

REFUNDING

Ratings: S&P: AAA
Fitch: AAA
See "RATINGS" herein

Subject to the accuracy of certain representations and continuing compliance by the State with certain covenants, in the opinion of Bond Counsel, under present law, interest on the 2026 Bonds is excludable from the gross income of their owners for federal income tax purposes and thus is exempt from present federal income taxes, and, further, interest on the 2026 Bonds is not an item of tax preference for purposes of the alternative minimum tax imposed on individuals. In the case of the alternative minimum tax imposed by Section 55(b)(2) of the Code on applicable corporations (as defined in Section 59(k) of the Code), interest on the 2026 Bonds is not excluded from the determination of adjusted financial statement income. Under present law, interest on the 2026 Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts, and estates and 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. See "TAX MATTERS" in this Official Statement for a more complete discussion of these matters.



\$163,070,000
State of Connecticut
State Revolving Fund Refunding General Revenue Bonds
(Green Bonds, 2026 Series A)



Dated: Date of Delivery

Due: March 1, as shown on the inside cover page

The proceeds of the State Revolving Fund Refunding General Revenue Bonds (**Green Bonds**, 2026 Series A) (the "**2026 Bonds**") will be used by the State primarily to refund certain Outstanding Bonds issued under the State's SRF Program (defined herein) and to pay costs of issuance. The 2026 Bonds are payable solely from all moneys in the Revolving Fund (defined herein) legally available for application to payments due ("**Available Moneys**") pursuant to the State Revolving Fund General Revenue Bond Program General Bond Resolution adopted December 17, 2002, as supplemented (the "**Resolution**"), ratably with any other Bonds issued under the Resolution. The 2026 Bonds and all other Bonds issued under the Resolution are referred to collectively as the "Bonds." The Bond Proceeds Fund, the Debt Service Fund and the Support Fund (each as described herein), the investments thereof and the proceeds of such investments, if any, are pledged for the payment of all Bonds issued under the Resolution in accordance with the terms and provisions of the Resolution. See "SECURITY FOR THE BONDS" herein.

The 2026 Bonds are special obligations of the State payable solely from Available Moneys in the Revolving Fund, as hereinafter defined, in accordance with the terms and provisions of the Resolution. The issuance of the 2026 Bonds shall not directly or indirectly or contingently obligate the State or any political subdivision thereof to levy or to pledge any form of taxation whatsoever therefor or to make any appropriation for their payment. The 2026 Bonds shall not constitute a charge, lien, encumbrance or mortgage, legal or equitable, upon any property of the State or of any political subdivision thereof, except as described in the Resolution.

Interest on the 2026 Bonds will be payable on March 1 and September 1 of each year, commencing on March 1, 2027. The 2026 Bonds may be owned only in book-entry form through a direct or indirect participant in The Depository Trust Company ("**DTC**"). Principal of and interest on the 2026 Bonds will be payable by U.S. Bank Trust Company, National Association, as Trustee, and Paying Agent, as applicable, at its corporate trust office in Hartford, Connecticut, or at its office in New York, New York. See **Appendix G** – "DTC Information" herein.

The 2026 Bonds are not subject to redemption prior to maturity.

See inside front cover page for maturities, amounts, interest rates and yields.

The 2026 Bonds are offered subject to prior sale, when, as and if issued and received by the Underwriters, subject to the approval of the legality of the 2026 Bonds by Hardwick Law Firm, LLC, Hartford, Connecticut, Bond Counsel, and subject to certain other conditions. Certain legal matters will be passed upon for the Underwriters by Shipman & Goodwin LLP, Hartford, Connecticut, Underwriters' Counsel. It is expected that the 2026 Bonds will be available for delivery in book-entry-only form at DTC in New York, New York on or about June 16, 2026.

The Honorable Erick Russell
Treasurer of the State of Connecticut

Blaylock Van, LLC
Academy Securities, Inc.
Roosevelt & Cross Incorporated
Dated: May 28, 2026.

BofA Securities
Goldman Sachs & Co. LLC
AmeriVet Securities, Inc.
Stern Brothers & Co. TD Financial Products

Morgan Stanley
Fidelity Capital Markets
Wells Fargo Securities

\$163,070,000
STATE OF CONNECTICUT
STATE REVOLVING FUND REFUNDING GENERAL REVENUE BONDS
(GREEN BONDS, 2026 SERIES A)

MATURITY SCHEDULE
Base CUSIP Number: 20775Y

<u>Maturity</u> <u>March 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price or</u> <u>Yield</u>	<u>CUSIP*</u>
2027	\$18,610,000	5.000%	2.500%	FF8
2028	21,990,000	5.000	2.510	FG6
2029	24,090,000	5.000	2.560	FH4
2030	20,555,000	5.000	2.620	FJ0
2031	17,600,000	5.000	2.700	FK7
2032	23,100,000	5.000	2.780	FL5
2033	15,910,000	5.000	2.870	FM3
2034	11,915,000	5.000	2.920	FN1
2035	9,300,000	5.000	2.960	FP6

* CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, managed on behalf of the American Bankers Association by FactSet Research Systems, Inc., which is not affiliated with the State and are included solely for the convenience of the holders of the 2026 Bonds. The State is not responsible for the selection or use of these CUSIP numbers, does not undertake any responsibility for their accuracy, and makes no representation as to their correctness on the 2026 Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the 2026 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the 2026 Bonds.

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This Official Statement is not to be construed as a contract or agreement between the State and the purchasers or holders of any of the 2026 Bonds. 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 State or any Borrower since the date hereof. Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized. All quotations from and summaries and explanations of provisions of laws of the State contained in this Official Statement do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof. All references to the 2026 Bonds and the resolutions and proceedings of the State Bond Commission relating thereto are qualified in their entirety by reference to the definitive forms of the 2026 Bonds and such resolutions. This Official Statement is submitted only in connection with the sale of the 2026 Bonds by the State and may not be reproduced or used in whole or in part for any other purpose, except as specifically authorized by the State. No dealer, broker, salesperson or other person has been authorized to give any information, summaries by artificial intelligence, or to make any representations other than as contained in this Official Statement and, if given or made, such other information or representations must not be relied upon. 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 2026 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

THE 2026 BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS ANY DOCUMENT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATIONS OF THE TERMS OF THE OFFERING. THE 2026 BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

SUMMARY

This Summary is provided for the convenience of potential investors and is expressly qualified by the entire Official Statement, which should be reviewed in its entirety by potential investors.

- Issuer: State of Connecticut (the “**State**”)
- Issue: \$163,070,000 State of Connecticut State Revolving Fund Refunding General Revenue Bonds (**Green Bonds**, 2026 Series A) (the “**2026 Bonds**”)
- Dated Date: Date of Delivery
- Interest Payment Date: March 1 and September 1, commencing March 1, 2027
- Principal Due: As detailed on the inside front cover page of this Official Statement.
- Program: The State’s Revolving Fund Programs consist of (1) the wastewater pollution control revolving fund program established by the State under the federal Water Quality Act of 1987 (the “**Clean Water Program**”) and (2) the drinking water revolving fund program established by the State under the 1996 amendments to the federal Safe Drinking Water Act (the “**Drinking Water Program**” and, together with the Clean Water Program, the “**SRF Programs**”). Pursuant to the SRF Programs, certain federal capitalization grants and State matching funds are used to provide Loans to qualifying Borrowers and other authorized financial assistance for eligible projects in the State and to provide security for certain obligations issued to fund such Loans or other financial assistance, as described herein. See “THE LOANS” and “SECURITY FOR THE BONDS” herein.
- Purpose: The 2026 Bonds will be issued to (i) refund certain Outstanding Bonds issued under the State’s SRF Programs, and (ii) pay costs of issuance of the 2026 Bonds. See “PLAN OF FINANCE” herein.
- Authorization: The State will issue the 2026 Bonds pursuant to Connecticut General Statutes Sections 22a-475 to 22a-483 (the “**State Act**”) and the Resolution. Under the terms of the State Act, the State Bond Commission (established pursuant to Section 3-20 of the General Statutes of Connecticut, as amended) is empowered to authorize revenue bonds in accordance with the permitted uses of the SRF Programs including the Clean Water Program and the Drinking Water Program, subject to the legislative authorizations of additional Bonds, and to authorize the execution of the Resolution as a contract of the State with the holders of all Bonds. See “AUTHORIZATION FOR THE BONDS” herein.
- Redemption: The 2026 Bonds are not subject to redemption prior to maturity.
- Security: The 2026 Bonds are special obligations of the State payable solely from Available Moneys in the Revolving Fund, as defined herein, in accordance with the terms and provisions of the Resolution. Available Moneys include all funds in the Revolving Fund legally available therefor and can be used for any lawful purpose. The Bond Proceeds Fund, the Debt Service Fund and the Support Fund, the investments thereof and the proceeds of such investments, if any, are pledged for the payment of all Bonds issued under the Resolution in accordance with the terms and provisions of the Resolution. The issuance of the 2026 Bonds shall not directly or indirectly or contingently obligate the State or any political subdivision thereof to levy or to pledge any form of taxation whatsoever therefor or to make any

appropriation for their payment. See “SECURITY FOR THE BONDS” herein for additional information relating to the security for the 2026 Bonds.

Credit Rating: The 2026 Bonds received a rating of “AAA” from S&P Global Ratings and “AAA” from Fitch Ratings. See “RATINGS” herein.

Green Bond Designation: The Refunded Bonds (defined herein) were identified as “Green Bonds,” as the net proceeds were initially applied exclusively for projects and activities that promote climate-related or other environmentally sustainable purposes. The 2026 Bonds are being identified as Green Bonds as net proceeds will be applied exclusively to provide funds to redeem the Refunded Bonds. See “INTRODUCTION – Green Bond Designation” herein.

Tax Matters: In the opinion of Bond Counsel, under present law, interest on the 2026 Bonds is excludable from the gross income of their owners for federal income tax purposes, and thus is exempt from present federal income taxes. Interest on the 2026 Bonds is not included as an item of tax preference in computing the federal alternative minimum tax for individuals. In the case of the alternative minimum tax imposed by Section 55(b)(2) of the Internal Revenue Code of 1986, as amended (the “Code”) on applicable corporations (as defined in Section 59(k) of the Code), interest on the 2026 Bonds is not excluded from the determination of adjusted financial statement income. Under present law, interest on the 2026 Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts, and estates and 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. Interest on the 2026 Bonds is included in gross income for purposes of the Connecticut corporation business tax. The opinions described in this paragraph assume the accuracy of certain representations, certifications of fact, and statements of reasonable expectations made by the State and others in connection with the issuance of the 2026 Bonds and continuing compliance by the State and others with certain covenants.

Trustee and Paying Agent: U.S. Bank Trust Company, National Association, 185 Asylum Street, 27th Floor Hartford, CT 06103 will be the Trustee and Paying Agent for the 2026 Bonds.

Book-Entry Form: The 2026 Bonds will be registered in the name of Cede & Co. as nominee for DTC, New York, New York. DTC will act as securities depository of the Bonds. See **Appendix G** – “DTC Information” herein.

Additional information may be obtained upon request to the Office of the State Treasurer, Erick Russell, Attn: Kimberly W. Mooers, Assistant Treasurer for Debt Management, 165 Capitol Avenue, Hartford, Connecticut 06106, (860) 702-3288.

OFFICIAL STATEMENT

\$163,070,000

State of Connecticut State Revolving Fund Refunding General Revenue Bonds (Green Bonds, 2026 Series A)

INTRODUCTION

The following introductory information is subject in all respects to more complete information contained elsewhere in this Official Statement. The order and placement of materials in this Official Statement, including the Appendices hereto, are not to be deemed to be a determination of relevance, materiality or relative importance, and this Official Statement, including the cover page and Appendices, should be read in its entirety. The offering of the 2026 Bonds to potential investors is made only by means of the entire Official Statement.

Purpose of Official Statement

This Official Statement is furnished to provide information concerning the \$163,070,000 aggregate principal amount of State Revolving Fund Refunding General Revenue Bonds (**Green Bonds**, 2026 Series A) (the “**2026 Bonds**”) being issued by the State of Connecticut (the “**State**”). The 2026 Bonds, together with any bonds heretofore or hereafter issued under the Resolution, defined below, are collectively referred to herein as the “**Bonds**.” The definitions of certain terms used and not otherwise defined herein are contained in **Appendix E** – “Definitions of Certain Terms.”

General Bond Resolution

The 2026 Bonds represent the eighteenth series of Bonds issued by the State pursuant to its State Revolving Fund General Revenue Bond Program General Bond Resolution adopted by the State Bond Commission on December 17, 2002, as supplemented (the “**Resolution**”). Under the Resolution, the Revolving Fund includes the state water pollution control federal revolving loan account within the Clean Water Fund and the state drinking water federal revolving loan account within the Clean Water Fund, each established by the State Act in accordance with the Federal Act (as defined herein), and any similar accounts related to any expansion of the SRF Programs (the “**Revolving Fund**”). Debt service on the Bonds, including the 2026 Bonds, will be payable ratably under the Resolution. The State agrees to apply all moneys in the Revolving Fund legally available for payments due under the Resolution (“**Available Moneys**”) to the timely payment of the Bonds and any Other Financial Assistance and any Related Program Obligations. (See **Appendix E** – “Definitions of Certain Terms” for definitions.) The State has pledged amounts in the Bond Proceeds Fund, the Debt Service Fund and the Support Fund pursuant to the Resolution to the payment of the Bonds. (See “SECURITY FOR THE BONDS – Flow of Funds” for definitions of and additional information on funds established under the Resolution.)

As of June 30, 2025, Bonds issued under the Resolution were Outstanding in the aggregate principal amount of \$617,180,000. The following table shows the Series designation, principal amount Outstanding and final maturity for each Series of Bonds:

Series Designation	Outstanding Principal Amount	Final Maturity
Series 2015A ⁽¹⁾	\$188,205,000	March 1, 2035
Series 2017A	208,685,000	May 1, 2037
Series 2017B	22,945,000	June 1, 2027
Series 2019A	197,345,000	March 1, 2039

⁽¹⁾ All of the Series 2015A Bonds are to be refunded with the proceeds of the 2026 Bonds.

Upon the issuance of the 2026 Bonds, the principal amount of Bonds Outstanding will be \$592,045,000.

Purpose of 2026 Bonds

The proceeds of the 2026 Bonds will be used (i) to refund all of the \$174,180,000 Outstanding principal amount of the State of Connecticut State Revolving Fund General Revenue Bonds (Green Bonds, 2015 Series A) (the “**Refunded Bonds**”) issued under the Resolution, and (ii) to pay costs of issuance of the 2026 Bonds.

Green Bond Designation

General

The 2026 Bonds are being identified as “Green Bonds” as the proceeds will be used to refund the Refunded Bonds, the net proceeds of which were applied exclusively for projects and activities that promote climate-related or other environmentally sustainable purposes. The cornerstone of Green Bonds is the utilization of the bond proceeds for projects that are within one of the broad categories of potentially eligible green projects, including clean water and drinking water projects. The 2026 Bonds are being identified as Green Bonds due to the State’s adherence to the standards of the federal Clean Water Act and the federal Safe Drinking Water Act (each as described herein) as evidenced by the State’s implementation of its SRF Programs. The purpose of the State’s SRF Programs is to provide a source of low interest loans and other types of financial assistance (other than direct grants) to local clean water and drinking water facilities in accordance with the State Act (defined herein). The proceeds of the 2026 Bonds will be used to refund the Refunded Bonds, the net proceeds of which were used to provide funds to make Loans to Borrowers for projects eligible for financing under the SRF Programs. (See “STATE OF CONNECTICUT CLEAN WATER FUND” herein.) The purpose of designating the 2026 Bonds as “Green Bonds” is to provide investors the opportunity to invest directly in bonds that are specifically targeted to support such environmentally beneficial projects.

Project Evaluation

The State’s Department of Energy and Environmental Protection (“**DEEP**”), the State agency established to carry out the environmental policy of the State, including conserving, improving and protecting the State’s natural resources and environment and mitigating water, land and air pollution, administers the State’s SRF Clean Water Program. The State’s Department of Public Health (“**DPH**”) is the State agency that carries out the public health policy of the State, including the use and protection of the State’s drinking water resources. DEEP and DPH administer priority systems to determine eligibility for Loans under the SRF Programs. See “STATE OF CONNECTICUT DEPARTMENT

OF ENERGY AND ENVIRONMENTAL PROTECTION” and “STATE OF CONNECTICUT DEPARTMENT OF PUBLIC HEALTH” for additional information on the eligibility and prioritization of projects eligible for financing.

Since the Refunded Bonds were designated as **Green Bonds**, the State tracked the net proceeds of the Refunded Bonds to confirm that such proceeds were used for eligible green qualified projects. The proceeds of the 2026 Bonds will be used to refund the Refunded Bonds which were used to finance eligible green wastewater treatment projects and drinking water projects eligible for financing under the SRF Programs. The net proceeds of the 2026 Bonds will be expended only for the purpose of refunding the Refunded Bonds and will be applied to defease the Refunded Bonds on the Redemption Date (defined herein). See “PLAN OF FINANCE” herein.

Annual Reporting

Commencing with the delivery of the Clean Water State Revolving Fund Program Annual Report for the Fiscal Year ending June 30, 2015, the State has provided reporting on an annual basis on the Loans funded by the Refunded Bonds. Such reporting included the Borrowers, program type (i.e., clean water and/or drinking water), brief project descriptions of the projects financed with proceeds of the Refunded Bonds, but only until the proceeds of the Refunded Bonds were fully expended. Such information has been posted to the Electronic Municipal Market Access (“EMMA”) website of the Municipal Securities Rulemaking Board (“MSRB”). Once the State has expended all of the proceeds of the 2026 Bonds, which will be accomplished by the redemption of the Refunded Bonds, no further reporting of the use of proceeds of the 2026 Bonds will be required. The reporting related to the Green Bond program is not included in the State’s continuing disclosure requirements under the Rule (as defined herein) as set forth in the State Continuing Disclosure Agreement (as defined herein). See “CONTINUING DISCLOSURE AGREEMENTS” and **Appendix F** – “Form of Continuing Disclosure Agreements of the State and Municipalities – State Continuing Disclosure Agreement” herein.

The Refunded Bonds were the first series of Revenue Bonds issued under the Resolution designated as **Green Bonds**. Since that time, the State has also designated its \$250,000,000 State Revolving Fund General Revenue Bonds (**Green Bonds**, 2017 Series A) (the “**Series 2017A Bonds**”) and its \$250,000,000 State Revolving Fund General Revenue Bonds (**Green Bonds**, 2019 Series A) (the “**Series 2019A Bonds**”) as **Green Bonds**. The State has posted to EMMA the “ANNUAL REPORT ON **GREEN BOND** DISBURSEMENTS” for the use of proceeds of the Refunded Bonds, Series 2017A Bonds and Series 2019A Bonds to reflect activity for the period of the report.

Additional Information

There follows in this Official Statement brief descriptions of the Revolving Fund, the SRF Programs, the 2026 Bonds, the Loans and the Borrowers whose Loans, including current and anticipated Loan commitments through June 30, 2026, exceed or are expected to exceed 20% of the aggregate outstanding principal amount of the Loans financed with proceeds of Bonds, including the 2026 Bonds (a “**Significant Obligor**”). **Starting with the Continuing Disclosure Agreement entered into in connection with the issuance of the 2026 Bonds, the State is adjusting its definition of Significant Obligor required in all future Continuing Disclosure Agreements from 10% to 20% to align with standard industry disclosure practices. However, the adjusted definition will not become effective until all of the Outstanding Series 2017A Bonds, Series 2017B Bonds and Series 2019A Bonds are no longer Outstanding.** (See “CONTINUING DISCLOSURE AGREEMENTS” herein and **Appendix F** – “Form of Continuing Disclosure Agreement.”) Attached

hereto as **Appendix A, Part I** is certain general information with respect to the Borrowers. Attached hereto as **Appendix A, Part II** is a general description of The Metropolitan District, Hartford County, Connecticut (“MDC”), the only Significant Obligor at the time of issuance of the 2026 Bonds, as well as a link to more detailed information regarding MDC. The information included in Part II of **Appendix A** with respect to MDC was provided by MDC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the State or the Underwriters. The information contained herein relating to the Borrowers should be read in conjunction with the information contained in **Appendix A**.

Appendix B to this Official Statement contains the SRF Programs’ Financial Statements for the Fiscal Years ended June 30, 2024 and June 30, 2025. **Appendices C** and **D**, respectively, contain summaries of certain provisions of the Resolution and the Project Loan and Project Grant Agreement between the State and each Borrower. **Appendix E** contains definitions of certain terms. **Appendix F** contains the form of Continuing Disclosure Agreement to be entered into by the State in connection with the issuance of the 2026 Bonds and the form of Borrower Continuing Disclosure Agreement to be entered into by MDC, as a Significant Obligor, in connection with the issuance of the 2026 Bonds.

Appendix G contains a description of the book-entry-only system maintained by DTC. **Appendix H** contains the proposed form of opinion of Bond Counsel to be rendered in connection with the issuance and delivery of the 2026 Bonds.

Certain information relating to DTC and the book-entry-only system has been furnished by DTC. All references herein to any document are qualified by the terms of such document in its entirety. Unless otherwise indicated herein, capitalized terms not otherwise defined in this Official Statement will have the meanings in **Appendix E** – “Definitions of Certain Terms.”

STATE OF CONNECTICUT CLEAN WATER FUND

The State Clean Water Fund was created by the State pursuant to the Connecticut General Statutes Sections 22a-475 to 22a-483 (the “**State Act**”). It is jointly managed by DEEP, the Office of the State Treasurer (the “**Treasurer**”) and DPH. The Clean Water Fund is divided into the following six accounts: (1) the water pollution control federal revolving loan account; (2) the water pollution control state account; (3) the Long Island Sound clean-up account; (4) the rivers restoration account; (5) the drinking water federal revolving loan account; and (6) the drinking water state account. The water pollution control federal revolving loan account and the drinking water federal revolving loan account collectively constitute the Revolving Fund, which is established pursuant to the Federal Act to fund the State’s SRF Programs.

In accordance with the State Act, the State makes Loans to Borrowers to provide capital for various State and federally mandated water pollution control and drinking water projects. Pursuant to the Resolution, Loans are defined as any loan made by the State to a Borrower pursuant to a Loan Agreement (as defined herein) and any other financial support provided by the State to a Borrower including, without limitation, a guaranty, credit support or credit enhancement. The SRF Program was originally established for wastewater treatment projects. (See “STATE OF CONNECTICUT CLEAN WATER FUND – State’s SRF Programs – Clean Water Program” herein). The SRF Program was expanded to include drinking water projects when the State amended the State Act in 1996 to create the Drinking Water Program within the State Clean Water Fund Program. (See “STATE OF CONNECTICUT CLEAN WATER FUND – State’s SRF Programs – Drinking Water Program” herein.)

Federal Statutory Framework

Water Quality Act. The federal Water Quality Act of 1987, which amended the federal Clean Water Act of 1972 (together with any regulations promulgated thereunder, the “CWA”), established state water pollution control revolving fund programs for wastewater treatment projects. The water pollution control revolving funds are used to provide financial assistance to borrowers in connection with the construction, rehabilitation, expansion or improvement of publicly owned systems for the storage, treatment, recycling and reclamation of municipal sewage. Federal appropriations continue to be made annually to states for funding of wastewater treatment projects even though the CWA has expired by its terms. See “Infrastructure Investment and Jobs Act” and “Availability of Federal Capitalization Grants” herein.

Drinking Water Act. The federal Safe Drinking Water Act, as amended by the Safe Drinking Water Act Amendments of 1996 (together with any regulations promulgated thereunder, the “SDWA” and together with the CWA, the “Federal Act”), established a state drinking water revolving fund program for drinking water infrastructure improvements. State drinking water revolving fund loans must serve to protect the public health and to achieve or maintain compliance with the SDWA. The drinking water revolving funds are to be used to provide financial assistance to local privately owned or publicly owned water systems in connection with the planning, design, development, construction, repair, extension, improvement, remodeling, alteration, rehabilitation, reconstruction or acquisition of all or a portion of a public water system.

As a condition for receipt of certain federal financial assistance under the Federal Act, each state must establish a revolving fund to accept federal base capitalization grants and must provide matching funds of up to 20% of the federal base capitalization grants. Federal base capitalization grants are paid to the State pursuant to the Federal Transfer Payment System. Cash draws under the Federal Transfer Payment System are initiated when a written payment request is submitted by DEEP or DPH. Upon approval of such request, an electronic transfer of funds, in the amount requested, is made by the United States Environmental Protection Agency (“EPA”) to a financial institution designated by the State.

The Federal Act places certain legal constraints on, and provides authorized uses of, amounts in the State’s Revolving Fund. Federal regulations limit the uses of program equity to making loans, making loan guarantees, purchasing insurance, refinancing prior debt, providing a source of revenue or security for payment of debt service, investing to earn interest on moneys in such account or paying administrative expenses associated with qualified projects. Federal base capitalization grants and State matching funds in the State’s Revolving Fund cannot be used to make grants and must be maintained by the Revolving Fund in perpetuity. Available Moneys may be applied to any uses permissible under the Federal Act and the State Act.

State’s SRF Programs

The State’s participation in the federal programs pursuant to the CWA and the SDWA is implemented through its SRF Programs (the “SRF Programs”). The purpose of the State’s SRF Program is to provide a source of low interest loans and other types of financial assistance (other than direct grants) to local entities for the construction, rehabilitation, expansion or improvement of wastewater treatment or drinking water facilities in accordance with the State Act. To make such loans and financial assistance, the State uses proceeds of Bonds, State contributions of moneys (the “State Contributions”) and federal base capitalization grants. With respect to federal base capitalization grants, the State makes periodic cash draws under the Federal Transfer Payment System based on the

amount of costs incurred for eligible projects or activities by either all or a specified group of projects receiving Loans, as determined by the State from time to time. The State has elected to base its cash draws on the costs incurred by a specified group of projects on a dollar-for-dollar basis. See **Appendix C** – “Summary of Certain Provisions of the General Bond Resolution” herein.

Clean Water Program. The Clean Water Program is funded with (i) federal wastewater base capitalization grants awarded by the EPA to the State, (ii) State Contributions and (iii) proceeds of the Bonds. Under the CWA, in order to receive federal wastewater base capitalization grants, the State must provide matching funds in a ratio of up to 20% of federal wastewater base capitalization grants. State Contributions include required State matching funds and other amounts contributed by the State to the Clean Water Program above the amount required by the CWA. The State has deposited amounts in the Clean Water Program which exceed the required amount of State matching funds for federal wastewater base capitalization grants awarded to date.

Under the State’s Clean Water Program, most participating municipalities receive a state-funded grant of 20% and a loan of 80% of total eligible costs. State funded grant assistance under the State’s Clean Water Program is in varying amounts depending on the type of project being financed. The State currently provides Loans with a 2% interest rate which must be repaid over a period not to exceed 20 years after the scheduled completion date of the project. Up to 4% of the annual federal wastewater base capitalization grant is federally permitted to be used to fund administrative costs.

Prior to the initial issuance of Bonds, the Clean Water Program made loans to Borrowers from federal wastewater base capitalization grants and the proceeds of State general obligation bonds. Since 1991, Clean Water Program loans to Borrowers have been funded from the proceeds of the Bonds and equity. Types of projects funded through the Clean Water Program include advanced treatment, secondary treatment, Combined Sewer Overflows correction, infiltration/inflow, new interceptors, sewer system rehabilitation, new collector sewers, storm sewers and green infrastructure.

Federal wastewater capitalization base grants for federal fiscal years 1987 through 2024 in the amount of \$683,530,448 have been awarded by the EPA to the State. During that same time period, in furtherance of the State’s Clean Water Program, the State has made State Contributions in the amount of approximately \$127,185,030 in the form of taxable State general obligation bonds and direct loans to Borrowers. The federal wastewater base capitalization grants and State Contributions have been used to make Loans, to fund reserves and to pay administrative costs. Capitalization base grants are also available to fund any authorized purposes under federal and State law.

The Office of the Treasurer has collaborated with DEEP to develop a short-term, limited additional subsidy for strategically targeted Clean Water Program construction projects in distressed communities by providing forgivable Loans to eligible Borrowers in the State.

Drinking Water Program. The Drinking Water Program is funded with (i) federal drinking water base capitalization grants awarded by the EPA to the State, (ii) State Contributions and (iii) proceeds of the Bonds. Under the SDWA, in order to receive federal drinking water base capitalization grants, the State must provide matching funds in a ratio of at least up to 20% of federal drinking water base capitalization grants. State Contributions include required State matching funds and other amounts contributed by the State to the Drinking Water Program above the amount required by the SDWA.

Under the Drinking Water Program, the State provides Loans at an interest rate not exceeding one-half the rate of the average net interest cost as determined by the last previous similar bond issue by the State (the “**Market Rate**”). The loan rate during Fiscal Year 2025 was 2.0% for all Borrowers. The Drinking Water Program provides financial assistance to eligible public water systems for planning design and/or construction of projects and also provides technical assistance and training with a portion of the federal grant.

Prior to Fiscal Year 2015, the Drinking Water Program did not offer State grant funding. However, in Fiscal Year 2014, Public Act 14-98 (PA 14-98) was signed into law, which under Section 46 thereof provided the State Bond Commission the power to allocate general obligation bonds up to an aggregate amount of \$50 million to be used by DPH to implement a public water system improvement program. During the spring 2016 legislative session, such allocation amount was reduced to \$20 million. This program provides grants-in-aid in the form of loan principal forgiveness, to certain eligible public water systems for eligible drinking water projects. In Fiscal Year 2021, Public Act 20-1 was signed into law and an additional \$24 million was approved for this public water system improvement program. These funds are intended to be used for lead service line replacements in disadvantaged communities. In Fiscal Year 2024, the first project to utilize these funds was used for lead service line replacements. An additional \$1.2 million was committed in Fiscal Year 2025 for two lead service line replacement projects. It is the expectation that the grant program will be expanded while eligible drinking water projects continue to be funded with Loans, provided, however, that a minimum of 14% of federal fiscal year 2025 federal drinking water base capitalization grant funds are required to be used for subsidization. The State will meet this requirement to provide subsidization in the form of principal forgiveness. Loans must be repaid over a period not to exceed 20 years from the scheduled completion date of the project. Up to 31% of the federal drinking water base capitalization grant for each Fiscal Year is used for all federally permitted set-aside activities including payments of administrative costs, Small Systems Technical Assistance, State Program Management, Local Assistance and other State drinking water-related programs.

Federal drinking water capitalization base grants for federal fiscal years 1997 through 2024 in the amount of \$272,150,900 have been awarded by the EPA to the State. The State has made State Contributions in the amount of \$66,317,261 which exceeds the federally required state match. The federal drinking water base capitalization grants and State Contributions have been used to make Loans, to fund reserves, to make direct loans to privately owned Borrowers, to pay administrative costs and to fund other set-aside activities.

As stated above, and in accordance with the SDWA, the State designates up to 31% of its drinking water base capitalization grants for federally permitted set-aside activities. Each set-aside activity has distinct eligibility criteria as set forth in the Operating Agreement between the EPA and the State. Cash draws by DPH from the EPA system for set-aside activities are to be made in accordance with federal program guidelines.

Administration of SRF Programs. The State administers and manages the Clean Water Program and Drinking Water Program in conjunction with one another and intends to continue to do so. Under the State’s Clean Water Program, DEEP is primarily responsible for the programmatic and fiscal operations of wastewater projects. DPH is responsible for programmatic administration and fiscal operations of the Drinking Water Program projects and set-asides. See “STATE OF CONNECTICUT OFFICE OF THE TREASURER,” “STATE OF CONNECTICUT DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION” and “STATE OF CONNECTICUT DEPARTMENT OF PUBLIC HEALTH” herein.

Bonds Authorized and Issued

As of the date of this Official Statement, the State General Assembly has authorized the issuance of \$4,561,080,000 of revenue bonds for SRF Program purposes. The State has issued \$2,466,590,000 of SRF Program bonds leaving \$2,094,490,000 unissued. Refunding bonds do not count against the authorization amount. The State's Outstanding SRF Program bonds consist only of Bonds issued under the Resolution, including the 2026 Bonds. As of June 30, 2025, \$617,180,000 of Bonds were Outstanding.

State General Obligation Bonds. As of the date of this Official Statement, the State General Assembly has authorized the issuance of \$2,322,125,976 of general obligation bonds for SRF Program purposes of which \$655,069,310 is unissued. The State expects to issue \$68,000,000 of general obligation bonds for SRF Program purposes on or about June 2, 2026. The proceeds of the general obligation bonds are used to make grants and loans to Borrowers and deposits to the funds held under the Resolution. The State expects that additional grants and loans to Borrowers, as well as deposits to the Support Fund (if any), will be funded from State general obligation bonds or other Available Moneys in the SRF Programs.

Repayment of the Bonds Including the 2026 Bonds

Debt service on the Bonds, including the 2026 Bonds, will be paid from Available Moneys and amounts on deposit in the Bond Proceeds Fund, the Debt Service Fund and the Support Fund created under the Resolution. See "SECURITY FOR THE BONDS" herein for a discussion of the application of amounts on deposit in the Bond Proceeds Fund, the Debt Service Fund, and the Support Fund, the method by which such funds are funded and the authorized use of such amounts under the Resolution.

In accordance with the SRF Programs and as required by the State Act, each Loan to a Borrower is made pursuant to a Project Loan and Project Grant Agreement (as referred to herein, a "**Loan Agreement**") between the Borrower and the State. Under each Loan Agreement, the State agrees to make a loan for eligible project costs incurred by the Borrower (the "**Loan**"), upon the terms and in a maximum amount specified in such Loan Agreement. Each Borrower is obligated, pursuant to its Loan Agreement, to repay only that amount which it actually draws for the payment of project costs. Each Borrower must deliver a Borrower Obligation (as defined herein) which provides for repayment of the principal amount of the Loan, together with interest at the rate of 2% per annum for Clean Water Program Loans or the Market Rate for Drinking Water Program Loans on the unpaid principal amount of such Loan.

The 2026 Bonds are special obligations of the State payable solely from Available Moneys in the Revolving Fund in accordance with the terms and provisions of the Resolution. The issuance of the 2026 Bonds shall not directly or indirectly or contingently obligate the State or any political subdivision thereof to levy or to pledge any form of taxation whatsoever therefor or to make any appropriation for their payment. The State Act provides that the 2026 Bonds shall not constitute a charge, lien, encumbrance or mortgage, legal or equitable, upon any property of the State or of any political subdivision thereof, except property mortgaged or otherwise encumbered under the provisions of and for the purposes of the State Act. The Resolution does not provide for the mortgaging or encumbrance of any State or Borrower real property as security for the 2026 Bonds. See "SECURITY FOR THE BONDS" for additional information relating to the security for the 2026 Bonds.

Availability of Federal Capitalization Grants

The federal government authorized appropriations for Clean Water Programs in federal fiscal years 1989 through 1994 under the CWA to enable states to establish and capitalize their state revolving fund programs. Although appropriations under the CWA expired in 1994, Congress has continued to appropriate funds for federal capitalization base grants through federal fiscal year 2025 by means of budgetary appropriations. Congress has authorized appropriations for the Drinking Water Program for federal fiscal years 2019 through 2025. The IJA (as defined below) reauthorized appropriations for both clean water programs and drinking water programs for federal fiscal years 2022 through 2026. There can be no assurance that Congress will continue to appropriate funds for federal capitalization grants or that any such grants will be deposited into either the Clean Water Program or the Drinking Water Program. If federal financial support ceases, it is anticipated that state revolving funds will be maintained by non-federal sources of funding including Loan repayments from Loan recipients.

Infrastructure Investment and Jobs Act

On November 15, 2021, President Biden signed the Infrastructure Investment and Jobs Act (“**IJA**”) (also known as the Bipartisan Infrastructure Law (“**BIL**”). The IJA includes \$50 billion for the EPA, approximately \$43 billion of which is to fund drinking water and wastewater systems across the nation. The IJA clean water and drinking water capitalization grants (the “IJA Capitalization Grants”) are intended to supplement the existing base capitalization grant funds, which have been reauthorized.

The IJA Capitalization Grants are to occur in federal fiscal year 2022 through 2026 in the following categories:

- Clean Water General Supplemental \$11.7 billion
- Clean Water Emerging Contaminants \$1 billion
- Drinking Water General Supplemental \$11.7 billion
- Drinking Water Emerging Contaminants \$4 billion
- Drinking Water Lead Service Line Replacement \$15 billion.

The IJA mandates that 49% of the Federal Supplemental and Drinking Water Lead Service Line Replacement appropriations must be in the form of grants or principal forgiveness to disadvantaged communities or communities meeting affordability criteria. Emerging Contaminants appropriations must be in the form of grants or principal forgiveness and for the drinking water program at least 25% of that amount must be provided to disadvantaged communities or communities meeting certain affordability criteria.

The General Supplemental appropriation requires State matching funds of at least 10% of the appropriations in federal fiscal years 2022 and 2023 and 20% of the appropriation in federal fiscal years 2024 through 2026. There is no State matching fund requirement for Emerging Contaminants and Lead Service Line Replacement. To date, the State has provided matching funds in the amount of \$10,305,900 for wastewater projects and \$8,501,700 for drinking water projects pursuant to the IJA.

The following table sets forth the IJA Capitalization Grant awards received to date by the State.

	State Audited Fiscal Year <u>6.30.25</u>	Federal Fiscal Year 2025 Grants <u>9.30.25</u>	Totals to <u>Date</u>
IIJA			
Clean Water General Supplemental	\$75,199,000	\$30,179,000	\$105,378,000
Clean Water Emerging Contaminants	6,379,000	2,747,000	9,126,000
Drinking Water General Supplemental	62,032,000	24,898,000	86,930,000
Drinking Water Emerging Contaminants	22,885,000	7,640,000	30,525,000
Drinking Water Lead Service Line Replacement	99,149,000	28,865,000	128,014,000

PLAN OF FINANCE

The 2026 Bonds, if issued, will be used to (i) refund all of the maturities and principal amounts of the Outstanding State of Connecticut State Revolving Fund General Revenue Bonds (Green Bonds, 2015 Series A) (the “**Refunded Bonds**”) on June 16, 2026 (the “**Redemption Date**”) at a redemption price of 100% of the principal amount thereof, and (ii) pay costs of issuance of the 2026 Bonds. The Refunded Bonds expected to be refunded with a portion of the proceeds of the 2026 Bonds are as follows:

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>CUSIP*</u>
March 1, 2027	\$17,835,000	5.000%	20775YBY1
March 1, 2028	23,560,000	5.000	20775YBZ8
March 1, 2029	25,735,000	5.000	20775YCA2
March 1, 2030	9,075,000	3.125	20775YCB0
March 1, 2030	13,210,000	5.000	20775YCQ7
March 1, 2031	19,250,000	3.750	20775YCC8
March 1, 2032	24,590,000	4.000	20775YCD6
March 1, 2033	17,230,000	4.000	20775YCE4
March 1, 2034	13,125,000	5.000	20775YCF1
March 1, 2035	7,070,000	3.250	20775YCG9
March 1, 2035	3,500,000	5.000	20775YCR5

The list of Refunded Bonds to be refunded may be changed by the State in its sole discretion due to market factors or other factors considered relevant by the State at the time of pricing of the 2026 Bonds and no assurance can be given that any particular maturity thereof will be refunded. The refunding is contingent upon delivery of the 2026 Bonds.

