

PRELIMINARY OFFICIAL STATEMENT DATED MAY 15, 2026

REFUNDING ISSUE - BOOK-ENTRY-ONLY

Ratings (See “RATINGS” herein)

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



SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY

\$69,210,000*

**Water System Revenue Refunding Bonds
Fortieth Series**

Dated: Date of Delivery

Due: As shown on inside cover

The South Central Connecticut Regional Water Authority (the “Authority”) \$69,210,000* Water System Revenue Refunding Bonds, Fortieth Series (the “Fortieth Series Refunding Bonds”) are general obligations of the Authority issued pursuant to Special Act No. 77-98 of the State of Connecticut (the “State), as amended (the “Act”) and the Water System Revenue Bond Resolution General Bond Resolution, adopted July 31, 1980, as amended and supplemented by all supplemental resolutions including the Fortieth Series Supplemental Resolution (collectively, the “General Bond Resolution”). The Fortieth Series Refunding Bonds are secured by a pledge of the Revenues of the Authority pursuant to the General Bond Resolution, which pledge is described herein, and all moneys and securities in all funds established by the General Bond Resolution. **The Authority has no taxing power. The Fortieth Series Refunding Bonds are not a debt of the State of Connecticut, or any municipality thereof, and neither the State nor any municipality is liable thereon.**

The Fortieth Series Refunding Bonds are issuable only as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository. Purchases of beneficial ownership interests in the Fortieth Series Refunding Bonds will be made in book-entry-only form without certificates. Interest on the Fortieth Series Refunding Bonds will be payable on February 1, 2027 and semiannually on each February 1 and August 1 thereafter to maturity at the interest rates shown on the inside front cover. Individual purchases of Fortieth Series Refunding Bonds will be in the principal amount of \$5,000 or any integral multiple thereof. Principal and redemption price, if any, of and interest on the Fortieth Series Refunding Bonds will be paid directly to DTC by U.S. Bank Trust Company, National Association, Boston, Massachusetts, the Trustee, and Paying Agent. See ‘DESCRIPTION OF THE FORTIETH SERIES REFUNDING BONDS - “Book-Entry-Only System” herein. **The Fortieth Series Refunding Bonds are subject to optional redemption, [mandatory] and special mandatory redemption prior to their stated maturities as set forth herein.**

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

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

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

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

Raymond James

D.A. Davidson

May __, 2026

* Preliminary, subject to change

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

SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY
\$69,210,000* WATER SYSTEM REVENUE REFUNDING BONDS,
FORTIETH SERIES

Maturity Schedule

<u>Due</u> <u>(August 1)*</u>	<u>Amount (\$)</u> *	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP**</u>
2027	4,995,000			83722A__
2028	4,180,000			83722A__
2029	5,395,000			83722A__
2030	3,680,000			83722A__
2031	3,225,000			83722A__
2032	2,205,000			83722A__
2033	3,105,000			83722A__
2034	4,060,000			83722A__
2035	7,255,000			83722A__
2036	12,290,000			83722A__
2037	9,645,000			83722A__
2038	7,050,000			83722A__
2039	2,125,000			83722A__

* Preliminary, subject to change

** CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, managed on behalf of the American Bankers Association by FactSet Research Systems, Inc, which is not affiliated with the Authority and are included solely for the convenience of the holders of the Fortieth Series Refunding Bonds. Neither the Authority nor the Underwriter is 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 Fortieth Series Refunding Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Fortieth Series Refunding Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Fortieth Series Refunding Bonds.

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The purpose of this Official Statement is to provide certain financial information and supplementary economic and demographic data relevant to the South Central Connecticut Regional Water Authority (the “Authority”) in connection with the sale of its \$69,210,000* Water System Revenue Refunding Bonds, Fortieth Series (the “Fortieth Series Refunding Bonds”) dated June 6, 2026 (the “Date of Delivery”).

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

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

Set forth in APPENDIX B, “Audited Financial Statements of the Authority for Fiscal Years Ended May 31, 2025 and May 31, 2024,” hereto is a copy of the report of CliffordLarsonAllen LLP, the independent auditor for the Authority with respect to the financial statements of the Authority. The report speaks only as of its date, and only to the matters expressly set forth therein. The auditor has not been engaged to review this Official Statement or to perform audit procedures regarding the post-audit period. The auditor has not been engaged to verify the financial information set out in APPENDIX B and is not passing upon and does not assume responsibility for the sufficiency, accuracy or completeness of such financial information.

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

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

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

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

* Preliminary, subject to change

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Municipal Advisor to the Authority

Acacia Financial Group, Inc.
6000 Midlantic Dr., Suite 410 North, Mount Laurel, NJ 08054
Contact: Joshua C. Nyikita, Phone: (856) 234-2266

Bond Counsel to the Authority

Pullman & Comley, LLC
90 State House Square, Hartford, CT 06103-3702
Contact: Marie V. Phelan, Esq., Phone: (860) 424-4337

**OFFICIAL STATEMENT
SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**

\$69,210,000*
Water System Revenue Refunding Bonds
Fortieth Series

INTRODUCTION

This Official Statement provides certain information in connection with the issuance by the South Central Connecticut Regional Water Authority (the “Authority”) of its \$69,210,000* Water System Revenue Refunding Bonds Fortieth Series (the “Fortieth Series Refunding Bonds”) dated as of the date of delivery of the Fortieth Series Refunding Bonds. The Fortieth Series Refunding Bonds are authorized to be issued pursuant to Special Act No. 77-98, as amended (the “Act”), of the State of Connecticut (the “State”) and the Water System Revenue Bond Resolution General Bond Resolution, adopted July 31, 1980, as amended and as supplemented by supplemental resolutions including the Fortieth Series Supplemental Resolution, adopted on December 18, 2025 (collectively, the “General Bond Resolution”). See APPENDIX C hereto for “Summary of Certain Provisions of the General Bond Resolution”.

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

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

The Authority currently owns and operates an extensive water supply and distribution system (the “Water System”), which serves customers in 15 municipalities within the South Central Connecticut Regional Water District (the “District”).

The Fortieth Series Refunding Bonds are being issued to finance (i) the current refunding of certain maturities of the Authority’s Outstanding Bonds, (ii) funds for deposit to certain reserve funds held under the General Bond Resolution, if necessary and (iii) the costs of issuance related to the Fortieth Series Refunding Bonds. See “AUTHORIZATION AND PURPOSE” and “PLAN OF REFUNDING” herein. The Authority expects to issue approximately \$16,340,000* Water System Revenue Bonds, Forty-First Series on or about July 1, 2026 to finance certain capital improvements to the water system of the Authority.

The Authority was created under the Act in 1977 for the purpose of assuring the provision of an adequate supply of pure water at a reasonable cost within the District and, to the degree consistent with the foregoing, of advancing the conservation and compatible recreational use of land held by the Authority. In 2002, the Connecticut General Assembly granted the Authority permission to provide wastewater services. To date, the Authority provides no such services. In 2017, the Connecticut General Assembly granted the Authority, to the degree consistent with the foregoing purposes, the power to conduct or invest in noncore businesses which are defined as activities to be located on property, other than class I or class II land owned by the Authority, that is related to water, environment, agriculture or an energy project consisting of either a class I renewable energy source or a class III energy source but excluding wind sources (the “Noncore Businesses”). In 2024, the Connecticut General Assembly’s Special Session expanded the definition of “Noncore” to include “sustainable manufacturing support.” The Authority’s initiatives in Noncore Businesses less returns from such businesses shall not exceed five percent of the Authority’s net utility plant devoted to its water and wastewater businesses unless approved by the representative policy board of the District.

*Preliminary, subject to change

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

Under the Act, the District comprises the territories of the towns and cities of Ansonia, Bethany, Beacon Falls, Branford, Cheshire, Derby, East Haven, Guilford, Hamden, Killingworth, Madison, Milford, New Haven, North Branford, North Haven, Orange, Prospect, Seymour, West Haven and Woodbridge, Connecticut. The Act established the South Central Connecticut Regional Water Authority with a six-person board to function as a board of directors, which, as of January 1, 2025, was expanded to allow for seven members, and in the case of the acquisition of the Aquarion Water Company by the Aquarion Water Authority, the Authority board will be expanded to eleven members. The Authority board oversees the adoption of annual operating and capital budgets and provides strategic direction for the Authority.

The Act further provides for the establishment of a representative policy board (the “Representative Policy Board” or “RPB”), composed of one member from each of the municipalities comprising the District and one member appointed by the Governor. The RPB is empowered, among other things, to appoint the seven members of the Authority board or if the board is comprised of eleven members, six of the members with the remaining five members to be appointed by the Aquarion Water Authority. The same members of the Authority’s board will serve as members of the Aquarion Water Authority board. In addition, the RPB must ratify the chief executive officer appointed by the Authority and approve (i) the acquisition of any existing water system or wastewater system, (ii) the repair, improvement, construction, reconstruction, enlargement or extension of any of the Authority’s properties or systems costing more than \$3,500,000, (iii) the acquisition of or subsequent investment in any noncore business costing more than \$1,500,000; (iv) water rates and charges established by the Authority and (v) the issuance of new money bonds and notes.

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

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

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

AUTHORIZATION AND PURPOSE

The Fortieth Series Refunding Bonds are authorized to be issued pursuant to Special Act No. 77-98, as amended (the “Act”), of the State of Connecticut (the “State”) and the Water System Revenue Bond Resolution General Bond Resolution, adopted July 31, 1980, as amended and as supplemented by supplemental resolutions, including the Fortieth Series Supplemental Resolution, adopted by the Authority on December 18, 2025, (collectively, the “General Bond Resolution”). See “APPENDIX C – Summary of Certain Provisions of the General Bond Resolution”.

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

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

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

DESCRIPTION OF THE FORTIETH SERIES REFUNDING BONDS

Description of the Fortieth Series Refunding Bonds

The Fortieth Series Refunding Bonds will be dated the Date of Delivery and will mature on August 1 in the years and in the amounts and will bear interest payable semiannually on each February 1 and August 1 commencing February 1, 2027 at the rates per annum, all as set forth on the inside cover page of this Official Statement. Interest will be calculated on the basis of a 360-day year, consisting of twelve 30-day months. Payments of each installment of principal and interest on the Fortieth Series Refunding Bonds shall be made to the owner of the Fortieth Series Refunding Bond who shall appear on the registration books of the Authority maintained by the Trustee on the close of business on the fifteenth day of January and July (or the preceding business day if such fifteenth day is not a business day) in each year.

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

Optional Redemption of the Fortieth Series Refunding Bonds

The Fortieth Series Refunding Bonds with a stated maturity on or after August 1, 2037* are subject to redemption at the option of the Authority in denominations of \$5,000 or any integral multiple thereof, either in whole or in part, on any date on or after August 1, 2036*, at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued interest to the redemption date.]

Special Mandatory Redemption

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

* Preliminary, subject to change

adjustment in costs as a result of such taking, the Authority will be able to comply with the debt service coverage requirements of the General Bond Resolution.

Redemption Procedures

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

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

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

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

Book-Entry-Only System

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

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This

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

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

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

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

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

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

Principal and interest payments on, and redemption premium, if any, with respect to the Fortieth Series Refunding Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized

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

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

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

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

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

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

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PLAN OF REFUNDING

A portion of the proceeds of the Fortieth Series Refunding Bonds will be used to currently refund certain of the Authority's outstanding prior bonds, including, but not limited to, the Authority's Thirty-Second Series A and Thirty-Second Series B (the "Prior Bonds"), on the dates and in the amounts as set forth below. The list of Prior Bonds may be changed by the Authority in its sole discretion due to market factors or other factors considered relevant by the Authority at the time of pricing the Fortieth Series Refunding Bonds, and no assurance can be given that any particular bonds listed or any particular maturity will be refunded. The refunding is contingent upon delivery of the Fortieth Series Refunding Bonds.

	Maturity Date	Principal Amount	Coupon	Call Date	Call Price
Thirty-Second Series A:					
SERIALS	8/1/2027	\$3,280,000	5.000%	8/1/2026	100.000
	8/1/2027	\$2,290,000	4.000%	8/1/2026	100.000
	8/1/2028	\$4,775,000	5.000%	8/1/2026	100.000
	8/1/2029	\$6,020,000	5.000%	8/1/2026	100.000
	8/1/2030	\$4,315,000	4.000%	8/1/2026	100.000
	8/1/2031	\$3,865,000	5.000%	8/1/2026	100.000
	8/1/2032	\$2,880,000	5.000%	8/1/2026	100.000
	8/1/2033	\$3,815,000	5.000%	8/1/2026	100.000
	8/1/2034	\$3,640,000	4.000%	8/1/2026	100.000
	8/1/2035	\$6,760,000	4.000%	8/1/2026	100.000
	8/1/2036	\$11,675,000	4.000%	8/1/2026	100.000
	8/1/2037	\$8,940,000	5.000%	8/1/2026	100.000
	8/1/2038	\$6,305,000	5.000%	8/1/2026	100.000
	8/1/2039	<u>\$2,125,000</u>	5.000%	8/1/2026	100.000
<i>Sub-Total</i>		\$70,685,000			
Thirty-Second Series B:					
SERIALS	8/1/2027	\$480,000	4.000%	8/1/2026	100.000
	8/1/2028	\$500,000	4.000%	8/1/2026	100.000
	8/1/2029	\$520,000	4.000%	8/1/2026	100.000
	8/1/2030	\$545,000	4.000%	8/1/2026	100.000
	8/1/2031	\$565,000	4.000%	8/1/2026	100.000
	8/1/2032	\$590,000	4.000%	8/1/2026	100.000
	8/1/2033	\$615,000	4.000%	8/1/2026	100.000
	8/1/2034	\$640,000	4.000%	8/1/2026	100.000
	8/1/2035	\$665,000	4.000%	8/1/2026	100.000
	8/1/2036	\$690,000	4.000%	8/1/2026	100.000
	8/1/2037	\$720,000	4.000%	8/1/2026	100.000
	8/1/2038	<u>\$750,000</u>	4.000%	8/1/2026	100.000
<i>Sub-Total</i>		\$7,280,000			
<i>Total</i>		\$77,965,000			

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

VERIFICATION OF MATHEMATICAL COMPUTATIONS

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

SOURCES AND USES OF FUNDS

The following is a summary of the estimated sources and uses of funds relating to the Fortieth Series Refunding Bonds:

Sources:	
Par Amount	
Net Original Issue Premium.....	
Other Sources of Funds	
Total Sources	
Uses:	
Redemption Account.....	
Underwriter’s Discount.....	
Cost of Issuance	
Total Uses	

SECURITY AND SOURCES OF PAYMENT FOR THE FORTIETH SERIES REFUNDING BONDS

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

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

Debt Reserve Fund

The Bonds, including the Fortieth Series Refunding Bonds, additionally are secured by a pledge of moneys and securities held in the Debt Reserve Fund held by the Trustee which must be funded at an amount equal to, but not greater than, the least of (i) the maximum annual principal and interest requirements in the current or any succeeding fiscal year on the Bonds; (ii) 10% of the stated principal amount (or issue price, as provided in the Code) of the Bonds and (iii) 125% of the average annual principal and interest requirements of the Bonds (the “Debt Reserve Fund Requirement”). On April 30, 2026, the Debt Reserve Fund contained moneys and investments valued at the aggregate amount of approximately \$24,963,000 and an unconditional and irrevocable Municipal Bond Debt Service Reserve Fund Policy (the “Policy”) issued by Financial Guaranty Insurance Company (“FGIC”) in the amount of \$29,385,000 which secures all the Bonds and will terminate August 1, 2033 (and which is subject to that certain Reinsurance Agreement by and between FGIC and MBIA Insurance Corporation (“MBIA”) dated August 27, 2008 and that certain Assignment and Assumption agreement by and between MBIA and National Public Finance Guarantee Corporation (“NPFG”)).

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

Operating Reserve Fund and Capital Contingency Fund

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

Rate Covenants

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

(1) an amount so that Revenues shall at least equal all Operating Expenses and PILOT, all payments to the Debt Service Fund for debt service on the Bonds, all amounts necessary to maintain all reserve requirements under the General Bond Resolution (unless paid from Bond proceeds), debt service payments on other indebtedness and any related reserve requirements (except payments scheduled to be made from sources other than Revenues), and any other obligations pertaining to the Water System (except to the extent paid from the General Fund or from the proceeds of Bonds, insurance, condemnation, sales of property or other debt);

(2) an amount so that Net Revenues (which is equal to Revenues, including amounts transferred from the Rate Stabilization Fund, minus Operating Expenses, PILOT and Depreciation Expense) shall equal at least 114% of the principal, sinking fund and interest requirements coming due during such year on all outstanding Bonds less the amounts, if any, transferred from the Construction Fund to the Bond Interest Account during such fiscal year to pay interest becoming due in such fiscal year; and

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

Flow of Funds

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

Debt Service Fund. An amount equal to at least one-fifth of the aggregate amount of interest and Swap Payments on all outstanding Bonds coming due during the next six months is deposited in the Bond Interest Account of the Debt Service Fund, which is held by the Trustee. In addition, an amount equal to one-tenth of the aggregate amount of principal coming due on all outstanding Bonds during the next 12 months, including any required sinking fund payments, is deposited in the Bond Principal Account of the Debt Service Fund. No such deposits need be made if the Bond Interest Account and the Bond Principal Account already contain, respectively, interest and Swap Payments coming due in the next six months and principal and sinking fund payments coming due in the next 12 months. The monthly transfers must include any amounts previously due such accounts but not previously deposited. Currently, the Authority is not a party to any Swap Agreement.

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

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

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

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

PILOT Fund. An amount equal to at least one-twelfth of the amounts payable to municipalities in lieu of real and personal property taxes during the next 12 months must be deposited in the PILOT Fund held by the Authority, provided that no such deposit shall be necessary if the amount in the PILOT Fund equals or exceeds the PILOT Fund Requirement.

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

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

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

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

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

Additional Bonds

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

(a) Revenues during any historical period of 12 consecutive months out of the most recent 18 months, adjusted to reflect the effect of any rate increase adopted prior to the issue of the additional Bonds and adjusted to give effect to any transfers from the Rate Stabilization Fund to the Revenue Fund, are not less than 100% of all expenses and obligations of the Authority that the Authority estimates will be paid from Revenues during the 12-month period after issuance of the additional bonds, including: (1) Operating Expenses, (2) PILOT, (3) required payments, including those necessary to maintain reserve requirements under the Resolution for all Bonds including the additional bonds, (4) the excess of interest costs on variable rate bonds assumed for rate making purposes over actual interest and related costs expected to be paid, (5) required payments, including those necessary to maintain reserve requirements under any authorizing resolution for all Subordinated Debt, (6) Depreciation Expense, and (7) payments from Revenues for all other obligations of the Authority;

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

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

A certificate of a Consulting Engineer must also be filed with the Trustee stating that the Consulting Engineer has reviewed the assumptions used by the Authority to compute such estimates and that the assumptions and computations based thereon are reasonable. The Authority must also file a certificate with the Trustee which demonstrates that the Authority's Revenues during the historical 12-month period were not less than 100% of all expenses and obligations of the Authority that were to be paid from Revenues.

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

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

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

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

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

Refunding Bonds

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

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Water Revenues

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

<u>Revenue Increase (%)</u>	<u>Effective Date</u>
14.5	August, 1980
10.8	May, 1981
5.2	May, 1983
5.1	June, 1984
3.1	August, 1986
7.2	November, 1988
9.5	March, 1990
7.4	March, 1991
5.3	April, 1992
4.6	August, 1996
3.7	June, 1999
2.5	August, 2000
4.5	September, 2004
5.1	November, 2005
4.6	January, 2007
3.6	April, 2008
4.2	April, 2009
8.2	April, 2010
13.0	July, 2011
7.2	May, 2013
7.5	December, 2014
6.7	June, 2016
3.0	January, 2018
6.1	July, 2019
6.2	January, 2022
5.2	June, 2023
3.8	January, 2025
3.4*	July, 2026

*Pending approval and subject to change

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

COMPARISON OF TYPICAL QUARTERLY WATER BILLS^(a)

	Quarterly Water Consumption in Cubic Feet (b)						
	1,500	2,500	10,000	50,000	100,000	500,000	2,000,000
South Central Connecticut Regional Water Authority	\$147	\$194	\$591	\$2,637	\$5,021	\$24,183	\$91,457
Connecticut Municipal Water Utilities:							
Hartford Metropolitan District Commission							
Customers Within District	106	145	438	2,191	4,146	19,786	79,660
Customers Outside District (c)	158	198	491	2,793	4,748	20,388	82,613
New Britain Water Department							
Customers Within New Britain	59	90	318	1,641	3,161	15,321	61,532
Customers Outside New Britain	100	151	535	2,679	5,238	25,706	103,584
City of Waterbury	52	78	277	1,337	2,662	13,262	53,012
Investor-Owned Water Utilities located within Connecticut:							
Aquarion Water Company							
All Divisions, excluding the below	104	148	574	2,088	3,855	18,055	72,910
Eastern Division	93	129	483	2,122	3,923	18,392	74,255
Northern Division	88	121	443	1,791	3,688	17,216	69,555
Valley Division	92	122	347	1,276	2,448	11,865	47,653
Connecticut Water Company	192	289	1,447	4,417	8,442	40,637	163,431
Water Utilities in the Northeast:							
Boston, MA (Municipal)	105	177	787	4,316	8,852	46,556	188,202
New Jersey American Water (d)	183	245	747	3,970	7,405	34,085	137,740
Veolia Water, New Jersey (e)	154	211	631	3,366	6,169	28,594	115,642
Aqua America, PA (f)	275	409	1,488	5,459	10,066	44,069	173,677
Providence, RI (Municipal) (g)	113	155	471	2,368	4,554	22,044	88,583
Veolia, New York (h)	182	280	1,428	5,069	10,159	43,953	234,984
Springfield, MA (Municipal)	123	174	560	2,711	5,286	25,886	103,570

- (a) Data as of April 1, 2026
- (b) Bills computed for 5/8 inch meter residential service for use up to 10,000 cubic feet, for two inch meter commercial service up to 500,000, and commercial 6" above 500,000 unless 6" is not available
- (c) Based on the average for outside the district rates
- (d) Formerly known as United Water New and Elizabethtown Water Company of New Jersey
- (e) Formerly known as Suez New Jersey
- (f) Formerly known as Philadelphia Suburban Water Company
- (g) Includes fire protection charged to customers
- (h) Formerly known as Suez New York and United Water Company New York

The Act gives the Authority the power to set just and equitable rates and charges free from review or approval by the Public Utility Regulatory Authority (“PURA”) or any successor board or commission, but subject to RPB approval. The Act provides that the RPB shall approve such rates and charges proposed by the Authority unless it finds that such rates and charges will provide funds insufficient for, or in excess of, the amounts required to meet all expenses of the Authority. Since 1980, the RPB has not failed to approve any rate increase, but there can be no assurance that future rate increases will be approved. The Act further provides that such rates or charges, if not paid when due, will constitute a lien upon the premises served and a charge against the owners thereof, which lien and charge will take precedence over all other liens or encumbrances except taxes and which may be foreclosed against the lot or building served in the same manner as a lien for taxes. (The Authority shares its position after taxes with the Greater New Haven Water Pollution Control Authority). The Authority’s uncollectible reserve in each of fiscal year 2025 and fiscal year 2024 was approximately 2% and 3% of gross revenue, respectively. Municipalities served by the Authority are subject to the same rates and charges as other users of the Authority’s Water System.

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

ANNUAL DEBT SERVICE REQUIREMENTS

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

Period Ending May 31	Existing Authority Debt Service (\$)¹	Existing DWSRF Debt Service (\$)²	Fortieth Series Refunding Bonds Principal (\$)	Fortieth Series Refunding Bonds Interest (\$)	Aggregate Debt Service (\$)
2026		259,190			259,190
2027	45,645,145	3,110,283			48,755,428
2028	45,639,313	3,110,283			48,749,596
2029	45,661,250	3,110,283			48,771,533
2030	45,632,822	3,110,283			48,743,105
2031	45,643,583	3,110,283			48,753,866
2032	45,641,576	3,110,283			48,751,859
2033	45,643,283	3,110,283			48,753,567
2034	45,640,065	3,110,283			48,750,348
2035	32,923,038	3,110,283			36,033,321
2036	32,951,280	3,110,283			36,061,563
2037	33,094,624	3,033,211			36,127,835
2038	33,470,095	2,679,187			36,149,282
2039	31,839,838	1,928,993			33,768,831
2040	18,981,211	1,556,473			20,537,684
2041	16,740,888	1,512,517			18,253,405
2042	14,141,418	1,197,541			15,338,959
2043	11,733,273	1,114,236			12,847,509
2044	11,738,877	1,046,771			12,785,648
2045	10,001,637	232,735			10,234,372
2046	8,207,000	40,197			8,247,197
2047	7,267,975				7,267,975
2048	7,270,525				7,270,525
2049	6,816,850				6,816,850
2050	6,821,875				6,821,875
2051	4,382,100				4,382,100
2052	4,384,750				4,384,750
2053	2,624,750				2,624,750
2054	2,628,125				2,628,125
2055	1,450,375				1,450,375
TOTAL	\$664,617,539	\$45,703,885			\$710,321,423

¹ The Authority issues Bonds to finance capital projects and provide certain restricted funds, as required by the General Bond Resolution. Semi-annual service payments are made in August and February.

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

Note: Amounts may not total due to rounding.

DESCRIPTION OF THE AUTHORITY

General

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

The Act provides specifically that the Authority may acquire, hold, develop and maintain real estate and water for conservation and compatible active and passive recreational purposes and may levy charges for such uses. The day-to-day management of Water System operations is conducted by its operating staff (the “Operating Staff”). The Authority’s fiscal year 2027 budget presently allows for the employment of 284 full-time equivalents (excluding seasonal temporary personnel and subsidiary employees).

The Authority currently consists of six members who are residents of the District and on and after January 1, 2025 may have two additional members who are not residents of the District. None of the members may be members of the RPB and each are appointed without regard to political affiliation. The six current members of the Authority were appointed by the RPB to serve for staggered five-year terms. Pursuant to the Act, the Authority members elect its chairperson for a two-year term; the Authority’s vice-chairperson, secretary and treasurer are elected by the Authority members for one-year terms.

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

<u>Name</u>	<u>Residence</u>	<u>Term Expires</u> <u>January 1</u>	<u>Affiliations</u>
David J. Borowy Chairperson	Cheshire	2027	In-charge of the northeast territory for Jackson-Hewitt Tax services. Served on South Central Connecticut Regional Water Authority Representative Policy Board for 13 years, including three years as the Chairman, three years as the Vice Chairman, and Chair of the RPB Finance Committee for five years. Elected Town Councilman in Cheshire for 16 years, 12 years serving as budget committee Chair, and the last two years serving as Mayor and Town Council Chair. Serves as Project Chair for the Cheshire Chamber of Commerce and other boards. He is a member of the National Association of Corporate Directors and of American Water Works Association.
Kevin J. Curseaden Vice Chairperson	Milford	2028	Partner at Carroll, Curseaden & Moore focusing on property law; Served on South Central Connecticut Regional Water Authority Representative Policy Board for 10 years and as chairperson of the RPB for two years; Served in the Army Reserve since 2000 with deployment in both Kosovo and Northern Iraq. He also serves on the board of United Way of Milford.
Catherine E. LaMarr Secretary/Treasurer	New Haven	2031	Deputy Corporation Counsel responsible for transactions and policies for the City of New Haven. Prior to joining the City’s Office of the Corporation Counsel, served as the General Counsel for the Office of the Connecticut State Treasurer for 20 years and was also in private practice for several years. Founding board member of the Connecticut Center for Arts and Technology and serves as the Treasurer of the ConnCAT board.

<u>Name</u>	<u>Residence</u>	<u>Term Expires January 1</u>	<u>Affiliations</u>
Mario Ricozzi	Branford	2029	Over 30 years of experience in Design, Operation, Maintenance, and Management of Infrastructure and the customer experience for various municipalities and utilities including the Greater New Haven Water Pollution Control Authority, the City of Danbury, and the Village of Mamaroneck, New York. Mario spent several years in private practice with the consulting engineering firm Greiner, Inc. He has served on several Boards of Directors of professional and technical organizations including the American Society of Civil Engineers, Connecticut Water Works Association, and the Connecticut Society of Civil Engineers among others. He has been a volunteer in Branford, serving as the Branford Representative on the South Central Connecticut Regional Water Authority Representative Policy Board, as the chair of the Recycling and Solid Waste Commission and as a member or chair of various task committees related to improving the Town's infrastructure. Mario received his Bachelor of Civil Engineering degree from the Georgia Institute of Technology, is a Licensed Professional Engineer and is a Fellow of the American Society of Civil Engineers.
Suzanne Sack	Killingworth	2030	Investment Committee of the Board of Directors of the State University of New York Oswego Foundation and Treasurer and Chair of the Finance Committee of the Haddam-Killingworth Board of Education. She has a 25-year career in the financial services industry.
Todd Cort	New Haven	2028	Dr. Cort is a faculty member at the Yale School of Management and Faculty Co-Director of the Yale Center for Business and Environment, where he teaches and conducts research in sustainable finance and sustainable corporate management. He holds a Master of Science degree in biochemistry, a Ph.D. in civil and environmental engineering, and a Professional Engineer's license in California. Following his doctorate, Dr. Cort spent more than 20 years as an international consultant, advising organizations on pollution control systems, financial valuation, enterprise risk management, and mergers and acquisitions. He brings deep technical and financial expertise to the Authority and is actively engaged in the community, serving on the Board of Directors for Save the Sound and on the Mission Alignment Committee of Prime Coalition.

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

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

<u>Name</u>	<u>Position</u>	<u>Years of Service</u>	<u>Background</u>
Sunder (Sunny) Lakshminarayanan	Interim President and Chief Executive Officer and Vice President, Engineering and Environmental Services	4	Mr. Lakshminarayanan holds a Bachelor of Science degree in civil engineering from the University of Madras in India and dual master's degrees in business administration – finance from the New Jersey Institute of Technology and a Master of Science degree in civil/environmental engineering from Northeastern University. He has held a variety of roles, of increasing responsibility, focused on water and wastewater, in top engineering consulting firms in the United States and

<u>Name</u>	<u>Position</u>	<u>Years of Service</u>	<u>Background</u>
Rochelle Kowalski	Senior Vice President, Chief Financial Officer and Head of Corporate Development	12	senior executive positions for two international design-build firms, having responsibilities for strategic planning, engineering and construction. Ms. Kowalski holds a Bachelor of Arts degree from Russell Sage College and a Master's degree in Economics from Trinity College. She has held financial leadership positions at American Water, a large investor-owned water and wastewater utility company, AT&T, and Lucent Technologies and also has independent consulting experience. Ms. Kowalski is a member of Financial Executives International, the Financial Executives Networking Group, the American Water Works Association ("AWWA"), and since June, 2015 has been the Treasurer of the Connecticut Section of AWWA.
Premjith (Prem) Singh	Chief Information and Digital Officer and Vice President of Customer Care	6	Mr. Premjith (Prem) Singh holds a Bachelor's degree in computer science and engineering from the University of Madras in India, and a Master's degree in management of technology from Fairfield University in Connecticut. Prem has significant expertise in helping companies develop innovative, agile digital solutions that transform their business and allow them to better meet the needs and expectations of customers. Before joining the Authority, he worked at National Grid, where he served as chief information officer and vice president of information technology, leading technology innovation, business transformation and digital integration for the global organization, in addition to creating a Transformation Office focused on organizational change and strategic design. Prior to National Grid, Prem served in various technology and business transformation leadership roles at Avangrid/UII Holdings Corporation.
James Hill	General Manager and Head of Operations	25	Mr. Hill has more than 30 years of water industry experience and has been with the Authority for more than 20 years. Most recently he served as Interim Head of Operations. Prior to joining the Authority, he worked at the Connecticut Water Company, where he served as Chief Operator, and Manchester Water and Sewer. During his time at the Authority, he has focused on adding automation, improving water quality, and enhancing system resilience to deliver high-quality water. Mr. Hill has a bachelor's degree in geology and geophysics from the University of Connecticut and has published scholarly articles in geology and in the water utility field.
Elizabeth Calo	General Manager and Head of Human Resources	3	Ms. Calo previously served as Senior Director, Employee Relations and Human Resources Operations. Prior to joining the Authority, she served in Human Resources positions with nationally known companies, including NAPA Auto Parts, Ceridian HCM and The Home Depot. Over her extensive career spanning more than two decades in the Human Resources field, she has concentrated on cultivating inventive methods to enhance collaboration within cross-functional, regional talent pools to optimize performance levels and facilitate business process improvements. Ms. Calo holds a master's degree in business administration from the University of Phoenix and a Fairfield University certification in Human Resource management and personnel administration.

In the fiscal year 2027 budget, approximately 124 non-management members of the Operating Staff are members of the United Steelworkers, Local Union 12160. The collective bargaining agreement for Local Union 12160 expired on April 15, 2026. Negotiations are underway. Annual wage increases, through those effective in May 2025, are included in the prior agreement.

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

Powers of the Authority

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

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

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

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

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

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

Powers of the Representative Policy Board

The RPB is composed of one member from each of the municipalities comprising the District, appointed by the chief elected official of such municipality and approved by its legislative body, and one member appointed by the Governor. Each member's voting power is weighted under a formula based upon each

municipality's proportion of the District's total number of customers and Authority-owned land area. No member has more than 13 of the current total 101 weighted votes on the RPB. The Act provides that the RPB is empowered among other things, to appoint the seven members of the Authority; to approve (i) the acquisition of any existing water supply system or wastewater system, (ii) the repair, improvement, construction, reconstruction, enlargement or extension of any of the Authority's properties or systems costing more than \$3,500,000, (iii) the acquisition of or subsequent investment in any noncore business costing more than \$1,500,000, (iv) the rates and charges established by the Authority and (v) the issuance of new money bonds; and to ratify the chief executive officer appointed by the Authority.

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

WATER SYSTEM SERVICE AREA

Service Area

As of May 31, 2025, the Water System serves approximately 121,000 customers, representing approximately 432,000 individuals in 15 municipalities in the south central region of the State. This Service Area includes all or portions of Ansonia, Bethany, Branford, Cheshire, Derby, East Haven, Hamden, Milford, New Haven, North Branford, North Haven, Orange, Seymour, West Haven and Woodbridge, which have an aggregate population of approximately 502,000 persons. In addition, the Authority provides water to about 502 customers and owns land in the Town of Wolcott. The Authority also owns land in the District towns of Beacon Falls, Guilford, Killingworth, Madison and Prospect, but serves no customers in those municipalities. The Authority owns land in Durham and Haddam, as well. See the inside back cover of this Official Statement showing the map of the District.

