regional Water Authority.

CLA
CLA (CliftonLarsonAllen LLP)

David Flint, CPA

David Flint, CPA, Principal

SIGNED 2/15/2024, 2:02:17 PM EST

Client
South Central Connecticut Regional Water
Authority

Rochelle Kowalski

Rochelle Kowalski, Vice President & Chief
Financial Officer

SIGNED 2/15/2024, 9:21:16 PM EST

**South Central Connecticut Regional Water Authority
Pension & Benefit Committee
Minutes of the January 25, 2024 Meeting**

The regular meeting of the South Central Connecticut Regional Water Authority (“RWA”) Pension & Benefit Committee took place on Thursday, January 25, 2024, at 90 Sargent Drive, New Haven, Connecticut, and via remote access. Chairman LaMarr presided.

Present: Committee members – Mss. LaMarr and Sack (R), and Messrs. Borowy, Curseaden (R), and Ricozzi
Management – Mss. Kowalski and Calo (R), and Messrs. Bingaman, Hill (R), Lakshminarayanan and Singh (R)
RPB – Mr. Malloy
Angell Pension Group – Mr. Bauer (R)
Morgan Stanley – Messrs. Kelliher (R), McLaughlin (R) and Kantapin (R)
Staff - Mrs. Slubowski

The Chair called the meeting to order at 12:31 p.m. She stated that the committee is meeting with Mr. Bauer of Angell Pension Group to provide an understanding of the RWA's current model and recommendations going forward for managing pension benefits.

At 12:32 p.m., Mr. Curseaden entered the meeting.

At 12:33 p.m., on motion made by Mr. Borowy, and seconded by Mr. Ricozzi, the Committee voted to go into executive session pursuant to C.G.S. Section 1-200(6)(E) to discuss matters covered by Section 1-210(b)(5)(A), pertaining to trade secrets. Present in executive session were Committee members, Messrs. Bauer, Bingaman, Hill, Lakshminarayanan, Malloy, Singh, and Mss. Kowalski, Calo and Slubowski.

Borowy	Aye
Curseaden	Aye
LaMarr	Aye
Ricozzi	Aye
Sack	Aye

At 12:59 p.m., the Committee came out of executive session. No votes were taken in, or as a result of executive session. Messrs. Kelliher, McLaughlin and Kantapin entered the meeting.

On motion made by Mr. Curseaden, and seconded by Mr. Ricozzi, the Committee voted and approved the minutes of its October 26, 2023 meeting.

Borowy	Aye
Curseaden	Aye
LaMarr	Aye
Ricozzi	Aye
Sack	Aye

Mr. Kelliher from Morgan Stanley, the RWA's pension investment advisor, provided an update on the market environment, RWA's asset allocation of the portfolio, and the investment results of the pension and VEBA plans for the period ended December 31, 2023.

The Committee reviewed proposed updates to the RWA’s Investment Policy Statement. After discussion, it was determined that Ms. LaMarr would update the document for further review and discussion at a special committee meeting on Thursday, February 22, 2024.

At 1:52 p.m., on motion made by Mr. Borowy, and seconded by Mr. Ricoszi the Committee voted to adjourn the meeting.

Borowy	Aye
Curseaden	Aye
LaMarr	Aye
Ricoszi	Aye
Sack	Aye

Catherine E. LaMarr, Chairperson

(R) = Attended meeting remotely

UNAPPROVED

**South Central Connecticut Regional Water Authority
Minutes of the January 25, 2024 Meeting**

A regular meeting of the South Central Connecticut Regional Water Authority (“RWA” or “Authority”) took place on Thursday, January 25, 2024, at 90 Sargent Drive, New Haven, Connecticut and via remote access. Chairman Borowy presided.

Present: Authority Members Present – Messrs. Borowy, Curseaden, Ricozzi and Mss. LaMarr and Sack
Management – Mss. Kowalski and Calo, and Messrs. Bingaman, Cosma, Hill, Kelly, Lakshminarayanan, and Singh
RPB – Mr. Malloy
Grant & Eisenhofer – Attys. Sangee, McGee and Vetter
Staff – Mrs. Slubowski

Chair Borowy called the meeting to order at 12:30 p.m. He reviewed the Safety Moment distributed to members.

Chair Borowy offered the opportunity for members of the public to comment. There were no members of the public present at the meeting.

At 12:31 p.m., on motion made by Mr. Ricozzi, and seconded by Ms. LaMarr, the Authority voted to recess the regular meeting to meet as the Pension & Benefit Committee.

Borowy	Aye
Curseaden	Absent
LaMarr	Aye
Ricozzi	Aye
Sack	Aye

At 12:32 p.m., Mr. Curseaden entered the meeting.

At 1:52 p.m., the Authority reconvened.

On motion made by Ms. Sack, and seconded by Mr. Ricozzi, the Authority voted to approve, adopt, or receive, as appropriate the following items in the revised Consent Agenda, as amended:

1. Minutes of the December 21, 2023 meeting.
2. Capital Budget Authorization for February 2024.

RESOLVED, the Vice-President & Chief Financial Officer is authorized to submit to the Trustee one or more requisitions in an aggregate amount not to exceed \$4,700,000 for the month of February 2024 for transfer from the Construction Fund for capital expenditures. Each such requisition shall contain or be accompanied by a certificate identifying such requisition and stating that the amount to be withdrawn pursuant to such requisition is a proper charge to the Construction Fund. Such requisitions are approved notwithstanding the fact that amounts to be withdrawn for a particular project may exceed the amount indicated for such month and year in the current Capital Improvement Budget but will not cause the aggregate amount budgeted for fiscal year 2024 for all Capital Improvement Projects to be

exceeded. In the absence of the Vice President & Chief Financial Officer, the Controller is authorized to sign in her place.

3. Capital Budget Transfer Notifications – February 2024.
4. Monthly Financial Report – December 2023.
5. Accounts Receivable - December 2023.

Borowy	Aye
Curseaden	Aye
LaMarr	Aye
Ricozzi	Aye
Sack	Aye

Ms. Kowalski, the RWA’s Vice President & Chief Financial Officer, reported on two Type B3 Amendments for: 1) the acceleration of vacuum excavation work required to complete the RWA’s lead service line inventory, which would transfer \$1,250,000 from the Lake Gaillard Water Treatment Plant HVAC Improvements project account to the Lead Service Line Replacement project account, and 2) the bids received for the Storage Tank DBP Compliance project were higher than anticipated for the installation of trihalomethane removal and booster chlorination systems at the Ford Street Tanks in Milford. The amendment would transfer \$750,000 from the Lake Gaillard Water Treatment Plan HVAC Improvements project account to the Storage Tank DPB Compliance project account. After discussion, Mr. Ricozzi moved for approval of the following resolutions:

RESOLVED, that the Authority approves the transfer of \$1,250,000 from the Lake Gaillard Water Treatment Plant HVAC Improvements capital budget account to the Lead Service Line Replacement capital budget account; and

FURTHER RESOLVED, that the Authority approves the transfer of \$750,000 from the Lake Gaillard Water Treatment Plant HVAC Improvements capital budget account to Storage Tank DBP Compliance capital budget account.

Ms. LaMarr seconded the motion. The Chair called for the vote:

Borowy	Aye
Curseaden	Aye
LaMarr	Aye
Ricozzi	Aye
Sack	Aye

Mr. Bingaman, the RWA’s President & Chief Executive Officer, provided an update on the RWAY/CIS project.

He highlighted an employee meeting earlier in the month to provide the FY 2024 mid-year update. He stated that Phil Vece, the RWA’s Chief of Staff, along with the RWA’s Director of Public Affairs and the Multimedia Communications & Education Team Lead put together a video, which was presented to the Authority.

[FY 2024 MID-YEAR UPDATE VIDEO]– <https://www.youtube.com/watch?v=G5rFwiRVXAE>.

[BREAK FROM 2:05 P.M. TO 2:15 P.M.]

At 2:05 p.m., Mr. Curseaden withdrew from the meeting.

Authority members reported on recent Representative Policy Board committee meetings.

At 2:17 p.m., Mr. Malloy withdrew from the meeting and Mr. Kelly entered the meeting.

Mr. Borowy reported that Authority members received an application for the Lake Whitney Water Treatment Plant Chemical Improvements Project, for review prior to the meeting. After discussion, Ms. LaMarr moved for approval of the following resolution:

RESOLVED, that the Authority hereby accepts the new Application, dated January 25, 2024, for a Project of the Chemical Improvements at the Lake Whitney Water Treatment Plan located in Hamden, Connecticut, as a completed Application, substantially in the form submitted to this meeting, and authorizes filing of said Application with the Representative Policy Board (“RPB”); and

FURTHER RESOLVED, if approved by the RPB, the Vice President of Engineering and Environmental Services is authorized to take any and all actions necessary to complete the chemical improvements at the Lake Whitney Water Treatment Plant in Hamden, Connecticut; and

FURTHER RESOLVED, that the Authority authorizes its President & CEO, or the Vice President of Engineering and Environmental Services, to file a motion and related materials with the RPB to request issuance of a protective order to maintain confidential the information to be contained in Appendices A, B and E “Confidential Information,” of the Application.

Mr. Ricozzi seconded the motion. The Chair called for the vote:

Borowy	Aye
Curseaden	Absent
LaMarr	Aye
Ricozzi	Aye
Sack	Aye

At 2:29 p.m., Mr. Cosma entered the meeting and on motion made by Mr. Ricozzi, and seconded by Ms. LaMarr, the Authority voted to go into executive session pursuant to C.G.S. Section 1-200(6)(E) to discuss matters covered by Section 1-210(b)(5)(B), pertaining to commercial and financial information. Present in executive session were Authority members, Messrs. Bingaman, Cosma, Hill, Lakshminarayanan, and Singh, and Mss. Kowalski, Calo and Slubowski.

Borowy	Aye
Curseaden	Absent
LaMarr	Aye
Ricozzi	Aye
Sack	Aye

At 2:46 p.m., Mr. Curseaden entered the meeting.

At 3:03 p.m., the Authority came out of executive session, Mr. Cosma withdrew from the meeting, and Attys. Sangee, McGee, and Vetter entered the meeting.

On motion made by Ms. LaMarr, and seconded by Mr. Ricoszi, the Authority voted to go into executive session pursuant to C.G.S. Section 1-200(6)(B) to discuss matters pertaining to litigation. Present in executive session were Authority members, and Messrs. Bingaman, Hill, Lakshminarayanan, and Singh, and Mss. Kowalski, Calo and Slubowski, and Atty's Sangee, McGee, and Vetter.

Borowy	Aye
Curseaden	Aye
LaMarr	Aye
Ricoszi	Aye
Sack	Aye

At 3:42 p.m., the Authority came out of executive session and Attys. Sangee, McGee, and Vetter withdrew from the meeting. No votes were taken in, or as a result of executive session.

At 3:44 p.m., the Authority voted to go into executive session pursuant to C.G.S. Section 1-200(6)(E) to covered by Section 1-210(b)(5)(B), pertaining to commercial and financial information. Present in executive session were Authority members, Messrs. Bingaman, Hill, Lakshminarayanan, and Singh, and Mss. Kowalski, Calo and Slubowski.

Borowy	Aye
Curseaden	Aye
LaMarr	Aye
Ricoszi	Aye
Sack	Aye

At 3:57 p.m., the Authority came out of executive session. No votes were taken in, or as a result of executive session. On motion made by Mr. Ricoszi, seconded by Ms. LaMarr, the Authority voted to recess the meeting to meet as the Compensation Committee.

Borowy	Aye
Curseaden	Aye
LaMarr	Aye
Ricoszi	Aye
Sack	Aye

At 3:58 p.m., Mss. Kowalski and Calo, and Messrs. Hill, Lakshminarayanan and Singh withdrew from the meeting.

At 4:13 p.m., the Authority reconvened, and on motion made by Ms. LaMarr, and seconded by Mr. Ricoszi, the Authority voted to adjourn the meeting.

Borowy	Aye
Curseaden	Aye
LaMarr	Aye

Ricozzi	Aye
Sack	Aye

Respectfully submitted,


Catherine E. LaMarr, Secretary

UNAPPROVED

South Central Connecticut Regional Water Authority
90 Sargent Drive, New Haven, Connecticut 06511-5966 203-562-4020
<http://www.rwater.com>

MEMORANDUM

TO: David J. Borowy
Kevin J. Curseaden
Catherine E. LaMarr
Mario Ricozzi
Suzanne C. Sack

FROM:  Rochelle Kowalski
Vice President & Chief Financial Officer

DATE: February 16, 2024

SUBJECT: Capital budget authorization request for March 2024

Attached for your meeting on February 22, 2024, is a copy of the resolution authorizing expenditures against the capital improvement budget for March 2024. The amount of the requested authorization, for funds held by the trustee, is \$4,500,000.

This would result in projected expenditures through March 2024 of \$32,157,951 or 55.4% of the total 2024 fiscal year capital budget, including State and Redevelopment.

Attachment

RESOLVED

That the Vice President & Chief Financial Officer is authorized to submit to the Trustee one or more requisitions in an aggregate amount not to exceed \$4,500,000 for the month of March 2024 for transfer from the Construction Fund for capital expenditures. Each such requisition shall contain or be accompanied by a certificate identifying such requisition and stating that the amount to be withdrawn pursuant to such requisition is a proper charge to the Construction Fund. Such requisitions are approved notwithstanding the fact that amounts to be withdrawn for a particular project may exceed the amount indicated for such month and year in the current Capital Improvement Budget but will not cause the aggregate amount budgeted for fiscal year 2024 for all Capital Improvement Projects to be exceeded. In the absence of the Vice President & Chief Financial Officer, the Controller is authorized to sign in her place.

South Central Connecticut Regional Water Authority
 90 Sargent Drive, New Haven, Connecticut 06511-5966 203-562-4020
<http://www.rwater.com>

TO: David J. Borowy
 Kevin J. Curseaden
 Catherine E. LaMarr
 Mario Ricoszi
 Suzanne C. Sack

FROM: *Rochelle* Rochelle Kowalski

DATE: February 16, 2024

SUBJECT: Capital Budget Transfers

The status of all capital projects is reviewed on a monthly basis. In an effort to obtain efficiencies in our capital program, any anticipated unspent funds are reallocated to support reprioritized projects or existing projects. Below is a summary of the attached capital budget transfers and amendments.

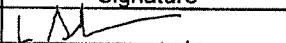


	Available Funds	Reallocation of Project/Funds
Lake Whitney Dam & Spillway Improvements	\$40,000	Real Estate Equipment
West River Water Treatment Plant Improvements	\$189,000	PCCP Repair Parts
West River Water Treatment Plant Improvements	\$295,000	Pipe Bridge Rehabilitation Program

CAPITAL BUDGET AMENDMENT REQUEST

Request Date:	1/30/2024	Type	Log	Mo/Yr
Requesting Division:	Engineering & Environmental Services	B1	24-25	Jan/24
Requested By:	John Triana			

Transfer From:	
Account Number:	001-000-107112-066506
Project Description:	Lake Whitney Dam & Spillway Improvements
A) Original Budget	\$ 1,500,000
B) Total Previous Transfers (In or Out)	\$ 625,000
C) This Transfer	\$ 40,000
D) Revised Budget (A+/-B-C)	\$ 835,000
E) Estimated Project Costs	\$ 600,000
F) Remaining Funds Available for Transfer, if any (D-E)	\$ 235,000
Explanation why funds are available: The project will be underspent in FY 2024 related to the time required to perform necessary evaluations related to upstream and downstream construction as well as risk mitigation measures using Early Contractor Involvement.	

Transfer To:	
Account Number:	To Be Created
Project Description:	Real Estate Equipment
A) Original Budget	\$ -
B) Previous Transfers (In or Out)	\$ -
C) Revised Budget (A+/-B)	\$ -
D) Amount to be Transferred	\$ 40,000
E) Proposed Revised Budget (C+D)	\$ 40,000
Explanation why funds are needed: This amendment will fund the purchase of a weed steam unit. This weed steam unit (WeedTechnics Steam Unit) is being purchased as part of a Landscape Scale Restoration grant from the US Forest Service. This unit will be used to kill and control invasive plants associated with forestry and land management operations. Total estimated cost of the equipment, including RWA staff time, is \$40,000.	

Approvals As Required By Type	Signature	Date
1) Requesting Vice President/Director		1/30/24
2) Donor Vice President/Director		1/30/24
3) Vice President - Finance & CFO		2/2/24
4) Chief Executive Officer		
5) Authority Members	Copy of minutes attached if required	

Rev 6/02

CAPITAL BUDGET AMENDMENT REQUEST

Request Date:	02/08/2024	Type	Log	Mo/Yr
Requesting Division:	Operations	B2	24-26	Feb/24
Requested By:	Jim Hill			

Transfer From:	
Account Number:	001-000-107132-163599
Project Description:	West River Water Treatment Plant Improvements
A) Original Budget	\$ 3,220,000
B) Total Previous Transfers (In or Out)	\$ 500,000
C) This Transfer	\$ 189,000
D) Revised Budget (A+/-B-C)	\$ 3,531,000
E) Estimated Project Costs	\$ 3,000,000
F) Remaining Funds Available for Transfer, if any (D-E)	\$ 531,000
Explanation why funds are available: This project has completed under budget.	

Transfer To:	
Account Number:	001-000-107143-100438
Project Description:	Pre-Stressed Concrete Pipe (PCCP) Repair Parts
A) Original Budget	\$ -
B) Previous Transfers (In or Out)	\$ -
C) Revised Budget (A+/-B)	\$ -
D) Amount to be Transferred	\$ 189,000
E) Proposed Revised Budget (C+D)	\$ 189,000
Explanation why funds are needed: This amendment will fund the purchase of critical spare parts necessary for the repair of PCCP. The RWA currently has approximately 118,000 feet of PCCP in the distribution system, ranging from 16 inches to 72 inches in diameter. The majority of the pipe larger than 48 inches in diameter is located on the Lake Gaillard Water Treatment Plant campus. In addition, the large diameter main crucial to uninterrupted operation of our water system is also PCCP. At this time, the RWA has minimal, or no, repair parts for the majority of sizes in the distribution system. PCCP typically experiences catastrophic failure, unlike ductile iron or cast iron pipe, and parts need to readily available if failure occurs to ensure timely repair. Total cost of the parts to be purchased this fiscal year is \$189,000.	

Approvals As Required By Type	Signature	Date
1) Requesting Vice President/Director	approved at CMC	02/08/2024
2) Donor Vice President/Director	approved at CMC	02/08/2024
3) Vice President - Finance & CFO	<i>L. King</i>	2/14/24
4) Chief Executive Officer	Larry Bingaman	2/15/2024
5) Authority Members	Copy of minutes attached if required	

CAPITAL BUDGET AMENDMENT REQUEST

Request Date:	02/08/2024	Type	Log	Mo/Yr
Requesting Division:	Engineering & Environmental Services	B2	24-27	Feb/24
Requested By:	Orville Kelly			

Transfer From:	
Account Number:	001-000-107142-170301
Project Description:	Ansonia-Derby Tank
A) Original Budget	\$ 1,315,000
B) Total Previous Transfers (In or Out)	\$ 1,185,000
C) This Transfer	\$ 295,000
D) Revised Budget (A+/-B-C)	\$ 2,205,000
E) Estimated Project Costs	\$ 1,500,000
F) Remaining Funds Available for Transfer, if any (D-E)	\$ 705,000
Explanation why funds are available: This project has completed underbudget.	

Transfer To:	
Account Number:	001-000-107143-000055
Project Description:	Pipe Bridge Rehabilitation Program
A) Original Budget	\$ 311,000
B) Previous Transfers (In or Out)	\$ -
C) Revised Budget (A+/-B)	\$ 311,000
D) Amount to be Transferred	\$ 295,000
E) Proposed Revised Budget (C+D)	\$ 606,000
Explanation why funds are needed: This budget amendment is necessary to perform work at the Willow Street, New Haven, pipe bridge under the Pipe Rehabilitation Program. During pre-rehabilitation investigative work, this pipe bridge was found to have coating materials containing lead and PCB's, and additional funding is required to perform abatement work, in addition to the planned repainting and replacement of deteriorated bridge hangers. Pipe bridges are essential for the RWA's transmission and distribution system to meet daily demands. Rehabilitation of the Willow Street pipe bridge is now necessary to extend the useful life of this asset. The total cost of work to be completed in FY 2024 is anticipated to be \$606,000.	

Approvals As Required By Type	Signature	Date
1) Requesting Vice President/Director	approved at CMC	02/08/2024
2) Donor Vice President/Director	approved at CMC	02/08/2024
3) Vice President - Finance & CFO	<i>L. K. [Signature]</i>	2/14/24
4) Chief Executive Officer	Larry Bingaman	2/13/2024
5) Authority Members	Copy of minutes attached if required	

REGIONAL WATER AUTHORITY
REVIEW OF FINANCIAL DATA
January 31, 2024 (FY 2024)

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Operating Revenues

FY24 revenue for water, including wholesale and fire service, is under budget by \$2,340k (approx. 2.6%).
 Metered water revenue is under budget by \$2,316k (approx. 2.8%) primarily due to lower consumption.

Total net other revenue is \$908k over budget primarily due to other water revenues being higher than budget and other proprietary expense being lower than budget. Other proprietary revenue is also contributing to the favorable variance.

Operating Expenses

Operating and Maintenance Expenses are currently under budget due to the following:

Payroll is under budget primarily due to head count under runs, partially offset by O&M/non-O&M mix.	\$ (116,000)
Employee Benefits are over budget due to timing associated with the annual HSA company contributions.	185,000
General & Admin is under budget due to lower recruitment fees and other under runs across multiple areas.	(84,000)
Transportation is under budget primarily due to lower body repairs and gasoline and diesel fuel expense.	(65,000)
Utilities & Fuel is over budget primarily due to electrical service	106,000
Material From Inventory is under budget primarily due to lower than anticipated costs.	(60,000)
Pump Power is under budget primarily due to weather related lower production, increased rates effective Jan 2024 will minimize the budget variance	(68,000)
Chemicals Expense is over budget primarily due to timing.	89,000
Road Repairs are under budget due to lower than anticipated costs	(153,000)
Postage is under budget primarily due to timing.	(149,000)
Collection Expense is under budget due to lower year-to-date bank fees and collection related expenses, including higher than budgeted rebilling.	(327,000)
Business Improvement is under budget primarily due to timing.	(208,000)
Outside Services is running under budget in multiple areas.	(717,000)
Insurance is over budget due to reserve requirements and timing.	138,000
Training and continued education is under budget due to the timing of the service excellence training, lower tuition reimbursement, and other net under runs.	(118,000)
RPB Fees are under budget primarily due to lower consulting and meeting fees.	(52,000)
Central Lab/Water Quality is under budget primarily due to the mix between internal/outside lab services and timing	(55,000)
Info. Technology Licensing & Maintenance Fees are under budget primarily due to timing.	(344,000)
Maintenance & Repairs are under budget primarily related to water treatment and engineering.	(372,000)
All Other	<u>(135,000)</u>
	(2,505,000)

Interest Income

Interest Income is above budget primarily due to higher investment earnings.

PROJECTED MAINTENANCE TEST

The projected coverage is 1.19 with no shortfall.

REGIONAL WATER AUTHORITY
 STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 FOR THE MONTHS ENDING JANUARY 31, 2024

	FY 2023 Actual	FY 2024 Budget	FY 2024 Actual	(Under)Over Budget
Operating revenues				
Metered water revenues	\$ 78,690	\$ 81,405	\$ 79,089	\$ (2,316)
Fire service	8,666	9,072	9,103	30
Wholesale	1,037	740	685	(55)
Other revenue - water	2,660	2,580	3,172	592
Other revenue - proprietary	6,400	7,674	7,819	146
Total operating revenues	97,453	101,470	99,868	(1,602)
Operating expenses				
Operating and maintenance expense	38,212	46,472	43,968	(2,505)
Expense associated with other revenue - water	1,422	1,416	1,512	96
Expense associated with other revenue - proprietary	2,695	2,902	2,636	(266)
Provision for uncollectible accounts	84	400	(0)	(400)
Depreciation	15,487	16,200	16,200	-
Payment in lieu of taxes	5,743	6,107	5,998	(109)
Amortization Pension Outflows/Inflows	1,430	901	901	0
Amortization OPEB Outflows/Inflows	(399)	(603)	(603)	0
Total operating expenses	64,674	73,796	70,611	(3,184)
Operating income	32,779	27,675	29,256	1,583
Nonoperating income and (expense)				
Interest income	4,681	5,027	7,388	2,361
(Loss) Gain on disposal of assets	(1,365)	(1,000)	(297)	703
Realized and unrealized (losses) gains on investments	-	-	-	-
Interest expense	(14,864)	(15,011)	(14,717)	295
Amortization of bond discount, premium, issuance cost and deferred losses	2,066	1,902	1,909	7
Amortization of Goodwill	0	-	-	-
Intergovernmental revenue	490	-	441	441
Contributions to related entities	-	-	(2,095)	(2,095)
Total nonoperating income and (expense) before capital contribution	(8,992)	(9,083)	(7,371)	1,712
Income (expense) before contributions	23,787	\$ 18,592	21,886	\$ 3,295
Capital contributions	1,149	-	586	-
Change in net assets	24,936	-	22,472	-
Total net assets - beginning of fiscal year	252,019	-	283,445	-
Total net assets - end of reporting month	\$ 276,955	-	\$ 305,917	-

	Budget FY 2024 @114%	Projected FY 2024 @114%	(Under)Over FY 2024 @114%
FY 2024 MAINTENANCE TEST (Budget vs. Projected)			
Revenue Collected:			
Water sales	129,136	126,936	(2,200)
Interest Income	3,371	5,250	1,879
BABs Subsidy	657	657	-
Other Net	8,468	8,918	450
Common Non-Core	(375)	(375)	-
Total	141,257	141,386	129
Less:			
Operating and maintenance expenses	(69,318)	(68,118)	1,200
Depreciation	(8,875)	(8,875)	-
PILOT (A)	(9,100)	(8,867)	233
Net Avail for Debt Service (B)	\$ 53,964	\$ 55,526	\$ 1,562
Debt Service Payments (C)	\$ 47,207	46,512	\$ (695)
Debt Service @ 114% (D)	\$ 53,816	53,024	\$ (792)
Difference (B-D)	\$ 148	\$ 2,502	-
RSF, Growth and/or General Fund (D)	-	-	-
Coverage	114%	119%	-

**REGIONAL WATER AUTHORITY
OPERATING AND MAINTENANCE EXPENSE
JANUARY 31, 2024**

Pg 3

PERIOD ENDING JANUARY 31, 2024

	FY 2023 Actual	FY 2024 Budget	FY 2024 Actual	(Under) Over
1 Payroll	\$ 15,852	\$ 17,054	\$ 16,938	\$ (116)
2 Employee Benefits	4,545	5,143	5,328	185
Pension Contributions	1,777	2,572	2,572	0
3 Administrative Building	638	719	683	(36)
4 General & Administrative	1,037	1,101	1,017	(84)
5 Transportation	430	631	565	(65)
6 Tools & Stores	239	231	237	6
7 Utilities & Fuel	975	1,120	1,226	106
8 Material From Inventory	142	223	164	(60)
9 Pump Power Purchased	1,870	2,095	2,027	(68)
10 Chemicals	1,826	2,493	2,581	89
11 Road Repairs	199	243	90	(153)
14 Postage	147	332	184	(149)
15 Printing & Forms	26	52	30	(22)
17 Collection Expense	578	959	632	(327)
18 Business Improvement	40	396	188	(208)
19 Public/Customer Information	133	182	152	(30)
20 Outside Services	1,994	3,438	2,721	(717)
21 Insurance Premiums	1,002	1,127	1,265	138
22 Worker's Compensation, pre-Churchill	1	33	24	(9)
23 Damages	48	47	41	(6)
24 Training & Cont. Education	125	367	249	(118)
25 Authority Fees	93	113	87	(26)
26 Consumer Counsel	29	40	23	(17)
27 RPB Fees	62	113	61	(52)
28 Organizational Dues	62	81	98	17
29 Donations	13	23	26	3
34 Central Lab/Water Quality	197	279	224	(55)
40 Environmental Affairs	49	73	56	(17)
44 Info. Technology Licensing & Maintenance Fees	1,560	2,481	2,138	(344)
45 Maintenance and Repairs	2,339	2,559	2,187	(372)
46 Regulatory Asset Amortization	183	154	156	1
	<u>\$ 38,212</u>	<u>\$ 46,472</u>	<u>\$ 43,968</u>	<u>\$ (2,505)</u>

South Central Regional Water Authority

Analysis of Accounts Receivable ("A/R")

(\$000 omitted)

Total Accounts Receivable Aging (in days)

	Jan 2024	Dec 2023	Nov 2023	Oct 2023	Sept 2023	Aug 2023	Jul 2023	June 2023	May 2023	April 2023	March 2023	Feb 2023	Jan 2023	Dec 2022
Under 30	\$ 6,231	\$ 6,728	\$ 7,585	\$ 6,745	\$ 8,369	\$ 6,504	\$ 8,725	\$ 7,293	\$ 5,586	\$ 6,922	\$ 4,954	\$ 5,926	\$ 6,550	\$ 6,158
31-60	1,411	1,976	1,888	1,591	1,568	1,857	1,823	1,183	1,498	1,513	1,615	1,865	1,621	1,910
61-90	665	935	775	620	783	592	543	650	498	703	786	1,062	1,070	1,053
91-180	1,349	1,168	1,062	1,085	1,120	1,060	1,162	1,085	1,171	1,111	1,301	1,583	1,558	1,516
181-360	1,217	1,208	1,272	1,320	1,338	1,453	1,393	1,295	1,452	1,458	1,591	1,680	1,890	1,828
More than 1 year	4,385	4,462	4,560	4,787	4,815	4,845	4,908	4,682	4,676	4,864	5,036	5,263	5,239	5,085
Sub Total	15,258	16,477	17,142	16,148	17,993	16,311	18,554	16,188	14,881	16,571	15,283	17,379	17,928	17,550
Interest due	1,704	1,691	1,696	1,703	1,690	1,701	1,681	1,633	1,618	1,627	1,668	1,699	1,674	1,651
Total Gross A/R plus interest	\$ 16,962	\$ 18,168	\$ 18,838	\$ 17,851	\$ 19,683	\$ 18,012	\$ 20,235	\$ 17,821	\$ 16,499	\$ 18,198	\$ 16,951	\$ 19,078	\$ 19,602	\$ 19,201

Aged Accounts Receivable Focus of Collection Efforts

	Jan 2024	Dec 2023	Nov 2023	Oct 2023	Sept 2023	Aug 2023	Jul 2023	June 2023	May 2023	April 2023	March 2023	Feb 2023	Jan 2023	Dec 2022
Greater than 60 days:														
A/R	\$ 9,211	\$ 9,249	\$ 9,141	\$ 9,270	\$ 9,498	\$ 9,380	\$ 9,431	\$ 9,116	\$ 9,154	\$ 9,509	\$ 10,121	\$ 11,020	\$ 11,172	\$ 10,864
Less: Multi-Tenants	(2,044)	(2,061)	(1,752)	(2,106)	(2,415)	(2,398)	(2,412)	(2,035)	(2,435)	(2,868)	(2,705)	(2,806)	(2,923)	(2,831)
Receiverships***	(2,308)	(2,089)	(2,186)	(2,135)	(1,996)	(1,968)	(2,004)	(1,919)	(1,834)	(1,941)	(1,932)	(2,013)	(1,996)	(1,981)
Liens	(1,741)	(1,740)	(1,512)	(1,423)	(1,357)	(1,446)	(1,457)	(1,423)	(1,583)	(1,703)	(1,778)	(1,793)	(1,835)	(1,867)
Total	\$ 3,118	\$ 3,359	\$ 3,691	\$ 3,606	\$ 3,730	\$ 3,568	\$ 3,558	\$ 3,739	\$ 3,302	\$ 2,997	\$ 3,706	\$ 4,408	\$ 4,418	\$ 4,185
	34%	36%	40%	39%	39%	38%	38%	41%	36%	32%	37%	40%	40%	39%

Collection Efforts

	Jan 2024	Dec 2023	Nov 2023	Oct 2023	Sept 2023	Aug 2023	Jul 2023	June 2023	May 2023	April 2023	March 2023	Feb 2023	Jan 2023	Dec 2022
Shuts *	\$ 136	\$ 70	\$ 267	\$ 118	\$ 68	\$ 55	\$ 75	\$ 65	\$ 115	\$ 95	\$ 167	\$ 48	\$ 51	\$ 61
Red Tags **	-	-	-	-	3	5	3	17	-	-	-	-	-	-
Receivers	63	41	49	53	72	33	24	33	47	60	48	71	2	44
Top 100 Collection Calls	485	103	50	-	7	28	29	20	5	21	41	25	216	-
Other ⁽¹⁾	541	917	729	1,152	834	865	940	993	1,177	1,507	1,517	1,429	1,346	1,550
Total	\$ 1,225	\$ 1,131	\$ 1,095	\$ 1,323	\$ 984	\$ 986	\$ 1,071	\$ 1,128	\$ 1,344	\$ 1,683	\$ 1,773	\$ 1,573	\$ 1,615	\$ 1,655

* Number of shuts

** Number of Red tags

South Central Connecticut Regional Water Authority

90 Sargent Drive, New Haven, Connecticut 06511-5966 203-562-4020

<http://www.rwater.com>

DATE: February 1, 2024

TO: Larry L. Bingaman

FROM: Elizabeth Calo

CC: David Borowy
Robert E. Harvey, Jr.

SUBJECT: Code of Ethics Compliance

As required by the 2009 Regional Water Authority Code of Ethics (Code) and acting as the Ethics Official, I am providing this memorandum to certify that we did not receive any employee reports of a violation of the Code for the 12-month reporting period ending November 30, 2023, with no exceptions.

The documentation completed by board members and employees will be kept on file in the Office of the Authority at 90 Sargent Drive for a period of one year. If you have any questions, please let me know.