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

SOURCES AND USES OF FUNDS

It is anticipated that the proceeds of the 2026 Bonds will be used as follows:

Sources	
Principal Amount of 2026 Bonds	\$163,070,000.00
Net Original Issue Premium	<u>\$ 14,143,280.95</u>
Total Sources	<u>\$177,213,280.95</u>
Uses	
Refunding of Refunded Bonds	\$176,442,252.36
Underwriters' Discount	\$ 520,612.04
Costs of Issuance	<u>\$ 250,416.55</u>
Total Uses	<u>\$177,213,280.95</u>

SCHEDULE OF DEBT SERVICE ON OUTSTANDING BONDS AND 2026 BONDS

The following table sets forth debt service as of June 30, 2025 on the Outstanding Bonds reflecting the refunding of the Refunded Bonds and, upon the issuance of the 2026 Bonds, will set forth the total debt service on the Outstanding Bonds including the 2026 Bonds:

Fiscal Year	Debt Service on	Principal on	Interest on	Total
Ending	Outstanding Bonds*	2026 Bonds	2026 Bonds	Debt Service
June 30				
2026	\$ 85,010,344	-	-	\$ 85,010,344
2027	50,959,050	\$ 18,610,000	\$ 5,775,396	75,344,446
2028	36,440,850	21,990,000	7,223,000	65,653,850
2029	44,094,600	24,090,000	6,123,500	74,308,100
2030	44,237,600	20,555,000	4,919,000	69,711,600
2031	34,163,850	17,600,000	3,891,250	55,655,100
2032	43,040,350	23,100,000	3,011,250	69,151,600
2033	43,881,100	15,910,000	1,856,250	61,647,350
2034	43,553,100	11,915,000	1,060,750	56,528,850
2035	40,888,850	9,300,000	465,000	50,653,850
2036	47,486,850	-	-	47,486,850
2037	42,305,650	-	-	42,305,650
2038	29,538,000	-	-	29,538,000
2039	19,698,000	-	-	19,698,000
Total	\$605,298,194	\$163,070,000	\$34,325,396	\$802,693,590

*Excludes debt service on the Refunded Bonds.

The following table sets forth the debt service on Outstanding Bonds, including the 2026 Bonds, and projections of coverage ratios based on project Loan repayments and interest earnings on the Support Fund.

Clean Water Fund and Drinking Water Fund Debt Service and Coverage⁽¹⁾

Fiscal Year Ending June 30	Total Debt Service Including Existing and 2026 Bonds⁽²⁾	Total Scheduled and Anticipated Loan Repayments⁽³⁾	Total Support Funds	Total Available to Pay Debt Service	Coverage⁽⁴⁾
2026	\$ 85,010,344	\$ 122,811,305	\$1,502,546	\$ 124,313,851	1.46
2027	75,344,446	119,255,295	630,735	119,886,030	1.59
2028	65,653,850	116,458,758	493,679	116,952,437	1.78
2029	74,308,100	112,977,434		112,977,434	1.52
2030	69,711,600	108,182,991		108,182,991	1.55
2031	55,655,100	97,938,183		97,938,183	1.76
2032	69,151,600	93,536,480		93,536,480	1.35
2033	61,647,350	87,777,017		87,777,017	1.42
2034	56,528,850	85,513,567		85,513,567	1.51
2035	50,653,850	82,765,745		82,765,745	1.63
2036	47,486,850	77,836,580		77,836,580	1.64
2037	42,305,650	70,947,197		70,947,197	1.68
2038	29,538,000	61,240,008		61,240,008	2.07
2039	19,698,000	50,526,420		50,526,420	2.57
Total⁽⁵⁾	\$802,693,590	\$1,287,766,982	\$2,626,960	\$1,290,393,942	

(1) This table does not include cash flow coverage from any undistributed loans, existing debt service account balances or program investments.

(2) Excludes debt service on the Refunded Bonds.

(3) Total Scheduled and Anticipated Loan Repayments continue through 2049.

(4) Includes Borrower Loan Obligations and Interim Funding Obligations as of June 30, 2025.

(5) Totals may not foot due to rounding.

SECURITY FOR THE BONDS

Special Obligation

Debt service on the 2026 Bonds is expected to be paid from Available Moneys, including pledged amounts in the Bond Proceeds Fund, the Debt Service Fund and the Support Fund. Pursuant to the Resolution, the Available Moneys, all funds and accounts established in connection with the issuance of the Bonds (including the Bond Proceeds Fund, the Debt Service Fund and the Support Fund, but excluding the Rebate Fund), the investments thereof and the proceeds of such investments, if any, are available for the payment of the principal of, Redemption Price of, interest on, and Sinking Fund Installments for the Bonds in accordance with the terms and provisions of the Resolution. Although amounts attributable to the Clean Water Program and the Drinking Water Program are tracked separately for federal reporting purposes, all Available Moneys from both programs are used to pay principal of and interest on all Bonds issued pursuant to the SRF Programs. The Resolution does not restrict the use of Available Moneys for other programs and purposes authorized by federal and State law. See “STATE OF CONNECTICUT CLEAN WATER FUND – Federal Statutory Framework” herein.

Each Borrower Obligation is (i) a legal, valid and binding general obligation for which the full faith and credit of the Borrower is pledged, (ii) a legal, valid and binding revenue obligation for which a dedicated source of revenue of the Borrower is pledged, and/or (iii) a legal, valid and binding corporate obligation or such other obligation acceptable to the State and in compliance with the requirements of the State Act and the Federal Act. Each Borrower Obligation will provide for repayment of the principal amount of the Loan it evidences, together with interest on the unpaid principal amount of such Loan.

The pledge of the Resolution is valid and binding on the State and all other moneys and securities in the funds and accounts established by the Resolution and pledged thereunder are subject to the lien of such pledge without any physical delivery thereof or further act, and such lien is valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the State, irrespective of whether such parties have notice thereof.

Flow of Funds

The following funds are created under the Resolution: the Revolving Fund, the Bond Proceeds Fund, the Debt Service Fund, the Support Fund and the Rebate Fund. Moneys will be held in, and transfers will be made to, the separate accounts of such funds in accordance with the Resolution.

Revolving Fund. The Revolving Fund from which the Bonds are to be repaid consists of amounts in the water pollution control federal revolving loan account and drinking water federal revolving loan account. See “STATE OF CONNECTICUT CLEAN WATER FUND – State’s SRF Programs” herein. The State will maintain the Revolving Fund in accordance with the Federal Act. Not later than one Business Day prior to any Payment Date, the State shall transfer to the Debt Service Fund any amounts necessary, together with any amounts on deposit therein, sufficient to pay principal of, redemption premium, if any, and interest on Bonds coming due on such Payment Date and any amounts payable from the Debt Service Fund related to Other Financial Assistance and Related Program Obligations. See **Appendix C**—“Summary of Certain Provisions of the General Bond Resolution” herein.

Bond Proceeds Fund. The proceeds of the Bonds will be deposited in the Bond Proceeds Fund or an escrow fund, if applicable, as specified in the applicable Supplemental Resolution which authorizes the issuance of the Bonds. Moneys in the Bond Proceeds Fund will be expended only for the purposes of the Clean Water Program or the Drinking Water Program, including the financing of Loans to Borrowers, and to the extent that other moneys are not available, for payments of principal of and interest on the Bonds when due and to redeem Bonds at the direction of the State.

Debt Service Fund. Amounts deposited in the Debt Service Fund may include accrued interest and capitalized interest, if any, and amounts transferred from the Revolving Fund, the Support Fund and the Bond Proceeds Fund. Amounts on deposit in the Debt Service Fund will be used for the payment of debt service on the Bonds when due and amounts due on Other Financial Assistance and Related Program Obligations.

Support Fund. The Support Fund, and accounts therein, shall be funded in the amounts, if any, in the manner set forth in the applicable Supplemental Resolution. Moneys in the Support Fund shall be transferred to the Debt Service Fund to pay the interest, principal and Sinking Fund Installments and Redemption Price due on Bonds, in accordance with the schedule set forth in the applicable Supplemental Resolution.

Cross-Collateralization

The SRF Programs make Loans from the proceeds of Bonds. Loan repayments from the SRF Programs are deposited to the State Revolving Fund General Revenue Bond Program and available to pay all Bonds whether the Loans were made under the Drinking Water Program or the Clean Water Program. The cross-collateralization of the SRF Programs has been structured in accordance with the EPA regulations, interpretations and guidance (collectively, the “**Federal Environmental Law**”) and the Resolution, as amended and supplemented.

Investment of Funds

The State may invest moneys under the Resolution in any Investment Obligations as defined in the Resolution. See **Appendix C** — “Summary of Certain Provisions of the General Bond Resolution” herein.

Additional Bonds

Under the Resolution, the State expressly reserves the right to adopt one or more other general bond resolutions and reserves the right to issue notes and any other obligations so long as the same do not have an equal or prior charge or lien on Available Moneys. The Resolution provides that additional bonds may include a pledge of Borrower Obligations pursuant to a Supplemental Resolution.

Bond Anticipation Notes

Whenever the State authorizes the issuance of a Series of Bonds, the Treasurer is authorized to issue Notes (and renewals thereof) in anticipation of such Series. The principal of and interest on such Notes and renewal thereof will be payable solely from the proceeds of such Notes or renewals thereof or from the proceeds of the sale of the Series of Bonds in anticipation of which such Notes are issued. The proceeds of such Bonds may be pledged for the payment of the principal of and interest on such Notes and any such pledge will have a priority over any other pledge of such proceeds created by the Resolution. Unless otherwise provided in a Supplemental Resolution, Notes will not be secured by the Support Fund or any fund or account established under the Resolution.

State General Taxing Power Not Pledged

The 2026 Bonds are special obligations of the State payable solely from Available Moneys in the Revolving Fund in accordance with the terms and provisions of the Resolution. The issuance of the 2026 Bonds under the State Act and the Resolution shall not directly or indirectly or contingently obligate the State or any political subdivision thereof to levy or to pledge any form of taxation whatsoever therefor, or to make any additional appropriation for their payment. The 2026 Bonds shall not constitute a charge, lien, encumbrance or mortgage, legal or equitable, upon any property of the State or of any political subdivision thereof, and other receipts, funds or moneys pledged therefor. The 2026 Bonds shall not be subject to any statutory limitation on the indebtedness of the State and, when issued, shall not be included in computing the aggregate indebtedness of the State with respect to and to the extent of any such limitation.

AUTHORIZATION FOR THE BONDS

Legal Authority – State Bond Commission

The State will issue the 2026 Bonds pursuant to the State Act and the Resolution. Under the terms of the State Act, the State Bond Commission (established pursuant to Section 3-20 of the General Statutes of Connecticut, as amended) is empowered to authorize revenue bonds in accordance with the permitted uses of the SRF Programs including the Clean Water Program and the Drinking Water Program, subject to the legislative authorizations of additional Bonds, and to authorize the execution of the Resolution as a contract of the State with the holders of the Bonds.

The State Bond Commission consists of the Governor, the Treasurer, the Comptroller, the Attorney General, the Secretary of the Office of Policy and Management, the Commissioner of the Department of Administrative Services and the Co-chairpersons and the Ranking Minority Members of the Joint Standing Committee on Finance, Revenue and Bonding of the General Assembly. The Secretary of the Office of Policy and Management serves as secretary to the State Bond Commission.

Agreement of the State

In consideration of the purchase and acceptance of the Bonds by purchasers or subsequent holders of the Bonds, the provisions of the Resolution will constitute a contract among the State, the Trustee and the holders from time to time of all Bonds issued under the Resolution, including the 2026 Bonds. The provisions, covenants and agreements of the Resolution set forth to be performed on behalf of the State will be for the equal benefit, protection and security of the Holders of any and all of the Bonds issued under the Resolution, including the 2026 Bonds, all of which, regardless of the time or times of their issue or maturity, will be of equal rank without preference, priority or distinction of any of the Bonds over any other therefor except as expressly provided in the Resolution.

DESCRIPTION OF THE 2026 BONDS

Interest and Principal Payment Dates, Places and Payees. The 2026 Bonds will be dated their date of delivery, and will bear interest therefrom, payable on March 1 and September 1 of each year, commencing March 1, 2027, and will mature on March 1 in the years and in the principal amounts set forth on the inside cover page hereof. The principal of, premium, if any, and interest on the 2026 Bonds will be payable at the corporate trust office of the Trustee in Hartford, Connecticut, or at the office of the Paying Agent in New York, New York, or at the office designated for such payment by the Trustee or any successor Trustee. Interest on the 2026 Bonds will be payable to the person appearing on the registration books of the Trustee as the registered owner thereof on the Record Date by check or draft mailed on the interest Payment Date to the registered owner or, following appropriate notice to the Trustee, by wire transfer on the interest Payment Date to any owner of at least \$1,000,000 in aggregate principal amount of the 2026 Bonds. As long as the 2026 Bonds are registered in book-entry-only form, principal and interest will be payable solely to Cede & Co., as nominee of DTC, as the sole registered owner of the 2026 Bonds. The Resolution establishes the fifteenth day preceding each interest Payment Date as the Record Date for such interest Payment Date. Interest on the 2026 Bonds will be calculated on the basis of a 360-day year of twelve 30-day months.

Registration, Transfer and Exchange. The 2026 Bonds are issuable as fully registered bonds in any denomination constituting an integral multiple of \$5,000 not exceeding the aggregate principal amount of the 2026 Bonds. The 2026 Bonds may be transferred or exchanged, upon presentation or surrender, as the case may be, at the corporate trust office of the Trustee in Hartford, Connecticut, or

at the office of the Paying Agent in New York, New York, as provided in the Resolution. Any 2026 Bonds, upon surrender thereof at the corporate trust office or at the paying agency office of the Trustee, with a written instrument of transfer satisfactory to the Trustee, duly executed in writing, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of 2026 Bonds of the same series, maturity and rate of any other authorized denominations. For every exchange or transfer of the 2026 Bonds, the State may make a charge sufficient to reimburse it for any tax, fee or other government charge required to be paid with respect to such exchange or transfer.

STATE OF CONNECTICUT OFFICE OF THE TREASURER

The Treasurer is primarily responsible for receiving and disbursing all moneys belonging to the State, supervising the collection of State taxes and the investment of State funds, administering certain State trust funds and managing State property. Subject to the approval of the Governor, the Treasurer is authorized, when necessary, to make temporary borrowings evidenced by State obligations. In addition, the State Bond Commission normally delegates to the Treasurer the responsibility for determining the terms and conditions and carrying out the issuance of State general obligation and revenue bonds.

The Treasurer and DEEP and the Treasurer and DPH, respectively, have entered into Memorandums of Agreement pertaining to the management of the SRF Programs. The Memorandums of Agreement delegate to the Treasurer certain responsibilities with respect to the implementation and management of the SRF Programs. A Financial Administrator has been appointed by the Treasurer to manage and coordinate the various financial components of the SRF Programs on a day-to-day basis.

The Financial Administrator is responsible for the following tasks: development of all the supporting data for the financing of projects from the SRF Programs, including reviewing any credit related documents submitted by Borrowers to obtain a Loan; coordination of the tax documentation necessary to finance the projects; coordination of the investment of bond proceeds of either revenue bonds or general obligation bonds to maximize the yield while meeting the other programmatic requirements of the SRF Programs; and coordination of the preparation of documentation to finance the SRF Programs. The Financial Administrator, DEEP and DPH prepare the annual reports detailing the activities of each of the SRF Programs to be submitted to the Governor by the respective Commissioner and the Treasurer. The Treasurer makes no representation as to the creditworthiness of any particular Borrower or its ability to make Loan repayments.

The activities of the Financial Administrator are coordinated with those of DEEP and the Office of Policy and Management (“OPM”) for the Clean Water Program. OPM manages the State’s capital budget and oversees the bond allocation process. An Amendment to the Memorandum of Agreement, which became effective January 1, 2009, includes roles and responsibilities related to the use of both the statewide accounting, procurement and payroll system known as Core-CT and a new project management and accounting system.

The Drinking Water Program Interagency Memorandum of Understanding details the roles and responsibilities of DPH, DEEP, the Treasurer and the Public Utility Regulatory Authority (formerly, the Department of Public Utility Control) (“PURA”) with respect to the Drinking Water Program. DPH is responsible for programmatic administration and fiscal operations of the drinking water projects and set-asides. The Treasurer handles the fiscal administration of all Drinking Water Program accounts, oversight of project loans including loan issuance and loan closings under the fiscal provisions of the State's SRF Programs and the administration of the Drinking Water Program, which

includes the issuance of bonds. PURA has programmatic and fiscal input on Drinking Water Program projects for PURA regulated privately owned public drinking water utilities. PURA has no rate-making authority with respect to municipal Borrowers.

**STATE OF CONNECTICUT
DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION**

DEEP was established as a State agency to carry out the environmental policy of the State, including conserving, improving and protecting the State's natural resources and environment and mitigating water, land and air pollution. The State Act gives DEEP certain statutory responsibilities with respect to the Clean Water Program. DEEP is also responsible for enforcement of, and compliance with, State and federal laws, rules and regulations pertaining to pollution control in the State generally and supervising research related to restoring and rehabilitating the Long Island Sound.

DEEP, as the recipient of the federal wastewater base capitalization grants on behalf of the State, executes a capitalization grant agreement with the EPA, processes cash draws of the grants and requests the appropriate state matching funds from the State for deposit in the Clean Water Program. DEEP prepares and submits an annual report detailing its activities to the EPA.

DEEP biennially prepares the Priority List of eligible water quality projects identifying wastewater treatment projects that are eligible for assistance from the Clean Water Program (“**DEEP Priority List**”). In addition to determining project eligibility, DEEP approves disbursement requests for construction costs incurred by Borrowers who receive financial assistance from the Clean Water Program. DEEP also inspects projects to monitor compliance with approved plans and specifications, issues approvals of work for planning, design and construction, and reviews all submissions of Borrowers that are required to follow an enforcement schedule.

**STATE OF CONNECTICUT
DEPARTMENT OF PUBLIC HEALTH**

DPH is the state agency that carries out the public health policy of the State, including the use and protection of the State’s drinking water resources. The State Act gives DPH certain statutory responsibilities with respect to the Drinking Water Program. The Drinking Water Section of DPH is responsible for enforcement of and compliance with, State and federal laws, rules and regulations pertaining to drinking water and its use in the State.

DPH, as the recipient of the federal drinking water capitalization grants on behalf of the State, executes a capitalization grant agreement with the EPA and requests the appropriate state matching funds from the State for deposit in the Drinking Water Program. DPH prepares and submits an annual report detailing its activities to the EPA.

DPH determines the future needs and sets priorities for funding drinking water projects. Based on approved State and federal appropriations, DPH annually prepares the Project Priority List identifying drinking water projects that are eligible for assistance from the Drinking Water Program (“**DPH Priority List**”). In addition to determining project eligibility, DPH approves and processes disbursement requests for planning, design and construction costs incurred by Borrowers who receive financial assistance from the Drinking Water Program. DPH also inspects projects to monitor compliance with approved plans and specifications therefor. DPH establishes compliance schedules and reviews all submissions of Borrowers that are required to follow an enforcement schedule. DPH is responsible for reporting the details of these and other program activities to the EPA every year.

THE LOANS

Loan Application Process

While there are slight differences between the Clean Water Program and the Drinking Water Program, the Loan application processes are similar. In order to qualify for funding from a SRF Program, a project must be listed on DEEP's Priority List of eligible water quality projects or DPH's Priority List of eligible drinking water projects (collectively, the "**Priority List**"), which sets forth the projects expected or proposed to receive financial assistance under the SRF Programs. Once a project is placed on the Priority List, the potential Loan recipient must file an application for financial assistance for such project. The application must pass four levels of approval: (1) evaluation to determine if the proposed project addresses the needs cited by DEEP/DPH and complies with regulatory and statutory requirements; (2) project administration, which determines project eligibility for funding in accordance with State and federal regulations; (3) environmental review, which may involve the preparation of an environmental assessment of the project; and (4) credit review, which analyzes an applicant's ability to repay the Loan. The Office of the Treasurer reviews the financial information submitted with each application. DEEP/DPH and the Office of the Treasurer determine whether, and on what terms and conditions, financial assistance will be provided, including whether or not the State will issue revenue bonds for the benefit of the project. If DEEP/DPH and the Office of the Treasurer determine that the State will not finance all or a portion of the cost of such project from the proceeds of revenue bonds, the State may provide a direct loan to assist an eligible project from moneys in the Revolving Fund that are not pledged to or otherwise required for the payment of the Bonds, any other Financial Assistance and any Related Program Obligations. Grants to municipalities for qualified wastewater projects are funded solely from the Clean Water Program using proceeds from State general obligation bonds.

Loan Agreements

Prior to the making of a Loan to a Borrower for an eligible project from funds in the Revolving Fund, the Borrower and the State must enter into a Loan Agreement relating to such Loan and the Borrower must deliver to the State an obligation of such Borrower (a "**Borrower Obligation**") evidencing such Loan. In each Loan Agreement, the State agrees to make a Loan in an amount up to the maximum amount provided in the Loan Agreement. Funds are disbursed to a Borrower only to pay eligible project costs which actually have been incurred by the Borrower, and the amount of a Loan is equal to the aggregate of such disbursed amounts.

Each Loan Agreement specifies a date as of which the project is required to be completed (the "**Scheduled Completion Date**"). Amortization of each Loan is required to begin no later than one year from the earlier of the Scheduled Completion Date specified in the Loan Agreement or the actual project completion date. The final maturity of each Loan is no later than twenty years from the Scheduled Completion Date. Pursuant to the State Act, each Loan bears an interest rate of 2% per annum for Clean Water Program Loans and the Market Rate for Drinking Water Program Loans.

Loan Repayments

Pursuant to the State Act and the Loan Agreements, principal and interest payments on Loans are payable (i) in equal monthly installments commencing one month after the Scheduled Completion Date, or (ii) in a single annual installment representing the first year's principal not later than one year after the Scheduled Completion Date and thereafter in monthly installments of principal and interest.

Borrowers may elect to make level debt service payments or level principal payments. Under the Resolution, Loan repayments are included in Available Moneys. See “SECURITY FOR THE BONDS – Special Obligation” herein.

Security for the Loans

Each Loan is secured by a Borrower Obligation. Borrower Obligations include bonds, notes or other evidences of debt issued by any Borrower, which obligations may be general obligations, revenue obligations or a combination of general obligation and revenue and/or corporation obligations or such other obligation acceptable to the State and in compliance with the requirements of the State Act and Federal Act. The issuance of the Borrower Obligation must be accompanied by an opinion of counsel to the Borrower to the effect that such obligation constitutes (i) a legal, valid and binding general obligation for which the full faith and credit of the Borrower is pledged, (ii) a legal, valid and binding revenue obligation for which a dedicated source of revenue of that Borrower is pledged and/or (iii) a legal, valid and binding corporate obligation or such other obligation acceptable to the State and in compliance with the requirements of the State Act and the Federal Act.

In connection with the issuance of the 2026 Bonds, the State makes no representation as to the creditworthiness of any particular Borrower or its ability to make Loan repayments. There have occasionally been late payments by Borrowers due to administrative oversights. However, such late payments have had no material effect on SRF Program cashflows. There have been no Borrower defaults in the history of the SRF Programs.

THE BORROWERS

Under the Resolution, Borrowers may include (i) any metropolitan district, town, water district, consolidated town and city, consolidated town and borough, city, borough, village, fire and sewer district, sewer district or public authority and each municipal organization having authority to levy and collect taxes or make charges for its authorized function, and (ii) any private or public corporation or other entity undertaking activities authorized by the State Act and the Federal Act.

The State has made Loans, and has entered into or anticipates entering into Loan Agreements under which it will agree to make Loans, to the Borrowers in the amounts set forth in the table below. Except as provided below, the bond proceeds are disbursed on a first-come, first-served basis to those Borrowers that have executed Loan Agreements and delivered Borrower Obligations, as such Borrowers incur project costs. Borrowers in addition to the ones listed below, subject to State Bond Commission approval, may receive Loans from Bond proceeds, provided that they have entered into Loan Agreements with the State. Loan Agreements relating to the Borrowers listed below may be amended to provide that additional municipalities that use portions of any project may be liable, in lieu of such listed Borrowers, for the repayment of portions of the Loan amounts thereunder. Borrowers may or may not have credit ratings from one or more nationally recognized rating agencies on their municipal debt.

Each municipality and public water system applying for a Loan from the State must (i) obtain all necessary local approvals, (ii) provide evidence of its ability to repay the Loan and (iii) submit all applicable financial information with its complete project application. All Borrowers with outstanding Loans are subject to on-going surveillance by the State. Loan payments by the Borrowers are due monthly which allows early identification of any potential credit issues. Loan servicing is provided by the Program Trustee bank with supervision by the State Treasurer’s office. No grace period or missed payments are permitted. This approach assists the State in identifying any potential payment

problems. Loan servicing is provided by the Trustee in communication with the State. There is an annual financial review process which is overseen by OPM. This process includes the collection and review of Annual Comprehensive Financial Reports (“**ACFR**”) from nonprofit entities, municipalities, and certain other local governments. Within the ACFR are any required Federal and State Single Audits filings. All of the ACFR’s are made available through OPM’s website. Once OPM reviews the audits, a summary of any audit findings is submitted to the state agency/agencies responsible for providing the funding.

As of the date of this Official Statement, Aquarion Water Company’s (“**Aquarion**”) parent company, Eversource, is seeking to sell Aquarion to the South Central Connecticut Regional Water Authority (“**RWA**”), a Borrower of the Drinking Water Program. Currently owned by Eversource, Aquarion is a corporate-owned entity, regulated by PURA, which has the authority to set rates and scrutinize service. PURA whose approval of the sale is required, gave such approval in March 2026 after having previously denied the transaction. The \$2.4 billion sale would transform Aquarion into a quasi-public entity similar to the RWA with rates and operations overseen by a board made up of members appointed by the 59 municipalities within the utility service area. The new entity would no longer be regulated by PURA. Opposition has emerged within some of the cities and towns in the utility service area and on April 8, 2026 the Attorney General of the State of Connecticut (the “Attorney General”) filed a petition asking PURA to reconsider its decision. On April 30, 2026, PURA denied the Attorney General’s petition. It cannot be predicted at this time whether the transaction will be completed or what impact, if any, it would have on the rates and charges of ratepayers in the utility service area but it is not expected to have any material impact on the SRF Programs or its cashflows.

The table below lists, as of June 30, 2025, (i) Borrowers with outstanding Loans under the SRF Programs, (ii) Borrowers who have undrawn Loan commitments, and (iii) Borrowers expected to receive additional Loan commitments through June 30, 2026, to be funded under the SRF Programs. Many of the Borrowers listed below have multiple Loans.

**State of Connecticut State Revolving Fund Loans Outstanding as of June 30, 2025
and Expected Additional Commitments through June 30, 2026**

<u>Borrower</u>	<u>Borrower Obligations as of 06/30/25⁽¹⁾</u>	<u>Undrawn Loan Commitments⁽²⁾</u>	<u>Additional Commitments Through 06/30/26⁽³⁾</u>	<u>Total Commitments⁽⁴⁾</u>
Aqua Vista Association	\$ 99,348			\$ 99,348
Aquarion Water Co.	3,197,124	\$ 1,887,091	\$ 7,205,761	12,289,976
Baxter Farms	32,158			32,158
Berlin	3,428,261		1,050,000	4,478,262
Bethel	11,453,345	2,081,393		13,534,738
Bolton Lakes	4,696,185			4,696,185
Bridgeport	23,253,298	8,016,626	32,500,000	63,769,924
Bristol	7,937,306	2,188,806		10,126,113
Brookfield	692,688			692,688
Burlington	267,892			267,892
Candlewood Knolls Water	152,212			152,212
Canton	305,235			305,235
Cheshire	14,843,216			14,843,216
Chester	272,790			272,790
Colchester	452,810			452,810
Connecticut Water Co.	316,404		37,425,000	37,741,404
Cook Willow	58,462			58,462
Coventry	1,079,959			1,079,959
Cromwell Fire	92,840			92,840
Danbury	2,100,075			2,100,075
Deep River	200,277			200,277
East Lyme	9,107,763			9,107,763
Enfield	20,063,971			20,063,971
Farmington	33,312,359			33,312,359
GNHWPCA	64,941,270	19,059,692		84,000,962
Groton	34,230,129			34,230,129
Guilford	2,123,347			2,123,347
Hartford	226,419			226,419
Hazardville Water	6,896			6,896
Heritage Cove Condominiums	27,220			27,220
Killingly	15,603,007			15,603,007
Ledyard	2,490,800			2,490,800

(1) Funded from proceeds of federal grants, State general obligation bond proceeds and Bond proceeds.

(2) Consists of undrawn amounts under executed Loan Agreements to be funded from State general obligation bond proceeds, the Bonds and, subject to legislative authorization, additional Bond proceeds.

(3) Consists of amounts expected to be drawn on Loans through June 30, 2026, for which no Loan Agreement has yet been executed, to be funded from State general obligation bond proceeds, the Bonds, and, subject to legislative and State Bond Commission authorization, additional Bond proceeds.

(4) Total Commitments is the sum of Loans outstanding as of June 30, 2025, Undrawn Loan Commitments and Additional Commitments through June 30, 2026. Totals may not foot due to rounding.

<u>Borrower</u>	<u>Borrower Obligations as of 06/30/25⁽¹⁾</u>	<u>Undrawn Loan Commitments⁽²⁾</u>	<u>Additional Commitments Through 06/30/26⁽³⁾</u>	<u>Total Commitments⁽⁴⁾</u>
Manchester	\$ 17,197,772		\$ 9,000,000	\$ 26,197,772
Marlborough	4,347,360			4,347,360
Mattabassett	21,797,047			21,797,047
MDC	494,729,429	38,265,459	156,108,759	689,103,646
Meriden	43,080,309	\$ 890,601		43,970,910
Miami Beach Assoc. - Old Lyme	572,384	51,262		623,645
Middletown	19,068,264	88,750		19,157,014
Montville	1,129,173	353,776		1,482,948
Naugatuck	55,608			55,608
New Britain	5,954,678	714,833	46,500,000	53,169,510
New London	4,458,026	3,190,160		7,648,187
New Milford	247,007			247,007
Newtown	5,277			5,277
North Haven	48,952			48,952
Northland Country Living LLC	1,623			1,623
Norwalk	19,667,050			19,667,050
Norwalk 2nd Taxing District	261,640	2,354		263,994
Norwich Public Utilities	57,295,862	77,306,302		134,602,164
Old Colony Beach Club Assoc.	1,238,220	311,671		1,549,891
Old Lyme Shores Beach Assoc.	505,366	59,940		565,306
Plainville	6,338,707			6,338,707
Plymouth	622,488			622,488
Point- O-Woods	1,613,981			1,613,981
Portland	615,896			615,896
Putnam	105,342			105,342
Putnam River Trail	295,699			295,699
Ridgefield	30,941,318	2,157,337		33,098,655
RWA	38,625,066			38,625,066
Shelton	3,485,056			3,485,056
Simsbury	743,154			743,154
South Windsor	100,970		9,001,594	9,102,564
Southeastern Water Authority	50,356	59,588		109,944
Southington	33,874,659			33,874,658
Sprague	387,148			387,148
St. Joseph's Church Brookfield	77,500			77,500
Stonington	5,504			5,504
Stratford	32,238,987			32,238,987
The Juniper Club, Inc.	1,004			1,004
Thomaston	1,012,924			1,012,924
Thompson	354,998			354,998
Torrington	40,991,482			40,991,482
Town of Old Lyme	393,446	167,954		561,400

(1) Funded from proceeds of federal grants, State general obligation bond proceeds and Bond proceeds.

(2) Consists of undrawn amounts under executed Loan Agreements to be funded from State general obligation bond proceeds, the Bonds and, subject to legislative authorization, additional Bond proceeds.

(3) Consists of amounts expected to be drawn on Loans through June 30, 2026, for which no Loan Agreement has yet been executed, to be funded from State general obligation bond proceeds, the Bonds, and, subject to legislative and State Bond Commission authorization, additional Bond proceeds.

(4) Total Commitments is the sum of Loans outstanding as of June 30, 2025, Undrawn Loan Commitments and Additional Commitments through June 30, 2026. Totals may not foot due to rounding.

<u>Borrower</u>	<u>Borrower Obligations as of 06/30/25⁽¹⁾</u>	<u>Undrawn Loan Commitments⁽²⁾</u>	<u>Additional Commitments Through 06/30/26⁽³⁾</u>	<u>Total Commitments⁽⁴⁾</u>
Vernon	\$ 41,066,708			\$ 41,066,708
Wallingford	28,591,254			28,591,254
Waterbury	15,069,650			15,069,651
Wellswood Estates Foundation	29,920			29,920
West Haven	17,498,273	\$ 7,794,110	\$ 437,435	25,729,818
Winchester	1,733,208	2,647,236		4,380,443
Windham	295,107			295,107
Woodlake Tax District	322,567			322,567
Woodland Summit Water	148,205			148,205
Yeshiva Geodolah Waterbury	<u>16,657</u>	<u> </u>	<u> </u>	<u>16,657</u>
Total ⁽⁵⁾	<u>\$1,246,373,348</u>	<u>\$167,294,940</u>	<u>\$299,228,549</u>	<u>\$1,712,896,838</u>

As of June 30, 2025, a total of 50 Borrowers have Loans outstanding under the Clean Water Program with an outstanding principal amount of approximately \$1,015,693,790. MDC is the only Significant Obligor at the time of issuance of the 2026 Bonds. MDC has general obligation ratings of AA from S&P Global Ratings (“S&P”) and Aa2 from Moody’s Investors Service with a total of 43% of the Clean Water Program Loans outstanding.

As of June 30, 2025, a total of 49 Borrowers have Loans outstanding under the Drinking Water Program with an outstanding principal amount of approximately \$230,679,558. MDC, the only Significant Obligor, has a total of 26% of the Drinking Water Program Loans outstanding.

As of June 30, 2025, the combined total of Outstanding Bonds for both the Clean Water Program and the Drinking Water Program was \$617,180,000. A total of 79.89% of the Loans in both programs are secured as general obligations of the Borrowers, 17.79% are revenue obligations and 2.32% are both general obligation and revenue obligations. As of June 30, 2025, the current S&P ratings of the Borrowers (as a percentage of total principal outstanding) are 10.99% AAA, 10.70% AA+, 48.85% AA, 9.65% AA-, 2.35% A, 1.41% BBB+ and 16.05% nonrated.

(1) Funded from proceeds of federal grants, State general obligation bond proceeds and Bond proceeds.

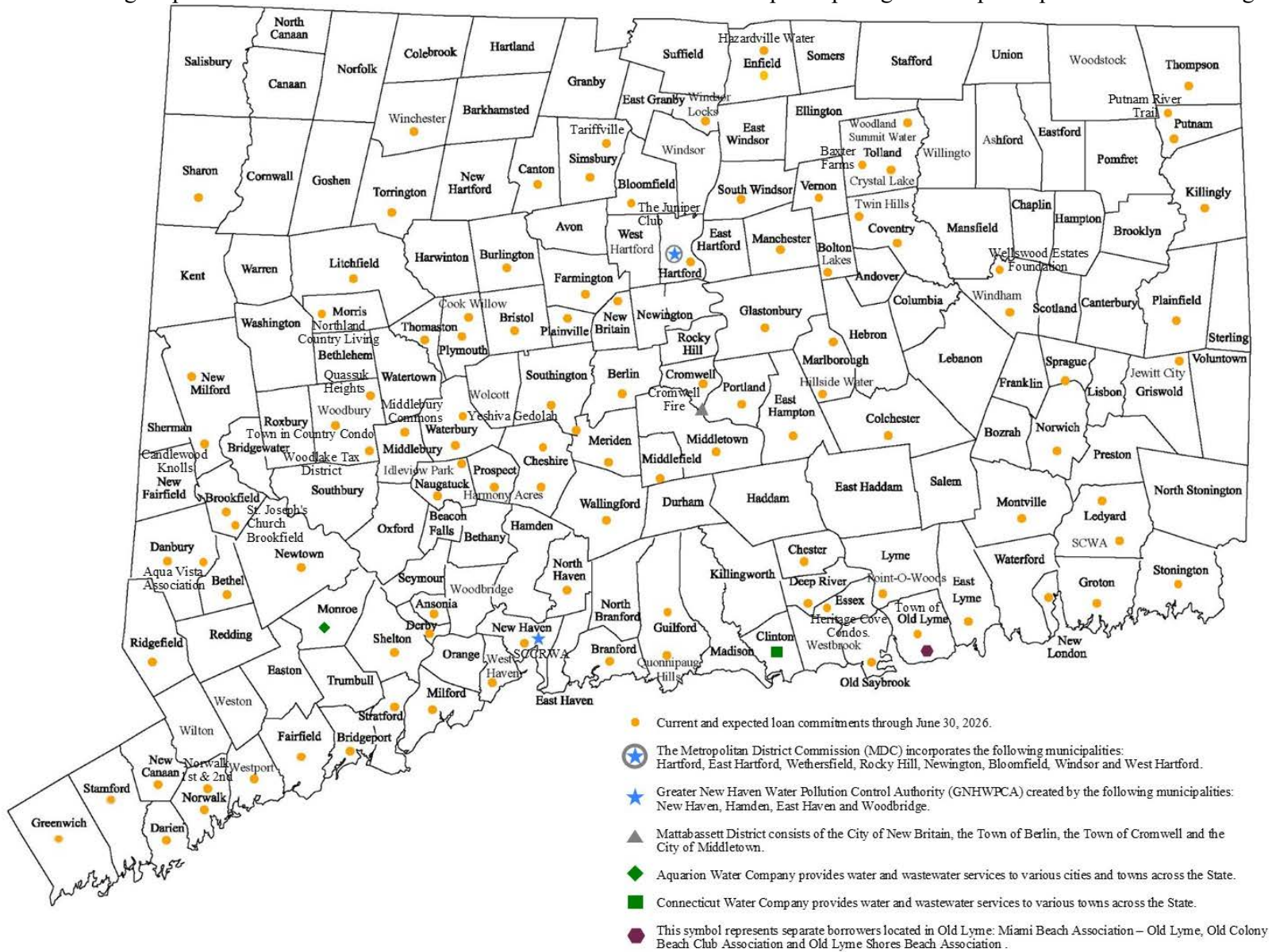
(2) Consists of undrawn amounts under executed Loan Agreements to be funded from State general obligation bond proceeds, the Bonds and, subject to legislative authorization, additional Bond proceeds.