The Authority furnishes water pursuant to wholesale agreements with Aquarion that provide for the sale of not less than 200 million gallons per year and also provides water to the City of Meriden. Additionally, the Authority sells small quantities of wholesale water to Aquarion under "take and pay" agreements estimated at 58 million gallons annually for the current fiscal year. The Authority also has emergency interconnection agreements with the towns of Southington and Wallingford.

The Authority also furnishes water to the Connecticut Water Company for a capacity reservation of one million gallons per day maximum in exchange for 14 annual payments of \$75,000 each, with fiscal year 2021 being the last year for such \$75,000 payment and provides water at a wholesale rate. This agreement remains in effect for 50 years from initial commencement and will automatically renew for successive 20-year terms unless either party gives written notice five years prior to expiration. Based on these agreements and year-to-date consumption, wholesale billings are expected to be approximately \$1,147,000 in fiscal year 2026.

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

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

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

The Yale University complex of colleges, libraries, museums, theaters, and athletic venues provide a wide range of facilities and services to the people of the region and employs approximately 22,300 people. The total compensation, including employee benefits, to its employees approximates \$.6 billion annually. There are

four other colleges and universities in the Service Area which, together with Yale University, have an aggregate student population of approximately 45,900.

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

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

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

EMPLOYMENT OF RESIDENTS IN SERVICE AREA*

<u>City/Town</u>	<u>Dec. 2021</u>	<u>Dec. 2022</u>	<u>Dec. 2023</u>	<u>Dec. 2024</u>	<u>Dec. 2025</u>
Ansonia	8,713	8,718	8,611	8,807	9,913
Bethany	3,193	3,199	3,171	3,243	3,218
Branford	16,160	16,189	16,047	16,412	15,637
Cheshire	15,830	16,858	15,719	16,077	13,510
Derby	6,295	6,299	6,221	6,363	6,230
East Haven	15,700	15,728	15,591	15,945	15,263
Hamden	35,405	35,468	35,158	35,957	32,704
Milford	29,734	29,753	29,388	30,056	30,875
New Haven	64,679	64,795	64,228	65,688	67,472
North Branford	8,281	8,296	8,224	8,411	7,235
North Haven	13,538	13,563	13,444	13,750	13,351
Orange	7,430	7,443	7,378	7,546	7,403
Seymour	8,561	8,566	8,461	8,654	9,055
West Haven	30,039	30,093	29,829	30,507	27,652
Woodbridge	4,674	4,677	4,620	4,725	4,481
Total	268,232	269,645	266,090	272,141	263,999
Percentage Change from Prior Period	8.8	0.5%	-1.3%	2.3%	-3.0%
Connecticut residents employed in Connecticut	1,841,798	1,840,159	1,813,000	1,876,324	1,842,300
Percentage Change from Prior Period	9.0%	-0.1%	-1.5%	3.5%	-1.8%

* Compiled and computed from reports by the Connecticut Department of Labor – Office of Research and the Connecticut Department of Economic and Community Development, Compliance Office and Planning/Program Support for 2022, 2023 and 2024 are from Connecticut Department of Labor – Office of Research as of December 2024.

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

POPULATION IN SERVICE AREA

<u>City/Town</u>	<u>Estimated Population and Percentage Change in Period</u>				<u>Estimated Population Supplied and Percentage Change in Period</u>			
	<u>2022</u> ^(a)	<u>Change</u> %	<u>2023</u> ^(b)	<u>Change</u> %	<u>2024</u> ^(c)	<u>2024</u> ^(d)	<u>Change</u> %	<u>2025</u> ^(e)
Ansonia	18,923	0.45%	19,008	0.98%	19,195	18,140	-0.22%	18,100
Bethany	5,277	-0.11%	5,271	1.01%	5,324	10	-20.00%	8
Branford	28,148	-0.42%	28,031	1.49%	28,448	28,031	-0.67%	27,844
Cheshire	28,994	0.71%	29,200	4.83%	30,610	24,304	1.51%	24,670
Derby	12,358	0.39%	12,406	4.10%	12,915	10,854	0.06%	10,861
East Haven	27,682	-0.54%	27,533	1.53%	27,953	27,533	-0.33%	27,443
Hamden	60,809	-1.31%	60,014	2.49%	61,510	54,684	0.09%	54,735
Milford	52,679	0.22%	52,793	1.14%	53,396	52,087	-0.34%	51,911
New Haven	138,915	-2.59%	135,319	1.66%	137,562	124,340	0.37%	124,803
North Branford	13,464	-0.36%	13,415	1.01%	13,551	5,159	-1.92%	5,060
North Haven	24,114	0.75%	24,295	2.26%	24,844	21,491	0.40%	21,577
Orange	14,258	0.45%	14,322	0.76%	14,431	11,019	-0.44%	10,970
Seymour	16,809	0.86%	16,953	1.10%	17,139	805	-0.87%	798
West Haven	55,004	-0.39%	54,790	1.08%	55,379	51,980	0.30%	52,134
Woodbridge	<u>9,051</u>	<u>-0.33%</u>	<u>9,021</u>	<u>1.21%</u>	<u>9,130</u>	<u>1,483</u>	<u>5.19%</u>	<u>1,560</u>
Total	506,485	-0.81%	502,371	1.79%	511,387	431,920	0.13%	432,474

(a) The State of Connecticut Department of Public Health estimates as of July 1, 2022.

(b) The State of Connecticut Department of Public Health estimates as of July 1, 2023.

(c) The State of Connecticut Department of Public Health estimates as of July 1, 2024.

(d) Estimated by the Authority as of May 31, 2024, respectively.

(e) Estimated by the Authority as of May 31, 2025, respectively.

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UNEMPLOYMENT IN SERVICE AREA*

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

* Compiled from reports by the Connecticut Department of Labor-Office of Research and the Connecticut Department of Economic and Community Development, Compliance Office and Planning/Program Support for 2021, 2022, 2023, 2024 and 2025 are from Connecticut Department of Labor Office of Research (2022 benchmark) as of December, 2025.

NUMBER OF NEW HOUSING UNITS IN SERVICE AREA*

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

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

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

Customers

As of May 31, 2025 the Water System provided water service to approximately 121,000 customers. The number of customers has had minimal growth over the past few years. (See table, “WATER REVENUES, CONSUMPTION AND CUSTOMERS BY CLASS”).

Customers of the Water System are classified according to the nature of their use of water. All homes, dormitories and apartment buildings are classified as residential, all manufacturing enterprises in which water is used as part of the manufacturing process are classified as industrial, and all business and institutional enterprises other than those classified industrial are classified as commercial. Water sales to governmental units are classified as sales to public authorities. Residential use during fiscal year 2025 accounted for approximately 71% of water consumption and approximately 69% of water revenues (including private and public fire protection).

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

TEN LARGEST CUSTOMERS IN SERVICE AREA

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

Note: Amounts might not total due to rounding.

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

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WATER REVENUES, CONSUMPTION AND CUSTOMERS BY CLASS

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

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- (1) Includes private and public fire protection services, miscellaneous unmetered sales and wholesale sales.
(2) Includes miscellaneous unmetered use and wholesale use.
(3) Includes private and public fire protection customers and wholesale customers.
(4) Includes an estimated adjustment to reporting due to the January 2022 conversion to monthly billing.
(5) Gallons Used is preliminary estimate subject to change.
(6) Includes reclassification of 48 accounts from Commercial to Public Authority in FY 2022.
(7) Includes customer class reclassification associated with a system conversion in FY 2025.

Other Activities

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

WATER SYSTEM

Supply and Facilities

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

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

from four active surface water supply systems, which provide approximately 85% of available water, and seven well fields.

All of the Authority's active sources are authorized by the Connecticut Department of Energy & Environmental Protection (the "DEEP") under the Water Diversion Policy Act. The Act included provisions allowing owners to register historical diversions of water, which allows continued use of these sources without any expiration date. Any new or modified diversions of water occurring after 1983 must be approved by the DEEP through a permitting process. All of the Authority's surface water supply sources and most of the groundwater supply sources have been registered with the DEEP, for a combined authorized diversion of 170.86 MGD. Additionally, the Authority operates two active wells under diversion permits issued by the DEEP, for an authorized total of 3.8 MGD. One of the well diversion permits was approved by DEEP in 2021 and expires in 2046. The other well diversion permit expires in 2035. Additionally, the Authority owns several inactive sources of supply with a total available diversion of 12.1 MGD registered under the Water Diversion Policy Act. Diversion permits are also held for several distribution system interconnections with neighboring water systems, including Connecticut Water Company, Aquarion Water Company, and municipal systems owned and operated by Meriden, Southington, and Wallingford.

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

The treated water is delivered to customers through a system of pumping stations, storage tanks and connecting transmission and distribution mains, separated into 24 major distribution pressure systems. The Authority's distribution and transmission facilities include the following: 36 facilities with pumping equipment, 36 storage tanks including two covered reservoirs, and approximately 1,729 miles of distribution mains.

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

Approximately 21.9% of the mains in the Water System are less than 40 years old, and approximately 40.7% of the mains are less than 60 years old.

Because of the chemical characteristics of the Water System's water supply, the inside of the mains is exposed to a small amount of corrosive action that produces deterioration. Since 1956, the Authority has installed water mains in the Water System that have a factory-applied protective cement lining that prevents this deterioration. In addition, the Authority has a long standing annual main rehabilitation program which lines, *in-situ*, certain of its existing transmission and distribution mains with protective cement. The program was evaluated as part of the review, and an update of the Underground Asset Management Plan in fiscal 2020 was conducted based on the reduction in size, which was weighted against cost, risk, and remaining life criteria. Less than an estimated 122 miles of pipe remain eligible for the program, of the original 704 miles of unlined pipe in the system, resulting in only 17% of completely unlined pipe in the system. Due to increased capital allocations for other projects, the program was deferred for some time and resumed in fiscal 2026. These programs are continuously reviewed to evaluate the impacts, and given our historical investment in the distribution system. The remaining unlined mains will be scheduled for cleaning and lining as necessary.

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

The Authority regularly "flow-tests" the system to determine its operating characteristics and capacity. This allows the Authority to identify systems and individual pipelines needing further testing. If a segment of pipeline is found to be flow-restricted, the Authority either rehabilitates it or replaces it. In 2021 a complete update of the Authority's water distribution system hydraulic model was completed and in 2026 there will be an

additional complete update to the hydraulic model. This tool provides information on critical mains, hydraulic restrictions, and potential areas for system growth. When paired with system demand forecasting, this tool is leveraged to inform capital improvements projects in the water distribution-system.

Assuming the completion of anticipated improvements and replacements, the Authority believes that the capacity and capability of the Water System to supply water is sufficient for the present and projected needs of its customers during the planning period extending through May 31, 2070. Management will consider various improvements, as needed, to meet additional customer demand.

Monitoring Facilities

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

Climate Risk

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

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

- Maintaining a Business Continuity Plan and Incident Management Plan to respond to extreme weather events;
- All water supply facilities and major pump stations have emergency backup power systems;
- Distribution tank mixing systems and reservoir aeration systems to address water quality impacts related to rising temperatures;
- Table-top exercises are conducted for extreme weather events, including tornadoes, wildfires, and a high hazard dam failure;
- A project to rehabilitate a 160-year-old dam to enhance its stability in extreme flooding conditions and to mitigate droughts is in design and with construction expected to begin in fiscal year 2027;
- Installation of corrosion-proof high-density polyethylene ("HDPE") pipe in areas of our distribution system that are vulnerable to sea level rise, with the goal of replacing all pipes in these areas with HDPE;
- In-house forestry and invasive species experts monitor and manage impacts of invasive species that may proliferate in a warming climate;
- A water supply watershed land acquisition program to lessen land development impacts on source water quality that may be exacerbated by a warming climate; and
- Regular seasonal monitoring of reservoir water quality to ensure that climate-driven changes are detected.

Maintenance

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

Water Loss Control

The net unaccounted-for water for fiscal year 2025 amounted to 1.699 billion gallons, or 10.62% of water produced and admitted into the Water System. The Authority tracks the annual rolling average of gross and net unaccounted for water, on a monthly basis. This allows for the identification of trends in unaccounted for water prior to the end of the year and the Authority to take corrective measures proactively.

The Authority established a program to address unaccounted-for water in 2009 and continues to make improvements to the program by testing master meters, pursuing new or improved sources of data, performing leak detection, and updating the unaccounted-for water calculation and data tools. The Authority has reported that its Source Flow Meter accuracy-testing program, established in 2004 revealed that inaccuracies in the reported production volumes as measured at the Authority's Source Flow Meters have resulted in the reporting of inaccurately high values of unaccounted-for water. The Authority reports it has: (1) completed accuracy testing for all of its 10 Source Flow Meters (completed August 2011, last updated 2024) and continues testing on a periodic basis; (2) replaced the Source Flow Meters at its two largest surface water treatment plants (June 2013); and (3) undertaken an evaluation of its options for corrective actions for the other Source Flow Meters. The calculated error has been incorporated into the water loss calculation. In addition to Source Meter information, the Authority performed a leak survey on approximately 27.9% of the total distribution system in 2025. The Authority established a program in fiscal year 2023 using new technology and this technology uses artificial intelligence and machine learning to detect the leaks in the distribution system. Today, this system is used in combination with traditional acoustic leak detection, and system-wide satellite surveys to allow the Authority to locate and repair leaks of varying characteristics, including non-surfacing leaks that would have otherwise gone undetected.

The Authority completed a Water Audit for fiscal year 2025 utilizing the AWWA's Water Audit Software tool. The real losses calculated through the audit amount to a total volume of 1.37 billion gallons, total unit losses of 29.4 gal/conn/day, and an Infrastructure Leakage Index (ILI) of 1.2. The ILI is an indicator of the system performance within its physical constraints and demonstrates that the Authority is managing its unaccounted-for water well. AWWA guidance states that an ILI of between 1.0 and 3.0 indicates effective leakage controls, with the lower value being better.

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WATER CONSUMPTION DATA

(Figures in Thousands)

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

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

Conservation and Sale of Land

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

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

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

In March 2007, the Authority reviewed its significant landholdings and identified an additional 800 acres of land not needed for the operation, protection and maintenance of the water system. The Authority intends to sell these 800 acres in accordance with a statutory process in order to keep water rates as low as possible. An example of this effort is the disposition of two parcels totaling approximately 63 acres in Madison. The Authority sold these parcels to the Madison Land Conservation Trust in May 2017. The General Bond Resolution provides that proceeds from the disposition of land, up to the greater of \$10 million or 10% of the aggregate amount of Bonds then outstanding, may be used for non-water supply system capital improvements, acquisitions of real property or retirement of non-water system debt. All proceeds in excess of such amount must be used in connection with the Water System. Typically, the Authority will deposit proceeds from land dispositions into its Restricted Land account within the Construction Fund. Since 2016, the Authority has sold nine former rental houses. The proceeds from those sales are dedicated to the acquisition of watershed land as provided for in the Act.

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

1996 to enhance its efforts to protect source water. As of May 2025, the Authority's land holdings totaled approximately 27,836 acres. The Authority developed a matrix that ranks more than 140 privately-owned parcels on its watersheds for their importance for watershed protection and long-term watershed lands acquisition.

HazWaste Central

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

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

Risk Management

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

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

The Authority continues to implement and maintain improvements as identified in its "vulnerability assessment" completed in 2003, pursuant to Section 1433 of the Safe Drinking Water Act (the "SDWA"). The current vulnerability assessment was updated in March 2025 per the requirements of America's Water Infrastructure Act ("AWIA") signed into law in 2018. The assessment evaluates supply, treatment, and distribution system components using training and knowledge the Risk Analysis and Management for Critical Asset Protection ("RAMCAP®") Standard for Risk and Resilience Management of Water and Wastewater Systems to assist with determining vulnerabilities to both man-made and natural hazards and with evaluating potential improvements to enhance security and resiliency. This evaluation is consistent with AWWA J100-10 (R13), Risk and Resilience Management of Water and Wastewater Systems. Additionally, the Authority reviewed and updated all utility related emergency response procedures based on the findings of the most current vulnerability assessment. In accordance with the requirements of the America's Water Infrastructure Act of 2018, AWIA vulnerability assessments will continue to be conducted on a five-year cycle.

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

Cyber Security

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

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

The Authority has implemented firewall infrastructure that is maintained with traffic scanning polices utilizing antivirus, web filtering, application filtering, Domain Name System filtering, Indicators of Compromise for pre-attack and pre-malware alerts, Denial of Service, and Intrusion Detection/Intrusion Prevention Systems, which are essential components of our comprehensive cybersecurity traffic protection plan.

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

The Authority has a cybersecurity governance committee that meets to assess threats, risks, and vulnerabilities and takes full advantage of services offered by the Department of Homeland Security (DHS) from assessments to penetration tests. This governance body includes members of the leadership team, subject matter experts and outside resources when needed. The Authority also participates in the monthly State of Connecticut Cybersecurity Committee. Authority cyber/technology team also significantly partners with the CT AWWA Smart water committee to discuss best practices across the industry.

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

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

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

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

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

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

The Authority has implemented advanced drone-detection technology to enhance our police department's ability to respond to aerial threats. This system allows officers to identify drone operators at the source and analyze flight patterns, improving our capacity to investigate and address unauthorized drone activity.

The Authority has a cybersecurity insurance policy. The insurance policy covers breach response services, including forensic investigation, legal counsel, and public relation/crisis management services as well as notifications and credit monitoring for our customers. This also includes protection from cyber extortion, business interruption, data recovery costs, consequential reputational loss, data and network liability, payment card liabilities, fraudulent instruction, telephone fraud, and social engineering. Authority in collaboration with EPA and other state and federal agencies developed Cyber Insurance guidelines and factsheet for Drinking Water and Waste Water systems across united states.

The Authority has completed various assessments including:

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

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

CAPITAL IMPROVEMENT PROGRAM

Process for Project Evaluation and Project Description

The Authority has a number of capital projects and a capital prioritization process. The capital prioritization process involves single year and multi-year planning and ranks projects against several criteria including customer service and satisfaction, water resource adequacy and water quality, personnel and public

safety, and infrastructure stability, security, reliability, and vulnerability as well as sustainability. The capital prioritization process involves capital project managers, members of a cross-functional capital program control team, and members of the Authority's leadership team. The resulting prioritization matrix for the upcoming fiscal year is shared with both the six-person Authority board and the RPB as part of the budgeting process.

Through the annual budgeting process, the single and five-year capital budget is approved by the Authority board and reviewed by the RPB. However, proposed projects of more than \$3.5 million require a project application. The application is first submitted to and then reviewed with the Authority board. If accepted by the Authority board, the project application is submitted to the RPB. A public hearing, including a presentation from the applicant, is required for capital projects requiring RPB approval and notice of such hearing is also required.

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

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

Projects planned for initiation and completion over the five-year period from fiscal years 2027 through 2031 and their estimated expenditures are summarized below. The Authority reviews its program of capital improvements on an on-going basis and formally updates its budgets at least annually, revising and updating it as conditions warrant consistent with a capital budget prioritization matrix that ranks projects based on eight criteria. The Authority at least annually prepares a projection of improvements, additions and renovations to the Water System, generally based on condition assessments performed by staff and/or consultants. The below capital improvement program (the "CIP") for fiscal years 2027 through 2031 is pending approval. Final approvals are expected in May 2026.

Information concerning the Authority's CIP is shown in current dollars in the following table:

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SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY
5-YEAR PLAN OF CAPITAL IMPROVEMENTS
(000s omitted)

-CAUTIONS-
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OTHER MATERIALS STAMPED HEREIN MAY POSE A SAFETY AND
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South Central Connecticut Regional Water Authority
5-Year Plan of Capital Improvements
(000's omitted)

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

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

ENGINEERING AND ENVIRONMENTAL MATTERS

Engineering Evaluation

In connection with the acquisition of its predecessor, the New Haven Water Company, in 1980, and the issuance of its first series of Bonds, the Authority has engaged a firm as Consulting Engineer to prepare a report on the Water System and on certain other matters. The report, prepared by GHD, Inc., concluded, in part, the following:

1) Provided that the Authority continues to implement its CIP, the Authority appears to have sufficient capacity and ability to satisfy the forecasted range of both near- and long-term demands of its current and prospective future customers.

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

3) Capital improvements at Authority facilities and in the distribution system are proactive and well planned. Timely implementation of the CIP should keep the facilities in good repair and position the Authority to provide continuous service to its customers.

4) The Authority has a good track record of compliance with CTDPH regulations and has responded to CTDPH directives in a timely manner. Provided that the Authority implements its CIP in a timely manner and continues to operate its facilities in a satisfactory manner, the Authority should continue to meet state and federal water requirements.

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

Environmental Regulation

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

Safe Drinking Water Act ("SDWA")

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

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

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

The Authority's capital and operating budgets include money for compliance. Preliminary estimate updates associated with the Lead and Copper Rule Revisions that were made as part of the 2022 through 2025 10-year model, and the five-year capital plan reflects the then-current estimates that fall within fiscal years 2027 through 2031. These preliminary estimates will continue to be refined. Estimates include customer-side replacements. The Authority removed all known lead service lines from its side of the system in the 1970s and early 1980s and has removed goosenecks as they are encountered. While there is no lead in the water the Authority delivers to customers in its distribution system, lead can get into drinking water as it passes through customer-owned service lines and internal plumbing and fixtures that contain lead. The Authority submitted its service line inventory, as required.

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

Clean Water Act

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

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

Connecticut Inland Wetlands and Watercourses Act and Water Diversion Policy Act

While the construction of dams, reservoirs and other facilities necessary to the impounding, storage and withdrawal of water in connection with public water supplies is an as of right use under Connecticut's Inland Wetlands and Watercourses Act, the Authority is required, pursuant to other statutory provisions, to obtain permits from the DEEP Commissioner for the location, construction or alteration of any dam or reservoir, and to secure the approval of the DEEP Commissioner for any unregistered diversion of water greater than 50,000

gallons per day. Various criteria must be satisfied under the respective statutes and regulations of the DEEP in order to obtain such permits or approvals, and the DEEP Commissioner has the power to impose such conditions as deemed reasonably necessary in connection with such permits or approvals in order to assure compliance with such statutes. For actions taken to date, the Authority has applied and/or obtained all such requisite permits or approvals. Connecticut adopted its first state water plan (the “State Water Plan”) in 2019. The Authority actively participated in the development of the State Water Plan to ensure that its interests were duly represented. It is possible in coming years that policies and recommendations within the State Water Plan could lead to legislative proposals concerning water diversions, water conservation, and/or related issues that could alter the state current regulatory scheme for water resource management, including those affecting the use of public drinking water sources.

OPERATIONS, REVENUES AND EXPENSES

Summary: Revenues, Expenses and Changes in Net Position

(Thousands of Dollars)

	<u>2023</u>	<u>2024</u>	<u>2025</u>
Operating Revenues:			
Water Revenues	\$131,968	\$135,660	\$138,830
Other	<u>12,390</u>	<u>16,112</u>	<u>22,588</u>
Total operating revenues	144,358	151,772	161,418
Operating Expenses:			
Operating and Maintenance	58,480	62,299	67,107
Expenses Associated with Other Revenue	8,648	9,821	14,862
Depreciation	25,872	26,397	28,349
Payments-in-Lieu-of-Taxes (PILOT)	<u>8,524</u>	<u>8,767</u>	<u>8,937</u>
Total Operating Expenses	<u>101,524</u>	<u>107,284</u>	<u>119,255</u>
Operating Income	42,834	44,488	42,163
Non-operating Income and Expenses:			
Interest Expense – Net	-14,088	-11,049	-12,050
Gain (Loss) on Disposal of Assets	-2,229	-859	-878
Realized and Unrealized Gains (Losses) on Investments	-255	412	189
Amortization of Bonds Discount, Premium, Issuance Costs and Deferred Refunding Losses	2,742	2,222	1,784
Intergovernmental Revenue	490	1941	2,330
Other Income (Expense), Net	<u>-237</u>	<u>124</u>	<u>55</u>
Total Non-Operating Expenses	<u>-13,577</u>	<u>-7,209</u>	<u>-8,570</u>
Gain Before Contributions	29,257	37,279	33,593
Capital Contributions	<u>1,781</u>	<u>4,240</u>	<u>3,689</u>
Change in Net Position	<u>\$31,038</u>	<u>\$41,519</u>	<u>\$37,283</u>

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

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

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

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

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

The Authority’s General Bond Resolution requires it to calculate debt service coverage on the basis of revenues collected, rather than accrued, including amounts transferred from the Rate Stabilization Fund to the Revenue Fund, and expenses as incurred. While the net income shown in the Authority’s financial statements includes the full effect of water consumed, the receipt of this revenue will not be available for operations or considered in the coverage tests until the Authority completes its billing and collection process. To date, the Authority has successfully made its cash transfers and is in compliance with all rate covenants and other requirements of its General Bond Resolution. Coverage before PILOT for fiscal years 2025, 2024, 2023, 2022 and 2021 was 1.42x, 1.53x, 1.60x, 1.60x and 1.48x, respectively, each of which exceeded the 1.25x coverage required by the General Bond Resolution. Presented below is a summary of debt service coverage results for fiscal years 2025, 2024, 2023, 2022 and 2021 and as projected for fiscal year 2026, calculated in accordance with the requirements of the General Bond Resolution.

Reduced Federal Funding

The Federal American Recovery and Reinvestment Act of 2009, Pub. L. No. 111-5, 123 Stat. 115 (2009), enacted February 17, 2009 (the “Recovery Act”), authorized state and local governments to issue two general types of taxable bonds, known as “Build America Bonds” or “BABs” with the federal government providing subsidies for a portion of their borrowing cost. One type of BABs provides a federal tax credit to the bondholder; the other provides a credit in the form of an interest subsidy payment directly to the issuer. The Water System Revenue Bonds, 2010 Series A (the “2010 Series A Bonds”) were issued as direct payment BABs on April 6, 2010 in the original par amount of \$31,385,000. Pursuant to the Recovery Act, at inception, the Authority received a cash subsidy payment from the United States Treasury equal to 35% of the interest payable on the 2010 Series A Bonds on or about each interest payment date. The 35% equates to \$348,411 per payment, occurring twice a year. Such subsidy payment represents revenue to the Authority under the General Bond Resolution. No holders of the 2010 Series A Bonds are entitled to a tax credit. The receipt of the subsidy by the Authority is not a condition of payment of any portion of the principal and interest on the 2010 Series A Bonds. However, if the subsidy payments are reduced or eliminated, the 2010 Series A Bonds are subject to extraordinary optional redemption. Due to provisions within the Budget Control Act of 2011 and the implementation of sequestration, the amount of the subsidy was reduced on payments made to issuers on or after March 1, 2013, resulting in a decrease to the Authority’s August 1, 2013 payment and the twice-annual payments through the current period. Reductions to the subsidy have ranged from a high of 8.7% to a low of 5.7%. A 5.7% reduction was effective for the payments received by the Authority in fiscal years 2024 and 2025. The percent is subject to further change. The interest subsidy received totaled approximately \$644 thousand for the fiscal year ended May 31, 2025 and \$657 thousand for the fiscal year ended May 31, 2024. These amounts have been adjusted for an over payment in fiscal 2024 adjusted in fiscal 2025 and excludes interest.

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

(Thousands of Dollars)

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u> <i>(Projected)</i>
Revenues (collected)						
Collected Water Sales and Other Revenues	\$124,109	\$132,467	\$136,117	\$140,671	\$141,544	\$150,158
Rate Stabilization Fund						
BABs Subsidy	663	657	657	680	618	616
Collected Investment Income	258	204	3435	5,423	5,084	4,658
Total Revenues.....	<u>125,030</u>	<u>133,328</u>	<u>140,209</u>	<u>146,774</u>	<u>147,246</u>	<u>155,432</u>
Less						
Operating and Maintenance Expenses incurred	54,688	57,070	60,456	67,326	71,028	73,772
Depreciation.....	6,500	6,917	7,500	8,875	9,729	10,750
Payments in Lieu of Taxes PILOT (A)	8,528	8,554	8,518	8,747	8,912	9,000
Total Expenses	<u>69,716</u>	<u>72,541</u>	<u>76,474</u>	<u>84,948</u>	<u>89,669</u>	<u>93,522</u>
Net Revenues (B).....	<u>55,314</u>	<u>60,787</u>	<u>63,735</u>	<u>61,826</u>	<u>57,577</u>	<u>61,910</u>
Debt Service Paid on the Bonds (C).....	<u>\$43,268</u>	<u>\$43,467</u>	<u>\$45,238</u>	<u>\$46,006</u>	<u>\$46,780</u>	<u>\$46,749</u>
Coverage After PILOT (B/C).....	<u>1.28</u>	<u>1.40</u>	<u>1.41</u>	<u>1.34</u>	<u>1.23</u>	<u>1.32</u>
Coverage Before PILOT ((A + B)/C)	<u>1.48</u>	<u>1.60</u>	<u>1.60</u>	<u>1.53</u>	<u>1.42</u>	<u>1.52</u>

In June 2025 the Authority, after evaluating operational obligations for fiscal year 2026, transferred approximately \$20.3 million to the General Fund. Moneys in the General Fund can be used for any of the corporate purposes of the Authority. The Authority created a Growth Fund to deposit moneys to be used for commercial activities from the General Fund; the Authority then transferred \$1.75 million into the Growth Fund, added \$2.5 million to the General Fund, and transferred approximately \$16.1 million to the Construction Fund, including the funding of depreciation. In addition, while not part of the Year-End Disposition under the General Bond Resolution, there was a transfer from RWA Well Services, LLC into the Construction Fund.

As of June 30, 2025 the Rate Stabilization Fund balance was \$10.0 million and the General Fund balance was at approximately \$15.5 million. As of June 30, 2025, the beginning of fiscal 2026, the amount of money in the Growth Fund was \$5.8 million, excluding interest earnings. During fiscal year 2025, approximately \$3.9 million of the Growth Fund was used towards the purchase of the Homeowners Safety Valve transaction and an additional amount was used for the regional supply strategy. During fiscal 2026, the Growth Fund and the General Fund have also been used for regional supply strategy. While the Growth Fund is targeted for new commercial activities, the moneys are available to be transferred back to the General Fund or any other fund under the General Bond Resolution, at the direction of the Authority.

In addition, balances in the Capital Contingency Fund and the Operating Reserve Fund as of June 30, 2025 are approximately \$6.2 million and \$12.3 million at market value, respectively. The Authority can draw on both of these funds to pay debt service, if necessary.

Pension Plans

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

The Authority has received from its actuarial firm, The Angell Pension Group, Inc., (the “Angell Group”) actuarial valuation reports with respect to the Pension Plans. The actuarial valuation reports as of January 1, 2026 are being used for fiscal year 2027. The annual investment return assumption is 6.75%. The PubG.2016 Above Median Employee, Healthy Annuitant, and Disabled Retiree (Male/Female) with MP-2021 projection scale was used for the Salaried Plan and the PubG-2016 Total Employee, Healthy Annuitant, and Disabled Retiree (Male/Female) with MP-2021 projection scale was used for the Bargaining Unit Plan. The Authority’s fiscal year 2025 actuarial required contribution (“ARC”) was \$2,481,043 and the fiscal year 2025 budgeted contribution was \$3,481,043. In fiscal year 2026, the ARC \$2,222,109 and the approved contribution is \$3,222,109. In fiscal 2026, an additional pension contribution may be made.

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

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

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

Other Post-Employment Benefits

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

The actuarial report from the Angell Group for May 31, 2025 determined the total liability in the amount of \$25,513,409, an asset value of \$10,332,335 and a net liability of \$15,181,074. This is based on an 6.75% annual investment return assumption using the frozen entry age actuarial cost method and a 6.5% healthcare cost inflation, graded down using the Gatzel Model to an ultimate rate of 4.5%. In fiscal year 2025, the Authority made cash contributions to the OPEB Trust of \$1,694,075. In fiscal 2026, the planned contribution is \$1,570,423. The Authority is making monthly contributions consistent with the recommended cash contribution.

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

See also “APPENDIX B - Audited Financial Statements of the Authority for Fiscal Years Ended May 31, 2025 and May 31, 2024 – Note 15: Other Post-Employment Benefits – Retiree Health Care” and “Required Supplementary Information” following the notes.

Planning and Budgets, Financial Controls, Accounting and Billing Procedures

As discussed and described under the heading “CAPITAL IMPROVEMENT PROGRAM” herein, the Authority annually prepares a five-year projection of improvements, additions and renovations to the Water System based on engineering recommendations and regulatory requirements. Such projection is based upon an

analysis of actual operating performance of the Water System, augmented by detailed evaluations, reports and recommendations prepared by the Consulting Engineer.

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

The Authority is currently operating under the fiscal 2026 strategic plan, a one-year plan modeled after the FY2020–FY2025 framework and the strategic plan for fiscal 2027 is being finalized. The Authority’s previous strategic plan was a five-year strategic plan for the period fiscal year 2020 to fiscal year 2025. Similar to the strategic plan for the period fiscal years 2015 through 2019, the strategic plan is based on the principals of the Balanced Scorecard Management System, and follows four perspectives: Customer/Constituents; Employee Learning and Growth; Financial; and Internal Business Processes. The strategic plans as well as the annual updates incorporate strategic goals that guided the organization for several years.

The Authority is required by the General Bond Resolution to prepare an annual operating budget on the basis of monthly requirements. For each month, the budget shows projected Operating Expenses and PILOT and projected amounts to be deposited in and withdrawn from each of the Funds created under the General Bond Resolution, as well as the Revenues and other moneys projected to be available. Revenues are calculated based on consumption by customers during the prior year, adjusted for known changes, multiplying such consumption by actual rates in effect. If there is a shortfall in the required coverage at the end of a fiscal year, the Authority must draw from the Rate Stabilization Fund to meet the coverage. The Authority has not drawn from the Rate Stabilization Fund for the last 15 years and is not expected to draw from this fund in fiscal 2026. If a calculation indicates a short-fall between projected revenues and revenue requirements at existing rates, the Authority can submit an application to adjust its rates to the RPB for approval.