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY
RESOLUTION TO APPROVE
WATER SYSTEM REVENUE REFUNDING BONDS, THIRTY-SEVENTH SERIES B-1
OFFICIAL STATEMENT**

WHEREAS, Section 22 of Special Act 77-98, as amended, of the Connecticut General Assembly (the “Act”) provides, in pertinent part, that bonds shall be authorized by a resolution of the South Central Connecticut Regional Water Authority (the “Authority”) which shall provide for the terms and conditions of the bonds, and may provide for any matter which in any way affects the security or protection on the bonds; and

WHEREAS, Section 22 of the Act further provides, in pertinent part, that the Authority has the power, without the approval of the Representative Policy Board to refund any bonds by the issuance of new bonds; and

WHEREAS, Section 9 of the Act provides that the Authority may delegate to one or more of its members, officers, agents or employees, such powers and duties as it may deem proper; and

WHEREAS, on April 27, 2023, the Authority authorized the issuance, sale and delivery of the Water System Revenue Refunding Bonds, Thirty-seventh Series B-1 (the “Thirty-seventh Series B-1 Bonds”), and now desires to approve an official statement providing for the public offering and sale of the Thirty-seventh Series B-1 Bonds.

NOW THEREFORE,

BE IT RESOLVED, that for the purpose of providing for the public offering and sale of the Thirty-seventh Series B-1 Bonds and further setting forth information relating to the Thirty-seventh Series B-1 Bonds, an official statement, substantially in the form attached hereto as **Exhibit A** (the “Official Statement”) is hereby approved, with such changes, omissions, insertions and revisions as the Chairperson or Vice Chairperson and President and Chief Executive Officer or Vice President and Chief Financial Officer shall deem advisable or shall be necessary to provide information concerning the Thirty-seventh Series B-1 Bonds; and such officers, in the name of the Authority, are hereby authorized to deem the Official Statement final when appropriate and are further authorized and directed to execute such Official Statement and any amendment or supplement thereto on and after the sale of the Thirty-seventh Series B-1 Bonds.

EXHIBIT A

[OFFICIAL STATEMENT]

REFUNDING ISSUE - BOOK-ENTRY-ONLY

Ratings (See "RATINGS" herein)

In the opinion of Bond Counsel, rendered in reliance upon and assuming the accuracy of and continuing compliance by the Authority with certain representations and covenants relating to the applicable requirements of the Internal Revenue Code of 1986 (the "Code"), under existing law, interest on the Thirty-seventh Series B Refunding Bonds is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of the federal alternative minimum tax under the Code; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations. In the opinion of Bond Counsel, under existing statutes, interest on the Thirty-seventh Series B Refunding Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Thirty-seventh Series B Refunding Bonds. (See "TAX MATTERS" herein.)

SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY

\$XXX*

Water System Revenue Refunding Bonds
Thirty-seventh Series B-1

Dated: Date of Delivery

Due: As shown on inside cover

The South Central Connecticut Regional Water Authority (the "Authority") \$XXX Water System Revenue Refunding Bonds, Thirty-seventh Series B-1 (the "Thirty-seventh Series B Refunding Bonds") are general obligations of the Authority issued pursuant to Special Act No. 77-98 of the State of Connecticut, as amended (the "Act") and the Water System Revenue Bond Resolution General Bond Resolution, adopted July 31, 1980, as amended and supplemented by all supplemental resolutions including the Thirty-seventh Series B Supplemental Resolution, (collectively, the "General Bond Resolution"). The Thirty-seventh Series B Refunding Bonds are secured by a pledge of the Revenues of the Authority pursuant to the General Bond Resolution, which pledge is described herein, and all moneys and securities in all funds established by the General Bond Resolution. The Authority has no taxing power. The Thirty-seventh Series B Refunding Bonds are not a debt of the State of Connecticut, or any municipality thereof, and neither the State nor any municipality is liable thereon.

The Thirty-seventh Series B Refunding Bonds are issuable only as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository. Purchases of beneficial ownership interests in the Thirty-seventh Series B Refunding Bonds will be made in book-entry-only form without certificates. Interest on the Thirty-seventh Series B Refunding Bonds will be payable on February 1, 20__ and semiannually on each February 1 and August 1 thereafter to maturity at the interest rates shown on the inside front cover. Individual purchases of Thirty-seventh Series B Refunding Bonds will be in the principal amount of \$5,000 or any integral multiple thereof. Principal and redemption price, if any, of and interest on the Thirty-seventh Series B Refunding Bonds will be paid directly to DTC by U.S. Bank Trust Company, National Association, Boston, Massachusetts, the Trustee and Paying Agent. See "Book-Entry-Only System" herein. The Thirty-seventh Series B Refunding Bonds are subject to redemption prior to their stated maturity as more fully described herein.

The Thirty-seventh Series B Refunding Bonds are being issued to finance (i) the current refunding of certain maturities of the Authority's outstanding Bonds, (ii) funds for deposit to certain reserve funds held under the General Bond Resolution, if necessary, and (iii) the costs of issuance of the Thirty-seventh Series B Refunding Bonds. See "AUTHORIZATION AND PURPOSE" and "PLAN OF FINANCE" herein.

The Thirty-seventh Series B Refunding Bonds are legal investments in Connecticut under the Act for all public officers and bodies of the State and all municipalities, all insurance companies and associations, and all banks, trust companies, savings banks and savings and loan associations. Under the Act, the Thirty-seventh Series B Refunding Bonds are not eligible investments in Connecticut for funds of trusts, estates or guardianships under the control of individual administrators, guardians, executors, trustees or other individual fiduciaries.

The Thirty-seventh Series B Refunding Bonds are offered when, as and if issued and received by the Underwriters, subject to approval of legality by Pullman & Comley, LLC, Bond Counsel, Hartford, Connecticut. Certain matters will be passed upon for the Underwriters by The Nash Law Group, LLC. It is expected that the Thirty-seventh Series B Refunding Bonds, in definitive form, will be available for delivery at DTC, or its custodial agent, in New York, New York on or about May 3, 2024.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

Piper Sandler & Co.

_____, 2024

*Preliminary, subject to change

This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell, or the solicitation of an offer to buy, or shall there be any sale of the within described bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the laws of such jurisdiction.

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY
SXXX* WATER SYSTEM REVENUE REFUNDING BONDS,
THIRTY-SEVENTH SERIES B-1**

Maturity Schedule*

<u>Due</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP**</u>
August 1, 2024				83722A__
August 1, 2025				83722A__
August 1, 2026				83722A__
August 1, 2027				83722A__
August 1, 2028				83722A__
August 1, 2029				83722A__
August 1, 2030				83722A__
August 1, 2031				83722A__
August 1, 2032				83722A__
August 1, 2033				83722A__
August 1, 2034				83722A__
August 1, 2035				83722A__

\$ _____	%	Term Bond due _____	Yield _____	CUSIP: 83722A__
\$ _____	%	Term Bond due _____	- Yield _____	CUSIP: 83722A__

*Preliminary, subject to change

** CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, managed on behalf of the American Bankers Association by FactSet Research Systems, Inc., which is not affiliated with the Authority and are included solely for the convenience of the holders of the Thirty-seventh Series B Refunding Bonds. The Authority is not responsible for the selection or use of these CUSIP numbers, does not undertake any responsibility for their accuracy, and makes no representation as to their correctness on the Thirty-seventh Series B Refunding Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Thirty-seventh Series B Refunding Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Thirty-seventh Series B Refunding Bonds.

The purpose of this Official Statement is to provide certain financial information and supplementary economic and demographic data relevant to the South Central Connecticut Regional Water Authority (the "Authority") in connection with the sale of its \$XXX* Water System Revenue Refunding Bonds, Thirty-seventh Series B-1 (the "Thirty-seventh Series B Refunding Bonds") dated May 3, 2024 (the "Date of Delivery").

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Thirty-seventh Series B Refunding Bonds, by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized by the Authority to give any information or to make any representations, other than as contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by the foregoing.

The information set forth herein has been obtained from the Authority and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Authority since the date hereof.

Set forth in Appendix B, "Audited Financial Statements of the Authority for Fiscal Years Ended May 31, 2023 and May 31, 2022," hereto is a copy of the report of CliffordLarsonAllen LLP, the independent auditor for the Authority with respect to the financial statements of the Authority. The report speaks only as of its date, and only to the matters expressly set forth therein. The auditor has not been engaged to review this Official Statement or to perform audit procedures regarding the post-audit period. The auditor has not been engaged to verify the financial information set out in Appendix B and is not passing upon and does not assume responsibility for the sufficiency, accuracy or completeness of such financial information.

Neither Bond Counsel, the Underwriters nor the Municipal Advisor are passing upon or assume responsibility for the accuracy or adequacy of the statements made in this Official Statement (other than matters expressly set forth in the opinion of Bond Counsel), and they make no representation that they independently have verified the same.

This Official Statement may include "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Without limiting the foregoing, the words "may," "believe," "could," "might," "possible," "potential," "project," "will," "should," "expect," "intend," "plan," "predict," "anticipate," "estimate," "approximate," "contemplate," "continue," "target," "goal" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these words. All forward-looking statements included in this Official Statement are based on information available to the Authority up to the date as of which such statements are to be made, or otherwise up to, and including, the date of this document, and the Authority assumes no obligation to update any such forward-looking statements to reflect events or circumstances that arise after the date hereof or after the date of any report containing such forward-looking statement, as applicable. Actual results could differ materially from those anticipated in these forward-looking statements as a result of certain important factors, including, but not limited to (i) the effect of and from, future forms of financial aid which may be available to the Authority; (ii) macroeconomic economic and business developments, both for the country as a whole and particularly affecting the Authority; (iii) financial services industry developments; (iv) litigation or arbitration; (v) climate and weather related developments, natural disasters and other acts of God; (vi) factors used in estimating future obligations of the Authority; (vii) the effects of epidemics and pandemics, including economic effects; and (viii) other factors contained in this Official Statement.

IN CONNECTION WITH THE OFFERING OF THE THIRTY-SEVENTH SERIES B REFUNDING BONDS, THE UNDERWRITERS MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE THIRTY-SEVENTH SERIES B REFUNDING BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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OFFICIAL STATEMENT
SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY

\$XXX*
Water System Revenue Refunding Bonds,
Thirty-seventh Series B-1

INTRODUCTION

This Official Statement provides certain information in connection with the issuance by the South Central Connecticut Regional Water Authority (the “Authority”) of its \$XXX Water System Revenue Refunding Bonds, Thirty-seventh Series B-1 (the “Thirty-seventh Series B Refunding Bonds”) dated as of the date of delivery of the Thirty-seventh Series B Refunding Bonds. The Thirty-seventh Series B Refunding Bonds are authorized to be issued pursuant to Special Act No. 77-98, as amended (the “Act”), of the State of Connecticut (the “State”) and the Water System Revenue Bond Resolution General Bond Resolution, adopted July 31, 1980, as amended and as supplemented by supplemental resolutions including the Thirty-seventh Series B Supplemental Resolution, adopted on April 27, 2023, (collectively, the “General Bond Resolution”). See Appendix C hereto for “Summary of Certain Provisions of the General Bond Resolution”.

All references herein to the Act, the General Bond Resolution and the Thirty-seventh Series B Refunding Bonds are qualified in their entirety by reference to the Act and the definitive documents. Capitalized terms used in this Official Statement but not defined herein have the meaning set forth in the General Bond Resolution and in Appendix C-1 - “Definitions of Certain Terms Defined in the General Bond Resolution” herein.

The General Bond Resolution constitutes a contract between the Authority and the holders of all bonds issued thereunder. Pursuant to the General Bond Resolution, all bonds issued thereunder are equally and ratably secured by the pledges and covenants contained therein, and all such bonds, including the Thirty-seventh Series B Refunding Bonds, are herein called the “Bonds”.

The Authority currently owns and operates an extensive water supply and distribution system (the “Water System”), which serves customers in fifteen municipalities within the South Central Connecticut Regional Water District (the “District”).

The Thirty-seventh Series B Refunding Bonds are being issued to finance (i) the current refunding of certain maturities of the Authority’s outstanding Bonds, (ii) funds for deposit to certain reserve funds held under the General Bond Resolution, if necessary, and (iii) the costs of issuance of the Thirty-seventh Series B Refunding Bonds. See “AUTHORIZATION AND PURPOSE” and “PLAN OF FINANCE” herein.

The Authority was created under the Act in 1977 for the purpose of assuring the provision of an adequate supply of pure water at a reasonable cost within the District and, to the degree consistent with the foregoing, of advancing the conservation and compatible recreational use of land held by the Authority. In 2002, the Connecticut General Assembly granted the Authority permission to provide wastewater services. To date, the Authority provides no such services. In 2017, the Connecticut General Assembly granted the Authority, to the degree consistent with the foregoing purposes, the power to conduct or invest in noncore businesses which are defined as activities to be located on property, other than class I or class II land owned by the Authority, that is related to water, environment, agriculture or an energy project consisting of either a class I renewable energy source or a class III energy source but excluding wind sources (the “Noncore Businesses”). The Authority’s initiatives in Noncore Businesses less returns from such businesses shall not exceed five percent of the Authority’s net utility plant devoted to its water and wastewater businesses unless approved by the representative policy board of the District.

*Preliminary, subject to change

In 2021, the Authority established RWA Commercial Enterprises, LCC as a wholly owned subsidiary of the Authority and established RWA Well Services, LLC as a wholly owned subsidiary of RWA Commercial Enterprises, LLC. In June 2021, an asset purchase agreement of a Connecticut-based company that specializes in providing well services (e.g., water heating, plumbing, water pumps and water treatment) to both residential and commercial customers was approved. July 1, 2021 was the effective date of the asset purchase and associated agreements. In April 2022, an asset purchase agreement of a Connecticut-based company that is engaged in water operations, treatment, and related services was approved with a May 1, 2022 effective date. In June 2023 an application was approved for an asset purchase of a Connecticut-based plumbing company and this transaction closed effective October 1, 2023. Post transaction, these businesses operate under RWA Well Services, LLC. In addition in May 2022, the Authority established RWA Environmental & Lab Services, LLC and RWA Commercial Services, LLC. Both of these entities are wholly owned subsidiaries of RWA Commercial Enterprises, LLC. There are currently no operations under either of these two entities. Noncore Businesses are not part of the Water System and accordingly the operating expenses associated with Noncore Businesses are not paid with Revenues generated from the Water System. In addition, revenues generated from the Noncore Businesses are not included in Revenues under the General Bond Resolution unless the Authority directs such revenues to be included.

Under the Act, the District comprises the territories of the towns and cities of Ansonia, Bethany, Beacon Falls, Branford, Cheshire, Derby, East Haven, Guilford, Hamden, Killingworth, Madison, Milford, New Haven, North Branford, North Haven, Orange, Prospect, Seymour, West Haven and Woodbridge, Connecticut. The Act established the Regional Water Authority, a five-person board to function as a board of directors. It oversees the adoption of annual operating and capital budgets and provides strategic direction. The Act further provides for the establishment of a representative policy board (the “RPB” or the “Representative Policy Board”), composed of one member from each of the municipalities comprising the District and one member appointed by the Governor. The RPB is empowered, among other things, to appoint the five members of the Authority; to approve (i) the acquisition of any existing water system or wastewater system, (ii) the repair, improvement, construction, reconstruction, enlargement or extension of any of the Authority’s properties or systems costing more than \$2,000,000, (iii) the acquisition of or subsequent investment in any noncore business costing more than \$1,000,000; (iv) water rates and charges established by the Authority and (v) the issuance of new money bonds; and to ratify the chief executive officer appointed by the Authority.

DESCRIPTION OF THE THIRTY-SEVENTH SERIES B REFUNDING BONDS

Description of the Thirty-seventh Series B Refunding Bonds

The Thirty-seventh Series B Refunding Bonds will be dated the Date of Delivery and will mature on August 1 in the years and in the amounts and will bear interest payable semiannually on each February 1 and August 1 commencing August 1, 2024 at the rates per annum, all as set forth on the inside cover page of this Official Statement. Interest will be calculated on the basis of a 360-day year, consisting of twelve 30-day months. Payments of each installment of principal and interest on the Thirty-seventh Series B Refunding Bonds shall be made to the owner of the Thirty-seventh Series B Refunding Bond who shall appear on the registration books of the Authority maintained by the Trustee on the close of business on the fifteenth day of January and July (or the preceding business day if such fifteenth day is not a business day) in each year.

The Thirty-seventh Series B Refunding Bonds are issuable as registered bonds in the denomination of \$5,000 or any integral multiple thereof.

[Optional Redemption of the Thirty-seventh Series B Refunding Bonds

The Thirty-seventh Series B Refunding Bonds with a stated maturity on or after August 1, ____*] are subject to redemption at the option of the Authority in denominations of \$5,000 or any integral multiple thereof, either in whole or in part, on any date on or after [August 1, ____*], at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued interest to the redemption date.]

Mandatory Sinking Fund Redemption of the Thirty-seventh Series B Refunding Bonds

The Thirty-seventh Series B Refunding Bonds due on [August 1, 20__*] are subject to mandatory sinking fund redemption at 100% of the principal amount due thereof plus accrued interest to the date of redemption, from sinking fund payments which are required to be made in amounts sufficient to redeem on [August 1] of each of the years set forth in the following table, the principal amount of the Thirty-seventh Series B Refunding Bonds specified opposite each of such years:

<u>Year*</u>	<u>Amount*</u>
--------------	----------------

*Preliminary, subject to change

The Thirty-seventh Series B Refunding Bonds due on [August 1, 20__*] are subject to mandatory sinking fund redemption at 100% of the principal amount due thereof plus accrued interest to the date of redemption, from sinking fund payments which are required to be made in amounts sufficient to redeem on [August 1] of each of the years set forth in the following table, the principal amount of the Thirty-seventh Series B Refunding Bonds specified opposite each of such years:

<u>Year*</u>	<u>Amount*</u>
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Special Mandatory Redemption

All Bonds are subject to mandatory redemption in whole at 100% of the principal amount thereof plus accrued interest to date of redemption (or, in the case of capital appreciation bonds, their accreted value on the date of redemption), if all or substantially all of the Water System is taken by the State or any municipality in the State with general governmental powers and duties. For purposes of this provision, “substantially all of the Water System” includes any part of the Water System the taking of which would cause a reduction in the Authority’s current water supply by twenty percent (20%) or more or would prevent water service to twenty percent (20%) or more of the customers of the Water System at the time of such taking, unless in the opinion of the Consulting Engineer (a) the remaining portion of the Water System is sufficient to serve the remaining customers of the Water System and (b) after adjustments for any rates adopted by the Authority and any adjustment in costs as a result of such taking, the Authority will be able to comply with the debt service coverage requirements of the General Bond Resolution.

Redemption Procedures

In the event of a partial redemption of the Thirty-seventh Series B Refunding Bonds, the Authority may direct the maturity or maturities and amounts to be redeemed. If less than all Thirty-seventh Series B Refunding Bonds of a particular maturity are to be redeemed, the particular bonds of such maturity to be redeemed shall be selected in such order of maturity and CUSIP (Committee on Uniform Security Identification Procedure) number as the Authority may determine and by lot within a CUSIP number as provided in the General Bond Resolution.

When the Trustee receives notice of the Authority’s election to redeem Thirty-seventh Series B Refunding Bonds or when redemption is required pursuant to the General Bond Resolution, the Trustee is required to give notice of such redemption, which must specify the maturities and CUSIP numbers of the Thirty-seventh Series B Refunding Bonds to be redeemed, the redemption date and the place or places where amounts due upon redemption will be payable.

*Preliminary, subject to change

Such notice is to state that on such date Thirty-seventh Series B Refunding Bonds to be redeemed shall become due and payable and thereafter interest thereon shall cease to accrue and be payable. Such notice will be given by publication once a week for at least two successive weeks in authorized newspapers of general circulation in New Haven, Connecticut and New York, New York, the first such publication to be not less than thirty (30) days nor more than sixty (60) days prior to the redemption date.

A copy of such notice also will be mailed not less than twenty-five (25) days before the redemption date to the registered owners of any Thirty-seventh Series B Refunding Bonds to be redeemed. So long as Cede & Co., as nominee of DTC (as hereinafter defined) is the registered owner of the Thirty-seventh Series B Refunding Bonds, all notices of redemption with respect to the Thirty-seventh Series B Refunding Bonds will be sent only to DTC. Notice need not be published if all the Thirty-seventh Series B Refunding Bonds or portions of Thirty-seventh Series B Refunding Bonds to be redeemed are registered Thirty-seventh Series B Refunding Bonds and a notice in the form required for published notice is mailed, postage prepaid, to the registered owners of such Thirty-seventh Series B Refunding Bonds at their last addresses appearing on the registry books of the Trustee.

Book-Entry-Only System

Unless otherwise noted, the description that follows of the procedures and record-keeping with respect to beneficial ownership interests in the Thirty-seventh Series B Refunding Bonds, payment of interest and other payments on the Thirty-seventh Series B Refunding Bonds to DTC Participants or Beneficial Owners of the Thirty-seventh Series B Refunding Bonds, confirmation and transfer of beneficial ownership interests in the Thirty-seventh Series B Refunding Bonds and other bond-related transactions between DTC, the DTC Participants and Beneficial Owners of the Thirty-seventh Series B Refunding Bonds is based solely on information provided on the DTC's website and presumed to be reliable. Accordingly, the Authority does not and cannot make any representations concerning these matters.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Thirty-seventh Series B Refunding Bonds. The Thirty-seventh Series B Refunding Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity in each series of the Thirty-seventh Series B Refunding Bonds in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Thirty-seventh Series B Refunding Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Thirty-seventh Series B Refunding Bonds on DTC's records. The ownership interest of each actual purchaser of each of the Thirty-seventh Series B Refunding Bonds ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Thirty-seventh Series B Refunding Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Thirty-seventh Series B Refunding Bonds, except in the event that use of the book-entry system for the Thirty-seventh Series B Refunding Bonds is discontinued.

To facilitate subsequent transfers, all of the Thirty-seventh Series B Refunding Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Thirty-seventh Series B Refunding Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Thirty-seventh Series B Refunding Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Thirty-seventh Series B Refunding Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Thirty-seventh Series B Refunding Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Thirty-seventh Series B Refunding Bonds, such as redemptions, tenders, defaults, and proposed amendments to the documents of the Thirty-seventh Series B Refunding Bonds. For example, Beneficial Owners of the Thirty-seventh Series B Refunding Bonds may wish to ascertain that the nominee holding the Thirty-seventh Series B Refunding Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Thirty-seventh Series B Refunding Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Thirty-seventh Series B Refunding Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Thirty-seventh Series B Refunding Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on, and redemption premium, if any, with respect to the Thirty-seventh Series B Refunding Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest, and redemption premium, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and

disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Thirty-seventh Series B Refunding Bonds at any time by giving reasonable notice to the Authority or Trustee. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

THE AUTHORITY AND THE TRUSTEE WILL HAVE NO RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (II) THE PAYMENTS BY DTC, ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF, OR PREMIUM, IF ANY, OR INTEREST ON, THE THIRTY-SEVENTH SERIES B REFUNDING BONDS; (III) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDOWNERS; (IV) ANY CONSENT GIVEN BY DTC OR OTHER ACTION TAKEN BY DTC AS BONDHOLDER; OR (V) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE THIRTY-SEVENTH SERIES B REFUNDING BONDS.

FOR SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE THIRTY-SEVENTH SERIES B REFUNDING BONDS, ALL REFERENCES HEREIN TO THE OWNER OF THE THIRTY-SEVENTH SERIES B REFUNDING BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN ANY BENEFICIAL OWNER OR BENEFICIAL OWNERS OF THE THIRTY-SEVENTH SERIES B REFUNDING BONDS NOR ANY PARTICIPANT OF DTC, UNLESS SPECIFIC EXCEPTION HAS BEEN EXPRESSED HEREIN.

SECURITY AND SOURCES OF PAYMENT FOR THE THIRTY-SEVENTH SERIES B REFUNDING BONDS

The Thirty-seventh Series B Refunding Bonds are general obligations of the Authority payable from and secured by a pledge of all Revenues and all monies and securities in all Funds established by the General Bond Resolution. Revenues include income derived from the payment of rates and charges for water service, the subsidy paid to the Authority from the United States Treasury pursuant to Section 54AA of the Internal Revenue Code of 1986, as amended (the "Code") for the payment of Build America Bonds ("BABs") and from investment of moneys in the Funds established under the General Bond Resolution, other than the Construction Fund. Revenues do not include government grants and contributions for capital improvements or revenues generated from any noncore business unless specifically designated and directed by the Authority. The Authority shall deposit all Revenues to the credit of the Revenue Fund and shall apply such Revenues, first, and free and clear of any lien or pledge of the General Bond Resolution, to the payment of Operating Expenses. Operating expenses do not include PILOT, as described below. The Authority has no taxing power. **The Thirty-seventh Series B Refunding Bonds are not a debt of the State or any municipality thereof, and neither the State nor any municipality is liable thereon, nor shall the Thirty-seventh Series B Refunding Bonds be payable out of any funds other than those of the Authority, as provided under the General Bond Resolution and the Act.**

The Act requires that the Authority make certain payments to the municipalities in which it owns property in lieu of real and personal property taxes ("Payments-in-Lieu-of-Taxes" or "PILOT") but provides that the payment of debt service shall have priority over any claim for PILOT. Accordingly, requirements for PILOT are excluded from the definition of "Operating Expenses".

Debt Reserve Fund

The Bonds, including the Thirty-seventh Series B Refunding Bonds, additionally are secured by a pledge of moneys and securities held in the Debt Reserve Fund held by the Trustee which must be funded at an amount equal to, but not greater than, the least of (i) the maximum annual principal and interest requirements in the current or any succeeding fiscal year on the Bonds; (ii) 10% of the stated principal amount (or issue price, as provided in the Code) of the Bonds and (iii) 125% of the average annual principal and interest requirements of the Bonds (the “Debt Reserve Fund Requirement”). On [June 1, 2023], the Debt Reserve Fund will contain moneys and investments valued at the aggregate amount of approximately \$_____ and an unconditional and irrevocable Municipal Bond Debt Service Reserve Fund Policy (the “Policy”) issued by Financial Guaranty Insurance Company (“FGIC”) in the amount of \$29,385,000 which secures all the Bonds and will terminate August 1, 2033 (and which is subject to that certain Reinsurance Agreement by and between FGIC and MBIA Insurance Corporation (“MBIA”) dated August 27, 2008 and that certain Assignment and Assumption agreement by and between MBIA and National Public Finance Guarantee Corporation (“NPFG”).

Together, the moneys and the policy deposited in the Debt Reserve Fund will at least equal the Debt Reserve Fund Requirement upon issuance of the Thirty-seventh Series B Refunding Bonds.

Operating Reserve Fund and Capital Contingency Fund

The General Bond Resolution also established the Operating Reserve Fund and the Capital Contingency Fund, each of which is held by the Authority and maintained in amounts, respectively, equal to at least one-sixth of budgeted Operating Expenses and one percent of outstanding Bonds. Moneys in the Operating Reserve Fund and Capital Contingency Fund may be transferred to the Debt Service Fund if money in the Debt Service Fund is insufficient to pay debt service due or to become due in the next seven days on the Bonds. See “Flow of Funds” below and “Summary of Certain Provisions of General Bond Resolution” in Appendix C.

Rate Covenants

The Authority has covenanted in the General Bond Resolution that the rates and charges established for the Water System shall be at levels sufficient in each fiscal year during which any Bonds are outstanding to produce the greatest of:

- (1) an amount so that Revenues shall at least equal all Operating Expenses and PILOT, all payments to the Debt Service Fund for debt service on the Bonds, all amounts necessary to maintain all reserve requirements under the General Bond Resolution (unless paid from Bond proceeds), debt service payments on other indebtedness and any related reserve requirements (except payments scheduled to be made from sources other than Revenues), and any other obligations pertaining to the Water System (except to the extent paid from the General Fund or from the proceeds of Bonds, insurance, condemnation, sales of property or other debt);
- (2) an amount so that Net Revenues (which is equal to Revenues, including amounts transferred from the Rate Stabilization Fund, minus Operating Expenses, PILOT and Depreciation Expense) shall equal at least 114% of the principal, sinking fund and interest requirements coming due during such year on all outstanding Bonds less the amounts, if any, transferred from the Construction Fund to the Bond Interest Account during such fiscal year to pay interest becoming due in such fiscal year; and
- (3) an amount so that Net Revenues plus PILOT shall equal at least 125% of the principal, sinking fund and interest requirements coming due during such year on all outstanding Bonds, less the amounts, if any, transferred from the Construction Fund to the Bond Interest Account during such fiscal year to pay interest becoming due in such fiscal year.

Flow of Funds

All Revenues received by the Authority are to be deposited promptly to the credit of the Revenue Fund, which is held by the Authority. After application of monies in the Revenue Fund to payment of Operating Expenses, monthly transfers to the extent required are made in the following order:

Debt Service Fund. An amount equal to at least one-fifth of the aggregate amount of interest and Swap Payments on all outstanding Bonds coming due during the next six months is deposited in the Bond Interest Account of the Debt Service Fund, which is held by the Trustee. In addition, an amount equal to one-tenth of the aggregate amount of principal coming due on all outstanding Bonds during the next twelve months, including any required sinking fund payments, is deposited in the Bond Principal Account of the Debt Service Fund. No such deposits need be made if the Bond Interest Account and the Bond Principal Account already contain, respectively, interest and Swap Payments coming due in the next six months and principal and sinking fund payments coming due in the next twelve months. The monthly transfers must include any amounts previously due such accounts but not previously deposited. Currently, the Authority is not a party to any Swap Agreement.

Debt Reserve Fund. Any amount necessary to maintain the Debt Reserve Fund Requirement is to be transferred to the Trustee for deposit in the Debt Reserve Fund including any amounts necessary to make the Repayment Obligations.

Reimbursement of Bond Insurer and Bank. Any amounts due (on a parity among themselves) to (1) a bond insurer in reimbursement of amounts due under a policy and related interest amounts due under a bond insurer reimbursement agreement and (2) a Bank for payment of default interest due under a Liquidity Facility. Currently, no Liquidity Facility is outstanding in connection with the Bonds.

Subordinated Debt. Revenues shall be applied to debt service payments on Subordinated Debt issued for payment of Operating Expenses and limited at the time of issuance to 25% of the amount budgeted for Operating Expenses in the then current fiscal year.

Debt Service Fund. At the option of the Authority, Revenues shall be applied to make additional deposits to the Debt Service Fund in order to provide sufficient funds to pay all interest, principal and sinking fund payments due on all outstanding Bonds during the remainder of the fiscal year and thereafter to a separate fund for the payment, in the following order of (i) principal, redemption price, sinking fund payments and interest payments on Subordinated Debt due or to become due in such fiscal year and (ii) amounts due to a Bond Insurer or a Bank.

PILOT Fund. An amount equal to at least one-twelfth of the amounts payable to municipalities in lieu of real and personal property taxes during the next twelve months must be deposited in the PILOT Fund held by the Authority, provided that no such deposit shall be necessary if the amount in the PILOT Fund equals or exceeds the PILOT Fund Requirement.

Construction Fund, Operating Reserve Fund, Capital Contingency Fund and Insurance Reserve Fund. At the option of the Authority, the Authority may contribute funds to the Construction Fund or, to the extent necessary to meet the respective requirements of the Operating Reserve Fund, the Capital Contingency Fund and the Insurance Reserve Fund.

Debt Service Fund for Bond Purchase or Redemption. The Authority may transfer remaining amounts at the end of each month to the Debt Service Fund for purchase or redemption of Bonds, but only if the respective requirements of the Operating Reserve Fund, Capital Contingency Fund and the Insurance Reserve Fund Requirements are met.

Following the end of each fiscal year and after making the monthly transfers described above, the Authority shall, to the extent moneys remain in the Revenue Fund at the end of each fiscal year, transfer, in the following order, such moneys to meet any deficiency in the Capital Contingency Fund and the Operating Reserve Fund for the next fiscal year and then to the Rate Stabilization Fund Variable Rate Sub-account the amount, if any, by which the amount of interest on variable rate bonds assumed for rate making purposes

exceeded the interest and related costs actually paid on such bonds (the Authority currently has no variable rate bonds outstanding) and to the Rate Stabilization Fund Surplus Sub-account the amount, if any, determined and directed by the Authority, of the excess of the debt service coverage tests for the prior fiscal year. Any remaining balance shall be transferred to the General Fund. Moneys in the General Fund may, at the option of the Authority, be used and applied for any of the purposes related to the Water System for which the foregoing funds and accounts were established and for any other lawful purpose of the Authority.

The Authority shall transfer moneys in the Rate Stabilization Fund to the Revenue Fund to the extent required to make up deficiencies in any of the Funds established above. If all such Funds are maintained at or above their respective requirements, the Authority may at any time transfer any moneys in the Rate Stabilization Fund to the Revenue Fund, but only if each of the other funds are funded at or above their respective requirements.

Additional Bonds

Pursuant to the General Bond Resolution, additional bonds may be issued by the Authority having equal rank with all other Bonds of the Authority, including the Thirty-seventh Series B Refunding Bonds offered hereby, for the purpose of meeting the capital costs of any Water System Project including the cost of acquiring an existing water system, to refund Bonds, to fund any of the Funds established by the General Bond Resolution, except the Revenue Fund and the General Fund, and to provide funds for Other Corporate Purposes, provided, however, that the aggregate amount of bonds issued for Other Corporate Purposes shall not exceed the greater of \$10,000,000 or 10% of the aggregate amount of the Authority's Outstanding Bonds. Except for bonds issued to refund Bonds and Completion Bonds (as defined below), and except as described below, no additional bonds may be issued unless:

(a) Revenues during any historical period of twelve consecutive months out of the most recent 18 months, adjusted to reflect the effect of any rate increase adopted prior to the issue of the additional Bonds and adjusted to give effect to any transfers from the Rate Stabilization Fund to the Revenue Fund, are not less than 100% of all expenses and obligations of the Authority that the Authority estimates will be paid from Revenues during the twelve-month period after issuance of the additional bonds, including: (1) Operating Expenses, (2) PILOT, (3) required payments, including those necessary to maintain reserve requirements under the Resolution for all Bonds including the additional bonds, (4) the excess of interest costs on variable rate bonds assumed for rate making purposes over actual interest and related costs expected to be paid, (5) required payments, including those necessary to maintain reserve requirements under any authorizing resolution for all Subordinated Debt, (6) Depreciation Expense and (7) payments from Revenues for all other obligations of the Authority;

(b) Net Revenues as so adjusted, plus an amount specified by the Authority on deposit in the Rate Stabilization Fund Surplus Sub-account, which amount shall be no greater than 20% of maximum aggregate amount of Principal Installments and interest of the current fiscal year on Outstanding Bonds including the additional bonds, are not less than 114% of the maximum aggregate debt service for the current or any future fiscal year on Bonds including the additional bonds; and

(c) Net Revenues as so adjusted, plus an amount specified by the Authority on deposit in the Rate Stabilization Fund Surplus Sub-account, which amount shall be no greater than 20% of maximum aggregate amount of Principal Installments and interest of the current fiscal year on Outstanding Bonds including the additional bonds, plus PILOT are not less than 125% of the maximum debt service for the current or any future fiscal year on Bonds including the additional bonds.

