

SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY

WATER SYSTEM REVENUE BOND RESOLUTION
GENERAL BOND RESOLUTION

PROJECT LOAN OBLIGATION
SUPPLEMENTAL RESOLUTION

Authorizing the Issue of

PROJECT LOAN OBLIGATION FOR THE AMI PROJECT
Dated _____, 2020

SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY

PROJECT LOAN OBLIGATION FOR THE AMI PROJECT

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SUPPLEMENTAL RESOLUTION

Authorizing the Issuance of the Project Loan Obligation for the AMI Project

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 the Resolution bonds are defined to mean, inter alia, project loan obligations delivered to evidence the Authority’s obligation to repay the financing of a loan from the State of Connecticut (the “State”) under its Drinking Water State Revolving Fund Program (“DWSRF”); and

WHEREAS, the Representative Policy Board of the South Central Connecticut Regional Water District (the “RPB”) approved the issuance of bonds or project loan obligations on November 20, 2014 in the maximum principal amount of \$28,425,000 to finance the purchase and installation of advanced meter reading infrastructure (the “AMI Project”); and

WHEREAS, on February 22, 2018 the Authority issued its Project Loan Obligation No. 2018-7063 in the amount of \$7,588,217.94 to partially finance the costs of the AMI Project; and

WHEREAS, on August 21, 2018 the Authority issued its Project Loan Obligation No. 2019-7071 in the amount of \$3,258,240.26 to partially finance the costs of the AMI Project; and

WHEREAS, on February 22, 2019 the Authority issued its Project Loan Obligation No. 2019-7078 in the amount of \$3,912,957.51 to partially finance the costs of the AMI Project; and

WHEREAS, on February 26, 2019, the Authority issued its \$3,650,000 bond anticipation note to temporarily finance the costs of a portion of the AMI Project (the “Webster Bond Anticipation Note”); and

WHEREAS, on February 27, 2019, the Authority issued its \$3,750,000 bond anticipation note to temporarily finance the costs of a portion of the AMI Project (the “Citizens Bond Anticipation Note” and together with the Webster Bond Anticipation Note, the Bond Anticipation Note”); and

WHEREAS, the Authority hereby determines that it is necessary and desirable that the Authority issue its Project Loan Obligation (the “PLO”) to refund the Bond Anticipation Note and permanently finance (i) the costs of certain capital improvements to the water system of the Authority including specifically a portion of the cost of the AMI Project, (ii) funds for deposit to certain reserve funds held under the Resolution, if necessary and (iii) the costs of issuance related to the PLO.

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 “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 Vice President of Financial Services 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 Supplemental Resolution.

B. In addition, as used in this Supplemental Resolution, unless the context otherwise requires, the following term shall have the following meaning:

“Certificate of Determination” means a certificate of determination required by Section 701 hereof, signed by the Chairperson or Vice Chairperson and the President/Chief Executive Officer or Vice President of Financial Services setting forth the terms of the PLO and attached hereto as **Exhibit A** and made a part hereof.

C. Unless the context otherwise requires, in this 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 Supplemental Resolution.

ARTICLE II

AUTHORIZATION OF PLO

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 \$7,000,000. Such series of bonds shall be designated as, and shall be distinguished from, the Bonds of all other series by the title of Project Loan Obligation with the number assigned to it by the State. The principal amount of the PLO shall be as set forth in the Certificate of Determination.

Section 202. Purpose.

The purposes for which the PLO are being issued are to permanently finance (i) the costs of certain capital improvements to the water system of the Authority specifically, a portion of the cost of the purchase and installation of advanced meter reading infrastructure, (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 PLO. The amount of the PLO being issued for Other Corporate Purposes is as set forth in the Certificate of Determination.

Section 203. Date, Maturity and Interest Rates.

The PLO shall be dated the Date of Delivery.

The PLO shall be issued as a term bond which shall mature in the aggregate principal amount as established by the Certificate of Determination. The PLO shall bear interest at a rate of 2% per year on the unpaid principal balance calculated on the basis of a 360-day year consisting of twelve 30-day months.

Section 204. Interest Payment Dates.

The PLO shall bear interest from its dated date, payable monthly as set forth in the Certificate of Determination.

Section 205. Reserved.

Section 206. Method of Payments.

The principal of, premium, if any, and interest on the PLO shall be payable by check, draft or wire transfer payable to the Treasurer, State of Connecticut at: State of Connecticut, Office of the Treasurer, 55 Elm Street, Hartford, CT 06106, Attn: DWSRF Financial Administrator, or to such other place as the State shall designate in writing to the Authority. Such payments to the Treasurer are in lieu of payments to the Trustee required by Section 404 C1 and Section 404 C2 of the Resolution for the principal and interest payments due on the PLO.

Section 207. Redemption.

A. The PLO shall be subject to optional redemption as set forth in the Certificate of Determination.

B. The PLO shall 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 in the amounts as established by the Certificate of Determination.

C. The PLO is 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. Delivery of PLO.

The PLO shall be delivered to the State to evidence the Authority's obligation to repay the financing of a loan from the State's DWSRF.

ARTICLE III

DISPOSITION OF PROCEEDS OF PLO

Section 301. Refunding.

Upon delivery of the PLO and receipt of payment therefor, the Authority shall pay from the net proceeds thereof, after the payment of certain Costs of Issuance, the amounts necessary to refund the Bond Anticipation Note as established by the Certificate of Determination.

Section 302. Other Funds.

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

ARTICLE IV

FORM AND EXECUTION OF PLO

Section 401. Form of PLO and Trustee's Certificate of Authentication.

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

Section 402. Execution of PLO.