(3) Consists of amounts expected to be drawn on Loans through June 30, 2026, for which no Loan Agreement has yet been executed, to be funded from State general obligation bond proceeds, the Bonds, and, subject to legislative and State Bond Commission authorization, additional Bond proceeds.

(4) Total Commitments is the sum of Loans outstanding as of June 30, 2025, Undrawn Loan Commitments and Additional Commitments through June 30, 2026. Totals may not foot due to rounding.

(5) Totals may not foot due to rounding.

The following map of the State indicates the location of the Borrowers that are participating or have participated in the SRF Programs:



Set forth in **Appendix A, Part II** is certain information regarding MDC, the only current Borrowers whose Loans, including current and anticipated Loan commitments through June 30, 2026, are expected to exceed 20% of the aggregate outstanding principal amount of the Loans financed with proceeds of Bonds. With this issuance of the 2026 Bonds, the State is adjusting its definition of Significant Obligor required in all future Continuing Disclosure Agreements from 10% to 20% to align with standard industry disclosure practices. This threshold requirement to qualify as a Significant Obligor will be implemented with the Continuing Disclosure Agreement executed in connection with the issuance of the 2026 Bonds and will be in effect so long as any 2026 Bonds remain Outstanding. However, so long as any Series 2017A Bonds, Series 2017B Bonds or Series 2019A Bonds remain outstanding, the 10% threshold will apply to MDC and any other Borrower who may meet the 10% threshold. (See “CONTINUING DISCLOSURE AGREEMENTS” herein and **Appendix F** – “Form of Continuing Disclosure Agreements.”) **Appendix A, Part I** contains certain general information with respect to the Borrowers. **Appendix A, Part II** contains a general description of MDC, the only Significant Obligor at the time of issuance of the 2026 Bonds, as well as a link to more detailed information regarding MDC. **Appendix A, Part I** and **Appendix A, Part II** of this Official Statement should be read in light of the fact that Loan amounts may change, other Borrowers may be substituted, and additional Borrowers may be added in the future. Further, an identified Borrower may fall below the 20% threshold and thereafter may be released from its obligations under its Borrower Continuing Disclosure Agreement. (See “CONTINUING DISCLOSURE AGREEMENTS” and **Appendix F** – “Form of Continuing Disclosure Agreements.”) The specific amounts loaned to the Borrowers will generally depend upon the actual progress of construction of such Borrowers' projects.

ASSETS AND DEBT IN REVOLVING FUND

The following table sets forth the assets and debt of the Revolving Fund on a cash basis as of June 30, 2025, adjusted to include the anticipated issuance of the 2026 Bonds. See “STATE OF CONNECTICUT CLEAN WATER FUND” herein.

Assets and Debt in Revolving Fund

<u>Assets</u>	
Loans ⁽¹⁾	\$1,246,373,348
Debt Service Funds	245,150,980
All Other Assets	<u>473,145,585</u>
Total Assets	<u>\$1,964,669,913</u>
<u>Debt</u>	
Existing Bonds ⁽²⁾	\$443,000,000
2026 Bonds	<u>163,070,000</u>
Total Debt	<u>\$606,070,000</u>
Ratio of Program Assets to Liabilities	3.24

⁽¹⁾ Does not include undrawn loan commitments.

⁽²⁾ Excludes the principal amount of the Refunded Bonds.

ABSENCE OF LITIGATION

Upon delivery of the 2026 Bonds, the State will furnish a certificate of the Attorney General of the State, dated the date of delivery of the 2026 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 2026 Bonds, or in any way contesting or affecting the validity or enforceability of the 2026 Bonds or any of the proceedings taken with respect to the issuance and sale thereof or the application of moneys to the payment of the 2026 Bonds. In addition, such certificate will state that there is no controversy or litigation of any nature now pending by or, to the best of his knowledge, threatened, by or against the State which, in the opinion of the Attorney General, will be finally determined so as to result individually or in the aggregate in a final judgment against the State which would materially adversely affect the financial condition of the SRF Programs or the power of the State to collect and enforce the collection of the revenues, receipts, funds or moneys pledged for payment of the 2026 Bonds.

Each Borrower's Town Attorney, City Attorney, General Counsel, Bond Counsel or other attorney or representative, as applicable, has provided or will provide prior to closing on the 2026 Bonds a certificate to the effect that there is no controversy or litigation of any nature, pending or threatened against the Borrower contesting or affecting the validity or enforceability of the Borrower Obligations or the use of proceeds of the Borrower Obligations. In addition, such certificate will state that there is no controversy or litigation of any nature now pending or threatened by or against the Borrower which could have a material adverse impact on the financial condition of the Borrower or adversely affect the power of the Borrower to levy, collect and enforce the collection of taxes or other revenues for the payment of its Borrower Obligations which has not been disclosed to the State.

LEGALITY FOR INVESTMENT

Under the provisions of the State Act, the 2026 Bonds are securities in which all public officers and public bodies of the State and its political subdivisions, all insurance companies, credit unions, building and loan associations, investment companies, banking associations, trust companies, executors, administrators, trustees and other fiduciaries and pension, profit-sharing and retirement funds may properly and legally invest funds, including capital in their control or belonging to them. Pursuant to the State Act, the 2026 Bonds are securities which may properly and legally be deposited with and received by any State or municipal officer or any agency or political subdivision of the State for any purpose for which the deposit of bonds, State bond anticipation notes, State grant anticipation notes or other obligations of the State is now or may hereafter be authorized by law.

CERTAIN LEGAL MATTERS

Legal matters incident to the issuance of the 2026 Bonds and with regard to the status of the interest thereon are subject to the legal opinion of Hardwick Law Firm, LLC, Hartford, Connecticut, Bond Counsel. Signed copies of its opinion, dated and speaking only as of the date of original delivery of the 2026 Bonds, will be delivered to the Underwriters at the time of such original delivery and the form of the opinion is set forth as **Appendix H** to this Official Statement. Certain legal matters will be passed upon for the Underwriters by Shipman & Goodwin LLP, Hartford, Connecticut, Underwriters' Counsel.

Bond counsel for each Borrower has rendered or will render to the State an opinion to the effect that (subject to certain exceptions for bankruptcy, insolvency and laws affecting creditors' rights and remedies), upon the disbursement of proceeds of a Loan, such Borrower's Obligation is a valid and

legally binding obligation of such Borrower for which such Borrower has validly pledged its full faith and credit and/or for which certain special revenues are validly pledged and creates a valid lien upon such revenues, and that (subject to the aforesaid exceptions) such Borrower's Loan Agreement is a valid and binding obligation of the Borrower, enforceable against it in accordance with its terms.

CERTAIN RELATIONSHIPS

Hardwick Law Firm, LLC, Hartford, Connecticut, Bond Counsel, represents certain of the Underwriters in other financings, but is not representing the Underwriters in connection with the issuance of the 2026 Bonds. Shipman & Goodwin LLP, Hartford, Connecticut, Underwriter's counsel, has served as bond counsel in connection with other bonds issued by the State and serves as bond counsel or general counsel to certain Borrowers.

OTHER MATTERS

Climate Change and Environmental Matters

Climate change refers to the effect that a warming and changing climate has on the environment, humans and infrastructure. Among the impacts of climate change are rising sea surface temperatures and sea levels and more frequent extreme weather events. In general, the State has been getting warmer and wetter. The effect of climate change extends to potential impacts on ecological habitats, species, agricultural products, air quality and diseases which are not all discussed here. Climate change is already impacting the State; the State is planning for these changes using locally-scaled approaches, while investing in clean and renewable energy to mitigate the State's Greenhouse Gas ("GHG") emissions. The State has endeavored to take a proactive and informed approach to ensure that the State's environment and economy continue to be sustainable. The State has experienced significant but unmeasurable losses from extreme weather events over the years and such events in the future could impose additional costs on residents, businesses and government that can adversely affect local, state and regional economies. These events impose recovery costs, often reimbursed by the federal government through emergency declarations, which can be further offset by investment in resiliency and sustainability. Rising sea levels increase the impact of these events and also require investment in adaptation.

Climate Impacts

Rising Sea Levels. While the State is less susceptible to flooding and rising sea levels than some other coastal states, it has 618 miles of coastline along Long Island Sound and Fishers Island Sound, with direct proximity to, but partially protected from, the Atlantic Ocean. The effects of rising sea levels are expected to be experienced in the next three decades primarily in the low-lying neighborhoods and natural areas that are in floodplains along the coastline and in tidal riverine areas. Rising sea levels are expected to result in increased tidal flooding, conversion of tidal wetlands to open water and increased rates of coastal erosion. Neighborhoods and roads that experienced infrequent flooding today and, in the past, could be challenged by flooding on a regular basis unless elevated.

The current sea level rise planning scenario adopted by DEEP projects a rise in the mean sea level in Long Island Sound of up to 20 inches above the 1983-2001 National Tidal Datum Epoch by 2050. It is estimated that approximately four inches of this maximum rise occurred by 2016. Analyses by the Connecticut Institute for Resilience & Climate Adaptation ("CIRCA") show that complexity of the coastal geometry and development patterns cause the magnitude of the increase in risk to vary across the State. As one example, in the portions of coastal eastern Connecticut where the annual risk

of coastal flooding has been 10% (or 1 event every 10 years), a rise in sea level of 20 inches would increase that risk to 50% (or 1 event every 2 years). CIRCA reassessed this data in 2025 and concluded that the projection of 20 inches by 2050 is still accurate.

Much of the State's coastline is rocky with substantial elevation changes, and the loss of land area to permanent flooding is likely to be limited to areas already currently affected by regular to occasional tidal flooding, depending on land elevation. The lowest lying areas which could be affected by increased frequency of tidal flooding, particularly urban areas, may require extensive renovation to harden construction in these areas, elevate properties, and increase resiliency, as well as protect fresh water supplies from saltwater intrusion. Higher water levels may also alter floodplain maps, resulting in higher insurance and building costs for new construction, reconstruction and renovation, and recovery from weather events. Higher water levels may also require future rebuilding of public roads, railroads and other infrastructure in these lower lying areas to account for the rise. These relatively slow-moving effects are continually studied and addressed at the state and local level, with many coastal communities conducting planning to evaluate risks and identify options to increase resilience.

Extreme Heat, Drought and Precipitation. The State is susceptible to heat waves, drought and increased precipitation. According to CIRCA, climate change is expected to increase average temperature by five degrees Fahrenheit by 2050. Average annual precipitation is expected to increase four inches by 2050 and the number of heat wave days from four to 48. The State also experiences abnormally dry or drought conditions. Indices of hot weather, summer drought, and extreme precipitation events (rain or snow) are all expected to increase by 2050 with a decrease in summer water availability. Extreme heat events pose a significant threat to public health in the State. The Connecticut Water Council adopted the most recent drought preparedness and response plan in 2022, which lays out protocols for how the State prepares for and responds to drought conditions. Under the plan, all eight counties in Connecticut were designated as a Stage 2 Drought in 2024. It is the second of five levels under the Connecticut Drought Preparedness and Response Plan, with Stage 1 being the lowest and Stage 5 the most extreme. This designation is no longer in effect.

Extreme Storms. Like other New England states, the State is susceptible to storms, including blizzards, nor'easters and hurricanes. Wet weather events can cause river flooding, drainage problems and increased groundwater tables and can overwhelm sewer systems, especially with events that far exceed infrastructure design. These events are not limited to large storm systems such as nor'easters and hurricanes. These types of events also can be from localized "rain bomb" events that drop large amounts of rain in a short period of time, similar to what portions of the State experienced in 2024. As noted in the most recent report of the State's Governor's Council on Climate Change ("GC3"), though it is unclear whether the frequency or intensity of storms in Connecticut will change, they will likely bring higher winds and more precipitation during the event. In addition, infrastructure throughout the State has generally been designed on 25, 50 or 100 year storm specifications and existing flood plain and coastal area management designations. These may not fully capture all of the adaptation requirements required by climate change, which could lead to costly damage or destruction of infrastructure.

Wind events and ice storms also present threats due to downed trees and tree limbs blocking roads and bringing down power lines. Most of the State's power grid is above ground and exposed to such hazards. Like other states, in recent years, the State has had extensive damage and power outages due to storms. The Division of Emergency Management and Homeland Security ("DEMHS") works with municipalities and utilities on a regular basis to enhance preparation for, response to, and recovery from severe storms, including a Make Safe Protocol and improved communications among local, state, and private sector partners.

Wildfires. The State is not particularly vulnerable to wildfires except during times of drought, and has not itself experienced wildfire events of the magnitude experienced recently in Canada and California, with the concomitant effects on health, safety, and property damage. However, wide-scale wildfire events elsewhere, most particularly in Canada recently, have demonstrated the continental and perhaps transcontinental reach of such events, impacting the health of Connecticut residents. In the Fall of 2024, the State did experience an unprecedented period of unusually warm and dry weather that resulted in multiple extreme fire weather warnings. This period resulted in the most wildfires in the State's history, with 227 fires and more than 400 acres burned. The scale of these fires, while unprecedented in Connecticut, was extremely small compared to the major fires out west. As a result of after-action reviews, the State is reassessing its preparedness and readiness along with several statutory reviews to improve policies, procedures, and assessing available resources and training. While it is recognized there was widespread success preventing large conflagrations, the State is using this opportunity to identify areas for improvement.

State Actions to Improve Sustainability and Resiliency

Flood Control. The State through the DEEP is the owner and non-federal sponsor of flood control systems throughout the State. Connecticut manages these flood control systems under agreements with the Army Corps of Engineers or the United States Department of Agriculture, Natural Resources Conservation Service. Several municipalities in Connecticut are also the non-federal sponsor of flood control systems in partnership with the Army Corps of Engineers. These systems were constructed from 1940 to 1980 and have provided flood protection for many major urban areas in the State. Current maintenance has kept existing flood control structures meeting the minimum for certification by the Federal Emergency Management Agency (“FEMA”). There is a recognized need for continued investment in the operations and maintenance of these flood control systems.

Climate Resilience Fund. To further protect areas of the State from the impacts of climate change, DEEP created the Climate Resilience Fund to serve as seed money to help Connecticut communities begin planning for climate change impacts and then propel those who have already completed planning into developing projects that are eligible for federal resilience grant funding competitions, with the goal of bringing federal funding for construction. In 2024 DEEP launched a new Office of Planning and Resilience in the DEEP's Bureau of Water Protection and Land Reuse to oversee all of the resilience investments and improve the agency's coordination and integration of climate resilience across the agency. In 2025, DEEP issued two calls for proposals for the Climate Resilience Fund, including a targeted approach for providing communities with matching funds to support federal grant applications, and a broader call with a re-tooled and expanded program.

State Parks Climate Vulnerability Assessment. DEEP's Bureau of Outdoor Recreation is embarking on a climate vulnerability assessment for the 110 state parks properties. This assessment, which is expected to begin in summer 2026, will develop a screening level data assessments for the park system, develop a prioritization for the properties that have the most risk and vulnerability, and ultimately provide park managers with climate risk data to help them inform infrastructure and services siting and operation. This assessment is anticipated to take up to three years to develop.

Storm-Water Infrastructure. Since 1990 the State has undertaken considerable efforts to upgrade and improve its water supplies and combined sewer and separated sewer capacity, with significant financial support from the State's Clean Water Fund. Federal appropriations are made for funding of wastewater treatment projects through the CWA and water supply projects through the federal Safe Drinking Water Act. Several of the State's municipalities, including the Hartford area, are

operating under consent orders with the State and the federal EPA requiring such improvements. In addition, federal requirements for municipalities to adhere to municipal storm sewer system requirements will require many municipalities to install or significantly upgrade their storm-water infrastructure. As the State sees more frequent heavy rainfall events there is also more regular stormwater flooding in streets and at times those floodwaters back up into private residences and businesses.

Natural Hazard Mitigation. DEMHS includes a Hazard Mitigation and Resiliency Unit, led by the State Hazard Mitigation Officer, who administers a number of federal hazard mitigation grant programs, including the FEMA disaster assistance Hazard Mitigation Grant Program and the Building Resilient Infrastructure and Communities Program. DEMHS solicits projects from state and local agencies to be funded by these and other programs. The State Hazard Mitigation Plan was recently revised to include a climate vulnerability assessment of critical facilities. DEMHS also coordinates the filing of local natural hazard mitigation plans with FEMA, as well as required revisions to the State Natural Hazard Mitigation Plan. These plans are prerequisites to federal funding.

Grid Resiliency. With respect to the power grid, the State and local municipalities have worked with the two main electric distribution companies in the State (Eversource and United Illuminating) to develop coordinated recovery plans. Hospitals, nursing homes and municipal water and sewerage systems are required to have auxiliary power. The State and the electric distribution companies have engaged in extensive tree removal and trimming efforts to increase the resilience of the grid system and mitigate extended power outages. DEEP administers a microgrid grant program to support local distributed energy generation to ensure critical facilities remain powered during outages and federal funding to support grid resilience. PURA has authorized funding for substation flood mitigation and other storm hardening initiatives. Recent legislation holds the State’s electric distribution companies accountable for any extended power outages and expands the microgrid program to cover resilience projects that prioritize the protection of vulnerable communities disproportionately impacted by climate change. Under a PURA order, Eversource and United Illuminating are conducting a Climate Change Vulnerability Study that considers the effect of extreme weather due to climate change on their respective operations, planning and infrastructure. United Illuminating completed its study in October 2024. Eversource is scheduled to complete its study in 2026.

Department of Transportation Resilience Improvement Plan. The Connecticut Department of Transportation Resilience Improvement Plan (“RIP”) was accepted by the Federal Highway Administration on December 29, 2025. This plan was developed using federal funds from the U.S. Department of Transportation (“USDOT”). The RIP helped identify climate-related vulnerabilities and provided resilience strategies for current and mid-century extreme weather conditions. The RIP is anticipated to continue to support the State’s economic resilience for operational readiness and the rapid recovery of surface transportation systems affected by major weather events and other identified natural hazards. By developing the RIP and incorporating the plan into the State’s long-range transportation plan, Connecticut will be eligible to reduce its federal/state cost share on identified transportation projects funded by the USDOT.

Resilience Planning Legislation. The Connecticut legislature passed a bill in 2025 addressing numerous resilience planning actions to help the State and its residents better prepare for the effects of climate change. Public Act No. 25-33 added new and better-clarified climate resilience planning requirements for municipalities, requires municipalities and councils of government to map culverts which will improve flood modeling data sets and support capital improvement planning, and also provides flood disclosure requirements for homeowners and other hazard insurance policies and for

real estate transactions. Additionally, the legislation allows communities to work together to transfer development rights from risky areas to less flood-prone areas, and allows communities to create resilience improvement districts that use tax increment financing mechanisms to support paying for resilience-related infrastructure.

Connecticut Green Bank. Established by the Connecticut General Assembly in 2011, the Connecticut Green Bank supports the Governor’s and legislature’s energy strategy to achieve cleaner, less expensive, and more reliable sources of energy while creating jobs and supporting the local economic development. In 2021, the Green Bank’s statutory mandate was expanded to include environmental infrastructure investment, extending its original clean energy mission to financing projects that address climate adaptation and resilience, land conservation, parks and recreation, agriculture, waste and recycling, water, and environmental markets (e.g., carbon offsets and ecosystem services) infrastructure critical to confronting the effects of climate change and building more resilient communities.

Resilience Opportunity Areas. CIRCA continues to work with communities across the State through its Resilient Connecticut initiative that uses the institute’s vulnerability assessment tools to identify Resilience Opportunity Areas. These areas are expected to experience moderate to high impacts of climate change, have identified regional significance, and meet additional local, regional or State policy goals (such as housing, transportation, ecology, etc.) These areas are slated for consideration for additional technical assistance, planning, or funding. CIRCA published a resilience roadmap in July 2024 with recommendations for enhancing the State’s climate resilience using lessons learned since the institute was created 10 years ago.

PFAS. The State continues to work to implement the recommendations of the 2019 Connecticut per- and polyfluoroalkyl substances (“**PFAS**”) Action Plan. The State passed Public Act No. 21-191 banning the use of PFAS-containing firefighting foam and prohibiting the use of PFAS in food packaging. DEEP and DESPP have coordinated to collect and dispose of thousands of gallons of PFAS-containing firefighting foam and to support the efforts of fire departments to transition apparatus, including the state-owned network of regional firefighting foam trailers, to PFAS-free foam systems. Public Act No. 24-59 outlined the State’s plan to implement a phased ban on the use of PFAS in numerous other consumer products. Because so many of these PFAS-containing products end up being disposed of down the drain or in municipal waste streams, studies have been completed or are underway to evaluate PFAS releases from municipal and State-owned wastewater treatment plants and landfills. Public Act No. 24-59 also banned the sale and land application of certain products derived from biosolids. Bond funding continues to support State efforts, led by DEEP and DPH, to test private residential drinking water wells for PFAS, and, where needed to provide bottled water and install water treatment systems on impacted homes. DEEP and the Department of Economic and Community Development are working together, with the federal United States Geological Survey, to determine “anthropogenic background” concentrations of PFAS in soil and groundwater across the state. DEEP Permitting programs are also being revised to require monitoring of PFAS by those industrial sectors most likely to use PFAS containing products. These background studies and permit-related monitoring efforts will provide the information necessary to guide future regulatory efforts.

State Response to Reduce Its Contribution to Climate Change

The State has taken a number of actions to reduce its own contribution to GHG emissions pursuant to several Executive Orders, legislation and the recommendations of various studies and initiatives. The discussion that follows outlines a few of these actions.

Climate Mitigation and Energy Affordability Legislation. In 2025, Connecticut passed two large bills addressing climate mitigation. Public Act No. 25-125 updates Global Warming Solutions Act emissions reduction targets to include a new interim target of 65% below 2001 levels by 2040 and net zero by 2050, provided the State also reduces GHG emissions by at least 80% below 2001 levels. The law enables continued development of renewable energy sources and associated job sectors. Public Act No. 25-173 provides funding, policy and multiple plans and studies to improve energy affordability while also increasing reliability and facilitating decarbonization, including new bond authorizations for up to \$250 million to reduce costs of hardship protection measures charged to electric customers as system benefits charges and up to \$50 million to support the State’s electric vehicle charging program. These two bills built upon the passage of the 2022 Connecticut Clean Air Act that set new goals for reducing emissions and air pollution from cars, transit buses, school buses and trucks through the deployment of zero emission vehicles, expanded electric vehicle charging, and expanded rebates for e-bikes.

Climate and Energy Executive Orders. In 2021, Governor Lamont, in his first Executive Order on GreenerGov and Lead by Example, set a goal for the executive branch of the State government to achieve a 45% reduction in GHG emissions below 2001 levels by 2030, a 25% reduction in waste disposal by 2030 from a 2020 statewide baseline, and a 10% reduction in water consumption by 2030 from a 2020 statewide baseline. The order establishes a steering committee of State agencies to develop a strategy to achieve a 70% reduction in GHG emissions from 2016 levels by 2040, and zero emissions by 2050. Because data prior to Fiscal Year 2019 is limited, GreenerGov uses an additional baseline to reduce executive branch emissions 32.53% below Fiscal 2019 levels by 2030. As of Fiscal Year 2024, executive branch GHG emissions are down 28.3% from the Fiscal Year 2019 baseline. GreenerGov indicates that its 138 bond-funded projects since 2012 have saved an estimated 2 million MMBtus and \$10 million annually with a 17-year average project payback timescale. In Executive Order No. 3, the Governor reconvened the GC3 and charged the Council to “monitor and report on the State’s progress on the implementation of carbon mitigation strategies, and on the development and implementation of adaptation strategies to assess and prepare for the impacts of climate change in areas such as infrastructure, agriculture, natural resources and public health.” In 2021, the Council issued a report with 61 policy recommendations. In January 2026, the Council convened to review Connecticut’s Climate Progress Report prepared by DEEP pursuant to CGS Section 22a-200a(d). In Executive Order No. 21-3 the Governor directed further planning for decarbonizing State buildings and the State fleet as part of 23 actions under that order implementing recommendations of the GC3.

Greenhouse Gas Inventory. DEEP provides a report card on over 30 years of greenhouse gas emissions in the State and tracks progress toward the State’s statutory greenhouse gas emission-reduction targets. The latest GHG inventory showed that the transportation and commercial and residential building sectors are Connecticut’s most carbon intensive. In 2023, the most recent year for which data is available, Connecticut continued to keep GHG emissions below pre-pandemic levels and to meet the 2020 target even as economy-wide GHG emissions increased slightly over 2022 levels. For the first time, GHG emissions in the transportation sector decreased, despite vehicle miles traveled increasing, demonstrating that more fuel efficient cars and trucks on the road may be overcoming the offset from increased driving. GHG emissions also decreased in the buildings sector due to a milder winter and the state’s investment in energy efficiency measures.

Climate Change Mitigation Actions. The State continues to look for opportunities to drive down GHG emissions in all sectors, particularly for the electric, buildings, and transportation sectors. In 2025, the State continues to implement programs funded by hundreds of millions in federal funds through federal programs funded through BIL and the Inflation Reduction Act (“IRA”) to improve

energy affordability, reduce GHG emissions and air pollution, and make the grid more resilient. The State has received funds to, among other actions, increase the deployment of energy efficient heat pumps for building heating and cooling; to build electric vehicle charging infrastructure for commercial zero-emission medium- and heavy-duty vehicles; and to provide new and upgraded points of interconnection for up to 4800 MW of offshore wind and a multi-day energy storage system. In July 2025, President Trump signed H.R. 1 which repeals many of the tax credits available under the BIL and IRA for electric vehicles and energy efficiency. On February 12, 2026, the EPA announced its decision to repeal the 2009 endangerment finding that GHGs endanger public health and welfare and therefore may be regulated under the federal Clean Air Act. This finding serves as the legal foundation for federal GHG standards for motor vehicles and other mobile sources that are the largest source of GHG emissions in Connecticut and the United States. In a statement opposing the announcement with the Governor and the Commissioners of DEEP and DPH, the State Attorney General announced his intention to take the EPA to court over the decision. Despite decreased support at the federal level, Connecticut continues to provide programmatic and funding support for energy efficiency, renewable energy and the adoption of electric vehicles in the State. DEEP's current climate mitigation planning efforts emphasize these programs and prioritize pathways that will decrease GHG emissions while also improving energy affordability and climate resilience.

Cybersecurity

The State and its agencies and departments, like many other large public and private entities, rely on a large and complex technology environment to conduct their operations. The State is continuing to take steps to significantly bolster the State's operations against cybersecurity threats. In March of 2022, the State released the second statewide cybersecurity strategy, with input from federal, state and local partners.

The State has obtained the first and second year funding of a four-year Department of Homeland Security grant to address a "whole of state" approach to cybersecurity that factors in both state and local government entities through DEMHS, CT Intelligence Center and DAS/BITS. That funding was successfully distributed to the State and local municipalities to improve security fundamentals across the recipients. In 2025, the State began efforts to prioritize the state and local cybersecurity grant program grant and application process, focusing on security fundamentals. The DEMHS Training and Exercise Unit includes a cybersecurity trainer to provide training to the State and local partners, as well as the public. The State convenes a monthly cybersecurity working group with local, state, federal, and private sector partners to raise awareness of current threats and to share best practices, gather statewide feedback and help prioritize initiatives. The State also operates under a State Cyber Disruption Response Plan and a Cyber Incident Response Plan, which was updated in January 2024.

Generally, the State's centralized systems were also protected by methods limiting access of users to relevant portions of the system. Malware infection introduced by one user may therefore be limited to the portions of the system accessible by that user. The State runs an incident response team and utilizes commercial software and solutions, and in the past five years, no malware incidents have materially affected State data or operations. In 2022, the State completed the rollout of Endpoint Detection and Response capabilities for servers and endpoints to provide advanced protections from constantly evolving threats.

The State experienced an outage, along with many global entities related to the CrowdStrike incident in July 2024. Critical capabilities were restored within a couple of hours, all primary systems were restored within a few hours and all systems by the end of the first business day. This activity demonstrated the State's resilience and also the activation of the State's Cyber Disruption Response Plan. While technically not a cyber incident, the team responded with efficiency. The State is currently going through initial efforts to upgrade its security monitoring and event management system to provide modernized capabilities in protecting in-scope systems against modern attacks. Over the last year, the State has experienced no material cybersecurity incidents. Additional protections have developed and been put in place to continue addressing an evolving threat landscape, including working with GovRamp to streamline the ongoing assessments of the technology supply chain of government focused solutions and payment card industry data security standard compliance initiatives in support of agencies' business goals.

The State's systems contain significant amounts of personally identifiable and non-public information. This includes social security identification numbers, credit card information, criminal and arrest records, medical records, driving records, educational records, information made available from the federal government and other states. The State limits misuse of this information by compartmentalizing access and endeavoring to design systems such that such information is encrypted, segmented and otherwise not available to unauthorized individuals gaining access to some portion of the State's systems. This information is nevertheless vulnerable to misuse by persons with authorized access to such information, persons with unauthorized access to such information (such as through phishing or other social engineering attack vectors), persons inadvertently granting access, and other means. The consequences of any such potential misuse, to the persons involved and to the State, cannot be predicted. To date the State has uncovered no such material unauthorized access, and continues to actively monitor its security posture and controls. The State endeavors to further mitigate any such potential misuse with thorough training of its users to recognize, and be able to effectively respond to common attack vectors.

Despite efforts to secure the State, no assurance can be given that the State's efforts to manage cyber threats and attacks will be successful or that any such attack will not materially impact the operations or finances of the State and its agencies and departments.

Artificial Intelligence

Artificial Intelligence ("AI") has quickly emerged as a critical topic for the State. Significant actions have been taken to ensure responsible use of the technology that also holds the promise to improve many government interactions. The State (i) developed an internal AI working group with expertise from several agencies, (ii) inventoried applications in areas using AI and published that information to the State's Open Data Portal; (iii) created the first draft of the Artificial Intelligence Policy; (iv) began the development of the procedures to ensure the technology is used in a continually equitable manner. The State has published an internal website for all State employees to learn more about ongoing AI use cases and to explore the use of these technologies. An AI enablement lab is used to provide a safe environment to explore these technologies. The State continues to take an open and cautious approach to AI to ensure efforts and costs are aligned with benefits.

TAX MATTERS

Federal Income Tax

Federal tax law contains a number of requirements and restrictions that apply to the 2026 Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed with them, and certain other matters. The State has covenanted to comply with all requirements and restrictions that must be satisfied in order for the interest on the 2026 Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the 2026 Bonds to become includable in gross income for federal income tax purposes retroactively to the date of issuance of the 2026 Bonds.

In the opinion of Bond Counsel, under present law, interest on the 2026 Bonds is excludable from the gross income of their owners for federal income tax purposes, and thus is exempt from present federal income taxes. Interest on the 2026 Bonds is not included as an item of tax preference in computing the federal alternative minimum tax for individuals. In the case of the alternative minimum tax imposed by Section 55(b)(2) of the Code on applicable corporations (as defined in Section 59(k) of the Code), interest on the 2026 Bonds is not excluded from the determination of adjusted financial statement income. The opinions described in this paragraph assume the accuracy of certain representations, certifications of fact, and statements of reasonable expectations made by the State and others in connection with the issuance of the 2026 Bonds and continuing compliance by the State and others with the above-referenced covenants.

Ownership of the 2026 Bonds may result in collateral federal income tax consequences to certain taxpayers including, without limitation, certain corporations (including S corporations and foreign corporations operating branches in the United States), financial institutions, certain insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise eligible for the earned income tax credit, taxpayers entitled to claim the refundable credit under Section 36B of the Code for coverage under a qualified health plan, and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Bond Counsel will express no opinion with respect to any such collateral consequences with respect to the 2026 Bonds. Prospective purchasers of the 2026 Bonds should consult with their own tax advisors regarding the collateral consequences arising with respect to the 2026 Bonds described in this paragraph.

Premium

An investor may purchase a 2026 Bond for a price in excess of its stated principal amount at maturity (such 2026 Bond is referred to as a “Premium Bond”). Such excess is characterized for federal income tax purposes as “bond premium” and must be amortized by an investor on a constant yield basis over the remaining term of the Premium Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a Premium Bond. The amortized bond premium is treated as a reduction in the amount of tax-exempt interest received. As bond premium is amortized, it reduces the investor’s basis in the 2026 Bond. Investors who purchase a Premium Bond should consult their own tax advisors regarding the amortization of bond premium and its effect on the Premium Bond’s basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of such Premium Bond.

Owners of 2026 Bonds who dispose of 2026 Bonds prior to their stated maturity (whether by sale, redemption or otherwise), purchase 2026 Bonds in the initial public offering but at a price different from their issue price, or purchase 2026 Bonds subsequent to the initial public offering, should consult their own tax advisors as to the federal, state or local tax consequences of such dispositions or purchases.

State and Local Taxes

In the opinion of Bond Counsel, under present law, interest on the 2026 Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts, and estates and 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. Interest on the 2026 Bonds is included in gross income for purposes of the Connecticut corporation business tax.

Prospective purchasers and owners of the 2026 Bonds should consult with their own tax advisors regarding any other state and local tax consequences arising with respect to ownership or disposition of the 2026 Bonds.

Basis of Bond Counsel Opinion

The opinion of Bond Counsel to be delivered concurrently with the delivery of the 2026 Bonds and the descriptions of the tax law contained in this Official Statement are based on statutes, judicial decisions, regulations, rulings and other official interpretations of law in existence on the date the 2026 Bonds are issued. There can be no assurance that such law or those interpretations will not be changed or that new provisions of law will not be enacted or promulgated at any time while the 2026 Bonds are Outstanding in a manner that would adversely affect the market value or liquidity or the tax treatment of ownership of the 2026 Bonds. Bond Counsel has not undertaken to provide advice with respect to any such future changes. In addition, Bond Counsel will express no opinion on the effect of any action taken or not taken after the 2026 Bonds are issued in reliance upon an opinion of other counsel on the exclusion from gross income for federal income tax purposes of interest on the 2026 Bonds, or under state and local tax law.

The opinion of Bond Counsel expresses the professional judgment of the attorneys rendering the opinions on the legal issues explicitly addressed in the opinion based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinion and are not binding on the Internal Revenue Service (“**IRS**”) or the courts. By rendering a legal opinion, the opinion giver does not undertake to be an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Rendering an opinion does not guarantee the outcome of any legal dispute that may arise out of the transaction. A complete copy of the proposed form of opinion of Bond Counsel is set forth in **Appendix H** hereto.

In rendering its opinions on tax exemption, Bond Counsel will receive and rely upon certifications and representations of facts, calculations, estimates and expectations furnished by the State, the Underwriters, the Financial Advisors, and others which Bond Counsel will not have verified independently.

IRS Audits

The IRS conducts a program of audits of issues of tax-exempt obligations to determine whether, in the view of the IRS, interest on such obligations is properly excluded from the gross income of the owners of such obligations for federal income tax purposes. Whether or not the IRS will decide to audit the 2026 Bonds cannot be predicted. If the IRS begins an audit of the 2026 Bonds, under current IRS procedures, the IRS will treat the State as the taxpayer subject to the audit and the holders of the 2026 Bonds may not have the right to participate in the audit proceedings. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the State legitimately disagrees may not be practicable. The fact that an audit of the 2026 Bonds is pending could adversely affect the liquidity or market price of the 2026 Bonds until the audit is concluded even if the result of the audit is favorable.

Legislation

From time to time, there are legislative proposals pending in the Congress of the United States that, if enacted, could alter or amend the federal tax matters referred to in this section, or adversely affect the market price or liquidity or tax-exempt status of tax-exempt bonds of the character of the 2026 Bonds. In some cases, these proposals have included provisions that had a retroactive effective date. It cannot be predicted whether or in what form any such proposal might be introduced in Congress or enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the 2026 Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel will express no opinion regarding any pending or proposed federal tax legislation.

Backup Withholding

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the 2026 Bonds, are in most cases required to be reported to the IRS. Additionally, backup withholding may apply to any such payments to any owner of 2026 Bonds who fails to provide an accurate Form W-9, Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any such owner who is notified by the IRS of a failure to report all interest and dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

CONTINUING DISCLOSURE AGREEMENTS

Sections 3-20 and 3-20e of the Connecticut General Statutes, as amended, give the State and political subdivisions of the State the specific authority to enter into continuing disclosure agreements in accordance with the requirements of Securities and Exchange Commission Rule 15c2-12 (the “**Rule**”). The State will enter into a Continuing Disclosure Agreement with respect to the 2026 Bonds for the benefit of the beneficial owners of the 2026 Bonds, substantially in the form included in **Appendix F** to this Official Statement (the “**State Continuing Disclosure Agreement**”), pursuant to which the State will agree to provide or cause to be provided, in accordance with the requirements of the Rule (i) certain annual financial information and operating data, (ii) timely, but not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of certain events with respect to the 2026 Bonds and (iii) timely notice of a failure by the State to provide the required annual financial information on or before the date specified in the State Continuing Disclosure Agreement.

MDC is currently the only Borrower identified as a Significant Obligor under the terms of the Borrower Continuing Disclosure Agreement (defined herein) with respect to the 2026 Bonds. See **Appendix A, Part II** for a general description of MDC as well as a link to more detailed information regarding MDC. See also “**Significant Obligor Status**” below for information on the phase-in of the adjusted Significant Obligor threshold.

MDC and each Borrower that becomes a Significant Obligor in the future will enter into, or have agreed to enter into, a separate Continuing Disclosure Agreement for the benefit of the beneficial owners of the 2026 Bonds, substantially in the form included in **Appendix F** (the “**Borrower Continuing Disclosure Agreement**”). Each Significant Obligor will agree to provide or cause to be provided, in accordance with the requirements of the Rule (i) certain annual financial information and operating data and (ii) timely notice of a failure by such Significant Obligor to provide the required annual financial information on or before the date specified in the respective Borrower’s Continuing Disclosure Agreement. See **Appendix F** – “Form of Continuing Disclosure Agreements of the State and Municipalities – Borrower Continuing Disclosure Agreement” herein.