A certificate of a Consulting Engineer must also be filed with the Trustee stating that the Consulting Engineer has reviewed the assumptions used by the Authority to compute such estimates and that the assumptions and computations based thereon are reasonable. The Authority must also file a certificate with the Trustee which demonstrates that the Authority's Revenues during the historical twelve-month period were not less than 100% of all expenses and obligations of the Authority that were to be paid from Revenues.

Completion bonds are Bonds issued to pay the costs of completing any Water System Project for which Bonds have been previously issued (the "Completion Bonds"), but may be issued only to the extent such Completion Bonds exceed the amount of Bonds which was previously estimated to be needed to complete a particular project, as set forth in a certificate of an authorized officer of the Authority, delivered in connection

with the most recent issue of Bonds issued to finance such project. The Authority has issued no such Completion Bonds.

In case an existing water system within the Service Area is to be acquired from the proceeds of the additional bonds, the certificate of the Authority shall include the financial information relevant to the water system that the Authority proposes to acquire, provided that the computation of maximum debt service in any future fiscal year must include principal and interest on any obligations of the acquired system for which no other provision for payment has been made.

The General Bond Resolution provides that, whenever the Authority issues additional bonds, it shall establish, prior to such issuance, rates and charges with respect to the Water System that are sufficient to comply with the additional bonds test described above. Also, the General Bond Resolution requires that bond proceeds or other moneys be deposited in the Debt Reserve Fund, Capital Contingency Fund and Operating Reserve Fund sufficient to meet the respective requirements of such Funds, calculated immediately after the issuance of the additional bonds.

Refunding Bonds

Pursuant to the General Bond Resolution, refunding bonds may be issued for the purpose of refunding all or any part of the Bonds of one or more Series Outstanding, but only upon receipt by the Trustee of certain documents, moneys and instructions as set forth in the General Bond Resolution.

Water Revenues

Basic service and consumption charges for all metered customers are determined by the size of the meter. The increases in the Authority’s operating revenues from the Water System have been the result of revenue increases. The Authority obtained approval of the following revenue increases:

<u>Revenue Increase (%)</u>	<u>Effective Date</u>
14.5	August, 1980
10.8	May, 1981
5.2	May, 1983
5.1	June, 1984
3.1	August, 1986
7.2	November, 1988
9.5	March, 1990
7.4	March, 1991
5.3	April, 1992
4.6	August, 1996
3.7	June, 1999
2.5	August, 2000
4.5	September, 2004
5.1	November, 2005
4.6	January, 2007
3.6	April, 2008
4.2	April, 2009
8.2	April, 2010
13.0	July, 2011
7.2	May, 2013
7.5	December, 2014
6.7	June, 2016
3.0	January, 2018
6.1	July, 2019
6.2	January, 2022
5.2	June, 2023

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The following table sets forth the results of a comparison prepared by the Authority of its approved rates with the rates of other water utilities located in metropolitan areas in the State and in the Northeast.

COMPARISON OF TYPICAL QUARTERLY WATER BILLS^(a) TO BE UPDATED

	Quarterly Water Consumption in Cubic Feet (b)						
	1,500	2,500	10,000	50,000	100,000	500,000	2,000,000
South Central Connecticut Regional Water Authority	\$134	\$177	\$539	\$2,404	\$4,586	\$22,042	\$83,360
Connecticut Municipal Water Utilities:							
Hartford Metropolitan District Commission							
Customers Within District	102	140	425	2,133	4,033	19,233	77,458
Customers Outside District	153	191	476	3,008	4,908	20,108	81,406
New Britain Water Department							
Customers Within New Britain	56	86	305	1,571	3,031	14,715	56,336
Customers Outside New Britain	92	140	494	2,552	4,917	23,842	93,062
City of Waterbury	52	78	277	1,337	2,662	13,262	53,012
Investor-Owned Water Utilities located within Connecticut:							
Aquarion Water Company							
Eastern Division	113	159	510	2,487	3,635	12,825	49,080
Eastern Division (United) (c)	124	172	559	2,676	5,011	23,692	95,534
Western Division	98	135	413	2,082	3,231	12,421	48,676
Connecticut Water Company	168	254	951	3,406	6,492	31,177	125,431
Water Utilities in the Northeast:							
Boston, MA (Municipal)	92	155	689	3,782	7,755	40,788	164,884
New Jersey American Water (d)	153	208	653	3,447	6,494	30,173	121,760
Veolia Water, New Jersey (e)	124	172	528	2,797	5,172	24,171	97,634
Aqua America, PA (f)	220	336	1,203	4,574	8,395	37,578	144,342
Providence, RI (Municipal)	94	133	420	2,211	4,218	20,274	81,978
Veolia, New York (g)	167	253	1,272	3,639	7,062	37,989	164,415
Springfield, MA (Municipal)	75	120	454	2,243	4,473	22,313	89,213

(a) Data as of April 15, 2023

(b) Bills computed for 5/8 inch meter service for use up to 10,000 cubic feet and for two inch meter commercial service up to 500,000, and commercial 6" above 500,000 unless 6" not available

(c) Formerly known as United Water, Connecticut

(d) Formerly known as United Water New Jersey and Elizabethtown Water Company NJ

(e) Formerly known as Suez, New Jersey

(f) Formerly known as Philadelphia Suburban Water Company

(g) Formerly known as Suez New York & United Water New York

The Act gives the Authority the power to set just and equitable rates and charges free from review or approval by the Connecticut Public Utilities Regulatory Authority (PURA) or any successor board or commission, but subject to RPB approval. The Act provides that the RPB shall approve such rates and charges proposed by the Authority unless it finds that such rates and charges will provide funds insufficient for, or in excess of, the amounts required to meet all expenses of the Authority. Since 1980, the RPB has not failed to approve any rate increase, but there can be no assurance that future rate increases will be approved. The Act further provides that such rates or charges, if not paid when due, will constitute a lien upon the premises served and a charge against the owners thereof, which lien and charge will take precedence over all other liens or encumbrances except taxes and which may be foreclosed against the lot or building served in the same manner as a lien for taxes. (The Authority shares its position after taxes with the Greater New Haven Water Pollution Control Authority). The Authority's uncollectible reserve in each of fiscal year 2022 and fiscal year 2021 was approximately 3% of gross revenue. Municipalities served by the Authority are subject to the same rates and charges as other users of the Authority's Water System.

The Act provides that PILOT is equal to taxes on property of the Authority that would otherwise be due, excluding improvements (other than water pipes or improvements to water pipes) made by the Authority after its acquisition of the property. Pursuant to the Act, PILOT is subordinate to and paid only after provision for debt service. The Act also provides that the Authority shall establish, and the RPB shall approve, rates and charges sufficient for PILOT. The Authority is one of the largest property owners in the majority of the municipalities represented by the RPB. In the event of the failure of the Authority to make PILOT, an aggrieved municipality

or holder of bonds or notes of the Authority may apply for a judicial order directing the Authority to increase appropriately its rates and charges.

GLOBAL HEALTH EMERGENCY RISK

The COVID-19 Outbreak and Future Pandemics

On January 30, 2020, the outbreak of COVID-19 was declared a Public Health Emergency of International Concern by the World Health Organization. On March 13, 2020, the President of the United States declared a national emergency as a result of the COVID-19 outbreak. On March 10, 2020, Governor Lamont declared a state of emergency throughout the State of Connecticut (the “State”) and took steps to mitigate the spread and impacts of COVID-19. As of May 11, 2023, the federal and State public health emergency declarations have been terminated.

For up-to-date information concerning the State’s actions in response to COVID-19, see <https://portal.ct.gov/coronavirus>. Neither the Authority, nor the parties involved with the issuance of the Bonds, has reviewed the information provided by the State on its website and such parties take no responsibility for the accuracy thereof.

To date, the COVID-19 outbreak has had no material adverse effect on the finances of the State or the Authority. The Authority took steps at the end of fiscal 2020 to plan for the uncertainty. Due to the customer mix, the Authority experienced an increase in consumption in fiscal 2021.

Pandemics, epidemics and other public health emergencies, may adversely impact the Authority and its revenues, expenses and financial condition. The Authority cannot predict the duration and extent of such pandemics, epidemics and other health emergencies, or quantify the magnitude of their ultimate impact on the State and regional economy, or on the revenues and expenses of the Authority. Pandemics, epidemics and other health emergencies may be ongoing, and their dynamic nature may lead to many uncertainties, including (i) the geographic spread as they evolve; (ii) the severity as they mutate; (iii) the duration of the outbreak; (iv) actions that may be taken by governmental authorities to contain or mitigate future outbreaks; (v) the development of medical therapeutics or vaccinations; (vi) travel restrictions; (vii) the impact of the outbreak on the local, State or global economy; (viii) whether and to what extent the State Governor may order additional public health measures; and (ix) the impact of the outbreak and actions taken in response to the outbreak on Authority revenues, expenses and financial condition.

Prospective investors should assume that restrictions and limitations related to COVID-19 and any future variants or pandemics may be instituted by the State or federal government.

AUTHORIZATION AND PURPOSE

On April 27, 2023, the Authority approved the Thirty-seventh Series B Supplemental Resolution authorizing the issuance and terms of the Thirty-seventh Series B Refunding Bonds.

The Thirty-seventh Series B Refunding Bonds are being issued to finance (i) the refunding of certain maturities of the Authority’s outstanding Bonds, (ii) funds for deposit to certain reserve funds held under the General Bond Resolution, if necessary, and (iii) the costs of issuance of the Thirty-seventh Series B Refunding Bonds.

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PLAN OF REFUNDING

A portion of the proceeds of the Thirty-seventh Series B Refunding Bonds will be used to currently refund all or a portion of certain of the Authority’s outstanding prior bonds, including, but not limited to, the Authority’s Thirtieth Series A Bonds and Thirtieth Series B Bonds (the “Prior Bonds”), on the dates and in the amounts as set forth below.

_____ Series	Maturity Date	Principal Amount	Coupon	Call Date	Call Price
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Upon delivery of the Thirty-seventh Series B Bonds, a portion of the proceeds will be deposited into an irrevocable trust fund called the Series B-1 Escrow Deposit Fund (the “Escrow Fund”) pursuant to the Escrow Deposit Trust Agreement (the “Escrow Agreement”) by and between the Authority and U.S. Bank Trust Company National Association (the “Escrow Agent”) to provide for the refunding of the Prior Bonds. The Escrow Agent will invest such deposits into non-callable direct obligations of the United States of America or obligations unconditionally guaranteed by the United States of America, including State and Local Government Series Securities. Under the Escrow Agreement, the Escrow Agent will use such proceeds and investment earnings thereon to pay the principal, interest and redemption prices, if any, on the Prior Bonds on the dates such payments are due.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

American Municipal Tax Exempt Compliance Corporation (“AMTEC”) will verify from the information provided to them the mathematical accuracy as of the date of closing of the Thirty-seventh Series B Refunding Bonds of: (1) the computation contained in the provided schedules to determine that the anticipated receipts from the securities and cash deposits to be held in escrow, will be sufficient to pay, when due, the principal, interest and call premium payment requirements, if any, of the applicable Prior Bonds; (2) the computation of the yield of the refunding escrow; and (3) the computations of yield on the securities, the applicable Prior Bonds and the Thirty-seventh Series B Refunding Bonds contained in the schedules provided to and used by Bond Counsel. AMTEC will express no opinion on the assumptions provided to them.

SOURCES AND USES OF FUNDS

The following is a summary of the estimated sources and uses of funds relating to the Thirty-seventh Series B Refunding Bonds:

	Thirty-seventh Series B Refunding Bonds
Sources:	
Par Amount	
Net Original Issue Premium	
Transfer from Debt Service Fund	
Total Sources	
Uses:	
Escrow Fund	
Underwriters’ Discount	
Cost of Issuance	
Total Uses	

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ANNUAL DEBT SERVICE REQUIREMENTS

The following table sets forth the annual debt service requirements of the Authority for all Bonds outstanding, not including the Thirty-seventh Series B Refunding Bonds but including bonds that may be refunded with the Thirty-seventh Series B Refunding Bonds.

Period Ending <u>May 31</u>	Existing Authority Debt <u>Service (\$)</u> ¹	Existing DWSRF Debt <u>Service (\$)</u> ²	Thirty-seventh Series B Refunding Bonds <u>Principal (\$)</u>	Thirty-seventh Series B Refunding Bonds <u>Interest (\$)</u>	Aggregate <u>Debt Service (\$)</u>
2024		502,695			502,695
2025	44,673,605	1,996,047			46,669,652
2026	44,675,669	1,996,048			46,671,717
2027	44,675,298	1,996,048			46,671,346
2028	44,673,722	1,996,048			46,669,770
2029	44,701,221	1,996,047			46,697,268
2030	44,669,662	1,996,047			46,665,709
2031	44,675,154	1,996,047			46,671,201
2032	44,672,468	1,996,047			46,668,515
2033	44,671,163	1,996,048			46,667,211
2034	44,672,036	1,996,048			46,668,084
2035	31,874,932	1,996,049			33,870,981
2036	31,820,849	1,996,047			33,816,896
2037	31,964,131	1,918,975			33,883,106
2038	32,323,494	1,564,951			33,888,445
2039	30,682,535	8,147,566			38,830,101
2040	17,668,535	442,237			18,110,772
2041	15,399,354	398,280			15,797,634
2042	12,794,030	83,308			12,877,338
2043	10,304,135	-			10,304,135
2044	10,312,139	-			10,312,139
2045	8,548,137	-			8,548,137
2046	6,752,625	-			6,752,625
2047	5,814,975	-			5,814,975
2048	5,816,275	-			5,816,275
2049	5,363,850	-			5,363,850
2050	5,367,750	-			5,367,750
2051	2,929,600	-			2,929,600
2052	2,931,750	-			2,931,750
2053	1,169,375	-			1,169,375
2054	1,173,625	-			1,173,625
TOTAL	717,772,094	37,010,583	-	-	754,782,677

¹ The Authority issues Water System Revenue Bonds to finance capital projects and provide certain restricted funds, as required by the General Bond Resolution. Annual debt service payments are made in August and February.

² The Authority participates in the State of Connecticut's Drinking Water (DWSRF) programs. The above table sets forth the annual debt service requirements of the Authority for all DWSRF debt service. Monthly debt service payments are made.

Note: Amounts may not total due to rounding.

DESCRIPTION OF THE AUTHORITY

General

The Authority is a public corporation that was created by the Connecticut General Assembly in 1977 as a public instrumentality and political subdivision of the State. The Authority was established for the primary and public purpose of providing and assuring the provision of an adequate supply of pure water and the safe disposal of wastewater at a reasonable cost within the District and, to the degree consistent with the foregoing, of advancing water conservation and the conservation and compatible recreational use of land held by the Authority as well as conducting and investing in non-core businesses that are related to water, environment, agriculture or energy, excluding wind energy sources.

The Act provides specifically that the Authority may acquire, hold, develop and maintain real estate and waters for conservation and compatible active and passive recreational purposes and may levy charges for such uses. The day-to-day management of Water System operations is conducted by its operating staff (the “Operating Staff”). The Authority’s fiscal 2024 budget presently allows for the employment of 289 full-time equivalents (excluding seasonal temporary personnel and subsidiary employees).

The Authority consists of five members who are residents of the District, are not members of the RPB and are appointed without regard to political affiliation. Members are appointed by the RPB to serve for staggered five-year terms. Pursuant to the Act, the Authority members elect its chairperson for a two-year term; the Authority’s vice-chairperson, secretary and treasurer are elected by the Authority members for one-year terms.

The members of the Authority and certain information concerning them is set forth below.

<u>Name</u>	<u>Residence</u>	<u>Term Expires January 1</u>	<u>Affiliations</u>
David J. Borowy Chairperson	Cheshire	2027	In-charge of the northeast territory for Jackson-Hewitt Tax services. Served on South Central Connecticut Regional Water Authority Representative Policy Board (RPB) for thirteen years, including three years as the Chairman, three years as the Vice Chairman, and Chair of the RPB Finance Committee for five years. Elected Town Councilman in Cheshire for 16 years, 12 years serving as budget committee Chair, and the last two years serving as Mayor and Town Council Chair. Serves as Project Chair for the Cheshire Chamber of Commerce and other boards. He is a member of the National Association of Corporate Directors and of American Water Works Association.
Kevin J. Curseaden Vice Chairperson	Milford	2028	Partner at Carroll, Curseaden & Moore focusing on property law; Served on South Central Connecticut Regional Water Authority Representative Policy Board (RPB) for 10 years and as chairperson of the RPB for 2 years; Served in the Army Reserve since 2000 with deployment in both Kosovo and Northern Iraq. He also serves on the board of United Way of Milford.
Catherine E. LaMarr Secretary/Treasurer	New Haven	2026	Deputy Corporation Counsel responsible for transactions and policies for the City of New Haven. Prior to joining the City’s Office of the Corporation Counsel, served as the General Counsel for the Office of the Connecticut State Treasurer for 20 years and was also in private practice for several years. Founding board member of the Connecticut Center for Arts and Technology and serves as the Treasurer of the ConnCAT board.
Mario Ricozzi	Branford	2029	Over 30 years of experience in the Design, Operation, Maintenance, and Management of Infrastructure and the customer experience for various municipalities and utilities including the Greater New Haven Water Pollution Control Authority, the City of Danbury, and the Village of Mamaroneck, New York. Mario spent several years in private practice with the consulting engineering firm Greiner, Inc. He has served on several Boards of Directors of professional and technical organizations including the American Society of Civil Engineers, Connecticut Water Works Association, and the Connecticut Society of Civil Engineers among others. He has been a volunteer in Branford, serving as the Branford Representative on the South Central Connecticut Regional Water Authority Representative Policy Board, as the chair of the Recycling and Solid Waste Commission and as a member or chair of various task committees related to improving the Town’s infrastructure. Mario received his Bachelor of Civil Engineering degree from the Georgia Institute of Technology,

<u>Name</u>	<u>Residence</u>	<u>Term Expires January 1</u>	<u>Affiliations</u>
Suzanne Sack	Killingworth	2025	is a Licensed Professional Engineer and is a Fellow of the American Society of Civil Engineers. Investment Committee of the Board of Directors of the State University of New York Oswego Foundation and Treasurer and Chair of the Finance Committee of the Haddam-Killingworth Board of Education. She has a Twenty-five year career in the financial services industry.

The Authority's headquarters are located at 90 Sargent Drive, New Haven, Connecticut 06511 (203-562-4020). The Authority's website is www.rwater.com.

Principal members of the Operating Staff/Management are presented below:

<u>Name</u>	<u>Position</u>	<u>Years of Service</u>	<u>Background</u>
Larry L. Bingaman	President and Chief Executive Officer	15	Mr. Bingaman holds a Bachelor of Science degree in business administration from California State University at Long Beach and an executive MBA from the University of New Haven (UNH). He is currently pursuing a PhD in Leadership and Change from Antioch University. Prior to joining the Regional Water Authority in 2009, and beginning in 1990, he served in various capacities of increasing responsibilities at Aquarion Water Company, one of the seven largest investor-owned water utilities in the United States. From 2004, he was Senior Vice President in charge of operations for the Massachusetts-New Hampshire division of Aquarion. Mr. Bingaman leads with a keen focus on sustainable and conscious business practices and is long active in community and water industry associations. Mr. Bingaman is currently on the board of AdvanceCT and is a member of the Greater New Haven Regional Leadership Council. He is a past member of and board chair for the Greater New Haven Chamber of Commerce and serves on Southern Connecticut State University's (SCSU) Executive Business Advisory Council in addition to chairing the SCSU President's Community Advisory Board and its Public Utility Management Degree Program Advisory Council. Mr. Bingaman is a 2016 inductee into Gateway Community College's (GCC) Hall of Fame and received the college's Corporate Award for his commitment, dedication and support of higher education and social change. An honorary doctorate of humane letters was conferred upon him at SCSU's commencement for the School of Business in 2021, and an honorary associate's degree was conferred upon him at GCC's commencement in 2018. Mr. Bingaman is also a 2018 honorary member of SCSU's Delta Mu Delta Business Honor Society for leadership in ethics, integrity and purpose, and a 2019 inductee into the University of New Haven's Honor Society for Experiential Education for his conscious leadership. He is also a 2017 inductee into Junior Achievement's New Haven Business Hall of Fame for his contributions to the prosperity of the region through his leadership in business and the community. Mr. Bingaman and his wife are 2017 Alexis de Tocqueville Society award recipients for their personal leadership, contributions and long-time commitment to United Way and the community at large. Mr. Bingaman is also the 2019 recipient of the Greater New Haven Chamber's Community Leadership Award and the 2019 School for Ethical Education's John Winthrop Wright

<u>Name</u>	<u>Position</u>	<u>Years of Service</u>	<u>Background</u>
			Ethics in Action Award for his commitment to ethics in his personal and professional life. He is one of the first 100 founding members of the Conscious Capitalism Senior Leader Network, and founder and board chair emeritus for the Connecticut Chapter of Conscious Capitalism.
Rochelle Kowalski	Vice President and Chief Financial Officer	10	Ms. Kowalski holds a Bachelor of Arts degree from Russell Sage College and a Master's degree in Economics from Trinity College. She has held financial leadership positions at American Water, a large investor-owned water and wastewater utility company, AT&T, and Lucent Technologies and also has independent consulting experience. Ms. Kowalski is a member of Financial Executives International, the Financial Executives Networking Group, the American Water Works Association (AWWA), and since June, 2015 has been the Treasurer of the Connecticut Section of AWWA.
Sunder (Sunny) Lakshminarayanan	Vice President of Engineering and Environmental Services	2	Mr. Lakshminarayanan holds a Bachelor's of Science degree in civil engineering from the University of Madras in India and dual master's degrees in business administration – finance from the New Jersey Institute of Technology and a Master of Science degree in civil/environmental engineering from Northeastern University. He has held a variety of roles, of increasing responsibility, focused on water and wastewater, in top engineering consulting firms in the United States and senior executive positions for two international design-build firms, having responsibilities for strategic planning, engineering and construction.
Premjith (Prem) Singh	Chief Information Officer and Vice President of Customer Care	4	Mr. Premjith (Prem) Singh holds a Bachelor's degree in computer science and engineering from the University of Madras in India, and a Master's degree in management of technology from Fairfield University in Connecticut. Prem has significant expertise in helping companies develop innovative, agile digital solutions that transform their business and allow them to better meet the needs and expectations of customers. Before joining the Authority, he worked at National Grid, where he served as chief information officer and vice president of information technology, leading technology innovation, business transformation and digital integration for the global organization, in addition to creating a Transformation Office focused on organizational change and strategic design. Prior to National Grid, Prem served in various technology and business transformation leadership roles at Avangrid/UII Holdings Corporation.
James Hill	General Manager and Head of Operations	23	Mr. Hill has more than 30 years of water industry experience and has been with the Authority for more than 20 years. Most recently he served as Interim Head of Operations. Prior to joining the Authority he worked at the Connecticut Water Company, where he served as Chief Operator, and Manchester Water and Sewer. During his time at the Authority, he has focused on adding automation, improving water quality, and enhancing system resilience to deliver high-quality water. Mr. Hill has a bachelor's degree in geology and geophysics from the University of Connecticut, and has published scholarly articles in geology and in the water utility field.
Elizabeth Calo	General Manager and Head of Human Resources	1	Ms. Calo previously served as Senior Director, Employee Relations & HR Operations. Prior to joining the Authority, she served in Human Resources positions with nationally known companies, including NAPA Auto Parts, Ceridian HCM and The Home Depot. Over her extensive career spanning more

<u>Name</u>	<u>Position</u>	<u>Years of Service</u>	<u>Background</u>
			than two decades in the Human Resources field, she has concentrated on cultivating inventive methods to enhance collaboration within cross-functional, regional talent pools to optimize performance levels and facilitate business process improvements. Ms. Calo holds a master's degree in business administration from the University of Phoenix and a Fairfield University certification in Human Resource management and personnel administration.

In the fiscal year 2024 budget, approximately 121 non-management members of the Operating Staff are members of the United Steelworkers, Local Union 12160. The collective bargaining agreement for Local Union 12160 expired on April 15, 2023, with successive one year renewals unless one of the parties gives written notice to the other to terminate. Annual wage increases, through those effective in May 2022, are included in the prior agreement. Negotiations are under way regarding a new agreement.

Management members of the Operating Staff participate in professional organizations, including the Connecticut Section of the American Water Works Association, Connecticut Water Works Association, and other related associations. The Authority provides reimbursement for tuition payments to employees for studies related to their professional responsibilities and conducts in-house technical, clerical and management training programs for all employees.

Powers of the Authority

Subject to the approval of the Representative Policy Board (the “RPB”), the Act authorizes the Authority, among other things, (i) to acquire any existing water supply system situated within the District by means including the purchase of all the stock, assets and franchises of any existing water company and to succeed to all rights, powers and franchises of such company, (ii) to establish just and equitable rates or charges for use of the Water System to be paid by any customer and to change such rates or charges from time to time so as to provide revenues sufficient to pay the cost of maintaining, repairing and operating the Water System, the principal of and interest on bonds of the Authority when due, to meet other requirements of the General Bond Resolution authorizing such bonds, to make payments-in-lieu-of-taxes (“PILOT”) and to provide for the maintenance, conservation and appropriate recreational use of land of the Authority, and (iii) to issue bonds for any of its corporate purposes and to secure their payment by a lien or pledge covering all or part of its contracts, earnings or revenues. The issuance of bonds to refund outstanding bonds of the Authority is not subject to the approval of the RPB.

The Authority may not sell water to customers in any part of the District in which any other water company has a franchise, or in which a municipality operates a water system, without the consent of such company or municipality. The Authority may exercise the power of eminent domain in furtherance of its corporate purposes. However, it lacks the power to acquire by eminent domain property owned by the State, any municipality or any existing water supply system. In addition, the Authority has all of the powers granted by Connecticut law to stock corporations, except the power to issue stock.

In 2002, the Connecticut General Assembly amended the Act to permit the Authority to provide wastewater services. The revenues, expenses and liabilities of such wastewater services shall be kept separate and apart from the revenues, expenses and liabilities of the water system. Currently, the Authority does not provide, nor does it contemplate providing such wastewater services.

In 2017, the Connecticut General Assembly amended the Act to permit the Authority to conduct and invest, to the degree consistent with the foregoing purposes, in non-core businesses which are defined as activities to be located on property other than class I or class II land owned by the Authority that is related to water, environment, agriculture or an energy project consisting of either a class I renewable energy source or a class III energy source but excluding wind sources. The Authority’s investment in such activities shall not exceed five per cent of the Authority’s net utility plant devoted to water supply and distribution and wastewater collection and treatment unless approved by the RPB.

In 2018, the Connecticut General Assembly amended the Act to permit the Authority to expedite procedures and notice periods in the event of an emergency, as defined within the Act.

Powers of the Representative Policy Board

The RPB is composed of one member from each of the municipalities comprising the District, appointed by the chief elected official of such municipality and approved by its legislative body, and one member appointed by the Governor. Each member's voting power is weighted under a formula based upon each municipality's proportion of the District's total number of customers and Authority-owned land area. No member has more than 13 of the current total 101 weighted votes on the RPB. The Act provides that the RPB is empowered among other things, to appoint the five members of the Authority; to approve (i) the acquisition of any existing water supply system or wastewater system, (ii) the repair, improvement, construction, reconstruction, enlargement or extension of any of the Authority's properties or systems costing more than \$2,000,000, (iii) the acquisition of or subsequent investment in any noncore business costing more than \$1,000,000, (iv) the rates and charges established by the Authority and (v) the issuance of new money bonds; and to ratify the chief executive officer appointed by the Authority.

Pursuant to the terms of the Act, the RPB has established an Office of Consumer Affairs to act as the advocate for consumer interests with regard to matters such as rates, water quality and supply. The expenses of the Office of Consumer Affairs are paid by the Authority. Attorney Jeffrey M. Donofrio, with the law firm of Ciulla & Donofrio, LLP, in North Haven, Connecticut, currently holds such office.

WATER SYSTEM SERVICE AREA

Service Area

As of May 31, 2023, the Water System serves approximately 120,300 customers, representing approximately 430,000 individuals in fifteen municipalities in the south central region of the State. This Service Area includes all or portions of Ansonia, Bethany, Branford, Cheshire, Derby, East Haven, Hamden, Milford, New Haven, North Branford, North Haven, Orange, Seymour, West Haven and Woodbridge, which have an aggregate population of approximately 502,000 persons. In addition, the Authority provides water to about 148 customers and owns land in the Town of Wolcott. The Authority also owns land in the District towns of Beacon Falls, Guilford, Killingworth, Madison and Prospect, but serves no customers in those municipalities. The Authority owns land in Durham and Haddam, as well. See the inside back cover of this Official Statement showing the map of the District.

The Authority furnishes water pursuant to wholesale agreements with Aquarion Water Company ("Aquarion") providing for the sale of not less than 200 million gallons per year and with the City of Meriden providing for the sale of not less than 0.25 million gallons per month. The Aquarion contract is in effect until December 2025 and may be renewed at Aquarion's option for one additional 10-year period. Additionally, the Authority sells small quantities of wholesale water to Aquarion under "take and pay" agreements estimated at 49 million gallons annually for the upcoming fiscal year. The Authority provides water to the City of Meriden under an agreement under review. The Authority also has emergency interconnection agreements with the towns of Southington and Wallingford.

The Authority also furnishes water to the Connecticut Water Company for a capacity reservation of one million gallons per day maximum in exchange for 14 annual payments of \$75,000 each, with fiscal 2021 being the last year for such \$75,000 payment, as well as water at a wholesale rate. This agreement remains in effect for 50 years from initially commencement and will automatically renew for successive 20 year terms unless either party gives written notice five years prior to expiration. Based on these agreements and year-to-date consumption, wholesale revenues are expected to be approximately \$1 million in fiscal year 2024.

Accessibility to the District is provided by Interstates 91 and 95, the Boston Post Road (U.S. 1), the rail lines of MetroNorth and Amtrak, and the Tweed New Haven Municipal Airport. New Haven Harbor is the largest commercial port on Long Island Sound, and the third busiest in New England.

The City of New Haven is the most populous municipality within the Service Area.

Yale New Haven Hospital, Inc., Yale-New Haven Hospital Saint Raphael Campus, the Veterans' Administration Healthcare System, the Milford Hospital and the Griffin Hospital form the nucleus of the medical and health care services available in the Service Area.

The Yale University complex of colleges, libraries, museums, theaters, and athletic venues provide a wide range of facilities and services to the people of the region and employs approximately 17,600 people. The total compensation, including employee benefits, to its employees approximates \$3.1 billion annually. There are four other colleges and universities in the Service Area which, together with Yale University, have an aggregate student population of approximately 41,100.

The Service Area is served by four major utilities: Frontier Communications, the United Illuminating Company and the Southern Connecticut Gas Company, both subsidiaries of Avangrid, and the Authority. Smaller portions of the Service Area are served by other utilities.

In addition to the above-mentioned service institutions, the Service Area economy includes a diversified mix of industry and commerce.

The following table presents information on the number of employed persons who reside in the municipalities in the Service Area.

EMPLOYMENT OF RESIDENTS IN SERVICE AREA*

<u>City/Town</u>	<u>Dec. 2021</u>	<u>Dec. 2022</u>	<u>Dec. 2023</u>
Ansonia	8,713	8,718	8,611
Bethany	3,193	3,199	3,171
Branford	16,160	16,189	16,047
Cheshire	15,830	16,858	15,719
Derby	6,295	6,299	6,221
East Haven	15,700	15,728	15,591
Hamden	35,405	35,468	35,158
Milford	29,734	29,753	29,388
New Haven	64,679	64,795	64,228
North Branford	8,281	8,296	8,224
North Haven	13,538	13,563	13,444
Orange	7,430	7,443	7,378
Seymour	8,561	8,566	8,461
West Haven	30,039	30,093	29,829
Woodbridge	4,674	4,677	4,620
Total	268,232	269,645	266,090
Percentage Change From Prior Period	8.8%	0.5%	-1.3%
Connecticut residents employed in Connecticut	1,841,798	1,840,159	1,813,000
Percentage Change From Prior Period	9.0%	-0.1%	-1.5%

* Compiled and computed from reports by the Connecticut Department of Labor – Office of Research and the Connecticut Department of Economic and Community Development, Compliance Office and Planning/Program Support for 2021. 2022 and 2023 are from Connecticut Department of Labor – Office of Research as of December 2023.

For certain other information concerning the municipalities in the Service Area, see the tables below.

POPULATION IN SERVICE AREA

City/Town	Estimated Population and Percentage Change in Period				Estimated Population Supplied and Percentage Change in Period			
	2020 ^(a)	% Change	2021 ^(b)	% Change	2022 ^(c)	2022 ^(d)	% Change	2023 ^(e)
	Ansonia	18,902	-0.46%	18,815	0.57%	18,923	18,034	0.22%
Bethany	5,294	-0.11%	5,288	-0.21%	5,277	10	0.00%	10
Branford	28,220	-0.16%	28,176	-7.20%	26,148	27,954	0.24%	28,022
Cheshire	28,728	-0.35%	28,628	1.28%	28,994	23,803	0.58%	23,942
Derby	12,326	-0.42%	12,274	0.68%	12,358	10,791	0.28%	10,821
East Haven	27,874	-0.25%	27,804	-0.44%	27,682	27,874	-0.25%	27,804
Hamden	61,065	-0.23%	60,923	-0.19%	60,809	54,543	0.04%	54,565
Milford	51,954	0.84%	52,390	0.55%	52,679	51,954	0.13%	52,019
New Haven	134,052	0.77%	135,081	2.84%	138,915	123,839	-0.08%	123,746
North Branford	13,535	-0.27%	13,498	-0.25%	13,464	5,156	-0.25%	5,143
North Haven	24,237	-0.28%	24,169	-0.23%	24,114	21,252	0.67%	21,394
Orange	14,255	-0.06%	14,246	-9.16%	12,941	10,967	0.20%	10,989
Seymour	16,707	-0.17%	16,679	0.78%	16,809	805	-0.25%	803
West Haven	55,536	-0.44%	55,294	-0.52%	55,004	51,841	0.04%	51,860
Woodbridge	<u>9,074</u>	<u>-0.32%</u>	<u>9,045</u>	<u>0.07%</u>	<u>9,051</u>	<u>1,406</u>	<u>0.21%</u>	<u>1,409</u>
Total	501,759	0.11%	502,310	0.17%	503,168	430,229	0.09%	430,601

- (a) The State of Connecticut Department of Public Health estimates as of July 1, 2020.
 (b) The State of Connecticut Department of Public Health estimates as of July 1, 2021.
 (c) The State of Connecticut Department of Public Health estimates as of July 1, 2022.
 (d) Estimated by the Authority as of May 31, 2022, respectively.
 (e) Estimated by the Authority as of May 31, 2023, respectively.