The Chairperson, Vice Chairperson, President/Chief Executive Officer or Vice President of Financial Services, or any one of them is hereby authorized and directed to execute the PLO and the Secretary, Chairman, Vice Chairperson, President/Chief Executive Officer or Vice President of Financial Services, or any one of them is hereby authorized to sign and attest the Authority's seal on the PLO, 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 the PLO shall not be includable in the gross income of the owners thereof for Federal income tax purposes under the Code. Further, the Chairman, Vice Chairperson, President/Chief Executive Officer or Vice President of Financial Services, or any one of them are hereby authorized to execute all instruments and documents necessary to take such action.

Section 404. No Recourse on PLO.

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 PLO or for any claim based thereon or on the Resolution against any member or officer of the Authority or any person executing the PLO and neither any member or officer of the Authority nor any person executing the PLO shall be liable personally on the PLO by reason of the issuance thereof.

ARTICLE V

MISCELLANEOUS

Section 501. Delegation of Authority to Chairperson or Vice Chairperson and President and Chief Executive Officer or Vice President of Financial Services

The Chairperson or Vice Chairperson and President/Chief Executive Officer or Vice President of Financial Services are hereby delegated the authority to (i) determine with respect to the PLO the amount, issue date, date of maturity, denominations, redemption provisions, interest rate and mode, and other details of the PLO, (ii) determine whether the PLO shall be sold by competitive or negotiated sale and if such sale is negotiated, the purchaser of the PLO, and (iii) accept and incorporate into the PLO Supplemental Resolution any terms or provisions 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 Vice President of Financial Services shall prepare a Certificate of Determination prior to the date of delivery of the PLO to be attached hereto as **Exhibit A** and incorporated in this PLO Supplemental Resolution setting forth such details and particulars of the PLO as determined in accordance with this delegation. Should the details and particulars of

the PLO conflict with such details and particulars set forth in this PLO Supplemental Resolution, the Certificate of Determination shall control.

Section 502. Effective Date.

This Supplemental Resolution shall take effect immediately.

EXHIBIT A

CERTIFICATE OF DETERMINATION

SEE ITEM 7

EXHIBIT B

FORM OF PROJECT LOAN OBLIGATION

U.S. \$ _____, 20_____

**UNITED STATES OF AMERICA
STATE OF CONNECTICUT
SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**

Project Loan Obligation

The South Central Connecticut Regional Water Authority, New Haven, Connecticut (the "Municipality"), for value received, hereby unconditionally promises to pay to the STATE OF CONNECTICUT (the "State") pursuant to the terms and conditions of a _____ and Project Loan and Subsidy Agreement dated __, 20_____ between the Municipality and the State, (the "Agreement"), the principal sum of:

(\$ _____)

together with interest on the aggregate unpaid principal balance thereof. Unless otherwise required by law, the aggregate unpaid principal amount of this Project Loan Obligation and the interest thereon shall be payable in the amount of _____, with final payment due and owing on _____. Such installments shall be comprised of principal and interest as shown on the Schedule of Payments attached hereto, subject to the Municipality's rights to prepay this Project Loan Obligation in whole or in part without premium or penalty as set forth in the Agreement. If the Municipality should exercise such right of prepayment, the schedule of remaining principal and interest payments, if any, shall be adjusted accordingly by the State.

Interest on the aggregate unpaid principal amount of this Project Loan Obligation shall be payable at the rate of two percent (2%) per annum. Interest on this Project Loan Obligation shall be computed on the basis of a year of three hundred sixty (360) days and twelve 30-day months.

The Municipality agrees to make all payments in lawful money of the United States, to pay interest at the rate specified above and to pay all costs including reasonable attorneys' fees incurred by the State in the collection of this Project Loan Obligation. Both the principal of and interest on this Project Loan Obligation shall be payable in lawful money of the United States of America to the Treasurer, State of Connecticut, at: State of Connecticut, Office of the Treasurer, 55 Elm Street, Hartford, Connecticut 06106, Attn: Clean Water Fund Financial Administrator or to such other place as the State shall designate in writing to the Municipality.

This Project Loan Obligation has been executed and delivered subject to the terms and conditions of the Agreement to which reference is hereby made for the terms and conditions upon which it shall be and may be prepaid in whole or in part without premium or penalty and generally as to the rights and duties of the State and as to the rights and duties of the Municipality.

Any capitalized terms used herein shall have the meanings ascribed to them in the Agreement.

It is hereby certified that every requirement of law relating to the issue hereof has been duly complied with and that this Project Loan Obligation is within every debt and other limit prescribed by law or by the Municipality. **This Project Loan Obligation is a special obligation of the Municipality issued pursuant to and secured by its Water System Revenue Bond Resolution, General Bond Resolution adopted on July 31, 1980 as amended and supplemented to date including as supplemented by its _____ Supplemental Resolution (collectively, the “General Bond Resolution”) and payable solely from the revenues derived from the Water System as that term is defined in the General Bond Resolution, and the full faith and credit of the Municipality is pledged to the payment of the principal of and interest on this Project Loan Obligation as the same may become due.**

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the _____, Connecticut, has caused the seal of the _____ to be affixed hereto and this Project Loan Obligation to be signed in its name by the manual signature of the _____ of _____ and the seal of the Authority to be attested by the manual signature of the _____ of the Authority as of the ____ day of _____, 20__.

**SOUTH CENTRAL CONNECTICUT
REGIONAL WATER AUTHORITY**

By: _____

Its

(SEAL)

Attested

By: _____

CERTIFICATION OF BANK

This is to certify that the within Project Loan Obligation is one of the particular issues described therein; that the signatures and seal thereto affixed are genuine; and that an opinion approving the legality of this issue has been rendered by _____ Attorney-at-Law, of _____, Connecticut.

By: _____

(Bank Officer)

SCHEDULE OF PAYMENTS