Significant Obligor Status

With this issuance of the 2026 Bonds, the State is adjusting its definition of Significant Obligor required in all future Continuing Disclosure Agreements from 10% to 20% to align with industry practice. This threshold requirement to qualify as a Significant Obligor will be implemented with the Continuing Disclosure Agreement signed in connection with the issuance of the 2026 Bonds and will be in effect so long as any 2026 Bonds remain Outstanding. However, so long as any Series 2017A Bonds, Series 2017B Bonds or Series 2019A Bonds remain Outstanding the 10% threshold will apply to MDC and any other Borrower who may meet the 10% threshold.

The Underwriters’ obligation to purchase the 2026 Bonds will be conditioned upon their receiving, at or prior to the delivery of the 2026 Bonds, executed copies of the State Continuing Disclosure Agreement and each Borrower Continuing Disclosure Agreement.

Prior Compliance by State and Significant Obligor

State

To its knowledge, in the last five years the State has not failed to comply in any material respect with its undertakings pursuant to a continuing disclosure agreement executed by the State, except for a failure to make a timely provision to the EMMA website of the MSRB its audited financial statements comprising its basic financial statements prepared in accordance with generally accepted accounting principles (“**GAAP**”) and certain operating data comparing operating results and unreserved fund balances on a budgetary and GAAP basis for the Fiscal Years ending June 30, 2023 and June 30, 2024 by February 29, 2024 and February 28, 2025, respectively, as required under the State’s various continuing disclosure agreements. The State filed a timely notice of each such failure. Thereafter, the State filed with the MSRB such audited financial statements and operating results after they became available. Prior to the respective deadlines, the State filed the other annual financial information and operating data required under the State’s various continuing disclosure agreements with the MSRB.

In connection with the June 30, 2023 audited financial statements, the division within the Office of the State Comptroller that prepares financial statements experienced employee retirements and turnover in Fiscal Year 2023, some of them in key roles, and did not maintain a formal task

schedule with targeted completion dates to allow supervisors to monitor delays and provide timely assistance. The division has addressed its staffing issues through hiring experienced staff to fill key roles and providing relevant training. In addition, the Office of the State Comptroller was in the process of implementing financial reporting software that did not progress as effectively as expected.

In connection with the June 30, 2024 audited financial statements, the Office of the State Comptroller did not have personnel resources with sufficient training and experience in financial statement preparation dedicated to the financial closing process to detect material errors and make timely corrections. Further, the Office of the State Comptroller, which prepares the financial statements, relies on information and data from various State agencies and component units. Among other factors for the delay, the Office of the State Comptroller experienced delays in receiving complete information from some such agencies and units. Many such agencies and units suffered from retirements and departures among their most senior and expert personnel. This was particularly the case with the financial statements of the Connecticut State Colleges and Universities (“CSCU”), which are separately audited, and which, because of the confluence of the community college consolidation from 12 entities to one entity and a one-time change in the allocation of employee retirement benefit expenses back to the State itself, caused misstatements and delay. CSCU also relies on its controller to address this process, but the position was vacant for an extended period during the annual financial closing process. The audited financial statements of the Connecticut State Universities (a component of CSCU), were, however, completed and filed with the MSRB prior to the deadlines established under their separate filing obligations. Finally, the Office of the State Comptroller was also transitioning back from new software involved in the production of the financial statements and the related annual comprehensive financial report which was determined to not meet the needs of the State.

The Office of the State Comptroller has performed the following steps to address the causes of the late filing. It has engaged in additional training for various State agencies and component units. It has enhanced relevant training and guidance to staff involved with preparing the State’s financial statements to strengthen their knowledge in government accounting and ensure the preparation of accurate financial statements in a timely manner. It has also developed updated internal quality control checklists for staff and reviewers to use while preparing and reviewing the State’s financial statements. This serves as an additional control over the preparation of the financial statements and helps identify and correct errors during preparation. Additionally, the Office of the State Comptroller has improved guidance to agencies and component units through instruction, informational memos, and documentation, as well as trainings. The Office of the State Comptroller developed and distributed a survey to accounting and finance staff at the various agencies and units that helped identify common questions, areas of confusion, and other difficulties to focus its training efforts. In addition, quality control checklists have been developed and incorporated into the requirements for agencies and component units to help ensure that the information being reported is complete and accurate and to help detect errors in data before the data is incorporated into the financial statements. Finally, the Connecticut State Colleges and University system has filled the controller position and is planning to add personnel to the controller’s team and has engaged an outside accounting firm to augment its internal resources.

The State’s Fiscal Year 2025 audited financial statements were filed on time with the MSRB through EMMA.

Certain prior annual reports of the State and other required reports are available from EMMA or such other website as may be designated from time to time by the MSRB or the Securities and Exchange Commission. Filings through EMMA are linked to particular obligations by a 9-digit CUSIP

number, based on base (6-digit) CUSIP numbers, which are subject to being changed after the issuance of obligations as a result of various actions. The State has entered into continuing disclosure agreements requiring filings to be made with respect to thousands of CUSIP numbers. Most filings by the State through EMMA, such as annual reports, are made using the base 6-digit CUSIP numbers. Although the State endeavors through this process to link each report filed through EMMA to the correct CUSIP number (including those assigned without its knowledge), there can be no guarantee of complete accuracy in this process, given the large number of 9-digit CUSIP numbers assigned to the State's obligations. The State has ascertained that certain required filings were not associated with a 2025 Connecticut Higher Education Supplemental Loan Authority bond issue. These filings have now been correctly associated with such issue. The State does not believe an inaccuracy resulting from such CUSIP process is a material failure to comply with its continuing disclosure obligations.

Significant Obligor

MDC, the only Significant Obligor at the time of this Official Statement, has provided the following information concerning its compliance with continuing disclosure obligations over the past five years. Neither the State nor the Underwriters has independently verified this information.

MDC has previously undertaken in continuing disclosure agreements entered into for the benefit of holders of its general obligation bonds and notes, revenue bonds and certain of the Bonds to provide annual financial information and event notices pursuant to the Rule. In the last five years, to the best of its knowledge, MDC has not failed to comply with its obligations under its continuing disclosure agreements in all material respects except for the inadvertent failure to associate one CUSIP number from the 2015 issuance on the annual filing of the annual financial statement and related report for the fiscal year ending December 31, 2020. On August 16, 2022, a filing was made to correct the affected CUSIP. MDC has implemented procedures to ensure future compliance with its continuing disclosure obligations, which includes working with its municipal advisor to ensure requirements are followed. See "INTRODUCTION – Additional Information" and "THE BORROWERS" herein and "**Significant Obligor Status**" above for a detailed discussion of the definition of Significant Obligor and for information on the phase in of the adjusted Significant Obligor threshold. See also **Appendix A, Part II** for a general description of MDC as well as a link to more detailed information regarding MDC.

UNDERWRITING

The aggregate initial offering price of the 2026 Bonds to the public is \$177,213,280.95. BofA Securities, Inc., as representative of the Underwriters for the 2026 Bonds, has agreed, subject to certain conditions precedent to closing, to purchase the 2026 Bonds from the State at an aggregate purchase price of \$176,692,668.91 (consisting of \$163,070,000.00 par amount, plus premium of \$14,143,280.95 less the Underwriters' discount of \$520,612.04). The Underwriters will be obligated to purchase all of the 2026 Bonds, if any 2026 Bonds are purchased. The 2026 Bonds may be offered and sold to certain dealers (including unit investment trusts and other affiliated portfolios of certain underwriters and other dealers depositing the 2026 Bonds into investment trusts) at prices lower than such initial public offering prices, and such initial public offering prices may be changed, from time to time, by the Underwriters.

Certain of the Underwriters have entered into distribution agreements with other broker-dealers (that have not been designated by the State as Underwriters) for the distribution of the 2026 Bonds at the original issue prices. Such agreements generally provide that the relevant Underwriter will share a portion of its underwriting compensation or selling concession with such broker-dealers.

RATINGS

S&P Global Ratings and Fitch Ratings have assigned their municipal bond ratings of AAA and AAA, respectively, to the 2026 Bonds. Each such rating reflects only the views of the respective rating agency, 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 rating agency circumstances so warrant. A revision or withdrawal of any such rating may affect the market price of the Bonds, including the 2026 Bonds.

FINANCIAL ADVISORS

Hilltop Securities, Inc. and Sycamore Advisors LLC have served as the Financial Advisors to the State with respect to the sale of the 2026 Bonds. The Financial Advisors have assisted in various matters relating to the planning, structuring and issuance of the 2026 Bonds. The Financial Advisors have also assisted the State in certain matters relating to the SRF Programs.

INDEPENDENT AUDITORS

Included in **Appendix B** are the audited financial statements of the State's Clean Water Fund and Drinking Water Fund as of and for the years ended June 30, 2025 and 2024, and the reports thereon dated November 5, 2025, of Seward & Monde, independent certified public accountants. Such audited financial statements have been included herein in reliance upon the reports of such firm as experts in auditing and accounting.

ADDITIONAL INFORMATION

The references herein to and summaries of federal, State and local laws, including but not limited to, the Code, the laws of the State, the State Act, the Federal Act, and documents, agreements and court decisions, including, but not limited to, the Resolution, the Loan Agreements and the Borrower Obligations, are summaries of certain provisions thereof. Such summaries do not purport to be complete and are qualified in their entirety by reference to such acts, laws, documents, agreements or decisions. Copies of the Resolution, the Loan Agreements and the Borrower Obligations are available for inspection during normal business hours at the Office of the Treasurer.

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. Neither this Official Statement nor any statement that may have been made orally or in writing shall be construed as a contract or as a part of a contract with the original purchasers or any holders of the 2026 Bonds.

STATE OF CONNECTICUT

By: /s/ Erick Russell
The Hon. Erick Russell
State Treasurer

Dated at Hartford, Connecticut
this 28th day of May, 2026

APPENDIX A BORROWER INFORMATION

PART I: GENERAL INFORMATION

The following information is a brief summary of certain State law provisions governing the operation of Municipalities. The term “Municipality” includes a town, city, borough, village, consolidated town and city, consolidated town and borough (collectively “Towns”), and a metropolitan district, fire and sewer district, sewer district, or public authority, as well as any other municipal organization having authority to levy and collect taxes or make charges for its authorized function (collectively “Districts”). Municipalities, or entities comprised of Municipalities, are Borrowers under the General Bond Resolution. Other entities are also Borrowers under the Drinking Water program.

Forms of Municipal Government

The legislative powers of Towns may be vested in: (a) a town meeting; (b) a representative town meeting; (c) a board of selectmen, town or common council, board of directors, board of alderman or board of burgesses; or (d) a combination of (a) or (b) and one of the bodies listed in (c). The chief executive officer of a Town may be elected by the citizens of the Town or appointed by the legislative body.

The legislative powers of a District generally rest with the voters of the District. The officers of a District may be elected or appointed in accordance with State statutory provisions and the requirements of the District’s charter.

Towns and Districts may adopt home rule charters. A charter may not be inconsistent with the State Constitution or general statutes.

Municipal Powers

Towns generally have broad powers to conduct the business of the Town. Towns may contract, sue and be sued, assess, levy and collect taxes, take real or personal property, regulate nuisances, ensure public health and safety and take actions to protect the environment. Towns are also authorized to provide services including police, nurses, fire, entertainment, ambulance, street lighting, water, garbage disposal and low-income housing. Towns are authorized to build and regulate public facilities such as airports, parks, cemeteries and hospitals. Sewers, drainage and sewer disposal systems may be acquired, constructed and operated by Towns.

Districts may be established for a variety of specific purposes including, without limitation, the construction and maintenance of drains and sewers.

Sewage Systems

Municipalities may designate a water pollution control authority (“WPCA”). The WPCA may be the municipality’s legislative body (other than a town meeting) or an existing or newly created board or commission. The WPCA may prepare and periodically update a water pollution control plan for the Municipality. Such plan shall designate: (i) areas served by any municipal sewage system; (ii) areas where municipal sewage facilities are planned and the schedule of design and construction anticipated or proposed; (iii) areas where sewers are to be avoided; (iv) areas served by any community sewage system not owned by a Municipality; (v) areas to be served by any proposed community sewage system not owned by a Municipality; and (vi) areas to be designated as decentralized wastewater management

districts. The WPCA must file copies of its water pollution control plan and any periodic updates with the State Commissioner of Energy and Environmental Protection. WPCAs, once authorized, may acquire, construct and operate sewage systems, take and hold real property to be used for sewage systems and establish rules and regulations for supervision and management of sewage systems. WPCAs may levy benefit assessments upon the land and buildings within a municipality that are especially benefited by a sewage system, so long as the assessment does not exceed the special benefit enjoyed by property. WPCAs may also establish and from time to time revise fair and reasonable charges for connection with and use of a sewage system. All benefit assessments and charges are determined after a public hearing.

Water Systems

Municipalities may acquire, construct and operate, a municipal water supply system where: (1) there is no existing waterworks system; (2) the owner or owners of a private waterworks system are willing to sell or transfer all or part of such system to the municipality; or (3) a public regional waterworks system within said municipality is willing to sell or transfer all or part of the system to the municipality. Any municipality may appropriate funds to extend or cause to have extended water mains: (1) into areas to be used for industrial or commercial purposes or partly for industrial or commercial purposes and partly for residential purposes; or (2) into residential areas or into areas zoned for residential use. The municipality may pay the cost of such extension and may require each owner of property which abuts any such main to reimburse the municipality such owner's proportionate share of the cost of such extension at such time and by such rule as the municipality by ordinance determines.

Revenues

Revenues of Towns are principally derived from real and personal property taxes, State and federal aid and Town fees and charges. Revenues of Districts are principally derived from real property taxes, user fees, benefit assessments and service charges.

See "Assessment and Collection of Real and Personal Property Taxes" for discussion on tax assessment and collection provisions.

State Aid

The State may provide a grant to each Town for its unrestricted use. The grants are based on a variety of factors such as population and income levels.

The State is not obligated to maintain or continue State aid, which is subject to appropriations being made by the Connecticut General Assembly. General Assembly appropriations are subject to a provision of the State Constitution precluding the General Assembly from authorizing an increase in general budget expenditures for any fiscal year above the amount of general budget expenditures authorized for the previous fiscal year by a percentage which exceeds the greater of the percentage increase in personal income or the percentage increase in inflation, unless the Governor declares an emergency or the existence of extraordinary circumstances and at least three fifths of the members of each of the State House of Representatives and the State Senate vote to exceed such limit for the purposes of such emergency or extraordinary circumstances. The limitation on general budget expenditures does not include expenditures for the payment of State bonds, notes or other evidences of indebtedness.

Federal Aid

Some Municipalities receive financial assistance from the federal government. The federal government is not obligated to maintain or continue federal aid, which is subject to appropriations being made by the United States Congress.

Assessment and Collection of Real and Personal Property Taxes

The State Constitution contains no special provisions addressing assessment and collection of taxes by Municipalities. State statutes contain specific provisions for this activity, leaving the local taxing authorities to assess and collect taxes.

Municipalities are empowered by State statute to levy and collect taxes. Each Municipality has its own tax collector, who collects taxes for the taxing body in accordance with the State statutes. Generally, a District within a Town will use the Town's assessment roll and apply its tax rates to the assessment roll to arrive at its tax assessments.

Assessment lists are prepared by the Municipality's assessor as of October 1 of each year, using lists of taxable property submitted by taxpayers and information from other sources. The lists are amended to add property omitted from the lists and to increase or decrease the valuation of property. Any taxpayer aggrieved by the actions of the assessor can appeal to the Municipality's board of tax review and to the superior court of the Municipality's judicial district. All property is assessed at a uniform rate of 70% of its fair market value as of October 1. Effective with October 1, 1997 grand lists, Municipalities must revalue all real estate every fifth year. Effective October 1, 2006, a field review of real property must be made at any time up to October 1, 2011, and thereafter no later than ten years from the preceding review. Special statutory procedures are available to relieve taxpayers of significant tax increases caused by revaluation. When the assessment list is complete, the tax is levied upon the list to determine the amount of tax due and payable to the tax collector. The tax is due and payable on the first day of the Municipality's fiscal year unless the Municipality has determined that installment payments will be allowed.

Tax on real property becomes a lien on the property from October 1 in the year previous to that in which the tax, or the first installment thereof, became due, and continues until two years after the tax, or first installment, became due. The lien may be continued by the tax collector by filing the requisite certificate with the town clerk. Tax on personal property, other than motor vehicles, becomes a lien on the taxpayers' goods situated in the State on the date of perfection, or upon goods thereafter acquired by the taxpayer. The lien is effective for fifteen years, unless discharged.

Debt Incurrence Procedures

Constitutional and Statutory Requirements

The State Constitution empowers the General Assembly to enact legislation relative to a Municipality's borrowing power. State statutes provide procedures for incurring debt by municipalities. Municipalities may adopt debt incurrence procedures pursuant to home rule ordinance, charter or special act.

Purpose of Authorization and Pledge

Generally, a Municipality or District which has made appropriations for any purpose authorized by law, or which has incurred debts exceeding ten thousand dollars (\$10,000), may issue tax-exempt or taxable bonds, notes or other obligations under such terms and conditions, subject to the provisions of the State statutes, as the Municipality shall determine. The faith and credit of the

Municipality may be pledged to the payment of and interest on the obligations. In any case in which the amount of a judgment, a compromised or settled claim against it, award or sum payable by it pursuant to a determination by a court, or an officer, body or agency acting in an administrative or quasi-judicial capacity, exceeds five percent (5%) of the total annual tax receipts of a Municipality or two hundred fifty thousand dollars, whichever is less, such municipality may issue bonds, notes or other obligations for the purpose of funding such judgment, claim, or award or sum other than an award or sum arising out of an employment contract or in connection with construction projects. Towns may issue obligations for the purpose of raising money for a dire emergency as such emergency is certified.

A Municipality that has authorized the acquisition or construction of all or any part of a sewage system and has made an appropriation or has incurred debt therefor, may issue bonds, notes or other obligations. Such bonds, notes or other obligations shall be secured as to principal and interest by: (a) the full faith and credit of the Municipality; (b) a pledge of revenues from sewage systems use charges; or (c) a pledge of revenues to be derived from sewage system connection or use charges or a pledge of benefit assessments or both. The Municipality thereafter must appropriate in each year an amount of money sufficient to pay the principal and interest due that year and shall levy taxes or charges (as appropriate) in an amount sufficient to meet the appropriation.

A Municipality may pay for the acquisition, construction, extension, enlargement and maintenance of any waterworks system by the issuance of general obligation bonds or by the issuance of revenue bonds.

Debt Limit

No Municipality (and no Municipality coterminous with or within such Municipality) shall incur indebtedness in any of the following categories which will cause the aggregate indebtedness in that category to exceed, excluding sinking fund contributions, the multiple stated for each category times the aggregate annual receipts of such Municipality from taxation for the most recent fiscal year next preceding the date of issue:

(i)	all debt other than urban renewal projects, water pollution control projects, school projects and funding an unfunded past benefit obligation	2 1/4
(ii)	debt for urban renewal projects	3 1/4
(iii)	water pollution control projects*	3 3/4
(iv)	school building projects	4 1/2
(v)	debt for funding of an unfunded past benefit obligation	3
(vi)	total debt, including (i), (ii), (iii), (iv) and (v) above	7

*Debt for water pollution control projects issued in order to meet the requirements of an abatement order of the Commissioner of Energy and Environmental Protection is excluded from this computation provided the Municipality files a certificate signed by its chief fiscal officer with the commissioner demonstrating to the satisfaction of the commissioner that the Municipality has a plan for levying a system of charges, assessments or other revenues which are sufficient, together with other available funds of the municipality, to repay such obligations as the same become due and payable.

Certain Legal Matters

Prior to receipt by any Municipality of any Loan, an approving opinion with respect to the Municipal Obligation which evidences the Loan and an enforceability opinion with respect to the Loan Agreement will be rendered by nationally recognized bond counsel for the Municipality.

**APPENDIX A
BORROWER INFORMATION**

PART II: SPECIFIC BORROWER INFORMATION

Set forth in this Part II of Appendix A is certain information regarding the Borrowers whose Loans, including current and/or anticipated Loan commitments through June 16, 2026, are expected to exceed 20% of the aggregate outstanding principal amount of the Program Bonds, including the 2026 Bonds.

Except where expressly stated herein, the information which appears in this Official Statement relating to each Borrower is current as of the date of this Official Statement and was furnished by each Borrower for inclusion within this Official Statement. No representation or warranties are made that the information regarding each Borrower has not changed since the date of this Official Statement.

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<u>Borrower</u>	<u>Page</u>
MDC	A-II-1

**INFORMATION CONCERNING
THE METROPOLITAN DISTRICT, HARTFORD COUNTY, CONNECTICUT
SIGNIFICANT OBLIGOR INFORMATION**

The following information has been furnished by the Significant Obligor of the 2026 Bonds for inclusion in this Official Statement.

The Metropolitan District, Hartford County, Connecticut

The Metropolitan District, Hartford County, Connecticut (the “District”) was created by the Connecticut General Assembly in 1929 and operates as a specially chartered municipal corporation of the State under Act No. 511 of the 1929 Special Acts of the State of Connecticut, as amended. Member municipalities incorporated in the District are the City of Hartford and the Towns of Bloomfield, East Hartford, Newington, Rocky Hill, West Hartford, Wethersfield and Windsor, Connecticut (collectively, the “Member Municipalities”). The District’s purpose is to provide a complete, adequate and modern system of water supply and sewage collection, treatment and disposal for its Member Municipalities. Additionally, because of a Charter amendment approved by the Connecticut General Assembly in 1979, the District is also empowered to construct, maintain, and operate hydroelectric dams. The District also provides sewage disposal and supplies water, under special agreements, to several non-member municipalities as well as various State facilities, including the Towns of Berlin, Canton, Cromwell, East Granby, Farmington, Glastonbury, Manchester, Portland, South Windsor and Windsor Locks and the City of New Britain, Connecticut.

Additionally, the General Assembly of the State passed special legislation enabling the District to maintain a series of parks (developed by Riverfront Recapture) along the Connecticut River. Although the District no longer maintains any of the Riverfront Recapture’s parks, the District provides some funding to Riverfront Recapture through its water budget and water rates.

A 29-member Board of Commissioners, referred to as the District Board, governs the District. The Member Municipalities appoint seventeen of the commissioners, the Governor of the State of Connecticut appoints eight of the commissioners, and the leadership of the Connecticut State Legislature appoints four of the commissioners. Additionally, there are four ex-officio, non-voting commissioners appointed from non-member municipalities, one each from the Towns of Glastonbury, South Windsor, East Granby and Farmington. Appointments made by municipalities having three or more members are subject to the minority representation provisions of Section 9-167a of the Connecticut General Statutes (“CGS”), Revision of 1958, as amended. All commissioners serve without remuneration for a term of six years.

The District intends to use funds received from the State of Connecticut State Revolving Fund General Revenue Bonds for wastewater capital improvements as well to fund improvements under its on-going Clean Water Project (the “Clean Water Project”). The District began the Clean Water Project in 2005 in response to an Environmental Protection Agency (“EPA”) Sanitary Sewer Overflows (“SSO”) federal consent decree and a Connecticut DEEP Combined Sewer Overflows (“CSO”) consent order to address the combined wastewater and storm water being released to area waterways. The Clean Water Project is set forth in a Long-Term Control Plan (the “LTCP”), which is periodically revised and is subject to approval by the Connecticut Department of Energy and Environmental Protection (“DEEP”). The Clean Water Project financing will be repaid by the Clean Water Project Charge, which is added to customer water bills in Member Municipalities who have sewage and water services from the District.

As originally conceived in 2005, and as set forth in the initial LTCP, the Clean Water Project was estimated to cost approximately \$2.1 billion, and assumed to be completed in 2021, based on assumptions about, among other things, the design as originally conceived and the pace of design, construction and regulatory review and approval. The original concept relied on sewer separation projects, control of inflow and infiltration, and capacity increases and other improvements to the District's treatment plants.

The LTCP was most recently revised and resubmitted to DEEP in December 2018. After meeting and negotiations with DEEP an agreement was reached, and a new consent order was signed in September 2022. Although no formal approval was issued, the new consent order, which replaced the original consent order, incorporates the concept of an "Integrated Plan" for years 2023-2029. The Integrated Plan coordinates the District's ongoing capital improvement and maintenance program with projects reasonably necessary to comply with the CSO consent order. The Integrated Plan includes remedies such as replacing aged and damaged pipes and other system components, cleaning and other maintenance and rehabilitation activities, thereby increasing pipe capacity to reduce overflows. The concept and guidelines for Integrated Planning were introduced and accepted by the EPA in 2012 for communities dealing with CSO compliance issues coupled with the ongoing obligation to maintain its existing aging infrastructure in an affordable manner. The Integrated Plan contemplates a compliance effort over a longer term (i.e. 40 years) and integrated ongoing maintenance and a rehabilitation program. The Integrated Plan combines the Clean Water Project with other capital improvements that had not been considered part of the Clean Water Project and continues to finance the combined effort with the Clean Water Project Charge. The Integrated Plan has a view to achieve compliance with the governmental orders efficiently within the context of the District's other capital improvements while implementing a more affordable economic model for the rate payers.

Information related to the District, its power and ratemaking authority, and its administrative structure is set forth in the District's most recent final Official Statement dated October 23, 2025, prepared in connection with the sale of \$46,815,000 Clean Water Project Revenue Bonds, Series 2025 or the District's final Official Statement dated September 4, 2025, prepared in connection with the sale of \$96,160,00 General Obligation Bonds, Issue of 2025. The Official Statements for such bonds can be accessed through the Electronic Municipal Market Access (the "EMMA") System established by the Municipal Securities Rulemaking Boards ("MSRB") at www.emma.msrb.org. Such document is intended to provide general information concerning the District and its finances as of its date and is not incorporated herein by reference.

In connection with the District's issuance of bonds, the District has agreed to provide certain annual financial information and operating data to the MSRB via the EMMA System in accordance with SEC Rule 15c2-12. For more information about the District, see the continuing disclosure documents available on EMMA. Such documents are intended to provide disclosure information concerning the District and its finances as of their dates and are not incorporated herein by reference.

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APPENDIX B

**State Revolving Fund General Revenue Program--State Revolving Fund Financial Statements
Clean Water Fund and Drinking Water Fund**

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**STATE OF CONNECTICUT CLEAN WATER FUND -
WATER POLLUTION CONTROL AUTHORITY FEDERAL
REVOLVING LOAN ACCOUNT (STATE REVOLVING FUND)**

FINANCIAL STATEMENTS

June 30, 2025 and 2024

**STATE OF CONNECTICUT CLEAN WATER FUND -
WATER POLLUTION CONTROL AUTHORITY FEDERAL
REVOLVING LOAN ACCOUNT (STATE REVOLVING FUND)
June 30, 2025 and 2024**

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SEWARD AND MONDE

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INDEPENDENT AUDITORS' REPORT

Mr. Erick Russell, Treasurer

Ms. Katie Dykes, Commissioner,
Department of Energy and Environmental Protection,
State of Connecticut

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the State of Connecticut Clean Water Fund - Water Pollution Control Authority Federal Revolving Loan Account (State Revolving Fund) (SRF) (an enterprise fund of the State of Connecticut) as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the State of Connecticut Clean Water Fund - Water Pollution Control Authority Federal Revolving Loan Account, as of June 30, 2025 and 2024, and the changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the State of Connecticut Clean Water Fund - Water Pollution Control Authority Federal Revolving Loan Account, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of a Matter

As discussed in Note 1, the financial statements present only the financial position of the State of Connecticut Clean Water Fund - Water Pollution Control Authority Federal Revolving Loan Account and do not purport to, and do not, present fairly the financial position of the State of Connecticut, as of June 30, 2025 and 2024, the changes in its financial position, or its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the State of Connecticut Clean Water Fund - Water Pollution Control Authority Federal Revolving Loan Account's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the State of Connecticut Clean Water Fund - Water Pollution Control Authority Federal Revolving Loan Account's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the State of Connecticut Clean Water Fund - Water Pollution Control Authority Federal Revolving Loan Account's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 - 9 be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2025 on our consideration of the State of Connecticut Clean Water Fund - Water Pollution Control Authority Federal Revolving Loan Account's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State of Connecticut Clean Water Fund - Water Pollution Control Authority Federal Revolving Loan Account's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of Connecticut Clean Water Fund - Water Pollution Control Authority Federal Revolving Loan Account's internal control over financial reporting and compliance.

Seward and Monde

North Haven, Connecticut
November 5, 2025

**OFFICE OF THE TREASURER
STATE OF CONNECTICUT
CLEAN WATER FUND
FISCAL YEAR ENDED JUNE 30, 2025
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The Management Discussion and Analysis (MD&A) of the State of Connecticut Clean Water Fund - Water Pollution Control Authority Federal Revolving Loan Account (State Revolving Fund) ("SRF" or the "Fund" or the "Clean Water Fund") introduces the major activities affecting the operation of the SRF and is a narrative overview of the financial performance for the fiscal year ended June 30, 2025. The information contained in this discussion should be considered in conjunction with the Fund's basic financial statements and the notes thereto.

Financial Highlights

The Fund's total assets were \$1,606.6 million with deferred outflows of \$1.5 million offset by liabilities totaling \$590.3 million. The net position at the close of fiscal year 2025 was \$1,017.8 million-an increase of \$74.7 million, or 7.9% compared to fiscal year 2024's net position of \$943.2 million. The primary factors contributing to this increase were a \$43.0 million decrease in outstanding bonds and a \$47.2 million increase in the debt service fund. The Revolving Fund asset reduction of \$33.8 million is a result of the pause on bond issuances to fund new project loans.

Restricted assets saw an increase of \$45.1 million in the current fiscal year mainly in the debt service fund related to loan repayments. Restricted assets are shown in accordance with the terms of an award, agreement, or by State law. Most of the assets are invested, and portions are restricted in accordance with the requirements of State statutes and the federal Clean Water Act. Restricted assets represent the amount of assets that relate to the federal capitalization grants and associated State match. Unrestricted assets include all assets not restricted and are available for any program purpose.

The Fund's net revenue, prior to federal capitalization grants and transfers, declined to a \$23,466 loss, reflecting a \$20.2 million decrease from fiscal year 2024. This reduction is primarily driven by higher allocated administrative expenses and increased grant distributions to municipalities.

Overview of the Financial Statements

The Clean Water Fund financial statements are reported by the Office of the State Treasurer in conjunction with the Connecticut Department of Energy and Environmental Protection (DEEP). The Treasurer's Office is responsible for reporting the detailed financial information in the Clean Water Fund financial statements. The Clean Water Fund is classified as an Enterprise Fund within the Proprietary Funds of the State of Connecticut's financial statements. Proprietary funds focus on the determination of the change in the statement of net position, change in financial position, and cash flows for governmental activities that operate like a commercial enterprise. Proprietary funds use the accrual basis of accounting.

The Clean Water loan program activities shown in the financial statements indicate the amount of loans financed and the amount of repayments collected during the past fiscal year. SRF financial statements also provide information about activities of the Clean Water Fund as a recipient of federal capitalization grants and State matching funds. The amount of capitalization grants remaining for future use is disclosed in the Notes to the Financial Statements.

The SRF employs a leveraged financing strategy that maximizes the financing capacity of the respective federal capitalization grants, the required State match for these grants, and the Fund's assets. Based on this strategy, the SRF issues revenue bonds and uses the proceeds to provide financing for clean water and drinking water projects (the Revenue Bond Program). Where necessary, due to the issuance of bonds and investment activities for both the Clean Water Fund and Drinking Water Fund, bond proceeds, interest income and expenses may be allocated between the Clean Water Fund and the Drinking Water Fund. For the Revenue Bond Program activities, the financial statements indicate the amount of the bonds issued and retired and the remaining amount of bonds to be repaid in the future.

The financial statements also show the amount of interest income generated by the investment of funds and describe the structure of the investments.

Since 2001, the proceeds of the SRF bonds have been used for both clean water and drinking water projects. All of the currently outstanding bonds were issued under the 2002 General Bond Resolution as further described in the Notes to the Financial Statements. All the accounts established under the 2002 General Bond Resolution, whether restricted or unrestricted, are held by US Bank (the Trustee), as further described in the Notes to the Financial Statements.

Operating Activities

The Clean Water Loan Program

Loans are made to municipalities for clean water project funding and consist of construction loans, or Interim Funding Obligations' (IFOs), which accrue interest during construction, and long-term Permanent Loan Obligations' (PLOs), which are initiated after project completion to take out the IFOs. The PLOs have 20-year repayment terms and can be prepaid at any time without penalty for loans closed prior to October 23, 2020. Commencing October 23, 2020, all loan agreements now permit optional prepayments on or after ten (10) years from the date of any PLO. In addition to loans, there are several State grants available to participants in this program.

During fiscal year 2025, payments to municipalities for ongoing projects totaled \$96.4 million. Completed projects that were permanently financed during the fiscal year totaled \$114.7 million, while new construction loan commitments totaled \$13.7 million.

Further details about the loans can be found in the Notes to the Financial Statements.

Loan repayment collection services are provided by the Trustee. Repayments on the loans made by the DEEP since 1987 are paid to the Clean Water Fund account held by the Trustee. These funds provide security for the bonds and any new bonds issued in the future.

Non-Operating Activities

Investment of Funds

A formal SRF Investment Policy was adopted effective July 2023. The Policy details the permitted investments and investment strategy of funds held by the Trustee in the SRF accounts. Such funds consist of federal capitalization grants, the State matching funds, and all other State contributions. As has been noted, the federal capitalization grants and the State matching funds are used to provide leveraged financing for eligible projects in the State. All other State contributions that are held by the Trustee are used as they are deposited for program purposes.

Pursuant to the Policy, funds are invested in the State's Short-Term Investment Fund (STIF), the U.S. Treasury's State and Local Government Series (SLGS) securities, and in guaranteed investment contracts (GICs) with various financial institutions. Certain monies are also invested pursuant to investment agreements with providers that are collateralized with securities issued or guaranteed by the U.S. Government or agencies or instrumentalities whose market value is at least 100% of the funds invested.

The Revenue Bond Program

The SRF, in collaboration with the DEEP, helps communities build or replace water quality infrastructure that enhances ground and surface water resources, ensures the safety of drinking water, protects public health, and develops resilient communities.

The SRF has issued long-term bonds backed by the pledge of specific assets including loans, reserve funds, and other program assets. Pursuant to the 2002 General Bond Resolution and Connecticut General Statutes (CGS) Sections 22a-475 to 22a-483, the long-term bonds of the SRF are special obligations of the State that are payable only from the revenues or monies available in the SRF. Currently, bonds are outstanding under the 2002 General Bond Resolution, the latest of three resolutions used for SRF bond issues since 1991. Proceeds are used for program purposes including funding loans to Clean Water Fund borrowers.

The SRF initially allocates its SRF program equity funds to fund communities' projects under the Clean Water SRF and Drinking Water SRF programs. The SRF uses a "leveraged model" to provide funding in excess of the federal and state grants received and to replenish all or a portion of its SRF program equity funds. SRF bonds are issued in the capital markets and are secured by loans and reserves funded by SRF program equity funds (pledged assets). The proceeds from the SRF bonds are used to provide capital for new loans to borrowers for water infrastructure (PLOs), and to refinance the interim funding obligations or construction loans (IFOs). These loans funded with bond proceeds are referred to as leveraged loans. The loans securing the SRF bonds that are funded with SRF program equity funds are direct loans pledged for bond debt service.

Program capacity increased in prior fiscal years through receipt of loan prepayments. As a result of this high level of prepayments, along with a slowdown of projects due to Covid-19 and rising construction costs, the SRF placed a pause on leveraging through debt issuance. Instead, the SRF has been relying on the increased cash balances to make loans. In addition, since

FY23, the program has made use of the increased cash balances by executing a total of \$145.2 million of optional redemptions of outstanding SRF Revenue Bonds. The cash balances from prepayment funds are still being recycled in the form of new loans. Further, the program's cash balances remain strong due to investment earnings and project delays but are slowly returning to more traditional levels. With project demand starting to return to pre-Covid levels, SRF cash flow modeling assumptions predict an SRF bond issue sometime in FY27 or possibly FY28. Historically, the program issued bonds every 18-24 months for approximately \$250 million per issue, if needed.

Further information about outstanding bonds can be found in the Notes to the Financial Statements.

The program's advisors are:

Bond Counsel - Hardwick Law Firm, LLC

Financial Advisor - Sycamore Advisors

Financial Advisor - Hilltop Securities

Trustee - US Bank

Loan Repayment Collection Services - US Bank

Verification Agent - AMTEC

Arbitrage Rebate Calculation Services - AMTEC

Auditor - Seward & Monde CPAs

General Counsel - Attorney General of the State of Connecticut

Credit Ratings

The SRF's credit ratings from three nationally recognized rating agencies are as follows: Aaa from Moody's Investors Service, AAA from S&P Global Ratings, and AAA from Fitch Ratings.

SELECTED FINANCIAL INFORMATION

	Fiscal Year 2025	Fiscal Year 2024	Increase/ (Decrease)
Total Net Position	\$1,017,846,694	\$943,190,349	\$74,656,345
Total Loans Outstanding	\$1,015,693,790	\$1,010,612,227	\$5,081,563
Bonds Payable	\$512,260,000	\$555,300,000	(\$43,040,000)
Interest Expense	\$26,757,458	\$28,833,677	(\$2,076,219)
Operating Revenues- Interest on Loans	\$20,448,186	\$20,367,344	\$80,842
Interest on Investments	\$27,654,000	\$30,197,373	(\$2,543,373)
Federal Capitalization Grants Earned	\$68,108,111	\$21,784,359	\$46,323,752

OUTLOOK

Investment in the nation's water infrastructure is a key public and environmental policy goal at both the State and federal level. The federal Infrastructure Investment and Jobs Act (IIJA) was signed into law on November 15, 2021. IIJA provides a five-year boost to federal funding for

the SRFs. IIJA has delivered a portion of the more than \$50 billion to the Environmental Protection Agency (EPA) to improve our nation's drinking water, wastewater, and stormwater infrastructure - the single largest investment in water that the federal government has ever made. Since the implementation of IIJA, the actual base funding amounts (base is not part of IIJA) the SRFs have received are significantly less than what was proposed initially during IIJA due to federal earmark projects. The federal earmarks are expected to continue impacting the base funding through fiscal year 2027 which alters the number of projects that the State can fund and permanently eliminates a recurring source of funding to meet the need to repair, rehabilitate and replace the aging State's water infrastructure.

The current high interest rate environment should also increase the demand for low interest rate loans being provided to the SRF's borrowers. Additionally, the SRF expects to continue to award additional subsidies to disadvantaged communities and continue to offer its grant and incentive programs financing to its eligible borrowers.