UNEMPLOYMENT IN SERVICE AREA^(a)

City/Town	Dec. 2020	Dec. 2021	Dec. 2022	Dec. 2023
Ansonia	11.5	6.7	4.7	5.1
Bethany	6.1	2.8	2.9	3.4
Branford	6.0	3.3	2.7	3.1
Cheshire	4.8	0.3	2.4	2.7
Derby	10.2	5.3	3.6	5.2
East Haven	7.7	4.7	3.4	4.0
Hamden	6.9	3.8	2.8	3.3
Milford	7.5	3.9	3.1	3.6
New Haven	9.4	5.0	3.4	4.2
North Branford	5.3	4.1	2.8	3.1
North Haven	6.0	3.0	2.9	3.3
Orange	5.7	3.1	2.7	2.7
Seymour	7.8	4.5	3.6	4.2
West Haven	8.2	4.4	3.3	3.9
Woodbridge	5.6	2.5	2.5	3.1
State of Connecticut	7.7%	4.3%	3.2%	3.9%
United States	6.5%	3.7%	3.3%	3.5%

- (a) Compiled from reports by the Connecticut Department of Labor-Office of Research and the Connecticut Department of Economic and Community Development, Compliance Office and Planning/Program Support for 2020, 2021, 2022 and 2023 are from Connecticut Department of Labor Office of Research (2022 benchmark) as of December, 2023.

NUMBER OF NEW HOUSING UNITS IN SERVICE AREA^{*(a)}

<u>City/Town</u>	Dec. 2018	Dec. 2019	Dec. 2020	Dec. 2021	Dec. 2022
Ansonia	4	0	0	1	8
Bethany	34	5	6	7	5
Branford	6	12	24	27	19
Cheshire	17	11	26	37	141
Derby	2	2	6	7	(9)
East Haven	5	32	8	2	7
Hamden	35	71	48	0	(20)
Milford	141	164	135	188	60
New Haven	382	684	736	292	509
North Branford	17	10	4	14	8
North Haven	36	15	10	10	44
Orange	17	20	16	29	121
Seymour	3	5	5	8	43
West Haven	0	53	5	4	0
Woodbridge	(1)	4	3	13	8
Total	698	1,088	1,032	639	944
Percentage Change Over Prior Period ^(a)		55.8%	-5.1%	-38.1%	47.7%
State of Connecticut	3,590	5,026	4,971	4,085	4,991
Percentage Change Over Prior Period		40.0%	-1.1%	-17.8%	22.2%

^(a) Negative net gains are the result of demolitions exceeding housing starts.

* Source: State of Connecticut Department of Economic and Community Development.

Customers

As of May 31, 2023 the Water System provided water service to approximately 120,300 customers. The number of customers has had minimal growth over the past few years. (See table, “WATER REVENUES, CONSUMPTION AND CUSTOMERS BY CLASS”).

Customers of the Water System are classified according to the nature of their use of water. All homes, dormitories and apartment buildings are classified as residential, all manufacturing enterprises in which water is used as part of the manufacturing process are classified as industrial, and all business and institutional enterprises other than those classified industrial are classified as commercial. Water sales to governmental units are classified as sales to public authorities. Residential use during fiscal year 2023 accounted for approximately 70% of water consumption and approximately 69% of water revenues.

Excluding its wholesale customers the following table ranks the Authority's ten largest customers, based on their consumption. In fiscal year 2023, these ten customers represented 9.5% of the Water System's total consumption and 6.48% of its revenues.

TEN LARGEST CUSTOMERS IN SERVICE AREA

<u>Rank</u>	<u>Customer</u>	Percentage of FY 2023 Consumption	Percentage of FY 2023 Revenues
1	Yale University	4.5%	3.3%
2	Milford Power Company	1.0%	0.6%
3	Yale New Haven Hospital	0.9%	0.7%
4	Connecticut Department of Corrections - Cheshire	0.9%	0.6%
5	Quinnipiac University	0.5%	0.4%
6	VA Connecticut Healthcare System - West Haven	0.4%	0.3%
7	PSEG Power CT	0.4%	0.3%
8	Southern Connecticut State University	0.4%	0.3%
9	Bozzuto's Warehouse Inc.	0.3%	0.2%
10	Medtronic	0.3%	0.2%
Total		9.5%	6.8%

Note: Amounts might not total due to rounding.

The following table sets forth certain information concerning revenues and consumption by class of customer for each of the last five fiscal years. While there are year-over-year fluctuations, there is an overall declining trend in customer consumption.

WATER REVENUES, CONSUMPTION AND CUSTOMERS BY CLASS

Revenues From Sales of Water:	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022⁽⁴⁾</u>	<u>FY 2023⁽⁵⁾</u>
Residential.....	\$77,696,545	\$79,824,120	\$86,527,376	\$83,756,583	\$88,270,192
Commercial.....	17,679,580	19,148,612	16,838,630	18,317,324	19,505,376
Industrial.....	1,715,445	2,183,348	2,081,601	1,820,356	2,430,726
Public Authority.....	2,926,844	2,529,522	2,564,286	3,069,634	3,400,775
Other ⁽¹⁾	<u>12,387,540</u>	<u>13,086,548</u>	<u>13,278,911</u>	<u>13,724,387</u>	<u>14,370,906</u>
Total.....	\$112,405,954	\$116,772,150	\$121,290,804	\$120,688,284	\$127,977,975
 Gallons Used (in thousands):					
Residential.....	9,469,539	9,236,660	10,250,130	9,456,044	9,449,581
Commercial.....	2,963,449	2,939,900	2,576,055	2,637,572	2,724,731
Industrial.....	299,415	392,358	358,881	292,446	397,095
Public Authority.....	655,272	593,483	548,401	575,762	633,909
Other ⁽²⁾	<u>306,799</u>	<u>288,352</u>	<u>354,892</u>	<u>425,080</u>	<u>391,580</u>
Total.....	13,694,474	13,450,753	14,088,359	13,386,904	13,596,896
 Number of Customers:					
Residential.....	108,928	109,175	109,390	109,556	109,746
Commercial ⁽⁶⁾	6,671	6,627	6,633	6,585	6,573
Industrial.....	222	223	219	217	217
Public Authority ⁽⁶⁾	596	597	597	645	641
Other ⁽³⁾	<u>3,054</u>	<u>3,065</u>	<u>3,115</u>	3,127	<u>3,148</u>
Total.....	119,471	119,687	119,954	120,130	120,325

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- (1) Includes private and public fire protection services, miscellaneous unmetered sales and wholesale sales.
 - (2) Includes miscellaneous unmetered use and wholesale use.
 - (3) Includes private and public fire protection customers and wholesale customers.
 - (4) Includes an estimated adjustment to reporting due to the January 2022 conversion to monthly billing.
 - (5) Preliminary estimate subject to change.
 - (6) Includes reclassification of 48 accounts from Commercial to Public Authority in FY 2022.

Other Activities

The Authority provides various fee-based services on a regional or local basis. For example, it offers its customers service protection plans, PipeSafe Water, PipeSafe Sewer or Septic, and PipeSafe Complete, covering, respectively, the water line that runs from the curb to customer’s residence, covering the sanitary sewer line that runs from the sewer main or septic to the customer’s residence, and in-door plumbing protection program in combination with water and sewer or septic. Another example is the Authority providing laboratory testing services for other water utilities.

WATER SYSTEM

Supply and Facilities

The existing water supply for the Authority's Water System is obtained from watersheds that are between the Housatonic River and the Connecticut River and extend from close to Long Island Sound to about 20 miles inland.

Safe yield means the maximum dependable quantity of water per unit of time which may flow or be pumped continuously from a source of supply during a critical dry period without consideration of available water limitations. The Authority completed updated safe yield modeling of its active surface water sources in 2019. The total Safe Yield of all active sources is 83.0 million gallons per day (“MGD”). The Authority has identified treatment and distribution system limitations at some of its supply sources. The total Available Water for all Authority supplies, which is defined by the Connecticut Department of Public Health (“DPH”) as the amount of water that the Authority can dependably supply, taking into account limitations on Safe Yield, is 77.2

MGD. The Authority's Available Water is approximately 16.3 MGD greater than the highest historical annual average daily draft in the Authority's service area of 60.9 MGD in 1988. The water supply is currently obtained from four active surface water supply systems, which provide approximately 85% of available water, and seven well fields.

All of the Authority's active sources are authorized by the Connecticut Department of Energy & Environmental Protection (the "DEEP") under the Water Diversion Policy Act. The Act included provisions allowing owners to register historical diversions of water, which allows continued use of these sources without any expiration date. Any new or modified diversions of water occurring after 1983 must be approved by the DEEP through a permitting process. All of the Authority's surface water supply sources and most of the groundwater supply sources have been registered with the DEEP, for a combined authorized diversion of 168.3 MGD. Additionally, the Authority operates two active wells under diversion permits issued by the DEEP, for an authorized total of 3.8 MGD. One of these permits expired in 1994; although a renewal application was filed in 1994, the DEEP approval is still officially pending. Approval of a current update to the permit application, as requested by DEEP in 2020 is pending. The other well diversion permit expires in 2035. Additionally, the Authority owns several inactive sources of supply with a total available diversion of 12.1 MGD registered under the Water Diversion Policy Act. Diversion permits are also held for several distribution system interconnections with neighboring water systems, including Connecticut Water Company, Aquarion Water Company, and municipal systems owned and operated by Meriden, Southington, and Wallingford.

Presently, the Authority's water is treated at 11 water treatment facilities producing drinking water from a combination of surface water and groundwater sources. Four of the water treatment facilities treat surface water sources and seven facilities treat groundwater sources. These facilities employ disinfection (chlorine), fluoridation and corrosion control treatment steps. In addition to the treatment supplied by this chemical feed equipment, water processed in the surface water treatment facilities is treated by filtration.

The treated water is delivered to customers through a system of pumping stations, storage tanks and connecting transmission and distribution mains, separated into 24 major distribution pressure systems. As of May 31, 2022, the Authority's distribution and transmission facilities included the following: 36 facilities with pumping equipment, 35 storage tanks including two covered reservoirs, and approximately 1,725 miles of distribution mains.

The Water System has pumping equipment installed to pump water from reservoirs and wells through necessary treatment facilities and throughout the distribution system. The water in the storage tanks serves as a reserve of treated water for fire protection, to meet peak system demands and to maintain uniform pressure in the system.

Approximately 23.5% of the mains in the Water System are less than 40 years old, and approximately 44% of the mains are less than 60 years old.

Because of the chemical characteristics of the Water System's water supply, the inside of the mains is exposed to a small amount of corrosive action that produces deterioration. Since 1956, the Authority has installed water mains in the Water System that have a factory-applied protective cement lining that prevents this deterioration. In addition, the Authority has a long standing annual main rehabilitation program which lines, *in-situ*, certain of its existing transmission and distribution mains with protective cement. The program was evaluated as part of the review, and an update of the Underground Asset Management Plan in fiscal 2020 was conducted based on the reduction in size, which was weighted against cost, risk, and remaining life criteria. Less than an estimated 122 miles of pipe remain eligible for the program, of the original 704 miles of unlined pipe in the system, resulting in only 17% of completely unlined pipe in the system. Due to increased capital allocations for other projects, the program remains deferred to fiscal 2027. This is due to focusing on projects prioritized with a higher need. These programs are continuously reviewed to evaluate the impacts, and given our historical investment in the distribution system, deferral of this work at this time will not have a significant impact to the overall system. Also, the remaining unlined mains will be scheduled for cleaning and lining as necessary.

The Authority provides water for fire protection in the 15 municipalities that it serves, delivered through fire hydrants, approximately 64% of which are owned by the respective municipalities.

The Authority regularly “flow-tests” the system to determine its operating characteristics and capacity. This allows the Authority to identify systems and individual pipelines needing further testing. If a segment of pipeline is found to be flow-restricted, the Authority either rehabilitates it or replaces it. In 2021 a complete update of the Authority’s water distribution system hydraulic model was completed. This tool provides information on critical mains, hydraulic restrictions, and potential areas for system growth. When paired with system demand forecasting, this tool is leveraged to inform capital improvements projects in the water distribution-system.

Assuming the completion of anticipated improvements and replacements, the Authority believes that the capacity and capability of the Water System to supply water is sufficient for the present and projected needs of its customers during the planning period extending through May 31, 2029. Management will consider various improvements, as needed, to meet additional customer demand.

Monitoring Facilities

The Authority receives and stores data showing standpipe water levels, well and pumping station status, system pressures and the status of pressure-reducing valve installations. Its operators control the flow and pressure of water in the system through use of computer commands to meet fluctuating customer requirements and system demands. The Authority has completed a Remote Telemetry Unit (RTU) Upgrade project to enhance the controls and communications at each remote station as well as in the process of implementing new high-performance graphics in the Control Room. The Project will allow for better monitoring and control of the water distribution system.

Climate Risk

Numerous scientific studies have detailed changing global weather patterns and the potential for increasing extreme weather events across the world. The Authority’s location in southern Connecticut on the Long Island Sound increases its vulnerability to flooding, including storm water flooding. In addition to flooding, the Authority faces other threats due to climate change, including damaging wind that could become more severe and frequent, extreme precipitation events and short term droughts. The Authority cannot predict the timing, extent or severity of climate change and its impact on its operations and finances.

The Authority is well positioned to address increasing climate variability forecasts for the northeast United States, such as more frequent extreme precipitation events and short-term droughts. The high storage volumes associated with the Authority’s system of reservoirs provides the ability to both capture high storm flows and store water to withstand drought periods. Water levels at Authority reservoirs are monitored remotely and used for both operational and planning purposes. Dams are inspected and maintained regularly in compliance with state regulations, with Emergency Action Plans for all high hazard dams. Other ongoing climate risk mitigation strategies and tools include the following:

- Maintaining a Business Continuity Plan and Incident Management Plan to respond to extreme weather events;
- All water supply facilities and major pump stations have emergency backup power systems;
- Distribution tank mixing systems and reservoir aeration systems to address water quality impacts related to rising temperatures;
- Table-top exercises are conducted for extreme weather events, including tornadoes and a high hazard dam failure;
- A project to rehabilitate a 160-year-old dam to enhance its stability in extreme flooding conditions and to mitigate droughts is in design and with construction expected to begin in fiscal 2025.
- Installation of corrosion-proof high-density polyethylene (HDPE) pipe in areas of our distribution system that are vulnerable to sea level rise, with the goal of replacing all pipes in these areas with HDPE
- In-house forestry and invasive species experts monitor and manage impacts of invasive species that may proliferate in a warming climate

- A water supply watershed land acquisition program to lessen land development impacts on source water quality that may be exacerbated by a warming climate
- Regular seasonal monitoring of reservoir water quality to ensure that climate-driven changes are detected

Maintenance

The Authority has set out to update and improve asset management and maintenance as a part of the strategic business plan since 2015 and remains a strategic focus. Each facility in the water system receives periodic corrective and preventative maintenance. Annual, quarterly, monthly, or bi-weekly site inspections are conducted by Authority staff at each water system facility using a programmatic approach to maintenance. Follow-up work to correct or improve the facility is scheduled subsequent to these inspections, as needed. Annual inspections are conducted on all Authority owned fire hydrants. Distribution system valves are exercised regularly using a systematic approach to maintenance.

Water Loss Control

The net unaccounted-for water for Fiscal Year 2023 amounted to 1.925 billion gallons, or 11.65% of water produced and admitted into the Water System. The Authority tracks the annual rolling average of gross and net unaccounted for water, on a monthly basis. This allows for the identification of trends in unaccounted for water prior to the end of the year and the Authority to take corrective measures proactively.

The Authority established a program to address unaccounted-for water in 2009 and continues to make improvements to the program by testing master meters, pursuing new or improved sources of data, performing leak detection, and updating the unaccounted-for water calculation and data tools. The Authority has reported that their Source Flow Meter accuracy-testing program, established in 2004 revealed that inaccuracies in the reported production volumes as measured at the Authority's Source Flow Meters have resulted in the reporting of inaccurately high values of unaccounted-for water. The Authority reports: (1) it has completed accuracy testing for all of its ten Source Flow Meters (completed August 2011) and continues testing on a periodic basis; (2) has replaced the Source Flow Meters at its two largest surface water treatment plants (June 2013); and (3) has undertaken an evaluation of its options for corrective actions for the other Source Flow Meters. The calculated error has been incorporated into the water loss calculation. In addition to Source Meter information, the Authority performed a leak survey on approximately 48% of the total distribution system in 2020. In 2020 the Authority completed development of a Water Loss software tool. This tool incorporates the real-time customer data supplied by the advanced metering infrastructure (AMI) system with production and pumping flows to allow for a breakdown of water balance calculations into service area levels. This allows the Authority to create targeted water loss actions for discrete geographic areas in order to optimize water loss control activities. The Authority established a program in fiscal 2023 using new technology and this technology uses A.I/M.L(artificial intelligence and machine learning), to detect the leaks in the distribution system. This ground breaking new technology has already allowed the Authority to locate and repair several non-surfacing leaks that would have otherwise gone undetected.

The Authority completed a Water Audit for FY 2020 utilizing the AWWA's Water Audit Software tool. The real losses calculated through the audit amount to a total volume of 1.24 billion gallons, total unit losses of 36.3 gal/conn/day, and an Infrastructure Leakage Index (ILI) of 1.1. The ILI is an indicator of the system performance within its physical constraints, and demonstrates that the Authority is managing its unaccounted-for water well. AWWA guidance states that an ILI of between 1.0 and 3.0 indicates effective leakage controls, with the lower value being better. See Appendix A, "Consulting Engineer's Report," under the heading "WATER SYSTEM".

WATER CONSUMPTION DATA

(Figures in Thousands)

	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022⁽⁵⁾</u>	<u>FY 2023⁽⁶⁾</u>
Total Gallons Produced	15,586,249	15,328,618	16,239,976	15,815,238	15,696,646
Total Gallons Used ⁽¹⁾	13,694,474	13,450,753	14,088,359	13,386,905	13,596,896
Total Gallons Unaccounted-for ⁽²⁾	1,750,270	1,729,692	1,998,298	2,282,412	1,925,226
Percent Total Gallons Unaccounted for	11.23%	11.28%	12.30%	14.43%	12.27%
Estimated Miscellaneous Usage ⁽³⁾	93,335	142,597	108,483	92,002	96,719
Net Unaccounted-for Water ⁽⁴⁾	1,656,935	1,587,095	1,889,816	2,190,410	1,828,507
Percent Net Unaccounted-for Water	10.63%	10.35%	11.64%	13.85%	11.65%

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- (1) The amount of gallons produced has been adjusted so that “Gallons Produced” and “Gallons Used” figures are based on the same number of days.
- (2) Includes public and private fire protection service.
- (3) Includes estimated quantities of water used for operational activities.
- (4) Calculated as “Total Gallons Unaccounted-for” less “Estimated Miscellaneous Usage”.
- (5) Includes estimated adjustment to reporting due to the January 2022 conversion to monthly billing.
- (6) Preliminary estimate subject to change.

Conservation and Sale of Land

In its enabling legislation, the Authority is charged with advancing the conservation and compatible recreational use of its land to the degree consistent with providing an adequate supply of pure water at reasonable cost. The legislation requires the Authority to develop standards for determining the suitability of its real property for categories of land use. This includes real property that may be surplus with regard to the purity and adequacy of both present and future water supply. It also includes real property that may be desirable for specified modes of recreation or open space, and that may be suitable for other uses.

After an extensive planning process, that took into account the benefits of owning land to protect water quality, the Authority adopted a Land Use Plan (the “Plan”) in 1983 for its landholdings. Subsequent to the adoption of the Plan, the Authority implemented a number of uses consistent with the Plan, including a permit based recreation program. If located on a public drinking water supply watershed, recreational uses require the approval of the Representative Policy Board and the Connecticut Department of Public Health. They may also require applicable municipal approvals. Any sale, lease, or exchange of an interest in real property requires the approval of the Representative Policy Board and the Connecticut Department of Public Health.

Similar to the effort that was completed in 1983, the Authority adopted an updated Land Use Plan in 1996. The Land Use Plan was most recently updated and approved in January 2016. It included all the land acquisitions and dispositions from 1996 through January 2016, as well as future plans for the Authority’s landholdings.

In March 2007, the Authority reviewed its significant landholdings and identified an additional 900 acres of land not needed for the operation, protection and maintenance of the water system. The Authority intends to sell these 900 acres in accordance with a statutory process in order to keep water rates as low as possible. An example of this effort is the disposition of two parcels totaling approximately 63 acres in Madison. The Authority sold these parcels to the Madison Land Conservation Trust in May 2017. The General Bond Resolution provides that proceeds from the disposition of land, up to the greater of \$10 million or 10% of the aggregate amount of Bonds then outstanding, may be used for non-water supply system capital improvements, acquisitions of real property or retirement of non-water system debt. All proceeds in excess of such amount must be used in connection with the Water System. Typically, the Authority will deposit proceeds from land dispositions into its Restricted Land account within the Construction Fund. Since 2016, the Authority has sold seven former rental houses. The proceeds from those sales are dedicated to the acquisition of watershed land as provided for in the Act.

Because of the Authority’s commitment to the multi-barrier approach for providing safe public drinking water sanctioned by the U.S. Environmental Protection Agency (“EPA”), it has acquired more than 4,000 acres of land on the public water supply watershed, and protected 1,300 acres under conservation easements, since

1996 to enhance its efforts to protect source water. As of May 2023, the Authority's land holdings totaled approximately 27,796 acres. The Authority developed a matrix that ranks more than 140 privately-owned parcels on its watersheds for their importance for watershed protection and long-term watershed lands acquisition.

HazWaste Central

In order to promote the environmentally-safe disposal of hazardous substances that might otherwise contaminate the region's environment, including its water supply, the Authority owns and operates from its headquarters, as agent for the South Central Connecticut Regional Council of Governments, a regional center for the collection of household hazardous waste and hazardous waste from area residents and conditionally exempt small quantity generators ("CESQG's"). Many substances commonly used around the house or at CESQG sites, such as oil-based paints, cleaners, oils and pesticides, contain substances regulated as "hazardous waste" under federal law. Homeowners and CESQG's bring their hazardous wastes to the center on designated days of operation for collection, temporary storage and transfer to a hazardous waste disposal facility.

The center is operated by a licensed hazardous waste management firm that is fully insured and bonded against environmental hazards. The program is financed by the 16 participating municipalities. The center meets all regulations promulgated by the DEEP and the EPA for operation of this type of facility.

Risk Management

The Authority's Risk Management Program places a strategic focus on an enterprise level that proactively establishes programs and processes supporting business objectives while protecting the organization's assets, operations and reputation. Its comprehensive Risk Register identifies, evaluates, prioritizes, and mitigates potential risks. A cross functional risk committee is in place to monitor current risk exposures and mitigation strategies and identify new potential risks and initiatives as part of a continuous improvement risk management process.

The Business Continuity and Incident Management Plans provide the framework for response to any hazard. As part of its 2015-2020 Strategic Plan, the Authority developed, and implemented, a Business Continuity Roadmap which includes goals and objectives for the advance planning necessary to be fully prepared for natural disasters or other business interrupting anomalies. Business Continuity and Incident Management planning continue.

The Authority continues to implement and maintain improvements as identified in its "vulnerability assessment" completed in 2003, pursuant to Section 1433 of the Safe Drinking Water Act (the "SDWA"). The current vulnerability assessment was updated in March 2020 per the requirements of America's Water Infrastructure Act (AWIA) signed into law in 2018. The assessment evaluates supply, treatment, and distribution system components using training and knowledge the Risk Analysis and Management for Critical Asset Protection (RAMCAP®) Standard for Risk and Resilience Management of Water and Wastewater Systems to assist with determining vulnerabilities to both man-made and natural hazards and with evaluating potential improvements to enhance security and resiliency. This evaluation is consistent with AWWA J100-10 (R13), Risk and Resilience Management of Water and Wastewater Systems.

The Authority periodically tests its alternative emergency operations center and tests its all- emergency response plans by conducting "tabletop" emergency preparedness exercises, both in-house and with local, state and federal agencies and industry associations, as well as participating in other efforts as part of state and regional emergency planning. In addition, the Authority participates in the Connecticut Water/Wastewater Agency Response Network (CtWARN) that provides emergency mutual aid and assistance to member organizations according to agreed-upon standards.

Cyber Security

The Authority, like many other public and private entities, relies on technology to conduct its operations. The Authority faces frequent cybersecurity threats including but not limited to hacking, viruses, malware, and phishing on computers and other sensitive digital networks and systems. To mitigate the risk of

business operations being negatively impacted from cybersecurity attacks, the Authority has invested in a diverse array of cybersecurity and operational controls. This includes a comprehensive policy related to the security of the Authority's networks.

The Authority has several mitigation strategies. For example, the Authority has identified critical data and operational assets, and inventoried internal and external software platforms and applications. Corporate-wide network cybersecurity measures have been implemented which includes establishing strong passwords for network access, installing firewalls, system monitoring and alerts, spam filtering, anti-virus/malware software, and engaging a continuous patching protocol and a mobile device management system to restrict unnecessary functions.

The Authority has implemented firewall infrastructure that is maintained with traffic scanning polices utilizing antivirus, web filtering, application filtering, Denial of Service (DOS) and Intrusion Detection/Intrusion Prevention Systems (IDS/IPS) which are essential components of our comprehensive cybersecurity traffic protection plan.

The Authority has implemented malware protection on all workstations, including a new feature called Endpoint Detection and Response (EDR) which proactivity prevents and protects the Authority from ransomware threats utilizing machine learning capabilities and insures for quicker recovery in the event of an actual ransomware attack.

The Authority has a cybersecurity governance committee that meets to assess threats, risks, and vulnerabilities and takes full advantage of services offered by The Department of Homeland Security from assessments to penetration tests. This governance body includes members of the leadership team, subject matter experts and outside resources when needed.

The Authority has taken a layered approach that includes regular phishing tests and cybersecurity tips communicated to our employees. The Authority performs tabletop and functional exercises, including a recent cybersecurity and disaster recovery exercise simulating a disaster at our headquarters location in which the Authority performed moving business operations to our Emergency Operations Center.

The Authority has certain members of staff trained on Incident Command System 200/300/400 Federal Emergency Management Agency (FEMA) training recommended by the Environmental Protection Agency (EPA). General introductory training for Incident Command System 100 is available to all supervisory staff members.

The Authority has completed a full-scale audit of all network and security infrastructure topology drawings and has completed the implementation of various multifactor authentication for both business and SCADA network servers and remote access virtual private network entry points.

The Authority has developed a Cybersecurity Incident Response Plan and continues to enhance the Cybersecurity Policy documents along with improvements to our Business Continuity Plans. The Authority continues to improve Cyber/Technology practices as part of its efforts to strengthen security measures and foster innovation while addressing technology obsolescence and infrastructure needs.

The Authority has developed a Cybersecurity Policy and a Cyber Security Plan to document our Cybersecurity approach to defend and protect our infrastructure. The Authority continues to maintain these documents which support our security practices to address technology challenges related to Cybersecurity.

The Authority has a cybersecurity insurance policy. The insurance policy covers breach response services, including forensic investigation, legal counsel and public relation/crisis management services as well as notifications and credit monitoring for our customers. This also includes protection from cyber extortion, business interruption, data recovery costs, consequential reputational loss, data and network liability, payment card liabilities, fraudulent instruction, telephone fraud, and social engineering.

The Authority has completed various assessments including:

- National Incident Management System (NIMS) compliance certification from Connecticut Department of Energy & Environmental Protection (CT DEEP) and Department of Homeland Security (DHS)
- Supervisory Control and Data Acquisition (SCADA) audit
- DHS/Cyber and Infrastructure Security Agency (CISA) Ransomware Readiness Assessment 2023
- Assessment under the America's Water Infrastructure Act - Risk Assessment and Management for - Critical Asset Protection (AWIA-RAMCAP) and certification to EPA
- DHS Cyber Reliance Review (CRR) performed for Critical National Infrastructure (CNI), using Computer Emergency Response Team (CERT) Resilience Management Model (CERT-RMM) and National Institute of Standards and Technology- Cybersecurity Framework (NIST-CSF).

No assurances can be given however, that such security and operational control measures will be completely successful to guard against cyber threats and attacks. The results of any such attack could impact business operations and/or damage the Authority's digital networks and systems and the costs of remedying any such damage could be substantial.

CAPITAL IMPROVEMENT PROGRAM

Process for Project Evaluation and Project Description

The Authority has a number of capital projects and a capital prioritization process. The capital prioritization process involves single year and multi-year planning and ranks projects against several criteria including customer service and satisfaction, water resource adequacy and water quality, personnel and public safety, and infrastructure stability, security, reliability, and vulnerability as well as sustainability. The capital prioritization process involves capital project managers, members of a cross-functional capital program control team, and members of the Authority's leadership team. The resulting prioritization matrix for the upcoming fiscal year is shared with both the five-person Authority board and the RPB as part of the budgeting process.

Through the annual budgeting process, the single and five year capital budget is approved by the Authority board and reviewed by the RPB. However, proposed projects of more than \$2 million require a project application. The application is first submitted to and then reviewed with the Authority board. If accepted by the Authority board, the project application is submitted to the RPB. A public hearing, including a presentation from the applicant, is required for capital projects requiring RPB approval and notice of such hearing is also required.

Management of the Authority has prepared the prospective information set forth below concerning its program of capital improvements. In the view of the Authority's management, this information was prepared on a reasonable basis, reflects the best currently available estimates and judgments, and presents, to the best of management's knowledge and belief, the expected course of action and the expected future financial performance of the Authority. However, this information is not fact and should not be relied upon as being necessarily indicative of future results, and readers of this official statement are cautioned not to place undue reliance on the prospective financial information.

Neither the Authority's independent auditors, nor any other independent accountants, have compiled, examined, or performed procedures with respect to the prospective financial information contained herein, nor have they expressed an opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim association with, the prospective financial information.

Projects planned for initiation and completion over the five-year period from fiscal years ending May 2024 through May 2028 and their estimated expenditures are summarized below. The Authority reviews its program of capital improvements on an on-going basis and formally updates its budgets at least annually, revising and updating it as conditions warrant consistent with a capital budget prioritization matrix that ranks

projects based on eight criteria. Capital projects costing more than \$2 million require approval from the Representative Policy Board. The Authority at least annually prepares a projection of improvements, additions and renovations to the Water System, generally based on condition assessments performed by staff and/or consultants. Most recently, the Authority prepared and submitted the capital improvement program for the years fiscal 2024 through fiscal 2028, as amended, and the plan was approved by the five member Authority board in June 2023. The capital budget for fiscal 2025 is being prepared and is expected to be submitted to the five member Authority board in March 2024.

