

South Central Connecticut Regional Water Authority
90 Sargent Drive, New Haven, Connecticut
or
Via Remote Access**

AGENDA

Regular Meeting of Thursday, April 27, 2023 at 12:30 p.m.

-
- A. Safety Moment
 - B. Public Comment: The time limit granted to each speaker shall be three (3) minutes. Residents and customers may address the Board.
 - C. Meet as Pension & Benefit Committee: S. Sack
 - 1. Approve Minutes – January 26, 2023 meeting
 - 2. Review 1/1/2023 actuarial information and assumptions for pension and VEBA and related contribution amounts: The Angell Pension Group, Inc.
 - 3. Discuss potential year-end contribution
 - 4. Quarterly Investment Performance Review – Pension & VEBA: S. Kelliher, J. McLaughlin and A. Kantapin
 - 5. FY 2024 Committee Work Plan
 - D. Act on matters arising from Committee meeting
 - E. Consent Agenda
 - 1. Approve Minutes – March 23, 2023 and March 30, 2023 meetings
 - 2. Capital Budget Authorization - May 2023
 - 3. Capital Budget Transfer Notifications (no action required) – May 2023
 - 4. Monthly Financial Report – March 2023
 - 5. Accounts Receivable Update – March 2023
 - 6. FY 2023-2024 Application Schedule
 - 7. Resolution for Administrative Changes to Secretary of State Filing
 - F. Finance: R. Kowalski
 - 1. Consider and act on loan and subsidy agreement and project loan obligations for the System Wide Radio Telemetry Unit (RTU) Upgrade Project
 - 2. Consider and act on the Preliminary Official Statement and Supplemental Resolution for the 37th Series Bond & Refunding
 - G. Reports on RPB Committee Meetings
 - H. *Updates: L. Bingaman
 - 1. Monthly Business Highlights - *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 subsection b #'s 5 B, pertaining to commercial and financial information*
 - I. Application for non-substantial Land Use Plan Amendment – Relocation of the New England Trail on Authority property in Guilford: J. Triana
 - J. Application for Derby Wellfield Chemical Improvements: S. Lakshminarayanan and O. Kelly
 - 1. Presentation and discussion of Application
 - 2. Affidavit regarding confidential information within said Application
 - 3. Motion for Protective Order for confidential information within said Application
 - 4. Protective Order concerning confidential information within said Application for submission to the Representative Policy Board (RPB)
 - 5. Consider and act on recommendation to submit Application to the RPB

| |
|--|
| <p>** Members of the public may attend the meeting in person or via conference call. For information on attending the meeting and to view meeting documents, please visit https://tinyurl.com/ysu5fy3e. For questions, contact the board office at jslubowski@rwater.com or by calling 203-401-2515.</p> |
|--|

*RPB Member (T. Slocum) will be excused at item H

SOUTH CENTRAL CONNECTICUT MEETING AUTHORITY

THURSDAY, APRIL 27, 2023 AT 12:30 P.M.

Remote meeting instructions:

Call in (*audio only*)

+1 469-965-2517,,12712695# United States, Dallas

Phone Conference ID: 127 126 95#

For questions, contact the board office at 203-401-2515 or by email at jslubowski@rwater.com

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SAFETY MOMENT

Keeping Children Safe Online

When a child is using your computer, normal safeguards and security practices may not be sufficient. Children present additional challenges because of their natural characteristics: innocence, curiosity, desire for independence, and fear of punishment. You need to consider these characteristics when determining how to protect your child.

What can you do?

Be involved – Consider activities that you and your child can work on together

Keep your computer in an open area – this will allow you to easily monitor computer activity

Set rules and educate about dangers – Talk to your child about the dangers of the internet so they recognize suspicious

Consider implementing parental controls – restrict certain websites and protect settings with a password

**Tap Into
Safety**



Regional Water Authority

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

 Regional Water Authority

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**South Central Connecticut Regional Water Authority
Pension & Benefit Committee
Minutes of the January 26, 2023 Meeting**

The regular meeting of the South Central Connecticut Regional Water Authority (“RWA”) Pension & Benefit Committee took place on Thursday, January 26, 2023, via remote access. Chairman Sack presided.

Present: Committee members – Ms. Sack and Messrs. Borowy, Curseaden, DiSalvo, and LaMarr
Management – Mss. Kowalski and Calo, and Messrs. Bingaman, Donovan, Hill, Lakshminarayanan and Singh
RPB – Mr. Malloy
Morgan Stanley – Messrs. Kelliher, McLaughlin and Kantapin
Staff – Mrs. Slubowski

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

On motion made by Ms. LaMarr, seconded by Mr. Curseaden, and unanimously carried, the Committee approved the minutes of its October 27, 2022 meeting.

| | |
|-----------|--------|
| Borowy | Aye |
| Curseaden | Aye |
| DiSalvo | Absent |
| LaMarr | Aye |
| Sack | Aye |

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

Mr. Kelliher, of Morgan Stanley the RWA’s pension investment advisor, reported on the Authority’s Quarterly Investment performance review for its Salaried and Union plans and RWA’s Voluntary Employees Beneficiary Association Plan (VEBA), for the period ended December 31, 2022, which included a review and perspective of the market environment and the RWA’s asset allocation of the portfolio and performance of the pension and VEBA plans.

A future asset liability study, benchmark, and upcoming actuarial update was discussed.

At 1:05 p.m., Messrs. Kelliher, McLaughlin, and Kantapin withdrew from the meeting.

Discussion took place regarding timing of changes to the committee charter and FY 2024 committee work plan and what the changes might include.

At 1:07 p.m., on motion made by Mr. Curseaden, seconded by Ms. LaMarr, and unanimously carried, the meeting adjourned.

| | |
|-----------|-----|
| Borowy | Aye |
| Curseaden | Aye |
| DiSalvo | Aye |
| LaMarr | Aye |
| Sack | Aye |

Suzanne Sack, Chairperson

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

Plan Demographics

| | Actuarial Valuation as of January 1, 2023 | Actuarial Valuation as of January 1, 2022 |
|--|--|--|
| Active Participants | 71 | 72 |
| Terminated Vested Participants | 64 | 65 |
| Retired Participants | 173 | 173 |
| Total Participants | 308 | 310 |
| Average Active Participant Age | 56.2 | 55.5 |
| Average Active Participant Service | 24.3 | 22.8 |
| Average Inactive Participant Age | 69.2 | 68.8 |
| Average Inactive Participant Life Expectancy | 19.9 | 20.2 |

Asset Values

| | Actuarial Valuation as of January 1, 2023 | Actuarial Valuation as of January 1, 2022 |
|---|--|--|
| Market Value of Assets | \$39,963,047 | \$45,987,949 |
| Actuarial Value of Assets | \$44,073,237 | \$42,886,131 |
| Ratio of Actuarial to Market Value | 110% | 93% |
| Investment Return on Market Value of Assets | -12.9% | 11.5% |
| Prior Year Employer Contributions | \$3,196,190 | \$3,141,864 |
| Prior Year Benefit Payments | (\$3,278,726) | (\$3,311,646) |
| Prior Year Administrative Expenses | (\$231,600) | (\$188,407) |

Funded Status

| | Actuarial Valuation as of January 1, 2023 | Actuarial Valuation as of January 1, 2022 |
|--|--|--|
| Valuation Rate Basis | | |
| Valuation Interest Rate | 6.75% | 6.75% |
| Present Value of Accrued Benefits (PVAB) | \$51,886,719 | \$51,429,515 |
| Market Value of Assets | \$39,963,047 | \$45,987,949 |
| Excess (Shortfall) Based on Market Value | (\$11,923,672) | (\$5,441,566) |
| Funding PercentAge on PVAB Basis Market Value | 77.02% | 89.42% |
| Present Value of Accrued Benefits (PVAB) | \$51,886,719 | \$51,429,515 |
| Actuarial Value of Assets | \$44,073,237 | \$42,886,131 |
| Excess (Shortfall) Based on Actuarial Value | (\$7,813,482) | (\$8,543,384) |
| Funding PercentAge on PVAB Basis Actuarial Value | 84.94% | 83.39% |

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

| Contributions | Actuarial Valuation as of January 1, 2023 | Actuarial Valuation as of January 1, 2022 |
|--|---|---|
| <u>Actuarially Determined Contribution</u> | | |
| Normal Cost | \$1,802,370 | \$1,868,489 |
| Expected Employee Contributions | \$3,235 | \$5,638 |
| Employer Normal Cost | \$1,799,135 | \$1,862,851 |
| Employer Normal Cost with 1/2 Year Interest | \$1,858,865 | \$1,924,696 |
| Actuarially Determined Contribution | \$1,858,865 | \$1,924,696 |
| Fiscal Year Contribution to Fully Fund by 5/31/2025 Based on Asset Values as of the end of the plan year | \$7,405,000 | \$2,907,000 |
| Actual Fiscal Year Contribution | TBD | \$3,124,817 |
| Actuarial Assumptions | Actuarial Valuation as of January 1, 2023 | Actuarial Valuation as of January 1, 2022 |
| Discount Rate | 6.75% | 6.75% |
| Salary Scale | 4.00% | 4.00% |
| Pre Retirement Mortality | PubG-2010 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-2010 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)

Plan Demographics

| | Actuarial Valuation as of January 1, 2023 | Actuarial Valuation as of January 1, 2022 |
|--|--|--|
| Active Participants | 64 | 75 |
| Terminated Vested Participants | 39 | 34 |
| Retired Participants | 117 | 113 |
| Total Participants | 220 | 222 |
| Average Active Participant Age | 58.9 | 58.6 |
| Average Active Participant Service | 31.1 | 30.5 |
| Average Inactive Participant Age | 69.0 | 69.5 |
| Average Inactive Participant Life Expectancy | 19.5 | 19.1 |

Asset Values

| | Actuarial Valuation as of January 1, 2023 | Actuarial Valuation as of January 1, 2022 |
|---|--|--|
| Market Value of Assets | \$23,745,720 | \$28,045,140 |
| Actuarial Value of Assets | \$26,211,807 | \$26,132,942 |
| Ratio of Actuarial to Market Value | 110% | 93% |
| Investment Return on Market Value of Assets | -13.0% | 11.6% |
| Prior Plan Year Employer Contributions | \$1,133,303 | \$1,152,638 |
| Prior Plan Year Benefit Payments | (\$1,817,104) | (\$1,685,456) |
| Prior Plan Year Administrative Expenses | (\$139,469) | (\$115,429) |

Funded Status

| | Actuarial Valuation as of January 1, 2023 | Actuarial Valuation as of January 1, 2022 |
|--|--|--|
| Valuation Rate Basis | | |
| Valuation Interest Rate | 6.75% | 6.75% |
| Present Value of Accrued Benefits (PVAB) | \$30,576,889 | \$29,588,381 |
| Market Value of Assets | \$23,745,720 | \$28,045,140 |
| Excess (Shortfall) Based on Market Value | (\$6,831,169) | (\$1,543,241) |
| Funding PercentAge on PVAB Basis Market Value | 77.66% | 94.78% |
| Present Value of Accrued Benefits (PVAB) | \$30,576,889 | \$29,588,381 |
| Actuarial Value of Assets | \$26,211,807 | \$26,132,942 |
| Excess (Shortfall) Based on Actuarial Value | (\$4,365,082) | (\$3,455,439) |
| Funding PercentAge on PVAB Basis Actuarial Value | 85.72% | 88.32% |

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

| Contributions | Actuarial Valuation as of January 1, 2023 | Actuarial Valuation as of January 1, 2022 |
|--|--|--|
| <u>Actuarially Determined Contribution</u> | | |
| Normal Cost | \$1,028,300 | \$883,638 |
| Expected Employee Contributions | N/A | N/A |
| Employer Normal Cost | \$1,028,300 | \$883,638 |
| Employer Normal Cost with 1/2 Year Interest | \$1,062,438 | \$912,974 |
| Actuarially Determined Contribution | \$1,062,438 | \$912,974 |
| Fiscal Year Contribution to Fully Fund by 5/31/2025 Based on Asset Values as of the end of the plan year | \$3,892,000 | \$767,000 |
| Actual Fiscal Year Contribution | TBD | \$1,229,525 |
| Actuarial Assumptions | Actuarial Valuation as of January 1, 2023 | Actuarial Valuation as of January 1, 2022 |
| Discount Rate | 6.75% | 6.75% |
| Salary Scale | N/A | N/A |
| Pre Retirement Mortality | PubG-2010 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-2010 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

| Plan Demographics | Actuarial Valuation as of January 1, 2023 | Actuarial Valuation as of January 1, 2022 |
|--|--|--|
| Active Participants Eligible for Medical | 139 | 165 |
| Active Participants Life Only | 120 | 120 |
| Retired Participants and Spouses | 262 | 243 |
| Total Participants | 521 | 528 |
| Average Active Participant Age | 50.3 | 49.6 |
| Average Active Participant Service | 16.8 | 16.8 |
| Average Inactive Participant Age (Retirees Only) | 72.3 | 72.9 |
| Average Inactive Participant Life Expectancy (Retirees Only) | 16.7 | 16.1 |
| Asset Values | Actuarial Valuation as of January 1, 2023 | Actuarial Valuation as of January 1, 2022 |
| Market Value of Assets | \$9,022,172 | \$9,882,631 |
| Investment Return on Market Value of Assets | -13.2% | 10.8% |
| Prior Plan Year Employer Contributions | \$1,736,354 | \$1,784,706 |
| Prior Plan Year Benefit Payments | (\$1,472,958) | (\$2,034,067) |
| Funded Status | Actuarial Valuation as of January 1, 2023 | Actuarial Valuation as of January 1, 2022 |
| <u>Valuation Rate Basis</u> | | |
| Valuation Interest Rate | 6.75% | 6.75% |
| Actuarial Accrued Liability (AAL) | \$25,016,827 | \$26,311,178 |
| Actuarial Value of Assets | \$9,022,172 | \$9,882,631 |
| Excess (Shortfall) Based on Actuarial Value | (\$15,994,655) | (\$16,428,547) |
| Funding Percentage on AAL Basis Actuarial Value | 36.06% | 37.56% |

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

| Contributions | Actuarial Valuation as of January 1, 2023 | Actuarial Valuation as of January 1, 2022 |
|---|--|--|
| <u>Actuarially Determined Contribution</u> | | |
| Normal Cost | \$145,623 | \$176,850 |
| Expected Employee Contributions | N/A | N/A |
| Employer Normal Cost | <u>\$145,623</u> | <u>\$176,850</u> |
| Actuarially Determined Contribution | \$1,935,931 | \$1,951,575 |
| Adjusted Cash Contribution to Trust | \$1,640,907 | \$1,737,894 |
| Actuarial Assumptions | Actuarial Valuation as of January 1, 2023 | Actuarial Valuation as of January 1, 2022 |
| Discount Rate | 6.75% | 6.75% |
| Salary Scale | N/A | N/A |
| Mortality | PubG.H-2010 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) |

Proposed Resolution – FY 2024 VEBA Plan Contribution

RESOLVED, that the Authority approves a contribution of \$1,640,907 to the South Central Connecticut Regional Water Authority's Retired Employees' Contributory Welfare Trust, effective for the actuarial valuation of January 1, 2023; and

FURTHER RESOLVED, that the Authority approves the continued use of the mortality table for the South Central Connecticut Regional Water Authority's Retired Employees' Contributory Welfare Trust, the PubG.H.-2010 Employee, Healthy Annuitant, and Contingent Survivor with Scale MP-2021 generational improvements (M/F), effective as of the actuarial valuation of January 1, 2023.

Proposed Pension Contribution Resolutions FY 2024

Salaried

RESOLVED, that the Authority approves a contribution of \$3,022,490 to the South Central Connecticut Regional Water Authority's Salaried Employees' Retirement Plan, effective for the actuarial valuation of January 1, 2023; and

FURTHER RESOLVED, that the Authority approves the continued use of the PubG-2010 Above Median Employee and Annuitant with Scale MP-2021 generational improvements (M/F), effective for the actuarial valuation of January 1, 2023.

Union

RESOLVED, that the Authority approves a contribution of \$1,727,510 to the South Central Connecticut Regional Water Authority's Union Employees' Retirement Plan, effective for the actuarial valuation of January 1, 2023; and

FURTHER RESOLVED, that the Authority approves the continued use of the PubG-2010 Total Employee and Annuitant with Scale MP-2021 generational improvements (M/F), effective for the actuarial valuation of January 1, 2023.

Proposed Resolution – Additional Pension Contribution - FY 2023

RESOLVED, that based, on the recommendation of the its Pension & Benefit Committee, the South Central Connecticut Regional Water Authority authorizes an increase of \$2,000,000 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 2023.

Morgan Stanley

THE KELLIHER CORBETT GROUP AT MORGAN STANLEY

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Discussion Outline & Agenda

| | Section |
|--|---------|
| Market Commentary | I. |
| IPS Executive Summary | II. |
| Asset Allocation & Investment Matrices | III. |
| Investment Results | IV. |
| Investment Holdings Analysis | V. |
| Appendix | VI. |

Morgan Stanley

THE KELLIHER CORBETT GROUP
AT MORGAN STANLEY

Market Commentary





Bloomberg U.S. Agg. annual returns and intra-year declines

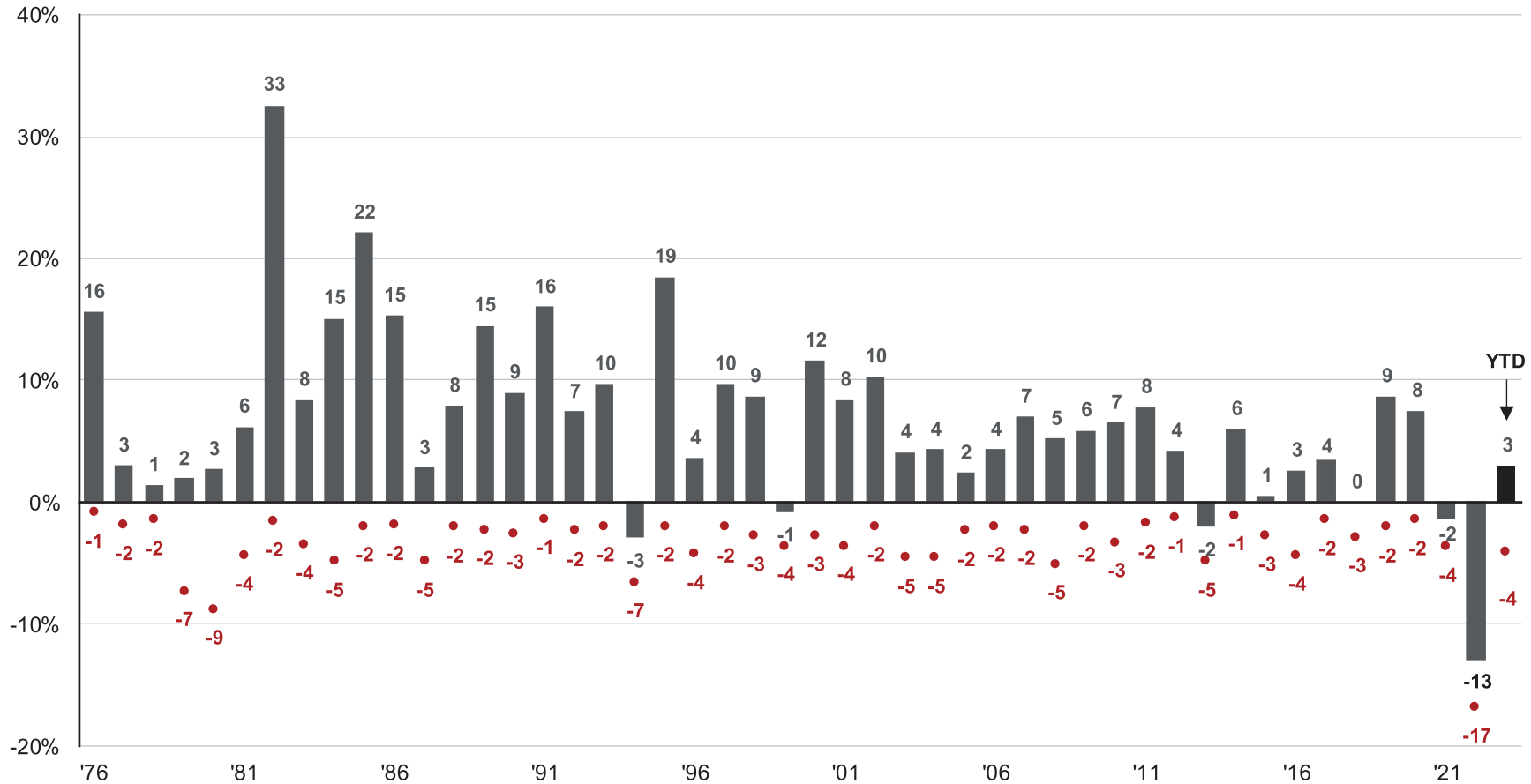
GTM

U.S.

43

Bloomberg U.S. Aggregate intra-year declines vs. calendar year returns

Despite average intra-year drops of 3.3%, annual returns positive in 42 of 47 years



Source: Bloomberg, FactSet, J.P. Morgan Asset Management.

Returns are based on total return. Intra-year drops refers to the largest market drops from a peak to a trough during the year. For illustrative purposes only. Returns shown are calendar year returns from 1976 to 2022, over which time period the average annual return was 6.6%. Returns from 1976 to 1989 are calculated on a monthly basis; daily data are used afterwards.

Guide to the Markets – U.S. Data are as of March 31, 2023.

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ASSET MANAGEMENT

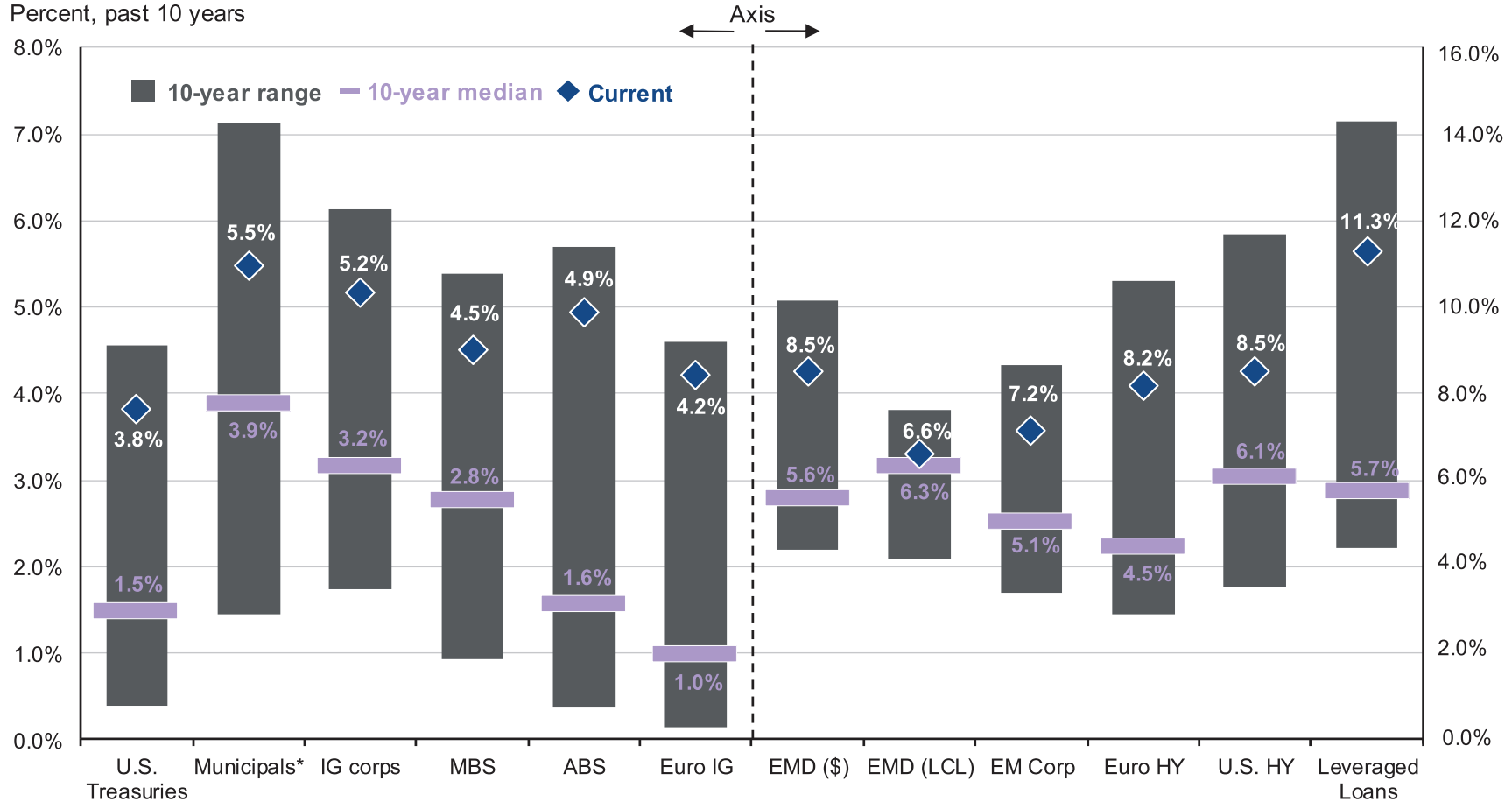


Fixed income valuations

GTM U.S. 39

Yield-to-worst across fixed income sectors

Percent, past 10 years



Source: Bloomberg, FactSet, J.P. Morgan Credit Research, J.P. Morgan Asset Management. Indices used are Bloomberg except for emerging market debt and leveraged loans; EMD (USD): J.P. Morgan EMIGLOBAL Diversified Index; EMD (LCL): J.P. Morgan GBI-EM Global Diversified Index; EM Corp.: J.P. Morgan CEMBI Broad Diversified; Leveraged Loans: JPM Leveraged Loan Index; Euro IG: Bloomberg Euro Aggregate Corporate Index; Euro HY: Bloomberg Pan-European High Yield Index. Yield-to-worst is the lowest possible yield that can be received on a bond apart from the company defaulting. All sectors shown are yield-to-worst except for Municipals, which is based on the tax-equivalent yield-to-worst assuming a top-income tax bracket rate of 37% plus a Medicare tax rate of 3.8%.

Guide to the Markets - U.S. Data as of March 31, 2023.

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ASSET MANAGEMENT

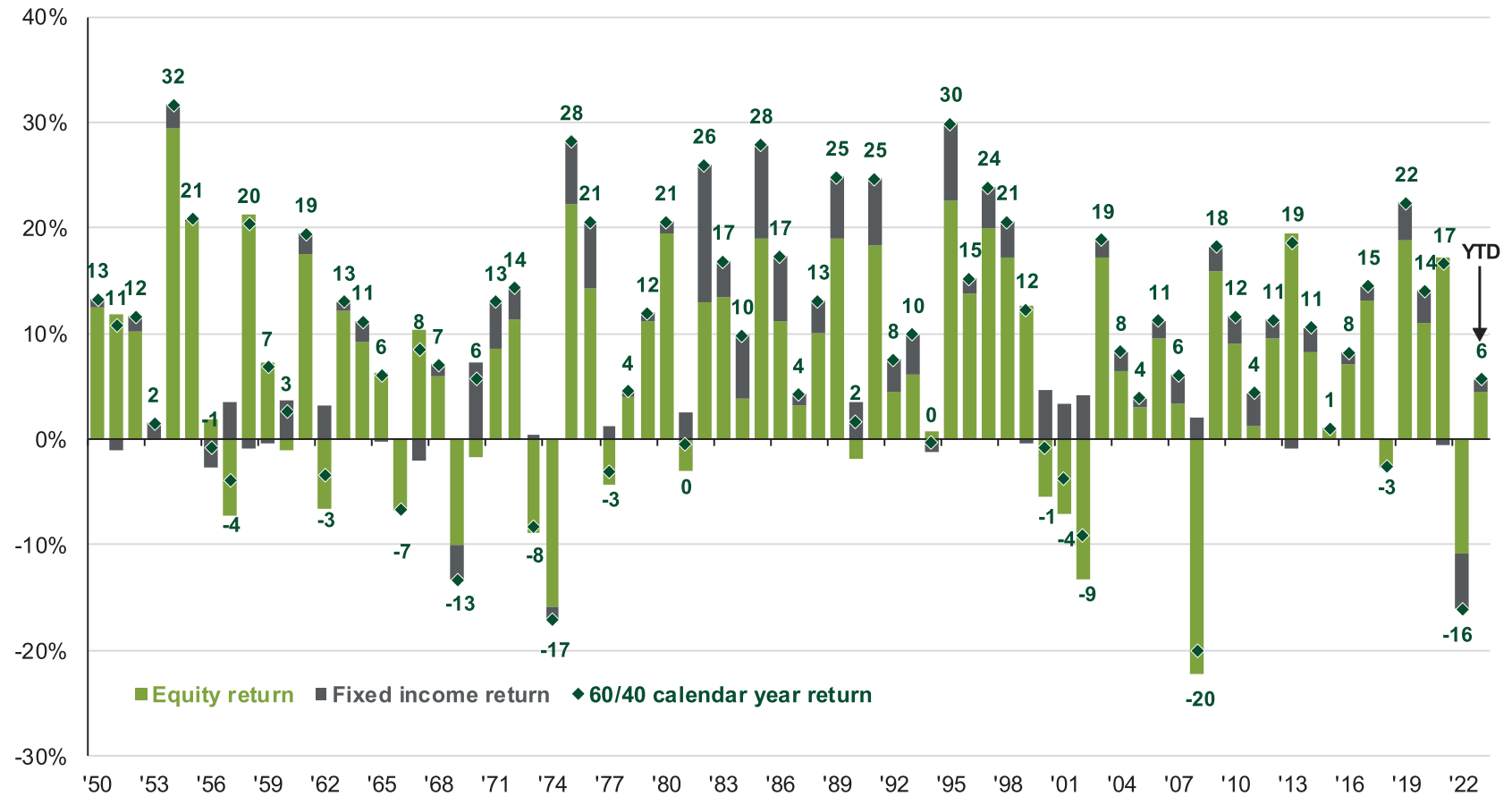


60/40 annual returns

GTM U.S. 64

60/40 annual return decomposition

Total returns, 1950 – present



Source: Bloomberg, FactSet, Ibbotson/Strategas, Robert Shiller, Standard & Poor's, Yale University, J.P. Morgan Asset Management. The 60/40 portfolio is 60% invested in S&P 500 Total Return Index and 40% invested in Bloomberg U.S. Aggregate Total Return Index. S&P 500 returns from 1950 to 1970 are estimated using the Shiller S&P Composite. U.S. fixed income total returns from 1950 to 1975 are estimated using data from Strategas/Ibbotson. The portfolio is rebalanced annually. *Guide to the Markets* – U.S. Data are as of March 31, 2023.

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S&P 500 Index at inflection points

GTM

U.S.

4

Equities

S&P 500 Price Index



Source: Compustat, FactSet, Federal Reserve, Refinitiv Datastream, Standard & Poor's, J.P. Morgan Asset Management. Dividend yield is calculated as consensus estimates of dividends for the next 12 months, divided by most recent price, as provided by Compustat. Forward price-to-earnings ratio is a bottom-up calculation based on IBES estimates and FactSet estimates since January 2022. Returns are cumulative and based on S&P 500 Index price movement only, and do not include the reinvestment of dividends. Past performance is not indicative of future returns.
Guide to the Markets – U.S. Data are as of March 31, 2023.

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ASSET MANAGEMENT

S&P 500 Bear Markets and Subsequent Returns

| Peak Date | Trough Date | Decline (%) | % Change after Trough Date | | | | |
|------------|-------------|-------------|----------------------------|----------|-----------|----------|----------|
| | | | 3-Months | 6 Months | 12-Months | 3-Years* | 5-Years* |
| 1/11/1973 | 10/3/1974 | -48% | 9% | 34% | 38% | 20% | 17% |
| 11/28/1980 | 8/12/1982 | -27% | 27% | 39% | 59% | 27% | 30% |
| 8/25/1987 | 12/4/1987 | 35% | 17% | 18% | 22% | 16% | 17% |
| 3/24/2000 | 10/9/2002 | -50% | 17% | 9% | 32% | 16% | 17% |
| 10/9/2007 | 3/9/2009 | -57% | 39% | 53% | 70% | 29% | 25% |
| 2/19/2020 | 3/23/2020 | -34% | 37% | 42% | 72% | 22% | - |
| 1/4/2022 | 10/12/2022 | -26% | 12% | 15% | - | - | - |
| Average | | | 22% | 30% | 49% | 22% | 21% |

Returns longer than 1 year are annualized

Bear market: stocks sell off 20%+.

Source: Morningstar, Bloomberg, Morgan Stanley Wealth Management GIC.

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.

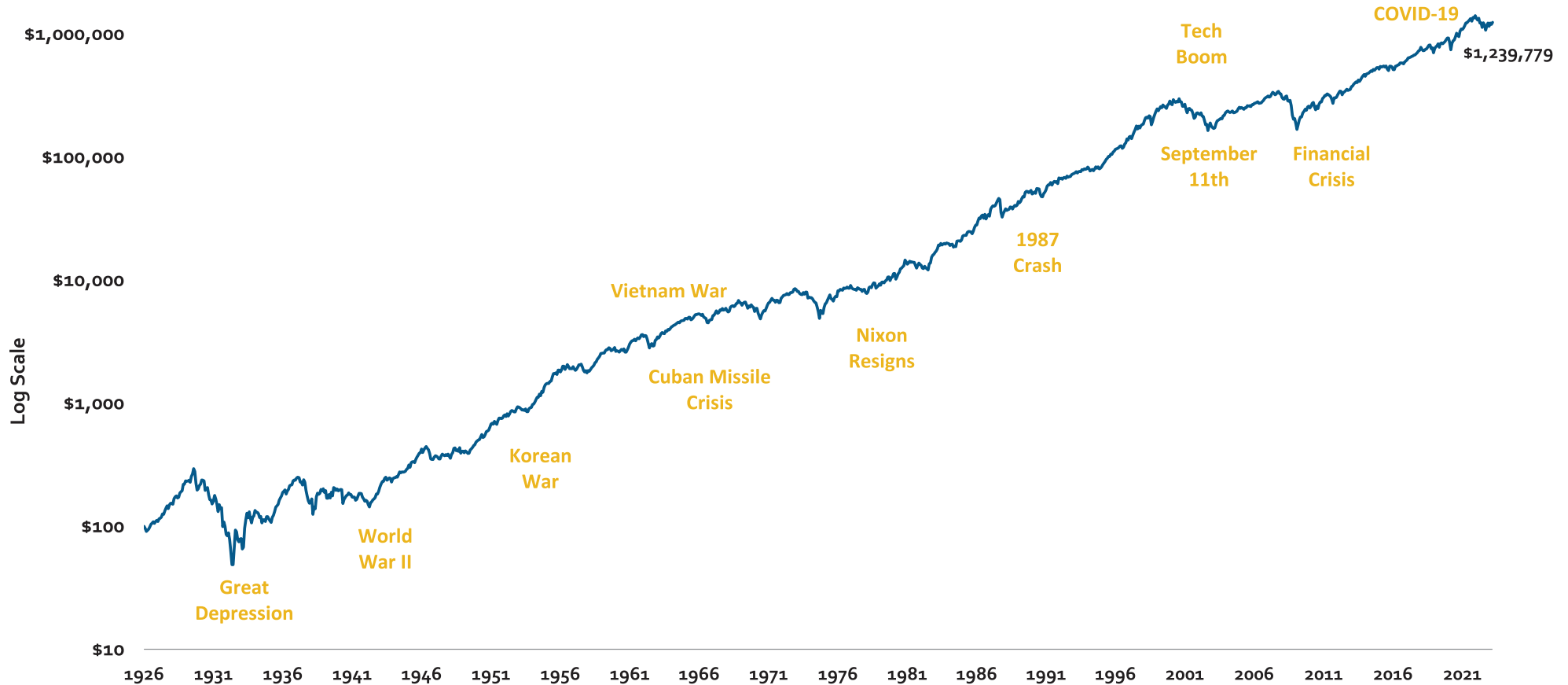
Indices are unmanaged. An investor cannot invest directly in an index. They are shown for illustrative purposes only and do not represent the performance of any specific investment. Index returns include the reinvestment of all dividends, but do not reflect the payment of transaction costs, advisory fees or expenses that are associated with an investment. Performance of indices may be more or less volatile than any investment product.

The risk of loss in value of a specific investment is not the same as the risk of loss in a broad market index. Therefore, the historical returns of an index will not be the same as the historical returns of a particular investment a client selects

Over the Long Term, S&P 500 Has Grown Despite Negative Events

S&P 500: Growth of \$100

Monthly data: January 31, 1926 – March 31, 2023



Source: FactSet, Ibbotson, Calculated by Morgan Stanley Wealth Management GIC using data provided by Morningstar. (c) 2020 Morningstar, Inc. All rights reserved. Used with permission. This information contained herein: (i) is proprietary to Morningstar and/or its content providers; (ii) may not be copied or distributed; and (iii) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

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.

Current Indicators: Equity Valuation

Morgan Stanley & Co. S&P 500 December 2023 Price Target

As of March 31, 2023

| EPS Landscape | MS & Co 2024 EPS Est. | Multiple | Price Target | Upside / (Downside) |
|-----------------------|-----------------------|----------|--------------|---------------------|
| Bull Case | \$251 | 16.70 | 4,200 | 2.2% |
| Base Case | \$241 | 16.10 | 3,900 | (5.1%) |
| Bear Case | \$230 | 15.30 | 3,500 | (14.8%) |
| Current S&P 500 Price | | | 4,109 | |

Morgan Stanley & Co. and Consensus S&P 500 Earnings Estimates

As of March 31, 2023



Source: FactSet, Bloomberg, Morgan Stanley Wealth Management GIC

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.

S&P 500 Current and Historical Valuation

As of March 31, 2023

| | Mar 31, 2023 | Tech Bubble | Financial Crisis | 20-Year Average | Current Relative to Average |
|------------------------|--------------|-------------|------------------|-----------------|-----------------------------|
| S&P 500 Trailing P/E | 19.6 | 28.9 | 12.1 | 18.3 | 1.07 |
| S&P 500 Forward P/E | 18.7 | 26.6 | 11.2 | 15.3 | 1.22 |
| Technology | 26.1 | 62.3 | 12.6 | 25.2 | 1.04 |
| Consumer Discretionary | 24.1 | 28.5 | 28.5 | 20.6 | 1.17 |
| Communication Services | 16.3 | 28.6 | 11.4 | 16.6 | 0.98 |
| Industrials | 19.2 | 20.1 | 8.7 | 17.6 | 1.09 |
| Real Estate | 35.0 | - | - | - | - |
| Financials | 13.2 | 13.9 | 7.8 | 14.5 | 0.91 |
| Consumer Staples | 20.5 | 19.6 | 11.5 | 18.0 | 1.13 |
| Energy | 10.2 | 25.2 | 11.6 | 21.4 | 0.48 |
| Utilities | 17.9 | 14.8 | 9.8 | 14.9 | 1.20 |
| Materials | 17.4 | 19.2 | 13.9 | 18.6 | 0.94 |
| Health Care | 17.4 | 24.5 | 9.3 | 18.1 | 0.96 |

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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”) <ol style="list-style-type: none">1. South Central Connecticut Regional Water Authority Salaried Employees’ Retirement Plan2. South Central Connecticut Regional Water Authority Retirement Plan3. 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: | <ol style="list-style-type: none">1) Milestone goal of being fully funded, for the pension plans by end of Fiscal Year 2025, excluding ongoing plan service costs, subject to prevailing market conditions2) To achieve a long-term rate of return that meets the assumed actuarial rate of return | | | |
| 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 | | | |

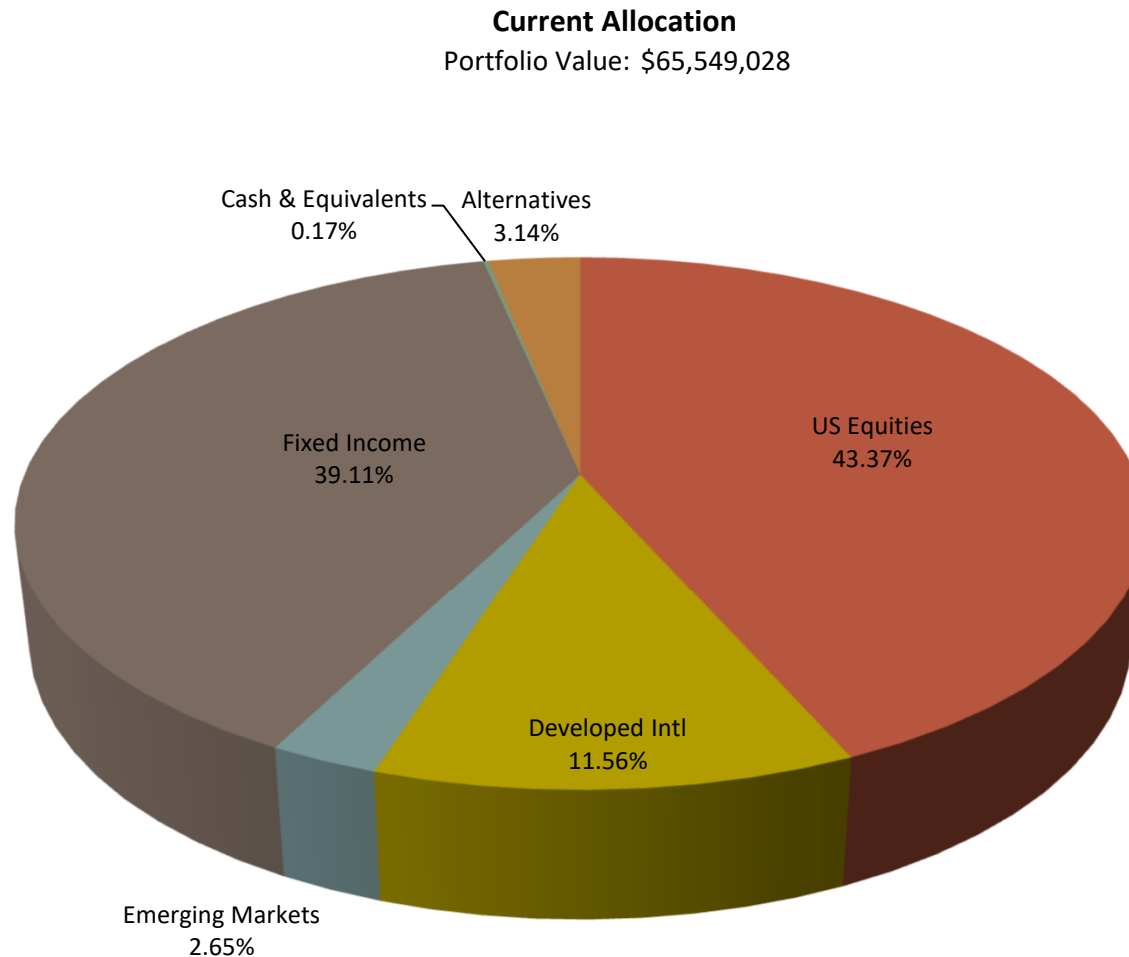
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Asset Allocation & Investment Matrices



SCCT Regional Water Authority - Salary & Union Plans



| | |
|---------------------------------------|----------|
| Total Equity | |
| 57.58% | |
| % of Total Equity | |
| US Equity | = 75.33% |
| Intl Equity | = 24.67% |
| % of Intl Equity | |
| Developed Intl | = 81.37% |
| Emerging Markets | = 18.63% |
| Overall Equity Style Analysis* | |
| Value | = 25.59% |
| Core | = 47.74% |
| Growth | = 26.67% |
| US Equity Style Analysis* | |
| Value | = 26.96% |
| Core | = 49.24% |
| Growth | = 23.80% |

Assets as of 3/31/2023

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

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but their accuracy and completeness is not guaranteed. This report has been prepared for illustrative purposes only

and is not intended to be used as a substitute for monthly transaction statements you receive on a regular basis

from Morgan Stanley & Co. Incorporated Please compare the data on this document carefully with your monthly statements

to verify its accuracy. The Company strongly encourages you to consult with your own accountants or other

advisors with respect to any tax questions."