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

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

Since January 2022, the Authority converted all its metered water customers to monthly billing. Private fire is also billed monthly. Public fire protection charges are billed every six months. The provision for uncollectible accounts as of May 31, 2025 and 2024 was \$3,016,800 and \$3,968,699, respectively. The Authority can place liens on property for unpaid water service. Interest begins to be charged starting after the 28th day. Such liens take precedence over all other liens or encumbrances except taxes and may be foreclosed against the property in the same manner as a lien for taxes.

STATUTORY REMEDIES

The Authority or any person who is aggrieved by a decision of the RPB with respect to the establishment of rates or charges, the establishment of land use standards and disposition policies, the sale or other transfer or change of use of real property, the location of purification or filtration plants, the commencement of any project costing more than \$3,500,000 to repair, improve, construct, reconstruct, enlarge or extend any of the properties or systems of the Authority or the acquisition by purchase, lease or otherwise of any existing water supply system, waste water system or part thereof is entitled to judicial review by the Superior Court under the Act by filing an appeal within 45 days of publication of such decision. Holders of the Fortieth Series Refunding Bonds or of any other bonds or notes of the Authority and any trustee acting on behalf of such holders are deemed aggrieved persons with respect to any decision of the RPB that violates any

covenant or other provision of the General Bond Resolution authorizing such bonds or notes. The reviewing court shall affirm the decision of the RPB, unless the court finds that the substantial rights of the aggrieved persons have been prejudiced. If the court finds such prejudice, it shall sustain the appeal, modify the RPB decision, order the RPB to take specific action or remand for further proceedings. The filing of an appeal under the Act does not by itself constitute a stay of any rate increase or other action approved by the RPB.

LITIGATION

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

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

The Authority is a plaintiff in two pending property valuation disputes related to PILOT. The Authority believes that the pending litigation will not be finally determined so as to result in a decision that will materially adversely affect the financial condition of the Authority.

TAX MATTERS

Federal Income Taxes

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

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

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

Original Issue Discount

The initial public offering prices of certain maturities of the Fortieth Series Refunding Bonds may be less than the stated principal amount (the “OID Bonds”). Under existing law, the difference between the stated principal amount and the initial offering price of each maturity of the OID Bonds will constitute original issue discount. The offering prices relating to the yields set forth on the inside front cover page of this Official Statement for the OID Bonds are expected to be the initial offering prices to the public (excluding bond houses and brokers) at which a substantial amount of the OID Bonds are sold. Under existing law, original issue discount on the OID Bonds accrued and properly allocable to the owners thereof under the Code is excludable from gross income for federal income tax purposes if interest on the OID Bonds is excludable from gross income for federal income tax purposes.

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

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

Original Issue Premium

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

Other Federal Tax Matters

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

State Taxes

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

Interest on the Fortieth Series Refunding Bonds is included in gross income for purposes of the Connecticut corporation business tax.

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

Owners of the Fortieth Series Refunding Bonds should consult their own tax advisors with respect to the determination for state and local income tax purposes of original issue discount or original issue premium accrued upon sale or redemption thereof, and with respect to the state and local tax consequences of owning or disposing of such Fortieth Series Refunding Bonds.

Changes in Federal and State Tax Law

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

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

General

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

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

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

FORTIETH SERIES REFUNDING BONDS AS LEGAL INVESTMENTS

The Fortieth Series Refunding Bonds are securities in which all public officers and bodies of the State and all municipalities, all insurance companies and associations, and all banks, trust companies, savings banks and savings and loan associations in the State may properly and legally invest funds in their control. The Fortieth Series Refunding Bonds are not eligible investments in the State for funds of trusts, estates or

guardianships under the control of individual administrators, guardians, executors, trustees or other individual fiduciaries.

AGREEMENT OF THE STATE OF CONNECTICUT

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

INDEPENDENT AUDITORS

The financial statements of the Authority as of May 31, 2025 are included in Appendix B and have been audited by CliffordLarsonAllen LLP, independent auditors, as set forth in their report dated September 23, 2025. Our independent auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. CliftonLarsonAllen LLP also has not performed any procedures relating to this offering document.

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

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

RATINGS

Moody's Ratings and S&P Global Ratings have assigned their municipal bond ratings of "Aa3" and "AA-", respectively, for the Fortieth Series Refunding Bonds.

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

UNDERWRITING

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

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

CONTINUING DISCLOSURE

The Authority will enter into a Continuing Disclosure Agreement for the benefit of the owners and beneficial owners of the Fortieth Series Refunding Bonds to provide certain financial information and operating data relating to the Authority no later than eight months following the end of the Authority's fiscal year (the "Annual Report"), commencing with the report for the fiscal year ended May 31, 2026, and to provide notices of the occurrence of certain material events, and to provide notice of failure to file Annual Reports.

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

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

As required by its then existing Continuing Disclosure Agreements by and among the Authority, the Trustee and U.S. Bank National Association, as dissemination agent (the "Dissemination Agent"), the Authority provided to the Dissemination Agent on a timely basis its annual reports for fiscal years 2020 and 2021, including its audited financial statements and all other required information. The Authority received from the Dissemination Agent confirmations of timely filings for both annual reports. On December 4, 2024, the Authority was notified that the Authority's financial statements for fiscal years 2020 and 2021 were not available on the MSRB/EMMA website. Instead, the financial statements for the Town of Cheshire, Connecticut for fiscal years 2020 and 2021 had been filed under the Authority's CUSIPs on the MSRB/EMMA website. On December 6, 2024, the Authority again provided its fiscal years 2020 and 2021 financial statements to the Dissemination Agent and they were filed on the MSRB/EMMA website on December 6, 2024. On December 11, 2024, the Dissemination Agent filed its failure to file the financial statements of the Authority for fiscal years 2020 and 2021.

The Dissemination Agent also inadvertently did not link timely filed Authority documents on the MSRB/EMMA website (the "Linkage Failures") to certain CUSIPs. The Linkage Failures include the Dissemination Agent's failure to link: i) annual financial information and operating data filed for Fiscal Year 2022 to one issuance, Thirty-Sixth Series B-1 (Delayed Delivery), ii) annual financial information and operating data filed for Fiscal Year 2023 to two issuances, Thirty-Seventh Series A-1 and Thirty-Seventh Series A-2, and iii), annual financial information and operating data filed for Fiscal Year 2024 to one issuance, Thirty-Seventh Series B-2. The Linkage Failures also include the Dissemination Agent's failure to link the following items to CUSIP No. 8372277E1: i) eight (8) Notices of Incurrence of Financial Obligation, (ii) annual financial information and operating data for Fiscal Years 2021 through 2024, and iii) the 2025 tender filings. The Dissemination Agent also failed to link three (3) Notices of Incurrence of Financial Obligation filed in 2024 to two issuances, Thirty-Seventh Series A-1 and Thirty-Seventh Series A-2, and failed to link two (2) Notices of Incurrence of Financial Obligation to the one issuance, Thirty-Fourth Series B. When these Linkage Failures were brought to the Authority's attention, it notified the Dissemination Agent immediately and the Dissemination Agent rectified them promptly.

In making these disclosures, the Authority has not concluded and does not admit that the failure of the Dissemination Agent to file, or the failure of the MSRB to properly post, the fiscal years 2020 and 2021 financial statements for the Authority or the failure of the Dissemination Agent to timely file event notices of its failure to file the fiscal years 2020 and 2021 financial statements, were material failures of the Authority to comply with its continuing disclosure obligations. Additionally, the Authority has not concluded and does not admit that the Dissemination Agent's Linkage Failures were material failures of the Authority to comply with its continuing disclosure obligations. The Authority, however, has modified its disclosure practices to prevent such failures in the future.

MUNICIPAL ADVISOR

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

CERTAIN LEGAL MATTERS

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

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

DOCUMENTS ACCOMPANYING DELIVERY OF THE FORTIETH SERIES REFUNDING BONDS

Absence of Litigation

Upon delivery of the Fortieth Series Refunding Bonds, the Authority shall furnish a certificate of the Authority, dated the date of delivery of the Fortieth Series Refunding Bonds to the effect that there is no controversy or litigation of any nature pending or threatened to restrain or enjoin the issuance, sale, execution or delivery of the Fortieth Series Refunding Bonds or in any way contesting or affecting the existence of the Authority or the validity of the Fortieth Series Refunding Bonds or any proceedings of the Authority taken with respect to the issuance or sale thereof, or in any way contesting or affecting the validity or enforceability of the General Bond Resolution.

Opinions of Bond Counsel

Delivery of the Fortieth Series Refunding Bonds will be subject to the approving opinion, dated the Date of Delivery of the Fortieth Series Refunding Bonds of Pullman & Comley, LLC, Bond Counsel to the Authority, in substantially the form attached as APPENDIX D -1 to the Official Statement.

Authority's Certificates

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

OTHER MATTERS

Additional information, including copies of the General Bond Resolution, may be obtained from the Authority's municipal advisor, Acacia Financial Group, Inc., 6000 Midlantic Drive, Suite 410, Mount Laurel, New Jersey 08054 (856-234-2266), or from the Authority at its offices at 90 Sargent Drive, New Haven, Connecticut 06511 (203-562-4020).

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

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

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

SOUTH CENTRAL CONNECTICUT
REGIONAL WATER AUTHORITY

DAVID J. BOROWY
Chairperson

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

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APPENDIX A – Consulting Engineer’s Report

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Consulting Engineer's Report

**Fortieth Series – Water System Revenue
Refunding Bonds and Forty First - Water
System Revenue Bonds**

South Central Connecticut Regional Water Authority

May 14, 2026

→ **The Power of Commitment**



Executive summary

The South-Central Connecticut Regional Water Authority (RWA) intends to issue bonds for, (i) financing of certain capital projects, (ii) refunding of certain maturities of the Authority's outstanding Bonds, (iii) deposit to certain reserve funds held under the General Bond Resolution, if necessary, and (iv) the costs of issuance. In preparation for this issuance, an independent, third-party technical review of engineering, operational, and economic aspects of the utility was conducted. This Consulting Engineer's Report summarizes the results of that review.

GHD Consulting Services Inc. (GHD) was hired to review the management, operation, maintenance, financial, and capital improvement practices of the RWA. In April 2026, GHD's evaluation team dedicated several days to interviews with management and operations personnel. GHD also visited several RWA facilities for walk through inspections and reviewed several previously prepared reports that were relevant to the utility's business practices, operations, maintenance procedures, and management programs.

GHD found that the RWA is operating and maintaining the utility within generally accepted industry standards and meets or exceeds relative regulatory requirements and regulations. The RWA's standard operating and maintenance practices appear to be satisfactory or better. In addition, GHD observed several programs aimed at improving operations and maintenance, including a series of internally driven initiatives, focused on better business practices and the development of written procedures and guidelines.

GHD observed a systematic and prioritized capital planning process with a focus on reducing risk, strategic investment, efficient delivery, and collaboration across many levels of the organization. A rigorous business case and project prioritization framework is used in a repeatable manner for developing the RWA's capital improvement plan.

All critical systems are monitored continuously. Risk and resilience assessments and emergency response plans are in place and understood by staff. Further, the levels of service set by the RWA are comparable or higher than other similar utilities and are routinely achieved. Most importantly, finished water supplied to the service population meets or exceeds current state and federal water quality standards.

Over the last few years, several leadership and/or supervisory positions have been successfully transitioned to new yet experienced individuals. The organization's succession plan is continually being updated and adapted to ensure key positions within the organization are filled. Management supports a collaborative and adaptive working environment that provides regular training opportunities. Overall, the workforce appears engaged and motivated toward continuous improvement.

It is GHD's opinion that the RWA is operating and maintaining its assets satisfactorily, has developed both strategic and tactical plans to address asset needs, and has a well-developed, prioritized capital improvement plan. GHD is also of the opinion that the RWA's rates, fees and other charges have generated and will continue to generate sufficient revenue to implement their capital plan and meet operating costs, including existing and future debt service obligations.

As the RWA's Forty First Series bonds are Water System Revenue Bonds, certain reviews in accordance with Sections 619(B) and 204(4) of the General Bond Resolution are required. This report is intended for use in the Official Statements. Furthermore, this report is subject to, and must be read in conjunction with, the limitations set out in Section 1 and the assumptions and qualifications contained throughout the Report.

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1. Introduction

1.1 Purpose of this report

GHD Consulting Services Inc. (GHD) has been retained by the South Central Connecticut Regional Water Authority (RWA) to complete an independent engineering evaluation of the RWA's operations and finances and to prepare a Consulting Engineer's Report (Report) for inclusion in the Official Statement of the RWA, in connection with its Fortieth and Forty First Series Water System Refunding and Revenue Bonds (the Bonds).

The previous report (used for the Thirty-Eighth Series - Water System Revenue Bonds) was completed by GHD in February 2025. Since that time, GHD has continued to support the RWA through on-going technical, advisory, and planning services and has incorporated updated information and documentation provided during the 2026 review.

This report sets forth in reasonable detail its findings as to whether the properties of the RWA have been maintained and are being maintained in good repair and sound operating condition. It also includes general observations and opinions regarding management, maintenance, repair, operation of, and capital improvements to the water system.

To assist with the preparation of this report, GHD personnel performed desktop audits, including review of RWA's updated capital budgets, 5-year and 10-year plans, enterprise risk register, strategic plan metrics and rate case documentation. Additionally, GHD conducted interviews with various managerial and supervisory personnel, and visited several RWA facilities.

1.2 Scope and limitations

This report has been prepared by GHD for the RWA and may only be used and relied on by the RWA for the purpose agreed between GHD and the RWA as set out in Section 1.1 of this report.

GHD otherwise disclaims responsibility to any person other than the RWA arising in connection with this report. GHD also excludes implied warranties and conditions, to the extent legally permissible.

The services undertaken by GHD in connection with preparing this report were limited to those specifically detailed in the report and are subject to the scope limitations set out in the report.

The opinions, conclusions and any recommendations in this report are based on conditions encountered and information reviewed at the date of preparation of the report. GHD has no responsibility or obligation to update this report to account for events or changes occurring after the date that the report was issued.

The opinions, conclusions and any recommendations in this report are based on assumptions made by GHD described in this report (refer Section 1.3 of this report). GHD disclaims liability arising from any of the assumptions being incorrect.

GHD has prepared this report based on information provided by RWA and others who provided information to GHD (including Government authorities), which GHD has not independently verified or checked beyond the agreed scope of work. GHD does not accept liability in connection with such unverified information, including errors and omissions in the report which were caused by errors or omissions in that information

1.3 Assumptions

In rendering the opinions and conclusions set forth in this report, GHD has relied upon information provided by the RWA. Information provided by the RWA includes both information reported by the RWA and documentation developed by the RWA, a third-party agency, or consultant. GHD makes no warranties, either expressed or implied, concerning the accuracy, completeness, reliability, or suitability of the information provided by the RWA.

GHD's evaluation methodologies followed generally accepted industry practices for utility evaluation. GHD's familiarity with existing facilities stems from previous project work and site visits guided by various RWA employees and gives us an understanding of the condition and status of a range of facility types and sizes, as well as the equipment contained therein. Our previous work and site visits were not intended to develop a detailed condition assessment or internal evaluation of all utility infrastructure.

Due to the long-term implications of any capital borrowing, inherent in our conclusions is the belief that the RWA will continue and build upon their policies and practices that have been used to establish the utility's satisfactory asset and fiscal position. These practices include customer rate adjustments, as necessary, to produce sufficient operating revenue, generating funds necessary to continue supporting a proactive capital improvement program, training, and retaining quality staff to meet high standards of customer service and system reliability, and strategic planning such that the utility continuously adapts to any changing conditions or regulatory requirements. We further understand that the RWA is meeting and anticipates it will continue to meet all conditions and requirements of contracts, agreements, certifications, and permits, and continued adaptation to evolving regulatory requirements, cybersecurity risks, and climate-related operating conditions.

Departures from these assumptions remain possible, and may be influenced by unforeseeable events, circumstances, and conditions. These factors may include unanticipated difficulties in implementing the capital improvement plan as substantially expected, changing climatic and regional weather conditions influencing the demand for water, or adverse legislative, regulatory, or legal decisions.

1.4 Consulting engineer

GHD is one of the world's leading professional services companies operating in the global markets of water, energy and resources, environment, property and buildings, and transportation. We provide engineering, environmental, and construction services to private and public sector clients. Established in 1928 and privately owned by our employees, GHD operates across five continents – North and South America, Asia, Australia, and Europe. We employ more than 12,000 people in more than 200 offices to deliver projects with high standards of safety, quality, and ethics across the entire asset value chain. GHD has completed numerous condition assessments, water system audits, consulting engineering reports, capital improvement plans, and has experience in providing rate consultation, utility management, and general consulting services. GHD has served as the RWA's Consulting Engineer since 2017. GHD is experienced in the construction, operation, and maintenance of water systems and is qualified to continue to function at this capacity for the purposes of this report.

1.5 General bond resolution

The RWA's Bonds are general obligations of the RWA that are being issued pursuant to the General Bond Resolution, adopted and approved July 31, 1980, as amended, and as supplemented by the adoption of supplemental resolutions (collectively referred to hereinafter as the Resolution).

This report is to be included in the Official Statement of the RWA in connection with the issuance of the Bonds (the "Official Statement"). References to information contained within the Official Statement are made herein, which GHD has reviewed and, in part, based its opinions on. However, GHD has not verified the accuracy or completeness of the Official Statement and thus has no opinion thereto.

2. Governance and organizational structure

2.1 Governance

The RWA is a self-funded, non-profit, public corporation that was created as a public instrumentality and political subdivision of the State of Connecticut (the “State”) in 1977 by the Connecticut General Assembly under Special Act 77-98, as amended. The RWA was created for the primary purpose of providing and assuring the provision of an adequate supply of high-quality water at a reasonable cost within the South Central Connecticut Regional Water District and, to the degree consistent with the foregoing, of advancing water conservation and the compatible recreational use of land held by the RWA. By this enabling legislation, the RWA has the authority to provide wastewater services, but currently does not do so.

In 1980, the RWA acquired the assets of the New Haven Water Company and commenced operation of the utility. Since then, it has expanded its service area through acquisitions and improvements. As a result, the RWA, as of FY 2025, now holds ownership of almost 28,000 acres of land and provides potable water services to approximately 121,000 customers, including fire service customers.

In 2017, the Connecticut General Assembly granted the RWA, to the degree consistent with the foregoing purposes, the power to conduct or invest in commercial enterprises, which are defined as activities to be located on property, other than Class I or Class II lands owned by the RWA, that are related to water, environment, agriculture or an energy project consisting of either a Class I renewable energy source or a Class III energy source but excluding wind sources. In 2024, this was expanded to include sustainable manufacturing support. RWA’s investment in such businesses less returns from such businesses shall not exceed 5 percent of the RWA’s net utility plant devoted to its water and wastewater businesses unless approved by the representative policy board of the district. The RWA commercial enterprise initiatives are intended to identify additional revenue sources to mitigate rate increases. In support of these commercial initiatives, in 2021, the Authority established RWA Commercial Enterprises, LLC as a wholly owned subsidiary of the Authority and established RWA Well Services, LLC as a wholly owned subsidiary of RWA Commercial Enterprises, LLC and is discussed further in this report. Subsequently, in 2022, the Authority established RWA Environmental Lab and Services, LLC and RWA Commercial Services, LLC, both entities are wholly owned subsidiaries of RWA Commercial Enterprises, LLC. There are currently no operations under either of these two entities.

The RWA’s governance is established by its enabling legislation. There are two distinct governing boards of the organization: the Regional Water Authority, functioning as a board of directors (the “Authority Board”), and the Representative Policy Board (RPB). The RPB appoints the Authority Board members, and the Authority Board elects its officers (Chair, Vice Chair, and Secretary/Treasurer). The Authority Board currently consists of five members and on and after January 1, 2025, may have two additional members. The two additional members who may reside outside the District have not yet been appointed. In addition, the enabling legislation was amended for the possible acquisition of the Aquarion Water Company, including the expansion of the Authority Board, as further described in the Official Statement.

Management personnel have reported that the two boards are supportive of the RWA’s continual improvement initiatives, and collaborative with respect to organizational values and policies. During the 2026 review, management reported continued active engagement by both governing boards in oversight of capital planning, enterprise risk management, rate setting, and long-term financial strategy.

2.2 Organizational structure

The organization is structured with an executive leadership team of CEO, CFO and Vice Presidents (VPs) of the various divisions. The VP’s act as division heads for their respective departments. While certain executive leadership roles remain interim, staff interviews indicate continuity of decision-making, increased cross-department coordination,

and effective delegation of responsibilities. Based on GHD's overall observations, it appears that there is satisfaction and support among staff with department leaders and effective interdepartmental collaboration.

2.3 Staffing

The RWA is generally delivering the required services and asset maintenance with the existing labor force with some improvement opportunities. Overall, based upon the current level of services provided, staffing levels appear to be adequate. To mitigate the water industry's challenges relative to attracting and retaining staff, the RWA reports a regular review to ensure competitive compensation. Moreover, it was noted that due to some recent transitions there are some departments with newer staff. GHD observed an internal emphasis on retaining institutional knowledge via cross training, while also finding new qualified staff.

Senior leaders in conjunction with the human resources department are actively recruiting while also continually evaluating and managing staffing levels. This seems especially prevalent within the operations department as senior leaders are proactively engaged in several staffing initiatives aimed at improving morale, accountability, succession planning, and operating procedures.

Labor agreements have continued to evolve through negotiation and arbitration processes. Management indicated that labor relations remain constructive and that staffing stability remains a priority.

Although the RWA can complete most operations and maintenance tasks in-house, there are situations in which the RWA will draw upon outside resources to complement their workforce. The RWA maintains several standing contracts and/or contractor relationships to augment the RWA's workforce including watermain and service line replacements, electrical system maintenance and repair, and others.

Based on many of GHD's staff interviews, high levels of employee job satisfaction were apparent and the RWA's employees appear dedicated to achieving the necessary levels of service. Staff retirement, replacement, and retention are major challenges in the water industry, including RWA. There are many individuals throughout the organization at all levels that are near the eligible retirement age. Consequently, it is crucial that the RWA's leadership remains focused on effective succession planning. The RWA has formalized workforce planning, succession planning, and cross-training initiatives to address industry-wide labor constraints and anticipated retirements.

3. Water system facilities and infrastructure

The RWA owns, operates, and maintains surface water reservoirs, dams, well fields, pump stations, treatment plants, storage tanks, and associated transmission and distribution system infrastructure. A summary of the RWA's major facilities and physical assets is provided in the following subsections. The operations and maintenance of these facilities and any general condition observations or recommendations are described later in the Report.

3.1 Water system

The RWA's Water System serves approximately 121,000 customers, representing an estimated population served of approximately 432,000 in 15 municipalities located in the south-central region of the State. Customers are classified as residential, commercial, industrial, and public authority, according to the nature of their use. The residential customer base accounts for most of the consumption. The RWA also provides water pursuant to various wholesale agreements with adjacent water providers. Sales of excess water permits are in place pursuant to Section 22a-358 of the Connecticut General Statutes, which allow a public water system to sell water reserves in excess of those required to maintain an abundant supply of water for customers in its service area. Active permits and agreements exist for additional supply, via interconnection, with the Aquarion Water Company, the City of Meriden, and the Connecticut Water Company. The three wholesale interconnections reportedly do not support a redundant or reciprocal supply. Two two-way emergency interconnections have been implemented with the Towns of Wallingford and Southington.

Pursuant to the most recent edition of the RWA’s Water Supply Plan (WSP), the need to purchase water from other utilities is not anticipated over the ensuing 50-year term.

3.2 Demands

The RWA utilizes State of Connecticut Department of Public Health (CTDPH) approved methodologies for determining safe yield and margins of safety. The RWA periodically completes a water supply plan (WSP) which includes a safe yield analysis. Safe yield is the maximum dependable quantity of water per unit of time, which may be continuously obtained from a source of supply during a critical dry period without consideration of other limitations such as treatment and distribution constraints. Climate-informed forecasting is increasingly used to inform supply planning, operating rules, and capital investment decisions.

3.3 Surface water supplies, reservoirs, and dams

The RWA maintains active and inactive surface water supply systems. Active sources of supply are authorized by the Connecticut Department of Energy and Environmental Protection (CTDEEP) under the Water Diversion Policy Act. The RWA’s source water protection program focuses on pollution prevention. Water quality and all activity surrounding source water supplies are carefully monitored. Finally, as a means of protecting the source water supplies, the RWA continues to purchase property surrounding the reservoirs.

The inactive systems are reportedly physically disconnected from active raw water mains. The RWA’s surface water supply system contains reservoirs, stream diversions, impoundment dams, and interconnecting tunnels and conduits. The RWA’s active surface water reservoirs provide approximately 85 percent of the RWA’s available water, while groundwater sources comprise the rest.

Several dams are classified as high-consequence assets, and capital planning increasingly prioritizes dam safety, hydraulic capacity, and long-term compliance.

The RWA follows CTDEEP dam hazard classification guidance, which assigns one of five classes (e.g., C, B, BB, A, or Unclassified) according to the potential impacts of a dam failure. The RWA’s Water System includes 14 Class C dams, three Class B dams, three Class BB dams, and 12 Class A dams. In addition to the 32 classified dams, the RWA also owns and maintains an additional 11 unclassified dams, diversions, and dikes. During previous engineering reviews, GHD visited several dams including; the Prospect, Peat Swamp, Lake Chamberlain, Lake Dawson, Lake Whitney and others. Based on information reviewed and interviews conducted, it is GHD’s opinion that the RWA is proactively managing its dams to remain compliant with all regulations.

3.4 Surface and groundwater treatment facilities

The RWA owns, operates, and maintains four separate surface water treatment plants (WTPs). The design capacity and the year in which each WTP was placed into operational service are presented in Table 1. The RWA also owns, operates, and maintains seven wellfields to supplement its surface water sources. In total, the seven well fields have a permitted maximum withdrawal of 16.3 MGD.

Table 1 Water Treatment Plant Facilities

Water Treatment Plant	In-Service Date	Design Capacity (MGD)
Lake Gaillard WTP	1986	80.0
West River WTP	1980	10.4
Lake Saltonstall WTP	1974	12.0
Lake Whitney WTP	2005	20.0

3.5 Storage facilities

Storage of finished water is provided by means of 36 storage tanks and finished water reservoirs. The total combined net storage capacity is approximately 55 million gallons. Recent and ongoing capital investments include replacement, rehabilitation, and safety upgrades at select storage facilities, as well as improvements to mixing, aeration, coatings, access, and fall-protection systems. These projects are incorporated into the Capital Improvement Program and 5-Year Capital Plan on a risk- and condition-based prioritization, reflecting each facility's age, hydraulic role, and the likelihood and consequence of failure. Based on the information reviewed and interviews conducted, it is GHD's opinion that the RWA is effectively managing its storage assets and is well positioned to maintain adequate storage capacity, water quality, and system reliability through continued implementation of its capital and maintenance programs.

3.6 Pumping stations

The RWA owns, operates, and maintains 36 raw water, distribution, and booster pumping facilities. Raw water pumping stations transport water from supply sources to treatment facilities. Distribution pumps transport finished water from a surface water treatment facility or well to the distribution system. Booster pump facilities pump finished water from one service area to another. GHD toured several pumping stations during visits in 2017, 2019, 2021, 2023 and 2026.

The Authority recognizes the critical role of pumping stations in overall system reliability and has incorporated risk-based prioritization into the Capital Improvement Program to address facilities with higher operational consequence, limited redundancy, and/or advanced age. Remote monitoring and continuous SCADA coverage are in place for all major pumping facilities, supported by a fully staffed control center and established contingency procedures. Based on information reviewed and interviews conducted, it is GHD's opinion that the RWA is proactively managing its pumping station assets and is well positioned to maintain reliable service through continued implementation of its capital and maintenance programs.

3.7 Supply, transmission and distribution mains

The RWA's water system includes over 1,700 miles of buried transmission and distribution system piping and approximately 7.5 miles of raw water supply mains. Pipe age, material of construction and nominal diameter vary across the pipe inventory. The RWA currently has a capital pipe program which includes a policy to evaluate distribution system piping replacement when the number of main breaks equals or exceeds three per 1,000 feet of pipe. The RWA's capital planning and asset management processes prioritize transmission and distribution investments using a risk-based framework that considers break history, pipe material and age, hydraulic importance, service consequences, and water quality considerations. This approach has contributed to a relatively low main break rate compared to peer utilities.

The RWA has made substantial progress toward compliance with the Lead and Copper Rule Revisions (LCRR) and the imminent Lead and Copper Rule Improvements (LCRI). A dedicated team is working to address all of the new requirements of the LCRI on or before the compliance date. Lead service line replacement activities are incorporated into the Capital Improvement Program and 5-Year Capital Plan, with prioritization informed by inventory confidence, regulatory requirements, and available funding. Based on the information reviewed, it is GHD's opinion that the RWA is well positioned to meet the requirements of the LCRI through continued implementation of its capital program, customer communication efforts, and regulatory coordination.

4. Management, operations and maintenance

The Operations Division is responsible for the management, operation, and maintenance (O&M) of the RWA's facilities and infrastructure. The Division provides 24-7 operational control and conducts both preventative and reactive asset maintenance. The O&M required at the RWA's major facilities is provided by several distinct teams within the Division.

Based on discussions with both leadership and supervisory personnel, it appears that staffing levels are generally sufficient, O&M budget allocations are adequate, preventative maintenance practices are increasingly data-driven, and critical spare parts are actively managed.

GHD recommends that the RWA continues to regularly examine its business practices, identify improvement opportunities, and implement appropriate changes. Overall, the RWA appears to complete maintenance in a responsible manner. Specific facility maintenance practices are described further in the subsections that follow.

4.1 Dams

During the 2026 review, GHD confirmed that dam inspection findings continue to be systematically incorporated into both the Capital Improvement Program and annual maintenance planning, consistent with risk-based prioritization.

Dam inspections and reports are completed on a routine basis and at an interval that meets or exceeds CTDEEP regulations. Regulations required that Emergency Action Plans (EAP) be completed and submitted to CTDEEP for High Hazard Dams by February 3, 2017, and Significant Hazard Dams by August 3, 2017. The RWA's submitted EAPs have since been approved by CTDEEP.

GHD has previously toured several impoundments including Prospect, Peat Swamp, Lake Whitney, Lake Dawson, and Lake Chamberlain, although GHD did not perform an independent assessment of the dams. The intent was a general review of the dams and a discussion with the owner to ensure CTDEEP compliance. According to RWA, their regulatory dam inspections are being completed at the following frequencies:

- Class C dams every 18 months to 2 years
- Class B dams every 3 to 4 years
- Class BB dams every 3 to 4 years
- Class A dams every 7 1/2 years

The RWA is aware of the recommendations included in the inspection reports and has a plan to address the needs through capital improvement projects or maintenance. The maintenance items discussed in each regulatory inspection report have reportedly been prioritized, scheduled, and assigned to maintenance personnel. Based on GHD's review of the RWA's dam inspection reports, it appears the RWA is meeting or exceeding regulatory requirements relating to dam inspections. Dam regulatory compliance is summarized in Table 2.

Table 2 Summary of Dam Regulatory Compliance

Dam CTDEEP class	EAP completed	Regulatory inspection frequency	Last regulatory inspection
C	2018	Every 2 years	2025 (due 2027)
B	2018	Every 4 years	2023 (due 2027)
BB	Not required	Every 7 years	2019 (due 2026)
A	Not required	Every 10 years	2016 (due 2026)

The annual capital budgets typically include improvements to various dams to address deficiencies noted in the inspection reports.

The RWA Capital Improvement Program has a project prioritization process that provides a methodical review of the maintenance and repair to each dam to determine projects to be completed when funding becomes available. In addition to the ongoing capital projects, there is an annual dam maintenance budget for repairs and engineering. The maintenance budget funds engineering efforts for hydraulic/hydrologic analyses, stability analyses and maintenance repairs such as fence repairs, tree removal, debris removal, concrete repairs, valve replacement, and crack repair. The RWA continues to assert that dam safety is a primary priority. The dam inspection reports are utilized to provide lists of repairs and projects to include in the capital improvements and operation and maintenance budgets.

The RWA has developed and implemented a program to identify repair and maintenance items, prioritize the projects required, and manage funding resources to complete dam safety items. GHD's opinion is that the RWA manages the dam safety program to maintain their assets in satisfactory condition. The dam safety program has been integrated with the asset management plan and capital improvements planning.

It is GHD's opinion that the RWA is diligent in repairs and maintaining their facilities. The facilities remain in satisfactory to good condition and known improvement needs have major capital projects in the process and budgets over the next 5 years.

4.2 Treatment, storage and pumping facilities

Above-grade facilities, buildings, and equipment are generally being operated and maintained in a satisfactory manner. Operations and maintenance personnel monitor and minimize pump station and water treatment plant downtime and collaborate closely with capital planning. Generally, the RWA demonstrates an organizational commitment to satisfactory or better O&M at its treatment and storage facilities, which appears to position the RWA for continued success.

Outside labor is utilized for specialty tasks that are beyond RWA staff expertise and for time- and labor-intensive tasks. The RWA reportedly has a history of maintaining good working relationships with contractors and has a variety of means in place to obtain outside assistance, especially under emergencies. The cross-training, labor-sharing and rotational practices of the RWA, also have a beneficiary impact on maintenance activities. Budgetary allocations appear sufficient to cover annual O&M and capital needs that are identified by O&M staff are reported to the capital planning group and reportedly addressed in a timely manner. All manned facilities, including surface water treatment facilities, are adequately staffed. Further, all critical facilities are monitored around the clock from a fully staffed control center located at RWA headquarters. If ever required, other treatment facilities have the capability to serve as fully capable operational backup SCADA control centers.

It is important to note that under average daily demand conditions, Lake Gaillard WTP provides approximately 60 percent of the RWA's service area demands while the remaining 40 percent is spread amongst the other smaller surface water treatment plants and well fields. This highlights the criticality of the Lake Gaillard facility, and it appears that the RWA recognizes the importance of this water treatment plant and, as such, is especially attentive to maintaining continuous operations and addressing both maintenance and capital needs in a proactive manner.