Information concerning the Authority's capital improvement program is shown in 2023 dollars in the following table:

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**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY
5-YEAR PLAN OF CAPITAL IMPROVEMENTS**

(000s omitted)

-CAUTION-						
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	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	TOTAL
NATURAL RESOURCES (1)						
Land Management	\$ 20	\$ 20	\$ 50	\$ 50	\$ 50	\$ 190
Watershed Protection	100	100	100	100	100	500
Improvements to Reservoir Intakes	-	200	30	550	1,100	1,880
Improvements to Reservoir Dams & Spillways	2,100	9,655	9,374	12,600	4,309	38,038
Bridge Refurbishments	50	300	-	300	-	650
Tunnel Repairs & Improvements	517	50	500	100	250	1,417
Miscellaneous	230	365	1,000	1,015	50	2,660
	3,017	10,690	11,054	14,715	5,859	45,334
TREATMENT (2)						
Lake Saltonstall WTP Process Improvements	1,470	7,280	3,193	200	200	12,343
Lake Gaillard WTP Process Improvements	7,602	2,790	1,050	1,700	3,050	16,192
West River WTP Process Improvements	3,720	450	1,750	250	315	6,485
Lake Whitney WTP Process Improvements	1,207	1,144	1,144	700	2,825	7,020
Improvements to Groundwater Treatment Facilities	2,538	2,277	1,300	2,000	4,625	12,740
Filter Media Replacement	1,090	800	800	800	800	4,290
Miscellaneous	1,188	2,150	2,600	350	550	6,838
	18,816	16,891	11,837	6,000	12,365	65,909
TRANSMISSION & PUMPING (3)						
Pipe and Transmission Main	7,667	8,152	12,060	5,610	6,325	39,814
Cleaning and Lining	-	-	-	1,000	3,000	4,000
Lead Service Line Replacements	750	2,000	15,000	16,500	18,500	52,750
Valve Replacements	250	250	400	400	500	1,800
Service Connections & Hydrants	2,425	2,525	2,525	2,825	2,825	13,125
Meters	450	450	450	450	500	2,300
AMI Meters	-	-	-	-	-	-
Tank Painting & Improvements	102	2,564	1,350	1,980	1,270	7,266
Tank Construction/Replacement	3,050	3,620	2,498	2,200	200	11,568
New Haven Service Area Improvements - Phase I	-	-	-	-	-	-
Motor Control Center Replacements/Electrical Improvements	-	350	350	350	350	1,400
Critical Pump Station & Transmission Facilities Upgrades	250	340	200	200	2,000	2,990
Variable Frequency Drive Replacements	150	150	200	150	200	850
Pump Station Generator Replacements	608	500	100	650	250	2,108
Burwell Hill Pump Station Equipment Replacement	205	-	-	-	-	205
Raynham Hill Pump Station Improvements	150	-	1,800	-	-	1,950
Spring Street Pump Station Replacement	1,000	5,100	3,300	-	-	9,400
Lake Gaillard Pump Station Improvements	-	200	1,000	3,000	4,500	8,700
Miscellaneous	1,052	1,722	3,945	1,097	787	8,603
	18,108	27,923	45,178	36,412	41,207	168,828
GENERAL PLANT (4)						
CIS	7,824	3,697	-	-	-	11,521
Information Systems	1,068	1,913	2,492	1,863	1,370	8,706
Customer Channels Sales & Marketing	100	200	175	100	100	675
Data Center Life Cycle Replacements	650	650	650	650	550	3,150
Equipment	2,337	1,186	898	923	813	6,157
90 Sargent Drive	600	5,100	5,115	6,430	6,795	24,040
	12,579	12,746	9,330	9,966	9,628	54,249
CONTINGENCY/PROJECT RESERVE						
	2,417	657	634	485	533	4,726
TOTAL	\$ 54,936	\$ 68,907	\$ 78,033	67,578	69,592	\$ 339,046
ESCALATED TOTAL (5)						
	\$ 54,936	\$ 70,974	\$ 82,785	73,844	78,326	\$ 360,865
CONSTR. FUND STATE & REDEV REVOLV. ACCT						
	\$ 3,000	\$ 3,000	\$ 3,000	3,000	3,000	\$ 15,000
COMMERCIAL (6)						
	\$ 100	\$ 100	\$ 40	40	40	\$ 320
NORTHERN SERVICE AREA EXPANSION						
	\$ -	\$ 1,500	\$ 1,500	-	-	\$ -

- (1) Projects required to provide for present and future water requirements as well as protection of existing water supplies.
- (2) Projects which are necessary to maintain compliance with all Federal and State regulations as well as provide an adequate supply for future expansion of water demand.
- (3) Projects necessary to correct deficiencies in the system and provide for current and future demands needed for both consumption and fire protection, as well as modify and upgrade pumping facilities.
- (4) Expenditures for specific items including information systems, equipment, vehicles and plant modifications.
- (5) Escalated at 3% per year.
- (6) To be funded out of the Growth Fund

ENGINEERING AND ENVIRONMENTAL MATTERS

Engineering Evaluation

In connection with the acquisition of its predecessor, the New Haven Water Company, in 1980, and the issuance of its first series of Bonds, the Authority has engaged a firm as Consulting Engineer to prepare a report on the Water System and on certain other matters. The report, prepared by GHD, Inc., has concluded that: (i) provided that the Authority continues to implement its CIP, the Authority appears to have sufficient capacity and ability to satisfy the forecasted range of both near- and long-term demands of its current and prospective future customers; (ii) the funding of operations and maintenance activities appears to be satisfactory. The Authority is operating and maintaining its infrastructure and facilities at or above generally accepted industry standards. Critical facilities are effectively maintained. The Authority devotes a level of attention to critical facilities that is commensurate with the perceived risk; (iii) capital improvements at Authority facilities and in the distribution system are proactive and well planned. Timely implementation of the CIP should keep the facilities in good repair and position the Authority to provide continuous service to its customers; (iv) the Authority has complied with all CTDPH regulations and has responded to CTDPH directives in a timely manner. Provided that the Authority implements its CIP in a timely manner and continues to operate its facilities in a satisfactory manner, the Authority should continue to meet state and federal water requirements; and (v) dam inspection intervals meet or exceed DEEP requirements and dams are being maintained appropriately. The most recent report of GHD, Inc., included herein confirms these conclusions. See “Appendix A – Consulting Engineer’s Report” attached hereto.

Environmental Regulation

Water utilities, including political subdivisions such as the Authority, are subject to continuing environmental regulation. Federal, state and local standards and procedures that regulate the environmental impact of water utilities are subject to change. These changes may arise from legislative, regulatory, or judicial action regarding such standards and procedures. Consequently, there is no assurance that the Authority’s current facilities will be in compliance with future regulations or will be able to obtain all future required operating permits. Future environmental standards and procedures could result in reduced operating levels, reduced water availability, significantly increase the cost of operations, and/or require significant additional capital expenditures to bring the Authority into compliance with such standards and procedures.

Safe Drinking Water Act

The SDWA empowers the administrator of the EPA to establish maximum contaminant levels or treatment techniques for each contaminant that may have an adverse effect on the health of persons. The EPA has promulgated primary drinking water standards and treatment techniques pursuant to the SDWA. Pursuant to the SDWA and to legislation of the State of Connecticut, the State has adopted standards for the treatment and quality of drinking water. Federal and state regulations establish standards for, among other things, certain chemicals, turbidity, microbiological contaminants, radioactivity, odor and color. Additionally, plans for new water supply systems or enlargement of the existing Water System must be submitted to the Connecticut Department of Public Health (CTDPH) for approval.

The Authority is in full compliance with the SDWA regulations including items discussed in the CTDPH’s Sanitary Survey Report dated November 9, 2021. A sanitary survey was conducted by CTDPH in May 2021. The report provided by CTDPH labels four items as significant deficiencies, all four of which the Authority reports have been resolved.

Regarding future regulations specific to the Surface Water Treatment Rule, the Authority is actively monitoring ongoing proposed revisions to the Lead and Copper Rule and potential regulation of PFAS compounds. The Authority continues to upgrade source water control structures, treatment processes and distribution system management associated with requirements of the Disinfection/Disinfectant Byproducts Rule.

The Authority's capital and operating budgets include monies for compliance. Preliminary estimate updates associated with the Lead & Copper Rule Revisions were made as part of the 2022 and 2023 ten-year model and the estimates that fall within fiscal 2024 to fiscal 2028 are reflected within the five year capital plan. These preliminary estimates will continue to be refined. Estimates include customer side replacements. The Authority has removed all known lead service lines from its side of the system in the 1970s and early 1980s and has removed goosenecks as they are encountered, and while there is no lead in the water the RWA delivers to customers in its distribution system, lead can get into drinking water as it passes through customer-owned service lines and internal plumbing and fixtures that contain lead.

As allowed by federal regulation, the EPA has delegated its authority to the DPH. As a result, the DPH has developed the State's drinking water standards which are equal to or are more stringent than the federal standards that require, among other things, that substantially all surface water reservoirs of water systems in the State have filtration or other extensive treatment prior to use as a source of drinking water. The Authority has such filtration plants in operation at all of its active surface water supply systems.

Clean Water Act

The federal Clean Water Act requires permits for discharge of effluent into navigable waters and requires that all discharges of pollutants comply with federally approved state water quality standards. The DEEP has adopted, and the federal government has approved, water quality standards for receiving waters in the State. A joint federal and state permit system has been established to ensure that applicable effluent limitations and water quality standards are met in connection with the construction and operation of facilities that affect or discharge into state or interstate waters.

Regulated process wastewater discharges to surface and groundwater at the Authority's four water treatment plants (WTP) and two wellfields are authorized under DEEP's Comprehensive General Permit for Discharges to Surface Water and Groundwater. In 2020, DEEP's General Permit General Permit for Miscellaneous Discharges of Sewer Compatible Wastewater (MISC GP) was replaced with the General Permit for Discharges from Miscellaneous Industrial Users (MIU GP) and the General Permit for Discharges from Significant Industrial Users (SIU GP). Management of the MIU GP was transferred from DEEP to the local Publicly Owned Treatment Works (POTW). Process wastewater discharged to the sewer from Whitney WTP is registered under the MIU GP through the Greater New Haven Water Pollution Control Authority. A timely application was submitted to register discharges to the sewer from Gaillard WTP under the SIU GP. DEEP retained oversight of this General Permit.

Connecticut Inland Wetlands and Watercourses Act and Water Diversion Policy Act

While the construction of dams, reservoirs and other facilities necessary to the impounding, storage and withdrawal of water in connection with public water supplies is an as of right use under Connecticut's Inland Wetlands and Watercourses Act, the Authority is required, pursuant to other statutory provisions, to obtain permits from the DEEP Commissioner for the location, construction or alteration of any dam or reservoir, and to secure the approval of the DEEP Commissioner for any unregistered diversion of water greater than 50,000 gallons per day. Various criteria must be satisfied under the respective statutes and regulations of the DEEP in order to obtain such permits or approvals, and the DEEP Commissioner has the power to impose such conditions as deemed reasonably necessary in connection with such permits or approvals in order to assure compliance with such statutes. For actions taken to date, the Authority has applied and/or obtained all such requisite permits or approvals. Connecticut adopted its first state water plan (Plan) in 2019. The Authority actively participated in the development of the Plan to ensure that its interests were duly represented. It is possible in coming years that policies and recommendations within the Plan could lead to legislative proposals concerning water diversions, water conservation, and/or related issues that could alter the state current regulatory scheme for water resource management, including those affecting the use of public drinking water sources.

OPERATIONS, REVENUES AND EXPENSES

Summary: Revenues, Expenses and Changes in Net Position

(Thousands of Dollars)

	<u>2021</u>	<u>2022</u>	<u>2023</u>
Operating Revenues:			
Water Revenues	\$124,885	\$124,320	\$131,850
Other	<u>9,683</u>	<u>10,839</u>	<u>12,508</u>
Total operating revenues	134,568	135,159	144,358
Operating Expenses:			
Operating and Maintenance	54,000	56,900	59,666
Expenses Associated with Other Revenue	5,806	7,267	8,653
Depreciation	24,115	23,294	24,500
Payments-in-Lieu-of-Taxes (PILOT)	<u>8,528</u>	<u>8,554</u>	<u>8,518</u>
Total Operating Expenses	<u>92,449</u>	<u>96,015</u>	<u>101,337</u>
Operating Income	42,119	39,144	43,021
Non-operating Income and Expenses:			
Interest Expense – Net	(21,999)	(20,322)	(13,950)
Gain (Loss) on Disposal of Assets	(773)	(1,644)	(2,229)
Realized and Unrealized Gains (Losses) on Investments	(30)	(350)	(255)
Amortization of Bonds Discount, Premium, Issuance Costs and Deferred Refunding Losses	2,385	2,333	2,742
Intergovernmental Revenue	845	0	490
Other Income	<u>358</u>	<u>(310)</u>	<u>(237)</u>
Total Non-Operating Expenses	<u>(19,214)</u>	<u>(20,293)</u>	<u>(13,439)</u>
Gain Before Contributions	22,905	18,851	29,582
Capital Contributions	<u>2,310</u>	<u>1,438</u>	<u>1,781</u>
Change in Net Position	<u>\$25,215</u>	<u>\$20,289</u>	<u>\$31,363</u>

Summary of Fiscal Year 2022, Fiscal Year 2023 and Projected Fiscal Year 2024 Authority Operations

The change in water revenues from fiscal 2022 to fiscal 2023 is primarily due to the full year impact of the January 2022 rate increase as well as the full year impact of the May 2022 transaction on RWA Well Services, LLC operating revenues, included in other revenues. The weather in the summer of fiscal 2023 is also a factor contributing to the increase.

Operating and maintenance expenses from fiscal 2022 to fiscal 2023 increased by \$2.8 million. The larger increases are due to payroll expense, chemical pricing, and outside services. Outside services increased primarily due to the partial year impact of temporarily resources backfilling employees dedicated to the new Customer Information System project. Pension expense under GASB 68 increased from fiscal 2022 to fiscal 2023. This increase was partially offset by a decrease in Other Post Employment Benefit (OPEB) expense under GASB 75. There were other net changes across multiple operating expense categories.

For further details, see “Management’s Discussion and Analysis” in Appendix B.

The Authority is currently projecting water revenues to be under budget due to the cool wet summer. However, interest income and Payment In Lieu of Taxes (PILOT) expense are favorable to budget. Debt service is also favorable due to the timing of DWSRF financing being later in the fiscal year than budgeted. In addition, we have taken actions to mitigate the impact of the cool wet summer and are projecting operating and maintenance expense to be under budget. The Authority is not projecting a need to draw from discretionary funds for fiscal 2024 and despite the cool wet summer is projecting to exceed the required debt service coverage.

The Authority's General Bond Resolution requires it to calculate debt service coverage on the basis of revenues collected, rather than accrued, including amounts transferred from the Rate Stabilization Fund to the Revenue Fund, and expenses as incurred. While the net income shown in the Authority's financial statements includes the full effect of water consumed, the receipt of this revenue will not be available for operations or considered in the coverage tests until the Authority completes its billing and collection process. To date, the Authority has successfully made its cash transfers and is in compliance with all rate covenants and other requirements of its General Bond Resolution. Coverage before PILOT for fiscal years 2023, 2022 and 2021 was 1.60, 1.60, and 1.48 respectively, each of which exceeded the 1.25 coverage required by the General Bond Resolution. Presented below is a summary of debt service coverage results for fiscal years 2023, 2022 and 2021 and as projected for fiscal year 2024, calculated in accordance with the requirements of the General Bond Resolution.

Reduced Federal Funding

The Federal American Recovery and Reinvestment Act of 2009, Pub. L. No. 111-5, 123 Stat. 115 (2009), enacted February 17, 2009 (the Recovery Act), authorizes state and local governments to issue two general types of taxable Build America Bonds (Taxable BABs) with the federal government providing subsidies for a portion of their borrowing cost. One type of Taxable BAB provides a federal tax credit to the bondholder; the other provides a credit in the form of an interest subsidy payment directly to the issuer (Taxable BABs – Direct Payment). The General Obligation Bonds, Issue of 2010 were issued as Taxable BABs – Direct Payment on April 6, 2010, for \$31,385,000. Pursuant to the Recovery Act, at inception, the Authority received a cash subsidy payment from the United States Treasury equal to 35% of the interest payable on the General Obligation Bonds, Issue of 2010 on or about each interest payment date. The 35% equates to \$348,411 per payment, occurring twice a year. Such subsidy payment represents revenue to the Authority under the General Bond Resolution. No holders of the General Obligation Bonds, Issue of 2010 will be entitled to a tax credit. The receipt of the subsidy by the Authority is not a condition of payment of any portion of the principal and interest on the General Obligation Bonds, Issue of 2010. However, if the subsidy payments are reduced or eliminated, the General Obligation Bonds, Issue of 2010 are subject to extraordinary optional redemption. Due to provisions within the Budget Control Act of 2011 and the implementation of sequestration, the amount of the subsidy has been reduced on payments made to issuers on or after March 1, 2013, resulting in a decrease to the Authority's August 1, 2013, payment and the twice-annual payments through the current period. Reductions to the subsidy have ranged from a high of 8.7% to a low of 5.7%. A 5.7% reduction was effective for the Authority's August 2021, February 2022, August 2022, February 2023, and August 2023 payments. The percent is subject to further change. The interest subsidy received totaled approximately \$657,000 and \$657,000 for the fiscal year ended May 31, 2023 and 2022, respectively.

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**DEBT SERVICE COVERAGE FOR LAST THREE YEARS
AND PROJECTED FOR FISCAL YEAR 2024**

(Thousands of Dollars)

*Fiscal Years
Twelve Months Ending May 31*

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u> <i>(Projected)</i>
Revenues (collected)				
Collected Water Sales and Other Revenues	\$124,109	\$132,467	\$136,117	\$135,479
Rate Stabilization Fund				
BABs Subsidy	663	657	657	657
Collected Investment Income	258	204	3,435	5,250
Total Revenues	<u>125,030</u>	<u>133,328</u>	<u>140,209</u>	<u>141,386</u>
Less				
Operating and Maintenance Expenses incurred	54,688	57,070	60,456	68,118
Depreciation	6,500	6,917	7,500	8,875
Payments in Lieu of Taxes PILOT (A)	8,528	8,554	8,518	8,867
Total Expenses	<u>69,716</u>	<u>72,541</u>	<u>76,474</u>	<u>86,262</u>
Net Revenues (B)	<u>55,314</u>	<u>60,787</u>	<u>63,735</u>	<u>55,526</u>
Debt Service Paid on the Bonds (C)	<u>\$43,268</u>	<u>\$43,467</u>	<u>\$45,238</u>	<u>46,512</u>
Coverage After PILOT (B/C)	<u>1.28</u>	1.40	<u>1.41</u>	<u>1.19</u>
Coverage Before PILOT ((A + B)/C)	<u>1.48</u>	1.60	<u>1.60</u>	<u>1.38</u>

In June 2023 the Authority, after evaluating operational obligations for fiscal year 2024, transferred approximately \$25.4 million to the General Fund. Moneys in the General Fund can be used for any of the corporate purposes of the Authority. The Authority created a Growth Fund to deposit monies to be used for commercial activities and then transferred \$4.0 million into the Growth Fund, \$1 million to the General Fund, and transferred approximately \$20.4 million to the Construction Fund, including the funding of depreciation. In addition, while not part of the Year-End Disposition under the General Bond Resolution, there was a transfer from RWA Well Services, LLC into the Construction Fund.

As of June 30, 2023 the Rate Stabilization Fund balance was \$10.0 million and the General Fund balance was at approximately \$12.8 million. As of June 30, 2023, the amount of money in the Growth Fund was \$11.6 million, excluding interest earnings. While the Growth Fund is targeted for new commercial activities, the monies are available to be transferred back to the General Fund or any other fund under the General Bond Resolution, at the direction of the Authority.

In addition, balances in the Capital Contingency Fund and the Operating Reserve Fund as of June 30, 2023 are approximately \$6,056,213 and \$11,553,685 at market value, respectively. The Authority can draw on both of these funds to pay debt service if need be.

Pension Plans

The Authority is the administrator of two noncontributory single employer defined benefit pension plans (the “Plans”) that it administers under a master trust agreement, one for salaried employees and one for bargaining unit employees. The Plans provide retirement and disability to the Plans’ members and their beneficiaries. Cost of living adjustments are not provided to members and beneficiaries but may be made at the discretion of the Authority. The Authority establishes and amends benefit provisions of the Plans. The salaried employees plan is closed to new employees hired on or after January 1, 2011 and the bargaining unit plan is closed to new employees hired after April 15, 2010.

The Authority has received from its actuarial firm, The Angell Pension Group, Inc., actuarial valuation reports with respect to the Plans. The actuarial valuation reports as of January 1, 2023 are being used for fiscal year 2024. The annual investment return assumption is 6.75%. The PubG.2010 Above Median Employee,

Healthy Annuitant, and Disabled Retiree (Male/Female) with MP-2021 projection scale was used for the Salaried Plan and the PubG-2010 Total Employee, Healthy Annuitant, and Disabled Retiree (Male/Female) with MP-2021 projection scale was used for the Bargaining Unit Plan. The Authority's fiscal 2024 actuarial required contribution (ARC) is \$2,921,303 and the fiscal 2024 budgeted contribution is \$4,750,000. The fiscal 2024 budget includes a contribution of \$4,750,000, which is \$1,828,697 above the ARC. The actuarial valuation report as of January 1, 2024, which will be used for fiscal 2025.

In addition, The Angell Pension Group, Inc. made additional calculations to determine the Plans' liabilities and net position as of May 31, 2023. The reports and the additional calculations, in accordance with governmental accounting standards, provided that, as of May 31, 2023 the total pension liability was \$84,938,959 and the Plans' fiduciary net position of the assets was \$66,989,909 leaving the net liability of \$17,949,051. In fiscal year 2023, the Authority contributed \$5,176,939 which was \$2,339,269 above the ARC.

As of May 31, 2022, the total pension liability was \$83,819,192 and the Plans' fiduciary net position of assets was \$67,311,833 leaving the net liability of \$16,601,369. In fiscal year 2022, the Authority contributed \$4,354,342, which was \$1,113,903 above the ARC.

See also Appendix B, Audited Financial Statements of the Authority for fiscal years Ended May 31, 2023 and May 31, 2022 – Note 13: Defined Benefit Pension Plans and Required Supplementary Information following the notes.

Other Post-Employment Benefits

The Authority's other post-employment benefits ("OPEB") include health benefits for retirees and qualifying dependents as well as a death benefit of \$13,000 beginning in April 2017. Medical coverage for retirees and spouses 65 and over is provided by an indemnity plan. Medical and dental coverage for retirees and dependents under 65 is provided by the Authority's self-insurance plan. Death benefits are funded on a pay-as-you-go basis. Authority employees eligible for retiree benefits are as follows: 65 years old with 10 years of service or the sum of age and service (at least 10 years) is 80. Requirements for contributions by union plan members are negotiated with the union. Retiree contribution requirements vary depending on retirement date and hire date. Non-union employees hired on or after January 1, 2005 and union employees hired on or after January 1, 2006 are entitled to continue in the group health coverage by paying the entire monthly cost for the appropriate coverage based on their age.

The actuarial report from The Angell Group for May 31, 2023 determined the total liability in the amount of \$24,975,189 an asset value of \$9,258,321 and a net liability of \$15,716,868. This is based on an 6.75% annual investment return assumption using the frozen entry age actuarial cost method and a 6.5 % healthcare cost inflation graded down using the Gatzert Model to an ultimate rate of 4.14 %. In fiscal year 2023, the Authority made cash contributions to the OPEB Trust of \$1,737,894.

The January 2023 valuation report provided that the Authority's recommended cash contribution payable to the OPEB Trust for fiscal year 2024 is \$1,640,907. The Authority is making monthly contributions consistent with the recommended cash contribution.

See also Appendix B, Audited Financial Statements of the Authority for Fiscal Years Ended May 31, 2023 and May 31, 2022 – Note 15: Other Post-Employment Benefits – Retiree Health Care and Required Supplementary Information following the notes.

Planning and Budgets, Financial Controls, Accounting and Billing Procedures

As discussed and described under the heading "CAPITAL IMPROVEMENT PROGRAM" herein, the Authority annually prepares a five-year projection of improvements, additions and renovations to the Water System based on engineering recommendations and regulatory requirements. Such projection is based upon an analysis of actual operating performance of the Water System, augmented by detailed evaluations, reports and recommendations prepared by the Consulting Engineer.

Pursuant to such projections, management prepares a one-year capital improvement budget within the context of a five-year Capital Improvement Program, annually identifying major projects, together with recurring plant additions and renovations, including a program to replace plant and equipment that wears out in the normal course of operation. The Authority develops a schedule of expenditure, and from this, prepares a financing budget using available funds or external sources of funds, as required.

The Authority's five-year strategic plan has been updated for the period fiscal year 2020 to fiscal year 2025. Similar to the strategic plan for the period fiscal years 2015 through 2019 as well as the plan presented in June 2009, the strategic plan is based on the principals of the Balanced Scorecard Management System, and follows four perspectives: Customer/Constituents; Employee Learning and Growth; Financial; and Internal Business Processes. The update incorporates strategic goals that will guide the organization for the next several years and incorporates the themes from the 2050 blue-sky sessions. The focus areas within the strategic plan are updated annually.

The Authority is required by the General Bond Resolution to prepare an annual operating budget on the basis of monthly requirements. For each month, the budget shows projected Operating Expenses and PILOT and projected amounts to be deposited in and withdrawn from each of the Funds created under the General Bond Resolution, as well as the Revenues and other monies projected to be available. Revenues are calculated based on consumption by customers during the prior year, adjusted for known changes, multiplying such consumption by actual rates in effect. If there is a shortfall in the required coverage at the end of a fiscal year, the Authority must draw from the Rate Stabilization Fund to meet the coverage. The Authority has not drawn from the Rate Stabilization Fund for the last thirteen years. In addition, if a calculation indicates a short-fall between projected revenues and revenue requirements at existing rates, the Authority can submit an application to adjust its rates to the Representative Policy Board for approval.

The Authority maintains its books and accounts in accordance with generally accepted accounting principles. The Authority maintains additional records to provide information required by the General Bond Resolution regarding covenants associated with the setting of rates and the issuance of additional Bonds.

Each month, management prepares an operating summary for review by the Authority which compares operating results with budgeted amounts and provides an explanation of variances and their significance. It follows the same procedure with respect to the capital budget and the requirements of the General Bond Resolution considering rate covenants and additional bonds tests. The Authority prepares a monthly board report that is submitted to the Five-Member Authority board covering operations, engineering, and administration areas.

While the Authority had billed most of its water customers quarterly other than certain large customers which were billed monthly, during fiscal 2022 a conversion to monthly billing occurred. Public fire protection charges are billed every six months. The provision for uncollectible accounts as of May 31, 2023 and 2022 and 2021 was \$4,372,036 and, \$4,272,067 respectively. The Authority can place liens on property for unpaid water service and charges interest on bills unpaid thirty days after the billing date. Such liens take precedence over all other liens or encumbrances except taxes and may be foreclosed against the property in the same manner as a lien for taxes.

STATUTORY REMEDIES

The Authority or any person who is aggrieved by a decision of the Representative Policy Board with respect to the establishment of rates or charges, the establishment of land use standards and disposition policies, the sale or other transfer or change of use of real property, the location of purification or filtration plants, the commencement of any project costing more than \$2 million to repair, improve, construct, reconstruct, enlarge or extend any of the properties or systems of the Authority or the acquisition by purchase, lease or otherwise of any existing water supply system, waste water system or part thereof is entitled to judicial review by the Superior Court under the Act by filing an appeal within 45 days of publication of such decision. Holders of the Bonds or of any other bonds or notes of the Authority and any trustee acting on behalf of such holders are deemed aggrieved persons with respect to any decision of the RPB that violates any covenant or other provision of the General Bond Resolution authorizing such bonds or notes. The reviewing court shall affirm the decision of the RPB, unless the court finds that the substantial rights of the aggrieved persons have been prejudiced. If the

court finds such prejudice, it shall sustain the appeal, modify the RPB decision, order the RPB to take specific action or remand for further proceedings. The filing of an appeal under the Act does not by itself constitute a stay of any rate increase or other action approved by the RPB.

LITIGATION

At the date of this Official Statement there is no controversy or litigation of any nature pending or threatened to restrain or enjoin the issuance, sale, execution or delivery of the Thirty-seventh Series B Refunding Bonds or in any way contesting or affecting the existence of the Authority or the validity of the Thirty-seventh Series B Refunding Bonds, or any proceedings of the Authority taken with respect to the issuance or sale thereof. In addition, there is no controversy or litigation pending or threatened to restrain or enjoin or in any way contesting or affecting use of the proceeds of the Thirty-seventh Series B Refunding Bonds or the pledge or application of any moneys or security provided for the payment of the Thirty-seventh Series B Refunding Bonds or the powers of the Authority related to the issuance of the Thirty-seventh Series B Refunding Bonds.

The Authority has reviewed the status of pending lawsuits affecting the Authority generally and believes that such pending litigation will not be finally determined so as to result individually or in aggregate in a final judgment against the Authority which would materially adversely affect sources for payment of principal or interest on the Thirty-seventh Series B Refunding Bonds.

TAX MATTERS

Federal Income Taxes

In the opinion of Bond Counsel, under existing law, (i) interest on the Thirty-seventh Series B Refunding Bonds is excluded from gross income for federal income tax purposes, and (ii) such interest is not an item of tax preference for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations.

Bond Counsel's opinion with respect to the Thirty-seventh Series B Refunding Bonds will be rendered in reliance upon and assuming the accuracy of and continuing compliance by the Authority with its representations and covenants relating to certain requirements of the Internal Revenue Code of 1986 (the "Code"). The Code and regulations promulgated thereunder establish certain requirements which must be satisfied at and subsequent to the issuance of the Thirty-seventh Series B Refunding Bonds in order that interest on the Thirty-seventh Series B Refunding Bonds be and remain excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Thirty-seventh Series B Refunding Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Thirty-seventh Series B Refunding Bonds irrespective of the date on which such noncompliance occurs. In the Tax Regulatory Agreement, which will be delivered concurrently with the issuance of the Thirty-seventh Series B Refunding Bonds, the Authority will covenant to comply with certain provisions of the Code and will make certain representations designed to assure compliance with such requirements of the Code including, but not limited to, investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of the Thirty-seventh Series B Refunding Bonds proceeds and certain other matters. The opinion of Bond Counsel delivered on the date of issuance of the Thirty-seventh Series B Refunding Bonds is conditioned upon compliance by the Authority with such requirements.

No other opinion is expressed by Bond Counsel regarding the federal tax consequences of the ownership of, or the receipt or accrual of interest on, the Thirty-seventh Series B Refunding Bonds.

Original Issue Discount

The initial public offering prices of certain maturities of the Thirty-seventh Series B Refunding Bonds may be less than the stated principal amount (the "OID Bonds"). Under existing law, the difference between the stated principal amount and the initial offering price of each maturity of the OID Bonds will constitute original issue discount. The offering prices relating to the yields set forth on the inside front cover page of this Official

Statement for the OID Bonds are expected to be the initial offering prices to the public (excluding bond houses and brokers) at which a substantial amount of the OID Bonds are sold. Under existing law, original issue discount on the OID Bonds accrued and properly allocable to the owners thereof under the Code is excludable from gross income for federal income tax purposes if interest on the OID Bonds is excludable from gross income for federal income tax purposes.

Under the Code, for purposes of determining an owner's adjusted basis in an OID Bond purchased at an original issue discount, original issue discount is treated as having accrued while the owner holds such OID Bond and will be added to the owner's basis. The owner's adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of such an OID Bond.

Prospective purchasers of OID Bonds should consult their tax advisors as to the calculation of accrued original issue discount, the accrual of original issue discount in the case of owners of the OID Bonds purchasing such OID Bonds after the initial offering and sale, and the state and local tax consequences of owning or disposing of such OID Bonds.

Original Issue Premium

The initial public offering prices of certain maturities of the Thirty-seventh Series B Refunding Bonds may be more than their stated principal amounts payable at maturity (the "OIP Bonds"). In general, an owner who purchases an OIP Bond must amortize the original issue premium as provided in applicable Treasury Regulations, and amortized premium reduces the owner's basis in the OIP Bonds for federal income tax purposes. Prospective purchasers of OIP Bonds at a premium to its principal amount should consult their tax advisors regarding the amortization of premium and its effect upon basis.

Other Federal Tax Matters

Prospective purchasers of the Thirty-seventh Series B Refunding Bonds should be aware that the ownership of Thirty-seventh Series B Refunding Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, certain insurance companies, recipients of Social Security or Railroad Retirement benefits, certain S corporations, foreign corporations subject to the branch profits tax, taxpayers eligible for the earned income tax credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Bond Counsel does not express any opinion regarding such collateral federal income tax consequences. Prospective purchasers of the Thirty-seventh Series B Refunding Bonds should consult their tax advisors regarding collateral federal income tax consequences. Prospective purchasers of the Thirty-seventh Series B Refunding Bonds may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

State Taxes

In the opinion of Bond Counsel, under existing statutes, interest on the Thirty-seventh Series B Refunding Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based for individuals, trusts and estates required to pay the federal alternative minimum tax.

Interest on the Thirty-seventh Series B Refunding Bonds is included in gross income for purposes of the Connecticut corporation business tax.

Accrued original issue discount on an OID Bond is also excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based for individuals, trusts and estates required to pay the federal alternative minimum tax.

Owners of the Thirty-seventh Series B Refunding Bonds should consult their own tax advisors with respect to the determination for state and local income tax purposes of original issue discount or original issue

premium accrued upon sale or redemption thereof, and with respect to the state and local tax consequences of owning or disposing of such Thirty-seventh Series B Refunding Bonds.

Changes in Federal and State Tax Law

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Thirty-seventh Series B Refunding Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the issuance of the Thirty-seventh Series B Refunding Bonds will not have an adverse effect on the tax status of interest on the Thirty-seventh Series B Refunding Bonds or the market value or marketability of the Thirty-seventh Series B Refunding Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Thirty-seventh Series B Refunding Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

Investors in the Thirty-seventh Series B Refunding Bonds should be aware that future legislative actions may increase, reduce or otherwise change (including retroactively) the financial benefits and the treatment of all or a portion of the interest on the Thirty-seventh Series B Refunding Bonds for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Thirty-seventh Series B Refunding Bonds may be adversely affected and the ability of holders to sell their Thirty-seventh Series B Refunding Bonds in the secondary market may be reduced. The Thirty-seventh Series B Refunding Bonds are not subject to special mandatory redemption, and the interest rates on the Thirty-seventh Series B Refunding Bonds are not subject to adjustment, in the event of any such change in the tax treatment of interest on the Thirty-seventh Series B Refunding Bonds.

General

The opinion of Bond Counsel is rendered as of its date, and Bond Counsel assumes no obligation to update or supplement its opinion to reflect any facts or circumstances that may come to its attention or any changes in law that may occur after the date of its opinion. Bond Counsel's opinion is based on existing law, which is subject to change. Such opinion is further based on factual representations made to Bond Counsel as of the date of issuance. Moreover, Bond Counsel's opinion is not a guarantee of a particular result, and is not binding on the Internal Revenue Service or the courts; rather, such opinion represents Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinion.

The discussion above does not purport to deal with all aspects of federal or state or local taxation that may be relevant to a particular owner of the Thirty-seventh Series B Refunding Bonds. Prospective owners of the Thirty-seventh Series B Refunding Bonds, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal, state and local tax consequences of owning and disposing of the Thirty-seventh Series B Refunding Bonds.

The proposed form of Bond Counsel opinion is included in Appendix D hereto.

THIRTY-SEVENTH SERIES B REFUNDING BONDS AS LEGAL INVESTMENTS

The Thirty-seventh Series B Refunding Bonds are securities in which all public officers and bodies of the State and all municipalities, all insurance companies and associations, and all banks, trust companies, savings banks and savings and loan associations in the State may properly and legally invest funds in their control. The Thirty-seventh Series B Refunding Bonds are not eligible investments in the State for funds of trusts, estates or guardianships under the control of individual administrators, guardians, executors, trustees or other individual fiduciaries.

AGREEMENT OF THE STATE OF CONNECTICUT

Pursuant to the Act, the State of Connecticut has pledged and agreed with the holders of any bonds and notes issued under the Act, including the Thirty-seventh Series B Refunding Bonds, that it will not limit or alter the rights vested in the Authority to acquire, construct, maintain, operate, reconstruct and improve its properties, to establish and collect its revenues, rates, rentals, fees and other charges, and to fulfill the terms of any agreements made with the holders of the bonds or notes, or in any way impair the rights and remedies of the bondholders or noteholders until the bonds or notes together with interest thereon, 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 bondholders or noteholders are fully met and discharged.

INDEPENDENT AUDITORS

The financial statements of the Authority as of May 31, 2023 are included in Appendix B and have been audited by CliffordLarsonAllen LLP, independent auditors, as set forth in their report dated September 12, 2023. Our independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. CliftonLarsonAllen LLP also has not performed any procedures relating to this offering document

The auditor has not been engaged to review this Official Statement or to perform audit procedures regarding the post-audit period. The auditor has not been engaged to verify the financial information set out in Appendix B and is not passing upon and does not assume responsibility for the sufficiency, accuracy or completeness of such financial information.