In addition, at the State level, Connecticut Public Act 25-168 increased the State's Clean Water Fund and Drinking Water Fund revenue bond authorization by \$50.0 million in FY2026 and \$500.0 million in FY2027 bringing the total authorization for both revenue bonding programs to nearly \$5.1 billion since inception.

All these factors impact how Connecticut municipalities plan and implement the capital projects funded by the SRF programs. Current reduced authorizations for base funding provide the SRF programs with limited continuity to provide necessary funding to as many communities and critical projects as possible. Nonetheless, with IIJA funding, the SRF programs are expected to create jobs while upgrading Connecticut's aging water infrastructure and addressing key challenges like lead in drinking water and polyfluoroalkyl substances (PFAS) contamination.

The implementation of IIJA, including its Build America, Buy America (BABA) provisions, calls for strong partnerships. The EPA is working closely with SRF programs to ensure communities fully benefit from these historic investments. However, inflation, rising labor costs, and national supply chain disruptions continue to affect project timelines and budgets. To help mitigate these challenges and support compliance with the new Made in America standards, the EPA has issued "adjustment period waivers." These waivers provide temporary flexibility for water and wastewater infrastructure projects, especially those initiated before the BABA requirements took effect, allowing communities time to align their SRF-funded projects with federal procurement standards

Interest rates also have an impact on state SRFs, including Connecticut. Due to the low interest rate environment during the pandemic, the Connecticut SRF saw a significant increase in requests by borrowers to prepay SRF loans. Although the 2% loan rate has been very attractive to SRF borrowers, in the historically ultra-low interest rate environment that existed in prior fiscal years, many borrowers issued refunding bonds and prepaid their SRF loans before maturity for savings. With the Federal Reserve more recently increasing interest rates to address inflationary pressures, the prepayments have ceased but the cost of new bonding may be higher to finance these programs.

The major focus for the Clean Water SRF continues to be setting priorities and providing financing for critical work. Working together, DEEP and the Office of the State Treasurer will continue to assist State legislators and municipal officials to determine the most cost effective and efficient way to meet the water quality needs of the communities within the State.

The Office of the State Treasurer's Debt Management Division continually monitors the impact of credit ratings of investment providers and borrowers, assists in the preparation of comments on financial regulation, and participates in industry discussions on infrastructure, including water and transportation, as well as the economic development and growth potential for the State.

REQUIRED SUPPLEMENTARY INFORMATION

The Notes to the Financial Statements provide additional information that further explains and supports the information in the financial statements. They are essential to a full understanding of the data provided in the Clean Water Fund's financial statements.

The Clean Water Fund does not separately report required supplementary information that contains budgetary comparison schedules; schedules presenting infrastructure assets or supplementary pension fund information because this information is recorded by the State of Connecticut.

CONTACTS

This financial report is designed to provide a general overview of the Clean Water Fund's finances. Questions about this report or requests for additional information should be addressed to:

SRF Financial Administrator
Connecticut State Treasurer's Office
Debt Management Division
165 Capitol Avenue
Hartford, CT 06106
Telephone (860) 702-3000
<https://portal.ct.gov/OTT>

Questions about the Clean Water Fund and water quality in Connecticut should be addressed to:

Connecticut Department of Energy and Environmental Protection
Bureau of Water Protection and Land Reuse
79 Elm Street
Hartford, CT 06106
Telephone (860) 424-3704
<https://portal.ct.gov/deep>

**STATE OF CONNECTICUT CLEAN WATER FUND -
WATER POLLUTION CONTROL AUTHORITY FEDERAL
REVOLVING LOAN ACCOUNT (STATE REVOLVING FUND)
STATEMENTS OF NET POSITION
June 30, 2025 and 2024**

	2025	2024
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 9,333,784	\$ 298
Interest receivable - investments	315,529	368,946
Interest receivable - loans	3,351,999	4,531,565
Loans receivable	172,247,439	190,239,671
Grant receivable	3,081,639	7,870,812
Total current assets	188,330,390	203,011,292
Noncurrent assets:		
Loans receivable	843,446,351	820,372,556
Revolving fund	366,230,275	400,017,770
Restricted assets:		
Bond proceeds fund	989	946
Debt service fund	206,008,656	158,843,549
Support fund	2,606,955	4,690,450
Total restricted assets	208,616,600	163,534,945
Total noncurrent assets	1,418,293,226	1,383,925,271
Total assets	1,606,623,616	1,586,936,563
DEFERRED OUTFLOW OF RESOURCES		
Deferred charges on refunding	1,547,157	2,320,735
Total deferred outflow of resources	1,547,157	2,320,735
LIABILITIES		
Current liabilities:		
Interest payable on revenue and refunding bonds	6,991,204	7,458,675
Due to other funds	3,081,639	7,894,634
Bonds payable	47,175,000	43,040,000
Total current liabilities	57,247,843	58,393,309
Noncurrent liabilities:		
Premiums on revenue and refunding bonds	67,991,236	75,413,640
Bonds payable	465,085,000	512,260,000
Total noncurrent liabilities	533,076,236	587,673,640
Total liabilities	590,324,079	646,066,949
NET POSITION		
Restricted for loans	759,191,756	681,094,778
Unrestricted	258,654,938	262,095,571
Total net position	\$ 1,017,846,694	\$ 943,190,349

The notes to financial statements are an integral part of this statement.

**STATE OF CONNECTICUT CLEAN WATER FUND -
WATER POLLUTION CONTROL AUTHORITY FEDERAL
REVOLVING LOAN ACCOUNT (STATE REVOLVING FUND)
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Years Ended June 30, 2025 and 2024**

	2025	2024
OPERATING REVENUES		
Interest on loans	\$ 20,448,186	\$ 20,367,344
OPERATING EXPENSES		
Salaries	837,384	386,238
Employee benefits	583,702	350,683
Other	211,853	1,446,426
Project grants	27,157,658	6,766,923
Total operating expenses	28,790,597	8,950,270
Operating income (loss)	(8,342,411)	11,417,074
NONOPERATING REVENUES (EXPENSES)		
Interest on investments	27,654,000	30,197,373
Amortization of bond premium	7,422,403	7,419,321
Interest expense	(26,757,458)	(28,833,677)
Total nonoperating revenues (expenses)	8,318,945	8,783,017
Income (loss) before federal capitalization grants and transfers	(23,466)	20,200,091
FEDERAL CAPITALIZATION GRANTS		
Project funds - loans	40,180,969	14,458,819
Project funds - grants	27,157,658	6,766,923
Administrative set-asides	769,484	558,617
Total federal capitalization grants	68,108,111	21,784,359
OPERATING TRANSFERS	6,571,700	3,035,000
Change in net position	74,656,345	45,019,450
NET POSITION, beginning	943,190,349	898,170,899
NET POSITION, ending	\$ 1,017,846,694	\$ 943,190,349

The notes to financial statements are an integral part of this statement.

**STATE OF CONNECTICUT CLEAN WATER FUND -
WATER POLLUTION CONTROL AUTHORITY FEDERAL
REVOLVING LOAN ACCOUNT (STATE REVOLVING FUND)
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2025 and 2024**

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received on loans	\$ 21,627,752	\$ 22,111,377
Loan originations	(96,360,459)	(57,256,779)
Principal paid on loans receivable	91,278,896	72,470,516
Payments to employees for salaries and benefits	(1,421,086)	(736,921)
Payments on project grants	(27,157,658)	(6,766,923)
Other payments	(211,853)	(318,038)
Net cash provided (used) by operating activities	(12,244,408)	29,503,232
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Federal capitalization grants	72,897,284	13,913,547
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Repayment of bonds payable	(43,040,000)	(43,875,000)
Interest paid on bonds payable	(26,451,351)	(28,527,318)
Operating transfers	1,758,705	10,929,634
Net cash used by noncapital financing activities	(67,732,646)	(61,472,684)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on investments	27,707,416	30,272,726
Decrease in revolving fund	33,787,495	8,737,344
Increase in restricted assets	(45,081,655)	(26,211,982)
Net cash provided by investing activities	16,413,256	12,798,088
Net change in cash and cash equivalents	9,333,486	(5,257,817)
CASH AND CASH EQUIVALENTS, beginning	298	5,258,115
CASH AND CASH EQUIVALENTS, ending	\$ 9,333,784	\$ 298
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	(\$ 8,342,411)	\$ 11,417,074
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Changes in assets and liabilities:		
(Increase) decrease in interest receivable - loans	1,179,566	1,744,033
(Increase) decrease in loans receivable	(5,081,563)	16,342,125
Net cash provided (used) by operating activities	(\$ 12,244,408)	\$ 29,503,232

The notes to financial statements are an integral part of this statement.

**STATE of CONNECTICUT CLEAN WATER FUND - WATER POLLUTION CONTROL
AUTHORITY FEDERAL REVOLVING LOAN ACCOUNT (STATE REVOLVING FUND)
NOTES to FINANCIAL STATEMENTS
June 30, 2025 and 2024**

1 - NATURE OF ORGANIZATION

The State of Connecticut Clean Water Fund - Water Pollution Control Authority Federal Revolving Loan Account (State Revolving Fund or SRF), an enterprise fund of the State of Connecticut, established pursuant to Connecticut General Statutes Section 22a-475 to 22a-499, provides financial assistance to the municipalities of Connecticut for the planning, design and construction of water quality projects. The SRF is funded through revenue bonds, State contributions, and federal grants as established under Title VI of the Water Quality Act of 1987 (Act), which requires the State of Connecticut (State) to match federal funds to the extent of 20% of federal funds received.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the SRF conform to U.S. generally accepted accounting principles as applicable to governmental units. The following is a summary of the SRF's significant accounting policies:

Measurement Focus and Basis of Accounting

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as specified by the Governmental Accounting Standards Board's (GASB) requirements for an enterprise fund.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Operating and Nonoperating Revenues and Expenses

The SRF's principal operation consists of making low interest loans and grants to municipalities in Connecticut. Operating revenue consists of interest earned on those loans. Operating expenses consist of personnel and other expenses, incurred in the initial approval, disbursement and ongoing servicing of these loans and project grants.

Nonoperating revenues include interest earned on investments and nonoperating expenses include interest expense on revenue and refunding bonds.

Revenue Recognition

Federal capitalization grants are reported as nonoperating revenue and are recognized as federal funds are drawn and as the SRF expenses are incurred.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the SRF considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. However, the SRF's policy is to exclude restricted assets from cash equivalents for purposes of the Statements of Cash Flows due to the limitations imposed on their use by the Clean Water Fund Revenue Bond Program General Bond Resolution, adopted by the State Bond Commission on December 17, 2002 (the "Resolution").

Investments

The SRF's policy is to present all investments at fair value except for money market investments and investment contracts, which the SRF has elected to report at amortized cost. The fair value of investments traded on public markets is determined using quoted market prices. The fair value of state general obligation bonds, which are not traded on a public market, is estimated using a comparison of other state general obligation bonds. Based on this comparison, the cost or par value of the state general obligation bonds approximates their estimated fair value.

There were no material investment gains or losses for the years ended June 30, 2025 and 2024.

Loans, Allowance for Loan Losses and Credit Risk

The SRF makes loans to municipalities in the State of Connecticut for planning, design and construction of water quality projects. Interest on the loans is calculated at two percent of the outstanding balance and recognized as it is earned. The loans are secured by the full faith and credit or revenue pledges of the municipalities, or both. No allowance for loan losses is considered necessary based on management's evaluation of the collectability of the loans. The evaluation takes into consideration such factors as changes in the size of the municipal loans, overall quality, review of specific problem loans, and current economic conditions and trends that may affect the borrowers' ability to pay.

Restricted Assets

Restricted assets consist of investments, which are segregated into funds and accounts in accordance with the Resolution as previously described, plus amounts determined to be prudent by management including amortizing long-term investments. The Resolution restricts investments to: a) the State Treasurer's Short-Term Investment Fund (STIF), b) interest bearing time deposits held by the trustee, a member bank of the Federal Reserve System, or a bank which is insured by the Federal Deposit Insurance Corporation and c) Investment Obligations as defined in the Resolution.

Bond Premiums/Deferred Loss

The premiums on the revenue and refunding bonds are being amortized over the term of the bonds on a straight-line basis, which yields results equivalent to the interest method.

The deferred losses on early retirement of bonds (Note 8) are being amortized over the shorter of the life of the refunded or refunding debt.

Revenue Bonds

The following funds and accounts have been established in accordance with the Resolution adopted December 17, 2002:

<u>Fund / Account</u>	<u>Description and Use</u>
Revolving Fund	The Revolving Fund consists of amounts in the water pollution control federal revolving loan account and drinking water federal revolving loan account. The State maintains the Revolving Fund in accordance with the Federal Act. The State shall transfer to the Debt Service Fund any amounts necessary, together with any amounts on deposit therein, sufficient to pay principal of, redemption premium, if any, and interest on bonds.
Bond Proceeds Fund	Receives proceeds from the sale of revenue bonds as specified and determined by the Resolution. Funds are expensed for purposes of financing loans to borrowers under the State Revolving Fund program and if other monies are not available, payment of principal and interest on bonds.
Debt Service Fund	Receives amounts from the Revolving Fund, Support Fund and, if necessary, Bond Proceeds Fund sufficient to pay the debt service on the bonds. Pays principal and interest on outstanding bonds.
Support Fund	The Support Fund, and accounts therein, shall be funded in the amounts and in the manner set forth in a Supplemental Resolution. Monies in the Support Fund shall be transferred to the Debt Service Fund to pay the interest, principal and Sinking Fund Installments and Redemption Price due on Bonds, in accordance with the schedule set forth in the applicable Supplemental Resolution.
Administrative Fund: Cost of Issuance Account	Established outside the SRF, receives a portion of the revenue bond proceeds. Investment income is transferred to the revenue fund for debt service payments. Used to pay issuance cost on revenue bonds.
Rebate Fund	Receives any earnings required to be rebated to the United States pursuant to the Tax Regulatory Agreement. Used for IRS obligations as required.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statements of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The SRF only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the Statements of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price.

In addition to liabilities, the Statements of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The SRF does not have any items that qualify for reporting in this category.

Net Position

Net position is classified in the following categories:

- a. Net investment in capital assets - consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The SRF does not have capital assets.
- b. Restricted - consists of the total non-administrative portion of federal capitalization grants received plus the state match.
- c. Unrestricted - consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Subsequent Events

Management of the SRF has evaluated subsequent events through November 5, 2025, the date the financial statements were available to be issued.

3 - CASH DEPOSITS AND INVESTMENTS

According to GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, the SRF needs to make certain disclosures about deposits and investment risks that have the potential to result in losses. Thus, the following deposit and investment risks are discussed below:

Interest Rate Risk - the risk that changes in interest rates will adversely affect the fair value of an investment.

Credit Risk - the risk that an issuer or other counterparty to an investment will not fulfill its obligation.

Concentration of Credit Risk - the risk of loss attributed to the magnitude of an investment with a single issuer.

Custodial Credit Risk (deposits) - the risk that, in the event of a bank failure, the SRF's deposits may not be recovered.

Custodial Credit Risk (investments) - the risk that, in the event of a failure of the counterparty, the SRF will not be able to recover the value of investments or collateral securities that are in the possession of an outside party.

Cash and cash equivalents

Cash and cash equivalents of the SRF include funds held by the Connecticut State Comptroller and US Bank (Trustee).

As of June 30, 2025 and 2024 funds held by the State Comptroller were \$9,333,472 and \$-0-, respectively. These funds are included with other State of Connecticut accounts, and custodial credit risk cannot be determined at the SRF level.

As of June 30, 2025 funds held by STIF were \$557,703,984, of which \$989 is included in the bond proceeds fund, \$366,230,275 is included in the revolving fund, \$191,472,408 is included in the debt service fund and \$312 is included in cash on the Statements of Net Position. As of June 30, 2024 funds held by STIF were \$511,603,281, of which \$946 is included in the bond proceeds fund, \$399,938,735 is included in the revolving fund, \$111,663,302 is included in the debt service fund and \$298 is included in cash on the Statements of Net Position.

STIF is a money market investment pool, rated AAAM, as of June 30, 2025 and 2024 by Standard and Poor's, in which the State, municipal entities, and political subdivisions of the State are eligible to invest. The State Treasurer with the advice of the Investment Advisory Council, whose members include outside investment professionals and pension beneficiaries, establishes investment policies and guidelines. The State Treasurer is authorized to invest STIF funds in U.S. government and agency obligations, certificates of deposit, commercial paper, corporate bonds, savings accounts, bankers' acceptances, repurchase agreements, asset-backed securities, and student loans.

As of June 30, 2025 funds held in Fidelity Investments Money Market Government Portfolio (FCGXX) were \$3,514,573, all of which is included in the debt service fund on the Statements of Net Position. As of June 30, 2024 funds held in FCGXX were \$34,449,440, \$79,035 is included in the revolving fund and \$34,370,405 is included in the debt service fund on the Statements of Net Position.

FCGXX is a money market investment pool, managed by Fidelity Investments, rated AAAM, by Standard and Poor's, normally investing at least 80% of assets in U.S. Government securities and repurchase agreements for those securities and generally maintaining a dollar-weighted average maturity of 60 days or less.

Investments

As of June 30, 2025, the SRF had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in years)			Rating
		Less than 1	1 - 5	6 - 10	
U.S. Treasury State & Local Governments	\$ 2,014,073	\$ 927,102	\$ 1,086,971	\$ -	AA+
Guaranteed Investment Contracts	11,172,932	151,257	11,021,675	-	A-
Guaranteed Investment Contracts	441,625	441,625	-	-	NR
	<u>\$13,628,630</u>	<u>\$1,519,984</u>	<u>\$12,108,646</u>	<u>\$ -</u>	

As of June 30, 2024, the SRF had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in years)			Rating
		Less than 1	1 - 5	6 - 10	
U.S. Treasury State & Local Governments	\$ 2,014,073	\$ -	\$ 2,014,073	\$ -	AA+
Guaranteed Investment Contracts	14,267,318	-	14,267,318	-	A-
Guaranteed Investment Contracts	1,218,901	-	1,218,901	-	NR
	<u>\$17,500,292</u>	<u>\$ -</u>	<u>\$17,500,292</u>	<u>\$ -</u>	

Interest Rate Risk

The SRF's policy for managing interest rate risk is to have the maturity or redemption dates of investments coincide as nearly as practicable with the times at which funds will be required for purposes as established in the General Bond Resolutions.

Credit Risk

The SRF minimizes exposure to this risk by investing in Investment Obligations as defined by the Resolution.

Concentration of Credit Risk

The SRF currently invests approximately 85.2% and 90.3%, at June 30, 2025 and 2024, respectively, in long-term investment agreements with Trinity Plus Funding and Bank of America.

4 - LOANS RECEIVABLE

The SRF loans funds to qualified municipalities at an annual interest rate of two percent, secured by the full faith and credit or revenue pledges of the municipalities, or both. Principal and interest payments on loans are payable over a 20 year period in equal monthly installments commencing one month after the scheduled completion date, or in a single annual installment representing the first year's principal and interest not later than one year after the scheduled completion date and thereafter in monthly or annual installments. Prepayments are not subject to any penalty.

Loans receivable by type are as follows as of June 30:

	<u>2025</u>	<u>2024</u>
Construction in process	\$ 92,826,916	\$ 113,230,276
Completed projects	<u>922,866,874</u>	<u>897,381,951</u>
	<u>\$ 1,015,693,790</u>	<u>\$ 1,010,612,227</u>

Aggregate maturities of loans receivable in subsequent years for completed projects are as follows:

<u>Year ending June 30</u>	
2026	\$ 79,420,523
2027	77,703,301
2028	76,288,017
2029	74,532,714
2030	70,816,585
Thereafter	<u>544,105,734</u>
	<u>\$ 922,866,874</u>

5 - FEDERAL LETTER OF CREDIT

The following represents a summary of the cumulative amount of funds awarded and drawn, as well as the amount of funds available under the U.S. Environmental Protection Agency's letter of credit and State match information as of June 30, 2025:

	<u>Regular</u>	<u>BIL Supplemental</u>	<u>BIL Emerging Contaminants</u>
Awarded	\$ 635,520,148	\$ 75,199,000	\$ 6,379,000
Drawn	<u>626,569,039</u>	<u>42,739,754</u>	<u>15,285</u>
Available federal letter of credit	<u>\$ 8,951,109</u>	<u>\$ 32,459,246</u>	<u>\$ 6,363,715</u>
State match required	<u>\$ 127,104,030</u>	<u>\$ 10,305,900</u>	<u>\$ -</u>
State match provided	<u>\$ 125,951,250</u>	<u>\$ 4,733,900</u>	<u>\$ -</u>

The following represents a summary of the cumulative amount of funds awarded and drawn, as well as the amount of funds available under the U.S. Environmental Protection Agency's letter of credit and State match information as of June 30, 2024:

	<u>Regular</u>	<u>BIL Supplemental</u>	<u>BIL Emerging Contaminants</u>
Awarded	\$ 625,519,148	\$ 47,339,000	\$ 3,750,000
Drawn	<u>596,426,796</u>	<u>-</u>	<u>-</u>
Available federal letter of credit	<u>\$ 29,092,352</u>	<u>\$ 47,339,000</u>	<u>\$ 3,750,000</u>
State match required	<u>\$ 125,103,830</u>	<u>\$ 4,733,900</u>	<u>\$ -</u>
State match provided	<u>\$ 124,113,450</u>	<u>\$ -</u>	<u>\$ -</u>

6 - RESTRICTED ASSETS

Restricted assets as of June 30 are comprised of the following:

	<u>2025</u>	<u>2024</u>
Cash equivalents:		
Money market investment pool	\$ 194,987,970	\$ 146,034,653
Investments:		
U.S. Treasury State & Local Governments	2,014,073	2,014,073
Guaranteed Investment Contracts	<u>11,614,557</u>	<u>15,486,219</u>
	<u>\$ 208,616,600</u>	<u>\$ 163,534,945</u>

7 - RELATED PARTY TRANSACTIONS

The SRF is one fund of many within the State of Connecticut financial reporting structure and as a result, certain transactions including operating transfers, loans receivable and allocation of expenses among funds are under the direction of the State.

Investments

The SRF has invested in the State Treasurer's Short Term Investment Fund as presented in Note 3.

Allocation of Expenses

Fringe benefit costs which are incurred at the State level are applied as a percentage of salaries to all State governmental units, including the SRF. For the years ended June 30, 2025 and 2024, the basic rates were 69.71% and 90.79%, respectively, of the SRF wages and the amounts charged aggregated \$583,702 and \$350,683 respectively.

8 - BONDS PAYABLE

A summary of changes in bonds payable during the year ended June 30, 2025 is as follows:

	Balance June 30, 2024	Issued	Principal Paydowns	Balance June 30, 2025
Revenue bonds	\$ 515,055,000	\$ -	\$ 25,195,000	\$ 489,860,000
Refunding bonds	<u>40,245,000</u>	<u>-</u>	<u>17,845,000</u>	<u>22,400,000</u>
	<u>\$ 555,300,000</u>	<u>\$ -</u>	<u>\$ 43,040,000</u>	<u>\$ 512,260,000</u>

A summary of changes in bonds payable during the year ended June 30, 2024 is as follows:

	Balance June 30, 2023	Issued	Principal Paydowns	Balance June 30, 2024
Revenue bonds	\$ 542,010,000	\$ -	\$ 26,955,000	\$ 515,055,000
Refunding bonds	57,165,000	-	16,920,000	40,245,000
	<u>\$ 599,175,000</u>	<u>\$ -</u>	<u>\$ 43,875,000</u>	<u>\$ 555,300,000</u>

Revenue Bonds

The proceeds of the SRF's bonds are to be used to provide funds to make loans to Connecticut municipalities, for use in connection with the financing or refinancing of wastewater and drinking water treatment projects.

The State of Connecticut has issued the following bonds, a portion of which has been allocated to the Drinking Water Fund:

Issue Date	Issue Name	Original Allocated Par Amount	Balance Outstanding June 30, 2025
5/6/2015	State Revolving Fund General Revenue Bonds, 2015 Series A	\$197,525,000	\$161,470,000
6/15/2017	State Revolving Fund General Revenue Bonds, 2017 Series A	200,000,000	175,870,000
6/15/2017	State Revolving Fund Refunding General Revenue Bonds, 2017 Series B	102,640,000	22,400,000
7/9/2019	State Revolving Fund General Revenue Bonds, 2019 Series A	200,000,000	152,520,000
		<u>\$700,165,000</u>	<u>\$512,260,000</u>

Debt service on the outstanding bonds will be paid solely from Available Moneys in the SRF and the Drinking Water Fund. Available Moneys include all funds in the SRF legally available therefore and can be used for any lawful purpose. The bond proceeds fund, the debt service fund and the support fund, the investments thereof and the proceeds of such investments, if any, are pledged for the payment of all bonds issued under the 2002 Resolution.

The State of Connecticut issued State Revolving Fund General Revenue Bonds 2015 Series A dated May 6, 2015. In accordance with the State Revolving Fund General Revenue Bonds, 2015 Series Plan of Finance, the State allocated the proceeds of 2015 Series Bonds between the SRF and the Drinking Water Fund with \$197,525,000 allocated to the SRF and \$52,475,000 allocated to the Drinking Water Fund.

The State of Connecticut issued State Revolving Fund General Revenue Bonds 2017 Series A dated June 15, 2017. In accordance with the State Revolving Fund General Revenue Bonds, 2017 Series Plan of Finance, the State allocated the proceeds of 2017 Series Bonds between the SRF and the Drinking Water Fund with \$200,000,000 allocated to the SRF and \$50,000,000 allocated to the Drinking Water Fund.

The State of Connecticut issued State Revolving Fund General Revenue Bonds 2019 Series A dated July 9, 2019. In accordance with the State Revolving Fund General Revenue Bonds, 2019 Series Plan of Finance, the State allocated the proceeds of 2019 Series Bonds between the SRF and the Drinking Water Fund with \$200,000,000 allocated to the SRF and \$50,000,000 allocated to the Drinking Water Fund.

Revenue bonds payable consist of the following as of June 30:

	<u>2025</u>	<u>2024</u>
Serial bonds, with interest rates from 1.00% to 5.00%, maturing through 2039	<u>\$ 489,860,000</u>	<u>\$ 515,055,000</u>

Refunding Bonds - 2017 Series B

On June 15, 2017 the State issued \$102,640,000 of State Revolving Fund Refunding General Revenue Bonds 2017, Series B with interest rates of 3.625% to 5.0% to refund on a current basis Clean Water Fund Refunding General Revenue Bonds, Series 2009 A (Refunded Bonds). The Refunded Bonds were scheduled to mature at various dates through June 1, 2027, but have been redeemed on June 1, 2019.

The outstanding principal balance of the Refunding Bonds as of June 30, 2025 and 2024 was \$22,945,000 and \$40,245,000, respectively.

Amortization of the deferred loss on early retirement of bonds for the years ended June 30, 2025 and 2024 totaled \$773,579 for both years.

Bond Maturities

Requirements at June 30, 2025 to retire the SRF's revenue and refunding bonds are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 47,175,000	\$ 24,321,000
2027	41,880,000	21,970,000
2028	35,440,000	19,907,750
2029	44,895,000	18,135,750
2030	43,035,000	15,891,000
2031-2035	195,005,000	51,455,750
2036-2039	<u>104,830,000</u>	<u>10,517,450</u>
	<u>\$ 512,260,000</u>	<u>\$ 162,198,700</u>

9 - ARBITRAGE LIABILITY

The Internal Revenue Code provides that interest on certain obligations issued by states, including SRF revenue bonds, is not taxable to the holder provided that bond proceeds are not invested in higher yielding investments, which is referred to as arbitrage. To mitigate arbitrage with respect to the SRF's 2015, 2017 and 2019 series revenue bonds, the SRF is required to remit excess investment income to the federal government. Based on calculations made by an independent arbitrage rebate agent, there was no arbitrage liability at June 30, 2025 and 2024.

10 - NET POSITION

The following represents an analysis of net position for the years ended June 30, 2025 and 2024:

	<u>Unrestricted</u>	<u>Restricted for Loans</u>	<u>Total</u>
Balance at June 30, 2023	\$ 233,055,183	\$ 665,115,716	\$ 898,170,899
Change in net position	<u>29,040,388</u>	<u>15,979,062</u>	<u>45,019,450</u>
Balance at June 30, 2024	262,095,571	681,094,778	943,190,349
Change in net position	<u>(3,440,633)</u>	<u>78,096,978</u>	<u>74,656,345</u>
Balance at June 30, 2025	<u>\$ 258,654,938</u>	<u>\$ 759,191,756</u>	<u>\$ 1,017,846,694</u>

The net position restricted for loans represents amounts accumulated from federal drawdowns, less administrative expenses (not exceeding 4% of the federal grant) and subsidies, and the State's match of federal funds.

11 - OPERATING TRANSFERS

Operating transfers consist of the following for the years ended June 30:

	<u>2025</u>	<u>2024</u>
DWF transfer for expenses	\$ -	\$ 200,000
State match	6,571,700	2,835,000
Operating expenses transfer	1,433,076	769,484
Operating expenses reimbursement	<u>(1,433,076)</u>	<u>(769,484)</u>
	<u>\$ 6,571,700</u>	<u>\$ 3,035,000</u>

12 - LOAN FUNDING COMMITMENTS

The operating agreements for the federal capitalization grants require that the SRF enter into binding commitments with local government units within one year of the receipt of each federal grant payment to provide assistance in an amount equal to 120% (including 20% state matching grants) of each federal capitalization grant.

The following represents a summary of loan commitments at June 30:

	<u>2025</u>	<u>2024</u>
Total funds committed to municipalities	\$ 1,313,877,106	\$ 1,380,901,229
Loan amount outstanding to municipalities	<u>1,015,693,790</u>	<u>1,010,612,227</u>
Loan commitments outstanding	<u>\$ 298,183,316</u>	<u>\$ 370,289,002</u>

13 - RISK MANAGEMENT

The State of Connecticut is responsible for risk management of the SRF activities through the use of commercial and self-insurance.

SEWARD AND MONDE

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Mr. Erick Russell, Treasurer

Ms. Katie Dykes, Commissioner,
Department of Energy and Environmental Protection,
State of Connecticut

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the State of Connecticut Clean Water Fund - Water Pollution Control Authority Federal Revolving Loan Account (State Revolving Fund) (SRF) (an enterprise fund of the State of Connecticut) as of and for the year ended June 30, 2025, and the related notes to the financial statements, and have issued our report thereon dated November 5, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the SRF's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the SRF's internal control. Accordingly, we do not express an opinion on the effectiveness of the SRF's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the SRF's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Seward and Monde

North Haven, Connecticut
November 5, 2025

**STATE OF CONNECTICUT CLEAN WATER FUND -
DRINKING WATER FEDERAL REVOLVING
LOAN ACCOUNT (STATE REVOLVING FUND)**

FINANCIAL STATEMENTS

June 30, 2025 and 2024

**STATE OF CONNECTICUT CLEAN WATER FUND -
DRINKING WATER FEDERAL REVOLVING
LOAN ACCOUNT (STATE REVOLVING FUND)
June 30, 2025 and 2024**

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INDEPENDENT AUDITORS' REPORT

Mr. Erick Russell, Treasurer

Manisha Juthani, MD, Commissioner,
Department of Public Health,
State of Connecticut

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the State of Connecticut Clean Water Fund - Drinking Water Federal Revolving Loan Account (State Revolving Fund) (SRF) (an enterprise fund of the State of Connecticut) as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the State of Connecticut Clean Water Fund - Drinking Water Federal Revolving Loan Account, as of June 30, 2025 and 2024, and the changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the State of Connecticut Clean Water Fund - Drinking Water Federal Revolving Loan Account, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the financial position of the State of Connecticut Clean Water Fund - Drinking Water Federal Revolving Loan Account and do not purport to, and do not, present fairly the financial position of the State of Connecticut, as of June 30, 2025 and 2024, the changes in its net position, or its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the State of Connecticut Clean Water Fund - Drinking Water Federal Revolving Loan Account's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the State of Connecticut Clean Water Fund - Drinking Water Federal Revolving Loan Account's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the State of Connecticut Clean Water Fund - Drinking Water Federal Revolving Loan Account's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 - 10 be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2025 on our consideration of the State of Connecticut Clean Water Fund - Drinking Water Federal Revolving Loan Account's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and, not to provide an opinion on the effectiveness of the State of Connecticut Clean Water Fund - Drinking Water Federal Revolving Loan Account's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of Connecticut Clean Water Fund -

Drinking Water Federal Revolving Loan Account's internal control over financial reporting and compliance.

Seward and Monde

North Haven, Connecticut
November 5, 2025

**OFFICE OF THE TREASURER
STATE OF CONNECTICUT
DRINKING WATER FUND
FISCAL YEAR ENDED JUNE 30, 2025
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The Management Discussion and Analysis (MD&A) of the State of Connecticut Drinking Water Federal Revolving Loan Account (State Revolving Fund) (SRF) introduces the major activities affecting the operation of the SRF and is a narrative overview of the financial performance for the fiscal year ended June 30, 2025. The information contained in this discussion should be considered in conjunction with the Fund's basic financial statements and the notes thereto.

Financial Highlights

The Fund's total assets of \$383.3 million plus deferred outflows of \$40,301 were offset by liabilities of \$142.4 million. The net position at the close of fiscal year 2025 was \$241.0 million, which is an increase of \$9.2 million or 4.0% compared to fiscal year 2024's net position of \$231.8 million. The major factor influencing this increase was the growth in loans and grants receivable, along with an increase in the debt service fund, partially offset by a decrease in the Revolving Fund. The Revolving Fund decreased by \$13.7 million, primarily due to continued funding of project loans through the fund. This approach will remain in place until the next issuance of revenue bonds.

Restricted assets increased \$7.1 million in the current fiscal year as a result of an increase in the debt service fund related to loan principal repayments. Restricted assets are shown in accordance with the terms of an award, agreement or by state law. Most of the assets are invested and portions are restricted in accordance with the requirements of state statutes and the federal Safe Drinking Water Act. Restricted assets represent the amount of assets that relate to the federal capitalization grants and associated state match. Unrestricted assets include all assets not restricted and available for any program purpose.

The Fund's net loss before federal capitalization grants and transfers was \$20.3 million after showing a loss of \$10.4 million in fiscal year 2024. The higher net loss of \$9.9 million is primarily due to increased operating expenses, partially offset by reduced nonoperating expenses.

Overview of the Financial Statements

The Drinking Water Fund financial statements are reported by the Office of the State Treasurer in conjunction with the Connecticut Department of Public Health (DPH). The Treasurer's Office is responsible for reporting the detailed financial information in the Drinking Water Fund financial statements, which incorporates information generated and prepared by the DPH Business Office and DPH Drinking Water Section. The Drinking Water Fund is a part of the Clean Water Fund, which is classified as an Enterprise Fund within the Proprietary Funds of the State of Connecticut's financial statements. Proprietary funds focus on the determination of the change in the statement of net position, change in financial position, and cash flows for governmental activities that operate like a commercial enterprise. Proprietary funds use the accrual basis of accounting.

The Drinking Water loan program activities shown in the financial statements indicate the amount of loans financed and the amount of repayments collected during the past fiscal year. SRF financial statements also provide information about activities of the Drinking Water Fund as a recipient of federal capitalization grants and state matching funds. The amount of capitalization grants remaining for future use is disclosed in the Notes to the Financial Statements.

The Revenue Bond Program is the leveraged financing strategy implemented by the SRF that maximizes the financing capacity of the respective federal capitalization grants, the required state match for these grants, and the Fund's assets. Based on this strategy, the SRF issues revenue bonds and uses the proceeds to provide financing for Clean Water and Drinking Water projects. Where necessary, due to the issuance of bonds and investment activities for both the Clean Water Fund and Drinking Water Fund, bond proceeds, interest income, and expenses may be allocated between the Clean Water Fund and the Drinking Water Fund. For the Revenue Bond Program activities, the financial statements indicate the amount of the bonds issued and retired and the remaining amount of bonds to be repaid in the future.

The financial statements also show the amount of interest income generated by the investment of funds and describe the structure of the investments.

Since 2001, the proceeds of the SRF bonds have been used for both clean water and drinking water projects. All of the currently outstanding bonds were issued under the 2002 General Bond Resolution as further described in the Notes to the Financial Statements. All the accounts established under the 2002 General Bond Resolution, whether restricted or unrestricted, are held by US Bank (the Trustee), as further described in the Notes to the Financial Statements.

Operating Activities

The Drinking Water Loan Program

Loans are made to public water systems, owned by both municipalities and private entities, for project funding and consist of construction loans, or Interim Funding Obligations' (IFOs), which accrue interest during construction and long-term Permanent Loan Obligations' (PLOs), which are initiated after project completion to take out the IFOs. The PLOs have 20-year repayment terms and can be prepaid at any time without penalty for loans closed prior to October 23, 2020. Commencing October 23, 2020, all new loan agreements now permit optional prepayments of principal only on or after ten (10) years from the date of any PLO. In addition to loans, there is subsidization available for qualified projects through the federal capitalization grants and state grant funds.

During fiscal year 2025, payments to public water systems for ongoing projects totaled \$25.1 million. Completed projects that were permanently financed during the fiscal year totaled \$16.7 million. There were nine new construction loan commitments made to public water systems during fiscal year 2025 totaling \$7.5 million.

Further details about the loans can be found in the Notes to the Financial Statements.

Loan repayment collection services are provided by the Trustee. Repayments on the Drinking Water Fund loans made by the State since 1998 are paid to the Drinking Water State account held by the Trustee. These funds provide security for the bonds and any new bonds issued in the future.

Non-Operating Activities

Investment of Funds

A formal SRF Investment Policy was adopted effective July 2023. The Policy details the permitted investments and investment strategy of funds held by the Trustee in the SRF accounts. Such funds consist of federal capitalization grants, the State matching funds, and all other State contributions. As has been noted, the federal capitalization grants and the State matching funds are used to provide leveraged financing for eligible projects in the State. All other State contributions that are held by the Trustee are used as they are deposited for program purposes.

Pursuant to the Policy, funds are invested in the State's Short-Term Investment Fund (STIF), the U.S. Treasury's State and Local Government Series (SLGS) securities, and in guaranteed investment contracts (GICs) with various financial institutions. Certain monies are also invested pursuant to investment agreements with providers that are collateralized with securities issued or guaranteed by the U.S. Government or agencies or instrumentalities whose market value is at least 100% of the funds invested.