Source water concerns of the RWA are not dissimilar from other public water providers relying upon surface water sources. Water chestnut is a non-native invasive aquatic plant recently discovered in Lake Saltonstall and its associated downstream impoundment known as Furnace Pond. The Environmental Planning and Real Estate Departments are actively monitoring the extent of infestation and have previously commenced a comprehensive program of hand-pulling and mechanical harvesting to provide long-term management. Algae blooms with the potential to contain cyanotoxins, may also occur. Lakes and reservoirs are generally not chemically treated directly for algae, but some reservoirs are equipped with aeration equipment that is used for manganese oxidation and algae control. Source water quality monitoring is used to guide intake and source selection for the purposes of optimizing raw water quality. During fiscal 2024, the RWA procured and installed, in a few of the reservoirs, automated self-powered continuous monitoring buoys for the purposes of monitoring surface water quality.

Upgrades within the last 3 years to the West River WTP include a new on-site sodium hypochlorite generation station and a dissolved air flotation (DAF) system. The new DAF system benefits the treatment capabilities at the West River WTP, which experiences disturbance from extreme rain events and other climatic changes that may occur in the

future. The on-site sodium hypochlorite generation system benefits the RWA by increasing safety for the surrounding community and onsite for staff.

4.3 Transmission and distribution system

RWA staff has reported that the distribution system is adequately maintained and that service areas are generally interconnected for redundancy. The Operations Department has been developing standard operating procedures for each major task and supervisory staff is working to implement further improvements.

Fire protection is a priority with hydrant inspections and tests being completed annually. The RWA carefully tracks main break locations and monitors main break rate closely. RWA staff obtains pipe sections from candidate replacement stretches for crush testing to measure pipe durability. The RWA's inventory of underground assets is managed in part with Enterprise Asset Management (EAM) system.

The RWA maintains an up-to-date pipe inventory and geographic information system-based (GIS) mapping, which includes both underground piping and spatial data for at-grade features. Operations personnel have indicated that field maps have been digitized and field crews are provided with tablet devices to assist in locating specific assets. GIS has helped the RWA manage break history and schedule routine valve and hydrant maintenance. Further, the RWA maintains and periodically calibrates a hydraulic model of the water system. This model is a useful tool for capital planning, maintenance tracking, pipe failure tracking, and fire flow testing.

The RWA is responsible for the maintenance of main line, corporation stop, and service line up to and including the curb valve. The maintenance of the service line beyond the curb valve is the property owner's responsibility. The ownership of the service line from the main to the property remains with the property owner. The RWA has been proactive in addressing lead service lines. Since the 1970's, they have been removing known lead lines on the utility side. In discussions with RWA staff, it was evident that they are aware and informed of the new regulatory obligations and are adapting the RWA's practices as necessary to achieve compliance.

4.4 Instrumentation and controls (I&C)

I&C and electrical needs appear to be addressed proactively and the RWA's control systems are relatively sophisticated and modern. The RWA has standardized I&C controls with preferred manufacturers, which promotes ease of maintenance, spare parts interchangeability, and operational familiarity with equipment. Currently, the organization employs in-house electricians. Technical support is available on an as-needed basis by way of a third-party electrical support contract. Generally, low-voltage work is completed in-house, whereas high voltage work is typically contracted out.

The I&C Department has the capabilities of completing PLC programming and HMI screen development in-house. There are reportedly no singular control assets lacking redundancy. Staff report that O&M budgets are adequate, and new budget items are generally approved and adopted as required. Capital renewal of I&C assets appears to be sustainable and proactive. The I&C system incorporates around the clock monitoring of all system facilities via radio telemetry, cellular, and/or fiber optic technologies.

Currently, there isn't redundancy for all parts of the system, therefore, preventative maintenance is essential to minimize potential emergency scenarios that could result from equipment failures. Based on our observations and staff interviews it is reported that RWA is managing this complex situation with a focus on critical equipment, and consistent preventative maintenance practices.

4.5 Fleet

The RWA maintains a large fleet of registered vehicles for staff use, as well as a large quantity of other vehicles and portable equipment (e.g., heavy construction machinery, mowers, generators, and other motorized equipment). Vehicle maintenance and renewal are completed in a proactive manner. Preventative maintenance is completed on a regular basis for all RWA-owned vehicles and equipment. Similarly, vehicle and equipment replacements are

managed programmatically. The public perception of the RWA appears to be important to the organization and, for this reason, all vehicles and most equipment are marked and generally well-maintained and presentable. Vehicle maintenance is completed in-house by a group of trained and certified technicians. The garage located at RWA headquarters is generally well-equipped and appears to be maintained in a satisfactory manner.

5. Management programs and strategic planning

Based on the 2026 review, including updated strategic planning documents, enterprise risk assessments, and interviews with management and supervisory staff, the RWA's management programs and strategic planning processes continue to mature and are increasingly integrated across operational, capital, and financial decision-making. Strategic objectives, performance metrics, and risk management considerations are used collectively to guide priorities, monitor progress, and support long-term system reliability and resilience.

Based on the various meetings, discussions, and interviews conducted by GHD with management and supervisory staff, along with GHD's review of various written programs, plans, and procedures, it is apparent that the RWA is a proactive utility with qualified leadership. Strategic and operational plans are formalized in writing, function as working documents, and have been or are in the process of being implemented. These various management programs and plans bolster the RWA's business processes, support a commitment to high service levels, and mitigate potential risks from internal or external events. Some of the RWA's relevant plans and programs are summarized in the sections that follow.

5.1 Emergency planning and preparedness

During the 2026 review, GHD confirmed that emergency planning, cybersecurity preparedness, and business continuity planning are coordinated through an enterprise risk management framework. Findings from tabletop exercises, incident responses, and periodic plan updates are documented and incorporated into continuous improvement action lists that inform both operational practices and capital planning. The RWA appears well prepared and has invested considerable resources in its emergency planning.

The RWA has prepared several detailed plans that identify and outline specific actions to follow in the event of an incident of varying type and magnitude. Some of these emergency plans include:

- Incident Management Plan: This plan, which is updated biannually, describes the response procedure for an occurrence of any kind. It also outlines the chain of communication during an incident as well as incident command system rules and responsibilities.
- Critical Asset Protection Risk Assessment: This plan is an update to a Vulnerability Assessment, which used risk assessment software to provide insight as to vulnerabilities in the RWA's ability to maintain Safe Drinking Water Act compliance. The assessment, now known as the Risk and Resilience Assessment (RRA) along with the associated Emergency Response Plan, has been updated in accordance with the 5-year (minimum) cycle required by America's Water Infrastructure Act (AWIA) of 2018.
- Business Continuity Plan: This plan serves as a guide for continuing operations under any circumstance. It also describes the RWA's emergency operation center, emergency phone tree, succession plan, and viable recovery strategies. Staff is kept well informed of business continuity procedures through the completion of periodic training and exercises. This is a "living document" that is updated regularly, as needed.
- Field Operations Department Business Continuity Plan: This plan was provided as an example of individual department extensions of the Business Continuity Plan. It is an event-specific action plan applicable to field operations personnel. Each RWA department has a department-specific plan which is updated regularly as needed, with comprehensive updates on a biennial basis.

- Infectious Disease Outbreak Business Continuity Plan: This plan provides general and specific guidance for infectious disease transmission prevention, maintaining critical operations and services, and minimizing social disruptions and consequent economic impacts. The plan was amended for coronavirus-specific measures. RWA continues to monitor and update, as required.
- The RWA maintains a wide variety of hazard-specific plans including, but not limited to, a water quality incident, building evacuation, hazardous weather events, and critical component failures.
- SCADA/Control Room Computer Failure Plan: This action plan outlined the procedures to follow for deploying personnel to monitor operations and implement operational changes if the SCADA/Control room experiences a failure. This plan has been consolidated into the Business Continuity Plan (described above).
- Emergency Action Plans (EAPs) for each High and Significant Hazard Dam: The purpose of the EAPs is to reduce the risk of human life loss and injury and to minimize property damage during an unusual or emergency event at a dam. The EAPs define responsibilities and provide procedures designed to initiate emergency actions to warn downstream public of impending or actual failure of a dam and initiate remedial actions to prevent or minimize the downstream impacts of a failure. Regulations required that EAPs be completed and submitted to CTDEEP for High Hazard Dams and Significant Hazard Dams.
- RWA maintains a continual improvement action list that is derived from practice exercises of the Business Continuity program and from real life events. Actions are meant to better improve the RWA's resiliency to emergency situations.

5.2 Strategic plan

Since 2009, the RWA has utilized a periodic strategic planning approach based on the Balanced Scorecard. Strategic plans with specific, measurable 5-year goals were developed, with annual updates.

The first of these strategic plans addressed financial challenges confronting the RWA in 2009, including impacts of the deepening mortgage crisis, increasing debt service payments, the depletion of utility reserves, and the long-term decline in water consumption. In 2014, management recognized additional improvement opportunities and prepared a new Strategic Plan to align with the 2015 – 2019 planning horizon.

In June 2019, the RWA completed the strategic plan covering fiscal years 2020 – 2025. This plan guided the fundamental changes that were needed to enable the RWA to grow beyond its water utility roots and become an effective and innovative 21st-Century environmental services organization providing a range of public services.

The plan set out six organizational goals: (1) Meet or exceed customer expectations; (2) Attract, retain, and develop high-quality talent and engaged employees; (3) Enhance and increase environmental services; (4) Deliver high-quality water; (5) Embrace innovation and adopt state-of-the-art technology; and (6) Continue to strengthen our financial health. Each goal included two to five objectives and performance targets, as well as specific actions during each of the 5 years. The specific actions provided a basis for development of annual operating plans. RWA reviews the Strategic Plan annually and revises as needed to ensure relevancy and continued progress.

Recently, the RWA adopted the 2026 Strategic Plan and Global Metrics, which similarly establishes clear priorities across customer service, workforce planning and development, financial stability, utility assets and natural resources, and strategic technology. The Strategic Plan includes defined performance metrics and targets that are monitored regularly and used to inform annual operating plans, capital investment decisions, and organizational accountability.

5.3 Water supply plan

The RWA's WSP, originally developed in 1988 in response to the Connecticut Public Act 85-535, has been updated several times. The WSP describes the water system in detail with the purpose of confirming that an adequate supply of high-quality water is available for both current and prospective future customers. The RWA has completed the WSP, including safe yield calculations, population and demand models, and the conservation plan. Information reviewed during the 2026 review indicates that water supply planning is increasingly informed by climate-aware modeling, regulatory changes, and cross-departmental coordination through the Water Resources Management

Committee. This integrated approach supports long-term supply reliability while maintaining environmental stewardship objectives.

The RWA established a Water Resources Management Committee (WRMC) consisting of at least one core member from each department associated with source water protection, raw water quality/quantity, treatment, and/or distribution. The mission is geared toward enhancing communication and coordination of the water system through input of all departments, with an end goal of continuing to provide high quality water to its customers. Their target is to develop long-term sustainable practices for managing the source-water system quality and keeping the natural ecosystems health at the forefront. The creation of this group confirms the RWA's staff commitment and dedication to provide the best product to its customers in a conscientious manner.

5.4 Work order management system

The RWA has a group of planners/schedulers who are responsible for work order management. During the 2026 review, GHD confirmed continued progress toward modernization of customer information and work management systems. Increased use of mobile devices, GIS integration, and enterprise asset management tools has improved real-time visibility of work orders, asset condition, and maintenance history, supporting more efficient coordination between field operations, engineering, and customer service functions.

The RWA continues to explore more efficient methods, and some operations staff are using tablets or mobile devices in the field with an emphasis on GIS data collection. The existing Infor-EAM system will continue to be integrated and leveraged to assist Distribution staff with collecting pertinent information while performing the work in the field. Transitioning to the mobile work order functionality will allow staff to see work progress in real time and transfer information to other departments more efficiently. The Distribution staff is using this new methodology for preventative, emergency, and non-emergency corrective work orders. As this methodology is fully adopted across the organization, electronic work orders will replace hard-copy work orders.

5.5 Enterprise asset management plan

The mission of the Enterprise Work & Asset Management (EWAM) Program is to develop and improve RWAs current asset management practices to ensure that the management, maintenance, and investment in assets will provide the highest quality, reliable water service at the lowest life-cycle cost. RWA's Asset management work has been building on the efforts of the previous years to mature the program processes and map assets onto GIS. The program focuses on consolidating and leveraging all historical asset management work, gap assessments, and builds a forward-looking roadmap to manage enterprise asset lifecycle across the organization. The roadmap was adopted by the organization in October of 2023 and includes several initiatives. The enterprise asset management program continues to evolve from foundational asset inventory development toward predictive maintenance and lifecycle-based decision-making. Information reviewed during the 2026 review indicates that asset criticality, risk, and condition data are increasingly used to inform capital prioritization, maintenance planning, and long-range financial modeling.

5.6 Purchasing and inventory management

As confirmed during the 2026 review, the RWA has expanded its focus on identifying and maintaining inventories of critical spare parts for high-consequence assets, reducing supply chain risk and supporting operational resilience. The RWA uses procurement protocols for the purpose of purchasing supplies, materials, and other necessary services. Generally, purchase orders or contracts are required for all expenses greater than \$500, which allows management to track expenses against budget and to ensure proper approvals are in place for expenditures. Staff report that inventory, spare parts, and materials are commonly available, and that workflow is usually effective. The Authority's centralized procurement initiative helps achieve economies and ensure the appropriate items are funneled through the procurement process. RWA staff generally appear to have the resources, personnel, equipment, and supplies necessary to respond to maintenance requirements effectively and efficiently. RWA has a strategic initiative of proactively reviewing their critical spare parts inventory and any other critical purchasing needs to identify and address potential vulnerabilities or limitations prior to any critical business needs.

5.7 Training

The RWA has a robust and formal safety training program and conducts numerous training sessions and exercises for specific business functions. Training programs are aligned with strategic workforce development objectives identified in the 2026 Strategic Plan, including leadership development, safety performance, technical certification, and cross-functional capability building. Training effectiveness and participation are tracked to support continuous improvement and succession planning.

Some training efforts have paired experienced staff with those less experienced for on-the-job training. Another initiative, the workforce flexibility program, aims to capture and share institutional knowledge across the collective bargaining unit, promote the sharing of work, and enhance staff knowledge and experience. This cross-training program, coupled with regular meetings and bottom-up workshops, seeks to improve communication among management, the collective bargaining unit, and team leaders.

In addition to cross-training, the RWA has used a rotation program for new staff; whereby, they can gain exposure to many operational areas early on in their careers. However, the RWA has indicated that this program has its limitations. Some positions involve tasks that are highly specialized and have proven difficult to maintain as part of the workforce flexibility program.

The RWA is also active in partnerships with the local schools and community colleges in hiring interns. The programs are focused on bringing on less experienced staff to train up. The partnership also assists with staff requiring the water operator certifications and exams. Finding licensed operators outside of the organization has been difficult. Therefore, RWA works to develop operators from within to successfully staff positions and to retain institutional knowledge.

5.8 Customer care, outreach, and assistance programs

The RWA's Customer Care Department is responsible for updating the customer information and billing system, answering customer queries, collection activities, and metering. The customer care department is normally staffed Monday through Friday. After regular business hours, customers can reach the control room in the event of an emergency by calling the main number indicated on the webpage. RWA has implemented a web portal which allows customers to see their account information directly. This has reduced some call volume and provides better services. Overall, customer sentiment as measured by surveys, has been positive, indicating that customers are generally satisfied with the water quality and service levels. The RWA offers several different bill payment locations and supports online platforms for bill payment.

The departments of Customer Care, New Services and Field Services are responsible for external customer interactions, while the department of Public Affairs is responsible for government and legislative affairs, community outreach and media relations. The RWA runs various community outreach programs to disseminate pertinent public information and news to customers and impacted communities. The RWA maintains an informative and up-to-date website. Customers can access water quality reports, the Strategic Plan, annual financial reports, board meeting agendas and minutes, rate information, annual water quality reports, lead service lines and other pertinent information on the website.

Strategic objectives related to customer experience, affordability, and transparency are reflected in expanded use of customer-facing technologies, performance metrics, and assistance programs. These initiatives align with the Strategic Plan's customer and community service priorities and support effective communication regarding infrastructure investment and rate adjustments.

We believe the RWA's initiatives and outreach efforts demonstrate a commitment to keep customers informed regarding their water supply, ongoing investment needs, and the value of the services provided. Ultimately, it appears that the customer-centric and informative approach of the RWA contribute to acceptance of rate adjustments when increases are instituted.

Another initiative, is the Residential Water Assistance Program and Affordability Fund. This program was established to assist customers having difficulty paying their water bills, including disadvantaged community members.

The RWA has an Advanced Metering Infrastructure (AMI) system that covers almost all customers, which allows for the remote reading of meters throughout the system. Customers can check how much water they are consuming throughout the billing period by going to Water Watch from the RWA website. This program is an example of how new technologies are being implemented by the RWA to streamline everyday operations and increase value to the customers.

Collectively, these management programs and strategic planning processes demonstrate an increasingly integrated approach that links operational performance, capital investment, financial planning, and enterprise risk management to support long-term system reliability and regulatory compliance.

6. Capital expenditure planning

The RWA maintains a comprehensive and up-to-date inventory of its capital and infrastructure needs. GHD observed a coordinated systematic Engineering and Environmental Services Division that helps to drive capital planning and priorities based on relevant business data with respect to capital asset repair and replacement. Moreover, it was observed that the capital planning team receives regular input from the operational and maintenance departments, which contributes to the development and prioritization of projects.

Based on the 2026 review, including updated capital budgets, the FY27–FY31 5-Year Capital Plan, enterprise risk assessments, and discussions with engineering, operations, and finance staff, the Authority's capital expenditure planning reflects a disciplined, risk-based approach that balances regulatory compliance, asset condition, resiliency, delivery capacity, and financial affordability.

6.1 Capital project scoping and prioritization

The RWA's annual capital budget process begins with the development of a project information sheet, which describes the scope and cost estimate of each necessary project. Capital project scoping and prioritization continue to be informed by a structured business case development process that incorporates asset condition, risk and consequence of failure, regulatory drivers, operational input, and system criticality. During the 2026 review, GHD confirmed that this framework is applied consistently across planning horizons and is increasingly aligned with enterprise risk management and delivery capacity considerations.

Departments collaborate closely to refine each project scope and to confirm that the proposed project approach is appropriate. Each project is scored and ranked within a prioritization matrix to produce a relative project priority, and ultimately a proposed implementation schedule. This project list is then used to develop annual capital budgets and accounts for the costs associated with planning, design, and construction.

In addition to the annual capital plan, the RWA develops both 5-year and 10-year capital plans which are incorporated into a 10-year planning model (the 10-yr plan is informal). The 5-year and 10-year plans, which are updated annually, are based on multi-year prioritizations, as well as the 20-year plan of capital improvements that the RWA maintains and updates as required. RWA's plans cover virtually every facet of the RWA's operations from natural resources (reservoirs) to pumping improvements, storage tanks, treatment plants, buried infrastructure, fleet, etc. These are very comprehensive and serve as a roadmap that the RWA can use for short and long-term planning. Having a plan of this breadth and depth is strategic and provides a projection of future capital spending, which informs the RWA's financial planning. This short and long-range capital planning methodology allows the RWA to ensure that capital improvement needs for its assets are well planned and provides a forecast of future investment.

6.2 Capital improvement plan

The RWA maintains a comprehensive Capital Improvement Plan (CIP) spanning 1-year, 5-year, 10-year, and 20-year planning horizons, with the FY27–FY31 5-Year Plan serving as the primary execution and financing framework. The RWA's CIP allocates capital funds to natural resources and watershed protection, treatment, transmission and pumping, and general plant, which includes information systems, instrumentation and control, fleet and general equipment and facility improvements.

The CIP appears to be adequately funded and sufficient to maintain existing levels of service. The CIP is reviewed continually. Occasionally certain previously scheduled capital projects are deferred to accommodate emergency capital project needs. Capital project priority and the corresponding funding should continue to be reviewed and amended on a regular basis such that the RWA's most pressing and immediate needs continue to be adequately addressed. The 2026 5-Year Plan reflects optimization relative to earlier long-range models by incorporating updated cost estimates, project sequencing, delivery capacity, and funding strategies, resulting in reduced long-term financing requirements while maintaining system reliability.

The CIP demonstrates that the RWA is preparing for adopting transformative digital and IT technology for utility advancements. The technology improvements aim to provide a better customer experience, promote IT reliability, and mitigate cyber-vulnerabilities. The improvements envision expanded use of data analytics and leveraging new technology. Capital investments are increasingly focused on high-consequence assets, regulatory compliance, resiliency, and proactive replacement of aging infrastructure rather than reactive repair.

6.3 Annual capital budget adoption

The RWA's fiscal year begins on June 1 and concludes on May 31 of the subsequent calendar year. Draft annual budgets are developed and submitted by project managers to the Capital Budget Specialist, who compiles each budgetary component into a single document. This draft capital budget is submitted to the Leadership Team for its review. Once the budget is agreed upon by management, the draft budget is submitted to the Authority Board for review. After the budget is presented and reviewed by the Authority Board, the budget is advanced to the RPB and the Office of Consumer Affairs (OCA) for review. Upon review and comments, the Authority approves the annual budgets incorporating the comments as applicable. The OCA provides a detailed memorandum regarding the proposed budgets and the spending as an advisory note to the Authority. The RWA's annual capital budget development process remains transparent, iterative, and well aligned with both the 5-Year Capital Plan and long-range financial modeling assumptions.

Our understanding is that both the Authority Board and the RPB have been supportive of the budgets put forth by the RWA.

6.4 Implementation

Once a capital project is approved, design contracts are developed. Any asset with a replacement value greater than \$2,000 and an estimated life of more than 1 year is an eligible capital item. Improvement projects valued at \$50,000 or greater are required to be publicly bid. Capital projects valued at greater than \$3.5 million must be approved by the RPB following a public hearing. RWA staff develops and presents the business case for any such high value projects. Management demonstrated increased discipline in pacing project delivery to reflect permitting timelines, labor availability, contractor capacity, and internal staffing resources, reducing execution risk and minimizing schedule compression.

Small design projects are occasionally completed in-house, whereas design consultants are commonly retained for the design of larger capital projects and to provide full-time construction observation services. In addition to the construction oversight provided by the consultant, an RWA employee is assigned to act as project manager for each capital improvement project. The RWA's project manager is accountable for project budget and schedule and ultimately responsible to transition the project to operations personnel upon completion of construction.

The construction observation and oversight provided by the RWA, and its agents, is intended to minimize or prevent project overruns and schedule drift. Our opinion is that the RWA's project management approach generally meets or exceeds industry standards and results in projects completed in accordance with the RWA's contract documents and construction standards. Lessons learned from prior capital projects are routinely incorporated into project scoping, procurement strategies, and construction oversight practices.

6.5 Capital expenditure review and efficiency

The RWA actively monitors capital execution performance using defined expenditure targets, schedule tracking, and monthly cross-functional reviews to promote efficient use of capital funds. The RWA has an internal goal to expend at least 96 percent of its current capital budget for capital projects within a given fiscal year. This goal is managed carefully, and the RWA uses this target to closely monitor capital expenditures. A unique mechanism used by the RWA in improving the efficiency of the budget expenditures is by a Capital Program Control Team, which is made up of cross-functional representatives. This group meets monthly to review the status of ongoing capital projects and works to ensure that projects remain on schedule and that such funds are expended in a timely manner. Any changes to the project budgets that exceed \$25,000 must be approved by the Capital Management Committee (CMC), which comprises all the leadership team members, and an amendment issued. The RWA has demonstrated successful project management, flexible capital planning, timely completion of projects, and effective use of debt financing. During the 2026 review, GHD observed that the Capital Program Control Team plays a key role in aligning project delivery with funding availability, risk management, and operational readiness.

The CIP and corresponding capital budget appear to be sufficient. Continued implementation of these processes will enable the RWA to maintain its service levels and generate commensurate revenues from water sales. While inflationary pressures, supply chain constraints, and contractor availability may continue to affect future capital costs, the Authority's planning and monitoring practices position it well to adapt to these conditions.

7. Regulatory compliance, environmental issues, and security

7.1 Analytical laboratory

The RWA maintains its own laboratory for conducting in-house testing and analysis. The RWA laboratory conducts more than 100,000 tests annually to ensure that high-quality water reaches customers' taps. Results verify that applicable regulatory standards are being achieved for organic, inorganic, metals, physicals and microbial contaminants. The RWA laboratory also uses its analytical capabilities to provide testing services for a variety of outside entities; thereby, generating additional revenues.

The RWA's laboratory is inspected regularly by the CTDPH. Following each inspection, the CTDPH issues an inspection report outlining observations and comments. As required, the RWA responds in a timely manner with clarifications and procedural modifications addressing specific items identified within the CTDPH's inspection reports. In addition to the CTDPH inspections, the RWA laboratory is routinely audited for accreditation by the National Environmental Laboratory Accreditation Council (NELAC) and holds full NELAC certification.

Currently, the laboratory is state certified in Connecticut, Massachusetts, and Rhode Island, and NELAC certified in New Hampshire, New York, and Pennsylvania.

7.2 Finished water quality

The most recent annual water quality report indicates that finished water quality meets all regulatory standards established by the Environmental Protection Agency (EPA) and CTDPH. The 2025 report demonstrated no violations, and the drinking water meets or exceeds water quality standards based on the regulatory agencies. Consequently, due to the RWA's consistently high-water quality, taste and odor complaints are relatively infrequent. In addition, most instances of discolored water, as reported by system customers, can be attributed to the operation of hydrants, which cause high flow rates and changes in normal flow direction in localized areas. The RWA has a long-term goal of 25 percent of the distribution piping being flushed annually; certain stretches may be flushed more often as needed. The RWA posts service areas scheduled for flushing on its website. Pressure complaints are also reportedly uncommon and generally relate to a customer's private service line.

The RWA continues to sample lead and copper and sampling results report that the 90th percentile value was below the action level set by EPA and the RWA is in compliance with the LCRI. Reportedly, the RWA is sampling more sites than required by the LCRI to help manage and inform its corrosion control treatment program.

EPA has finalized a National Drinking Water Regulation (NPWR) for six PFAS compounds. CTDPH established PFAS action levels for four compounds without the formal requirements for utility testing. However, the RWA has been engaged in proactive testing of source waters and is actively monitoring that PFAS levels are maintained below regulatory limits through rigorous environmental and source water protection efforts. Customers can obtain information regarding PFAS from RWA's website and also the Consumers' Annual Report on Water Quality. The RWA has also provided CTDPH with data regarding potential PFAS generators on its watersheds and aquifers as required by CTDPH. It is noted that other emerging contaminants such as pharmaceuticals are generally less of a concern than other states due to Connecticut's prohibition of wastewater discharges upstream from drinking water reservoirs or connected tributaries.

7.3 Sanitary survey

The sanitary survey is a requirement for public water systems completed by CTDPH and occur once every 3 years. The RWA has generally performed well during the CTDPH sanitary surveys and has worked closely with regulators to meet the response requirements as needed.

RWA is in full compliance with the SDWA regulations. Following previous sanitary surveys RWA has collaborated with regulators, and demonstrated a strong commitment to providing high-quality water to its customers by rapidly addressing any issues raised.

7.4 Capacity assurance

Since 1999, the average day demand has reportedly trended downward at a rate of approximately one percent per year. The RWA's WSP indicates that the system can provide a supply of high-quality water to satisfy both current and prospective future demands. In 2019, a new 50-year population and demand forecast was completed, which utilized industry-leading techniques and data in the model creation: incorporating an analysis of historic demands, customer base, population trends, conservation measures, socioeconomic data, climate change impact, and other databases to provide a baseline prediction model.

The baseline model projections indicate that the RWA's water system has adequate supply capacity to service projected future demands, which are modeled to continue to simulate the trend of decreasing slightly over the next 20 years. RWA projections forecast a one percent decline in demand per year and RWA is using this estimate for long term business and financial planning. From the perspective of future rates, this reduction in demand appears to pose a modest risk to the RWA's long-term sales and may force rates upward. However, the RWA staff and management are routinely monitoring demand, implementing many revenue enhancement initiatives, and developing other programs to achieve cost reductions and limit the impact of future rate increases.

In 2021, the RWA undertook a comprehensive update of the system-wide hydraulic model, incorporating newly available customer demand information. A hydraulic model allows for analysis of specific incidences and demand scenarios, as well as long range planning for capital infrastructure planning such as pumping, storage or treatment facility sizing; forecasted population and demand changes; and future interconnections or wholesale supplies. The RWA is utilizing the model for operational decision-making including water quality improvements, demand management, and emergency contingency planning.

7.5 Environmental

The RWA's environmental planning team is responsible for completing surveys and investigations to detect hazardous materials such as asbestos, lead, and PCBs in RWA-owned buildings, facilities, and landholdings. This team is also in charge of the wastewater discharge permits including those for the backwash lagoon decant discharges to the environment and sanitary sewer system.

Source water protection programs include site plan reviews of proposed development projects on the RWA's source watershed and aquifer areas, and watershed inspections of existing land uses. This team also conducts water quality monitoring of its source waters used to guide operational decisions and to track seasonal and long-term trends.

The RWA's Real Estate Department manages RWA land holdings including acquisitions and dispositions, license agreements, forest management, recreation, and boundary maintenance. The RWA reports that there are no new environmental violations that have occurred since the release of the previous Consulting Engineer's Report in 2025. As an added benefit to the customers, as well as means of protecting the watershed, the RWA operates HazWaste Central, which collects household hazardous waste from customers. The main center is located at RWA headquarters and there are satellite centers spread around the various towns.

There have been a small number of minor chemical spills reported during recent years, all of which were cleaned up promptly and none resulted in regulatory violations.

The RWA reports that there are no additional projects with environmental concerns that have occurred since the completion of the previous Consulting Engineer's Report.

7.6 Safety and security

In addition to the various emergency planning and preparedness measures, the RWA has taken proactive steps to promote the security of its facilities and the health, safety, and welfare of staff and customers alike. Security of RWA facilities is directed by a dedicated RWA police force, which is staffed, or on-call, 24 hours per day. The RWA's focus on safety protects its workforce, manages the risk posed to the RWA, and helps control costs associated with insurance premiums and other liabilities. Some examples of the safety and security measures that have been established include:

- Robust safety training programs (lockout-tagout, confined space, etc.)
- "Tailgate" construction safety meetings
- Weekly safety musters
- Bimonthly safety meetings
- Badge system for visitors
- An in-house safety administrator
- Fenced and/or gated facilities
- Intrusion detection system at all remote sites
- Redundant facility offsite control capability

During the interviews, RWA staff communicated the priority of cyber security, extensive emergency planning, and internal training and testing that takes place as part of the risk mitigation program. Although the digital space is constantly changing, the RWA appears well prepared to adapt and remain ahead of cybersecurity threats. This includes the advent and continual development of a drone identification program to prevent private drones from flying over RWA facilities. Further information is included in the Official Statement.

8. Fiscal management

8.1 Obligatory reserves

Pursuant to the Resolution, the RWA maintains several reserve funds. These reserves provide a significant financial safeguard to the RWA, its customers, and Bondholders of the RWA's outstanding debt. Reportedly, the RWA has not drawn down certain mandated reserves for many years, demonstrating a strong revenue-to-expense position. Furthermore, although these reserve funds are not recognized in the RWA's debt service coverage ratios, the Resolution outlines the reserve requirements and specifies certain sequencing to transfer as required. The RWA's restricted assets are grouped into the following funds:

- Construction Fund
- Rate Stabilization Fund
- Debt Reserve Fund
- Operating Reserve Fund
- Debt Service Fund
- Capital Contingency Fund
- PILOT Fund

The RWA's Growth Fund is outside of and not governed by the General Bond Resolution. The Growth Fund is meant for commercial initiatives (including additional acquisitions that meet specific criteria). The objective of RWA's commercial initiatives is to transfer net income generated by these initiatives into the Construction Fund to reduce debt financing requirements and mitigate rate increases. GHD confirmed that reserve balances continue to be managed in accordance with the General Bond Resolution and internal financial policies. The Authority's approach to maintaining reserves provides flexibility to manage variability in revenues, capital timing, and unanticipated events while protecting bondholder interests.

8.2 Credit rating and debt service coverage ratio

The RWA regularly obtains credit ratings from Moody's Investor Services and Standard & Poor's Ratings Services. The current credit ratings associated with the Fortieth and Forty First Series can be found in the Official Statement.

The RWA is required to maintain a minimum debt service coverage ratio of 1.14. As the RWA's Consulting Engineer, GHD routinely reviews RWA debt issuance test calculations for reasonableness and adherence to the provisions of Paragraph B, Section 619 of the July 31, 1980, General Bond Resolution, as amended. Individual coverage test results fluctuate due to the fluid nature of revenues and expenses, but all have met the prescribed requirements. Financial projections reviewed during the 2026 evaluation indicate that planned debt issuance and capital expenditures are structured to maintain compliance with required coverage thresholds under a range of operating and demand scenarios.

form of the reserve funds described under Section 8.1 of this Report. In particular, the Rate Stabilization Fund may be used if the RWA's debt service coverage ratio was to decline below 1.14, as defined by the Resolution. Notably, the coverage ratio does not consider reserves to be revenue. Finally, it is important to note that all reserves listed above can be used to meet debt service payments.

8.3 Debt

The RWA has been proactively investing in its water system for many years and, as such, continues to carry a significant debt burden. Although the RWA's overall debt level may be higher than some other utilities, the RWA consistently exceeds its debt service coverage requirement, fulfills all scheduled revenue bond debt payments, carries large reserves, and is, through policy changes, gradually shifting away from debt towards cash-funded capital. The amount of internal funds that are available to fund the capital program depend on multiple factors. The RWA continues to balance the use of debt and internally generated funds, with recent planning emphasizing gradual reductions in leverage through increased cash funding of capital projects where feasible.

8.4 Expenses

Operating expenses for the RWA are organized into the following cost centers:

- Operating and maintenance expenses
- Depreciation
- PILOT
- Other water expenses
- Cost of other revenue

RWA has been engaged in mitigating increased expenses that might arise due to annual inflationary pressures through various efficiency initiatives. The RWA has cross-functional teams that look at both operating and staffing efficiency, for example, which reviews existing processes, procurement methodologies and staffing optimization. Expense management strategies reviewed during the 2026 evaluation emphasize operational efficiency, workforce optimization, and procurement discipline, supporting cost containment while maintaining service reliability and regulatory compliance.