*Equity Style Analysis provided by Morningstar "Asset Scan"

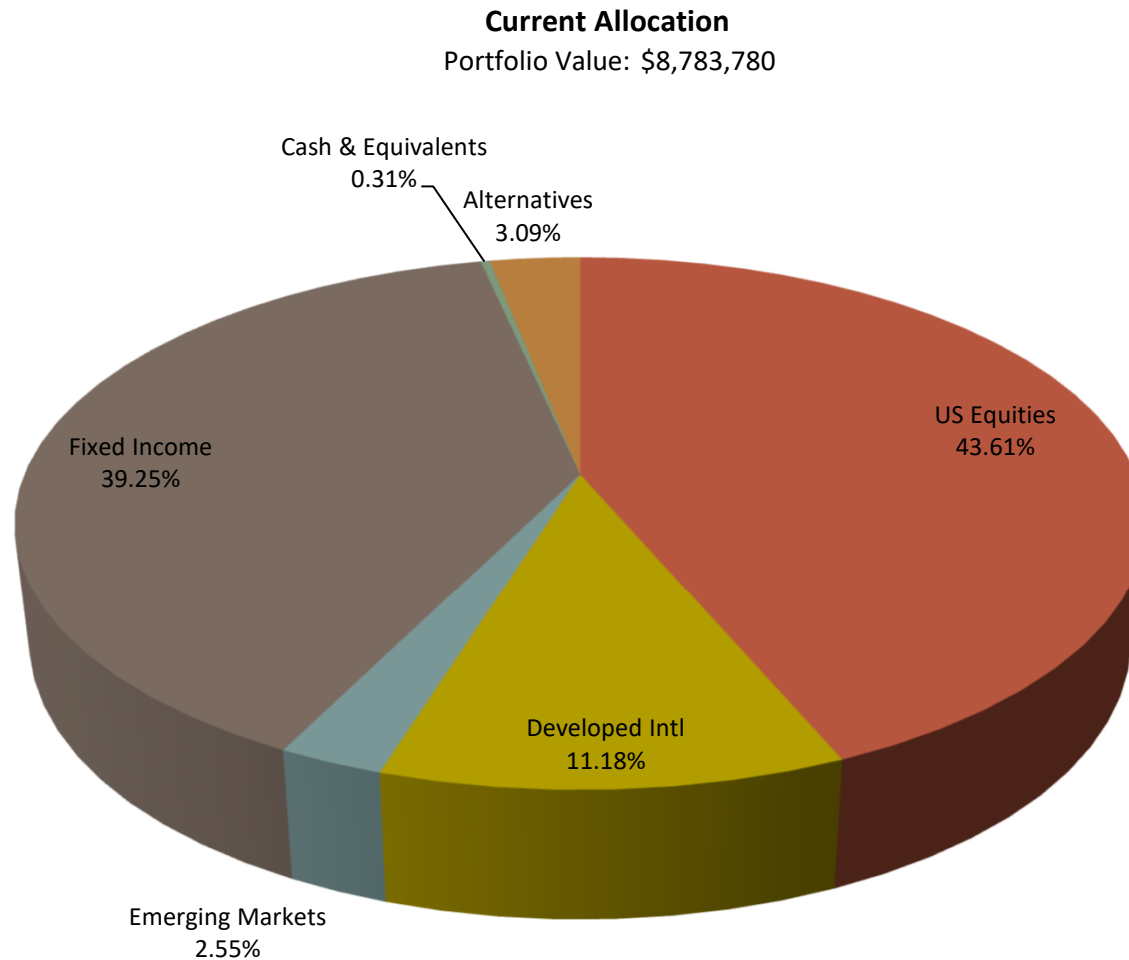
Data Source: Morgan Stanley & Morningstar

SCCT Regional Water Authority - Salary & Union Plans
Asset Allocation Matrix Summary
As of 3/31/2023

| Benchmark vs Actual | | | |
|----------------------------|-----------|---------|--------|
| | Benchmark | Actual | +/- |
| Russell 3000 | 42.00% | 43.60% | 1.60% |
| MSCI ACWI ex US | 15.00% | 13.92% | -1.08% |
| Bloomberg US Aggregate | 31.00% | 38.64% | 7.64% |
| FTSE WGBI | 3.00% | 0.00% | -3.00% |
| HFRI FOF | 5.00% | 2.14% | -2.86% |
| Global Real Estate | 2.00% | 1.00% | -1.00% |
| Cash & Equivalents/T-Bills | 2.00% | 0.69% | -1.31% |
| Total | 100.00% | 100.00% | 0.00% |

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SCCT Regional Water Authority - VEBA Plan



| | |
|---------------------------------------|----------|
| Total Equity | |
| 57.35% | |
| % of Total Equity | |
| US Equity | = 76.05% |
| Intl Equity | = 23.95% |
| % of Intl Equity | |
| Developed Intl | = 81.40% |
| Emerging Markets | = 18.60% |
| Overall Equity Style Analysis* | |
| Value | = 25.51% |
| Core | = 47.83% |
| Growth | = 26.66% |
| US Equity Style Analysis* | |
| Value | = 26.87% |
| Core | = 49.26% |
| Growth | = 23.87% |

Assets as of 3/31/2023

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 3/31/2023

| Benchmark vs Actual | | | |
|----------------------------|-----------|---------|--------|
| | Benchmark | Actual | +/- |
| Russell 3000 | 42.00% | 43.85% | 1.85% |
| MSCI ACWI ex US | 15.00% | 13.45% | -1.55% |
| Bloomberg US Aggregate | 31.00% | 38.70% | 7.70% |
| FTSE WGBI | 3.00% | 0.00% | -3.00% |
| HFRI FOF | 5.00% | 2.21% | -2.79% |
| Global Real Estate | 2.00% | 0.88% | -1.12% |
| Cash & Equivalents/T-Bills | 2.00% | 0.92% | -1.08% |
| Total | 100.00% | 100.00% | 0.00% |

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Investment Results



SCCT Regional Water Authority
First Quarter Investment Results
December 31, 2022 - March 31, 2023

| Account Number | Account Type | Beg. Asset Value 31-Dec-2022 | Net Deposits/Withdrawals | Transfers | Net Invested | Ending Asset Value 31-Mar-2023 | Net \$ Gain/Loss | Gain/Loss (net) % | Gain/Loss (gross) % |
|----------------|-------------------------|---------------------------------|-----------------------------|-------------|-----------------|-----------------------------------|---------------------|----------------------|------------------------|
| 447-xxx450 | Salaried | \$39,989,740 | \$0 | (\$293,574) | \$39,696,166 | \$41,243,020 | \$1,546,854 | 3.88% | 3.97% |
| 447-xxx451 | Union | \$23,779,677 | \$0 | (\$409,178) | \$23,370,500 | \$24,306,008 | \$935,509 | 3.97% | 4.07% |
| 447-xxx456 | VEBA | \$8,443,859 | \$0 | \$0 | \$8,443,859 | \$8,783,780 | \$339,920 | 4.03% | 4.12% |
| axx15a | Matrix Trust (Salaried) | \$46,129 | (\$318,829) | \$350,000 | \$77,300 | \$77,300 | \$0 | - | - |
| axx15b | Matrix Trust (Union) | \$15,732 | (\$284,440) | \$450,000 | \$181,293 | \$181,293 | \$0 | - | - |
| axx16 | Matrix Trust(VEBA) | \$584,218 | \$33,028 | (\$97,249) | \$519,996 | \$519,996 | \$0 | - | - |
| Consolidated | | \$72,859,355 | (\$570,241) | \$0 | \$72,289,114 | \$75,111,397 | \$2,822,283 | 3.93% | 4.02% |

December 31, 2022 - March 31, 2023

Actuarial Assumed Rate of Return

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

Actuarial Assumed Rate of Return (Prior to 5/31/2021): 7.00% x (3/12) 1.75%

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 4.58%

Strategic: 42% R3000, 15% MSCI ACWxUS, 31% Bloomberg Agg, 3% FTSE WGBI, 5% HFRI FOF, 2% Global RE, 2% T-Bills 5.13%

Most Equity Risk: 44% R3000, 16% MSCI ACWxUS, 16% Bloomberg Agg, 2% FTSE WGBI, 15% HFRI FOF, 5% Global RE, 2% T-Bills 4.94%

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 3.13%

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 3.35%

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 3.07%

Russell 3000 7.18%

S&P 500 7.50%

S&P 500 Equal Weight 2.93%

Russell 1000 Value 1.01%

Russell 1000 7.46%

Russell 1000 Growth 14.37%

Russell 2000 2.74%

MSCI All Country World ex. US 6.87%

MSCI EAFE 8.47%

MSCI EM 3.96%

Bloomberg Aggregate 2.96%

Bloomberg Govt/Credit Intermediate 2.33%

Bloomberg US Corp Bond 3.50%

HFRI Fund of Funds Index 0.71%

DJ Global World Real Estate 0.21%

Morningstar Real Asset 2.18%

FTSE WGBI Index 3.51%

30 Day T-Bill 1.09%

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

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Data Source: Morgan Stanley & Morningstar

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SCCT Regional Water Authority
Fiscal Year Investment Results
May 31, 2022 - March 31, 2023

| Account Number | Account Type | Beg. Asset Value 31-May-2022 | Net Deposits/Withdrawals | Transfers | Net Invested | Ending Asset Value 31-Mar-2023 | Net \$ Gain/Loss | Gain/Loss (net) % | Gain/Loss (gross) % |
|----------------|-------------------------|---------------------------------|-----------------------------|-------------|-----------------|-----------------------------------|---------------------|----------------------|------------------------|
| 447-xxx450 | Salaried | \$41,653,250 | \$0 | (\$432,130) | \$41,221,119 | \$41,243,020 | \$21,901 | 0.07% | 0.38% |
| 447-xxx451 | Union | \$25,056,535 | \$0 | (\$773,015) | \$24,283,520 | \$24,306,008 | \$22,489 | 0.20% | 0.51% |
| 447-xxx456 | VEBA | \$8,798,758 | \$0 | \$0 | \$8,798,758 | \$8,783,780 | (\$14,979) | -0.17% | 0.14% |
| axx15a | Matrix Trust (Salaried) | \$450,006 | (\$947,706) | \$575,000 | \$77,300 | \$77,300 | \$0 | - | - |
| axx15b | Matrix Trust (Union) | \$235,584 | (\$929,292) | \$875,000 | \$181,293 | \$181,293 | \$0 | - | - |
| axx16 | Matrix Trust(VEBA) | \$297,597 | \$467,253 | (\$244,854) | \$519,996 | \$519,996 | \$0 | - | - |
| Consolidated | | \$76,491,731 | (\$1,409,744) | \$0 | \$75,081,986 | \$75,111,397 | \$29,411 | 0.08% | 0.39% |

May 31, 2022 - March 31, 2023

Actuarial Assumed Rate of Return

Actuarial Assumed Rate of Return (Current): 6.75% x (10/12) 5.63%

Actuarial Assumed Rate of Return (Prior to 5/31/2021): 7.00% x (10/12) 5.83%

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 -0.56%

Strategic: 42% R3000, 15% MSCI ACWxUS, 31% Bloomberg Agg, 3% FTSE WGBI, 5% HFRI FOF, 2% Global RE, 2% T-Bills -0.47%

Most Equity Risk: 44% R3000, 16% MSCI ACWxUS, 16% Bloomberg Agg, 2% FTSE WGBI, 15% HFRI FOF, 5% Global RE, 2% T-Bills -0.48%

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 -1.05%

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 -1.08%

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 -1.12%

Russell 3000 0.57%

S&P 500 0.90%

S&P 500 Equal Weight -0.88%

Russell 1000 Value -2.19%

Russell 1000 0.72%

Russell 1000 Growth 3.75%

Russell 2000 -2.03%

MSCI All Country World ex. US 0.57%

MSCI EAFE 4.66%

MSCI EM -5.86%

Bloomberg Aggregate -1.66%

Bloomberg Govt/Credit Intermediate -0.40%

Bloomberg US Corp Bond -1.01%

HFRI Fund of Funds Index 0.74%

DJ Global World Real Estate -12.82%

Morningstar Real Asset -4.78%

FTSE WGBI Index -3.84%

30 Day T-Bill 2.53%

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

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Data Source: Morgan Stanley & Morningstar

SCCT Regional Water Authority
Trailing Twelve Month Investment Results
March 31, 2022 - March 31, 2023

| Account Number | Account Type | Beg. Asset Value 31-Mar-2022 | Net Deposits/Withdrawals | Transfers | Net Invested | Ending Asset Value 31-Mar-2023 | Net \$ Gain/Loss | Gain/Loss (net) % | Gain/Loss (gross) % |
|----------------|-------------------------|---------------------------------|-----------------------------|-------------|-----------------|-----------------------------------|---------------------|----------------------|------------------------|
| 447-xxx450 | Salaried | \$43,268,495 | \$0 | \$42,414 | \$43,310,909 | \$41,243,020 | (\$2,067,889) | -4.75% | -4.40% |
| 447-xxx451 | Union | \$26,488,968 | \$0 | (\$927,692) | \$25,561,276 | \$24,306,008 | (\$1,255,268) | -4.61% | -4.26% |
| 447-xxx456 | VEBA | \$9,265,208 | \$0 | \$0 | \$9,265,208 | \$8,783,780 | (\$481,429) | -5.20% | -4.85% |
| 447-xxx626* | Skybridge (Salaried) | \$34,475 | \$0 | (\$34,478) | (\$3) | \$0 | \$3 | 0.00% | 0.00% |
| 447-xxx627* | Skybridge (Union) | \$23,136 | \$0 | (\$23,137) | (\$2) | \$0 | \$2 | 0.00% | 0.00% |
| axx15a | Matrix Trust (Salaried) | (\$135,504) | \$49,191 | \$163,612 | \$77,300 | \$77,300 | \$0 | - | - |
| axx15b | Matrix Trust (Union) | (\$72,547) | (\$818,582) | \$1,072,421 | \$181,293 | \$181,293 | \$0 | - | - |
| axx16 | Matrix Trust(VEBA) | \$126,499 | \$686,638 | (\$293,140) | \$519,996 | \$519,996 | \$0 | - | - |
| Consolidated | | \$78,998,731 | (\$82,753) | \$0 | \$78,915,978 | \$75,111,397 | (\$3,804,581) | -4.75% | -4.40% |

March 31, 2022 - March 31, 2023

Actuarial Assumed Rate of Return

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

Actuarial Assumed Rate of Return (Prior to 5/31/2021): 7.00% 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 -6.04%

Strategic: 42% R3000, 15% MSCI ACWxUS, 31% Bloomberg Agg, 3% FTSE WGBI, 5% HFRI FOF, 2% Global RE, 2% T-Bills -6.57%

Most Equity Risk: 44% R3000, 16% MSCI ACWxUS, 16% Bloomberg Agg, 2% FTSE WGBI, 15% HFRI FOF, 5% Global RE, 2% T-Bills -6.77%

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 -5.27%

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 -5.62%

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 -5.77%

Russell 3000 -8.58%

S&P 500 -7.73%

S&P 500 Equal Weight -6.31%

Russell 1000 Value -5.91%

Russell 1000 -8.39%

Russell 1000 Growth -10.90%

Russell 2000 -11.61%

MSCI All Country World ex. US -5.07%

MSCI EAFE -1.38%

MSCI EM -10.70%

Bloomberg Aggregate -4.78%

Bloomberg Govt/Credit Intermediate -1.66%

Bloomberg US Corp Bond -5.55%

HFRI Fund of Funds Index -1.95%

DJ Global World Real Estate -19.74%

Morningstar Real Asset -7.56%

FTSE WGBI Index -9.55%

30 Day T-Bill 2.57%

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 & Morningstar

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SCCT Regional Water Authority
Trailing Three Year Investment Results
March 31, 2020 - March 31, 2023

| Account Number | Account Type | Beg. Asset Value 31-Mar-2020 | Net Deposits/Withdrawals | Transfers | Net Invested | Ending Asset Value 31-Mar-2023 | Net \$ Gain/Loss | Gain/Loss (net) % | Gain/Loss (gross) % |
|----------------|-------------------------|---------------------------------|-----------------------------|---------------|-----------------|-----------------------------------|---------------------|----------------------|------------------------|
| 447-xxx450 | Salaried | \$32,405,932 | \$0 | (\$479,996) | \$31,925,936 | \$41,243,020 | \$9,317,085 | 8.88% | 9.28% |
| 447-xxx451 | Union | \$19,962,433 | \$0 | (\$1,464,545) | \$18,497,889 | \$24,306,008 | \$5,808,120 | 8.97% | 9.37% |
| 447-xxx456 | VEBA | \$6,484,412 | \$0 | \$400,000 | \$6,884,412 | \$8,783,780 | \$1,899,368 | 9.05% | 9.45% |
| 447-xxx626* | Skybridge (Salaried) | \$507,793 | \$0 | (\$704,240) | (\$196,447) | \$0 | \$196,447 | 11.52% | 11.52% |
| 447-xxx627* | Skybridge (Union) | \$341,024 | \$0 | (\$472,852) | (\$131,828) | \$0 | \$131,828 | 11.51% | 11.51% |
| axx15a | Matrix Trust (Salaried) | \$93,343 | (\$1,699,251) | \$1,683,208 | \$77,300 | \$77,300 | \$0 | - | - |
| axx15b | Matrix Trust (Union) | \$192,843 | (\$2,323,248) | \$2,311,697 | \$181,293 | \$181,293 | \$0 | - | - |
| axx16 | Matrix Trust(VEBA) | \$369,700 | \$1,423,568 | (\$1,273,272) | \$519,996 | \$519,996 | \$0 | - | - |
| Consolidated | | \$60,357,480 | (\$2,598,930) | \$0 | \$57,758,550 | \$75,111,397 | \$17,352,847 | 8.92% | 9.31% |

March 31, 2020 - March 31, 2023

Actuarial Assumed Rate of Return

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

Actuarial Assumed Rate of Return (Prior to 5/31/2021): 7.00% 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 7.00%

Strategic: 42% R3000, 15% MSCI ACWxUS, 31% Bloomberg Agg, 3% FTSE WGBI, 5% HFRI FOF, 2% Global RE, 2% T-Bills 8.99%

Most Equity Risk: 44% R3000, 16% MSCI ACWxUS, 16% Bloomberg Agg, 2% FTSE WGBI, 15% HFRI FOF, 5% Global RE, 2% T-Bills 10.82%

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 8.22%

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 10.50%

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 12.40%

Russell 3000 18.48%

S&P 500 18.60%

S&P 500 Equal Weight 22.06%

Russell 1000 Value 17.93%

Russell 1000 18.55%

Russell 1000 Growth 18.58%

Russell 2000 17.51%

MSCI All Country World ex. US 11.80%

MSCI EAFE 12.99%

MSCI EM 7.83%

Bloomberg Aggregate -2.77%

Bloomberg Govt/Credit Intermediate -1.28%

Bloomberg US Corp Bond -0.54%

HFRI Fund of Funds Index 7.17%

DJ Global World Real Estate 5.20%

Morningstar Real Asset 8.76%

FTSE WGBI Index -5.29%

30 Day T-Bill 0.89%

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 & Morningstar

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SCCT Regional Water Authority
Trailing Five Year Investment Results
March 31, 2018 - March 31, 2023

| Account Number | Account Type | Beg. Asset Value 31-Mar-2018 | Net Deposits/Withdrawals | Transfers | Net Invested | Ending Asset Value 31-Mar-2023 | Net \$ Gain/Loss | Gain/Loss (net) % | Gain/Loss (gross) % |
|----------------|-------------------------|---------------------------------|-----------------------------|---------------|-----------------|-----------------------------------|---------------------|----------------------|------------------------|
| 447-xxx450 | Salaried | \$30,482,256 | \$0 | \$2,107,509 | \$32,589,764 | \$41,243,020 | \$8,653,256 | 4.84% | 5.24% |
| 447-xxx451 | Union | \$20,464,352 | \$0 | (\$1,556,055) | \$18,908,297 | \$24,306,008 | \$5,397,712 | 4.85% | 5.24% |
| 447-xxx456 | VEBA | \$5,747,769 | \$0 | \$1,334,134 | \$7,081,903 | \$8,783,780 | \$1,701,877 | 4.67% | 5.07% |
| 447-xxx626* | Skybridge (Salaried) | \$524,859 | \$0 | (\$604,240) | (\$79,382) | \$0 | \$79,382 | 2.45% | 2.45% |
| 447-xxx627* | Skybridge (Union) | \$379,065 | \$0 | (\$432,852) | (\$53,787) | \$0 | \$53,787 | 2.46% | 2.46% |
| axx15a | Matrix Trust (Salaried) | \$539,437 | \$228,704 | (\$690,841) | \$77,300 | \$77,300 | \$0 | - | - |
| axx15b | Matrix Trust (Union) | \$365,729 | (\$2,812,166) | \$2,627,730 | \$181,293 | \$181,293 | \$0 | - | - |
| axx16 | Matrix Trust(VEBA) | \$616,470 | \$2,688,910 | (\$2,785,383) | \$519,996 | \$519,996 | \$0 | - | - |
| Consolidated | | \$59,119,937 | \$105,447 | \$0 | \$59,225,384 | \$75,111,397 | \$15,886,012 | 4.76% | 5.14% |

March 31, 2018 - March 31, 2023

Actuarial Assumed Rate of Return

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

Actuarial Assumed Rate of Return (Prior to 5/31/2021): 7.00% 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 4.40%

Strategic: 42% R3000, 15% MSCI ACWxUS, 31% Bloomberg Agg, 3% FTSE WGBI, 5% HFRI FOF, 2% Global RE, 2% T-Bills 5.17%

Most Equity Risk: 44% R3000, 16% MSCI ACWxUS, 16% Bloomberg Agg, 2% FTSE WGBI, 15% HFRI FOF, 5% Global RE, 2% T-Bills 5.62%

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 4.23%

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 4.96%

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 5.41%

Russell 3000 10.45%

S&P 500 11.19%

S&P 500 Equal Weight 9.96%

Russell 1000 Value 7.50%

Russell 1000 10.87%

Russell 1000 Growth 13.66%

Russell 2000 4.71%

MSCI All Country World ex. US 2.47%

MSCI EAFE 3.52%

MSCI EM -0.91%

Bloomberg Aggregate 0.91%

Bloomberg Govt/Credit Intermediate 1.40%

Bloomberg US Corp Bond 1.62%

HFRI Fund of Funds Index 3.10%

DJ Global World Real Estate 0.80%

Morningstar Real Asset 4.50%

FTSE WGBI Index -2.35%

30 Day T-Bill 1.35%

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 & Morningstar

SCCT Regional Water Authority
Trailing Seven Year Investment Results
March 31, 2016 - March 31, 2023

| Account Number | Account Type | Beg. Asset Value 31-Mar-2016 | Net Deposits/Withdrawals | Transfers | Net Invested | Ending Asset Value 31-Mar-2023 | Net \$ Gain/Loss | Gain/Loss (net) % | Gain/Loss (gross) % |
|----------------|-------------------------|---------------------------------|-----------------------------|---------------|-----------------|-----------------------------------|---------------------|----------------------|------------------------|
| 447-xxx450 | Salaried | \$22,580,657 | \$0 | \$5,074,300 | \$27,654,957 | \$41,243,020 | \$13,588,063 | 6.23% | 6.64% |
| 447-xxx451 | Union | \$16,511,250 | \$0 | (\$1,117,159) | \$15,394,091 | \$24,306,008 | \$8,911,917 | 6.25% | 6.65% |
| 447-xxx456 | VEBA | \$3,689,152 | \$0 | \$2,486,539 | \$6,175,691 | \$8,783,780 | \$2,608,089 | 6.09% | 6.50% |
| 447-xxx626* | Skybridge (Salaried) | \$0 | \$0 | (\$153,806) | (\$153,806) | \$0 | \$153,806 | 4.04% | 4.04% |
| 447-xxx627* | Skybridge (Union) | \$0 | \$0 | (\$107,539) | (\$107,539) | \$0 | \$107,539 | 4.04% | 4.04% |
| axx15a | Matrix Trust (Salaried) | \$211,900 | \$3,696,283 | (\$3,830,883) | \$77,300 | \$77,300 | \$0 | - | - |
| axx15b | Matrix Trust (Union) | \$146,452 | (\$2,044,164) | \$2,079,004 | \$181,293 | \$181,293 | \$0 | - | - |
| axx16 | Matrix Trust(VEBA) | \$25,932 | \$4,924,521 | (\$4,430,457) | \$519,996 | \$519,996 | \$0 | - | - |
| Consolidated | | \$43,165,344 | \$6,576,640 | \$0 | \$49,741,984 | \$75,111,397 | \$25,369,413 | 6.17% | 6.56% |

March 31, 2016 - March 31, 2023

Actuarial Assumed Rate of Return

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

Actuarial Assumed Rate of Return (Prior to 5/31/2021): 7.00% 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 5.42%

Strategic: 42% R3000, 15% MSCI ACWxUS, 31% Bloomberg Agg, 3% FTSE WGBI, 5% HFRI FOF, 2% Global RE, 2% T-Bills 6.42%

Most Equity Risk: 44% R3000, 16% MSCI ACWxUS, 16% Bloomberg Agg, 2% FTSE WGBI, 15% HFRI FOF, 5% Global RE, 2% T-Bills 7.06%

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 5.16%

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 6.11%

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 6.73%

Russell 3000 11.99%

S&P 500 12.42%

S&P 500 Equal Weight 11.24%

Russell 1000 Value 9.02%

Russell 1000 12.23%

Russell 1000 Growth 15.01%

Russell 2000 8.55%

MSCI All Country World ex. US 5.86%

MSCI EAFE 6.21%

MSCI EM 4.91%

Bloomberg Aggregate 0.88%

Bloomberg Govt/Credit Intermediate 1.11%

Bloomberg US Corp Bond 2.01%

HFRI Fund of Funds Index 3.88%

DJ Global World Real Estate 2.40%

Morningstar Real Asset 3.87%

FTSE WGBI Index -1.06%

30 Day T-Bill 1.15%

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

*447-xxx626 open from April 2016 to May 2022

*447-xxx627 open from April 2016 to July 2022

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Data Source: Morgan Stanley & Morningstar

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Morgan Stanley

THE KELLIHER CORBETT GROUP
AT MORGAN STANLEY

Investment Holdings Analysis



Mutual Funds/ETFs

Results

| Data as of 3/31/2023 | | Morningstar Category | Market Returns (%) | | | | | | \$ Assets | % of Total |
|---|-----------------------------|-------------------------|--------------------|-------|----------|---------|---------|---------|---------------|---------------|
| | | | 3 Month | YTD | 1-Yr | 3-Yr | 5-Yr | 10-Yr | | |
| Cash & Equivalents | | | | | | | | | | |
| Cash & Equivalents | | | - | - | - | - | - | - | \$ 176,993 | 0.24% |
| Fixed Income | | | | | | | | | | |
| Vanguard Short-Term Treasury ETF | Short Government | | 1.64 | 1.64 | ● 0.21 | ● -0.85 | ● 1.05 | ● 0.74 | \$ 1,202,997 | 1.62% |
| Cat: Short Government | Short Government | | 1.58 | 1.58 | -0.91 | -1.33 | 0.66 | 0.46 | | |
| Guggenheim Limited Duration Instl | Short-Term Bond | | 2.33 | 2.33 | ● 0.24 | ● 1.69 | ● 1.68 | - | \$ 302,601 | 0.41% |
| PIMCO Low Duration Income I2 | Short-Term Bond | | 1.62 | 1.62 | ● 0.34 | ● 3.59 | ● 2.23 | ● 2.76 | \$ 2,283,707 | 3.07% |
| Vanguard Short-Term Bond ETF | Short-Term Bond | | 1.89 | 1.89 | ● -0.36 | ● -0.81 | ● 1.28 | ● 1.06 | \$ 275,364 | 0.37% |
| Cat: Short-Term Bond | Short-Term Bond | | 1.73 | 1.73 | -0.67 | 0.91 | 1.31 | 1.18 | | |
| American Funds Bond Fund of Amer F2 | Intermediate Core Bond | | 2.86 | 2.86 | ● -4.78 | ● -1.50 | ● 1.76 | ● 1.82 | \$ 2,525,727 | 3.40% |
| Cat: Intermediate Core Bond | Intermediate Core Bond | | 2.99 | 2.99 | -5.08 | -2.26 | 0.75 | 1.19 | | |
| American Funds Strategic Bond F-2 | Intermediate Core-Plus Bond | | 3.58 | 3.58 | ● -6.21 | ● -0.44 | ● 3.23 | - | \$ 2,996,657 | 4.03% |
| DoubleLine Total Return Bond I | Intermediate Core-Plus Bond | | 3.31 | 3.31 | ● -5.08 | ● -1.70 | ● 0.40 | ● 1.51 | \$ 2,525,223 | 3.40% |
| Loomis Sayles Core Plus Bond Y | Intermediate Core-Plus Bond | | 3.83 | 3.83 | ● -4.25 | ● -0.91 | ● 1.51 | ● 2.03 | \$ 2,337,443 | 3.14% |
| Cat: Intermediate Core-Plus Bond | Intermediate Core-Plus Bond | | 3.02 | 3.02 | -5.37 | -1.14 | 0.93 | 1.47 | | |
| Idx: Bloomberg US Agg Bond TR USD | - | | 2.96 | 2.96 | -4.78 | -2.77 | 0.91 | 1.36 | | |
| Idx: Bloomberg US Govt/Credit Interm TR USD | - | | 2.33 | 2.33 | -1.66 | -1.28 | 1.40 | 1.32 | | |
| Idx: FTSE WGBI USD | - | | 3.51 | 3.51 | -9.55 | -5.29 | -2.35 | -0.60 | | |
| Sub-Total Fixed Income | | | | | | | | | \$ 14,449,719 | 19.44% |
| US Equity | | | | | | | | | | |
| Columbia Dividend Income Inst | Large Value | | -0.18 | -0.18 | ● -2.62 | ● 17.00 | ● 10.05 | ● 10.99 | \$ 4,260,161 | 5.73% |
| Vanguard Value ETF | Large Value | | -0.98 | -0.98 | ● -3.96 | ● 18.71 | ● 8.85 | ● 10.52 | \$ 5,476,062 | 7.37% |
| Cat: Large Value | Large Value | | 0.84 | 0.84 | -5.11 | 18.92 | 7.76 | 9.12 | | |
| Invesco S&P 500® Equal Weight ETF | Large Blend | | 2.89 | 2.89 | ● -6.47 | ● 21.82 | ● 9.78 | ● 11.10 | \$ 3,528,728 | 4.75% |
| Vanguard Total Stock Market ETF | Large Blend | | 7.16 | 7.16 | ● -8.77 | ● 18.36 | ● 10.36 | ● 11.68 | \$ 6,411,802 | 8.63% |
| Cat: Large Blend | Large Blend | | 5.67 | 5.67 | -7.39 | 17.67 | 9.68 | 10.85 | | |
| MFS Massachusetts Inv Gr Stk I | Large Growth | | 7.82 | 7.82 | ● -5.76 | ● 18.14 | ● 13.50 | ● 13.49 | \$ 3,427,447 | 4.61% |
| Vanguard Russell 1000 Growth ETF | Large Growth | | 14.34 | 14.34 | ● -10.96 | ● 18.49 | ● 13.57 | ● 14.48 | \$ 2,060,591 | 2.77% |
| Cat: Large Growth | Large Growth | | 11.64 | 11.64 | -12.66 | 14.80 | 10.22 | 12.07 | | |
| Schwab US Mid-Cap ETF™ | Mid-Cap Blend | | 3.84 | 3.84 | ● -8.88 | ● 18.92 | ● 6.71 | ● 9.57 | \$ 1,448,598 | 1.95% |
| Cat: Mid-Cap Blend | Mid-Cap Blend | | 3.37 | 3.37 | -6.85 | 19.55 | 7.13 | 9.01 | | |
| Idx: Russell 3000 TR USD | - | | 7.18 | 7.18 | -8.58 | 18.48 | 10.45 | 11.73 | | |
| Idx: S&P 500 TR USD | - | | 7.50 | 7.50 | -7.73 | 18.60 | 11.19 | 12.24 | | |
| Idx: Russell 1000 Value TR USD | - | | 1.01 | 1.01 | -5.91 | 17.93 | 7.50 | 9.13 | | |
| Idx: Russell 1000 TR USD | - | | 7.46 | 7.46 | -8.39 | 18.55 | 10.87 | 12.01 | | |
| Idx: Russell 1000 Growth TR USD | - | | 14.37 | 14.37 | -10.90 | 18.58 | 13.66 | 14.59 | | |
| Idx: Morningstar DYF TR USD | - | | -1.37 | -1.37 | -0.83 | 16.94 | 7.87 | 8.51 | | |
| Sub-Total US Equity | | | | | | | | | \$ 26,613,387 | 35.80% |

● Green = exceeds peer group

● Yellow = trails peer group

□ Red = fails to meet criteria (on watch/remove and/or replacement)

Data Source: Morgan Stanley & Morningstar

Orange = Fund position only held in VEBA

Assets as of 3/31/2023

See last page for important disclosure/disclaimer

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Mutual Funds/ETFs

Results

Data as of 3/31/2023

| Data as of 3/31/2023 | Morningstar | Market Returns (%) | | | | | | | | \$ | % of | | |
|---|-------------------------------|--------------------|-------|--|--------|------|-------|-------|--------|-------|------------|--------------|-------|
| | Category | 3 Month | YTD | | 1-Yr | 3-Yr | 5-Yr | 10-Yr | Assets | Total | | | |
| Global/International Equity | | | | | | | | | | | | | |
| MFS Intl Diversification I | Foreign Large Blend | 7.56 | 7.56 | | -2.03 | | 11.30 | | 4.45 | | 5.96 | \$ 2,770,220 | 3.73% |
| Vanguard FTSE Developed Markets ETF | Foreign Large Blend | 7.75 | 7.75 | | -2.93 | | 13.86 | | 3.44 | | 5.26 | \$ - | 0.00% |
| Vanguard Total International Stock ETF | Foreign Large Blend | 6.65 | 6.65 | | -4.61 | | 12.72 | | 2.54 | | 4.45 | \$ 3,091,760 | 4.16% |
| Cat: Foreign Large Blend | Foreign Large Blend | 7.80 | 7.80 | | -2.29 | | 12.55 | | 2.86 | | 4.67 | | |
| American Funds Europacific Growth F2 | Foreign Large Growth | 9.86 | 9.86 | | -3.36 | | 12.02 | | 3.14 | | 5.89 | \$ 2,774,838 | 3.73% |
| Vs. Index (MSCI ACWI Ex USA NR USD) | - | 9.86 | 9.86 | | -3.36 | | 12.02 | | 3.14 | | 5.89 | | |
| MFS International Intrinsic Value I | Foreign Large Growth | 9.07 | 9.07 | | -3.46 | | 8.91 | | 5.22 | | 8.05 | \$ - | 0.00% |
| Cat: Foreign Large Growth | Foreign Large Growth | 9.60 | 9.60 | | -5.62 | | 10.63 | | 3.93 | | 5.78 | | |
| Invesco Developing Markets Y | Diversified Emerging Mkts | 11.33 | 11.33 | | -0.89 | | 5.66 | | -0.66 | | 2.56 | \$ - | 0.00% |
| Cat: Diversified Emerging Mkts | Diversified Emerging Mkts | 4.85 | 4.85 | | -9.39 | | 9.31 | | -0.80 | | 1.93 | | |
| First Eagle Global I | Global Allocation | 6.01 | 6.01 | | -0.96 | | 14.65 | | 6.29 | | 6.70 | \$ 3,338,738 | 4.49% |
| Cat: Global Allocation | Global Allocation | 3.41 | 3.41 | | -6.47 | | 9.44 | | 3.13 | | 4.04 | | |
| Idx: MSCI ACWI Ex USA NR USD | - | 6.87 | 6.87 | | -5.07 | | 11.80 | | 2.47 | | 4.17 | | |
| Idx: MSCI ACWI NR USD | - | 7.31 | 7.31 | | -7.44 | | 15.36 | | 6.93 | | 8.06 | | |
| Idx: MSCI EAFE NR USD | - | 8.47 | 8.47 | | -1.38 | | 12.99 | | 3.52 | | 5.00 | | |
| Idx: MSCI EM NR USD | - | 3.96 | 3.96 | | -10.70 | | 7.83 | | -0.91 | | 2.00 | | |
| Sub-Total Global/International Equity | | | | | | | | | | \$ | 11,975,556 | 16.11% | |
| Balanced | | | | | | | | | | | | | |
| American Funds American Balanced F2 | Allocation--50% to 70% Equity | 2.85 | 2.85 | | -5.65 | | 9.71 | | 6.59 | | 8.06 | \$ 3,473,298 | 4.67% |
| Janus Henderson Balanced I | Allocation--50% to 70% Equity | 5.26 | 5.26 | | -6.27 | | 10.01 | | 7.65 | | 8.29 | \$ 3,443,536 | 4.63% |
| Cat: Allocation--50% to 70% Equity | Allocation--50% to 70% Equity | 3.78 | 3.78 | | -6.50 | | 9.83 | | 5.22 | | 6.08 | | |
| Idx: Bloomberg US Agg Bond TR USD | - | 2.96 | 2.96 | | -4.78 | | -2.77 | | 0.91 | | 1.36 | | |
| Idx: S&P 500 TR USD | - | 7.50 | 7.50 | | -7.73 | | 18.60 | | 11.19 | | 12.24 | | |
| Sub-Total Balanced | | | | | | | | | | \$ | 6,916,834 | 9.31% | |
| Alternative | | | | | | | | | | | | | |
| BlackRock Event Driven Equity Instl | Event Driven | 0.72 | 0.72 | | 0.63 | | 4.76 | | 4.34 | | 5.98 | \$ 1,258,457 | 1.69% |
| Cat: Event Driven | Event Driven | 0.63 | 0.63 | | -0.88 | | 6.24 | | 3.86 | | 3.05 | | |
| JPMorgan Hedged Equity I | Options Trading | 6.81 | 6.81 | | 2.93 | | 10.16 | | 7.82 | | - | \$ 97,927 | 0.13% |
| Cat: Options Trading | Options Trading | 5.81 | 5.81 | | -2.38 | | 8.21 | | 4.64 | | 3.52 | | |
| Cohen & Steers Global Realty I | Global Real Estate | 1.36 | 1.36 | | -20.57 | | 7.57 | | 2.99 | | 4.29 | \$ 973,293 | 1.31% |
| Cat: Global Real Estate | Global Real Estate | 1.11 | 1.11 | | -20.68 | | 6.20 | | 1.02 | | 2.64 | | |
| Idx: S&P 500 TR USD | - | 7.50 | 7.50 | | -7.73 | | 18.60 | | 11.19 | | 12.24 | | |
| Idx: Bloomberg US Agg Bond TR USD | - | 2.96 | 2.96 | | -4.78 | | -2.77 | | 0.91 | | 1.36 | | |
| Idx: Russell 3000 TR USD | - | 7.18 | 7.18 | | -8.58 | | 18.48 | | 10.45 | | 11.73 | | |
| Idx: MSCI ACWI NR USD | - | 7.31 | 7.31 | | -7.44 | | 15.36 | | 6.93 | | 8.06 | | |
| Idx: DJ Global World Real Estate TR USD | - | 0.21 | 0.21 | | -19.74 | | 5.20 | | 0.80 | | 2.98 | | |
| Sub-Total Alternative | | | | | | | | | | \$ | 2,329,678 | 3.13% | |
| Total | | | | | | | | | | \$ | 62,462,167 | 84.03% | |

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

Green = Fund added in Q1
Red = Fund removed in Q1

Assets as of 3/31/2023

See last page for important disclosure/disclaimer

Mutual Funds/ETFs

Statistics

| Data as of 3/31/2023 | 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 |
|---|---------------------------------|---------------------------------|---------------------------------|----------------------------------|-----------------|-------------------------------|--------------|--------------|-------------------------|--------------------|
| Fixed Income | | | | | | | | | | |
| Vanguard Short-Term Treasury ETF | 0.04 | 0.04 | 0.25 | -1.06 | 1.88 | 71 | - | - | - | Below Avg |
| Cat: Short Government | 0.63 | 0.63 | 0.32 | -1.24 | 2.32 | 75 | 16.4 | 2.6 | 48637 | - |
| Guggenheim Limited Duration Instl | 0.49 | 0.48 | 0.42 | 2.15 | 2.99 | 77 | - | 1.3 | 423 | Average |
| PIMCO Low Duration Income I2 | 0.60 | 0.60 | 0.55 | 4.53 | 4.43 | 59 | - | - | - | High |
| Vanguard Short-Term Bond ETF | 0.04 | 0.04 | 0.42 | -0.35 | 2.85 | 87 | - | - | - | Average |
| Cat: Short-Term Bond | 0.66 | 0.66 | 0.41 | 1.34 | 3.11 | 69 | - | - | 6723 | - |
| American Funds Bond Fund of Amer F2 | 0.33 | 0.33 | 1.02 | 1.38 | 6.43 | 99 | - | - | - | Average |
| Cat: Intermediate Core Bond | 0.59 | 0.59 | 0.99 | 0.48 | 6.33 | 96 | - | 2.1 | 4162 | - |
| American Funds Strategic Bond F-2 | 0.43 | 0.43 | 1.10 | 2.80 | 7.22 | 90 | - | - | - | Above Avg |
| DoubleLine Total Return Bond I | 0.48 | 0.48 | 0.81 | 0.34 | 5.31 | 91 | - | - | - | Low |
| Loomis Sayles Core Plus Bond Y | 0.49 | 0.49 | 1.10 | 2.32 | 7.03 | 97 | - | - | - | Average |
| Cat: Intermediate Core-Plus Bond | 0.74 | 0.74 | 1.02 | 1.77 | 6.67 | 92 | - | - | - | - |
| US Equity | | | | | | | | | | |
| Columbia Dividend Income Inst | 0.66 | 0.66 | 0.79 | 1.82 | 16.17 | 88 | 18.0 | 3.5 | 138488 | Low |
| Vanguard Value ETF | 0.04 | 0.04 | 0.81 | 3.07 | 17.19 | 82 | 15.8 | 2.5 | 101828 | Below Avg |
| Cat: Large Value | 0.90 | 0.90 | 0.85 | 2.69 | 18.27 | 81 | 15.0 | 2.4 | 115231 | - |
| Invesco S&P 500® Equal Weight ETF | 0.20 | 0.20 | 0.98 | 3.11 | 19.74 | 91 | 17.5 | 2.7 | 35461 | High |
| Vanguard Total Stock Market ETF | 0.03 | 0.03 | 1.02 | -0.42 | 19.60 | 99 | 19.6 | 3.5 | 113669 | Above Avg |
| Cat: Large Blend | 0.79 | 0.79 | 0.96 | -0.15 | 18.98 | 95 | 19.5 | 3.9 | 248349 | - |
| MFS Massachusetts Inv Gr Stk I | 0.46 | 0.46 | 0.98 | -0.07 | 19.33 | 96 | 27.6 | 5.3 | 147974 | Below Avg |
| Vanguard Russell 1000 Growth ETF | 0.08 | 0.08 | 1.15 | -2.00 | 23.04 | 92 | 27.0 | 9.1 | 278349 | Average |
| Cat: Large Growth | 0.95 | 0.95 | 1.11 | -4.53 | 22.99 | 88 | 25.5 | 6.7 | 277779 | - |
| Schwab US Mid-Cap ETF™ | 0.04 | 0.04 | 1.03 | 0.19 | 21.22 | 86 | 14.5 | 2.4 | 9030 | Above Avg |
| Cat: Mid-Cap Blend | 0.91 | 0.91 | 0.96 | 1.75 | 20.27 | 83 | 15.1 | 2.7 | 10201 | - |

See last page for important disclosure/disclaimer

Orange = Fund position only held in VEBA

For financial professional and qualified plan sponsor use only

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 3/31/2023 | 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 |
|--|---------------------------------|---------------------------------|---------------------------------|----------------------------------|-----------------|-------------------------------|--------------|--------------|-------------------------|--------------------|
| Global/International Equity | | | | | | | | | | |
| MFS Intl Diversification I | 0.82 | 0.82 | 0.99 | -0.34 | 17.61 | 96 | 14.7 | 2.0 | 33813 | Below Avg |
| Vanguard FTSE Developed Markets ETF | 0.05 | 0.05 | 1.09 | 1.18 | 19.23 | 96 | 12.9 | 1.6 | 29026 | Above Avg |
| Vanguard Total International Stock ETF | 0.07 | 0.07 | 1.03 | 0.59 | 17.97 | 99 | 12.5 | 1.6 | 26880 | Average |
| Cat: Foreign Large Blend | 0.92 | 0.92 | 1.02 | 0.61 | 18.44 | 92 | 13.5 | 1.8 | 50966 | - |
| American Funds Europacific Growth F2 | 0.57 | 0.57 | 1.11 | -0.59 | 19.88 | 94 | 17.1 | 3.0 | 59238 | Average |
| MFS International Intrinsic Value I | 0.72 | 0.72 | 0.95 | -1.86 | 18.34 | 81 | 17.1 | 2.3 | 33117 | Low |
| Cat: Foreign Large Growth | 1.05 | 1.05 | 1.09 | -1.49 | 20.81 | 84 | 20.4 | 3.1 | 52407 | - |
| Invesco Developing Markets Y | 0.99 | 0.99 | 1.06 | -5.79 | 20.84 | 79 | 17.8 | 3.1 | 47419 | Average |
| Cat: Diversified Emerging Mkts | 1.15 | 1.15 | 0.96 | -1.55 | 19.39 | 75 | 12.2 | 1.8 | 41353 | - |
| First Eagle Global I | 0.86 | 0.86 | 1.10 | 5.06 | 14.81 | 91 | 16.3 | 1.8 | 49712 | Above Avg |
| Cat: Global Allocation | 1.14 | 1.14 | 0.97 | 1.21 | 13.26 | 87 | 14.1 | 2.1 | 59231 | - |
| Balanced | | | | | | | | | | |
| American Funds American Balanced F2 | 0.36 | 0.36 | 0.95 | 1.47 | 12.43 | 96 | 16.6 | 3.4 | 137317 | Below Avg |
| Janus Henderson Balanced I | 0.66 | 0.66 | 1.00 | 1.52 | 13.21 | 92 | 22.2 | 4.9 | 206472 | Average |
| Cat: Allocation--50% to 70% Equity | 1.03 | 1.03 | 0.97 | 1.48 | 12.96 | 92 | 17.8 | 3.0 | 121006 | - |
| Alternative | | | | | | | | | | |
| BlackRock Event Driven Equity Instl | 1.26 | 1.26 | 0.15 | 1.35 | 3.76 | 50 | 22.4 | 2.8 | 16096 | Average |
| Cat: Event Driven | 1.81 | 1.81 | 0.19 | 2.16 | 5.56 | 33 | 19.9 | 1.9 | 5079 | - |
| JPMorgan Hedged Equity I | 0.58 | 0.58 | 0.45 | 2.32 | 9.02 | 81 | 20.5 | 3.9 | 183049 | Below Avg |
| Cat: Options Trading | 1.01 | 1.01 | 0.49 | 0.04 | 9.76 | 79 | 19.9 | 3.9 | 261099 | - |
| Cohen & Steers Global Realty I | 0.90 | 0.90 | 0.94 | -6.07 | 18.67 | 82 | 18.7 | 1.3 | 15602 | Average |
| Cat: Global Real Estate | 1.15 | 1.15 | 0.96 | -7.54 | 18.97 | 82 | 16.3 | 1.2 | 13046 | - |

See last page for important disclosure/disclaimer

Green = Fund added in Q1, Red = Fund removed in Q1

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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

The performance shown in the preceding pages represents past performance. Past performance is no guarantee of future results and current performance may be higher or lower than the performance shown above. Investment returns, yields and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Returns of less than a year are cumulative and are not annualized and are calculated from January 1 of the reporting year. Average annual total returns are annualized and assume the reinvestment of all distributions at net asset value and the deductions of fund expenses. Data is from sources deemed reliable, however no guarantee may be made to their accuracy.

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Assets as of 3/31/2023

Data Source: Morningstar; as of 3/31/2023

Morgan Stanley

THE KELLIHER CORBETT GROUP
AT MORGAN STANLEY

Appendix



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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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J.P. Morgan Asset Management – Index definitions

GTM

U.S.

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All indexes are unmanaged and an individual cannot invest directly in an index. Index returns do not include fees or expenses.

Equities:

The **Dow Jones Industrial Average** is a price-weighted average of 30 actively traded blue-chip U.S. stocks.

The **MSCI ACWI (All Country World Index)** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets.