The Revenue Bond Program

The SRF, in collaboration with the DPH, helps communities build or replace water quality infrastructure that enhances ground and surface water resources, ensures the safety of drinking water, protects public health, and develops resilient communities.

The SRF has issued long-term bonds backed by the pledge of specific assets including loans, reserve funds, and other program assets. Pursuant to the 2002 General Bond Resolution and Connecticut General Statutes (CGS) Sections 22a-475 to 22a-483, the long-term bonds of the SRF are special obligations of the State that are payable only from the revenues or monies available in the SRF. Currently, bonds are outstanding under the 2002 General Bond Resolution, the latest of three resolutions used for SRF bond issues since 1991. Proceeds are used for program purposes including funding loans to Drinking and Clean Water Fund borrowers.

The SRF initially allocates its SRF Program Equity Funds to fund communities' projects under the Clean Water SRF and Drinking Water SRF programs. The SRF uses a "leveraged model" to provide funding in excess of the federal and state grants received and to replenish a portion or all its SRF program equity funds. SRF bonds are issued in the capital markets and are secured by loans and reserves funded by SRF program equity funds (pledged assets). The proceeds from the SRF bonds are used to provide capital for new loans to borrowers for water infrastructure, and to refinance the interim funding obligations or construction loans. These loans funded with bond proceeds are referred to as leveraged loans. The loans securing the SRF bonds that are funded with SRF program equity funds are direct loans pledged for bond debt service.

Program capacity increased in prior fiscal years through receipt of loan prepayments. As a result of this high level of prepayments received, and a slowdown of projects due to Covid-19 and rising construction costs, the SRF placed a pause on leveraging through debt issuance. Instead, the SRF is relying on the increased cash balances to make loans. In addition, since FY23, the program has made use of the increased cash balances by executing a total of \$145.2 million of optional redemptions of outstanding SRF Revenue Bonds. The cash balances from prepayment funds are still being recycled in the form of new loans. Further, cash balances remain strong due to investment earnings and project delays but are slowly returning to more traditional levels. With project demand starting to return to pre-Covid levels, SRF cash flow modeling assumptions predict an SRF bond issue sometime in FY27 or possibly FY28. Historically, the program issued bonds every 18-24 months for approximately \$250 million per issue, if needed.

Further information about outstanding bonds can be found in the Notes to the Financial Statements.

The program's advisors are:

Bond Counsel - Hardwick Law Firm, LLC

Financial Advisors - Sycamore Advisors

Financial Advisors - Hilltop Securities

Trustee - US Bank

Loan Repayment Collection Services - US Bank

Verification Agent - AMTEC

Arbitrage Rebate Calculation Services - AMTEC

Auditor - Seward & Monde CPAs

General Counsel - Attorney General of the State of Connecticut

Credit Ratings

The SRF is the recipient of credit ratings from three nationally recognized credit rating agencies as follows: Aaa from Moody's Investors Services, AAA from S&P Global Ratings, and AAA from Fitch Ratings.

SELECTED FINANCIAL INFORMATION

	Fiscal Year 2025	Fiscal Year 2024	Increase/ (Decrease)
Total Net Position	\$240,982,911	\$231,777,345	\$9,205,566
Total Loans Outstanding	\$230,679,558	\$220,536,668	\$10,142,890
Bonds Payable	\$104,920,000	\$112,830,000	(\$7,910,000)
Interest Expense	\$5,293,019	\$5,675,847	(\$382,828)
Operating Revenues- Interest on Loans	\$4,527,134	\$4,151,669	\$375,465
Interest on Investments	\$6,553,248	\$8,024,609	(\$1,471,361)
Federal Capitalization Grants Earned	\$29,524,138	\$20,773,623	\$8,750,515

OUTLOOK

Investment in the nation's water infrastructure is a key public and environmental policy goal at both the State and federal level. The federal Infrastructure Investment and Jobs Act (IIJA) was signed into law on November 15, 2021. IIJA provides a five-year boost to federal funding for the SRFs. IIJA has delivered a portion of the more than \$50 billion to the Environmental Protection Agency (EPA) to improve our nation's drinking water, wastewater, and stormwater infrastructure - the single largest investment in water that the federal government has ever made. Since the implementation of IIJA, the actual base funding amounts (base is not part of IIJA) the SRFs have received are significantly less than what was proposed initially during IIJA due to federal earmark projects. The federal earmarks are expected to continue impacting the base funding through fiscal year 2027 which alters the number of projects that the State can fund and permanently eliminates a recurring source of funding to meet the need to repair, rehabilitate and replace the aging State's water infrastructure.

The current high interest rate environment should also increase the demand for low interest rate loans being provided to the SRF's borrowers. Additionally, the SRF expects to continue to award additional subsidies to disadvantaged communities and continue to offer its grant and incentive programs financing to its eligible borrowers.

In addition, at the State level, Connecticut Public Act 25-168 increased the State's Clean Water Fund and Drinking Water Fund revenue bond authorization by \$50.0 million in FY2026 and \$500.0 million in FY2027 bringing the total authorization for both revenue bonding programs to nearly \$5.1 billion since inception.

All these factors impact how Connecticut municipalities plan and implement the capital projects funded by the SRF programs. Current reduced authorizations for base funding provide the SRF programs with limited continuity to provide necessary funding to as many communities and critical projects as possible. Nonetheless, with IIJA funding, the SRF programs are expected to create jobs while upgrading Connecticut's aging water infrastructure and addressing key challenges like lead in drinking water and per-and polyfluoroalkyl substances (PFAS) contamination.

The implementation of the IIJA, including its Build America, Buy America (BABA) provisions, calls for strong partnerships. The EPA is working closely with SRF programs to ensure communities fully benefit from these historic investments. However, inflation, rising labor costs, and national supply chain disruptions continue to affect project timelines and budgets. To help mitigate these challenges and support compliance with the new Made in America standards, the EPA has issued "adjustment period waivers." These waivers provide temporary flexibility for water and wastewater infrastructure projects, especially those initiated before the BABA requirements took effect, allowing communities time to align their SRF-funded projects with federal procurement standards.

Interest rates also have an impact on state SRFs, including Connecticut. Due to the low interest rate environment during the pandemic, the Connecticut SRF saw a significant increase in requests by borrowers to prepay SRF loans. Although the 2% loan rate has been very attractive to SRF borrowers, in the historically ultra-low interest rate environment that existed in prior fiscal years, many borrowers issued refunding bonds and prepaid their SRF loans before maturity for savings. With the Federal Reserve more recently increasing interest rates to address inflationary pressures,

the prepayments have ceased but the cost of new bonding may be higher to finance these programs.

The major focus for the Drinking Water SRF continues to be setting priorities and providing financing for critical work. Working together, DPH and the Office of the State Treasurer will continue to assist state legislators and municipal officials to determine the most cost-effective and efficient way to meet the water quality needs of the communities within the state.

The Office of the State Treasurer's Debt Management Division continually monitors the impact of credit ratings of investment providers and borrowers, assists in the preparation of comments on financial regulation, and participates in industry discussions on infrastructure, including water and transportation, as well as the economic development and growth potential for the State.

REQUIRED SUPPLEMENTARY INFORMATION

The Notes to the Financial Statements provide additional information that further explains and supports the information in the financial statements. They are essential to a full understanding of the data provided in the Drinking Water Fund's financial statements.

The Drinking Water Fund does not separately report required supplementary information that contains budgetary comparison schedules; schedules presenting infrastructure assets or supplementary pension fund information because this information is recorded by the State of Connecticut.

CONTACTS

This financial report is designed to provide a general overview of the Drinking Water Fund's finances. Questions about this report or requests for additional information should be addressed to:

SRF Financial Administrator
Connecticut State Treasurer's Office
Debt Management Division
165 Capitol Avenue
Hartford, CT 06106
Telephone (860) 702-3000
<https://portal.ct.gov/OTT>

Questions about the Drinking Water Fund and water quality in Connecticut should be addressed to:

Connecticut Department of Public Health
Drinking Water Section
410 Capitol Avenue, MS# 12 DWS
P.O. Box 340308
Hartford, CT 06134-0308
Telephone (860) 509-7333
<https://portal.ct.gov/DPH>

**STATE OF CONNECTICUT CLEAN WATER FUND -
DRINKING WATER FEDERAL REVOLVING LOAN ACCOUNT
(STATE REVOLVING FUND)
STATEMENTS OF NET POSITION
June 30, 2025 and 2024**

	2025	2024
ASSETS		
Current assets:		
Interest receivable - investments	\$ 1,194	\$ 2,849
Interest receivable - loans	314,999	284,007
Grant receivable	18,181,511	13,220,625
Loans receivable	37,266,636	27,765,241
Total current assets	55,764,340	41,272,722
Noncurrent assets:		
Loans receivable	193,412,922	192,771,427
Revolving fund	82,181,060	95,885,938
Restricted assets:		
Bond proceeds fund	1,059	1,006
Debt service fund	39,142,326	31,521,214
Support fund	225,427	419,998
Match account	12,566,041	12,938,638
Total restricted assets	51,934,853	44,880,856
Total noncurrent assets	327,528,835	333,538,221
Total assets	383,293,175	374,810,943
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refundings	40,301	60,452
Total deferred outflows of resources	40,301	60,452
LIABILITIES		
Current liabilities:		
Interest payable on revenue bonds	1,567,473	1,679,598
Due to other funds	19,199,269	10,480,387
Bonds payable	8,520,000	7,910,000
Total current liabilities	29,286,742	20,069,985
Noncurrent liabilities:		
Premium on revenue and refunding bonds	16,663,823	18,104,065
Bonds payable	96,400,000	104,920,000
Total noncurrent liabilities	113,063,823	123,024,065
Total liabilities	142,350,565	143,094,050
NET POSITION		
Unrestricted	42,151,464	33,510,701
Restricted for loans	198,831,447	198,266,644
Total net position	\$ 240,982,911	\$ 231,777,345

The notes to financial statements are an integral part of this statement.

**STATE OF CONNECTICUT CLEAN WATER FUND -
DRINKING WATER FEDERAL REVOLVING LOAN ACCOUNT
(STATE REVOLVING FUND)
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Years Ended June 30, 2025 and 2024**

	2025	2024
OPERATING REVENUES		
Interest on loans	\$ 4,527,134	\$ 4,151,669
OPERATING EXPENSES		
Salaries	3,734,625	2,846,013
Employee benefits	2,832,864	2,526,821
Other	1,638,652	1,681,141
Project grants	19,340,036	11,275,859
Total operating expenses	27,546,177	18,329,834
Operating loss	(23,019,043)	(14,178,165)
NONOPERATING REVENUES (EXPENSES)		
Interest on investments	6,553,248	8,024,609
Amortization of bond premium	1,440,242	1,439,896
Interest expense	(5,293,019)	(5,675,847)
Total nonoperating revenues (expenses)	2,700,471	3,788,658
Loss before federal capitalization grants and transfers	(20,318,572)	(10,389,507)
FEDERAL CAPITALIZATION GRANTS		
Project funds - loans	2,058,315	2,594,822
Project funds - grants	19,340,036	11,275,859
Set-aside activities	8,125,787	6,902,942
Total federal capitalization grants	29,524,138	20,773,623
OPERATING TRANSFERS	-	(200,000)
Change in net position	9,205,566	10,184,116
NET POSITION, beginning	231,777,345	221,593,229
NET POSITION, ending	\$ 240,982,911	\$ 231,777,345

The notes to financial statements are an integral part of this statement.

**STATE OF CONNECTICUT CLEAN WATER FUND -
DRINKING WATER FEDERAL REVOLVING LOAN ACCOUNT
(STATE REVOLVING FUND)
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2025 and 2024**

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received on loans	\$ 4,496,142	\$ 4,060,982
Loan originations	(25,062,108)	(24,527,229)
Principal paid on loans receivable	14,919,218	13,691,495
Other receipts	8,718,882	10,480,387
Payments to employees for salaries and benefits	(6,567,489)	(5,372,834)
Payments on project grants	(19,340,036)	(11,275,859)
Other payments	(1,638,652)	(1,681,141)
Net cash used by operating activities	(24,474,043)	(14,624,199)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Federal capitalization grants	24,563,252	9,904,628
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Repayment of bonds payable	(7,910,000)	(8,005,000)
Interest paid on bonds payable	(5,384,993)	(5,765,076)
Operating transfers	-	(200,000)
Net cash used by noncapital financing activities	(13,294,993)	(13,970,076)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on investments	6,554,903	8,026,739
(Increase) decrease in revolving fund	13,704,878	7,195,088
(Increase) decrease in restricted assets	(7,053,997)	937,222
Net cash provided by investing activities	13,205,784	16,159,049
Net change in cash and cash equivalents	-	(2,530,598)
CASH AND CASH EQUIVALENTS, beginning	-	2,530,598
CASH AND CASH EQUIVALENTS, ending	\$ -	\$ -
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	(\$ 23,019,043)	(\$ 14,178,165)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Changes in assets and liabilities:		
(Increase) decrease in interest receivable - loans	(30,992)	(90,687)
(Increase) decrease in loans receivable	(10,142,890)	(10,835,734)
Increase (decrease) in due to other funds	8,718,882	10,480,387
Net cash used by operating activities	(\$ 24,474,043)	(\$ 14,624,199)

The notes to financial statements are an integral part of this statement.

**STATE of CONNECTICUT CLEAN WATER FUND - DRINKING WATER
FEDERAL REVOLVING LOAN ACCOUNT (STATE REVOLVING FUND)
NOTES to FINANCIAL STATEMENTS
June 30, 2025 and 2024**

1 - NATURE OF ORGANIZATION

The State of Connecticut Clean Water Fund - Drinking Water Federal Revolving Loan Account (State Revolving Fund or SRF), an enterprise fund of the State of Connecticut, established in 1998 pursuant to Connecticut General Statutes Section 22a-475 to 22a-483, provides assistance to the public water systems in Connecticut to finance the costs of infrastructure needed to achieve or maintain compliance with the Safe Drinking Water Act (SDWA). The SRF is funded through revenue bonds and federal grants as established under the SDWA, which requires the State of Connecticut (State) to match federal funds to the extent of 20% of federal funds received.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the SRF conform to U.S. generally accepted accounting principles as applicable to government enterprises. The following is a summary of the SRF's significant accounting policies:

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting and the flow of economic resources as specified by the Governmental Accounting Standards Board's (GASB) requirements for an enterprise fund.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Operating and Nonoperating Revenues and Expenses

The SRF's principal operation consists of making low interest loans and grants to public water systems in Connecticut. Operating revenue consists of interest earned on those loans. Operating expenses consist of personnel, other expenses and grants incurred in the initial approval, disbursement and ongoing servicing of these loans and grants and incurred in set-aside activities.

Nonoperating revenues include interest earned on investments and nonoperating expenses include interest expense on revenue and refunding bonds.

Revenue Recognition

Federal capitalization grants are reported as nonoperating revenue and are recognized as federal funds are drawn and as the SRF expenses are incurred.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the SRF considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. However, the SRF's policy is to exclude restricted assets from cash and cash equivalents for purposes of the Statements of Cash Flows due to the limitations imposed on their use by the Clean Water Fund Revenue Bond Program General Bond Resolution, adopted by the State Bond Commission on December 17, 2002 (the "Resolution").

Investments

The SRF's policy is to present all investments at fair value except for money market investments and investment contracts, which the SRF has elected to report at amortized cost. The fair value of investments traded on public markets is determined using quoted market prices. The fair value of state general obligation bonds, which are not traded on a public market, is estimated using a comparison of other state general obligation bonds. Based on this comparison, the cost or par value of the state general obligation bonds approximates their estimated fair value.

There were no material investment gains or losses for the years ended June 30, 2025 and 2024.

Loans, Allowance for Loan Losses and Credit Risk

The SRF makes loans to public water systems in the State of Connecticut to finance the costs of infrastructure needed to achieve or maintain compliance with the SDWA. Interest rates on the loans range from 2.00% to 2.55% and interest income is recognized as it is earned. The loans are secured by the full faith and credit or revenue pledges of the public water systems, or both. No allowance for loan losses is considered necessary based on management's evaluation of the collectability of the loans. The evaluation takes into consideration such factors as changes in the size of the public water system loans, overall quality, review of specific problem loans, and current economic conditions and trends that may affect the borrowers' ability to pay.

Restricted Assets

Restricted assets consist of investments, which are segregated into funds and accounts in accordance with the Resolution as previously described, plus amounts determined to be prudent by management including amortizing long-term investments. The Resolution restricts investments to: a) the State Treasurer's Short-Term Investment Fund, b) interest bearing time deposits held by the trustee, a member bank of the Federal Reserve System, or a bank which is insured by the Federal Deposit Insurance Corporation and c) Investment Obligations as defined in the Resolution.

Bond Premiums/Deferred Loss

The premiums on the revenue and refunding bonds are being amortized over the term of the bonds on a straight-line basis, which yields results equivalent to the interest method.

The deferred loss on early retirement of bonds (Note 8) is being amortized over the shorter of the life of the refunded or refunding bonds.

Revenue Bonds

The following funds and accounts have been established in accordance with the Resolution adopted December 17, 2002:

<u>Fund/Account</u>	<u>Description and Use</u>
Revolving Fund	The Revolving Fund consists of amounts in the water pollution control federal revolving loan account and drinking water federal revolving loan account. The State maintains the Revolving Fund in accordance with the Federal Act. The State shall transfer to the Debt Service Fund any amounts necessary, together with any amounts on deposit therein, sufficient to pay principal of, redemption premium, if any, and interest on bonds.
Bond Proceeds Fund	Receives proceeds from the sale of revenue bonds as specified and determined by the Resolution. Funds are expensed for purposes of financing loans to borrowers under the State Revolving Fund program and if other monies are not available, payment of principal and interest on bonds.
Debt Service Fund	Receives amount from the Revolving Fund, Support Fund and, if necessary, Bond Proceeds Fund sufficient to pay the debt service on the bonds. Pays principal and interest on outstanding bonds.
Support Fund	The Support Fund, and accounts therein, shall be funded in the amounts and in the manner set forth in a Supplemental Resolution. Monies in the Support Fund shall be transferred to the Debt Service Fund to pay the interest, principal and Sinking Fund Installments and Redemption Price due on bonds, in accordance with the schedule set forth in the applicable Supplemental Resolution.
Administrative Fund: Cost of Issuance Account	Established outside the SRF, receives a portion of the revenue bond proceeds. Investment income is transferred to the revenue fund for debt service payments. Used to pay issuance cost on revenue bonds.
Rebate Fund	Receives any earnings required to be rebated to the United States pursuant to the Tax Regulatory Agreement. Used for IRS obligations as required.

Deferred outflows/inflows of resources

In addition to assets, the Statements of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The SRF only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the Statements of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price.

In addition to liabilities, the Statements of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The SRF does not have any items that qualify for reporting in this category.

Net Position

Net position is classified in the following categories:

- a. Net investment in capital assets - consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The SRF does not have capital assets.
- b. Restricted - consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.
- c. Unrestricted - consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Subsequent Events

Management of the SRF has evaluated subsequent events through November 5, 2025, the date the financial statements were available to be issued.

3 - CASH DEPOSITS AND INVESTMENTS

According to GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, the SRF needs to make certain disclosures about deposits and investment risks that have the potential to result in losses. Thus, the following deposit and investment risks are discussed below:

Interest Rate Risk - the risk that changes in interest rates will adversely affect the fair value of an investment.

Credit Risk - the risk that an issuer or other counterparty to an investment will not fulfill its obligation.

Concentration of Credit Risk - the risk of loss attributed to the magnitude of an investment with a single issuer.

Custodial Credit Risk (deposits) - the risk that, in the event of a bank failure, the SRF's deposits may not be recovered.

Custodial Credit Risk (investments) - the risk that, in the event of a failure of the counterparty, the SRF will not be able to recover the value of investments or collateral securities that are in the possession of an outside party.

Cash and cash equivalents

Cash and cash equivalents of the SRF include funds held by the Connecticut State Comptroller and US Bank (Trustee).

As of June 30, 2025 and 2024 funds held by the State Comptroller were (\$924,176) and \$2,712,198 respectively. These funds are included with other State of Connecticut accounts, and custodial credit risk cannot be determined at the SRF level.

As of June 30, 2025 funds held in Connecticut Short Term Investment Funds (STIF) were \$120,942,484, of which \$1,059 is included in the bond proceeds fund, \$82,181,060 is included in the revolving fund and \$38,760,365 is included in the debt service fund on the Statements of Net Position. As of June 30, 2024 funds held in Connecticut Short Term Investment Funds (STIF) were \$108,952,491, of which \$1,006 is included in the bond proceeds fund, \$95,866,993 is included in the revolving fund and \$13,084,492 is included in the debt service fund on the Statements of Net Position.

STIF is a money market investment pool, rated AAAM as of June 30, 2025 and 2024 by Standard and Poor's, in which the State, municipal entities, and political subdivisions of the State are eligible to invest. The State Treasurer with the advice of the Investment Advisory Council, whose members include outside investment professionals and pension beneficiaries, establishes investment policies and guidelines. The State Treasurer is authorized to invest STIF funds in U.S. government and agency obligations, certificates of deposit, commercial paper, corporate bonds, savings accounts, bankers' acceptances, repurchase agreements, asset-backed securities, and student loans.

As of June 30, 2025 funds held in Fidelity Investments Money Market Government Portfolio (FCGXX) were \$12,948,002, of which \$381,961 is included in the debt service fund and \$12,566,041 is included in the match account on the Statements of Net Position. As of June 30, 2024 funds held in FCGXX were \$31,394,305, of which \$18,945 is included in the revolving fund, \$18,436,722 is included in the debt service fund and \$12,938,638 is included in the match account on the Statements of Net Position.

FCGXX is a money market investment pool, managed by Fidelity Investments, rated AAAM, by Standard and Poor's, normally investing at least 80% of assets in U.S. Government securities and repurchase agreements for those securities and generally maintaining a dollar-weighted average maturity of 60 days or less.

Investments

As of June 30, 2025, the SRF had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in years)			Rating
		Less than 1	1 - 5	6 - 10	
U.S. Treasury State & Local Governments	\$ 69,379	\$ 31,936	\$ 37,443	\$ -	AA+
Guaranteed Investment Contracts	63,436	63,436	-	-	A-
Guaranteed Investment Contracts	92,612	92,612	-	-	NR
	<u>\$ 225,427</u>	<u>\$ 187,984</u>	<u>\$ 37,443</u>	<u>\$ -</u>	

As of June 30, 2024, the SRF had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in years)			Rating
		Less than 1	1 - 5	6 - 10	
U.S. Treasury State & Local Governments	\$ 69,379	\$ -	\$ 69,379	\$ -	AA+
Guaranteed Investment Contracts	94,885	-	94,885	-	A-
Guaranteed Investment Contracts	255,734	-	255,734	-	NR
	<u>\$ 419,998</u>	<u>\$ -</u>	<u>\$ 419,998</u>	<u>\$ -</u>	

Interest Rate Risk

The SRF's policy for managing interest rate risk is to have the maturity or redemption dates of investments coincide as nearly as practicable with the times at which funds will be required for purposes as established in the General Bond Resolutions.

Credit Risk

The SRF minimizes exposure to this risk by investing in Investment Obligations as defined by the Resolution.

Concentration of Credit Risk

The SRF currently invests approximately 69% and 83%, at June 30, 2025 and 2024, respectively, in long-term investment agreements with Trinity Plus Funding and Bank of America.

4 - LOANS RECEIVABLE

The SRF loans funds to qualified public water systems. Principal and interest payments on loans are payable over a 20 year period in equal monthly installments commencing one month after the scheduled completion date, or in a single annual installment representing the first year's principal and interest not later than one year after the scheduled completion date and thereafter in monthly installments. Prepayments are not subject to any penalty.

Loans receivable by type are as follows as of June 30:

	<u>2025</u>	<u>2024</u>
Construction in process	\$ 21,764,843	\$ 13,400,019
Completed projects	<u>208,914,715</u>	<u>207,136,649</u>
	<u>\$ 230,679,558</u>	<u>\$ 220,536,668</u>

Aggregate maturities of loans receivable in subsequent years for completed projects are as follows:

<u>Year ending June 30</u>	
2026	\$ 15,501,793
2027	15,351,034
2028	15,442,438
2029	15,418,786
2030	15,514,918
Thereafter	<u>131,685,746</u>
	<u>\$ 208,914,715</u>

5 - FEDERAL LETTER OF CREDIT

The following represents a summary of the cumulative amounts of funds awarded and drawn, as well as the amount of funds available under the U.S. Environmental Protection Agency's letter of credit as of June 30, 2025:

	<u>Regular</u>	<u>BIL Supplemental</u>	<u>BIL Emerging Contaminants</u>	<u>BIL Lead Service Line</u>
Awarded	\$ 252,689,900	\$ 62,032,000	\$ 22,885,000	\$ 99,149,000
Drawn	<u>232,870,338</u>	<u>9,880,448</u>	<u>4,020,117</u>	<u>12,288,639</u>
Available federal letter of credit	<u>\$ 19,819,562</u>	<u>\$ 52,151,552</u>	<u>\$ 18,864,883</u>	<u>\$ 86,860,361</u>
State match required	<u>\$ 50,555,980</u>	<u>\$ 8,501,700</u>	<u>\$ -</u>	<u>\$ -</u>
State match provided	<u>\$ 66,317,261</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The following represents a summary of the cumulative amounts of funds awarded and drawn, as well as the amount of funds available under the U.S. Environmental Protection Agency's letter of credit as of June 30, 2024:

	<u>Regular</u>	<u>BIL Supplemental</u>	<u>BIL Emerging Contaminants</u>	<u>BIL Lead Service Line</u>
Awarded	\$ 248,028,900	\$ 39,047,000	\$ 15,195,000	\$ 68,304,000
Drawn	<u>225,533,747</u>	<u>4,806,206</u>	<u>2,988,982</u>	<u>1,167,342</u>
Available federal letter of credit	<u>\$ 22,495,153</u>	<u>\$ 34,240,794</u>	<u>\$ 12,206,018</u>	<u>\$ 67,136,658</u>
State match required	<u>\$ 49,623,780</u>	<u>\$ 3,904,700</u>	<u>\$ -</u>	<u>\$ -</u>
State match provided	<u>\$ 65,752,458</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The State established a separate account in order to be able to clearly track the State match deposits and State match expenditures in order to ensure compliance with the federal capitalization grant requirement.

6 - RESTRICTED ASSETS

Restricted assets as of June 30 are comprised of the following:

	<u>2025</u>	<u>2024</u>
Cash equivalents:		
Money market investment pool	\$ 51,709,426	\$ 44,460,858
Investments:		
U.S. Treasury State & Local Governments	69,379	69,379
Guaranteed Investment Contracts	<u>156,048</u>	<u>350,619</u>
	<u>\$ 51,934,853</u>	<u>\$ 44,880,856</u>

7 - RELATED PARTY TRANSACTIONS

The SRF is one fund of many within the State of Connecticut financial reporting structure and as a result, certain transactions including operating transfers, loans receivable and allocation of expenses among funds are under the direction of the State.

Investments

The SRF has invested in the State Treasurer's Short Term Investment Fund as presented in Note 3.

Allocation of Expenses

Fringe benefit costs which are incurred at the State level are applied as a percentage of salaries to all State governmental units, including the SRF. For the years ended June 30, 2025 and 2024, the actual rates were 75.85% and 88.78%, respectively, of the SRF wages and the amounts charged aggregated \$2,832,864 and \$2,526,821, respectively.

8 - BONDS PAYABLE

A summary of changes in bonds payable during the year ended June 30, 2025 is as follows:

	<u>Balance June 30, 2024</u>	<u>Issued</u>	<u>Principal Paydowns</u>	<u>Balance June 30, 2025</u>
Revenue bonds payable	\$ 111,850,000	\$ -	\$ 7,475,000	\$ 104,375,000
Refunding bonds payable	<u>980,000</u>	<u>-</u>	<u>435,000</u>	<u>545,000</u>
	<u>\$ 112,830,000</u>	<u>\$ -</u>	<u>\$ 7,910,000</u>	<u>\$ 104,920,000</u>

A summary of changes in bonds payable during the year ended June 30, 2024 is as follows:

	Balance June 30, 2023	Issued	Principal Paydowns	Balance June 30, 2024
Revenue bonds payable	\$ 119,440,000	\$ -	\$ 7,590,000	\$ 111,850,000
Refunding bonds payable	1,395,000	-	415,000	980,000
	<u>\$ 120,835,000</u>	<u>\$ -</u>	<u>\$ 8,005,000</u>	<u>\$ 112,830,000</u>

Revenue Bonds

The proceeds of these bonds are to be used to provide funds to make loans to Connecticut municipalities and public water systems, for use in connection with the financing or refinancing of waste water and drinking water treatment projects.

The State of Connecticut has issued the following bonds, of which a portion has been allocated to the SRF:

Issue Date	Issue Name	Original Allocated Par Amount	Balance Outstanding June 30, 2025
5/6/2015	State Revolving Fund General Revenue Bonds, 2015 Series A	\$ 52,475,000	\$ 26,735,000
6/15/2017	State Revolving Fund General Revenue Bonds, 2017 Series A	50,000,000	32,815,000
6/15/2017	State Revolving Fund Refunding General Revenue Bonds, 2017 Series B	2,485,000	545,000
7/9/2019	State Revolving Fund General Revenue Bonds, 2019 Series A	50,000,000	44,825,000
		<u>\$ 154,960,000</u>	<u>\$ 104,920,000</u>

Debt service on the outstanding bonds will be paid solely from Available Moneys in the SRF and the Clean Water Fund. Available Moneys include all funds in the SRF legally available and therefore can be used for any lawful purpose. The bond proceeds fund, the debt service fund and the support fund, the investments thereof and the proceeds of such investments, if any, are pledged for the payment of all bonds issued under the 2002 Resolution.

The State of Connecticut issued State Revolving Fund General Revenue Bonds 2015 Series A dated May 6, 2015. In accordance with the State Revolving Fund General Revenue Bonds, 2015 Series Plan of Finance, the State allocated the proceeds of 2015 Series Bonds between the Clean Water Fund and the SRF with \$197,525,000 allocated to the Clean Water Fund and \$52,475,000 allocated to the SRF.

The State of Connecticut issued State Revolving Fund General Revenue Bonds 2017 Series A dated June 15, 2017. In accordance with the State Revolving Fund General Revenue Bonds, 2017 Series Plan of Finance, the State allocated the proceeds of 2017 Series Bonds between the Clean Water Fund and the SRF with \$200,000,000 allocated to the Clean Water Fund and \$50,000,000 allocated to the SRF.

The State of Connecticut issued State Revolving Fund General Revenue Bonds 2019 Series A dated July 9, 2019. In accordance with the State Revolving Fund General Revenue Bonds, 2019 Series Plan of Finance, the State allocated the proceeds of 2019 Series Bonds between the Clean Water Fund and the SRF with \$200,000,000 allocated to the Clean Water Fund and \$50,000,000 allocated to the SRF.

The SRF's revenue bonds payable are serial bonds, of which \$104,375,000 and \$111,850,000 was outstanding as of June 30, 2025 and 2024, respectively. The serial bonds mature through 2037 and have interest rates ranging from 1.0% to 5.0%.

Refunding Bonds - 2017 Series B

On June 15, 2017 the State issued \$2,485,000 of State Revolving Fund Refunding General Revenue Bonds 2017, Series B with interest rates of 3.625% to 5.0% to refund on a current basis Clean Water Fund Refunding General Revenue Bonds, Series 2009 A (Refunded Bonds). The Refunded Bonds were scheduled to mature at various dates through June 1, 2027, but have been redeemed on June 1, 2019.

The outstanding principal balance of the Refunding Bonds as of June 30, 2025 and 2024 was \$545,000 and \$980,000, respectively.

Amortization of the deferred loss on early retirement of bonds for the years ended June 30, 2025 and 2024 totaled \$20,151 for both years.

Bond Maturities

Requirements at June 30, 2025 to retire the SRF's revenue and refunding bonds are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 8,520,000	\$ 4,994,344
2027	8,130,000	4,570,344
2028	7,345,000	4,172,644
2029	8,680,000	3,805,394
2030	8,625,000	3,371,394
2031-2035	42,100,000	11,137,050
2036-2039	21,520,000	2,161,050
	<u>\$ 104,920,000</u>	<u>\$ 34,212,220</u>

9 - NET POSITION

The following represents an analysis of net position for the years ended June 30, 2025 and 2024:

	<u>Unrestricted</u>	<u>Restricted for Loans</u>	<u>Total</u>
Balance at June 30, 2023	\$ 24,264,639	\$ 197,328,590	\$ 221,593,229
Change in net position	<u>9,246,062</u>	<u>938,054</u>	<u>10,184,116</u>
Balance at June 30, 2024	33,510,701	198,266,644	231,777,345
Change in net position	<u>8,640,763</u>	<u>564,803</u>	<u>9,205,566</u>
Balance at June 30, 2025	<u>\$ 42,151,464</u>	<u>\$ 198,831,447</u>	<u>\$ 240,982,911</u>

The net position reserved for loans represents amounts accumulated from federal drawdowns, less set-aside activity expenses not exceeding 31% of the federal grant and subsidies, and the State's match of federal funds.

10 - OPERATING TRANSFERS

Operating transfers consist of the following for the years ended June 30:

	<u>2025</u>	<u>2024</u>
Transfer to CWF for expenses	<u>\$ -</u>	<u>(\$ 200,000)</u>
	<u>\$ -</u>	<u>(\$ 200,000)</u>

11 - LOAN FUNDING COMMITMENTS

The operating agreements for the federal capitalization grants require that the SRF enter into binding commitments with local government units within one year of the receipt of each federal grant payment to provide assistance in an amount equal to 120% (including 20% state matching grants) of each federal capitalization grant.

The following represents a summary of loan commitments at June 30:

	<u>2025</u>	<u>2024</u>
Total funds committed to public water systems	\$ 399,019,732	\$ 544,464,957
Loan amount outstanding to public water systems	<u>230,679,558</u>	<u>220,536,668</u>
Loan commitments outstanding	<u>\$ 168,340,174</u>	<u>\$ 323,928,289</u>

12 - RISK MANAGEMENT

The State of Connecticut is responsible for risk management of the SRF activities through the use of commercial and self-insurance.

SEWARD AND MONDE

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Mr. Erick Russell, Treasurer

Manisha Juthani, MD, Commissioner,
Department of Public Health,
State of Connecticut

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the State of Connecticut Clean Water Fund - Drinking Water Federal Revolving Loan Account (State Revolving Fund) (SRF) (an enterprise fund of the State of Connecticut) as of and for the year ended June 30, 2025, and the related notes to the financial statements, and have issued our report thereon dated November 5, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the SRF's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the SRF's internal control. Accordingly, we do not express an opinion on the effectiveness of the SRF's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the SRF's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Seward and Monde

North Haven, Connecticut
November 5, 2025

**STATE OF CONNECTICUT CLEAN WATER FUND -
DRINKING WATER FEDERAL REVOLVING
LOAN ACCOUNT (STATE REVOLVING FUND)**

**AUDIT REPORTS AND SCHEDULE IN
ACCORDANCE WITH THE UNIFORM GUIDANCE**

June 30, 2025

**STATE OF CONNECTICUT CLEAN WATER FUND -
DRINKING WATER FEDERAL REVOLVING
LOAN ACCOUNT (STATE REVOLVING FUND)
June 30, 2025**

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Mr. Erick Russell, Treasurer

Manisha Juthani, MD, Commissioner,
Department of Public Health,
State of Connecticut

Report on Compliance for Each Major Federal Program

Opinion of Each Major Federal Program

We have audited the State of Connecticut Clean Water Fund - Drinking Water Federal Revolving Loan Account's (State Revolving Fund) (SRF) (an enterprise fund of the State of Connecticut) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the SRF's major federal programs for the year ended June 30, 2025. The SRF's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the SRF complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the SRF and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the SRF's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provision of contracts or grant agreements applicable to the SRF's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the SRF's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the SRF's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the SRF's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the SRF's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the SRF's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2025-001. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the SRF's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The SRF's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the State of Connecticut Clean Water Fund - Drinking Water Federal Revolving Loan Account (State Revolving Fund) (SRF) (an enterprise fund of the State of Connecticut), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the SRF's basic financial statements. We issued our report thereon dated November 5, 2025, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Seward and Monde

North Haven, Connecticut
December 3, 2025

**STATE OF CONNECTICUT CLEAN WATER FUND - DRINKING WATER
 FEDERAL REVOLVING LOAN ACCOUNT (STATE REVOLVING FUND)
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the year ended June 30, 2025**

<u>Federal Grantor; Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Expenditures</u>	<u>Expenditures to Subrecipients</u>
ENVIRONMENTAL PROTECTION AGENCY			
Direct:			
Capitalization Grants for State Revolving Fund	66.468	<u>\$ 29,524,138</u>	<u>\$ 21,398,351</u>

See notes to schedule.

**STATE OF CONNECTICUT CLEAN WATER FUND - DRINKING WATER
FEDERAL REVOLVING LOAN ACCOUNT (STATE REVOLVING FUND)
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2025**

1. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the State of Connecticut Clean Water Fund - Drinking Water Federal Revolving Loan Account (State Revolving Fund) under programs of the federal government for the year ended June 30, 2025. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Because the Schedule presents only a selected portion of the operations of the State Revolving Fund, it is not intended to, and does not, present the financial position, changes in net position or cash flows of the State Revolving Fund.

Basis of Accounting

Expenditures reported on the Schedule are reported using the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance for all awards. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement

2. Indirect Cost Recovery

The SRF did not use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

3. Subrecipients

Loans disbursed to subrecipients during year ended June 30, 2025 totaled \$2,058,315. Grants disbursed to subrecipients during year ended June 30, 2025 totaled \$19,340,036.

4. Municipal Loan Balances

The balance of outstanding loans to municipalities totaled \$230,679,558 as of June 30, 2025.