8.5 Revenue

The RWA generates most of their revenues from conventional water rates but also takes advantage of a variety of non-water or other revenue streams. Historic and projected revenues appear sufficient, and rates are routinely adjusted as required to balance any expense growth and/or water sales decline. Routine rate adjustments have been necessary and approved to fund increased O&M and capital improvement debt. Revenue forecasts incorporated into the 2026 financial model reflect observed demand trends, planned rate adjustments, non-rate revenue contributions, and conservative assumptions consistent with long-term financial sustainability.

8.5.1 Water sales

Core revenues are obtained from customers through a monthly, and seasonal service fee and consumption charges. The fixed service fee revenue from this structure may help to offset losses due to the future potential reduced consumption described in Section 7.4. A previously completed regional comparison of typical quarterly water bills indicates the RWA's water rates tend to be higher than other municipally owned systems and lower than or comparable to, investor-owned utilities in Connecticut, as well as other comparable utilities in the Northeast. However, the Residential Water Assistance Program, described above, is an important initiative aimed to help improve affordability of water service to disadvantaged customers.

As stated above, the water rate structure includes both a fixed service fee and a variable volumetric usage charge; both based on the size of the meter. The volumetric rate component is based on actual, metered water consumption and is measured in units of ccf (i.e., 1 ccf = 100 cubic feet of water). The RWA is projecting increased revenues associated with the 2026 rate case to support planned capital investments, operating costs, and debt service requirements.

8.5.2 Revenue enhancements

To supplement water rate revenues, which have been historically impacted by declining sales, the RWA has established additional revenue streams, and continually explores expanding existing offers and pursuing commercial initiatives. These other non-water revenues include, but are not limited to, the following:

- Well Services, LLC, a wholly owned subsidiary of RWA Commercial Enterprises, LLC
- RWA Lab servicing outside clients
- PipeSafeSM service protection plan – includes in home plumbing, if desired by the customer, and recently this service has expanded to out-of-territory
- Homeowner Safety Valve - offering similar protection plans as PipeSafeSM
- Fleet garage vehicle maintenance services
- Timber harvesting
- Recreation permits

In addition to its non-water offerings, RWA established the RWA Commercial Enterprises, LLC, which is a separate legal entity not governed by the general bond resolution. Due to this structure, the RWA and bondholders are shielded from any financial risk but may benefit from net income that the RWA Commercial Enterprises LLC and its subsidiary entities contribute back into the utility. Moreover, any acquisitions are structured to protect the RWA as well. This commercial initiative is proactive, forward thinking, and designed to the benefit RWA's customers by mitigating rate increases. Commercial initiatives are structured to limit financial exposure to the core utility while providing opportunities for incremental revenue generation that may offset future rate increases.

8.6 Alternate forms of financing

Recognizing the ever-increasing cost of capital projects, the RWA pursues other funding mechanisms including various debt financing and grants. In particular, the RWA has taken advantage of state and federal funding in recent years for capital water system projects under the State's Drinking Water State Revolving Fund (DWSRF) program. In recent years, the RWA has secured tens of millions in low-cost loans and grants through DWSRF. The RWA anticipates continuing to apply for DWSRF financing. The RWA also uses, as appropriate, lower-cost interim subordinate debt financing for certain projects in advance of long-term financing.

To reduce the costs, the RWA has applied for and received grants under the CTDEEP's Open Space and Watershed Land Acquisition Grant Program and Congressional Directed Spending.

Most recently, GHD confirmed continued pursuit of low-cost financing and grant opportunities, including state and federal programs, as an integral component of the Authority's capital funding strategy to mitigate debt service costs and customer rate impacts.

8.7 Financial modeling and rate adjustments

The RWA finance team maintains an internally generated 10-year financial model. The model adheres to the requirements of the Resolution and includes an added leverage calculation. The financial model assumes a rate case approximately every 18 months to account for financing requirements to support the capital improvement plan, projected expenses, and water sales trends. Within each rate application, consideration is given to the transition away from debt-funded capital to funding through internally generated funds. Rate cases appear to be well prepared and

based on good business and financial practices. Rate applications are subject to the review of the Authority Board, a public hearing, and the approval of the RPB.

Management reports to have significantly limited rate increases by seeking cost reductions, operational efficiencies through reorganization and training, and other measures, in recent years. The most recent rate case was presented to the Representative Policy Board at a public hearing includes an overall rate increase of 3.4 percent (subject to change dependent on final bond pricing). Since 1980, all rate applications prepared by management have been approved by the RPB. The Authority's consistent approval history for rate applications reflects disciplined financial planning, clear justification of funding needs, and effective communication with governing boards and stakeholders.

9. Conclusions and opinions

This Report sets forth the findings of GHD as to whether the properties of the RWA have been maintained and are being maintained in good repair and sound operating condition for the fortieth series water system revenue bonds. It also provides general observations and opinions regarding the governance, management, staffing, O&M, capital improvement planning, supply capacity, and regulatory compliance of the water system. Inherent in our conclusions, is the assumption that the RWA will continue its policies and practices relative to infrastructure renewal and fiscal management.

This Report, prepared by GHD, is intended for inclusion in the Official Statement. GHD noted a stable, well-organized utility with strong fiscal and management policies and practices. The organization's vision, business model, and personnel point towards future success. The workforce is generally engaged and motivated toward continuous improvement.

Notwithstanding what has been stated, presumed, or assumed elsewhere in this Report, GHD has developed the following opinions and conclusions:

1. The RWA's governing boards, in the form of the Regional Water Authority Board and the Representative Policy Board, appear to be informed on, and are supportive of, the utility's performance and management's initiatives.
2. Senior leadership and the governing boards demonstrate strong engagement, oversight, and alignment. While portions of the executive structure remain interim, operational continuity, decision-making effectiveness, and succession awareness mitigate organizational risk. Senior management and supervisory staff appear experienced and capable of managing their respective business units. Succession plans are in place to support organizational continuity in the event of leadership transition.
3. Staffing levels are sufficient to support current operations and capital program delivery. Workforce development, cross-training, and succession planning are ongoing, reducing reliance on individual roles and improving organizational continuity despite industry-wide labor constraints. The RWA employs a sufficient number of certified treatment plant and water distribution operators to provide appropriate oversight of its major water infrastructure and continues to actively recruit for a limited number of open positions. The Authority recognizes the importance of operator experience and has established recruiting partnerships with local institutions to support long-term workforce development.
4. Operations and maintenance practices meet or exceed industry standards, with particular strength in preventative maintenance, reliability and emergency response readiness. The Authority demonstrates an increasing ability to anticipate and mitigate asset failures rather than respond reactively.
5. Training is intentional across all departments of the organization. The organization demonstrates a collaborative approach, where possible, between its departments and operates them efficiently. Cross-training has proven to be a successful approach for RWA as some of its current team leads have led these efforts.

6. Emergency planning and preparedness measures generally meet or exceed industry practices and accepted risk management approaches. The RWA incorporates redundancy into systems where practically feasible, and the organization is well positioned to respond in the event of an emergency or critical asset failure. RWA periodically conducts desktop and/or live exercises to simulate catastrophic failures to critical assets and has demonstrated sufficient preparedness. The Authority's attention to "lessons learned" and improvement opportunities is noticeable and is an important factor in the long-term sustainability of the utility.
7. The funding of Operations and Maintenance activities appears satisfactory, and critical facilities are maintained in accordance with generally accepted industry standards. Over the past several years, the RWA has placed increased emphasis on redundancy for critical systems and components, supported by a deliberate expansion of spare-parts inventories under active leadership oversight.
8. The Capital Improvement Program is well structured, risk-prioritized, and financially supported. Management demonstrates discipline in pacing capital execution to reflect permitting timelines, labor availability, and delivery capacity, reducing execution risk while maintaining service reliability.
9. Raw and finished water sampling, testing methods, and reporting are satisfactory. Based on the 2025 Consumer's Annual Report on Water Quality, finished water supplied to the service population meets or exceeds state and federal water quality standards.
10. The RWA has a good track record of compliance with CTDPH regulations and has responded to CTDPH directives in a timely manner. Provided that the RWA implements its CIP in a timely manner, and continues to operate its facilities in a satisfactory manner, it is expected that the RWA will continue to meet state and federal water requirements.
11. Security measures for both physical and virtual systems are in place and are an increasing focus of planning and operational discussions. Remote monitoring of all major facility operations, including principal equipment, is continuous. The 10 Year CIP includes security measures to protect RWA assets.
12. The RWA maintains a robust cybersecurity program consisting of regular employee training and simulated attack scenarios to continually improve its policies and practices to keep data and infrastructure well protected.
13. The Authority is proactively positioned to comply with evolving regulatory requirements, including PFAS, Lead and Copper Rule Improvements, and cybersecurity mandates. Planning, pilot testing, and capital allowances materially reduce compliance risk.
14. Climate resilience considerations are increasingly integrated into water supply planning, treatment operations, and capital investment decisions. The Authority's diversified water sources, adaptive treatment strategies, and climate-informed modeling support long-term system reliability.
15. Capital improvements across RWA facilities and the distribution system are proactive and well planned. Projects included in the CIP are based on sound engineering principles, appropriate cost estimating practices, and input from O&M personnel. The CIP process allows staff to adjust priorities as conditions change, supporting timely implementation and sustained system reliability.
16. Timely implementation of the CIP should keep the facilities in good repair and position the RWA to provide continuous service to its customers.
17. Financial management practices remain strong, with conservative modeling, disciplined debt management, and deliberate use of grant and low-cost financing. Rate adjustments reflect infrastructure needs while maintaining affordability protections.
18. The RWA's strategic plans and organizational metrics provide a clear framework for aligning capital investment, operations, and financial management with long-term system reliability and regulatory compliance. These plans guide decision-making across the organization, ensuring that resources are prioritized to address risk, resiliency, customer service and evolving industry and environmental challenges.
19. The Regional Water Authority Board and the Representative Policy Board approved the 2026 rate case allowing for increased rates in the coming calendar year. Reportedly, all rate applications that have been submitted previously have received approval, indicating sound business rationale, reasonable scale and alignment between the governing boards and management.

20. The RWA approved rate increase provides the revenue necessary to maintain required debt coverage while funding critical infrastructure, regulatory compliance, and long-term system reliability.
21. Based on the 2026 review, GHD finds the Authority to be a resilient, well-governed utility with increasing institutional maturity. The organization demonstrates the technical, operational, and financial capacity to manage emerging regulatory, environmental and capital challenges while continuing to meet its debt obligations and service commitments.



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**APPENDIX B – Audited Financial Statements of the Authority for Fiscal Years Ended May 31, 2025
and May 31, 2024**

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Financial Report

Financial Statements as of and for the Years Ended May 31, 2025 and 2024, and Independent Auditors' Report

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Independent Auditors' Report

Members of the South Central Connecticut Regional Water Authority
New Haven, Connecticut

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and fiduciary activities of the South Central Connecticut Regional Water Authority, as of and for the years ended May 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise South Central Connecticut Regional Water Authority's basic 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 respective financial position of the business-type activities and fiduciary activities of the South Central Connecticut Regional Water Authority, as of May 31, 2025 and 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 South Central Connecticut Regional Water Authority 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 opinions.

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 South Central Connecticut Regional Water Authority'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 opinions. 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 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 GAAS 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 South Central Connecticut Regional Water Authority'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 South Central Connecticut Regional Water Authority's ability to continue as a going concern for a reasonable period of time.

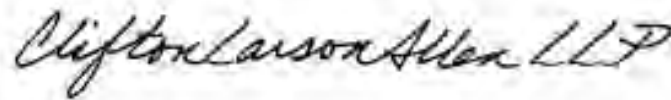
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the pension and other postemployment benefit schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic 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 basic financial statements, and other knowledge we obtained during our audits of the basic 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 September 23, 2025, on our consideration of the South Central Connecticut Regional Water Authority'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 South Central Connecticut Regional Water Authority'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 South Central Connecticut Regional Water Authority's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP
West Hartford, Connecticut
September 23, 2025

Management's Discussion and Analysis Years Ended May 31, 2025, and 2024

Introduction

As noted in the Independent Auditors' Report from CliftonLarsonAllen LLP, Management's Discussion and Analysis (MD&A) provides supplemental information to the audit and should be read in conjunction with it. The purpose of the MD&A is to introduce and highlight the more detailed information provided in the audited financial statements.

For example, it will assess improvement to or deterioration of the South Central Connecticut Regional Water Authority's (the Authority's) financial position and will identify factors that, in management's opinion, affected financial performance during the fiscal period under review.

Contents of the Audited Financial Statements

The Authority's audited financial statements include the following:

Statements of net position

These statements provide information about the Authority's investments in resources (assets) and its obligations to creditors (liabilities), with the difference between them reported as net position.

Statements of revenues, expenses, and changes in net position

These statements demonstrate changes in net position from one fiscal period to another by accounting for revenues and expenditures and measuring the financial results of operations. The information may be used to determine how the Authority has funded its costs.

Statements of cash flows

These statements provide information concerning the Authority's cash receipts and payments, as well as net changes in cash resulting from operations, capital, and related financing, and investing activities.

Statements of fiduciary net position

These statements provide information about net position available for benefits under the Authority's employee benefit plans and changes in net position available for benefits. In accordance with governmental accounting guidelines (GASB Statements No. 68 and No. 75), the Authority's pension plans and other postemployment benefits (OPEB) are included in the financial statements.

Notes to financial statements

Notes to the audited financial statements contain information essential to understanding them, such as the Authority's accounting methods and policies.

The Authority's Business

The primary purpose of the Authority, according to its enabling legislation, is to provide and assure an adequate supply of pure water at a reasonable cost to its water district and, to the degree consistent with the foregoing, to advance water conservation and the conservation and compatible recreational use of land held by the Authority.

RWA Well Services, LLC is a wholly owned subsidiary of RWA Commercial Enterprises, LLC. RWA Commercial Enterprises, LLC is a wholly owned subsidiary of the Authority. The Authority also established RWA Environmental & Lab Services, LLC and RWA Commercial Services, LLC. However, there are no operations under these two entities. The results of RWA Well Services, LLC are consolidated entities reflected in the Authority's financial statements. The Authority's enabling legislation was modified in June 2017, allowing the Authority to conduct or invest in certain non-core activities (e.g., related to water, environment, agricultural, and certain renewable energy) as more specifically defined in the legislation. During fiscal 2024, and signed into law on June 5, 2024, non-core activities were expanded to include "sustainable manufacturing support." At this time there were also other changes made to Special Act 77-98, as amended. Additionally, in the June 2024 Special Session, Special Act 24-01 was passed and signed into law in July. Special Act 24-01 created the Aquarion Water Authority (AWA) and allowed AWA to own and operate Aquarion Water Company, if AWA was a successful bidder, and subject to regulatory approvals.

During fiscal 2020, the Watershed Fund was renamed The Claire C. Bennitt Watershed Fund (the Watershed Fund) in honor of its founder and former Board Chair, Claire C. Bennitt. The Watershed Fund was established by the Authority for the purpose of protecting land on the watershed through the acquisition of open space and promotion of environmental education. The Watershed Fund is reflected as a consolidated entity within the audited financial statements.

Financial Highlights

Summary: Revenues, Expenses, and Changes in Fund Net Position

(in Thousands of Dollars)

For the Years Ended May 31,	2025	2024	2023
OPERATING REVENUES			
Water Revenues	\$ 138,830	\$ 135,660	\$ 131,968
Other	22,588	16,112	12,390
Total Operating Revenues	161,418	151,772	144,358
OPERATING EXPENSES			
Operating and Maintenance	67,107	62,299	58,480
Expenses Associated With Water and Other Revenue	14,861	9,821	8,648
Depreciation and Amortization	28,349	26,397	25,872
Payments in Lieu of Taxes (PILOT)	8,937	8,767	8,524
Total Operating Expenses	119,254	107,284	101,524
OPERATING INCOME	42,164	44,488	42,834
NONOPERATING INCOME AND EXPENSES			
Interest Income	9,697	10,932	8,115
Gain (Loss) on Disposal of Assets	(878)	(859)	(2,229)
Net Increase (Decrease) in the Fair Value of Investments	189	412	(255)
Interest Expense	(21,747)	(21,981)	(22,203)
Amortization of Bond Discount, Premium, Issuance Costs, Deferred Refunding Losses, and Goodwill	1,784	2,222	2,742
Intergovernmental Revenue	2,330	1,941	490
Other Income (Expense), Net	55	124	(237)
Total Nonoperating Expenses	(8,570)	(7,209)	(13,577)
Income Before Contributions	33,594	37,279	29,257
Capital Contributions	3,689	4,240	1,781
CHANGE IN NET POSITION	\$ 37,283	\$ 41,519	\$ 31,038

Operating Revenues

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

The change in water revenues from fiscal 2023 to fiscal 2024 is primarily due to the rate increase that went into effect on June 28, 2023. The primary drivers of the increase in other revenues are the third acquisition, under RWA Well Services, in October 2023, and a full-year impact of a prior PipeSafe price adjustment.

Operating Expenses

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

Operating and maintenance expenses from fiscal 2023 to fiscal 2024 increased by approximately \$3.8 million. The larger increases are due to payroll expense, employee benefits, chemicals, electric services, and Information Technology Licenses and Maintenance fees. Pension expense, under GASB 68 and Other Post Employment Benefits (OPEB) expense, under GASB 75, decreased from fiscal 2023 to fiscal 2024. There were other net changes across multiple accounts.

Depreciation and amortization expense increased from fiscal 2024 to fiscal 2025 primarily due to the increase in gross property plant and equipment. The fiscal 2025 increase in amortization is also attributable to the intangible asset amortization associated with the HSV transaction and Subscription-Based Information Technology Arrangements (SBITA).

Depreciation and amortization expense increased from fiscal 2023 to fiscal 2024 primarily due to the increase in gross property plant and equipment. There was also an impact on depreciation and amortization due to the fiscal 2024 additional acquisition in RWA Well Services, LLC. This category includes amortization associated with leases under GASB 87 and SBITA under GASB 96. Depreciation also includes amortization of intangible assets associated with RWA Well Services, LLC.

Payments-in-Lieu-of-Taxes (PILOT) to municipalities increased from fiscal 2024 to fiscal 2025 and increased between fiscal 2023 and fiscal 2024. PILOT variances are primarily due to changes in pipe and mill rates.

Nonoperating Income and Expenses

The decrease in interest income from fiscal 2024 to fiscal 2025 is primarily due to lower interest on arrears as well as a lower interest rate environment.

Interest income increased from fiscal 2023 to fiscal 2024 due to the higher interest rate environment resulting in higher earnings on investments.

Due to market conditions, the realized and unrealized investment gain between May 2024 and May 2025 is approximately \$.2 million and the gain between May 2023 and May 2024 was approximately \$.4 million, excluding the Watershed Fund.

Disposal of Assets

In fiscal 2025 and fiscal 2024, the Authority had a net loss on the retirement and disposition of certain assets. This net loss was due to the retirement of certain "plant" assets with a remaining book value partially offset by the proceeds associated with asset dispositions. In fiscal 2025, the net loss was partially offset by the proceeds associated with a land disposition. The net loss in fiscal 2025 is comparable to the net loss in 2024.

In fiscal 2024 and fiscal 2023, the Authority had a net loss on the retirement and disposition of certain assets. This net loss was due to the retirement of certain "plant" assets with a remaining book value partially offset by the proceeds associated with asset dispositions. The net loss in fiscal 2024 is lower than in 2023 due to retirements having a lower remaining book value.

Amortization

The amortization of bond discount, premium, issuance costs, and deferred refunding losses are more favorable in fiscal 2025 than in fiscal 2024. This is primarily due to the lower amortization of deferred refunding losses partially offset by lower premium amortizations.

The amortization of bond discount, premium, issuance costs, and deferred refunding losses were more favorable in fiscal 2024 than in fiscal 2023. This is primarily due to the higher premium amortizations.

The fiscal 2025 amortization of goodwill is higher due to the amortization of the goodwill associated with the July 2024 acquisition of HSV.

Intergovernmental Revenues

Intergovernmental revenues in fiscal 2025 increased over fiscal 2024. In fiscal 2025, two reimbursements under a Congressional Directed Spending grant were recorded as well as one Drinking Water State Revolving Fund (DWSRF) grant.

Intergovernmental revenues in fiscal 2024 also increased over fiscal 2023. In fiscal 2024, two DWSRF grants were received. In fiscal 2023, two DWSRF grants were also received; however, the grant amounts were smaller.

Summary: Net Position

(in Thousands of Dollars)

For the Years Ended May 31,	2025	2024	2023
ASSETS			
Depreciable Utility Plant in Service, Net	\$ 574,950	\$ 559,524	\$ 532,521
Lease Assets, Net	413	478	516
SBITA Assets, Net	22,230	4,460	5,665
Land	28,172	28,086	28,038
Construction Work in Progress	21,491	32,554	36,883
Intangible Assets, Net	6,052	1,657	819
Nonutility Land	66,608	66,143	65,474
Other Assets:			
Current	75,521	76,716	73,019
Long-Term Note Receivable	500	500	500
Long-Term Lease Receivable	1,202	1,222	1,270
Restricted Assets	169,530	172,565	151,633
Regulatory Assets	29,954	9,073	9,346
Total Assets	996,623	952,978	905,684
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charge on Refunding	5,363	12,178	14,030
Deferred Outflows - Goodwill	16,877	11,914	11,412
Deferred Outflows Related to Pensions	1,083	1,232	5,660
Deferred Outflows Related to OPEB	1,653	2,328	2,218
Total Deferred Outflows of Resources	24,976	27,652	33,320
Total Assets and Deferred Outflows of Resources	\$ 1,021,599	\$ 980,630	\$ 939,004

Summary: Net Position (Continued)

(in Thousands of Dollars)

For the Years Ended May 31,	2025	2024	2023
LIABILITIES			
Current Liabilities	\$ 57,954	\$ 43,422	\$ 40,523
Payable from Restricted Assets	13,578	13,577	11,228
Long-Term Debt Payable	509,598	518,615	513,411
Net Premiums and Discounts	39,881	40,637	42,294
Net Pension Liability	8,795	11,623	17,949
Net OPEB Liability	15,181	16,145	15,717
Long-Term SBITA Liability	5,662	3,221	4,320
Long-Term Lease Liability	318	402	445
Other Liability	40	163	-
Total Liabilities	651,007	647,805	645,887
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	1,430	133	344
Deferred Inflows Related to OPEB	2,312	3,090	4,642
Deferred Inflows Related to Leases	1,337	1,372	1,420
Total Deferred Inflows of Resources	5,079	4,595	6,406
NET POSITION			
Net Investment in Capital Assets	138,221	110,393	94,877
Restricted	167,053	166,360	145,335
Unrestricted	60,239	51,477	46,499
Total Net Position	365,513	328,230	286,711
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 1,021,599	\$ 980,630	\$ 939,004

Capital Assets

The increase in capital assets from fiscal 2024 to fiscal 2025 is primarily due to the increase in utility property plant and equipment in service. The reduction in Construction Work in Progress is less than the increase in SBITA assets.

The fiscal 2025 increase in intangible assets, net is due to the HSV transaction in July 2024.

The increase in capital assets from fiscal 2023 to fiscal 2024 is primarily due to the increase in depreciable plant.

Current Assets

The following itemizes the change in current assets between May 31, 2024 and 2025, and between May 31, 2023 and 2024, respectively:

May 31,	2025	2024
Increase (Decrease) in Cash and Cash Equivalents	\$ (4,420,048)	\$ 3,822,050
Increase (Decrease) in Accounts Receivable, Net	2,905,660	(1,689,562)
Increase (Decrease) in Lease Receivable	(13,933)	(418)
Increase (Decrease) in Accrued Water Revenue	(961,118)	342,698
Increase (Decrease) in Interest Receivable	(15,161)	61,061
Increase (Decrease) in Materials and Supplies	(3,409)	695,452
Increase (Decrease) Watershed Fund Investments	97,200	4,232
Increase (Decrease) in Prepayments and Other Current Assets	1,213,640	461,253
Net Increase (Decrease) in Current Assets	\$ (1,197,169)	\$ 3,696,766

Cash and cash equivalents decreased due to the reduction in the Growth Fund partially offset by an increase in the General Fund, and a smaller increase in the Revenue Fund. During fiscal 2025, the Growth Fund was used to partially finance the July 2024 HSV transaction as well as temporarily fund certain expenses including those associated with the potential AWA transaction. Through the year-end disposition, the General Fund was increased by \$2.5 million and \$1.75 million was deposited into the Growth Fund to partially replenish this fund. Through the year-end disposition, approximately \$16.1 million was transferred to the Construction Fund. In addition, a contribution was made to the Construction Fund from RWA Well Services.

The increase in cash and cash equivalents between fiscal 2024 and fiscal 2023 is due to the increase in the Growth Fund, the General Fund, and the Revenue Fund. Through the year-end disposition, the Authority more than replenished expenditures from the Growth Fund and the net increase in this fund's balance was \$1.2 million. Through the year-end disposition the General Fund was increased by \$1 million. The net increase in the Revenue Fund, subsequent to the year-end disposition, was approximately \$.9 million. Also, through the year-end disposition, approximately \$21.5 million was transferred into the Construction Fund, reflected under Restricted Assets. In addition, a contribution was made to the Construction Fund from RWA Well Services.

The increase in account receivable, net is primarily due to the disruption (e.g., auto-pay) with the transition to a new Customer Information System in the last two months of the fiscal year. While total accounts receivable increased, the allowance reserve was reduced due to the reduction in aged receivables from May 31, 2024, to May 31, 2025.

The decrease in the accounts receivable, net in both fiscal 2024 and fiscal 2023 primarily relates to an improvement in customer accounts receivable from each of the prior year's balances from the elevated level due to impacts from COVID-19. This is partially offset by the impact on customer accounts receivable associated with both the June 2023 and the January 2022 rate increase.

The decrease in accrued revenue from fiscal 2025 and fiscal 2024 is primarily due to the timing of billing at year-end. The increase in accrued revenue from fiscal 2024 and fiscal 2023, is primarily due to the June 2023 and January 2022 rate increases.

The decrease in interest receivables in fiscal 2025 is primarily due to the lower accrued investment earnings because of the lower interest rate environment.

The increase in interest receivables in fiscal 2024 is primarily due to the higher accrued investment earnings because of the higher interest rate environment impacting earnings.

Materials and supplies in fiscal 2025 are comparable to the balance at the end of fiscal 2024, with a change of less than \$10 thousand.

The increase in materials and supplies in fiscal 2024 primarily relates to the flexnets in inventory. There was also a small increase in general stores and miscellaneous supplies that are more than offset by a reduction in chemical inventory.

The increase in prepayments and other current assets from fiscal 2024 to fiscal 2025 is primarily due to jobbing receivables.

The increase in prepayments and other current assets from fiscal 2023 to fiscal 2024 is primarily due to the increase in prepaids, including insurance, partially offset by a lower jobbing receivable.

Watershed Fund Investments

Between May 31, 2024, and May 31, 2025, the Watershed Fund investments reflect a small net increase in market value of approximately \$97 thousand.

Between May 31, 2023 and May 31, 2024, the Watershed Fund investments reflect a small net increase in market value of approximately \$4 thousand.

Restricted Assets (Investments)

The term “restricted assets” refers primarily to certain funds established under the Authority’s *General Bond Resolution* whose use is restricted as required by that document, e.g.:

- Construction Fund;
- Rate Stabilization Fund;
- Debt Reserve Fund;
- Operating Reserve Fund;
- Debt Service Funds;
- Capital Contingency;
- Payment in Lieu of Taxes (PILOT) Fund

The Authority invests these restricted assets in securities as allowed by the *General Bond Resolution*, e.g., in direct obligations of the federal or state governments (or agencies) or in obligations guaranteed by the federal government.

Restricted assets decreased by approximately \$3.0 million between May 31, 2025, and May 31, 2024. This reduction is primarily from the Construction Fund that decreased by approximately \$4.4 million. This decrease is primarily due to the year-end disposition and the grant reimbursements being a little lower than the internal funds used to support the capital program during fiscal 2025. A decrease in the Debt Service Fund and Restricted Accounts Receivable also contributed to the decrease in Restricted Assets. These decreases were partially offset by the Debt Reserve Fund that increased by approximately \$1.6 million due to the 39th Series and DWSRF financing, an increase in the Operating Reserve, as required under the *General Bond Resolution*, an increase in the PILOT Fund, and a small increase in the Capital Contingency through a DWSRF financing.

Restricted assets increased by approximately by \$20.9 million between May 31, 2024, and May 31, 2023. This increase is primarily due to the \$15.2 million increase in the Construction Fund. This increase is due to the year-end disposition, the remaining proceeds from the May DWSRF financing proceeds, and the use of the Thirty-seventh Series bond proceeds and DWSRF financing proceeds available to partially fund the capital program. These increases to the Construction fund were partially offset by capital expenditures funded through internally generated funds. The Debt Reserve Fund increased through both DWSRF financing, and the Thirty-seventh Series bonds and the Capital Contingency was increased through DWSRF financing. The Operating Reserve increased due to the year-end transfer into the Operating Reserve, as required under the *General Bond Resolution*, an increase in the Debt Service Fund, the PILOT Fund, and an increase in Restricted Accounts Receivable also contributed to the increase in Restricted Assets.

Other Long-Term Assets

As of May 31, 2025, regulatory assets, excluding the AWA related regulatory assets, totaled approximately \$15.1 million, an increase of approximately \$6.1 million. This increase is primarily due to the \$5.8 million regulatory asset associated with the Lead and Copper Rule Revisions/Improvements as well as an increase in cost of issuance associated with the 38th and 39th Series partially offset by amortizations. At May 31, 2025, the cost of issuance regulatory assets totaled approximately \$4.8 million, and the deferred charges regulatory assets totaled approximately \$4.4 million. The AWA related regulatory assets totaled approximately \$14.8 million as of May 31, 2025. There is a corresponding due to RWA from AWA for this amount as this will be reimbursed by AWA, if the AWA transaction to acquire Aquarion receives regulatory approval and closes.

As of May 31, 2024, regulatory assets totaled \$9.1 million, net of amortizations, representing a decrease of approximately \$.2 million over May 31, 2023. Regulatory assets include \$4.5 million of bond issuance costs and \$4.6 million in regulatory assets, including \$3.7 million deferred charges of estimated environmental remediation costs of a site on Newhall Street in Hamden, Connecticut, and other regulatory assets totaling \$.9 million.

Deferred Outflows

Goodwill results primarily from the Authority’s acquisition of Birmingham Utilities on January 16, 2008. Beginning in fiscal 2022, goodwill has been recorded associated with the RWA Well Services, LLC transactions. Additionally, in fiscal 2025 goodwill was recorded associated with the Authority’s HSV transaction. In fiscal 2024, goodwill increased due to the October 2023 acquisition by RWA Well Services, LLC. Goodwill is being amortized over the remaining life of assets acquired. Goodwill is assessed at least annually for impairment by applying a fair value-based test. The Authority determined that for the years ended May 31, 2025 and 2024, no impairment of goodwill has occurred.

Between May 31, 2025, and May 31, 2024, deferred outflows associated with refunding decreased by approximately \$6.8 million primarily due to the 38th Series as well as amortizations.

Between May 31, 2024, and May 31, 2023, deferred outflows associated with refunding decreased by approximately \$1.8 million primarily due to the 37th Series and amortizations.

Between May 31, 2025, and May 31, 2024, deferred outflows associated with Pension and OPEB decreased by approximately \$.8 million. This is due to a decrease in both pension and OPEB deferred outflows.

Between May 31, 2024, and May 31, 2023, deferred outflows associated with Pension and OPEB decreased by approximately \$4.3 million.

Current Liabilities

The Authority's current liabilities, excluding liabilities associated with AWA, increased by approximately \$3.2 million between May 31, 2024 and May 31, 2025. This increase is primarily due to the increased deferred revenue due to HSV. The current liabilities also include approximately \$11.3 million associated with AWA. This amount includes the bridge commitment for the financing and professional fees incurred but not yet due or paid.

The authority's current liabilities increased by approximately \$2.9 million between May 31, 2023 and May 31, 2024. The increase is primarily due to the increase in the current portion of bonds payable and the current portion of DWSRF project loan obligations. Also contributing to the increase is accounts payable, customer advances, and other current liabilities.

Payables from Restricted Assets

Between May 31, 2024, and May 31, 2025, payables from restricted assets is virtually unchanged. There was an increase in accounts payable for construction, inclusive of retainage, however, this was offset by a decrease in customer advances. Accrued interest payable is virtually unchanged.

Between May 31, 2023, and May 31, 2024, payables from restricted assets increased by approximately \$2.3 million. This increase is primarily due to an increase in accounts payable for construction, inclusive of retainage, as well as an increase in customer advances. These increases were partially offset by a reduction in accrued interest payable.

Other Long-Term Liabilities

The balance in other long-term liabilities associated with the Newhall Street site in Hamden remained zero as of May 31, 2025. The balance was also zero as of May 31, 2024. The May 31, 2025 balance relates to the Watershed Fund.

The May 31, 2024 balance relates to the October 2024 transaction by RWA Well Services, LLC.

Long-Term Debt

Between May 31, 2025, and May 31, 2024, long-term revenue bonds payable, at par, decreased by approximately \$9.1 million, excluding the current portion. This is due to the August 2024 payment and the 38th Series refunding partially offset by the 39th Series financing. Net premiums and discounts from revenue bonds payable decreased by approximately \$.8 million due to the 38th Series net reduction to premiums and amortizations, partially offset by the 39th Series premium.

There is also an increase in the non-current current portion of DWSRF project loan obligations in fiscal 2025. This is due to a DWSRF financing during fiscal 2025 for the Derby Water Storage Tank Project, partially offset by principal payments throughout the fiscal year.

Between May 31, 2024, and May 31, 2023, long-term Water Revenue Bonds payable, at par, decreased by approximately \$7.2 million, excluding the current portion. This is due to the August 2023 payment and the 37th B-1 refunding partially offset by the 37th Series financing. Net premiums and discounts from revenue bonds payable decreased by approximately \$1.7 million due to amortizations partially offset by the 37th Series premium and the net premium impact associated with the 37th B-1 Refunding Series. There is also an increase in the non-current current portion of DWSRF project loan obligations in fiscal 2024. This is due to the two DWSRF financing during fiscal 2024, including the relatively large West River Treatment Plant Improvements partially offset by principal payments throughout the fiscal year.