The **MSCI EAFE Index(Europe, Australasia, Far East)** is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada.

The **MSCI Emerging Markets Index** is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets.

The **MSCI Europe Index** is a free float-adjusted market capitalization index that is designed to measure developed market equity performance in Europe.

The **MSCI Pacific Index** is a free float-adjusted market capitalization index that is designed to measure equity market performance in the Pacific region.

The **Russell 1000 Index®** measures the performance of the 1,000 largest companies in the Russell 3000.

The **Russell 1000 Growth Index®** measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.

The **Russell 1000 Value Index®** measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.

The **Russell 2000 Index®** measures the performance of the 2,000 smallest companies in the Russell 3000 Index.

The **Russell 2000 Growth Index®** measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values.

The **Russell 2000 Value Index®** measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values.

The **Russell 3000 Index®** measures the performance of the 3,000 largest U.S. companies based on total market capitalization.

The **Russell Midcap Index®** measures the performance of the 800 smallest companies in the Russell 1000 Index.

The **Russell Midcap Growth Index ®** measures the performance of those Russell Midcap companies with higher price-to-book ratios and higher forecasted growth values. The stocks are also members of the Russell 1000 Growth index.

The **Russell Midcap Value Index ®** measures the performance of those Russell Midcap companies with lower price-to-book ratios and lower forecasted growth values. The stocks are also members of the Russell 1000 Value index.

The **S&P 500 Index** is widely regarded as the best single gauge of the U.S. equities market. The index includes a representative sample of 500 leading companies in leading industries of the U.S. economy. The **S&P 500 Index** focuses on the large-cap segment of the market; however, since it includes a significant portion of the total value of the market, it also represents the market.

Fixed income:

The **Bloomberg 1-3 Month U.S. Treasury Bill Index** includes all publicly issued zero-coupon US Treasury Bills that have a remaining maturity of less than 3 months and more than 1 month, are rated investment grade, and have \$250 million or more of outstanding face value. In addition, the securities must be denominated in U.S. dollars and must be fixed rate and non convertible.

The **Bloomberg Global High Yield Index** is a multi-currency flagship measure of the global high yield debt market. The index represents the union of the US High Yield, the Pan-European High Yield, and Emerging Markets (EM) Hard Currency High Yield Indices. The high yield and emerging markets sub-components are mutually exclusive. Until January 1, 2011, the index also included CMBS high yield securities.

The **Bloomberg Municipal Index:** consists of a broad selection of investment-grade general obligation and revenue bonds of maturities ranging from one year to 30 years. It is an unmanaged index representative of the tax-exempt bond market.

The **Bloomberg US Dollar Floating Rate Note (FRN) Index** provides a measure of the U.S. dollar denominated floating rate note market.

The **Bloomberg US Corporate Investment Grade Index** is an unmanaged index consisting of publicly issued US Corporate and specified foreign debentures and secured notes that are rated investment grade (Baa3/BBB or higher) by at least two ratings agencies, have at least one year to final maturity and have at least \$250 million par amount outstanding. To qualify, bonds must be SEC-registered.

The **Bloomberg US High Yield Index** covers the universe of fixed rate, non-investment grade debt. Eurobonds and debt issues from countries designated as emerging markets (sovereign rating of Baa1/BBB+/BBB+ and below using the middle of Moody's, S&P, and Fitch) are excluded, but Canadian and global bonds (SEC registered) of issuers in non-EMG countries are included.

The **Bloomberg US Mortgage Backed Securities Index** is an unmanaged index that measures the performance of investment grade fixed-rate mortgage backed pass-through securities of GNMA, FNMA and FHLMC.

The **Bloomberg US TIPS Index** consists of Inflation-Protection securities issued by the U.S. Treasury.

The **J.P. Morgan Emerging Market Bond Global Index(EMBI)** includes U.S. dollar denominated Brady bonds, Eurobonds, traded loans and local market debt instruments issued by sovereign and quasi-sovereign entities.

The **J.P. Morgan Domestic High Yield Index** is designed to mirror the investable universe of the U.S. dollar domestic high yield corporate debt market.

The **J.P. Morgan Corporate Emerging Markets Bond Index Broad Diversified (CEMBI Broad Diversified)** is an expansion of the **J.P. Morgan Corporate Emerging Markets Bond Index (CEMBI)**. The CEMBI is a market capitalization weighted index consisting of U.S. dollar denominated emerging market corporate bonds.

The **J.P. Morgan Emerging Markets Bond Index Global Diversified (EMBI Global Diversified)** tracks total returns for U.S. dollar-denominated debt instruments issued by emerging market sovereign and quasi-sovereign entities: Brady bonds, loans, Eurobonds. The index limits the exposure of some of the larger countries.

The **J.P. Morgan GBI EM Global Diversified** tracks the performance of local currency debt issued by emerging market governments, whose debt is accessible by most of the international investor base.

The **U.S. Treasury Index** is a component of the U.S. Government index.

J.P.Morgan
ASSET MANAGEMENT



J.P. Morgan Asset Management – Definitions

GTM

U.S.

70

Other asset classes:

The **Alerian MLP Index** is a composite of the 50 most prominent energy Master Limited Partnerships (MLPs) that provides investors with an unbiased, comprehensive benchmark for the asset class.

The **Bloomberg Commodity Index** and related sub-indices are composed of futures contracts on physical commodities and represents twenty two separate commodities traded on U.S. exchanges, with the exception of aluminum, nickel, and zinc

The **Cambridge Associates U.S. Global Buyout and Growth Index®** is based on data compiled from 1,768 global (U.S. & ex -U.S.) buyout and growth equity funds, including fully liquidated partnerships, formed between 1986 and 2013.

The **CS/Tremont Hedge Fund Index** is compiled by Credit Suisse Tremont Index, LLC. It is an asset-weighted hedge fund index and includes only funds, as opposed to separate accounts. The Index uses the Credit Suisse/Tremont database, which tracks over 4500 funds, and consists only of funds with a minimum of US\$50 million under management, a 12-month track record, and audited financial statements. It is calculated and rebalanced on a monthly basis, and shown net of all performance fees and expenses. It is the exclusive property of Credit Suisse Tremont Index, LLC.

The **HFRI Monthly Indices (HFRI)** are equally weighted performance indexes, utilized by numerous hedge fund managers as a benchmark for their own hedge funds. The HFRI are broken down into 4 main strategies, each with multiple sub strategies. All single-manager HFRI Index constituents are included in the HFRI Fund Weighted Composite, which accounts for over 2200 funds listed on the internal HFR Database.

The **NAREIT EQUITY REIT Index** is designed to provide the most comprehensive assessment of overall industry performance, and includes all tax-qualified real estate investment trusts (REITs) that are listed on the NYSE, the American Stock Exchange or the NASDAQ National Market List.

The **NFI-ODCE**, short for NCREIF Fund Index -Open End Diversified Core Equity, is an index of investment returns reporting on both a historical and current basis the results of 33 open-end commingled funds pursuing a core investment strategy, some of which have performance histories dating back to the 1970s. The NFI-ODCE Index is capitalization-weighted and is reported gross of fees. Measurement is time-weighted.

Definitions:

Investing in **alternative assets** involves higher risks than traditional investments and is suitable only for sophisticated investors. Alternative investments involve greater risks than traditional investments and should not be deemed a complete investment program. They are not tax efficient and an investor should consult with his/her tax advisor prior to investing. Alternative investments have higher fees than traditional investments and they may also be highly leveraged and engage in speculative investment techniques, which can magnify the potential for investment loss or gain. The value of the investment may fall as well as rise and investors may get back less than they invested.

Bonds are subject to interest rate risks. Bond prices generally fall when interest rates rise.

Investments in **commodities** may have greater volatility than investments in traditional securities, particularly if the instruments involve leverage. The value of commodity-linked derivative instruments may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs and international economic, political and regulatory developments. Use of leveraged commodity-linked derivatives creates an opportunity for increased return but, at the same time, creates the possibility for greater loss.

Derivatives may be riskier than other types of investments because they may be more sensitive to changes in economic or market conditions than other types of investments and could result in losses that significantly exceed the original investment. The use of derivatives may not be successful, resulting in investment losses, and the cost of such strategies may reduce investment returns.

Distressed Restructuring Strategies employ an investment process focused on corporate fixed income instruments, primarily on corporate credit instruments of companies trading at significant discounts to their value at issuance or obliged (par value) at maturity as a result of either formal bankruptcy proceeding or financial market perception of near term proceedings.

Investments in **emerging markets** can be more volatile. The normal risks of investing in foreign countries are heightened when investing in emerging markets. In addition, the small size of securities markets and the low trading volume may lead to a lack of liquidity, which leads to increased volatility. Also, emerging markets may not provide adequate legal protection for private or foreign investment or private property.

The price of **equity** securities may rise, or fall because of changes in the broad market or changes in a company's financial condition, sometimes rapidly or unpredictably. These price movements may result from factors affecting individual companies, sectors or industries, or the securities market as a whole, such as changes in economic or political conditions. Equity securities are subject to "stock market risk" meaning that stock prices in general may decline over short or extended periods of time.

Equity market neutral strategies employ sophisticated quantitative techniques of analyzing price data to ascertain information about future price movement and relationships between securities, select securities for purchase and sale. Equity Market Neutral Strategies typically maintain characteristic net equity market exposure no greater than 10% long or short.

Global macro strategies trade a broad range of strategies in which the investment process is predicated on movements in underlying economic variables and the impact these have on equity, fixed income, hard currency and commodity markets.

International investing involves a greater degree of risk and increased volatility. Changes in currency exchange rates and differences in accounting and taxation policies outside the U.S. can raise or lower returns. Some overseas markets may not be as politically and economically stable as the United States and other nations.

There is no guarantee that the use of **long and short positions** will succeed in limiting an investor's exposure to domestic stock market movements, capitalization, sector swings or other risk factors. Using long and short selling strategies may have higher portfolio turnover rates. Short selling involves certain risks, including additional costs associated with covering short positions and a possibility of unlimited loss on certain short sale positions.

Merger arbitrage strategies which employ an investment process primarily focused on opportunities in equity and equity related instruments of companies which are currently engaged in a corporate transaction.

Mid-capitalization investing typically carries more risk than investing in well-established "blue-chip" companies. Historically, mid-cap companies' stock has experienced a greater degree of market volatility than the average stock.

Price to forward earnings is a measure of the price-to-earnings ratio (P/E) using forecasted earnings. **Price to book value** compares a stock's market value to its book value. **Price to cash flow** is a measure of the market's expectations of a firm's future financial health. **Price to dividends** is the ratio of the price of a share on a stock exchange to the dividends per share paid in the previous year, used as a measure of a company's potential as an investment.

Real estate investments may be subject to a higher degree of market risk because of concentration in a specific industry, sector or geographical sector. Real estate investments may be subject to risks including, but not limited to, declines in the value of real estate, risks related to general and economic conditions, changes in the value of the underlying property owned by the trust and defaults by borrower.

Relative Value Strategies maintain positions in which the investment thesis is predicated on realization of a valuation discrepancy in the relationship between multiple securities.

Small-capitalization investing typically carries more risk than investing in well-established "blue-chip" companies since smaller companies generally have a higher risk of failure. Historically, smaller companies' stock has experienced a greater degree of market volatility than the average stock.

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ASSET MANAGEMENT



J.P. Morgan Asset Management – Risks & disclosures

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The Market Insights program provides comprehensive data and commentary on global markets without reference to products. Designed as a tool to help clients understand the markets and support investment decision-making, the program explores the implications of current economic data and changing market conditions.

For the purposes of MiFID II, the JPM Market Insights and Portfolio Insights programs are marketing communications and are not in scope for any MiFID II / MiFIR requirements specifically related to investment research. Furthermore, the J.P. Morgan Asset Management Market Insights and Portfolio Insights programs, as non-independent research, have not been prepared in accordance with legal requirements designed to promote the independence of investment research, nor are they subject to any prohibition on dealing ahead of the dissemination of investment research.

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Unless otherwise stated, all data are as of March 31, 2023 or most recently available.

Guide to the Markets – U.S.

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ASSET MANAGEMENT

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Morgan Stanley's investment advisory programs may require a minimum asset level and, depending on your specific investment objectives and financial position, may not be appropriate for you. Please see the Morgan Stanley Smith Barney LLC program disclosure brochure (the "Morgan Stanley ADV") for more information in the investment advisory programs available. The Morgan Stanley ADV is available at www.morganstanley.com/ADV.

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Global Investment Manager Analysis (GIMA) Focus List, Approved List and Tactical Opportunities List; Watch Policy. GIMA uses two methods to evaluate investment products in applicable advisory programs: **Focus** (and investment products meeting this standard are described as being on the Focus List) and **Approved** (and investment products meeting this standard are described as being on the Approved List). In general, Focus entails a more thorough evaluation of an investment product than Approved. Sometimes an investment product may be evaluated using the Focus List process but then placed on the Approved List instead of the Focus List. Investment products may move from the Focus List to the Approved List, or vice versa. GIMA may also determine that an investment product no longer meets the criteria under either process and will no longer be recommended in investment advisory programs (in which case the investment product is given a "Not Approved" status). GIMA has a **"Watch"** policy and may describe a Focus List or Approved List investment product as being on "Watch" if GIMA identifies specific areas that (a) merit further evaluation by GIMA and (b) may, but are not certain to, result in the investment product becoming "Not Approved." The Watch period depends on the length of time needed for GIMA to conduct its evaluation and for the investment manager or fund to address any concerns. Certain investment products on either the Focus List or Approved List may also be recommended for the **Tactical Opportunities List** based in part on tactical opportunities existing at a given time. The investment products on the Tactical Opportunities List change over time. For more information on the Focus List, Approved List, Tactical Opportunities List and Watch processes, please see the applicable Form ADV Disclosure Document for Morgan Stanley Wealth Management. Your Financial Advisor or Private Wealth Advisor can also provide upon request a copy of a publication entitled "Manager Selection Process."

The **Global Investment Committee** is a group of seasoned investment professionals who meet regularly to discuss the global economy and markets. The committee determines the investment outlook that guides our advice to clients. They continually monitor developing economic and market conditions, review tactical outlooks and recommend model portfolio weightings, as well as produce a suite of strategy, analysis, commentary, portfolio positioning suggestions and other reports and broadcasts.

The GIC Asset Allocation Models are not available to be directly implemented as part of an investment advisory service and should not be regarded as a recommendation of any Morgan Stanley investment advisory service. The GIC Asset Allocation Models do not represent actual trading or any type of account or any type of investment strategies and none of the fees or other expenses (e.g. commissions, mark-ups, mark-downs, advisory fees, fund expenses) associated with actual trading or accounts are reflected in the GIC Asset Allocation Models which, when compounded over a period of years, would decrease returns.

Adverse Active AlphaSM 2.0 is a patented screening and scoring process designed to help identify high-quality equity and fixed income managers with characteristics that may lead to future outperformance relative to index and peers. While highly ranked managers performed well as a group in our Adverse Active Alpha model back tests, not all of the managers will outperform. Please note that this data may be derived from back-testing, which has the benefit of hindsight. In addition, highly ranked managers can have differing risk profiles that might not be appropriate for all investors.

Our view is that Adverse Active Alpha is a good starting point and should be used in conjunction with other information. Morgan Stanley Wealth Management's qualitative and quantitative investment

manager due diligence process are equally important factors for investors when considering managers for use through an investment advisory program. Factors including, but not limited to, manager turnover and changes to investment process can partially or fully negate a positive Adverse Active Alpha ranking. Additionally, highly ranked managers can have differing risk profiles that might not be appropriate for all investors.

The proprietary **Value Score** methodology considers an active investment strategies' value proposition relative to its costs. From a historical quantitative study of several quantitative markers, Value Score measures perceived forward-looking benefit and computes (1) "fair value" expense ratios for most traditional investment managers across 40 categories and (2) managers' perceived "excess value" by comparing the fair value expense ratios to actual expense ratios. Managers are then ranked within each category by their excess value to assign a Value Score. Our analysis suggests that greater levels of excess value have historically corresponded to attractive subsequent performance.

For more information on the ranking models, please see Adverse Active AlphaSM 2.0: Scoring Active Managers According to Potential Alpha and Value Score: Scoring Fee Efficiency by Comparing Managers' "Fair Value" and Actual Expense Ratios. The whitepapers are available from your Financial Advisor or Private Wealth Advisor. ADVERSE ACTIVE ALPHA is a registered service mark of Morgan Stanley and/or its affiliates. U.S. Pat. No. 8,756,098 applies to the Adverse Active Alpha system and/or methodology.

Additionally, highly ranked managers can have differing risk profiles that might not be appropriate for all investors. For more information on AAA, please see the Adverse Active Alpha Ranking Model and Selecting Managers with Adverse Active Alpha whitepapers. The whitepaper are available from your Financial Advisor or Private Wealth Advisor. ADVERSE ACTIVE ALPHA is a registered service mark of Morgan Stanley and/or its affiliates. U.S. Pat. No. 8,756,098 applies to the Adverse Active Alpha system and/or methodology.

The Global Investment Manager Analysis (GIMA) Services Only Apply to Certain Investment Advisory Programs GIMA evaluates certain investment products for the purposes of some – but not all – of Morgan Stanley Smith Barney LLC's investment advisory programs (as described in more detail in the applicable Form ADV Disclosure Document for Morgan Stanley Wealth Management). If you do not invest through one of these investment advisory programs, Morgan Stanley Wealth Management is not obligated to provide you notice of any GIMA Status changes even though it may give notice to clients in other programs.

Strategy May Be Available as a Separately Managed Account or Mutual Fund Strategies are sometimes available in Morgan Stanley Wealth Management investment advisory programs both in the form of a separately managed account ("SMA") and a mutual fund. These may have different expenses and investment minimums. Your Financial Advisor or Private Wealth Advisor can provide more information on whether any particular strategy is available in more than one form in a particular investment advisory program. Generally, investment advisory accounts are subject to an annual asset-based fee (the "Fee") which is payable monthly in advance (some account types may be billed differently). In general, the Fee covers Morgan Stanley investment advisory services, custody of securities with Morgan Stanley, trade execution with or through Morgan Stanley or its affiliates, as well as compensation to any Morgan Stanley Financial Advisor.

In addition, each account that is invested in a program that is eligible to purchase certain investment products, such as mutual funds, will also pay a Platform Fee (which is subject to a Platform Fee offset) as described in the applicable ADV brochure. Accounts invested in the Select UMA program may also pay a separate Sub-Manager fee, if applicable.

If your account is invested in mutual funds or exchange traded funds (collectively "funds"), you will pay the fees and expenses of any funds in which your account is invested. Fees and expenses are charged directly to the pool of assets the fund invests in and are reflected in each fund's share price. These fees and expenses are an additional cost to you and would not be included in the Fee amount in your account statements. The advisory program you choose is described in the applicable Morgan Stanley Smith Barney LLC ADV Brochure, available at www.morganstanley.com/ADV.

Morgan Stanley or Executing Sub-Managers, as applicable, in some of Morgan Stanley's Separately Managed Account ("SMA") programs may effect transactions through broker-dealers other than Morgan Stanley or our affiliates. In such instances, you may be assessed additional costs by the other firm in addition to the Morgan Stanley and Sub-Manager fees. Those costs will be included in the net price of the security, not separately reported on trade confirmations or account statements. Certain Sub-Managers have historically directed most, if not all, of their trades to outside firms. Information provided by Sub-Managers concerning trade execution away from Morgan Stanley is summarized at: www.morganstanley.com/wealth/investmentsolutions/pdfs/adv/sotresponse.pdf. For more information on trading and costs, please refer to the ADV Brochure for your program(s), available at www.morganstanley.com/ADV, or contact your Financial Advisor / Private Wealth Advisor.

Conflicts of Interest: GIMA's goal is to provide professional, objective evaluations in support of the Morgan Stanley Wealth Management investment advisory programs. We have policies and procedures to help us meet this goal. However, our business is subject to various conflicts of interest. For example, ideas and suggestions for which investment products should be evaluated by GIMA come from a variety of sources, including our Morgan Stanley Wealth Management Financial Advisors and their direct or indirect managers, and other business persons within Morgan Stanley Wealth Management or its affiliates. Such persons may have an ongoing business relationship with certain investment managers or mutual fund companies whereby they, Morgan Stanley Wealth

Management or its affiliates receive compensation from, or otherwise related to, those investment managers or mutual funds. For example, a Financial Advisor may suggest that GIMA evaluates an investment manager or fund in which a portion of his or her clients' assets are already invested. While such a recommendation is permissible, GIMA is responsible for the opinions expressed by GIMA. Separately, certain strategies managed or sub-advised by us or our affiliates, including but not limited to MSIM and Eaton Vance Management ("EVM") and its investment affiliates, may be included in your account. See the conflicts of interest section in the applicable Form ADV Disclosure Document for Morgan Stanley Wealth Management for a discussion of other types of conflicts that may be relevant to GIMA's evaluation of managers and funds. In addition, Morgan Stanley Wealth Management, MS&Co., managers and their affiliates provide a variety of services (including research, brokerage, asset management, trading, lending and investment banking services) for each other and for various clients, including issuers of securities that may be recommended for purchase or sale by clients or are otherwise held in client accounts, and managers in various advisory programs. Morgan Stanley Wealth Management, managers, MS&Co., and their affiliates receive compensation and fees in connection with these services. Morgan Stanley Wealth Management believes that the nature and range of clients to which such services are rendered is such that it would be inadvisable to exclude categorically all of these companies from an account.

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Morgan Stanley charges each fund family we offer a mutual fund support fee, also called a "revenue-sharing payment," on client account holdings in fund families according to a tiered rate that increases along with the management fee of the fund so that lower management fee funds pay lower rates than those with higher management fees.

Consider Your Own Investment Needs: The model portfolios and strategies discussed in the material are formulated based on general client characteristics including risk tolerance. This material is not intended to be an analysis of whether particular investments or strategies are appropriate for you or a recommendation, or an offer to participate in any investment. Therefore, clients should not use this material as the sole basis for investment decisions. They should consider all relevant information, including their existing portfolio, investment objectives, risk tolerance, liquidity needs and investment time horizon. Such a determination may lead to asset allocation results that are materially different from the asset allocation shown in this profile. Talk to your Financial Advisor about what would be an appropriate asset allocation for you, whether Morgan Stanley Pathway Funds is an appropriate program for you.

No obligation to notify – Morgan Stanley Wealth Management has no obligation to notify you when the model portfolios, strategies, or any other information, in this material changes.

For index, indicator and survey definitions referenced in this report please visit the following: <https://www.morganstanley.com/wealth-investmentsolutions/wmir-definitions>

The Morgan Stanley Pathway Funds, Firm Discretionary UMA Model Portfolios, and other asset allocation or any other model portfolios discussed in this material are available only to investors participating in Morgan Stanley Consulting Group advisory programs. For additional information on the Morgan Stanley Consulting Group advisory programs, see the applicable ADV brochure, available at www.morganstanley.com/ADV or from your Morgan Stanley Financial Advisor or Private Wealth Advisor. To learn more about the Morgan Stanley Pathway Funds, visit the Funds' website at <https://www.morganstanley.com/wealth-investmentsolutions/cgcm>. Consulting Group is a business of Morgan Stanley.

Morgan Stanley Pathway Program Asset Allocation Models There are model portfolios corresponding to five risk-tolerance levels available in the Pathway program. Model 1 is the least aggressive portfolio and consists mostly of bonds. As the model numbers increase, the models have higher allocations to equities and become more aggressive. Pathway is a mutual fund asset allocation program. In constructing the Pathway Program Model Portfolios, Morgan Stanley Wealth Management uses, among other things, model asset allocations produced by Morgan Wealth Management's Global Investment Committee (the "GIC"). The Pathway Program Model Portfolios are specific to the Pathway program (based on program features and parameters, and any other requirements of Morgan Stanley Wealth Management's Consulting Group). The Pathway Program Model Portfolios may therefore differ in some respects from model portfolios available in other Morgan Stanley Wealth Management programs or from asset allocation models published by the Global Investment Committee.

The type of mutual funds and ETFs discussed in this presentation utilizes nontraditional or complex investment strategies and/or derivatives. Examples of these types of funds include those that utilize one or more of the below noted investment strategies or categories or which seek exposure to the following markets: (1) commodities (e.g., agricultural, energy and metals), currency, precious metals; (2) managed futures; (3) leveraged, inverse or inverse leveraged; (4) bear market, hedging, long-short equity, market neutral; (5) real estate; (6) volatility (seeking exposure to the CBOE VIX Index). Investors should keep in mind that while mutual funds and ETFs may, at times, utilize nontraditional investment options and strategies, they should not be equated with unregistered privately offered alternative investments. Because of regulatory limitations, mutual funds and ETFs that seek alternative-like investment exposure must utilize a more limited investment universe. As a result, investment returns and portfolio characteristics of alternative mutual funds and ETFs may vary from traditional hedge funds pursuing similar investment objectives. Moreover, traditional hedge funds have limited liquidity with long "lock-up" periods allowing them to pursue investment strategies without having to factor in the need to meet client redemptions and ETFs trade on an exchange. On the

other hand, mutual funds typically must meet daily client redemptions. This differing liquidity profile can have a material impact on the investment returns generated by a mutual fund or ETF pursuing an alternative investing strategy compared with a traditional hedge fund pursuing the same strategy.

Nontraditional investment options and strategies are often employed by a portfolio manager to further a fund's investment objective and to help offset market risks. However, these features may be complex, making it more difficult to understand the fund's essential characteristics and risks, and how it will perform in different market environments and over various periods of time. They may also expose the fund to increased volatility and unanticipated risks particularly when used in complex combinations and/or accompanied by the use of borrowing or "leverage."

Please consider the investment objectives, risks, fees, and charges and expenses of mutual funds, ETFs, closed end funds, unit investment trusts, and variable insurance products carefully before investing. The prospectus contains this and other information about each fund. To obtain a prospectus, contact your Financial Advisor or Private Wealth Advisor or visit the Morgan Stanley website at www.morganstanley.com. Please read it carefully before investing.

Money Market Funds: You could lose money in money market funds. Although money market funds classified as government funds (i.e., money market funds that invest 99.5% of total assets in cash and/or securities backed by the U.S. government) and retail funds (i.e., money market funds open to natural person investors only) seek to preserve value at \$1.00 per share, they cannot guarantee they will do so. The price of other money market funds will fluctuate and when you sell shares they may be worth more or less than originally paid. Money market funds may impose a fee upon sale or temporarily suspend sales if liquidity falls below required minimums. During suspensions, shares would not be available for purchases, withdrawals, check writing or ATM debits. A money market fund investment is not insured or guaranteed by the Federal Deposit Insurance Corporation or other government agency. The Fund's sponsor has no legal obligation to provide financial support to the Fund, and you should not expect that the sponsor will provide financial support to the Fund at any time.

Investors should carefully consider the investment objectives, risks, charges and expenses of a money market fund before investing. The prospectus contains this and other information about the money market fund. To obtain a prospectus, contact your Financial Advisor or visit the money market fund company's website. Please read the prospectus carefully before investing.

Exchange Funds are private placement vehicles that enable holders of concentrated single-stock positions to exchange those stocks for a diversified portfolio. Investors may benefit from greater diversification by exchanging a concentrated stock position for fund shares without triggering a taxable event. These funds are available only to qualified investors and may only be offered by Financial Advisors who are qualified to sell alternative investments. Before investing, investors should consider the following:

- Dividends are pooled
- Investors may forfeit their stock voting rights
- Investment may be illiquid for several years
- Investments may be leveraged or contain derivatives
- Significant early redemption fees may apply
- Changes to the U.S. tax code, which could be retroactive (potentially disallowing the favorable tax treatment of exchange funds)
- Investment risk and potential loss of principal

KEY ASSET CLASS CONSIDERATIONS AND OTHER RISKS

Investing in the markets entails the risk of market volatility. The value of all types of investments, including stocks, mutual funds, exchange-traded funds ("ETFs"), closed-end funds, and unit investment trusts, may increase or decrease over varying time periods. To the extent the investments depicted herein represent **international securities**, you should be aware that there may be additional risks associated with international investing, including foreign economic, political, monetary and/or legal factors, changing currency exchange rates, foreign taxes, and differences in financial and accounting standards. These risks may be magnified in **emerging markets and frontier markets**. Some funds also invest in foreign securities, which may involve currency risk. There is no assurance that the fund will achieve its investment objective. **Small- and mid-capitalization companies** may lack the financial resources, product diversification and competitive strengths of larger companies. In addition, the securities of small- and mid-capitalization companies may not trade as readily as, and be subject to higher volatility than, those of larger, more established companies. The value of **fixed income securities** will fluctuate and, upon a sale, may be worth more or less than their original cost or maturity value. Bonds are subject to interest rate risk, call risk, reinvestment risk, liquidity risk, and credit risk of the issuer. **High yield bonds** are subject to additional risks such as increased risk of default and greater volatility because of the lower credit quality of the issues. In the case of **municipal bonds**, income is generally exempt from federal income taxes. Some income may be subject to state and local taxes and to the federal alternative minimum tax. Capital gains, if any, are subject to tax. **Treasury Inflation Protection Securities' (TIPS)** coupon payments and underlying principal are automatically increased to compensate for inflation by tracking the consumer price index (CPI). While the real rate of return is guaranteed, TIPS tend to offer a low return. Because the return of TIPS is linked to inflation, TIPS may significantly underperform versus conventional U.S.

Treasuries in times of low inflation. There is no guarantee that investors will receive par if TIPS are sold prior to maturity. The returns on a portfolio consisting primarily of **environmental, social, and governance-aware investments ("ESG")** may be lower or higher than a portfolio that is more diversified or where decisions are based solely on investment considerations. Because ESG criteria exclude some investments, investors may not be able to take advantage of the same opportunities or market trends as investors that do not use such criteria. The companies identified and investment examples are for illustrative purposes only and should not be deemed a recommendation to purchase, hold or sell any securities or investment products. They are intended to demonstrate the approaches taken by managers who focus on ESG criteria in their investment strategy. There can be no guarantee that a client's account will be managed as described herein. **Options** and margin trading involve substantial risk and are not appropriate for all investors. Besides the general investment risk of holding securities that may decline in value and the possible loss of principal invested, **closed-end funds** may have additional risks related to declining market prices relative to net asset values (NAVs), active manager underperformance and potential leverage. Closed-end funds, unlike open-end funds, are not continuously offered. There is a one-time public offering and once issued, shares of closed-end funds are sold in the open market through a stock exchange. Shares of closed-end funds frequently trade at a discount from their NAV which may increase investors' risk of loss. The risk of loss due to this discount may be greater for investors expecting to sell their shares in a relatively short period after completion of the public offering. This characteristic is a risk separate and distinct from the risk that a closed-end fund's net asset value may decrease as a result of investment activities. NAV is total assets less total liabilities divided by the number of shares outstanding. At the time an investor purchases or sells shares of a closed-end fund, shares may have a market price that is above or below NAV. Portfolios that invest a large percentage of assets in only one industry **sector** (or in only a few sectors) are more vulnerable to price fluctuation than those that diversify among a broad range of sectors.

Structured Investments are complex and not appropriate for all investors. An investment in Structures Investments involve risks. These risks can include but are not limited to: (1) Fluctuations in the price, level or yield of underlying instruments, interest rates, currency values and credit quality, (2) Substantial or total loss of principal, (3) Limits on participation in appreciation of underlying instrument, (4) Limited liquidity, (5) Issuer credit risk and (6) Conflicts of Interest. There is no assurance that a strategy of using structured product for wealth preservation, yield enhancement, and/or interest rate risk hedging will meet its objectives.

Alternative investments may be either traditional alternative investment vehicles, such as hedge funds, fund of hedge funds, private equity, private real estate and managed futures or, non-traditional products such as mutual funds and exchange-traded funds that also seek alternative-like exposure but have significant differences from traditional alternative investments. Alternative investments often are speculative and include a high degree of risk. Investors could lose all or a substantial amount of their investment. Alternative investments are appropriate only for eligible, long-term investors who are willing to forgo liquidity and put capital at risk for an indefinite period of time. They may be highly illiquid and can engage in leverage and other speculative practices that may increase the volatility and risk of loss. Alternative Investments typically have higher fees than traditional investments. Investors should carefully review and consider potential risks before investing. Certain of these risks may include but are not limited to: Loss of all or a substantial portion of the investment due to leveraging, short-selling, or other speculative practices; Lack of liquidity in that there may be no secondary market for a fund; Volatility of returns; Restrictions on transferring interests in a fund; Potential lack of diversification and resulting higher risk due to concentration of trading authority when a single advisor is utilized; Absence of information regarding valuations and pricing; Complex tax structures and delays in tax reporting; Less regulation and higher fees than mutual funds; and Risks associated with the operations, personnel, and processes of the manager. Further, opinions regarding Alternative Investments expressed herein may differ from the opinions expressed by Morgan Stanley Wealth Management and/or other businesses/affiliates of Morgan Stanley Wealth Management.

Certain information contained herein may constitute forward-looking statements. Due to various risks and uncertainties, actual events, results or the performance of a fund may differ materially from those reflected or contemplated in such forward-looking statements. Clients should carefully consider the investment objectives, risks, charges, and expenses of a fund before investing.

Alternative investments involve complex tax structures, tax inefficient investing, and delays in distributing important tax information. Individual funds have specific risks related to their investment programs that will vary from fund to fund. Clients should consult their own tax and legal advisors as Morgan Stanley Wealth Management does not provide tax or legal advice.

Interests in alternative investment products are offered pursuant to the terms of the applicable offering memorandum, are distributed by Morgan Stanley Smith Barney LLC and certain of its affiliates, and (1) are not FDIC-insured, (2) are not deposits or other obligations of Morgan Stanley or any of its affiliates, (3) are not guaranteed by Morgan Stanley and its affiliates, and (4) involve investment risks, including possible loss of principal. Morgan Stanley Smith Barney LLC is a registered broker-dealer, not a bank.

A majority of Alternative Investment managers reviewed and selected by GIMA pay or cause to be paid an ongoing fee for distribution from their management fees to Morgan Stanley Wealth Management in connection with Morgan Stanley Wealth Management clients that purchase an interest in an Alternative Investment and in some instances pay these fees on the investments held by advisory clients. Morgan Stanley Wealth Management rebates such fees that are received and attributable to an Investment held by an advisory client and retains the fees paid in connection with investments held by brokerage clients. Morgan Stanley Wealth Management has a conflict of interest in offering alternative investments because Morgan Stanley Wealth Management or our affiliates, in most instances, earn more money in your account from your investments in alternative investments than from other investment options.

It should be noted that the majority of hedge fund indexes are comprised of hedge fund manager returns. This is in contrast to traditional indexes, which are comprised of individual securities in the various market segments they represent and offer complete transparency as to membership and construction methodology. As such, some believe that hedge fund index returns have certain biases that are not present in traditional indexes. Some of these biases inflate index performance, while others may skew performance negatively. However, many studies indicate that overall hedge fund index performance has been biased to the upside. Some studies suggest performance has been inflated by up to 260 basis points or more annually depending on the types of biases included and the time period studied. Although there are numerous potential biases that could affect hedge fund returns, we identify some of the more common ones throughout this paper.

Self-selection bias results when certain manager returns are not included in the index returns and may result in performance being skewed up or down. Because hedge funds are private placements, hedge fund managers are able to decide which fund returns they want to report and are able to opt out of reporting to the various databases. Certain hedge fund managers may choose only to report returns for funds with strong returns and opt out of reporting returns for weak performers. Other hedge funds that close may decide to stop reporting in order to retain secrecy, which may cause a downward bias in returns.

Survivorship bias results when certain constituents are removed from an index. This often results from the closure of funds due to poor performance, “blow ups,” or other such events. As such, this bias typically results in performance being skewed higher. As noted, hedge fund index performance biases can result in positive or negative skew. However, it would appear that the skew is more often positive. While it is difficult to quantify the effects precisely, investors should be aware that idiosyncratic factors may be giving hedge fund index returns an artificial “lift” or upwards bias.

Hedge Funds of Funds and many funds of funds are private investment vehicles restricted to certain qualified private and institutional investors. They are often speculative and include a high degree of risk. Investors can lose all or a substantial amount of their investment. They may be highly illiquid, can engage in leverage and other speculative practices that may increase volatility and the risk of loss, and may be subject to large investment minimums and initial lockups. They involve complex tax structures, tax-inefficient investing and delays in distributing important tax information. Categorically, hedge funds and funds of funds have higher fees and expenses than traditional investments, and such fees and expenses can lower the returns achieved by investors. Funds of funds have an additional layer of fees over and above hedge fund fees that will offset returns. An investment in an **exchange-traded fund** involves risks similar to those of investing in a broadly based portfolio of equity securities traded on an exchange in the relevant securities market, such as market fluctuations caused by such factors as economic and political developments, changes in interest rates and perceived trends in stock and bond prices. An investment in a **target date portfolio** is subject to the risks attendant to the underlying funds in which it invests, in these portfolios the funds are the Consulting Group Capital Market funds. A target date portfolio is geared to investors who will retire and/or require income at an approximate year. The portfolio is managed to meet the investor’s goals by the pre-established year or “target date.” A target date portfolio will transition its invested assets from a more aggressive portfolio to a more conservative portfolio as the target date draws closer. An investment in the target date portfolio is not guaranteed at any time, including, before or after the target date is reached. **Managed futures** investments are speculative, involve a high degree of risk, use significant leverage, are generally illiquid, have substantial charges, subject investors to conflicts of interest, and are appropriate only for the risk capital portion of an investor’s portfolio. Managed futures investments do not replace equities or bonds but rather may act as a complement in a well diversified portfolio. Managed Futures are complex and not appropriate for all investors.

Virtual Currency Products (Cryptocurrencies)

Buying, selling, and transacting in Bitcoin, Ethereum or other digital assets (“Digital Assets”), and related funds and products, is highly speculative and may result in a loss of the entire investment. Risks and considerations include but are not limited to:

- Digital Assets have only been in existence for a short period of time and historical trading prices for Digital Assets have been highly volatile. **The price of Digital Assets could decline rapidly, and investors could lose their entire investment.**
- Certain Digital Asset funds and products, allow investors to invest on a more frequent basis than investors may withdraw from the fund or product, and interests in such funds or products are generally not freely transferrable. This means that, particularly given the volatility of Digital Assets, an investor will have to bear any losses with respect to its investment for an extended period of time and will not be able to react to changes in the price of the Digital Asset once invested (for example, by seeking to withdraw) as quickly as when making the decision to invest. Such Digital Asset funds and products, are intended only for persons who are able to bear the economic risk of investment and who do not need liquidity with respect to their investments.
- Given the volatility in the price of Digital Assets, the net asset value of a fund or product that invests in such assets at the time an investor’s subscription for interests in the fund or product is accepted may be significantly below or above the net asset value of the product or fund at the time the investor submitted subscription materials.

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- Certain Digital Assets are not intended to function as currencies but are intended to have other use cases. These other Digital Assets may be subject to some or all of the risks and considerations set forth herein, as well as additional risks applicable to such Digital Assets. Buyers, sellers and users of such Digital Assets should thoroughly familiarize themselves with such risks and considerations before transacting in such Digital Assets.
 - The value of Digital Assets may be negatively impacted by future legal and regulatory developments, including but not limited to increased regulation of such Digital Assets. Any such developments may make such Digital Assets less valuable, impose additional burdens and expenses on a fund or product investing in such assets or impact the ability of such a fund or product to continue to operate, which may materially decrease the value of an investment therein.
 - Due to the new and evolving nature of digital currencies and the absence of comprehensive guidance, many significant aspects of the tax treatment of Digital Assets are uncertain. Prospective investors should consult their own tax advisors concerning the tax consequences to them of the purchase, ownership and disposition of Digital Assets, directly or indirectly through a fund or product, under U.S. federal income tax law, as well as the tax law of any relevant state, local or other jurisdiction.
 - Over the past several years, certain Digital Asset exchanges have experienced failures or interruptions in service due to fraud, security breaches, operational problems or business failure. Such events in the future could impact any fund's or product's ability to transact in Digital Assets if the fund or product relies on an impacted exchange and may also materially decrease the price of Digital Assets, thereby impacting the value of your investment, regardless of whether the fund or product relies on such an impacted exchange.
 - Although any Digital Asset product and its service providers have in place significant safeguards against loss, theft, destruction and inaccessibility, there is nonetheless a risk that some or all of a product's Digital Asset could be permanently lost, stolen, destroyed or inaccessible by virtue of, among other things, the loss or theft of the "private keys" necessary to access a product's Digital Asset.
 - Investors in funds or products investing or transacting in Digital Assets may not benefit to the same extent (or at all) from "airdrops" with respect to, or "forks" in, a Digital Asset's blockchain, compared to investors who hold Digital Assets directly instead of through a fund or product. Additionally, a "fork" in the Digital Asset blockchain could materially decrease the price of such Digital Asset.
 - Digital Assets are not legal tender, and are not backed by any government, corporation or other identified body, other than with respect to certain digital currencies that certain governments are or may be developing now or in the future. No law requires companies or individuals to accept digital currency as a form of payment (except, potentially, with respect to digital currencies developed by certain governments where such acceptance may be mandated). Instead, other than as described in the preceding sentences, Digital Asset products' use is limited to businesses and individuals that are willing to accept them. If no one were to accept digital currencies, virtual currency products would very likely become worthless.
 - Platforms that buy and sell Digital Assets can be hacked, and some have failed. In addition, like the platforms themselves, digital wallets can be hacked, and are subject to theft and fraud. As a result, like other investors have, you can lose some or all of your holdings of Digital Assets.
 - Unlike US banks and credit unions that provide certain guarantees of safety to depositors, there are no such safeguards provided to Digital Assets held in digital wallets by their providers or by regulators.
 - Due to the anonymity Digital Assets offer, they have known use in illegal activity, including drug dealing, money laundering, human tracking, sanction evasion and other forms of illegal commerce. Abuses could impact legitimate consumers and speculators; for instance, law enforcement agencies could shut down or restrict the use of platforms and exchanges, limiting or shutting off entirely the ability to use or trade Digital Asset products.
 - Digital Assets may not have an established track record of credibility and trust. Further, any performance data relating to Digital Asset products may not be verifiable as pricing models are not uniform.
 - Investors should be aware of the potentially increased risks of transacting in Digital Assets relating to the risks and considerations, including fraud, theft, and lack of legitimacy, and other aspects and qualities of Digital Assets, before transacting in such assets.
 - The exchange rate of virtual currency products versus the USD historically has been very volatile and the exchange rate could drastically decline. For example, the exchange rate of certain Digital

Assets versus the USD has in the past dropped more than 50% in a single day. Other Digital Assets may be affected by such volatility as well.

- Digital Asset exchanges have limited operating and performance histories and are not regulated with the same controls or customer protections available to more traditional exchanges transacting equity, debt, and other assets and securities. There is no assurance that a person/exchange who currently accepts a Digital Asset as payment will continue to do so in the future.
- The regulatory framework of Digital Assets is evolving, and in some cases is uncertain, and Digital Assets themselves may not be governed and protected by applicable securities regulators and securities laws, including, but not limited to, Securities Investor Protection Corporation coverage, or other regulatory regimes.
- Morgan Stanley Smith Barney LLC or its affiliates (collectively, "Morgan Stanley") may currently, or in the future, offer or invest in Digital Asset products, services or platforms. The proprietary interests of Morgan Stanley may conflict with your interests.
- The foregoing list of considerations and risks are not and do not purport to be a complete enumeration or explanation of the risks involved in an investment in any product or fund investing or trading in Digital Assets.

Asset allocation and diversification do not assure a profit or protect against loss in declining financial markets. Past performance is no guarantee of future results. Actual results may vary.

Rebalancing does not protect against a loss in declining financial markets. There may be a potential tax implication with a rebalancing strategy. Investors should consult with their tax advisor before implementing such a strategy.

Indices are unmanaged and investors cannot directly invest in them. They are not subject to expenses or fees and are often comprised of securities and other investment instruments the liquidity of which is not restricted. A particular investment product may consist of securities significantly different than those in any index referred to herein. Composite index results are shown for illustrative purposes only, generally do not represent the performance of a specific investment, may not, for a variety of reasons, be an appropriate comparison or benchmark for a particular investment and may not necessarily reflect the actual investment strategy or objective of a particular investment. Consequently, comparing an investment to a particular index may be of limited use.

To obtain **Tax-Management Services**, a client must complete the Tax-Management Form, and deliver the signed form to Morgan Stanley. For more information on Tax-Management Services, including its features and limitations, please ask your Financial Advisor for the Tax Management Form. Review the form carefully with your tax advisor. Tax-Management Services: (a) apply only to equity investments in separate account sleeves of client accounts; (b) are not available for all accounts or clients; and (c) may adversely impact account performance. Tax-management services do not constitute tax advice or a complete tax-sensitive investment management program. There is no guarantee that tax-management services will produce the desired tax results.

When Morgan Stanley Smith Barney LLC, its affiliates and Morgan Stanley Financial Advisors and Private Wealth Advisors (collectively, "Morgan Stanley") provide "investment advice" regarding a retirement or welfare benefit plan account, an individual retirement account or a Coverdell education savings account ("Retirement Account"), Morgan Stanley is a "fiduciary" as those terms are defined under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and/or the Internal Revenue Code of 1986 (the "Code"), as applicable. When Morgan Stanley provides investment education, takes orders on an unsolicited basis or otherwise does not provide "investment advice", Morgan Stanley will not be considered a "fiduciary" under ERISA and/or the Code. For more information regarding Morgan Stanley's role with respect to a Retirement Account, please visit www.morganstanley.com/disclosures/dol. Tax laws are complex and subject to change. Morgan Stanley does not provide tax or legal advice. Individuals are encouraged to consult their tax and legal advisors (a) before establishing a Retirement Account, and (b) regarding any potential tax, ERISA and related consequences of any investments or other transactions made with respect to a Retirement Account. Individuals should consult their tax advisor for matters involving taxation and tax planning and their attorney for matters involving trust and estate planning, charitable giving, philanthropic planning and other legal matters.

Lifestyle Advisory Services: Products and services are provided by third party service providers, not Morgan Stanley Smith Barney LLC ("Morgan Stanley"). Morgan Stanley may not receive a referral fee or have any input concerning such products or services. There may be additional service providers for comparative purposes. Please perform a thorough due diligence and make your own independent decision.

