

**South Central Connecticut Regional Water Authority**  
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or  
**\*Dial in by phone**  
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Phone conference ID: 175 216 347#

**AGENDA**

**Regular Meeting of Thursday, April 23, 2026 at 12:30 p.m.**

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1. Call to Order
  - 1.1 Safety Moment
2. Public Comment: The time limit granted to each speaker shall be three (3) minutes. Residents and customers may address the Board.
3. Meet as Pension & Benefit Committee: C. LaMarr
  - 3.1 Approve Minutes – January 22, 2026 meeting
  - 3.2 Review 1/1/2026 Actuary reports and assumptions for pension and VEBA and related contribution amounts: Angell Pension Group, Inc.
  - 3.3 Quarterly Investment Performance Review – Pension & VEBA: S. Kelliher, J. McLaughlin, and N. Pulli
  - 3.4 Discuss potential additional year-end pension contribution
  - 3.5 Review FY 2027 Committee Work Plan
4. Act on matters arising from committee meeting
5. Consent Agenda
  - 5.1 Approve Minutes – March 26, 2026 regular meeting and March 30, 2026 special meeting
  - 5.2 Capital Budget Authorization - May 2026
  - 5.3 Capital Budget Transfer Notifications (no action required) – May 2026
  - 5.4 Monthly Financial report – March 2026
  - 5.5 Accounts Receivable update – March 2026
  - 5.6 Land Use Committee Special Topic – Land Grant Update
6. Finance: R. Kowalski
  - 6.1 Type B3 Amendments
  - 6.2 Consider and act on RWA refinancing and financing resolutions
7. Reports on RPB Committee meetings
8. Business Updates: S. Lakshminarayanan
  - 8.1 Monthly Business Highlights: S. Lakshminarayanan
  - 8.2 **\*\*AWA update:** S. Lakshminarayanan and R. Kowalski - *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)(A)(B), pertaining to trade secrets and commercial and financial information.*

\*Members of the public may attend the meeting in person or by conference call. To view meeting documents please visit <https://tinyurl.com/4bdsdscw>. For questions, contact the board office at 203-401-2515 or by email at [jslubowski@rwater.com](mailto:jslubowski@rwater.com).

**\*\*RPB Member (T. Clifford) will be excused at item 8.2.**

# SAFETY MOMENT

## Importance of Stretching

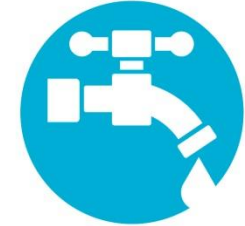
“Make sure you stretch!” is something we often hear before or after we participate in any sort of exercise. But is stretching that good for you? What exactly are the benefits of having a regular stretching routine? Let's explore the benefits of stretching below:

1. **Increased Flexibility to Prevent Injury** – reduces risk of muscle imbalance
2. **Reduced Inflammation** – increases range of motion
3. **Improved Strength** – increases muscle control
4. **Freedom of Movement** – increases independence as we age
5. **Relaxation and Relieve** – provides mental wellness

Stretching is an important aspect of any fitness routine, whether you're an elite-level athlete or starting an exercise program for the first time. Increased flexibility has various health benefits that will improve quality of life and increase overall fitness and performance.



**Tap Into  
Safety**



Regional Water Authority

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  
**Pension & Benefit Committee**

January 22, 2026

Minutes

The regular meeting of the South Central Connecticut Regional Water Authority (“RWA”) Pension & Benefit Committee took place on Thursday, January 22, 2026, at 90 Sargent Drive, New Haven, Connecticut, and via remote access. Chair LaMarr presided.

Present: **Committee members present** – Mss. LaMarr and Sack(R), and Messrs. Cort, Curseaden, and Ricozzi  
**Committee member absent** – Mr. Borowy  
**Management** – Mss. Kowalski and Calo (R), and Messrs. Lakshminarayanan, Hill(R), and Singh  
**RPB** – Mr. Betkoski(R)  
**Morgan Stanley** – Mr. Kelliher (R)  
**Staff** - Mrs. Slubowski

**3. MEET AS PENSION & BENEFIT COMMITTEE:**

Chair LaMarr called the meeting to order at 12:32 p.m.

**3.1 APPROVE MINUTES**

On motion made by Mr. Curseaden and seconded by Mr. Ricozzi, the Committee voted and approved the minutes of its October 23, 2025 meeting.

Borowy	Absent
Cort	Aye
Curseaden	Aye
LaMarr	Aye
Ricozzi	Aye
Sack	Aye

**3.2 QUARTERLY INVESTMENT PERFORMANCE REVIEW – PENSION AND VEBA**

Mr. Kelliher from Morgan Stanley, RWA’s retirement plan investment advisor, provided an update on the market environment, RWA's asset allocations, and investment results for the RWA’s pension and VEBA plans for the period ended December 31, 2025.

At 12:57 p.m., Mr. Kelliher withdrew from the meeting.

**3.3 401K AMENDMENT:**

The Committee discussed amendments to the 401k plans related to use of forfeiture balances. The membership of the Pension Review Committee was also discussed. After discussion, it was the consensus of the Committee to recommend the following resolutions to the Authority for approval:

*1. Authority Investment Plan – Thirteenth Amendment*

**WHEREAS**, the Authority maintains and sponsors the Plan for the benefit of its eligible employees;  
and

**WHEREAS**, Section 14.1 of the Plan vests in the Authority the right to amend the Plan; and

**WHEREAS**, the Authority, has authorized the Pension Review Committee (the “Committee”), effective July 18, 2013, and on July 28, 2018, officially expanded to include the Authority Voluntary Investment Plan to take actions on behalf of the Authority on other than non-routine or discretionary matters; and

**WHEREAS**, consistent with such delegation of authority, the Committee has determined that, due to guidance issued by the United States Internal Revenue Service, technical, routine and non-discretionary amendments to the forfeiture provisions of the Plan are necessary, appropriate and desirable to make; and

**WHEREAS**, the Committee desires to amend the Plan to incorporate the aforementioned technical, routine and non-discretionary amendments to the forfeiture provisions of the Plan, subject to the subsequent approval and ratification of such amendment by the Authority, effective as of December 1, 2025 (the “Amendment Effective Date”).

**NOW, THEREFORE, BE IT RESOLVED**, that effective as of the Amendment Effective Date, and subject to the subsequent approval and ratification by the Authority, the Committee hereby amends the Plan, by adopting the Thirteenth Amendment to the Plan, attached hereto as Exhibit A; and

**FURTHER RESOLVED**, the appropriate members of the Committee are hereby authorized, directed, and empowered, in the name of and on behalf of the Authority and/or the Plan, as applicable, to take such actions and execute such instruments and documents as may be necessary, appropriate or desirable in order to effect the intent and purpose of these resolutions (with the subsequent approval and ratification by the Authority).

2. *Thirteenth Amendment Resolution*

**WHEREAS**, the Authority maintains and sponsors the South Central Connecticut Regional Water Authority Investment Plan (the “Plan”) for the benefit of its eligible employees; and

**WHEREAS**, Section 14.1 of the Plan vests in the Authority the right to amend the Plan; and

**WHEREAS**, the Authority, has authorized the Pension Review Committee (the “Committee”), effective July 18, 2013, and on July 28, 2018, to take actions on behalf of the Authority, such authorization officially expanded to include the Plan, on other than non-routine or discretionary matters; and

**WHEREAS**, consistent with such delegation of authority, the Committee determined that, due to guidance issued by the United States Internal Revenue Service, technical, routine and non-discretionary amendments to the forfeiture provisions of the Plan were necessary, appropriate and desirable to make; and

**WHEREAS**, on December 31, 2025, the Committee amended the Plan, effective as of December 1, 2025 (the “Amendment Effective Date”), to incorporate the aforementioned technical, routine and non-discretionary amendments to the forfeiture provisions of the Plan, by adopting the Thirteenth Amendment to the Plan, attached hereto as Exhibit A, subject to the subsequent approval and ratification by the Authority of such action; and

**WHEREAS**, the Board of the Authority desires to approve and ratify the Committee's adoption, effective as of the Amendment Effective Date, of the Thirteenth Amendment to the Plan.

**NOW, THEREFORE, BE IT RESOLVED:**

1. That the Board of the Authority hereby approves and ratifies the Committee's adoption, effective as of the Amendment Effective Date, of the Thirteenth Amendment to the Plan, attached hereto as Exhibit A; and
2. That the appropriate members of the Committee are hereby authorized, directed, and empowered, in the name of and on behalf of the Authority and/or the Plan, as applicable, to take such actions and execute such instruments and documents as may be necessary, appropriate or desirable in order to effectuate the intent and purpose of the foregoing resolution.
3. *Authority Voluntary Investment Plan – Thirteenth Amendment – Exhibit A*

**WHEREAS**, by written Plan instrument dated November 21, 2013, the Authority has amended and restated the Plan, effective except where otherwise indicated as of January 1, 2013; and

**WHEREAS**, by written Plan instrument dated June 19, 2014, the Authority has amended the Plan pursuant to the First Amendment thereto, effective as of the dates set forth therein; and

**WHEREAS**, by written Plan instrument dated May 21, 2015, the Authority has amended the Plan pursuant to the Second Amendment thereto, effective except where otherwise indicated as of July 1, 2015; and

**WHEREAS**, by written Plan instrument dated April 20, 2017, the Authority has amended the Plan pursuant to the Third Amendment thereto, effective except where otherwise indicated as of May 1, 2017; and

**WHEREAS**, by written Plan instrument dated May 16, 2019, the Authority has amended the Plan pursuant to the Fourth Amendment thereto, effective as of June 1, 2019; and

**WHEREAS**, by written Plan instrument dated September 19, 2019, the Authority has amended the Plan pursuant to the Fifth Amendment thereto, effective as of June 1, 2019; and

**WHEREAS**, by written Plan instrument dated October 15, 2020, the Authority has amended the Plan pursuant to the Sixth Amendment thereto, effective as of July 16, 2019; and

**WHEREAS**, by written Plan instrument dated November 19, 2020, the Authority has amended the Plan pursuant to the Seventh Amendment thereto, effective as of the dates set forth therein; and

**WHEREAS**, by written Plan instrument dated June 17, 2021, the Authority has amended the Plan pursuant to the Eighth Amendment thereto, effective as of July 1, 2021; and

**WHEREAS**, by written Plan instrument dated May 2, 2022, the Authority has amended the Plan pursuant to the Ninth Amendment thereto, effective as of May 2, 2022; and

**WHEREAS**, by written Plan instrument dated October 2, 2023, the Authority has amended the Plan pursuant to the Tenth Amendment thereto, effective as of the dates set forth therein; and

**WHEREAS**, by written Plan instrument dated May 22, 2025, the Authority has amended the Plan pursuant to the Eleventh Amendment thereto, effective as of May 22, 2025; and

**WHEREAS**, by written Plan instrument dated May 22, 2025, the Authority has amended the Plan pursuant to the Twelfth Amendment thereto, effective as of May 22, 2025; and

**WHEREAS**, the Authority wishes to further amend the Plan, in the particulars set forth below, to provide for how the Plan utilizes forfeiture balances of former employees; and

**WHEREAS**, the Authority reserved the right to amend the Plan in Section 14.1 thereof.

**NOW, THEREFORE, BE IT RESOLVED**, the Authority hereby amends the Plan as follows, effective as of December 1, 2025:

1. Section 11.7 of the Plan is hereby added as follows:

“11.7 FORFEITURES. Notwithstanding any provision of the Plan to the contrary, forfeitures occurring during a given Plan Year (the “Forfeiture Plan Year”) must be used or otherwise disposed of no later than the last day of the Plan Year beginning immediately following the Forfeiture Plan Year (the “First Subsequent Plan Year”). The Employer shall direct the Administrator to use forfeitures occurring during a given Forfeiture Plan Year in accordance with any combination of the following methods, including a different method based on the source of such forfeitures. Forfeitures occurring during a given Forfeiture Plan Year may be used or otherwise disposed of, as follows:

- (a) Added to any discretionary Employer contribution for the Forfeiture Plan Year or the First Subsequent Plan Year, as applicable, and allocated in the same manner;
- (b) Used to reduce any Employer contribution for the Forfeiture Plan Year or the First Subsequent Plan Year, as applicable;
- (c) Allocated to all Participants in the same proportion that each Participant’s Compensation for the Forfeiture Plan Year or the First Subsequent Plan Year, as applicable, bears to the Compensation of all Participants for the Forfeiture Plan Year or First Subsequent Plan Year, as applicable; or
- (d) Defray any reasonable administrative expenses that the Plan has incurred for the Forfeiture Plan Year, the First Subsequent Plan Year, or any subsequent Plan Year, as applicable.”

2. Except as hereinabove modified and amended, the Plan shall remain in full force and effect.

### **3.4 DISCUSSION REGARDING RFI, RFQ, OR RFP FOR INVESTMENT MANAGEMENT SERVICES**

At 1:08 p.m., on motion made by Mr. Curseaden and seconded by Mr. Ricozzi, the Committee voted unanimously to meet 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. Lakshminarayanan, Betkoski, Hill, and Singh, and Mss. Kowalski, Calo, and Slubowski.

Borowy            Absent

South Central Connecticut Regional Water Authority  
Pension & Benefit Committee  
January 22, 2026

Cort	Aye
Curseaden	Aye
LaMarr	Aye
Ricozzi	Aye
Sack	Aye

At 1:19 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. Ricozzi and seconded by Ms. Sack, the committee voted to adjourn the meeting.

Borowy	Absent
Cort	Aye
Curseaden	Aye
LaMarr	Aye
Ricozzi	Aye
Sack	Aye

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Catherine E. LaMarr, Chair

(R) = Attended remotely.

UNAPPROVED

**EXECUTIVE SUMMARY OF THE  
SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY SALARIED EMPLOYEES'  
RETIREMENT PLAN**

<b>Plan Demographics</b>	<b>Actuarial Valuation as of January 1, 2026</b>	<b>Actuarial Valuation as of January 1, 2025</b>
Active Participants	60	64
Terminated Vested Participants	51	53
Retired Participants	188	187
<b>Total Participants</b>	<b>299</b>	<b>304</b>
Average Active Participant Age	58.0	57.6
Average Active Participant Service	25.9	26.6
Average Inactive Participant Age	70.6	69.6
Average Inactive Participant Life Expectancy	18.6	19.6

<b>Asset Values</b>	<b>Actuarial Valuation as of January 1, 2026</b>	<b>Actuarial Valuation as of January 1, 2025</b>
Market Value of Assets	\$53,760,888	\$49,107,788
Actuarial Value of Assets	\$50,999,057	\$49,134,517
Ratio of Actuarial to Market Value	95%	100%
Investment Return on Market Value of Assets	14.0%	9.9%
Prior Year Employer Contributions	\$2,170,611	\$3,030,226
Prior Year Benefit Payments	(\$4,250,901)	(\$3,653,980)
Prior Year Administrative Expenses	(\$205,441)	(\$227,754)

<b>Funded Status</b>	<b>Actuarial Valuation as of January 1, 2026</b>	<b>Actuarial Valuation as of January 1, 2025</b>
<b>Valuation Rate Basis</b>		
Valuation Interest Rate	6.75%	6.75%
Present Value of Accrued Benefits (PVAB)	\$54,831,701	\$55,020,889
Market Value of Assets	\$53,760,888	\$49,107,788
Excess (Shortfall) Based on Market Value	<b>(\$1,070,813)</b>	<b>(\$5,913,101)</b>
Funding Percentage on PVAB Basis Market Value	98.05%	89.25%
Present Value of Accrued Benefits (PVAB)	\$54,831,701	\$55,020,889
Actuarial Value of Assets	\$50,999,057	\$49,134,517
Excess (Shortfall) Based on Actuarial Value	<b>(\$3,832,644)</b>	<b>(\$5,886,372)</b>
Funding Percentage on PVAB Basis Actuarial Value	93.01%	89.30%

**EXECUTIVE SUMMARY OF THE  
SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY SALARIED EMPLOYEES'  
RETIREMENT PLAN**

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<b>Contributions</b>	<b>Actuarial Valuation as of January 1, 2026</b>	<b>Actuarial Valuation as of January 1, 2025</b>
<b><u>Actuarially Determined Contribution</u></b>		
Normal Cost	\$1,221,959	\$1,569,112
Expected Employee Contributions	\$0	\$0
Employer Normal Cost	\$1,221,959	\$1,569,112
Employer Normal Cost with 1/2 Year Interest	<b>\$1,262,527</b>	<b>\$1,621,205</b>
Actuarially Determined Contribution	\$1,262,527	\$1,621,205
Actual Fiscal Year Contribution	TBD	\$2,397,959

<b>Actuarial Assumptions</b>	<b>Actuarial Valuation as of January 1, 2026</b>	<b>Actuarial Valuation as of January 1, 2025</b>
Discount Rate	6.75%	6.75%
Salary Scale	4.00%	4.00%
Pre Retirement Mortality	PubG-2016 Above Median Employee with Scale MP-2021 generational improvements (M/F)	PubG-2010 Above Median Employee with Scale MP-2021 generational improvements (M/F)
Pre Retirement Mortality	PubG-2016 Above Median Annuitant with Scale MP-2021 generational improvements (M/F)	PubG-2010 Above Median Annuitant with Scale MP-2021 generational improvements (M/F)

**EXECUTIVE SUMMARY OF THE  
SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY RETIREMENT PLAN  
(UNION)**

<b>Plan Demographics</b>	<b>Actuarial Valuation as of January 1, 2026</b>	<b>Actuarial Valuation as of January 1, 2025</b>
Active Participants	49	55
Terminated Vested Participants	41	38
Retired Participants	114	114
<b>Total Participants</b>	<b>204</b>	<b>207</b>
Average Active Participant Age	61.5	60.2
Average Active Participant Service	33.5	32.4
Average Inactive Participant Age	69.5	69.2
Average Inactive Participant Life Expectancy	19.5	19.7

<b>Asset Values</b>	<b>Actuarial Valuation as of January 1, 2026</b>	<b>Actuarial Valuation as of January 1, 2025</b>
Market Value of Assets	\$32,161,555	\$29,022,593
Actuarial Value of Assets	\$30,390,643	\$29,022,642
Ratio of Actuarial to Market Value	94%	100%
Investment Return on Market Value of Assets	14.6%	10.0%
Prior Plan Year Employer Contributions	\$869,561	\$1,520,156
Prior Plan Year Benefit Payments	(\$1,908,930)	(\$1,899,392)
Prior Plan Year Administrative Expenses	(\$119,802)	(\$125,005)

<b>Funded Status</b>	<b>Actuarial Valuation as of January 1, 2026</b>	<b>Actuarial Valuation as of January 1, 2025</b>
<b>Valuation Rate Basis</b>		
Valuation Interest Rate	6.75%	6.75%
Present Value of Accrued Benefits (PVAB)	\$31,388,393	\$31,168,912
Market Value of Assets	\$32,161,555	\$29,022,593
Excess (Shortfall) Based on Market Value	<b>\$773,162</b>	<b>(\$2,146,319)</b>
Funding Percentage on PVAB Basis Market Value	102.46%	93.11%
Present Value of Accrued Benefits (PVAB)	\$31,388,393	\$31,168,912
Actuarial Value of Assets	\$30,390,643	\$29,022,642
Excess (Shortfall) Based on Actuarial Value	<b>(\$997,750)</b>	<b>(\$2,146,270)</b>
Funding Percentage on PVAB Basis Actuarial Value	96.82%	93.11%

**EXECUTIVE SUMMARY OF THE  
SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY RETIREMENT PLAN  
(UNION)**

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<b>Contributions</b>	<b>Actuarial Valuation as of January 1, 2026</b>	<b>Actuarial Valuation as of January 1, 2025</b>
<b><u>Actuarially Determined Contribution</u></b>		
Normal Cost	\$331,191	\$581,596
Expected Employee Contributions	N/A	N/A
Employer Normal Cost	\$331,191	\$581,596
Employer Normal Cost with 1/2 Year Interest	<b>\$342,186</b>	<b>\$600,904</b>
Actuarially Determined Contribution	\$342,186	\$600,904
Actual Fiscal Year Contribution	TBD	\$1,083,864

<b>Actuarial Assumptions</b>	<b>Actuarial Valuation as of January 1, 2026</b>	<b>Actuarial Valuation as of January 1, 2025</b>
Discount Rate	6.75%	6.75%
Salary Scale	N/A	N/A
Pre Retirement Mortality	PubG-2016 Total Employee with Scale MP-2021 generational improvements (M/F)	PubG-2010 Total Employee with Scale MP-2021 generational improvements (M/F)
Pre Retirement Mortality	PubG-2016 Healthy Annuitant with Scale MP-2021 generational improvements (M/F)	PubG-2010 Healthy Annuitant with Scale MP-2021 generational improvements (M/F)

**EXECUTIVE SUMMARY OF THE  
SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY RETIRED EMPLOYEES'  
CONTRIBUTORY WELFARE TRUST**

<b>Plan Demographics</b>	<b>Actuarial Valuation as of January 1, 2026</b>	<b>Actuarial Valuation as of January 1, 2025</b>
Active Participants Eligible for Medical	97	107
Active Participants Life Only	201	208
Retired Participants and Spouses	265	261
<b>Total Participants</b>	<b>563</b>	<b>576</b>
Average Active Participant Age	48.8	48.0
Average Active Participant Service	14.3	13.7
Average Inactive Participant Age (Retirees Only)	72.9	72.8
Average Inactive Participant Life Expectancy (Retirees Only)	15.4	15.6
<b>Asset Values</b>	<b>Actuarial Valuation as of January 1, 2026</b>	<b>Actuarial Valuation as of January 1, 2025</b>
Market Value of Assets	\$11,023,509	\$10,896,784
Investment Return on Market Value of Assets	13.73%	9.66%
Prior Plan Year Employer Contributions	\$1,480,772	\$2,057,571
Prior Plan Year Benefit Payments	(\$3,019,788)	(\$2,035,177)
<b>Funded Status</b>	<b>Actuarial Valuation as of January 1, 2026</b>	<b>Actuarial Valuation as of January 1, 2025</b>
<b>Valuation Rate Basis</b>		
Valuation Interest Rate	6.75%	6.75%
Actuarial Accrued Liability (AAL)	\$26,463,029	\$25,671,525
Actuarial Value of Assets	\$11,023,509	\$10,896,784
Excess (Shortfall) Based on Actuarial Value	<b>(\$15,439,520)</b>	<b>(\$14,774,741)</b>
Funding Percentage on AAL Basis Actuarial Value	41.66%	42.45%

**EXECUTIVE SUMMARY OF THE  
SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY RETIRED EMPLOYEES'  
CONTRIBUTORY WELFARE TRUST**

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<b>Contributions</b>	<b>Actuarial Valuation as of January 1, 2026</b>	<b>Actuarial Valuation as of January 1, 2025</b>
<b><u>Actuarially Determined Contribution</u></b>		
Normal Cost	\$196,143	\$211,235
Expected Employee Contributions	N/A	N/A
Employer Normal Cost	<u>\$196,143</u>	<u>\$211,235</u>
Actuarially Determined Contribution	\$2,186,138	\$2,022,643
Adjusted Cash Contribution to Trust	\$1,719,952	\$1,570,423
<b>Actuarial Assumptions</b>	<b>Actuarial Valuation as of January 1, 2026</b>	<b>Actuarial Valuation as of January 1, 2025</b>
Discount Rate	6.75%	6.75%
Salary Scale	N/A	N/A
Mortality	PubG.H-2016 Employee, Healthy Annuitant, and Contingent Survivor with Scale MP-2021 generational improvements (Male/Female)	PubG.H-2010 Employee, Healthy Annuitant, and Contingent Survivor with Scale MP-2021 generational improvements (Male/Female)

# Morgan Stanley

THE KELLIHER CORBETT GROUP  
AT MORGAN STANLEY

April 23, 2026

 Regional **Water** Authority  
Tapping the Possibilities™

## SC CT Regional Water Authority

### **Stephen P. Kelliher, QPFC®**

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# Morgan Stanley

THE KELLIHER CORBETT GROUP  
AT MORGAN STANLEY

SECTION 1

## Market Commentary



Data as of March 31, 2026

Index	Calendar Year 2025	2026 YTD (February 28, 2026)	2026 YTD (March 31, 2026)
Russell 3000	17.15%	1.07%	-3.96%
S&P 500	17.88%	0.68%	-4.33%
S&P 500 Equal Weighted	11.43%	7.06%	0.67%
Russell 1000 Value	15.91%	7.28%	2.10%
Russell 1000 Growth	18.56%	-4.82%	-9.78%
Morningstar Dividend Yield Focus	12.03%	15.26%	12.39%
MSCI ACWI Ex USA	32.39%	11.30%	-0.71%
MSCI EAFE	31.22%	10.09%	-1.24%
MSCI EM	33.57%	14.83%	-0.17%
Bloomberg US Aggregate Bond	7.30%	1.75%	-0.05%
Bloomberg US Govt/Credit Interm	6.97%	1.21%	-0.02%
Bloomberg US Corporate Bond	7.77%	1.47%	1.47%
FTSE Treasury Bill 3-Month	4.40%	0.61%	0.93%

Source: Morningstar, Morgan Stanley

Past performance is no guarantee of future results. Estimates of future performance are based on assumptions that may not be realized. This material is not a solicitation of any offer to buy or sell any security or other financial instrument or to participate in any trading strategy. Please refer to important information, disclosures and qualifications at the end of this material.

An investment cannot be made directly in a market index

Indices are unmanaged and investors cannot directly invest in them. Composite index results are shown for illustrative purposes and do not represent the performance of a specific investment. Past performance is no guarantee of future results. Actual results may vary. Diversification does not assure a profit or protect against loss in a declining market. Benchmark indices and blends included in this material are for informational purposes only, are provided solely as a comparison tool and may not reflect the underlying composition and/or investment objective(s) associated with the account(s). Indices are unmanaged and not available for direct investment.

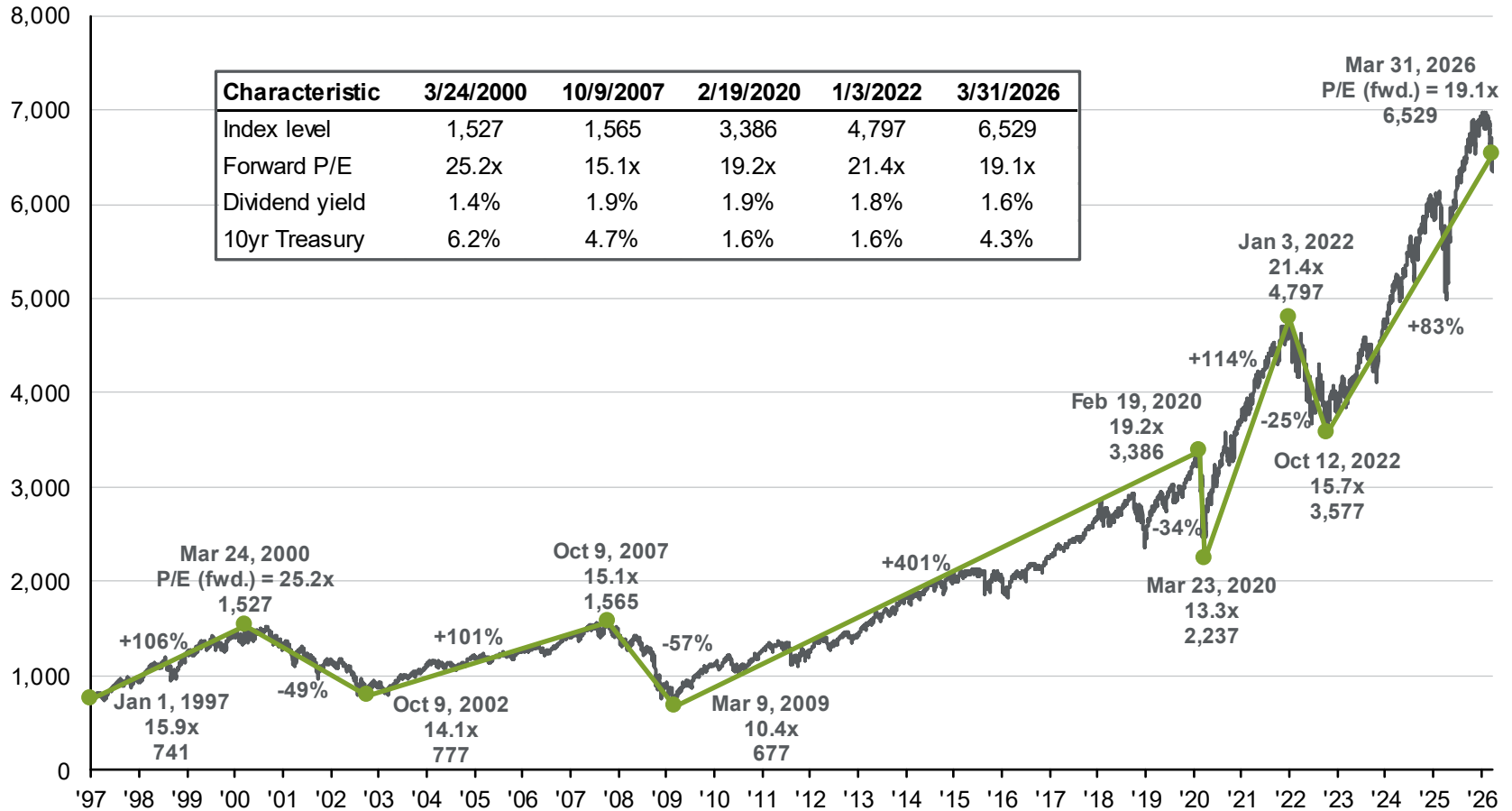
Index returns do not take into account fees or other charges. Such fees and charges would reduce performance.



# S&P 500 index at inflection points

Equities

## S&P 500 Price Index



Source: FactSet, Federal Reserve, Refinitiv Datastream, Standard & Poor's, J.P. Morgan Asset Management.  
 Dividend yield is calculated as consensus analyst estimates of dividends in the next 12 months, provided by FactSet, divided by the most recent S&P 500 index price. Forward P/E ratio is the most recent S&P 500 index price divided by consensus estimates for earnings in the next 12 months, provided by IBES since January 1997 and FactSet since January 2022. Returns are cumulative and do not include the reinvestment of dividends. Past performance is no guarantee of future results.  
 Guide to the Markets – U.S. Data are as of March 31, 2026.

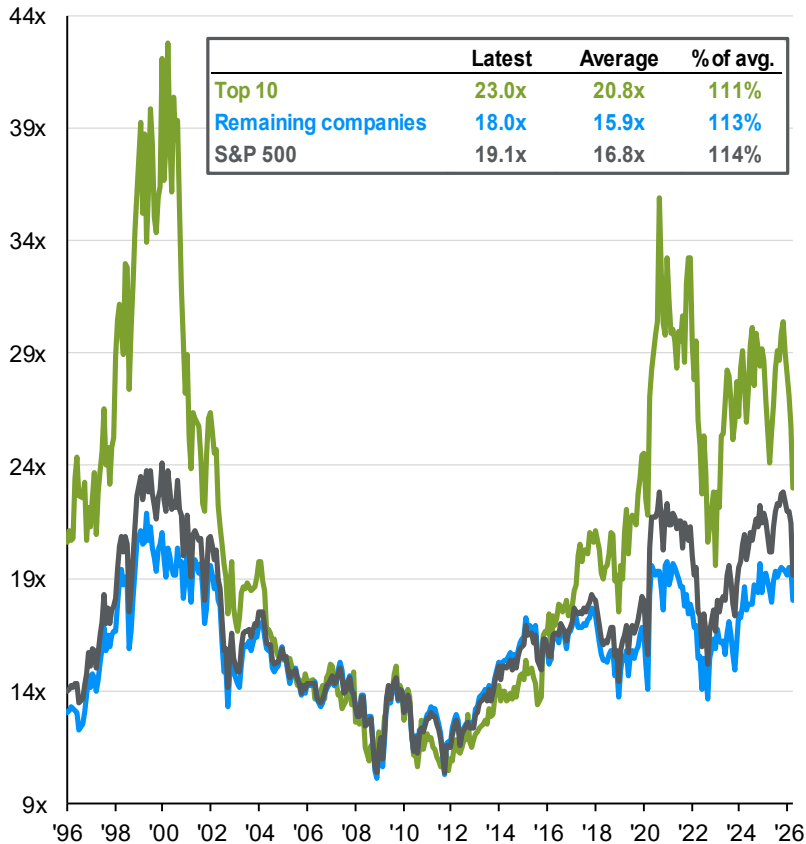


# S&P 500: Index concentration

Equities

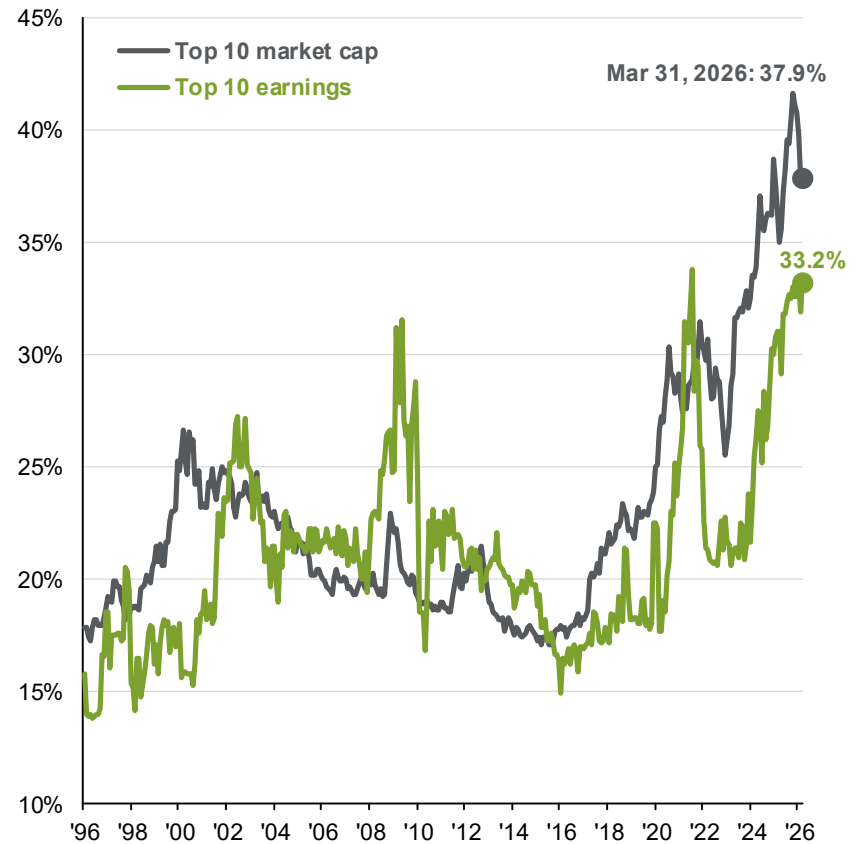
## P/E of top 10 and remaining companies in S&P 500

Next 12 months



## Weight of the top 10 companies in the S&P 500

% of market capitalization, % of last 12 months' earnings



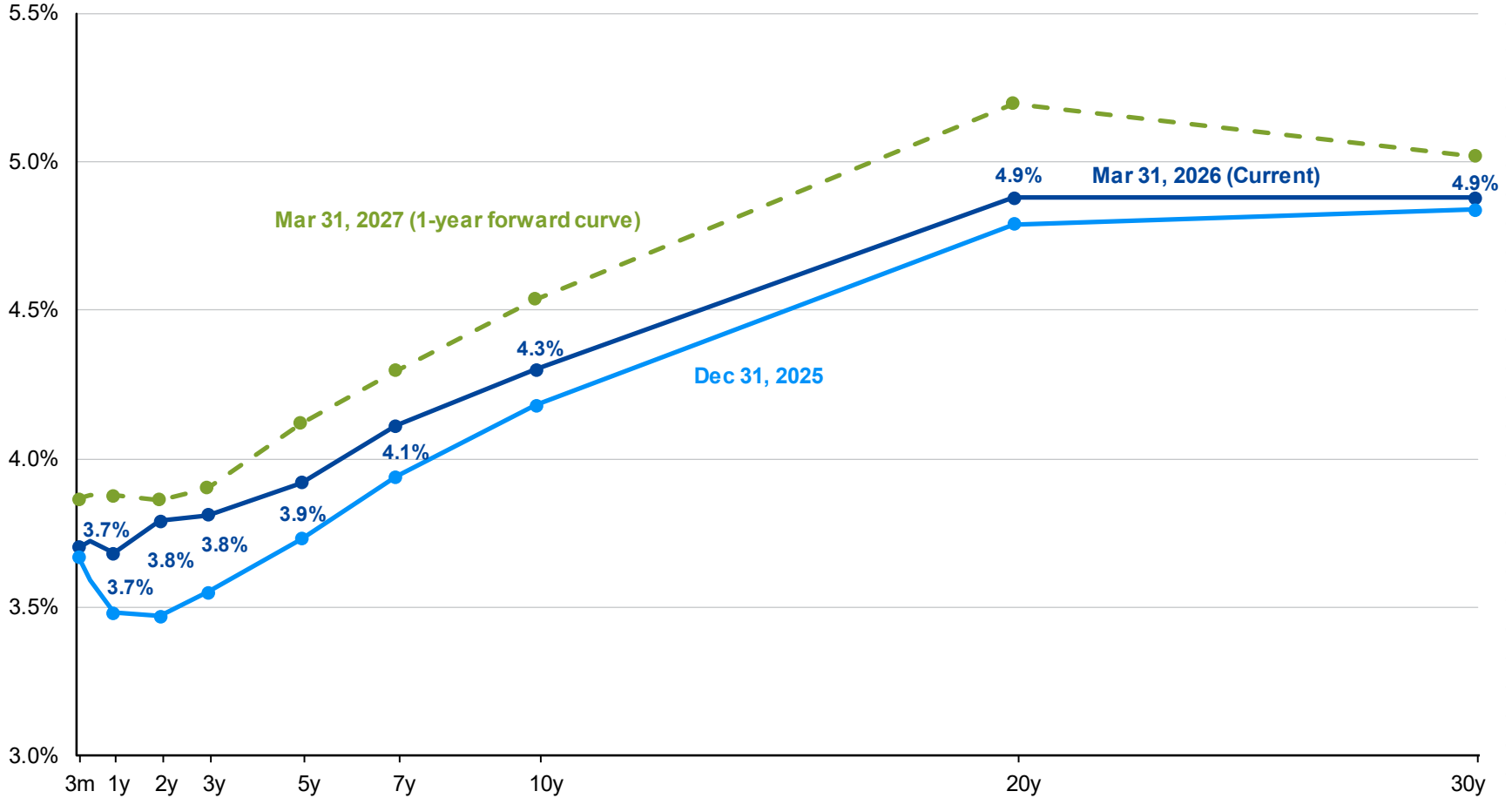
Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management.  
 Forward P/E ratio is the most recent price divided by consensus estimates for earnings in the next 12 months, provided by IBES since January 1996 and FactSet since January 2022. The remaining stocks represent the rest of the 490 companies in the S&P 500, and their P/E ratio is calculated by backing out the nominal earnings and market cap of the top 10 from that of the S&P 500.  
 Guide to the Markets – U.S. Data are as of March 31, 2026.



# Yield curve

Fixed Income

## U.S. Treasury yield curve



Source: FactSet, Federal Reserve, J.P. Morgan Asset Management. Guide to the Markets – U.S. Data are as of March 31, 2026.