Net Pension Liability

Between May 31, 2024, and May 31, 2025, the net pension liability decreased by approximately \$2.8 million. The plan liability increased by less than the market value increased. In fiscal 2025, contributions were approximately \$1.0 million in excess of the actuarial required contribution, and this contributed to the reduction in the liability. Actual versus expected experience was higher for the salaried plan partially offsetting the higher investment earnings.

Between May 31, 2023 and May 31, 2024, the net pension liability decreased by approximately \$6.3 million. This decrease is primarily due to the anticipated investment earnings versus the actual returns. While the market values were down at the end of fiscal 2023, by the end of fiscal 2024 market values recovered and surpassed prior levels. In fiscal 2024, contributions were approximately \$2.1 million in excess of the actuarial required contribution, and this also contributed to the reduction in the liability. Actual versus expected experience was higher for the bargaining unit and the salaried plan partially offsetting the higher investment earnings.

Net Other Postemployment Benefit Liability

Between May 31, 2024, and May 31, 2025, the net other postemployment benefit liability decreased by approximately \$1.0 million. This decrease is due to the anticipated plan assumptions and investment earnings versus the actual experience and returns.

Between May 31, 2023, and May 31, 2024, the net other postemployment benefit liability increased by approximately \$.4 million. This is primarily due to the actual vs. expected experience. This was partially offset by the increase in the investment earnings.

Deferred Inflows

Between May 31, 2024, and May 31, 2025, deferred inflows are higher by approximately \$.5 million due to the increase in the pension deferred inflows being more than the decrease in the deferred inflows for OPEB.

Between May 31, 2023, and May 31, 2024, deferred inflows were lower by approximately \$1.8 million. This is primarily due the decrease in the OPEB deferred inflows.

Net Investment in Capital Assets

Between May 31, 2025, and May 31, 2024, the increase in capital net of related debt is primarily due to the increase in net plant and the decrease in capital related debt, including premiums.

Between May 31, 2024, and May 31, 2023, the increase in capital net of related debt is primarily due to the increase in net plant and the decrease in capital related debt, including premiums. The October 2023 acquisition under RWA Well Services, LLC also increased the capital assets. These increases are partially offset by an increase in accounts payable for construction. The year-over-year increase is approximately \$15.5 million.

Net Position, Restricted

Restricted net position decreased, excluding the AWA regulatory assets net of related liabilities, being considered restricted for financial reporting, from May 31, 2024, to May 31, 2025. This small reduction is primarily due to the reduction in the Construction Fund as discussed above. Including the AWA related amount, there is a small increase.

Restricted net position increased approximately \$21.0 million from May 31, 2023, to May 31, 2024, primarily due to the year-over-year increase in restricted assets, net of remaining financing proceeds. By the end of fiscal 2024, the 37th Series proceeds were fully expended. There were remaining proceeds from the May 2024 DWSRF financing.

Unrestricted Net Position

Unrestricted net position increased from May 31, 2024, to May 31, 2025, due to the increase in current assets and unrestricted deferred outflows being higher than the increase in current liabilities and the change in deferred inflows.

Unrestricted net position increased by approximately \$5.0 million from May 31, 2023, to May 31, 2024, due to the increase in current assets and unrestricted deferred outflows being higher than the increase in current liabilities and the change in deferred inflows. The unrestricted net position of RWA Well Services contributed to this increase.

The Authority's Customer Base

The Authority's customer base is primarily residential and commercial. Of the Authority's approximately 121,100 customers, 116,500 are residential and commercial water customers. The customer base also includes industrial, public authority, wholesale, and fire service. Between May 31, 2024 and May 31, 2025, there has been minimal growth in the Authority's customer base.

Liquidity and Capital Resources

Utilizing the Maintenance Test calculations as prescribed in the *General Bond Resolution*, in fiscal 2025 the Authority received approximately \$141.5 million in cash from operations and a combined \$5.7 million from earnings on investments and a Build America Bond subsidy, these amounts being more than sufficient to pay for operations and maintenance, PILOT and to fund transfers associated with debt service. As part of the fiscal 2025 year-end disposition of the Revenue Fund, the Authority had approximately \$20.3 million available after funding required reserves. The Authority transferred \$2.5 million into the General Fund, approximately \$1.75 million into the Growth Fund and transferred approximately \$16.1 million to the Construction Fund, including the funding of depreciation. In addition, in fiscal 2025, the Authority contributed to the pension plans approximately \$1.0 million in excess of the actuarial requirement. Internally generated funds were also used to fund a portion of the capital improvement program. A transfer was also made from RWA Well Services, LLC into the Construction Fund.

Credit Rating

In December 2024, Moody's Investor Services affirmed the Aa3 rating on outstanding debt and Standard & Poor's Rating Services in December 2024 affirmed the Authority's credit rating of AA-.

Financial Statement Presentation

The Authority prepares its financial statements on an accrual basis in accordance with accounting principles generally accepted in the United States of America.

Request for Information

Please note that the Authority's audited financial statements include data from its fiscal years ended May 31, 2025 and 2024. Comparable information for earlier years is available, as noted below.

This report is designed to provide a financial overview of the Authority. Questions concerning the information in this report or requests for additional information should be addressed in writing to the Senior Vice President, Chief Financial Officer and Head of Corporate Development, South Central Connecticut Regional Water Authority, 90 Sargent Drive, New Haven, Connecticut 06511.

Statements of Net Position

For the Years Ended May 31,	2025	2024
ASSETS		
Utility Plant:		
Depreciable Property, Plant, and Equipment in Service	\$ 1,048,609,093	\$ 1,008,768,373
Accumulated Depreciation	(473,658,539)	(449,245,390)
Depreciable Utility Plant in Service	574,950,554	559,522,983
Lease Assets, Net	412,600	478,142
SBITA Assets, Net	22,230,251	4,460,454
Land	28,172,374	28,085,903
Construction Work in Progress	21,490,974	32,554,313
Intangible Assets, Net	6,052,125	1,657,335
Total Utility Plant, Net	653,308,878	626,759,130
Nonutility Land	66,608,007	66,142,921
Current Assets:		
Cash and Cash Equivalents	38,870,632	43,290,680
Accounts Receivable, Less Allowance for Doubtful Accounts of \$3,016,800 in 2025 and \$3,968,699 in 2024	12,972,052	10,066,392
Lease Receivable	75,439	89,372
Accrued Water Revenue	12,320,467	13,281,585
Accrued Interest Receivable	303,001	318,162
Materials and Supplies	3,590,604	3,594,013
Watershed Fund - Investment in Community Foundation Portfolio	1,884,991	1,787,791
Prepaid Expenses and Other Assets	5,501,771	4,288,131
Total Current Assets	75,518,957	76,716,126
Note Receivable	500,000	500,000
Lease Receivable	1,202,435	1,221,518
Restricted Assets	169,529,790	172,564,533
Regulatory Assets	29,954,495	9,073,313
Total Assets	996,622,562	952,977,541
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charge on Refunding	5,363,437	12,177,953
Deferred Outflows - Goodwill	16,876,594	11,913,817
Deferred Outflows Related to Pensions	1,083,319	1,231,876
Deferred Outflows Related to OPEB	1,652,734	2,328,425
Total Deferred Outflows of Resources	24,976,084	27,652,071

See accompanying Notes to Financial Statements

Statements of Net Position (Continued)

For the Years Ended May 31,	2025	2024
LIABILITIES		
Noncurrent Liabilities:		
Revenue Bonds Payable, Less Current Portion	\$ 472,985,000	\$ 482,130,000
Drinking Water Loans Payable	36,612,769	36,484,447
Net Premiums and Discounts from Revenue Bonds Payable	39,881,160	40,636,652
Net Pension Liability	8,795,429	11,622,449
Net OPEB Liability	15,181,074	16,145,432
SBITA Liability	5,661,670	3,221,293
Lease Liability	317,800	402,487
Other Liability	40,000	162,500
Total Noncurrent Liabilities	579,474,902	590,805,260
Current Liabilities:		
Current Maturities of Bonds Payable	22,895,000	23,170,000
Current Maturities of Drinking Water Loans Payable	2,193,400	2,053,602
Accounts Payable	17,086,477	5,573,059
Bond Anticipation Notes Payable	50,500	50,500
Customer Deposits and Advances	1,768,810	1,925,395
Other Accrued Liabilities	12,847,581	9,257,009
Current Maturities of SBITA Liability	1,027,437	1,296,063
Current Maturities of Lease Liability	84,316	96,315
Total Current Liabilities	57,953,521	43,421,943
Payable from Restricted Assets:		
Accounts Payable for Construction	5,350,245	5,145,827
Accrued Interest Payable	6,974,941	6,981,376
Customer Deposits and Advances	1,253,070	1,450,144
Total Liabilities Payable from Restricted Assets	13,578,256	13,577,347
Total Liabilities	651,006,679	647,804,550
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows Related to Pensions	1,429,552	132,401
Deferred Inflows Related to OPEB	2,312,063	3,090,279
Deferred Inflows Related to Leases	1,337,115	1,372,086
Total Deferred Inflows of Resources	5,078,730	4,594,766

See accompanying Notes to Financial Statements

Statements of Net Position (Continued)

For the Years Ended May 31,	2025	2024
NET POSITION		
Net Investment in Capital Assets Restricted	138,221,025	110,392,818
Restricted		
Construction	77,946,244	82,361,027
Debt	49,125,320	47,639,121
Payments-in-Lieu-of-Taxes (PILOT)	4,109,925	4,001,290
Operating Reserve	12,343,656	11,934,924
Capital Contingency	6,244,220	6,220,680
Rate Stabilization	10,000,000	10,000,000
Other Purposes	2,032,414	2,475,971
Watershed Fund	1,782,478	1,727,360
AWA	3,468,412	-
Unrestricted	60,239,543	51,477,105
Total Net Position	\$ 365,513,237	\$ 328,230,296

See accompanying Notes to Financial Statements

Statements of Revenues, Expenses and Changes in Net Position

For the Years Ended May 31,	2025	2024
OPERATING REVENUES		
Water Revenues:		
Residential and Commercial	\$ 112,635,564	\$ 110,735,863
Industrial	2,707,467	2,298,951
Fire Protection	14,059,323	13,695,496
Public Authority	3,379,670	3,266,497
Wholesale	1,099,386	987,999
Other Water Revenues	4,947,997	4,675,852
Other Revenue	22,588,382	16,111,647
Total Operating Revenues	161,417,789	151,772,305
OPERATING EXPENSES		
Operating and Maintenance Expense	67,106,825	62,298,731
Depreciation and Amortization	28,349,186	26,397,384
Payments in Lieu of Taxes	8,936,945	8,766,684
Other Water Expenses	2,652,942	2,051,643
Cost of Other Revenue	12,208,439	7,769,842
Total Operating Expenses	119,254,337	107,284,284
OPERATING INCOME	42,163,452	44,488,021
NONOPERATING INCOME (EXPENSE)		
Interest Income	9,696,570	10,932,348
Gain (Loss) on Disposal of Assets	(877,526)	(859,223)
Net Increase (Decrease) in the Fair Value of Investments	189,070	411,980
Interest Expense	(21,746,792)	(21,981,080)
Amortization of Bond Discount, Premium, Issuance Cost, Deferred Losses, and Goodwill	1,783,658	2,221,853
Intergovernmental Revenue	2,329,916	1,940,999
Other Income (Expense), Net	55,118	123,893
Total Nonoperating Expense	(8,569,986)	(7,209,230)
CHANGE IN NET POSITION BEFORE CAPITAL CONTRIBUTIONS	33,593,466	37,278,791
Capital Contributions	3,689,475	4,240,498
CHANGE IN NET POSITION	37,282,941	41,519,289
Net Position - Beginning of Year	328,230,296	286,711,007
NET POSITION - END OF YEAR	\$ 365,513,237	\$ 328,230,296

See accompanying Notes to Financial Statements

Statements of Cash Flows

For the Years Ended May 31,	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Water Sales	\$ 137,271,503	\$ 137,664,181
Cash Received from Other Services	22,588,382	16,111,647
Cash Paid to Employees	(27,496,432)	(25,717,505)
Cash Paid to Suppliers for Operations	(48,210,420)	(42,791,368)
Cash Paid To Suppliers for Other Services	(10,552,989)	(6,475,871)
Cash Paid for Payments in Lieu of Taxes	(8,937,617)	(8,766,684)
Net Cash Provided by Operating Activities	64,662,427	70,024,400
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	9,711,732	10,871,287
Sale of Restricted Investments - Watershed Fund	80,595	196,472
Purchase of Restricted Investments	(245,670,950)	(217,024,630)
Sale of Restricted Investments	248,039,986	198,448,076
Other Investing Activities	(6,402,333)	-
Contributions to/from, Net	(800,000)	(1,444,159)
Net Cash Provided (Used) by Investing Activities	4,959,030	(8,952,954)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payments for Utility Plant	(58,896,629)	(47,514,874)
Proceeds from Disposition of Assets	679,368	546,345
Proceeds from Issuance of Bond Anticipation Notes	3,400,500	50,500
Proceeds from Issuance of Drinking Water Loans	2,354,070	14,528,820
Proceeds from Issuance of Revenue Bonds	21,900,000	17,825,000
Proceeds from Issuance of Refunding Bonds	55,430,000	11,110,000
Premium on Bond Issuances	2,311,439	3,255,456
Premium on Refunding Bond Issuances	7,688,037	-
Principal Payments on Revenue Bonds	(23,170,000)	(22,565,000)
Payments on Drinking Water Loans	(2,085,950)	(1,438,924)
Payments on Bond Anticipation Notes	(3,400,500)	(50,500)
Payments for Retirement of Revenue Bonds	(63,580,000)	(13,000,000)
Interest Paid	(21,524,318)	(22,157,512)
Grant Proceeds	1,754,707	1,940,999
Capital Contributions, Net of Restricted Deposit	4,708,263	2,076,030
Lease Payments Received	35,377	93,635

See accompanying Notes to Financial Statements

Statements of Cash Flows (Continued)

For the Years Ended May 31,	2025	2024
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES (continued)		
Payments on SBITAs	(1,573,743)	(1,873,505)
Payments on Leases	(72,126)	(75,866)
Net Cash Used by Capital and Related Financing Activities	(74,041,505)	(57,249,396)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(4,420,048)	3,822,050
Cash and Cash Equivalents - Beginning of Year	43,290,680	39,468,630
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 38,870,632	\$ 43,290,680
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	\$ 42,163,452	\$ 44,488,021
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	28,349,186	26,397,384
Bad Debt Expense	(540,229)	30,469
Other	186,888	820,171
Change in:		
Accounts Receivable and Accrued Water Revenue	(1,399,532)	1,316,395
Materials and Supplies	3,410	(695,452)
Prepaid Expenses and Other Assets	(1,098,173)	(461,253)
Regulatory Assets	(15,700,779)	(250,294)
Deferred Outflows of Resources - Pension	148,557	4,428,256
Deferred Outflows of Resources - OPEB	675,691	(110,477)
Accounts Payable	11,493,126	642,184
Net Pension Liability	(2,827,020)	(6,326,602)
Net OPEB Liability	(964,358)	428,564
Deferred Inflows of Resources - Pension	1,297,151	(211,504)
Deferred Inflows of Resources - OPEB	(778,216)	(1,552,050)
Deferred Inflows of Resources - Leases	(34,971)	(47,488)
Customer Deposits and Advances	(156,585)	433,234
Other Accrued Liabilities	3,844,829	694,842
Total Adjustments	22,498,975	25,536,379
Net Cash Provided by Operating Activities	\$ 64,662,427	\$ 70,024,400

See accompanying Notes to Financial Statements

Statements of Fiduciary Net Position - Pension Trust Fund

For the Years Ended May 31,	2025	2024
ASSETS		
Cash and Cash Equivalents	\$ 1,402,608	\$ 1,611,400
Investments:		
U.S. Government Securities	6,746,916	2,667,763
U.S. Government Agencies	2,137,936	4,220,945
Corporate Bonds	8,433,858	7,895,538
Mutual Funds	60,738,437	58,931,623
Total Assets	79,459,755	75,327,269
NET POSITION		
Restricted for Pension Benefits	\$ 79,459,755	\$ 75,327,269

See accompanying Notes to Financial Statements

Statements of Changes in Fiduciary Net Position - Pension Trust Fund

For the Years Ended May 31,	2025	2024
ADDITIONS		
Contributions:		
Employer	\$ 3,481,823	\$ 5,000,000
Employees	-	-
Total Contributions	3,481,823	5,000,000
Investment Earnings:		
Net Increase in the Fair Value of Investments	4,322,909	7,008,871
Investment Earnings	2,618,057	2,221,056
Net Investment Earnings	6,940,966	9,229,927
Total Additions	10,422,789	14,229,927
DEDUCTIONS		
Benefits	5,989,224	5,516,574
Expenses	323,649	352,884
Other	(22,570)	23,108
Total Deductions	6,290,303	5,892,566
CHANGE IN NET POSITION	4,132,486	8,337,361
Net Position - Beginning of Year	75,327,269	66,989,908
NET POSITION - END OF YEAR	\$ 79,459,755	\$ 75,327,269

See accompanying Notes to Financial Statements

Statements of Fiduciary Net Position - Retired Employees Contributory Trust Fund

For the Years Ended May 31,	2025	2024
ASSETS		
Cash and Cash Equivalents	\$ 80,107	\$ 213,204
Investments:		
Mutual Funds	10,252,228	9,871,908
Total Assets	10,332,335	10,085,112
NET POSITION		
Restricted for Retiree Benefits	\$ 10,332,335	\$ 10,085,112

Statements of Changes in Fiduciary Net Position - Retired Employees Contributory Trust Fund

For the Years Ended May 31,	2025	2024
ADDITIONS		
Contributions:		
Employer	\$ 1,694,075	\$ 1,640,907
Retirees	249,526	236,069
Total Contributions	1,943,601	1,876,976
Investment Earnings (Loss):		
Net Increase (Decrease) in the Fair Value of Investments	545,090	910,400
Investment Earnings	368,254	304,069
Net Investment Earnings (Loss)	913,344	1,214,469
Total Additions	2,856,945	3,091,445
DEDUCTIONS		
Benefits	2,562,780	2,213,576
Expenses	46,942	51,078
Total Deductions	2,609,722	2,264,654
CHANGE IN NET POSITION	247,223	826,791
Net Position - Beginning of Year	10,085,112	9,258,321
NET POSITION - END OF YEAR	\$ 10,332,335	\$ 10,085,112

See accompanying Notes to Financial Statements

Notes to Financial Statements

May 31, 2025 and 2024

Note 1: Organization

The South Central Connecticut Regional Water Authority (the Authority) was created, effective July 25, 1977, pursuant to Special Act No. 77-98 (the Act), as amended. Per this enabling legislation, the primary purpose of the Authority is to provide and assure an adequate supply of pure water at a reasonable cost to the South Central Connecticut Regional Water District (the District) and, to the degree consistent with the foregoing, to advance water conservation and the conservation and compatible recreational use of land held by the Authority. The Five-Member Authority is elected by the 21-member Representative Policy Board (RPB), which consists of a member from each of the 20 municipalities within the District and one member appointed by the Governor of the State of Connecticut.

In 1999, the Authority established the Watershed Fund, a separate legal entity organized for the purpose of protecting watershed land that has a distinctive ecological significance through open space acquisition and environmental education. In November 2019 (fiscal 2020), the Authority approved a name change of the Watershed Fund to The Claire C. Bennett Watershed Fund, Inc. (the Watershed Fund). The Watershed Fund is included in the Authority's financial statements as a blended component unit as the Five-Member Authority votes on the Watershed Fund's governing body. Information regarding the Watershed Fund can also be found in Note 7, The Claire C. Bennett Watershed Fund. Requests for standalone financial statements for the Watershed Fund should be addressed in writing to President, The Claire C. Bennett Watershed Fund, Inc., 90 Sargent Drive, New Haven, CT 06511.

The Authority's enabling legislation was modified in June 2017, allowing the Authority to conduct and invest in certain non-core business activities as specifically defined. In 2021, the Authority established RWA Commercial Enterprises, LLC, a wholly-owned subsidiary of the Authority and RWA Well Services, LLC, a wholly-owned subsidiary of RWA Commercial Enterprises, LLC. Two asset purchase transactions were completed in fiscal 2022 and one in fiscal 2024 that, post-transaction, operate under RWA Well Services, LLC. RWA Commercial Enterprises, LLC and RWA Well Services, LLC are considered to be a part of the Authority and as such are included within the Authority's financial statements. These transactions are part of the Authority's efforts to identify additional revenue sources to mitigate rate pressures. The Authority has also established RWA Environmental & Lab Services, LLC and RWA Commercial Services, LLC. There are no operations under these two entities. In addition, in fiscal 2024, enabling legislation amendments were submitted that included adding "supporting sustainable

manufacturing" to the definition of non-core business activities and in June 2024, these amendments passed. In addition, in the June Special Session, Special Act 24-01 was passed. This Act created the Aquarion Water Authority (AWA) and allowed for AWA to own and operate Aquarion Water Company if AWA was the successful bidder. Additionally, in July 2024, the Authority acquired the HSV protection plan offerings.

Accounting principles generally accepted in the United States of America require that the reporting entity include the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A government is financially accountable for a legally separate organization if it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the government. In addition to the entities noted above, this criteria has been considered and has resulted in the inclusion of the fiduciary component units as detailed below.

Fiduciary Component Units

The Authority has established two single-employer Public Retirement Systems (PERS) and one postretirement healthcare benefits (OPEB) plan to provide retirement benefits and postretirement healthcare benefits primary to employees and their beneficiaries. The Authority appoints the members of the Pension and Benefit Committee who govern the Pension and OPEB plans. The Authority contributes, at a minimum, the actuarial determined contribution.

Note 2: Summary of Significant Accounting Policies

The accounting records of the Authority are maintained in accordance with accounting principles generally accepted in the United States of America. All assets, liabilities, net position, revenues, and expenses are accounted for in a proprietary fund except for employee benefit trusts, which are reported as fiduciary funds. For both proprietary and fiduciary funds, revenues are recognized when earned and expenses are recognized when incurred. The more significant accounting policies are summarized below.

Basis of Accounting

The Authority utilizes the accrual basis of accounting wherein revenues are recognized when earned and expenses when incurred.

Note 2: Summary of Significant Accounting Policies (Continued)

Regulatory Accounting Policies

The Authority follows accounting principles generally accepted in the United States of America for regulated public utilities. Under these principles, regulated companies defer certain costs and credits on the statement of net position as regulatory assets and liabilities when it is probable that those costs and credits will be recoverable through the ratemaking process in a period different from when they otherwise would have been reflected in income. These deferred regulatory assets and liabilities are then reflected in revenues or expenses in the period in which the same amounts are reflected in rates.

As of May 31, 2025, regulatory assets include approximately \$4.9 million of bond issuance costs and approximately \$10.2 million of deferred charges, net of amortization. Included in the \$10.2 million is approximately \$3.6 million associated with environmental remediation costs in the Town of Hamden, \$.5 million associated with a deferred repair and remediation costs, and \$.3 million of incurred costs associated with an interconnection. There is approximately \$5.8 million associated with compliance with the Lead and Copper Rule Revisions (LCRR) and Lead and Copper Rule Improvements (LCRI). In addition, there are regulatory assets of approximately \$14.8 million for transaction related costs and costs of issuance associated with the Aquarion Water Authority (AWA) acquisition of Aquarion Water Company and a corresponding payable to the Authority. The Authority has a corresponding receivable from AWA. The Authority will be reimbursed for these costs if the transaction receives regulatory approval and the transaction closes. The year-over year regulatory asset increase is primarily due to the AWA related costs and the costs associated with LCRR and LCRI partially offset by amortization.

As of May 31, 2024, regulatory assets include approximately \$4.5 million of bond issuance costs and \$4.6 million of deferred charges, net of amortization. Included in the \$4.6 million is approximately \$3.7 million associated with estimated environmental remediation costs in the town of Hamden, \$.5 million associated with a deferred repair and remediation costs, and \$.4 million of incurred costs associated with an interconnection.

Utility Plant

Capital assets in utility plant are defined by the Authority as assets with an initial cost of more than \$2,000 and an estimated life of more than one year. Such assets are recorded at cost if purchased or constructed, which includes material and direct labor, as well as indirect items, e.g., engineering, payroll taxes, employee benefits, and transportation. The costs of maintenance and repairs are charged to the appropriate operations and maintenance expense accounts as incurred, while the costs of renewal and betterments

are capitalized. The book value of depreciable utility plant retired in the ordinary course of business is removed from the asset and accumulated depreciation accounts. Gain or loss realized upon disposal is credited or charged to income.

Donated capital assets are recognized at estimated acquisition value at date of donation. The cost of normal maintenance and repairs that do not add to the value of the related assets or materially extend their lives is charged to operations. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation expense is computed using the straight-line method based on estimated service lives. Half of a year's depreciation is provided for capital assets in the year they are placed in or removed from service.

The estimated service lives of capital assets are as follows:

Asset Description	Useful Life (Years)
Source of Supply and Supply Mains	100
Wells and Springs	30
Other Water Source Structures	10
Power and Pumping Structures	30
Pumping Equipment	20
Water Treatment Plant Structures	43
Water Treatment Equipment	23
Distribution Tanks	50
Distribution Mains	85
Services	50
Meters	15
Hydrants	60
Hydraulic Shovel and Front Loader	8
Hydraulic Backhoe	6
Compressors	10
Computer Equipment	5
Computer Software	5 to 15
General Structures	10 to 32
Furniture and Fixtures	12
Autos and Trucks	5
Other	3 to 10

Note 2: Summary of Significant Accounting Policies (Continued)

Lease assets are initially measured at the present value of payments expected to be made during the lease term, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Subscription-Based Information Technology Arrangement (SBITA) assets are initially measured as the sum of the present value of payments expected to be made during the subscription term, payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, when applicable, and capitalizable implementation costs, less any SBITA vendor incentives received from the SBITA vendor at the commencement of the SBITA term. Subsequently SBITA assets are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, amounts due from banks and repurchase agreements that are collateralized by U.S. government securities. The Authority considers all unrestricted investments with an original maturity of three months or less to be cash equivalents.

For purposes of the statement of cash flows, the Authority considers demand deposits and all highly liquid investments with an original maturity of six months or less when purchased to be cash equivalents. In addition, because the State Short-Term Investment Fund is sufficiently liquid to permit withdrawal of cash at any time without prior notice or penalty, equity in the pool is also considered a cash equivalent.

Investments

Investments are reported at fair value.

Watershed Fund - Investment in Community Foundation Portfolio

The Authority, through the Watershed Fund, maintains a fund held by the Community Foundation for Greater New Haven (the Fund) that was established with Watershed Fund funds. The Fund agreement provides that the Watershed Fund receive investment income from the Fund, to be determined by the Community Foundation in its sole discretion in accordance with its spending policy. The Watershed Fund has the ability to access the principal, subject to a 60-day notice period. The Fund is carried at fair value as discussed in Note 3.

Materials and Supplies

Materials and supplies inventories are presented at the lower of cost or market.

Restricted Assets

Pursuant to the Water System Revenue Bond Resolution, General Bond Resolution (the *General Bond Resolution*), the Authority maintains certain restricted assets, consisting principally of investments in U.S. Government and State of Connecticut obligations, which are carried at fair value. See Note 6, Restricted Assets.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement 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 assets that applies to a future period or periods and so will not be recognized as an outflow of resources until then. The Authority reports a deferred charge on refunding, goodwill, and deferred outflows related to pension and other postemployment benefits (OPEB) in the statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Goodwill is amortized and is reviewed for impairment at least annually by applying a fair value-based test. The Authority determined that for the years ended May 31, 2025 and 2024, no impairment of goodwill has occurred. A deferred outflow of resources related to pension and OPEB can result from differences between expected and actual experience, changes in assumptions, projected versus actual investment earnings or other inputs. With the exception of differences between projected and actual earnings, which are required to be recognized over a five-year period, these amounts are deferred and included in pension and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension and OPEB plan (participating active employees and vested former employees).

In addition to liabilities, the statement 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 assets that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Authority reports a deferred inflow of resources related to pensions, OPEB, and lease receivable. A deferred inflow of resources related to pension and OPEB can result from differences between expected and actual experience, changes in assumptions, projected versus actual investment earnings, or other inputs. With the exception of differences between projected and actual earnings, which are required

Deferred Outflows/Inflows of Resources (Continued)

to be recognized over a five-year period, these amounts are deferred and included in pension and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension and OPEB plan (participating active employees and vested former employees). The statement of net position also reports a deferred inflow of resources related to leases.

Bonds Premiums and Discounts

The net balances for bond premiums and discounts are reported separately from revenue bonds payable. These balances are amortized using the interest method, meaning amortization is based on interest payments over the terms of the series.

Net Pension Liability

The net pension liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total pension liability), net of the pension plans' fiduciary net position. The pension plans' fiduciary net position is determined using the same valuation methods that are used by the pension plan for purposes of preparing its statement of fiduciary net position. The net pension liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

Net OPEB Liability

The net OPEB liability is measured as the portion of the present value of projected benefit payments to be provided to current participating active employees and vested former employees that is attributed to past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position. The OPEB plan's fiduciary net position is determined using the same valuation methods that are used by the OPEB plan for purposes of preparing its statement of fiduciary net position. The net OPEB liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

Customer Deposits and Advances

Cash advances to reimburse the Authority for costs to construct supply mains are contributed to the Authority by customers, real estate developers and builders in order to extend water service to their properties. The Authority makes refunds on these deposits and advances in accordance with the deposit and advance agreements. After making refunds, the Authority records the remaining balance in the customer advance account for which work has been completed as a capital contribution.

Operating Items

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a fund's principal ongoing operations. The principal operating revenues of the funds are charges to customers for delivery of goods and/or services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, payment in lieu of taxes, depreciation on capital assets, and lease, SBITA, and intangible assets amortization. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Accrued Water Revenue

The Authority accrues revenue based on an estimate of water service provided to each customer, net of allowance for uncollectible accounts, from the last meter reading date to the statement of net position date. Interest is accrued on unpaid customer accounts after 30 days from the billing date in fiscal year 2024 and through most of fiscal year 2025. However, starting in April of fiscal year 2025, balances after 28 days begin to be subject to interest.

Other Revenue

Other revenue includes revenue from the Howowner Safety Valve and PipeSafe suite of offerings, including water, sewer and septic protection plans as well as protection plans with home plumbing, laboratory testing services, fleet repairs, rental income, and miscellaneous charges. Other revenue also includes the operating revenue of RWA Well Services, LLC.

Capital Contributions

Capital contributions include contributions-in-aid-of-construction resulting from direct nonrefundable contributions and the portion of customers' advances for construction that become nonrefundable. Also included are amounts representing nonrefundable contributions for construction purposes from governmental agencies. However, grants from governmental agencies are included in intergovernmental revenues.

Note 2: Summary of Significant Accounting Policies (Continued)

Net Position Flow Assumption

The Authority's *General Bond Resolution* prescribes the flow of funds and the manner at which they are expended. The Authority's net position is recorded in accordance with the *General Bond Resolution*. The flow of funds under the *General Bond Resolution* for monies remaining in the Revenue Fund after making all required monthly transfers (e.g., to the Debt Service Fund, PILOT Fund, and, if required, to the Debt Reserve Fund) is to the Capital Contingency Fund, Operating Reserve, Rate Stabilization Fund Variable Rate Bonds Sub account, to meet any deficiency.

If there are no deficiencies, remaining monies shall be transferred to the General Fund. Monies in the General funds can be transferred, at the option of the Authority, to the Construction Fund, Rate Stabilization Fund, or other discretionary funds. In April 2025, a *General Bond Resolution* was adopted for AWA.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results may differ from those estimates.

Adoption of New Accounting Standards

In April 2022, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 99, *Omnibus 2022*. This statement aims to achieve a unified model for recognition and measurement guidance for compensated absences. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. This statement addresses practice issues that have been identified during implementation and application of certain GASB Statements, such as, derivative instruments within the scope of GASB Statement No. 53, clarification of provisions related to leases, public-private and public-public partnerships (PPP), and subscription-based information technology arrangements (SBITA). Accounting and financial reporting for financial guarantees are also addressed in this statement. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

The Authority adopted the requirements of the guidance effective June 1, 2024. The implementation did not have any impact on the Authority's financial statements.

In June 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 100, *Accounting Changes and Error Corrections*. This Statement clarifies the accounting and financial reporting requirements for accounting changes and error corrections. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

The Authority adopted the requirements of the guidance effective June 1, 2024. The implementation did not have any impact on the Authority's financial statements.

In June 2022, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 101, *Compensated Absences*. This statement aims to achieve a unified model for recognition and measurement guidance for compensated absences. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

The Authority adopted the requirements of the guidance effective June 1, 2024. The implementation did not have a material impact on the Authority's financial statements.

Note 3: Deposits and Investments

The Authority's *General Bond Resolution* Section 404A requires Authority revenue to be deposited promptly.

Section 411A of the Authority's *General Bond Resolution* requires that money held in its various funds by the Authority, or its trustee be invested in investment securities, which are defined as follows:

- Direct obligations of the United States of America;
- Obligations guaranteed by the United States of America;
- Debt issued by federal agencies;
- Debt issued by states or their agencies (with ratings qualifications);
- Repurchase agreements;
- Short-term investment funds administered by a state;
- Any obligation approved in writing by Moody's Investors Service; and
- Standard & Poor's Ratings Group.

The Authority utilizes a variety of these investment options. The Authority's deposits and investments held in the Growth Fund are not governed by the *General Bond Resolution*.

Note 3: Deposits and Investments (Continued)

Deposit Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposit will not be returned. To limit custodial credit risk, the Authority utilizes a sweep product, for certain accounts, under which deposits are fully insured.

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$6,902,143 of the Authority's bank balance of \$15,080,844 was exposed to custodial credit risk as of May 31, 2025, as follows:

Uninsured and Uncollateralized	\$ 2,108,221
Uninsured and Collateral Held by the Pledging Bank's Trust Department, Not in the Authority's Name	4,793,922
Total Amount Subject to Custodial Risk	\$ 6,902,143

As of May 31, 2024, \$11,858,548 of the Authority's bank balance of \$21,762,201 was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	\$ 1,740,820
Uninsured and Collateral Held by the Pledging Bank's Trust Department, Not in the Authority's Name	10,117,728
Total Amount Subject to Custodial Risk	\$ 11,858,548

Cash Equivalents

As of May 31, 2025 and 2024, the Authority's cash equivalents amounted to \$192,843,468 and \$182,580,696, respectively, and consisted of the State Short-Term Investment Fund (STIF), with a credit rating of AAAm by Standard & Poor's, United States Treasuries and cash portions of fiduciary funds held at custodial institutions.