This material is not a financial plan and does not create an investment advisory relationship between you and your Morgan Stanley Financial Advisor. We are not your fiduciary either under the

Employee Retirement Income Security Act of 1974 (ERISA) or the Internal Revenue Code of 1986, and any information in this report is not intended to be considered investment advice or a recommendation for either ERISA or Internal Revenue Code purposes and that (unless otherwise provided in a written agreement and/or as described at www.morganstanley.com/disclosures/dol) you remain solely responsible for your assets and all investment decisions with respect to your assets. Nevertheless, if Morgan Stanley or your Financial Advisor provides “investment advice,” as that term is defined under Section 3(21) of ERISA, to you with respect to certain retirement, welfare benefit, or education savings account assets for a fee or other compensation, Morgan Stanley and/or your Financial Advisor will be providing such advice in its capacity as a fiduciary under ERISA and/or the Code. Morgan Stanley will only prepare a financial plan at your specific request using Morgan Stanley approved financial planning software.

The Morgan Stanley Goals-Planning System (GPS) includes a brokerage investment analysis tool. While securities held in a client’s investment advisory accounts may be included in the analysis, the reports generated from the GPS Platform are not financial plans nor constitute a financial planning service. A financial plan generally seeks to address a wide spectrum of a client’s long-term financial needs, and can include recommendations about insurance, savings, tax and estate planning, and investments, taking into consideration the client’s goals and situation, including anticipated retirement or other employee benefits. Morgan Stanley Smith Barney LLC (“Morgan Stanley”) will only prepare a financial plan at a client’s specific request using Morgan Stanley approved financial planning software. Investing in financial instruments carries with it the possibility of losses and that a focus on above-market returns exposes the portfolio to above-average risk. Performance aspirations are not guaranteed and are subject to market conditions. High volatility investments may be subject to sudden and large falls in value, and there could be a large loss on realization which could be equal to the amount invested. **IMPORTANT:** The projections or other information provided by the Morgan Stanley Goals Planning System regarding the likelihood of various investment outcomes (including any assumed rates of return and income) are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. Morgan Stanley does not represent or guarantee that the projected returns or income will or can be attained.

A LifeView Financial Goal Analysis (“Financial Goal Analysis”) or LifeView Financial Plan (“Financial Plan”) is based on the methodology, estimates, and assumptions, as described in your report, as well as personal data provided by you. It should be considered a working document that can assist you with your objectives. Morgan Stanley makes no guarantees as to future results or that an individual’s investment objectives will be achieved. The responsibility for implementing, monitoring and adjusting your Financial Goal Analysis or Financial Plan rests with you. After your Financial Advisor delivers your report to you, if you so desire, your Financial Advisor can help you implement any part that you choose; however, you are not obligated to work with your Financial Advisor or Morgan Stanley.

Important information about your relationship with your Financial Advisor and Morgan Stanley Smith Barney LLC when using LifeView Goal Analysis or LifeView Advisor. When your Financial Advisor prepares and delivers a Financial Goal Analysis (i.e., when using LifeView Goal Analysis), they will be acting in a brokerage capacity. When your Financial Advisor prepares a Financial Plan (i.e., when using LifeView Advisor), they will be acting in an investment advisory capacity with respect to the delivery of your Financial Plan. This Investment Advisory relationship will begin with the delivery of the Financial Plan and ends thirty days later, during which time your Financial Advisor can review the Financial Plan with you. To understand the differences between brokerage and advisory relationships, you should consult your Financial Advisor, or review our “Understanding Your Brokerage and Investment Advisory Relationships,” brochure available at <https://www.morganstanley.com/wealth-relationshipwithms/pdfs/understandingyourrelationship.pdf>

We may act in the capacity of a broker or that of an advisor. As your broker, we are not your fiduciary and our interests may not always be identical to yours. Please consult with your Financial Advisor or Private Wealth Advisor to discuss our obligations to disclose to you any conflicts we may from time to time have and our duty to act in your best interest. We may be paid both by you and by others who compensate us based on what you buy. Our compensation, including that of your Financial Advisor or Private Wealth Advisor, may vary by product and over time.

Investment and services offered through Morgan Stanley Smith Barney LLC, Member SIPC.

GLOBAL INVESTMENT COMMITTEE (GIC) ASSET ALLOCATION MODELS: The Asset Allocation Models are created by Morgan Stanley Wealth Management’s GIC.

HYPOTHETICAL MODEL PERFORMANCE (GROSS): Hypothetical model performance results do not reflect the investment or performance of an actual portfolio following a GIC Strategy, but simply reflect actual historical performance of selected indices on a real-time basis over the specified period of time representing the GIC’s strategic and tactical allocations as of the date of this report. The past performance shown here is simulated performance based on benchmark indices, not investment results from an actual portfolio or actual trading. There can be large differences between hypothetical and actual performance results achieved by a particular asset allocation or trading strategy. Hypothetical performance results do not represent actual trading and are generally designed with the benefit of hindsight. Actual performance results of accounts vary due to, for example, market factors (such as liquidity) and client-specific factors (such as investment vehicle selection, timing of contributions and withdrawals, restrictions and rebalancing schedules). Clients would not necessarily have obtained the performance results shown here if they had invested in accordance with any GIC Asset Allocation Model for the periods indicated. Despite the limitations of hypothetical performance, these hypothetical performance results allow clients and Financial Advisors to obtain a sense

of the risk/return trade-off of different asset allocation constructs. The hypothetical performance results in this report are calculated using the returns of benchmark indices for the asset classes, and not the returns of securities, fund or other investment products. Models may contain allocations to Hedge Funds, Private Equity and Private Real Estate. The benchmark indices for these asset classes are not issued on a daily basis. When calculating model performance on a day for which no benchmark index data is issued, we have assumed straight line growth between the index levels issued before and after that date.

FEES REDUCE THE PERFORMANCE OF ACTUAL ACCOUNTS: None of the fees or other expenses (e.g. commissions, mark-ups, mark-downs, fees) associated with actual trading or accounts are reflected in the GIC Asset Allocation Models. The GIC Asset Allocation Models and any model performance included in this presentation are intended as educational materials. Were a client to use these models in connection with investing, any investment decisions made would be subject to transaction and other costs which, when compounded over a period of years, would decrease returns. Information regarding Morgan Stanley's standard advisory fees is available in the Form ADV Part 2, which is available at www.morganstanley.com/adv. The following hypothetical illustrates the compound effect fees have on investment returns: For example, if a portfolio's annual rate of return is 15% for 5 years and the account pays 50 basis points in fees per annum, the gross cumulative five-year return would be 101.1% and the five-year return net of fees would be 96.8%. Fees and/or expenses would apply to clients who invest in investments in an account based on these asset allocations, and would reduce clients' returns. The impact of fees and/or expenses can be material.

Variable annuities are long-term investments designed for retirement purposes and may be subject to market fluctuations, investment risk, and possible loss of principal. All guarantees, including optional benefits, are based on the financial strength and claims-paying ability of the issuing insurance company and do not apply to the underlying investment options. Optional riders may not be able to be purchased in combination and are available at an additional cost. Some optional riders must be elected at time of purchase. Optional riders may be subject to specific limitations, restrictions, holding periods, costs, and expenses as specified by the insurance company in the annuity contract. If you are investing in a **variable annuity** through a tax-advantaged retirement plan such as an IRA, you will get no additional tax advantage from the variable annuity. Under these circumstances, you should only consider buying a variable annuity because of its other features, such as lifetime income payments and death benefits protection. Taxable distributions (and certain deemed distributions) are subject to ordinary income tax and, if taken prior to age 59½, may be subject to a 10% federal income tax penalty. Early withdrawals will reduce the death benefit and cash surrender value.

Equity securities may fluctuate in response to news on companies, industries, market conditions and general economic environment. **Ultrashort-term fixed income** asset class is comprised of fixed income securities with high quality, very short maturities. They are therefore subject to the risks associated with debt securities such as credit and interest rate risk.

Master Limited Partnerships (MLPs) are limited partnerships or limited liability companies that are taxed as partnerships and whose interests (limited partnership units or limited liability company units) are traded on securities exchanges like shares of common stock. Currently, most MLPs operate in the energy, natural resources or real estate sectors. Investments in MLP interests are subject to the risks generally applicable to companies in the energy and natural resources sectors, including commodity pricing risk, supply and demand risk, depletion risk and exploration risk. Individual MLPs are publicly traded partnerships that have unique risks related to their structure. These include, but are not limited to, their reliance on the capital markets to fund growth, adverse ruling on the current tax treatment of distributions (typically mostly tax deferred), and commodity volume risk. The potential tax benefits from investing in MLPs depend on their being treated as partnerships for federal income tax purposes and, if the MLP is deemed to be a corporation, then its income would be subject to federal taxation at the entity level, reducing the amount of cash available for distribution to the fund which could result in a reduction of the fund's value. MLPs carry interest rate risk and may underperform in a rising interest rate environment. MLP funds accrue deferred income taxes for future tax liabilities associated with the portion of MLP distributions considered to be a tax-deferred return of capital and for any net operating gains as well as capital appreciation of its investments; this deferred tax liability is reflected in the daily NAV, and, as a result, the MLP fund's after-tax performance could differ significantly from the underlying assets even if the pre-tax performance is closely tracked.

Investing in commodities entails significant risks. Commodity prices may be affected by a variety of factors at any time, including but not limited to, (i) changes in supply and demand relationships, (ii) governmental programs and policies, (iii) national and international political and economic events, war and terrorist events, (iv) changes in interest and exchange rates, (v) trading activities in commodities and related contracts, (vi) pestilence, technological change and weather, and (vii) the price volatility of a commodity. In addition, the commodities markets are subject to temporary distortions or other disruptions due to various factors, including lack of liquidity, participation of speculators and government intervention. **Physical precious metals** are non-regulated products. Precious metals are speculative investments, which may experience short-term and long term price volatility. The value of precious metals investments may fluctuate and may appreciate or decline, depending on market conditions. Unlike bonds and stocks, precious metals do not make interest or dividend payments. Therefore, precious metals may not be appropriate for investors who require current income. Precious metals are commodities that should be safely stored, which may impose additional costs on the investor.

REITs investing risks are similar to those associated with direct investments in real estate: property value fluctuations, lack of liquidity, limited diversification and sensitivity to economic factors such as interest rate changes and market recessions. Risks of **private real estate** include: illiquidity; a long-term investment horizon with a limited or nonexistent secondary market; lack of transparency;

volatility (risk of loss); and leverage. Principal is returned on a monthly basis over the life of a **mortgage-backed security**. Principal prepayment can significantly affect the monthly income stream and the maturity of any type of MBS, including standard MBS, CMOs and Lottery Bonds. **Asset-backed securities** generally decrease in value as a result of interest rate increases, but may benefit less than other fixed-income securities from declining interest rates, principally because of prepayments.

Yields are subject to change with economic conditions. Yield is only one factor that should be considered when making an investment decision. **Credit ratings** are subject to change. **Duration**, the most commonly used measure of bond risk, quantifies the effect of changes in interest rates on the price of a bond or bond portfolio. The longer the duration, the more sensitive the bond or portfolio would be to changes in interest rates. The majority of \$25 and \$1000 par **preferred securities** are “callable” meaning that the issuer may retire the securities at specific prices and dates prior to maturity. Interest/dividend payments on certain preferred issues may be deferred by the issuer for periods of up to 5 to 10 years, depending on the particular issue. The investor would still have income tax liability even though payments would not have been received. Price quoted is per \$25 or \$1,000 share, unless otherwise specified. Current yield is calculated by multiplying the coupon by par value divided by the market price. The initial interest rate on a **floating-rate security** may be lower than that of a fixed-rate security of the same maturity because investors expect to receive additional income due to future increases in the floating security's underlying reference rate. The reference rate could be an index or an interest rate. However, there can be no assurance that the reference rate will increase. Some floating-rate securities may be subject to call risk. The market value of **convertible bonds** and the underlying common stock(s) will fluctuate and after purchase may be worth more or less than original cost. If sold prior to maturity, investors may receive more or less than their original purchase price or maturity value, depending on market conditions. Callable bonds may be redeemed by the issuer prior to maturity. Additional call features may exist that could affect yield. Some \$25 or \$1000 par **preferred securities** are QDI (Qualified Dividend Income) eligible. Information on QDI eligibility is obtained from third party sources. The dividend income on QDI eligible preferreds qualifies for a reduced tax rate. Many traditional 'dividend paying' perpetual preferred securities (traditional preferreds with no maturity date) are QDI eligible. In order to qualify for the preferential tax treatment all qualifying preferred securities must be held by investors for a minimum period – 91 days during a 180 day window period, beginning 90 days before the ex-dividend date. Companies paying **dividends** can reduce or cut payouts at any time.

Nondiversification: For a portfolio that holds a concentrated or limited number of securities, a decline in the value of these investments would cause the portfolio's overall value to decline to a greater degree than a less concentrated portfolio. The **indices selected by Morgan Stanley Wealth Management** to measure performance are representative of broad asset classes. Morgan Stanley Wealth Management retains the right to change representative indices at any time. Because of their narrow focus, **sector investments** tend to be more volatile than investments that diversify across many sectors and companies.

Growth investing does not guarantee a profit or eliminate risk. The stocks of these companies can have relatively high valuations. Because of these high valuations, an investment in a growth stock can be more risky than an investment in a company with more modest growth expectations. **Value investing** does not guarantee a profit or eliminate risk. Not all companies whose stocks are considered to be value stocks are able to turn their business around or successfully employ corrective strategies which would result in stock prices that do not rise as initially expected.

Any type of **continuous or periodic investment plan** does not assure a profit and does not protect against loss in declining markets. Since such a plan involves continuous investment in securities regardless of fluctuating price levels of such securities, the investor should consider his financial ability to continue his purchases through periods of low price levels.

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Pension & Benefit Committee

FY2024 Work Plan

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").

July 2023

- Quarterly investment performance review – pension and VEBA
- 401k Annual Update

October 2023

- Quarterly investment performance review - pension and VEBA

January 2023

- Quarterly investment performance review – pension and VEBA
- Discuss responses to RFP and recommendation*

April 2024

- Review 1/1/2024 Actuary Reports for pension and VEBA and related contribution amounts
- Review actuarial assumptions
- Quarterly investment performance review – pension and VEBA
- Review Committee FY 2025 work plan
- Discuss potential additional year-end pension contribution, if proposed and available

Possible May 2024

- Discuss potential additional year-end pension contribution, if not reviewed at April meeting

*Timing subject to change

~~April 2023 July 2021~~
PENSION & BENEFIT COMMITTEE

Committee Purpose:

Primary administrative and maintenance responsibility for the RWA's day-to-day pension management is vested in senior operating management as overseen by the RWA. The RWA chair shall annually designate one member of the RWA as Pension Committee chairperson. The purpose of the Committee is to assist the Regional Water Authority (RWA) in fulfilling its fiduciary responsibilities for oversight relating to, the RWA's Defined Benefit Pension Plan, Defined Contribution Plan and Voluntary Retired Employees' Contributory Welfare Trust (collectively, the "Employee Retirement Plans"). The Committee is complementary to but separate from, and does not supplant, the duties or functions of the Trustees of the Master Trust Agreement for South Central Connecticut Regional Water Authority; the Retirement Committee under the South Central Connecticut Regional Water Authority Salaried Employees' Retirement Plan; the Pension Committee under the South Central Connecticut Regional Water Authority Retirement Plan; the Administrative Committee under the Authority Voluntary Investment Plan; or the Trustees of the South Central Connecticut Regional Water Authority Retired Employees' Contributory Welfare Trust.

The Committee shall meet at least quarterly with further meetings to occur when deemed necessary or desirable by the Committee chairperson. The Committee shall consist of all members of the RWA meeting as a committee of the whole. Appropriate RWA management will attend meetings, at the invitation of the Committee chairperson, to provide required reports and presentations to the Committee.

Committee Responsibilities:

The Committee shall have the following duties and responsibilities:

1. Review the funding policy and investment policy and objectives for the Employee Retirement Plans based upon the recommendations of the investment advisory consultant. This includes the annual review of the Authority Voluntary Investment Plan (401k) and an at least every two year review of the Investment Policy Statement.
2. Monitor asset management and investment performance of the Employee Retirement Plans through oversight of the investment advisory consultant. This includes an at least annual review of the Authority Investment Plan (401k).
3. Monitor actuarial assumptions used to estimate the projected liabilities of the Employee Retirement Plans.
4. Make recommendations to the RWA for changes and amendments to the Employee Retirement Plans.

Commented [A1]: This responsibility should include annual review of the 401k (included in the above definition of "Employee Retirement Plans" and also an at least every two year review of the Investment Policy statement.

Commented [A2]: This should include an at least annual review of the 401k

Commented [RK3]: This is just to incorporate into the document the notations that were approved in July 2021.

5. Monitor the general administration and maintenance of the Employees' Retirement Plans through collaborative oversight with management. This includes management's issuance of a Request for Proposal at least every five years for investment advisory services.
6. Periodically review the Committee's performance under this Charter and recommend changes when and where indicated.
7. Perform any other duties or responsibilities delegated to the Committee by the RWA.

**South Central Connecticut Regional Water Authority
Minutes of the March 23, 2023 Meeting**

A regular meeting of the South Central Connecticut Regional Water Authority (“RWA” or “Authority”) took place on Thursday, March 23, 2023, at 90 Sargent Drive, New Haven Connecticut and via remote access. Chairman Borowy presided.

Present: Authority Members Present – Messrs. Borowy, Curseaden, and Mss. LaMarr and Sack
Management – Mss. Kowalski and Calo, and Messrs. Bingaman, Donovan, Hill, Lakshminarayanan, and Singh
RPB – Mr. Clifford
Claire C. Bennett Watershed Fund – Ms. Powell
Public Member – Ms. Czarnecki
Staff – Mrs. Slubowski

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

Mrs. Calo, the RWA’s Sr. Director, Employee Relations & HR Operations, reviewed the Safety Moment distributed to members.

Chair Borowy offered the opportunity for members of the public to comment. There was one public member present, Ms. Czarnecki, who addressed the board looking for support regarding an upcoming public hearing for a firing range in Prospect near the Naugatuck Reservoir.

Ms. Powell, Director of the Claire C. Bennett Watershed Fund, reported that the board met earlier in the month and is recommending two candidates for board member positions. She provided background for Mr. Kelahan, a former educator/administrator, and Ms. Schenkle, a current RWA employee.

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

RESOLVED that Brian Kelahan be, and hereby is, elected as a Director of the Watershed Fund, Inc. to serve in such capacity until the annual meeting of the Member in 2025, or until such later time as his successor has been lawfully appointed and qualified or he otherwise ceases to fill such position; and

FURTHER RESOLVED, that Amanda Schenkle be, and hereby is, elected as a Director of the Watershed Fund, Inc. to serve in such capacity until the annual meeting of the Member in 2025, or until such later time as her successor has been lawfully appointed and qualified or she otherwise ceases to fill such position.

Ms. LaMarr stated her support of the recommendations. She seconded the motion, the Chair called for the vote:

| | |
|-----------|--------|
| Borowy | Aye |
| Curseaden | Aye |
| LaMarr | Aye |
| Sack | Absent |

At 12:44 p.m., Ms. Powell withdrew from the meeting and on motion made by Ms. LaMarr, seconded by Mr. Curseaden, and unanimously carried, the Authority voted to recess the regular meeting to meet as the Environmental, Health & Safety Committee.

| | |
|-----------|--------|
| Borowy | Aye |
| Curseaden | Aye |
| LaMarr | Aye |
| Sack | Absent |

At 1:22 p.m., the Authority reconvened.

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

1. Minutes of the February 23, 2023 meeting.
2. Capital Budget Authorization for April 2023.

RESOLVED, that the Vice President & Chief Financial Officer is authorized to submit to the Trustee one or more requisitions in an aggregate amount not to exceed \$7,500,000 for the month of April 2023 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 2023 for all Capital Improvement Projects to be exceeded.

3. Capital Budget Transfer Notifications (no action required) – April 2023
4. Accounts Receivable Update – February 2023
5. Key Performance Indicators
6. RPB Quarterly Dashboard Report

| | |
|-----------|--------|
| Borowy | Aye |
| Curseaden | Aye |
| LaMarr | Aye |
| Sack | Absent |

At 1:24 p.m., Ms. Sack entered the meeting.

Ms. Kowalski, the RWA's Vice President & Chief Financial Officer, reviewed the quarterly financial reports for the 3rd quarter of FY 2023, which included:

- Balance Sheet
- Revenues, expenses, and changes in net position
- Operating and maintenance expenses and key variances
- FY 2023 capital expenditures and projections

- Interest earning highlights & cash basis results

Ms. Kowalski, the RWA's Vice President & Chief Financial Officer, reported on a Type B3 Amendment for Authority approval to transfer funds from the Customer Information System (CIS) project account to the overall budget contingency to be held in reserve for FY 2024 for the project.

Authority members discussed project timing, the reason for the proposed amendment. After discussion, Ms. Sack moved for approval of the following resolution:

RESOLVED, that the Authority approves the transfer of \$1,324,000 from the CIS capital budget account to the overall capital budget contingency account.

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

| | |
|-----------|-----|
| Borowy | Aye |
| Curseaden | Aye |
| LaMarr | Aye |
| Sack | Aye |

Mr. Bingaman, the RWA's President & Chief Executive Officer:

- Reported on a meeting earlier in the month with the Authority and RPB chairs, and the First Selectman of Branford, to discuss activities between the RWA and the town. It was a good meeting and no issues were raised.
- Stated that he is scheduled to meet with the Authority chair, RPB Woodbridge representative, and the First Selectwoman of Woodbridge, on Friday to provide an update on some items of interest. He will keep the board updated on the meeting.
- Highlighted that he contacted the president of AdvanceCT, an organization that succeeded the Connecticut Economic Resource Center. The organization recruits businesses to the State of Connecticut. He and Mr. Lakshminarayanan will be meeting with AdvanceCT staff early next week to discuss water resources as a recruiting tool in New Haven County.

Authority members reported on recent Representative Policy Board ("RPB") committee meetings and assignments scheduled for the second quarter 2023 RPB Committee meetings.

[BREAK FROM 2:12 P.M. TO 2:25 P.M.]

At 2:25 p.m., on motion made by Ms. LaMarr, seconded by Ms. Sack, and unanimously carried, the Authority voted to recess the regular meeting to meet as the Commercial Business Committee.

| | |
|-----------|-----|
| Borowy | Aye |
| Curseaden | Aye |
| LaMarr | Aye |
| Sack | Aye |

At 2:25 p.m., Mr. Clifford withdrew from the meeting.

At 3:15 p.m., the Authority reconvened.

Mr. Borowy stated that the Commercial Business Committee is recommending to the Authority approval to forward to the RPB the Asset Purchase Application (the “Application”), related confidential documents, and authorization for management to proceed with any and all actions to effectuate the transactions, for reasons discussed in the committee’s executive session. Ms. LaMarr moved for approval of the following resolutions:

1. *Resolutions to approve the recommendation of the Application to the RPB and authorization for management to proceed with any and all actions to effectuate the transactions:*

RESOLVED, that the Authority hereby accepts the Application, dated March 23, 2023 for the purchase of Assets, Building and Land of “Target One” a Confidential Plumbing Company, located in eastern Connecticut, as a completed application, substantially in the form submitted to this meeting, and authorizes filing said Application with the Representative Policy Board (“RPB”); and

FURTHER RESOLVED, if approved by the RPB, that the President & CEO of the Regional Water Authority and manager of RWA Well Services, LLC (the indirect wholly owned subsidiary of the Authority) and the Vice President & Chief Financial Officer of the Regional Water Authority and manager of RWA Well Services, LLC (each such person) be, and each of them hereby is, authorized and empowered to take any and all actions necessary to complete the Asset Purchase and Real Estate Purchase, including, upon satisfaction of all closing conditions, the execution of the Asset Purchase Agreement, the Real Estate Purchase Agreement, and all such further agreements as appropriate, to effectuate the transactions contemplated within the Application.

Mr. Curseaden stated his support of the Application for reasons discussed in the Commercial Business Committee’s executive session. He seconded the motion, the Chair called for the vote:

| | |
|-----------|-----|
| Borowy | Aye |
| Curseaden | Aye |
| LaMarr | Aye |
| Sack | Aye |

2. *Approval of recommendation of the issuance of Protective Order for the Application’s confidential information:*

On motion made by Ms. Sack, seconded by Ms. LaMarr, and unanimously carried, the Authority voted to authorize management to file a motion and related materials with the RPB to request issuance of a protective order to maintain confidential the information to be contained in Appendices A through Q, “Confidential Information,” of the Application.

| | |
|-----------|-----|
| Borowy | Aye |
| Curseaden | Aye |
| LaMarr | Aye |
| Sack | Aye |

At 3:19 p.m., on motion made by Ms. Sack, seconded by Mr. Curseaden, and unanimously carried, the Authority meeting adjourned.

Respectfully submitted,

Catherine E. LaMarr, Secretary

**South Central Connecticut Regional Water Authority
Minutes of the March 30, 2023 Meeting**

The special meeting of the South Central Connecticut Regional Water Authority (“RWA” or “Authority”) took place on Thursday, March 30, 2023, via remote access. Chairman Borowy presided.

Present: Authority Members Present – Messrs. Borowy, Curseaden, and Mss. LaMarr and Sack
Management – Mss. Kowalski and Calo, and Messrs. Bingaman, Donovan, Hill, Lakshminarayanan, and Singh
Staff – Mrs. Slubowski

Chair Borowy called the meeting to order 8:35 a.m. He reviewed the Safety Moment distributed to members.

At 8:36 a.m., on motion made by Ms. Sack, seconded by Ms. LaMarr, and unanimously carried, the Authority voted to convene in executive session pursuant to C.G.S. Section 1-200(6)(E) to discuss matters covered by Section 1-210 subsection b #s 5B, pertaining to commercial and financial information. Present in executive session were the Authority members, Mss. Kowalski, Calo, and Slubowski, and Messrs. Bingaman, Donovan, Hill, Lakshminarayanan, and Singh.

| | |
|-----------|-----|
| Borowy | Aye |
| Curseaden | Aye |
| LaMarr | Aye |
| Sack | Aye |

At 10:45 a.m., Mr. Curseaden withdrew from the meeting.

At 11:50 a.m., the Authority came out of executive session. No votes were taken in executive session.

On motion made by Ms. LaMarr, seconded by Ms. Sack, and unanimously carried, the Authority voted to adopt the following resolution as presented:

RESOLVED that copies of the proposed Capital Budget and Operating Budget for Fiscal Year 2024 beginning on June 1, 2023 and ending on May 31, 2024, be distributed to members of the Representative Policy Board and the Office of Consumer Affairs.

| | |
|-----------|--------|
| Borowy | Aye |
| Curseaden | Absent |
| LaMarr | Aye |
| Sack | Aye |

At 11:52 a.m., on motion made by Ms. Sack, and seconded by Ms. LaMarr, the Authority meeting adjourned.

| | |
|-----------|--------|
| Borowy | Aye |
| Curseaden | Absent |
| LaMarr | Aye |
| Sack | Aye |

Respectfully submitted,


Catherine E. LaMarr, Secretary

UNNNUNAPP

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

MEMORANDUM

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

FROM:  Rochelle Kowalski
Vice President & Chief Financial Officer

DATE: April 21, 2023

SUBJECT: Capital budget authorization request for May 2023

Attached for your meeting on April 27, 2023 is a copy of the resolution authorizing expenditures against the capital improvement budget for May 2023. The amount of the requested authorization, for funds held by the trustee, is \$12,000,000.

This would result in projected expenditures through May 2023 of \$44,715,473 or 93.3% of the total 2023 fiscal year capital budget, including State and Redevelopment.

Attachment

RESOLVED

That the Vice President & Chief Financial Officer is authorized to submit to the Trustee one or more requisitions in an aggregate amount not to exceed \$12,000,000 for the month of May 2023 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 2023 for all Capital Improvement Projects to be exceeded.

South Central Connecticut Regional Water Authority

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

<http://www.rwater.com>

TO:

David J. Borowy
Kevin J. Curseaden
Catherine E. LaMarr
Suzanne C. Sack

FROM:  Rochelle Kowalski

DATE: April 21, 2023

SUBJECT: Capital Budget Transfers

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



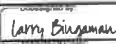
| | Available Funds | Reallocation of Project/Funds |
|--|-----------------|--|
| Lake Whitney Dam & Spillway Improvements | \$150,000 | Contingency/Project Reserve |
| Lake Saltonstall Water Treatment Plant Chemical Systems Improvements | \$495,000 | Contingency/Project Reserve |
| Lake Saltonstall Water Treatment Plant Electrical Upgrades | \$275,000 | Contingency/Project Reserve |
| Seymour Wellfield Generator Replacement | \$200,000 | Contingency/Project Reserve |
| Lead Service Line Replacements | \$490,000 | Contingency/Project Reserve |
| Trucks, Autos, & Portable Equipment | \$269,000 | Contingency/Project Reserve |
| Derby Wellfield Electrical Upgrade | \$115,000 | Filter Media Replacement |
| Watershed Application Replacement | \$100,000 | Filter Media Replacement |
| Data Center Life Cycle Replacements | \$163,000 | Filter Media Replacement |
| West River Water Treatment Plant Improvements | \$420,000 | Good of Service Pipe |
| North Branford Tank Structural Improvements & Additional Tank | \$100,000 | Northern Service Area Expansion – Stonebridge Crossing |
| Spring Street Pump Station Replacement | \$150,000 | Northern Service Area Expansion – Stonebridge Crossing |
| Route 80 Throttling Valve Relocation | \$100,000 | Northern Service Area Expansion – Stonebridge Crossing |
| Route 80 Throttling Valve Relocation | \$42,000 | Laboratory Equipment |
| Water Quality Improvements | \$45,500 | Critical Pump Station & Transmission Facility Upgrades |
| West River Water Treatment Plant Improvements | \$200,000 | Contingency/Project Reserve |

CAPITAL BUDGET AMENDMENT REQUEST

| | | | | |
|----------------------|--------------------------------------|------|-------|--------|
| Request Date: | 4/14/2023 | Type | Log | Mo/Yr |
| Requesting Division: | Engineering & Environmental Services | B2 | 23-45 | Apr 23 |
| Requested By: | Larry Marcik | | | |

| | |
|---|--|
| Transfer From: | |
| Account Number: | 001-000-107112-066506 |
| Project Description: | Lake Whitney Dam & Spillway Improvements |
| A) Original Budget | \$ 2,055,000 |
| B) Total Previous Transfers (In or Out) | \$ 1,747,000 |
| C) This Transfer | \$ 150,000 |
| D) Revised Budget (A+/-B-C) | \$ 158,000 |
| E) Estimated Project Costs | \$ 157,000 |
| F) Remaining Funds Available for Transfer, if any (D-E) | \$ 1,000 |
| Explanation why funds are available: Continued design work on the project has been delayed as a result of exploring additional project alternatives at the request of the Connecticut State Historic Preservation Office (SHPO). | |

| | |
|--|-----------------------------|
| Transfer To: | |
| Account Number: | N/A |
| Project Description: | Contingency/Project Reserve |
| A) Original Budget | \$ 450,000 |
| B) Previous Transfers (In or Out) | \$ 9,405,000 |
| C) Revised Budget (A+/-B) | \$ 9,855,000 |
| D) Amount to be Transferred | \$ 150,000 |
| E) Proposed Revised Budget (C+D) | \$ 10,005,000 |
| Explanation why funds are needed: These funds are being transferred into the overall contingency to be held in reserve for the Lake Whitney Dam & Spillway Improvements project. Research into additional project alternatives at the request of SHPO has delayed continued investigatory work and design on the project. These funds will be held until FY 2024, at which time this funding will be transferred into the project budget. | |

| Approvals As Required By Type | Signature | Date |
|---|---|-----------|
| 1) Requesting Vice President/Director | approved at CMC  | 4/13/2023 |
| 2) Donor Vice President/Director | approved at CMC  | 4/13/2023 |
| 3) Vice President - Finance | approved at CMC | 4/13/2023 |
| 4) Executive Vice President & Chief Operating Officer | | |
| 5) Chief Executive Officer |  | 4/21/2023 |
| 6) Authority Members | Copy of minutes attached if required | |

CAPITAL BUDGET AMENDMENT REQUEST

| | | | | |
|----------------------|--------------------------------------|------|-------|--------|
| Request Date: | 4/14/2023 | Type | Log | Mo/Yr |
| Requesting Division: | Engineering & Environmental Services | B2 | 23-46 | Apr 23 |
| Requested By: | Orville Kelly | | | |

| | |
|---|--|
| Transfer From: | |
| Account Number: | 001-000-107132-046139 |
| Project Description: | Lake Saltonstall Water Treatment Plant |
| A) Original Budget | \$ 992,000 |
| B) Total Previous Transfers (In or Out) | \$ - |
| C) This Transfer | \$ 495,000 |
| D) Revised Budget (A+/-B-C) | \$ 497,000 |
| E) Estimated Project Costs | \$ 479,000 |
| F) Remaining Funds Available for Transfer, if any (D-E) | \$ 18,000 |
| Explanation why funds are available: The project has been impacted by supply chain issues, which has impacted the project schedule and delayed completion. | |

| | |
|--|-----------------------------|
| Transfer To: | |
| Account Number: | N/A |
| Project Description: | Contingency/Project Reserve |
| A) Original Budget | \$ 450,000 |
| B) Previous Transfers (In or Out) | \$ 9,555,000 |
| C) Revised Budget (A+/-B) | \$ 10,005,000 |
| D) Amount to be Transferred | \$ 495,000 |
| E) Proposed Revised Budget (C+D) | \$ 10,500,000 |
| Explanation why funds are needed: These funds are being transferred into the overall contingency to be held in reserve for the Lake Saltonstall Water Treatment Plant Chemical Systems Improvements project. Continued supply chain issues have caused delays in project progress and completion. The project will be carried over into FY 2024, and these funds will be held in the project reserve, at which time this funding will be transferred into the project budget. | |

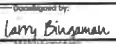
| Approvals As Required By Type | Signature | Date |
|---|--------------------------------------|-----------|
| 1) Requesting Vice President/Director | approved at CMC <i>OK</i> | 4/13/2023 |
| 2) Donor Vice President/Director | approved at CMC <i>CA</i> | 4/13/2023 |
| 3) Vice President - Finance | approved at CMC | 4/13/2023 |
| 4) Executive Vice President & Chief Operating Officer | | |
| 5) Chief Executive Officer | <i>Larry Benjamin</i> | 4/21/2023 |
| 6) Authority Members | Copy of minutes attached if required | |

CAPITAL BUDGET AMENDMENT REQUEST

| | | | | |
|----------------------|----------------|------|-------|--------|
| Request Date: | 4/14/2023 | Type | Log | Mo/Yr |
| Requesting Division: | Operations | B2 | 23-47 | Apr 23 |
| Requested By: | Patrick Keough | | | |

| | |
|---|--|
| Transfer From: | |
| Account Number: | 001-000-107132-046136 |
| Project Description: | Lake Saltonstall Water Treatment Plant Electrical Improvements |
| A) Original Budget | \$ 375,000 |
| B) Total Previous Transfers (In or Out) | \$ - |
| C) This Transfer | \$ 275,000 |
| D) Revised Budget (A+/-B-C) | \$ 100,000 |
| E) Estimated Project Costs | \$ 100,000 |
| F) Remaining Funds Available for Transfer, if any (D-E) | \$ - |
| <p>Explanation why funds are available:</p> <p>Project progress has been impacted by lack of response from UI with regard to a change in location where the electrical service enters the treatment plant. As a result, expenditures in FY 2024 will be under budget.</p> | |

| | |
|---|-----------------------------|
| Transfer To: | |
| Account Number: | N/A |
| Project Description: | Contingency/Project Reserve |
| A) Original Budget | \$ 450,000 |
| B) Previous Transfers (In or Out) | \$ 9,555,000 |
| C) Revised Budget (A+/-B) | \$ 10,005,000 |
| D) Amount to be Transferred | \$ 275,000 |
| E) Proposed Revised Budget (C+D) | \$ 10,280,000 |
| <p>Explanation why funds are needed:</p> <p>These funds are being transferred into the overall contingency to be held in reserve for the Lake Saltonstall Water Treatment Plant Electrical Improvements project. Design progress has been delayed while RWA awaits a response from UI concerning the location of the electrical service to the building. This planned multi-year project continues in FY 2024, and these funds will be held in the project reserve, at which time this funding will be transferred into the project budget.</p> | |

| Approvals As Required By Type | Signature | Date |
|---|--|-----------|
| 1) Requesting Vice President/Director | approved at CMC | 4/13/2023 |
| 2) Donor Vice President/Director | approved at CMC | 4/13/2023 |
| 3) Vice President - Finance | approved at CMC | 4/13/2023 |
| 4) Executive Vice President & Chief Operating Officer | | |
| 5) Chief Executive Officer |  | 4/21/2023 |
| 6) Authority Members | Copy of minutes attached if required | |

CAPITAL BUDGET AMENDMENT REQUEST

| | | | | |
|----------------------|----------------|------|-------|--------|
| Request Date: | 4/14/2023 | Type | Log | Mo/Yr |
| Requesting Division: | Operations | B2 | 23-48 | Apr 23 |
| Requested By: | Patrick Keough | | | |

| | |
|---|---|
| Transfer From: | |
| Account Number: | 001-000-107132-180102 |
| Project Description: | Seymour Wellfield Generator Replacement |
| A) Original Budget | \$ 800,000 |
| B) Total Previous Transfers (In or Out) | \$ 550,000 |
| C) This Transfer | \$ 200,000 |
| D) Revised Budget (A+/-B-C) | \$ 50,000 |
| E) Estimated Project Costs | \$ 50,000 |
| F) Remaining Funds Available for Transfer, if any (D-E) | \$ - |
| <p>Explanation why funds are available:</p> <p>As a result of the project's selection for Congressionally- Directed Spending, bidding was delayed while RWA sought guidance from EPA with regard to bid document requirements. As a result, expenditures for FY 2024 will be lower than originally anticipated.</p> | |

| | |
|---|-----------------------------|
| Transfer To: | |
| Account Number: | N/A |
| Project Description: | Contingency/Project Reserve |
| A) Original Budget | \$ 450,000 |
| B) Previous Transfers (In or Out) | \$ 9,830,000 |
| C) Revised Budget (A+/-B) | \$ 10,280,000 |
| D) Amount to be Transferred | \$ 200,000 |
| E) Proposed Revised Budget (C+D) | \$ 10,480,000 |
| <p>Explanation why funds are needed:</p> <p>These funds are being transferred into the overall contingency to be held in reserve for the Seymour Wellfield Generator Replacement project. This project continues in FY 2024, and these funds will be held in the project reserve, at which time this funding will be transferred into the project budget.</p> | |

| Approvals As Required By Type | Signature | Date |
|---|--------------------------------------|-----------|
| 1) Requesting Vice President/Director | approved at CMC | 4/13/2023 |
| 2) Donor Vice President/Director | approved at CMC | 4/13/2023 |
| 3) Vice President - Finance | approved at CMC | 4/13/2023 |
| 4) Executive Vice President & Chief Operating Officer | | |
| 5) Chief Executive Officer | Larry Benjamin | 4/21/2023 |
| 6) Authority Members | Copy of minutes attached if required | |

CAPITAL BUDGET AMENDMENT REQUEST

| | | | | |
|----------------------|--------------------------------------|------|-------|--------|
| Request Date: | 4/14/2023 | Type | Log | Mo/Yr |
| Requesting Division: | Engineering & Environmental Services | B2 | 23-49 | Apr 23 |
| Requested By: | Sunny Lakshminarayanan | | | |

| | |
|---|--------------------------------|
| Transfer From: | |
| Account Number: | 001-000-107143-000057 |
| Project Description: | Lead Service Line Replacements |
| A) Original Budget | \$ 500,000 |
| B) Total Previous Transfers (In or Out) | \$ - |
| C) This Transfer | \$ 490,000 |
| D) Revised Budget (A+/-B-C) | \$ 10,000 |
| E) Estimated Project Costs | \$ 10,000 |
| F) Remaining Funds Available for Transfer, if any (D-E) | \$ - |

Explanation why funds are available:

This program is in its second phase, which is refinement of the inventory regarding lead service lines associated with the utility side and the homeowner's side. This inventory is due for submission to the State DPH in October 2024. It involves distinct stages, namely the database development stage, followed by a field verification stage using invasive and non-invasive techniques, and refinement of the inventory based on data collected using Artificial Intelligence and Machine Learning platforms to fine tune the rest of the unknowns. The monies budgeted in FY23 was assigned towards field verification of unknown service lines and RWA was planning to at least partially use grants/subsidies available from the State towards this effort. These grants/subsidies from the State DPH could be substantial if the unknowns were in disadvantages aread of our service territory. However, there have been earlier suggested guidelines such as using the Social Vulnerability Index, these guidelines had never been finalized and recently in the past month, the US EPA and CT DPH has suggested an alternate mechanism in line with DECD's distressed community criteria and census blocks. This modification needs to be ratified by the State DPH and only afterward RWA can refine the list of homes for performing the field investigations to ascertain the service line material in order to avail the most subsidies. As a result, expenditures

| | |
|-----------------------------------|-----------------------------|
| Transfer To: | |
| Account Number: | N/A |
| Project Description: | Contingency/Project Reserve |
| A) Original Budget | \$ 450,000 |
| B) Previous Transfers (In or Out) | \$ 10,030,000 |
| C) Revised Budget (A+/-B) | \$ 10,480,000 |
| D) Amount to be Transferred | \$ 490,000 |
| E) Proposed Revised Budget (C+D) | \$ 10,970,000 |

Explanation why funds are needed:

These funds are being transferred into the overall contingency to be held in reserve for the Lead Service Line Replacement program. These funds will be held in the project reserve for FY 2024, at which time this funding will be transferred into the project budget.

| Approvals As Required By Type | Signature | Date |
|---|--------------------------------------|-----------|
| 1) Requesting Vice President/Director | approved at CMC <i>CV</i> | 4/13/2023 |
| 2) Donor Vice President/Director | approved at CMC <i>CV</i> | 4/13/2023 |
| 3) Vice President - Finance | approved at CMC | 4/13/2023 |
| 4) Executive Vice President & Chief Operating Officer | | |
| 5) Chief Executive Officer | <i>Larry Bilgman</i> | 4/21/2023 |
| 6) Authority Members | Copy of minutes attached if required | |

CAPITAL BUDGET AMENDMENT REQUEST

| | | | | |
|----------------------|------------|------|-------|--------|
| Request Date: | 4/14/2023 | Type | Log | Mo/Yr |
| Requesting Division: | Operations | B2 | 23-50 | Apr 23 |
| Requested By: | Adam Cox | | | |

| | |
|---|------------------------------------|
| Transfer From: | |
| Account Number: | 001-000-107192-104087 |
| Project Description: | Trucks, Autos & Portable Equipment |
| A) Original Budget | \$ 885,000 |
| B) Total Previous Transfers (In or Out) | \$ 384,000 |
| C) This Transfer | \$ 269,000 |
| D) Revised Budget (A+/-B-C) | \$ 1,000,000 |
| E) Estimated Project Costs | \$ 1,000,000 |
| F) Remaining Funds Available for Transfer, if any (D-E) | \$ - |
| <p>Explanation why funds are available:</p> <p>In an effort to mitigate known extended lead times on vehicles, RWA ordered a Freightliner MT55 construction/crew truck in April of 2022. Due to extended material delivery delays for a lift gate, the vendor has informed us that delivery on this vehicle, originally anticipated in FY 2023, is now expected to occur in FY 2024 (July). As a result, expenditures for FY 2023 will be under budget.</p> | |

| | |
|---|-----------------------------|
| Transfer To: | |
| Account Number: | N/A |
| Project Description: | Contingency/Project Reserve |
| A) Original Budget | \$ 450,000 |
| B) Previous Transfers (In or Out) | \$ 10,520,000 |
| C) Revised Budget (A+/-B) | \$ 10,970,000 |
| D) Amount to be Transferred | \$ 269,000 |
| E) Proposed Revised Budget (C+D) | \$ 11,239,000 |
| <p>Explanation why funds are needed:</p> <p>These funds are being transferred into the overall contingency to be held in reserve for the Trucks, Autos & Portable Equipment program. These funds will be held in the project reserve for FY 2024, at which time this funding will be transferred into the project budget.</p> | |

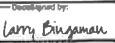
| Approvals As Required By Type | Signature | Date |
|---|--------------------------------------|-----------|
| 1) Requesting Vice President/Director | <i>approved at CMC</i> | 4/13/2023 |
| 2) Donor Vice President/Director | <i>approved at CMC</i> | 4/13/2023 |
| 3) Vice President - Finance | <i>approved at CMC</i> | 4/13/2023 |
| 4) Executive Vice President & Chief Operating Officer | | |
| 5) Chief Executive Officer | <i>Larry Bingham</i> | 4/21/2023 |
| 6) Authority Members | Copy of minutes attached if required | |

CAPITAL BUDGET AMENDMENT REQUEST

| | | | | |
|----------------------|------------|------|-------|--------|
| Request Date: | 4/14/2023 | Type | Log | Mo/Yr |
| Requesting Division: | Operations | B2 | 23-51 | Apr 23 |
| Requested By: | Jim Hill | | | |

| | |
|---|------------------------------------|
| Transfer From: | |
| Account Number: | 001-000-107132-170014 |
| Project Description: | Derby Wellfield Electrical Upgrade |
| A) Original Budget | \$ 125,000 |
| B) Total Previous Transfers (In or Out) | \$ - |
| C) This Transfer | \$ 115,000 |
| D) Revised Budget (A+/-B-C) | \$ 10,000 |
| E) Estimated Project Costs | \$ 7,421 |
| F) Remaining Funds Available for Transfer, if any (D-E) | \$ 2,579 |
| <p>Explanation why funds are available:</p> <p>This project was combined with the Derby Wellfield Facility Improvements project as a capital efficiency in order to achieve savings related to design, bidding, construction and construction administration costs.</p> | |

| | |
|---|--------------------------|
| Transfer To: | |
| Account Number: | 001-000-107132-116080 |
| Project Description: | Filter Media Replacement |
| A) Original Budget | \$ 500,000 |
| B) Previous Transfers (In or Out) | \$ - |
| C) Revised Budget (A+/-B) | \$ 500,000 |
| D) Amount to be Transferred | \$ 115,000 |
| E) Proposed Revised Budget (C+D) | \$ 615,000 |
| <p>Explanation why funds are needed:</p> <p>Amendment 1 of 3: This amendment will fund the acceleration of filter media replacement work scheduled for FY 2024. Cost estimate for total additional work is \$378,000.</p> | |

| Approvals As Required By Type | Signature | Date |
|---|--|-----------|
| 1) Requesting Vice President/Director | approved at CMC | 4/13/2023 |
| 2) Donor Vice President/Director | approved at CMC | 4/13/2023 |
| 3) Vice President - Finance | approved at CMC | 4/13/2023 |
| 4) Executive Vice President & Chief Operating Officer | | |
| 5) Chief Executive Officer |  | 4/21/2023 |
| 6) Authority Members | Copy of minutes attached if required | |