The auditors have not been asked nor have they given their permission to print the financial statements in this Official Statement.

RATINGS

Moody's Investors Service, Inc. ("Moody's") and S&P Global Ratings ("S&P") have assigned their municipal bond ratings of ["Aa3" and "AA-,"] respectively, for the Thirty-seventh Series B Refunding Bonds.

Each such rating reflects only the views of such organization, and an explanation of the significance of such rating may be obtained from such rating agency. There is no assurance that such ratings will continue for any given period of time or that they will not be revised or withdrawn entirely by such rating agency, if in the judgment of such agency circumstances so warrant. A downward revision or withdrawal of any such rating may have an adverse effect on the market price of the Thirty-seventh Series B Refunding Bonds.

UNDERWRITING

Piper Sandler & Co. (the "Underwriters") have agreed, subject to certain conditions and pursuant to a bond purchase agreement by and between the Authority and Piper Sandler & Co. (the "Bond Purchase Agreement") to purchase from the Authority the Thirty-seventh Series B Refunding Bonds described on the inside cover page of this Official Statement. The Thirty-seventh Series B Refunding Bonds will be purchased at an aggregate purchase price of \$_____ (which is equal to the par amount of \$_____ plus/less original issue premium/discount of \$_____ minus the Underwriters' discount of \$_____) and to reoffer such Thirty-seventh Series B Refunding Bonds at the public offering prices or yields set forth on the inside cover page hereof.

The Thirty-seventh Series B Refunding Bonds may be offered and sold to certain dealers (including dealers depositing the Thirty-seventh Series B Refunding Bonds into investment trusts) at prices lower than such public offering prices and such prices may be changed, from time to time, by the Underwriters. The Underwriters' obligations are subject to certain conditions precedent, and they will be obligated to purchase all the Thirty-seventh Series B Refunding Bonds if any Thirty-seventh Series B Refunding Bonds are purchased.

Piper Sandler & Co. has entered into a distribution agreement (the “CS&Co. Distribution Agreement”) with Charles Schwab & Co., Inc. (“CS&Co.”) for the retail distribution of certain securities offerings including the Thirty-seventh Series B Refunding Bonds, at the original issue prices. Pursuant to the CS&Co. Distribution Agreement, CS&Co. will purchase the Thirty-seventh Series B Refunding Bonds from Piper Sandler & Co. at the original issue prices, less a negotiated portion of the selling concession applicable to any Thirty-seventh Series B Refunding Bonds that CS&Co. sells.

CONTINUING DISCLOSURE

The Authority will enter into a Continuing Disclosure Agreement for the benefit of the owners and beneficial owners of the Thirty-seventh Series B Refunding Bonds to provide certain financial information and operating data relating to the Authority no later than eight months following the end of the Authority's fiscal year (the “Annual Report”), commencing with the report for the fiscal year ended May 31, 2024, and to provide notices of the occurrence of certain material events, and to provide notice of failure to file Annual Reports.

The specific nature of the information to be contained in the Annual Report and the notice of material events is set forth in “Appendix E - Form of Continuing Disclosure Agreement for the Thirty-seventh Series B Refunding Bonds,” and will be filed to assist the Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the “Rule”). The Annual Report, notice of material events and notice of failure to file Annual Reports will be filed by the Authority or by a dissemination agent (the “Dissemination Agent”) or by the Trustee on behalf of the Authority in accordance with the requirements of the Rule.

The Authority has complied, in all material respects, with previous undertakings made by the Authority under the Rule during the last five years.

MUNICIPAL ADVISOR

Acacia Financial Group, Inc. of Mount Laurel, New Jersey serves as municipal advisor to the Authority regarding the issuance of the Thirty-seventh Series B Refunding Bonds. The municipal advisor has assisted in the preparation of this Official Statement and in other matters relating to the planning, structuring and issuance of the Thirty-seventh Series B Refunding Bonds and has provided other advice. The municipal advisor, however, does not assume responsibility for the adequacy of the statements made herein and makes no representation that it has independently verified the same.

CERTAIN LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Thirty-seventh Series B Refunding Bonds are subject to the approval of Pullman & Comley, LLC of Hartford, Connecticut, Bond Counsel to the Authority. The opinion of Bond Counsel will be substantially in the form attached as Appendix D to this Official Statement. Certain legal matters will be passed upon for the Underwriters by The Nash Law Group, LLC.

In the opinion of Bond Counsel, the enforceability of the Bonds and the General Bond Resolution may be limited by bankruptcy, insolvency or other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

DOCUMENTS ACCOMPANYING DELIVERY OF THIRTY-SEVENTH SERIES B REFUNDING BONDS

Absence of Litigation

Upon delivery of the Thirty-seventh Series B Refunding Bonds, the Authority shall furnish a certificate of the Authority, dated the date of delivery of the Thirty-seventh Series Bonds to the effect that there is no controversy or litigation of any nature pending or threatened to restrain or enjoin the issuance, sale, execution or delivery of the Thirty-seventh Series B Refunding Bonds or in any way contesting or affecting the existence of the Authority or the validity of the Thirty-seventh Series Bonds or any proceedings of the Authority taken with

respect to the issuance or sale thereof, or in any way contesting or affecting the validity or enforceability of the General Bond Resolution.

Opinions of Bond Counsel

Delivery of the Thirty-seventh Series B Refunding Bonds will be subject to the approving opinion, dated the Date of Delivery of the Thirty-seventh Series B Refunding Bonds of Pullman & Comley, LLC, Bond Counsel to the Authority, in substantially the form attached as Appendix D to the Official Statement.

Authority's Certificates

Upon delivery of the Thirty-seventh Series B Refunding Bonds, the Authority shall furnish a certificate dated the date of delivery of the Thirty-seventh Series B Refunding Bonds, to the effect that (i) the Preliminary Official Statement, as supplemented or amended to the sale date, and the Official Statement, as supplemented or amended to the Date of Delivery, did not, as of the sale date and do not as of the Date of Delivery contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and (ii) there has been no material adverse change in the financial condition or operations of the Authority from that set forth in or contemplated by the Preliminary Official Statement, as amended or supplemented to the sale date, and the Official Statement, as supplemented and amended to the Date of Delivery of the Thirty-seventh Series B Refunding Bonds.

OTHER MATTERS

Additional information, including copies of the General Bond Resolution, may be obtained from the Authority's municipal advisor, Acacia Financial Group, Inc., 6000 Midatlantic Drive, Suite 410, Mount Laurel, New Jersey 08053 (856-234-2266), or from the Authority at its offices at 90 Sargent Drive, New Haven, Connecticut 06511 (203-562-4020).

Information contained in this Official Statement has been authorized for use in connection with the offering of the Thirty-seventh Series B Refunding Bonds by the Authority. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers or holders of any of the Thirty-seventh Series B Refunding Bonds.

The information, estimates and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication or permit any inference that there has been no change in the affairs of the Authority since the date hereof. Certain projections contained herein are based upon assumptions as to future events and facts, including projections as to future water needs, and such projections may not be realized. While assumptions of facts appeared reasonable when made, there is no warranty expressed or implied that they will be realized in fact.

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The execution and delivery of this Official Statement has been authorized by the Thirty-seventh Series B Supplemental Indenture, adopted on April 27, 2023. The Authority deems such Official Statement final as of its date for purposes of the U.S. Securities and Exchange Commission Rule 15c 2-12 but it is subject to revision or amendment.

SOUTH CENTRAL CONNECTICUT
REGIONAL WATER AUTHORITY

DAVID J. BOROWY
Chairperson

LARRY L. BINGAMAN
President and Chief Executive Officer

ROCHELLE KOWALSKI
Vice President and Chief Financial Officer

APPENDIX A – Consulting Engineer’s Report

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APPENDIX B – Audited Financial Statements of the Authority for Fiscal Years Ended May 31, 2023 and May 31, 2022

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APPENDIX C – Summary of Certain Provisions of the General Bond Resolution

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APPENDIX C – Summary of Certain Provisions of the General Bond Resolution

The Water System Revenue Bond Resolution, General Bond Resolution, adopted July 31, 1980, as amended and as supplemented by various supplemental resolutions including the Thirty-seventh Series B Supplemental Resolution (collectively, the “General Bond Resolution”) contains various covenants and security provisions, certain of which are summarized below. Capitalized terms used in this section but not defined herein have the meaning set forth in the General Bond Resolution, some of which are defined in Appendix C-1 to this Official Statement. The summary should not be regarded as a full statement of the document or of certain sections of the document.

DEFINITIONS AND INTERPRETATION

Interpretation (*Resolution, Section 103*)

If, at any time, while any Bonds are Outstanding which have been issued pursuant to Section 54AA of the Code, an opinion of Bond Counsel is required by the General Bond Resolution to the effect that such action will have no effect on the tax exemption of the Bonds, such opinion also shall be required that such action will have no effect on the eligibility of the Authority to receive the refundable credit under Section 54AA of the Code.

AUTHORIZATION AND ISSUANCE OF THE BONDS

Resolution to Constitute a Contract and Trust Indenture (*Resolution, Section 202*)

The General Bond Resolution shall constitute a contract between the Authority and the Holders from time to time of the Bonds, and the pledge made in the General Bond Resolution and the covenants and agreements set forth to be performed by or on behalf of the Authority shall be for the equal benefit, protection and security of the Holders of any and all of the Bonds regardless of the time or times of issue or the date of maturity. The General Bond Resolution shall constitute a trust indenture by and between the Authority and the Trustee.

Authorization of Bonds (*Resolution, Section 203*)

The Authority is authorized to issue Bonds from time to time without limitation as to amount except as provided in the General Bond Resolution or as limited by law to provide funds to fund the Construction Fund in any amount for any Water System Project or to fund in any amount any of the other Funds established by the General Bond Resolution except the Revenue Fund and the General Fund. Bonds may also be issued to provide funds for any Other Corporate Purpose, provided that no Bonds may be issued to provide funds for any Other Corporate Purpose if immediately following their issuance the aggregate amount of the Bonds issued to provide funds for Other Corporate Purposes (including any prior issues) would exceed the greater of Ten Million Dollars (\$10,000,000) or ten percent (10%) of the aggregate amount of the Authority’s then Outstanding Bonds.

The Bonds shall be issued subject to the terms, conditions and limitations established by the General Bond Resolution, may be Fixed Rate Bonds or Variable Rate Bonds, provided, however, that at no time shall the amount of Outstanding Variable Rate Bonds not subject to a Swap Agreement that complies with the terms of the General Bond Resolution exceed twenty percent (20%) of the aggregate amount of the Authority’s then Outstanding Bonds.

In connection with the issuance or carrying of the Bonds, the Authority may enter into contracts to provide credit enhancement, including letters of credit and bond insurance, Swap Agreements, contracts to provide liquidity, and contracts limiting the Authority’s interest rate exposure and otherwise providing protection against future interest rate levels.

ESTABLISHMENT OF FUNDS AND APPLICATION THEREOF

The Pledge Effected by the Resolution (*Resolution, Section 401*)

There is pledged for the payment of the principal and Redemption Price of, and interest and Swap Payments on, the Bonds in accordance with their terms and the provisions of the General Bond Resolution, subject only to the provisions of the General Bond Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the General Bond Resolution, (i) all Revenues, and (ii) all moneys and securities in all Funds established by the General Bond Resolution. The Bonds will be general obligations of the Authority and the full faith and credit of the Authority are pledged to the payment of the principal and Redemption Price, if any, of and interest and Swap Payments on the Bonds. **The Bonds will not be a debt of the State or of any municipality in the State, and neither the State nor any municipality in the State shall be liable therefor, nor shall the Bonds be payable out of any funds other than those of the Authority.**

Establishment of Funds and Accounts (*Resolution, Section 402*)

The General Bond Resolution establishes the following Funds which are to be held by the Trustee:

- Construction Fund
- Debt Service Fund
- Debt Reserve Fund

The General Bond Resolution also establishes the following Funds which are to be held by the Authority:

- Revenue Fund
- PILOT Fund
- Operating Reserve Fund
- Capital Contingency Fund
- Insurance Reserve Fund
- Rate Stabilization Fund
- General Fund

The Authority shall deposit in such Funds any moneys or securities required to be deposited therein by the General Bond Resolution and may deposit in any such Fund any other moneys or securities of the Authority. Except to the extent limited by the General Bond Resolution, the Authority may establish or cause the Trustee to establish separate accounts in any Fund.

Construction Fund (*Resolution, Section 403*)

The proceeds of insurance maintained pursuant to the General Bond Resolution against physical loss of or damage to a Water System Project, or of contractors' performance bonds with respect thereto, pertaining to the period of construction thereof, shall be paid into the Construction Fund.

The Authority shall submit to the Trustee a requisition setting forth the amount expected to be paid in the following month from the Construction Fund, together with a certificate of an Authorized Officer identifying such requisition and stating that the amount to be withdrawn pursuant to such requisition is a proper charge thereon. Promptly thereafter the Trustee shall advance to the Authority moneys in the amount shown in such requisition. All moneys so received by the Authority shall be applied to the payment of the costs of a Water System Project.

The Trustee shall, upon written instruction of an Authorized Officer, transfer any amount of the proceeds of Bonds remaining in the Construction Fund to the Debt Service Fund for the purchase or redemption of Bonds, but only upon receipt of the certificate of an Authorized Officer stating that all costs theretofore incurred in connection with the Water System Project for which such Bonds were issued have been paid or duly provided for. In lieu of making such transfer, the Authority may direct the Trustee to apply such funds to the Debt Reserve Fund or any other Fund but only with an opinion of Bond Counsel.

Notwithstanding any of the other provisions of this Section, to the extent that other moneys are not available, therefor, amounts in the Construction Fund may be applied to the payment of principal, redemption Price, if any, and interest on Bonds when due.

Revenue Fund (*Resolution, Section 404*)

All Revenues shall be deposited promptly by the Authority to the credit of the Revenue Fund. The Authority shall apply the moneys in the Revenue Fund, free and clear of any lien or pledge created by the General Bond Resolution, to the payment of Operating Expenses. The Authority shall, on or before the last day of each month, apply moneys in the Revenue Fund to the extent required as follows and in the following order:

1. To the Debt Service Fund, for deposit in the Bond Interest Account, an amount together with any amounts transferred from the Construction Fund or to be transferred from the Debt Reserve Fund pursuant to the written direction of an Authorized Officer at least equal to one-fifth of the aggregate amount of interest and Swap Payments becoming due and payable on all Outstanding Bonds during the next ensuing (6) months plus any such amounts previously due but not deposited in the Bond Interest Account, provided however, that the amount so deposited on account of interest and Swap Payments in each month after the delivery of any Series of Bonds up to and including the month immediately preceding the first interest payment date thereafter of the Bonds of such Series shall be that amount which when multiplied by the number of such deposits will be equal to the amount of interest and Swap Payments payable on such Bonds on such first interest payment date less the amount of any accrued interest paid on such Bonds and deposited with the Trustee to the credit of the Debt Service Fund.

2. To the Debt Service Fund, for deposit in the Bond Principal Account, an amount together with any amounts to be transferred from the Debt Reserve Fund pursuant to the written direction of an Authorized Officer as provided in the Resolution, at least equal to the sum of (a) one-tenth of the aggregate amount of principal becoming due and payable on the Outstanding Bonds (except to the extent that previously deposited Sinking Fund Installments are available in the Bond Principal Account to pay such principal) during the next ensuing twelve (12) months, (b) one-tenth of any Sinking Fund Installment required to be made during the next ensuing twelve (12) months, and (c) any such amounts previously due but not deposited in the Bond Principal Account, provided, however, that the amount so deposited on account of principal and Sinking Fund Installments in each month after the delivery of any Series up to and including the month immediately preceding the first principal or Sinking Fund Installment payment date thereafter of the Bonds of such Series shall be that amount which when multiplied by the number of such deposits will be equal to the amount of principal and Sinking Fund Installments payable on such Bonds on such first principal or Sinking Fund Installment payment date.

3. To the extent required as follows and in the following order:

- (a) to the Debt Reserve Fund any amounts necessary to maintain the Debt Reserve Fund Requirement including any amounts necessary to make the Repayment Obligations; and

(b) thereafter to the payment or to a separate fund or funds held by the Authority for the payment, on a parity among themselves, of (1) amounts due to a Bond Insurer in reimbursement of amounts paid under a policy and related interest amounts accrued under a Bond Insurer Reimbursement Agreement; and (2) amounts due to the Bank for payment of default interest due under any Liquidity Facility entered into between such Bank and the Authority with respect to unpaid amounts of principal and interest due under this General Bond Resolution.

4. To the payment of principal, redemption price, Sinking Fund Installment or interest due on Subordinated Debt.

5. At the option of the Authority:

(a) first to the Debt Service Fund any amounts which are necessary, together with amounts already in the Debt Service Fund and available therefore, to pay all interest, principal and Sinking Fund Installments due on all Outstanding Bonds during the current Fiscal Year, and

(b) thereafter to the payment or to a separate fund held by the Authority for the payment, of the following amounts in the following order:

(i) principal, redemption price, Sinking Fund Installment or interest due or to become due on Subordinated Debt issued before the date of the Supplemental Resolution;

(ii) the following amounts on a parity among themselves: (A) amounts due to a Bond Insurer under a Bond Insurer Reimbursement Agreement; and (B) amounts due to a Bank under a Liquidity Facility;

(iii) the following amounts on a parity among themselves: (A) principal, (B) redemption price, (C) Sinking Fund Installment, (D) interest and (E) any other payments due or to become due during the current Fiscal Year as Subordinated Debt.

6. To the PILOT Fund an amount at least equal to one-twelfth of the PILOT Fund Requirement, plus any such amounts previously due but not deposited in the PILOT Fund and any amounts withdrawn from the PILOT Fund, plus all such additional amounts, if any, which would have been due during the preceding eleven months if the Authority had been notified at the time transfers were made to the PILOT Fund in such months of the actual amount of PILOT payments due or to become due during the twelve months from the date of such transfer. No deposit shall be necessary if the PILOT Fund Requirement has been satisfied.

7. At the option of the Authority, any amounts which the Authority determines shall be deposited (a) in the Construction Fund, (b) in the Operating Reserve Fund, the Capital Contingency Fund or the Insurance Reserve Fund to the extent necessary to maintain the Operating Reserve Fund Requirement, the Capital Contingency Fund Requirement or the Insurance Reserve Fund Requirement, respectively, or (c) after payments in accordance with clause (b) in the Debt Service Fund to the Redemption Account for the purchase or redemption of Bonds.

The Authority shall, before the last day of the first month of each Fiscal Year, apply any moneys remaining in the Revenue Fund on the last day of the previous Fiscal Year in the following order:

1. To the Capital Contingency Fund the amount, if any, necessary for such Fund to equal the Capital Contingency Fund Requirement; and

2. To the Operating Reserve Fund the amount, if any, necessary for such Fund to equal the Operating Reserve Fund Requirement for the current Fiscal year; and

3. To the Rate Stabilization Fund Variable Rate Bonds Sub-account the amount, if any, by which the Interest Requirement on Variable Rate Bonds for the previous Fiscal Year exceeded the amount of interest and related costs actually paid on such Bonds during such year; and to the Rate Stabilization Fund Surplus Sub-account the amount, if any, which the Authority shall determine and direct which shall not exceed an amount equal to the lesser of (i) the amount by which Net Revenues from the previous Fiscal Year exceed the requirements specified in the Resolution, or (ii) the amount by which Net Revenues from the previous Fiscal Year plus PILOT payments payable during such prior Fiscal Year exceed the requirement specified in the Resolution.

4. To the General Fund any remaining moneys or securities.

Debt Service Fund (*Resolution, Section 405*)

Established in the Debt Service Fund is the Bond Interest Account, the Bond Principal Account and the Redemption Account. Moneys in the Bond Interest Account shall be applied by the Trustee solely for the purpose of paying the interest and Swap Payments on the Bonds as they shall become due and payable (including accrued interest on any bonds purchased or redeemed prior to maturity). Moneys in the Bond Principal Account shall be applied solely for the purpose of paying the principal of the Bonds as they become due and payable or for the purchase or redemption of Bonds prior to their stated maturity. Moneys in the Redemption Account shall be applied by the Trustee solely for the purpose of purchasing or redeeming Bonds prior to their stated maturity including any accrued interest.

The amount, if any, deposited in the Debt Service Fund from the proceeds of each Series of Bonds shall be set aside in such Fund and applied to the payment of interest on the Bonds of such Series (or Refunding Bonds issued to refund such Bonds) as the same becomes due and payable.

Whenever the moneys in the Debt Service Fund and the Debt Reserve Fund are insufficient to pay the interest, principal or Sinking Fund Installments due or to become due in the next seven (7) days on the Bonds, the Authority, upon written requisition from the Trustee, shall transfer amounts necessary to make up such deficiency from any of the following Funds as selected by the Authority: the PILOT Fund, the Operating Reserve Fund, the Capital Contingency Fund or the General Fund.

At least three Business Days prior to the date that principal and interest becomes due and payable on the Bonds, the Trustee shall ascertain whether it will need to make a claim on the Reserve Policy and shall, at least two Business Days prior to the date such payments are due, provide notice of such claim to the Credit Facility Provider.

PILOT Fund (*Resolution, Section 406*)

On or before the last day of each month, the Authority shall apply moneys to the credit of the PILOT Fund to the payment of such PILOT payments as shall have become payable to municipalities in such month.

Whenever the moneys in the Debt Service Fund are insufficient to pay the interest, principal and Sinking Fund Installments due or to become due in the next seven (7) days on the Bonds, the Authority may transfer from the PILOT Fund to the Trustee for deposit in the Debt Service Fund the amount necessary to make up such deficiency.

Debt Reserve Fund (*Resolution, Section 407*)

Whenever the moneys in the Debt Service Fund are insufficient to pay the interest, principal and Sinking Fund Installments due on Bonds, the Trustee shall apply amounts from the Debt Reserve Fund to the extent necessary to make good the deficiency.

Whenever, after the payment of the principal, Redemption Price, Sinking Fund Installment or interest on any Bond, the Debt Reserve Fund requirement would be reduced, the Trustee, at the written direction of an Authorized Officer, shall apply moneys in the Debt Reserve Fund to the Debt Service Fund on the date such payment is due for application to all or any part of such payment, provided that following such payment the moneys and securities remaining in the Debt Reserve Fund shall not be less than the Debt Reserve Fund Requirement.

Upon delivery of a certificate of an Authorized Officer to the Trustee, any amount in the Debt Reserve Fund in excess of the Debt Reserve Fund Requirement on all Outstanding Bonds on any valuation date shall be (A) transferred to the Debt Service Fund and credited against the payments next in respect of the principal of and redemption premium, if any, or interest on the Bonds, or (B) applied as may be specified in such certificate if such certificate is accompanied by an opinion of Bond Counsel to the effect that such application will not cause interest on any Series of Bonds to be includable in gross income for federal income tax purposes.

Upon the substitution of a Credit Facility for money or securities in the Debt Reserve Fund, any money or securities on deposit in the Debt Reserve Fund which, when added to the face amount of the Credit Facility, exceed the Debt Reserve Fund Requirement on all Outstanding Bonds, shall be applied as specified in a certificate of an Authorized Officer to the Trustee if such certificate is accompanied by an opinion of Bond Counsel to the effect that such application will not cause interest on the Outstanding Bonds or any Series of Bonds to be includable in gross income for federal income tax purposes. Thereafter, the Credit Facility shall be considered a part of the Debt Reserve Fund and the amount available thereunder shall be included in any calculation of the amount required to be retained in the Debt Reserve Fund, (A) if the sum of the amount available under the Credit Facility and the amount of moneys on deposit in the Debt Reserve Fund exceeds the Debt Reserve Fund Requirement, the Authority shall be permitted to (i) cause the amount available under the Credit Facility to be reduced by an amount equal to such excess, or (ii) direct that the excess moneys be applied as permitted above under the General Bond Resolution, and (B) only if the Credit Facility then on deposit in the Debt Reserve Fund is in the form of a letter of credit, if such letter of credit is not extended, renewed or replaced at least six (6) months prior to its scheduled expiration or termination date, the Trustee shall, not later than fifteen (15) days prior to such termination date, draw on such letter of credit for the full amount thereof.

Operating Reserve Fund (*Resolution, Section 408*)

Moneys to the credit of the Operating Reserve Fund may be applied to Operating Expenses to the extent moneys are not otherwise available therefor.

Whenever the moneys in the Debt Service Fund are insufficient to pay the interest, principal and Sinking Fund Installments due or to become due in the next seven (7) days on the Bonds, the Authority may transfer from the Operating Reserve Fund to the Trustee for deposit in the Debt Service Fund the amount necessary to make up such deficiency.

Whenever the moneys and securities in the Operating Reserve Fund shall exceed the Operating Reserve Fund Requirement, the Authority may transfer the amount then exceeding such Requirement to the Debt Reserve Fund, if and to the extent necessary to make the amount in such Fund equal to the Debt Reserve Fund Requirement, and any balance to the General Fund.

Capital Contingency Fund (*Resolution, Section 409*)

Moneys to the credit of the Capital Contingency Fund may be applied to the cost of Water System Projects not provided for in the current Capital Improvements Budget and made necessary by emergency or other unforeseen circumstances or events.

Whenever the moneys in the Debt Service Fund are insufficient to pay the interest, principal and Sinking Fund Installments due or to become due in the next seven (7) days on Bonds, the Authority may transfer from the Capital Contingency Fund to the Trustee for deposit in the Debt Service Fund the amount necessary to make up such deficiency.

Whenever the moneys and securities in the Capital Contingency Fund shall exceed the Capital Contingency Fund requirement, the Authority may transfer the amount then exceeding such Requirement to the Construction Fund or to any other Fund provided the Authority has secured an opinion from Bond Counsel to the effect that such application will not cause interest on any Outstanding Bonds or Series of Bonds to be includable in gross income for federal income tax purposes.

General Fund (*Resolution, Section 410*)

Whenever the moneys in the Debt Service Fund are insufficient to pay the interest, Swap Payments, principal or Sinking Fund Installments due or to become due in the next seven (7) days on Bonds, the Authority may transfer from the General Fund to the Trustee for deposit in the Debt Service Fund the amount necessary to make up such deficiency.

The Authority may apply any moneys or securities in the General Fund to any lawful purpose of the Authority.

Insurance Reserve Fund (*Resolution, Section 413*)

The Authority may create an Insurance Reserve Fund and shall maintain the Fund at the Insurance Reserve Fund Requirement.

Rate Stabilization Fund (*Resolution, Section 414*)

Established in the Rate Stabilization Fund are the Variable Rate Bond Sub-account and the Surplus Sub-account. Before the last day of the first month of each Fiscal Year, should any Moneys be remaining in the Revenue Fund on the last day of the prior fiscal year, the Authority will deposit in the Rate Stabilization Fund Variable Rate Bonds Sub-account the amount by which the Interest Requirement on Variable Rate Bonds for the previous Fiscal Year exceeded the amount of interest and related costs actually paid on such Bonds during the year. The Rate Stabilization Fund Surplus Sub-account shall be funded initially in an amount determined and specified in a written certification of the Authority, which amount shall be transferred from the General Fund.

The Authority shall transfer moneys in the Rate Stabilization Fund to the Revenue Fund to the extent required to make up deficiencies in any of the Funds established under the Resolution. If all such Funds are maintained at or above their respective requirements, the Authority may at any time transfer any moneys in the Rate Stabilization Fund to the Revenue Fund, but only if each of the other Funds established under the Resolution are funded at or above their respective requirements.

Deposit and Investments of Moneys in Funds (*Resolution, Section 411*)

All moneys held by the Trustee or the Authority in any of the Funds established pursuant to the General Bond Resolution shall be invested in Investment Securities except that the Trustee or the Authority may, in lieu of such investment, place amounts on demand or on time deposit with banks or

trust companies which are members of the Federal Deposit Insurance Corporation. In computing the amount in any Fund, investments shall be valued at the fair market value thereof and shall include accrued but unpaid interest on each investment, and all investments (valued as aforesaid) and accrued interest thereon shall be deemed a part of such Funds. All Plain Par Investments and all other investments that mature within six (6) months of any valuation date or are payable on demand shall be valued at par plus any accrued and unpaid interest.

Holding of Special Deposits (*Resolution, Section 412*)

The money held by or for the account of the Authority in connection with the Water System which are required to be applied under the terms of an agreement to the construction or alteration of a facility which is the subject of the agreement (including, without limitation, any moneys received by the Authority for such purpose under any grant or loan agreement with the United States or the State or any agency or instrumentality of either) or which are subject to refund by the Authority or held for the account of others or subject to refund to others, including, without limitation, any amounts deducted by the Authority from wage and salary payments to its employees, any amounts contributed by the Authority to any pension or retirement fund or system which amounts are held in trust for the benefit of the employees of the Authority, any amounts held as deposits, including customers' service deposits, guaranteed revenue contract deposits, unexpended developers' deposits under construction loan contracts, minimum revenue deposits and unexpended jobbing deposits, together with any investments of such moneys and interest and profits thereon to the extent such interest and profits are also held for the account of others or subject to refund to others, and any moneys held by or for the account of the Authority in connection with any Other Corporate Purposes, together with any investment of such moneys and interest and profits thereon, may be held by the Authority outside of the various Funds established by the General Bond Resolution and, notwithstanding anything herein to the contrary, shall not be subject to the pledge created by the General Bond Resolution or be considered Revenues under the General Bond Resolution while so held.

PARTICULAR COVENANTS OF THE AUTHORITY

Powers as to Bonds and Pledge (*Resolution, Section 605*)

The Authority is duly authorized under the Act and all applicable laws to authorize and issue the Bonds and to adopt the General Bond Resolution and to pledge the Revenues, and other moneys, securities and funds purported to be pledged by the General Bond Resolution, in the manner and to the extent provided in the General Bond Resolution. The Revenues and other moneys, securities and funds so pledged are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge created by the General Bond Resolution, except to the extent expressly permitted by the General Bond Resolution, and all corporate or other action on the part of the Authority to that end has been or will be duly and validly taken. The Bonds and the provisions of the Resolution are and will be the valid and legally enforceable obligations of the Authority in accordance with their terms and the terms of the Resolution. The Authority shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Revenues and other moneys, securities and funds pledged under the Resolution and all the rights of the Bondholders under the Resolution against all claims and demands of all persons whomsoever.

Indebtedness and Liens (*Resolution, Section 607*)

The Authority is not permitted to issue any bonds, notes or other evidences of indebtedness, other than the Bonds secured by a pledge of the Revenues and other moneys held by the Authority or the Trustee under the General Bond Resolution or to create or cause to be created any lien or charge on such Revenues or other moneys, except as to Swap Payments authorized pursuant to the General Bond Resolution and as follows:

(a) Subordinated Debt for the Payment of Operating Expenses which Subordinated Debt is payable out of or secured by a pledge of amounts available therefor pursuant to the General Bond Resolution, provided that (a) any such pledge shall in all respects be subordinate to the provisions of the General Bond Resolution and the pledge created by the General Bond Resolution, and (b) the aggregate principal amount of such Subordinated Debt outstanding at any one time in a Fiscal Year shall not exceed twenty-five percent (25%) of the Operating Expenses budgeted for the Fiscal Year in which such Subordinated Debt is issued.

(b) Subordinated Debt issued for any purpose of the Authority, which Subordinated Debt is payable out of or secured by a pledge of amounts available therefor pursuant to the General Bond Resolution, provided that any such pledge will in all respects be subordinate to the provisions of the General Bond Resolution and the pledge created by the General Bond Resolution.

(c) Bonds, notes or other evidences of indebtedness which are payable out of, or secured by a pledge of, Revenues to be derived on and after such date as the pledge of the Revenues created by the General Bond Resolution has been discharged;

(d) Debt issued to finance the acquisition, construction, replacement, extension or operation of an Additional Water System, and which are secured by the revenues, receipts or moneys derived by the Authority from the ownership or operation of such Additional Water System; or

(e) Variable Rate Bonds accompanied by a put or other repurchase obligation which is secured by a letter of credit or other credit enhancement device which requires repayment more rapidly than the Bonds secured thereby.

Sale, Lease or Encumbrance of Property (*Resolution, Section 608*)

Except as provided in this Section, the Authority covenants that no part of the Water System shall be sold, mortgaged, leased or otherwise disposed of or encumbered. The Authority may sell or exchange or otherwise dispose of any property or facilities which are worn out, obsolete or no longer useful in the operation of the Water System but only if such disposition will not impair the ability of the Authority to satisfy the rate covenant as to Net Revenues established pursuant to of the General Bond Resolution. Any proceeds of any such disposition not used to replace the property so disposed of shall be deposited by the Authority, to the extent of any deficiency therein, in the Debt Service Fund, the Debt Reserve Fund, the Operating Reserve Fund, and the Capital Contingency Fund and thereafter, at the direction of the Authority, to the Debt Service Fund for redemption of Bonds or to the Construction Fund for any Water System Project. Such proceeds may also be used for the acquisition of real property, any Capital Improvements to the Authority's properties or the retirement of other indebtedness of the Authority including Subordinated Debt, provided that the total aggregate amount of such proceeds applied for such purposes since the date of the General Bond Resolution may not exceed the greater of \$10,000,000 or ten percent (10%) of the aggregate amount of the Authority's Bonds then outstanding. The Authority may lease real or personal property as lessee. The Authority may also lease, as lessor, any part of the Water System if such lease will not impede operation of the Water System.

Operation, Maintenance and Reconstruction (*Resolution, Section 609*)

The Authority shall operate or cause to be operated, the Water System properly and in a sound, efficient and economical manner and shall maintain preserve and keep the same or cause the same to be maintained, preserved, and kept in good repair and operating condition, and shall from time to time make or cause to be made, all necessary and proper repairs, replacements and renewals so that the operation of the Water System may be properly and advantageously conducted, and, if any useful part of the Water System is damaged or destroyed or taken through the exercise of eminent domain, the Authority shall, as

expeditiously as practicable, commence and diligently prosecute the replacement or reconstruction of such damaged or destroyed part so as to restore the same to use and the replacement of such part so taken, provided, however, the Authority shall not be required to operate any part of the Water System if abandonment of such part is economically justified.

Rates and Charges (*Resolution, Section 610*)

The Authority shall fix reasonable rates for each class of service rendered by the Water System in accordance with the Act.