# Markets around geopolitical events

GTM U.S. OTB

Equities

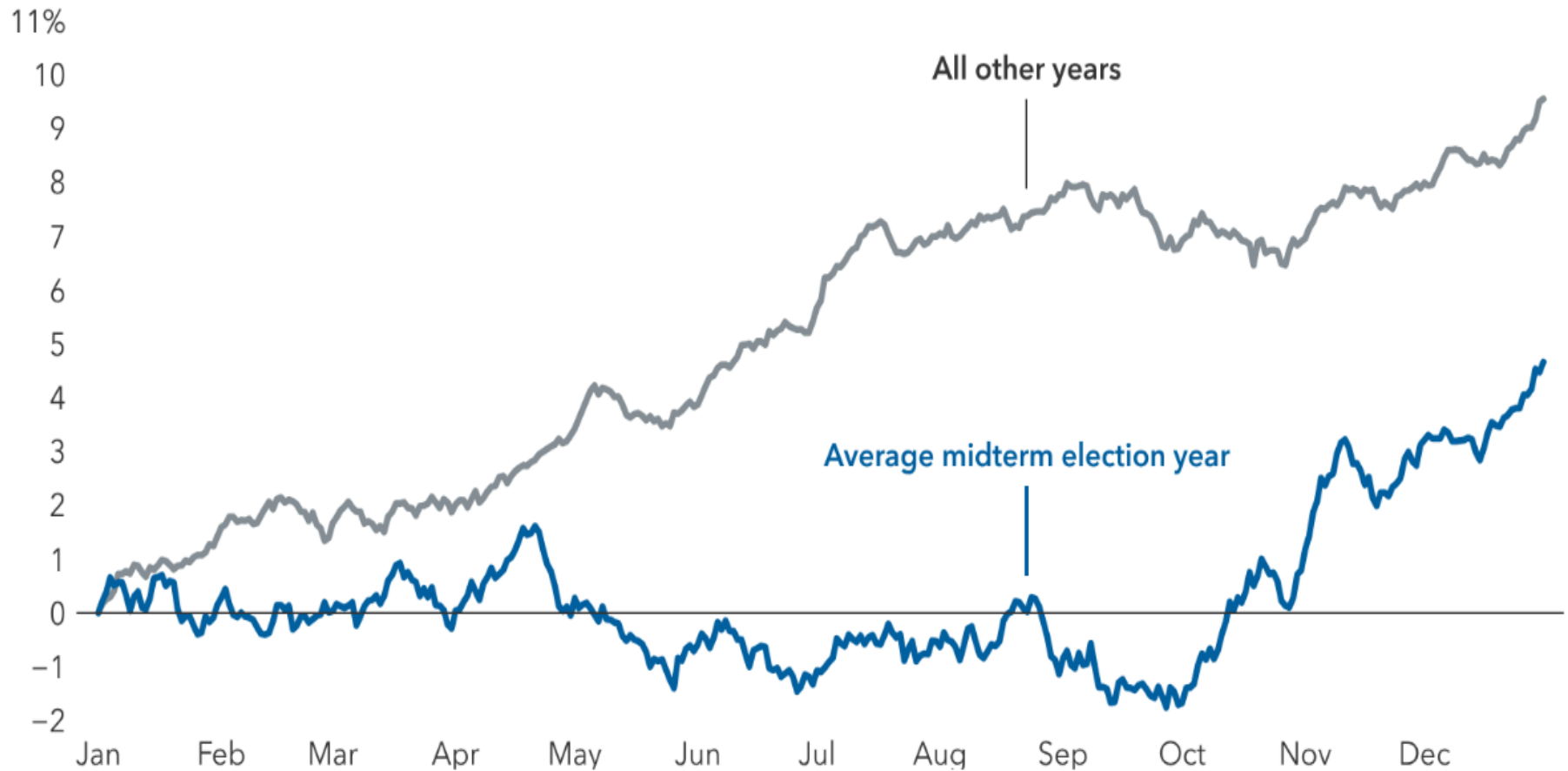
## S&P 500 selloffs around geopolitical events

Event	Start of sell off	Duration of sell off (trading days)	Size of sell-off (%)	Duration to recover to prior level (trading days)
Israel Arab war / oil embargo	10/29/1973	27	-17.3%	1546
Shah of Iran exiled	1/29/1979	8	-4.6%	33
Iranian hostage crisis	10/8/1979	23	-10.2%	49
Soviet invasion of Afghanistan	12/18/1979	11	-3.8%	5
Libya bombing	4/22/1986	19	-4.9%	6
First Gulf War	8/2/1990	50	-16.9%	81
Kosovo bombing	3/19/1999	3	-4.1%	8
9/11 attacks	9/10/2001	5	-11.6%	14
Iraq war	3/24/2003	6	-5.3%	15
Arab spring (Egypt)	1/28/2011	1	-1.8%	2
Ukraine conflict	3/10/2014	5	-2.0%	12
Intervention in Syria	9/19/2014	19	-7.4%	12
Russia/Ukraine War	2/10/2022	18	-9.1%	15
Israel/Hamas War	10/12/2023	12	-5.9%	7
Israel/Iran War	6/13/2025	5	-1.3%	5
<b>Median</b>	<b>(1973-2025)</b>	<b>11</b>	<b>-5.3%</b>	<b>12</b>

Source: Standard & Poor's, Deutsche Bank, FactSet, J.P. Morgan Asset Management.  
 Past performance is no guarantee of future results.  
 Guide to the Markets – U.S. Data are as of December 31, 2025.

# Political Uncertainty Has Dampened Returns in Midterm Years

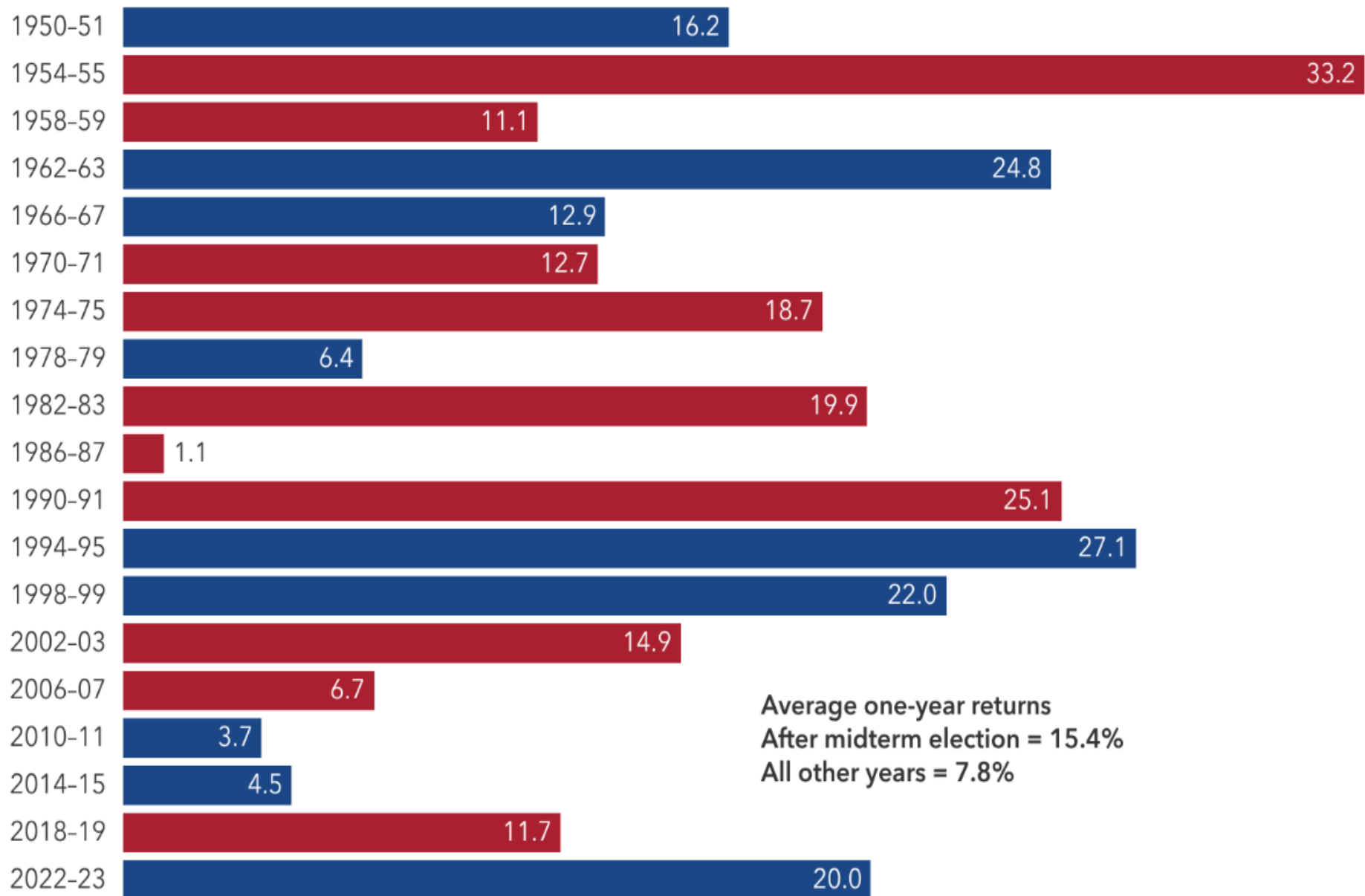
S&P 500 Index average returns since 1931



Past results are not a guarantee of future results.

Sources: Capital Group, RIMES, Standard & Poor's. The chart shows the average trajectory of cumulative price returns for the S&P 500 Index throughout midterm election years compared to non-midterm election years. Each point on the lines represents the average year-to-date return as of that particular month and day, and is calculated using daily price returns from 1 January 1931 to 31 December 2025.

## S&P 500 Index Price Return One Year After Midterm Election



Past results are not a guarantee of future results.

Sources: Capital Group, RIMES, Standard & Poor's. Calculations use Election Day as the starting date in all election years and November 5th as a proxy for the starting date in other years. Only midterm election years are shown in the chart. As of 15 January 2026.

# Morgan Stanley

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SECTION 2

## Investment Policy Statement (IPS) Executive Summary



**South Central Connecticut Regional Water Authority**  
**EXECUTIVE SUMMARY**

**Plans Names:** This Investment Policy Statement covers three separate portfolios for the South Central Connecticut Regional Water Authority (“the Plans”)

1. South Central Connecticut Regional Water Authority Salaried Employees’ Retirement Plan
2. South Central Connecticut Regional Water Authority Retirement Plan
3. South Central Connecticut Regional Water Authority Retired Employees’ Contributory Welfare Trust (VEBA)

**Plan Trustee:** Broadridge Matrix Trust Company

**Primary Investment Custodian:** Morgan Stanley & Co

**Pension Payroll Custodian:** Broadridge Matrix Trust Company

**Plan Administrator:** Regional Water Authority Board

**Plan Actuary:** The Angell Pension Group, Inc.

**Plan Advisor:** The Kelliher Corbett Group at Morgan Stanley

**Primary Objectives:**

- 1) To achieve a long-term rate of return that meets the assumed actuarial rate of return
- 2) Milestone goal is to be fully funded, excluding going plan service costs. To achieve full funding, the Authority will contribute amounts above the ARC as authorized not less than annually by the Member Board, after evaluating prevailing market conditions and other prudent considerations.

**Target Rate of Return:** To meet the assumed actuarial rate of return

**Time Horizon:** Aligned with actuarial liabilities of the South Central Connecticut Regional Water Authority Pension plans and VEBA

**Asset Allocation:**

Asset Class	Minimum	Maximum	Preferred
Equities	45%	60%	55%
Fixed Income	20%	45%	30%
Alternative/Hedge/Balanced	5%	20%	15%

The maximum allowable allocation to illiquid securities is 10%  
When investing in alternative investments, the VEBA plan permits the use of liquid investments only

**Cash Limits:** The investor wishes to maintain sufficient liquidity to fund benefit obligations

**Restrictions:**

- Average bond quality rated Investment Grade or Better (excluding mutual fund/ETFs)
- Maximum Average Bond Maturity: 20 years
- Maximum Individual Bond Maturity: 30 years
- Maximum Portion of Portfolio in a Single Diversified Fund: 20%
- Maximum Portion of Portfolio in a Single Security/Individual Company: 3% (excluding U.S. Government Securities)

**Meeting Frequency:** Quarterly

# Morgan Stanley

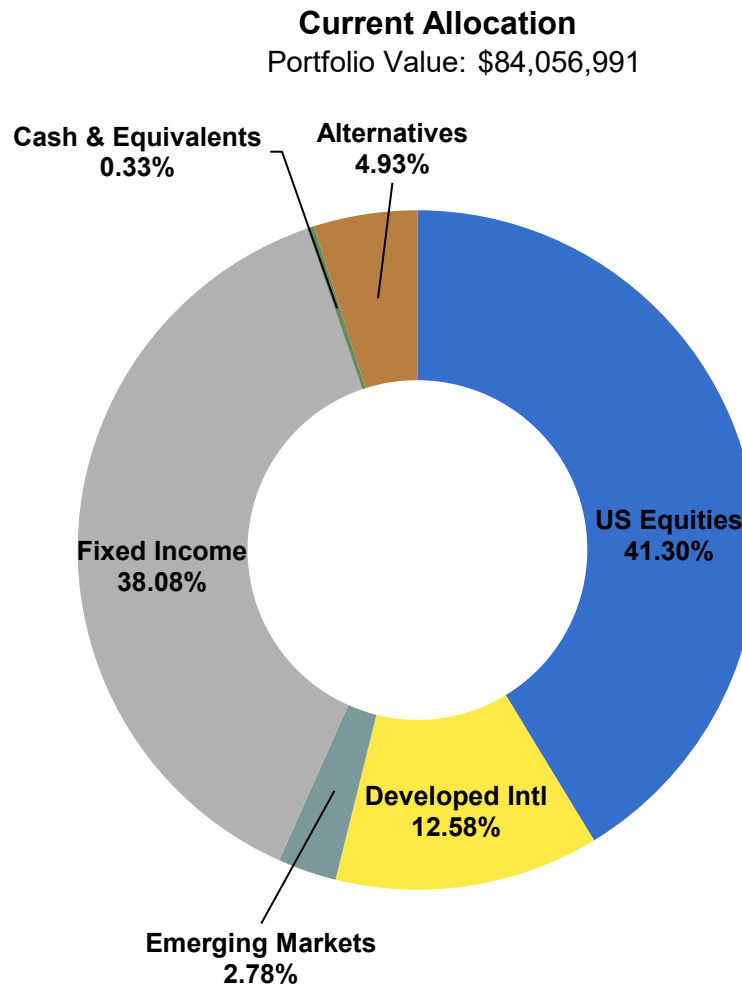
THE KELLIHER CORBETT GROUP  
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SECTION 3

## Asset Allocation & Investment Matrices



# SCCT Regional Water Authority - Salary & Union Plans



<b>Total Equity</b>	
<b>56.67%</b>	
<b>% of Total Equity</b>	
US Equity	= 72.88%
Intl Equity	= 27.12%
<b>% of Intl Equity</b>	
Developed Intl	= 81.88%
Emerging Markets	= 18.12%
<b>Sal &amp; Uni Overall Style Analysis*</b>	
Value	= 33.16%
Core	= 44.22%
Growth	= 22.62%
<b>Sal &amp; Uni US Style Analysis*</b>	
Value	= 38.26%
Core	= 42.15%
Growth	= 19.59%

<b>Russell 3000 Style Analysis*</b>	
Value	= 28.97%
Core	= 43.98%
Growth	= 27.05%

Assets as of 3/31/2026

Asset Allocation does not assure a profit or protect against loss in declining financial markets

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\*Equity Style Analysis provided by Morningstar "Asset Scan"

Data Source: Morgan Stanley & Morningstar

SCCT Regional Water Authority - Salary & Union Plans  
 Asset Allocation Matrix Summary  
 As of 3/31/2026

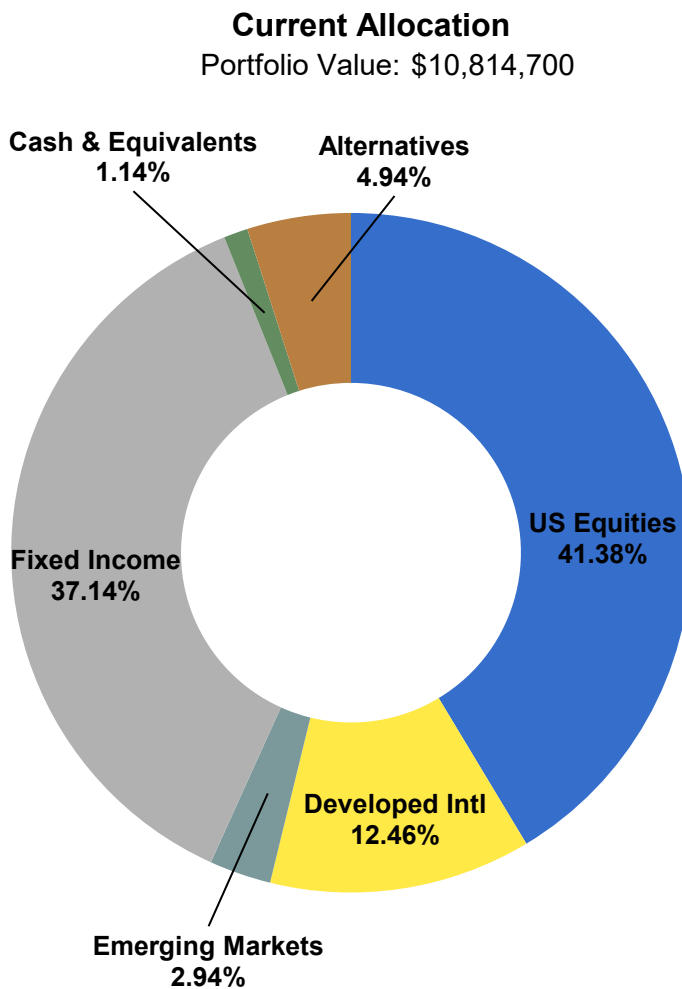
**Benchmark vs Actual**

	Benchmark	Actual	+/-
Russell 3000	42.00%	41.74%	-0.26%
MSCI ACWI ex US	15.00%	14.92%	-0.08%
Bloomberg US Aggregate	31.00%	38.07%	7.07%
FTSE WGBI	3.00%	0.00%	-3.00%
HFRI FOF	5.00%	3.96%	-1.04%
Global Real Estate	2.00%	0.97%	-1.03%
Cash & Equivalents/T-Bills	2.00%	0.33%	-1.67%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>0.00%</b>

Cash & Equivalents/T-Bills: Any Government Security with less than 1 year to maturity

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# SCCT Regional Water Authority - VEBA Plan



<b>Total Equity</b>	
	<b>56.77%</b>
<b>% of Total Equity</b>	
US Equity	= 72.88%
Intl Equity	= 27.12%
<b>% of Intl Equity</b>	
Developed Intl	= 80.91%
Emerging Markets	= 19.09%
<b>VEBA Overall Style Analysis*</b>	
Value	= 33.11%
Core	= 44.21%
Growth	= 22.68%
<b>VEBA US Style Analysis*</b>	
Value	= 38.26%
Core	= 42.15%
Growth	= 19.59%

<b>Russell 3000 Style Analysis*</b>	
Value	= 28.97%
Core	= 43.98%
Growth	= 27.05%

Assets as of 3/31/2026

Asset Allocation does not assure a profit or protect against loss in declining financial markets

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\*Equity Style Analysis provided by Morningstar "Asset Scan"

Data Source: Morgan Stanley & Morningstar

SCCT Regional Water Authority - VEBA Plan  
 Asset Allocation Matrix Summary  
 As of 3/31/2026

**Benchmark vs Actual**

	Benchmark	Actual	+/-
Russell 3000	42.00%	41.82%	-0.18%
MSCI ACWI ex US	15.00%	14.95%	-0.05%
Bloomberg US Aggregate	31.00%	37.13%	6.13%
FTSE WGBI	3.00%	0.00%	-3.00%
HFRI FOF	5.00%	3.00%	-2.00%
Global Real Estate	2.00%	1.95%	-0.05%
Cash & Equivalents/T-Bills	2.00%	1.14%	-0.86%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>0.00%</b>

Cash & Equivalents/T-Bills: Any Government Security with less than 1 year to maturity

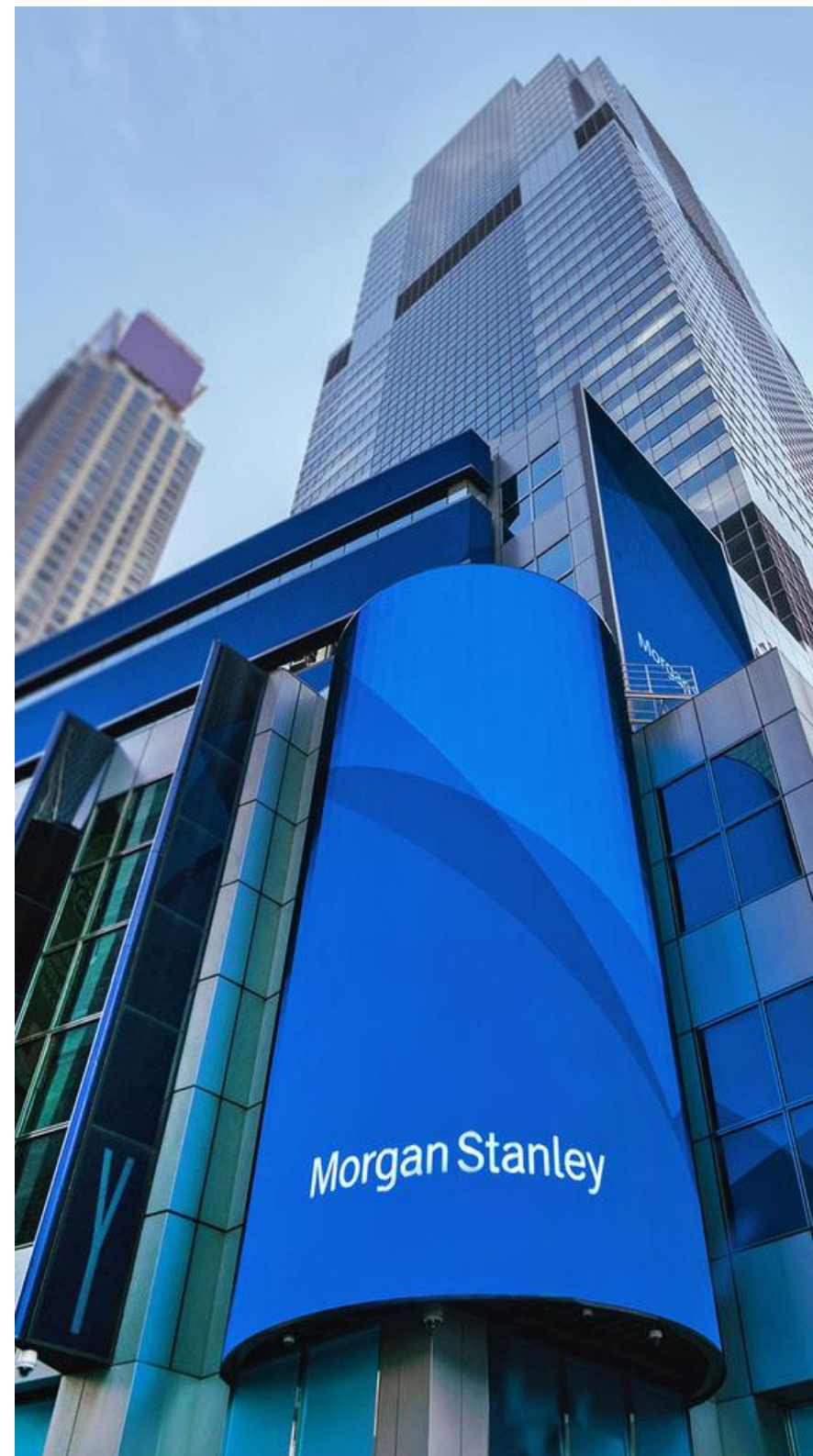
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SECTION 4

## Investment Results



**SCCT Regional Water Authority**  
**First Quarter 2026/Year to Date Investment Results**  
**December 31, 2025 - March 31, 2026**

Account Number	Account Type	Beg. Asset Value 31-Dec-2025	Net Deposits/Withdrawals	Transfers	Net Invested	Ending Asset Value 31-Mar-2026	Net \$ Gain/Loss	Gain/Loss (net) %	Gain/Loss (gross) %
447-xxx450	Salaried	\$53,506,113	\$0	(\$662,047)	\$52,844,066	\$52,435,347	(\$408,719)	-0.81%	-0.73%
447-xxx451	Union	\$32,047,860	\$0	(\$175,739)	\$31,872,122	\$31,621,644	(\$250,478)	-0.80%	-0.73%
447-xxx456	VEBA	\$10,896,430	\$0	\$0	\$10,896,430	\$10,814,700	(\$81,730)	-0.75%	-0.68%
axx15a	Matrix Trust (Salaried)**	\$360,000	(\$817,046)	\$691,756	\$234,710	\$234,710	\$0	-	-
axx15b	Matrix Trust (Union)**	\$190,000	(\$299,640)	\$194,720	\$85,080	\$85,080	\$0	-	-
axx16	Matrix Trust(VEBA)**	\$135,608	\$469,034	(\$48,690)	\$555,951	\$555,951	\$0	-	-
Consolidated		\$97,136,011	(\$647,653)	\$0	\$96,488,358	\$95,747,432	(\$740,926)	-0.80%	-0.72%

**December 31, 2025 - March 31, 2026**

Actuarial Assumed Rate of Return

**Actuarial Assumed Rate of Return (Current): 6.75% x (3/12)** 1.69%

Guidelines/Benchmarks - Market Cap Weighted

Least Equity Risk: 34% R3000, 11% MSCI ACWxUS, 39% Bloomberg Agg, 4% FTSE WGBI, 9% HFRI FOF, 1% Global RE, 2% T-Bills -1.42%  
Strategic: 42% R3000, 15% MSCI ACWxUS, 31% Bloomberg Agg, 3% FTSE WGBI, 5% HFRI FOF, 2% Global RE, 2% T-Bills -1.79%  
Most Equity Risk: 44% R3000, 16% MSCI ACWxUS, 16% Bloomberg Agg, 2% FTSE WGBI, 15% HFRI FOF, 5% Global RE, 2% T-Bills -1.83%

Guidelines/Benchmarks - Equal Weighted

Least Equity Risk: 34% S&P 500 Equal Weighted, 11% MSCI ACWxUS, 39% Bloomberg Agg, 4% FTSE WGBI, 9% HFRI FOF, 1% Global RE, 2% T-Bills 0.16%  
Strategic: 42% S&P 500 Equal Weighted, 15% MSCI ACWxUS, 31% Bloomberg Agg, 3% FTSE WGBI, 5% HFRI FOF, 2% Global RE, 2% T-Bills 0.15%  
Most Equity Risk: 44% S&P 500 Equal Weighted, 16% MSCI ACWxUS, 16% Bloomberg Agg, 2% FTSE WGBI, 15% HFRI FOF, 5% Global RE, 2% T-Bills 0.21%

Russell 3000	-3.96%
S&P 500	-4.33%
S&P 500 Equal Weight	0.67%
Russell 1000 Value	2.10%
Russell 1000	-4.18%
Russell 1000 Growth	-9.78%
Russell 2000	0.89%
MSCI All Country World ex. US	-0.71%
MSCI EAFE	-1.24%
MSCI EM	-0.17%
Bloomberg Aggregate	-0.05%
Bloomberg Govt/Credit Intermediate	-0.02%
HFRI Fund of Funds Index	0.71%
DJ Global World Real Estate	-1.35%
FTSE WGBI Index	-1.05%
30 Day T-Bill	0.91%

Performance for accounts held outside of Morgan Stanley are calculated using simple math

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Data Source: Morgan Stanley, Broadridge, Morningstar

**SCCT Regional Water Authority  
Fiscal Year Investment Results  
May 31, 2025 - March 31, 2026**

Account Number	Account Type	Beg. Asset Value 31-May-2025	Net Deposits/Withdrawals	Transfers	Net Invested	Ending Asset Value 31-Mar-2026	Net \$ Gain/Loss	Gain/Loss (net) %	Gain/Loss (gross) %
447-xxx450	Salaried	\$49,017,071	\$0	(\$1,217,731)	\$47,799,340	\$52,435,347	\$4,636,008	9.37%	9.65%
447-xxx451	Union	\$29,351,898	\$0	(\$541,033)	\$28,810,865	\$31,621,644	\$2,810,779	9.54%	9.82%
447-xxx456	VEBA	\$10,274,642	\$0	(\$443,321)	\$9,831,321	\$10,814,700	\$983,379	9.58%	9.86%
axx15a	Matrix Trust (Salaried)**	\$818,305	(\$1,919,036)	\$1,335,441	\$234,710	\$234,710	\$0	-	-
axx15b	Matrix Trust (Union)**	\$448,410	(\$978,337)	\$615,006	\$85,080	\$85,080	\$0	-	-
axx16	Matrix Trust(VEBA)**	\$62,447	\$241,866	\$251,638	\$555,951	\$555,951	\$0	-	-
Consolidated		\$89,972,773	(\$2,655,507)	\$0	\$87,317,266	\$95,747,432	\$8,430,166	9.45%	9.73%

**May 31, 2025 - March 31, 2026**

**Actuarial Assumed Rate of Return**

<b>Actuarial Assumed Rate of Return (Current): 6.75% x (10/12)</b>	5.63%	
<b>Guidelines/Benchmarks - Market Cap Weighted</b>		
Least Equity Risk: 34% R3000, 11% MSCI ACWxUS, 39% Bloomberg Agg, 4% FTSE WGBI, 9% HFRI FOF, 1% Global RE, 2% T-Bills	8.55%	
Strategic: 42% R3000, 15% MSCI ACWxUS, 31% Bloomberg Agg, 3% FTSE WGBI, 5% HFRI FOF, 2% Global RE, 2% T-Bills	9.35%	
Most Equity Risk: 44% R3000, 16% MSCI ACWxUS, 16% Bloomberg Agg, 2% FTSE WGBI, 15% HFRI FOF, 5% Global RE, 2% T-Bills	10.10%	
<b>Guidelines/Benchmarks - Equal Weighted</b>		
Least Equity Risk: 34% S&P 500 Equal Weighted, 11% MSCI ACWxUS, 39% Bloomberg Agg, 4% FTSE WGBI, 9% HFRI FOF, 1% Global RE, 2% T-Bills	8.17%	
Strategic: 42% S&P 500 Equal Weighted, 15% MSCI ACWxUS, 31% Bloomberg Agg, 3% FTSE WGBI, 5% HFRI FOF, 2% Global RE, 2% T-Bills	8.88%	
Most Equity Risk: 44% S&P 500 Equal Weighted, 16% MSCI ACWxUS, 16% Bloomberg Agg, 2% FTSE WGBI, 15% HFRI FOF, 5% Global RE, 2% T-Bills	9.60%	
	Russell 3000	11.80%
	S&P 500	11.58%
	S&P 500 Equal Weight	10.68%
	Russell 1000 Value	15.45%
	Russell 1000	11.34%
	Russell 1000 Growth	7.25%
	Russell 2000	22.17%
	MSCI All Country World ex. US	15.28%
	MSCI EAFE	10.88%
	MSCI EM	22.64%
	Bloomberg Aggregate	4.69%
	Bloomberg Govt/Credit Intermediate	3.79%
	HFRI Fund of Funds Index	9.91%
	DJ Global World Real Estate	2.68%
	FTSE WGBI Index	1.06%
	30 Day T-Bill	3.43%

Performance for accounts held outside of Morgan Stanley are calculated using simple math

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Data Source: Morgan Stanley, Broadridge, Morningstar

**SCCT Regional Water Authority**  
**Trailing Twelve Month Investment Results**  
**March 31, 2025 - March 31, 2026**

Account Number	Account Type	Beg. Asset Value 31-Mar-2025	Net Deposits/Withdrawals	Transfers	Net Invested	Ending Asset Value 31-Mar-2026	Net \$ Gain/Loss	Gain/Loss (net) %	Gain/Loss (gross) %
447-xxx450	Salaried	\$48,452,115	\$0	(\$2,119,020)	\$46,333,094	\$52,435,347	\$6,102,253	12.72%	13.07%
447-xxx451	Union	\$28,858,547	\$0	(\$991,177)	\$27,867,370	\$31,621,644	\$3,754,274	13.16%	13.51%
447-xxx456	VEBA	\$10,238,394	\$0	(\$708,316)	\$9,530,079	\$10,814,700	\$1,284,621	12.92%	13.28%
axx15a	Matrix Trust (Salaried)**	\$126,849	(\$2,165,423)	\$2,273,284	\$234,710	\$234,710	\$0	-	-
axx15b	Matrix Trust (Union)**	\$115,188	(\$1,131,202)	\$1,101,094	\$85,080	\$85,080	\$0	-	-
axx16	Matrix Trust(VEBA)**	\$60,749	\$51,067	\$444,135	\$555,951	\$555,951	\$0	-	-
Consolidated		\$87,851,841	(\$3,245,558)	\$0	\$84,606,283	\$95,747,432	\$11,141,148	12.89%	13.24%

**March 31, 2025 - March 31, 2026**

Actuarial Assumed Rate of Return

**Actuarial Assumed Rate of Return (Current): 6.75%** 6.75%

Guidelines/Benchmarks - Market Cap Weighted

Least Equity Risk: 34% R3000, 11% MSCI ACWxUS, 39% Bloomberg Agg, 4% FTSE WGBI, 9% HFRI FOF, 1% Global RE, 2% T-Bills 11.92%  
 Strategic: 42% R3000, 15% MSCI ACWxUS, 31% Bloomberg Agg, 3% FTSE WGBI, 5% HFRI FOF, 2% Global RE, 2% T-Bills 13.57%  
 Most Equity Risk: 44% R3000, 16% MSCI ACWxUS, 16% Bloomberg Agg, 2% FTSE WGBI, 15% HFRI FOF, 5% Global RE, 2% T-Bills 14.82%

Guidelines/Benchmarks - Equal Weighted

Least Equity Risk: 34% S&P 500 Equal Weighted, 11% MSCI ACWxUS, 39% Bloomberg Agg, 4% FTSE WGBI, 9% HFRI FOF, 1% Global RE, 2% T-Bills 10.14%  
 Strategic: 42% S&P 500 Equal Weighted, 15% MSCI ACWxUS, 31% Bloomberg Agg, 3% FTSE WGBI, 5% HFRI FOF, 2% Global RE, 2% T-Bills 11.37%  
 Most Equity Risk: 44% S&P 500 Equal Weighted, 16% MSCI ACWxUS, 16% Bloomberg Agg, 2% FTSE WGBI, 15% HFRI FOF, 5% Global RE, 2% T-Bills 12.51%

Russell 3000	18.09%
S&P 500	17.80%
S&P 500 Equal Weight	12.85%
Russell 1000 Value	15.87%
Russell 1000	17.74%
Russell 1000 Growth	18.81%
Russell 2000	25.72%
MSCI All Country World ex. US	24.91%
MSCI EAFE	21.27%
MSCI EM	29.55%
Bloomberg Aggregate	4.35%
Bloomberg Govt/Credit Intermediate	4.41%
HFRI Fund of Funds Index	11.62%
DJ Global World Real Estate	5.55%
FTSE WGBI Index	3.75%
30 Day T-Bill	4.18%

Performance for accounts held outside of Morgan Stanley are calculated using simple math

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Data Source: Morgan Stanley, Broadridge, Morningstar

**SCCT Regional Water Authority**  
**Trailing Three Year Investment Results**  
**March 31, 2023 - March 31, 2026**

Account Number	Account Type	Beg. Asset Value 31-Mar-2023	Net Deposits/Withdrawals	Transfers	Net Invested	Ending Asset Value 31-Mar-2026	Net \$ Gain/Loss	Gain/Loss (net) %	Gain/Loss (gross) %
447-xxx450	Salaried	\$41,243,020	\$0	(\$3,041,006)	\$38,202,014	\$52,435,347	\$14,233,333	10.46%	10.83%
447-xxx451	Union	\$24,306,008	\$0	(\$1,266,745)	\$23,039,263	\$31,621,644	\$8,582,381	10.60%	10.98%
447-xxx456	VEBA	\$8,783,780	\$0	(\$959,263)	\$7,824,516	\$10,814,700	\$2,990,183	10.47%	10.84%
axx15	Matrix Trust (Master Trust)**	\$0	(\$38,066)	\$38,066	\$0	\$0	\$0	-	-
axx15a	Matrix Trust (Salaried)**	\$77,300	(\$3,313,383)	\$3,470,792	\$234,710	\$234,710	\$0	-	-
axx15b	Matrix Trust (Union)**	\$181,293	(\$1,670,010)	\$1,573,798	\$85,080	\$85,080	\$0	-	-
axx16	Matrix Trust(VEBA)**	\$519,996	(\$148,403)	\$184,358	\$555,951	\$555,951	\$0	-	-
Consolidated		\$75,111,397	(\$5,169,862)	\$0	\$69,941,534	\$95,747,432	\$25,805,897	10.51%	10.88%

March 31, 2023 - March 31, 2026

Actuarial Assumed Rate of Return

**Actuarial Assumed Rate of Return (Current): 6.75%** 6.75%

Guidelines/Benchmarks - Market Cap Weighted

Least Equity Risk: 34% R3000, 11% MSCI ACWxUS, 39% Bloomberg Agg, 4% FTSE WGBI, 9% HFRI FOF, 1% Global RE, 2% T-Bills 10.08%

Strategic: 42% R3000, 15% MSCI ACWxUS, 31% Bloomberg Agg, 3% FTSE WGBI, 5% HFRI FOF, 2% Global RE, 2% T-Bills 11.50%

Most Equity Risk: 44% R3000, 16% MSCI ACWxUS, 16% Bloomberg Agg, 2% FTSE WGBI, 15% HFRI FOF, 5% Global RE, 2% T-Bills 12.49%

Guidelines/Benchmarks - Equal Weighted

Least Equity Risk: 34% S&P 500 Equal Weighted, 11% MSCI ACWxUS, 39% Bloomberg Agg, 4% FTSE WGBI, 9% HFRI FOF, 1% Global RE, 2% T-Bills 8.06%

Strategic: 42% S&P 500 Equal Weighted, 15% MSCI ACWxUS, 31% Bloomberg Agg, 3% FTSE WGBI, 5% HFRI FOF, 2% Global RE, 2% T-Bills 9.01%

Most Equity Risk: 44% S&P 500 Equal Weighted, 16% MSCI ACWxUS, 16% Bloomberg Agg, 2% FTSE WGBI, 15% HFRI FOF, 5% Global RE, 2% T-Bills 9.88%

Russell 3000	17.86%
S&P 500	18.32%
S&P 500 Equal Weight	11.93%
Russell 1000 Value	14.31%
Russell 1000	18.14%
Russell 1000 Growth	21.18%
Russell 2000	13.05%
MSCI All Country World ex. US	14.49%
MSCI EAFE	13.62%
MSCI EM	14.84%
Bloomberg Aggregate	3.63%
Bloomberg Govt/Credit Intermediate	4.24%
HFRI Fund of Funds Index	8.52%
DJ Global World Real Estate	6.50%
FTSE WGBI Index	1.65%
30 Day T-Bill	4.89%

Performance for accounts held outside of Morgan Stanley are calculated using simple math

\*447-xxx626 closed May 2022

\*447-xxx627 closed July 2022

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Data Source: Morgan Stanley, Broadridge, Morningstar