CAPITAL BUDGET AMENDMENT REQUEST

| | | | | |
|----------------------|------------|------|-------|--------|
| Request Date: | 4/14/2023 | Type | Log | Mo/Yr |
| Requesting Division: | Operations | B2 | 23-52 | Apr 23 |
| Requested By: | Jim Hill | | | |

| | |
|---|-----------------------------------|
| Transfer From: | |
| Account Number: | 001-000-107181-100429 |
| Project Description: | Watershed Application Replacement |
| A) Original Budget | \$ 135,000 |
| B) Total Previous Transfers (In or Out) | \$ - |
| C) This Transfer | \$ 100,000 |
| D) Revised Budget (A+/-B-C) | \$ 35,000 |
| E) Estimated Project Costs | \$ 25,000 |
| F) Remaining Funds Available for Transfer, if any (D-E) | \$ 10,000 |
| Explanation why funds are available: Project work for FY 2024 is anticipated to complete under budget. | |

| | |
|--|--------------------------|
| Transfer To: | |
| Account Number: | 001-000-107132-116080 |
| Project Description: | Filter Media Replacement |
| A) Original Budget | \$ 500,000 |
| B) Previous Transfers (In or Out) | \$ 115,000 |
| C) Revised Budget (A+/-B) | \$ 615,000 |
| D) Amount to be Transferred | \$ 100,000 |
| E) Proposed Revised Budget (C+D) | \$ 715,000 |
| Explanation why funds are needed: Amendment 2 of 3: This amendment will fund the acceleration of filter media replacement work scheduled for FY 2024. Cost estimate for total additional work is \$378,000. | |

| Approvals As Required By Type | Signature | Date |
|---|---|-----------|
| 1) Requesting Vice President/Director | <i>approved at CMC</i> | 4/13/2023 |
| 2) Donor Vice President/Director | <i>approved at CMC</i> | 4/13/2023 |
| 3) Vice President - Finance | <i>approved at CMC</i> | 4/13/2023 |
| 4) Executive Vice President & Chief Operating Officer | | |
| 5) Chief Executive Officer | Declassified by: <i>Larry Bingham</i> 4/21/2023 | 4/21/2023 |
| 6) Authority Members | Copy of minutes attached if required | |

CAPITAL BUDGET AMENDMENT REQUEST

| | | | | |
|----------------------|------------|------|-------|--------|
| Request Date: | 4/14/2023 | Type | Log | Mo/Yr |
| Requesting Division: | Operations | B2 | 23-53 | Apr 23 |
| Requested By: | Jim Hill | | | |

| | |
|--|-------------------------------------|
| Transfer From: | |
| Account Number: | 001-000-107181-100004 |
| Project Description: | Data Center Life Cycle Replacements |
| A) Original Budget | \$ 650,000 |
| B) Total Previous Transfers (In or Out) | \$ - |
| C) This Transfer | \$ 163,000 |
| D) Revised Budget (A+/-B-C) | \$ 487,000 |
| E) Estimated Project Costs | \$ 487,000 |
| F) Remaining Funds Available for Transfer, if any (D-E) | \$ - |
| <p>Explanation why funds are available:</p> <p>Project work for FY 2024 is anticipated to complete under budget.</p> | |

| | |
|---|--------------------------|
| Transfer To: | |
| Account Number: | 001-000-107132-116080 |
| Project Description: | Filter Media Replacement |
| A) Original Budget | \$ 500,000 |
| B) Previous Transfers (In or Out) | \$ 215,000 |
| C) Revised Budget (A+/-B) | \$ 715,000 |
| D) Amount to be Transferred | \$ 163,000 |
| E) Proposed Revised Budget (C+D) | \$ 878,000 |
| <p>Explanation why funds are needed:</p> <p>Amendment 3 of 3: This amendment will fund the acceleration of filter media replacement work scheduled for FY 2024. Cost estimate for total additional work is \$378,000.</p> | |

| Approvals As Required By Type | Signature | Date |
|---|--------------------------------------|-----------|
| 1) Requesting Vice President/Director | approved at CMC | 4/13/2023 |
| 2) Donor Vice President/Director | approved at CMC | 4/13/2023 |
| 3) Vice President - Finance | approved at CMC | 4/13/2023 |
| 4) Executive Vice President & Chief Operating Officer | | |
| 5) Chief Executive Officer | <i>Larry Bingham</i> | 4/21/2023 |
| 6) Authority Members | Copy of minutes attached if required | |

CAPITAL BUDGET AMENDMENT REQUEST

| | | | | |
|----------------------|--------------------------------------|------|-------|--------|
| Request Date: | 4/14/2023 | Type | Log | Mo/Yr |
| Requesting Division: | Engineering & Environmental Services | B2 | 23-54 | Apr 23 |
| Requested By: | Tom Adamo | | | |

| | |
|---|---|
| Transfer From: | |
| Account Number: | 001-000-170132-163599 |
| Project Description: | West River Water Treatment Plant Improvements |
| A) Original Budget | \$ 10,215,000 |
| B) Total Previous Transfers (In or Out) | \$ 550,000 |
| C) This Transfer | \$ 420,000 |
| D) Revised Budget (A+/-B-C) | \$ 9,245,000 |
| E) Estimated Project Costs | \$ 8,665,000 |
| F) Remaining Funds Available for Transfer, if any (D-E) | \$ 580,000 |
| Explanation why funds are available: Project work for FY 2024 is anticipated to complete under budget. | |

| | |
|---|-----------------------|
| Transfer To: | |
| Account Number: | 001-000-107144-51XXXX |
| Project Description: | Good of Service Pipe |
| A) Original Budget | \$ 200,000 |
| B) Previous Transfers (In or Out) | \$ 380,000 |
| C) Revised Budget (A+/-B) | \$ 580,000 |
| D) Amount to be Transferred | \$ 420,000 |
| E) Proposed Revised Budget (C+D) | \$ 1,000,000 |
| Explanation why funds are needed: This amendment will fund good of service pipe work required to be performed during FY 2023. This work was performed in conjunction with paid-for developer pipe. | |



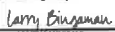
| Approvals As Required By Type | Signature | Date |
|---|---|-----------|
| 1) Requesting Vice President/Director | approved at CMC <i>ca</i> | 4/13/2023 |
| 2) Donor Vice President/Director | approved at CMC <i>ca</i> | 4/13/2023 |
| 3) Vice President - Finance | approved at CMC | 4/13/2023 |
| 4) Executive Vice President & Chief Operating Officer | | |
| 5) Chief Executive Officer | Disapproved by: <i>Larry Bingham</i> | 4/21/2023 |
| 6) Authority Members | Copy of minutes attached if required | |

CAPITAL BUDGET AMENDMENT REQUEST

| | | | | |
|----------------------|--------------------------------------|------|-------|--------|
| Request Date: | 4/14/2023 | Type | Log | Mo/Yr |
| Requesting Division: | Engineering & Environmental Services | B2 | 23-55 | Apr 23 |
| Requested By: | Sunny Lakshminarayanan | | | |

| | |
|---|---|
| Transfer From: | |
| Account Number: | 001-000-107142-116107 |
| Project Description: | North Branford Tank Structural Improvements & Additional Tank |
| A) Original Budget | \$ 150,000 |
| B) Total Previous Transfers (In or Out) | \$ - |
| C) This Transfer | \$ 100,000 |
| D) Revised Budget (A+/-B-C) | \$ 50,000 |
| E) Estimated Project Costs | \$ 28,000 |
| F) Remaining Funds Available for Transfer, if any (D-E) | \$ 22,000 |
| <p>Explanation why funds are available:</p> <p>Design work for the project for FY 2024 is anticipated to complete under budget.</p> | |

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|--|--|
| Transfer To: | |
| Account Number: | 001-000-107143-030026 |
| Project Description: | Northern Service Area Expansion - Stonebridge Crossing |
| A) Original Budget | \$ 100,000 |
| B) Previous Transfers (In or Out) | \$ - |
| C) Revised Budget (A+/-B) | \$ 100,000 |
| D) Amount to be Transferred | \$ 100,000 |
| E) Proposed Revised Budget (C+D) | \$ 200,000 |
| <p>Explanation why funds are needed:</p> <p>Amendment 1 of 3: This amendment will fund work performed in conjunction with the Stonebridge Crossing development in Northern Cheshire. This work includes pipe installation on Highland Avenue, as well as payment to the Town of Southington under an MOU regarding service to the development. Total expenditures associated with Stonebridge Crossing are estimated at \$450,000.</p> | |

| Approvals As Required By Type | Signature | Date |
|---|---|-----------|
| 1) Requesting Vice President/Director | approved at CMC  | 4/13/2023 |
| 2) Donor Vice President/Director | approved at CMC  | 4/13/2023 |
| 3) Vice President - Finance | approved at CMC | 4/13/2023 |
| 4) Executive Vice President & Chief Operating Officer | | |
| 5) Chief Executive Officer | Designated by  | 4/21/2023 |
| 6) Authority Members | Copy of minutes attached if required | |

CAPITAL BUDGET AMENDMENT REQUEST

| | | | | |
|----------------------|--------------------------------------|------|-------|--------|
| Request Date: | 4/14/2023 | Type | Log | Mo/Yr |
| Requesting Division: | Engineering & Environmental Services | B2 | 23-56 | Apr 23 |
| Requested By: | Sunny Lakshminarayanan | | | |

| | |
|--|--|
| Transfer From: | |
| Account Number: | 001-000-107125-150065 |
| Project Description: | Spring Street Pump Station Replacement |
| A) Original Budget | \$ 200,000 |
| B) Total Previous Transfers (In or Out) | \$ - |
| C) This Transfer | \$ 150,000 |
| D) Revised Budget (A+/-B-C) | \$ 50,000 |
| E) Estimated Project Costs | \$ 38,000 |
| F) Remaining Funds Available for Transfer, if any (D-E) | \$ 12,000 |
| Explanation why funds are available: Design work for the project for FY 2024 is anticipated to complete under budget. | |

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|---|--|
| Transfer To: | |
| Account Number: | 001-000-107143-030026 |
| Project Description: | Northern Service Area Expansion - Stonebridge Crossing |
| A) Original Budget | \$ 100,000 |
| B) Previous Transfers (In or Out) | \$ 100,000 |
| C) Revised Budget (A+/-B) | \$ 200,000 |
| D) Amount to be Transferred | \$ 150,000 |
| E) Proposed Revised Budget (C+D) | \$ 350,000 |
| Explanation why funds are needed: Amendment 2 of 3: This amendment will fund work performed in conjunction with the Stonebridge Crossing development in Northern Cheshire. This work includes pipe installation on Highland Avenue, as well as payment to the Town of Southington under an MOU regarding service to the development. Total expenditures associated with Stonebridge Crossing are estimated at \$450,000. | |

| Approvals As Required By Type | Signature | Date |
|---|---|-----------|
| 1) Requesting Vice President/Director | approved at CMC <i>CA</i> | 4/13/2023 |
| 2) Donor Vice President/Director | approved at CMC <i>or</i> | 4/13/2023 |
| 3) Vice President - Finance | approved at CMC | 4/13/2023 |
| 4) Executive Vice President & Chief Operating Officer | | |
| 5) Chief Executive Officer | Designated by: <i>Larry Binzaman</i> | 4/21/2023 |
| 6) Authority Members | Copy of minutes attached if required | |

CAPITAL BUDGET AMENDMENT REQUEST

| | | | | |
|----------------------|--------------------------------------|------|-------|--------|
| Request Date: | 4/14/2023 | Type | Log | Mo/Yr |
| Requesting Division: | Engineering & Environmental Services | B2 | 23-57 | Apr 23 |
| Requested By: | Sunny Lakshminarayanan | | | |

| | |
|--|--------------------------------------|
| Transfer From: | |
| Account Number: | 001-000-107125-000050 |
| Project Description: | Route 80 Throttling Valve Relocation |
| A) Original Budget | \$ 500,000 |
| B) Total Previous Transfers (In or Out) | \$ 340,000 |
| C) This Transfer | \$ 100,000 |
| D) Revised Budget (A+/-B-C) | \$ 60,000 |
| E) Estimated Project Costs | \$ 10,000 |
| F) Remaining Funds Available for Transfer, if any (D-E) | \$ 50,000 |
| Explanation why funds are available: Design work for the project for FY 2024 is anticipated to complete under budget as a result of extended negotiations with the City of New Haven to obtain a property easement for relocation of the valve chamber. | |

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|---|--|
| Transfer To: | |
| Account Number: | 001-000-107143-030026 |
| Project Description: | Northern Service Area Expansion - Stonebridge Crossing |
| A) Original Budget | \$ 100,000 |
| B) Previous Transfers (In or Out) | \$ 250,000 |
| C) Revised Budget (A+/-B) | \$ 350,000 |
| D) Amount to be Transferred | \$ 100,000 |
| E) Proposed Revised Budget (C+D) | \$ 450,000 |
| Explanation why funds are needed: Amendment 3 of 3: This amendment will fund work performed in conjunction with the Stonebridge Crossing development in Northern Cheshire. This work includes pipe installation on Highland Avenue, as well as payment to the Town of Southington under an MOU regarding service to the development. Total expenditures associated with Stonebridge Crossing are estimated at \$450,000. | |

| Approvals As Required By Type | Signature | Date |
|---|--------------------------------------|-----------|
| 1) Requesting Vice President/Director | approved at CMC <i>SW</i> | 4/13/2023 |
| 2) Donor Vice President/Director | approved at CMC <i>SW</i> | 4/13/2023 |
| 3) Vice President - Finance | approved at CMC | 4/13/2023 |
| 4) Executive Vice President & Chief Operating Officer | | |
| 5) Chief Executive Officer | <i>Larry Benjamin</i> | 4/21/2023 |
| 6) Authority Members | Copy of minutes attached if required | |

CAPITAL BUDGET AMENDMENT REQUEST

| | | | | |
|----------------------|--------------------------------------|------|-------|--------|
| Request Date: | 4/14/2023 | Type | Log | Mo/Yr |
| Requesting Division: | Engineering & Environmental Services | B1 | 23-58 | Apr 23 |
| Requested By: | Richard Sibley | | | |

| | |
|---|--------------------------------------|
| Transfer From: | |
| Account Number: | 001-000-107125-000050 |
| Project Description: | Route 80 Throttling Valve Relocation |
| A) Original Budget | \$ 500,000 |
| B) Total Previous Transfers (In or Out) | \$ 440,000 |
| C) This Transfer | \$ 42,000 |
| D) Revised Budget (A+/-B-C) | \$ 18,000 |
| E) Estimated Project Costs | \$ 10,000 |
| F) Remaining Funds Available for Transfer, if any (D-E) | \$ 8,000 |
| <p>Explanation why funds are available:</p> <p>Design work for the project for FY 2024 is anticipated to complete under budget as a result of extended negotiations with the City of New Haven to obtain a property easement for relocation of the valve chamber.</p> | |

| | |
|--|-----------------------|
| Transfer To: | |
| Account Number: | 001-000-107195-104634 |
| Project Description: | Laboratory Equipment |
| A) Original Budget | \$ - |
| B) Previous Transfers (In or Out) | \$ 191,000 |
| C) Revised Budget (A+/-B) | \$ 191,000 |
| D) Amount to be Transferred | \$ 42,000 |
| E) Proposed Revised Budget (C+D) | \$ 233,000 |
| <p>Explanation why funds are needed:</p> <p>This amendment will fund the replacement of a failed autosampler unit in the laboratory. This equipment will support the outside lab services as well as internal testing. It is used for the analysis of MIB and Geosmin, which are taste and odor compounds caused by algal blooms. The MIB/Geosmin test is one part of normal reservoir water monitoring used for water treatment plant process control. Total cost is estimated at \$42,000.</p> | |

| Approvals As Required By Type | Signature | Date |
|---|--------------------------------------|-----------|
| 1) Requesting Vice President/Director | approved at CMC <i>CS</i> | 4/13/2023 |
| 2) Donor Vice President/Director | approved at CMC <i>CS</i> | 4/13/2023 |
| 3) Vice President - Finance | approved at CMC | 4/13/2023 |
| 4) Executive Vice President & Chief Operating Officer | | |
| 5) Chief Executive Officer | <i>Larry Bingham</i> | 4/21/2023 |
| 6) Authority Members | Copy of minutes attached if required | |

CAPITAL BUDGET AMENDMENT REQUEST

| | | | | |
|----------------------|--------------|------|-------|--------|
| Request Date: | 4/14/2023 | Type | Log | Mo/Yr |
| Requesting Division: | Operations | B1 | 23-59 | Apr 23 |
| Requested By: | Dan Peschell | | | |

| | |
|--|----------------------------|
| Transfer From: | |
| Account Number: | 001-000-107143-000070 |
| Project Description: | Water Quality Improvements |
| A) Original Budget | \$ 150,000 |
| B) Total Previous Transfers (In or Out) | \$ - |
| C) This Transfer | \$ 45,500 |
| D) Revised Budget (A+/-B-C) | \$ 104,500 |
| E) Estimated Project Costs | \$ 90,000 |
| F) Remaining Funds Available for Transfer, if any (D-E) | \$ 14,500 |
| Explanation why funds are available: Work on this annual program for FY 2023 is anticipated to complete under budget. | |

| | |
|--|--|
| Transfer To: | |
| Account Number: | 001-000-107125-000045 |
| Project Description: | Critical Pump Station and Transmission Facility Upgrades |
| A) Original Budget | \$ 100,000 |
| B) Previous Transfers (In or Out) | \$ 264,000 |
| C) Revised Budget (A+/-B) | \$ 364,000 |
| D) Amount to be Transferred | \$ 45,500 |
| E) Proposed Revised Budget (C+D) | \$ 409,500 |
| Explanation why funds are needed: This amendment will fund the rehabilitation of the pump at North Cheshire Well #2. Critical components of this pump are showing wear and need to be rehabilitated or replaced to prevent failure. North Cheshire Well #2 is a vital distribution system asset that currently supplies 2.5-2.8 MGD to the Cheshire Service Area. It is imperative that this work takes place prior to the start of the high demand season to ensure the consistent and service delivery of high quality water. | |

| Approvals As Required By Type | Signature | Date |
|---|--------------------------------------|-----------|
| 1) Requesting Vice President/Director | approved at CMC | 4/13/2023 |
| 2) Donor Vice President/Director | approved at CMC | 4/13/2023 |
| 3) Vice President - Finance | approved at CMC | 4/13/2023 |
| 4) Executive Vice President & Chief Operating Officer | | |
| 5) Chief Executive Officer | Designated by Larry Benjamin | 4/21/2023 |
| 6) Authority Members | Copy of minutes attached if required | |

CAPITAL BUDGET AMENDMENT REQUEST

| | | | | |
|----------------------|--------------------------------------|------|-------|--------|
| Request Date: | 4/14/2023 | Type | Log | Mo/Yr |
| Requesting Division: | Engineering & Environmental Services | B2 | 23-60 | Apr 23 |
| Requested By: | Sunny Lakshminarayanan | | | |

| | |
|--|---|
| Transfer From: | |
| Account Number: | 001-000-107132-163599 |
| Project Description: | West River Water Treatment Plant Improvements |
| A) Original Budget | \$ 10,215,000 |
| B) Total Previous Transfers (In or Out) | \$ 970,000 |
| C) This Transfer | \$ 200,000 |
| D) Revised Budget (A+/-B-C) | \$ 9,045,000 |
| E) Estimated Project Costs | \$ 8,665,000 |
| F) Remaining Funds Available for Transfer, if any (D-E) | \$ 380,000 |
| <p>Explanation why funds are available:</p> <p>Work on this project for FY 2023 is anticipated to complete under budget.</p> | |

| | |
|--|------------------------------|
| Transfer To: | |
| Account Number: | N/A |
| Project Description: | Contingency/Project Reserves |
| A) Original Budget | \$ 450,000 |
| B) Previous Transfers (In or Out) | \$ 10,789,000 |
| C) Revised Budget (A+/-B) | \$ 11,239,000 |
| D) Amount to be Transferred | \$ 200,000 |
| E) Proposed Revised Budget (C+D) | \$ 11,439,000 |
| <p>Explanation why funds are needed:</p> <p>This amendment will move \$200,000 to the project reserve for the West River Water Treatment Plant Improvements project. These funds are related to valves and associated work which has been delayed as a result of material fabrication issues at the manufacturer. These funds will be held in reserve for the project to be utilized in FY 2024.</p> | |

| Approvals As Required By Type | Signature | Date |
|---|--------------------------------------|-----------|
| 1) Requesting Vice President/Director | approved at CMC <i>[Signature]</i> | 4/13/2023 |
| 2) Donor Vice President/Director | approved at CMC <i>[Signature]</i> | 4/13/2023 |
| 3) Vice President - Finance | approved at CMC | 4/13/2023 |
| 4) Executive Vice President & Chief Operating Officer | | |
| 5) Chief Executive Officer | Declassified by: <i>Larry Burman</i> | 4/21/2023 |
| 6) Authority Members | Copy of minutes attached if required | |

REGIONAL WATER AUTHORITY
REVIEW OF FINANCIAL DATA
March 31, 2023 (FY 2023)

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Operating Revenues

FY23 revenue for water, including wholesale and fire service, is over budget by \$2,608k (approx. 2.5%).
 Metered water revenue is over budget by \$2,228k (approx. 2.4%).

Total net other revenue is \$18k under budget primarily due to other proprietary expenses being higher than budget

Operating Expenses

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

| | |
|---|--------------|
| Payroll is under budget primarily due to head count under runs. | \$ (831,000) |
| Employee Benefits are under budget primarily due to lower medical expense | (827,000) |
| Administrative Building is under budget primarily due to timing. | (71,000) |
| General & Admin is over budget primarily due to equipment rental and waste removal expenses. | 55,000 |
| Transportation is under budget primarily due to insurance. | (122,000) |
| Utilities & Fuel is over budget primarily due to telecommunication services and sewer usage charge. | 84,000 |
| Material From Inventory is under budget primarily due to lower than anticipated costs. | (101,000) |
| Pump Power is under budget due to lower usage and timing. | (240,000) |
| Chemicals Expense is under budget due to timing. | (96,000) |
| Postage is under budget primarily due to timing and lower than anticipated expense. | (229,000) |
| Collection Expense is under budget primarily due to lower year-to-date bank fees. | (609,000) |
| Business Improvement is under budget primarily due to accelerating certain expenses into fiscal 2022 and timing within fiscal 2023. | (263,000) |
| Public/Customer Information is under budget primarily due to timing and lower than anticipated costs. | (204,000) |
| Outside Services are under budget across multiple areas. | (557,000) |
| Insurance is over budget primarily due to timing. | 76,000 |
| Worker's Compensation, Pre-Captive is under budget primarily due to a reimbursement. | (83,000) |
| Training and continued education is under budget across multiple areas, including tuition assistance. | (102,000) |
| RPB Fees are under budget primarily due to lower consulting and meeting fees. | (54,000) |
| Central Lab/Water Quality is under budget primarily due to the mix between internal and outside lab services and timing. | (113,000) |
| Info. Technology Licensing & Maintenance Fees are under budget due to timing and lower than anticipated costs. | (194,000) |
| Maintenance & Repairs are under budget due to the timing of certain expenses and lower than anticipated costs. | (668,000) |
| All Other | (61,000) |
| | (5,210,000) |

Interest Income

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

PROJECTED MAINTENANCE TEST

The projected coverage is 1.27 with no shortfall.

REGIONAL WATER AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE MONTHS ENDING MARCH 31, 2023

Pg 2

| | FY 2022 Actual | FY 2023 Budget | FY 2023 Actual | (Under)Over Budget |
|---|---------------------------|---------------------------|---------------------------|-------------------------------|
| Operating revenues | | | | |
| Metered water revenues | \$ 88,673 | \$ 92,785 | \$ 95,013 | \$ 2,228 |
| Fire service | 10,334 | 10,755 | 10,844 | 90 |
| Wholesale | 746 | 683 | 973 | 290 |
| Other revenue - water | 3,087 | 3,085 | 3,185 | 100 |
| Other revenue - proprietary | 8,055 | 7,824 | 7,941 | 117 |
| Total operating revenues | <u>110,895</u> | <u>115,131</u> | <u>117,957</u> | <u>2,825</u> |
| Operating expenses | | | | |
| Operating and maintenance expense | 45,752 | 52,986 | 47,776 | (5,210) |
| Expense associated with other revenue - water | 1,690 | 1,823 | 1,681 | (142) |
| Expense associated with other revenue - proprietary | 3,621 | 3,105 | 3,483 | 378 |
| Provision for uncollectible accounts | 358 | 500 | 648 | 148 |
| Depreciation | 20,500 | 19,358 | 19,358 | 0 |
| Payment in lieu of taxes | 7,153 | 7,430 | 7,139 | (291) |
| Amortization Pension Outflows/Inflows | 454 | 1,703 | 1,703 | (0) |
| Amortization OPEB Outflows/Inflows | (522) | (498) | (498) | (0) |
| Total operating expenses | <u>79,005</u> | <u>86,407</u> | <u>81,289</u> | <u>(5,118)</u> |
| Operating income | <u>31,891</u> | <u>28,725</u> | <u>36,668</u> | <u>7,944</u> |
| Nonoperating income and (expense) | | | | |
| Interest income | 1,149 | 1,798 | 6,283 | 4,485 |
| (Loss) Gain on disposal of assets | (1,627) | (833) | (1,358) | (525) |
| Realized and unrealized (losses) gains on investment | - | - | - | - |
| Interest expense | (18,372) | (18,279) | (18,486) | (207) |
| Amortization of bond discount, premium, issuance cost and deferred losses | 2,112 | 2,594 | 2,556 | (38) |
| Amortization of Goodwill | - | - | - | - |
| Intergovernmental revenue | - | - | 490 | 490 |
| Contributions to related entities | (950) | - | - | - |
| Total nonoperating income and (expense) before capital contributions | <u>(17,689)</u> | <u>(14,720)</u> | <u>(10,515)</u> | <u>4,204</u> |
| Income (expense) before contributions | <u>14,202</u> | <u>\$ 14,005</u> | <u>26,153</u> | <u>\$ 12,149</u> |
| Capital contributions | <u>1,073</u> | | <u>1,246</u> | |
| Change in net assets | <u>15,275</u> | | <u>27,398</u> | |
| Total net assets - beginning of fiscal year | <u>233,214</u> | | <u>252,019</u> | |
| Total net assets - end of reporting month | <u>\$ 248,489</u> | | <u>\$ 279,418</u> | |

| | Budget FY 2023 @114% | Projected FY 2023 @114% | (Under)Over FY 2023 @114% |
|-------------------------------------|-------------------------------------|--|--|
| FY 2023 MAINTENANCE TEST | | | |
| (Budget vs. Projected) | | | |
| Revenue Collected: | | | |
| Water sales | 124,093 | 125,900 | 1,807 |
| Interest Income | 213 | 3,200 | 2,987 |
| BABs Subsidy | 657 | 657 | - |
| Other Net | 6,946 | 7,065 | 119 |
| Common Non-Core | (300) | (375) | (75) |
| Total | <u>131,609</u> | <u>136,447</u> | <u>4,838</u> |
| Less: | | | |
| Operating and maintenance expenses | (63,492) | (62,955) | 536 |
| Depreciation | (7,500) | (7,500) | - |
| PILOT (A) | (8,901) | (8,549) | 352 |
| Net Avail for Debt Service (B) | <u>\$ 51,718</u> | <u>\$ 57,443</u> | <u>\$ 5,725</u> |
| Debt Service Payments (C) | <u>\$ 45,366</u> | <u>45,278</u> | <u>\$ (88)</u> |
| Debt Service @ 114% (D) | <u>\$ 51,717</u> | <u>51,617</u> | <u>\$ (100)</u> |
| Difference (B-D) | <u>\$ 0</u> | <u>\$ 5,826</u> | |
| RSF, Growth and/or General Fund (D) | - | | |
| Coverage | <u>114%</u> | <u>127%</u> | |

**REGIONAL WATER AUTHORITY
OPERATING AND MAINTENANCE EXPENSE
MARCH 31, 2023**

Pg 3

PERIOD ENDING MARCH 31, 2023

| | FY 2022 Actual | FY 2023 Budget | FY 2023 Actual | (Under) Over |
|---|---------------------------|---------------------------|---------------------------|-------------------------|
| 1 Payroll | \$ 18,826 | \$ 20,454 | \$ 19,622 | \$ (831) |
| 2 Employee Benefits | 5,911 | 6,466 | 5,639 | (827) |
| Pension Contributions | 2,252 | 2,222 | 2,222 | 0 |
| 3 Administrative Building | 815 | 865 | 794 | (71) |
| 4 General & Administrative | 1,135 | 1,296 | 1,352 | 55 |
| 5 Transportation | 525 | 713 | 592 | (122) |
| 6 Tools & Stores | 254 | 252 | 299 | 46 |
| 7 Utilities & Fuel | 1,252 | 1,258 | 1,341 | 84 |
| 8 Material From Inventory | 151 | 253 | 152 | (101) |
| 9 Pump Power Purchased | 2,344 | 2,469 | 2,229 | (240) |
| 10 Chemicals | 1,732 | 2,243 | 2,147 | (96) |
| 11 Road Repairs | 275 | 249 | 225 | (24) |
| 14 Postage | 127 | 395 | 166 | (229) |
| 15 Printing & Forms | 45 | 59 | 27 | (32) |
| 17 Collection Expense | 602 | 1,412 | 803 | (609) |
| 18 Business Improvement | 143 | 317 | 54 | (263) |
| 19 Public/Customer Information | 144 | 378 | 174 | (204) |
| 20 Outside Services | 2,487 | 3,260 | 2,703 | (557) |
| 21 Insurance Premiums | 1,511 | 1,451 | 1,527 | 76 |
| 22 Worker's Compensation, pre-Churchill | 24 | 38 | (45) | (83) |
| 23 Damages | 28 | 54 | 54 | (1) |
| 24 Training & Cont. Education | 111 | 265 | 163 | (102) |
| 25 Authority Fees | 114 | 137 | 116 | (21) |
| 26 Consumer Counsel | 15 | 50 | 35 | (15) |
| 27 RPB Fees | 88 | 141 | 86 | (54) |
| 28 Organizational Dues | 100 | 78 | 84 | 6 |
| 29 Donations | 7 | 30 | 16 | (14) |
| 34 Central Lab/Water Quality | 111 | 363 | 250 | (113) |
| 40 Environmental Affairs | 54 | 71 | 64 | (6) |
| 44 Info. Technology Licensing & Maintenance Fees | 1,983 | 2,298 | 2,103 | (194) |
| 45 Maintenance and Repairs | 2,232 | 3,221 | 2,553 | (668) |
| 46 Regulatory Asset Amortization | 353 | 229 | 229 | 0 |
| | <u>\$ 45,752</u> | <u>\$ 52,986</u> | <u>\$ 47,776</u> | <u>\$ (5,210)</u> |

South Central Regional Water Authority

Analysis of Accounts Receivable ("A/R")

(\$000 omitted)

Denotes City of New Haven Invoicing (pre-monthly billing)

Total Accounts Receivable Aging (in days)

| | March 2023 | Feb 2023 | Jan 2023 | Dec 2022 | Nov 2022 | Oct 2022 | Sept 2022 | Aug 2022 | July 2022 | June 2022 | May 2022 | April 2022 | March 2022 |
|-------------------------------|---------------|-------------|-------------|-------------|-------------|-------------|--------------|-------------|--------------|--------------|-------------|---------------|---------------|
| Under 30 | \$ 4,954 | \$ 5,926 | \$ 6,550 | \$ 6,158 | \$ 6,197 | \$ 7,228 | \$ 8,082 | \$ 7,220 | \$ 8,465 | \$ 6,543 | \$ 5,880 | \$ 6,441 | \$ 4,820 |
| 31-60 | 1,615 | 1,865 | 1,621 | 1,910 | 2,267 | 2,454 | 2,403 | 2,481 | 2,216 | 1,620 | 1,819 | 1,493 | 1,855 |
| 61-90 | 786 | 1,062 | 1,070 | 1,053 | 966 | 868 | 1,222 | 882 | 731 | 1,002 | 737 | 1,002 | 1,573 |
| 91-180 | 1,301 | 1,583 | 1,558 | 1,516 | 1,382 | 1,492 | 1,603 | 1,476 | 1,714 | 1,737 | 2,062 | 1,965 | 1,756 |
| 181-360 | 1,591 | 1,680 | 1,890 | 1,828 | 2,159 | 2,083 | 2,014 | 2,201 | 1,889 | 1,606 | 1,531 | 1,644 | 1,918 |
| More than 1 year | 5,036 | 5,263 | 5,239 | 5,085 | 4,950 | 5,090 | 5,181 | 4,991 | 5,085 | 5,169 | 5,123 | 5,311 | 5,368 |
| Sub Total | 15,283 | 17,379 | 17,928 | 17,550 | 17,921 | 19,215 | 20,505 | 19,251 | 20,100 | 17,677 | 17,152 | 17,856 | 17,290 |
| Interest due | 1,668 | 1,699 | 1,674 | 1,651 | 1,648 | 1,624 | 1,629 | 1,561 | 1,502 | 1,458 | 1,464 | 1,430 | 1,433 |
| Total Gross A/R plus interest | \$ 16,951 | \$ 19,078 | \$ 19,602 | \$ 19,201 | \$ 19,569 | \$ 20,839 | \$ 22,134 | \$ 20,812 | \$ 21,602 | \$ 19,135 | \$ 18,616 | \$ 19,286 | \$ 18,723 |

Aged Accounts Receivable Focus of Collection Efforts

| | March 2023 | Feb 2023 | Jan 2023 | Dec 2022 | Nov 2022 | Oct 2022 | Sept 2022 | Aug 2022 | July 2022 | June 2022 | May 2022 | April 2022 | March 2022 |
|-----------------------|---------------|-------------|-------------|-------------|-------------|-------------|--------------|-------------|--------------|--------------|-------------|---------------|---------------|
| Greater than 60 days: | | | | | | | | | | | | | |
| A/R | \$ 10,121 | \$ 11,020 | \$ 11,172 | \$ 10,864 | \$ 10,820 | \$ 10,879 | \$ 11,378 | \$ 10,956 | \$ 10,666 | \$ 10,702 | \$ 10,643 | \$ 11,067 | \$ 11,724 |
| Less: Multi-Tenants | (2,705) | (2,806) | (2,923) | (2,831) | (2,900) | (2,931) | (2,812) | (2,762) | (2,690) | (2,496) | (2,508) | (2,694) | (2,640) |
| Receiverships | (1,932) | (2,013) | (1,996) | (1,981) | (1,975) | (1,957) | (1,976) | (1,952) | (1,962) | (1,900) | (1,962) | (1,704) | (1,983) |
| Liens | (1,778) | (1,793) | (1,835) | (1,867) | (1,808) | (1,803) | (2,069) | (2,105) | (2,210) | (2,455) | (2,435) | (2,545) | (2,469) |
| Total | \$ 3,706 | \$ 4,408 | \$ 4,418 | \$ 4,185 | \$ 4,137 | \$ 4,188 | \$ 4,521 | \$ 4,137 | \$ 3,804 | \$ 3,851 | \$ 3,738 | \$ 4,124 | \$ 4,632 |
| | 37% | 40% | 40% | 39% | 38% | 38% | 40% | 38% | 36% | 36% | 35% | 37% | 40% |

Collection Efforts

| | March 2023 | Feb 2023 | Jan 2023 | Dec 2022 | Nov 2022 | Oct 2022 | Sept 2022 | Aug 2022 | July 2022 | June 2022 | May 2022 | April 2022 | March 2022 |
|--------------------------|---------------|-------------|-------------|-------------|-------------|-------------|--------------|-------------|--------------|--------------|-------------|---------------|---------------|
| Shuts * | \$ 167 | \$ 48 | \$ 51 | \$ 61 | \$ 80 | \$ 143 | \$ 1 | \$ 2 | \$ 1 | \$ 6 | \$ 2 | \$ - | \$ - |
| Red Tags ** | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Receivers | 48 | 71 | 2 | 44 | 64 | 34 | 47 | 27 | 17 | 30 | 41 | 22 | 14 |
| Top 100 Collection Calls | 41 | 25 | 216 | - | - | 39 | 119 | 834 | 385 | 683 | 496 | 726 | 649 |
| Other ⁽¹⁾ | 1,517 | 1,429 | 1,346 | 1,550 | 1,665 | 1,890 | 1,227 | 576 | 1,441 | 922 | 1,204 | 1,496 | 1,082 |
| Total | \$ 1,773 | \$ 1,573 | \$ 1,615 | \$ 1,655 | \$ 1,809 | \$ 2,106 | \$ 1,394 | \$ 1,439 | \$ 1,844 | \$ 1,641 | \$ 1,743 | \$ 2,244 | \$ 1,745 |

* Number of shuts

292

106

134

150

198

295

3

1

1

3

4

-

-

** Number of Red tags

-

-

-

-

-

-

-

-

-

-

-

-

⁽¹⁾ Includes: Notices and letters and legal initiatives.

FY 23/24 – 2025 RPB APPLICATION SCHEDULE

| <u>Application</u> | <u>Application to Authority</u> | <u>Public Hearing</u> | <u>Public Hearing Required</u> |
|--|-------------------------------------|-----------------------|------------------------------------|
| 1. Derby Wellfield | 4 Quarter FY 23 | 1 Quarter FY 24 | Y |
| 2. Commercial Transaction | 4 Quarter FY 23 | 1 Quarter FY 24 | Y |
| 3. Disposition of property | 1 Quarter FY 24 | 1 Quarter FY 24 | Y |
| 4. LSWTP Electrical Imp's and LGWTP Electrical Imp's | 1 Quarter FY 24 | 2 Quarter FY 24 | Y |
| 5. Skiff Street House Disposition | 1 Quarter FY 24 | 2 Quarter FY 24 | Y |
| 6. Rt. 34 Derby Pipe Improvements (betterment) | 2 Quarter FY 24 | 2 Quarter FY 24 | Y |
| 7. Commercial Transaction (tentative) | 2 Quarter FY 24 | 3 Quarter FY 24 | Y |
| 8. Route 80 Throttling Valve Relocation | 3 Quarter FY 24 | 4 Quarter FY 24 | Y |
| 9. LWTP – Chemical Feed Improvements | 3 Quarter FY 24 | 4 Quarter FY 24 | Y |
| 10. Raynham Hill Pump Station Improvements | 1 Quarter FY 25 | 1 Quarter FY 25 | Y |
| 11. Rate Application | 1 Quarter FY 25 | 2 Quarter FY 25 | Y |
| 12. Spring Street Pump Station Replacement | 2 Quarter FY 25 | 2 Quarter FY 25 | Y |
| 13. North Branford Tank improvements | 2 Quarter FY 25 | 3 Quarter FY 25 | Y |
| 14. Northern Area Service Improvements | 3 Quarter FY 25 | 3 Quarter FY 25 | Y |
| 15. Lake Whitney Dam | TBD | | |
| 16. Peat Swamp Dam Improvements | TBD | | |

- | | |
|---|-----|
| 17. Service Area Improvements – East/West Transmission Main | TBD |
| 18. 90 Sargent Drive – Building Improvements | TBD |
| 19. Commercial Transactions (tentative) | TBD |

Schedule will be updated when specific months of submission are determined.

| <u>Application</u> | <u>Authority</u> | <u>Finance Committee</u> | <u>RPB</u> | <u>Public Hearing</u> | <u>Decision</u> |
|---------------------------|------------------|--------------------------|----------------------|-----------------------|-----------------|
| 1. Commercial Transaction | 3/23/23 | 4/10/23 | 4/27/23 | | |
| <u>Application</u> | <u>Authority</u> | <u>Finance Committee</u> | <u>Public Notice</u> | <u>Public Hearing</u> | <u>Decision</u> |

**RESOLUTION
PROPOSED FOR ADOPTION BY
THE FIVE MEMBER BOARD OF
SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**

April 27, 2023

The following preambles and resolutions are proposed for adoption by the Five Member Board (the “**Board**”) constituting the South Central Connecticut Regional Water Authority, a specially chartered public corporation constituting a public instrumentality and political subdivision of the State of Connecticut (the “**Authority**”), at the meeting of the Board called for April 27, 2023:

WHEREAS, the Board deems it to be advisable and in the best interest of the Authority to authorize and approve the removal of the existing Registered Agent to the Authority and to authorize and approve the appointment of MCR & P Service Corporation as the Registered Agent to the Authority to accept service of process on behalf of the Authority (the “**Registered Agent**”);

WHEREAS, the Board deems it to be advisable and in the best interest of the Authority for the Authority to authorize and approve of persons serving in the roles of Chief Executive Office and/or Chief Financial Officer of the Authority as Principals to the Authority (the “**Principals**”); and

WHEREAS, the Board deems it to be advisable and in the best interest of the Authority to authorize and approve delegating to each of those persons serving as President and Chief Executive Officer and Vice President and Chief Financial Officer the powers to submit necessary business filings to the Secretary of State of the State of Connecticut (and other relevant state and federal governmental agencies) for the purposes of maintaining accurate and current information pertaining to the Authority including but not limited to updating Registered Agent information and names of Principals.

NOW THEREFORE LET IT BE:

RESOLVED, the Authority hereby authorizes the appointment of MCR&P Service Corporation as Registered Agent to the Authority;

FURTHER RESOLVED, that the names of those persons serving as President and Chief Executive Officer and/or Vice President and Chief Financial Officer to the Authority at any given time may be referred to as Principals of the Authority; and

FURTHER RESOLVED, that the presently serving, now or in the future, President and Chief Executive Officer of the Authority and/or the Vice President and Chief Financial Officer of the Authority (each such person, an “**Authorized Officer**”) be, and each of them hereby is, authorized and empowered to submit filings to governmental agencies and to take all such actions as the Authorized Officer shall deem necessary, desirable, advisable, or appropriate to consummate, effectuate, carry out, or further the transactions contemplated by and the intent and purposes of the foregoing resolutions.

SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY

WATER SYSTEM REVENUE BOND RESOLUTION
GENERAL BOND RESOLUTION

PROJECT LOAN OBLIGATION
SUPPLEMENTAL RESOLUTION
FOR SYSTEM WIDE RADIO TELEMTRY UNIT UPGRADE PROJECT

Authorizing the Issue of

PROJECT LOAN OBLIGATION # _____
FOR THE SYSTEM WIDE RADIO TELEMTRY UNIT UPGRADE PROJECT
Approved _____, 2023

SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY
PROJECT LOAN OBLIGATIONS FOR THE SYSTEM WIDE RADIO TELEMETRY UNIT
UPGRADE PROJECT

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SUPPLEMENTAL RESOLUTION

Authorizing the Issuance of the Project Loan Obligation for the System Wide Radio Telemetry Unit Upgrade 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 July 19, 2018 in the maximum principal amount of \$5,700,000 to finance or refinance the cost of upgrades to the System Wide Radio Telemetry Unit and to pay costs of issuance of the Bonds (the “System Wide Radio Telemetry Unit Upgrade Project”); and

WHEREAS, the Authority hereby determines that it is necessary and desirable that the Authority issue its Project Loan Obligation (the “PLO”) to permanently finance the System Wide Radio Telemetry Unit Upgrade Project.

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 and Chief Financial Officer shall deem advisable and as set forth in the Certificate or Certificates 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 one or more certificates of determination required by Section 701 hereof, signed by the Chairperson or Vice Chairperson and the President/Chief Executive Officer or Vice President and Chief Financial Officer 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.

One or more series of bonds entitled to the benefit, protection and security of the Resolution is hereby authorized in the maximum amount not to exceed \$5,700,000. Each 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, the System Wide Radio Telemetry Unit Upgrade Project (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 as set forth in the Certificate of Determination.

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, 165 Capitol Avenue, 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 reimburse the Construction Fund for moneys used to pay the costs of the System wide Radio Telemetry Unit Upgrade Project if any and 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 and Chief Financial Officer, 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 and Chief Financial Officer, 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 and Chief Financial Officer, 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 and Chief Financial Officer

The Chairperson or Vice Chairperson and President/Chief Executive Officer or Vice President and Chief Financial Officer 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 and Chief Financial Officer shall prepare a Certificate of Determination for each such PLO 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 each PLO as determined in accordance with this delegation. Should the details and particulars of a 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 __

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 165 Capitol Avenue, 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

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY
RESOLUTION REGARDING PROJECT LOAN OBLIGATION FOR SYSTEM WIDE
RADIO TELEMETRY UNIT UPGRADE PROJECT**

WHEREAS, on April 19, 2018, the Authority adopted and on July 19, 2018, the Representative Policy Board (the “RPB”) approved the resolutions which established the general terms and provisions of the Authority’s bonds which may be issued as project loan obligations in one or more series delivered to the State of Connecticut in the aggregate principal amount not to exceed \$5,700,000 to finance, or refinance the cost of upgrades to the System Wide Radio Telemetry Unit; and to pay costs of issuance of the Bonds (the “System Wide Radio Telemetry Unit Upgrade Project”); and

WHEREAS, the Authority wishes to provide for the issuance, sale and delivery of the Authority’s Project Loan Obligation for the System Wide Radio Telemetry Unit Upgrade Project (the “PLO”) and approve the Project Loan and Subsidy Agreement by and between the State of Connecticut and the Authority related to the System Wide Radio Telemetry Unit Upgrade Project (the “Loan Agreement”).

NOW THEREFORE,

BE IT RESOLVED, that the President/Chief Executive Officer and the Vice President and Chief Financial Officer or any one of them may apply to the State Department of Public Health for eligibility and funding of the System Wide Radio Telemetry Unit Upgrade Project and sign such applications and any other documents which may be necessary or desirable to apply for eligibility of and to apply for and obtain financial assistance for the System Wide Radio Telemetry Unit Upgrade Project from the State’s Drinking Water Fund Program and that any such action taken prior hereto is hereby ratified and confirmed.