SEWARD AND MONDE

CERTIFIED PUBLIC ACCOUNTANTS
296 STATE STREET
NORTH HAVEN, CONNECTICUT 06473-2165
(203) 248-9341
FAX (203) 248-5813

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Mr. Erick Russell, Treasurer

Manisha Juthani, MD, Commissioner,
Department of Public Health,
State of Connecticut

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the State of Connecticut Clean Water Fund - Drinking Water Federal Revolving Loan Account (State Revolving Fund) (SRF) (an enterprise fund of the State of Connecticut) as of and for the year ended June 30, 2025, and the related notes to the financial statements, and have issued our report thereon dated November 5, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the SRF's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the SRF's internal control. Accordingly, we do not express an opinion on the effectiveness of the SRF's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the SRF's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Seward and Monde

North Haven, Connecticut
November 5, 2025

**STATE OF CONNECTICUT CLEAN WATER FUND - DRINKING WATER
 FEDERAL REVOLVING LOAN ACCOUNT (STATE REVOLVING FUND)
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the year ended June 30, 2025**

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:
 Material weakness(es) identified? Yes No
 Significant deficiency(ies) identified that are not
 considered to be material weaknesses? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:
 Material weakness(es) identified? Yes No
 Significant deficiency(ies) identified that are not
 considered to be material weaknesses? Yes None reported

Type of auditors' report issued on compliance for major
 program: Unmodified

Any audit findings disclosed that are required to be reported
 in accordance with 2 CFR section 200.516(a) of
 the Uniform Guidance? Yes No

Identification of Major Programs:

<u>Federal Assistance</u>	
<u>Listing Number</u>	<u>Name of Federal Program</u>
66.468	Capitalization Grants for State Revolving Fund

Dollar threshold used to distinguish between
 type A and type B programs \$ 750,000

Auditee qualified as low risk auditee? Yes No

. . . Continued . . .

**STATE OF CONNECTICUT CLEAN WATER FUND - DRINKING WATER
FEDERAL REVOLVING LOAN ACCOUNT (STATE REVOLVING FUND)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2025
. . . Continued . . .**

SECTION II - FINANCIAL STATEMENT FINDINGS

No findings are reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2025-001

Program Name – Capitalization Grants for State Revolving Funds (Assistance Listing #66.468)

Federal Award Agency – Environmental Protection Agency (EPA)

Criteria

Title 31 U.S. Code of Federal Regulations (CFR) Part 205.11(a) provides that a state must minimize the time elapsing between the transfer of funds from the United States Treasury and the state's payout of funds for federal assistance program purposes, whether the transfer occurs before or after the payout of funds. Title 2 CFR Part 200.303 requires the non-federal entity to establish and maintain effective internal control over federal awards that provides reasonable assurance that it is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Condition

The Connecticut Department of Public Health (DPH) has not drawn down approximately \$13,600,000 of federal assistance for set-aside expenditures incurred during the last two fiscal years.

Context

DPH incurred expenditures related to the Drinking Water Fund program for set-aside activity during the year.

Cause

There were delays in establishing award-specific State Identification Numbers (SIDs) to track new EPA grants awarded under the Infrastructure Investment and Jobs Act (IIJA). Upon subsequent review, reclassification of expenditures to proper SIDs were required. A pause was taken to ensure that drawdown requests and payments reflect properly reconciled and

allowable charges and to avoid the risk of requesting reimbursement (improper payment) for incorrectly coded expenditures.

Effect

Federal drawdowns have not occurred in accordance with DPH's immediate cash requirements to administer the program.

Recommendation

DPH should continue its efforts to timely review transactions initially recorded to base grant SIDs, reclassify those expenditures and initiate the drawdown request. DPH should ensure that federal drawdowns align with the immediate cash needs to administer the program.

Views of Responsible Officials

The Department agrees with the finding. Upon notification of the significant Bipartisan Infrastructure Law (BIL)/Infrastructure Investment and Jobs Act (IIJA) funds to be awarded, the Department proactively established positions necessary to support the implementation of the Drinking Water State Revolving Fund (DWSRF). These newly proposed positions were created under the existing Base Set-Aside chart of accounts to ensure staffing was in place at the onset of the grant period and to allow timely utilization of the anticipated funding. A delay in establishing these positions would have hindered the State's ability to meet program obligations under the funding agreements.

Once the positions were filled and staff began charging time and effort, expenditures were temporarily recorded under the existing chart of accounts with the intent to reallocate them to the appropriate BIL/IIJA accounts once the Notices of Award and corresponding accounts were formally established. Because many of these reallocations affect set-aside and program accounting, the Department placed a temporary hold on drawdowns of set-aside funds. This measure was taken to ensure that drawdown requests reflect properly reconciled and allowable charges and to prevent the risk of requesting reimbursement for incorrectly coded expenditures (improper payment).

The Department has since initiated reconciliation of the accounts to ensure that all expenditures are aligned with their proper set-aside awards as well as beginning to drawdown from respective set-aside accounts. Completion of this reconciliation, along with the processing of all applicable and eligible drawdowns, is anticipated on or before June 30, 2026.

Corrective Action Plan
2 CFR § 200.511(c)

December 3, 2025

U.S. Department of Environmental Protection

The Connecticut Department of Public Health respectfully submits the following corrective action plan for the year ended June 30, 2025.

Name and address of independent accounting firm: Seward and Monde, 296 State Street, North Haven, CT 06473

Audit Period: July 1, 2024 – June 30, 2025

The finding from the June 30, 2025 schedule of findings and questioned costs is discussed below. The finding is numbered consistently with the number assigned in the schedule.

Federal Award Finding No. 2025-001 – Cash Management

Auditors' Recommendation: DPH should continue its efforts to timely review transactions initially recorded to base grant SIDs, reclassify those expenditures and initiate the drawdown request. DPH should ensure that federal drawdowns align with the immediate cash needs to administer the program.

Planned Corrective Action: The Department has since initiated reconciliation of the accounts to ensure that all expenditures are aligned with their proper set-aside awards as well as beginning to drawdown from respective set-aside accounts.

Anticipated Completion Date: June 30, 2026

Official responsible for implementation of corrective action plan:

Chukwuma Amechi, Fiscal Administrative Manager 2
CT Department of Public Health
(860) 509-7233

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APPENDIX C
SUMMARY OF CERTAIN OF THE PROVISIONS OF THE
GENERAL BOND RESOLUTION

The General Bond Resolution (as used in this Appendix C, the “Resolution”) contains various covenants and security provisions certain of which are summarized below. Various words or terms used in the following summary are defined in the Resolution and reference thereto is made for full understanding of their import. See also Appendix E for definitions of certain terms.

Resolution to Constitute Contract [Section 2.02]

The provisions of the Resolution shall constitute a contract among the State, the Trustee and the Holders from time to time of the Bonds, and the provisions, covenants and agreements to be performed on behalf of the State shall be for the equal benefit, protection and security of the Holders of any and all of the Bonds.

Application of Bond Proceeds [Section 4.01]

All proceeds of Bonds of any Series, upon their issuance, sale and delivery, shall be deposited in certain funds and accounts in accordance with the provisions of the Supplemental Resolution authorizing the issuance of the Bonds of such Series and shall be applied solely for the purposes for which amounts in such funds and accounts may be applied in accordance with the provisions of the Resolution.

Available Moneys [Section 5.01]

Pursuant to the Resolution, the State is obligated to pay from Available Moneys in the Revolving Fund in accordance with the terms and provisions of the Resolution, the principal of, Redemption Price of, interest on, and Sinking Fund Installments for, the Bonds and any Other Financial Assistance and any Related Program Obligations, subject only to the provisions of the Resolution permitting or further limiting the application thereof for the purposes and on the terms and conditions set forth in the Resolution.

Pledge [Section 5.02]

With respect to all Bonds and any Other Financial Assistance and any Related Program Obligations, the Pledged Fund, the Bond Proceeds Fund, the Debt Service Fund and the Support Fund, the investments thereof and the proceeds of such investments, if any, are pledged for the payment thereof in accordance with the terms and provisions of the Resolution, subject only to the provisions of the Resolution permitting or further limiting the application thereof for the purposes and on the terms and conditions set forth in the Resolution. In addition, the Pledged Borrower Obligations, if any, shall be pledged to the extent provided in one or more Supplemental Resolutions. This pledge shall be valid and binding from and after the date of adoption of the Resolution, and the Pledged Borrower Obligations, if any, and all other moneys and securities in the funds and accounts established by the Resolution and pledged thereby shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and such lien shall be a just lien and shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the State, irrespective of whether such parties have notice thereof.

Revolving Fund [Section 5.03]

(A) The State shall maintain the Revolving Fund in accordance with the requirements of the Acts. The State may apply Available Moneys for any purposes allowed under the Acts, including, without limitation, to make loans to Borrowers and payment of debt service on Outstanding Obligations.

(B) Not later than one Business Day prior to any Payment Date, the State shall transfer to the Debt Service Fund any amounts necessary, together with any amounts on deposit therein, sufficient to pay the amounts coming due on such Payment Date consisting of: (1) principal of, redemption, if any, and interest on Bonds and (2) any other amounts payable from the Debt Service Fund related to Other Financial Assistance and Related Program Obligations.

Establishment of Funds and Accounts [Section 5.04]

The State by the Resolution has established the following Funds and Accounts:

- (1) Pledged Fund, which shall be held within the Revolving Fund;
- (2) Bond Proceeds Fund, which shall be held within the Revolving Fund;
- (3) Debt Service Fund, which shall be held within the Revolving Fund;
- (4) Support Fund, which shall be held within the Revolving Fund; and
- (5) Rebate Fund.

Pledged Fund [Section 5.05]

If so provided in a Supplemental Resolution, the Trustee shall establish within the Pledged Fund a Series Pledged Account, and such Supplemental Resolution shall identify the Borrower Obligations which shall constitute the “Pledged Borrower Obligations” with respect to such Supplemental Resolution, and shall provide for the application of the Pledged Receipts and any Earnings thereon.

At the end of each Fiscal Year the State shall determine the amount of Earnings on the Pledged Fund required to be rebated to the United States for such Fiscal Year and shall direct the Trustee in a certificate of an Authorized Officer to deposit such amounts to the Rebate Fund from any available funds on deposit in the Pledged Fund.

Bond Proceeds Fund [Section 5.06]

There shall be deposited into the Bond Proceeds Fund the amount of the proceeds of the Bonds of any Series required to be deposited by the Supplemental Resolution authorizing such Series. Moneys in the Bond Proceeds Fund shall be expended only for the Program, subject to the provisions and restrictions of the Resolution. Except as may be limited by the purposes for which a Series of Bonds is issued as set forth in a Supplemental Resolution authorizing such Series of Bonds, amounts in the Bond Proceeds Fund shall be expended and applied by the State from time to time to payments: (1) for financing Loans to Borrowers under the Program; (2) for paying costs related to Other Financial Assistance; (3) to the extent that other moneys are not available, payments due to be made from the Debt Service Fund, when due, and thereafter; and (4) to redeem Bonds, at the direction of the State.

Debt Service Fund [Section 5.07]

The Trustee or the State, as applicable, shall promptly deposit, or cause to be deposited, the following amounts in the Debt Service Fund (unless provided otherwise in the applicable Supplemental Resolution): (1) any accrued interest received as proceeds of a Series of Bonds; (2) any capitalized interest received by the State with respect to a Series of Bonds; (3) any amounts required to be transferred to the Debt Service Fund, from the Support Fund, as set forth in the applicable Supplemental Resolution; (4) all amounts required to be transferred to the Debt Service Fund from the Bond Proceeds Fund; and (5) all amounts required to be transferred to the Debt Service Fund from the Revolving Fund.

The Trustee shall pay out of the Debt Service Fund to the Paying Agents for any of such Bonds, (i) on each Payment Date, the amount required for the payment of principal of, Sinking Installments for and interest on such Bonds due on such Payment Date, (ii) on each Payment Date, the amount required for the payment of amounts due on Other Financial Assistance and Related Program Obligations, and (iii) on any redemption date, the amount required for the payment of accrued interest on such Bonds redeemed unless the payment of such accrued interest shall be otherwise provided for, and such amounts shall be applied by the Paying Agents to such payment.

The amount, if any, accumulated in the Debt Service Fund for each sinking fund redemption may be applied, at the direction of the State, (together with amounts accumulated for the interest with respect to interest on the Bonds subject to sinking fund redemption) by the Trustee prior to the forty-fifth (45th) day preceding the sinking fund redemption date to:

- (1) the purchase of Bonds of the Series and maturity as such Bonds subject to such sinking fund redemption, at prices (including any brokerage and other charges) not exceeding the Redemption Price payable for such Bonds pursuant to such sinking fund redemption plus unpaid interest accrued to the date of purchase, such purchases to be made by the Trustee as directed by the State in writing by an Authorized Officer, or
- (2) the redemption (pursuant to Article VI of the Resolution), of such Bonds if then redeemable by their terms, at the Redemption Price referred to in paragraph (1) above.

Upon any purchase or redemption of Bonds of any Series and maturity, under this subsection, for which Sinking Fund Installments shall have been established, an amount equal to the applicable Redemption Prices thereof shall be credited toward any one or more of such Sinking Fund Installments, as directed by the State in an Authorized Officer's certificate, or, failing such direction by November 1, of each year, toward such Sinking Fund Installments in inverse order of their due dates. The portion of any such Sinking Fund Installment remaining after the deduction of any such amounts credited toward the same (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of the calculation of principal due on a future date.

As soon as practicable after the forty-fifth (45th) day preceding the date of any such sinking fund redemption, the Trustee shall proceed (pursuant to Article VI of the Resolution) to call for redemption on such redemption date Bonds of the Series and maturity for which such sinking fund redemption was established in such amount as shall be necessary to complete the retirement of the principal amount, specified for such sinking fund redemption. The Trustee shall so call such Bonds for redemption whether or not it then has moneys in the Debt Service Fund sufficient to pay the applicable

Redemption Price thereof and to pay interest thereon to the redemption date. The Trustee shall pay out of the Debt Service Fund to the appropriate Paying Agents, on each such redemption date, the amount required for the redemption of the Bonds so called for redemption, and such amount shall be applied by such Paying Agents to such redemption.

Any interest earned or gains realized by the investments of moneys held in the Debt Service Fund shall be retained therein and applied on the next Payment Date to payments due.

Support Fund [Section 5.08]

(A) The Support Fund, and the accounts therein, shall be funded in the amounts and in the manner set forth in a Supplemental Resolution, which amounts may be amended from time to time by direction of an Authorized Officer by the filing of a written certificate with the Trustee reflecting such amendment.

(B) Moneys in the Support Fund shall be transferred to the Debt Service Fund and applied to pay the interest, principal and Sinking Fund Installments and Redemption Price due on Bonds in accordance with the schedule set forth in the applicable Supplemental Resolution, which schedule may be amended from time to time by direction of an Authorized Officer by the filing of a written certificate with the Trustee reflecting such amendment.

Rebate Fund [Section 5.09]

(A) The State shall transfer to the Trustee for deposit in the Rebate Fund the amount calculated by the State to be owing to the United States pursuant to the Tax Regulatory Agreement.

(B) The Trustee, upon receipt of written instructions from an Authorized Officer, shall pay to the United States out of amounts in the Rebate Fund such amounts as are required pursuant to the Tax Regulatory Agreement.

(C) Any moneys remaining in the Rebate Fund after payment to the United States shall be transferred to the Revolving Fund.

Privilege of Redemption and Redemption Price [Section 6.01]

Bonds subject to redemption prior to maturity pursuant to the provisions of a Supplemental Resolution shall be redeemable, upon notice as provided in the Resolution, at such times, at such Redemption Prices and upon such terms (in addition to and consistent with the terms contained in the Resolution) as may be specified in the Supplemental Resolution authorizing such Series.

Redemption at the Election or Direction of the State [Section 6.02]

In the case of any redemption of Bonds, the State shall give written notice to the Trustee of its election or direction so to redeem, of the redemption date, of the Series, of the principal amounts of the Bonds of each maturity of such Series to be redeemed (which Series, maturities and principal amounts thereof to be redeemed shall be determined by the State in its sole discretion, subject to any limitations with respect thereto contained in the State Act or the Resolution and any Supplemental Resolution) and of the moneys to be applied to the payment of the Redemption Price. Such notice shall be given at least sixty (60) days prior to the redemption date or such shorter period as shall be

acceptable to the Trustee. In the event notice of redemption shall have been given by the Trustee as provided in the Resolution, the Trustee, if it holds the moneys to be applied to the payment of the Redemption Price, or otherwise the State, shall, at least one day prior to the redemption date, pay to the Trustee and the appropriate Paying Agent or Paying Agents an amount in cash which, in addition to other moneys, if any, available therefor held by the Trustee and such Paying Agent or Paying Agents, will be sufficient to pay, on the redemption date at the Redemption Price thereof, together with interest accrued to the redemption date, all of the Bonds to be redeemed. The State shall promptly notify the Trustee in writing of all such payments made by the State to a Paying Agent.

Conditional Redemption [Section 6.05]

If, at the time of mailing of the notice of any optional redemption, there has not been deposited with the Trustee moneys sufficient to redeem all the Bonds called for redemption, the notice may state that it is conditional on the deposit of the redemption moneys with the escrow agent not later than the redemption date. Such notice will be of no effect and the redemption price for such optional redemption will not be due and payable unless such moneys are so deposited.

Payment of Bonds [Section 9.01]

The State shall apply any Available Moneys to the payment, when due, of the principal or Redemption Price, if any, Sinking Fund Installment of every Bond and the interest thereon and payments due under any Other Financial Assistance or any Related Program Obligations. The State shall duly and punctually pay or cause to be paid the principal or Redemption Price, if any, or Sinking Fund Installment of every Bond and the interest thereon, but only from Available Moneys and Pledged Borrower Obligations, if any, and other revenues or receipts, funds or moneys pledged therefor as provided in the State Act and the Resolution, at the dates and places and in the manner provided in the Bonds according to the true intent and meaning thereof.

Power to Issue Bonds and Make Pledges [Section 9.03]

The State is duly authorized pursuant to law to authorize and issue the Bonds, to adopt the Resolution, to contract to apply Available Moneys, to pledge the Pledged Borrower Obligations, if any, and to pledge other moneys, securities, funds and property purported to be pledged by the Resolution, all in the manner and to the extent provided in the Resolution. The Pledged Borrower Obligations, if any, and other moneys, securities, funds and property 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 Resolution, and all action on the part of the State to that end has been duly and validly taken. The Bonds and the provisions of the Resolution are and will be the valid and legally enforceable obligations of the State in accordance with their terms and the terms of the Resolution. The State shall at all times, to the extent permitted by law, defend, preserve and protect the obligation to apply Available Moneys, to pledge the Pledged Borrower Obligations, if any, and to pledge other moneys, securities, funds and property pledged under the Resolution and all the rights of the Bondholders under the Resolution against all claims and demands of all persons whomsoever.

Accounts and Reports [Section 9.05]

(A) The State shall keep, or cause to be kept, proper books of record and account in which complete and correct entries shall be made of its transactions relating to all Pledged Borrower Obligations, Pledged Receipts and all funds and accounts established by the Resolution.

(B) The State shall annually, on or before the last day of December in each year, file with the Trustee a copy of an annual report for the preceding Fiscal Year with respect to the Program, accompanied by an Accountant's Certificate, setting forth in complete and reasonable detail: (1) its operations and accomplishments; (2) its receipts and expenditures during such Fiscal Year in accordance with the categories or classifications established by the State for its operating and capital outlay purposes; (3) its assets and liabilities at the end of such Fiscal Year, including a schedule of its Borrower Obligations, Pledged Borrower Obligations, Pledged Receipts, a list of Borrowers in default status and the status of reserve, special or other funds and the funds and accounts established by the Resolution; and (4) a schedule of its Bonds Outstanding and other obligations outstanding at the end of such Fiscal Year, together with a statement of the amounts paid, redeemed and issued during such Fiscal Year.

Pledge of Pledged Borrower Obligations [Section 9.08]

To secure the payment of the principal or Redemption Price of, interest on and Sinking Fund Installments for one or more Series of Bonds or the payments due under any Other Financial Assistance or any Related Program Obligations, the State may pledge and assign to the Trustee for the benefit of the Holders of such Bonds, pursuant to a Supplemental Resolution, certain Borrower Obligations, which shall then constitute Pledged Borrower Obligations and payments due thereunder shall constitute Pledged Receipts, and such other security as may be pledged pursuant to any Supplemental Resolution, subject only to the provisions of this Resolution.

Federal Tax Covenants [Section 9.09]

The State shall at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid on the Bonds shall, for the purposes of Federal income taxation, be excludable from the gross income of the recipients thereof and exempt from such taxation.

At no time shall any of the proceeds of the Bonds or other funds of the State be used, directly or indirectly, to acquire any security, asset or obligation or other investment-type property the acquisition or holding of which would cause any Bond or Note to be an "arbitrage bond" for the purposes of Section 148 of the Code, and in furtherance thereof, to comply with the Tax Regulatory Agreement. If and to the extent required by the Code, the State shall periodically, at such times as may be required to comply with the Code, pay the amount, if any, required by the Code to be rebated or paid as a related penalty.

The covenants set forth in this section shall survive payment or defeasance of the Bonds.

Notwithstanding the foregoing, the State reserves the right to elect to issue Bonds the interest on which is not exempt from Federal income taxation, if such election is made prior to the issuance of such Bonds, and the covenants contained in this section shall not apply to such Bonds.

State Tax Covenant [Section 9.10]

The State covenants with the purchasers and all subsequent Holders and transferees of any Bonds, in consideration of the acceptance and payment for the Bonds, that the Bonds shall be at all times free from taxes levied by any Borrower or political subdivision or special district having taxing powers of the State and the principal of and interest on any Bonds issued under the State Act, their

transfer and the income therefrom, including revenues deemed from the sale thereof, shall at all times be free from taxation of every kind by the State or under its authority except for estate or succession taxes.*

* Under statutory and judicial authority, this covenant does not grant an exemption from the Connecticut corporation business tax for interest on the Bonds. See “TAX EXEMPTION” herein.

Agreement of the State [Section 9.11]

The State pledges to and agrees with the Bondholders and any holders of Other Financial Assistance or Related Program Obligations that the State will not limit or alter the rights vested by the State Act in the State to fulfill the terms of any agreement made with Bondholders or in any way impair the rights and remedies of the Bondholders until the Bonds, together with the interest thereon, with 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, are fully met and discharged, provided nothing contained in the Resolution shall preclude such limitation or alteration if and when adequate provision shall be made by law for the protection of the Bondholders.

Payment of Bonds [Section 9.12]

In order to provide sufficient moneys with which to pay the principal and interest when due and payable on its Bonds and any payments on Other Financial Assistance or Related Program Obligations when due, the State shall from time to time, with all practical dispatch and in a sound and economical manner consistent in all respects with the Acts as interpreted in regulations adopted by the United States Environmental Protection Agency and the State Department of Environmental Protection and in effect, or other applicable regulations, and with the provisions of the Resolution, use and apply the proceeds of the Bonds to finance Loans and to provide Other Financial Assistance pursuant to the Acts and the Resolution, to generate Available Moneys and Pledged Borrower Obligations at least equal to the sum of the principal and interest on the Bonds and the payments due on any Other Financial Assistance or Related Program Obligations, and take all steps, actions and proceedings for the enforcement of all terms, covenants and conditions of the Loans.

Bond Anticipation Notes [Section 2.07]

Whenever the State shall authorize the issuance of a Series of Bonds, the State Treasurer shall be authorized to issue Notes (and renewals thereof) in anticipation of such Series. The principal of and interest on such Notes and renewals thereof shall be payable solely from the proceeds of such Notes or renewals thereof or from the proceeds of the sale of the Series of Bonds in anticipation of which such Notes are issued. The proceeds of such Bonds may be pledged for the payment of the principal of and interest on such Notes and any such pledge shall have a priority over any other pledge of such proceeds created by the Resolution. Unless otherwise provided in a Supplemental Resolution, Notes shall not be secured by the Support Fund or any fund or account established under the Resolution.

Ability to Issue Other Obligations [Section 2.08]

The State expressly reserves the right to adopt one or more other general bond resolutions and reserves the right to issue notes and any other obligations so long as the same do not have an equal or prior charge or lien on the Pledged Borrower Obligations, if any or on any Funds pledged under the Resolution.

Other Financial Assistance [Section 2.09]

In connection with the issuance of any Series of Bonds under the Resolution, the State may provide or cause to be provided, Other Financial Assistance with respect to payment of obligations due under the Resolution, all as shall be provided for in the applicable Supplemental Resolution. The repayment of any Other Financial Assistance may be paid from the Debt Service Fund and shall be paid on a parity or subordinate basis with the payment of the Bonds, all as set forth in the applicable Supplemental Resolution.

Related Program Obligations [Section 2.10]

In connection with the furtherance of the Program, the State has entered into and may, in the future, enter into Related Program Obligations. The repayment of any Related Program Obligations may be paid from the Debt Service Fund and shall be paid on a parity or subordinate basis with the payment of the Bonds, all as set forth in the applicable Supplemental Resolution.

Events of Default [Section 12.01]

Each of the following events is declared and shall constitute an “event of default”:

(a) If the State shall default in the payment of the principal or Redemption Price or Sinking Fund Installment for any Bond when and as the same shall become due, whether at maturity or upon call for redemption;

(b) If the State shall default in the payment of any installment of interest on any Bonds; or

(c) If the State shall fail or refuse to comply with the provisions of the State Act, or shall default in the performance or observance of any other of the covenants, agreements or conditions on its part in the Resolution, any Supplemental Resolution, or in the Bonds contained, and such failure, refusal or default shall continue for a period of forty-five days after written notice thereof by the Trustee or the Holders of not less than 25% in principal amount of Bonds Outstanding.

Remedies [Section 12.02 and 12.06]

Upon the happening and continuance of any event of default specified in paragraphs (a) or b) above, the Trustee shall proceed, or upon the happening and continuance of any event of default specified in paragraph (c) above, the Trustee may proceed, and upon the written request of the Holders of not less than 25% in principal amount of the Outstanding Bonds, shall proceed, in its own name, to protect and enforce its rights and the rights of the Bondholders by such of the following remedies, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights:

(a) by mandamus or other suit, action or proceeding at law or in equity, enforce all rights of the Bondholders, including the right to require the State to receive and collect Pledged Receipts, and other properties and to require the State to carry out any other covenant or agreement with Bondholders and to perform its duties under the State Act;

(b) by bringing suit upon the Bonds;

(c) by action or suit in equity, require the State to account as if it were the trustee of an express trust for the Holders of the Bonds; or

(d) by action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the Holders of the Bonds.

No Holder of any Bond shall have any right to institute any suit unless the Holders of 25% in principal amount of the Bonds then Outstanding shall have made written request to, and offered to indemnify, the Trustee and the Trustee shall not have complied with such request within a reasonable time.

Compensation of Trustee [Section 805]

The Trustee shall be entitled to reasonable fees and reimbursement by the State for all expenses, charges, counsel fees and other disbursements reasonably incurred by it in the performance of its duties and powers under the Resolution. Each Paying Agent shall also be entitled to reasonable fees and to reimbursement by the State for all expenses and charges reasonably incurred by it in the performance of its duties under the Resolution.

Resignation of Trustee [Section 8.07]

The Trustee may at any time resign and be discharged of the duties and obligations created by the Resolution by giving not less than 60 days' written notice to the State, specifying the date when such resignation shall take effect. Such resignation shall take effect immediately upon the appointment of a successor Trustee pursuant to the Resolution.

Removal of Trustee [Section 8.08]

The Trustee shall be removed by the State if at any time such removal is so requested by an instrument or concurrent instruments an writing, filed with the Trustee and the State, and signed by the Holders of a majority in principal amount of the Bonds then Outstanding or their attorneys-in-fact duly authorized, excluding any Bonds held by or for the account of the State. The State may remove the Trustee with or without cause, at any time. Removal of the Trustee shall take effect upon the appointment of a successor Trustee in accordance with the Resolution.

Defeasance [Section 14.01]

If the State shall pay or cause to be paid to the Holders of all Bonds then Outstanding, the principal or Redemption Price, if any, and interest to become due thereon, and the payments on Other Financial Assistance or Related Program Obligations, all at the times and in the manner stipulated therein and in the Resolution, then the covenants, agreements and other obligations of the State to the Bondholders shall be discharged and satisfied.

Bonds or interest installments for the payment or redemption of which moneys or securities shall have been set aside and shall be held in trust by Fiduciaries (through deposit by the State of funds for such payment or redemption or otherwise) 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. All Outstanding Bonds of any Series shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect so expressed if (a) in case any of such Bonds are to be redeemed on any date prior to their maturity, the State shall have given to the Trustee in form

satisfactory to it irrevocable instructions to give notice of redemption on such Bonds on said date as provided in the Resolution and (b) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance 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, shall be sufficient to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be. Neither Defeasance Securities or moneys so deposited with the Trustee nor principal or interest payments on any such Defeasance 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 such Bonds

Modification and Amendment Without Consent [Section 10.01]

The State may adopt at any time or from time to time Supplemental Resolutions for any one or more of the following purposes, and any such Supplemental Resolution will become effective in accordance with its terms upon the filing with the Trustee of a copy thereof certified by an Authorized Officer:

- (1) To provide for the issuance of a Series of Bonds pursuant to the provisions of the Resolution and to specify and determine such matters and things referred to in Article II of the Resolution and to prescribe the terms and conditions pursuant to which such Bonds may be issued paid or redeemed;
- (2) To add additional covenants and agreements of the State for the purpose of further securing the payment of the Bonds, provided such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the State contained in the Resolution;
- (3) To prescribe further limitations and restrictions upon the issuance of Bonds and the incurring of indebtedness by the State which are not contrary to or inconsistent with the limitation and restrictions thereon theretofore in effect;
- (4) To surrender any right, power or privilege reserved to or conferred upon the State by the terms of the Resolution, provided that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the State contained in the Resolution;
- (5) To confirm as further assurance any pledge under and the subjection to any lien, claim or pledge created or to be created by the provisions of the Resolution of the Pledged Borrower Obligations and Pledged Receipts or of any other moneys, securities or funds;
- (6) To permit the issuance of Bonds in bearer form if authorized under the Resolution, including such provisions relating to payment, notices, selection of Bonds for redemption, and similar matters relating to bearer bonds in general;
- (7) To establish such additional funds and/or accounts or consolidate one or more funds and/or accounts, all as may be deemed necessary and proper to further the purposes of the Clean Water Fund program;

(8) To modify or amend any of the provisions of the Resolution to conform with any changes required or permitted by the Acts, provided that such modifications or amendments do not materially adversely affect the Holders of Outstanding Bonds;

(9) To modify any of the provisions of the Resolution to or any previously adopted Supplemental Resolution in any other respects, provided that such modifications will not be effective until after all Bonds of any Series of Bonds Outstanding as of the date of adoption of such Supplemental Resolution cease to be Outstanding, and all Bonds issued under such resolutions must contain a specific reference to the modifications contained in such subsequent resolutions; or

(10) To cure any ambiguity or defect or inconsistent provision in the Resolution or to insert such provisions clarifying matters or questions arising under the Resolution as are necessary or desirable in the event any such modifications are not contrary to or inconsistent with the Resolution as theretofore in effect.

Amendments [Section 11.01]

Other than modifications or amendments permitted as described immediately above, any modification or amendment of the Resolution and of the rights and obligations of the State and of the Holders of the Bonds, in any particular, may be made by a Supplemental Resolution, with the written consent of:

(1) the Holders of at least a majority in principal amount of the Bonds Outstanding at the time such consent is given, or

(2) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, the Holders of at least a majority in principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given;

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, the consent of the Holders of such Bonds will not be required and such Bonds will not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this section.

No such modification or amendment may permit a change in the terms of redemption or maturity of the principal of any Outstanding Bonds or of any installment of interest thereon or Sinking Fund Installment therefor, 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.

The terms and provisions of the Resolution and the rights and obligations of the State and of the Holders of the Bonds may be modified or amended in any respect upon the adoption and filing with the Trustee by the State of a copy of a Supplemental Resolution and the consent of the Holders of all of the Bonds then Outstanding, such consent to be given as provided in the Resolution, except that no notice to Bondholders either by mailing or publication will be required; provided, however, that no such modification or amendment will change or modify any of the rights or obligations of the Trustee or Paying Agents without the filing with the Trustee of his written assent thereto in addition to the consent of Bondholders.

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APPENDIX D
SUMMARY OF CERTAIN PROVISIONS OF EACH
PROJECT LOAN AND PROJECT GRANT AGREEMENT

The Loan Agreement

Each Project Loan and Project Grant Agreement (hereinafter a “Loan Agreement”) is an entirely separate agreement but contains substantially the same terms and provisions as the other Loan Agreements. The following is a summary of certain terms of each Loan Agreement, and is qualified in its entirety by reference to the detailed provisions of each Loan Agreement. In the following summary of each Loan Agreement, references to “Municipality” and “Recipient” have the same meaning as the term “Borrower” under the Resolution and in the Official Statement. References to the Municipality or Recipient, as the case may be, and the Project refer to the Municipality or Recipient, as the case may be, and the Project relating to such Loan Agreement.

Loan Provisions

Loan Clauses. Subject to the conditions and in accordance with the terms of the Loan Agreement the State agrees to make the Project Loan and the Municipality or Recipient, as the case may be, agrees to accept the Project Loan from the State.

To the extent permitted by law the Municipality or Recipient, as the case may be, agrees to establish a dedicated source for repayment of the Project Loan satisfactory to the State and not inconsistent with the Federal Act, and pursuant to Section 6.1(a)(7). The Municipality or Recipient, as the case may be, shall issue a note in satisfaction of the above-stated requirement. [Section 4.1]

The Municipality or Recipient, as the case may be, will issue and deliver one or more Project Loan Obligations to evidence its obligation to repay the Project Loan. The Project Loan Obligation shall bear interest at the rate of 2% per annum and shall be payable as to principal and interest (a), in equal monthly installments commencing not later than one month after the Scheduled Completion Date, or (b) in a single annual installment representing 1/20 of total principal not later than one year from the Scheduled Completion Date and monthly installments thereafter; provided, however, the last installment of principal on any Project Loan Obligation shall be payable not later than the Maturity Date. [Section 4.3 and 4.5]

Optional Prepayment of Principal by the Municipality or Recipient. (a) The Municipality may, on or after ten (10) years from the date of any Project Loan Obligation, without penalty, prepay any Project Loan Obligation in whole or in part in any amount, together with accrued interest to the date of such prepayment on the amount prepaid. Prepayments shall be applied to the principal of the Project Loan Obligation in the inverse order of maturity of the installments of principal due thereon or in such other order as may be acceptable to the Municipality and the State. Prepayments shall be in whole multiples of \$5,000 only, provided that if the principal amount of any installment outstanding is less than \$5,000, payment shall be made in such amount. The Municipality must send written notification of the prepayment at least thirty (30) days before any such prepayment.

(b) If the Municipality plans to fund the loan prepayment with the proceeds of its bonds, the Municipality should consult with the State and with the Municipality’s own bond counsel in regard to any tax considerations [Section 4.6]

Disbursement of Loan Proceeds. Prior to any disbursements, the Municipality or Recipient, as the case may be, must establish an Account. The Account is the sole instrument by which the Municipality or Recipient, as the case may be, will receive its Project Grant and Project Loan proceeds from the State. Proceeds of the Project Loan and Project Grant shall be disbursed, subject to the review and approval by the state, as an Advance and wired by the State to the Account upon the written request thereof from the Municipality or Recipient, as the case may be, to the State accompanied by evidence that such amounts have been incurred by or on behalf of the Municipality or Recipient, as the case may be, for the payment of Total Project Costs. Each such request from the Municipality or Recipient, as the case may be, shall indicate (a) the total amount of the costs incurred for the Project which have not been included in any prior Advance request, (b) the total amount of such costs which are Eligible Project Costs, (c) the total amount of such costs which are Grant Eligible Costs and the amount of Grant Eligible Costs related to nitrogen removal, (d) the amount of the Project Grant Advance (the applicable percentage of which will be as provided in Connecticut General Statutes Section 22a-478), and (e) the amount of the Project Loan Advance.

The Municipality or Recipient, as the case may be, has covenanted to use the proceeds of the Project Loan solely to pay or reimburse itself for paying Eligible Project Costs. The Municipality or Recipient, as the case may be, shall promptly disburse, as applicable, the proceeds of such Project Loan after it receives notice that such proceeds have been deposited in its Account. [Sections 4.4 and 7.6]

Reimbursement of the State. If any Audit required by the Loan Agreement reveals that the actual Eligible Project Costs are less than the amount specified in such Loan Agreement, the Municipality or Recipient, as the case may be, shall, as soon as practicable, but not more than 90 days after the State notifies such Municipality or Recipient, as the case may be, in writing of the results of the Audit, repay the difference between the Project Loan received and the Project Loan it would have received if the Audited Eligible Project Costs figure had been used to calculate the Project Loan. [Section 4.5]

Remedies. If an Event of Default, as defined in the Loan Agreement, shall occur and be continuing, then the State may declare by notice to the Municipality or Recipient, as the case may be, that the principal of and interest accrued on any outstanding Interim Funding Obligation and Project Loan Obligation is immediately due and payable in full automatically, whereupon the same shall be due and payable immediately, without further notice or demand of any kind. [Section 9.2]

The Project

Maintenance of Project. The Municipality or Recipient, as the case may be, will operate and maintain the Project properly after completion of construction, will own such Project and will comply with all existing statutes, rules and regulations applicable to the operation of the Project for the design life of the Project. [Section 7.16]

Compliance with Law

The Municipality or Recipient, as the case may be, shall at all times comply with all applicable federal and State laws and regulations pertaining to the Project. [Section 6.7]

Tax Compliance

The Municipality or Recipient, as the case may be, agrees and covenants that it shall take no action and permit no action to be taken that would adversely affect, and shall not fail to take any action necessary to be taken in order to maintain, (1) the exclusion from gross income for federal income tax purposes of interest payable on the Bonds, or (2) the qualification of interest payable on the Bonds as not an item of tax preference under the Code for purposes of the alternative minimum tax imposed on individuals and corporations. [Section 7.7]

Continuing Disclosure; Official Statement

The Municipality or Recipient, as the case may be, shall provide or cause to be provided to the State and/or directly to information repositories such annual financial information, operating data regarding the Project, audited financial statements and any other financial information as may be required by the State, in its sole judgment, to comply with Rule 15c2-12 (the “Rule”) promulgated by the Securities and Exchange Commission in connection with issuance of Bonds. The obligation of the Municipality or Recipient, as the case may be, shall include the execution of a Continuing Disclosure Agreement and/or other certifications related to the Loan Agreement, in each case when requested by the State based on applicable requirements and materiality standards under the Rule.

Further, the Municipality or Recipient, as the case may be, agrees to provide to the State such information with respect to the Municipality or Recipient, as the case may be, as may be requested by the State for inclusion in an appendix to the State’s official statement or other offering documents relating to the offering and sale of Bonds. [Section 7.17]

Amendments

Formal written amendment of the Loan Agreement is required for extensions to the final date of the Loan Agreement and to the terms and conditions specifically stated in the original Loan Agreement and prior Amendments including but not limited to: (1) revisions to the maximum allowable Eligible Project Costs, (2) revisions to the Project Budget in aggregate, or (3) any other revisions determined material by the State. [Section 10.9]

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APPENDIX E
DEFINITIONS OF CERTAIN TERMS

The following definitions apply to summaries of the Loan Agreements and the Resolution and to the terms not otherwise defined in the Official Statement.