**SCCT Regional Water Authority**  
**Trailing Five Year Investment Results**  
**March 31, 2021 - March 31, 2026**

Account Number	Account Type	Beg. Asset Value 31-Mar-2021	Net Deposits/Withdrawals	Transfers	Net Invested	Ending Asset Value 31-Mar-2026	Net \$ Gain/Loss	Gain/Loss (net) %	Gain/Loss (gross) %
447-xxx450	Salaried	\$41,314,126	\$0	(\$2,535,263)	\$38,778,864	\$52,435,347	\$13,656,484	5.87%	6.24%
447-xxx451	Union	\$25,660,274	\$0	(\$2,303,115)	\$23,357,159	\$31,621,644	\$8,264,484	5.99%	6.36%
447-xxx456	VEBA	\$8,575,985	\$0	(\$559,263)	\$8,016,721	\$10,814,700	\$2,797,978	5.73%	6.10%
447-xxx626	Skybridge (Salaried)	\$699,985	\$0	(\$704,240)	(\$4,255)	\$0	\$4,255	0.12%	0.12%
447-xxx627	Skybridge (Union)	\$469,997	\$0	(\$472,852)	(\$2,855)	\$0	\$2,855	0.12%	0.12%
axx15	Matrix Trust (Master Trust)**	\$0	(\$38,066)	\$38,066	\$0	\$0	\$0	-	-
axx15a	Matrix Trust (Salaried)**	(\$111,811)	(\$3,662,712)	\$4,009,233	\$234,709	\$234,710	\$0	-	-
axx15b	Matrix Trust (Union)**	(\$47,954)	(\$3,193,184)	\$3,326,219	\$85,080	\$85,080	\$0	-	-
axx16	Matrix Trust(VEBA)**	\$503,295	\$851,440	(\$798,784)	\$555,951	\$555,951	\$0	-	-
Consolidated		\$77,063,897	(\$6,042,522)	\$0	\$71,021,375	\$95,747,432	\$24,726,057	5.87%	6.24%

March 31, 2021 - March 31, 2026

Actuarial Assumed Rate of Return

<b>Actuarial Assumed Rate of Return (Current): 6.75%</b>	6.75%
<b>Actuarial Assumed Rate of Return (Prior to 5/31/2021): 7.00%</b>	7.00%

Guidelines/Benchmarks - Market Cap Weighted

Least Equity Risk: 34% R3000, 11% MSCI ACWxUS, 39% Bloomberg Agg, 4% FTSE WGBI, 9% HFRI FOF, 1% Global RE, 2% T-Bills	5.00%
Strategic: 42% R3000, 15% MSCI ACWxUS, 31% Bloomberg Agg, 3% FTSE WGBI, 5% HFRI FOF, 2% Global RE, 2% T-Bills	5.97%
Most Equity Risk: 44% R3000, 16% MSCI ACWxUS, 16% Bloomberg Agg, 2% FTSE WGBI, 15% HFRI FOF, 5% Global RE, 2% T-Bills	6.76%

Guidelines/Benchmarks - Equal Weighted

Least Equity Risk: 34% S&P 500 Equal Weighted, 11% MSCI ACWxUS, 39% Bloomberg Agg, 4% FTSE WGBI, 9% HFRI FOF, 1% Global RE, 2% T-Bills	4.11%
Strategic: 42% S&P 500 Equal Weighted, 15% MSCI ACWxUS, 31% Bloomberg Agg, 3% FTSE WGBI, 5% HFRI FOF, 2% Global RE, 2% T-Bills	4.87%
Most Equity Risk: 44% S&P 500 Equal Weighted, 16% MSCI ACWxUS, 16% Bloomberg Agg, 2% FTSE WGBI, 15% HFRI FOF, 5% Global RE, 2% T-Bills	5.61%

Russell 3000	10.87%
S&P 500	12.06%
S&P 500 Equal Weight	8.25%
Russell 1000 Value	9.43%
Russell 1000	11.34%
Russell 1000 Growth	12.76%
Russell 2000	3.77%
MSCI All Country World ex. US	7.02%
MSCI EAFE	7.91%
MSCI EM	3.69%
Bloomberg Aggregate	0.31%
Bloomberg Govt/Credit Intermediate	1.33%
HFRI Fund of Funds Index	4.88%
DJ Global World Real Estate	1.09%
FTSE WGBI Index	-2.60%
30 Day T-Bill	3.44%

Performance for accounts held outside of Morgan Stanley are calculated using simple math \*447-xxx626 closed May 2022 \*447-xxx627 closed July 2022

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Data Source: Morgan Stanley, Broadridge, Morningstar

**SCCT Regional Water Authority**  
**Trailing Seven Year Investment Results**  
**March 31, 2019 - March 31, 2026**

Account Number	Account Type	Beg. Asset Value 31-Mar-2019	Net Deposits/Withdrawals	Transfers	Net Invested	Ending Asset Value 31-Mar-2026	Net \$ Gain/Loss	Gain/Loss (net) %	Gain/Loss (gross) %
447-xxx450	Salaried	\$33,195,108	\$0	(\$2,374,578)	\$30,820,530	\$52,435,347	\$21,614,817	7.34%	7.72%
447-xxx451	Union	\$21,246,586	\$0	(\$2,823,998)	\$18,422,589	\$31,621,644	\$13,199,055	7.42%	7.80%
447-xxx456	VEBA	\$6,688,754	\$0	(\$288,859)	\$6,399,894	\$10,814,700	\$4,414,806	7.22%	7.60%
447-xxx626	Skybridge (Salaried)	\$645,926	\$0	(\$704,240)	(\$58,314)	\$0	\$58,314	1.24%	1.24%
447-xxx627	Skybridge (Union)	\$433,717	\$0	(\$472,852)	(\$39,135)	\$0	\$39,135	1.24%	1.24%
axx15	Matrix Trust (Master Trust)**	\$0	(\$38,066)	\$38,066	\$0	\$0	\$0	-	-
axx15a	Matrix Trust (Salaried)**	\$486,616	(\$4,410,559)	\$4,158,652	\$234,709	\$234,710	\$0	-	-
axx15b	Matrix Trust (Union)**	\$183,744	(\$4,201,490)	\$4,102,826	\$85,080	\$85,080	\$0	-	-
axx16	Matrix Trust(VEBA)**	\$339,342	\$1,851,626	(\$1,635,017)	\$555,951	\$555,951	\$0	-	-
Consolidated		\$63,219,793	(\$6,798,489)	\$0	\$56,421,305	\$95,747,432	\$39,326,127	7.30%	7.68%

March 31, 2019 - March 31, 2026

Actuarial Assumed Rate of Return

<b>Actuarial Assumed Rate of Return (Current): 6.75%</b>	6.75%
<b>Actuarial Assumed Rate of Return (Prior to 5/31/2021): 7.00%</b>	7.00%

Guidelines/Benchmarks - Market Cap Weighted

Least Equity Risk: 34% R3000, 11% MSCI ACWxUS, 39% Bloomberg Agg, 4% FTSE WGBI, 9% HFRI FOF, 1% Global RE, 2% T-Bills	6.81%
Strategic: 42% R3000, 15% MSCI ACWxUS, 31% Bloomberg Agg, 3% FTSE WGBI, 5% HFRI FOF, 2% Global RE, 2% T-Bills	7.92%
Most Equity Risk: 44% R3000, 16% MSCI ACWxUS, 16% Bloomberg Agg, 2% FTSE WGBI, 15% HFRI FOF, 5% Global RE, 2% T-Bills	8.69%

Guidelines/Benchmarks - Equal Weighted

Least Equity Risk: 34% S&P 500 Equal Weighted, 11% MSCI ACWxUS, 39% Bloomberg Agg, 4% FTSE WGBI, 9% HFRI FOF, 1% Global RE, 2% T-Bills	5.92%
Strategic: 42% S&P 500 Equal Weighted, 15% MSCI ACWxUS, 31% Bloomberg Agg, 3% FTSE WGBI, 5% HFRI FOF, 2% Global RE, 2% T-Bills	6.82%
Most Equity Risk: 44% S&P 500 Equal Weighted, 16% MSCI ACWxUS, 16% Bloomberg Agg, 2% FTSE WGBI, 15% HFRI FOF, 5% Global RE, 2% T-Bills	7.54%

Russell 3000	13.81%
S&P 500	14.44%
S&P 500 Equal Weight	11.20%
Russell 1000 Value	10.63%
Russell 1000	14.16%
Russell 1000 Growth	16.96%
Russell 2000	8.60%
MSCI All Country World ex. US	8.50%
MSCI EAFE	8.86%
MSCI EM	6.59%
Bloomberg Aggregate	1.56%
Bloomberg Govt/Credit Intermediate	2.20%
HFRI Fund of Funds Index	5.83%
DJ Global World Real Estate	1.78%
FTSE WGBI Index	-0.77%
30 Day T-Bill	2.74%

Performance for accounts held outside of Morgan Stanley are calculated using simple math \*447-xxx626 closed May 2022 \*447-xxx627 closed July 2022

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Data Source: Morgan Stanley, Broadridge, Morningstar

**SCCT Regional Water Authority**  
**Since Inception (Fully Invested) Investment Results**  
**December 31, 2015 - March 31, 2026**

Account Number	Account Type	Beg. Asset Value 31-Dec-2015	Net Deposits/Withdrawals	Transfers	Net Invested	Ending Asset Value 31-Mar-2026	Net \$ Gain/Loss	Gain/Loss (net) %	Gain/Loss (gross) %
447-xxx450	Salaried	\$22,078,953	\$0	\$2,231,305	\$24,310,259	\$52,435,347	\$28,125,089	7.43%	7.83%
447-xxx451	Union	\$16,143,219	\$0	(\$2,237,394)	\$13,905,825	\$31,621,644	\$17,715,818	7.48%	7.88%
447-xxx456	VEBA	\$2,919,401	\$0	\$2,236,575	\$5,155,976	\$10,814,700	\$5,658,724	7.28%	7.68%
447-xxx626	Skybridge (Salaried)	\$0	\$0	(\$153,806)	(\$153,806)	\$0	\$153,806	2.80%	2.80%
447-xxx627	Skybridge (Union)	\$0	\$0	(\$107,539)	(\$107,539)	\$0	\$107,539	2.80%	2.80%
axx15	Matrix Trust (Master Trust)**	\$0	(\$38,066)	\$38,066	\$0	\$0	\$0	-	-
axx15a	Matrix Trust (Salaried)**	\$202,978	\$605,797	(\$574,065)	\$234,709	\$234,710	\$0	-	-
axx15b	Matrix Trust (Union)**	\$147,576	(\$3,560,353)	\$3,497,856	\$85,080	\$85,080	\$0	-	-
axx16	Matrix Trust(VEBA)**	\$269,858	\$5,217,091	(\$4,930,998)	\$555,951	\$555,951	\$0	-	-
Consolidated		\$41,761,987	\$2,224,469	\$0	\$43,986,456	\$95,747,432	\$51,760,976	7.39%	7.78%

December 31, 2015 - March 31, 2026

Actuarial Assumed Rate of Return

<b>Actuarial Assumed Rate of Return (Current): 6.75%</b>	6.75%
<b>Actuarial Assumed Rate of Return (Prior to 5/31/2021): 7.00%</b>	7.00%

Guidelines/Benchmarks - Market Cap Weighted

Least Equity Risk: 34% R3000, 11% MSCI ACWxUS, 39% Bloomberg Agg, 4% FTSE WGBI, 9% HFRI FOF, 1% Global RE, 2% T-Bills	6.77%
Strategic: 42% R3000, 15% MSCI ACWxUS, 31% Bloomberg Agg, 3% FTSE WGBI, 5% HFRI FOF, 2% Global RE, 2% T-Bills	7.86%
Most Equity Risk: 44% R3000, 16% MSCI ACWxUS, 16% Bloomberg Agg, 2% FTSE WGBI, 15% HFRI FOF, 5% Global RE, 2% T-Bills	8.51%

Guidelines/Benchmarks - Equal Weighted

Least Equity Risk: 34% S&P 500 Equal Weighted, 11% MSCI ACWxUS, 39% Bloomberg Agg, 4% FTSE WGBI, 9% HFRI FOF, 1% Global RE, 2% T-Bills	6.09%
Strategic: 42% S&P 500 Equal Weighted, 15% MSCI ACWxUS, 31% Bloomberg Agg, 3% FTSE WGBI, 5% HFRI FOF, 2% Global RE, 2% T-Bills	7.02%
Most Equity Risk: 44% S&P 500 Equal Weighted, 16% MSCI ACWxUS, 16% Bloomberg Agg, 2% FTSE WGBI, 15% HFRI FOF, 5% Global RE, 2% T-Bills	7.64%

Russell 3000	13.47%
S&P 500	13.94%
S&P 500 Equal Weight	11.48%
Russell 1000 Value	10.48%
Russell 1000	13.73%
Russell 1000 Growth	16.47%
Russell 2000	9.47%
MSCI All Country World ex. US	8.13%
MSCI EAFE	7.84%
MSCI EM	8.19%
Bloomberg Aggregate	1.95%
Bloomberg Govt/Credit Intermediate	2.23%
HFRI Fund of Funds Index	4.80%
DJ Global World Real Estate	3.99%
FTSE WGBI Index	0.42%
30 Day T-Bill	2.21%

Performance for accounts held outside of Morgan Stanley are calculated using simple math

\*447-xxx626 closed May 2022

\*447-xxx627 closed July 2022

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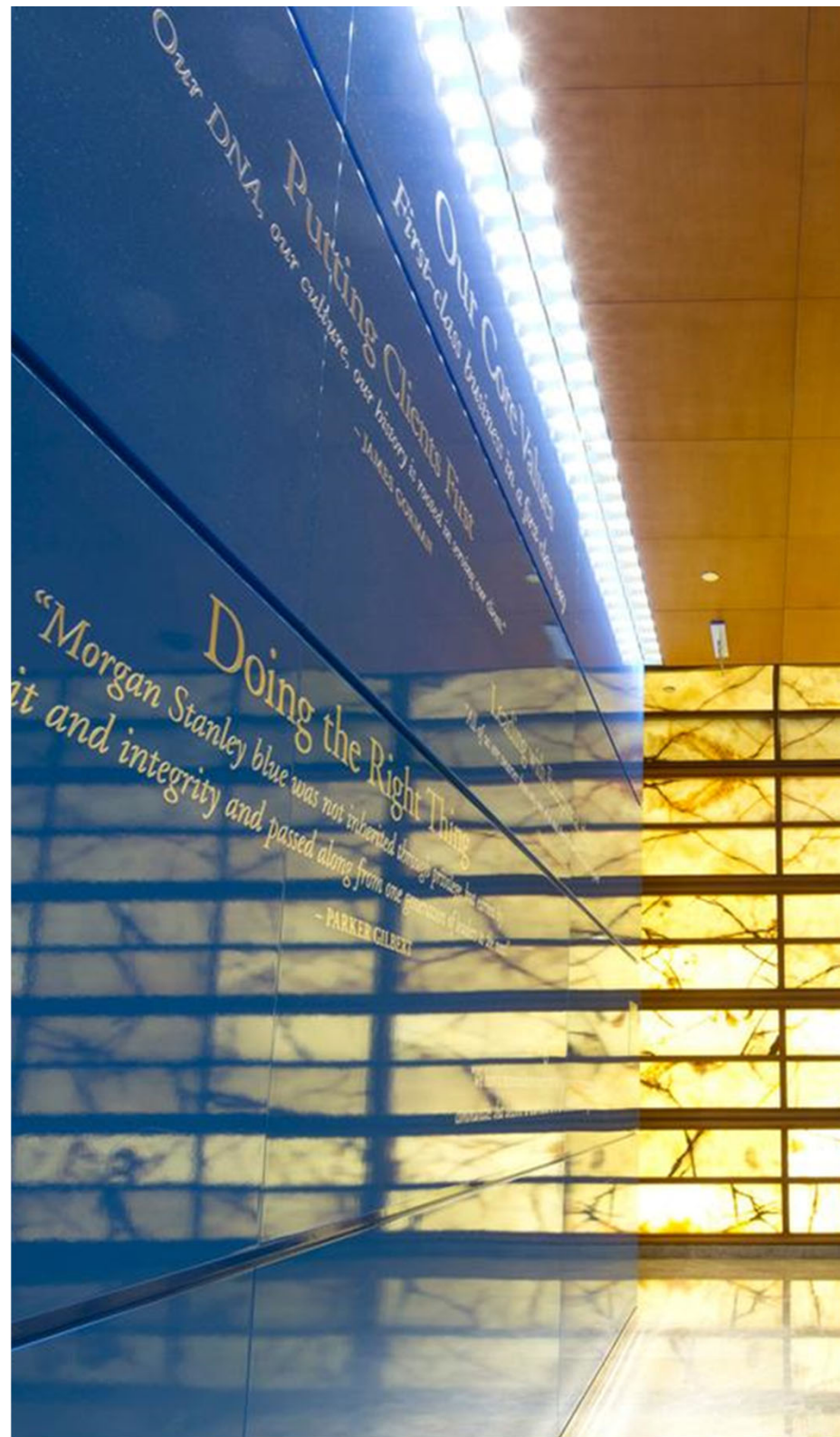
Data Source: Morgan Stanley, Broadridge, Morningstar

# Morgan Stanley

THE KELLIHER CORBETT GROUP  
AT MORGAN STANLEY

SECTION 5

## Appendix



# **South Central Connecticut Regional Water Authority**

**South Central Connecticut Regional Water Authority Salaried  
Employees' Retirement Plan,  
South Central Connecticut Regional Water Authority Retirement Plan,  
and South Central Connecticut Regional Water Authority Retired  
Employees' Contributory Welfare Trust (VEBA)**

## **INVESTMENT POLICY STATEMENT**

**03/31/2026**

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**South Central Connecticut Regional Water Authority**  
**EXECUTIVE SUMMARY**

**Plans Names:** This Investment Policy Statement covers three separate portfolios for the South Central Connecticut Regional Water Authority (“the Plans”)

1. South Central Connecticut Regional Water Authority Salaried Employees’ Retirement Plan
2. South Central Connecticut Regional Water Authority Retirement Plan
3. South Central Connecticut Regional Water Authority Retired Employees’ Contributory Welfare Trust (VEBA)

**Plan Trustee:** Broadridge Matrix Trust Company

**Primary Investment Custodian:** Morgan Stanley & Co

**Pension Payroll Custodian:** Broadridge Matrix Trust Company

**Plan Administrator:** Regional Water Authority Board

**Plan Actuary:** The Angell Pension Group, Inc.

**Plan Advisor:** The Kelliher Corbett Group at Morgan Stanley

**Primary Objectives:**

- 1) To achieve a long-term rate of return that meets the assumed actuarial rate of return
- 2) Milestone goal is to be fully funded, excluding going plan service costs. To achieve full funding, the Authority will contribute amounts above the ARC as authorized not less than annually by the Member Board, after evaluating prevailing market conditions and other prudent considerations.

**Target Rate of Return:** To meet the assumed actuarial rate of return

**Time Horizon:** Aligned with actuarial liabilities of the South Central Connecticut Regional Water Authority Pension plans and VEBA

**Asset Allocation:**

Asset Class	Minimum	Maximum	Preferred
Equities	45%	60%	55%
Fixed Income	20%	45%	30%
Alternative/Hedge/Balanced	5%	20%	15%

The maximum allowable allocation to illiquid securities is 10%  
When investing in alternative investments, the VEBA plan permits the use of liquid investments only

**Cash Limits:** The investor wishes to maintain sufficient liquidity to fund benefit obligations

**Restrictions:**

- Average bond quality rated Investment Grade or Better (excluding mutual fund/ETFs)
- Maximum Average Bond Maturity: 20 years
- Maximum Individual Bond Maturity: 30 years
- Maximum Portion of Portfolio in a Single Diversified Fund: 20%
- Maximum Portion of Portfolio in a Single Security/Individual Company: 3% (excluding U.S. Government Securities)

**Meeting Frequency:** Quarterly

## **INVESTMENT POLICY DISCUSSION**

### ***What Is an Investment Policy Statement?***

An Investment Policy Statement (IPS) describes the investment philosophies and investment management procedures to be utilized for the funds as further described below, as well as the long-term goals for the Plans:

1. South Central Connecticut Regional Water Authority Salaried Employees' Retirement Plan
2. South Central Connecticut Regional Water Authority Retirement Plan
3. South Central Connecticut Regional Water Authority Retired Employees' Contributory Welfare Trust (VEBA)

### ***The Need for an Investment Policy Statement***

The principle reason for developing an investment policy statement and for putting it in writing is to memorialize the strategy, goals, and objectives of the funds. Without an investment policy statement, in times of market turmoil, investors are often inclined to make impromptu investment decisions that are inconsistent with prudent investment management principles. This investment policy statement is intended to provide a well thought out framework from which sound investment decisions can be made.

### ***Steps to Take to Establish an Investment Policy Statement***

1. Assess your financial situation—identify your goals and needs.
2. Determine your tolerance for risk and your time horizon.
3. Set long-term investment objectives.
4. Identify any restrictions on the portfolio and its assets.
5. Determine the asset classes and appropriate mix (the “Asset Allocation”) to maximize the likelihood of achieving the investment objectives at the lowest level of risk.
6. Determine the investment methodology to be used with regards to investment (manager) selection, rebalancing, buy-sell disciplines, portfolio reviews and reporting, etc.
7. Implement the decisions.

### ***Definitions***

1. “Regional Water Authority Board” shall refer to the decision making body established to administer the portfolio.

2. “Pension and Benefit Committee” shall refer to the assigned board members responsible for making recommendations to the Regional Water Authority Board.
3. “Pension Review Committee” shall refer to a group of senior management, designated by the Authority, whose role is limited and excludes non-routine and discretionary matters.
4. “Investment Manager” shall mean any individual, or group of individuals, employed to manage the investments of all or part of the portfolio’s assets.
5. “Advisor” shall mean any individual, or organization employed to provide advisory services, including advice on investment objectives and/or asset allocation, manager search and performance monitoring.
6. “Fiduciary” shall mean any individual or group of individuals that exercise discretionary authority or control over the fund management or any authority or control over management, disposition or administration of portfolio assets.

***This Investment Policy Statement:***

- ❖ Establishes the Regional Water Authority Board’s expectations, objectives and guidelines in the investment of the portfolio's assets.
- ❖ Creates the framework for a well-diversified asset mix that can be expected to generate acceptable long-term returns at a level of risk suitable to the Regional Water Authority Board, including:
  - describing an appropriate risk posture for the investment of the portfolios
  - specifying the target asset allocation policy
  - establishing investment guidelines regarding the selection of investment managers, permissible securities and diversification of assets
  - specifying the criteria for evaluating the performance of the portfolio's assets
- ❖ Defines the responsibilities of the Pension and Benefit Committee, Regional Water Authority Board, Advisor and Investment Manager(s).
- ❖ Encourages effective communication between the Advisor, Investment Manager(s) and the Pension and Benefit Committee.

This investment policy statement is intended to be a summary of an investment philosophy and the procedures that provide guidance for the Regional Water Authority Board. The investment policies described in this investment policy statement should be dynamic. These policies should reflect the Regional Water Authority Board’s current status and philosophy regarding the investment of the portfolio. These policies will be reviewed and revised periodically to ensure they adequately reflect any changes related to the portfolio, to the Regional Water Authority Board or the capital markets.

It is understood that there can be no guarantee about the attainment of the goals or investment objectives outlined herein.

## **INTRODUCTION**

One of the important purposes of this Investment Policy Statement (IPS) is to establish a clear understanding as to the investment goals, objectives and management policies applicable to the Plans.

## **OVERVIEW COMMENTARY**

### ***Investor Information:***

Plan Names: South Central Connecticut Regional Water Authority Salaried Employees' Retirement Plan, South Central Connecticut Regional Water Authority Retirement Plan, and South Central Connecticut Regional Water Authority Retired Employees' Contributory Welfare Trust (VEBA).

90 Sargent Dr.  
New Haven, CT 06511

### ***Authorized Decision Makers***

The authorized decision maker(s) for the assets under this investment policy statement and their capacity is: Regional Water Authority Board, of which a majority must approve any decisions.

### ***Others who should receive a copy of this Investment Policy Statement:***

President of Organization  
Regional Water Authority Board  
Pension and Benefit Committee  
Members of the Pension Review Committee  
Plan Advisor  
Plan Actuary  
Plan Auditor

### ***Sponsor Entity:***

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

### ***Plan Trustee:***

Broadridge Matrix Trust Company  
717 17<sup>th</sup> Street, Suite 1300  
Denver, CO 80202

### ***Primary Investment Custodian:***

Morgan Stanley & Co.

***Pension Payroll Custodian:***

Broadridge Matrix Trust Company

***Plan Administrator:***

Regional Water Authority Board

***Plan Actuary:***

The Angell Pension Group, Inc.  
88 Boyd Avenue  
East Providence, RI 02914  
401-438-9250

***Plan Advisor:***

The Kelliher Corbett Group at Morgan Stanley  
141 Longwater Drive, Suite 102  
Norwell, MA 02061  
877-535-4437

**OVERVIEW**

**INVESTOR CIRCUMSTANCES**

The South Central Connecticut Regional Water Authority established the Plans for the benefit of its employees. The Plans are intended to provide eligible employees with a vehicle to receive benefits for their retirement. The Plans are qualified employee benefit plans intended to comply with all applicable federal laws and regulations, including the Internal Revenue Code of 1986, as amended.

**INVESTMENT OBJECTIVES**

The investment objectives addressed in this investment policy statement represent the portfolio's overall investment objectives.

The Regional Water Authority Board's objectives for the investment portfolios are:

- 1) To achieve a long-term rate of return that meets the assumed actuarial rate of return.
- 2) Milestone goal is to be fully funded, excluding going plan service costs. To achieve full funding, the Authority will contribute amounts above the ARC as authorized not less than annually by the Member Board, after evaluating prevailing market conditions and other prudent considerations.

## **TIME HORIZON**

It is the intent that the investment horizon for this portfolio is aligned with the actuarial liabilities of the Plans.

## **ANTICIPATED WITHDRAWALS**

Withdrawals will begin immediately.

For the withdrawals beginning immediately, the frequency with which they will occur will be as needed to fund benefit obligations.

Capital values fluctuate, especially so over shorter periods of time. The investor recognizes that the possibility of capital loss does exist. However, historical data suggests that the risk of principal loss can be minimized if the long-term investment mix employed under this investment policy statement is maintained over a holding period of at least five years.

## **TAX POLICY**

Tax minimization is not a concern for this investment portfolio.

## **RISK TOLERANCE**

Investment theory and historical capital market return data suggest that, over long periods of time, there is a relationship between the level of investment risk assumed and the level of return that can be expected. In general, in order to attain higher returns one must accept higher risk (e.g. volatility of return).

Given this relationship between risk and return, a fundamental step in determining the investment policy statement for the portfolio is the determination of the amount of risk the Regional Water Authority Board can tolerate.

A comfort level with investment risk influences how aggressively or conservatively a portfolio can be invested. Like a scale, risk needs to be balanced with the need for returns to achieve the investment goals. The Regional Water Authority Board desires long-term investment performance sufficient to meet the objectives. The Regional Water Authority Board understands that to achieve such performance the portfolio may experience periods of decline. The Regional Water Authority Board further understands that in a severe market, the potential recovery period could be extensive.

Although the Regional Water Authority Board prefers to limit the portfolio's volatility, they understand there will be fluctuations in the portfolios. The total portfolios should be less volatile than the global equity markets.

## **ASSET ALLOCATION**

Academic research offers considerable evidence that the asset allocation decision far outweighs security selection and market timing in its impact on portfolio variability and performance. After reviewing the long-term performance and risk characteristics of various asset classes and balancing the risk and rewards of market behavior, the following asset classes were selected to achieve the objectives of the Plans' portfolios.

<b>Asset Class</b>	<b>Minimum</b>	<b>Maximum</b>	<b>Preferred</b>
Equities	45%	60%	55%
Fixed Income	20%	45%	30%
Alternative/Asset Allocation	5%	20%	15%

The maximum allowable allocation of the aggregate portfolio to illiquid securities is 10%. When investing in alternative investments, the VEBA plan permits the use of liquid investments only.

### ***Portfolio Returns and Volatility***

The Regional Water Authority Board' willingness to accept risk and their expectation for investment growth have a direct bearing on the rate of return objective for this portfolio.

It should be recognized that the portfolio will invest in a variety of securities and that the actual weighting of these securities can and will vary. It is also important to note that future returns of the securities with the portfolio and the portfolio itself can be expected to vary from the historical returns.

The portfolio's historical rate of return is not a guarantee of future investment returns, nor an indication of expectation regarding future results. Future returns could differ significantly and capital loss is possible. This investment policy statement shall not be construed as offering a guarantee.

### ***Updated Allocations***

Over time, it may be desirable to amend the basic allocation. Changes to asset allocation targets and ranges must be approved by resolution(s) of the Regional Water Authority Board. When such changes are made, updates will be considered part of this investment policy statement.

### ***Rebalancing Procedures***

From time to time, market conditions may cause the portfolio's investment in various asset classes to vary from the approved allocation. To remain consistent with the asset allocation guidelines established by this investment policy statement, the Advisor shall periodically review the portfolio and each asset class in which the portfolio is invested.

This portfolio will be rebalanced periodically as follows: when the portfolio exceeds the minimum or maximum constraints (reviewed quarterly), or as determined by the Advisor.

### ***Adjustment in the Target Allocation***

Modifications to the approved allocation may be needed from time to time for a variety of reasons. When such a change to the approved allocation needs to occur, it shall only be made via an Authority resolution.

## **FREQUENCY OF INVESTMENT POLICY STATEMENT REVIEW**

The Regional Water Authority Board recognizes that all investments go through cycles and therefore there will be periods of time in which the investment objectives are not met or when specific managers fail to meet their expected performance expectations. The Regional Water Authority Board accepts the principle that, in the absence of specific circumstances requiring immediate action, patience and a longer-term perspective will be employed when evaluating investment performance.

The Advisor and Pension and Benefit Committee will meet at least bi-annually to review and update this investment policy statement.

## **LIQUIDITY**

Investor's liquidity requirements are: an amount sufficient to fund benefit obligations

The length for which these needs apply is described as: aligned with the actuarial liabilities of the Plans.

## **DIVERSIFICATION AND INVESTMENT CONSTRAINTS**

*Investment of the Plans shall be limited to securities in the following categories:*

### **Investment Types**

Individual Stocks or Bonds  
Open-ended Mutual Funds  
Closed-end Mutual Funds  
Exchange Traded Funds  
Managed Separate Accounts  
Investment Partnerships (liquid only permitted in VEBA)  
Hedge Funds/Hedge Fund of Funds (liquid only permitted in VEBA)  
Private Equity/Private Equity Funds/Private Equity Fund of Funds

### ***Portfolio Limitations and Restrictions***

The portfolio's average bond rating must be investment grade or better (excluding mutual fund/ETFs)

Maximum average bond maturity: 20 year(s).

Maximum individual bond maturity: 30 year(s).

Maximum portion of portfolio in a single diversified fund: 20%.

Maximum portion of portfolio in a single security/individual company: 3% (excluding U.S. government securities)

## SELECTION/RETENTION CRITERIA FOR INVESTMENTS

### *Investment Management Selection*

Investment managers (including mutual funds, separate account managers and limited partnership sponsors) shall be chosen using the following criteria:

- ❖ Past performance, considered relative to other investments having the same investment objective. Consideration shall be given to both performance rankings over various time frames and consistency of performance
- ❖ The historical volatility and downside risk of each proposed investment
- ❖ The likelihood of future investment success, relative to other opportunities
- ❖ Length of time the fund/manager has been in existence and length of time it has been under the direction of the current manager(s) and whether or not there have been material changes in the manager's organization and personnel
- ❖ Costs relative to other funds with like objectives and investment styles
- ❖ The manager's adherence to investment style and size objectives
- ❖ Size of the proposed fund
- ❖ How well each proposed investment complements other assets in the portfolio
- ❖ The current economic environment

## INVESTMENT MONITORING AND CONTROL PROCEDURES

### *Benchmarks*

The following benchmarks will be used to evaluate performance:

#### Asset Class

Broad US Equities  
US Large Cap Equities  
US Mid-Cap Equities  
US Small Cap Equities  
Broad International Equities  
Developed International Equities  
Emerging Market Equities  
Domestic Fixed Income  
Global Fixed Income  
Hedge Funds  
Global Real Estate  
Real Assets  
Commodities  
Cash

#### Index

Russell 3000  
S&P 500  
Russell Mid-Cap  
Russell 2000  
MSCI ACWI ex. USA  
MSCI EAFE  
MSCI Emerging Markets  
BBgBarc US Aggregate Bond/BBgBarc US Gov't/Credit Interm.  
FTSE World Global Bond Index  
HFRI Hedge Fund of Funds Index  
DJ Global World Real Estate  
Morningstar US Real Assets  
S&P GSCI  
BC Treasury Bill 1-3 Month

## ***Reports***

- ❖ The investment custodian shall provide South Central Connecticut Regional Water Authority management with monthly statements for each account held by the Plans and subject to this investment policy statement. Such reports shall show values for each asset and all transactions affecting assets within the portfolio, including additions and withdrawals.
- ❖ The Advisor shall provide Pension and Benefit Committee the following management reports on a periodic basis:
  - Portfolio performance results over varying time periods
  - Performance results of comparative benchmarks, including the current actuarial assumed rate of return, over varying time periods
  - Review of current asset allocation versus policy guidelines
  - Recommendations to add cost effective alternatives
  - Recommendations to reduce risk while maintaining return
  - Recommendations for changes of the above

## ***Meetings and Communication between Pension and Benefit Committee and Advisor***

As a matter of course, the Advisor shall keep The Pension and Benefit Committee apprised of any material changes in the Advisor's outlook, recommended investment policy, and tactics for performing duties and achieving policy objectives.

In addition, Advisor shall meet with Pension and Benefit Committee approximately quarterly to review and explain the portfolio's investment results and any related issues. Advisor shall also be available on a reasonable basis for telephone and email communication as needed.

## **DUTIES AND RESPONSIBILITIES**

### ***The Advisor***

The Advisor is a Registered Advisor under Morgan Stanley Smith Barney LLC and shall act as the advisor to the Regional Water Authority Board until the Regional Water Authority Board decides otherwise.

Morgan Stanley Smith Barney LLC places paramount importance on the delivery of objective, unbiased investment advice. This commitment is reinforced in all business practices, and Morgan Stanley Smith Barney LLC culture and values demand unabashed client advocacy.

While it is inevitable that conflicts may exist within a firm of Morgan Stanley Smith Barney LLC's size and breadth, there are policies and procedures in place to protect against the eventuality that such

conflicts will impact the independence of the advisory process. Morgan Stanley Smith Barney LLC fully discloses all material conflicts of interest in a Form ADV Brochure.

Advisor shall be responsible for:

- ❖ Assisting in the development and periodic review of the investment policy statement.
- ❖ Designing and implementing an appropriate asset allocation plan consistent with the investment objectives, time horizon, risk profile, guidelines and constraints outlined in this statement.
- ❖ Advising the Pension and Benefit Committee about the selection of and the allocation of asset categories.
- ❖ Identifying specific assets and investment managers within each asset category.
- ❖ Providing “due diligence”, or research, on the Investment Manager(s).
- ❖ Monitoring the performance of all selected assets the advisor consults to for the Plans.
- ❖ Recommending changes to this investment policy statement.
- ❖ Periodically reviewing the suitability of the investments for the Pension and Benefit Committee.
- ❖ Being available to meet with the Pension and Benefit Committee at least quarterly.
- ❖ Being available at such other times within reason at the Pension and Benefit Committee' request.
- ❖ Preparing and presenting appropriate reports.

### ***Discretion and Title***

- ❖ Advisor will have discretionary control to invest the Plans’ funds within the parameters of this investment policy statement.
- ❖ Advisor shall have no authority to withdraw funds from the Plans, except to cover payment of previously agreed to fees or at investor's and/or Trustee’s specific direction.
- ❖ Advisor may not change the Plans’ investment policy statement, including the targeted asset allocation, without Regional Water Authority Board's prior approval.

### ***The Regional Water Authority Board***

Regional Water Authority Board shall be responsible for:

- ❖ The oversight of the portfolios.
- ❖ Defining and authorizing the investment objectives and policies of the portfolios.
- ❖ Authorizing any changes as they pertain to this investment policy statement. Such changes must be approved by resolution(s) of the Regional Water Authority Board.
- ❖ Directing Advisor to make changes in investment policy and to oversee and to approve or disapprove Advisor's recommendations with regards to policy, guidelines, and objectives on a timely basis.

- ❖ Providing Advisor with all relevant information on the Plans' financial conditions and risk tolerances and shall notify Advisor promptly of any changes to this information.
- ❖ Being responsible for executing the investment policy statement.
- ❖ Compliance with South Central Connecticut Regional Water Authority's Code of Ethics

### ***The Pension Review Committee***

Pension Review Committee is authorized and empowered to act as management's Committee, with instructions to defer final action on non-routine or discretionary matters until they have consulted with the Pension and Benefits Committee.

### ***The Pension and Benefit Committee***

Pension and Benefit Committee shall have the following duties and responsibilities:

- ❖ Review the funding policy and investment policy and objectives for the Plans based upon the recommendations of the Advisor.
- ❖ Monitor asset management and investment performance of the Plans through oversight of the Advisor.
- ❖ Monitor actuarial assumptions used to estimate the projected liabilities of the Plans.
- ❖ Make recommendations to the Regional Water Authority Board for changes and amendments to the Plans.
- ❖ Monitor the general administration and maintenance of the Plans through collaborative oversight with management.
- ❖ Perform any other duties or responsibilities delegated to the Committee by the Regional Water Authority Board

### ***The Plan Administrator shall be responsible for:***

1. Keeping the Plans' documents in compliance with current laws
2. Providing reports to all participants
3. Preparing all required tax and regulatory returns and documents

### ***The Investment Manager(s)***

Each Investment Manager will have full discretion to make all investment decisions for assets placed under its jurisdiction, while observing and operating within all policies, guidelines, constraints, and philosophies as outlined in this statement. Specific responsibilities of the Investment Manager(s) include:

- ❖ Discretionary investment management including decisions to buy, sell, or hold individual securities, and to alter asset allocation within the guidelines established in this statement.
- ❖ Reporting, on a timely basis, periodic investment performance results.
- ❖ Communicating any major changes to economic outlook, investment strategy, or any other factors, which affect implementation of investment process, or the investment objective progress of the Fund's investment management.
- ❖ Informing the Advisor regarding any qualitative change to investment management organization: Examples include changes in portfolio management personnel, ownership structure, investment policy statement, etc.
- ❖ Voting proxies on behalf of the Plans, and being in compliance with U.S. Securities and Exchange Commission requirements.

### ***Proxy Voting***

A member of the Pension Review Committee is empowered to exercise proxy-voting rights.