BE IT FURTHER RESOLVED, that the Chairperson or Vice Chairperson and President/Chief Executive Officer or Vice President and Chief Financial Officer be authorized (i) to issue, sell and deliver the PLO in a total amount not to exceed \$5,700,000, and (ii) to determine the principal amount, date, date of maturity, interest rate, form and other details of the PLO, pursuant to the Act and the Water System Revenue Bond Resolution, General Bond Resolution as amended and supplemented (the “General Bond Resolution”) or any other provisions of law thereto enabling.

BE IT FURTHER RESOLVED, that the Authority hereby approves the Supplemental Resolution authorizing the issuance of the PLO substantially in the form attached hereto as Exhibit A, with such changes, omissions, insertions and revisions as the Chairperson or Vice Chairperson and President/Chief Executive Officer or Vice President and Chief Financial Officer shall deem advisable and which shall be as set forth in one or more Certificates of Determination attached thereto.

BE IT FURTHER RESOLVED, that for the purposes of providing to the Authority the loan and grant from the State, the Authority hereby approves the Loan Agreement substantially in the form as the President/Chief Executive Officer or Vice President and Chief Financial Officer shall deem

advisable and the approval of the Authority shall conclusively be determined from any of their signatures thereon.

BE IT FURTHER RESOLVED, that the Chairperson, Vice Chairperson, President/Chief Executive Officer and Vice President and Chief Financial Officer, or any one of them, are hereby authorized to execute and deliver such documents as may be necessary or desirable to issue and deliver the PLO, including but not limited to, the Loan Agreement, and to take such actions or to designate other officials or employees of the Authority to take such actions and execute such documents in connection with the issuance, sale and delivery of the PLO as are determined necessary or advisable and in the best interests of the Authority and that the execution of such documents shall be conclusive evidence of such determination.

BE IT FURTHER RESOLVED, that the Chairperson, Vice Chairperson, President/Chief Executive Officer or Vice President and Chief Financial Officer, or any one of them are hereby authorized to accept such grants from the State for the System Wide Radio Telemetry Unit Upgrade Project as set forth in the Loan Agreement and to apply the proceeds of the grant to the System Wide Radio Telemetry Unit Upgrade Project, as applicable.

EXHIBIT A

SUPPLEMENTAL RESOLUTION

RESOLUTION

SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY WATER SYSTEM REVENUE BONDS, THIRTY-SEVENTH SERIES BONDS

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 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 15, 2022, the Authority adopted and on March 23, 2023, the Representative Policy Board (the “RPB”) approved the resolutions which established the general terms and provisions of the Authority’s Water System Revenue Bonds in the aggregate principal amount not to exceed \$37,000,000 to finance, among other things, the cost of certain capital improvements to the water system and which may be issued in one or more series, and

WHEREAS, the Authority may issue bonds to refund a series of outstanding bonds (the “Refunding Bonds”) without the approval of the RPB; and

WHEREAS, the Authority wishes to provide for the issuance, sale and delivery of the Authority’s Water System Revenue Bonds, Thirty-seventh Series A in one or more series which may include “Green Bonds” (the “Thirty-seventh Series A Bonds”) and authorize the issuance, sale and delivery of the Authority’s Water System Revenue Refunding Bonds, Thirty-seventh Series B in one or more series (the “Thirty-seventh Series B Bonds” and together with the Thirty-seventh Series A Bonds, the “Thirty-seventh Series Bonds”).

NOW THEREFORE BE IT RESOLVED, that the Chairperson or Vice Chairperson and the President/Chief Executive Officer or Vice President and Chief Financial Officer be authorized (i) to issue, sell and deliver the Thirty-seventh Series A Bonds in one or more series which may include Green Bonds in an amount not to exceed \$37,000,000 and (ii) to determine the principal amount, date, date of maturity, interest rate, form and other details of any such series of the Thirty-seventh Series A Bonds, pursuant to the Act and the Water System Revenue Bond Resolution, General Bond Resolution as amended and supplemented (the “General Bond Resolution”) or any other provisions of law thereto enabling; and

BE IT FURTHER RESOLVED, that the Chairperson or Vice Chairperson and the President/Chief Executive Officer or Vice President and Chief Financial Officer be authorized (i) to issue, sell and deliver the Thirty-seventh Series B Bonds in one or more series in an amount not to exceed \$12,000,000 and (ii) to determine the amount, date, date of maturity, interest rate, form and other details of the Thirty-seventh Series B Bonds, pursuant to the Act and the General Bond Resolution or any other provisions of law thereto enabling; and

BE IT FURTHER RESOLVED, that the Authority hereby approves the Thirty-seventh Series A Supplemental Resolution authorizing the issuance of the Thirty-seventh Series A Bonds in one or more series, which may include Green Bonds, substantially in the form attached hereto as Exhibit A, with such changes, omissions, insertions and revisions as the Chairperson or Vice Chairperson and the President/Chief Executive Officer or Vice President and Chief Financial Officer shall deem advisable and which shall be as set forth in Certificates of Determinations attached thereto; and

BE IT FURTHER RESOLVED, that the Authority hereby approves the Thirty-seventh Series B Supplemental Resolution authorizing the issuance of the Thirty-seventh Series B Bonds in one or more series substantially in the form attached hereto as Exhibit B, with such changes, omissions, insertions and revisions as the Chairperson or Vice Chairperson and the President/Chief Executive Officer or Vice President and Chief Financial Officer shall deem advisable and which shall be as set forth in Certificate of Determinations attached thereto; and

BE IT FURTHER RESOLVED, that for the purpose of providing for the public offering and sale of the Thirty-seventh Series Bonds and further setting forth information relating to the Thirty-seventh Series Bonds, one or more official statements, substantially in the form of the official statement attached hereto as Exhibit C (the “Official Statement”) is hereby approved, with such changes, omissions, insertions and revisions as the Chairperson or Vice Chairperson and the President/Chief Executive Officer or Vice President and Chief Financial Officer shall deem advisable or shall be necessary to provide information concerning the Thirty-seventh Series 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 any series of the Thirty-seventh Series Bonds; and

BE IT FURTHER RESOLVED, that the Chairperson, Vice Chairperson, the President/Chief Executive Officer or Vice President and Chief Financial Officer or any one of them, are hereby authorized to appoint an underwriter or underwriters and a financial advisor and to purchase a municipal bond insurance policy to guarantee the payment of principal and interest on the Thirty-seventh Series Bonds, if the Authority’s financial advisor or the underwriter for the Thirty-seventh Series Bonds deems it advisable, and execute and deliver such documents as may be necessary or desirable to issue, sell and deliver the Thirty-seventh Series Bonds, including but not limited to, the Purchase Contracts, the Tax Regulatory Agreements and the Continuing Disclosure Agreements and to take such actions or to designate other officials or employees of the Authority to take such actions and execute such documents in connection with the issuance, sale and delivery of the Thirty-seventh Series Bonds in one or more series as are determined necessary or advisable and in the best interests of the Authority and that the execution of such documents shall be conclusive evidence of such determination.

EXHIBIT A

THIRTY-SEVENTH SERIES A SUPPLEMENTAL RESOLUTION

EXHIBIT B

THIRTY-SEVENTH SERIES B SUPPLEMENTAL RESOLUTION

EXHIBIT C
OFFICIAL STATEMENT

SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY

WATER SYSTEM REVENUE BOND RESOLUTION
GENERAL BOND RESOLUTION

THIRTY-SEVENTH SERIES A
SUPPLEMENTAL RESOLUTION

Authorizing the Issue of

WATER SYSTEM REVENUE BONDS, THIRTY-SEVENTH SERIES A
dated the Date of Delivery

SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY
WATER SYSTEM REVENUE BONDS, THIRTY-SEVENTH SERIES A

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SUPPLEMENTAL RESOLUTION

Authorizing the Issuance of Water System Revenue Bonds, Thirty-seventh Series A

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 Representative Policy Board of the South Central Connecticut Regional Water District (the “RPB”) approved the issuance of the Authority's Water System Revenue Bonds on March 23, 2023 in the maximum principal amount of \$37,000,000 which may be issued in one or more series (the “Thirty-seventh Series A Bonds”); and

WHEREAS, the Authority hereby determines that it is necessary and desirable that the Authority issue its Thirty-seventh Series A Bonds in one or more series to finance (i) the costs of certain capital improvements to the water system of the Authority, (ii) funds for deposit to certain reserve funds held under the Resolution, if necessary and (iii) the costs of issuance related to the Thirty-seventh Series A Bonds; and

WHEREAS, a series of the Thirty-seventh Series A Bonds may be issued as “Green 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 “Thirty-seventh Series A 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 the President/Chief Executive Officer or Vice President and Chief Financial Officer 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 Thirty-seventh Series A Supplemental Resolution.

B. In addition, as used in this Thirty-seventh Series A 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 any series of the Thirty-seventh Series A Bonds when due as set forth in the Certificate of Determination.

“Bond Insurer” means the insurance company or any successor thereto or assignee thereof insuring any series of the Thirty-seventh Series Bonds 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 Vice President and Chief Financial Officer required by Section 701 hereof, setting forth the terms of a series of the Thirty-seventh Series A Bonds and Bond Insurer provisions, if any, and attached hereto as **Exhibit A** and made a part hereof.

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

“Continuing Disclosure Agreement” means a Continuing Disclosure Agreement between the Authority and U.S. Bank National Association, as Trustee and Dissemination Agent, to be dated the date of issuance of a series of the Thirty-seventh Series A 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.

“Insured Series” means a series of the Thirty-seventh Series A Bonds insured by the Bond Insurer.

“Official Statement” means the Official Statement of the Authority pertaining to a series of the Thirty-seventh Series A Bonds.

C. Unless the context otherwise requires, in this Thirty-seventh Series A 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 Thirty-seventh Series A Supplemental Resolution.

ARTICLE II

AUTHORIZATION OF THIRTY-SEVENTH SERIES A BONDS

Section 201. Principal Amount, Designation and Series.

One or more series of Thirty-seventh Series A Bonds in the maximum amount not to exceed \$37,000,000 entitled to the benefit, protection and security of the Resolution is hereby authorized. Any 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 Bonds, Thirty-seventh Series A-___.” A series of the Thirty-seventh Series A Bonds may be designated as “Green Bonds” as set forth in the Certificate of Determination for such series. The principal amount of a series of the Thirty-seventh Series A Bonds shall be as set forth in the Certificate of Determination.

Section 202. Purpose.

The purposes for which a series of the Thirty-seventh Series A Bonds are being issued are to finance (i) the costs of certain capital improvements to the water system of the Authority, (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 Thirty-seventh Series A Bonds. The amount of any series of the Thirty-seventh Series A Bonds being issued for Other Corporate Purposes is as set forth in the Certificate of Determination. The purposes for which any Green Bonds are issued shall be as set forth in the Certificate of Determination.

Section 203. Date, Maturity and Interest Rates.

A series of the Thirty-seventh Series A Bonds shall be dated as set forth in the Certificate of Determination.

The Thirty-seventh Series A 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 Thirty-seventh Series A 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.

Section 205. Registration, Denominations, Numbers and Letters.

The Thirty-seventh Series A 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 Thirty-seventh Series A Bonds and the Trustee's certificates of authentication shall be substantially in the form set forth in Article IV of this Thirty-seventh Series A Supplemental Resolution.

The Thirty-seventh Series A 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 Thirty-seventh Series A Bonds will not receive certificates representing their interest in the Thirty-seventh Series A Bonds. Unless the Authority determines otherwise, as long as the Thirty-seventh Series A Bonds are registered in the name of Cede & Co., transfers or exchanges of ownership interest in the Thirty-seventh Series A 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 Thirty-seventh Series A 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 the Thirty-seventh Series A 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 Thirty-seventh Series A 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 Thirty-seventh Series A 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. Any series of the Thirty-seventh Series A Bonds shall be subject to optional redemption as set forth in the Certificate of Determination.

B. Any series of the Thirty-seventh Series A 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 Thirty-seventh Series A 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 Thirty-seventh Series A Bonds.

A series of the Thirty-seventh Series A 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 the President/Chief Executive Officer or Vice President and Chief Financial Officer 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 such series of the Thirty-seventh Series A 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 any series of the Thirty-seventh Series A Bonds in substantially the form presented at this meeting with such changes, omissions, insertions and revisions as the Chairperson or Vice Chairperson and the President/Chief Executive Officer or Vice President and Chief Financial Officer shall deem advisable is hereby authorized and the Chairperson or Vice Chairperson and the President/Chief Executive Officer or Vice President and Chief Financial Officer shall sign and deliver copies of the Official Statement to the purchaser of the Thirty-sixty Series A Bonds for subsequent distribution.

Section 210. Book-Entry-Only System.

The Authority is hereby authorized to issue the Thirty-seventh Series A 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 Thirty-seventh Series A Bonds in order to qualify such Thirty-seventh Series A 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 Thirty-seventh Series A Bonds, as nominee of DTC, references herein to the bondowners or registered owners of the Thirty-seventh Series A Bonds shall mean Cede & Co. and shall not mean the beneficial owners of the Thirty-seventh Series A Bonds.

In the event that (a) DTC determines to discontinue its service with respect to the Thirty-seventh Series A 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 Thirty-seventh Series A 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 owner, upon registration of certificates held in the beneficial owner’s name, will become the registered owner of the Thirty-seventh Series A 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 Thirty-seventh Series A Bonds will be made to DTC or its nominee, Cede & Co., as registered owner of the Thirty-seventh Series A 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 THIRTY-SEVENTH SERIES A BONDS

Section 301. Construction Fund.

Upon delivery of a series of the Thirty-seventh Series A 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 Thirty-seventh Series A Bonds.

Section 302. 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 THIRTY-SEVENTH SERIES A BONDS

Section 401. Form of a Series of Thirty-seventh Series A Bonds and Trustee's Certificate of Authentication.

Subject to the provisions of the Resolution, a series of the Thirty-seventh Series A 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 Thirty-seventh Series A Bonds.

The Chairperson or other Authorized Officer is hereby authorized and directed to execute each series of the Thirty-seventh Series A Bonds and the Secretary or other Authorized Officer is hereby authorized to sign and attest the Authority's seal on such series of the Thirty-seventh Series A 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 Thirty-seventh Series A Bonds shall not be includable 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 Thirty-seventh Series A 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 any series of the Thirty-seventh Series A Bonds or for any claim based thereon or on the Resolution against any member or officer of the Authority or any person executing any series of the Thirty-seventh Series A Bonds and neither any member or officer of the Authority nor any person executing a series of the Thirty-seventh Series A Bonds shall be liable personally on such series of the Thirty-seventh Series A 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 Insured Series to exercise rights of approval, consent, direction, waiver and request on behalf of and in place of the holders of the Insured Series. 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 Insured Series. 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 by 3:00 p.m. on the day such payment is due, should the payment of interest on or principal of the Insured Series 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 Insured Series.

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 Insured Series.

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 any Continuing Disclosure Agreement. 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 Thirty-seventh Series A Bonds (including persons holding Thirty-seventh Series A Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Thirty-seventh Series A Bond for federal income tax purposes.

ARTICLE VII

MISCELLANEOUS

Section 701. Delegation of Authority to Chairperson or Vice Chairperson and the President/Chief Executive Officer or Vice President and Chief Financial Officer.

The Chairperson or Vice Chairperson and the President/Chief Executive Officer or Vice President and Chief Financial Officer is hereby delegated the authority to (i) determine with respect to any series of the Thirty-seventh Series A Bonds the amount, issue date, date of maturity, denominations, redemption provisions, interest rate and mode, and other details of such series of the Thirty-seventh Series A Bonds, (ii) determine whether such series of the Thirty-seventh Series A Bonds shall be sold by competitive or negotiated sale and if such sale is negotiated, the purchaser of such series of the Thirty-seventh Series A Bonds, and (iii) accept and incorporate into the Thirty-seventh Series A Supplemental Resolution 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 the President/Chief Executive Officer or Vice President and Chief Financial Officer shall prepare a Certificate of Determination prior to the date of delivery of any series of the Thirty-seventh Series A Bonds to be attached hereto as **Exhibit A** and incorporated in this

Thirty-seventh Series A Supplemental Resolution setting forth such details and particulars of such series of the Thirty-seventh Series A Bonds and Bond Insurer provisions, if any, as determined in accordance with this delegation. Should the details and particulars of such series of the Thirty-seventh Series A Bonds conflict with such details and particulars set forth in this Thirty-seventh Series A Supplemental Resolution, the Certificate of Determination shall control.

Section 702. Effective Date.

This Thirty-seventh Series A Supplemental Resolution shall take effect immediately.

Section 703. Declaration of Official Intent.

The Authority hereby expresses its official intent pursuant to §1.150-2 of the Federal Income Tax Regulations, Title 26 (the “Regulations”), to reimburse expenditures paid sixty days prior to and any time after the date of passage of this Thirty-seventh Series A Supplemental Resolution in the maximum amount authorized for the Thirty-seventh Series A Bonds hereby and for the Projects defined herein with the proceeds of bonds, notes, or other obligations authorized to be issued by the Authority. Such bonds, notes or other obligations shall be issued to reimburse such expenditures not later than 18 months after the later of the date of the expenditure or the substantial completion of the Project, or such later date the Regulations may authorize. The Authority hereby certifies that the intention to reimburse as expressed herein is based upon its reasonable expectations as of this date.

EXHIBIT A

CERTIFICATE OF DETERMINATION

[See Document No. 8A]

EXHIBIT B

[Form of Thirty-seventh Series A-____ Bond]

SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY

WATER SYSTEM REVENUE BOND, THIRTY-SEVENTH SERIES A-____

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 BONDS, THIRTY-SEVENTH SERIES A

This bond is one of a duly authorized issue of bonds of the Authority designated “Water System Revenue Bonds, Thirty-seventh Series A- ,” 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 Thirty-seventh Series A 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.

The bonds of the issue of which this bond is one are subject to redemption prior to maturity, upon published notice as hereinafter provided, (i) as a whole if all or substantially all of the Authority's Water System is taken by the State or any municipality in the State with general governmental powers and duties, under the conditions established by the Resolution, at 100% of the principal amount thereof together with accrued interest to the redemption date and (ii) otherwise, as a whole or in part, at any time, in such order of maturity and CUSIP Number as the Authority may determine and by lot within a CUSIP Number after _____, at the respective redemption prices (expressed as percentages of the principal amount of the bonds or

portions thereof to be redeemed) set forth below, in each case together with accrued interest to the redemption date:

Period During Which Redeemed
(both dates inclusive)

Redemption Price

[OPTIONAL TO BE DETERMINED BY PURCHASER] The bonds of this issue of which this bond is one due on August 1, _____ are subject to mandatory redemption in part on each August 1 on and after August 1, _____ 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 set forth in the following table, the principal amount of such bonds specified opposite each of such years:

Year

Amount

\$

In the event that less than all of the bonds are to be redeemed, the particular bonds or portions of bonds to be redeemed shall be selected by the Trustee as provided in the Resolution.

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. Notice of redemption shall be provided as set forth in the Resolution. If notice of redemption shall have been published or mailed as provided in the Resolution, 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.

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, Thirty-seventh Series A, 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 opinion of Pullman & Comley, LLC was dated and delivered on the date of the original delivery of the bonds.

U.S. BANK NATIONAL ASSOCIATION,
Trustee

By: _____

Its Authorized Official

SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY

**WATER SYSTEM REVENUE BOND RESOLUTION
GENERAL BOND RESOLUTION**

**THIRTY-SEVENTH SERIES B
SUPPLEMENTAL RESOLUTION**

Authorizing the Issue of

**WATER SYSTEM REVENUE REFUNDING BONDS, THIRTY-SEVENTH SERIES B
dated the Date of Delivery**

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

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EXHIBIT A – Certificate of Determination

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SUPPLEMENTAL RESOLUTION

Authorizing the Issuance of Water System Revenue Refunding Bonds, Thirty-seventh Series B

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, Thirty-seventh Series B, (the “Thirty-seventh Series B 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 Thirty-seventh Series B 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 “Thirty-seventh Series B 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 the President/Chief Executive Officer or Vice President and Chief Financial Officer 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 Thirty-seventh Series B Supplemental Resolution.

B. In addition, as used in this Thirty-seventh Series B 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 any series of the Thirty-seventh Series B 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 Vice President and Chief Financial Officer required by Section 701 hereof, setting forth the terms of a series of the Thirty-seventh Series B Bonds, as the case may be, and Bond Insurer provisions, if any, and attached hereto as **Exhibit A** and made a part hereof.

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

“Continuing Disclosure Agreement” means that Continuing Disclosure Agreement between the Authority and U.S. Bank National Association, as Trustee and Dissemination Agent, to be dated the date of issuance of a series of the Thirty-seventh Series B 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.

“Insured Series” means a series of the Thirty-seventh Series B Bonds insured by the Bond Insurer.

“Official Statement” means the Official Statement of the Authority pertaining to a series of the Thirty-seventh Series B Bonds.

C. Unless the context otherwise requires, in this Thirty-seventh Series B 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 Thirty-seventh Series B Supplemental Resolution.

ARTICLE II

AUTHORIZATION OF THIRTY-SEVENTH SERIES B BONDS

Section 201. Principal Amount, Designation and Series.

One or more series of bonds entitled to the benefit, protection and security of the Resolution is hereby authorized in the maximum amount not to exceed \$12,000,000. A 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, Thirty-seventh Series B-___.” The principal amount of each series of the Thirty-seventh Series B Bonds shall be as set forth in the Certificate of Determination.

Section 202. Purpose.

The purposes for which any series of the Thirty-seventh Series B 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 such series of the Thirty-seventh Series B Bonds. The amount of any series of the Thirty-seventh Series B Bonds being issued for Other Corporate Purposes is as set forth in the Certificate of Determination.

Section 203. Date, Maturity and Interest Rates.

The Thirty-seventh Series B Bonds shall be dated the Date of Delivery.

The Thirty-seventh Series B 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 Thirty-seventh Series B 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 Thirty-seventh Series B 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 Thirty-seventh Series B Bonds and the Trustee's certificates of authentication shall be substantially in the form set forth in Article IV of this Thirty-seventh Series B Supplemental Resolution.

The Thirty-seventh Series B 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 Thirty-seventh Series B Bonds will be made in book-entry only form in denominations of \$5,000 or any integral multiple thereof. Purchasers of the Thirty-seventh Series B Bonds will not receive certificates representing their interest in the Thirty-seventh Series B Bonds. Unless the Authority determines otherwise, as long as the Thirty-seventh Series B Bonds are registered in the name of Cede & Co., transfers or exchanges of ownership interest in the Thirty-seventh Series B 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 Thirty-seventh Series B Bonds shall be payable at the corporate trust offices of U.S. Bank National Association, St. Paul, Minnesota, Trustee and Registrar and of U.S. Bank National Association, New York, New York, as Paying Agent. The principal of, premium, if any, and interest on all Thirty-seventh Series B 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 Thirty-seventh Series B 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 Thirty-seventh Series B 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. Each series of the Thirty-seventh Series B Bonds may be subject to optional redemption as set forth in the Certificate of Determination.

B. Each series of the Thirty-seventh Series B 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 Thirty-seventh Series B 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 Thirty-seventh Series B Bonds.

Each series of the Thirty-seventh Series B 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 the President/Chief Executive Officer or Vice President and Chief Financial Officer 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 such series of the Thirty-seventh Series B 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 a series of the Thirty-seventh Series B Bonds in substantially the form presented at this meeting with such change, insertions and revisions as the Chairperson or Vice Chairperson and the President/Chief Executive Officer or Vice President and Chief Financial Officer shall deem advisable is hereby authorized and the Chairperson or Vice Chairperson and the President/Chief Executive Officer or Vice President and Chief Financial Officer shall sign and deliver copies of the Official Statement to the purchaser of a series of the Thirty-seventh Series B Bonds for subsequent distribution.

Section 210. Book-Entry-Only System.

The Authority is hereby authorized to issue the Thirty-seventh Series B 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 Thirty-seventh Series B Bonds in order to qualify such Thirty-seventh Series B 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 Thirty-seventh Series B Bonds, as nominee of DTC, references herein to the bondowners or registered owners of the Thirty-seventh Series B Bonds shall mean Cede & Co. and shall not mean the beneficial owners of the Thirty-seventh Series B Bonds.

In the event that (a) DTC determines to discontinue its service with respect to the Thirty-seventh Series B 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 Thirty-seventh Series B 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 Thirty-seventh Series B 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 Thirty-seventh Series B Bonds will be made to DTC or its nominee, Cede & Co., as registered owner of the Thirty-seventh Series B 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 THIRTY-SEVENTH SERIES B BONDS

Section 301. Construction Fund.

Upon delivery of a series of the Thirty-seventh Series B 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 such series of the Thirty-seventh Series B Bonds.

Section 302. Escrow Fund.

Upon delivery of each series of the Thirty-seventh Series B 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 THIRTY-SEVENTH SERIES B BONDS

Section 401. Form of a Series of the Thirty-seventh Series B Bonds and Trustee's Certificate of Authentication.

Subject to the provisions of the Resolution, a series of the Thirty-seventh Series B 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 Thirty-seventh Series B Bonds.

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

Section 403. Continued Exemption from Federal Income Taxation.

A series of Thirty-seventh Series B Bonds may be issued as taxable or tax-exempt bonds, as set forth in the Certificate of Determination for such series. For each series of Thirty-seventh Series B Bonds that are tax-exempt bonds, 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 such series of the Thirty-seventh Series B Bonds shall not be includable 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 Thirty-seventh Series B 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 any series of the Thirty-seventh Series B Bonds or for any claim based thereon or on the Resolution against any member or officer of the Authority or any person executing such series of the Thirty-seventh Series B Bonds and neither any member or officer of the Authority nor any person executing such series of the Thirty-seventh Series B Bonds shall be liable personally on the Thirty-seventh Series B 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 Insured Series to exercise rights of approval, consent, direction, waiver and request on behalf of and in place of the holders of the Insured Series. 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 Insured Series. 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 by 3:00 p.m. on the day such payment is due, should the payment of interest on or principal of the Insured Series 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 Insured Series.

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 Insured Series.

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 each series of the Thirty-seventh Series B Bonds. Notwithstanding any other provision of the Resolution, failure of the Authority or the Trustee to comply with such 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 series of Thirty-seventh Series B Bonds (including persons holding such series of Thirty-seventh Series B Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any series of Thirty-seventh Series B Bond for federal income tax purposes.

ARTICLE VII

MISCELLANEOUS

Section 701. Delegation of Authority to Chairperson or Vice Chairperson and the President/Chief Executive Officer or Vice President and Chief Financial Officer

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

Section 702. Effective Date.

This Thirty-seventh Series B Supplemental Resolution shall take effect immediately.

EXHIBIT A

CERTIFICATE OF DETERMINATION

[See Document No. 8]

EXHIBIT B

[Form of Thirty-seventh Series B Bond]

SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY

WATER SYSTEM REVENUE REFUNDING BOND, THIRTY-SEVENTH SERIES B- __

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 National Association, St. Paul, Minnesota, trustee and registrar under the Resolution, or its successor in trust (the "Trustee") or U.S. Bank 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, THIRTY-SEVENTH SERIES B-__

This bond is one of a duly authorized issue of bonds of the Authority designated “Water System Revenue Refunding Bonds, Thirty-seventh Series B,” 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 Thirty-seventh Series B 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.

The bonds of the issue of which this bond is one are subject to redemption prior to maturity, upon published notice as hereinafter provided, (i) as a whole if all or substantially all of the Authority's Water System is taken by the State or any municipality in the State with general governmental powers and duties, under the conditions established by the Resolution, at 100% of the principal amount thereof together with accrued interest to the redemption date and [(ii) otherwise, as a whole or in part, at any time, in such order of maturity and CUSIP Number as the Authority may determine and by lot within a CUSIP Number after _____], at the respective redemption prices (expressed as percentages of the principal amount of the bonds or

portions thereof to be redeemed) set forth below, in each case together with accrued interest to the redemption date:

| <u>Period During Which Redeemed</u> <u>(both dates inclusive)</u> | <u>Redemption Price]</u> |
|--|--------------------------|
|--|--------------------------|

[OPTIONAL TO BE DETERMINED BY PURCHASER] The bonds of this issue of which this bond is one due on August 1, _____ are subject to mandatory redemption in part on each August 1 on and after August 1, _____ 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 set forth in the following table, the principal amount of such bonds specified opposite each of such years:

| <u>Year</u> | <u>Amount</u> |
|-------------|---------------|
| | \$ |

In the event that less than all of the bonds are to be redeemed, the particular bonds or portions of bonds to be redeemed shall be selected by the Trustee as provided in the Resolution.

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. Notice of redemption shall be published at least once a week for two successive weeks in two newspapers or financial journals of general circulation (or substantial circulation in the financial community) one in the City of New Haven, Connecticut and one in the Borough of Manhattan, City and State of New York, not less than thirty (30) days nor more than sixty (60) days prior to the redemption date, all in the manner and upon the terms and conditions set forth in the Resolution. A copy of such notice shall also be mailed, postage prepaid, not less than twenty-five (25) days before the redemption date, to the registered owners of any bonds or portions of bonds which are to be redeemed, at their last addresses appearing upon the registry books of the Trustee, but such mailing shall not be a condition precedent to such redemption and failure to so mail any such notice shall not affect the validity of the proceedings for the redemption of bonds. Notice need not be published if all the bonds or portions of 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.

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, Thirty-seventh Series B-__, 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 of Pullman & Comley, LLC was dated and delivered on the date of the original delivery of the bonds.

U.S. BANK NATIONAL ASSOCIATION,
Trustee

By: _____

Its Authorized Official

[BOND COUNSEL OPINION]

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.

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2023

NEW 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, as amended (the "Code"), under existing law, interest on the Thirty-seventh Series Bonds (as hereinafter defined) 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 for tax years beginning after December 31, 2022. In the opinion of Bond Counsel, under existing statutes, interest on the Thirty-seventh Series Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Thirty-seventh Series Bonds. (See "Tax Matters" herein.)

SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY

\$16,670,000*
Water System Revenue Bonds
Thirty-seventh Series A-1

\$2,455,000*
Water System Revenue Bonds
Thirty-seventh Series A-2
(Green Bonds)

10,755,000*
Water System Revenue Refunding Bonds
Thirty-seventh Series B-1

Dated: Date of Delivery

Due: August 1 in years as shown on inside cover

The South Central Connecticut Regional Water Authority (the "Authority") \$16,670,000* Water System Revenue Bonds, Thirty-seventh Series A-1 (the "Thirty-seventh Series A-1 Bonds"), the \$2,455,000* Water System Revenue Bonds, Thirty-seventh Series A-2 (Green Bonds) (the "Thirty-seventh Series A-2 Bonds") and together with the Thirty-seventh Series A-1 Bonds, the "Thirty-seventh Series A Bonds") and the 10,755,000* Water System Revenue Refunding Bonds, Thirty-seventh Series B-1 (the "Thirty-seventh Series B-1 Bonds") and together with the Thirty-seventh Series A Bonds, collectively, the "Thirty-seventh Series Bonds") are general obligations of the Authority issued pursuant to Special Act No. 77-98 of the State of Connecticut, as amended (the "Act") and the Water System Revenue Bond Resolution General Bond Resolution, adopted July 31, 1980, as amended and supplemented by all supplemental resolutions including the Thirty-seventh Series A Supplemental Resolution and the Thirty-seventh Series B Supplemental Resolution (collectively, the "General Bond Resolution"). The Thirty-seventh Series Bonds are secured by a pledge of the Revenues of the Authority pursuant to the General Bond Resolution, which pledge is described herein, and all moneys and securities in all funds established by the General Bond Resolution. **The Authority has no taxing power. The Thirty-seventh Series Bonds are not a debt of the State of Connecticut, or any municipality thereof, and neither the State nor any municipality is liable thereon.**

The Thirty-seventh Series Bonds are issuable only as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository. Purchases of beneficial ownership interests in the Thirty-seventh Series Bonds will be made in book-entry-only form without certificates. Interest on the Thirty-seventh Series Bonds will be payable on February 1, 2024 and semiannually on each February 1 and August 1 thereafter to maturity at the interest rates shown on the inside front cover. Individual purchases of Thirty-seventh Series Bonds will be in the principal amount of \$5,000 or any integral multiple thereof. Principal and redemption price, if any, of and interest on the Thirty-seventh Series Bonds will be paid directly to DTC by U.S. Bank Trust Company, National Association, Boston, Massachusetts, the Trustee and Paying Agent. See "Book-Entry-Only System" herein. **The Thirty-seventh Series Bonds are subject to redemption prior to their stated maturity as more fully described herein.**

The Thirty-seventh Series A-1 Bonds are being issued to finance (i) the costs of certain capital improvements to the water system of the Authority, (ii) funds for deposit in certain funds held under the General Bond Resolution, as necessary, and (iii) the costs of issuance of the Thirty-seventh Series A-1 Bonds. The Thirty-seventh Series A-2 Bonds are being issued to finance (i) the costs of capital pipe replacement projects and (ii) the costs of issuance of the Thirty-seventh Series A-2 Bonds. The Thirty-seventh Series B-1 Bonds are being issued to finance (i) the refunding of certain maturities of the Authority's outstanding Bonds, (ii) funds for deposit to certain reserve funds held under the General Bond Resolution, if necessary, and (iii) the costs of issuance of the Thirty-seventh Series B-1 Bonds. (See "AUTHORIZATION AND PURPOSE" and "PLAN OF FINANCE" herein.)

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

The Thirty-seventh Series Bonds are offered when, as and if issued and received by the Underwriters, subject to approval of legality by Pullman & Comley, LLC, Bond Counsel, Hartford, Connecticut. Certain matters will be passed upon for the Underwriters by [Connell Foley, New York, New York.] It is expected that the Thirty-seventh Series Bonds, in definitive form, will be available for delivery at DTC, or its custodial agent, in New York, New York on or about _____, 2023.

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

Piper Sandler & Co.

Janney Montgomery Scott

_____, 2023

*Preliminary, subject to change

| <u>Due</u> | <u>Amount</u> | <u>Interest Rate</u> | <u>Yield</u> | <u>CUSIP**</u> | <u>Due</u> | <u>Amount</u> | <u>Interest Rate</u> | <u>Yield</u> | <u>CUSIP**</u> |
|------------|---------------|----------------------|--------------|-----------------------------|-------------|---------------|----------------------|--------------|----------------|
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| \$ _____ | | _____% | | Term Bond due [_____, ____] | Yield _____ | | | | CUSIP: 837227 |
| \$ _____ | | _____% | | Term Bond due [_____, ____] | Yield _____ | | | | CUSIP: 837227 |

SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY
\$2,455,000* WATER SYSTEM REVENUE BONDS, THIRTY-SEVENTH SERIES A-2 (GREEN BONDS)
Maturity Schedule*

\$ _____ % Term Bond due [_____ , _____] Yield _____ CUSIP: 837227

SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY
\$10,755,000* WATER SYSTEM REVENUE REFUNDING BONDS, THIRTY-SEVENTH SERIES B-1
Maturity Schedule*

[illegible]

*Preliminary, subject to change

*** A registered trademark of the American Bankers Association. CUSIP (Committee on Uniform Security Identification Procedure) data herein is provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service. CUSIP numbers are provided for convenience of reference only. The Authority and the Underwriters do not make any representation with respect to such numbers. The CUSIP numbers are subject to change after the issuance of the Thirty-seventh Series Bonds.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Thirty-seventh Series 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, 2022 and May 31, 2021," hereto is a copy of the report of CliftonLarsonAllen LLP (CLA), the independent auditor for the Authority with respect to the financial statements of the Authority. The report speaks only as of its date, and only to the matters expressly set forth therein. The auditor has not been engaged to review this Official Statement or to perform audit procedures regarding the post-audit period. The auditor has not been engaged to verify the financial information set out in Appendix B and is not passing upon and does not assume responsibility for the sufficiency, accuracy or completeness of such financial information.

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

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

IN CONNECTION WITH THE OFFERING OF THE THIRTY-SEVENTH SERIES BONDS, THE UNDERWRITERS MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE THIRTY-SEVENTH SERIES 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

\$16,670,000*
Water System Revenue Bonds
Thirty-seventh Series A-1

\$2,455,000*
Water System Revenue Bonds
Thirty-seventh Series A-2
(Green Bonds)

10,755,000*
Water System Revenue Refunding Bonds
Thirty-seventh Series B-1

INTRODUCTION

This Official Statement provides certain information in connection with the issuance by the South Central Connecticut Regional Water Authority (the “Authority”) of its \$16,670,000* Water System Revenue Bonds, Thirty-seventh Series A-1 (the “Thirty-seventh Series A-1 Bonds”), its \$2,455,000* Water System Revenue Bonds, Thirty-seventh Series A-2 (Green Bonds) (the “Thirty-seventh Series A-2 Bonds and together with the Thirty-seventh Series A-1 Bonds, the Thirty-seventh Series A Bonds”), and the 10,755,000 Water System Revenue Refunding Bonds, Thirty-seventh Series B-1 Bonds (the “Thirty-seventh Series B-1 Bonds” and together with the Thirty-seventh Series A Bonds, collectively, the “Thirty-seventh Series Bonds”) dated _____, 2023. The Thirty-seventh Series Bonds are authorized to be issued pursuant to Special Act No. 77-98, as amended (the “Act”), of the State of Connecticut (the “State”) and the Water System Revenue Bond Resolution General Bond Resolution, adopted July 31, 1980, as amended and as supplemented by supplemental resolutions including the Thirty-seventh Series A Supplemental Resolution and the Thirty-seventh Series B Supplemental Resolution, each adopted on _____, 2023, (collectively, the “General Bond Resolution”). See Appendix C hereto for “Summary of Certain Provisions of the General Bond Resolution”.

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

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

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

The Thirty-seventh Series A-1 Bonds are being issued to finance (i) the costs of certain capital improvements to the water system of the Authority, (ii) the funds for deposit in certain funds held under the General Bond Resolution, as necessary, and (iii) the costs of issuance of the Thirty-seventh Series A-1 Bonds. The Thirty-seventh Series A-2 Bonds are being issued to finance (i) the costs of capital pipe replacement projects and (ii) the costs of issuance of the Thirty-seventh Series A-2 Bonds. The Thirty-seventh Series B-1 Bonds are being issued to finance (i) the current refunding of certain maturities of the Authority’s outstanding Bonds, (ii) funds for deposit to certain reserve funds held under the General Bond Resolution, if necessary, and (iii) the costs of issuance of the Thirty-seventh Series B-1 Bonds. See “AUTHORIZATION AND PURPOSE” and “PLAN OF FINANCE” herein.

The Authority was created under the Act in 1977 for the purpose of assuring the provision of an adequate supply of pure water at a reasonable cost within the District and, to the degree consistent with the foregoing, of advancing the conservation and compatible recreational use of land held by the Authority. In 2002, the Connecticut General Assembly granted the Authority permission to provide wastewater services. 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”).

*Preliminary, subject to change

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

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

DESCRIPTION OF THE THIRTY-SEVENTH SERIES BONDS

Description of the Thirty-seventh Series A-1 Bonds

The Thirty-seventh Series A-1 Bonds will be dated [_____, 2023 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, 2024 at the rates per annum, all as set forth on the inside cover page of this Official Statement. Interest will be calculated on the basis of a 360-day year, consisting of twelve 30-day months. Payments of each installment of principal and interest on the Thirty-seventh Series A-1 Bonds shall be made to the owner of the Thirty-seventh Series A-1 Bond who shall appear on the registration books of the Authority maintained by the Trustee on the close of business on the fifteenth day of January and July (or the preceding business day if such fifteenth day is not a business day) in each year.

The Thirty-seventh Series A-1 Bonds are issuable as registered bonds in the denomination of \$5,000 or any integral multiple thereof.

Description of the Thirty-seventh Series A-2 Bonds

The Thirty-seventh Series A-2 Bonds will be dated [_____, 2023 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, 2024 at the rates per annum, all as set forth on the inside cover page of this Official Statement. Interest will be calculated on the basis of a 360-day year, consisting of twelve 30-day months.

Payments of each installment of principal and interest on the Thirty-seventh Series A-2 Bonds shall be made to the owner of the Thirty-seventh Series A-2 Bond who shall appear on the registration books of the Authority maintained by the Trustee on the close of business on the fifteenth day of January and July (or the preceding business day if such fifteenth day is not a business day) in each year.

The Thirty-seventh Series A-2 Bonds are issuable as registered bonds in the denomination of \$5,000 or any integral multiple thereof.

Description of the Thirty-seventh Series B-1 Bonds

The Thirty-seventh Series B-1 Bonds will be dated [_____, 2023 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, 2024 at the rates per annum, all as set forth on the inside cover page of this Official Statement. Interest will be calculated on the basis of a 360-day year, consisting of twelve 30-day months. Payments of each installment of principal and interest on the Thirty-seventh Series B-1 Bonds shall be made to the owner of the Thirty-seventh Series B-1 Bond who shall appear on the registration books of the Authority maintained by the Trustee on the close of business on the fifteenth day of January and July (or the preceding business day if such fifteenth day is not a business day) in each year.

The Thirty-seventh Series B-1 Bonds are issuable as registered bonds in the denomination of \$5,000 or any integral multiple thereof.

Optional Redemption of the Thirty-seventh Series A-1 Bonds

The Thirty-seventh Series A-1 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.

Optional Redemption of the Thirty-seventh Series A-2 Bonds

The Thirty-seventh Series A-2 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.

Optional Redemption of the Thirty-seventh Series B-1 Bonds

The Thirty-seventh Series B-1 Bonds are not subject to optional redemption.

Mandatory Sinking Fund Redemption of the Thirty-seventh Series A-1 Bonds

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

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

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

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

Mandatory Sinking Fund Redemption of the Thirty-seventh Series A-2 Bonds

The Thirty-seventh Series A-2 Bonds due on [August 1, 20__] are subject to mandatory sinking fund redemption at 100% of the principal amount due thereof plus accrued interest to the date of redemption, from sinking fund payments which are required to be made in amounts sufficient to redeem on August 1 of each of the years set forth in the following table, the principal amount of the Thirty-seventh Series A-2 Bonds specified opposite each of such years:

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

Special Mandatory Redemption

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

Redemption Procedures

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

When the Trustee receives notice of the Authority’s election to redeem Thirty-seventh Series Bonds or when redemption is required pursuant to the General Bond Resolution, the Trustee is required to give notice of such redemption, which must specify the maturities and CUSIP numbers of the Thirty-seventh Series 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 Thirty-seventh Series Bonds to be redeemed shall become due and payable and thereafter interest thereon shall cease to accrue and be payable. Such notice will be given by publication once a week for at least two successive weeks in authorized newspapers of general circulation in New Haven, Connecticut and New York, New York, the first such publication to be not less than thirty (30) days nor more than sixty (60) days prior to the redemption date. A copy of such notice also will be mailed not less than twenty-five (25) days before the redemption date to the registered owners of any Thirty-seventh Series Bonds to be redeemed. So long as Cede & Co., as nominee of DTC (as hereinafter defined) is the registered owner of the Thirty-seventh Series Bonds, all notices of redemption with respect to the Thirty-seventh Series Bonds will be sent only to DTC. Notice need not be published if all the Thirty-seventh Series Bonds or portions of Thirty-seventh Series Bonds to be redeemed are registered Thirty-seventh Series Bonds and a notice in the form required for published notice is mailed, postage prepaid, to the registered owners of such Thirty-seventh Series Bonds at their last addresses appearing on the registry books of the Trustee.

Green Bond Designation

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

The purpose of labeling the Thirty-seventh Series A-2 Bonds as “Green Bonds” is to allow investors to more easily identify that they are investing directly in bonds which finance environmentally beneficial projects. See “WATER SYSTEM” Green Bond Projects herein.

The Authority does not intend to obtain any outside source to certify the Thirty-seventh Series A-2 Bonds as Green Bonds. The designation of the Thirty-seventh Series A-2 Bonds as Green Bonds is solely as a result of the determination by the Authority. The term “Green Bonds” is not defined in nor related to the General Bond Resolution. The use of the term in this Official Statement is solely for identification purposes and is not intended to provide or imply that any owner of any Thirty-seventh Series A-2 Bonds is entitled to any security other than as provided in the General Bond Resolution. The repayment obligation of the Authority with respect to the Thirty-seventh Series A-2 Bonds is not conditioned on the satisfaction of any certification related to the status of the Thirty-seventh Series A-2 Bonds as Green Bonds. The Authority does not make any representation as to the ability of the Thirty-seventh Series A-2 Bonds to fulfill such environmental and sustainability criteria. The Thirty-seventh Series A-2 Bonds may not be a suitable investment for investors seeking exposure to green or sustainable assets. There is currently no market consensus on what precise attributes are required for a particular project to be defined as “green” or “sustainable” and therefore no assurance can be provided to investors that the projects financed with proceeds of the Thirty-seventh Series A-2 Bonds will continue to meet investor expectations regarding sustainability performance.

Use of Proceeds

The proceeds of the Thirty-seventh Series A-2 Bonds will be used to provide funds to finance or partially finance or refinance (i) the cost of capital pipe replacement projects, and (ii) to pay the costs of issuance of the Thirty-seventh Series A-2 Bonds (collectively the “Green Bond Projects”). See “WATER SYSTEM” Green Bond Projects herein.

Book-Entry-Only System

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

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

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100

countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

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

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

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

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

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

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

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

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

nor shall the Thirty-seventh Series Bonds be payable out of any funds other than those of the Authority, as provided under the General Bond Resolution and the Act.

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

Debt Reserve Fund

The Bonds, including the Thirty-seventh Series 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 [_____, 2023], the Debt Reserve Fund will contain moneys and investments valued at the aggregate amount of approximately \$[_____] and an unconditional and irrevocable Municipal Bond Debt Service Reserve Fund Policy (the “Policy”) issued by Financial Guaranty Insurance Company (“FGIC”) in the amount of \$29,385,000 which secures all 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 equal the Debt Reserve Fund Requirement upon issuance of the Thirty-seventh Series Bonds.

Operating Reserve Fund and Capital Contingency Fund

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

Rate Covenants

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

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

(3) an amount so that Net Revenues plus PILOT shall equal at least 125% of the principal, sinking fund and interest requirements coming due during such year on all outstanding Bonds, less the amounts, if any, transferred from the Construction Fund to the Bond Interest Account during such fiscal year to pay interest becoming due in such fiscal year.