So long as any Bonds are Outstanding, the Authority shall at all times maintain rates, fees, rentals and other charges with respect to the Water System and the Authority's Other Corporate Purposes, and any contracts entered into by the Authority for the sale or distribution of water shall contain rates, fees, rentals or other charges, so as to provide funds sufficient in each Fiscal Year, together with other available moneys to pay (1) all Operating Expenses, (2) all payments of Principal Installments of and interest on the Bonds and of principal, redemption prices, Sinking Fund Installments and interest on all other bonds, notes or other evidences of indebtedness or obligations of the Authority, (3) all PILOT payments, (4) the amounts necessary to maintain the Debt Reserve Fund Requirement, the Operating Reserve Fund Requirement, the Capital Contingency Fund Requirement, and any other reserves or fund requirements hereafter required by the terms of the Resolution and any other resolution authorizing the issue of bonds, notes or other evidences of indebtedness or obligations of the Authority, (5) all necessary repairs, replacements and renewals of the Water System and other properties of the Authority, (6) all expenses for the operation, maintenance, conservation and appropriate recreational use of the properties of the Authority, and (7) all other amounts which the Authority may by law or contract be obligated to pay.

So long as any Bonds are Outstanding, the Authority shall at all times maintain rates, fees, rentals and other charges with respect to the Water System at levels sufficient so that in each Fiscal Year Revenues are at least one hundred percent (100%) of the total of (1) all Operating Expenses, (2) all PILOT payments, (3) all payments for debt service on the Bonds required to be made by Section 404 C(1) and (2) and all amounts (in addition to funds available from proceeds of Bonds) to maintain any reserves required by the Resolution, (4) all payments for debt service or to maintain reserves required by any resolution authorizing the issue of Subordinated Debt (except to the extent that at the time of issuance of such Subordinated Debt such payments are scheduled to be made from sources other than Revenues), and (5) any other obligations of the Authority pertaining to the Water System and due in such Fiscal Year (except to the extent such obligations are paid from the General Fund or from proceeds of Bonds, insurance, condemnation, sales of property or other bonds, notes or evidences of indebtedness of the Authority).

Without limiting the generality of the foregoing, the Authority shall establish and maintain rates, fees, rentals and other charges with respect to the Water System at levels sufficient so that in each Fiscal Year during which Bonds are Outstanding:

1. Net Revenues shall equal at least one hundred fourteen percent (114%) of the amount of the Debt Service Requirement calculated as of the first day of such Fiscal Year on Bonds Outstanding on such day, less the amounts, if any, transferred from the Construction Fund to the Bond Interest Account during such Fiscal Year, to pay interest becoming due in such Fiscal Year on Bonds Outstanding as of the first day of such Fiscal Year, and
2. Net Revenues plus the amount of the PILOT payments payable during such Fiscal Year shall equal at least (a) one hundred twenty-five percent (125%) of the Debt Service Requirement calculated as of the first day of such Fiscal Year on Bonds Outstanding on such day, less the amounts, if any,

transferred from the Construction Fund to the Bond Interest Account during such Fiscal Year to pay interest becoming due in such Fiscal Year on Bonds Outstanding as of the first day of such Fiscal Year.

The Authority shall review the adequacy of its rates, fees, rentals and other charges with respect to the Water System and the Authority's Other Corporate Purposes to satisfy the requirements of this section for the next succeeding Fiscal Year. If the review shows that the rates, fees, rentals and other charges are likely to be insufficient to meet the requirements of this section, the Authority shall promptly take such steps as permitted by law and as are necessary to cure or avoid the deficiency.

If, after any Fiscal Year, the Authority has not satisfied the requirements of the prior Fiscal Year then the Authority shall take corrective steps to comply with the requirements during the then current Fiscal Year.

Insurance and Condemnation (*Resolution, Section 611*)

The Authority shall (a) keep all property which is part of the Water System and which is of an insurable nature and of the character usually insured by water utility systems similar to the Authority insured against loss or damage or (b) maintain the Insurance Reserve Fund at the Insurance Reserve Fund Requirement.

All proceeds of insurance insuring the properties and facilities of the Water System against loss or damage shall be applied to the restoration, replacement or reconstruction of the property or facility lost or damaged or to the Capital Contingency Fund or the Operating Reserve Fund to the extent that the costs of such restoration, replacement or reconstruction were paid from the Capital Contingency Fund or the Operating Reserve Fund, unless the Authority determines in accordance with the General Bond Resolution not to restore, replace or reconstruct such property or facilities.

If any property or facility compromising part of the Water System shall be taken through the exercise of the power of eminent domain, the Authority shall apply the proceeds of any award received on account of such taking to the replacement of the property or facility so taken or to the Capital Contingency Fund or the Operating Reserve Fund, unless the Authority determines in accordance with the General Bond Resolution not to replace such property or facility.

Free Service (*Resolution, Section 617*)

No free service shall be furnished by the Water System to any town, city, district, or other governmental agency or political subdivision or to any person, firm, or corporation, as long as any Bonds are outstanding. Any service rendered by the Water System to any such town, city, district or other governmental agency or political subdivision or person, firm, or corporation shall be charged at the same rate and in the same manner in which any other consumer, within the same classification, is or would be charged for similar service.

Non-Payment of Rates (*Resolution, Section 618*)

The Authority shall take steps to collect delinquent rates or charges, and to enforce liens for non-payment of rates or charges, in a practicable and timely manner.

Issuance of Bonds (*Resolution, Section 619*)

The Authority shall not issue additional Bonds unless the following requirements are satisfied. If an existing water system is to be acquired from the proceeds of the additional Bonds, the following requirements must be met in connection with the water system to be acquired and calculated in accordance with the methods of computing such information under the General Bond Resolution.

- (a) the amount of Revenues adjusted to give effect to any increases in rates adopted prior to the issuance of additional Bonds, amounts transferred from the Rate Stabilization Fund and the refundable credit expected to be received from the federal government for such additional Bonds pursuant to Section 54AA of the Code are not less than One Hundred Percent (100%) of the amount of projected expenses and obligations;
- (b) Net Revenues adjusted in compliance with this section are not less than One Hundred Fourteen Percent (114%) of the maximum aggregate amount of Principal Installments and interest becoming due in the current or any future Fiscal Year on Outstanding Bonds, including the additional Bonds;
- (c) Net Revenues adjusted in compliance with this section plus PILOT payments are not less than One Hundred Twenty-Five Percent (125%) of the maximum aggregate amount of Principal Installments and interest becoming due in the current or any future Fiscal Year on Outstanding Bonds, including the additional Bonds; and
- (d) for the historical (12) month period, the Revenues of the Authority were sufficient to comply with the requirements for determining the rates and charges of the Authority.

DEFAULTS AND REMEDIES

Events of Default (*Resolution, Section 701*)

It is an “Event of Default” if:

- (a) the Authority defaults in the payment of principal or Redemption Price on any Bonds when due;
- (b) the Authority defaults in the payment of any installment of interest when due on any Bond, or in making of any Sinking Fund Installment, and such default continues for thirty days;
- (c) the Authority defaults in the performance or observance of any other covenant, agreement or condition on its part contained in the General Bond Resolution or in the Bonds and such default continues for a period of sixty days after written notice thereof to the Authority by the Trustee or to the Trustee by the holders of not less than a majority in principal amount of the outstanding Bonds; or
- (d) the Authority files a petition or otherwise seeks relief under any federal or state bankruptcy or similar law.

Application of Revenues and Other Moneys After Default (*Resolution, Section 703*)

The Authority covenants that if an Event of Default shall happen and shall not have been remedied, the Authority, upon demand of the Trustee, shall pay over or cause to be paid over to the Trustee (1) forthwith, all moneys, securities and funds then held by the Authority in any Fund or account pledged under the General Bond Resolution, and (2) subject to application pursuant to the General Bond Resolution, all Revenues as promptly as practicable after receipt thereof.

During the continuance of an Event of Default, the Trustee shall apply such moneys, securities, funds and Revenues and the income therefrom as follows and in the following order:

1. to the payment of the reasonable and proper charges and expenses of the Trustee and of the Consulting Engineers;

2. to the payment of the amounts required for reasonable and necessary Operating Expenses, including reasonable and necessary reserves and working capital therefor, and for the reasonable repair and replacement of the Water System necessary to prevent loss of Revenues, as certified to the Trustee by the Consulting Engineers;

3. to the payment of the interest and principal or Redemption Price then due on the Bonds, subject to the provisions of the Resolution, as follows:

(a) unless the principal of all of the Bonds shall have become or have been declared due and payable,

First: To payment to the persons entitled thereto of all installments of interest and Swap Payments then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full all installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, and if the amount available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference.

(b) if the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal or of any installment of interest over any other installment of interest, or of any Bonds over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference.

4. to the payment of any Subordinated Debt;

5. to the payment of the amounts required for PILOT payments.

Proceedings Brought by Trustee (*Resolution, Section 704*)

If a Default occurs the Trustee may proceed to protect and enforce its rights and the rights of the Holders of the Bonds under the General Bond Resolution by a suit or suits in equity or at law. The Trustee shall also be entitled to obtain the appointment of a receiver of the moneys, securities and funds then held by the Authority in any Fund under the General Bond Resolution and of the Revenues and the whole or any part of the Water System, with all such powers as the court making such appointment shall confer. All rights of action under the General Bond Resolution may be enforced by the Trustee without the possession of any of the Bonds or coupons. The Holders of a majority in principal amount of the Bonds Outstanding may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee. The Trustee, however, has the right to decline to follow the direction on advice from their counsel.

SUPPLEMENTAL RESOLUTIONS

Supplemental Resolutions Effective Upon Filing With Trustee (*Resolution, Section 901*)

The Authority may at any time adopt a resolution supplementing the General Bond Resolution for any one or more of these purposes:

1. to close the General Bond Resolution against, or provide limitations and restrictions in addition to the limitations and restrictions contained in the General Bond Resolution on, the original issuance of Bonds;
2. to add to the covenants and agreements of the Authority in the General Bond Resolution, other covenants and agreements thereafter to be observed by the Authority for the purpose of further securing the Bonds;
3. to add to the limitations and restrictions in the General Bond Resolution, other limitations and restrictions thereafter to be observed by the Authority which are not contrary to or inconsistent with the General Bond Resolution as theretofore in effect;
4. to surrender any right, power or privilege reserved to or conferred upon the Authority by the terms of the General Bond Resolution, but only if the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Authority contained in the General Bond Resolution;
5. to authorize Bonds of a Series, subject to such approvals as may be required by the Act, and, in connection therewith, specify and determine any matters and things relative to such Bonds which are not contrary to or inconsistent with the General Bond Resolution as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first authentication and delivery of such Bonds;
6. to confirm, as further assurance, any pledge under and the subjection to any lien or pledge created or to be created by the General Bond Resolution of the Revenues or of any other moneys, securities or funds;
7. to modify any of the provisions of the General Bond Resolution in any respect whatever, provided that (i) such modification shall be, and be expressed to be, effective only after all Bonds of any Series Outstanding at the date of the adoption of such Supplemental Resolution shall cease to be

Outstanding, and (ii) such Supplemental Resolution shall be specifically referred to in the text of all Bonds of any Series authenticated and delivered after the date of the adoption of such Supplemental Resolution and of bonds issued in exchange therefor or in place thereof (except coupon Bonds held by the Trustee and issued in exchanges pursuant to Section 307); and

8. to grant such rights and remedies and make such other covenants subject to this General Bond Resolution (including any prior Supplemental Resolution) as may be necessary for the issuance of a Credit Facility, a Swap Agreement or Swap Facility so long as such rights, remedies and covenants are not contrary to or inconsistent with this General Bond Resolution as theretofore in effect.

Supplemental Resolutions Effective Upon Consent of Trustee (*Resolution, Section 902*)

The Authority may at any time adopt a resolution supplementing the General Bond Resolution for any one or more of these purposes:

1. to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the General Bond Resolution; or
2. to insert such provisions clarifying matters or questions arising under the General Bond Resolution as are necessary or desirable and are not contrary to or inconsistent with the General Bond Resolution as theretofore in effect; or
3. to provide for additional duties of the Trustee.

Supplemental Resolutions Effective With Consent of Bondholders (*Resolution, Section 903*)

The Authority may adopt a resolution supplementing the General Bond Resolution, at any time, subject to the consent of the Bondholders.

General Provisions

Nothing contained in this General Bond Resolution shall affect or limit the right or obligation of the Authority to adopt, make, do, execute, acknowledge or deliver any resolution, act or other instrument pursuant to the General Bond Resolution or the right or obligation of the Authority to execute and deliver to any Fiduciary any instrument which elsewhere in the General Bond Resolution it is provided shall be delivered to the Fiduciary. (*Resolution, Section 904*)

While the Reserve Policy is in effect, the General Bond Resolution may not be supplemented or amended without the prior written consent of the Credit Facility Provider. (*Resolution, Section 905*)

AMENDMENTS

Powers of Amendment (*Resolution, Section 1002*)

Any modification or amendment of any provision of the General Bond Resolution or of the rights and obligations of the Authority and of the holders of the Bonds and coupons may be made by a Supplemental General Bond Resolution with the written consent given as provided in the General Bond Resolution (1) of the holders of at least two-thirds in principal amount of the Outstanding Bonds, (2) in case less than all of the several Series of Bonds would be affected by such modification or amendment, of the holders of at least two-thirds in principal amount of the Outstanding Bonds of each Series so affected, or (3) in case the modification or amendment changes the terms of any sinking fund payment, of the holders of at least two-thirds in principal amount of the Outstanding Bonds of the particular Series and maturity entitled to such sinking fund payment; except that if such modification or amendment will, by its

terms, not take effect so long as any Bonds of any specified like Series and maturity remain Outstanding, the consent of the holders of such Bonds shall not be required. No such modification or amendment may permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the redemption price thereof or in the rate of interest thereon without the consent of the holder of such Bond or may reduce the percentages or otherwise affect the classes of Bonds, the consent of the holders of which is required to effect any such modification or amendment.

DEFEASANCE

Defeasance (*Resolution, Section 1101*)

If the Authority shall pay or cause to be paid to the holders of all Bonds and coupons, the principal and interest or Redemption Price, if any, to become due, at the time and in the manner stipulated in the General Bond Resolution, then the pledge of any Revenues and other moneys and securities pledged by the General Bond Resolution and all other rights granted by the General Bond Resolution shall be discharged and satisfied.

Bonds or coupons or interest installments for the payment or redemption of which moneys have been set aside and held in trust by the Fiduciaries (through deposit by the Authority of funds for such payment or redemption or otherwise) whether at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in the above paragraph. Some or all Outstanding of any Series and all coupons appertaining to such Bonds shall, prior to the maturity or redemption date thereof, be deemed to have been paid with the effect expressed above if (1) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Authority has given to the Trustee in form satisfactory to it irrevocable instructions to publish, as provided in the General Bond Resolution, notice of redemption on said date of such Bonds, (2) there shall have been deposited with the Trustee either moneys in an amount which are sufficient, or Investment Securities the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, will be sufficient to pay when due the principal or redemption price, if applicable, and interest due and to become due on said Bonds on and prior to the Redemption Date or maturity date thereof, as the case may be, and (3) in the event said Bonds are not by their terms subject to redemption within the next succeeding sixty days, the Authority has given the Trustee in form satisfactory to it irrevocable instructions to publish, as soon as practicable, at least twice, at an interval of not less than seven days between publications, in an authorized newspaper a notice to the holders of such Bonds and coupons that the deposit required by (2) above has been made with the Trustee and that said Bonds and coupons are deemed to have been paid and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price, if applicable, on said Bonds. Neither the Investment Securities nor the moneys so deposited with the Trustee nor principal or interest payments on any such Investment Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if applicable, and interest on said Bonds, provided that any cash received from such principal or interest payments on such Investment Securities deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Investment Securities maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if applicable, and interest to become due on said Bonds on and prior to such Redemption Date or maturity date thereof, as the case may be, and any interest earned from such reinvestments, and any surplus after the making of the payments for which such Investment Securities or moneys were held, shall be paid over to the Authority as received by the Trustee, free and clear of any trust, lien or pledge. For purposes of this section "Investment Securities" shall mean and include only such securities as are described in clause (1) or (2) of the definition of Investment Securities and provided

further, that no such Investment Securities shall be payable prior to maturity at the option of the issuer of such Investment Securities

MISCELLANEOUS

Agreement of the State (*Resolution, Section 1201*)

The Bondholders shall have the benefit of the State's pledge and agreement contained in Section 24 of the Act as in effect on the date hereof: "The State of Connecticut does pledge to and agree with the holders of the bonds or notes of the authority that the state will not limit or alter the rights vested in the authority to acquire, construct, maintain, operate, reconstruct and improve the properties, to establish and collect the revenues, rates, rentals, fees and other charges referred to in sections 1 to 33, inclusive, of special act 77-98, and to fulfill the terms of any agreements made with the holders of the bonds or notes, or in any way impair the rights and remedies of the bondholders or noteholders until the bonds or notes together with interest thereon, 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 bondholders or noteholders are fully met and discharged.

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APPENDIX C-1 – Definitions of Certain Terms Defined in the General Bond Resolution

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APPENDIX C-1 – Definitions of Certain Terms Defined in the General Bond Resolution

The definitions set forth below are definitions of certain terms used in the General Bond Resolution.

“*Additional Water System*” means any water system which serves customers outside the Service Area.

“*Annual Budget*” means the Annual Budget, as amended or supplemented, adopted or in effect for a particular Fiscal Year as provided in Section 613 of the General Bond Resolution.

“*Authority*” means (i) the South Central Connecticut Regional Water Authority, the public corporation created and existing under the Act, (ii) RWA21, Ltd., a wholly owned subsidiary of the South Central Connecticut Regional Water Authority, which was organized to own and operate the water system in Ansonia, Derby and parts of Seymour and its wholly owned subsidiaries Birmingham H2O Services, Inc. and Birmingham Utilities, Inc. and its wholly owned subsidiary Eastern Connecticut Regional Water Company, Inc. and (iii) any body, board, authority, agency, political subdivision or instrumentality of the State which shall hereafter succeed to the powers, duties and functions of (i) or (ii) above, other than any municipality having general governmental powers and duties.

“*Authorized Officer*” means the Chairman, the Vice-Chairman, the Treasurer or the Secretary of the Authority, or any other officer or employee of the Authority authorized by resolution of the Authority to perform specific acts or duties.

“*Bank*” means any issuer of a Liquidity Facility for Bonds issued under this General Resolution.

“*Bond or Bonds*” means any bond or bonds, notes or other obligations, including but not limited to, project loan obligations delivered to evidence the Authority’s obligation to repay the financing of a loan from the State of Connecticut under its Drinking Water State Revolving Fund Program, authenticated and delivered under and pursuant to the Resolution.

“*Bond Counsel*” means a firm of attorneys selected by the Authority experienced in the matters covered by the opinion and whose opinions are regularly accepted nationally in the field of municipal finance.

“*Bond Holder or Holder of Bonds*” or any similar term means any person who shall be the bearer of any coupon Bond or Bonds or the registered owner of any Bond or Bonds without coupons.

“*Bond Insurer*” means any issuer of a policy insuring principal and interest on Bonds issued under this General Bond Resolution.

“*Bond Insurer Reimbursement Agreement*” means any agreement entered into between a Bond Insurer and the Authority provided however, this shall not be construed to include a Bond Insurance Policy.

“*Capital Costs*” means and includes all costs of acquisition, construction, improvement, or completion of any part of the Water System, including acquisition of the stock or assets of and payment of the bonds and other obligations and liabilities of the New Haven Water Company or of any other water company or of any municipal or other publicly or privately owned or operated water system, payment of any costs or liabilities which may result from the acquisition of such stock or assets or payment of such bonds or obligations or liabilities, payments of any obligations of the Authority and interest thereon

issued to provide working capital and organization funds for the Authority which are outstanding on the date the first Series of Bonds is issued, Costs of Issuance, the costs of any demolitions or relocations necessary in connection therewith and any extensions, renewals, replacements, alterations, improvements, additions, machinery, equipment, betterments, paving, grading, excavation, blasting or removals and of all or any property, rights, easements and franchises deemed by the Authority to be necessary or useful or convenient therefor and may include, to the extent properly attributable to such acquisition, construction, improvement or completion:

(a) liabilities incurred for labor and materials and payments made to contractors, builders and materialmen in connection with construction or acquisition or improvement or completion of any part of the Water System, and for the restoration of property damaged or destroyed in connection with such construction, acquisition, improvement or completion;

(b) fees and expenses of the Trustee during such acquisition, construction, improvement or completion, the cost of surety bonds, PILOT payments (if any), and premiums on insurance (if any) during such construction, acquisition, improvement or completion;

(c) fees and expenses for studies, surveys and reports, engineering, borings, testings, estimates of costs and revenues, preparation of plans and specifications and inspecting or supervising construction, acquisition, improvement or completion as well as for the performance of all other duties of engineers or architects in connection with the acquisition, construction, improvement or completion, or with the proposed acquisition, construction, improvement or completion, of the Water System or as required by this Resolution;

(d) expenses of administration properly chargeable to the acquisition, construction, improvement or completion of the Water System, including legal expenses and fees, financing charges, costs of audits and fiscal advice and all other items of expense not elsewhere in this definition specified, incident to the acquisition, construction, improvement or completion of the Water System, including the acquisition of real estate, franchises and rights-of-way therefor, including abstracts of title and title insurance, and including interest accruing on any Bonds or other obligations of the Authority to and including a date six months following the completion of any acquisition, construction, improvement or completion of the Water System financed by such Bonds or other obligations of the Authority and any charges with respect to the payment of such interest and reserves with respect to such Bonds;

(e) the cost and expense of acquiring by purchase or condemnation or by leasing such property, lands, rights-of-way, franchises, easements, and other interests in land as may be deemed necessary or convenient for the acquisition, construction, improvement or completion of any part of the Water System and options and partial payments thereon, and the amount of any damages incident to or consequent upon the same; and

(f) any obligation or expense heretofore or hereafter expended or incurred by the Authority, including the refunding of Bonds and other obligations, and any amounts heretofore or hereafter advanced by the Authority, for any of the foregoing purposes.

“*Capital Contingency Fund*” means the Capital Contingency Fund established by Section 402 of the General Bond Resolution.

“*Capital Contingency Fund Requirement*” means, as of any day of calculation, an amount equal to one percent (1%) of the Outstanding Bonds.

“*Capital Improvements Budget*” means the Capital Improvements Budget and related information, as amended or supplemented, adopted or in effect for a particular Fiscal Year as provided in Section 614 of the General Bond Resolution.

“*Construction Fund*” means the Construction Fund established by Section 402 of the General Bond Resolution.

“*Consulting Engineer*” means one or more engineers or engineering firms or corporations at the time retained by the Authority pursuant to Section 612 of the General Bond Resolution to perform the acts and carry out the duties provided for such Consulting Engineer in the Resolution.

“*Credit Facility*” means a surety bond issued by a financial guaranty insurer with a financial strength rating within the highest rating category from Moody’s Investors Service, Inc. and Standard & Poor’s Corporation or (ii) an unconditional, irrevocable letter of credit from a banking institution having a credit rating on its long-term unsecured debt within the two highest rating categories from Moody’s Investors Service, Inc. and Standard & Poor’s Corporation.

“*Credit Facility Provider*” means Financial Guaranty Insurance Company (“FGIC”), having an address of 115 Broadway, New York, New York 10006.

“*Debt Reserve Fund*” means the Debt Reserve Fund established by Section 402 of the General Bond Resolution.

“*Debt Reserve Fund Requirement*” means as of any date of calculation, an amount equal to, but not greater than, the least of (i) the maximum annual principal and interest requirements in the current or any succeeding fiscal year on the Bonds; (ii) 10% of the stated principal amount (or issue price, as provided in the Code) of the Bonds and (iii) 125% of the average annual principal and interest requirements of the Bonds, provided, however, that in no event shall the Debt Reserve Fund Requirement be funded with in excess of 10% of the proceeds of the sale of any Series of Bonds or as otherwise limited by Federal tax law regarding the tax exemption of the Bonds. In the case of Variable Rate Bonds, interest shall mean the Interest Requirement on Variable Rate Bonds.

In lieu of cash or securities, the Authority may satisfy the Debt Reserve Fund Requirement in part or in whole by depositing a Credit Facility therein, which Credit Facility makes funds available to the Trustee for the same purpose, for the same period of time, and subject to the same conditions as such cash or securities would be available. Credit Facilities shall be subject to such other conditions as may be prescribed by Supplemental Resolution.

“*Debt Service Fund*” means the Debt Service Fund established by Section 402 of the General Bond Resolution.

“*Debt Service Fund Requirement*” means the aggregate amount of interest and Principal Installments becoming due and payable on all Outstanding Bonds in the twelve (12) month period from the day of calculation provided however that with respect to Variable Rate Bonds, interest means the Interest Requirement on Variable Rate Bonds.

“*Depreciation Expense*” means, from time to time, that amount for the last fiscal year reported on the Authority’s last audited Financial Statements under “Statements of Revenue, Expenses and Changes in Net Position” labeled Depreciation (the “Depreciation”), provided, however, that in connection with the issuance of the first Series of Bonds after the Twenty-fifth Series Bonds and the 2010 Series A Bonds were issued, Depreciation Expense shall be no less than \$1,000,000 and no greater than

10% of the Depreciation and for each subsequent approved application to the RPB for an increase in rates to comply with Section 619 hereof (the "Approved Rate Applications"), Depreciation Expense shall increase by no less than \$55,555 per month for the time period covered in such Approved Rate Applications and no greater than the monthly equivalent of 110% of Depreciation for such period, until the Depreciation Expense equals 110% of Depreciation, provided, however, that such increase may be less than \$55,555 per month if an increase of \$55,555 per month would cause Depreciation Expense to exceed 110% of Depreciation.

"*Event of Default*" shall have the meaning given to such term in Section 701 of the General Bond Resolution.

"*Fiduciary*" means the Trustee and any Paying Agent, or any or all of them as may be appropriate.

"*Fiscal Year*" means any calendar year or any other annual period adopted by the Authority as its fiscal year.

"*Fixed Rate Bonds*" means any bond or bonds authenticated and delivered under and pursuant to the Resolution and bearing a fixed rate of interest.

"*General Fund*" means the General Fund established by Section 402 of the General Bond Resolution.

"*Insurance Reserve Fund*" means the Insurance Reserve Fund established by Section 402 of the General Bond Resolution.

"*Insurance Reserve Fund Requirement*" means the amount recommended to the Authority by a Consulting Engineer or an insurance consultant as necessary to adequately reserve against risks for which the Authority does not currently maintain insurance in compliance with Section 611 of the General Bond Resolution.

"*Interest Requirement on Variable Rate Bonds*" means the interest which the Authority annually projects would be paid if such Variable Rate Bonds had been initially issued two weeks prior to such projection at a fixed interest rate or, if lower, the maximum amount of interest payable under an interest rate limitation contract (a "Cap Agreement") acquired by the Authority in connection with the sale of the Bonds or, if higher, the regularly scheduled payments to a swap provider under a contract entered into for the purpose of reducing the Authority's risk of interest rate changes (a "Swap Agreement"), which Cap Agreement and/or Swap Agreement and the provider(s) thereof shall comply with the requirements of Exhibit A of the General Bond Resolution.

"*Investment Securities*" means and includes any of the following securities, to the extent the same are at the time legal for investment of funds of the Authority under the Act or under other applicable law:

1. Direct obligations of the United States of America, or obligations on which the punctual payment of interest, principal and Sinking Fund Installments if any are unconditionally guaranteed by the United States of America or any other evidences of an ownership interest in obligations or in specified portions thereof (which may consist of specified portions of the interest thereon) of the character described in this clause 1;
2. Bonds, debentures, participation certificates, notes or other evidences of indebtedness issued by any of the following: Federal Intermediate Credit Banks; Federal Home Loan Bank System;

Export-Import Bank of the United States; Federal Farm Credit System; Government National Mortgage Association; Federal Financing Bank; Farmers Home Administration; Federal Home Loan Mortgage Corporation; United States Postal Service; Tennessee Valley Authority; or any other agency or corporation which has been or may hereafter be created by or pursuant to an act of the Congress of the United States as an agency or instrumentality thereof, the bonds, debentures, participation certificates, notes or other evidences of indebtedness of which are unconditionally guaranteed by the United States of America or any other evidences of ownership interest in obligations or in specified portions thereof (which may consist of specified portions of the interest thereon) of the character described in this clause 2;

3. Any other obligation of the United States of America or any Federal agency now existing or hereafter created which may then be purchased with funds belonging to the State or which are legal investments for savings banks in the State;

4. Public housing bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America or temporary notes, preliminary loan notes or project notes issued by public agencies or municipalities, in each case, fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;

5. Direct and general obligations of or obligations guaranteed by any state of the United States of America or of any agency, instrumentality or political subdivision of any such state, to the payment of the principal of and interest on which the full faith and credit of such state, agency, or political subdivision is pledged, but only if such obligations are rated in either of the two highest categories by Moody's Investors Service Inc. and Standard & Poor's Corporation;

6. Deposits in interest-bearing time or demand deposits, or certificates of deposit, secured by obligations described in clauses (1), (2), (3), (4) or (5) above;

7. Repurchase agreements or other similar banking arrangements relating to securities of the type specified in clauses (1), (2) or (5) above provided that such securities in an amount at least equal to the face value of such agreements shall be delivered as security for such agreements to the account of the Trustee to be held therein during the term of the agreements;

8. Participation certificates of the short term investment fund administered by the State Treasurer pursuant to Section 3-27a of the General Statutes of the State, as amended from time to time; and

9. Negotiable or non-negotiable certificates of deposit issued by any bank, trust company or national banking association (including the Trustee) which is a member of the Federal Reserve System. Such certificates of deposit shall be continuously secured by direct obligations of or obligations guaranteed by the United States of America which shall have a market value (exclusive of accrued interest) at all times at least equal to the principal amount of such certificate of deposit; provided, however, that any such funds may be invested without any such security in certificates of deposit of any bank, trust company or national banking association whose deposits are insured by the Federal Deposit Insurance Corporation, but only to the extent of such insurance.

10. Investment agreements with, or guaranteed by, institutions which have at the date of execution thereof an outstanding issue of unsecured, uninsured and unguaranteed debt issue or a claims paying ability rated not lower than "Aa3" by Moody's Investor Service and "AA-" by

Standard & Poor's Ratings Group, or investment agreements fully secured or collateralized by obligations of, or guaranteed by, the United States or agencies or instrumentalities of the United States, provided the Trustee has a perfected first lien security interest in the collateral and that such collateral is held free and clear of claims by third parties.

11. Any other obligation which is approved in writing by Moody's Investor Service and Standard & Poor's Ratings Group.

"Liquidity Facility" means a standby bond purchase agreement, letter of credit or other contract providing funds for the purchase price of Bonds tendered by Bondholders pursuant to the terms of such Bonds.

"Net Revenues" means, for any Fiscal Year or other period of time, the Revenues during such period, including any amounts transferred from (i) conduction or investing in a Noncore Business or (ii) the Rate Stabilization Fund to the Revenue Fund, less Operating Expenses and PILOT payments for such period and Depreciation Expense at the beginning of such Fiscal Year and prorated to add any adjustments made during such Fiscal Year from the effective date of such adjustments.

"Noncore Business" means an activity conducted by the Authority either directly or through an affiliated business entity to be located on property other than class I or class II land owned by the authority that is related to water, environment, agriculture or an energy project consisting of either a class I renewable energy source, as defined in subdivision (20) of subsection (a) of section 16-1 of the general statutes, or a class III source, as defined in subdivision (38) of said section, but excluding wind sources located within the district.

"Notional Amount" means the non-payable or the theoretical amount with reference to which Swap Payments and Swap Receipts are calculated, as specified as such for each Swap Agreement in the documentation applicable thereto.

"Operating Expenses" means the Authority's current expenses incurred for operation, maintenance or repairs of the Water System of a non-capital nature, and shall include without limiting the generality of the foregoing, source of supply expenses, pumping expenses, water-treatment expenses, transmission and distribution expenses, customer accounts expenses, administrative and general expenses, insurance premiums, lease rentals, legal and engineering expenses, payments to pension, retirement, group life insurance, health and hospitalization funds or other employee benefit funds, which are properly chargeable to current operations, interest on customers' deposits, payroll tax expenses and any other expenses required to be paid by the Authority under the provisions of the Resolution or by law or permitted by standard practices for public utility systems similar to the properties and business of the Authority (adjusted to reflect public ownership) and applicable in the circumstances, and the expenses, liabilities and compensation of the Fiduciaries required to be paid under the Resolution, and to the extent properly attributable to the Water System, and all reasonable and necessary expenses of the Authority and the RPB as required or permitted by the Act. Operating Expenses shall not include any costs or expenses incurred for PILOT, or for Capital Costs for a Water System Project, or any allowance for depreciation, or any costs, expenses or obligations for any Other Corporate Purpose, or any Principal Installments, Redemption Price or purchase price of, or interest or Swap Payments on, the Bonds or any principal, redemption price or purchase price of, or interest or Swap Payments on any Subordinated Debt or Termination Payments or other obligations of the Authority.

"Operating Reserve Fund" means the Operating Reserve Fund established by Section 402 of the General Bond Resolution.

“Operating Reserve Fund Requirement” means, as of any day of calculation, an amount equal to one-sixth of the amount budgeted in the Annual Budget at the beginning of the Fiscal Year for Operating Expenses in the current Fiscal Year.

“Other Corporate Purposes” means the acquisition, construction, improvement or completion of any real or personal property by the Authority (other than a Water System Project), or the payment of any costs, expenses or obligations of the Authority incurred for any corporate purpose of the Authority authorized by the Act (other than for the Water System).

“Outstanding” when used with reference to Bonds, means, as of a particular date, all Bonds theretofore and thereupon being authenticated and delivered under the Resolution except (a) any Bond canceled at or before said date, (b) any portion of a Bond which has been paid or redeemed, (c) any Bond (or portion of a Bond) for the payment or redemption of which moneys, equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption date, shall have theretofore been deposited with one or more of the Fiduciaries in trust (whether upon or prior to maturity or the redemption date of such Bond) and, except in the case of a Bond to be paid at maturity, of which notice of redemption shall have been given or provided for in accordance with Article V or provision satisfactory to the Trustee shall have been made for the giving of such notice, (d) any Bond in lieu of or in substitution for which another Bond shall have been authenticated and delivered pursuant to Article III or Section 506 or Section 1006 of the General Bond Resolution, and (e) any Bond deemed to have been paid as provided in subsection B of Section 1101 of the General Bond Resolution.