### **ADOPTION**

Adopted by the below signed:

Date: \_\_\_\_\_

\_\_\_\_\_

# Mutual Funds/ETFs

## Results

Data as of 3/31/2026	Morningstar Category	Market Returns (%)						\$ Assets	% of Total
		3 Month	YTD	1-Yr	3-Yr	5-Yr	10-Yr		
<b>Cash &amp; Equivalents</b>									
Cash & Equivalents		-	-	-	-	-	-	\$ 306,365	0.32%
State Street® SPDR® Blmbg1-3MthT-BillETF	Ultrashort Bond	0.85	0.85	3.99	4.70	3.28	2.12	\$ 91,640	0.10%
<b>Fixed Income</b>									
Vanguard Short-Term Treasury ETF	Short Government	0.28	0.28	● 3.75	● 4.01	● 1.79	● 1.73	\$ 219,232	0.23%
Cat: Short Government	Short Government	0.39	0.39	● 3.62	● 4.09	● 1.65	● 1.63		
Guggenheim Limited Duration Instl	Short-Term Bond	0.37	0.37	● 4.69	● 5.73	● 3.12	● 3.31	\$ 329,741	0.35%
Vanguard Short-Term Bond ETF	Short-Term Bond	0.16	0.16	● 4.14	● 4.31	● 1.69	● 1.97	\$ 219,156	0.23%
Cat: Short-Term Bond	Short-Term Bond	0.17	0.17	● 4.42	● 5.05	● 2.34	● 2.44		
Vanguard Interm-Term Bond ETF	Intermediate Core Bond	-0.31	-0.31	● 4.92	● 4.03	● 0.62	● 2.05	\$ 2,347,044	2.47%
iShares Core US Aggregate Bond ETF	Intermediate Core Bond	0.04	0.04	● 4.35	● 3.63	● 0.31	● 1.67	\$ 655,182	0.69%
Cat: Intermediate Core Bond	Intermediate Core Bond	-0.06	-0.06	● 4.24	● 3.72	● 0.30	● 1.73		
Fidelity Total Bond ETF	Intermediate Core-Plus Bond	0.08	0.08	● 4.80	● 4.49	● 1.03	● 2.78	\$ 3,184,732	3.36%
Loomis Sayles Core Plus Bond Y	Intermediate Core-Plus Bond	0.00	0.00	● 4.95	● 3.63	● 0.51	● 2.61	\$ 2,026,284	2.14%
Cat: Intermediate Core-Plus Bond	Intermediate Core-Plus Bond	-0.18	-0.18	● 4.51	● 4.29	● 0.70	● 2.30		
PIMCO Income I2	Multisector Bond	-0.58	-0.58	● 6.80	● 7.35	● 3.71	● 4.74	\$ 4,899,577	5.16%
Cat: Multisector Bond	Multisector Bond	-0.23	-0.23	● 5.51	● 6.45	● 2.79	● 3.87		
Idx: Bloomberg US Agg Bond TR USD	-	-0.05	-0.05	4.35	3.63	0.31	1.70		
Idx: Bloomberg US Govt/Credit Interm TR USD	-	-0.02	-0.02	4.41	4.24	1.33	2.04		
Idx: FTSE WGBI USD	-	-1.05	-1.05	3.75	1.65	-2.60	-0.25		
<b>Sub-Total Fixed Income</b>								<b>\$ 13,880,948</b>	<b>14.63%</b>

- Green = exceeds peer group
- Yellow = trails peer group
- Red = fails to meet criteria (on watch/remove and/or replacement)

Orange = Fund position only held in VEBA

Assets as of 3/31/2026  
See last page for important disclosure/disclaimer

Data Source: Morgan Stanley & Morningstar

# Mutual Funds/ETFs

## Results

Data as of 3/31/2026	Morningstar Category	Market Returns (%)								\$ Assets	% of Total
		3 Month	YTD	1-Yr	3-Yr	5-Yr	10-Yr				
<b>US Equity</b>											
Columbia Dividend Income Inst	Large Value	3.24	3.24	● 16.58	● 15.06	● 10.88	● 12.32	\$ 3,826,840	4.03%		
Vanguard Value ETF	Large Value	3.32	3.32	● 16.05	● 15.09	● 11.00	● 11.85	\$ 6,608,016	6.97%		
Invesco S&P 100 Equal Weight ETF	Large Value	-2.03	-2.03	● 13.83	● 16.06	● 11.08	● 13.66	\$ 2,804,365	2.96%		
<b>Cat: Large Value</b>	<b>Large Value</b>	<b>1.54</b>	<b>1.54</b>	<b>15.01</b>	<b>14.09</b>	<b>9.66</b>	<b>10.73</b>				
Invesco S&P 500® Equal Weight ETF	Large Blend	0.61	0.61	● 12.65	● 11.71	● 8.04	● 11.22	\$ 2,818,345	2.97%		
Vanguard S&P 500 ETF	Large Blend	-4.34	-4.34	● 17.77	● 18.28	● 12.02	● 14.12	\$ 3,253,660	3.43%		
Vanguard Total Stock Market ETF	Large Blend	-3.97	-3.97	● 18.19	● 17.86	● 10.78	● 13.68	\$ 6,056,893	6.38%		
<b>Cat: Large Blend</b>	<b>Large Blend</b>	<b>-3.86</b>	<b>-3.86</b>	<b>15.66</b>	<b>16.19</b>	<b>10.29</b>	<b>12.77</b>				
MFS Massachusetts Inv Gr Stk I	Large Growth	-9.29	-9.29	● 5.26	● 10.36	● 7.46	● 13.10	\$ 2,334,198	2.46%		
Vanguard Russell 1000 Growth ETF	Large Growth	-9.79	-9.79	● 18.74	● 21.11	● 12.69	● 16.74	\$ 3,224,886	3.40%		
<b>Cat: Large Growth</b>	<b>Large Growth</b>	<b>-8.44</b>	<b>-8.44</b>	<b>16.53</b>	<b>18.90</b>	<b>8.89</b>	<b>14.48</b>				
iShares Core S&P Small-Cap ETF	Small Blend	3.53	3.53	● 20.44	● 10.46	● 4.42	● 9.86	\$ 1,933,269	2.04%		
<b>Cat: Small Blend</b>	<b>Small Blend</b>	<b>1.54</b>	<b>1.54</b>	<b>19.45</b>	<b>11.36</b>	<b>5.18</b>	<b>9.62</b>				
Idx: Russell 3000 TR USD	-	-3.96	-3.96	18.09	17.86	10.87	13.72				
Idx: S&P 500 TR USD	-	-4.33	-4.33	17.80	18.32	12.06	14.16				
Idx: Russell 1000 Value TR USD	-	2.10	2.10	15.87	14.31	9.43	10.58				
Idx: Russell 1000 TR USD	-	-4.18	-4.18	17.74	18.14	11.34	13.97				
Idx: Russell 1000 Growth TR USD	-	-9.78	-9.78	18.81	21.18	12.76	16.83				
Idx: Morningstar DYF TR USD	-	12.39	12.39	15.91	14.10	11.43	9.67				
Idx: Russell 2000 TR USD	-	0.89	0.89	25.72	13.05	3.77	9.88				
<b>Sub-Total US Equity</b>								<b>\$ 32,860,471</b>	<b>34.64%</b>		

- Green = exceeds peer group
- Yellow = trails peer group
- Red = fails to meet criteria (on watch/remove and/or replacement)

Data Source: Morgan Stanley & Morningstar

Assets as of 3/31/2026  
See last page for important disclosure/disclaimer

# Mutual Funds/ETFs

## Results

Data as of 3/31/2026	Morningstar Category	Market Returns (%)						\$ Assets	% of Total
		3 Month	YTD	1-Yr	3-Yr	5-Yr	10-Yr		
<b>Global/International Equity</b>									
MFS Intl Diversification I	Foreign Large Blend	-0.22	-0.22	● 20.51	● 12.99	● 6.34	● 9.07	\$ 3,312,143	3.49%
Vanguard Total International Stock ETF	Foreign Large Blend	1.75	1.75	● 27.52	● 15.32	● 7.52	● 8.75	\$ 6,125,233	6.46%
Cat: Foreign Large Blend	Foreign Large Blend	0.28	0.28	● 22.75	● 14.00	● 7.41	● 8.27		
Capital Group International Focus Eq ETF	Foreign Large Growth	-1.35	-1.35	● 26.77	● 10.77	-	-	\$ 2,850,798	3.00%
Cat: Foreign Large Growth	Foreign Large Growth	-4.01	-4.01	● 12.49	● 8.99	● 2.82	● 7.42		
First Eagle Global I	Global Moderately Aggressive Allocation	1.79	1.79	● 25.48	● 17.07	● 11.50	● 10.13	\$ 3,745,370	3.95%
Cat: Global Moderately Aggressive Allocation	Global Moderately Aggressive Allocation	0.32	0.32	● 17.96	● 13.12	● 7.15	● 8.73		
Idx: MSCI ACWI Ex USA NR USD	-	-0.71	-0.71	● 24.91	● 14.49	● 7.02	● 8.38		
Idx: MSCI ACWI NR USD	-	-3.20	-3.20	● 20.01	● 16.58	● 9.49	● 11.33		
Idx: MSCI EAFE NR USD	-	-1.24	-1.24	● 21.27	● 13.62	● 7.91	● 8.38		
Idx: MSCI EM NR USD	-	-0.17	-0.17	● 29.55	● 14.84	● 3.69	● 7.80		
<b>Sub-Total Global/International Equity</b>								\$ 16,033,543	16.90%
<b>Balanced</b>									
Capital Group Core Balanced ETF	Moderate Allocation	-2.22	-2.22	● 13.39	-	-	-	\$ 3,748,970	3.95%
Janus Henderson Balanced I	Moderate Allocation	-4.90	-4.90	● 11.67	● 11.45	● 6.99	● 9.69	\$ 3,756,189	3.96%
Cat: Moderate Allocation	Moderate Allocation	-1.18	-1.18	● 11.92	● 10.91	● 6.16	● 8.07		
Idx: Bloomberg US Agg Bond TR USD	-	-0.05	-0.05	● 4.35	● 3.63	● 0.31	● 1.70		
Idx: S&P 500 TR USD	-	-4.33	-4.33	● 17.80	● 18.32	● 12.06	● 14.16		
<b>Sub-Total Balanced</b>								\$ 7,505,158	7.91%
<b>Alternative</b>									
BlackRock Event Driven Equity Instl	Event Driven	0.48	0.48	● 7.34	● 5.21	● 3.50	● 4.56	\$ 1,444,117	1.52%
Cat: Event Driven	Event Driven	0.74	0.74	● 8.10	● 6.50	● 3.56	● 4.50		
JPMorgan Hedged Equity I	Equity Hedged	-4.94	-4.94	● 7.34	● 9.50	● 6.94	● 8.76	\$ 1,395,369	1.47%
Cat: Equity Hedged	Equity Hedged	-1.18	-1.18	● 12.43	● 10.02	● 5.56	● 5.86		
Cohen & Steers Realty Shares L	Real Estate	3.52	3.52	● 3.17	● 7.66	● 4.71	● 6.30	\$ 924,647	0.97%
Cat: Real Estate	Real Estate	2.31	2.31	● 2.75	● 6.76	● 3.58	● 4.74		
Cohen & Steers Global Realty I	Global Real Estate	1.41	1.41	● 10.36	● 7.31	● 2.44	● 4.61	\$ 922,803	0.97%
Cat: Global Real Estate	Global Real Estate	0.15	0.15	● 9.15	● 6.42	● 1.32	● 3.36		
Idx: S&P 500 TR USD	-	-4.33	-4.33	● 17.80	● 18.32	● 12.06	● 14.16		
Idx: Bloomberg US Agg Bond TR USD	-	-0.05	-0.05	● 4.35	● 3.63	● 0.31	● 1.70		
Idx: Russell 3000 TR USD	-	-3.96	-3.96	● 18.09	● 17.86	● 10.87	● 13.72		
Idx: MSCI ACWI NR USD	-	-3.20	-3.20	● 20.01	● 16.58	● 9.49	● 11.33		
Idx: DJ Global World Real Estate TR USD	-	-1.35	-1.35	● 5.55	● 6.50	● 1.09	● 3.61		
<b>Sub-Total Alternative</b>								\$ 4,686,936	4.94%
<b>Total</b>								\$ 75,365,062	79.34%

- Green = exceeds peer group
- Yellow = trails peer group
- Red = fails to meet criteria (on watch/remove and/or replacement)

Data Source: Morgan Stanley & Morningstar

Assets as of 3/31/2026  
See last page for important disclosure/disclaimer

# Mutual Funds/ETFs

## Statistics

Data as of 3/31/2026	Prospectus Net Expense Ratio	Prospectus Adj Expense Ratio	Beta 3 Yr vs. S&P or BBg Agg	Alpha 3 Yr vs. S&P or BBg Agg	Std Dev 3 Yr	R2 3 Yr vs. S&P or BBg Agg	P/E Ratio	P/B Ratio	Geo Avg Mkt Cap \$MM	Mstar Risk 5 Yr
<b>Cash &amp; Equivalents</b>										
State Street® SPDR® Blmbg1-3MthT-BillETF	0.14	0.14	0.00	-0.18	0.20	1	-	-	-	Low
<b>Fixed Income</b>										
Vanguard Short-Term Treasury ETF	0.03	0.03	0.24	-0.58	1.64	67	-	-	-	Below Avg
<b>Cat: Short Government</b>	<b>0.52</b>	<b>0.52</b>	<b>0.31</b>	<b>-0.42</b>	<b>2.00</b>	<b>74</b>	<b>21.5</b>	<b>3.0</b>	<b>82325</b>	-
Guggenheim Limited Duration Instl	0.47	0.47	0.28	1.11	1.71	87	-	-	-	Average
Vanguard Short-Term Bond ETF	0.03	0.03	0.39	-0.13	2.38	84	-	-	-	Above Avg
<b>Cat: Short-Term Bond</b>	<b>0.63</b>	<b>0.63</b>	<b>0.32</b>	<b>0.52</b>	<b>2.11</b>	<b>79</b>	-	-	-	-
Vanguard Interm-Term Bond ETF	0.03	0.03	1.03	0.43	5.86	99	-	-	-	High
iShares Core US Aggregate Bond ETF	0.03	0.03	0.99	-0.01	5.58	100	-	-	-	Average
<b>Cat: Intermediate Core Bond</b>	<b>0.53</b>	<b>0.53</b>	<b>0.97</b>	<b>0.05</b>	<b>5.51</b>	<b>98</b>	-	-	-	-
Fidelity Total Bond ETF	0.36	0.36	0.98	0.80	5.55	99	-	-	-	Average
Loomis Sayles Core Plus Bond Y	0.48	0.48	1.12	0.17	6.33	99	-	-	-	High
<b>Cat: Intermediate Core-Plus Bond</b>	<b>0.77</b>	<b>0.77</b>	<b>0.96</b>	<b>0.59</b>	<b>5.52</b>	<b>96</b>	-	-	-	-
PIMCO Income I2	0.64	0.60	0.78	3.26	4.65	89	-	-	6068	Average
<b>Cat: Multisector Bond</b>	<b>0.93</b>	<b>0.93</b>	<b>0.69</b>	<b>2.31</b>	<b>4.36</b>	<b>79</b>	-	-	-	-

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Orange = Fund position only held in VEBA

The Prospectus Adjusted Operating Expense Ratio is the percentage of fund assets paid for operating expenses and management fees. The expense ratio typically includes the following types of fees: accounting, administrator, advisor, auditor, board of directors, custodial, distribution (12b-1), legal, organizational, professional, registration, shareholder reporting, sub-advisor, and transfer agency. The ratio does reflect fee waivers in effect during the time period, and does not include interest and dividends on borrowed securities. The expense ratio does not reflect the fund's brokerage costs or any investor sales charges.

**Data Source: Morgan Stanley & Morningstar**

# Mutual Funds/ETFs

## Statistics

Data as of 3/31/2026	Prospectus Net Expense Ratio	Prospectus Adj Expense Ratio	Beta 3 Yr vs. S&P or BBg Agg	Alpha 3 Yr vs. S&P or BBg Agg	Std Dev 3 Yr	R2 3 Yr vs. S&P or BBg Agg	P/E Ratio	P/B Ratio	Geo Avg Mkt Cap \$MM	Mstar Risk 5 Yr
<b>US Equity</b>										
Columbia Dividend Income Inst	0.65	0.65	0.73	0.43	10.53	70	22.5	3.7	221512	Low
Vanguard Value ETF	0.03	0.03	0.80	-0.16	12.01	63	22.0	3.1	154046	Average
Invesco S&P 100 Equal Weight ETF	0.25	0.25	0.89	-0.58	11.71	84	23.1	3.7	236887	Average
<b>Cat: Large Value</b>	<b>0.85</b>	<b>0.85</b>	<b>0.82</b>	<b>-1.31</b>	<b>12.36</b>	<b>64</b>	<b>20.5</b>	<b>2.8</b>	<b>168108</b>	-
Invesco S&P 500® Equal Weight ETF	0.20	0.20	0.98	-5.36	13.73	74	22.0	2.9	47475	Average
Vanguard S&P 500 ETF	0.03	0.03	1.00	-0.03	12.06	100	27.3	5.0	422395	Average
Vanguard Total Stock Market ETF	0.03	0.03	1.04	-0.86	12.60	99	26.6	4.6	266393	Average
<b>Cat: Large Blend</b>	<b>0.72</b>	<b>0.72</b>	<b>0.99</b>	<b>-1.64</b>	<b>12.57</b>	<b>90</b>	<b>25.9</b>	<b>5.5</b>	<b>498085</b>	-
MFS Massachusetts Inv Gr Stk I	0.46	0.46	1.01	-7.15	12.52	95	29.7	6.9	344369	Low
Vanguard Russell 1000 Growth ETF	0.06	0.06	1.16	0.75	15.17	85	33.8	11.9	779122	Average
<b>Cat: Large Growth</b>	<b>0.90</b>	<b>0.90</b>	<b>1.20</b>	<b>-1.51</b>	<b>16.17</b>	<b>82</b>	<b>31.2</b>	<b>8.4</b>	<b>627623</b>	-
iShares Core S&P Small-Cap ETF	0.06	0.06	1.20	-8.46	18.99	57	16.9	1.8	3357	Above Avg
<b>Cat: Small Blend</b>	<b>0.96</b>	<b>0.96</b>	<b>1.19</b>	<b>-7.69</b>	<b>18.10</b>	<b>62</b>	<b>18.7</b>	<b>2.1</b>	<b>6697</b>	-

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**Data Source: Morgan Stanley & Morningstar**

# Mutual Funds/ETFs



## Statistics

Data as of 3/31/2026	Prospectus Net Expense Ratio	Prospectus Adj Expense Ratio	Beta 3 Yr vs. S&P or BBg Agg	Alpha 3 Yr vs. S&P or BBg Agg	Std Dev 3 Yr	R2 3 Yr vs. S&P or BBg Agg	P/E Ratio	P/B Ratio	Geo Avg Mkt Cap \$MM	Mstar Risk 5 Yr
<b>Global/International Equity</b>										
MFS Intl Diversification I	0.83	0.83	0.89	-0.42	11.99	96	19.2	2.4	53105	Below Avg
Vanguard Total International Stock ETF	0.05	0.05	0.94	1.21	12.60	98	18.7	2.2	48173	Below Avg
Cat: Foreign Large Blend	0.85	0.85	0.92	0.29	12.92	89	17.6	2.2	77460	-
Capital Group International Focus Eq ETF	0.54	0.54	1.02	-3.38	14.49	87	17.0	2.6	97354	-
Cat: Foreign Large Growth	0.99	0.99	0.97	-4.59	14.71	78	20.8	3.0	87244	-
First Eagle Global I	0.86	0.86	1.08	5.63	11.07	78	19.5	2.2	74015	Above Avg
Cat: Global Moderately Aggressive Allocation	0.99	0.99	1.11	1.94	10.85	89	21.1	2.9	115983	-
<b>Balanced</b>										
Capital Group Core Balanced ETF	0.33	0.33	-	-	-	-	25.6	4.7	250784	-
Janus Henderson Balanced I	0.67	0.67	0.90	1.48	9.26	78	30.3	7.3	617319	Above Avg
Cat: Moderate Allocation	0.99	0.99	0.89	0.97	8.98	83	23.2	3.7	253151	-
<b>Alternative</b>										
BlackRock Event Driven Equity Instl	1.29	1.29	0.21	-2.02	3.64	46	30.0	3.4	22443	Average
Cat: Event Driven	1.86	1.86	0.19	-0.55	4.27	24	27.0	2.2	8355	-
JPMorgan Hedged Equity I	0.57	0.57	0.67	-3.96	8.63	89	27.6	5.1	432940	Average
Cat: Equity Hedged	1.19	1.19	0.57	-2.12	8.62	68	26.3	5.1	552102	-
Cohen & Steers Realty Shares L	0.88	0.88	1.04	-7.92	16.12	57	32.4	2.4	31379	Average
Cat: Real Estate	1.09	1.09	1.05	-8.81	16.31	56	29.2	2.7	36912	-
Cohen & Steers Global Realty I	0.90	0.90	1.10	-8.93	15.90	65	22.6	1.6	19402	Average
Cat: Global Real Estate	1.09	1.09	1.08	-9.54	16.06	62	19.2	1.4	17479	-

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**Data Source: Morgan Stanley & Morningstar**




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Assets as of 3/31/2026

Data Source: Morningstar; as of 3/31/2026



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## Glossary of Terms

**Accrued Income:** The dividends and interest earned but not yet received at both the beginning and end of each reporting period.

**Advisory Account:** An investment advisory relationship is designed for clients who prefer that their Financial Advisor act as an investment consultant, with their assets invested in a mutual fund asset allocation program or in a Advisory account that is directed by a professional money manager either at Morgan Stanley or at an external money management firm. There are important differences in your relationship with your Financial Advisor and Morgan Stanley in brokerage accounts and in advisory accounts. Additional information about these differences is available at <http://www.morganstanley.com/ourcommitment>

**Annualized Standard Deviation:** A measure of volatility, it quantifies how much a series of numbers, such as portfolio returns, deviates around its average. Since it measures the portfolio's investment volatility, the account's gross rate of return is used.

**Brokerage Account:** In a brokerage relationship, your Financial Advisor will work with you to facilitate the execution of securities transactions on your behalf. Your Financial Advisor also provides investor education and professional, personalized information about financial products and services in connection with these brokerage services. You can choose how you want to pay for these services and you will receive the same services regardless of which pricing option you choose. There are important differences in your relationship with your Financial Advisor and Morgan Stanley in brokerage accounts and in advisory accounts. Additional information about these differences is available at <http://www.morganstanley.com/ourcommitment>

**Comparative Indices:** A complete description of the comparative indices included in this Performance Report is available upon request.

**Dollar-Weighted Return:** Rate of return calculation methodology that reflects both the timing and magnitude of external contributions and withdrawals and measures the portfolio's performance. The return for each month is calculated as the average return on all dollars invested.

**Gross Return:** The return of the portfolio before the deduction of fees/commissions and other expenses.

**Net Contributions/Withdrawals:** The total value of capital contributed to or withdrawn from the account during the reporting period. The dollar amount represented by contribution or withdrawal transactions is excluded from the calculation of Portfolio Appreciation.

**Net Invested Capital:** The sum of the Total Beginning Value and the net of additional capital Contributions and Withdrawals for each reporting period.

**Net Portfolio Appreciation:** The total dollar gain/loss of the portfolio for each reporting period. The Net Portfolio Appreciation includes the impact of income received and is calculated as the difference between Net Invested Capital and Total Ending Value.

**Net Return:** The return of the portfolio for the period reduced by the amount of fees/commissions paid. The net of fees return is calculated gross of certain custody fees.

**Time-Weighted Return:** Rate of return calculation methodology that eliminates the impact of external contributions and withdrawals to the portfolio value and measures the manager's performance. Portfolio returns are calculated at least monthly and individual monthly returns are geometrically linked to calculate total cumulative return.

**Total Beginning Value:** The total market value of the portfolio, valued on a trade date basis, at the beginning of each reporting period. The Total Beginning Value includes Accrued Income.

**Total Ending Value:** The total market value of the portfolio, valued on a trade date basis, at the end of each reporting period. The Total Ending Value includes Accrued Income.

**Weighted Average:** The average in which each yield to be averaged is assigned a weight. These weightings determine the relative importance or frequency of each yield on the average.

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**Proposed Resolution – Additional Pension Contribution - FY 2026**

RESOLVED, that based, on the recommendation of the its Pension & Benefit Committee, the South Central Connecticut Regional Water Authority authorizes an increase of \$500,000 as a combined contribution to the South Central Connecticut Retirement Plan and the South Central Connecticut Regional Water Authority Salaried Employees' Retirement Plan during fiscal year 2026.

# Pension & Benefit Committee

## FY2027 Work Plan

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The Pension and Benefit Committee will assist the Regional Water Authority (RWA) in fulfilling its fiduciary responsibilities for oversight relating to RWA's Defined Benefit Pension Plan, Defined Contribution Plan and Voluntary Retired Employees' Contributory Welfare Trust (collectively, the "Employee Retirement Plan").

**Note:** The timing of the presentation regarding investment strategy and the consideration of the appropriateness and timing of RFI, RFQ, RFP for investment services is to be determined.

### **July 2026**

- Quarterly investment performance review – pension and VEBA
- 401k Annual Update
- Investment Policy Statement Review

### **October 2026**

- Quarterly investment performance review - pension and VEBA

### **January 2027**

- Quarterly investment performance review - pension and VEBA

### **April 2027**

- Review 1/1/2027 Actuary Reports for pension and VEBA and related contribution amounts
- Review actuarial assumptions
- Quarterly investment performance review – pension and VEBA
- Review Committee FY 2028 work plan
- If proposed and available, discuss potential additional year-end pension and/or veba contribution

### ***Possible May 2027***

- If proposed and not reviewed at the April meeting, discuss potential additional year-end pension and/or veba contribution

**Proposed Pension Contribution Resolutions FY 2027**

**Salaried**

**RESOLVED**, that the Authority approves a contribution of \$2,049,289 to the South Central Connecticut Regional Water Authority's Salaried Employees' Retirement Plan, effective for the actuarial valuation of January 1, 2026; and

**FURTHER RESOLVED**, that the Authority approves the use of the PubG-2016 Above Median Employee and Annuitant with Scale MP-2021 generational improvements (M/F), effective for the actuarial valuation of January 1, 2026.

**Union**

**RESOLVED**, that the Authority approves a contribution of \$555,424 to the South Central Connecticut Regional Water Authority's Union Employees' Retirement Plan, effective for the actuarial valuation of January 1, 2026; and

**FURTHER RESOLVED**, that the Authority approves the use of the PubG-2016 Total Employee and Healthy Annuitant with Scale MP-2021 generational improvements (M/F), effective for the actuarial valuation of January 1, 2026.

**Proposed Resolution – Additional Pension Contribution - FY 2026**

RESOLVED, that based, on the recommendation of the its Pension & Benefit Committee, the South Central Connecticut Regional Water Authority authorizes an increase of \$500,000 as a combined contribution to the South Central Connecticut Retirement Plan and the South Central Connecticut Regional Water Authority Salaried Employees' Retirement Plan during fiscal year 2026.

## South Central Connecticut Regional Water Authority

March 26, 2026

### Minutes

The regular meeting of the South Central Connecticut Regional Water Authority (“RWA” or “Authority”) took place on Thursday, March 26, 2026, at 90 Sargent Drive, New Haven, and via remote access. Chair Borowy presided.

**Authority Members Present** – Messrs. Borowy, Curseaden, Cort, and Ricozzi, and Ms. LaMarr

**Authority Members Absent** – Ms. Sack

**Management** – Mss. Kowalski and Calo(R), and Messrs. Lakshminarayanan, Singh, and Hill(R)

**RPB** – Ms. Young

**Claire C. Bennitt Watershed Fund** – Mr. Stone

**Staff** – Mrs. Slubowski

### 1. CALL TO ORDER

Chair Borowy called the meeting to order at 12:30 p.m. He noted the meeting attendance, stating that Mr. Curseaden would be joining late and Ms. Sack having a prior commitment.

#### 1.1 SAFETY MOMENT

He reviewed the safety moment distributed to members.

### 2. PUBLIC COMMENT

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

### 3. MEET AS SOLE MEMBER OF THE CLAIRE C. BENNITT WATERSHED FUND

Mr. Stone, President of the Claire C. Bennitt Watershed Fund (CCB WSF), announced that the board has four vacancies for director positions and is seeking candidates. The CCB WSF Bylaws permit a board of 5 to 15 members, and there are currently 11 members. The board is recommending three candidates for director positions, with terms set to expire in August 2026, 2027, and 2028 to ensure staggered terms. After discussion, Mr. Ricozzi moved for adoption of the following resolution:

**WHEREAS**, at its meetings on January 21, 2026 and February 11, 2026, the Nominating Committee of the Claire C. Bennitt Watershed Fund (CCB WSF) voted to recommend to the CCB WSF board of directors, Rebecca Simeone, Nicholas W. Ruickoldt, and Roslyn Hamilton, for appointment to the CCB WSF board of directors; and

**WHEREAS**, at its meeting on March 4, 2026, the board of directors of the CCB WSF voted to recommend to the South Central Connecticut Regional Water Authority, Sole Member of the CCB WSF (Sole Member), Rebecca Simeone, Nicholas W. Ruickoldt, and Roslyn Hamilton, for appointment to the CCB WSF board of directors, for three-year terms, with effective dates to be determined, to serve in such capacity until the annual meeting of the Sole Member, or until such later time as their successors have been lawfully appointed and qualified or they otherwise cease to fill such positions.

**NOW, THEREFORE, BE IT RESOLVED**, that Rebecca Simeone, Nicholas W. Ruickoldt, and Roslyn Hamilton be, and hereby are, recommended to the Sole Member for appointment to the

Board of Directors of CCB WSF, with effective dates to be determined, each to serve a three-year term, as follows: the term of Ms. Simeone to expire on August 27, 2026; the term of Ms. Hamilton to expire at the meeting of the Sole Member in August 2027; and the term of Mr. Ruickoldt to expire at the meeting of the Sole Member in August 2028, and to serve in such capacity until the annual meeting of the Sole Member at which their terms expire, or until such later time as their successors have been duly appointed and qualified, or until such directors otherwise cease to hold office.

Ms. LaMarr seconded the motion, and the resolution was unanimously approved.

Borowy	Aye
Cort	Aye
Curseaden	Absent
LaMarr	Aye
Ricozzi	Aye
Sack	Absent

#### 4. MEET AS ENVIRONMENTAL HEALTH & SAFETY COMMITTEE

At 12:34 p.m., Mr. Stone withdrew from the meeting and on motion made by Ms. LaMarr and seconded by Mr. Cort, the Authority voted to recess the meeting to meet as the Environmental Health & Safety Committee.

Borowy	Aye
Cort	Aye
Curseaden	Absent
LaMarr	Aye
Ricozzi	Aye
Sack	Absent

At 12:35 p.m., Mr. Curseaden entered the meeting.

At 12:52 p.m., the Authority reconvened.

#### 5. CONSENT AGENDA

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

- 5.1 Minutes of February 4, 2026 special meeting, February 20, 2026 special meeting, and February 26, 2026 regular meeting.
- 5.2 Capital Budget Authorization for April 2026.

**RESOLVED**, that the Senior Vice President, Chief Financial Officer & Head of Corporate Development is authorized to submit to the Trustee one or more requisitions in an aggregate amount not to exceed \$12,000,000 for the month of April 2026 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 2026 for all Capital Improvement Projects to be exceeded. In the absence of the Senior Vice President, Chief Financial Officer & Head of Corporate Development, the Controller is authorized to sign in her place.

- 5.3 Accounts Receivable update for the period ending February 2026.
- 5.4 Key Performance Indicators – Q3 FY 2026
- 5.5 RPB Dashboard Report
- 5.6 Land Use Committee Special Topic: Whitney Water Center Update

Borowy	Aye
Cort	Aye
Curseaden	Aye
LaMarr	Aye
Ricozzi	Aye
Sack	Absent

## 6. FINANCE

### 6.1 QUARTERLY FINANCIAL REPORT

Ms. Kowalski, the RWA’s Senior Vice President, Chief Financial Officer and Head of Corporate Development, reviewed the quarterly financial report for the third quarter of FY 2026, which included:

- Balance sheet key takeaways
- Revenues, expenses, and changes in net position
- Operating and maintenance expenses and key variances
- FY 2026 capital expenditures and projections
- Investment earnings report

She reported that the April agenda would include capital amendments for consideration.

## 7. REPORTS ON RPB COMMITTEE MEETINGS

Authority members reported on recent Representative Policy Board committee meetings and assignments were made for the next quarter.

## 8. MEET AS COMMERCIAL BUSINESS COMMITTEE

At 1:33 p.m., on motion made by Ms. LaMarr and seconded by Mr. Cort, the Authority voted to recess the meeting to meet as the Commercial Business Committee.

Borowy	Aye
Cort	Aye
Curseaden	Aye
LaMarr	Aye
Ricozzi	Aye
Sack	Absent

At 2:20 p.m., Mr. Cort withdrew from the meeting.

At 2:34 p.m., the Authority reconvened.

[BREAK FROM 2:34 P.M. TO 2:48 P.M.]

## 9. ACT ON MATTERS RISING FROM COMMITTEE MEETINGS

There were no actions as a result of committee meetings.

## 10. BUSINESS UPDATES

Mr. Lakshminarayanan reported:

- On RWA's Employee Appreciation Day that took place earlier in the month to enhance morale, retention, and engagement. Initiatives included a thank-you note from leadership and a company-wide catered lunch, emphasizing a culture of gratitude and ensuring employees feel valued for their contributions.
- On updates to the Environmental Planning Department's digital spill notification system. Key updates include automated watershed alerts, expanded surveillance with access to statewide spill notifications, regulatory leadership as a model for other water companies, and improved internal HAZMAT notification processes for immediate response to significant spills.

At 2:50 p.m., Ms. Young withdrew from the meeting.

### 10.2 AWA UPDATE

At 2:51 p.m., on motion made by Mr. Curseaden 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)(A)(B), pertaining to trade secrets and commercial and financial information. Present in executive session were Authority members, Messrs. Lakshminarayanan, Singh, and Hill, and Mss. Kowalski, Calo, and Slubowski.

Borowy	Aye
Cort	Absent
Curseaden	Aye
LaMarr	Aye
Ricozzi	Aye
Sack	Absent

At 3:05 p.m., Mr. Curseaden withdrew from the meeting.

At 3:16 p.m., Mr. Cort entered the meeting.

At 3:23 p.m., Mr. Curseaden entered the meeting.

At 3:38 p.m., the Authority came out of executive session. No votes were taken in executive session. On motion made by Mr. Curseaden and seconded by Ms. LaMarr, the Authority voted unanimously to adjourn the meeting.

Borowy	Aye
Cort	Aye

Curseaden	Aye
LaMarr	Aye
Ricozzi	Aye
Sack	Absent

Respectfully submitted,

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Catherine E. LaMarr, Secretary

(R) = Attended remotely.

UNAPPROVED

## South Central Connecticut Regional Water Authority

March 30, 2026

### Minutes

A special meeting of the South Central Connecticut Regional Water Authority (“RWA” or “Authority”) took place on Monday, March 30, 2026, at 90 Sargent Drive, New Haven, Connecticut and via remote access. Chair Borowy presided.

**Authority members present** – Messrs. Borowy, Cort, and Curseaden(R), and Mss. LaMarr (R) and Sack(R)

**Authority members absent:** Mr. Ricozzi

**Management** – Mss. Kowalski and Calo (R), and Messrs. Lakshminarayanan, Benni, Delvecchio, Hill(R), and Singh

**Staff** – Ms. Slubowski

#### 1. CALL TO ORDER AND SAFETY MOMENT

Chair Borowy called the meeting to order at 8:01 a.m. He reviewed the Safety Moment distributed to members.

#### 2. PUBLIC COMMENT

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

#### 3. REVIEW AND DISCUSS CAPITAL AND OPERATING BUDGETS FOR FY 2027

At 8:03 a.m., on motion made by Ms. LaMarr and seconded by Ms. Sack, the Authority voted unanimously to convene in executive session pursuant to C.G.S. Section 1-1-200(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, Mss. Kowalski, Calo and Slubowski, and Messrs. Lakshminarayanan, Benni, Delvecchio, Hill, and Singh.

Borowy	Aye
Cort	Absent
Curseaden	Aye
LaMarr	Aye
Ricozzi	Absent
Sack	Aye

At 8:09 a.m. Mr. Cort entered the meeting.

At 8:39 a.m., Mr. Curseaden entered the meeting in person.

At 10:57 a.m., the Authority came out of executive session.

Board members noted that a comprehensive evaluation of the FY 2027 budget was reviewed, and upon completion, determined them to be sound and reasonable for ratepayers.

**4. CONSIDER AND ACT ON DISTRIBUTION OF PROPOSED CAPITAL AND OPERATING BUDGETS FOR FY 2027 TO MEMBERS OF THE REPRESENTATIVE POLICY BOARD**

After discussion, Mr. Cort moved for approval of the following resolution:

**RESOLVED**, that copies of the proposed Capital and Operating Budgets for Fiscal Year 2027 beginning on June 1, 2026 and ending on May 31, 2027, be distributed to members of the Representative Policy Board and the Office of Consumer Affairs.

Mr. Curseaden seconded the motion, and the Authority voted unanimously to approve the resolution.

Borowy	Aye
Cort	Aye
Curseaden	Aye
LaMarr	Aye
Ricozzi	Absent
Sack	Aye

At 10:59 p.m., on motion made by Mr. Curseaden and seconded by Ms. Sack, the Authority voted to adjourn the meeting.

Borowy	Aye
Cort	Aye
Curseaden	Aye
LaMarr	Aye
Ricozzi	Absent
Sack	Aye

Respectfully submitted,


\_\_\_\_\_  
Catherine E. LaMarr, Secretary

(R) = Attended remotely.

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  
Todd Cort  
Kevin J. Curseaden  
Catherine E. LaMarr  
Mario Ricozzi  
Suzanne C. Sack

**FROM:**  Rochelle Kowalski  
Senior Vice President, Chief Financial Officer & Head of Corporate Development

**DATE:** April 17, 2026

**SUBJECT:** Capital budget authorization request for May 2026

Attached for your meeting on April 23, 2026, is a copy of the resolution authorizing expenditures against the capital improvement budget for May 2026. The amount of the requested authorization for funds held by the trustee is \$17,500,000.

In addition, approximately \$20,000 is expected to be used for the HSV Enhancements & CMS Upgrade project from the Growth Fund.

This would result in projected expenditure through May 2026 of \$55,699,145 or approximately 84% of the total 2026 fiscal year capital budget, including State and Redevelopment, Growth Fund, Project Reserve, and Contingency.

Attachment

**RESOLVED**

That the Senior Vice President, Chief Financial Officer & Head of Corporate Development is authorized to submit to the Trustee one or more requisitions in an aggregate amount not to exceed \$17,500,000 for the month of May 2026 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 2026 for all Capital Improvement Projects to be exceeded. In the absence of the Senior Vice President, Chief Financial Officer & Head of Corporate Development, 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  
Todd Cort  
Kevin J. Curseaden  
Catherine E. LaMarr  
Mario Ricozzi  
Suzanne C. Sack

FROM: Rochelle Kowalski

COPY TO: Sunny Lakshminarayanan

DATE: April 17, 2026

SUBJECT: Capital Budget Transfers

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The status of all capital projects is reviewed monthly. To obtain efficiencies in our capital program, any anticipated unspent funds are reallocated to support reprioritized projects or existing projects.

The attached summary reflects nine amendments. Six amendments redistribute funds from one project to another, one redistributes project funds to the project reserve, and two redistribute project funds to the overall budget contingency. The total of these amendments is \$1,104,920.



CAPITAL BUDGET AMENDMENT REQUEST

Request Date:	04/09/2026	Type	Log	Mo/Yr
Requesting Division:	Engineering & Environmental Services	B1	26-39	Apr/26
Requested By:	Steve Vitko			

<b>Transfer From:</b>	
Account Number:	001-000-107181-100313
Project Description:	Work & Asset Management
A) Original Budget	\$ 50,000
B) Total Previous Transfers (In or Out)	\$ -
C) This Transfer	\$ 44,000
D) Revised Budget (A+/-B-C)	\$ 6,000
E) Estimated Project Costs	\$ 6,000
F) Remaining Funds Available for Transfer, if any (D-E)	\$ -
Explanation why funds are available: Project work in FY 2026 will complete under budget.	