Flow of Funds

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

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

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

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

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

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

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

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

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

Following the end of each fiscal year and after making the monthly transfers described above, the Authority shall, to the extent moneys remain in the Revenue Fund at the end of each fiscal year, transfer, in the following order, such moneys to meet any deficiency in the Capital Contingency Fund and the Operating Reserve Fund for the next fiscal year and then to the Rate Stabilization Fund Variable Rate Sub-account the amount, if any, by which the amount of interest on variable rate bonds assumed for rate making purposes exceeded the interest and related costs actually paid on such bonds (the Authority currently has no variable rate bonds outstanding) and to the Rate Stabilization Fund Surplus Sub-account the amount, if any, determined and directed by the Authority, of the excess of the debt service coverage tests for the prior fiscal year. Any remaining balance shall be transferred to the General Fund. Moneys in the General Fund may, at the option of the Authority, be used and applied for any of the purposes related to the Water System for which the foregoing funds and accounts were established and for any other lawful purpose of the Authority.

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

Additional Bonds

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

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

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

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

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

Completion bonds are Bonds issued to pay the costs of completing any Water System Project for which Bonds have been previously issued (the “Completion Bonds”), but may be issued only to the extent such Completion Bonds exceed the amount of Bonds which was previously estimated to be needed to complete a particular project, as set forth in a certificate of an authorized officer of the Authority, delivered in connection with the most recent issue of Bonds issued to finance such project. The Authority has issued no such Completion Bonds.

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

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

Refunding Bonds

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

WATER REVENUES AND WATER RATES

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

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

*Preliminary, subject to change

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

COMPARISON OF TYPICAL QUARTERLY WATER BILLS^(a)

| | Quarterly Water Consumption in Cubic Feet (b) | | | | | | |
|--|---|-------|--------|---------|---------|----------|-----------|
| | 1,500 | 2,500 | 10,000 | 50,000 | 100,000 | 500,000 | 2,000,000 |
| | | | | | | | |
| South Central Connecticut Regional Water Authority | \$134 | \$177 | \$539 | \$2,399 | \$4,576 | \$21,992 | \$83,360 |
| Connecticut Municipal Water Utilities: | | | | | | | |
| Hartford Metropolitan District Commission | | | | | | | |
| Customers Within District | 102 | 140 | 425 | 2,133 | 4,033 | 19,233 | 77,458 |
| Customers Outside District | 153 | 191 | 476 | 3,008 | 4,908 | 20,108 | 81,406 |
| New Britain Water Department | | | | | | | |
| Customers Within New Britain | 56 | 86 | 305 | 1,571 | 3,031 | 14,715 | 56,336 |
| Customers Outside New Britain | 92 | 140 | 494 | 2,552 | 4,917 | 23,842 | 93,062 |
| City of Waterbury | 52 | 78 | 277 | 1,337 | 2,662 | 13,262 | 53,012 |
| Investor-Owned Water Utilities located within Connecticut: | | | | | | | |
| Aquarion Water Company | | | | | | | |
| Eastern Division | 113 | 159 | 510 | 2,487 | 3,635 | 12,825 | 49,080 |
| Eastern Division (United) (c) | 124 | 172 | 559 | 2,676 | 5,011 | 23,692 | 95,534 |
| Western Division | 98 | 135 | 413 | 2,082 | 3,231 | 12,421 | 48,676 |
| Connecticut Water Company | 174 | 254 | 951 | 3,406 | 6,492 | 31,177 | 125,431 |
| Water Utilities in the Northeast: | | | | | | | |
| Boston, MA (Municipal) | 91 | 155 | 689 | 3,782 | 7,755 | 40,788 | 164,884 |
| New Jersey American Water (d) | 153 | 208 | 653 | 3,447 | 6,494 | 30,173 | 121,760 |
| Veolia Water, New Jersey | 124 | 172 | 528 | 2,797 | 5,172 | 24,171 | 97,634 |
| Aqua America, PA (e) | 229 | 336 | 1,203 | 4,574 | 8,395 | 36,594 | 144,342 |
| Providence, RI (Municipal) | 94 | 133 | 420 | 2,211 | 2,211 | 4,218 | 81,978 |
| Veolia, New York (f) | 167 | 253 | 1,272 | 3,639 | 7,062 | 37,989 | 163,389 |
| Springfield, MA (Municipal) | 75 | 120 | 454 | 2,243 | 4,473 | 22,313 | 89,213 |

(a) Data as of April 15, 2023

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

(c) Formerly known as United Water, Connecticut

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

(e) Formerly known as Suez, New Jersey

(f) Formerly known as Philadelphia Suburban Water Company and Suez, PA

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

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

GLOBAL HEALTH EMERGENCY RISK

The COVID-19 Outbreak

The outbreak of COVID-19 was declared a Public Health Emergency of International Concern by the World Health Organization. On March 13, 2020, the President of the United States declared a national emergency as a result of the COVID-19 outbreak. The outbreak of the virus has affected travel, commerce and financial markets globally. There can be no assurances that the continuing prevalence of COVID-19 will not materially affect local, state, national, and global activity; increase public health emergency response costs; and materially adversely impact the financial condition of the Authority. Based on current COVID-19 trends, the Department of Health and Human Services (HHS) is planning for the federal Public Health Emergency (PHE) for COVID-19, declared under Section 319 of the Public Health Service (PHS) Act, to expire at the end of the day on May 11, 2023.

State Efforts to Mitigate the Ongoing Impact of COVID-19

On March 10, 2020, Governor Lamont declared a state of emergency throughout the State of Connecticut (the “State”) and took and continues to take steps designed to mitigate the spread and impacts of COVID-19. Connecticut’s COVID-19 vaccination plan commenced on December 14, 2020. Today, the vaccine is widely available to all individuals aged six (6) months of age and over.

The Governor regularly reviews conditions and, accordingly, expands or reduces restrictions.

Impact on the Authority

The impact of COVID-19 on the Authority has not been as severe as originally anticipated. The Authority proactively planned for the uncertainty. As part of the fiscal 2020 year-end disposition, monies were transferred into the General Fund allowing for maximum flexibility as the General Fund can be used by the Authority for any lawful purpose and the Authority’s operating and capital budgets for fiscal 2021 were reduced. With these steps, the Authority was able to delay the filing of a rate application, originally scheduled to be filed in July 2020 while still exceeding the debt coverage requirement in the General Bond Resolution in both fiscal 2020 and fiscal 2021 without a draw from the Rate Stabilization Fund. A rate application was filed in July 2021, with rates and charges effective January 2022. The debt coverage requirement in the General Bond Resolution was also exceeded for fiscal year 2022. The Authority recognizes that there is still uncertainty regarding the economic impacts of COVID-19.

AUTHORIZATION AND PURPOSE

On December 15, 2022 the Authority adopted and on March 23, 2023 the RPB approved resolutions authorizing the issuance of up to \$37,000,000 of bonds to finance certain capital improvements to the water system (the “New Money Financing”). On April 27, 2023, the Authority approved the terms of the New Money Financing

The Thirty-seventh Series A-1 Bonds are being issued to finance (i) the costs of certain capital improvements to the water system of the Authority, (ii) funds for deposit in certain funds held under the General Bond Resolution, as necessary, and (iii) the costs of issuance of the Thirty-seventh Series A-1 Bonds. The Thirty-seventh Series A-2 Bonds are being used to finance (i) the costs of capital pipe replacement projects and (ii) the costs of issuance of the Thirty-seventh Series A-2 Bonds. The Thirty-sixth Series B-1 Bonds are being issued to finance (i) the current refunding of certain maturities of the Authority’s outstanding Bonds, (ii) funds for deposit to certain reserve funds held under the General Bond Resolution, if necessary, and (iii) the costs of issuance of the Thirty-sixth Series B-1 Bonds.

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PLAN OF REFUNDING

A portion of the proceeds of the Thirty-seventh Series B-1 Bonds will be used to currently refund all or a portion of certain of the Authority's outstanding prior bonds, including, but not limited to, the Authority's Twenty-ninth Series Bonds (the "Prior Bonds"), on the dates and in the amounts as set forth below.

| | Maturity Date | Principal Amount | Coupon | Call Date | Call Price |
|----------------------------|--------------------------|-----------------------------|---------------|----------------------|-----------------------|
| Twenty-ninth Series | 08/01/2024 | \$5,255,000.00 | 5.00% | 08/01/2023 | 100% |
| | 08/01/2025 | 2,000,000.00 | 4.00% | 08/01/2023 | 100% |
| | 08/01/2025 | 3,515,000.00 | 5.00% | 08/01/2023 | 100% |

Total \$

Total \$

VERIFICATION OF MATHEMATICAL COMPUTATIONS FOR THIRTY-SEVENTH SERIES B-1 BONDS

American Municipal Tax Exempt Compliance Corporation ("AMTEC") will verify from the information provided to them the mathematical accuracy as of the date of closing of the Thirty-seventh Series B-1 Bonds of: (i) 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; (3) the computations of yield on the Thirty-seventh Series Bonds, the securities, the applicable Prior Bonds and the Thirty-seventh Series B-1 Bonds contained in the schedules provided to and used by Bond Counsel and (4) that the yield on the refunding escrow is not materially higher than the combined yield of the applicable Prior Bonds. AMTEC will express no opinion on the assumptions provided to them.

SOURCES AND USES OF FUNDS

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

| | Thirty-seventh Series A-1 | Thirty-seventh Series A-2 | Thirty-seventh Series B-1 |
|----------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| Sources: | | | |
| Par Amount | | | |
| Net Original Issue Premium | | | |
| Total Sources | | | |
| Uses: | | | |
| Construction Fund | | | |
| Escrow Fund | | | |
| Underwriters' Discount | | | |
| Cost of Issuance | | | |
| Total Uses | | | |

ANNUAL DEBT SERVICE REQUIREMENTS

The following table sets forth the annual debt service requirements of the Authority for all Bonds outstanding, not including the Thirty-seventh Series Bonds but including bonds that may be refunded with the Thirty-seventh Series B-1 Bonds.

| Period Ending <u>May 31</u> | Existing Authority Debt Service (\$)^{1,2} | Existing DWSRF Debt Service (\$)³ | Thirty-seventh Series Bonds Principal (\$) | Thirty-seventh Series Bonds Interest (\$) | Aggregate Debt Service (\$) |
|--|---|---|---|--|--|
|--|---|---|---|--|--|

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

² Prior to issuance of Thirty-seventh Series Bonds.

³ The Authority participates in the State of Connecticut's Drinking Water (DWSRF) programs. The above table sets forth the annual debt service requirements of the Authority for all DWSRF debt service. Monthly debt service payments are made.

Note: Amounts may not total due to rounding.

DESCRIPTION OF THE AUTHORITY

General

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

The Act provides specifically that the Authority may acquire, hold, develop and maintain real estate and waters for conservation and compatible active and passive recreational purposes and may levy charges for such uses. The day-to-day management of Water System operations is conducted by its operating staff (the “Operating Staff”). The Authority’s budget presently allows for the employment of 280 full-time equivalents (excluding seasonal temporary personnel).

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

[UPDATE]The members of the Authority and certain information concerning them is set forth below:

| <u><i>Name</i></u> | <u><i>Residence</i></u> | <u><i>Term Expires January 1</i></u> | <u><i>Affiliations</i></u> |
|--|-------------------------|--|--|
| David J. Borowy Chairperson | Cheshire | 2027 | In-charge of the northeast territory for Jackson-Hewitt Tax services. Served on South Central Connecticut Regional Water Authority Representative Policy Board (RPB) for thirteen years, including three years as the Chairman, three years as the Vice Chairman, and Chair of the RPB Finance Committee for five years. Elected Town Councilman in Cheshire for 16 years, 12 years serving as budget committee Chair, and the last two years serving as Mayor and Town Council Chair. Serves as Project Chair for the Cheshire Chamber of Commerce and other boards. He is a member of the National Association of Corporate Directors and of American Water Works Association. |
| Kevin J. Curseaden Vice Chairperson | Milford | 2028 | Partner at Carroll, Curseaden & Moore focusing on property law; United Way of Milford board member; Served on South Central Connecticut Regional Water Authority Representative Policy Board (RPB) for 10 years and as chairperson of the RPB for 2 years; Served in the Army since 2000 with terms in both Kosovo and Northern Iraq. He also services on the board of United Way of Milford. |
| Suzanne Sack | Killingworth | 2025 | Investment Committee of the Board of Directors of the State University of New York Oswego Foundation and Vice Chair and Chair of the Finance Committee of the Haddam-Killingworth Board of Education. Twenty-five year career in the financial services industry. |
| Catherine E. LaMarr Secretary/Treasurer | New Haven | 2026 | Deputy Corporation Counsel responsible for transactions and policies for the City of New Haven. Prior to joining the City’s Office of the Corporation Counsel, served as the General Counsel for the Office of the Connecticut State Treasurer for 20 years and was also in private practice for several years. Founding board member of the Connecticut Center for Arts and Technology and serves as the Treasurer of the ConnCAT board. |

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

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

| <u><i>Name</i></u> | <u><i>Position</i></u> | <u><i>Years of Service</i></u> | <u><i>Background</i></u> |
|--------------------|--|--------------------------------|---|
| Larry L. Bingaman | President and Chief Executive Officer | 14 | Mr. Bingaman holds a Bachelor of Science degree in business administration from California State University at Long Beach and an executive MBA from the University of New Haven (UNH). He is currently pursuing a PhD in Leadership and Change from Antioch University. Prior to joining the Regional Water Authority in 2009, and beginning in 1990, he served in various capacities of increasing responsibilities at Aquarion Water Company, one of the seven largest investor-owned water utilities in the United States. From 2004, he was Senior Vice President in charge of operations for the Massachusetts-New Hampshire division of Aquarion. Mr. Bingaman leads with a keen focus on sustainable and conscious business practices and is long active in community and water industry associations. He is a past member of and board chair for the Greater New Haven Chamber of Commerce and serves on Southern Connecticut State University's (SCSU) Executive Business Advisory Council in addition to chairing the SCSU President's Community Advisory Board and its Public Utility Management Degree Program Advisory Council. Mr. Bingaman is a 2016 inductee into Gateway Community College's (GCC) Hall of Fame and received the college's Corporate Award for his commitment, dedication and support of higher education and social change. An honorary doctorate of humane letters was conferred upon him at SCSU's commencement for the School of Business in 2021, and an honorary associate's degree was conferred upon him at GCC's commencement in 2018. Mr. Bingaman is also a 2018 honorary member of SCSU's Delta Mu Delta Business Honor Society for leadership in ethics, integrity and purpose, and a 2019 inductee into the University of New Haven's Honor Society for Experiential Education for his conscious leadership. He is also a 2017 inductee into Junior Achievement's New Haven Business Hall of Fame for his contributions to the prosperity of the region through his leadership in business and the community. Mr. Bingaman and his wife are 2017 Alexis de Tocqueville Society award recipients for their personal leadership, contributions and long-time commitment to United Way and the community at large. Mr. Bingaman is also the 2019 recipient of the Greater New Haven Chamber's Community Leadership Award and the 2019 School for Ethical Education's John Winthrop Wright Ethics in Action Award for his commitment to ethics in his personal and professional life. He is one of the first 100 founding members of the Conscious Capitalism Senior Leader Network, and founder and board chair emeritus for the Connecticut Chapter of Conscious Capitalism. |
| Rochelle Kowalski | Vice President and Chief Financial Officer | 10 | Ms. Kowalski holds a Bachelor of Arts degree from Russell Sage College and a Master's degree in Economics from Trinity College. She has held financial leadership positions at American Water, a large investor-owned water and wastewater utility company, AT&T, and Lucent Technologies and also has |

| <u>Name</u> | <u>Position</u> | <u>Years of Service</u> | <u>Background</u> |
|---------------------------------|---|-------------------------|---|
| | | | independent consulting experience. Ms. Kowalski is a member of Financial Executives International, the Financial Executives Networking Group, the American Water Works Association (AWWA), and since June, 2015 has been the Treasurer of the Connecticut Section of AWWA. |
| Sunder (Sunny) Lakshminarayanan | Vice President of Engineering and Environmental Services | 1 | Mr. Lakshminarayanan holds a Bachelor's of Science degree in civil engineering from the University of Madras in India and dual master's degrees in business administration – finance from the New Jersey Institute of Technology and a Master of Science degree in civil/environmental engineering from Northeastern University. He has held a variety of roles, of increasing responsibility, focused on water and wastewater, in top engineering consulting firms in the United States and senior executive positions for two international design-build firms, having responsibilities for strategic planning, engineering and construction. |
| Premjith (Prem) Singh | Chief Information and Digital Officer and Vice President of Customer Care | 3 | Mr. Premjith (Prem) Singh holds a Bachelor's degree in computer science and engineering from the University of Madras in India, and a Master's degree in management of technology from Fairfield University in Connecticut. Prem has significant expertise in helping companies develop innovative, agile digital solutions that transform their business and allow them to better meet the needs and expectations of customers. Before joining the Authority, he worked at National Grid, where he served as chief information officer and vice president of information technology, leading technology innovation, business transformation and digital integration for the global organization, in addition to creating a Transformation Office focused on organizational change and strategic design. Prior to National Grid, Prem served in various technology and business transformation leadership roles at Avangrid/UII Holdings Corporation. |

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

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

Powers of the Authority

Subject to the approval of the Representative Policy Board (the “RPB”), the Act authorizes the Authority, among other things, (i) to acquire any existing water supply system situated within the District by means including the purchase of all the stock, assets and franchises of any existing water company and to succeed to all rights, powers and franchises of such company, (ii) to establish just and equitable rates or charges for use of the Water System to be paid by any customer and to change such rates or charges from time to time so as to provide revenues sufficient to pay the cost of maintaining, repairing and operating the Water System, the principal of and interest on bonds of the Authority when due, to meet other requirements of the General Bond Resolution authorizing such bonds, to make payments-in-lieu-of-taxes (“PILOT”) and to provide for the maintenance, conservation and appropriate recreational use of land of the Authority, and (iii) to issue bonds for any of its corporate purposes and to secure their payment by a lien or pledge covering all or part of its contracts,

earnings or revenues. The issuance of bonds to refund outstanding bonds of the Authority is not subject to the approval of the RPB.

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

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

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

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

Powers of the Representative Policy Board

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

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

WATER SYSTEM SERVICE AREA [UPDATE]

Service Area

As of May 31, 2022, the Water System serves approximately 120,100 customers, representing approximately 430,000 individuals in fifteen municipalities in the south central region of the State. This Service Area includes all or portions of Ansonia, Bethany, Branford, Cheshire, Derby, East Haven, Hamden, Milford, New Haven, North Branford, North Haven, Orange, Seymour, West Haven and Woodbridge, which have an aggregate population of approximately 502,000 persons. In addition, the Authority provides water to about 148 customers and owns land in the Town of Wolcott. The Authority also owns land in the District towns of Beacon Falls, Guilford, Killingworth, Madison and Prospect, but serves no customers in those municipalities. The

Authority owns land in Durham and Haddam, as well. See the inside back cover of this Official Statement showing the map of the District.

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

The Authority also furnishes water to the Connecticut Water Company for a capacity reservation of one million gallons per day maximum in exchange for 14 annual payments of \$75,000 each, with fiscal 2021 being the last year for such \$75,000 payment, as well as water at a wholesale rate. This agreement remains in effect for 50 years from initially commencement and will automatically renew for successive 20 year terms unless either party gives written notice five years prior to expiration. Based on these agreements and year-to-date consumption, wholesale revenues are expected to be approximately \$1 million in fiscal year 2023.

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 16,900 people. The total compensation, including employee benefits, to its employees approximates \$3 billion annually. There are four other colleges and universities in the Service Area which, together with Yale University, have an aggregate student population of approximately 41,100.

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

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

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

EMPLOYMENT OF RESIDENTS IN SERVICE AREA*

| <u>City/Town</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> |
|---|--------------|--------------|-------------|-------------|
| Ansonia | 8,796 | 7,929 | 8713 | 8718 |
| Bethany | 3,183 | 2,958 | 3193 | 3199 |
| Branford | 16,104 | 14,965 | 16160 | 16189 |
| Cheshire | 15,753 | 14,638 | 15830 | 16858 |
| Derby | 6,354 | 5,727 | 6295 | 6299 |
| East Haven | 15,617 | 14,512 | 15700 | 15728 |
| Hamden | 35,227 | 32,734 | 35405 | 35468 |
| Milford | 29,792 | 26,854 | 29734 | 29753 |
| New Haven | 63,805 | 59,291 | 64679 | 64795 |
| North Branford | 8,251 | 7,667 | 8281 | 8296 |
| North Haven | 13,484 | 12,530 | 13538 | 13563 |
| Orange | 7,384 | 6,861 | 7430 | 7443 |
| Seymour | 8,642 | 7,790 | 8561 | 8566 |
| West Haven | 29,896 | 27,781 | 30039 | 30093 |
| Woodbridge | <u>4,711</u> | <u>4,246</u> | <u>4674</u> | <u>4677</u> |
| Total | 266,999 | 246,483 | 268,232 | 269,645 |
| Percentage Change From Prior Period | 1.3% | -7.7% | 8.8% | 0.5% |
| Connecticut residents employed in Connecticut | 1,854,354 | 1,690,364 | 1,841,798 | 1,840,159 |
| Percentage Change From Prior Period | -0.4% | -8.8% | 9.0% | -0.1% |

* 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 2020. 2021 and 2022 are from Connecticut Department of Labor – Office of Research (2022 benchmark) as of December 2022.

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 | | |
|----------------|---|--------|---------------------|--------|---------------------|--|--------|---------------------|
| | 2019 ^(a) | % | 2020 ^(b) | % | 2021 ^(c) | 2021 ^(d) | % | 2022 ^(e) |
| | | Change | | Change | | | Change | |
| Ansonia | 18,654 | 1.3% | 18,902 | -0.5% | 18,815 | 18,031 | 0.0% | 18,034 |
| Bethany | 5,548 | -4.6% | 5,294 | -0.1% | 5,288 | 10 | 0.0% | 10 |
| Branford | 27,900 | 1.1% | 28,220 | -0.2% | 28,176 | 27,899 | 0.2% | 27,954 |
| Cheshire | 28,937 | -0.7% | 28,728 | -0.3% | 28,628 | 23,709 | 0.4% | 23,803 |
| Derby | 12,339 | -0.1% | 12,326 | -0.4% | 12,274 | 10,791 | 0.0% | 10,791 |
| East Haven | 28,569 | -2.4% | 27,874 | -0.3% | 27,804 | 28,054 | -0.6% | 27,874 |
| Hamden | 60,556 | 0.8% | 61,065 | -0.2% | 60,923 | 54,507 | 0.1% | 54,543 |
| Milford | 54,747 | -5.1% | 51,954 | 0.8% | 52,390 | 52,918 | -1.8% | 51,954 |
| New Haven | 130,250 | 2.9% | 134,052 | 0.8% | 135,081 | 123,844 | 0.0% | 123,839 |
| North Branford | 14,146 | -4.3% | 13,535 | -0.3% | 13,498 | 5,120 | 0.7% | 5,156 |
| North Haven | 23,683 | 2.3% | 24,237 | -0.3% | 24,169 | 21,129 | 0.6% | 21,252 |
| Orange | 13,926 | 2.4% | 14,255 | -0.1% | 14,246 | 10,900 | 0.6% | 10,967 |
| Seymour | 16,437 | 1.6% | 16,707 | -0.2% | 16,679 | 803 | 0.2% | 805 |
| West Haven | 54,620 | 1.7% | 55,536 | -0.4% | 55,294 | 51,853 | 0.0% | 51,841 |
| Woodbridge | 8,750 | 3.7% | 9,074 | -0.3% | 9,045 | 1,385 | 1.5% | 1,406 |
| Total | 499,062 | 0.5% | 501,759 | 0.1% | 502,310 | 430,953 | -0.2% | 430,229 |

(a) The State of Connecticut Department of Public Health estimates as of July 1, 2019.

(b) The State of Connecticut Department of Public Health estimates as of July 1, 2020.

(c) The State of Connecticut Department of Public Health estimates as of July 1, 2021.

(d) Estimated by the Authority as of May 31, 2021, respectively.

(e) Estimated by the Authority as of May 31, 2022, respectively.

UNEMPLOYMENT IN SERVICE AREA^(a)

| <u>City/Town</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> |
|----------------------|-------------|-------------|-------------|-------------|
| Ansonia | 4.2 | 11.5 | 6.7 | 4.7 |
| Bethany | 2.2 | 6.1 | 2.8 | 2.9 |
| Branford | 2.7 | 6.0 | 3.3 | 2.7 |
| Cheshire | 2.0 | 4.8 | 0.3 | 2.4 |
| Derby | 3.6 | 10.2 | 5.3 | 3.6 |
| East Haven | 3.4 | 7.7 | 4.7 | 3.4 |
| Hamden | 2.7 | 6.9 | 3.8 | 2.8 |
| Milford | 2.8 | 7.5 | 3.9 | 3.1 |
| New Haven | 3.3 | 9.4 | 5.0 | 3.4 |
| North Branford | 2.5 | 5.3 | 4.1 | 2.8 |
| North Haven | 2.6 | 6.0 | 3.0 | 2.9 |
| Orange | 2.2 | 5.7 | 3.1 | 2.7 |
| Seymour | 3.2 | 7.8 | 4.5 | 3.6 |
| West Haven | 3.1 | 8.2 | 4.4 | 3.3 |
| Woodbridge | 2.2 | 5.6 | 2.5 | 2.5 |
| State of Connecticut | 3.0% | 7.7% | 4.3% | 3.2% |
| United States | 3.4% | 6.5% | 3.7% | 3.3% |

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

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

| <u>City/Town</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
|--|-------------|-------------|-------------|-------------|-------------|
| Ansonia | 4 | 4 | 0 | - | 1 |
| Bethany | 0 | 34 | 5 | 6 | 7 |
| Branford | 19 | 6 | 12 | 24 | 27 |
| Cheshire | 15 | 17 | 11 | 26 | 37 |
| Derby | 5 | 2 | 2 | 6 | 7 |
| East Haven | -1 | 5 | 32 | 8 | 2 |
| Hamden | 27 | 35 | 71 | 48 | 0 |
| Milford | 170 | 141 | 164 | 135 | 188 |
| New Haven | -8 | 382 | 684 | 736 | 292 |
| North Branford | 13 | 17 | 10 | 4 | 14 |
| North Haven | 25 | 36 | 15 | 10 | 10 |
| Orange | 15 | 17 | 20 | 16 | 29 |
| Seymour | 4 | 3 | 5 | 5 | 8 |
| West Haven | 49 | - | 53 | 5 | 4 |
| Woodbridge | -1 | (1) | 4 | 3 | ...13 |
| Total | 336 | 698 | 1088 | 1032 | 639 |
| Percentage Change Over Prior Period ^(a) | | 107.7% | 55.9% | -5.1% | -38.1% |
| State of Connecticut | 3,144 | 3,590 | 5026 | 4,971 | 4,085 |
| Percentage Change Over Prior Period | | 14.2% | 40.0% | -1.1% | -17.8% |

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

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

Customers

As of May 31, 2022 the Water System provided water service to approximately 120,100 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 2022 accounted for approximately 75% of water consumption and approximately 71% of water revenues.

Excluding its wholesale customers the following table ranks the Authority's ten largest customers, based on their consumption. In fiscal year 2022, these ten customers represented 9.5% of the Water System's total consumption and 6.4% of its revenues.

TEN LARGEST CUSTOMERS IN SERVICE AREA

| <u>Rank</u> | <u>Customer</u> | <u>Percentage of FY 2022 Consumption</u> | <u>Percentage of FY 2022 Revenues</u> |
|-------------|---|--|---|
| 1 | Yale University | 4.8% | 3.3% |
| 2 | State of Connecticut – Department of Corrections – Cheshire | 1.0% | 0.6% |
| 3 | Yale New Haven Hospital | 0.8% | 0.6% |
| 4 | Quinnipiac University | 0.5% | 0.4% |
| 5 | VA Connecticut Healthcare System – West Haven | 0.5% | 0.3% |
| 6 | Milford Power Company | 0.5% | 0.3% |
| 7 | PSEG Power CT LLC | 0.4% | 0.3% |
| 8 | University of New Haven | 0.3% | 0.2% |
| 9 | Southern Connecticut State University | 0.3% | 0.2% |
| 10 | Bozzuto's Warehouse, Inc. | 0.3% | 0.2% |
| Total | | 9.5% | 6.4% |

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

WATER REVENUES, CONSUMPTION AND CUSTOMERS BY CLASS

| Revenues From Sales of Water: | <u>FY 2018</u> | <u>FY 2019</u> | <u>FY 2020</u> | <u>FY 2021</u> | <u>FY 2022⁽⁴⁾</u> |
|--------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-------------------------------------|
| Residential..... | \$75,477,111 | \$77,696,545 | \$79,824,120 | \$86,527,376 | \$83,756,583 |
| Commercial..... | 17,190,806 | 17,679,580 | 19,148,612 | 16,838,630 | 18,317,324 |
| Industrial | 1,802,916 | 1,715,445 | 2,183,348 | 2,081,601 | 1,820,356 |
| Public Authority | 3,343,710 | 2,926,844 | 2,529,522 | 2,564,286 | 3,069,634 |
| Other ⁽¹⁾ | <u>11,908,687</u> | <u>12,387,540</u> | <u>13,086,548</u> | <u>13,278,911</u> | <u>13,724,387</u> |
| Total | \$109,723,230 | \$112,405,954 | \$116,772,150 | \$121,290,804 | <u>\$120,688,284</u> |
| Gallons Used (in thousands): | | | | | |
| Residential..... | 9,521,689 | 9,469,539 | 9,236,660 | 10,250,130 | 10,072,019 |
| Commercial..... | 2,944,990 | 2,963,449 | 2,939,900 | 2,576,055 | 2,811,079 |
| Industrial | 331,443 | 299,415 | 392,358 | 358,881 | 311,496 |
| Public Authority | 700,286 | 655,272 | 593,483 | 548,401 | 613,268 |
| Other ⁽²⁾ | <u>353,003</u> | <u>306,799</u> | <u>288,352</u> | <u>354,892</u> | <u>425,080</u> |
| Total | 13,851,411 | 13,694,474 | 13,450,753 | 14,088,359 | <u>14,232,942</u> |
| Number of Customers: | | | | | |
| Residential..... | 108,634 | 108,928 | 109,175 | 109,390 | 109,556 |
| Commercial..... | 6,746 | 6,671 | 6,627 | 6,633 | 6,585 |
| Industrial | 226 | 222 | 223 | 219 | 217 |
| Public Authority | 602 | 596 | 597 | 597 | 645 |
| Other ⁽³⁾ | <u>3,018</u> | <u>3,054</u> | <u>3,065</u> | <u>3,115</u> | <u>3,127</u> |
| Total | 119,226 | 119,471 | 119,687 | 119,954 | 120,130 |

(1) Includes private and public fire protection services, miscellaneous un-metered sales and wholesale sales.

(2) Includes miscellaneous un-metered use and wholesale use.

(3) Includes private and public fire protection customers and wholesale customers.

(4) Gallons used is estimated by the Authority and subject to change.

Other Activities

The Authority provides various fee-based services on a regional or local basis that provide it with annual net revenue of approximately \$6 million. For example, it offers its customers service protection plans, PipeSafe Water, Pipesafe Sewer or Septic, and PipeSafe Complete, covering, respectively, the water line that runs from the curb to customer's residence, covering the sanitary sewer line that runs from the sewer main or septic to the customer's residence, and in-door plumbing protection program in combination with water and sewer or septic. Another example is the Authority providing laboratory testing services for other water utilities.

WATER SYSTEM

Supply and Facilities

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

Safe yield means the maximum dependable quantity of water per unit of time which may flow or be pumped continuously from a source of supply during a critical dry period without consideration of available water limitations. The Authority completed updated safe yield modeling of its active surface water sources in 2019. The total Safe Yield of all active sources is 83.0 million gallons per day ("MGD"). The Authority has identified treatment and distribution system limitations at some of its supply sources. The total Available Water for all Authority supplies, which is defined by the Connecticut Department of Public Health ("DPH") as the amount of water that the Authority can dependably supply, taking into account limitations on Safe Yield, is 77.2 MGD. The Authority's Available Water is approximately 16.3 MGD greater than the highest historical annual average daily draft in the Authority's service area of 60.9 MGD in 1988. The water supply is currently obtained from four active surface water supply systems, which provide approximately 85% of available water, and seven well fields.

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

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

The treated water is delivered to customers through a system of pumping stations, storage tanks and connecting transmission and distribution mains, separated into 24 major distribution pressure systems. As of May 31, 2022, the Authority's distribution and transmission facilities included the following: 36 facilities with pumping equipment, 35 storage tanks including two covered reservoirs, and approximately 1,721 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 25% of the mains in the Water System are less than 40 years old, and approximately 46% of the mains are less than 60 years old.

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

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

The Authority regularly “flow-tests” the system to determine its operating characteristics and capacity. This allows the Authority to identify systems and individual pipelines needing further testing. If a segment of pipeline is found to be flow-restricted, the Authority either rehabilitates it or replaces it. In 2021 a complete update of the Authority’s water distribution system hydraulic model was completed. This tool provides information on critical mains, hydraulic restrictions, and potential areas for system growth. When paired with system demand forecasting, this tool is leveraged to inform capital improvements projects in the water main 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 of five years extending through May 31, 2028. Management will consider various improvements, as needed, to meet additional customer demand.

Green Bond Projects

Proceeds of the Green Bonds will be used to pay the costs of the capital pipe replacement projects. These projects were chosen based on the number of break experience and project timing.

Monitoring Facilities

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

Climate Risk

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

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

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

Maintenance

The Authority has set out to update and improve asset management and maintenance as a part of the strategic business plan since 2015. 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[UPDATE]

The net unaccounted-for water for Fiscal Year 2022 amounted to 2.190 billion gallons, or 13.85 of water produced and admitted into the Water System. The Authority tracks the annual rolling average of gross and net unaccounted for water, on a monthly basis. This allows for the identification of trends in unaccounted for water prior to the end of the year and the Authority to take corrective measures proactively.

The Authority established a program to address unaccounted-for water in 2009 and continues to make improvements to the program by testing master meters, pursuing new or improved sources of data, performing leak detection, and updating the unaccounted-for water calculation and data tools. The Authority has reported that their Source Flow Meter accuracy-testing program, established in 2004 revealed that inaccuracies in the

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

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

WATER CONSUMPTION DATA

(Figures in Thousands)

| | <u><i>FY 2018</i></u> | <u><i>FY 2019</i></u> | <u><i>FY 2020</i></u> | <u><i>FY 2021</i></u> | <u><i>FY 2022⁽⁵⁾</i></u> |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-------------------------------------|
| Total Gallons Produced | 16,064,671 | 15,586,249 | 15,328,618 | 16,239,976 | 15,815,238 |
| Total Gallons Used ⁽¹⁾ | 13,851,411 | 13,694,474 | 13,450,753 | 14,088,359 | 13,386,905 |
| Total Gallons Unaccounted-for ⁽²⁾ | 2,095,062 | 1,750,270 | 1,729,692 | 1,998,298 | 2,282,412 |
| Percent Total Gallons Unaccounted for | 13.04% | 11.23% | 11.28% | 12.30% | 14.43% |
| Estimated Miscellaneous Usage ⁽³⁾ | 82,264 | 93,335 | 142,597 | 108,483 | 92,002 |
| Net Unaccounted-for Water ⁽⁴⁾ | 2,012,798 | 1,656,935 | 1,587,095 | 1,889,816 | 2,190,410 |
| Percent Net Unaccounted-for Water | 12.53% | 10.63% | 10.35% | 11.64% | 13.85% |

(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) Preliminary estimate subject to change.

Conservation and Sale of Land

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

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

require applicable municipal approvals. Any sale, lease, or exchange of an interest in real property requires the approval of the Representative Policy Board and the Connecticut Department of Public Health.

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

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

Because of the Authority's commitment to the multi-barrier approach for providing safe public drinking water sanctioned by the U.S. Environmental Protection Agency ("EPA"), it has acquired more than 4,000 acres of land on the public water supply watershed, and protected 1,300 acres under conservation easements, since 1996 to enhance its efforts to protect source water. As of May 2022, the Authority's land holdings totaled approximately 27,755 acres. The Authority developed a matrix that ranks more than 140 privately-owned parcels on its watersheds for their importance for watershed protection and long-term watershed lands acquisition.

HazWaste Central

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

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

Risk Management

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

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

prepared for natural disasters or other business interrupting anomalies. Business Continuity and Incident Management planning continue.

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

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

Cyber Security

The Authority, like many other public and private entities, relies on technology to conduct its operations. The Authority faces frequent cybersecurity threats including but not limited to hacking, viruses, malware, and phishing on computers and other sensitive digital networks and systems. To mitigate the risk of business operations being negatively impacted from cybersecurity attacks, the Authority has invested in a diverse array of cybersecurity and operational controls. This includes a comprehensive policy related to the security of the Authority’s networks.

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

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

The Authority has taken a layered approach that includes regular phishing tests and cybersecurity tips communicated to our employees. The Authority performs tabletop and functional exercises, including a recent ransomware and cybersecurity exercise affecting a pump station.

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

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

The Authority has developed a Cybersecurity Incident Response Plan and continues to enhance the Cybersecurity Policy documents along with improvements to our Business Continuity Plans. The Authority

continues to improve Cyber/Technology practices as part of its efforts to strengthen security measures and foster innovation while addressing technology obsolescence and infrastructure needs.

The Authority has a cybersecurity insurance policy. The insurance policy covers breach response services, including Forensic Investigation, Legal Counsel and Public Relation/Crisis Management services as well as notifications and credit monitoring for our customers. This also includes protection from cyber extortion, business interruption, data recovery costs, consequential reputational loss, data and network liability, payment card liabilities, fraudulent instruction, telephone fraud, and social engineering.

The Authority has completed various assessments including:

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

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

CAPITAL IMPROVEMENT PROGRAM

Process for Project Evaluation and Project Description

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

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

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

necessarily indicative of future results, and readers of this official statement are cautioned not to place undue reliance on the prospective financial information.

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

Projects planned for initiation and completion over the five-year period from fiscal years ending May 2024 through May 2028 and their estimated expenditures are summarized below. The Authority reviews its program of capital improvements annually, revising and updating it as conditions warrant according to a capital budget prioritization matrix that ranks projects based on eight criteria. Capital projects costing more than \$2 million shall not be undertaken without approval from the Representative Policy Board. The Authority annually prepares a projection of improvements, additions and renovations to the Water System, generally based on condition assessments performed by staff or consultants. Most recently, the Authority prepared a revised capital improvement program and submitted in March 2023. Approval of the capital improvement program for the year fiscal 2024 through fiscal 2028 is anticipated in May 2023. An amended five-year capital plan will be submitted to and approved by the Regional Water Authority Board in June 2023 with any carry over brought forward from the fiscal 2023 capital budget and not budgeted in the fiscal 2024 capital budget.

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

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SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY

5-YEAR PLAN OF CAPITAL IMPROVEMENTS

(000s omitted)

| <p style="color: red; text-align: center;">-CAUTION-</p> <p style="color: red; text-align: center;">THE DISCLOSURE OF CERTAIN INFORMATION ON PAGES, MAPS OR OTHER MATERIALS STAMPED HEREIN MAY POSE A SAFETY AND SECURITY RISK TO PERSONS AND/OR PROPERTY. THE DETERMINATION TO DISCLOSE THIS INFORMATION SHALL ONLY BE MADE PURSUANT TO C.G.S. SECTION 1-210.</p> | | | | | | | |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|-----------|----------------|
| | Fiscal Year 2024 | Fiscal Year 2025 | Fiscal Year 2026 | Fiscal Year 2027 | Fiscal Year 2028 | TOTAL | |
| NATURAL RESOURCES (1) | | | | | | | |
| Land Management | \$ 20 | \$ 20 | \$ 50 | \$ 50 | \$ 50 | \$ | 190 |
| Watershed Protection | 100 | 100 | 100 | 100 | 100 | | 500 |
| Improvements to Reservoir Intakes | - | 200 | 30 | 550 | 1,100 | | 1,880 |
| Improvements to Reservoir Dams & Spillways | 2,100 | 9,655 | 9,374 | 12,600 | 4,309 | | 38,038 |
| Bridge Refurbishments | 50 | 300 | - | 300 | - | | 650 |
| Tunnel Repairs & Improvements | 437 | 50 | 500 | 100 | 250 | | 1,337 |
| Miscellaneous | 230 | 365 | 1,000 | 1,015 | 50 | | 2,660 |
| | 2,937 | 10,690 | 11,054 | 14,715 | 5,859 | | 45,255 |
| TREATMENT (2) | | | | | | | |
| Lake Saltonstall WTP Process Improvements | 875 | 7,280 | 3,193 | 200 | 200 | | 11,748 |
| Lake Gaillard WTP Process Improvements | 6,431 | 2,790 | 1,050 | 1,700 | 3,050 | | 15,021 |
| West River WTP Process Improvements | 3,220 | 450 | 1,750 | 250 | 315 | | 5,985 |
| Lake Whitney WTP Process Improvements | 1,207 | 1,144 | 1,144 | 700 | 2,825 | | 7,020 |
| Improvements to Groundwater Treatment Facilities | 1,658 | 2,277 | 1,300 | 2,000 | 4,625 | | 11,860 |
| Filter Media Replacement | 800 | 800 | 800 | 800 | 800 | | 4,000 |
| Miscellaneous | 1,005 | 2,150 | 2,600 | 350 | 550 | | 6,655 |
| | 15,196 | 16,891 | 11,837 | 6,000 | 12,365 | | 62,289 |
| TRANSMISSION & PUMPING (3) | | | | | | | |
| Pipe and Transmission Main | 7,236 | 8,152 | 12,060 | 5,610 | 6,325 | | 39,383 |
| Cleaning and Lining | - | - | - | 1,000 | 3,000 | | 4,000 |
| Lead Service Line Replacements | 750 | 2,000 | 15,000 | 16,500 | 18,500 | | 52,750 |
| Valve Replacements | 250 | 250 | 400 | 400 | 500 | | 1,800 |
| Service Connections & Hydrants | 2,425 | 2,525 | 2,525 | 2,825 | 2,825 | | 13,125 |
| Meters | 450 | 450 | 450 | 450 | 500 | | 2,300 |
| AMI Meters | - | - | - | - | - | | - |
| Tank Painting & Improvements | 102 | 2,564 | 1,350 | 1,980 | 1,270 | | 7,266 |
| Tank Construction/Replacement | 1,865 | 3,620 | 2,498 | 2,200 | 200 | | 10,383 |
| New Haven Service Area Improvements - Phase I | - | - | - | - | - | | - |
| Motor Control Center Replacements/Electrical Improvements | - | 350 | 350 | 350 | 350 | | 1,400 |
| Critical Pump Station & Transmission Facilities Upgrades | 250 | 340 | 200 | 200 | 2,000 | | 2,990 |
| Variable Frequency Drive Replacements | 150 | 150 | 200 | 150 | 200 | | 850 |
| Pump Station Generator Replacements | 83 | 500 | 100 | 650 | 250 | | 1,583 |
| Burwell Hill Pump Station Equipment Replacement | - | - | - | - | - | | - |
| Raynham Hill Pump Station Improvements | 150 | - | 1,800 | - | - | | 1,950 |
| Spring Street Pump Station Replacement | 1,000 | 5,100 | 3,300 | - | - | | 9,400 |
| Lake Gaillard Pump Station Improvements | - | 200 | 1,000 | 3,000 | 4,500 | | 8,700 |
| Miscellaneous | 1,050 | 1,722 | 3,945 | 1,097 | 787 | | 8,601 |
| | 15,761 | 27,923 | 45,178 | 36,412 | 41,207 | | 166,481 |
| GENERAL PLANT (4) | | | | | | | |
| CIS | 6,500 | 3,697 | - | - | - | | 10,197 |
| Information Systems | 973 | 1,913 | 2,492 | 1,863 | 1,370 | | 8,611 |
| Customer Channels Sales & Marketing | 100 | 200 | 175 | 100 | 100 | | 675 |
| Data Center Life Cycle Replacements | 650 | 650 | 650 | 650 | 550 | | 3,150 |
| Equipment | 2,068 | 1,186 | 898 | 923 | 813 | | 5,888 |
| 90 Sargent Drive | 600 | 5,100 | 5,115 | 6,430 | 6,795 | | 24,040 |
| | 10,891 | 12,746 | 9,330 | 9,966 | 9,628 | | 52,561 |
| CONTINGENCY | 10,152 | 657 | 634 | 485 | 533 | | 12,461 |
| TOTAL | \$ 54,936 | \$ 68,907 | \$ 78,033 | 67,578 | 69,592 | \$ | 339,046 |
| ESCALATED TOTAL (5) | \$ 54,936 | \$ 70,974 | \$ 82,785 | 73,844 | 78,326 | \$ | 360,865 |
| CONSTR. FUND STATE & REDEV REVOLV. ACCT | \$ 3,000 | \$ 3,000 | \$ 3,000 | 3,000 | 3,000 | \$ | 15,000 |
| COMMERCIAL (6) | \$ 100 | \$ 100 | \$ 40 | 40 | 40 | \$ | 320 |
| NORTHERN SERVICE AREA EXPANSION | \$ - | \$ 1,500 | \$ 1,500 | - | - | | |
| <p>(1) Projects required to provide for present and future water requirements as well as protection of existing water supplies.</p> <p>(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.</p> <p>(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.</p> <p>(4) Expenditures for specific items including information systems, equipment, vehicles and plant modifications.</p> <p>(5) Escalated at 3% per year.</p> <p>(6) To be funded out of the Growth Fund</p> | | | | | | | |

ENGINEERING AND ENVIRONMENTAL MATTERS

Engineering Evaluation

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

Environmental Regulation

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

Safe Drinking Water Act

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

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

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

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

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

Clean Water Act

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

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

Connecticut Inland Wetlands and Watercourses Act and Water Diversion Policy Act

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

OPERATIONS, REVENUES AND EXPENSES

Summary: Revenues, Expenses and Changes in Net Position

(Thousands of Dollars)

| | <u>2020</u> | <u>2021</u> | <u>2022</u> |
|--|-----------------|-----------------|-----------------|
| Operating Revenues: | | | |
| Water Revenues | \$120,266 | \$124,885 | \$124,320 |
| Other | <u>10,146</u> | <u>9,683</u> | <u>10,868</u> |
| Total operating revenues | 130,412 | 134,568 | 135,188 |
| Operating Expenses: | | | |
| Operating and Maintenance | 54,943 | 54,001 | 56,900 |
| Expenses Associated with Other Revenue | 5,616 | 5,803 | 7,268 |
| Depreciation | 24,228 | 24,115 | 23,240 |
| Payments-in-Lieu-of-Taxes (PILOT) | <u>8,388</u> | <u>8,528</u> | <u>8,554</u> |
| Total Operating Expenses | <u>93,175</u> | <u>92,448</u> | <u>95,962</u> |
| Operating Income | 37,237 | 42,120 | 39,226 |
| Non-operating Income and Expenses: | | | |
| Interest Expense – Net | (20,102) | (21,999) | (20,370) |
| Gain (Loss) on Disposal of Assets | 30 | (773) | (1,644) |
| Realized and Unrealized Gains (Losses) on Investments | 43 | (30) | (350) |
| Amortization of Bonds Discount, Premium, Issuance Costs and Deferred Refunding Losses | 3,119 | 2,385 | 2,333 |
| Intergovernmental Revenue | 180 | 845 | 0 |
| Other Income | <u>59</u> | <u>358</u> | <u>(310)</u> |
| Total Non-Operating Expenses | <u>(16,671)</u> | <u>(19,214)</u> | <u>(20,341)</u> |
| Gain Before Contributions | 20,565 | 22,905 | 18,885 |
| Capital Contributions | <u>2,503</u> | <u>2,310</u> | <u>1,438</u> |
| Change in Net Position | <u>\$23,069</u> | <u>\$25,216</u> | <u>\$20,323</u> |

Summary of Fiscal Year 2021, Fiscal Year 2022 and Projected Fiscal Year 2023 Authority Operations

The change in water revenues from fiscal 2021 to fiscal 2022 is primarily due to lower earned metered water revenue, primarily in the residential class, partially offset by the January 2022 rate increase for metered water as well as for fire service. The change in other revenues is primarily due to the operating revenues from RWA Well Services, LLC.