Accountant's Certificate shall mean a certificate signed by a certified public accountant of a firm of independent certified public accountants of recognized standing selected by the State.

Acts shall mean, collectively, the Federal Act and the State Act.

Audit shall mean an accounting and certification of all Eligible Project Costs incurred in accordance with the approved plans and specifications pursuant to a Loan Agreement.

Authorized Officer shall mean the Treasurer, any Deputy Treasurer of the State and any other person designated to the Trustee by such persons as an Authorized Officer.

Bond Counsel shall mean an attorney or firm of attorneys of recognized standing in the field of law relating to municipal bonds selected by the State.

Bondholders or *Holder of Bonds* or *Holder* (when used with reference to Bonds) or any terms of similar import, shall mean the Person who owns a Bond, provided that, the Person in whose name a Bond is registered in the Bond Register shall be regarded for all purposes as such owner.

Bond Proceeds Fund shall mean the Bond Proceeds Fund established pursuant to the Resolution.

Borrower shall mean any (A) metropolitan district, town, consolidated town and city, consolidated town and borough, city, borough, village, fire and sewer district, water district, sewer district or public authority, and each municipal organization having authority to levy and collect taxes or make charges for its authorized function, and (B) any private or public corporation or other entity authorized by the Acts to undertake activities pursuant to the Acts.

Debt Service Fund shall mean the Debt Service Fund established pursuant to the Resolution.

Defeasance Security shall mean

- (i) a Government Obligation, excluding obligations described in clause (iii) of this definition, but including the interest component of REFCORP bonds for which the separation of principal and interest is made by request of the Federal Reserve Bank of New York in book-entry form, that is not subject to redemption prior to maturity other than at the option of the holder thereof or that has been irrevocably called for redemption on a stated future date;
- (ii) if so provided by the State statutes, an Exempt Obligation (a) that is not subject to redemption prior to maturity other than at the option of the holder thereof or as to which irrevocable instructions have been given to the trustee of such Exempt Obligation by the obligor thereof to give due notice of redemption and to call such Exempt Obligation for redemption on the date or dates specified in such instructions and such Exempt Obligation is not otherwise subject to redemption prior to such specified date other

than at the option of the holder thereof, (b) the timely payment of the principal or redemption price thereof and interest thereon is fully secured by a fund consisting only of cash or obligations described in clauses (i) and (ii) above, which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such Exempt Obligation on the maturity date thereof or the redemption date specified in the irrevocable instructions referred to in clause (a) above, and (c) that is rated in the highest rating category of a nationally recognized rating service;

- (iii) a bond, debenture, note, participation certificate or other obligation, is issued by federal land banks, the Federal National Mortgage Association, the federal home loan bank system, the federal intermediate credit banks, the Tennessee Valley Authority, public housing authorities and fully secured by payment of both principal and interest by a pledge of annual contributions under contracts with the United States of America, the United States Postal Service, banks for cooperatives and the Farmers Home Administration, or any other instrumentality of the United States of America that is permitted under the Act; provided, however, that such term shall not mean any interest in a unit investment trust or mutual fund; or
- (iv) if so provided by the State statutes, money markets secured by Government Obligations.

Earnings shall mean all income or gain on moneys deposited in any of the Funds established by the Resolution, except for the Rebate Fund, including the amortization of premiums on each Interest Payment Date and the recognition of discounts at maturity.

Eligible Project Costs shall mean the Total Project Costs determined by the Commissioner to be necessary and reasonable, minus Funds From Other Sources. The Eligible Project Costs may include the costs of all labor, materials, machinery and equipment, lands, property rights and easements, interest on Interim Funding Obligations, Project Loan Obligations and bond anticipation notes, including the costs of issuance thereof approved by the Commissioner, the costs of engineering reports/studies, plans and specifications, surveys or estimates of costs and revenues, engineering and legal services, auditing and administrative expenses, and all other expenses approved by the Commissioner, which are incident to all or part of the eligible Total Project Costs.

Exempt Obligation shall mean pre-refunded municipal obligations.

Federal Act shall mean, collectively, (a) the federal Water Quality Act of 1987, which amended the federal Clean Water Act of 1972, together with any regulations promulgated thereunder, as amended from time to time, (b) the federal Safe Drinking Water Act Amendments of 1996, together with any regulations promulgated thereunder, as amended from time to time, and (c) any future federal acts that may establish programs funded with federal grants or other federal funding, the programs which may be cross-collateralized with the Program and which the State has determined to so cross-collateralize.

Fiduciary or Fiduciaries shall mean the Trustee, and Paying Agent or any or all of them, as may be appropriate.

Fiscal Year shall mean any twelve (12) consecutive calendar months commencing with the first day of July and ending the last day of the following June.

Funds from Other Sources shall mean amounts contributed by the Municipality from any source whatsoever other than the Clean Water Fund for the purpose of paying the Municipality's share of Total Project Costs. For purposes of this definition, "paying" shall mean expenditures by the Municipality for the purchase of goods, materials and services utilized in planning, designing and constructing the Project, and specifically excludes any municipal repayments made pursuant to a Project Loan or a Project Loan Obligation.

Government Obligation shall mean (a) a direct obligation of, or an obligation the timely payment of the principal of and interest on which is guaranteed by, the United States of America, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association or the Federal Farm Credit System, or in certificates of deposit or time deposits secured by such obligations, and (b) an obligation described in subsection (a) which has been stripped by the United States Department of the Treasury itself or by any Federal Reserve Bank (not including "CATS," "TIGRS" and "TRS").

Interim Funding Obligation shall mean any bonds or notes issued by a Borrower in anticipation of a Project Loan Obligation.

Investment Obligations shall mean:

- (i) bonds or obligations of, or guaranteed by, the State or the United States, or agencies or instrumentalities of the United States;
- (ii) certificates of deposit, commercial paper, savings accounts and bank acceptances in the obligations of any state of the United States or any political subdivision thereof or the obligations of any instrumentality, authority or agency of any state or political subdivision thereof, provided that at the time of investment such obligations are rated within one of the top two rating categories of any nationally recognized rating service or of any rating service recognized by the State commissioner of banking, and applicable to such obligations;
- (iii) the obligations of any regional school district in the State, of any municipality in the State or any metropolitan district in the State, provided that at the time of investment such obligations of such government entity are rated within one of the top three rating categories of any nationally recognized rating service or of any rating service recognized by the State commissioner of banking, and applicable to such obligations;
- (iv) any fund in which a trustee may invest pursuant to Section 36a-353 of the Connecticut General Statutes;
- (v) investment agreements with financial institutions whose long-term obligations are rated within the top two rating categories of any nationally recognized rating service or of any rating service recognized by the State commissioner of banking or whose short-term obligations are rated within the top rating category of any nationally recognized rating service or of any rating service recognized by the State commissioner of banking;
- (vi) investment agreements rated within the top rating categories of any nationally recognized rating service or of any rating service recognized by the State commissioner of banking;

- (vii) investment agreements fully secured by obligations of, or guaranteed by, the United States or agencies or instrumentalities of the United States;
- (viii) to the extent permitted by State statutes, (a) the Short Term Investment Fund of the State (“**STIF**”), (b) the Tax Exempt Bond Fund of the State (“**TEPF**”) or (c) interest-bearing time deposits, or other similar banking arrangements, the Trustee has established with itself or a member bank or banks of the Federal Reserve System or banks the deposits of which are insured by the Federal Deposit Insurance Corporation; provided, that no moneys in such funds or accounts shall be so deposited as provided in (a), (b) or (c) above if such deposit would result in a decrease in the rating on the Bonds according to Standard & Poor’s and Moody’s Investors Service; provided further, that each such STIF deposit, TEPF deposit, interest-bearing time deposit or other similar banking arrangement shall permit the moneys so placed to be available for use at the times provided with respect to the investment or reinvestment of such moneys; and provided further, that all moneys in each such interest-bearing time deposit or other similar banking arrangement shall be continuously and fully secured by direct obligations of the United States of America or of the State or obligations the principal and interest of which are guaranteed by the United States of America or by the State, of a market value equal at all times to the amount of the deposit or of the other similar banking arrangement.
- (ix) other investments permissible pursuant to Section 3-20 of the General Statutes of the State as such Section may be amended from time to time.

Memorandum of Agreement shall mean the document which creates a cooperative relationship between the Treasurer and the DEP and delegates to the Treasurer certain responsibilities with respect to the implementation and management of the Program.

Notes shall mean any bond anticipation notes issued by the State pursuant to the State Act for purposes of the State Revolving Fund General Revenue Bond Program.

Other Financial Assistance shall mean any guaranty, credit support, credit enhancement, interest rate hedge agreement, interest rate lock agreement, interest rate exchange agreement, bond insurance or investment agreement entered into by the State with respect to one or more Series of Bonds.

Outstanding when used with reference to Bonds, other than Bonds owned or held by or for the account of the State, shall mean, as of any date, Bonds theretofore or then being delivered under the provisions of the Resolution, except: (a) any Bonds cancelled by the Trustee or any Paying Agent at or prior to such date, (b) any Bonds 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 be held by the Trustee or the Paying Agents in trust (whether at or prior to the maturity or redemption date), provided that if such Bonds are to be redeemed, irrevocable notice of such redemption shall have been given as provided in the General Bond Resolution or provision satisfactory to the Trustee shall have been made for the giving of such notice, (c) any Bonds in lieu of or in substitution for which other Bonds shall have been delivered pursuant to the General Bond Resolution, and (iv) Bonds deemed to have been defeased as provided in the General Bond Resolution.

Outstanding Obligations shall mean any outstanding obligations of the State that were issued pursuant to any authorization in furtherance of any of the purposes of the Program.

Paying Agent for the Bonds of any Series shall mean the bank or trust company and its successor or successors, appointed pursuant to the provisions of this Resolution and a Supplemental Resolution or any other resolution of the State adopted prior to authentication and delivery of the Series of Bonds for which such Paying Agent or Paying Agents shall be so appointed.

Payment Date shall mean such date or dates as may be forth in a Supplemental Resolution.

Person or person means an individual, corporation, firm, association, partnership, limited liability company, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

Pledged Borrower Obligations shall mean any Borrower Obligations that are pledged to one or more Series of Bonds pursuant to applicable Supplemental Resolutions.

Pledged Fund shall mean the Pledged Fund established pursuant to the Resolution.

Pledged Receipts shall mean, the payments from Pledged Borrower Obligations.

Program shall mean all of the State's revolving fund programs operated under the Federal Act, which consists of providing assistance in furtherance of the purposes set forth in the Acts, as each may from time to time be modified, amended or supplemented.

Project shall mean the design, acquisition, construction, improvement, repair, reconstruction, renovation or expansion of any project that may be eligible for financing by the State in furtherance of the Program.

Project Loan Obligation shall mean bonds or notes issued by a Borrower to evidence the permanent financing by such Borrower of its indebtedness under a Loan Agreement with respect to a Loan, made payable to the State for the benefit of the Clean Water Fund and containing such terms and conditions and being in such form as may be approved by the Commissioner of DEP.

Rebate Fund shall mean the Rebate Fund established pursuant to the Resolution.

Record Date shall mean, unless otherwise determined by a Supplemental Resolution for a Series of Bonds, the close of business on the fifteenth day preceding a payment date or, if such day shall not be a Business Day, the immediately preceding Business Day.

Redemption Price shall mean, with respect to any Bonds, the principal amount thereof, plus the applicable premium, if any, payable upon redemption thereof pursuant to the General Bond Resolution and the Supplemental Resolution pursuant to which such Bond was issued.

Related Program Obligations shall mean any financial obligation entered into by the State in furtherance of the Program that may be legally payable from the Revolving Fund, and designated in a Supplemental Resolution to be paid from the Debt Service Fund.

Revolving Fund shall mean collectively, (a) the State water pollution control revolving loan account within the Clean Water Fund established in accordance with Title VI of the Federal Water

Pollution Control Act (33 U.S.C. Section 1251 et seq.), as it may be amended from time to time, (b) the State drinking water federal revolving loan account within the Clean Water Fund established in accordance with the federal Safe Drinking Water Act (42 U.S.C. Section 300f et seq.), as it may be amended from time to time, and (c) a similar account related to any expansion of the Program as a result of changes to the definition of Federal Act as described in the definition thereof.

Series or Bonds of a Series or words similar meaning shall mean the series of Bonds authorized by a Supplemental Resolution and issued under the Resolution.

Sinking Fund Installment shall mean, as of any particular date of calculation, (i) the amount required by the General Bond Resolution and the Supplemental Resolution to be deposited by the State for the retirement of bonds which are stated to mature subsequent to such date or (ii) the amount required by the General Bond Resolution and the Supplemental Resolution to be deposited by the State on a date for the payment of Bonds at maturity on a subsequent date.

State Act shall mean the Clean Water Fund Act, being Sections 22a – 475 to 22a – 483, inclusive, of the General Statutes of the State, as amended from time to time, together with any future State acts that may establish programs funded with federal grants or other federal funding, the programs which may be cross-collateralized with the Program and which the State has determined to so cross-collateralize.

Support Fund shall mean the Support Fund established pursuant to the Resolution.

Support Requirement shall mean, with respect to one or more Series of Bonds, the amount established from time to time by the State, as described in the applicable Supplemental Resolution.

Tax Exempt Bond Fund shall mean the Tax Exempt Proceeds Fund Inc., created pursuant to Connecticut General Statutes Section 3-24a, as amended.

APPENDIX F-1
FORM OF STATE CONTINUING DISCLOSURE AGREEMENT

In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the State will agree, pursuant to a Continuing Disclosure Agreement for the 2026 Bonds to be executed by the State substantially in the following form, to provide, or cause to be provided, (i) certain annual financial information and operating data, (ii) in a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of certain events with respect to the 2026 Bonds, and (iii) timely notice of a failure by the State to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement for the 2026 Bonds.

Continuing Disclosure Agreement

This Continuing Disclosure Agreement (“Agreement”) is made as of the 1st day of June, 2026 by the State of Connecticut (the “State”) acting by its undersigned officer, duly authorized, in connection with the issuance of \$163,070,000 State Revolving Fund Refunding General Revenue Bonds (Green Bonds, 2026 Series A) (the “Bonds”), for the benefit of the beneficial owners from time to time of the Bonds.

Section 1. Definitions. For purposes of this Agreement, the following capitalized terms shall have the following meanings:

“Final Official Statement” means the official statement of the State dated May 27, 2026 prepared in connection with the Bonds.

“Loan” means any loan made by the State to a Borrower pursuant to a Loan Agreement as such terms are defined in the General Bond Resolution adopted December 17, 2002, as supplemented.

“MSRB” means the Municipal Securities Rulemaking Board established under the Securities Exchange Act of 1934, as amended, or any successor thereto.

“Obligated Person” means any borrower identified by the State pursuant to Section 2(a)(2)(iii) of this Agreement.

“Repository” means the MSRB or any other information repository established pursuant to the Rule as amended from time to time.

“Rule” means Rule 15c2-12 under the Securities Exchange Act of 1934, as of the date of this Agreement.

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

Section 2. Annual Financial Information.

(a) The State agrees to provide or cause to be provided to each Repository, in accordance with the provisions of the Rule and of this Agreement, annual financial information and operating data (commencing with information and data for the fiscal year ending June 30, 2026) as follows:

(1) Financial statements of the State's Clean Water Fund – State Revolving Fund and the Drinking Water Fund – State Revolving Fund, which statements shall be prepared in accordance with generally accepted accounting principles or mandated state statutory principles as in effect from time to time. As of the date of this Agreement, the State prepares the financial statements in accordance with generally accepted accounting principles but is not required to do so. The financial statements will be audited.

(2) To the extent not included in the financial statements described in (i) above, the financial information and operating data within the meaning of the Rule described below (with references to the Final Official Statement); provided, however, that references to the Final Official Statement for the Bonds as a means of identifying such financial information and operating data shall not prevent the State from reorganizing such material in subsequent official statements or annual information reports: a list of Clean Water Fund and Drinking Water Fund borrowers indicating (i) amounts of loans outstanding and undrawn commitments (as of the end of the most recent fiscal years of the Clean Water Fund and Drinking Water Fund), (ii) expected additional loan commitments through the end of the next succeeding fiscal years of the Clean Water Fund and Drinking Water Fund, and (iii) any such borrower whose total Clean Water Fund and Drinking Water Fund loans outstanding, undrawn commitments and expected additional loan commitments equals in the aggregate 20% or more of the aggregate outstanding principal amount of the Loans financed through the State's SRF Program to fund the State's Clean Water Fund and Drinking Water Fund Programs.

(b) The State shall require borrowers entering into Clean Water Fund and Drinking Water Fund Project Loan and Project Grant Agreements to agree to enter into Continuing Disclosure Agreements in the event they become Obligated Persons. If the State receives notice that an Obligated Person has failed to provide annual financial information or operating data, the State shall use its best efforts to otherwise provide the continuing disclosure for such Obligated Person.

(c) The financial statements and other financial information and operating data described above will be provided on or before the date eight months after the close of the fiscal year for which such information is being provided. The Clean Water Fund and Drinking Water Fund fiscal year currently ends on June 30.

(d) Annual financial information and operating data may be provided in whole or in part by cross-reference to other documents available to the public on the MSRB's Internet Web site referenced in the Rule as amended from time to time or filed with the SEC. All or a portion of the financial information and operating data may be provided in the form of a comprehensive annual financial report or an annual information statement of the State.

(e) The State reserves the right (i) to provide financial statements which are not audited if 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 state statutory principles as in effect from time to time; provided that the State agrees that the exercise of any such right will be done in a manner consistent with the Rule.

Section 3. Notice of Certain Events.

The State agrees to provide or cause to be provided, in a timely manner not in excess of ten business days after the occurrence of the event, to each Repository notice of the occurrence of any of the following events with respect to the Bonds:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 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;
- (g) modifications to rights of holders of the Bonds, if material;
- (h) Bond calls, if material, and tender offers;
- (i) Bond defeasances;
- (j) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar event of the State;
- (m) the consummation of a merger, consolidation, or acquisition involving the State or the sale of all or substantially all of the assets of the State, 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;
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (o) 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 of the State, any of which affect security holders, if material; and
- (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the State, any of which reflect financial difficulties.

For purposes of events (o) and (p) above, the term “financial obligation” is defined as 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 does not include municipal securities for which a final official statement has been filed with the MSRB pursuant to the Rule.

Section 4. Notice of Failure to Provide Annual Financial Information.

The State agrees to provide or cause to be provided, in a timely manner, to each Repository notice of any failure by the State to provide annual financial information as set forth in Section 2(a) hereof on or before the date set forth in Section 2(c) hereof.

Section 5. Use of Agents.

Annual financial information and operating data and notices to be provided pursuant to this Agreement may be provided by the State or by any agents which may be employed by the State for such purpose from time to time.

Section 6. Termination.

The obligations of the State under this Agreement shall terminate upon the earlier of (i) payment or legal defeasance, at maturity or otherwise, of all of the Bonds, or (ii) such time as the State ceases to be an obligated person with respect to the Bonds within the meaning of the Rule.

Section 7. Enforcement.

The State acknowledges that its undertakings set forth in this Agreement are intended to be for the benefit of, and enforceable by, the beneficial owners from time to time of the Bonds. In the event the State shall fail to perform its duties hereunder, the State shall have the option to cure such failure within a reasonable time (but not exceeding 30 days with respect to the undertakings set forth in Section 2 of this Agreement or five business days with respect to the undertakings set forth in Sections 3 and 4 of this Agreement) from the time the State's Assistant Treasurer for Debt Management, or a successor, receives written notice from any beneficial owner of the Bonds of such failure. The present address of the Assistant Treasurer for Debt Management is 165 Capitol Avenue, Hartford, Connecticut 06106.

In the event the State does not cure such failure within the time specified above, the beneficial owner of any Bonds shall be entitled only to the remedy of specific performance. The State expressly acknowledges and the beneficial owners are hereby deemed to expressly agree that no monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute an event of default with respect to the Bonds.

Section 8. Miscellaneous.

(a) All documents provided by the State to a Repository pursuant to the State's undertakings set forth in Sections 2, 3 and 4 of this Agreement shall be in an electronic format as prescribed by the MSRB from time to time and shall be accompanied by identifying information as prescribed by the MSRB from time to time.

(b) The State 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 construed as prohibiting the State from providing such additional information, data or notices from time to time as it deems appropriate in connection with the Bonds. If the State elects to provide any such additional information, data or notices, the State shall have no obligation under this Agreement to update or continue to provide further additional information, data or notices of the type so provided.

(c) This Agreement shall be governed by the laws of the State of Connecticut.

(d) Notwithstanding any other provision of this Agreement, the State may amend this Agreement, and any provision of this Agreement may be waived, if (i) such amendment or waiver is made in connection with a change of circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the State, (ii) the provisions of the Agreement as so amended or waived would have complied with the requirements of the Rule, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances, in each case as of the date of such amendment to the Agreement or waiver, and (iii) such amendment or waiver is supported by either an opinion of counsel knowledgeable in federal securities laws to the effect that such amendment or waiver would not materially adversely affect the beneficial owners of the Bonds or an approving vote by the holders of not less than two-thirds of the aggregate principal amount of the Bonds then outstanding. A copy of any such amendment or waiver will be filed in a timely manner with each Repository. 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.

(e) This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but such counterparts shall together constitute but one and the same instrument.

STATE OF CONNECTICUT

By: _____
Erick Russell
Treasurer

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APPENDIX F-2
FORM OF MUNICIPAL CONTINUING DISCLOSURE AGREEMENT

In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, each Borrower included in Appendix A of the Final Official Statement will agree, pursuant to a Municipal Continuing Disclosure Agreement for the 2026 Bonds to be executed by the Borrower substantially in the following form, to provide, or cause to be provided, (i) certain annual financial information and operating data, and (ii) timely notice of a failure of the Borrower to provide the required annual financial information on or before the date specified in the Municipal Continuing Disclosure Agreement for the 2026 Bonds.

Municipal Continuing Disclosure Agreement

This Borrower Continuing Disclosure Agreement (the “Agreement”) is made as of the 1st day of June, 2026 by The Metropolitan District, Hartford County, Connecticut, Connecticut (the “Borrower”) acting by its undersigned officer, duly authorized, in connection with the issuance of \$163,070,000 State of Connecticut (the “State”) State Revolving Fund Refunding General Revenue Bonds (Green Bonds, 2026 Series A) dated June 16, 2026 (the “Bonds”), for the benefit of the beneficial owners from time to time of the Bonds.

Section 1. Definitions. For purposes of this Agreement, the following capitalized terms shall have the following meanings:

“Final Official Statement” means the official statement of the State dated May 27, 2026 prepared in connection with the Bonds.

“MSRB” means the Municipal Securities Rulemaking Board established under the Securities Exchange Act of 1934, as amended, or any successor thereto.

“Objective Criteria” means any Borrower whose total loans outstanding and undrawn commitments and expected additional loan commitments equals in the aggregate 20% or more of the aggregate principal amount of the State’s State Revolving Fund Revenue Bonds issued under the State’s SRF Program to fund the State’s Clean Water Fund and Drinking Water Fund Programs then outstanding.

“Repository” means the MSRB or any other information repository established pursuant to the Rule as amended from time to time.

“Rule” means Rule 15c2-12 under the Securities Exchange Act of 1934, as of the date of this Agreement.

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

Section 2. Annual Financial Information.

(a) The Borrower agrees to provide or cause to be provided to each Repository, in accordance with the provisions of the Rule and of this Agreement, annual financial information and operating data (commencing with information and data for the fiscal year ending December 31, 2026 as follows:

(i) Financial statements of the Borrower's general fund, special revenue funds, enterprise and internal service (proprietary) funds, agency and trust (fiduciary) funds and general fixed assets and general long-term obligations account groups, for the prior fiscal year, which statements shall be prepared in accordance with generally accepted accounting principles or mandated state statutory principles as in effect from time to time. As of the date of this Agreement, the Borrower prepares its financial statements in accordance with generally accepted accounting principles. The financial statements will be audited.

(ii) To the extent not included in the financial statements described in (i) above, the financial information and operating data relating to the Borrower contained in Appendix A of the Final Official Statement.

(b) The financial statements and other financial information and operating data described above will be provided on or before the eight months after the close of the fiscal year for which such information is being provided. The Borrower's fiscal year currently ends on December 31.

(c) Annual financial information and operating data may be provided in whole or in part by cross-reference to other documents available to the public on the MSRB's Internet Web site referenced in the Rule as amended from time to time or filed with the SEC. All or a portion of the financial information and operating data may be provided in the form of a comprehensive annual financial report or an annual information statement of the Borrower.

(d) The Borrower reserves the right (i) to provide financial statements which are not audited if 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 state statutory principles as in effect from time to time; provided that the Borrower agrees that the exercise of any such right will be done in a manner consistent with the Rule.

Section 3. Material Events.

The Borrower agrees to provide or cause to be provided to each Repository, in accordance with the provisions of the Rule and of this Agreement, in a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of any of the following events:

- (i) bankruptcy, insolvency, receivership or similar event of the Borrower;
- (ii) the consummation of a merger, consolidation, or acquisition involving the Borrower or the sale of all or substantially all of the assets of the Borrower, 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;
- (iii) 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 of the Borrower, any of which affect security holders, if material; and

- (iv) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Borrower, any of which reflect financial difficulties.

For purposes of events (iii) and (iv) above, the term “financial obligation” is defined as a (1) debt obligation, (2) derivative instrument entered into in connection with or pledged as security or a source of payment for an existing or planned debt obligation, or (3) guarantee of (1) or (2). The term financial obligation does not include municipal securities for which a final official statement has been filed with MSRB pursuant to the Rule.

Section 4. Notice of Failure to Provide Annual Financial Information.

The Borrower agrees to provide or cause to be provided, in a timely manner, to each Repository and the State, notice of any failure by the Borrower to provide annual financial information as set forth in Section 2(a) hereof on or before the date set forth in Section 2(b) hereof.

Section 5. Use of Agents.

Annual financial information and operating data and notices to be provided pursuant to this Agreement may be provided by the Borrower or by any agents which may be employed by the Borrower for such purpose from time to time.

Section 6. Termination.

The obligations of the Borrower under this Agreement shall terminate upon the earlier of (i) payment or legal defeasance, at maturity or otherwise, of all of the Bonds, or (ii) such time as the State determines that (A) the Borrower ceases to be an obligated person meeting the Objective Criteria with respect to the Bonds within the meaning of the Rule and the State’s Continuing Disclosure Agreement with respect to the Bonds and (B) all Borrowers meeting the Objective Criteria have entered into Municipal Continuing Disclosure Agreements with respect to the Bonds.

Section 7. Enforcement.

The Borrower acknowledges that its undertakings set forth in this Agreement are intended to be for the benefit of, and enforceable by, the beneficial owners from time to time of the Bonds. In the event the Borrower shall fail to perform its duties hereunder, the Borrower shall have the option to cure such failure within a reasonable time (but not exceeding 30 days with respect to the undertakings set forth in Section 2 of this Agreement or five business days with respect to the undertaking set forth in Section 4 of this Agreement) from the time the Borrower’s Chief Financial Officer/Treasurer, or a successor, receives written notice from any beneficial owner of the Bonds of such failure. The present address of the Borrower is _____, Connecticut _____.

In the event the Borrower does not cure such failure within the time specified above, the beneficial owner of any Bonds shall be entitled only to the remedy of specific performance. The Borrower expressly acknowledges and the beneficial owners are hereby deemed to expressly agree that no monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute an event of default with respect to the Bonds.

Section 8. Miscellaneous.

(a) All documents provided by the Borrower to a Repository pursuant to the Borrower's undertakings set forth in Sections 2, 3 and 4 of this Agreement shall be in an electronic format as prescribed by the MSRB from time to time and shall be accompanied by identifying information as prescribed by the MSRB from time to time.

(b) The Borrower 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 construed as prohibiting the Borrower from providing such additional information, data or notices from time to time as it deems appropriate in connection with the Bonds. If the Borrower elects to provide any such additional information, data or notices, the Borrower shall have no obligation under this Agreement to update or continue to provide further additional information, data or notices of the type so provided.

(c) This Agreement shall be governed by the laws of the State of Connecticut.

(d) Notwithstanding any other provision of this Agreement, the Borrower may amend this Agreement, and any provision of this Agreement may be waived, if (i) such amendment or waiver is made in connection with a change of circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Borrower, (ii) the provisions of the Agreement as so amended or waived would have complied with the requirements of the Rule taking into account any amendments or interpretations of the Rule as well as any changes in circumstances, in each case as of the date of such amendment to the Agreement or waiver, and (iii) such amendment or waiver is supported by 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 an approving vote by the holders of not less than two-thirds of the aggregate principal amount of the Bonds then outstanding. A copy of any such amendment or waiver will be filed in a timely manner with each Repository. The annual financial information provided on the first date following the adoption of any such amendment or waiver will explain, in narrative form, the reasons for the amendment or waiver.

(e) This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but such counterparts shall together constitute but one and the same instrument.

BORROWER

By: _____
Authorized Officer

APPENDIX G DTC INFORMATION

BOOK-ENTRY-ONLY SYSTEM

Unless otherwise noted, the description which follows of the procedures and record-keeping with respect to beneficial ownership interests in the 2026 Bonds, payment of interest and other payments on the 2026 Bonds to DTC Participants (as hereinafter defined) or Beneficial Owners (as hereinafter defined) of the 2026 Bonds, confirmation and transfer of beneficial ownership interests in the 2026 Bonds and other bond-related transactions by and between DTC (as hereinafter defined), the DTC Participants and Beneficial Owners of the 2026 Bonds is based solely on information provided on the DTC's website and presumed to be reliable. Accordingly, the State and the Trustee do not and cannot make any representation concerning these matters.

THE STATE, THE UNDERWRITERS AND THE TRUSTEE DO NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO SUCH DTC PARTICIPANTS, INDIRECT PARTICIPANTS, OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR SUCH DTC PARTICIPANTS, INDIRECT PARTICIPANTS, OR THE BENEFICIAL OWNERS. PAYMENTS MADE TO DTC OR ITS NOMINEE SHALL SATISFY THE STATE'S OBLIGATION UNDER THE STATE ACT AND THE RESOLUTION TO THE EXTENT OF SUCH PAYMENTS.

The Depository Trust Company ("DTC"), will act as securities depository for the 2026 Bonds. The 2026 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 2026 Bond certificate will be issued for each maturity and each CUSIP within a maturity of the 2026 Bonds certificate will be issued for each CUSIP each in the aggregate principal amount of such CUSIP, and will be deposited with DTC.

DTC 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"). 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 2026 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2026 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2026 Bond ("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 2026 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 2026 Bonds, except in the event that use of the book-entry system for a series of the 2026 Bonds is discontinued.

To facilitate subsequent transfers, all 2026 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 2026 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2026 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2026 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 2026 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2026 Bonds, such as redemptions, defaults and proposed amendments to bond documents. For example, Beneficial Owners of 2026 Bonds may wish to ascertain that the nominee holding the 2026 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 Trustee and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2026 Bonds within a maturity of the 2026 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2026 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 Trustee 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 2026 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal, interest and redemption prices on the 2026 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 Trustee on a payment 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, the Trustee, the Paying Agent, or the State, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest and redemption prices, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the 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 2026 Bonds at any time by giving reasonable notice to the State or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, 2026 Bond certificates are required to be printed and delivered.

The State may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2026 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 State believes to be reliable, but the State takes no responsibility for the accuracy thereof.

DTC PRACTICES

The State can make no assurances that DTC, DTC Participants, Indirect Participants or other nominees of the Beneficial Owners of the Bonds will act in a manner described in this Official Statement. DTC and its Participants are required to act according to rules and procedures established by DTC and its Participants which are on file with the Securities and Exchange Commission.

The State, the Trustee and the Paying Agent may treat DTC (or its nominee) as the sole and exclusive registered owner of the 2026 Bonds registered in its name for the purposes of payment of the principal and redemption premium, if any, of, or interest on, the 2026 Bonds, giving any notice permitted or required to be given to registered owners under the Indentures, registering the transfer of the 2026 Bonds, or other action to be taken by registered owners and for all other purposes whatsoever. The State, the Trustee and the Paying Agent shall not have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the 2026 Bonds under or through DTC or any Participant, or any other person which is not shown on the registration books of the State (kept by the Trustee) as being a registered owner, with respect to the accuracy of any records maintained by DTC or any Participant; the payment by DTC or any Participant of any amount in respect of the principal, redemption premium, if any, or interest on the 2026 Bonds; any notice which is permitted or required to be given to registered owners thereunder or under the conditions to transfers or exchanges adopted by the State; or other action taken by DTC as registered owner. Interest, redemption premium, if any, and principal will be paid by the Trustee to DTC, or its nominee. Disbursement of such payments to the Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the Participants or the Indirect Participants.

For every transfer and exchange of beneficial ownership of any of the 2026 Bonds, a Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

So long as Cede & Co. is the registered owner of the 2026 Bonds, as nominee for DTC, references herein to the Bondholders or registered owners of the 2026 Bonds (other than under the captions “TAX MATTERS” and “CONTINUING DISCLOSURE UNDERTAKING “ herein) shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the 2026 Bonds.

The information in this section concerning DTC and DTC’s practices has been obtained from sources that the State believes to be reliable, but neither the State nor the Trustee take any responsibility for the accuracy thereof.

Effect of Discontinuance of Book-Entry System. The following procedures shall apply if the book-entry system is discontinued with respect to the 2026 Bonds.

Principal and Interest Payments. Principal of the 2026 Bonds will be payable at the corporate trust office of the Trustee in Hartford, Connecticut, and interest on the 2026 Bonds will be payable to the registered owner thereof on each interest payment date by check mailed to such registered owner at the address shown on the bond register maintained by the Trustee, or on the special record date established for the payment of defaulted interest. However, registered owners of \$1,000,000 or more in aggregate principal amount of 2026 Bonds may be paid interest by wire transfer upon written request filed with the Trustee on or before the Record Date for the applicable interest payment date.

Registration and Transfer. The Trustee will keep or cause to be kept, at its corporate office in Hartford, Connecticut, sufficient books for the registration and transfer of the 2026 Bonds, and, upon presentation of 2026 Bonds for each purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer, or cause to be registered or transferred, on such books such 2026 Bonds. Any 2026 Bond may, in accordance with its terms, be transferred upon such books by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such registered 2026 Bond for cancellation, accompanied by delivery of a written instrument of transfer executed in a form approved by the Trustee. Whenever any 2026 Bond shall be surrendered for transfer, the State shall execute and the Trustee shall authenticate and deliver a new 2026 Bond and maturity and for a like aggregate principal amount. The Trustee is not required to transfer or exchange any 2026 Bond during the period fifteen (15) days before the mailing of a notice of redemption. The Trustee shall require the Bondholder requesting such transfer or exchange to pay any tax or other governmental charge required to be paid with respect to such transfer or exchange and may require the payment of any reasonable sum to cover expenses incurred by the Trustee or State in connection with such exchange.

APPENDIX H
PROPOSED FORM OF BOND COUNSEL OPINION

Honorable Erick Russell
Treasurer, State of Connecticut
Hartford, Connecticut

We have served as bond counsel to the State of Connecticut (the “State”) and not as counsel to any other person in connection with the issuance by the State of its \$163,070,000 State Revolving Fund Refunding General Revenue Bonds (Green Bonds, 2026 Series A) (the “2026 Bonds”), dated the date of this letter.

The 2026 Bonds are authorized to be issued under and pursuant to the Constitution and laws of the State, particularly Sections 22a-475 to 22a-483, inclusive, as amended, of the General Statutes of Connecticut (the “Act”) and by a resolution entitled “State Revolving Fund General Revenue Bond Program General Bond Resolution” adopted by the State Bond Commission on December 17, 2002, as supplemented (the “General Resolution”), and a resolution adopted by the State Bond Commission on December 18, 2025, entitled “A Supplemental Resolution Authorizing the Issuance of an Amount Not to Exceed \$170,000,000 State Revolving Fund Refunding General Revenue Bonds (Green Bonds, 2026 Series A)” (the “Supplemental Resolution” and together with the General Resolution, the “Resolutions”). Capitalized terms not otherwise defined in this letter are used as defined in the Resolutions.

In our capacity as bond counsel, we have examined the transcript of proceedings relating to the issuance of the 2026 Bonds, the Resolutions and such other documents, matters and law as we deem necessary to render the opinions set forth in this letter.

Based on that examination and subject to the limitations stated below, we are of the opinion that under existing law:

1. The 2026 Bonds and the Resolutions are valid and binding obligations of the State, enforceable in accordance with their respective terms.
2. The 2026 Bonds constitute special obligations of the State, and the principal of and interest and any premium on the 2026 Bonds are payable from and secured solely by the Available Moneys in the Revolving Fund and the other sources provided therefor in the Resolutions. The 2026 Bonds do not constitute a debt or liability of the State or bonds issued or guaranteed by the State within the meaning of Section 3-21 of the General Statutes of Connecticut, as amended, or a pledge of the faith and credit or of the taxing power of the State or any political subdivision thereof and are payable only from Available Moneys in the Revolving Fund and the other sources provided therefor in the Resolutions.
3. Interest on the 2026 Bonds (a) is excludable from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the “Code”), and (b) is not an item of tax preference under the Code for purposes of the federal alternative minimum tax on individuals; however such interest is taken into account for purposes of computing the federal alternative minimum tax imposed on applicable corporations (as defined in Section 59(k) of the Code).

4. Interest on the 2026 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.

The opinions stated above are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. In rendering all such opinions, we assume, without independent verification, and rely upon the accuracy of the factual matters represented, warranted or certified in the proceedings and documents we have examined.

In rendering those opinions with respect to treatment of the interest on the 2026 Bonds under the federal tax laws, we further assume and rely upon compliance with the covenants in the proceedings and documents we have examined, including those of the State. Failure to comply with certain of those covenants subsequent to issuance of the 2026 Bonds may cause interest on the 2026 Bonds to be included in gross income for federal income tax purposes retroactively to their date of issuance.

The rights of the owners of the 2026 Bonds and the enforceability of the 2026 Bonds and the Resolutions are subject to bankruptcy, insolvency, arrangement, fraudulent conveyance or transfer, reorganization, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion, and to limitations on legal remedies against public entities.

The opinions rendered in this letter are stated only as of this date, and no other opinion shall be implied or inferred as a result of anything contained in or omitted from this letter. Our engagement as bond counsel with respect to the 2026 Bonds has concluded on this date.

Respectfully submitted,