<b>Transfer To:</b>	
Account Number:	To be Created
Project Description:	Lake Saltonstall Boom
A) Original Budget	\$ -
B) Previous Transfers (In or Out)	\$ -
C) Revised Budget (A+/-B)	\$ -
D) Amount to be Transferred	\$ 44,000
E) Proposed Revised Budget (C+D)	\$ 44,000
Explanation why funds are needed: This amendment will provide funds to replace the existing 500 foot by 10 inch permanent hard boom at the Lake Saltonstall intake. The existing boom's condition has deteriorated and is in need of replacement. This project entails the provision and installation of a hard green boom with 3 lake-bottom anchor points to ensure the boom remains in place. Total cost of this work is estimated at \$44,000.	

Approvals As Required By Type	Signature	Date
1) Requesting Vice President/Director	<i>Approved at CMC</i>	04/09/2026
2) Donor Vice President/Director	<i>Approved at CMC</i>	04/09/2026
3) Vice President - Finance & CFO	<i>Approved at CMC</i>	04/09/2026
4) Chief Executive Officer	<i>Approved at CMC</i>	04/09/2026
5) Authority Members	Copy of minutes attached if required	

CAPITAL BUDGET AMENDMENT REQUEST

Request Date:	04/09/2026	Type	Log	Mo/Yr
Requesting Division:	Operations	B1	26-40	Apr/26
Requested By:	Patrick Keough			

<b>Transfer From:</b>	
Account Number:	001-000-107143-060009
Project Description:	York Hill Service Area Hydraulic Improvements
A) Original Budget	\$ 125,000
B) Total Previous Transfers (In or Out)	\$ -
C) This Transfer	\$ 80,000
D) Revised Budget (A+/-B-C)	\$ 45,000
E) Estimated Project Costs	\$ 14,000
F) Remaining Funds Available for Transfer, if any (D-E)	\$ 31,000
Explanation why funds are available: Project work in FY 2026 will complete under budget.	

<b>Transfer To:</b>	
Account Number:	001-000-107132-000030
Project Description:	Miscellaneous Wellfield Improvements
A) Original Budget	\$ 25,000
B) Previous Transfers (In or Out)	\$ -
C) Revised Budget (A+/-B)	\$ 25,000
D) Amount to be Transferred	\$ 80,000
E) Proposed Revised Budget (C+D)	\$ 105,000
Explanation why funds are needed: This amendment funds the purchase and installation of Meltric plugs on our chemical metering pumps at our wellfield facilities. the current chemical metering pump connections present limitations in terms of safety, reliability, and ease of maintenance, Meltric plugs will provide a safer connection method. Additionally, Meltric plugs offer improved durability and environmental protection, making them well suited for use in areas exposed to moisture and chemicals or other challenging conditions. Their quick-connect design will also streamline maintenance activities, allowing for faster servicing of the pumps. The total cost estimated with this work is \$80,000.	

Approvals As Required By Type	Signature	Date
1) Requesting Vice President/Director	<i>Approved at CMC</i>	04/09/2026
2) Donor Vice President/Director	<i>Approved at CMC</i>	04/09/2026
3) Vice President - Finance & CFO	<i>Approved at CMC</i>	04/09/2026
4) Chief Executive Officer	<i>Approved at CMC</i>	04/09/2026
5) Authority Members	Copy of minutes attached if required	

CAPITAL BUDGET AMENDMENT REQUEST

Request Date:	04/09/2026	Type	Log	Mo/Yr
Requesting Division:	Operations	B2	26-41	Apr/26
Requested By:	Adam Cox			

<b>Transfer From:</b>	
Account Number:	001-000-107132-046107
Project Description:	Lake Saltonstall Water Treatment Plant HVAC Upgrades
A) Original Budget	\$ 1,345,000
B) Total Previous Transfers (In or Out)	\$ 280,000
C) This Transfer	\$ 172,500
D) Revised Budget (A+/-B-C)	\$ 892,500
E) Estimated Project Costs	\$ 892,000
F) Remaining Funds Available for Transfer, if any (D-E)	\$ 500
Explanation why funds are available: Project is anticipated to complete under budget.	

<b>Transfer To:</b>	
Account Number:	001-000-107192-104087
Project Description:	Trucks, Autos, & Portable Equipment
A) Original Budget	\$ 1,630,000
B) Previous Transfers (In or Out)	\$ 450,000
C) Revised Budget (A+/-B)	\$ 2,080,000
D) Amount to be Transferred	\$ 172,500
E) Proposed Revised Budget (C+D)	\$ 2,252,500
Explanation why funds are needed: Amendment 1 of 4: This amendment will fund the acceleration of vehicle and equipment purchases planned for FY 2027 into FY 2026. This purchase includes a loader, excavator, trench roller, utility body pick up truck, and light tower. The total estimated cost is \$490,000.	

Approvals As Required By Type	Signature	Date
1) Requesting Vice President/Director	<i>Approved at UMC</i>	04/09/2026
2) Donor Vice President/Director	<i>Approved at UMC</i>	04/09/2026
3) Vice President - Finance & CFO	<i>Approved at UMC</i>	04/09/2026
4) Chief Executive Officer	<i>Approved at UMC</i>	04/09/2026
5) Authority Members	Copy of minutes attached if required	

CAPITAL BUDGET AMENDMENT REQUEST

Request Date:	04/09/2026	Type	Log	Mo/Yr
Requesting Division:	Operations	B1	26-42	Apr/26
Requested By:	Adam Cox			

<b>Transfer From:</b>	
Account Number:	001-000-107132-180102
Project Description:	Seymour Wellfield Generator
A) Original Budget	\$ 830,875
B) Total Previous Transfers (In or Out)	\$ -
C) This Transfer	\$ 90,000
D) Revised Budget (A+/-B-C)	\$ 740,875
E) Estimated Project Costs	\$ 725,000
F) Remaining Funds Available for Transfer, if any (D-E)	\$ 15,875
Explanation why funds are available: Project is anticipated to complete under budget.	

<b>Transfer To:</b>	
Account Number:	001-000-107192-104087
Project Description:	Trucks, Autos, & Portable Equipment
A) Original Budget	\$ 1,630,000
B) Previous Transfers (In or Out)	\$ 622,500
C) Revised Budget (A+/-B)	\$ 2,252,500
D) Amount to be Transferred	\$ 90,000
E) Proposed Revised Budget (C+D)	\$ 2,342,500
Explanation why funds are needed: Amendment 2 of 4: This amendment will fund the acceleration of vehicle and equipment purchases planned for FY 2027 into FY 2026. This purchase includes a loader, excavator, trench roller, utility body pick up truck, and light tower. The total estimated cost is \$490,000.	

Approvals As Required By Type	Signature	Date
1) Requesting Vice President/Director	<i>Approved at UMC</i>	04/09/2026
2) Donor Vice President/Director	<i>Approved at UMC</i>	04/09/2026
3) Vice President - Finance & CFO	<i>Approved at UMC</i>	04/09/2026
4) Chief Executive Officer	<i>Approved at UMC</i>	04/09/2026
5) Authority Members	Copy of minutes attached if required	

CAPITAL BUDGET AMENDMENT REQUEST

Request Date:	04/09/2026	Type	Log	Mo/Yr
Requesting Division:	Operations	B2	26-43	Apr/26
Requested By:	Adam Cox			

<b>Transfer From:</b>	
Account Number:	001-000-107145-609992
Project Description:	Capital Pipe Service Connections
A) Original Budget	\$ 700,000
B) Total Previous Transfers (In or Out)	\$ -
C) This Transfer	\$ 115,000
D) Revised Budget (A+/-B-C)	\$ 585,000
E) Estimated Project Costs	\$ 582,000
F) Remaining Funds Available for Transfer, if any (D-E)	\$ 3,000
Explanation why funds are available: Project work for FY 2026 is anticipated to complete under budget.	

<b>Transfer To:</b>	
Account Number:	001-000-107192-104087
Project Description:	Trucks, Autos, & Portable Equipment
A) Original Budget	\$ 1,630,000
B) Previous Transfers (In or Out)	\$ 712,500
C) Revised Budget (A+/-B)	\$ 2,342,500
D) Amount to be Transferred	\$ 115,000
E) Proposed Revised Budget (C+D)	\$ 2,457,500
Explanation why funds are needed: Amendment 3 of 4: This amendment will fund the acceleration of vehicle and equipment purchases planned for FY 2027 into FY 2026. This purchase includes a loader, excavator, trench roller, utility body pick up truck, and light tower. The total estimated cost is \$490,000.	

Approvals As Required By Type	Signature	Date
1) Requesting Vice President/Director	<i>Approved at CMC</i>	04/09/2026
2) Donor Vice President/Director	<i>Approved at CMC</i>	04/09/2026
3) Vice President - Finance & CFO	<i>Approved at CMC</i>	04/09/2026
4) Chief Executive Officer	<i>Approved at CMC</i>	04/09/2026
5) Authority Members	Copy of minutes attached if required	

CAPITAL BUDGET AMENDMENT REQUEST

Request Date:	04/09/2026	Type	Log	Mo/Yr
Requesting Division:	Operations	B2	26-44	Apr/26
Requested By:	Adam Cox			

<b>Transfer From:</b>	
Account Number:	001-000-107143-000060
Project Description:	Service Area Improvements/East-West Transmission Main
A) Original Budget	\$ 200,000
B) Total Previous Transfers (In or Out)	\$ -
C) This Transfer	\$ 112,500
D) Revised Budget (A+/-B-C)	\$ 87,500
E) Estimated Project Costs	\$ 59,678
F) Remaining Funds Available for Transfer, if any (D-E)	\$ 27,822
Explanation why funds are available: Project work for FY 2026 is anticipated to complete under budget.	

<b>Transfer To:</b>	
Account Number:	001-000-107192-104087
Project Description:	Trucks, Autos, & Portable Equipment
A) Original Budget	\$ 1,630,000
B) Previous Transfers (In or Out)	\$ 827,500
C) Revised Budget (A+/-B)	\$ 2,457,500
D) Amount to be Transferred	\$ 112,500
E) Proposed Revised Budget (C+D)	\$ 2,570,000
Explanation why funds are needed: Amendment 4 of 4: This amendment will fund the acceleration of vehicle and equipment purchases planned for FY 2027 into FY 2026. This purchase includes a loader, excavator, trench roller, utility body pick up truck, and light tower. The total estimated cost is \$490,000.	

Approvals As Required By Type	Signature	Date
1) Requesting Vice President/Director	<i>Approved at UMC</i>	04/09/2026
2) Donor Vice President/Director	<i>Approved at UMC</i>	04/09/2026
3) Vice President - Finance & CFO	<i>Approved at UMC</i>	04/09/2026
4) Chief Executive Officer	<i>Approved at UMC</i>	04/09/2026
5) Authority Members	Copy of minutes attached if required	

CAPITAL BUDGET AMENDMENT REQUEST

Request Date:	04/09/2026	Type	Log	Mo/Yr
Requesting Division:	Operations	B1	26-36	Apr/26
Requested By:	Daniel Peschell			

<b>Transfer From:</b>	
Account Number:	001-000-107198-104225
Project Description:	Large Tapping Machine
A) Original Budget	\$ 10,000
B) Total Previous Transfers (In or Out)	\$ 85,000
C) This Transfer	\$ 95,000
D) Revised Budget (A+/-B-C)	\$ -
E) Estimated Project Costs	\$ -
F) Remaining Funds Available for Transfer, if any (D-E)	\$ -
Explanation why funds are available: As a result of manufacturing and delivery delays, delivery of the tapping machine will not occur until early in FY 2027.	

<b>Transfer To:</b>	
Account Number:	N/A
Project Description:	Project Reserve
A) Original Budget	\$ 500,000
B) Previous Transfers (In or Out)	\$ 10,324,825
C) Revised Budget (A+/-B)	\$ 10,824,825
D) Amount to be Transferred	\$ 95,000
E) Proposed Revised Budget (C+D)	\$ 10,919,825
Explanation why funds are needed: This amendment will transfer funds from the Large Tapping Machine capital account to the project reserve fund to be held for Fiscal Year 2027.	

Approvals As Required By Type	Signature	Date
1) Requesting Vice President/Director	<i>Approved at CMC</i>	04/09/2026
2) Donor Vice President/Director	<i>Approved at CMC</i>	04/09/2026
3) Vice President - Finance & CFO	<i>Approved at CMC</i>	04/09/2026
4) Chief Executive Officer	<i>Approved at CMC</i>	04/09/2026
5) Authority Members	Copy of minutes attached if required	

CAPITAL BUDGET AMENDMENT REQUEST

Request Date:	04/09/2026	Type	Log	Mo/Yr
Requesting Division:	Engineering	B2	26-37	Apr/26
Requested By:	Thomas Adamo			

<b>Transfer From:</b>	
Account Number:	001-000-107143-030016
Project Description:	Mixville Road, Cheshire, Capital Water Main Replacement
A) Original Budget	\$ 2,600,000
B) Total Previous Transfers (In or Out)	\$ -
C) This Transfer	\$ 287,000
D) Revised Budget (A+/-B-C)	\$ 2,313,000
E) Estimated Project Costs	\$ 2,313,000
F) Remaining Funds Available for Transfer, if any (D-E)	\$ -
Explanation why funds are available: Project expenditures will be less than the original budget as a result of a negotiated paving agreement with the Town of Cheshire, resulting in a lower paving cost for the RWA.	

<b>Transfer To:</b>	
Account Number:	N/A
Project Description:	Contingency
A) Original Budget	\$ 594,000
B) Previous Transfers (In or Out)	\$ -
C) Revised Budget (A+/-B)	\$ 594,000
D) Amount to be Transferred	\$ 287,000
E) Proposed Revised Budget (C+D)	\$ 881,000
Explanation why funds are needed: This amendment will transfer unexpended funds from the Mixville Road, Cheshire capital account to the overall budget Contingency account, as the result of capital efficiencies gained through a negotiated paving agreement with the Town of Cheshire.	

Approvals As Required By Type	Signature	Date
1) Requesting Vice President/Director	<i>Approved at UMC</i>	04/09/2026
2) Donor Vice President/Director	<i>Approved at UMC</i>	04/09/2026
3) Vice President - Finance & CFO	<i>Approved at UMC</i>	04/09/2026
4) Chief Executive Officer	<i>Approved at UMC</i>	04/09/2026
5) Authority Members	Copy of minutes attached if required	

CAPITAL BUDGET AMENDMENT REQUEST

Request Date:	04/09/2026	Type	Log	Mo/Yr
Requesting Division:	Engineering	B2	26-38	Apr/26
Requested By:	Thomas Adamo			

<b>Transfer From:</b>	
Account Number:	001-000-107143-110013
Project Description:	Brook Lane Transmission Main, North Branford
A) Original Budget	\$ 1,500,000
B) Total Previous Transfers (In or Out)	\$ -
C) This Transfer	\$ 108,920
D) Revised Budget (A+/-B-C)	\$ 1,391,080
E) Estimated Project Costs	\$ 1,233,917
F) Remaining Funds Available for Transfer, if any (D-E)	\$ 157,163
Explanation why funds are available: Project expenditures will be less than the original budget, in part as a result of a negotiated paving agreement with the Town of North Branford, resulting in a lower paving cost for the RWA.	

<b>Transfer To:</b>	
Account Number:	N/A
Project Description:	Contingency
A) Original Budget	\$ 594,000
B) Previous Transfers (In or Out)	\$ 287,000
C) Revised Budget (A+/-B)	\$ 881,000
D) Amount to be Transferred	\$ 108,920
E) Proposed Revised Budget (C+D)	\$ 989,920
Explanation why funds are needed: This amendment will transfer unexpended funds from the Brook Lane Transmission Main capital account to the overall budget Contingency account, as the result of capital efficiencies gained through a negotiated paving agreement with the Town of North Branford.	

Approvals As Required By Type	Signature	Date
1) Requesting Vice President/Director	<i>Approved at CMC</i>	04/09/2026
2) Donor Vice President/Director	<i>Approved at CMC</i>	04/09/2026
3) Vice President - Finance & CFO	<i>Approved at CMC</i>	04/09/2026
4) Chief Executive Officer	<i>Approved at CMC</i>	04/09/2026
5) Authority Members	Copy of minutes attached if required	

**REGIONAL WATER AUTHORITY**  
**REVIEW OF FINANCIAL DATA**  
**March 31, 2026 (FY 2026)**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

**Operating Revenues**

FY26 revenue for water, including wholesale and fire service, is over budget by \$3,643k (approx. 3.2%).  
 Metered water revenue is over budget by \$3,271k (approx. 3.2%)

Total net other revenue is \$782k over budget due to other water and proprietary expenses being lower than budget.

**Operating Expenses**

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

Payroll is over budget due to O&M/non-O&M mix. Total gross payroll is under budget.

Employee Benefits are over budget due to the O&M/non-O&M mix.

Administrative Building is under budget due lower custodial and telecommunications related expenses to timing.

General & Administrative is under budget due recruiting fees, lower than anticipated costs and timing.

Pump Power is under budget primarily due to timing.

Chemicals Expense is over budget primarily due to timing.

Postage is under budget due to a vendor credit and lower than anticipated costs.

Collection Expense is over budget primarily due to payment processing fees.

Business Improvement is under budget primarily due to lower than anticipated costs.

Insurance is over budget due to O&M/non-O&M mix and other factors.

Outside Services is under budget across multiple areas.

Central Lab/Water Quality is under budget primarily due lower than anticipated costs associated with internal services.

Training and continued education is under budget due to lower than anticipated costs.

Info. Technology Licensing & Maintenance Fees are under budget due to lower than anticipated costs and timing.

Maintenance & Repairs are under budget due to lower than anticipated costs and timing.

All Other

	<b>Mar-26</b>
\$	383,000
	319,000
	(99,000)
	(305,000)
	(396,000)
	197,000
	(206,000)
	69,000
	(319,000)
	429,000
	(1,448,000)
	(54,000)
	(211,000)
	(142,000)
	(344,000)
	<u>(202,000)</u>
	(2,329,000)

**Interest Income**

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

**PROJECTED MAINTENANCE TEST**

The projected coverage is 1.32 with no shortfall.

**REGIONAL WATER AUTHORITY  
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE MONTHS ENDING MARCH 31, 2026**

	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2026</b>	<b>(Under)Over</b>
	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>	<b>Budget</b>
<b>Operating revenues</b>				
Metered water revenues	\$ 99,597	\$ 102,809	\$ 106,081	\$ 3,271
Fire service	11,569	11,909	11,996	88
Wholesale	949	747	1,031	285
Other revenue - water	4,241	3,348	3,202	(146)
Other revenue - proprietary	14,083	14,360	13,678	(682)
Total operating revenues	130,439	133,173	135,988	2,815
<b>Operating expenses</b>				
Operating and maintenance expense	58,251	61,884	59,556	(2,329)
Expense associated with other revenue - water	2,357	1,849	1,362	(486)
Expense associated with other revenue - proprietary	6,570	7,528	6,405	(1,123)
Provision for uncollectible accounts	30	417	377	(40)
Depreciation and amortization	21,670	22,292	22,303	11
Payment in lieu of taxes	7,454	8,047	7,742	(305)
Amortization Pension Outflows/Inflows	181	1,483	1,483	(0)
Amortization OPEB Outflows/Inflows	(475)	(58)	(58)	(0)
Total operating expenses	96,037	103,441	99,168	(4,273)
Operating income	34,402	29,732	36,820	7,089
<b>Nonoperating income and (expense)</b>				
Interest income	8,492	5,454	7,398	1,944
(Loss) Gain on disposal of assets	468	(833)	(31)	802
Realized and unrealized (losses) gains on investments			-	-
Interest expense	(17,937)	(18,057)	(17,704)	352
Amortization of bond discount, premium, issuance cost and deferred losses	2,414	2,497	2,470	(27)
Amortization of Goodwill			-	-
Intergovernmental revenue	1,500		8,087	8,087
Contributions to related entities			-	-
Total nonoperating income and (expense) before captial contribution	(5,062)	(10,939)	220	11,158
Income (expense) before contributions	29,340	\$ 18,793	37,040	\$ 18,247
<b>Capital contributions</b>	1,930		4,258	
Change in net assets	31,270		41,297	
Total net assets - beginning of fiscal year	322,492		359,744	
Total net assets - end of reporting month	353,762		\$ 401,042	

	<b>Budget</b>	<b>Projected</b>	<b>(Under)Over</b>
	<b>FY 2026</b>	<b>FY 2026</b>	<b>FY 2026</b>
	<b>@114%</b>	<b>@114%</b>	<b>@114%</b>
<b>FY 2026 MAINTENANCE TEST</b>			
<b>(Budget vs. Projected)</b>			
Revenue Collected:			
Water sales	135,906	140,306	4,400
Interest Income	3,658	4,658	1,000
BABs Subsidy	616	616	-
Other Net	9,759	9,952	193
Common Non-Core	(300)	(100)	200
Total	149,639	155,432	5,793
Less:			
Operating and maintenance expenses	(74,062)	(73,772)	290
Depreciation	(10,750)	(10,750)	-
PILOT (A)	(9,623)	(9,000)	623
Net Avail for Debt Service (B)	\$ 55,204	\$ 61,910	\$ 6,706
Debt Service Payments (C)	\$ 47,494	46,749	\$ (745)
Debt Service @ 114% (D)	\$ 54,143	53,293	\$ (850)
Difference (B-D)	\$ 1,061	\$ 8,617	
RSF, Growth and/or General Fund (D)	-		
Coverage	116%	132%	

**REGIONAL WATER AUTHORITY  
OPERATING AND MAINTENANCE EXPENSE  
MAR 31, 2026**

Pg 3

**PERIOD ENDING MAR 31, 2026**

	<b>FY 2025 Actual</b>	<b>FY 2026 Budget</b>	<b>FY 2026 Actual</b>	<b>(Under) Over</b>
1 Payroll	\$ 22,267	\$ 22,995	\$ 23,377	\$ 383
2 Employee Benefits	6,983	8,120	8,439	319
Pension Contributions	2,409	2,202	2,202	0
3 Administrative Building	908	1,021	922	(99)
4 General & Administrative	1,207	1,276	971	(305)
5 Transportation	826	860	859	(1)
6 Tools & Stores	333	361	353	(7)
7 Utilities & Fuel	1,791	1,930	1,882	(49)
8 Material From Inventory	280	295	299	3
9 Pump Power Purchased	3,555	3,990	3,594	(396)
10 Chemicals	2,678	2,714	2,910	197
11 Road Repairs	138	240	235	(5)
14 Postage	587	630	424	(206)
15 Printing & Forms	27	61	29	(32)
17 Collection Expense	821	967	1,037	69
18 Business Improvement	210	545	226	(319)
19 Public/Customer Information	194	211	172	(39)
20 Outside Services	3,762	3,607	2,159	(1,448)
21 Insurance Premiums	1,774	1,774	2,204	429
22 Worker's Compensation, pre-Churchill	50	37	(4)	(41)
23 Damages	32	63	63	1
24 Training & Cont. Education	369	411	200	(211)
25 Authority Fees	117	154	170	16
26 Consumer Counsel	48	50	43	(7)
27 RPB Fees	203	208	237	29
28 Organizational Dues	94	105	80	(25)
29 Donations	34	40	27	(12)
34 Central Lab/Water Quality	293	329	275	(54)
40 Environmental Affairs	162	173	140	(33)
44 Info. Technology Licensing & Maintenance Fees	2,992	3,121	2,979	(142)
45 Maintenance and Repairs	2,910	3,202	2,858	(344)
46 Regulatory Asset Amortization	194	194	194	0
	<u>\$ 58,251</u>	<u>\$ 61,884</u>	<u>\$ 59,556</u>	<u>\$ (2,329)</u>

**South Central Regional Water Authority**

**Analysis of Accounts Receivable ("A/R")  
(S000 omitted)**

**Total Accounts Receivable Aging (in days)**

	Mar 2026	Feb 2026	Jan 2026	Dec 2025	Nov 2025	Oct 2025	Sept 2025	Aug 2025	July 2025	June 2025	May 2025	Apr 2025	Mar 2025
Under 30	7,331	8,099	6,847	7,107	8,314	7,898	7,627	9,126	7,765	7,165	\$ 9,489	\$ 7,090	\$ 7,647
31-60	1,701	1,471	1,339	1,615	1,778	1,737	1,664	1,685	2,226	1,958	1,039	1,897	1,904
61-90	729	703	761	793	884	981	729	1,030	1,098	1,067	664	942	610
91-180	1,141	1,281	1,272	1,359	1,053	1,458	1,357	1,423	1,495	1,486	1,038	1,218	1,074
181-360	1,240	1,159	1,182	1,189	1,169	1,155	1,061	1,211	1,213	1,166	974	1,065	1,027
More than 1 year	3,006	2,815	2,860	2,836	2,937	2,898	2,782	2,859	3,032	3,071	2,929	3,077	3,209
Sub Total	15,148	15,528	14,261	14,899	16,135	16,127	15,220	17,334	16,829	15,913	16,133	15,289	15,471
Interest due	1,512	1,572	1,451	1,471	1,468	1,166	1,414	1,385	1,319	1,192	1,231	1,378	1,382
Total Gross A/R plus interest *****	\$ 16,660	\$ 17,100	\$ 15,712	\$ 16,370	\$ 17,603	\$ 17,293	\$ 16,634	\$ 18,719	\$ 18,148	\$ 17,105	\$ 17,364	\$ 16,667	\$ 16,853

**Aged Accounts Receivable Focus of Collection Efforts**

	Mar 2026	Feb 2026	Jan 2026	Dec 2025	Nov 2025	Oct 2025	Sept 2025	Aug 2025	July 2025	June 2025	May 2025	Apr 2025	Mar 2025
Greater than 60 days:													
A/R	\$ 7,442	\$ 7,333	\$ 7,354	\$ 7,487	\$ 7,325	\$ 7,651	\$ 7,156	\$ 7,190	\$ 8,157	\$ 7,982	\$ 6,767	\$ 7,533	\$ 7,135
Less: Multi-Tenants	(1,855)	(2,169)	(1,947)	(2,429)	(1,993)	(1,941)	(1,931)	(1,854)	(1,835)	(1,692)	(1,470)	(2,357)	(1,571)
Receiverships***	(1,391)	(1,437)	(1,433)	(1,430)	(1,400)	(1,407)	(1,420)	(1,390)	(1,569)	(1,556)	(1,120)	(1,741)	(1,723)
Liens	(1,616)	(1,680)	(1,649)	(1,192)	(1,269)	(1,261)	(1,104)	(1,154)	(1,940)	(1,962)	(1,951)	(1,500)	(2,069)
Total	\$ 2,580	\$ 2,047	\$ 2,325	\$ 2,436	\$ 2,663	\$ 3,042	\$ 2,701	\$ 2,792	\$ 2,813	\$ 2,772	\$ 2,226	\$ 1,935	\$ 1,772
	35%	28%	32%	33%	36%	40%	38%	39%	34%	35%	33%	26%	25%

**Collection Efforts**

	Mar 2026	Feb 2026	Jan 2026	Dec 2025	Nov 2025	Oct 2025	Sept 2025	Aug 2025	July 2025	June 2025	May 2025	Apr 2025	Mar 2025
Shuts *	\$ 46	\$ 13	\$ 63	\$ 14	\$ 31	\$ 28	\$ 76	\$ 67	\$ 8	\$ -	\$ -	\$ -	\$ -
Red Tags **	25	59	36	4	2	7	-	-	-	-	-	-	-
Receivers	23	1	12	14	3	12	5	14	6	6	26	25	-
Top 100 Collection Calls	534	628	632	127	178	137	-	-	-	-	444	190	318
Other <sup>(1)</sup>	873	703	902	1,740	1,462	1,717	1,714	1,885	1,814	724	434	723	390
Total	\$ 1,501	\$ 1,404	\$ 1,645	\$ 1,899	\$ 1,676	\$ 1,901	\$ 1,795	\$ 1,966	\$ 1,828	\$ 730	\$ 904	\$ 938	\$ 708

\* Number of shuts

\*\* Number of Red tags

\*\*\*Receivership, Stipulated & Bankruptcy

\*\*\*\*Reflects SAP AR as of 03/21/2025. Payments received between 03/22/25 to 03/31/25 are not reflected.

\*\*\*\*\*April, May, June, July, Aug., Sept., & Oct. 2025 A/R is under review and subject to change.

<sup>(1)</sup> Includes: Notices and letters and legal initiatives.

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

To: Authority Representative Policy Board  
David J. Borowy  
Kevin J. Curseaden  
Catherine E. LaMarr  
Mario Ricozzi  
Suzanne C. Sack  
Dr. Todd Court

Cc: Sunny Lakshminarayanan,  
*John Triana*

From: Josh Tracy, Forester II

Date: 16 April 2026

Subject: **USDA Grants**

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Two grants have been acquired by Regional Water Authority in recent years for the purposes of Addressing forested watershed health, improving water quality, forest ecology, and habitat for birds and animals. These two grants are the Landscape Scale Restoration grant (LSR) and the Advancing Markets for Producers grant (AMP).

The LSR grant is funded by USDA Forest Service, focusing on 7,000 acre forest around **Lake Gaillard**. The property hosts an important bat hibernaculum for 3 species: Little Brown, Northern Long-Eared, and Tri-Colored. Using a 3-pronged approach, the plan is to 1. Begin Invasive Plant Control (IPC), 2. Perform bat surveys (*done by DEEP Bat Program staff using separate federal funding*), and 3. Developing silvicultural treatments for bat foraging habitat. The grant will provide funding of **\$180,000** (\$60,000 per year over next 3 years). This amount allows for an additional 5-10 acres to be managed every year and supports invasive plant control operations. **Our goal** is to manage **100** acres of forest land through patch cuts/thinning for wildlife habitat, and treat **450** acres of forest land to control invasive plant species



Shelterwood silvicultural treatment



Little brown bat

Recently acquired grant funding will allow RWA to hire two seasonal workers for three years to assist with controlling invasive species and providing inventory of RWA forests. A large portion of the budget is dedicated to a piece of equipment called a steam weeder. The steam weeder utilizes pressurized saturated steam to burn herbaceous plants without the use of fire. The unit is trailer mounted and can be mobilized on RWA woods roads that are infested with invasives.



Example of steam weeder trailer.



Saturated steam head in action.

This is an experimental technique to kill plants such as Japanese Stiltgrass and Black Swallow-wort, which are two plants that are typically controlled with a broadcast application of herbicide. Our hypothesis is that the steam will impede the growth of these plants prior to releasing seed, causing populations to decrease over time. RWA's woods roads are one of the largest vectors for spreading invasives due to the seeds attaching to vehicles, shoes, and animals, which eventually drop off and reseed in new locations. In addition, we plan to use the steam weeder at log landings in the future to reduce the spread of invasives to timber management areas.

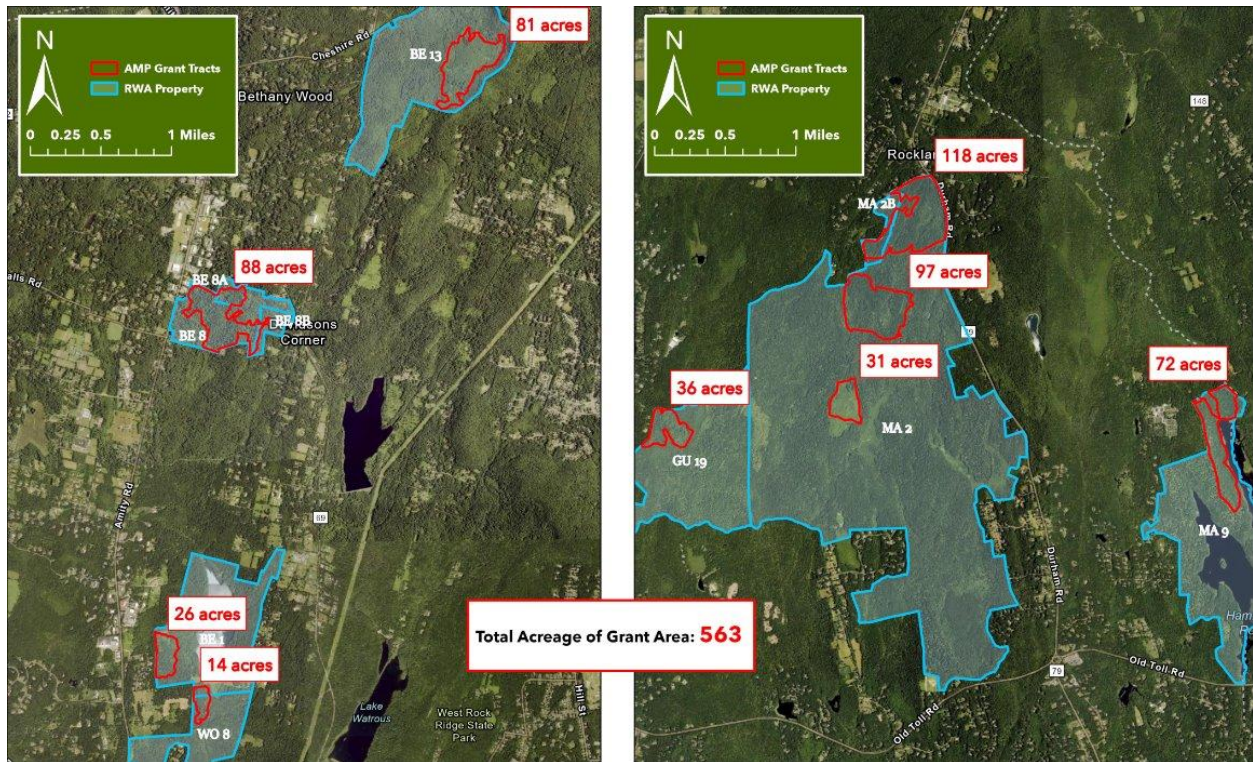


Japanese Stiltgrass (*Microstegium vimineum*).



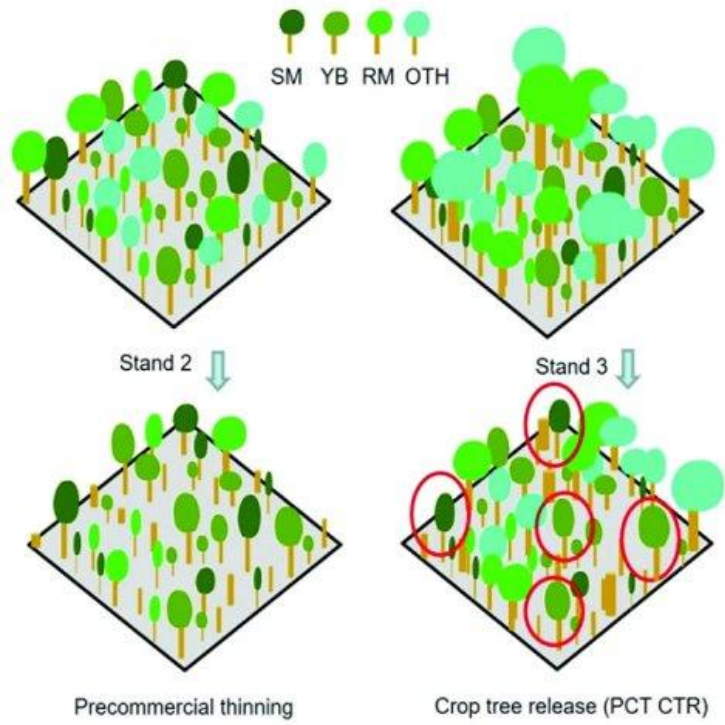
Black Swallow-wort (*Vincetoxicum nigrum*).

The AMP grant is funded by the USDA through New England Forestry Foundation (NEFF). This grant is intended for commercial landowners with > 5,000 acres under management to enhance timber productivity/forest health on their land. It is estimated to cost around \$1002.15 per acre for management (Includes office planning, pre-practice inventory, implementing, and post practice inventory. We intend to treat 511 acres, with a total cost of \$512,098.65. The AMP grant, through NEFF, will fund **\$358,468.60**, or 70% of the total funds. RWA will expect to pay **\$153,630.05, covering time for** foresters, technicians, and contractors. Our Goal is to improve forest ecosystem health and timber productivity for high water quality.



Map of proposed treatment areas for AMP grant.

We will be performing timber stand improvement using pre-commercial thinning techniques, favoring a species composition that improves growth rates, future forest health and revenue. Clearing smaller trees that grow around desirable species (i.e. oak, sugar maple) frees up canopy space and allows the desirable trees to grow larger. Small hand tools, brush saws, chain saws, and targeted herbicide use (hack & squirt/drill & fill) will be employed to remove unwanted trees. Restrictions due to bats and migratory birds limit when work can be completed, with a total time constraint of 18 months before funding runs out.