Operating and maintenance expenses from fiscal 2021 to fiscal 2022 increased by approximately \$2.9 million. The larger increases were due to increased payroll expense, chemical price increases, and outside services, primarily due to the reduced level in fiscal 2021 associated with COVID-19. Other increases include insurance due to market rates, costs associated with bill and payment processing, and technology related expense. Pension expense under GASB 68 increased from fiscal 2021. This increase was partially offset by a smaller decrease in opob expense under GASB 75. A lower uncollectible expense allowance partially offset the increases and there were other net changes across multiple operating expense categories.

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

The Authority is currently projecting interest income and water revenue cash receipts for Fiscal Year 2023 to be higher than budget as well as lower PILOT and slightly lower than debt service, associated with the timing of a DWSRF loan, and operating and maintenance expense. The Authority is not projecting a need to draw from discretionary funds for fiscal 2023 and is projecting to exceed, by several points, the required debt coverage.

The Authority's General Bond Resolution requires it to calculate debt service coverage on the basis of revenues collected, rather than accrued, including amounts transferred from the Rate Stabilization Fund to the Revenue Fund, and expenses as incurred. While the net income shown in the Authority's financial statements includes the full effect of water consumed, the receipt of this revenue will not be available for operations or considered in the coverage tests until the Authority completes its billing and collection process. To date, the Authority has successfully made its cash transfers and is in compliance with all rate covenants and other requirements of its General Bond Resolution. Coverage before PILOT for fiscal years 2022, 2021 and 2020 was 1.60, 1.48, and 1.50 respectively, each of which exceeded the 1.25 coverage required by the General Bond Resolution. Presented below is a summary of debt service coverage results for fiscal years 2022, 2021 and 2020 and as projected for fiscal year 2023, calculated in accordance with the requirements of the General Bond Resolution.

Reduced Federal Funding

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

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DEBT SERVICE COVERAGE FOR LAST THREE YEARS AND PROJECTED FOR FISCAL YEAR 2023

(Thousands of Dollars)

Fiscal Years *Twelve Months Ending May 31*

| | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> <i>(Projected)</i> |
|---|--------------------|--------------------|--------------------|-----------------------------------|
| Revenues (collected) | | | | |
| Collected Water Sales and Other Revenues | \$121,508 | \$124,109 | \$132,467 | \$132,353 |
| Rate Stabilization Fund | | | | |
| BABs Subsidy..... | 655 | 663 | 657 | 657 |
| Collected Investment Income | 1,703 | 258 | 204 | 3,100 |
| Total Revenues..... | 123,866 | 125,030 | 133,328 | 136,110 |
| Less | | | | |
| Operating and Maintenance Expenses incurred | 55,143 | 54,688 | 57,070 | 62,955 |
| Depreciation..... | 6,417 | 6,500 | 6,917 | 7,500 |
| Payments in Lieu of Taxes PILOT (A) | 8,388 | 8,528 | 8,554 | 8,549 |
| Total Expenses | 69,948 | 69,716 | 72,542 | 79,004 |
| Net Revenues (B)..... | 53,918 | 55,314 | 60,786 | 57,106 |
| Debt Service Paid on the Bonds (C)..... | \$41,455 | \$43,268 | \$43,467 | \$45,278 |
| Coverage After PILOT (B/C)..... | <u>1.30</u> | <u>1.28</u> | <u>1.40</u> | <u>1.26</u> |
| Coverage Before PILOT ((A + B)/C)..... | <u>1.50</u> | <u>1.48</u> | <u>1.60</u> | <u>1.45</u> |

In June 2022, the Authority, after evaluating operational obligations for fiscal year 2023, transferred approximately \$24.2 million to the General Fund. Moneys in the General Fund can be used for any of the corporate purposes of the Authority. The Authority created a Growth Fund to deposit monies to be used for commercial activities and then transferred \$2.3 million into the Growth Fund as well as transferred approximately \$21.9 million to the Construction Fund, including the funding of depreciation. In addition, approximately \$1.4 million of the remaining \$2.5 million (of the \$5.5 million) transferred into the General Fund as part of the fiscal 2020 year-end disposition, was transferred to the Growth Fund. 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, 2022 the Rate Stabilization Fund balance was \$10.0 million and the General Fund balance was at approximately \$11.8 million. As of June 30, 2022, the amount of money in the Growth Fund was \$7.8, excluding interest earnings. While the Growth Fund is targeted for new commercial activities, the monies are available to be transferred back to the General Fund or any other fund under the General Bond Resolution, at the direction of the Authority.

In addition, balances in the Capital Contingency Fund and the Operating Reserve Fund as of May 2022 are approximately \$6,039,201 and \$10,581,998 at market value, respectively. The Authority can draw on both of these funds to pay debt service if need be.

Pension Plans

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

The Authority has received from its actuarial firm, The Angell Pension Group, Inc., actuarial valuation reports with respect to the Plans. The actuarial valuation reports as of January 1, 2022 are being used for fiscal

year 2023. The annual investment return assumption is 6.75%. The PubG.2010 Above Median Employee, Healthy Annuitant, and Disabled Retiree (Male/Female) with MP-2021 projection scale was used for the Salaried Plan and the PubG-2010 Total Employee, Healthy Annuitant, and Disabled Retiree (Male/Female) with MP-2021 projection scale was used for the Bargaining Unit Plan.

In addition, The Angell Pension Group, Inc. made additional calculations to determine the Plans' liabilities and net position as of May 31, 2022. The reports and the additional calculations, in accordance with governmental accounting standards, provided that, as of May 31, 2021 the total pension liability was \$83,913,192 and the Plans' fiduciary net position of the assets was \$67,311,823 leaving the net liability of \$16,601,369.

As of May 31, 2021, the total pension liability was \$81,481,215 and the Plans' fiduciary net position of assets was \$71,829,476 leaving the net liability of \$9,651,739. In fiscal year 2022, the Authority contributed \$4,354,342 and in fiscal 2021, the Authority contributed \$4,265,804 to the Plans. The fiscal year 2022 contribution was \$1,113,903 above the actuarial required contribution and fiscal year 2021 contribution was \$1,094,561 in excess of the actuarial required contribution. The Authority's actuarial calculated contributions payable to the Plans for fiscal year 2023 is \$3,177,841. The Authority plans on making an additional contribution towards the end of fiscal 2023.

See also Appendix B, Audited Financial Statements of the Authority for fiscal years Ended May 31, 2022 and May 31, 2021 – Note 13: Defined Benefit Pension Plans and Required Supplementary Information following the notes.

Other Post-Employment Benefits

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

The actuarial report from The Angell Group for May 31, 2022 determined the total liability in the amount of \$26,268,760, an asset value of \$9,091,855 and a net liability of \$17,176,905. This is based on an 6.75% annual investment return assumption using the frozen entry age actuarial cost method, a 6.1% healthcare cost inflation graded down using the Gatzen Model to an ultimate rate of 3.94%. The January 2022 valuation report provided that the Authority's recommended cash contribution payable to the OPEB Trust for fiscal year 2023 is \$1,737,894. The Authority is making monthly contributions consistent with the recommended cash contribution. In fiscal year 2022, the Authority made cash contributions to the OPEB Trust of \$1,734,198.

See also Appendix B, Audited Financial Statements of the Authority for Fiscal Years Ended May 31, 2022 and May 31, 2021 – Note 15: Other Post-Employment Benefits – Retiree Health Care and Required Supplementary Information following the notes.

Planning and Budgets, Financial Controls, Accounting and Billing Procedures

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

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

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

The Authority is required by the General Bond Resolution to prepare an annual operating budget on the basis of monthly requirements. For each month, the budget shows projected Operating Expenses and PILOT and projected amounts to be deposited in and withdrawn from each of the Funds created under the General Bond Resolution, as well as the Revenues and other monies projected to be available. Revenues are calculated based on consumption by customers during the prior year, adjusted for known changes, multiplying such consumption by actual rates in effect. If such calculation indicates a short-fall between projected revenues and revenue requirements at existing rates, the Authority must adjust its rates and submit the proposed increase to the Representative Policy Board for approval.

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

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

While the Authority has billed most of its water customers quarterly other than certain large customers which are billed monthly, during fiscal 2022 a conversion to monthly billing is planned. Public fire protection charges are primarily billed every six months. The provision for uncollectible accounts as of May 31, 2021, 2021 and 2020 was \$4,272,067, \$4,317,359, and \$3,505,045 respectively. The increase in fiscal 2021 is primarily due to the increase in receivables due to the pandemic. However, the impact has not been as severe as originally anticipated. The Authority can place liens on property for unpaid water service and charges interest on bills unpaid thirty days after the billing date. Such liens take precedence over all other liens or encumbrances except taxes and may be foreclosed against the property in the same manner as a lien for taxes.

STATUTORY REMEDIES

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

action or remand for further proceedings. The filing of an appeal under the Act does not by itself constitute a stay of any rate increase or other action approved by the RPB.

LITIGATION

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

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

TAX MATTERS

Federal Income Taxes

In the opinion of Bond Counsel, under existing law, (i) interest on the Thirty-seventh Series Bonds is excluded from gross income for federal income tax purposes, and (ii) such interest is not an item of tax preference for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

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

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

Original Issue Discount

The initial public offering prices of certain maturities of the Thirty-seventh Series Bonds may be less than the stated principal amount (the "OID Bonds"). Under existing law, the difference between the stated principal amount and the initial offering price of each maturity of the OID Bonds will constitute original issue discount. The offering prices relating to the yields set forth on the inside front cover page of this Official Statement for the OID Bonds are expected to be the initial offering prices to the public (excluding bond houses and brokers) at which a substantial amount of the OID Bonds are sold. Under existing law, original issue discount on the OID Bonds accrued and properly allocable to the owners thereof under the Code is excludable

from gross income for federal income tax purposes if interest on the OID Bonds is excludable from gross income for federal income tax purposes.

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

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

Original Issue Premium

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

Other Federal Tax Matters

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

State Taxes

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

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

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

Owners of the Thirty-seventh Series Bonds should consult their own tax advisors with respect to the determination for state and local income tax purposes of original issue discount or original issue premium accrued upon sale or redemption thereof, and with respect to the state and local tax consequences of owning or disposing of such Thirty-seventh Series Bonds.

Changes in Federal and State Tax Law

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

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

General

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

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

The proposed form of Bond Counsel opinions are included as Appendix D-1, Appendix D-2 and Appendix D-3.

THIRTY-SEVENTH SERIES BONDS AS LEGAL INVESTMENTS

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

AGREEMENT OF THE STATE OF CONNECTICUT

Pursuant to the Act, the State of Connecticut has pledged and agreed with the holders of any bonds and notes issued under the Act, including the Thirty-seventh Series 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, 2022 are included in Appendix B and have been audited by CliftonLarsonAllen LLP (CLA), independent auditors, as set forth in their report dated August 31, 2022. CliftonLarsonAllen LLP, our independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. CliftonLarsonAllen LLP also has not performed any procedures relating to this offering document

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

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

RATINGS

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

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

UNDERWRITING

Piper Sandler & Co. and Janney Montgomery Scott (collectively, the "Underwriters") have agreed, subject to certain conditions and pursuant to a bond purchase agreement by and between the Authority and Piper Sandler & Co., acting on behalf of itself and Janney Montgomery Scott (the "Bond Purchase Agreement") to purchase from the Authority the Thirty-seventh Series Bonds described on the inside cover page of this Official Statement. The Thirty-seventh Series A-1 Bonds will be purchased at an aggregate purchase price of \$_____ (which is equal to the par amount of \$_____ plus/less original issue premium/discount of \$_____ minus the Underwriters' discount of \$_____) and to reoffer such Thirty-seventh Series A-1 Bonds at the public offering prices or yields set forth on the inside cover page hereof. The Thirty-seventh Series A-2 Bonds will be purchased at an aggregate purchase price of \$_____ (which is equal to the par amount of \$_____ plus/less original issue premium/discount of \$_____ minus the Underwriters' discount of \$_____) and to reoffer such Thirty-seventh Series A-2 Bonds at the public offering prices or yields set forth on the inside cover page hereof.] The Thirty-seventh Series B-1 Bonds will be purchased at an aggregate purchase price of \$_____ (which is equal to the par amount of \$_____ plus/less original issue premium/discount of \$_____ minus the Underwriters' discount of \$_____) and to reoffer such Thirty-seventh Series B-1 Bonds at the public offering prices or yields set forth on the inside cover page hereof.]

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

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

CONTINUING DISCLOSURE

The Authority will enter into a Continuing Disclosure Agreement for the benefit of the owners and beneficial owners of the Thirty-seventh Series 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, 2023, 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-1 - Form of Continuing Disclosure Agreement for the Thirty-seventh Series Bonds,” and will be filed to assist the Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the “Rule”). The Annual Report, notice of material events and notice of failure to file Annual Reports will be filed by the Authority or by a dissemination agent (the “Dissemination Agent”) or by the Trustee on behalf of the Authority in accordance with the requirements of the Rule.

[The Authority has complied, in all material respects, with previous undertakings made by the Authority under the Rule during the last five years except that _____]

MUNICIPAL ADVISOR

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

CERTAIN LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Thirty-seventh Series Bonds are subject to the approval of Pullman & Comley, LLC of Hartford, Connecticut, Bond Counsel to the Authority. The opinion of Bond Counsel will be substantially in the form attached as Appendix D-1, Appendix D-2 and Appendix D-3 to this Official Statement. Certain legal matters will be passed upon for the Underwriters by [Connell Foley of New York, NY].

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

DOCUMENTS ACCOMPANYING DELIVERY OF THIRTY-SEVENTH SERIES BONDS

Absence of Litigation

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

Opinions of Bond Counsel

Delivery of the Thirty-seventh Series Bonds will be subject to the approving opinions, dated the Dates of Delivery of the Thirty-seventh Series Bonds of Pullman & Comley, LLC, Bond Counsel to the Authority, in substantially the form attached as Appendix D-1, Appendix D-2 and Appendix D-3 to the Official Statement.

Authority's Certificates

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

OTHER MATTERS

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

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

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

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

SOUTH CENTRAL CONNECTICUT
REGIONAL WATER AUTHORITY

DAVID J. BOROWY
Chairperson

LARRY L. BINGAMAN
President/Chief Executive Officer

ROCHELLE KOWALSKI
Vice President and Chief Financial Officer

APPENDIX A – Consulting Engineer’s Report

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**APPENDIX B – Audited Financial Statements of the Authority for Fiscal Years Ended May 31,
2022 and May 31, 2021**

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

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

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

DEFINITIONS AND INTERPRETATION

Interpretation (*Resolution, Section 103*)

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

AUTHORIZATION AND ISSUANCE OF THE BONDS

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

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

Authorization of Bonds (*Resolution, Section 203*)

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

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

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

ESTABLISHMENT OF FUNDS AND APPLICATION THEREOF

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

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

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

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

- Construction Fund
- Debt Service Fund
- Debt Reserve Fund

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

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

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

Construction Fund (*Resolution, Section 403*)

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

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

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

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

Revenue Fund (*Resolution, Section 404*)

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

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

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

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

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

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

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

5. At the option of the Authority:

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

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

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

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

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

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

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

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

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

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

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

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

Debt Service Fund (*Resolution, Section 405*)

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

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

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

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

PILOT Fund (*Resolution, Section 406*)

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

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

Debt Reserve Fund (*Resolution, Section 407*)

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

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

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

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

Operating Reserve Fund (*Resolution, Section 408*)

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

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

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

Capital Contingency Fund (*Resolution, Section 409*)

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

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

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

General Fund (*Resolution, Section 410*)

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

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

Insurance Reserve Fund (*Resolution, Section 413*)

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

Rate Stabilization Fund (*Resolution, Section 414*)

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

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

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

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

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

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

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

PARTICULAR COVENANTS OF THE AUTHORITY

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

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

Indebtedness and Liens (*Resolution, Section 607*)

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

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

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

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

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

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

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

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

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

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

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

Rates and Charges (*Resolution, Section 610*)

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

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

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

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

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

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

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

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

Insurance and Condemnation (*Resolution, Section 611*)

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

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

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

Free Service (*Resolution, Section 617*)

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

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

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

Issuance of Bonds (*Resolution, Section 619*)

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

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

DEFAULTS AND REMEDIES

Events of Default (*Resolution, Section 701*)

It is an "Event of Default" if:

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

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

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

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

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

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

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

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

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

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

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

4. to the payment of any Subordinated Debt;

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

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

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

SUPPLEMENTAL RESOLUTIONS

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

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

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

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

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

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

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

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

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

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

General Provisions

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

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

AMENDMENTS

Powers of Amendment (*Resolution, Section 1002*)

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

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

DEFEASANCE

Defeasance (*Resolution, Section 1101*)

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

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

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

MISCELLANEOUS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1. Direct obligations of the United States of America, or obligations on which the punctual payment of interest, principal and Sinking Fund Installments if any are unconditionally guaranteed by the United States of America or any other evidences of an ownership interest in obligations or in specified portions thereof (which may consist of specified portions of the interest thereon) of the character described in this clause 1;

2. Bonds, debentures, participation certificates, notes or other evidences of indebtedness issued by any of the following: Federal Intermediate Credit Banks; Federal Home Loan Bank System;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“*State*” means the State of Connecticut.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

_____, 2023

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

**Re: South Central Connecticut Regional Water Authority
Water System Revenue Bonds
Thirty-seventh Series A-1**

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance of Water System Revenue Bonds, Thirty-seventh Series A-1 (the “Thirty-seventh Series A-1 Bonds”) dated _____, 2023 of the South Central Connecticut Regional Water Authority (the “Authority”), a public corporation constituting a public instrumentality and political subdivision of the State of Connecticut (the “State”), organized and existing under the laws of the State. Any defined terms used herein but not defined herein shall have the meanings set forth in the General Bond Resolution (as hereinafter defined).

In connection therewith, we have examined the law and such other materials as we have deemed necessary in order to render this opinion. We have relied upon originals or copies, certified or otherwise identified to our satisfaction, of such public and private records, certificates and correspondence of public officials, including certificates of officials of the Authority and such other documents as were provided to us. In making such examinations, we have assumed the genuineness of all signatures, the conformity to original documents of documents submitted as certified or copies, the validity of all applicable statutes, ordinances, rules and regulations, the capacity of all persons executing documents and the proper indexing and accuracy of all public records and documents. As to questions of fact material to our opinion, we have relied upon representations of the Authority contained in the certified proceedings of the Authority, including the Tax Compliance Certificate and Agreement (the “Agreement”) and other certifications received from the Authority, all dated as of _____, 2023, without undertaking to verify the same by independent investigation.

We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of the Official Statement or any other offering material relating to the Thirty-seventh Series A-1 Bonds (except the matters set forth as our opinion in the Official Statement) and we express no opinion relating thereto.

The Thirty-seventh Series A-1 Bonds are authorized to be issued under and pursuant to Connecticut Special Act No. 77-98, as amended (the “Act”), the Water System Revenue Bond Resolution, General Bond Resolution adopted July 31, 1980, as amended and as supplemented to date (the “Resolution”), including the Thirty-seventh Series A Supplemental Resolution, adopted on April 27, 2023, (the “Thirty-seventh Series A Supplemental Resolution” and together with the Resolution, the “General Bond Resolution”), and other proceedings duly held and taken in accordance therewith.

The Thirty-seventh Series A-1 Bonds are secured by a pledge of certain revenues (the “Revenues”) of the Water System and the moneys and securities in the Funds established by the General Bond Resolution, subject only to the provisions thereof permitting the application thereof for the purposes and on the terms and conditions set forth in the General Bond Resolution.

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

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

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

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

4. All approvals by governmental agencies necessary to authorize the Thirty-seventh Series A-1 Bonds have been obtained.

5. The Thirty-seventh Series A-1 Bonds have been duly authorized and issued by the Authority and are valid and binding obligations of the Authority enforceable in accordance with their terms and the terms of the General Bond Resolution and entitled to the benefits of the General Bond Resolution and the Act.

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

7. Under existing law, (i) interest on the Thirty-seventh Series A-1 Bonds is excluded from gross income for federal income tax purposes; and (ii) such interest is not an item of tax preference for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

In rendering our opinion, we have relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Authority and others in connection with the Thirty-seventh Series A-1 Bonds, and we have assumed compliance by the Authority with certain ongoing covenants to comply with applicable requirements of the Internal Revenue Code of 1986, as amended (the “Code”) to assure the exclusion of interest on the Thirty-seventh Series A-1 Bonds from gross income under Section 103 of the Code.

The Code establishes certain requirements that must be met subsequent to the issuance and delivery of the Thirty-seventh Series A-1 Bonds in order that, for federal income tax purposes, interest on the Thirty-seventh Series A-1 Bonds be excluded from gross income pursuant to Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of gross proceeds of the Thirty-seventh Series A-1 Bonds, restrictions on the investment of bond proceeds

prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause interest on the Thirty-seventh Series A-1 Bonds to become subject to federal income taxation retroactive to their date of issue, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of delivery of the Thirty-seventh Series A-1 Bonds, the Authority will execute the Agreement containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Agreement, the Authority covenants that it will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that interest paid on the Thirty-seventh Series A-1 Bonds will, for federal income tax purposes, be excluded from gross income.

In rendering the opinion in this paragraph 7 hereof, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectations, and certifications of fact contained in the Agreement with respect to matters affecting the status of interest paid on the Thirty-seventh Series A-1 Bonds, and (ii) continuing compliance by the Authority with the procedures and covenants set forth in the Agreement as to such tax matters.

8. Under existing statutes, interest on the Thirty-seventh Series A-1 Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

Except as stated in paragraphs 7 and 8 above, we express no opinion as to any other federal, state or local tax consequences arising with respect to the Thirty-seventh Series A-1 Bonds or the ownership or disposition thereof. We render our opinion under existing statutes and court decisions as of the issue date, and we assume no obligation to update, revise or supplement this opinion after the issue date to reflect any action hereafter taken or not taken, or any facts or circumstances, or any change in law or interpretations thereof, or otherwise, that may hereafter arise or occur, or for any other reason. Furthermore, we express no opinion herein as to the effect of any action hereafter taken or not taken in reliance upon an opinion of counsel other than ourselves on the exclusion from gross income for federal income tax purposes of interest on the Thirty-seventh Series A-1 Bonds.

It is to be understood that the rights of the holders of the Thirty-seventh Series A-1 Bonds and the enforceability therefore may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

Very truly yours,

PULLMAN & COMLEY, LLC

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APPENDIX D-2 – Form of Opinion of Bond Counsel for the Thirty-seventh Series A-2 Bonds

_____, 2023

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

**Re: South Central Connecticut Regional Water Authority
Water System Revenue Bonds
Thirty-seventh Series A-2
(Green Bonds)**

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance of Water System Revenue Bonds, Thirty-seventh Series A-2 (Green Bonds) (the “Thirty-seventh Series A-2 Bonds”) dated _____, 2023 of the South Central Connecticut Regional Water Authority (the “Authority”), a public corporation constituting a public instrumentality and political subdivision of the State of Connecticut (the “State”), organized and existing under the laws of the State. Any defined terms used herein but not defined herein shall have the meanings set forth in the General Bond Resolution (as hereinafter defined).

In connection therewith, we have examined the law and such other materials as we have deemed necessary in order to render this opinion. We have relied upon originals or copies, certified or otherwise identified to our satisfaction, of such public and private records, certificates and correspondence of public officials, including certificates of officials of the Authority and such other documents as were provided to us. In making such examinations, we have assumed the genuineness of all signatures, the conformity to original documents of documents submitted as certified or copies, the validity of all applicable statutes, ordinances, rules and regulations, the capacity of all persons executing documents and the proper indexing and accuracy of all public records and documents. As to questions of fact material to our opinion, we have relied upon representations of the Authority contained in the certified proceedings of the Authority, including the Tax Compliance Certificate and Agreement (the “Agreement”) and other certifications received from the Authority, all dated as of _____, 2023, without undertaking to verify the same by independent investigation.

We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of the Official Statement or any other offering material relating to the Thirty-seventh Series A-2 Bonds (except the matters set forth as our opinion in the Official Statement) and we express no opinion relating thereto.

The Thirty-seventh Series A-2 Bonds are authorized to be issued under and pursuant to Connecticut Special Act No. 77-98, as amended (the “Act”), the Water System Revenue Bond Resolution, General Bond Resolution adopted July 31, 1980, as amended and as supplemented to date (the “Resolution”), including the Thirty-seventh Series A Supplemental Resolution, adopted on April 27, 2023, (the “Thirty-seventh Series A Supplemental Resolution” and together with the Resolution, the “General Bond Resolution”), and other proceedings duly held and taken in accordance therewith.

The Thirty-seventh Series A-2 Bonds are secured by a pledge of certain revenues (the “Revenues”) of the Water System and the moneys and securities in the Funds established by the General Bond Resolution, subject only to the provisions thereof permitting the application thereof for the purposes and on the terms and conditions set forth in the General Bond Resolution.

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

1. The Authority validly exists as a public corporation constituting a public instrumentality and political subdivision of the State, with good, right and lawful authority under the Act to adopt the Thirty-seventh Series A Supplemental Resolution and issue the Thirty-seventh Series A-2 Bonds and to perform its obligations under the terms and conditions of the General Bond Resolution.

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

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

4. All approvals by governmental agencies necessary to authorize the Thirty-seventh Series A-2 Bonds have been obtained.

5. The Thirty-seventh Series A-2 Bonds have been duly authorized and issued by the Authority and are valid and binding obligations of the Authority enforceable in accordance with their terms and the terms of the General Bond Resolution and entitled to the benefits of the General Bond Resolution and the Act.

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

7. Under existing law, (i) interest on the Thirty-seventh Series A-2 Bonds is excluded from gross income for federal income tax purposes; and (ii) such interest is not an item of tax preference for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

In rendering our opinion, we have relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Authority and others in connection with the Thirty-seventh Series A-2 Bonds, and we have assumed compliance by the Authority with certain ongoing covenants to comply with applicable requirements of the Internal Revenue Code of 1986, as amended (the “Code”) to assure the exclusion of interest on the Thirty-seventh Series A-2 Bonds from gross income under Section 103 of the Code.

The Code establishes certain requirements that must be met subsequent to the issuance and delivery of the Thirty-seventh Series A-2 Bonds in order that, for federal income tax purposes, interest on the Thirty-seventh Series A-2 Bonds be excluded from gross income pursuant to Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of gross proceeds of the Thirty-seventh Series A-2 Bonds, restrictions on the investment of bond proceeds

prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause interest on the Thirty-seventh Series A-2 Bonds to become subject to federal income taxation retroactive to their date of issue, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of delivery of the Thirty-seventh Series A-2 Bonds, the Authority will execute the Agreement containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Agreement, the Authority covenants that it will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that interest paid on the Thirty-seventh Series A-2 Bonds will, for federal income tax purposes, be excluded from gross income.

In rendering the opinion in this paragraph 7 hereof, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectations, and certifications of fact contained in the Agreement with respect to matters affecting the status of interest paid on the Thirty-seventh Series A-2 Bonds, and (ii) continuing compliance by the Authority with the procedures and covenants set forth in the Agreement as to such tax matters.

8. Under existing statutes, interest on the Thirty-seventh Series A-2 Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

Except as stated in paragraphs 7 and 8 above, we express no opinion as to any other federal, state or local tax consequences arising with respect to the Thirty-seventh Series A-2 Bonds or the ownership or disposition thereof. We render our opinion under existing statutes and court decisions as of the issue date, and we assume no obligation to update, revise or supplement this opinion after the issue date to reflect any action hereafter taken or not taken, or any facts or circumstances, or any change in law or interpretations thereof, or otherwise, that may hereafter arise or occur, or for any other reason. Furthermore, we express no opinion herein as to the effect of any action hereafter taken or not taken in reliance upon an opinion of counsel other than ourselves on the exclusion from gross income for federal income tax purposes of interest on the Thirty-seventh Series A-2 Bonds.

It is to be understood that the rights of the holders of the Thirty-seventh Series A-2 Bonds and the enforceability therefore may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

Very truly yours,

PULLMAN & COMLEY, LLC

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APPENDIX D-3 – Form of Opinion of Bond Counsel for the Thirty-seventh Series B-1 Bonds

_____, 2023

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

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

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance of Water System Revenue Refunding Bonds, Thirty-seventh Series B-1 (the “Thirty-seventh Series B-1 Bonds”) dated _____, 2023 of the South Central Connecticut Regional Water Authority (the “Authority”), a public corporation constituting a public instrumentality and political subdivision of the State of Connecticut (the “State”), organized and existing under the laws of the State. Any defined terms used herein but not defined herein shall have the meanings set forth in the General Bond Resolution (as hereinafter defined).

In connection therewith, we have examined the law and such other materials as we have deemed necessary in order to render this opinion. We have relied upon originals or copies, certified or otherwise identified to our satisfaction, of such public and private records, certificates and correspondence of public officials, including certificates of officials of the Authority and such other documents as were provided to us. In making such examinations, we have assumed the genuineness of all signatures, the conformity to original documents of documents submitted as certified or copies, the validity of all applicable statutes, ordinances, rules and regulations, the capacity of all persons executing documents and the proper indexing and accuracy of all public records and documents. As to questions of fact material to our opinion, we have relied upon representations of the Authority contained in the certified proceedings of the Authority, including the Tax Compliance Certificate and Agreement (the “Agreement”) and other certifications received from the Authority, all dated as of _____, 2023, without undertaking to verify the same by independent investigation.

We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of the Official Statement or any other offering material relating to the Thirty-seventh Series B-1 Bonds (except the matters set forth as our opinion in the Official Statement) and we express no opinion relating thereto.

The Thirty-seventh Series B-1 Bonds are authorized to be issued under and pursuant to Connecticut Special Act No. 77-98, as amended (the “Act”), the Water System Revenue Bond Resolution, General Bond Resolution adopted July 31, 1980, as amended and as supplemented to date (the “Resolution”), including the Thirty-seventh Series B Supplemental Resolution, adopted on April 27, 2023 (the “Thirty-seventh Series B Supplemental Resolution” and together with the Resolution, the “General Bond Resolution”), and other proceedings duly held and taken in accordance therewith.

The Thirty-seventh Series B-1 Bonds are secured by a pledge of certain revenues (the “Revenues”) of the Water System and the moneys and securities in the Funds established by the General Bond Resolution, subject only to the provisions thereof permitting the application thereof for the purposes and on the terms and conditions set forth in the General Bond Resolution.

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

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

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

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

4. All approvals by governmental agencies necessary to authorize the Thirty-seventh Series B-1 Bonds have been obtained.

5. The Thirty-seventh Series B-1 Bonds have been duly authorized and issued by the Authority and are valid and binding obligations of the Authority enforceable in accordance with their terms and the terms of the General Bond Resolution and entitled to the benefits of the General Bond Resolution and the Act.

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

7. Under existing law, (i) interest on the Thirty-seventh Series B-1 Bonds is excluded from gross income for federal income tax purposes; and (ii) such interest is not an item of tax preference for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

In rendering our opinion, we have relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Authority and others in connection with the Thirty-seventh Series B-1 Bonds, and we have assumed compliance by the Authority with certain ongoing covenants to comply with applicable requirements of the Internal Revenue Code of 1986, as amended (the “Code”) to assure the exclusion of interest on the Thirty-seventh Series B-1 Bonds from gross income under Section 103 of the Code.

The Code establishes certain requirements that must be met subsequent to the issuance and delivery of the Thirty-seventh Series B-1 Bonds in order that, for federal income tax purposes, interest on the Thirty-seventh Series B-1 Bonds be excluded from gross income pursuant to Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of gross proceeds of the Thirty-seventh Series B-1 Bonds, restrictions on the investment of bond proceeds

prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause interest on the Thirty-seventh Series B-1 Bonds to become subject to federal income taxation retroactive to their date of issue, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of delivery of the Thirty-seventh Series B-1 Bonds, the Authority will execute the Agreement containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Agreement, the Authority covenants that it will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that interest paid on the Thirty-seventh Series B-1 Bonds will, for federal income tax purposes, be excluded from gross income.

In rendering the opinion in this paragraph 7 hereof, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectations, and certifications of fact contained in the Agreement with respect to matters affecting the status of interest paid on the Thirty-seventh Series B-1 Bonds, and (ii) continuing compliance by the Authority with the procedures and covenants set forth in the Agreement as to such tax matters.

8. Under existing statutes, interest on the Thirty-seventh Series B-1 Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

Except as stated in paragraphs 7 and 8 above, we express no opinion as to any other federal, state or local tax consequences arising with respect to the Thirty-seventh Series B-1 Bonds or the ownership or disposition thereof. We render our opinion under existing statutes and court decisions as of the issue date, and we assume no obligation to update, revise or supplement this opinion after the issue date to reflect any action hereafter taken or not taken, or any facts or circumstances, or any change in law or interpretations thereof, or otherwise, that may hereafter arise or occur, or for any other reason. Furthermore, we express no opinion herein as to the effect of any action hereafter taken or not taken in reliance upon an opinion of counsel other than ourselves on the exclusion from gross income for federal income tax purposes of interest on the Thirty-seventh Series B-1 Bonds.

It is to be understood that the rights of the holders of the Thirty-seventh Series B-1 Bonds and the enforceability therefore may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

Very truly yours,

PULLMAN & COMLEY, LLC

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APPENDIX E – Form of Continuing Disclosure Agreement for the Thirty-seventh Series Bonds

CONTINUING DISCLOSURE AGREEMENT

**In Connection With The Issuance and Sale of the
South Central Connecticut Regional Water Authority
\$_____ Water System Revenue Bonds, Thirty-seventh Series [A-1][A-2][B-1]
[Green Bonds]**

This Continuing Disclosure Agreement, is made as of the ____ day of _____, 2023 (the “Agreement”) by the South Central Connecticut Regional Water Authority (the “Authority”) U. S. Bank National Association, as Dissemination Agent (the “Dissemination Agent”), and U.S. Bank Trust Company, National Association as Trustee (the “Trustee”) in connection with the issuance of the Authority’s \$_____ Water System Revenue Bonds, Thirty-seventh Series [A-1][A-2][B-1],[Green Bonds] (the “Bonds”). The Bonds are authorized to be issued pursuant to Connecticut Special Act No. 77-98, as amended (the “Act”) and the Water System Revenue Bond Resolution, General Bond Resolution adopted July 31, 1980 as amended and as supplemented by various supplemental resolutions including the Thirty-seventh Series [A][B] Supplemental Resolution adopted on April 27, 2023 (the “General Bond Resolution”). For valuable consideration, the receipt of which is acknowledged, the Authority and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of the Agreement

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

SECTION 2. Definitions

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

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

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

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

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

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

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

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

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

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

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

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

SECTION 3. Provision of Annual Reports

(a) The Authority shall, or shall cause the Dissemination Agent to, not later than eight (8) months after the end of the Authority's fiscal year, commencing with the fiscal year ending May 31, 2023, provide the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Agreement. Not later than fifteen (15) days prior to said date, the Authority shall provide the Annual Report to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent) together with either (i) a letter authorizing the Dissemination Agent to file the Annual Report with the MSRB, or (ii) a certificate confirming that the Authority has provided the Annual Report to the MSRB and confirming the names of the service portal provided by the MSRB and the date the Annual Report was provided to the MSRB. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in the Rule. The Authority shall promptly notify the Dissemination Agent of any change in the Authority's Fiscal Year.

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

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

(d) The Dissemination Agent shall:

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

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

SECTION 4. Content of Annual Reports

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

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

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

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

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

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

SECTION 5. Reporting of Material Events

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

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

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

- (7) modifications to rights of holders of the Bonds, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Bond defeasances;
- (10) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) rating changes on the Bonds;
- (12) bankruptcy, insolvency, receivership or similar event of any Obligated Person;
- (13) the sale of all or substantially all of the assets of any Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional trustee or the change of name of the trustee, if material;
- (15) incurrence of a financial obligation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation, any of which affect security holders, if material; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the Authority, any of which reflect financial difficulties.

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

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

(c) In order to assist the Authority in complying with its undertaking in this Section 5, the Dissemination Agent shall promptly after obtaining actual knowledge of the occurrence or possible occurrence of any Listed Event notify the Disclosure Representative in writing. If the Listed Event is an event as described in Sections 5(a)(2), (7), (8), (10), (13) (14) or (15) above, the Dissemination Agent shall notify the Disclosure Representative in writing of such event and request that the Disclosure Representative determine whether such event is material and thus whether the Dissemination Agent should report such Listed Event.

(d) Upon any legal defeasance of the Bonds, the Dissemination Agent shall provide notice of such defeasance to the MSRB which notice shall state whether the Bonds have been defeased to maturity or to redemption and the timing of such maturity or redemption.

(e) Whenever the Authority obtains knowledge of the occurrence of a Listed Event, because of a notice from the Dissemination Agent or otherwise, the Authority shall promptly notify the Dissemination Agent and provide a form of notice in writing by fax or hand delivery or other prompt communication method. The determination of whether any such occurrence is material, as applicable, shall be a determination to be made by the Authority and not the Dissemination Agent. Upon receipt from the Authority of the form of notice, the Dissemination Agent shall in a timely manner file the notice of such occurrence in the form provided by the Authority with the MSRB, with a copy to the Authority but such filing shall not be in excess of ten (10) days from the occurrence of such Listed Event.

SECTION 6. Termination of Reporting Obligation

(a) The Authority's and Dissemination Agent's obligations under this Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

(b) In addition, this Agreement, or any provision hereof, shall be null and void in the event that (1) the Authority delivers to the Trustee and the Dissemination Agent an opinion of a nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the Trustee and the Dissemination Agent, to the effect that those portions of the Rule which require the provisions of this Agreement, or any of such provisions, do not or no longer apply to the Bonds, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion, and (2) the Dissemination Agent promptly delivers copies of such opinion to the (i) MSRB and (ii) the Trustee.

SECTION 7. Dissemination Agent

(a) The Authority may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Trustee shall be the Dissemination Agent.

(b) The Dissemination Agent, or any successor thereof, may at any time resign and be discharged of its duties and obligations hereunder by giving not less than sixty (60) days written notice to the Authority and the registered owners of the Bonds, specifying the date when such resignation shall take effect. Such resignation shall take effect upon the date a successor shall have been appointed by the Authority.

(c) In case the Dissemination Agent, or any successor thereof, shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Dissemination Agent or of its property shall be appointed, or if any public officer shall take charge of control of the Dissemination Agent, or of its property or affairs, the Authority shall forthwith appoint a new Dissemination Agent to act. The Authority shall give or cause to be given written notice of any such appointment to the Trustee (if the Trustee is not the Dissemination Agent).

(d) Any company into which the Dissemination Agent may be merged or with which it may be consolidated or any company resulting from any merger or consolidation to which it shall be a party or

any company succeeding to all or substantially all of its corporate trust business, shall be the successor to such Dissemination Agent, without the execution or filing of any paper or any further act or deed.

SECTION 8. Amendment; Waiver

Notwithstanding any other provision of this Agreement, the Authority may amend this Agreement (and the Dissemination Agent shall agree to any amendment not modifying or otherwise affecting its duties, obligations or liabilities in such a way as they are expanded or increased), and any provision of this Agreement may be waived, if all of the following conditions are satisfied: (i) such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Authority, (ii) the Agreement as so amended or waived would have complied with the requirements of the Rule as of the date of the Agreement, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances, (iii) the Authority shall have delivered an opinion of counsel, addressed to the Authority, the Dissemination Agent and the Trustee, to the same effect as set forth in clause (ii) above, and (iv) the Authority shall have delivered to the Trustee and the Dissemination Agent either an opinion of counsel expert in federal securities laws to the effect that such amendment or waiver would not materially adversely affect the beneficial owners of the Bonds or consent by the holders of the Bonds pursuant to the same procedures as are required for amendments to the General Bond Resolution with consent of the owners of the Bonds as in effect on the date of this Agreement. A copy of any such amendment or waiver will be filed in a timely manner with the MSRB. The annual financial information provided on the first date following adoption of any such amendment or waiver will explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating or financial information provided.

SECTION 9. Additional Information

The Authority shall have no obligation to provide any information, data or notices other than as set forth in this Agreement; provided, however, nothing in this Agreement shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Agreement. If the Authority chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Agreement, the Authority shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default

In the event of a failure of the Authority or the Dissemination Agent to comply with any provision of this Agreement, the Trustee may (and, at the request of the holders of at least 25% in aggregate principal amount of Outstanding Bonds who have provided the Trustee with security and indemnity deemed reasonably acceptable to the Trustee, shall), or any party who can establish beneficial ownership of any of the Bonds, or any Bondholder may, after providing 15 days written notice to the Authority to give the Authority opportunity to comply with such 15-day period, take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Authority to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed a default or an Event of Default under the General Bond Resolution or the Bonds, and no monetary damages shall arise or be payable hereunder, and the sole remedy under this Agreement

in the event of any failure of the Authority or the Dissemination Agent to comply with this Agreement shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Trustee and Dissemination Agent

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Agreement. To the extent that the Dissemination Agent is required under the terms of this Agreement to report any information, it is only required to report information that it receives from the Authority in the form in which it is received, and the Dissemination Agent shall be under no responsibility or duty with respect to the accuracy and content of the information which it receives from the Authority, provided, however, if the form of the information is deficient on its face, the Dissemination Agent shall so inform the Authority, and the Authority shall cure any such deficiency as to form. The Authority agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or misconduct. The obligations of the Authority under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) Unless otherwise provided by contract with the Dissemination Agent, the Authority shall pay or cause to be paid to the Dissemination Agent after reasonable notice to the Authority in light of the reimbursement sought to be received, reasonable reimbursement for its reasonable expenses, charges, counsel fees and other disbursements and those of its attorneys, agents, and employees, incurred in and about the performance of its powers and duties hereunder. The Authority shall indemnify and save the Dissemination Agent harmless against any expenses and liabilities which it may incur in the exercise and performance of its powers and duties hereunder which are not due to its negligence or default. None of the provisions contained in this Agreement shall require the Dissemination Agent to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers. The obligations of the Authority under this Section to compensate the Dissemination Agent, to pay or reimburse the Dissemination Agent for expenses, disbursements, charges and counsel fees and to indemnify and hold harmless the Dissemination Agent shall survive the termination of this Agreement.

SECTION 12. Beneficiaries

This Agreement shall inure solely to the benefit of the Authority, the Trustee, the Dissemination Agent, the Participating Underwriters, and the beneficial owners from time to time of the Bonds and shall create no rights in any other person or entity.

SECTION 13. Miscellaneous

(a) This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

(b) This Agreement shall be governed by the laws of the State of Connecticut and by applicable federal laws.

[Remainder of page intentionally left blank]

(c) To the extent filings or notices are required to be made to the MSRB under this Agreement, the Authority shall transmit such filings or notices in an electronic format to the continuing disclosure service portal provided through MSRB's EMMA (<http://emma.msrb.org/>) or any similar system that is acceptable to the SEC.

SOUTH CENTRAL CONNECTICUT
REGIONAL WATER AUTHORITY

By: _____
Name: Rochelle Kowalski
Title: Vice President and Chief Financial
Officer

U. S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION, AS DISSEMINATION AGENT

By: _____
Name:
Title:

U. S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION, AS TRUSTEE

By: _____
Name:
Title:

RPB COMMITTEE MEETINGS

| Month | Meeting | Will Attend |
|-------------------|---|-----------------------|
| April 2023 | <i>Finance Committee (Remote Only)</i> Monday, Apr. 10 at 5:00 p.m. | Suzanne |
| | <i>Finance Committee (Special Meeting)/Consumer Affairs Committee (Regular Meeting)- FY 2024 Budget Review (Hybrid)</i> Monday, Apr. 17 at 5:00 p.m. | David/Kevin |
| | <i>Land Use Committee – FY 2024 Budget Review (In Person Only – 90 Sargent)</i> Wednesday, Apr. 19 at 5:30 p.m. | David/Kevin/Catherine |
| | | |
| May 2023 | <i>Finance Committee (TBD)</i> Monday, May 8 at 5:00 p.m. | Kevin |
| | <i>Land Use Committee (In Person Only – Possible Field Trip)</i> Wednesday, May 10 at 4:30 p.m. | Suzanne |
| | <i>Consumer Affairs Committee (TBD)</i> Monday, May 15 at 5:30 p.m. | Catherine |
| | | |
| June 2023 | <i>Finance Committee (TBD)</i> Monday, June 12 at 5:00 p.m. | Catherine |
| | <i>Land Use Committee (In Person Only – Possible Field Trip)</i> Wednesday, June 14 at 5:30 p.m. | Kevin |
| | <i>Consumer Affairs Committee (TBD)</i> Monday, June 26 at 5:30 p.m. | Suzanne |