Investments

As of May 31, 2025, the Authority had the following investments:

Investment Type	Credit Rating	Fair Market Value	Investment Maturities (Years)		
			Less Than 1	1-10	More Than 10
Interest-Bearing Investments:					
U.S. Government Securities	Aaa	\$ 6,746,904	\$ 578,339	\$ 6,168,565	\$ -
U.S. Government Agencies	Aaa	3,385,236	1,517,617	1,867,619	-
Corporate Bonds	Aaa	346,080	-	346,080	-
Corporate Bonds	A1	1,496,549	323,946	1,172,603	-
Corporate Bonds	A2	973,682	-	973,682	-
Corporate Bonds	A3	614,089	-	614,089	-
Corporate Bonds	Aa3	837,578	-	837,578	-
Corporate Bonds	Baa1	1,242,208	298,437	943,771	-
Corporate Bonds	Baa2	2,246,746	137,000	2,109,746	-
Corporate Bonds	Baa3	676,926	324,494	352,432	-
Other Investments:					
Mutual Funds	No Rating	70,990,665			
Investment in Community Foundation Portfolio	No Rating	1,884,991			
Total Investments		\$ 91,441,654			

Note 3: Deposits and Investments (Continued)

Investments (Continued)

As of May 31, 2024, the Authority had the following investments:

Investment Type	Credit Rating	Fair Market Value	Investment Maturities (Years)		
			Less Than 1	1-10	More Than 10
Interest-Bearing Investments:					
U.S. Government Securities	Aaa	\$ 2,667,763	\$ 605,532	\$ 2,062,231	\$ -
U.S. Government Agencies	Aaa	15,279,178	9,602,668	5,676,510	-
Corporate Bonds	Aaa	327,768	204,855	122,913	-
Corporate Bonds	A1	1,494,575	-	1,494,575	-
Corporate Bonds	A2	1,307,098	321,604	985,494	-
Corporate Bonds	A3	832,199	295,959	536,240	-
Corporate Bonds	Aa3	539,322	-	539,322	-
Corporate Bonds	Baa1	692,079	-	692,079	-
Corporate Bonds	Baa2	2,416,722	242,917	2,173,805	-
Corporate Bonds	Baa3	285,781	-	285,781	-
Other Investments:					
Mutual Funds	No Rating	68,803,533			
Investment in Community Foundation Portfolio	No Rating	1,787,791			
Total Investments		\$ 96,433,809			

Interest Rate Risk

The Authority typically prefers to limit its investment maturities to five years. Investments with maturities over one year are held within reserve accounts with limited liquidity requirements.

Credit Risk – Investments

As indicated above, the Authority’s *General Bond Resolution* limits the investment options of the Authority. For investments governed by the *General Bond Resolution*, the Authority has an investment policy that allows the same types of investments as the *General Bond Resolution*.

Concentration of Credit Risk

The Authority, other than for investments held in the pension and OPEB plans, has no policy limiting an investment in any one issuer that is in excess of 5% of the Authority’s total investments. The investment policy statement for the pension and OPEB plans governs allowed investment concentration and does include concentration restrictions.

Custodial Credit Risk

Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Authority or that sells investments to or buys investments for the Authority), the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority does not have a policy for custodial credit risk. As of May 31, 2025 and 2024, the Authority was not subject to custodial risk because it did not have any uninsured and unregistered securities held by the counterparty or by its trust department or agent that were not in the Authority’s name.

Fair Value

The Authority categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements).

Note 3: Deposits and Investments (Continued)

The Authority has the following recurring fair value measurements as of May 31, 2025:

2025	Fair Value Measurements Using			
	Total	Level 1	Level 2	Level 3
Investments by Fair Value Level:				
U.S. Government Securities	\$ 6,746,904	\$ -	\$ 6,746,904	\$ -
U.S. Government Agencies	3,385,236	-	3,385,236	-
Corporate Bonds	8,433,858	-	8,433,858	-
Mutual Funds	70,990,665	70,990,665	-	-
Investment in Community Foundation Portfolio	1,884,991	-	1,884,991	-
Total Investments by Fair Value Level	\$ 91,441,654	\$ 70,990,665	\$ 20,450,989	\$ -

The Authority has the following recurring fair value measurements as of May 31, 2024:

2024	Fair Value Measurements Using			
	Total	Level 1	Level 2	Level 3
Investments by Fair Value Level:				
U.S. Government Securities	\$ 2,667,763	\$ -	\$ 2,667,763	\$ -
U.S. Government Agencies	15,279,178	-	15,279,178	-
Corporate Bonds	7,895,544	-	7,895,544	-
Mutual Funds	68,803,533	68,803,533	-	-
Investment in Community Foundation Portfolio	1,787,791	-	1,787,791	-
Total Investments by Fair Value Level	\$ 96,433,809	\$ 68,803,533	\$ 27,630,276	\$ -

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark

quoted prices. The Investment in Community Foundation Portfolio are investments managed by others and are valued at the quoted fair value of the underlying assets held at year-end. The Authority did not have any investments measured at net asset value (NAV) as of May 31, 2025 and 2024.

Note 4: Capital Assets

The following is a summary of utility plant for the year ended May 31, 2025:

2025	Ending Balance	Additions	Transfers	Adjustments and Retirements	Ending Balance
Capital Assets Not Being Depreciated/Amortized:					
Land	\$ 28,085,903	\$ 86,471	\$ -	\$ -	\$ 28,172,374
Construction Work in Progress	32,554,313	53,567,300	(58,245,993)	(6,384,646)	21,490,974
Total Capital Assets Not Being Depreciated	60,640,216	53,653,771	(58,245,993)	(6,384,646)	49,663,348
Other Capital Assets:					
Source of Supply	62,076,430	-	2,260,535	(88,204)	64,248,761
Pumping Structures and Equipment	44,481,486	-	1,379,522	(8,500)	45,852,508
Water Treatment Plant and Equipment	233,124,546	-	14,402,500	-	247,527,046
Transmission and Distribution	556,040,458	-	19,905,781	(2,092,185)	573,854,054
General Plant	113,045,453	629,981	4,491,871	(1,040,581)	117,126,724
Right-to-Use - Lease Asset:					
Leased Equipment	67,039	-	-	(3,366)	63,673
Leased Facilities	640,901	36,750	-	(624)	677,027
SBITA Asset	7,322,790	3,696,279	15,805,784	(2,115,708)	24,709,145
Intangible Assets	1,887,700	5,123,152	-	-	7,010,852
Total Other Capital Assets	1,018,686,803	9,486,162	58,245,993	(5,349,168)	1,081,069,790
Less: Accumulated Depreciation/Amortization:					
Source of Supply	16,936,769	647,275	-	(22,695)	17,561,349
Pumping Structures and Equipment	29,731,029	1,422,326	-	(5,383)	31,147,972
Water Treatment Plant and Equipment	134,441,004	8,432,632	-	-	142,873,636
Transmission and Distribution	178,297,498	9,920,443	-	(639,862)	187,578,079
General Plant	89,839,090	5,458,382	-	(799,969)	94,497,503
Right-to-Use - Lease Asset:					
Leased Equipment	13,203	16,858	-	(3,366)	26,695
Leased Facilities	216,595	84,810	-	-	301,405
SBITA Asset	2,862,336	1,638,098	-	(2,021,540)	2,478,894
Intangible Assets	230,365	728,362	-	-	958,727
Total Accumulated Depreciation/Amortization	452,567,889	28,349,186	-	(3,492,815)	477,424,260
Total Other Capital Assets - Net	566,118,914	(18,863,024)	58,245,993	(1,856,353)	603,645,530
Utility Plant - Net	\$ 626,759,130	\$ 34,790,747	\$ -	\$ (8,240,999)	\$ 653,308,878

Note 4: Capital Assets (Continued)

The following is a summary of utility plant for the year ended May 31, 2024:

2024	Beginning Balance Restated	Additions	Transfers	Adjustments and Retirements	Ending Balance
Capital Assets Not Being Depreciated/Amortized:					
Land	\$ 28,038,091	\$ 47,812	\$ -	\$ -	\$ 28,085,903
Construction Work in Progress	36,883,362	48,302,420	(52,709,000)	77,531	32,554,313
Total Capital Assets Not Being Depreciated	64,921,453	48,350,232	(52,709,000)	77,531	60,640,216
Other Capital Assets:					
Source of Supply	59,315,733	-	2,811,980	(51,283)	62,076,430
Pumping Structures and Equipment	43,577,889	-	903,597	-	44,481,486
Water Treatment Plant and Equipment	210,987,898	-	23,722,800	(1,586,152)	233,124,546
Transmission and Distribution	540,414,130	-	16,199,912	(573,584)	556,040,458
General Plant	103,953,975	362,735	9,070,711	(341,968)	113,045,453
Right-to-Use - Lease Asset:					
Leased Equipment	22,989	63,674	-	(19,624)	67,039
Leased Facilities	640,901	-	-	-	640,901
SBITA Asset	7,036,943	285,847	-	-	7,322,790
Intangible Assets	907,700	980,000	-	-	1,887,700
Total Other Capital Assets	966,858,158	1,692,256	52,709,000	(2,572,611)	1,018,686,803
Less: Accumulated Depreciation/Amortization:					
Source of Supply	16,323,796	622,333	-	(9,360)	16,936,769
Pumping Structures and Equipment	28,256,367	1,474,662	-	-	29,731,029
Water Treatment Plant and Equipment	127,981,003	7,356,427	-	(896,426)	134,441,004
Transmission and Distribution	168,810,732	9,703,232	-	(216,466)	178,297,498
General Plant	84,356,612	5,507,645	-	(25,167)	89,839,090
Right-to-Use - Lease Asset:					
Leased Equipment	15,379	17,448	-	(19,624)	13,203
Leased Facilities	132,633	83,962	-	-	216,595
SBITA Asset	1,371,995	1,490,341	-	-	2,862,336
Intangible Assets	89,031	141,334	-	-	230,365
Total Accumulated Depreciation/Amortization	427,337,548	26,397,384	-	(1,167,043)	452,567,889
Total Other Capital Assets - Net	539,520,610	(24,705,128)	52,709,000	(1,405,568)	566,118,914
Utility Plant - Net	\$ 604,442,063	\$ 23,645,104	\$ -	\$ (1,328,037)	\$ 626,759,130

During fiscal years 2025 and 2024, the Authority retired assets with accumulated depreciation totaling approximately \$1.7 million and \$1.5 million, respectively.

Note 5: Lease Receivables

The Authority, acting as lessor, leases land under long-term, noncancelable lease agreements. The leases expire at various dates through fiscal year 2082. During the year ended May 31, 2025, the Authority recognized \$96,634 and \$30,220 in lease revenue and interest revenue, respectively, pursuant to these contracts. During the year ended May 31, 2024, the Authority recognized \$93,636 and \$29,348 in lease revenue and interest revenue, respectively, pursuant to these contracts.

Principal and interest requirements to maturity under lease agreements are as follows:

Year Ending May 31,	Principal	Interest	Total
2026	\$ 75,439	\$ 28,635	\$ 104,074
2027	35,208	27,195	62,403
2028	29,425	26,265	55,690
2029	20,195	25,495	45,690
2030	20,868	24,942	45,810
Thereafter	1,096,739	550,225	1,646,964
Totals	\$ 1,277,874	\$ 682,757	\$ 1,960,631

Note 6: Restricted Assets

Pursuant to the *General Bond Resolution* of the Authority adopted July 31, 1980, as amended and supplemented, the following funds of restricted assets must be maintained. The Authority may use the assets of these funds only for the following purposes specified in the General Bond Resolution. In April 2025, AWA adopted its own General Bond Resolution. However, as of May 31, 2025 there are no restricted assets under this General Bond Resolution. Therefore, the descriptions below pertain to the Authority's *General Bond Resolution*, adopted July 31, 1980, as amended and supplemented.

Construction

Bond proceeds and other amounts deposited in the Construction Fund may be applied only toward payment of the costs of water system capital projects upon submission of a requisition to the trustee. However, the Construction Fund may be used for debt service if no other funds are available.

Debt Service

The Authority is required to maintain a Debt Service Fund to ensure payment of interest and principal when due. The Authority must make a deposit each month to provide funds

for payment of interest and principal becoming due. No such deposits need be made if the fund already contains sufficient dollars to satisfy interest coming due within six months and principal coming due within twelve months. The *General Bond Resolution* provides that, if the balances of the Debt Service Fund and Debt Reserve Fund are insufficient to pay interest, principal or sinking fund payments, the Authority must withdraw the deficiency from any of the other funds maintained by it.

Debt Reserve

The Authority is required to maintain a Debt Reserve Fund in an amount equal to the maximum aggregate of principal and interest payments becoming due in any one year in which bonds are outstanding. Amounts in the Debt Reserve Fund are to be used by the Authority in the event debt service requirements cannot be fully paid from amounts in the Debt Service Fund. To satisfy the requirements of the *General Bond Resolution*, the Authority's Debt Reserve Fund comprises surety bonds, bond proceeds, and drinking water loans.

Payments-in-Lieu-of-Taxes (PILOT)

The Act requires the Authority to make payments-in-lieu-of-taxes (PILOT) to the municipalities in which the Authority owns property. The Authority is required to make monthly deposits into the PILOT Fund in amounts sufficient to provide funds for PILOT that has become due in that month.

Operating Reserve

The Authority is required to maintain an Operating Reserve Fund in an amount equal to at least one-sixth of the amount budgeted for operating expenses at the beginning of its fiscal year. Amounts in the Operating Reserve Fund may be used to pay operating expenses to the extent monies are not otherwise available.

Capital Contingency

The Authority must maintain a Capital Contingency Fund in an amount equal to or greater than 1% of outstanding bonds, less principal deposits at the time of calculation, to provide for the cost of capital projects made necessary by emergency or other unforeseen circumstances or events.

Insurance Reserve

The *General Bond Resolution* requires the Authority to keep its property insured and to carry general liability insurance (or maintain an insurance reserve fund). The Authority does not maintain an insurance reserve fund because it carries general liability coverage through a member-owned program of "captive" insurance and carries property insurance. The Authority also has other insurance coverage.

Note 6: Restricted Assets (Continued)

Rate Stabilization

The Authority established its Rate Stabilization Fund in 1996. The Rate Stabilization Fund includes a Variable Rate Bond Sub-account and a Surplus Sub-account. Per the *General Bond Resolution*, before the last day of the first month of each fiscal year, the Authority will deposit in the Rate Stabilization Fund Variable Rate Bonds Sub-account the amount, if any, by which the interest on variable rate bonds assumed for rate-making purposes or, if lower, the maximum amount of interest payable under an interest rate limitation contract, exceeded the amount of interest and related costs paid during the previous fiscal year. As of May 31, 2025 and 2024, there is no outstanding variable rate debt under the *General Bond Resolution*; therefore, no deposits were required.

After the initial funding of the Rate Stabilization Fund Surplus Sub-account as specified in a written certification by the Authority and transferred from the General Fund, the Authority shall transfer monies to the Revenue Fund to the extent required to make up deficiencies in any of the funds established under Section 402 of the *General Bond Resolution*. The Authority may at any time transfer any monies in the Rate Stabilization Fund Surplus Sub-account to the Revenue Fund, but only if each of the other funds are funded at or above their respective requirements.

The balances in the various funds as of May 31 are as follows:

	2025	2024
Construction	\$ 77,946,244	\$ 82,361,027
Debt Reserve	24,794,046	23,013,693
Debt Service	31,306,215	31,606,804
Payments-in-Lieu-of-Taxes (PILOT)	4,109,925	4,001,290
Operating Reserve	12,343,656	11,934,924
Capital Contingency	6,244,220	6,220,680
Rate Stabilization	10,000,000	10,000,000
Other Purposes	2,785,484	3,426,115
Restricted Assets	\$ 169,529,790	\$ 172,564,533

The level of funds required by the General Bond Resolution was met on May 31, 2025 and 2024.

Note 7: The Claire C. Bennett Watershed Fund

As discussed in Note 1, The Claire C. Bennett Watershed Fund, Inc. (the Watershed Fund) is a separate legal entity organized and operated exclusively for charitable, educational, and scientific purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, specifically for the purpose of protecting watershed land that has distinctive ecological significance through open space acquisition and environmental education. The Authority is the sole member of the Watershed Fund. The Watershed Fund is governed by a board of directors, which includes certain members of the Five-Member Authority and the Representative Policy Board (RPB), as well as an employee(s) of the Authority. The Five-Member Authority elects the board of directors.

The Authority made an initial donation of \$1,234,000 to establish the Watershed Fund. Additional contributions of \$452,000 and \$7,700 were made by the Authority in 2000 and 2020, respectively. In fiscal 2023, the Watershed Fund provided a \$20,000 grant to the Authority towards the purchase of land. This was recorded as a contribution from a related entity. The Watershed Fund had total net position of \$1,782,478 and \$1,727,630 as of May 31, 2025 and 2024, respectively. The Authority donated goods and services to the Watershed Fund totaling \$12,631 and \$12,879 for the years ended May 31, 2025 and 2024, respectively.

As discussed in Note 1, the Watershed Fund is included as a blended component unit in the Authority's financial statements.

Note 8: Long-Term Liabilities

Long-term liability activity for the year ended May 31 was as follows:

2025	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Bonds Payable:					
Revenue Bonds	\$ 505,300,000	\$ 77,330,000	\$ (86,750,000)	\$ 495,880,000	\$ 22,895,000
Net Bond Premiums and Discounts	40,636,652	9,999,478	(10,754,970)	39,881,160	-
Total Bonds Payable	545,936,652	87,329,478	(97,504,970)	535,761,160	22,895,000
Drinking Water Loans - Direct Borrowing	38,538,049	2,354,070	(2,085,950)	38,806,169	2,193,400
Lease Payable	498,802	47,397	(144,083)	402,116	84,316
SBITA Payable	4,517,356	5,221,991	(3,050,240)	6,689,107	1,027,437
Net Pension Liability	11,622,449	-	(2,827,020)	8,795,429	-
Net OPEB Liability	16,145,432	-	(964,358)	15,181,074	-
Total	\$ 617,258,740	\$ 94,952,936	\$ (106,576,621)	\$ 605,635,055	\$ 26,200,153

2024	Beginning Balance as Restated*	Increases	Decreases	Ending Balance	Due Within One Year
Bonds Payable:					
Revenue Bonds	\$ 511,930,000	\$ 28,935,000	\$ (35,565,000)	\$ 505,300,000	\$ 23,170,000
Net Bond Premiums and Discounts	42,294,283	3,255,456	(4,913,087)	40,636,652	-
Total Bonds Payable	554,224,283	32,190,456	(40,478,087)	545,936,652	23,170,000
Drinking Water Loans - Direct Borrowing	25,448,153	14,528,815	(1,438,919)	38,538,049	2,053,602
Lease Payable	529,746	63,674	(94,618)	498,802	96,315
SBITA Payable	5,989,245	401,615	(1,873,504)	4,517,356	1,296,063
Net Pension Liability	17,949,051	-	(6,326,602)	11,622,449	-
Net OPEB Liability	15,716,868	428,564	-	16,145,432	-
Total	\$ 619,857,346	\$ 47,613,124	\$ (50,211,730)	\$ 617,258,740	\$ 26,615,980

*The beginning balance in fiscal year 2024 was restated due to the implementation of GASB Statement No. 96, Subscription Based Information Technology Arrangements.

Revenue Bonds Payable

The Authority issues Water System Revenue Bonds to finance capital projects and to provide certain restricted funds, as required by the *General Bond Resolution*. The Water System Revenue Bonds are secured by a pledge of all revenues and all moneys and securities in all funds established by the *General Bond Resolution*. Revenues include

income derived from the payment of rates and charges for water service and from investments of monies in the funds established under the *General Bond Resolution*, other than the Construction Fund. Revenues do not include government grants and contributions for capital improvements.

Note 8: Long-Term Liabilities (Continued)

Revenue Bonds Payable (Continued)

Revenue bonds outstanding comprise the following:

2025	Issuance Date*	Original Maturity Date*	Original Principal	Original Interest Rate	Balance May 31, 2025
2010 Series A	2010	2040	\$ 31,385,000	6.243%-6.393%	\$ 30,080,000
Twenty-Ninth (Refunding Bonds)	2014	2029	44,880,000	3.000%-5.000%	5,515,000
Thirty-First (Refunding Bonds)	2015	2028	11,090,000	2.000%-5.000%	4,355,000
Thirty-Second A	2016	2045	17,270,000	2.000%-4.000%	14,145,000
Thirty-Second B (Refunding Bonds)	2016	2039	147,115,000	2.000%-5.000%	88,780,000
Thirty-Third A	2018	2047	10,900,000	3.000%-5.000%	10,485,000
Thirty-Third B-1 (Refunding Bonds)	2017	2041	33,845,000	3.000%-5.000%	22,100,000
Thirty-Third B-2 (Refunding Bonds)	2018	2032	24,250,000	5.000%	24,250,000
Thirty-Fourth A	2019	2039	11,725,000	3.000%-5.000%	9,960,000
Thirty-Fourth B Taxable (Refunding Bonds)	2019	2043	83,430,000	2.114%-3.500%	74,795,000
Thirty-Fourth C (Green Bonds)	2019	2049	13,125,000	5.000%	13,125,000
Thirty-Fifth Taxable (Refunding Bonds)	2020	2044	54,485,000	1.643%-3.262%	39,040,000
Thirty-Sixth A-1	2022	2049	36,925,000	4.000%-5.000%	36,210,000
Thirty-Sixth A-1 (Refunding Bonds)	2022	2038	3,750,000	4.00%	3,750,000
Thirty-Sixth A-2 (Green Bonds)	2022	2051	3,430,000	4.00%	3,430,000
Thirty-Sixth B-1 (Refunding Bonds)	2022	2029	17,385,000	4.000%-5.000%	9,855,000
Thirty-Seventh A-1	2023	2051	15,595,000	5.00%	15,335,000
Thirty-Seventh A-2 (Green Bonds)	2023	2053	2,230,000	5.00%	2,230,000
Thirty-Seventh B-1 (Refunding Bonds)	2024	2034	11,110,000	5.00%	11,110,000
Thirty-Eighth (Refunding Bonds)	2025	2043	55,430,000	5.00%	55,430,000
Thirty-Ninth A	2025	2054	18,675,000	5.00%	18,675,000
Thirty-Ninth A (HSV)	2025	2039	3,225,000	5.00%	3,225,000
Total					\$ 495,880,000

* Dates are based on calendar year

Note 8: Long-Term Liabilities (Continued)

Revenue Bonds Payable (Continued)

2024	Issuance Date*	Original Maturity Date*	Original Principal	Original Interest Rate	Balance May 31, 2024
Twentieth A (Refunding Bonds)	2007	2030	\$ 63,330,000	4.000%-5.250%	\$ 6,420,000
2010 Series A	2010	2040	31,385,000	6.243%-6.393%	31,385,000
Twenty-Ninth (Refunding Bonds)	2014	2029	44,880,000	3.000%-5.000%	10,770,000
Thirty-First (Refunding Bonds)	2015	2028	11,090,000	2.000%-5.000%	5,330,000
Thirty-Second A	2016	2045	17,270,000	2.000%-4.000%	14,575,000
Thirty-Second B (Refunding Bonds)	2016	2039	147,115,000	2.000%-5.000%	132,455,000
Thirty-Third A	2018	2047	10,900,000	3.000%-5.000%	10,485,000
Thirty-Third B-1 (Refunding Bonds)	2017	2041	33,845,000	3.000%-5.000%	28,740,000
Thirty-Third B-2 (Refunding Bonds)	2018	2032	24,250,000	5.000%	24,250,000
Thirty-Fourth A	2019	2039	11,725,000	3.000%-5.000%	10,435,000
Thirty-Fourth B Taxable (Refunding Bonds)	2019	2043	83,430,000	2.114%-3.500%	80,710,000
Thirty-Fourth C (Green Bonds)	2019	2049	13,125,000	5.000%	13,125,000
Thirty-Fifth Taxable (Refunding Bonds)	2020	2044	54,485,000	1.643%-3.262%	51,750,000
Thirty-Sixth A-1	2022	2049	36,925,000	4.000%-5.000%	36,575,000
Thirty-Sixth A-1 (Refunding Bonds)	2022	2038	3,750,000	4.00%	3,750,000
Thirty-Sixth A-2 (Green Bonds)	2022	2051	3,430,000	4.00%	3,430,000
Thirty-Sixth B-1 (Refunding Bonds)	2022	2029	17,385,000	4.000%-5.000%	12,180,000
Thirty-Seventh A-1	2023	2051	15,595,000	5.00%	15,595,000
Thirty-Seventh A-2 (Green Bonds)	2023	2053	2,230,000	5.00%	2,230,000
Thirty-Seventh B-1 (Refunding Bonds)	2024	2034	11,110,000	5.00%	11,110,000
Total					\$ 505,300,000

*Dates are based on calendar year

Note 8: Long-Term Liabilities (Continued)

Revenue Bonds Payable (Continued)

The Federal American Recovery and Reinvestment Act of 2009, Pub. L. No. 111-5, 123 Stat. 115 (2009), enacted February 17, 2009 (the Recovery Act), authorizes state and local governments to issue two general types of taxable Build America Bonds (Taxable BABs) with the federal government providing subsidies for a portion of their borrowing cost. One type of Taxable BAB provides a federal tax credit to the bondholder; the other provides a credit in the form of an interest subsidy payment directly to the issuer (Taxable BABs – Direct Payment). The General Obligation Bonds, Issue of 2010 were issued as Taxable BABs – Direct Payment on April 6, 2010, for \$31,385,000. Pursuant to the Recovery Act, at inception, the Authority received a cash subsidy payment from the United States Treasury equal to 35% of the interest payable on the General Obligation Bonds, Issue of 2010 on or about each interest payment date. The 35% equates to \$348,411 per payment, occurring twice a year. Such subsidy payment represents revenue to the Authority under the *General Bond Resolution*. No holders of the General Obligation Bonds, Issue of 2010 will be entitled to a tax credit. The receipt of the subsidy by the Authority is not a condition of payment of any portion of the principal and interest on the General Obligation Bonds, Issue of 2010. However, if the subsidy payments are reduced or eliminated, the General Obligation Bonds, Issue of 2010 are subject to extraordinary optional redemption. Due to provisions within the Budget Control Act of 2011 and the implementation of sequestration, the amount of the subsidy has been reduced on payments made to issuers on or after March 1, 2013, resulting in a decrease to the Authority's August 1, 2013, payment, and the twice-annual payments through the current period. Reductions to the subsidy have ranged from a high of 8.7% to a low of 5.7%. A 5.7% reduction was effective for the payments received by the Authority in fiscal year 2024 and fiscal year 2025. The percent is subject to further change. The interest subsidy received totaled approximately \$644 thousand dollars for the fiscal year ended May 31, 2025, and \$657 thousand dollars for the fiscal year ended ending May 31, 2024, respectively. These amounts are adjusted for the over payment received in fiscal year 2024 and trued-up in fiscal year 2025 and excludes interest associated with payment processing delays.

Aggregate maturities of the Authority's water system revenue bonds are as follows:

Year Ending May 31,	Principal	Interest
2026	\$ 22,895,000	\$ 20,748,142
2027	25,720,000	19,925,145
2028	26,775,000	18,864,313
2029	27,910,000	17,751,250
2030	29,140,000	16,492,822
2031-2035	153,060,000	62,431,545
2036-2040	117,040,000	33,297,046
2041-2045	49,620,000	14,736,092
2046-2050	29,660,000	6,724,225
2051-2055	14,060,000	1,410,100
Total	\$ 495,880,000	\$ 212,380,680

The following represents the more significant requirements of the Authority's *General Bond Resolution*:

Rate Covenants

The Authority shall have reasonable rates for each class of service and is required to establish rates and charges at levels sufficient to cover annual operating and maintenance expenses, PILOT, all debt service requirements, and any amounts necessary to meet reserve requirements established by the *General Bond Resolution*. In addition, collected revenues, less operating and maintenance expenses incurred, PILOT and depreciation expense must equal 114% of annual debt service for fiscal years 2025 and 2024. Depreciation expense and other terms are as defined in the *General Bond Resolution*. Also, collected revenues, less operating and maintenance expenses incurred, and depreciation expense must equal 125% of annual debt service before PILOT.

The Act provides that the rates and charges proposed by the Authority are subject to approval by the Representative Policy Board (RPB) following a public hearing. However, the Act also provides that the RPB shall approve such rates and charges proposed by the Authority unless it finds that such rates and charges will provide funds insufficient for, or significantly in excess of, the amounts required to meet expenses of the Authority and the requirements of the *General Bond Resolution*.

As of May 31, 2025 and 2024, the Authority was in compliance with the requirements of the *General Bond Resolution*.

Note 8: Long-Term Liabilities (Continued)

Leases Payable

The Authority leases equipment as well as certain operating and office facilities for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through fiscal year 2032.

Principal and interest requirements to maturity under lease agreements are as follows:

Year Ending May 31,	Principal	Interest	Total
2026	\$ 84,316	\$ 8,342	\$ 92,658
2027	74,285	6,504	80,789
2028	71,432	4,633	76,065
2029	50,613	3,169	53,782
2030	46,181	2,119	48,300
Thereafter	75,289	1,247	76,536
Totals	\$ 402,116	\$ 26,014	\$ 428,130

Right-to-use assets acquired through outstanding leases are shown below, by underlying asset class.

	2025	2024
Equipment	\$ 63,673	\$ 67,039
Buildings	677,027	640,901
Less: Accumulated Amortization	(328,100)	(229,798)
Total	\$ 412,600	\$ 478,142

SBITAs Payable

The Authority has entered into subscription-based information technology arrangements (SBITAs) for software used in the operation of the Authority.

Principal and interest requirements to maturity under SBITA agreements are as follows:

Year Ending May 31,	Principal	Interest	Total
2026	\$ 1,027,437	\$ 204,887	\$ 1,232,324
2027	937,145	174,088	1,111,233
2028	917,175	144,549	1,061,724
2029	946,962	114,762	1,061,724
2030	977,824	83,900	1,061,724
Thereafter	1,882,564	81,895	1,964,459
Totals	\$ 6,689,107	\$ 804,081	\$ 7,493,188

Assets acquired through outstanding SBITA agreements are shown below, by underlying asset class.

	2025	2024
Subscription Based Information Technology Arrangements	\$ 24,709,145	\$ 7,322,790
Less: Accumulated Amortization	(2,478,894)	(2,862,336)
Total	\$ 22,230,251	\$ 4,460,454

Maintenance of Funds

The *General Bond Resolution* provides for the maintenance of certain funds as discussed in Note 6, which for financial reporting purposes are subparts of the Authority's overall enterprise fund. All revenues (as defined and governed by the *General Bond Resolution*) collected by the Authority are deposited into the Revenue Fund and applied first to the payment of operating expenses, as defined, and then deposited to restricted funds required to be maintained by the *General Bond Resolution*. Funds remaining in the Revenue Fund at the end of the year, after the above requirements are met, are to be transferred to the General Fund, which is available to the Authority for any lawful purpose of the Authority. In June 2025, the Authority authorized approximately \$20.3 million of cash and cash equivalents to be transferred to the General Fund and, subsequently, approximately \$16.1 million to be transferred from the General Fund to the Construction Fund and approximately \$1.8 million to be transferred to the Growth Fund. \$2.5 million of the approximately \$20.3 million transfer was left in the General Fund. While not governed under the *General Bond Resolution*, a transfer was also made from RWA Well Services, LLC to the Authority's Construction Fund.

Note 8: Long-Term Liabilities (Continued)

Maintenance of Funds (Continued)

On March 13, 2025, the Authority issued \$55,430,000 (par value) of Water System Revenue Refunding Bonds, Thirty-eighth Series, to tender refund certain maturities of the Authority's Thirty-second Series B, Thirty-third Series B-1, Thirty-fourth Series B Taxable, and Thirty-fifth Series Taxable Bonds. The tender refunding reduced debt service payments by \$5,098,014 and represents an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$4,122,308. This was a tender refunding with an immediate call.

Drinking Water Loans Payable – Direct Borrowing

The Authority participates in the State of Connecticut's Drinking Water State Revolving Fund (DWSRF) programs, which provide low-interest loans currently bearing 2% interest for eligible drinking water projects. Qualified projects are financed by subordinate interim financing, revenue bonds, and/or internally generated funds, until such projects are complete and there is an executed project loan obligation. Proceeds received at the execution of the project loan obligation are used to reimburse Authority funds previously used and/or pay-off interim subordinate financing as well as to fund associated reserve requirements. Project loan obligations are at parity with the Authority's revenue bonds under the *General Bond Resolution*.

Long-term loan obligations mature as follows:

Year Ending May 31,	Principal	Interest
2026	\$ 2,193,400	\$ 756,090
2027	2,237,674	711,818
2028	2,282,840	666,652
2029	2,328,916	620,574
2030	2,375,924	573,565
2031-2035	12,618,625	2,128,828
2036-2040	10,627,675	876,508
2041-2045	4,141,115	158,712
Total	\$ 38,806,169	\$ 6,492,747

The state may terminate the obligation to make the Project Loan, with 60 days written notice, if the state determines that such terminations is in the best interest of the state and the Authority fails to perform its obligations under the agreement. After giving notice, the state has discretion not to terminate the Project Loan if the Authority performs its obligations to the satisfaction of the state.

Note 9: Bond Anticipation Notes Payable

In October 2020, a Series D draw down note was issued in an amount of \$5,000,000. On the same day \$50,500 was drawn. This note matured in October 2021 and a Series A draw down note was issued and \$50,500 was drawn. This note matured in April 2022 and \$50,500 was drawn. This note was re-issued in April 2023, 2024, and 2025 and each time \$50,500 has been drawn. The \$50,500 was drawn for temporary financing to be utilized for capital projects. In addition, in June 2024 \$3,350,000 was issued associated with the HSV transaction. This issuance was repaid in January 2025 with proceeds from the 39th Series debt issuance. The principal balance as of May 31, 2025, is \$50,500.