Crop tree release



Drill-and-fill / Hack-and-squirt herbicide technique



# Grants Funding Valuable Environmental Improvements at the RWA

Natural Resources Specialists: Juliette Doyle and Julia Guimaraes

# Overview and Goals of Grant-Funded Work

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- Completing large-scale forest management at a **lower cost/acre**
- Addressing forested watershed health improves *water quality, forest ecology, and bird and animal habitat*
- 2 grants: **LSR** and **AMP**





Shelterwood  
Silvicultural  
Treatment



Little Brown Bat

# Landscape-Scale Restoration (LSR) Grant

“A Connecticut Landscape Restoration in Core Forest Areas for an Important Bat Hibernaculum”

- Funded by USDA Forest Service
- Focusing on 7,000 acre forest around **Lake Gaillard**
  - Hosts an important bat hibernaculum for 3 species: Little Brown, Northern Long-Eared, and Tri-Colored
- **3-pronged approach**
  1. Invasive Plant Control (IPC)
  2. Bat surveys *\*done by DEEP Bat Program staff (separate federal funding)\**
  3. Silvicultural treatments for bat foraging habitat
- Grant funding = **\$180,000** (\$60,000 per year over next 3 years)
  - Allows for additional 5-10 acres to be managed every year
  - Supports invasive plant control operations
    - Native plants support more insect biomass critical for bat population health
- **Our goal:** manage **100** acres of forest land through patch cuts/thinning for wildlife habitat, and treat **450** acres of forest land to control invasive plant species



Japanese Stiltgrass



Tree of Heaven



Common Mugwort



# Invasive Plant Control (IPC)

- Using Weedtechnic's Satusteam™ steamweeder
- 250°F saturated steam burns herbaceous invasive plants
- Longer lasting control than mechanical treatment, AND reduces herbicide use near important reservoirs and tributaries



The LSR grant funded the \$40,000 steamweeder outright! (no cost to the RWA)

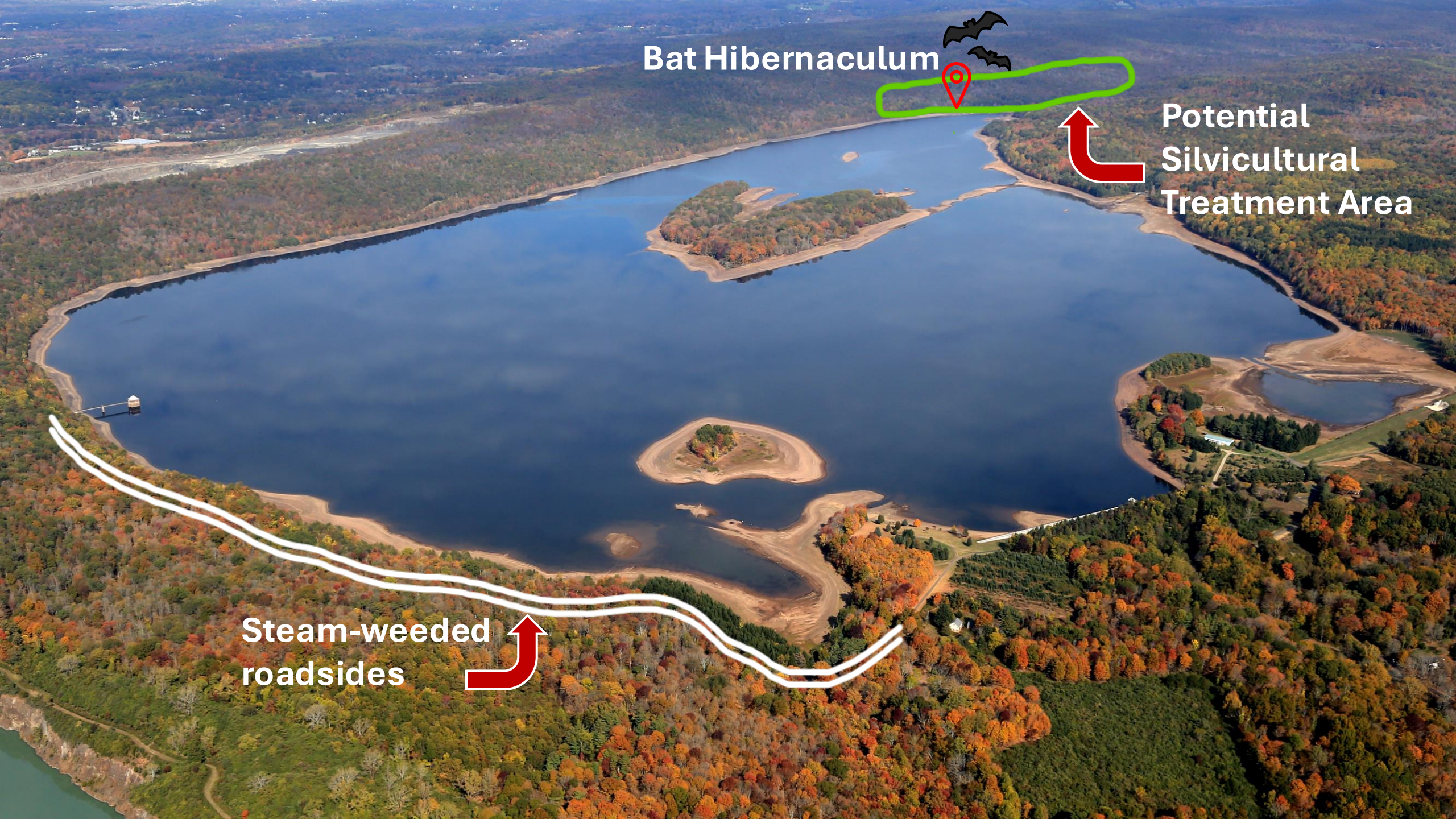
**Bat Hibernaculum**



**Potential  
Silvicultural  
Treatment Area**




**Steam-weeded  
roadsides**



# Advancing Markets for Producers (AMP) Grant

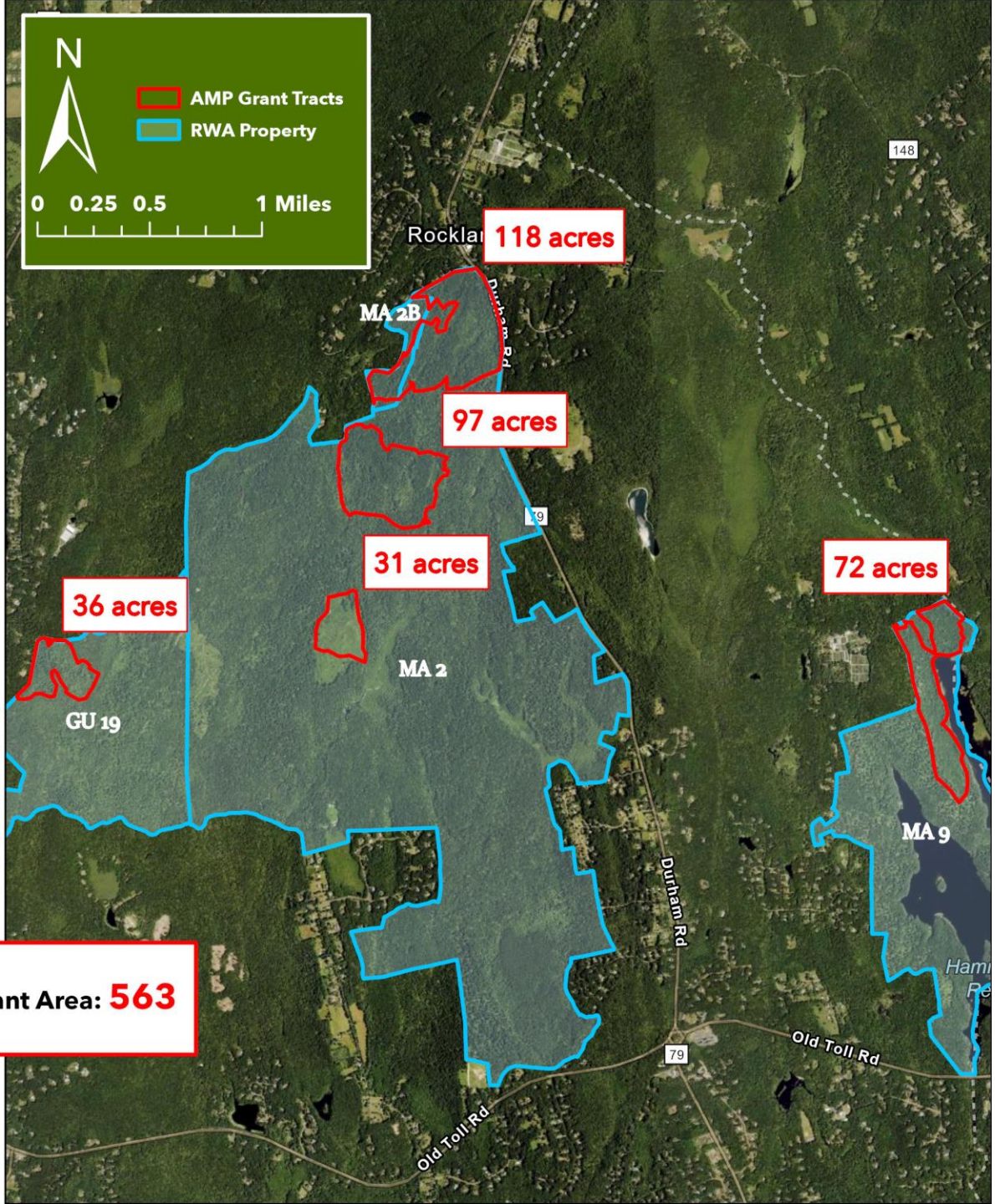
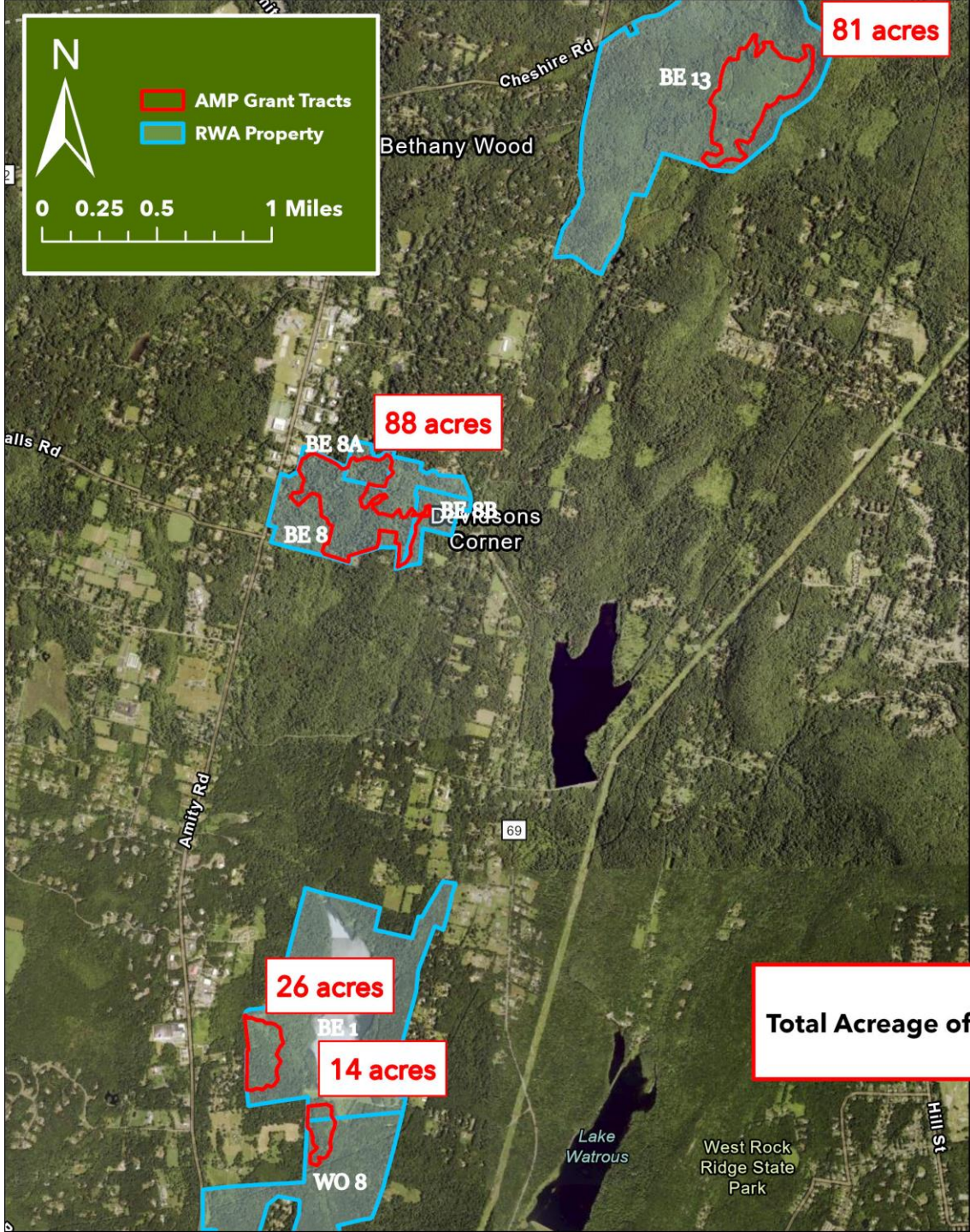
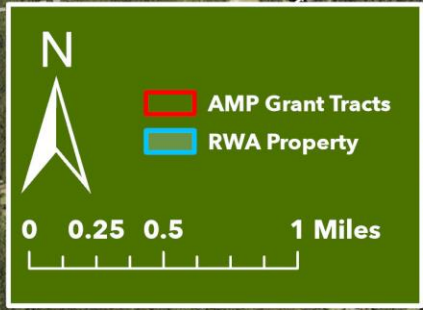
- Funded by the USDA through New England Forestry Foundation (NEFF)
  - They want commercial landowners with > 5,000 acres under management to enhance timber productivity/forest health on their land
- **Cost Calculator:** for 511 acres @ \$1,002.15 / acre = **\$512,098.65**
  - Includes office planning, pre-practice inventory, implementing, post practice inventory
- Grant funding = **\$358,468.60**
  - NEFF covers 70% of funds
  - RWA pays **\$153,630.05** for foresters/techs/contractors
- **Our Goal:** improve forest ecosystem health and timber productivity for high water quality



White Oak

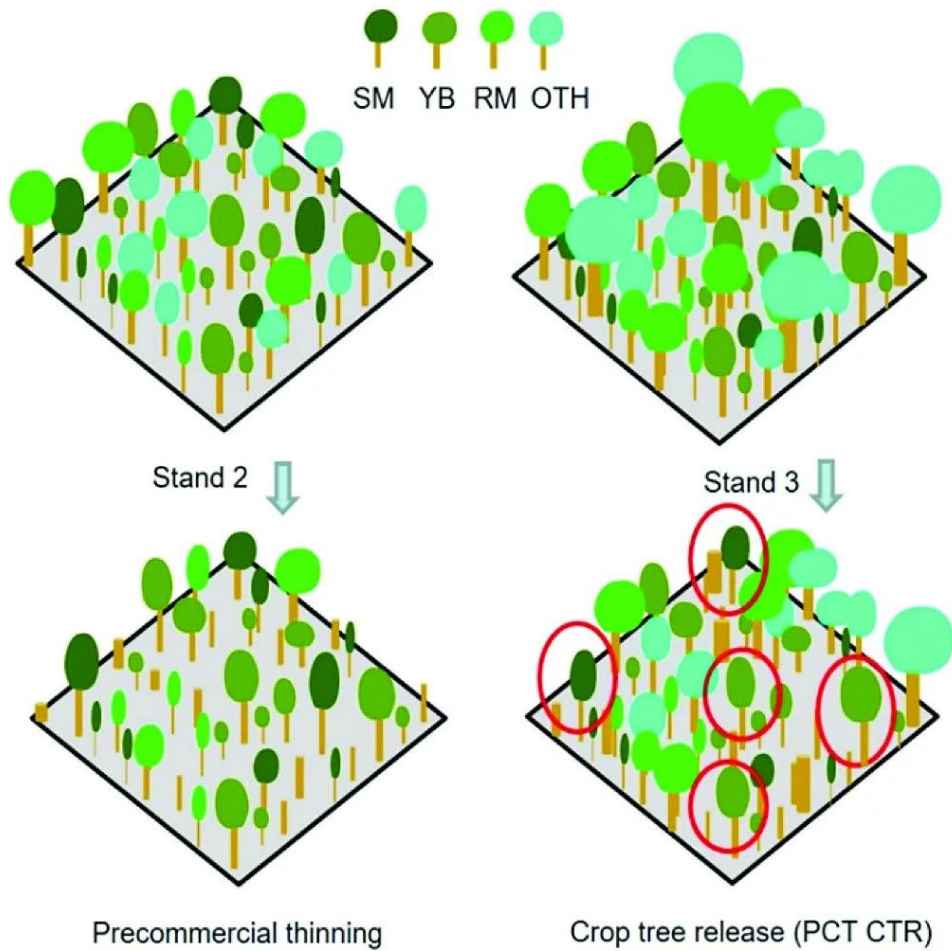


Sugar Maple



**Total Acreage of Grant Area: 563**

# Crop Tree Release



- **Timber stand improvement** through pre-commercial thinning
  - **What?** In RWA's mixed hardwood forests, we favor a species composition that improves growth rates and future forest health
  - **Why?** Clearing smaller trees that grow around desirable species (i.e. oak, sugar maple) frees up canopy space and allows the desirable trees to grow larger
  - **How?** Pre-commercial thinning through targeted herbicide use (hack & squirt/drill & fill) = manual treatment without logging equipment
- **Restrictions**
  - Time constraint: 18 months to complete grant work
  - Migratory birds, bats: limited allowable cutting periods
    - Targeted herbicide preferable for wildlife protection!



# Key Takeaways

- Grants such as LSR and AMP decrease the cost of labor to get valuable environmental work completed
  - From LSR: **\$180,000**
  - From AMP: **\$512,098.65**
- Positive changes to RWA's forests are harder to see in the short-term: we need to think about the long-term benefits that healthier forests will have on water quality
  - Changes that seem small have large downstream effects on RWA's water!

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  
Todd Cort  
Kevin J. Curseaden  
Catherine E. LaMarr  
Mario Ricozzi  
Suzanne C. Sack

FROM:  Rochelle Kowalski

DATE: April 17, 2026

SUBJECT: Capital Budget Transfer – Type B3 Amendments

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As prescribed in the Capital Budget Manual, Exhibit 12, Capital Budget Amendment Procedure, Part 1, Type B Amendment, Item 3, Authority approval is required for a transfer of funds from an existing capital account to either another capital account or a newly created capital account if the value is greater than \$500,000.

**Ford Street Tank No. 1 Painting & Stairs:** As a result of an external confidential matter, this project has been placed on hold. Amendment No. 26-32 will transfer \$1,871,000 from the Ford Street Tank No. 1 Painting & Stairs project account to the project reserve to be utilized by the Ford Street Tank No. 1 Painting & Stairs project in FY 2027.

**York Hill Tank No. 1 Painting & Stairs:** As a result of an external confidential matter, this project has been placed on hold. Amendment No. 26-33 will transfer \$1,153,825 from the York Hill Tank No. 1 Painting & Stairs project account to the project reserve to be held for utilization by the York Hill Tank No. 1 Painting & Stairs project in FY 2027.

**Lake Whitney Dam & Spillway Improvements:** Due to the extended review period by DPH of the project specifications and design drawings, as well as the significant length of time required to receive DEEP and U.S. Army Corps of Engineers permit approvals for the project, the anticipated schedule for the project has shifted. As a result of the schedule change, expenditures for FY 2026 will be under budget. Amendment No. 26-34 will transfer \$950,000 from the Lake Whitney Dam & Spillway Improvements project account to the project reserve for utilization by the Lake Whitney Dam & Spillway Improvements project as the project progresses.

**Municipal Pipe:** Due to significantly extended delays in receiving required City of New Haven permit approvals for the George Street project, as well as schedule changes to Spring Street, West Haven, and Pine Tree Drive/Peck Lane in Orange, the anticipated schedules for project work have shifted. As a result, expenditures for FY 2026 will be under budget. Amendment No. 26-35 will transfer \$740,000 from the Municipal Pipe project account to the project reserve to be held for utilization by the Municipal Pipe project in FY 2027.

The following resolution will be necessary to execute the foregoing:

**Resolved:** that the Authority approves the transfer of \$1,817,000 from the Ford Street Tank No. 1 Painting & Stairs project account; \$1,153,825 from the York Hill Tank No. 1 Painting & Stairs project account; \$950,000 from the Lake Whitney Dam & Spillway Improvements project account; and \$740,000 from the Municipal Pipe project account; to the project reserve capital budget account.

CAPITAL BUDGET AMENDMENT REQUEST

Request Date:	04/09/2026	Type	Log	Mo/Yr
Requesting Division:	Engineering & Environmental Services	B3	26-32	Apr/26
Requested By:	Orville Kelly			

<b>Transfer From:</b>	
Account Number:	001-000-107142-090031
Project Description:	Ford Street Tank #1 Painting & Stairs
A) Original Budget	\$ 2,813,000
B) Total Previous Transfers (In or Out)	\$ 900,000
C) This Transfer	\$ 1,871,000
D) Revised Budget (A+/-B-C)	\$ 42,000
E) Estimated Project Costs	\$ 42,000
F) Remaining Funds Available for Transfer, if any (D-E)	\$ -
Explanation why funds are available: Due to an external confidential matter, project has been placed on hold.	

<b>Transfer To:</b>	
Account Number:	N/A
Project Description:	Project Reserve
A) Original Budget	\$ 500,000
B) Previous Transfers (in or Out)	\$ 5,610,000
C) Revised Budget (A+/-B)	\$ 6,110,000
D) Amount to be Transferred	\$ 1,871,000
E) Proposed Revised Budget (C+D)	\$ 7,981,000
Explanation why funds are needed: This amendment will transfer funds from the Ford Street Tank #1 Painting & Stairs project to the project reserve fund to be held for Fiscal Year 2027.	

Approvals As Required By Type	Signature	Date
1) Requesting Vice President/Director	<i>Approved at CMC</i>	04/09/2026
2) Donor Vice President/Director	<i>Approved at CMC</i>	04/09/2026
3) Vice President - Finance & CFO	<i>Approved at CMC</i>	04/09/2026
4) Chief Executive Officer	<i>Approved at CMC</i>	04/09/2026
5) Authority Members	Copy of minutes attached if required	

CAPITAL BUDGET AMENDMENT REQUEST

Request Date:	04/09/2026	Type	Log	Mo/Yr
Requesting Division:	Engineering & Environmental Services	B3	26-33	Apr/26
Requested By:	Orville Kelly			

<b>Transfer From:</b>	
Account Number:	001-000-107142-066017
Project Description:	York Hill Tank No. 1 Painting & Stairs
A) Original Budget	\$ 1,935,000
B) Total Previous Transfers (In or Out)	\$ -
C) This Transfer	\$ 1,153,825
D) Revised Budget (A+/-B-C)	\$ 781,175
E) Estimated Project Costs	\$ 781,175
F) Remaining Funds Available for Transfer, if any (D-E)	\$ -
Explanation why funds are available: Due to an external confidential matter, project has been placed on hold.	

<b>Transfer To:</b>	
Account Number:	N/A
Project Description:	Project Reserve
A) Original Budget	\$ 500,000
B) Previous Transfers (In or Out)	\$ 7,481,000
C) Revised Budget (A+/-B)	\$ 7,981,000
D) Amount to be Transferred	\$ 1,153,825
E) Proposed Revised Budget (C+D)	\$ 9,134,825
Explanation why funds are needed: This amendment will transfer funds from the York Hill Tank #1 Painting & Stairs project to the project reserve fund to be held for Fiscal Year 2027.	

Approvals As Required By Type	Signature	Date
1) Requesting Vice President/Director	<i>Approved at URC</i>	04/09/2026
2) Donor Vice President/Director	<i>Approved at URC</i>	04/09/2026
3) Vice President - Finance & CFO	<i>Approved at URC</i>	04/09/2026
4) Chief Executive Officer	<i>Approved at URC</i>	04/09/2026
5) Authority Members	Copy of minutes attached if required	

CAPITAL BUDGET AMENDMENT REQUEST

Request Date:	04/09/2026	Type	Log	Mo/Yr
Requesting Division:	Engineering & Environmental Services	B3	26-34	Apr/26
Requested By:	Larry Marcik			

<b>Transfer From:</b>	
Account Number:	001-000-107112-066506
Project Description:	Lake Whitney Dam & Spillway Improvements
A) Original Budget	\$ 2,500,000
B) Total Previous Transfers (In or Out)	\$ 1,320,000
C) This Transfer	\$ 950,000
D) Revised Budget (A+/-B-C)	\$ 230,000
E) Estimated Project Costs	\$ 230,000
F) Remaining Funds Available for Transfer, if any (D-E)	\$ -
Explanation why funds are available: As a result of continued permitting delays, and the extended period of time taken by DPH for document review and approval, continued progress on the project has been delayed.	

<b>Transfer To:</b>	
Account Number:	N/A
Project Description:	Project Reserve
A) Original Budget	\$ 500,000
B) Previous Transfers (In or Out)	\$ 8,634,825
C) Revised Budget (A+/-B)	\$ 9,134,825
D) Amount to be Transferred	\$ 950,000
E) Proposed Revised Budget (C+D)	\$ 10,084,825
Explanation why funds are needed: This amendment will transfer funds from the Lake Whitney Dam & Spillway project to the project reserve fund to be held for Fiscal Year 2027.	

Approvals As Required By Type	Signature	Date
1) Requesting Vice President/Director	<i>Approved at UMC</i>	04/09/2026
2) Donor Vice President/Director	<i>Approved at UMC</i>	04/09/2026
3) Vice President - Finance & CFO	<i>Approved at UMC</i>	04/09/2026
4) Chief Executive Officer	<i>Approved at UMC</i>	04/09/2026
5) Authority Members	Copy of minutes attached if required	

CAPITAL BUDGET AMENDMENT REQUEST

Request Date:	04/09/2026	Type	Log	Mo/Yr
Requesting Division:	Engineering & Environmental Services	B3	26-35	Apr/26
Requested By:	Larry Marcik			

<b>Transfer From:</b>	
Account Number:	001-000-107143-xxxxxx
Project Description:	Municipal Pipe
A) Original Budget	\$ 1,300,000
B) Total Previous Transfers (In or Out)	\$ 260,000
C) This Transfer	\$ 740,000
D) Revised Budget (A+/-B-C)	\$ 300,000
E) Estimated Project Costs	\$ 300,000
F) Remaining Funds Available for Transfer, if any (D-E)	\$ -
Explanation why funds are available: As a result of continued permitting delays, and scheduling changes from the municipalities, FY 26 project work will be under budget. These projects will continue in FY 2027.	

<b>Transfer To:</b>	
Account Number:	N/A
Project Description:	Project Reserve
A) Original Budget	\$ 500,000
B) Previous Transfers (In or Out)	\$ 9,584,825
C) Revised Budget (A+/-B)	\$ 10,084,825
D) Amount to be Transferred	\$ 740,000
E) Proposed Revised Budget (C+D)	\$ 10,824,825
Explanation why funds are needed: This amendment will transfer funds from the Municipal Pipe capital account to the project reserve fund to be held for Fiscal Year 2027.	

Approvals As Required By Type	Signature	Date
1) Requesting Vice President/Director	<i>Approved at UMC</i>	04/09/2026
2) Donor Vice President/Director	<i>Approved at UMC</i>	04/09/2026
3) Vice President - Finance & CFO	<i>Approved at UMC</i>	04/09/2026
4) Chief Executive Officer	<i>Approved at UMC</i>	04/09/2026
5) Authority Members	Copy of minutes attached if required	

PRELIMINARY OFFICIAL STATEMENT DATED \_\_\_\_\_, 2026

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 Fortieth Series 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 Fortieth Series 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 Fortieth Series Refunding Bonds. (See "TAX MATTERS" herein.)

SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY

\$XXX\*

Water System Revenue Refunding Bonds
Fortieth Series

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, Fortieth Series (the "Fortieth Series Refunding Bonds") are general obligations of the Authority issued pursuant to Special Act No. 77-98 of the State of Connecticut (the "State"), 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 Fortieth Series Supplemental Resolution (collectively, the "General Bond Resolution"). The Fortieth Series 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 Fortieth Series 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 Fortieth Series 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 Fortieth Series Refunding Bonds will be made in book-entry-only form without certificates. Interest on the Fortieth Series Refunding Bonds will be payable on [February 1, 2027] 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 Fortieth Series 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 Fortieth Series Refunding Bonds will be paid directly to DTC by U.S. Bank Trust Company, National Association, Boston, Massachusetts, the Trustee, and Paying Agent. See 'DESCRIPTION OF THE FORTIETH SERIES REFUNDING BONDS - "Book-Entry-Only System" herein. The Fortieth Series Refunding Bonds are subject to optional redemption, [mandatory] and special mandatory redemption prior to their stated maturities as set forth herein.

The Fortieth Series 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 the Capital Contingency Fund, the Debt Reserve Fund and the Operating Reserve Fund, as necessary and (iii) the costs of issuance related to the Fortieth Series Bonds. See "AUTHORIZATION AND PURPOSE" and "PLAN OF REFUNDING" herein.

The Fortieth Series 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 Fortieth Series 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 Fortieth Series Refunding Bonds are offered when, as and if issued and received by the Underwriter, subject to approval of legality by Pullman & Comley, LLC, Bond Counsel, Hartford, Connecticut. Certain matters will be passed upon for the Underwriter by \_\_\_\_\_. It is expected that the Fortieth Series Refunding Bonds, in definitive form, will be available for delivery at DTC, or its custodial agent, in New York, New York on or about \_\_\_\_\_, 2026.

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.

\_\_\_\_\_, 2026

\*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.



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, Fortieth Series (the “Fortieth Series Refunding Bonds”) dated \_\_\_\_\_, 2026 (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 Fortieth Series 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, 2025 and May 31, 2024,” 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 Underwriter 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 verified the same.

Any references to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, any such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

**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) federal tax policy, including the deductibility of state and local taxes for federal tax purposes; (iii) macroeconomic economic and business developments, both for the country as a whole and particularly affecting the Authority; (iv) financial services industry developments; (v) litigation or arbitration; (vi) climate and weather related developments, natural disasters and other acts of God; (vii) factors used in estimating future obligations of the Authority; (viii) the effects of epidemics and pandemics, including economic effects; (ix) foreign hostilities or wars; (x) foreign or domestic terrorism or domestic violent extremism; and (xi) other factors contained in this Official Statement.**

IN CONNECTION WITH THE OFFERING OF THE FORTIETH SERIES REFUNDING BONDS, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE FORTIETH SERIES 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**

**XXXX\*  
Water System Revenue Refunding Bonds  
Fortieth Series**

**INTRODUCTION**

This Official Statement provides certain information in connection with the issuance by the South Central Connecticut Regional Water Authority (the “Authority”) of its XXXX\* Water System Revenue Refunding Bonds Fortieth Series (the “Fortieth Series Refunding Bonds”) dated as of the date of delivery of the Fortieth Series Refunding Bonds. The Fortieth Series 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 Fortieth Series Supplemental Resolution, adopted on December 18, 2025 (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 Fortieth Series 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 Fortieth Series 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 15 municipalities within the South Central Connecticut Regional Water District (the “District”).

The Fortieth Series 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 the Capital Contingency Fund, the Debt Reserve Fund and the Operating Reserve Fund, as necessary and (iii) the costs of issuance related to the Fortieth Series Bonds. See “AUTHORIZATION AND PURPOSE” and “PLAN OF REFUNDING” 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”). In 2024, the Connecticut General Assembly’s Special Session expanded the definition of “Noncore” to include “sustainable manufacturing support.” 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.

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\*Preliminary, subject to change

In 2021, the Authority established RWA Commercial Enterprises, LLC 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 May 2022, the Authority established RWA Environmental & Lab Services, LLC and RWA Commercial Services, LLC. In addition, 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. Both 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 South Central Connecticut Regional Water Authority with a six-person board to function as a board of directors, which, as of January 1, 2025, was expanded to allow for seven members, and in the case of the acquisition of the Aquarion Water Company by the Aquarion Water Authority, the Authority board will be expanded to eleven members. The Authority board oversees the adoption of annual operating and capital budgets and provides strategic direction for the Authority.

The Act further provides for the establishment of a representative policy board (the “Representative Policy Board” or “RPB”), 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 seven members of the Authority board or if the board is comprised of eleven members, six of the members with the remaining five members to be appointed by the Aquarion Water Authority. The same members of the Authority’s board will serve as members of the Aquarion Water Authority board. In addition, the RPB must ratify the chief executive officer appointed by the Authority and 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 \$3,500,000, (iii) the acquisition of or subsequent investment in any noncore business costing more than \$1,500,000; (iv) water rates and charges established by the Authority and (v) the issuance of new money bonds and notes.

In February 2024, Eversource Energy (“Eversource”) announced that it intended to sell its subsidiary, Aquarion Water Company. In 2024, the Connecticut General Assembly in its special legislative session, amended the Act to include the acquisition of the Aquarion Water Company or one or more of its subsidiaries (the “Aquarion Acquisition”) and created a new authority (the “Aquarion Water Authority” or “AWA”) to own the Aquarion Water Company (“Aquarion”). The legislation also included that any such transaction is subject to Connecticut’s Public Utility Regulatory Authority’s (“PURA”) approval.

Additionally, subject to such PURA approval, the legislation expanded the Authority board to eleven members, six of which to be appointed by the RPB and five of which to be appointed by the AWA RPB. The same members of the Authority board will serve as members of the AWA board, technically two boards.

The Authority, pursuant to the Act and acting as the AWA, submitted a bid for the AWA to acquire Aquarion Water Company which was accepted by Eversource and a Purchase and Sale Agreement signed on January 27, 2025. While the Aquarion transaction was approved by PURA in March 2026, there are pending motions and at this time there is no assurance that the transaction will close. For the avoidance of doubt, if the transaction closes, the AWA will be the acquirer, not the Authority.

## **AUTHORIZATION AND PURPOSE**

The Fortieth Series 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 Fortieth Series Supplemental Resolution, adopted by the Authority on December 18, 2025, (collectively, the “General Bond Resolution”). See “APPENDIX C – Summary of Certain Provisions of the General Bond Resolution”.

All references herein to the Act, the General Bond Resolution and the Fortieth Series Refunding Bonds are qualified in their entirety by reference to the Act and the definitive documents.

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 Fortieth Series Refunding Bonds, are herein called the “Bonds”.

The Fortieth Series Refunding Bonds are being issued to finance the (i) refunding of certain maturities of the Authority’s Outstanding Bonds, (ii) funds for deposit to the Capital Contingency Fund, the Debt Reserve Fund and the Operating Reserve Fund, as necessary and (iii) the costs of issuance related to the Fortieth Series Bonds.

## **DESCRIPTION OF THE FORTIETH SERIES REFUNDING BONDS**

### **Description of the Fortieth Series Refunding Bonds**

The Fortieth Series 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 [February 1, 2027] 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 Fortieth Series Refunding Bonds shall be made to the owner of the Fortieth Series 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 Fortieth Series Refunding Bonds are issuable as registered bonds in the denomination of \$5,000 or any integral multiple thereof.

### **[Optional Redemption of the Fortieth Series Refunding Bonds**

The Fortieth Series Refunding Bonds with a stated maturity on or after [August 1, 20\_\_\*] 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, 20\_\_\*], 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 Fortieth Series Refunding Bonds**

The Fortieth Series Refunding Bonds due on [August 1, 2049\*] 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 Fortieth Series Refunding Bonds specified opposite each of such years:

\* Preliminary, subject to change

**Year\***

**Amount (\$)\***

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\*Preliminary, subject to change

The Fortieth Series Refunding Bonds due on [August 1, 2054\*] 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 Fortieth Series Refunding Bonds specified opposite each of such years:

**Year\***

**Amount (\$)\***

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\*Preliminary, subject to change]

### **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 Fortieth Series Refunding Bonds, the Authority may direct the maturity or maturities and amounts to be redeemed. If less than all Fortieth Series 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 Fortieth Series 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 Fortieth Series Refunding Bonds to be redeemed, the redemption date and the place or places where amounts due upon redemption will be payable.

Such notice is to state that on such date the Fortieth Series 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 Fortieth Series Refunding Bonds to be redeemed. So long as Cede & Co., as nominee of DTC (as hereinafter defined) is the registered owner of the Fortieth Series Refunding Bonds, all notices of redemption with respect to the Fortieth Series Refunding Bonds will be sent only to DTC. Notice need not be published if all the Fortieth Series Refunding Bonds or portions of Fortieth Series Refunding Bonds to be redeemed are registered Fortieth Series Refunding Bonds and a notice in the form required for published notice is mailed, postage prepaid, to the registered owners of such Fortieth Series 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 Fortieth Series Refunding Bonds, payment of interest and other payments on the Fortieth Series Refunding Bonds to DTC Participants or Beneficial Owners of the Fortieth Series Refunding Bonds, confirmation and transfer of beneficial ownership interests in the Fortieth Series Refunding Bonds and other bond-related transactions between DTC, the DTC Participants and Beneficial Owners of the Fortieth Series 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 Fortieth Series Refunding Bonds. The Fortieth Series 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 of the Fortieth Series 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](http://www.dtcc.com).

Purchases of the Fortieth Series Refunding Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Fortieth Series Refunding Bonds on DTC's records. The ownership interest of each actual purchaser of each of the Fortieth Series 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 Fortieth Series 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 Fortieth Series Refunding Bonds, except in the event that use of the book-entry system for the Fortieth Series Refunding Bonds is discontinued.

To facilitate subsequent transfers, all of the Fortieth Series 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 Fortieth Series 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 Fortieth Series Refunding Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Fortieth Series 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 Fortieth Series Refunding Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Fortieth Series Refunding Bonds, such as redemptions, tenders, defaults, and proposed amendments to the documents of the Fortieth Series Refunding Bonds. For example, Beneficial Owners of the Fortieth Series Refunding Bonds may wish to ascertain that the nominee holding the Fortieth Series 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 Fortieth Series 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 Fortieth Series 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 Fortieth Series 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 Fortieth Series 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 Fortieth Series 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 FORTIETH SERIES 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 FORTIETH SERIES REFUNDING BONDS.

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

**PLAN OF REFUNDING**

A portion of the proceeds of the Fortieth Series Refunding Bonds will be used to currently refund certain of the Authority’s outstanding prior bonds, including, but not limited to, the Authority’s \_\_\_\_\_ and \_\_\_\_\_ (the “Prior Bonds”), on the dates and in the amounts as set forth below.

	<b>Maturity Date</b>	<b>Principal Amount</b>	<b>Coupon</b>	<b>Call Date</b>	<b>Call Price</b>
_____ :					
<b>SERIALS</b>		\$			
		\$			
		\$			
		\$			
		\$			
		\$			
<i>Sub-Total</i>		\$			
		\$			
<b>TERM BOND</b>		\$	%		
_____ :					
<b>SERIALS</b>		\$			
		\$			
		\$			
		\$			
<i>Sub-Total</i>		\$			
<i>Total</i>		\$			

Upon delivery of the Fortieth Series Refunding Bonds, a portion of the proceeds will be deposited into an irrevocable trust fund called the \_\_\_\_\_ 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 Fortieth Series 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 Fortieth Series 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 Fortieth Series Refunding Bonds:

**Sources:**

Par Amount .....  
Net Original Issue Premium.....  
**Total Sources** .....

**Uses:**

Redemption Account.....  
Debt Reserve Fund.....  
Underwriter’s Discount.....  
Cost of Issuance .....

**Total Uses** .....

### SECURITY AND SOURCES OF PAYMENT FOR THE FORTIETH SERIES REFUNDING BONDS

The Fortieth Series Refunding Bonds are general obligations of the Authority payable from and secured by a pledge of all Revenues and all moneys 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 defined and described below. The Authority has no taxing power. **The Fortieth Series 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 Fortieth Series 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 Fortieth Series 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 \_\_\_\_\_, 2026, the Debt Reserve Fund contained 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 Fortieth Series 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 “SECURITY AND SOURCES OF PAYMENT FOR THE FORTIETH SERIES REFUNDING BONDS - “Flow of Funds” below “APPENDIX C- and “Summary of Certain Provisions of General Bond Resolution.”

## **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 moneys 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 12 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 12 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 12 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 Fortieth Series 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 12 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 12-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 12-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.

In case an existing water system is to be acquired that is outside the Service Area from the proceeds of bonds of the Authority which are secured by the revenues, receipts or moneys derived by the Authority from the ownership of such additional water system, then the provisions of the General Bond Resolution shall not apply to the ownership, operation or financing of such additional water system and the bonds issued to finance such acquisition shall not be considered Bonds or Subordinated Bonds under the General Bond Resolution.

The General Bond Resolution provides that, whenever the Authority issues additional bonds under the General Bond Resolution, 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.

*[Remainder of page intentionally left blank]*

## 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 primarily 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
3.8	January, 2025
3.4*	July, 2026

\*Pending approval and subject to change

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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<sup>(a)</sup>

	Quarterly Water Consumption in Cubic Feet (b)						
	1,500	2,500	10,000	50,000	100,000	500,000	2,000,000
<b>South Central Connecticut Regional Water Authority</b>	\$147	\$194	\$591	\$2,637	\$5,021	\$24,183	\$91,457
<b>Connecticut Municipal Water Utilities:</b>							
Hartford Metropolitan District Commission							
Customers Within District	106	145	438	2,191	4,146	19,786	79,660
Customers Outside District (c)	158	198	491	2,793	4,748	20,388	82,613
New Britain Water Department							
Customers Within New Britain	59	90	318	1,641	3,161	15,321	61,532
Customers Outside New Britain	100	151	535	2,679	5,238	25,706	103,584
City of Waterbury	52	78	277	1,337	2,662	13,262	53,012
<b>Investor-Owned Water Utilities located within Connecticut:</b>							
Aquarion Water Company							
All Divisions, excluding the below	104	148	574	2,088	3,855	18,055	72,910
Eastern Division	93	129	483	2,122	3,923	18,392	74,255
Northern Division	88	121	443	1,791	3,688	17,216	69,555
Valley Division	92	122	347	1,276	2,448	11,865	47,653
Connecticut Water Company	177	267	1,047	4,081	7,800	37,545	150,997
<b>Water Utilities in the Northeast:</b>							
Boston, MA (Municipal)	105	177	787	4,316	8,852	46,556	188,202
New Jersey American Water (d)	183	245	747	3,970	7,405	34,085	137,740
Veolia Water, New Jersey (e)	154	211	631	3,366	6,169	28,594	115,642
Aqua America, PA (f)	275	409	1,488	5,459	10,066	44,069	173,677
Providence, RI (Municipal) (g)	113	155	471	2,368	4,554	22,044	88,583
Veolia, New York (h)	182	280	1,428	5,069	10,159	43,953	234,984
Springfield, MA (Municipal)	123	174	560	2,711	5,286	25,886	103,570

(a) Data as of April 1, 2026

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

(c) Based on the average for outside the district rates

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

(e) Formerly known as Suez New Jersey

(f) Formerly known as Philadelphia Suburban Water Company

(g) Includes fire protection charged to customers

(h) Formerly known as Suez New York and United Water Company New York

The Act gives the Authority the power to set just and equitable rates and charges free from review or approval by the Public Utility 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 2025 and fiscal year 2024 was approximately 2% and 3% of gross revenue, respectively. 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.