“PILOT Fund” means the PILOT FUND established by Section 402 of the General Bond Resolution.

“PILOT Fund Requirement” means, as of any day of calculation, an amount equal to the aggregate amount of PILOT payments due or to become due during the twelve month period beginning on the day of calculation. If the Authority has not been notified as of the day of calculation of the amount of any such PILOT payment due or to become due during such twelve month period, such amount shall be based on the greater of (a) the amount included in the Authority’s Annual Budget for such PILOT payment, or (b) the amount of such PILOT payment which was due one year prior to such due date.

“Plain Par Investment” means an investment that is an obligation that (i) is issued with original issue discount or premium (or if acquired on a date other than the issue date, acquired with market discount or premium) equal to not more than two (2) percent of the stated redemption price at maturity, (ii) is issued for a price that does not include accrued interest other than pre-issuance accrued interest, (iii) bears interest from the issue date at a single stated fixed rate or is a variable rate obligation under Code Section 1275 of the General Bond Resolution, in either case, that pays interest, unconditionally payable, at least annually, and (iv) has a lowest stated redemption price not less than its outstanding stated principal amount.

“Principal Installment” means, as of any date of calculation and with respect to a particular Series, so long as any Bonds thereof are Outstanding, (i) the principal amount of Bonds of such Series due on a certain future date for which no Sinking Fund Installments have been established, plus (ii) the amount of any Sinking Fund Installments due on such certain future date for Bonds of such Series.

“Rate Stabilization Fund” means the Rate Stabilization Fund established by 402 of the General Bond Resolution.

“*Redemption Price*” means, with respect to any Bond or a portion thereof, the principal amount thereof plus the applicable premium, if any, payable upon redemption thereof pursuant to such Bond or the Resolution.

“*Refunding Bond*” means any Bond authenticated and delivered on original issuance pursuant to Section 205 of the General Bond Resolution, or thereafter authenticated and delivered in lieu of or in substitution for such Bond pursuant to Article III or Sections 506 or 1006 of the General Bond Resolution.

“*Repayment Obligations*” means the Authority’s obligations to reimburse the Credit Facility Provider for draws on the Reserve Policy.

“*Reserve Policy*” means a Credit Facility, more particularly that certain Municipal Bond Debt Service Reserve Fund Policy dated December 12, 2001 issued by the Credit Facility Provider in the amount of \$29,385,000, which amount represents the Debt Reserve Fund Requirement as of December 12, 2001.

“*Revenues*” means (a) all rates, fees, charges, rents, grants for the payment of current expenses, and other income and receipts received by the Authority from the ownership or operation of the Water System, (b) the proceeds received on insurance relating to the Water System which insures against loss of Revenues, (c) interest received on any moneys or securities held pursuant to the Resolution and paid into the Revenue Fund under the Resolution, (d) the monies and securities of any water company acquired by the Authority and deposited in the Revenue Fund to the extent such monies are applied to pay liabilities incurred by the water company prior to the date of acquisition; (e) Swap Receipts and Termination Receipts from Swap Agreements entered into in connection with Bonds; (f) the refundable credit paid to the Authority pursuant to Section 54AA of the Code and (g) an amount transferred from conducting or investing in a Noncore Business that the Authority shall determine and direct for deposit into the Revenue Fund. Revenues do not include (x) any amounts earned from conducting or investing in a Noncore Business which are not directed by the Authority for deposit in the Revenue Fund; or (y) the proceeds for any insurance pertaining to loss or damage to persons and the property of others or to loss or damage to the Water System, or the proceeds of condemnation or the sale or other disposition of any part of the Water System, except to the extent any such proceeds are applied by the Authority to pay Operating Expenses, or (z) any amount received or receivable from the United States or the State (or any agency of either thereof) or from any other source as or on account of a grant or contribution for or with respect to (i) the construction, acquisition, improvement, extension, renewal or other development of any part of the Water System or (ii) the financing of any of the foregoing except as permitted by (f) above.

“*RPB*” means the Representative Policy Board of the District created and existing under the Act.

“*Revenue Fund*” means the Revenue Fund established by Section 402 of the General Bond Resolution.

“*Series*” means all Bonds authenticated and delivered on original issuance in a simultaneous transaction, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to Article III or Section 506 or 1006 of the General Bond Resolution, regardless of variations in maturity, interest rate, Sinking Fund Installments, or other provisions.

“*Sinking Fund Installment*” means, as of any particular date of calculation, and with respect to Bonds of a particular Series, the amount of money required by the Supplemental Resolution relating to such Series to be paid by the Authority on a single future date for the retirement of any Outstanding Bonds of said Series which mature after said future date, but does not include any amount payable by the

Authority by reason of the redemption of Bonds at the election of the Authority. If the Bonds of any Series and maturity, for which Sinking Fund Installments shall have been established, shall have been purchased or redeemed other than by application of Sinking Fund Installments, an amount equal to the principal amount of the Bonds so purchased or redeemed shall be credited proportionately toward the Sinking Fund Installments and the principal of such Bonds for which no Sinking Fund Installments have been established.

“*State*” means the State of Connecticut.

“*Subordinated Debt*” shall mean any bond, note or other evidence of debt and renewals thereof of the Authority referred to in, and complying with the provisions of, Subsections B or C of Section 607 of the General Bond Resolution.

“*Supplemental Resolution*” means any resolution of the Authority amending or supplementing the Resolution adopted and becoming effective in accordance with the terms of Article IX of the General Bond Resolution.

“*Surplus Sub-Account*” means the Surplus Sub-account established by Section 414 of the General Bond Resolution.

“*Swap Agreement*” means any financial arrangement (i) that is entered into by the Authority with an entity that is a Swap Provider at the time the arrangement is entered into; (ii) (a) which provides that the Authority shall pay to such entity an amount based on the interest accruing at a fixed rate on the Notional Amount equal to all or part of the outstanding principal amount of a Series of Bonds issued hereunder, and that such entity shall pay to the Authority an amount based on the interest accruing on the Notional Amount at a variable rate of interest computed according to a formula set forth in such arrangement (which need not be the same as the actual rate of interest borne by such Series of Bonds) or that one (after adjustment for any cap, floor, collar or other financial arrangement referred to in (ii)(c) hereof with respect thereto) shall pay to the other the net amount (Swap Payment or Swap Receipt) due under such arrangement; (b) which provides that the Authority shall pay to such entity an amount based on the interest accruing on the Notional Amount equal to all or part of the outstanding principal amount of a Series of Bonds issued hereunder, at a variable rate of interest computed according to a formula set forth in such arrangement and that such entity shall pay to the Authority an amount based on the interest accruing at a fixed rate on the Notional Amount (which need not be the same as the actual rate of interest borne by such Series of Bonds) or that one (after adjustment for any cap, floor, collar or other financial arrangement referred to in (ii) (c) hereof, with respect thereto) shall pay to the other the net amount (Swap Payment or Swap Receipt) due under such arrangement; or (c) which is included as part of or covered by the financial transaction described in (ii)(a) or (ii)(b) above or is separately executed and which is a cap, floor or collar, forward rate, future rate, asset, swap or index, price or market linked transaction or agreement, other exchange or rate protection transaction agreement, other similar transaction (however designated) or any combination thereof or any option with respect thereto executed by the Authority for the purpose of moderating interest rate fluctuations or otherwise pursuant to the Act, as amended; and (iii) which has been designated in writing to the Trustee by an Authorized Officer and authenticated or otherwise registered by the Trustee hereunder as a Swap Agreement with respect to a Series of Bonds. “*Swap Agreement*” shall also include any such financial arrangement described in clauses (ii) and (iii) above entered into by the Authority with a Swap Provider, as a replacement of a Swap Agreement that has been terminated and which has been so designated in writing to the Trustee by an Authorized Officer with respect to a Series of Bonds.

“*Swap Payment*” means the net amount required to be paid by the Authority under a Swap Agreement that is applicable to the interest rate exchange effected thereunder, but not any (a) fees,

expenses or similar other charges or obligations thereunder (which shall be Costs of Issuance or Operating Expenses, as applicable) or (b) any Termination Payment or other payments by the Authority on account of termination of the Swap Agreement.

“*Swap Provider*” means a financial institution whose long term debt obligations, or whose obligations under a Swap Agreement are fully covered by a Swap Facility whose long term debt obligations are in compliance with the Swap Provider Guidelines.

“*Swap Receipt*” means the net amount required to be paid to the Authority under a Swap Agreement, but shall not include any Termination Receipt.

“*Termination Payment*” means with respect to a Swap Agreement an amount required to be paid by the Authority to the Swap Provider or related Swap Facility as a result of the termination of the Swap Agreement or required to be paid by the Authority into a collateral account as security for any termination.

“*Termination Receipt*” means with respect to a Swap Agreement an amount required to be paid by the Swap Provider or related Swap Facility as a result of the termination of the Swap Agreement.

“*Trustee*” means the trustee appointed pursuant to Article VIII of the General Bond Resolution, and its successor or successors and any other corporation which may at any time be substituted in its place pursuant to the Resolution.

“*Variable Rate Bonds*” means any bond or bonds authenticated and delivered under and pursuant to the Resolution and bearing a variable rate of interest.

“*Variable Rate Bond Sub-Account*” means the Variable Rate Bonds Sub-account established by Section 414 of the General Bond Resolution.

“*Water System*” means the plants, structures and other real and tangible personal property acquired, constructed or operated or to be acquired, constructed or operated by the Authority for the purpose of supplying water to the Service Area, including land, reservoirs, basins, dams, canals, aqueducts, standpipes, conduits, pipelines, mains, pumping stations, water distribution systems, compensating reservoirs, waterworks or sources of water supply, wells, purification or filtration plants or other plants and works, connections, rights of flowage or diversion and other plants, structures, conveyances, real or tangible personal property or rights therein and appurtenances necessary or useful and convenient for the accumulation, supply, treatment or distribution of water. Water System includes all the real and tangible personal property of the New Haven Water Company, or of any other water company or of any municipal or other publicly or privately owned or operated water system, acquired by the Authority in connection with the acquisition by the Authority of the New Haven Water Company, or of any such other water company or water system whose service area is included by the Authority in the Service Area. Water System does not include cash, money, accounts receivable, securities or other similar property.

“*Water System Project*” means the acquisition, construction, improvement or completion of any part of the Water System the costs of which are Capital Costs.

APPENDIX D – Form of Opinion of Bond Counsel for the Thirty-seventh Series B-1 Refunding Bonds

_____, 2024

South Central Connecticut Regional Water Authority
90 Sargent Drive
New Haven, CT 06511

**Re: South Central Connecticut Regional Water Authority
\$XXX Water System Revenue Refunding Bonds
Thirty-seventh Series B-1**

We have acted as bond counsel in connection with the issuance of \$XXX Water System Revenue Refunding Bonds, Thirty-seventh Series B-1 (the “Thirty-seventh Series B Refunding Bonds”) dated _____, 2024 of the South Central Connecticut Regional Water Authority (the “Authority”), a public corporation constituting a public instrumentality and political subdivision of the State of Connecticut (the “State”), organized and existing under the laws of the State. Any defined terms used herein but not defined herein shall have the meanings set forth in the General Bond Resolution (as hereinafter defined).

In connection therewith, we have examined the law and such other materials as we have deemed necessary in order to render this opinion. We have relied upon originals or copies, certified or otherwise identified to our satisfaction, of such public and private records, certificates and correspondence of public officials, including certificates of officials of the Authority and such other documents as were provided to us. In making such examinations, we have assumed the genuineness of all signatures, the conformity to original documents of documents submitted as certified or copies, the validity of all applicable statutes, ordinances, rules and regulations, the capacity of all persons executing documents and the proper indexing and accuracy of all public records and documents. As to questions of fact material to our opinion, we have relied upon representations of the Authority contained in the certified proceedings of the Authority, including the Tax Compliance Certificate and Agreement (the “Agreement”) and other certifications received from the Authority, all dated as of _____, 2024, without undertaking to verify the same by independent investigation.

We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of the Official Statement or any other offering material relating to the Thirty-seventh Series B Refunding Bonds (except the matters set forth as our opinion in the Official Statement) and we express no opinion relating thereto.

The Thirty-seventh Series B Refunding Bonds are authorized to be issued under and pursuant to Connecticut Special Act No. 77-98, as amended (the “Act”), the Water System Revenue Bond Resolution, General Bond Resolution adopted July 31, 1980, as amended and as supplemented to date (the “Resolution”), including the Thirty-seventh Series B Supplemental Resolution, adopted on April 27, 2023, (the “Thirty-seventh Series B Supplemental Resolution” and together with the Resolution, the “General Bond Resolution”), and other proceedings duly held and taken in accordance therewith.

The Thirty-seventh Series B Refunding Bonds are secured by a pledge of certain revenues (the “Revenues”) of the Water System and the moneys and securities in the Funds established by the General Bond Resolution, subject only to the provisions thereof permitting the application thereof for the purposes and on the terms and conditions set forth in the General Bond Resolution.

Based on the foregoing, under existing law, we are of the opinion that:

1. The Authority validly exists as a public corporation constituting a public instrumentality and political subdivision of the State, with good, right and lawful authority under the Act to adopt the Thirty-seventh Series B Supplemental Resolution and issue the Thirty-seventh Series B Refunding Bonds and to perform its obligations under the terms and conditions of the General Bond Resolution.

2. The Thirty-seventh Series B Supplemental Resolution has been duly adopted by the Authority.

3. The General Bond Resolution is in full force and effect and is valid and binding upon the Authority and enforceable in accordance with its terms.

4. All approvals by governmental agencies necessary to authorize the Thirty-seventh Series B Refunding Bonds have been obtained.

5. The Thirty-seventh Series B Refunding Bonds have been duly authorized and issued by the Authority and are valid and binding obligations of the Authority enforceable in accordance with their terms and the terms of the General Bond Resolution and entitled to the benefits of the General Bond Resolution and the Act.

6. The General Bond Resolution creates the valid pledge which it purports to create on (i) all Revenues and (ii) all amounts and securities on deposit in the Funds established by the General Bond Resolution, subject only to the provisions thereof permitting the application thereof for the purposes and on the terms and conditions set forth in the General Bond Resolution.

7. Under existing law, (i) interest on the Thirty-seventh Series B Refunding Bonds is excluded from gross income for federal income tax purposes; and (ii) such interest is not an item of tax preference for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations.

In rendering our opinion, we have relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Authority and others in connection with the Thirty-seventh Series B Refunding Bonds, and we have assumed compliance by the Authority with certain ongoing covenants to comply with applicable requirements of the Internal Revenue Code of 1986 (the "Code") to assure the exclusion of interest on the Thirty-seventh Series B Refunding Bonds from gross income under Section 103 of the Code.

The Code establishes certain requirements that must be met subsequent to the issuance and delivery of the Thirty-seventh Series B Refunding Bonds in order that, for federal income tax purposes, interest on the Thirty-seventh Series B Refunding Bonds be excluded from gross income pursuant to Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of gross proceeds of the Thirty-seventh Series B Refunding Bonds, restrictions on the investment of bond proceeds prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause interest on the Thirty-seventh Series B Refunding Bonds to become subject to federal income taxation retroactive to their date of issue, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of delivery of the Thirty-seventh Series B Refunding Bonds, the Authority will execute the Agreement containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Agreement, the Authority covenants that it will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that interest paid on the Thirty-seventh Series B Refunding Bonds will, for federal income tax purposes, be excluded from gross income.

In rendering the opinion in this paragraph 7 hereof, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectations, and certifications of fact contained in the Agreement with respect to matters affecting the status of interest paid on the Thirty-seventh Series B Refunding Bonds, and (ii) continuing compliance by the Authority with the procedures and covenants set forth in the Agreement as to such tax matters.

8. Under existing statutes, interest on the Thirty-seventh Series B Refunding Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

Except as stated in paragraphs 7 and 8 above, we express no opinion as to any other federal, state or local tax consequences arising with respect to the Thirty-seventh Series B Refunding Bonds or the ownership or disposition thereof. We render our opinion under existing statutes and court decisions as of the issue date, and we assume no obligation to update, revise or supplement this opinion after the issue date to reflect any action hereafter taken or not taken, or any facts or circumstances, or any change in law or interpretations thereof, or otherwise, that may hereafter arise or occur, or for any other reason. Furthermore, we express no opinion herein as to the effect of any action hereafter taken or not taken in reliance upon an opinion of counsel other than ourselves on the exclusion from gross income for federal income tax purposes of interest on the Thirty-seventh Series B Refunding Bonds.

It is to be understood that the rights of the holders of the Thirty-seventh Series B Refunding Bonds and the enforceability therefore may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

Very truly yours,

PULLMAN & COMLEY, LLC

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**APPENDIX E – Form of Continuing Disclosure Agreement for the Thirty-seventh Series B-1
Refunding Bonds**

CONTINUING DISCLOSURE AGREEMENT

**In Connection With The Issuance and Sale of the
South Central Connecticut Regional Water Authority
\$ _____ Water System Revenue Refunding Bonds, Thirty-seventh Series B-1**

This Continuing Disclosure Agreement, is made as of the ___ day of _____, 2024 (the “Agreement”) by the South Central Connecticut Regional Water Authority (the “Authority”) U.S. Bank Trust Company, National Association, as Dissemination Agent (the “Dissemination Agent”), and U.S. Bank Trust Company, National Association as Trustee (the “Trustee”) in connection with the issuance of the Authority’s \$ _____ Water System Revenue Refunding Bonds, Thirty-seventh Series B-1 (the “Bonds”). The Bonds are authorized to be issued pursuant to Connecticut Special Act No. 77-98, as amended (the “Act”) and the Water System Revenue Bond Resolution, General Bond Resolution adopted July 31, 1980 as amended and as supplemented by various supplemental resolutions including the Thirty-seventh Series B Supplemental Resolution adopted on April 27, 2023 (the “General Bond Resolution”). For valuable consideration, the receipt of which is acknowledged, the Authority and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of the Agreement

This Agreement is being executed and delivered by the Authority and the Dissemination Agent for the benefit of the beneficial owners from time to time of the Bonds and in order to assist the Participating Underwriters in complying with the Rule.

SECTION 2. Definitions

In addition to the definitions set forth in the General Bond Resolution, which apply to any capitalized term used in this Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” means any Annual Report provided by the Authority pursuant to, and as described in, Sections 3 and 4 of this Agreement.

“Disclosure Representative” means the Chief Executive Officer or the Vice President and Chief Financial Officer of the Authority or his or her designee, or such other person as the Authority shall designate in writing to the Dissemination Agent and the Trustee from time to time.

“Dissemination Agent” means U.S. Bank Trust Company, National Association acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Authority and which has filed with the Trustee a written acceptance of such designation.

“EMMA” means the Electronic Municipal Market Access System as described in the 1934 Act Release #59062 and maintained by the Municipal Securities Rulemaking Board for the purposes of the Rule and as further described in Section 13 hereof.

“GAAP” means generally accepted accounting principles, consistently applied.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Agreement.

“MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor thereto.

“Participating Underwriters” means any or all of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” means Securities and Exchange Commission Rule 15c2-12(b)(5), as amended, from time to time.

“SEC” means the Securities and Exchange Commission of the United States, or any successor thereto.

“Trustee” means U.S. Bank Trust Company, National Association acting in its capacity as the trustee under the General Bond Resolution, or any successor Trustee.

SECTION 3. Provision of Annual Reports

(a) The Authority shall, or shall cause the Dissemination Agent to, not later than eight (8) months after the end of the Authority's fiscal year, commencing with the fiscal year ending May 31, 2024, provide the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Agreement. Not later than fifteen (15) days prior to said date, the Authority shall provide the Annual Report to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent) together with either (i) a letter authorizing the Dissemination Agent to file the Annual Report with the MSRB, or (ii) a certificate confirming that the Authority has provided the Annual Report to the MSRB and confirming the names of the service portal provided by the MSRB and the date the Annual Report was provided to the MSRB. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in the Rule. The Authority shall promptly notify the Dissemination Agent of any change in the Authority's Fiscal Year.

(b) If by fifteen (15) days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall notify the Authority and the Trustee of such fact.

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Dissemination Agent shall send a notice to (i) the Authority and (ii) the MSRB regarding the failure by the Authority to file its Annual Report.

(d) The Dissemination Agent shall:

(i) determine each year at least 30 days prior to the date for providing the Annual Report to the MSRB the name and address of the MSRB; and

(ii) file a report with the Authority and the Trustee (if the Dissemination Agent is not the Trustee) certifying that the Authority has filed a report (directly or through the Dissemination Agent) purporting to be an Annual Report pursuant to this Agreement, stating the date it was provided.

SECTION 4. Content of Annual Reports

The Authority's Annual Report shall contain or incorporate by reference the following:

(a) the Authority's audited financial statements, prepared in accordance with GAAP in effect from time to time or mandated state statutory principles as in effect from time to time. If such audited financial statements are not available on the date such Annual Report is due to be provided to the Trustee then the Authority shall provide unaudited financial statements to the Trustee as set forth in Section 3 above and follow up such unaudited financial statements with the audited financial statements when they become available; and

(b) to the extent not included in the financial statements described in (a) above, material historical quantitative data (including financial information and operating data within the meaning of the Rule) on the Authority and revenues, expenditures financial operations and indebtedness generally found in the Authority's official statements.

Annual financial information and operating data may be provided in whole or in part by cross-reference to other documents previously provided to the MSRB, or the SEC. If the document to be cross-referenced is a final official statement, it must be available from the MSRB's website, EMMA.

The Authority reserves the right (i) to provide financial statements which are not audited if audited financial statements are no longer required by law, (ii) to modify from time to time the format of the presentation of such information or data, and (iii) to modify the accounting principles it follows to the extent required by law, by changes in generally accepted accounting principles, or by changes in mandated statutory accounting principles as in effect from time to time, provided that the Authority agrees that the exercise of any such right will be done in a manner consistent with the Rule.

Neither the Dissemination Agent nor the Trustee shall have any obligation to examine the contents of a report purporting to be any Annual Report in order to verify compliance with this Section 4.

SECTION 5. Reporting of Material Events

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;

(6) adverse tax opinions, the issuance by the Internal Revenue Service (the “IRS”) of proposed or final determinations of taxability by the IRS, Notices of Proposed Issue (IRS Forms 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(7) modifications to rights of holders of the Bonds, if material;

(8) Bond calls, if material, and tender offers;

(9) Bond defeasances;

(10) release, substitution, or sale of property securing repayment of the Bonds, if material;

(11) rating changes on the Bonds;

(12) bankruptcy, insolvency, receivership or similar event of any Obligated Person;

(13) Obligated Person or the sale of all or substantially all of the assets of any Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(14) appointment of a successor or additional trustee or the change of name of the trustee, if material;

(15) incurrence of a financial obligation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation, any of which affect security holders, if material; and

(16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the Authority, any of which reflect financial difficulties.

Note to clauses (15) and (16): For the purposes of the events identified in clauses (15) and (16), the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

(b) If a Listed Event occurs, the Authority shall provide, within five Business Days, a Material Event Notice to the Dissemination Agent. The Dissemination Agent shall provide each such Material Event Notice to the MSRB within five Business Days of its receipt thereof from the Authority but no later than ten days from the occurrence of the Listed Event. Such notice must be filed in a timely manner, not in excess of ten Business Days after the occurrence of such event.

(c) In order to assist the Authority in complying with its undertaking in this Section 5, the Dissemination Agent shall promptly after obtaining actual knowledge of the occurrence or possible occurrence of any Listed Event notify the Disclosure Representative in writing. If the Listed Event is an event as described in Sections 5(a)(2), (7), (8), (10), (13) (14) or (15) above, the Dissemination Agent

shall notify the Disclosure Representative in writing of such event and request that the Disclosure Representative determine whether such event is material and thus whether the Dissemination Agent should report such Listed Event.

(d) Upon any legal defeasance of the Bonds, the Dissemination Agent shall provide notice of such defeasance to the MSRB which notice shall state whether the Bonds have been defeased to maturity or to redemption and the timing of such maturity or redemption.

(e) Whenever the Authority obtains knowledge of the occurrence of a Listed Event, because of a notice from the Dissemination Agent or otherwise, the Authority shall promptly notify the Dissemination Agent and provide a form of notice in writing by fax or hand delivery or other prompt communication method. The determination of whether any such occurrence is material, as applicable, shall be a determination to be made by the Authority and not the Dissemination Agent. Upon receipt from the Authority of the form of notice, the Dissemination Agent shall in a timely manner file the notice of such occurrence in the form provided by the Authority with the MSRB, with a copy to the Authority but such filing shall not be in excess of ten (10) days from the occurrence of such Listed Event.

SECTION 6. Termination of Reporting Obligation

(a) The Authority's and Dissemination Agent's obligations under this Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

(b) In addition, this Agreement, or any provision hereof, shall be null and void in the event that (1) the Authority delivers to the Trustee and the Dissemination Agent an opinion of a nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the Trustee and the Dissemination Agent, to the effect that those portions of the Rule which require the provisions of this Agreement, or any of such provisions, do not or no longer apply to the Bonds, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion, and (2) the Dissemination Agent promptly delivers copies of such opinion to the (i) MSRB and (ii) the Trustee.

SECTION 7. Dissemination Agent

(a) The Authority may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Trustee shall be the Dissemination Agent.

(b) The Dissemination Agent, or any successor thereof, may at any time resign and be discharged of its duties and obligations hereunder by giving not less than sixty (60) days written notice to the Authority and the registered owners of the Bonds, specifying the date when such resignation shall take effect. Such resignation shall take effect upon the date a successor shall have been appointed by the Authority.

(c) In case the Dissemination Agent, or any successor thereof, shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Dissemination Agent or of its property shall be appointed, or if any public officer shall take charge of control of the Dissemination Agent, or of its property or affairs, the Authority shall forthwith appoint a new Dissemination Agent to act. The Authority shall give or cause to be given written notice of any such appointment to the Trustee (if the Trustee is not the Dissemination

Agent). If the Authority fails to appoint a new Dissemination Agent, the existing Dissemination Agent may petition a court of competent jurisdiction to appoint a new Dissemination Agent.

(d) Any company into which the Dissemination Agent may be merged or with which it may be consolidated or any company resulting from any merger or consolidation to which it shall be a party or any company succeeding to all or substantially all of its corporate trust business, shall be the successor to such Dissemination Agent, without the execution or filing of any paper or any further act or deed.

SECTION 8. Amendment; Waiver

Notwithstanding any other provision of this Agreement, the Authority may amend this Agreement (and the Dissemination Agent shall agree to any amendment not modifying or otherwise affecting its duties, obligations or liabilities in such a way as they are expanded or increased or its rights or protections in such a way that they are reduced or decreased), and any provision of this Agreement may be waived, if all of the following conditions are satisfied: (i) such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Authority, (ii) the Agreement as so amended or waived would have complied with the requirements of the Rule as of the date of the Agreement, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances, (iii) the Authority shall have delivered an opinion of counsel, addressed to the Authority, the Dissemination Agent and the Trustee, to the same effect as set forth in clause (ii) above, and (iv) the Authority shall have delivered to the Trustee and the Dissemination Agent either an opinion of counsel expert in federal securities laws to the effect that such amendment or waiver would not materially adversely affect the beneficial owners of the Bonds or consent by the holders of the Bonds pursuant to the same procedures as are required for amendments to the General Bond Resolution with consent of the owners of the Bonds as in effect on the date of this Agreement. A copy of any such amendment or waiver will be filed in a timely manner with the MSRB. The annual financial information provided on the first date following adoption of any such amendment or waiver will explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating or financial information provided.

SECTION 9. Additional Information

The Authority shall have no obligation to provide any information, data or notices other than as set forth in this Agreement; provided, however, nothing in this Agreement shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Agreement. If the Authority chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Agreement, the Authority shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default

In the event of a failure of the Authority or the Dissemination Agent to comply with any provision of this Agreement, the Trustee may (and, at the request of the holders of at least 25% in aggregate principal amount of Outstanding Bonds who have provided the Trustee with security and indemnity deemed reasonably acceptable to the Trustee, shall), or any party who can establish beneficial ownership of any of the Bonds, or any Bondholder may, after providing 15 days written notice to the Authority to give the Authority opportunity to comply with such 15-day period, take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to

cause the Authority to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed a default or an Event of Default under the General Bond Resolution or the Bonds, and no monetary damages shall arise or be payable hereunder, and the sole remedy under this Agreement in the event of any failure of the Authority or the Dissemination Agent to comply with this Agreement shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Trustee and Dissemination Agent

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Agreement. To the extent that the Dissemination Agent is required under the terms of this Agreement to report any information, it is only required to report information that it receives from the Authority in the form in which it is received, and the Dissemination Agent shall be under no responsibility or duty with respect to the accuracy and content of the information which it receives from the Authority, provided, however, if the form of the information is deficient on its face, the Dissemination Agent shall so inform the Authority, and the Authority shall cure any such deficiency as to form. The Authority agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Authority under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) Unless otherwise provided by contract with the Dissemination Agent, the Authority shall pay or cause to be paid to the Dissemination Agent after reasonable notice to the Authority in light of the reimbursement sought to be received, reasonable reimbursement for its reasonable expenses, charges, counsel fees and other disbursements and those of its attorneys, agents, and employees, incurred in and about the performance of its powers and duties hereunder. The Authority shall indemnify and save the Dissemination Agent harmless against any expenses and liabilities which it may incur in the exercise and performance of its powers and duties hereunder which are not due to its negligence or willful misconduct. None of the provisions contained in this Agreement shall require the Dissemination Agent to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers. The obligations of the Authority under this Section to compensate the Dissemination Agent, to pay or reimburse the Dissemination Agent for expenses, disbursements, charges and counsel fees and to indemnify and hold harmless the Dissemination Agent shall survive the termination of this Agreement.

SECTION 12. Beneficiaries

This Agreement shall inure solely to the benefit of the Authority, the Trustee, the Dissemination Agent, the Participating Underwriters, and the beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 13. Miscellaneous

(a) This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

(b) This Agreement shall be governed by the laws of the State of Connecticut and by applicable federal laws.

[Remainder of page intentionally left blank]

(c) To the extent filings or notices are required to be made to the MSRB under this Agreement, the Authority shall transmit such filings or notices in an electronic format to the continuing disclosure service portal provided through MSRB's EMMA (<http://emma.msrb.org/>) or any similar system that is acceptable to the SEC.

SOUTH CENTRAL CONNECTICUT
REGIONAL WATER AUTHORITY

By: _____
Name: Rochelle Kowalski
Title: Vice President and Chief Financial
Officer

U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION, AS DISSEMINATION AGENT

By: _____
Name:
Title:

U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION, AS TRUSTEE

By: _____
Name:
Title:

Project RWAY Update Authority Board

Feb 22, 2024

CIS/RWAY Project Summary

High Level Timeline



CIS/RWAY Project Health Indicators

Schedule



Completion M1 Q3 FY25

Capital Budget



~\$14.8M (B) / ~15.8 (F)

FY24 Spend



~\$3.9M

Scope



+ Omni-Channel

Accomplishments

- **Design Phase closure by 2/20. On track**
- Approved Data Migration Scope and Acceptance Criteria for ETL4 and go-forward
- **ETL4 data migration underway, visual validation begins on 3/11**
- Completed design of 101 letters and notices
 - Designed a consolidated template for customers with multiple accounts
- Approved design of Day 1 Reports
 - ITI will develop 26
 - The RWA will develop 25 using PowerBI
- WPCAs notified and provided technical session
- Integration (System) Test Cases Development workshop

Current Activities

- ITI Custom Product Development
- RWA reports development
- Defect Resolution
- RWA Integration development, with Smartworks as key priority
- Design Phase closure documentation
- **Close schedule delay / cost impact**

Decisions, Risks & Issues

- Key Decisions
 - Omni-channel design decisions
 - **Customer experience: Ebill customers will receive a log-in pin to access new Paymentus features**
- Key Risks – Mitigation Plans Underway
 - **New RWA logo could trigger costs to update letters/notices**
 - Integrations: providing adequate integration with SmartWorks for IST1
- Key Issues
 - 57 known defects targeted for ETL5
 - Commercial Services resource constraints

Next Steps: Development Phase

- Development of Modifications / Reports / Notices
- Component Testing
- **Development of Integration (System) Test Cases**
- Training Guide development
- Conference Room Pilots



**South Central Connecticut Regional Water Authority
Strategic Planning Committee**

Minutes of the November 16, 2023 Meeting

The regular meeting of the Strategic Planning Committee (“Committee”) of the South Central Connecticut Regional Water Authority took place on Thursday, November 16, 2023, via remote access. Chairwoman Sack presided.

Committee Members – Mss. Sack and LaMarr, and Messrs. Borowy, Curseaden, and Ricoszi

Management – Mss. Kowalski, Calo, and Augur, and Messrs. Bingaman, DelVecchio, Hill, Lakshminarayanan, and Singh

Staff – Mrs. Slubowski

Chair Sack called the meeting to order at 2:20 p.m.

On motion made by Ms. LaMarr, and seconded by Mr. Ricoszi, the Committee voted unanimously to approve the minutes of its August 24, 2023 meeting.

Borowy	Aye
Curseaden	Aye
LaMarr	Aye
Ricoszi	Aye
Sack	Aye

At 2:21 p.m., on motion made by Mr. Ricoszi, and seconded by Ms. LaMarr, the Committee voted unanimously to convene in executive session pursuant to C.G.S. Section 1-200(6)(E) to discuss matters covered by Section 1-210(b)(5)(B) pertaining to commercial and financial information. Present in executive session were Committee members, Messrs. Bingaman, DelVecchio, Hill, Lakshminarayanan, Singh, and Mss. Kowalski, Calo, Augur, and Slubowski.

Borowy	Aye
Curseaden	Aye
LaMarr	Aye
Ricoszi	Aye
Sack	Aye

At 3:43 p.m., the Committee came out of executive session. No actions were taken, in or as a result of, executive session. On motion made by Mr. Curseaden, and seconded by Mr. Ricoszi, the Committee voted unanimously to adjourn.

Borowy	Aye
Curseaden	Aye
LaMarr	Aye
Ricoszi	Aye
Sack	Aye

Suzanne Sack, Chairwoman