**ANNUAL DEBT SERVICE REQUIREMENTS**

The following table sets forth the annual debt service requirements of the Authority for all Bonds outstanding, excluding the Fortieth Series Refunding Bonds but including bonds that may be refunded with the Fortieth Series Refunding Bonds.

<b>Period Ending May 31</b>	<b>Existing Authority Debt Service (\$)<sup>1</sup></b>	<b>Existing DWSRF Debt Service (\$)<sup>2</sup></b>	<b>Fortieth Series Refunding Bonds Principal (\$)</b>	<b>Fortieth Series Refunding Bonds Interest (\$)</b>	<b>Aggregate Debt Service (\$)</b>
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<b>TOTAL</b>			-	-	
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<sup>1</sup> The Authority issues 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].

<sup>2</sup> 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, energy, and/or sustainable manufacturing support, excluding wind energy sources but including the acquisition of the Aquarion Water Company or one or more of its subsidiaries.

The Act provides specifically that the Authority may acquire, hold, develop and maintain real estate and water 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 year 2027 budget presently allows for the employment of 284 full-time equivalents (excluding seasonal temporary personnel and subsidiary employees).

The Authority currently consists of six members who are residents of the District and on and after January 1, 2025 may have two additional members who are not residents of the District. None of the members may be members of the RPB and each are appointed without regard to political affiliation. The six current members of the Authority were 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</u> <u>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 for 13 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 for 10 years and as chairperson of the RPB for two 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	2031	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.

<u>Name</u>	<u>Residence</u>	<u>Term Expires January 1</u>	<u>Affiliations</u>
Mario Ricoszi	Branford	2029	Over 30 years of experience in 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, is a Licensed Professional Engineer and is a Fellow of the American Society of Civil Engineers.
Suzanne Sack	Killingworth	2030	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 25-year career in the financial services industry.
Todd Cort	New Haven	2028	Dr. Cort is a faculty member at the Yale School of Management and Faculty Co-Director of the Yale Center for Business and Environment, where he teaches and conducts research in sustainable finance and sustainable corporate management. He holds a Master of Science degree in biochemistry, a Ph.D. in civil and environmental engineering, and a Professional Engineer's license in California. Following his doctorate, Dr. Cort spent more than 20 years as an international consultant, advising organizations on pollution control systems, financial valuation, enterprise risk management, and mergers and acquisitions. He brings deep technical and financial expertise to the Authority and is actively engaged in the community, serving on the Board of Directors for Save the Sound and on the Mission Alignment Committee of Prime Coalition.

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](http://www.rwater.com).

Larry L. Bingaman, former President and Chief Executive Officer, died unexpectedly on November 15, 2024. Sunder Lakshminarayanan has been named Interim President and Chief Executive Officer, effective on December 2, 2024. Principal members of the Operating Staff/Management are presented below:

<u>Name</u>	<u>Position</u>	<u>Years of Service</u>	<u>Background</u>
Sunder (Sunny) Lakshminarayanan	Interim President and Chief Executive Officer and Vice President, Engineering and Environmental Services	4	Mr. Lakshminarayanan holds a Bachelor 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

<u>Name</u>	<u>Position</u>	<u>Years of Service</u>	<u>Background</u>
Rochelle Kowalski	Senior Vice President, Chief Financial Officer and Head of Corporate Development	12	senior executive positions for two international design-build firms, having responsibilities for strategic planning, engineering and construction. 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.
Premjith (Prem) Singh	Chief Information and Digital Officer and Vice President of Customer Care	6	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/UIIL Holdings Corporation.
James Hill	General Manager and Head of Operations	25	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	3	Ms. Calo previously served as Senior Director, Employee Relations and Human Resources 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 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 2027 budget, approximately 124 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, 2026. Negotiations are underway. Annual wage increases, through those effective in May 2025, are included in the prior 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 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 acquire the Aquarion Water Company, (iii) 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 PILOT and to provide for the maintenance, conservation and appropriate recreational use of land of the Authority, and (iv) 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.

In 2024, the Connecticut General Assembly in its general legislative session, amended the Act (i) to expand the numbers of board members from five to seven and allow that two of such board members be permitted to live outside of the District effective January 1, 2025 and effective upon enactment into law (ii) to increase the dollar thresholds needed for RPB approval for the (a) repair, improvement, construction, reconstruction, enlargement or extension of any of the Authority's properties or systems costing more than \$3,500,000 from \$2,000,000 and (b) acquisition of or subsequent investment in any noncore business costing more than \$1,500,000 from \$1,000,000, expanded the definition of "non-core" to include "sustainable manufacturing support" among other changes.

### **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 seven 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 \$3,500,000, (iii) the acquisition of or subsequent investment in any noncore business costing more than \$1,500,000, (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. Should the Aquarion Acquisition be approved by PURA, the Office of Consumer Affairs will advocate for consumer interests for customers of the Aquarion Water Authority as well as the Authority and the expenses of such office will be shared by the Authority and the Aquarion Water Authority.

## **WATER SYSTEM SERVICE AREA**

### **Service Area**

As of May 31, 2025, the Water System serves approximately 121,000 customers, representing approximately 432,000 individuals in 15 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 502 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 that provide for the sale of not less than 200 million gallons per year and also provides water to the City of Meriden. Additionally, the Authority sells small quantities of wholesale water to Aquarion under "take and pay" agreements estimated at 58 million gallons annually for the current fiscal year. 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 year 2021 being the last year for such \$75,000 payment and provides water at a wholesale rate. This agreement remains in effect for 50 years from initial 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 billings are expected to be approximately \$1,147,000 in fiscal year 2026.

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 22,300 people. The total compensation, including employee benefits, to its employees approximates \$.6 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 45,900.

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>	<u>Dec. 2024</u>	<u>Dec. 2025</u>
Ansonia	8,713	8,718	8,611	8,807	9,913
Bethany	3,193	3,199	3,171	3,243	3,218
Branford	16,160	16,189	16,047	16,412	15,637
Cheshire	15,830	16,858	15,719	16,077	13,510
Derby	6,295	6,299	6,221	6,363	6,230
East Haven	15,700	15,728	15,591	15,945	15,263
Hamden	35,405	35,468	35,158	35,957	32,704
Milford	29,734	29,753	29,388	30,056	30,875
New Haven	64,679	64,795	64,228	65,688	67,472
North Branford	8,281	8,296	8,224	8,411	7,235
North Haven	13,538	13,563	13,444	13,750	13,351
Orange	7,430	7,443	7,378	7,546	7,403
Seymour	8,561	8,566	8,461	8,654	9,055
West Haven	30,039	30,093	29,829	30,507	27,652
Woodbridge	4,674	4,677	4,620	4,725	4,481
Total	268,232	269,645	266,090	272,141	263,999
Percentage Change from Prior Period	8.8	0.5%	-1.3%	2.3%	-3.0%
Connecticut residents employed in Connecticut	1,841,798	1,840,159	1,813,000	1,876,324	1,842,300
Percentage Change from Prior Period	9.0%	-0.1%	-1.5%	3.5%	-1.8%

\* 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 2022, 2023 and 2024 are from Connecticut Department of Labor – Office of Research as of December 2024.

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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			
	2022 <sup>(a)</sup>	% Change	2023 <sup>(b)</sup>	% Change	2024 <sup>(c)</sup>	2024 <sup>(d)</sup>	% Change	2025 <sup>(e)</sup>
	Ansonia	18,923	0.45%	19,008	0.98%	19,195	18,140	-0.22%
Bethany	5,277	-0.11%	5,271	1.01%	5,324	10	-20.00%	8
Branford	28,148	-0.42%	28,031	1.49%	28,448	28,031	-0.67%	27,844
Cheshire	28,994	0.71%	29,200	4.83%	30,610	24,304	1.51%	24,670
Derby	12,358	0.39%	12,406	4.10%	12,915	10,854	0.06%	10,861
East Haven	27,682	-0.54%	27,533	1.53%	27,953	27,533	-0.33%	27,443
Hamden	60,809	-1.31%	60,014	2.49%	61,510	54,684	0.09%	54,735
Milford	52,679	0.22%	52,793	1.14%	53,396	52,087	-0.34%	51,911
New Haven	138,915	-2.59%	135,319	1.66%	137,562	124,340	0.37%	124,803
North Branford	13,464	-0.36%	13,415	1.01%	13,551	5,159	-1.92%	5,060
North Haven	24,114	0.75%	24,295	2.26%	24,844	21,491	0.40%	21,577
Orange	14,258	0.45%	14,322	0.76%	14,431	11,019	-0.44%	10,970
Seymour	16,809	0.86%	16,953	1.10%	17,139	805	-0.87%	798
West Haven	55,004	-0.39%	54,790	1.08%	55,379	51,980	0.30%	52,134
Woodbridge	<u>9,051</u>	<u>-0.33%</u>	<u>9,021</u>	<u>1.21%</u>	<u>9,130</u>	<u>1,483</u>	<u>5.19%</u>	<u>1,560</u>
Total	506,485	-0.81%	502,371	1.79%	511,387	431,920	0.13%	432,474

- (a) The State of Connecticut Department of Public Health estimates as of July 1, 2022.  
 (b) The State of Connecticut Department of Public Health estimates as of July 1, 2023.  
 (c) The State of Connecticut Department of Public Health estimates as of July 1, 2024.  
 (d) Estimated by the Authority as of May 31, 2024, respectively.  
 (e) Estimated by the Authority as of May 31, 2025, respectively.

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## UNEMPLOYMENT IN SERVICE AREA\*

<b>City/Town</b>	<b>Dec. 2021</b>	<b>Dec. 2022</b>	<b>Dec. 2023</b>	<b>Dec. 2024</b>	<b>Dec. 2025</b>
Ansonia	6.7	4.7	5.1	3.8	5.3%
Bethany	2.8	2.9	3.4	2.3	3.2%
Branford	3.3	2.7	3.1	2.3	3.6%
Cheshire	0.3	2.4	2.7	1.8	3.3%
Derby	5.3	3.6	5.2	3.7	5.2%
East Haven	4.7	3.4	4.0	2.7	4.2%
Hamden	3.8	2.8	3.3	2.3	3.9%
Milford	3.9	3.1	3.6	2.5	3.4%
New Haven	5.0	3.4	4.2	3.0	4.4%
North Branford	4.1	2.8	3.1	2.3	3.8%
North Haven	3.0	2.9	3.3	2.2	3.4%
Orange	3.1	2.7	2.7	2.0	3.2%
Seymour	4.5	3.6	4.2	2.9	4.2%
West Haven	4.4	3.3	3.9	2.7	4.5%
Woodbridge	2.5	2.5	3.1	1.7	3.1%
State of Connecticut	4.3%	3.2%	3.9%	2.7%	4.1%
United States	3.7%	3.3%	3.5%	3.8%	4.1%

\* 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 2021, 2022, 2023, 2024 and 2025 are from Connecticut Department of Labor Office of Research (2022 benchmark) as of December, 2025.

## NUMBER OF NEW HOUSING UNITS IN SERVICE AREA\*

<b>City/Town</b>	<b>Dec. 2020<sup>(a)</sup></b>	<b>Dec. 2021</b>	<b>Dec. 2022</b>	<b>Dec. 2023</b>	<b>Dec. 2024<sup>(a)</sup></b>
Ansonia	0	1	8	11	4
Bethany	6	7	5	3	4
Branford	24	27	19	73	(33)
Cheshire	26	37	141	509	149
Derby	6	7	(9)	197	1
East Haven	8	2	7	22	105
Hamden	48	0	(20)	64	9
Milford	135	188	60	193	42
New Haven	736	292	509	508	483
North Branford	4	14	8	7	7
North Haven	10	10	44	159	104
Orange	16	29	121	0	1
Seymour	5	8	43	21	17
West Haven	5	4	0	(32)	27
Woodbridge	3	13	8	19	34
<b>Total</b>	<b>1,032</b>	<b>639</b>	<b>944</b>	<b>1,754</b>	<b>954</b>
Percentage Change Over Prior Period <sup>(a)</sup>		-38.1%	47.7%	85.8%	-45.6%
State of Connecticut	4,971	4,085	4,991	7,394	5,952
Percentage Change Over Prior Period		-17.8%	22.2%	48.1%	-19.5%

<sup>(a)</sup> 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, 2025 the Water System provided water service to approximately 121,000 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 2025 accounted for approximately 71% of water consumption and approximately 69% of water revenues (including private and public fire protection).

Excluding its wholesale customers the following table ranks the Authority's 10 largest customers, based on their consumption. In fiscal year 2025, these 10 customers represented 8.1% of the Water System's total consumption and 6.2% of its revenues.

**TEN LARGEST CUSTOMERS IN SERVICE AREA**

<u>Rank</u>	<u>Customer</u>	<u>Percentage of FY 2025 Consumption</u>	<u>Percentage of FY 2025 Revenue</u>
1	Yale University	3.8%	2.9%
2	Yale New Haven Hospital	1.0%	0.8%
3	Quinnipiac University	0.6%	0.5%
4	Milford Power Company	0.6%	0.4%
5	Southern Connecticut State University	0.5%	0.4%
6	Connecticut Department of Corrections - Cheshire	0.4%	0.3%
7	PSEG Power CT	0.4%	0.3%
8	VA Connecticut Healthcare System – West Haven	0.4%	0.3%
9	University of New Haven	0.3%	0.2%
10	Bozzuto’s Warehouse Inc.	0.3%	0.2%
Total		8.1%	6.2%

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.

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## WATER REVENUES, CONSUMPTION AND CUSTOMERS BY CLASS

<b>Revenues From Sales of Water:</b>	<u><b>FY 2021</b></u>	<u><b>FY 2022<sup>(4)</sup></b></u>	<u><b>FY 2023</b></u>	<u><b>FY 2024</b></u>	<u><b>FY 2025<sup>(5)</sup></b></u>
Residential.....	\$86,527,376	\$83,756,583	\$88,270,192	\$90,659,510	\$92,452,369
Commercial .....	16,838,630	18,317,324	19,505,376	20,076,353	20,183,195
Industrial .....	2,081,601	1,820,356	2,430,726	2,298,951	2,707,467
Public Authority .....	2,564,286	3,069,634	3,400,775	3,266,497	3,379,670
Other <sup>(1)</sup> .....	<u>13,278,911</u>	<u>13,724,387</u>	<u>14,370,906</u>	<u>14,925,344</u>	<u>15,370,853</u>
Total .....	\$121,290,804	\$120,688,284	\$127,977,975	\$131,226,655	\$134,093,554
<b>Gallons Used (in thousands):</b>					
Residential.....	10,250,130	9,456,044	9,449,581	9,026,265	9,907,642
Commercial .....	2,576,055	2,637,572	2,724,731	2,699,741	2,697,471
Industrial .....	358,881	292,446	397,095	357,214	414,104
Public Authority .....	548,401	575,762	633,909	663,303	599,009
Other <sup>(2)</sup> .....	<u>354,892</u>	<u>425,080</u>	<u>391,580</u>	<u>357,143</u>	<u>311,534</u>
Total .....	14,088,359	13,386,904	13,596,896	13,103,666	13,929,760
<b>Number of Customers:</b>					
Residential <sup>(7)</sup> .....	109,390	109,556	109,746	110,067	108,899
Commercial <sup>(6)(7)</sup> .....	6,633	6,585	6,573	6,541	7,611
Industrial <sup>(7)</sup> .....	219	217	217	219	325
Public Authority <sup>(6)(7)</sup> .....	597	645	641	629	670
Other <sup>(3)(7)</sup> .....	<u>3,115</u>	<u>3,127</u>	<u>3,148</u>	<u>3,230</u>	<u>3,500</u>
Total .....	<b>119,954</b>	<b>120,130</b>	<b>120,325</b>	<b>120,686</b>	<b>121,005</b>

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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) Gallons Used is preliminary estimate subject to change.
  - (6) Includes reclassification of 48 accounts from Commercial to Public Authority in FY 2022.
  - (7) Includes customer class reclassification associated with a system conversion in FY 2025.

### Other Activities

The Authority provides various fee-based services on a regional or local basis. For example, it offers its customers service protection plans, 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 (“CTDPH”) 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 170.86 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 the well diversion permits was approved by DEEP in 2021 and expires in 2046. 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 Granular Activated Carbon (GAC) 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. The Authority's distribution and transmission facilities include the following: 36 facilities with pumping equipment, 36 storage tanks including two covered reservoirs, and approximately 1,729 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 21.9% of the mains in the Water System are less than 40 years old, and approximately 40.7% 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 was deferred for some time and resumed in fiscal 2026. These programs are continuously reviewed to evaluate the impacts, and given our historical investment in the distribution system. 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 and in 2026 there will be an

additional complete update to the hydraulic model. 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, 2070. 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 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, short term droughts, and wildfires. 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, wildfires, 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 year 2027;
- 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; and
- 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 adopted in 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 2025 amounted to 1.699 billion gallons, or 10.62% 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 its 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 it has: (1) completed accuracy testing for all of its 10 Source Flow Meters (completed August 2011, last updated 2024) and continues testing on a periodic basis; (2) replaced the Source Flow Meters at its two largest surface water treatment plants (June 2013); and (3) 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 27.9% of the total distribution system in 2025. The Authority established a program in fiscal year 2023 using new technology and this technology uses artificial intelligence and machine learning to detect the leaks in the distribution system. Today, this system is used in combination with traditional acoustic leak detection, and system-wide satellite surveys to allow the Authority to locate and repair leaks of varying characteristics, including non-surfacing leaks that would have otherwise gone undetected.

The Authority completed a Water Audit for fiscal year 2025 utilizing the AWWA's Water Audit Software tool. The real losses calculated through the audit amount to a total volume of 1.37 billion gallons, total unit losses of 29.4 gal/conn/day, and an Infrastructure Leakage Index (ILI) of 1.2. 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.

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## WATER CONSUMPTION DATA

(Figures in Thousands)

	<u>FY 2021</u>	<u>FY 2022<sup>(5)</sup></u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025<sup>(6)</sup></u>
Total Gallons Produced	16,239,976	15,815,238	15,696,646	15,255,717	16,008,595
Total Gallons Used <sup>(1)</sup>	14,088,359	13,386,905	13,596,896	13,103,666	13,929,760
Total Gallons Unaccounted-for <sup>(2)</sup>	1,998,298	2,282,412	1,925,226	1,942,259	1,826,387
Percent Total Gallons Unaccounted for	12.30%	14.43%	12.27%	12.73%	11.41%
Estimated Miscellaneous Usage <sup>(3)</sup>	108,483	92,002	98,403	92,950	126,948
Net Unaccounted-for Water <sup>(4)</sup>	1,889,816	2,190,410	1,826,823	1,849,309	1,699,439
Percent Net Unaccounted-for Water	11.64%	13.85%	11.64%	12.12%	10.62%

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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 “Land Use Plan”) in 1983 for its landholdings. Subsequent to the adoption of the Land Use Plan, the Authority implemented a number of uses consistent with the Land Use Plan, including a permit based recreation program. If located on a public drinking water supply watershed, recreational uses require the approval of the RPB and the CTDPH. They may also require applicable municipal approvals. Any sale, lease, or exchange of an interest in real property requires the approval of the RPB and the CTDPH.

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. Approval of an update to the Land Use Plan is currently pending.

In March 2007, the Authority reviewed its significant landholdings and identified an additional 800 acres of land not needed for the operation, protection and maintenance of the water system. The Authority intends to sell these 800 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 nine 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 2025, the Authority's land holdings totaled approximately 27,836 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 ("CESQGs"). 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 CESQGs 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 2025 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. Additionally, the Authority reviewed and updated all utility related emergency response procedures based on the findings of the most current vulnerability assessment. In accordance with the requirements of the America's Water Infrastructure Act of 2018, AWIA vulnerability assessments will continue to be conducted on a five-year cycle.

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 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 include establishing strong passwords for network access, installing firewalls, system monitoring and alerts, spam filtering, anti-virus/malware software, centralized logging, 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, Domain Name System filtering, Indicators of Compromise for pre-attack and pre-malware alerts, Denial of Service, and Intrusion Detection/Intrusion Prevention Systems, 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, which proactivity prevents and protects the Authority from ransomware threats utilizing machine learning capabilities and ensures for quick 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 (DHS") from assessments to penetration tests. This governance body includes members of the leadership team, subject matter experts and outside resources when needed. The Authority also participates in the monthly State of Connecticut Cybersecurity Committee. Authority cyber/technology team also significantly partners with the CT AWWA Smart water committee to discuss best practices across the industry.

The Authority has established a Risk Mitigation Team which strategically identifies risks impacting RWAs ability to deliver products and services to our customers and constituents. The Risk Mitigation Team's mission is to oversee the Enterprise Risk Management Operational Strategy, identifying the impact of potential risks to the Authority and maintaining controls and action plans to reduce the probability and impact of identified risks.

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 training recommended by the 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 Supervisory Control and Data Acquisition ("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 Cybersecurity 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 implemented advanced drone-detection technology to enhance our police department's ability to respond to aerial threats. This system allows officers to identify drone operators at the source and analyze flight patterns, improving our capacity to investigate and address unauthorized drone activity.

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. Authority in collaboration with EPA and other state and federal agencies developed Cyber Insurance guidelines and factsheet for Drinking Water and Waste Water systems across united states.

The Authority has completed various assessments including:

- Cybersecurity Maturity Model Certification (CMMC). 2026, 2025
- DHS/CISA (Cybersecurity Infrastructure Security Agency) Ransomware Readiness Assessment (RRA) 2025, 2026
- Cyber Nutmeg Conference United States Army National Guard 2025
- DHS Cyber Reliance Review performed for Critical National Infrastructure, using Computer Emergency Response Team Resilience Management Model and National Institute of Standards and Technology - Cybersecurity Framework
- DHS weekly penetration tests on all internet facing IP addresses. 2026 Weekly
- Mercer Health & Benefits LLC Health Insurance Portability and Accountability Act (HIPAA) Audit 2025
- Assessment under the America's Water Infrastructure Act-Risk Assessment and Management for Critical Asset Protection (AWIA-RAMCAP) and certification to EPA 2025
- DHS Cyber Reliance Review performed for Critical National Infrastructure, using Computer Emergency Response Team Resilience Management Model and National Institute of Standards and Technology - Cybersecurity Framework
- Beazley Insurance supplemental application ransomware assessment for insurance. 2026

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 six-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 \$3.5 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 2027 through 2031 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. 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. The below capital improvement program (the “CIP”) for fiscal years 2027 through 2031 is pending approval. Final approvals are expected in May 2026.

Information concerning the Authority's CIP is shown in current 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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**South Central Connecticut Regional Water Authority**  
**5-Year Plan of Capital Improvements**  
(000's omitted)

	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029	Fiscal Year 2030	Fiscal Year 2031	TOTAL
<b>NATURAL RESOURCES (1)</b>						
Land Management	\$ 25	\$ 50	\$ 50	\$ 50	\$ 50	\$ 225
Watershed Protection	100	100	100	100	100	500
Improvements to Reservoir Intakes	150	100	-	-	-	250
Improvements to Reservoir Dams & Spillways	3,700	16,250	16,575	14,900	9,525	60,950
Bridge Refurbishments	150	150	150	150	75	675
Tunnel Repairs & Improvements	25	150	150	250	250	825
Miscellaneous	370	560	714	540	1,085	3,269
	<b>4,520</b>	<b>17,360</b>	<b>17,739</b>	<b>15,990</b>	<b>11,085</b>	<b>66,694</b>
<b>TREATMENT (2)</b>						
Lake Saltonstall WTP Process Improvements	2,030	4,938	4,512	1,150	1,200	13,830
Lake Gaillard WTP Process Improvements	2,000	547	1,850	3,075	1,150	8,622
West River WTP Process Improvements	2,173	275	275	345	750	3,818
Lake Whitney WTP Process Improvements	1,130	925	2,100	1,450	2,100	7,705
Improvements to Groundwater Treatment Facilities	1,843	2,050	2,550	3,400	2,675	12,518
Filter Media Replacement	-	-	-	900	900	1,800
Miscellaneous	690	150	750	300	250	2,140
	<b>9,866</b>	<b>8,885</b>	<b>12,037</b>	<b>10,620</b>	<b>9,025</b>	<b>50,433</b>
<b>TRANSMISSION &amp; PUMPING (3)</b>						
Pipe and Transmission Main	9,695	3,925	5,760	7,350	5,875	32,605
Cleaning and Lining	3,000	3,000	3,000	3,000	3,000	15,000
Lead Service Line Replacements	2,500	1,500	2,500	2,500	5,000	14,000
Valve Replacements	400	400	400	400	250	1,850
Service Connections & Hydrants	2,525	2,525	2,575	2,575	2,575	12,775
Meters	450	500	450	450	500	2,350
Tank Painting & Improvements	2,148	2,100	2,800	2,723	3,452	13,223
Tank Construction/Replacement	1,750	4,275	4,420	2,494	3,000	15,939
Motor Control Center Replacements/Electrical Improvements	100	150	150	150	200	750
Critical Pump Station & Transmission Facilities Upgrades	185	200	200	200	200	985
Variable Frequency Drive Replacements	150	150	200	200	200	900
Pump Station Generator Replacements	650	250	1,000	-	-	1,900
Raynham Hill Pump Station Improvements	100	1,970	-	-	-	2,070
Spring Street Pump Station Replacement	50	75	100	555	2,015	2,795
Lake Gaillard Pump Station Improvements	250	200	200	-	-	650
Devonwood Drive, Cheshire Booster Pump Station	155	1,200	-	-	-	1,355
Miscellaneous	2,475	5,757	1,880	1,934	528	12,574
	<b>26,583</b>	<b>28,177</b>	<b>25,635</b>	<b>24,531</b>	<b>26,795</b>	<b>131,721</b>
<b>GENERAL PLANT (4)</b>						
Information Systems	1,419	1,645	750	690	1,915	6,419
Data Center Life Cycle Replacements	595	500	500	500	500	2,595
System-Wide RTU Upgrade	-	-	-	-	-	-
Equipment	1,959	1,301	1,200	1,350	1,042	6,852
90 Sargent Drive	320	220	195	495	475	1,705
	<b>4,293</b>	<b>3,666</b>	<b>2,645</b>	<b>3,035</b>	<b>3,932</b>	<b>17,571</b>
<b>CONTINGENCY</b>	<b>453</b>	<b>581</b>	<b>581</b>	<b>542</b>	<b>508</b>	<b>2,664</b>
<b>PROJECT RESERVE</b>	<b>8,805</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,805</b>
<b>TOTAL</b>	<b>\$ 54,520</b>	<b>\$ 58,669</b>	<b>\$ 58,637</b>	<b>\$ 54,718</b>	<b>\$ 51,345</b>	<b>\$ 277,888</b>
<b>Net Total</b>	<b>\$ 54,520</b>	<b>\$ 58,669</b>	<b>\$ 58,637</b>	<b>\$ 54,718</b>	<b>\$ 51,345</b>	<b>\$ 277,888</b>
<b>CONSTR. FUND STATE &amp; REDEV REVOLV. ACCT</b>	<b>\$ 3,000</b>	<b>\$ 3,000</b>	<b>\$ 3,000</b>	<b>3,000</b>	<b>3,000</b>	<b>\$ 15,000</b>
<b>COMMERCIAL (6)</b>	<b>\$ 95</b>	<b>\$ 25</b>	<b>\$ 25</b>	<b>25</b>	<b>25</b>	<b>\$ 195</b>

- (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., concluded, in part, the following:

1) 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.

2) The funding of operations and maintenance activities appears to be satisfactory. The Authority is operating and maintaining its infrastructure and facilities at generally accepted industry standards. It appears that critical facilities are effectively maintained. The Authority devotes a level of attention to critical facilities that is commensurate with the perceived risk.

3) 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.

4) The Authority has a good track record of compliance with 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.

5) Dam inspection intervals meet or exceed DEEP requirements and based on available inspection report the dams are being maintained appropriately.

### **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 ("SDWA")**

The federal 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 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 CTDPH for approval.

The latest Sanitary Survey was completed in June 2024. The Authority received the CTDPH Sanitary Survey Report dated February 10, 2025. All of the significant deficiencies, minor deficiencies and items in the Applicable Regulatory Section have been addressed, detailed in the May 30th Sanitary Survey Report Update to the CTDPH. RWA is continuing to address additional recommendations from the 2024 Sanitary Survey.

Regarding future regulations specific to the Surface Water Treatment Rule, the Authority is actively engaging in numerous activities necessary to continue to achieve compliance with the final Lead and Copper Rule Improvements. Activities include the development of an Initial Service Line Inventory, communications with customers, collaboration with municipal partners and submission of applications for financial assistance via the DWSRF program. EPA regulation of per and polyfluoroalkyl substances (PFAS) has been proposed and the Authority is also actively preparing for these requirements including an in-house design and construction of a PAC pilot treatment system for one of our well field resources; we are also monitoring for possible changes to this regulation. The Authority had previously submitted a claim against the 3M as part of a class action settlement and received an initial amount associated with the settlement. Additional class action settlement activity has been initiated against Tyco and BASF. The Authority is also pursuing DuPont outside the class. The Authority continues to upgrade source water control structures, treatment processes and distribution system management associated with requirements of the Disinfection/Disinfectant Byproducts Rule and associated revisions expected in 2027.

The Authority's capital and operating budgets include money for compliance. Preliminary estimate updates associated with the Lead and Copper Rule Revisions that were made as part of the 2022 through 2025 10-year model, and the five-year capital plan reflects the then-current estimates that fall within fiscal years 2027 through 2031. These preliminary estimates will continue to be refined. Estimates include customer-side replacements. The Authority 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. While there is no lead in the water the Authority 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. The Authority submitted its service line inventory, as required.

As allowed by federal regulation, the EPA has delegated its authority to the CTDPH. As a result, the CTDPH 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 ("WTPs") 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 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. 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 (the “State Water Plan”) in 2019. The Authority actively participated in the development of the State Water Plan to ensure that its interests were duly represented. It is possible in coming years that policies and recommendations within the State Water 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>2023</u>	<u>2024</u>	<u>2025</u>
Operating Revenues:			
Water Revenues	\$131,968	\$135,660	\$138,830
Other	<u>12,390</u>	<u>16,112</u>	<u>22,588</u>
Total operating revenues	144,358	151,772	161,418
Operating Expenses:			
Operating and Maintenance	58,480	62,299	67,107
Expenses Associated with Other Revenue	8,648	9,821	14,862
Depreciation	25,872	26,397	28,349
Payments-in-Lieu-of-Taxes (PILOT)	<u>8,524</u>	<u>8,767</u>	<u>8,937</u>
Total Operating Expenses	<u>101,524</u>	<u>107,284</u>	<u>119,255</u>
Operating Income	42,834	44,488	42,163
Non-operating Income and Expenses:			
Interest Expense – Net	-14,088	-11,049	-12,050
Gain (Loss) on Disposal of Assets	-2,229	-859	-878
Realized and Unrealized Gains (Losses) on Investments	-255	412	189
Amortization of Bonds Discount, Premium, Issuance Costs and Deferred Refunding Losses	2,742	2,222	1,784
Intergovernmental Revenue	490	1941	2,330
Other Income (Expense), Net	<u>-237</u>	<u>124</u>	<u>55</u>
Total Non-Operating Expenses	<u>-13,577</u>	<u>-7,209</u>	<u>-8,570</u>
Gain Before Contributions	29,257	37,279	33,593
Capital Contributions	<u>1,781</u>	<u>4,240</u>	<u>3,689</u>
Change in Net Position	<u>\$31,038</u>	<u>\$41,519</u>	<u>\$37,283</u>

### Summary of Fiscal Year 2024, Fiscal Year 2025 and Projected Fiscal Year 2026 Authority Operations

The change in water revenues from fiscal 2024 to fiscal 2025 is primarily due to the rate increase that went into effect on January 3, 2025. The primary driver of the increase in other revenues is the Homeowner Safety Valve (HSV) transaction that occurred on July 1, 2024, and the full-year impact of the October 2023 acquisition by RWA Well Services.

Operating and maintenance expenses from fiscal 2024 to fiscal 2025 increased by approximately \$4.8 million. The larger increases are due to payroll expense, employee benefits and electric services. The increase in electric services is primarily due to public benefit charges and the increase in employee benefits is impacted by the implementation of GASB 101, compensated absences. Pension expense, under GASB 68 decreased from fiscal 2024 to fiscal 2025. However, Other Post Employment Benefits (OPEB) expense, under GASB 75, increased. There are other net changes across multiple accounts.

For further details, see “APPENDIX B - Audited Financial Statements of the Authority for Fiscal Years Ended May 31, 2025 and May 31, 2024 - Management’s Discussion and Analysis.”

The Authority is currently projecting water revenues to be higher than anticipated in the budget. Interest rates have also remained higher than anticipated and debt service expense has been favorably impacted due to the timing of the DWSRF financing. PILOT is also under budget due to mill rate reductions in certain jurisdictions.

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 2025, 2024, 2023, 2022 and 2021 was 1.42x, 1.53x, 1.60x, 1.60x and 1.48x, respectively, each of which exceeded the 1.25x coverage required by the General Bond Resolution. Presented below is a summary of debt service coverage results for fiscal years 2025, 2024, 2023, 2022 and 2021 and as projected for fiscal year 2026, 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”), authorized state and local governments to issue two general types of taxable bonds, known as “Build America Bonds” or “BABs” with the federal government providing subsidies for a portion of their borrowing cost. One type of BABs 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. The Water System Revenue Bonds, 2010 Series A (the “2010 Series A Bonds”) were issued as direct payment BABs on April 6, 2010 in the original par amount of \$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 2010 Series A Bonds 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 2010 Series A Bonds are 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 2010 Series A Bonds. However, if the subsidy payments are reduced or eliminated, the 2010 Series A Bonds 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 was 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 payments received by the Authority in fiscal years 2024 and 2025. The percent is subject to further change. The interest subsidy received totaled approximately \$644 thousand for the fiscal year ended May 31, 2025 and \$657 thousand for the fiscal year ended May 31, 2024. These amounts have been adjusted for an over payment in fiscal 2024 adjusted in fiscal 2025 and excludes interest.

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**DEBT SERVICE COVERAGE FOR LAST FIVE YEARS  
AND PROJECTED FOR FISCAL YEAR 2026**

(Thousands of Dollars)

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u> <i>(Projected)</i>
<b>Revenues (collected)</b>						
Collected Water Sales and Other Revenues .....	\$124,109	\$132,467	\$136,117	\$140,671	\$141,544	\$150,158
Rate Stabilization Fund						
BABs Subsidy .....	663	657	657	680	618	616
Collected Investment Income	258	204	3,435	5,423	5,084	4,658
Total Revenues.....	<u>125,030</u>	<u>133,328</u>	<u>140,209</u>	<u>146,774</u>	<u>147,246</u>	<u>155,432</u>
<b>Less</b>						
Operating and Maintenance Expenses incurred .....	54,688	57,070	60,456	67,326	71,028	73,772
Depreciation.....	6,500	6,917	7,500	8,875	9,729	10,750
Payments in Lieu of Taxes PILOT (A) .....	8,528	8,554	8,518	8,747	8,912	9,000
Total Expenses .....	<u>69,716</u>	<u>72,541</u>	<u>76,474</u>	<u>84,948</u>	<u>89,669</u>	<u>93,522</u>
<b>Net Revenues (B) .....</b>	<u>55,314</u>	<u>60,787</u>	<u>63,735</u>	<u>61,826</u>	<u>57,577</u>	<u>61,910</u>
<b>Debt Service Paid on the Bonds (C).....</b>	<u>\$43,268</u>	<u>\$43,467</u>	<u>\$45,238</u>	<u>\$46,006</u>	<u>\$46,780</u>	<u>\$46,749</u>
<b>Coverage After PILOT (B/C).....</b>	<u>1.28</u>	<u>1.40</u>	<u>1.41</u>	<u>1.34</u>	<u>1.23</u>	<u>1.32</u>
<b>Coverage Before PILOT ((A + B)/C) .....</b>	<u>1.48</u>	<u>1.60</u>	<u>1.60</u>	<u>1.53</u>	<u>1.42</u>	<u>1.52</u>

In June 2025 the Authority, after evaluating operational obligations for fiscal year 2026, transferred approximately \$20.3 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 moneys to be used for commercial activities from the General Fund; the Authority then transferred \$1.75 million into the Growth Fund, added \$2.5 million to the General Fund, and transferred approximately \$16.1 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, 2025 the Rate Stabilization Fund balance was \$10.0 million and the General Fund balance was at approximately \$15.5 million. As of June 30, 2025, the beginning of fiscal 2026, the amount of money in the Growth Fund was \$5.8 million, excluding interest earnings. During fiscal year 2025, approximately \$3.9 million of the Growth Fund was used towards the purchase of the Homeowners Safety Valve transaction and the regional supply strategy. During fiscal 2026, the Growth Fund and the General Fund have also been used for regional supply strategy. While the Growth Fund is targeted for new commercial activities, the moneys 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, 2025 are approximately \$6.2 million and \$12.3 million at market value, respectively. The Authority can draw on both of these funds to pay debt service, if necessary.

**Pension Plans**

The Authority is the administrator of two noncontributory single employer defined benefit pension plans (the “Pension Plans”) that it administers under a master trust agreement, one for salaried employees and one for bargaining unit employees. The Pension Plans provide retirement and disability to the Pension 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., (the “Angell Group”) actuarial valuation reports with respect to the Pension Plans. The actuarial valuation reports as of January 1, 2026 are being used for fiscal year 2027. The annual investment return assumption is 6.75%. The PubG.2016 Above Median Employee, Healthy Annuitant, and Disabled Retiree (Male/Female) with MP-2021 projection scale was used for the Salaried Plan and the PubG-2016 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 year 2025 actuarial required contribution (“ARC”) was \$2,481,043 and the fiscal year 2025 budgeted contribution was \$3,481,043. In fiscal year 2026, the ARC \$2,222,109 and the approved contribution is \$3,222,109. In fiscal 2026, an additional pension contribution may be made.

In addition, the Angell Group made additional calculations to determine the Pension Plans’ liabilities and net positions as of May 31, 2025. The reports and the additional calculations, in accordance with governmental accounting standards, provided that, as of May 31, 2025 the total pension liability was \$88,255,184 and the Pension Plans’ fiduciary net position of the assets was \$79,459,755 leaving a net liability of \$8,795,429.

As of May 31, 2024, the total pension liability was \$86,949,718 and the Pension Plans’ fiduciary net position of assets was \$75,327,269, leaving a net liability of \$11,622,449.

See also “APPENDIX B - Audited Financial Statements of the Authority for Fiscal Years Ended May 31, 2025 and May 31, 2024 – Note 13: Defined Benefit Pension Plans” and “Required Supplementary Information” following the notes.

### **Other Post-Employment Benefits**

The Authority’s 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: minimum 65 years old with 10 years of service or the sum of age and service (at least 10 years) is at least 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, 2025 determined the total liability in the amount of \$25,513,409, an asset value of \$10,332,335 and a net liability of \$15,181,074. 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 4.5%. In fiscal year 2025, the Authority made cash contributions to the OPEB Trust of \$1,694,075. In fiscal 2026, the planned contribution is \$1,570,423. The Authority is making monthly contributions consistent with the recommended cash contribution.

The January 2026 valuation report provided that the Authority’s recommended cash contribution payable to the OPEB Trust for fiscal year 2027 is \$1,719,952.

See also “APPENDIX B - Audited Financial Statements of the Authority for Fiscal Years Ended May 31, 2025 and May 31, 2024 – 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 is currently operating under the fiscal 2026 strategic plan, a one-year plan modeled after the FY2020–FY2025 framework and the strategic plan for fiscal 2027 is being finalized. The Authority’s previous strategic plan was a five-year strategic plan for the period fiscal year 2020 to fiscal year 2025. Similar to the strategic plan for the period fiscal years 2015 through 2019, 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 strategic plans as well as the annual updates incorporate strategic goals that guided the organization for several years.

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 moneys 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 15 years and is not expected to draw from this fund in fiscal 2026. 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 RPB 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 board which compares operating results with budgeted amounts and provides an explanation of variances and their significance. It follows a similar 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 Authority board covering operations, engineering, and administration areas.

Since January 2022, the Authority converted all its metered water customers to monthly billing. Private fire is also billed monthly. Public fire protection charges are billed every six months. The provision for uncollectible accounts as of May 31, 2025 and 2024 was \$3,016,800 and \$3,968,699, respectively. The Authority can place liens on property for unpaid water service and charges interest on bills unpaid 30 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 RPB 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 \$3,500,000 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 Fortieth Series Refunding 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 Fortieth Series Refunding Bonds or in any way contesting or affecting the existence of the Authority or the validity of the Fortieth Series 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 Fortieth Series Refunding Bonds or the pledge or application of any moneys or security provided for the payment of the Fortieth Series Refunding Bonds or the powers of the Authority related to the issuance of the Fortieth Series 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 Fortieth Series Refunding Bonds.

## **TAX MATTERS**

### **Federal Income Taxes**

In the opinion of Bond Counsel, under existing law, (i) interest on the Fortieth Series Refunding Bonds is excludable 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 Fortieth Series 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 Code. The Code and regulations promulgated thereunder establish certain requirements which must be satisfied at and subsequent to the issuance of the Fortieth Series Refunding Bonds in order that interest on the Fortieth Series 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 Fortieth Series Refunding Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Fortieth Series 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 Fortieth Series 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 Fortieth Series Refunding Bonds proceeds and certain other matters. The opinion of Bond Counsel delivered on the date of issuance of the Fortieth Series 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 Fortieth Series Refunding Bonds.

### **Original Issue Discount**

The initial public offering prices of certain maturities of the Fortieth Series 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 Fortieth Series 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 Fortieth Series Refunding Bonds should be aware that the ownership of Fortieth Series 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 Fortieth Series Refunding Bonds should consult their tax advisors regarding collateral federal income tax consequences. Prospective purchasers of the Fortieth Series 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 Fortieth Series 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 Fortieth Series 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 Fortieth Series 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 Fortieth Series 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 Fortieth Series Refunding Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the issuance of the Fortieth Series Refunding Bonds will not have an adverse effect on the tax status of interest on the Fortieth Series Refunding Bonds or the market value or marketability of the Fortieth Series 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 Fortieth Series Refunding Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

Investors in the Fortieth Series 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 Fortieth Series Refunding Bonds for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Fortieth Series Refunding Bonds may be adversely affected and the ability of holders to sell their Fortieth Series Refunding Bonds in the secondary market may be reduced. The Fortieth Series Refunding Bonds are not subject to special mandatory redemption, and the interest rates on the Fortieth Series Refunding Bonds are not subject to adjustment, in the event of any such change in the tax treatment of interest on the Fortieth Series 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 Fortieth Series Refunding Bonds. Prospective owners of the Fortieth Series 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 Fortieth Series Refunding Bonds.

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

## **FORTIETH SERIES REFUNDING BONDS AS LEGAL INVESTMENTS**

The Fortieth Series 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 Fortieth Series 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 Fortieth Series 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, 2025 are included in Appendix B and have been audited by CliffordLarsonAllen LLP, independent auditors, as set forth in their report dated September 23, 2025. 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 Ratings and S&P Global Ratings have assigned their municipal bond ratings of ["Aa3"] and ["AA-"], respectively, for the Fortieth Series Refunding Bonds.

Each such rating reflects or will reflect 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 Fortieth Series Refunding Bonds.

## UNDERWRITING

\_\_\_\_\_ (the "Underwriter") has agreed, subject to certain conditions and pursuant to a bond purchase agreement by and between the Authority and the Underwriter (the "Bond Purchase Agreement") to purchase from the Authority the Fortieth Series Refunding Bonds described on the inside cover page of this Official Statement. The Fortieth Series 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 Underwriter's discount of \$\_\_\_\_\_ ) and to reoffer such Fortieth Series Refunding Bonds at the public offering prices or yields set forth on the inside cover page hereof.

The Fortieth Series Refunding Bonds may be offered and sold to certain dealers (including dealers depositing the Fortieth Series 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 Underwriter. The Underwriter's obligations are subject to certain conditions precedent, and they will be obligated to purchase all the Fortieth Series Refunding Bonds if any Fortieth Series Refunding Bonds are purchased.

The Underwriter and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriter and its affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the Authority for which they received or will receive customary fees and expenses.

In the ordinary course of its various business activities, the Underwriter and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Authority.

## CONTINUING DISCLOSURE

The Authority will enter into a Continuing Disclosure Agreement for the benefit of the owners and beneficial owners of the Fortieth Series 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, 2026, 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 Fortieth Series 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") 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. The following should be noted.

As required by its then existing Continuing Disclosure Agreements by and among the Authority, the Trustee and US Bank National Association, as dissemination agent (the "Dissemination Agent"), the Authority provided to the Dissemination Agent on a timely basis its annual reports for fiscal years 2020 and 2021, including its audited financial statements and all other required information. The Authority received from the Dissemination Agent confirmations of timely filings for both annual reports. On December 4, 2024, BofA Securities, Inc., notified the Authority that the Authority's financial statements for fiscal years 2020 and 2021 were not available on the MSRB/EMMA website. Instead, the financial statements for the Town of Cheshire, Connecticut for fiscal years 2020 and 2021 had been filed under the Authority's CUSIPs on the MSRB/EMMA website. On December 6, 2024, the Authority again provided its fiscal years 2020 and 2021 financial statements to the Dissemination Agent and they were filed on the MSRB/EMMA website on December 6, 2024. On December 11, 2024, the Dissemination Agent filed its failure to file the financial statements of the Authority for fiscal years 2020 and 2021. In making these disclosures the Authority has not concluded and does not admit that the failure of the Dissemination Agent to file or the failure of the MSRB to properly post the fiscal years 2020 and 2021 financial statements for the Authority or the failure of the Dissemination Agent to timely file event notices of its failure to file the financial statements of the Authority were material failures of the Authority to comply with its continuing disclosure obligations. The Authority, however, has modified its disclosure practices to prevent such failures in the future.

## MUNICIPAL ADVISOR

Acacia Financial Group, Inc. of Mount Laurel, New Jersey serves as municipal advisor to the Authority regarding the issuance of the Fortieth Series 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 Fortieth Series 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 Fortieth Series Refunding Bonds are subject to the approval of Pullman & Comley, LLC of Hartford, Connecticut, Bond Counsel to the Authority. The opinion of Bond Counsel for the Fortieth Series Refunding Bonds will be substantially in the form attached as Appendix D to this Official Statement. Certain legal matters will be passed upon for the Underwriter by \_\_\_\_\_.

In the opinion of Bond Counsel, the enforceability of the Fortieth Series Refunding 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 THE FORTIETH SERIES REFUNDING BONDS**

### **Absence of Litigation**

Upon delivery of the Fortieth Series Refunding Bonds, the Authority shall furnish a certificate of the Authority, dated the date of delivery of the Fortieth Series Refunding 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 Fortieth Series Refunding Bonds or in any way contesting or affecting the existence of the Authority or the validity of the Fortieth Series Refunding 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 Fortieth Series Refunding Bonds will be subject to the approving opinion, dated the Date of Delivery of the Fortieth Series Refunding Bonds of Pullman & Comley, LLC, Bond Counsel to the Authority, in substantially the form attached as APPENDIX D -1 to the Official Statement.

### **Authority's Certificates**

Upon delivery of the Fortieth Series Refunding Bonds, the Authority shall furnish a certificate dated the date of delivery of the Fortieth Series Refunding Bonds, to the effect that (i) the Preliminary Official Statement, as supplemented or amended to the sale date, and the Official Statement, as of the sale date and as supplemented or amended to the Date of Delivery, does 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 Fortieth Series 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 Midlantic Drive, Suite 410, Mount Laurel, New Jersey 08054 (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 Fortieth Series 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 Fortieth Series 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.

*[Remainder of page intentionally left blank]*

The execution and delivery of this Official Statement has been authorized by the Fortieth Series Supplemental Resolution, adopted on December 18, 2025, [as amended by Resolution dated April \_\_, 2026]. The Authority deems such Official Statement final as of its date for purposes of the U.S. Securities and Exchange Commission Rule 15c2-12 but it is subject to revision or amendment.

SOUTH CENTRAL CONNECTICUT  
REGIONAL WATER AUTHORITY

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DAVID J. BOROWY  
Chairperson

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ROCHELLE KOWALSKI  
Senior Vice President, Chief Financial Officer and  
Head of Corporate Development

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY  
RESOLUTION TO APPROVE  
WATER SYSTEM REVENUE REFUNDING BONDS, FORTIETH SERIES  
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 December 18, 2025, the Authority authorized the issuance, sale and delivery of the Water System Revenue Refunding Bonds, Fortieth Series (the “Fortieth Series Bonds”), and now desires to approve an official statement providing for the public offering and sale of the Fortieth Series Bonds.

**NOW THEREFORE,**

**BE IT RESOLVED**, that for the purpose of providing for the public offering and sale of the Fortieth Series Bonds and further setting forth information relating to the Fortieth Series 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 Senior Vice President, Chief Financial Officer and Head of Corporate Development shall deem advisable or shall be necessary to provide information concerning the Fortieth Series 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 Fortieth Series Bonds.

**EXHIBIT A**

**[OFFICIAL STATEMENT]**

SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY

WATER SYSTEM REVENUE BOND RESOLUTION  
GENERAL BOND RESOLUTION

FORTIETH SERIES  
SUPPLEMENTAL RESOLUTION

*Authorizing the Issue of*

WATER SYSTEM REVENUE REFUNDING BONDS, FORTIETH SERIES  
dated the Date of Delivery

SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY  
WATER SYSTEM REVENUE REFUNDING BONDS, FORTIETH SERIES

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## SUPPLEMENTAL RESOLUTION

### Authorizing the Issuance of Water System Revenue Refunding Bonds, Fortieth Series

#### RECITALS

WHEREAS, the South Central Connecticut Regional Water Authority (the “Authority”) is authorized 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 supplemented (the “Resolution”), to issue bonds of the Authority from time to time; and

WHEREAS, the Resolution provides that such bonds shall be issued subject to the terms, conditions and limitations established by the Resolution and one or more supplemental resolutions authorizing each series of bonds; and

WHEREAS, under and pursuant to the Resolution, the Authority has from time to time authorized the issuance of bonds of the Authority pursuant to certain supplemental resolutions; and

WHEREAS, the Authority hereby determines that it is necessary and desirable that the Authority issue its Water System Revenue Refunding Bonds, Fortieth Series (the “Fortieth Series Bonds”) in one or more series 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 Resolution, if necessary and (iii) the costs of issuance related to the Fortieth Series Bonds.

NOW, THEREFORE, BE IT RESOLVED BY THE SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY AS FOLLOWS:

#### ARTICLE I

##### AUTHORITY AND DEFINITIONS

###### Section 101. Authority for Supplemental Resolution.

This supplemental resolution (the “Fortieth Series Supplemental Resolution”) to the Resolution in substantially the form presented at this meeting with such changes, omissions, insertions and revisions as the Chairperson or Vice Chairperson and President/Chief Executive Officer or Senior Vice President, Chief Financial Officer and Head of Corporate Development shall deem advisable and as set forth in the Certificate of Determination (as hereinafter defined) is adopted in accordance with the provisions of Article II and Article IX of the Resolution and pursuant to the authority contained in the Act.

Section 102. Definitions.

A. All terms defined in Section 102 of the Resolution shall have the same meanings, respectively, in this Fortieth Series Supplemental Resolution.

B. In addition, as used in this Fortieth Series Supplemental Resolution, unless the context otherwise requires, the following terms shall have the following respective meanings:

“Bond Insurance Policy” means the insurance policy, if any, issued by the Bond Insurer guaranteeing the scheduled payment of principal of and interest on the Fortieth Series Bonds when due as set forth in the Certificate of Determination.

“Bond Insurer” means the insurance company or any successor thereto or assignee thereof as set forth in the Certificate of Determination.

“Certificate of Determination” means a certificate of determination signed by the Chairperson or Vice Chairperson and the President/Chief Executive Officer or the Senior Vice President, Chief Financial Officer and Head of Corporate Development required by Section 701 hereof, setting forth the terms of the Fortieth Series Bonds, and Bond Insurer provisions, if any, and attached hereto as **Exhibit A** and made a part hereof.

“Closing Date” means that date as set forth in the Certificate of Determination.

“Continuing Disclosure Agreement” means that certain Continuing Disclosure Agreement between the Authority and U.S. Bank Trust Company, National Association, as Trustee and Dissemination Agent, to be dated the date of issuance of a series of the Fortieth Series Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“CUSIP Number” means the number assigned and disseminated by the Committee on Uniform Security Identification Procedure (“CUSIP”) Service Bureau of Standard & Poor’s, or its successor, which uniquely identifies the issuer, the type of security issued, maturity and interest rate of such security or if such identification cease to be available, CUSIP Number means any standardized security identification adopted by the Authority, which is widely available to and utilized by financial industry participants.

“Official Statement” means the Official Statement of the Authority pertaining to a series of the Fortieth Series Bonds.

C. Unless the context otherwise requires, in this Fortieth Series Supplemental Resolution words of the masculine gender shall mean and include correlative words of the feminine and neuter genders; words importing the singular number shall mean and include the plural number and vice versa; words importing persons shall include firms, associations and corporations; and the terms, “hereby”, “hereof”, “hereto”, “herein”, “hereunder” and any similar terms refer to this Fortieth Series Supplemental Resolution.

## ARTICLE II

### AUTHORIZATION OF FORTIETH SERIES BONDS

#### Section 201. Principal Amount, Designation and Series.

A series of bonds entitled to the benefit, protection and security of the Resolution is hereby authorized in the maximum amount not to exceed \$100,000,000. Such series of bonds shall be designated as, and shall be distinguished from, the Bonds of all other series by the title of “Water System Revenue Refunding Bonds, Fortieth Series.” The principal amount of the Fortieth Series Bonds shall be as set forth in the Certificate of Determination.

#### Section 202. Purpose.

The purposes for which the Fortieth Series Bonds are being issued are to finance (i) the refunding of certain maturities of the Authority’s Outstanding Bonds, (ii) funds for deposit to the Capital Contingency Fund, the Debt Reserve Fund and the Operating Reserve Fund, as necessary and (iii) the costs of issuance related to the Fortieth Series Bonds. The amount of the Fortieth Series Bonds being issued for Other Corporate Purposes is as set forth in the Certificate of Determination.

#### Section 203. Date, Maturity and Interest Rates.

The Fortieth Series Bonds shall be dated the Date of Delivery.

The Fortieth Series Bonds shall be issued as serial or term bonds or a combination of serial and term bonds which shall mature on the first day of August in the years and in the aggregate principal amounts and the rates of interest as established by the Certificate of Determination. Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

#### Section 204. Interest Payment Dates.

The Fortieth Series Bonds shall bear interest from their dated date, payable semiannually on the first day of February and August in each year commencing on the date as set forth in the Certificate of Determination to maturity.

#### Section 205. Registration, Denominations, Numbers and Letters.

The Fortieth Series Bonds shall be issued in fully registered form, without coupons, in the denomination of \$5,000 or any integral multiple of \$5,000. Subject to the provisions of the Resolution, the form of the Fortieth Series Bonds and the Trustee’s certificates of authentication shall be substantially in the form set forth in Article IV of this Fortieth Series Supplemental Resolution.

The Fortieth Series Bonds when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). Only one Bond will be issued for each maturity and CUSIP Number in the aggregate principal amount of such maturity and CUSIP Number, and initial purchases of the Bonds will be made in book-entry only form in denominations of \$5,000 or any integral multiple thereof. Purchasers of the Fortieth Series Bonds will not receive certificates representing their interest in the Fortieth Series Bonds. Unless the Authority determines otherwise, as long as the Fortieth Series Bonds are registered in the name of Cede & Co., transfers or exchanges of ownership interest in the Fortieth Series Bonds may be accomplished via book-entry transactions only, through DTC.

Section 206. Paying Agent.

The principal of, premium, if any, and interest on the Fortieth Series Bonds shall be payable at the corporate trust offices of U.S. Bank Trust Company, National Association, St. Paul, Minnesota, Trustee and Registrar and of U.S. Bank Trust Company, National Association, New York, New York, as Paying Agent. The principal of, premium, if any, and interest on all Fortieth Series Bonds shall also be payable at any other place which may be provided for such payment by the appointment of any other Paying Agent or Paying Agents, as permitted by the Resolution. Interest on the Fortieth Series Bonds shall be payable by check mailed by the Trustee to the registered owner whose name appears on the registration books of the Authority (or, at the option of any registered owner of at least one million dollars (\$1,000,000) in aggregate principal amount of the Fortieth Series Bonds, interest thereon may be paid by wire transfer to the registered owner pursuant to wire instructions furnished by such registered owner) as of the fifteenth day of January and July in each year (or the preceding business day if such fifteenth day is not a business day).

Section 207. Redemption.

A. The Fortieth Series Bonds may be subject to optional redemption as set forth in the Certificate of Determination.

B. The Fortieth Series Bonds may be subject to mandatory sinking fund redemption at 100% of the principal amount 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 and in the amounts as established by the Certificate of Determination.

C. The Fortieth Series Bonds are subject to mandatory redemption in whole at 100% of the principal amount thereof plus accrued interest to 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 as more particularly described in Section 507 of the Resolution.

Section 208. Sale of Fortieth Series Bonds.

The Fortieth Series Bonds may be sold by competitive sale in accordance with a notice of sale or by negotiated sale to such purchaser and in accordance with such terms as the Chairperson or Vice Chairperson and President/Chief Executive Officer or Senior Vice President, Chief Financial Officer and Head of Corporate Development shall determine and as set forth in the Certificate of Determination, and, in the case of a negotiated sale, pursuant to a Purchase Contract, and such officials are hereby authorized to accept a bid or execute the Purchase Contract with such terms and conditions as such officials shall determine and to sell the Fortieth Series Bonds in accordance with such bid or Purchase Contract, as the case may be.

Section 209. Official Statement.

The Official Statement of the Authority pertaining to the Fortieth Series Bonds in substantially the form as the Chairperson or Vice Chairperson and President/Chief Executive Officer or Senior Vice President, Chief Financial Officer and Head of Corporate Development shall deem advisable is hereby authorized and the Chairperson or Vice Chairperson, President/Chief Executive Officer and Senior Vice President, Chief Financial Officer and Head of Corporate Development shall sign and deliver copies of the Official Statement to the purchaser of the Fortieth Series Bonds for subsequent distribution.

Section 210. Book-Entry-Only System.

The Authority is hereby authorized to issue the Fortieth Series Bonds in book-entry-only form and to execute and enter into any agreement or instrument required by the Depository Trust Company (“DTC”), New York, New York, which will act as the initial securities depository for the Fortieth Series Bonds in order to qualify such Fortieth Series Bonds for DTC eligibility. The ownership of one fully registered Bond for each maturity and CUSIP Number, each in the aggregate principal amount of each maturity and CUSIP Number, will be registered in the name of Cede & Co., as nominee for DTC.

So long as Cede & Co. is the registered owner of the Fortieth Series Bonds, as nominee of DTC, references herein to the bondowners or registered owners of the Fortieth Series Bonds shall mean Cede & Co. and shall not mean the beneficial owners of the Fortieth Series Bonds.

In the event that (a) DTC determines to discontinue its service with respect to the Fortieth Series Bonds by giving notice to the Authority and discharging its responsibilities with respect thereto under applicable law and the Authority fails to appoint a successor securities depository for the Fortieth Series Bonds, or (b) the Authority determines to discontinue the system of book-entry transfers through DTC (or a successor securities depository), bond certificates are required to be delivered. The beneficial owners, upon registration of certificates held in the beneficial owners’ name, will become the registered owners of the Fortieth Series Bonds.

The Authority will recognize DTC or its nominee as the bondowner for all purposes including notices. Conveyance of notices and other communications by DTC to DTC participants,

by DTC participants to indirect participants and by DTC participants and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory and regulatory requirements as may be in effect from time to time.

Principal and interest payments on the Fortieth Series Bonds will be made to DTC or its nominee, Cede & Co., as registered owner of the Fortieth Series Bonds. Upon receipt of moneys, DTC's current practice is to credit immediately the accounts of the DTC participants in accordance with their respective holdings shown on the records of DTC. Payments by DTC participants and indirect participants to beneficial owners will be governed by standing instructions and customary practices and will be the responsibility of such DTC participant or indirect participant and not of DTC, the Authority, the Trustee or any Paying Agent, subject to any statutory and regulatory requirements as may be in effect from time to time.

### **ARTICLE III**

#### **DISPOSITION OF PROCEEDS OF FORTIETH SERIES BONDS**

##### **Section 301. Construction Fund.**

Upon delivery of the Fortieth Series Bonds and receipt of payment therefor, the Authority shall pay from the net proceeds thereof, after the payment of certain Costs of Issuance, to the Trustee for deposit in the Construction Fund the amount established by the Certificate of Determination, all or a portion of which shall be used to finance the Cost of Issuance of the Fortieth Series Bonds.

##### **Section 302. Escrow Fund.**

Upon delivery of the Fortieth Series Bonds and receipt of payment therefor, the Authority shall deposit the amount established by the Certificate of Determination in the Escrow Fund established pursuant to an Escrow Agreement by and between the Authority and the Trustee, as Escrow Agent, to defease certain Outstanding Bonds of the Authority.

##### **Section 303. Other Funds.**

The Trustee shall deposit such other proceeds in such other funds as set forth in the Certificate of Determination.

## ARTICLE IV

### FORM AND EXECUTION OF FORTIETH SERIES BONDS

#### Section 401. Form of Fortieth Series Bonds and Trustee's Certificate of Authentication.

Subject to the provisions of the Resolution, the Fortieth Series Bonds and the Trustee's certificate of authentication shall be, respectively, in substantially the form as set forth in **Exhibit B** to this resolution, with such insertions or omissions, endorsements and variations as may be required or permitted by the Resolution.

#### Section 402. Execution of Fortieth Series Bonds.

The Chairperson or other Authorized Officer is hereby authorized and directed to execute the Fortieth Series Bonds and the Secretary or other Authorized Officer is hereby authorized to sign and attest the Authority's seal on the Fortieth Series Bonds, each by their manual or facsimile signatures.

#### Section 403. Continued Exemption from Federal Income Taxation.

The Authority hereby agrees and covenants that it shall at all times perform all acts and things necessary or appropriate under any valid provision of law or in order to ensure that interest or amounts treated as interest, as applicable, paid on any series of the Fortieth Series Bonds shall be excludable in the gross income of the owners thereof for Federal income tax purposes under the Code. Further, Authorized Officers are hereby authorized to execute all instruments and documents necessary to take such action.

#### Section 404. No Recourse on Fortieth Series Bonds.

No recourse shall be had for the payment of the principal or Redemption Price, if any, of or interest or amounts treated as interest, as applicable, on the Fortieth Series Bonds or for any claim based thereon or on the Resolution against any member or officer of the Authority or any person executing the Fortieth Series Bonds and neither any member or officer of the Authority nor any person executing the Fortieth Series Bonds shall be liable personally on the Fortieth Series Bonds by reason of the issuance thereof.

## ARTICLE V

### BOND INSURANCE

#### Section 501. Voting Rights of Bond Insurer.

For purposes of Section 701 (Events of Defaults), Section 704 (Proceedings Brought by Trustee), Section 705 (Restriction of Bondholder's Action), Section 707 (Effect of Waiver and Other Circumstances), Section 903 (Supplemental Resolutions Effective With Consent of Bondholders), Section 1002 (Powers of Amendment), Section 1003 (Consent of Bondholders) and Section 1004 (Modifications by Unanimous Consent), in each case of the Resolution as long as the Bond Insurer, if any, has not failed to comply with its payment obligations under the Bond Insurance Policy, the Bond Insurer shall have all rights and privileges of the owners of the Fortieth Series Bonds to exercise rights of approval, consent, direction, waiver and request on behalf of and in place of the holders of Fortieth Series Bonds. For purposes of computing applicable percentages in said Sections, actions taken by the Bond Insurer as aforesaid shall be treated as actions taken by the holders of the Fortieth Series Bonds. In the event the Bond Insurer has failed to comply with its payment obligations under the Bond Insurance Policy, the foregoing provisions of this Section 501 shall not apply.

#### Section 502. Notice to Bond Insurer.

The Trustee and the Authority shall notify the Bond Insurer, if any, by 3:00 p.m. on the day such payment is due, should the payment of interest on or principal of the Fortieth Series Bonds not be made when such payment is due or the Authority fails to make a monthly payment into any Fund required to be made in connection with the Fortieth Series Bonds.

The Trustee and the Authority shall provide a copy to the Bond Insurer of any notice given to any other party with respect to the Fortieth Series Bonds.

## ARTICLE VI

### CONTINUING DISCLOSURE

#### Section 601. Continuing Disclosure.

The Authority hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement for the Fortieth Series Bonds. Notwithstanding any other provision of the Resolution, failure of the Authority or the Trustee to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; however, the Trustee may (and, at the request of any Participating Underwriter (as defined in the Continuing Disclosure Agreement) or the Holders of at least 25% of the aggregate principal amount of Outstanding Bonds, shall), with indemnification satisfactory to it, or any Bondholder or

Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Authority, the Dissemination Agent (as such term is defined in the Continuing Disclosure Agreement) or the Trustee, as the case may be, to comply with its obligations under this Section and the Continuing Disclosure Agreement. For purposes of this Section, “Beneficial Owner” means any person which (a) has or shares the power, directly or indirectly, to make investment decisions concerning ownership of, any Fortieth Series Bonds (including persons holding Fortieth Series Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Fortieth Series Bond for federal income tax purposes.

## ARTICLE VII

### MISCELLANEOUS

Section 701. Delegation of Authority to Chairperson or Vice Chairperson and Chief Executive Officer or Senior Vice President, Chief Financial Officer and Head of Corporate Development.

The Chairperson or Vice Chairperson and President/Chief Executive Officer or Senior Vice President, Chief Financial Officer and Head of Corporate Development is hereby delegated the authority to (i) determine with respect to the Fortieth Series Bonds the amount, issue date, date of maturity, denominations, redemption provisions, interest rate and mode, and other details of such Fortieth Series Bonds, (ii) determine whether the Fortieth Series Bonds shall be sold by competitive or negotiated sale and if such sale is negotiated, the purchaser of such Fortieth Series Bonds, and (iii) accept and incorporate into the Fortieth Series Supplemental Resolution through the Certificate of Determination any terms or provisions required by the Bond Insurer, if any, which they deem necessary or appropriate, all in accordance with the Act, the Resolution and any other provision of law applicable thereto. The Chairperson or Vice Chairperson and President/Chief Executive Officer or Senior Vice President, Chief Financial Officer and Head of Corporate Development shall prepare a Certificate of Determination prior to the date of delivery of the Fortieth Series Bonds to be attached hereto as **Exhibit A** and incorporated in this Fortieth Series Supplemental Resolution setting forth such details and particulars of the Fortieth Series Bonds and Bond Insurer provisions, if any, as determined in accordance with this delegation. Should the details and particulars of such series of the Fortieth Series Bonds conflict with such details and particulars set forth in this Fortieth Series Supplemental Resolution, the Certificate of Determination shall control.

Section 702. Effective Date.

This Fortieth Series Supplemental Resolution shall take effect immediately.

**EXHIBIT A**

**CERTIFICATE OF DETERMINATION**

[See Document No. \_\_\_]

**EXHIBIT B**

**[Form of Fortieth Series Bond]**

SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY  
WATER SYSTEM REVENUE REFUNDING BOND, FORTIETH SERIES

Number \_\_\_\_\_ \$

ORIGINAL ISSUE DATE:

MATURITY DATE      INTEREST RATE      DATED DATE      CUSIP

REGISTERED OWNER:

PRINCIPAL AMOUNT:

South Central Connecticut Regional Water Authority (the "Authority"), a public corporation constituting a public instrumentality and political subdivision organized and existing under the laws of the State of Connecticut, for value received, hereby promises to pay to the Registered Owner shown above, or registered assigns, unless redeemed prior thereto as hereinafter provided, the Principal Amount shown above on the Maturity Date shown above, and to pay interest on such Principal Amount until the Authority's obligation with respect to the payment of such Principal Amount shall be discharged as provided in the Resolution (as hereinafter defined), at the Interest Rate shown above semiannually on the [first day of February and August] in each year, commencing [August 1, \_\_\_\_\_.] Interest, calculated on the basis of a 360-day year consisting of twelve 30-day months will be paid from the Dated Date shown above. The principal and redemption price (if any) of this bond are payable upon presentation and surrender at the corporate trust office of U.S. Bank Trust Company, National Association, St. Paul, Minnesota, trustee and registrar under the Resolution, or its successor in trust (the "Trustee") or U.S. Bank Trust Company, National Association, New York, New York, paying agent under the Resolution, or at the principal office of its successor as such paying agent (the "Paying Agent"). The principal, redemption price, if any, and interest on this bond are payable in any coin or currency of the United States of America which, at the time of payment is legal tender for the payment of public and private debts, provided, however, that interest on this bond is payable to the person in whose name this bond is registered as of 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 by check (or, at the option of any registered owner of at least one million dollars (\$1,000,000) in

aggregate principal amount of the bonds, interest thereon may be paid by wire transfer to the registered owner pursuant to wire instructions furnished by such registered owner) to such registered owner as shown on the registration books of the Authority kept by the Trustee.

It is hereby certified and recited that all conditions, acts and things required by the Constitution or statutes of the State of Connecticut to exist, to have happened or to have been performed precedent to or in the issuance of this bond, exist, have happened and have been performed and that the issue of bonds of which this issue is one, together with all other indebtedness of the Authority, is within every debt and other limit prescribed by said Constitution or statutes. This bond is a general obligation of the Authority and the full faith and credit of the Authority are pledged to the prompt payment of both the principal of, premium, if any, and interest on this bond as the same shall become due.

This bond shall not be valid or become obligatory upon the Authority and shall not be entitled to any security, right or benefit under the Resolution until authenticated by the certificate of the Trustee endorsed hereon by the manual signature of a duly authorized official of the Trustee.

IN WITNESS WHEREOF, SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY has caused this bond to be executed in its name and on its behalf by the facsimile signature of its Chairperson or other Authorized Officer, and a facsimile of its corporate seal to be imprinted hereon and attested by the facsimile signature of its Secretary or other Authorized Officer, as of the Original Issue Date shown above.

SOUTH CENTRAL CONNECTICUT  
REGIONAL WATER AUTHORITY

By \_\_\_\_\_

[SEAL]

Attest

By \_\_\_\_\_

\_\_\_\_\_

SOUTH CENTRAL CONNECTICUT REGIONAL  
WATER AUTHORITY  
WATER SYSTEM REVENUE REFUNDING BONDS, FORTIETH SERIES

This bond is one of a duly authorized issue of bonds of the Authority designated “Water System Revenue Refunding Bonds, Fortieth Series,” in the aggregate principal amount of \$ \_\_\_\_\_ issued under and pursuant to Special Act. No. 77-98 of the General Assembly of the State of Connecticut, as amended (the “Act”), and under and pursuant to a resolution of the Authority adopted July 31, 1980 entitled “Water System Revenue Bond Resolution, General Bond Resolution as amended and as supplemented by various supplemental resolutions, including the Fortieth Series Supplemental Resolution, adopted \_\_\_\_\_, 20 \_\_\_\_\_ (which resolution, together with all supplemental resolutions hereafter adopted in conformity with the terms thereof, are herein called the “Resolution”). As provided in the Resolution, the bonds as to principal, redemption price thereof and interest thereon are payable from and secured by a pledge of certain revenues of the Authority’s Water System referred to in the Resolution and other funds held or set aside under the Resolution. Copies of the Resolution are on file at the office of the Authority and at the corporate trust office of the Trustee, and reference to the Resolution and any and all supplements thereto and modifications and amendments thereof and to the Act is made for a description of the pledge and covenants securing the bonds, the nature, extent and manner of enforcement of such pledge, the rights and remedies of the registered owners of the bonds with respect thereto, the terms and conditions upon which the bonds are issued and may be issued thereunder, the conditions upon which the Resolution may be amended or supplemented with or without the consent of the holders or registered owners of the bonds, and the terms upon which bonds may no longer be secured by the Resolution if sufficient moneys or specified securities are deposited with the Trustee in trust for their payment.

**This bond is not a debt of the State of Connecticut or of any municipality in the State of Connecticut, and neither the State of Connecticut nor any municipality in the State of Connecticut is liable hereon; nor is this bond payable out of any funds other than those of the Authority as provided under the Resolution and the Act.**

As provided in the Resolution, bonds of the Authority may be issued from time to time pursuant to supplemental resolutions in one or more series, in various principal amounts, may mature at different times, may bear interest at different rates and may otherwise vary as provided in the Resolution. The aggregate principal amount of bonds which may be issued under the Resolution is not limited except as provided in the Resolution, and all bonds issued and to be issued under the Resolution are and will be equally secured by the pledge and covenants made therein, except as otherwise expressly provided or permitted in the Resolution.

To the extent and in the manner permitted by the terms of the Resolution, the provisions of the Resolution, or any resolution amendatory thereof or supplemental thereto, may be modified or amended by the Authority with the written consent of the holders of at least two-thirds in principal amount of the bonds then outstanding under the Resolution and, in case less than all of a series of bonds would be affected thereby, with such consent of the holders of at least

two-thirds in principal amount of the bonds of each series so affected then outstanding under the Resolution, and, in case such modification or amendment would change the terms of any sinking fund installment, with such consent of the holders of at least two-thirds in principal amount of the bonds of the particular series and maturity entitled to such sinking fund installment then outstanding; provided, however, 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 under the Resolution, the consent of the holders of such bonds shall not be required and such bonds shall not be deemed to be outstanding for the purpose of the calculation of outstanding bonds. No such modification or amendment shall 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 redemption price thereof or in the rate of interest thereon without the consent of the holder of such bond, or shall 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, or shall change or modify any of the rights or obligations of the Trustee or of any Paying Agent without its written assent thereto.

This bond is transferable, as provided in the Resolution, only upon the books of the Authority kept for that purpose at the above mentioned office of the Trustee by the registered owner hereof in person or by such owner's attorney duly authorized in writing, upon surrender of this bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner of this bond or such owner's duly authorized attorney, and thereupon a new registered bond or bonds in the same aggregate principal amount shall be issued to the transferee in exchange therefor as provided in the Resolution, and upon payment of the charges therein prescribed. The Authority, the Trustee and any Paying Agent may deem and treat the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes.

So long as Cede & Co. is the Registered Owner of this bond, unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC") to the Authority or its agent for registration of transfer, exchange, or payment and any certificate issued is registered in the name of Cede & Co. or in such other names as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

**Redemption Provisions**

[Optional Redemption]

[The 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 Redemption]

[The Bonds due on [August 1, \_\_\_\_\_] 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 Bonds specified opposite each of such years:

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

Pursuant to the Act, 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.**

Bonds may be redeemed at the election and direction of the Authority or by the terms of the General Bond Resolution. When the Authority elects to redeem, it shall give written notice to the Trustee of its election to redeem, of the redemption date, of the series, and of the principal amounts of the Bonds of each maturity of such series to be redeemed, which series, maturities and principal amounts shall be determined by the Authority in its sole discretion,

subject to any limitations with respect thereto contained in any Supplemental Resolution. Whenever Bonds are required to be redeemed otherwise than at the election of the Authority, the Trustee shall select the Bonds to be redeemed, give the notice of redemption, as set forth below, and pay out of moneys available therefor the redemption price with accrued interest to the redemption date, to the appropriate paying agents.

In the event of a partial redemption, the Authority may direct the maturity or maturities and amounts to be redeemed. If less than all 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 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 Bonds to be redeemed, the redemption date and the place or places where amounts due upon redemption will be payable.

The Bonds of the issue of which this bond is one are payable upon redemption at the above mentioned offices of the Trustee and the Paying Agent. Such notice is to state that on such date such 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 Bonds to be redeemed. So long as Cede & Co., as nominee of DTC (as hereinafter defined) is the registered owner of the Bonds, all notices of redemption with respect to the Bonds will be sent only to DTC. Notice need not be published if all the Bonds or portions of the Bonds to be redeemed are registered Bonds and a notice in the form required for published notice is mailed, postage prepaid, to the registered owners of such Bonds at their last addresses appearing on the registry books of the Trustee. If notice of redemption shall have been published or mailed as aforesaid, the bonds or portions thereof specified in said notice shall become due and payable at the applicable redemption price on the redemption date therein designated, and if, on the redemption date, moneys for the payment of the redemption price of all the bonds to be redeemed shall be available for such payment on said date, then from and after the redemption date such bonds shall cease to accrue interest and become payable to the holders or registered owners entitled to payment thereof on such redemption.

Unless the Authority directs otherwise or an Event of Default has occurred under the General Bond Resolution and is continuing, the Trustee shall not give any notice related to Special Mandatory Redemption until one hundred and twenty (120) days after the day on which a final unappealable decision by a court of competent jurisdiction is rendered concerning such

taking or the amount to be received by the Authority for such taking, or if no appeal is taken, one hundred and twenty (120) days after the last day on which such an appeal could be taken.

The Act provides that neither the members of the Authority nor any person executing this bond shall be liable personally on this bond or be subject to any personal liability or accountability by reason of the issuance of this bond.

The registered owner of this bond shall have no right to enforce the provisions of the Resolution or to institute action to enforce the covenants therein or to take any action with respect to an event of default under the Resolution or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Resolution.

**[Form of Certificate of Authentication]**

TRUSTEE'S CERTIFICATE

This bond is one of the issue of the Water System Revenue Bonds, Fortieth Series, described herein. The facsimile signatures and seal on this bond are duly adopted facsimiles of the genuine signatures of the officers of the South Central Connecticut Regional Water Authority and of the duly adopted seal of said Authority. The legal opinion attached to this bond is a true and correct copy of the opinion of Pullman & Comley, LLC. The opinion was dated and delivered on the date of the original delivery of the bonds.

U.S. BANK TRUST COMPANY, NATIONAL  
ASSOCIATION,  
Trustee

By: \_\_\_\_\_

Its Authorized Official

[BOND COUNSEL OPINION]