Bond anticipation note transactions for the year ended May 31, 2025, were as follows:

Outstanding, May 31, 2024	\$ 50,500
New Borrowings	3,400,500
Repayments	(3,400,500)
Outstanding, May 31, 2025	\$ 50,500

Note 10: Hazwaste Central

As an agent for the South Central Connecticut Regional Council of Governments, the Authority owns and operates a regional collection center for household hazardous waste, HazWaste Central, located at its headquarters on Sargent Drive.

Since HazWaste Central receives its revenue after incurring its operating costs, the Authority provides advance funding to the organization. The Authority is reimbursed for its advances when revenue is received by that organization.

Note 11: Commitments and Contingencies

In the opinion of the Authority and its legal counsel, various legal matters in which the Authority is currently involved will not materially affect the Authority's financial position.

Litigation

A number of claims and suits are pending against the Authority for alleged damages to persons and properties, and for other alleged liabilities arising out of its operations. The probable outcome of such matters cannot be determined at this time; however, in the opinion of management, any ultimate liability that may arise from these actions is not expected to materially affect the Authority's financial position.

Capital and Other Commitments

As of May 31, 2025, the Authority has an estimated \$12.6 million projected remaining capital expenditures associated with ongoing projects under cancellable binding contracts. In addition, the agreement for the implementation and on-going support of a new Customer Information System has a termination fee of \$1.5 million during the first year-post go-live. A second agreement regarding a solar array contains a termination for convenience fee of approximately \$1.3 million. The Authority does not intend to terminate these agreements.

Prior to the closing of the AWA transaction to acquire Aquarion, RWA has certain responsibilities and obligations under executed agreements. If regulatory approval is obtained and the transaction closes, RWA will cease to have such obligations.

Risk Management

The Authority is subject to certain business risks common to the utility industry. Most of these risks are mitigated by traditional insurance coverage obtained by the Authority. For risks associated with workers' compensation, automobile and general liability, the Authority elected, as of October 31, 2000, to participate in a program of member-owned "captive" insurance. It is management's belief that the Authority's exposure to losses arising from its participation in a program of "captive" insurance will not materially affect the financial results of the Authority's operations and cash flows.

Letter of Credit

The Authority has available to them a \$2,268,382 letter of credit that expires March 1, 2026. There were no borrowings on this letter of credit as of May 31, 2025 and 2024.

Self-Insurance

The Authority administers a program of self-insurance for certain medical and dental claims and provides for losses by charging operating expense as liabilities are incurred. The Authority records a liability, in accounts and other payables, and other accrued liabilities, when it is probable that it has incurred an uninsured loss, and it can reasonably estimate that loss. The Authority's liability for unpaid claims is based upon the estimated cost of settling the claims after a review of estimated recoveries. Changes in the amounts recorded for liabilities for the years ended May 31, 2025 and 2024, were as follows:

2025	Beginning Balance	Claims and Expenses Paid	Additional Reserves	Ending Balance
Medical and Dental Claims	\$ 623,359	\$ (7,000,571)	\$ 6,941,652	\$ 564,440
Insurance Reserve for "Captive" (October 1, 2000 - Present)	2,109,805	(482,544)	446,364	2,073,625
Insurance Reserve (Pre October 1, 2000)	291,000	(179,937)	124,071	235,134
Total Liability	\$ 3,024,164	\$ (7,663,052)	\$ 7,512,087	\$ 2,873,199

2024	Beginning Balance	Claims and Expenses Paid	Additional Reserves	Ending Balance
Medical and Dental Claims	\$ 530,498	\$ (5,738,615)	\$ 5,831,476	\$ 623,359
Insurance Reserve for "Captive" (October 1, 2000 - Present)	2,040,153	(323,936)	393,588	2,109,805
Insurance Reserve (Pre October 1, 2000)	364,954	(188,843)	114,889	291,000
Total Liability	\$ 2,935,605	\$ (6,251,394)	\$ 6,339,953	\$ 3,024,164

Note 12: Defined Benefit Pension Plans

Plan Description

The Authority's two retirement plans are single-employer defined benefit pension plans administered under a master trust agreement by the Five-Member Authority. The retirement plans provide retirement and disability benefits to the plans' members and their beneficiaries. Cost-of-living adjustments are not provided to members and beneficiaries but may be made at the discretion of the Authority. The Authority establishes and amends benefit provisions of the plans.

The pension plans are included in the Authority's financial reporting entity and accounted for in the Pension Trust Fund. The Authority does not issue a stand-alone financial report for the plans.

Management of the plan rests with the Pension and Benefit Committee of the Five-Member Authority. The Pension and Benefit Committee consists of all five members of the Five-Member Authority. As of May 31, 2025, two members of senior management are authorized and empowered to act as management's Pension Review Committee for the Authority's Salaried Employees' Retirement Plan and Retirement Plan (Union), with instructions to defer final action on nonroutine or discretionary matters until they have consulted with the Pension and Benefits Committee.

At January 1, 2025, which is the date of the latest actuarial valuations, membership consisted of the following:

	Salaried Plan	Bargaining Unit Plan
Retirees, Disabled, and Beneficiaries Currently Receiving Benefits	187	114
Vested Terminated Members Entitled to But Not Yet Receiving Benefits	53	38
Current Active Members	64	55
Total Members	304	207

At January 1, 2024, which is the date of the prior actuarial valuations, membership consisted of the following:

	Salaried Plan	Bargaining Unit Plan
Retirees, Disabled, and Beneficiaries Currently Receiving Benefits	177	116
Vested Terminated Members Entitled to But Not Yet Receiving Benefits	60	37
Current Active Members	67	60
Total Members	304	213

Both plans have been closed to new entrants. The salaried plan was closed to new entrants as of January 1, 2011, and the bargaining unit plan was closed to new entrants as of April 15, 2010.

Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

The Pension Trust Fund's financial statements are prepared on the accrual basis of accounting. Employer contributions are recognized as revenues in the period in which employee services are performed. Benefits and refunds are recognized when due and payable in accordance with plan provisions. Administrative costs of the plan are financed through investment earnings.

Valuation of Investments

Investments are reported at fair value as determined by quoted prices in active markets.

Funding Policy

The Authority contributes, at a minimum, the actuarially determined contribution. For the year ended May 31, 2025, the Authority contributed approximately \$1.0 million in excess of the actuarial required contribution. In May 31, 2024, the Authority contributed approximately \$2.1 million in excess of the required contribution.

Note 12: Defined Benefit Pension Plans (Continued)

Summary of Significant Accounting Policies and Plan Asset Matters (Continued)

Funding Policy (Continued)

The individual plan net position at May 31, 2025, and changes in net position for the year then ended are as follows:

2025	Fiduciary Net Position		
	Salaried Plan	Bargaining Unit Plan	Total Pension Trust Fund
ASSETS			
Cash and Cash Equivalents	\$ 881,856	\$ 520,752	\$ 1,402,608
Investments:			
U.S. Government Securities	4,403,940	2,342,976	6,746,916
U.S. Government Agencies	1,320,353	817,583	2,137,936
Corporate Bonds	5,411,699	3,022,159	8,433,858
Mutual Funds	37,710,160	23,028,277	60,738,437
Total Assets	49,728,008	29,731,747	79,459,755
NET POSITION			
Restricted for Pension Benefits	\$ 49,728,008	\$ 29,731,747	\$ 79,459,755
ADDITIONS			
Contributions:			
Employer	\$ 2,397,959	\$ 1,083,864	\$ 3,481,823
Investment Earnings:			
Net Increase in the Fair Value of Investments	2,675,127	1,647,782	4,322,909
Investment Earnings	1,638,703	979,354	2,618,057
Net Investment Earnings	4,313,830	2,627,136	6,940,966
Total Additions	6,711,789	3,711,000	10,422,789
DEDUCTIONS			
Benefits	4,099,632	1,889,592	5,989,224
Expenses	217,391	106,258	323,649
Other	(7,380)	(15,190)	(22,570)
Total Deductions	4,309,643	1,980,660	6,290,303
CHANGE IN NET POSITION	2,402,146	1,730,340	4,132,486
Net Position - Beginning of Year	47,325,862	28,001,407	75,327,269
NET POSITION - END OF YEAR	\$ 49,728,008	\$ 29,731,747	\$ 79,459,755

Note 12: Defined Benefit Pension Plans (Continued)

Summary of Significant Accounting Policies and Plan Asset Matters (Continued)

Funding Policy (Continued)

The individual plan net position at May 31, 2024, and changes in net position for the year then ended are as follows:

2024	Fiduciary Net Position		
	Salaried Plan	Bargaining Unit Plan	Total Pension Trust Fund
ASSETS			
Cash and Cash Equivalents	\$ 1,124,407	\$ 486,993	\$ 1,611,400
Investments:			
U.S. Government Securities	1,626,575	1,041,188	2,667,763
U.S. Government Agencies	2,631,395	1,589,550	4,220,945
Corporate Bonds	5,015,262	2,880,276	7,895,538
Mutual Funds	36,928,223	22,003,400	58,931,623
Total Assets	47,325,862	28,001,407	75,327,269
NET POSITION			
Restricted for Pension Benefits	\$ 47,325,862	\$ 28,001,407	\$ 75,327,269
ADDITIONS			
Contributions:			
Employer	\$ 3,194,706	\$ 1,805,294	\$ 5,000,000
Investment Earnings:			
Net Increase in the Fair Value of Investments	4,399,313	2,609,558	7,008,871
Investment Earnings	1,391,403	829,653	2,221,056
Net Investment Earnings	5,790,716	3,439,211	9,229,927
Total Additions	8,985,422	5,244,505	14,229,927
DEDUCTIONS			
Benefits	3,632,795	1,883,779	5,516,574
Expenses	213,153	139,731	352,884
Other	8,356	14,752	23,108
Total Deductions	3,854,304	2,038,262	5,892,566
CHANGE IN NET POSITION	5,131,118	3,206,243	8,337,361
Net Position - Beginning of Year	42,194,744	24,795,164	66,989,908
NET POSITION - END OF YEAR	\$ 47,325,862	\$ 28,001,407	\$ 75,327,269

Note 12: Defined Benefit Pension Plans (Continued)

Investments

Investment Policy

The Five-Member Authority determines the asset allocation ranges and targets, and the investment advisor has discretion to invest within the authorized ranges and to select the specific investments within an asset category. As of May 31, 2025 and 2024, the associated targets were as follows:

Asset Class	Target Allocation	
	2025	2024
Fixed Income	30 %	30 %
U.S. Equity	37	37
Global	4	4
International Equity	14	14
Alternative, Hedge, and Swing	15	15
Total	100 %	100 %

The asset allocation targets and ranges, effective July 18, 2019, were authorized by the Five-Member Authority. The equity target was set in total, with discretion allowed among the category of equities.

Rate of Return

For the year ended May 31, 2025, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 9.30% for the salaried plan and 9.59% for the bargaining unit plan.

For the year ended May 31, 2024, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 13.83% for the salaried plan and 13.93% for the bargaining unit plan.

Net Pension Liability of the Authority

The components of the net pension liability of the Authority at May 31, 2025, were as follows:

2025	Salaried Plan	Bargaining Unit Plan
Total Pension Liability	\$ 56,204,869	\$ 32,050,315
Plan Fiduciary Net Position	49,728,008	29,731,747
Net Pension Liability	\$ 6,476,861	\$ 2,318,568
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	88.48%	92.77%

The components of the net pension liability of the Authority at May 31, 2024, were as follows:

2024	Salaried Plan	Bargaining Unit Plan
Total Pension Liability	\$ 55,047,939	\$ 31,901,779
Plan Fiduciary Net Position	47,325,862	28,001,407
Net Pension Liability	\$ 7,722,077	\$ 3,900,372
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85.97%	87.77%

Actuarial Assumptions

The total pension liability as of May 31, 2025 was determined by an actuarial valuation as of January 1, 2025, rolled forward to May 31, 2025, using the following actuarial assumptions applied to all periods included in the measurement:

	Salaried Plan	Bargaining Unit Plan
Inflation	3%	3%
Salary Increase	4%, Average, Including Inflation	N/A
Investment Rate of Return	6.75%, Net of Pension Plan Investment Expense, Including Inflation	6.75%, Net of Pension Plan Investment Expense, Including Inflation

Note 12: Defined Benefit Pension Plans (Continued)

Actuarial Assumptions (Continued)

The total pension liability as of May 31, 2024 was determined by an actuarial valuation as of January 1, 2024, rolled forward to May 31, 2024, using the following actuarial assumptions, applied to all periods included in the measurement:

	Salaried Plan	Bargaining Unit Plan
Inflation	3%	3%
Salary Increase	4%, Average, Including Inflation	N/A
Investment Rate of Return	6.75%, Net of Pension Plan Investment Expense, Including Inflation	6.75%, Net of Pension Plan Investment Expense, Including Inflation

Mortality rates for the year ended May 31, 2025, for the Salaried Plan were based on the PubG.2016 Above Median Employee, Healthy Annuitant, and Disabled Retiree (Male/Female) with MP-2021 projection scale. Mortality rates for the Bargaining Unit Plan were based on the PubG-2016 Total Employee, Healthy Annuitant, and Disabled Retiree (Male/Female) with MP-2021 projection scale. Mortality rates for the year ended May 31, 2024, were based on the corresponding PubG-2010 tables with MP-2021 projection scale.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Asset Class	Long-Term Expected Rate of Return
Fixed Income	3.8 %
U.S. Equity	8.5
Global	8.1
International Equity	7.4
Alternatives, Hedge, and Swing	6.2

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of May 31, 2024, (see the discussion of the pension plan's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Rate of Return
Fixed Income	3.7 %
U.S. Equity	8.4
Global	8.0
International Equity	7.3
Alternatives, Hedge, and Swing	6.1

Discount Rate

The discount rate used to measure the total pension liability as of May 31, 2025, for the salaried plan was 6.75% and for the bargaining unit plan 6.75%. The discount rate used to measure the total pension liability as of May 31, 2024, for the salaried plan was 6.75% and for the bargaining unit plan 6.75%. The projection of cash flows used to determine the discount rate was made at the actuarially determined contribution. For the years ended May 31, 2025 and 2024, the Authority contributed above the actuarial required contribution. An expected rate of return of 6.75% on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Note 12: Defined Benefit Pension Plans (Continued)

Changes in the Net Pension Liability

Changes in the net pension liability at May 31, 2025 were as follows:

2025	Salaried Plan, Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances - June 1, 2024	\$ 55,047,939	\$ 47,325,862	\$ 7,722,077
Changes for the Year:			
Service Cost	490,576	-	490,576
Interest on Total Pension Liability	3,564,304	-	3,564,304
Differences Between Expected and Actual Experience	1,438,047	-	1,438,047
Changes in Assumptions	(236,365)	-	(236,365)
Employer Contributions	-	2,397,959	(2,397,959)
Net Investment Gain	-	4,313,830	(4,313,830)
Benefit Payments, Including Refund to Employee Contributions	(4,099,632)	(4,099,632)	-
Administrative Expenses	-	(217,391)	217,391
Other	-	7,380	(7,380)
Net Changes	1,156,930	2,402,146	(1,245,216)
Balances - May 31, 2025	\$ 56,204,869	\$ 49,728,008	\$ 6,476,861

Note 12: Defined Benefit Pension Plans (Continued)

Changes in the Net Pension Liability (Continued)

Changes in the net pension liability at May 31, 2025 were as follows:

2025	Bargaining Unit, Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances - June 1, 2024	\$ 31,901,779	\$ 28,001,407	\$ 3,900,372
Changes for the Year:			
Service Cost	89,539	-	89,539
Interest on Total Pension Liability	2,076,288	-	2,076,288
Differences Between Expected and Actual Experience	(507,861)	-	(507,861)
Changes in Assumptions	(73,182)	-	(73,182)
Changes in Benefit Terms	453,344	-	453,344
Employer Contributions	-	1,083,864	(1,083,864)
Net Investment Gain	-	2,627,136	(2,627,136)
Benefit Payments, Including Refund to Employee Contributions	(1,889,592)	(1,889,592)	-
Administrative Expenses	-	(106,258)	106,258
Other	-	15,190	(15,190)
Net Changes	148,536	1,730,340	(1,581,804)
Balances - May 31, 2025	\$ 32,050,315	\$ 29,731,747	\$ 2,318,568

Note 12: Defined Benefit Pension Plans (Continued)

Changes in the Net Pension Liability (Continued)

Changes in the net pension liability at May 31, 2024 were as follows:

2024	Salaried Plan, Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances - June 1, 2023	\$ 53,711,027	\$ 42,194,744	\$ 11,516,283
Changes for the Year:			
Service Cost	490,070	-	490,070
Interest on Total Pension Liability	3,473,849	-	3,473,849
Differences Between Expected and Actual Experience	1,005,788	-	1,005,788
Employer Contributions	-	3,194,706	(3,194,706)
Member Contributions	-	-	-
Net Investment Gain	-	5,790,716	(5,790,716)
Benefit Payments, Including Refund to Employee Contributions	(3,632,795)	(3,632,795)	-
Administrative Expenses	-	(213,153)	213,153
Other	-	(8,356)	8,356
Net Changes	1,336,912	5,131,118	(3,794,206)
Balances - May 31, 2024	\$ 55,047,939	\$ 47,325,862	\$ 7,722,077

Note 12: Defined Benefit Pension Plans (Continued)

Changes in the Net Pension Liability (Continued)

Changes in the net pension liability at May 31, 2024 were as follows:

	Bargaining Unit, Increase (Decrease)		
2024	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances - June 1, 2023	\$ 31,227,932	\$ 24,795,164	\$ 6,432,768
Changes for the Year:			
Service Cost	102,166	-	102,166
Interest on Total Pension Liability	2,035,211	-	2,035,211
Differences Between Expected and Actual Experience	420,249	-	420,249
Employer Contributions	-	1,805,294	(1,805,294)
Net Investment Gain	-	3,439,211	(3,439,211)
Benefit Payments, Including Refund to Employee Contributions	(1,883,779)	(1,883,779)	-
Administrative Expenses	-	(139,731)	139,731
Other	-	(14,752)	14,752
Net Changes	673,847	3,206,243	(2,532,396)
Balances - May 31, 2024	\$ 31,901,779	\$ 28,001,407	\$ 3,900,372

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Authority for the year ended May 31, 2025, calculated using the discount rate of 6.75% for the salaried plan and 6.75% for the bargaining unit plan, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

The following presents the net pension liability of the Authority for the year ended May 31, 2024, calculated using the discount rate of 6.75% for the salaried plan and 6.75% for the bargaining unit plan, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

2025	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Salaried Plan	\$ 11,403,647	\$ 6,476,861	\$ 2,194,126
Bargaining Unit Plan	\$ 5,400,199	\$ 2,318,568	\$ (336,599)

2024	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Salaried Plan	\$ 12,635,178	\$ 7,722,077	\$ 3,464,963
Bargaining Unit Plan	\$ 7,045,237	\$ 3,900,372	\$ 1,197,437

Note 12: Defined Benefit Pension Plans (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the years ended May 31, 2025 and 2024, the Authority recognized pension

expense of \$2,100,511 and \$2,890,150, respectively. At May 31, 2025 and 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

Deferred Outflows of Resources			
2025	Salaried Plan	Bargaining Unit Plan	Total
Differences Between Expected and Actual Experience	\$ 1,001,844	\$ 81,475	\$ 1,083,319

Deferred Inflows of Resources			
2025	Salaried Plan	Bargaining Unit Plan	Total
Differences Between Expected and Actual Experience	\$ -	\$ 273,283	\$ 273,283
Changes of Assumptions	134,746	39,380	174,126
Difference Between Projected and Actual Earning on Pension Plan Investments	588,698	393,445	982,143
Total	\$ 723,444	\$ 706,108	\$ 1,429,552

Deferred Outflows of Resources			
2024	Salaried Plan	Bargaining Unit Plan	Total
Differences Between Expected and Actual Experience	\$ 593,917	\$ 399,053	\$ 992,970
Changes of Assumptions	-	873	873
Difference Between Projected and Actual Earning on Pension Plan Investments	147,179	90,854	238,033
Total	\$ 741,096	\$ 490,780	\$ 1,231,876

Deferred Inflows of Resources			
2024	Salaried Plan	Bargaining Unit Plan	Total
Differences Between Expected and Actual Experience	\$ 132,401	\$ -	\$ 132,401

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending May 31,	Amount
2026	\$1,726,378
2027	(315,018)
2028	(1,357,162)
2029	(400,431)
Total	\$(346,233)

Note 13: Voluntary Investment Plan

The Authority maintains a voluntary investment plan (a defined contribution 401(k) plan) covering eligible salaried employees. Salaried employees hired after January 1, 2011, receive an Authority contribution of 4.5% of their pay after six months of service. Salaried employees are not required to contribute to receive this contribution. In addition, beginning on June 1, 2025, for salaried employees hired after January 1, 2011, that contribute up to 4% of their base wages to the 401k plan, the Authority will make a 50% matching contribution up to 2%. There is no change in the match for salaried employees hired before January 1, 2011. Authority contributions vest immediately. Effective January 1, 1997, eligible bargaining unit employees were allowed to participate in the voluntary investment plan. Bargaining unit employees hired before April 15, 2010, received a 0.5% Authority contribution for plan year 2024 and 1.25% effective June 1, 2024, with no change in the employer match. Bargaining unit employees hired after April 15, 2010, and before April 15, 2014, receive an Authority contribution of 4% of pay with 100% vesting. Bargaining unit employees hired after April 15, 2014, receive an Authority contribution of 4% of their pay after six months of employment under the following vesting schedule: 50% after three years of service, 75% after four years of service, and 100% after five years of service. In addition, for bargaining unit employees hired after April 15, 2010, that contribute up to 4% of their base wages to the 401k plan, the Authority will make a 50% matching contribution, up to a maximum contribution of 2% of the participant's base wages. This contribution is in addition to the non-elective employer contribution. Cash contributions to the plan for the years ended May 31, 2025 and 2024, were as follows:

	2025	2024
Employer Contributions	\$ 1,468,484	\$ 1,154,751
Employee Contributions	2,499,477	2,350,591

Note 14: Other Postemployment Benefits – Retiree Health Care

Plan Description

The Authority's OPEB plan is a single-employer defined benefit plan that includes health benefits to retirees and qualifying dependents as well as a death benefit that increased to \$13,000 in April 2017. Medical coverage for retirees and spouses over 65 is provided by an indemnity plan. Medical and dental coverage for retirees and dependents under 65 is provided by the Authority's self-insurance plan. Eligibility is stated in the funding policy section below.

In September 2008, the Authority established the South Central Connecticut Regional Water Authority Retired Employees' Contributory Welfare Trust (the Trust). On October 9, 2008, the Authority transferred \$724,462 to the Trust as its initial funding. This initial contribution comprises \$564,462 from the Birmingham Utilities Retiree Trust and \$160,000 as the Authority's initial funding of the Trust.

The retiree health plan is included in the Authority's financial reporting entity and accounted for as a trust fund. The Authority does not issue a stand-alone financial report for the plan.

The Authority opted to fund the Trust by contributing the actuarial recommended cash contribution.

Administration of the plan rests with the Pension and Benefit Committee of the Five-Member Authority. The Pension and Benefit Committee consist of all five members of the Five-Member Authority.

At January 1, 2025 and 2024, plan membership consisted of the following:

Retiree Health Plan	2025	2024
Retired Members and Spouses	261	264
Active Plan Members	107	113
Members Death Benefits Only	208	172
Total Participants	576	549

The plan is closed to new entrants, other than for the death benefit and eligibility to participate in the group health insurance at one's own expense.

Note 14: Other Postemployment Benefits – Retiree Health Care

(Continued)

Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

Financial statements for the Trust are prepared using the accrual method of accounting. Employee contributions are recognized as revenues in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Valuation of Investments

Investments are reported at fair value as determined by quoted prices in active markets.

Funding Policy

Requirements for contributions by union plan members are negotiated with the union. Retiree contribution requirements vary depending on retirement date and hire date as described below:

Union Employees and Spouses:

- Until they are eligible for Medicare, retired employees under 65 are subject to the same contribution levels and increases in contributions as active employees.
- Employees who retired on or before April 15, 2006, receive full benefits from the Medicare Supplemental Plan F (or comparable coverage) and Medicare Part B reimbursement for pensioner and spouse if qualified.
- Employees who retire after April 15, 2006, and who were hired before January 1, 2006, receive benefits from the Medicare Supplemental Plan F (or comparable coverage) and Medicare Part B reimbursement for pensioner and for such of their dependents as qualified at levels in place as of December 31, 2005. Retirees and qualifying dependents are responsible for costs above \$158.14 per individual per month for the Medicare Supplemental Plan and \$78.00 per individual per month for Medicare Part B.
- Retired employees who were hired on or after January 1, 2006, are entitled to continue in the group health coverage by paying the entire monthly cost for the appropriate coverage based on their age.

Nonunion Employees and Spouses:

- Until they are eligible for Medicare, retired employees under 65 are subject to the same contribution levels and increases in contributions as active employees.
- Employees who retired on or before January 1, 2006, receive full benefits from the Medicare Supplemental Plan F (or comparable coverage) and Medicare Part B reimbursement for pensioner and spouse if qualified.
- Employees who retire after January 1, 2006, and who were hired before January 1, 2005, receive benefits from the Medicare Supplemental Plan F (or comparable coverage) and Medicare Part B reimbursement for pensioner and for such of their dependents as qualified at levels in place as of December 31, 2004. Retirees and qualifying dependents are responsible for costs above \$158.14 per individual per month for the Medicare Supplemental Plan and \$66.60 per individual per month for Medicare Part B.
- Retired employees who were hired on or after January 1, 2005, are entitled to continue in the group health coverage by paying the entire monthly cost for the appropriate coverage based on their age.

The Authority's cash contribution to the trust was \$1,694,075 for the fiscal year ended May 31, 2025. The Authority's contribution was based on the actuarially calculated recommended cash contribution.

Investments

Investment Policy

The Five-Member Authority determines the asset allocation target and the associated ranges, and the investment advisor has discretion to invest within the authorized ranges and to select the specific investments within an asset category. As of May 31, 2025 and 2024, the associated targets were as follows:

Asset Class	Target Allocation
Fixed Income	30 %
US Equity	37
Global Equities	4
International Equity	14
Alternatives, Hedge, and Swing	15
Total	100 %

Note 14: Other Postemployment Benefits – Retiree Health Care

(Continued)

The asset allocation targets were approved by the Five-Member Authority on April 19, 2018. Effective July 18, 2019, the Five-Member Authority authorized revised ranges for the asset categories. The equity target was set in total with discretion allowed among the categories of equity.

Rate of Return

As of May 31, 2025 and 2024, the annual money-weighted rate of return on investments, net of investment expense, was 9.37% and 13.40%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, was determined based on an assumption of contributions and expenses being paid in the middle of the plan year.

Net OPEB Liability of the Authority

The Authority’s net OPEB liability was measured as of May 31, 2025 and 2024. The components of the net OPEB liability of the Authority at May 31, 2025, were as follows:

2025	
Total OPEB Liability	\$ 25,513,409
Plan Fiduciary Net Position	10,332,335
Net OPEB Liability	\$ 15,181,074

Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	40.50%
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The components of the net OPEB liability of the Authority at May 31, 2024, were as follows:

2024	
Total OPEB Liability	\$ 26,230,544
Plan Fiduciary Net Position	10,085,112
Net OPEB Liability	\$ 16,145,432

Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	38.45%
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Actuarial Assumptions

The total OPEB liability for May 31, 2025, was determined by an actuarial valuation as of January 1, 2025, rolled forward to May 31, 2025, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

2025	
Salary Scale	4.00%
Investment Rate of Return	6.75%
Healthcare Cost Trend Rates	6.50% Per Year Graded Down Using the Getzen Model to an Ultimate Rate of 4.00% Per Year

The total OPEB liability for May 31, 2024 was determined by an actuarial valuation as of January 1, 2024, rolled forward to May 31, 2024, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

2024	
Salary Scale	4.00%
Investment Rate of Return	6.75%
Healthcare Cost Trend Rates	6.50% Per Year Graded Down Using the Getzen Model to an Ultimate Rate of 4.04% Per Year

Mortality rates for the year ended May 31, 2025, were based on the 2016 Public Sector Retirement Plans Mortality table for above-average-salary general employee populations with MP-2021 mortality improvement scale.

Mortality rates for the year ended May 31, 2024 were based on the 2010 Public Sector Retirement Plans Mortality table for above-average-salary general employee populations with MP-2021 mortality improvement scale.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Note 14: Other Postemployment Benefits – Retiree Health Care

(Continued)

Actuarial Assumptions (Continued)

The best estimates of arithmetic real rates of return for each major asset as of May 31, 2025, are summarized in the following table:

Asset Class	Long-Term Expected Rate of Return
Fixed Income	3.8 %
US Equity	8.5
Global Equities	8.1
International Equity	7.4
Alternative, Hedge, and Swing	6.2

The best estimates of arithmetic real rates of return for each major asset as of May 31, 2024 as summarized in the following table:

Asset Class	Long-Term Expected Rate of Return
Fixed Income	3.7 %
US Equity	8.4
Global Equities	8.0
International Equity	7.3
Alternative, Hedge, and Swing	6.1

Discount Rate

The discount rate used to measure the total OPEB liability was 6.75% for the years ended May 31, 2025 and 2024. The projection of cash flows used to determine the discount rate assumed that Authority contributions will be made at rates equal to the actuarially determined contribution rates.

Note 14: Other Postemployment Benefits – Retiree Health Care (Continued)

Changes in the Net Pension Liability

	Increase (Decrease)		
2025	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances - June 1, 2024	\$ 26,230,544	\$ 10,085,112	\$ 16,145,432
Changes for the Year:			
Service Cost	210,047	-	210,047
Interest	1,691,038	-	1,691,038
Differences Between Expected and Actual Experience	69,201	-	69,201
Changes in Assumptions	(374,167)	-	(374,167)
Benefit Payments, Including Refund to Employee Contributions	(2,562,780)	(2,562,780)	-
Contributions - Employer	-	1,694,075	(1,694,075)
Contributions - Retiree	249,526	249,526	-
Net Investment Income	-	913,344	(913,344)
Administrative Expense	-	(46,942)	46,942
Net Changes	(717,135)	247,223	(964,358)
Balances - May 31, 2025	\$ 25,513,409	\$ 10,332,335	\$ 15,181,074

	Increase (Decrease)		
2024	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances - June 1, 2023	\$ 24,975,189	\$ 9,258,321	\$ 15,716,868
Changes for the Year:			
Service Cost	159,742	-	159,742
Interest	1,614,801	-	1,614,801
Differences Between Expected and Actual Experience	1,321,755	-	1,321,755
Changes in Assumptions	136,564	-	136,564
Benefit Payments, Including Refund to Employee Contributions	(2,213,576)	(2,213,576)	-
Contributions - Employer	-	1,640,907	(1,640,907)
Contributions - Retiree	236,069	236,069	-
Net Investment Income	-	1,214,469	(1,214,469)
Administrative Expense	-	(51,078)	51,078
Net Changes	1,255,355	826,791	428,564
Balances - May 31, 2024	\$ 26,230,544	\$ 10,085,112	\$ 16,145,432

Note 14: Other Postemployment Benefits – Retiree Health Care

(Continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Authority for the year ended May 31, 2025, as well as what the Authority's net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current discount rate:

2025	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net OPEB Liability	\$ 17,003,022	\$ 15,181,074	\$ 13,573,327

The following presents the net OPEB liability of the Authority for the year ended May 31, 2024 as well as what the Authority's net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current discount rate:

2024	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net OPEB Liability	\$ 18,054,998	\$ 16,145,432	\$ 14,460,703

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the Authority for the year ended May 31, 2025, as well as what the Authority's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one-percentage-point lower or one-percentage-point higher than the current healthcare cost trend rates:

2025	1% Decrease (5.50% Decreasing to 3.00%)	Healthcare Cost Trend Rates (6.50% Decreasing to 4.00%)	1% Increase (7.50% Decreasing to 5.00%)
Net OPEB Liability	\$ 13,443,021	\$ 15,181,074	\$ 17,152,092

The following presents the net OPEB liability of the Authority for the year ended May 31, 2024 as well as what the Authority's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one-percentage-point lower or one-percentage-point higher than the current healthcare cost trend rates:

2024	1% Decrease (5.50% Decreasing to 3.04%)	Healthcare Cost Trend Rates (6.50% Decreasing to 4.04%)	1% Increase (7.50% Decreasing to 5.04%)
Net OPEB Liability	\$ 14,326,128	\$ 16,145,432	\$ 18,207,751

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the years ended May 31, 2025 and 2024, the Authority recognized OPEB expense of \$627,192 and \$406,943, respectively. At May 31, 2025 and 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

2025	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 976,956	\$ 1,791,632
Changes of Assumptions	675,778	424,785
Net Difference Between Projected and Actual Earning on OPEB Plan Investments	-	95,646
Total	\$ 1,652,734	\$ 2,312,063

2024	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 1,119,683	\$ 2,945,528
Changes of Assumptions	1,123,729	144,751
Net Difference Between Projected and Actual Earning on OPEB Plan Investments	85,013	-
Total	\$ 2,328,425	\$ 3,090,279

Note 14: Other Postemployment Benefits – Retiree Health Care

(Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending May 31,	Amount
2026	\$ (78,006)
2027	(329,148)
2028	(389,261)
2029	104,248
2030	77,182
Thereafter	(44,344)
Total	\$ (659,329)

Actuarial Valuations

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrences of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare costs trend. Amounts determined regarding the funding status of the plan and the annual required contributions of the employer are subject to continual revision as actuarial results are compared with past expectations and new estimates are made about the future.

Projections for benefits for financial reporting purposes are based on the substantive requirements and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2025, actuarial valuation, the frozen entry age normal actuarial funding method was used with a healthcare cost trend of 6.50% graded down by the Getzen Model to an ultimate rate of 4.00% annually and a discount rate of 6.75%.

Note 15: Blended Component Units

The Watershed Fund and AWA, for fiscal 2025, have been included as part of the financial statements.

Prior to the closing of the AWA transaction to acquire Aquarion, RWA has certain responsibilities and obligations under executed agreements. If regulatory approval is obtained and the transaction closes, RWA will cease to have such obligations. The corresponding inter-entity balances for amounts payable from AWA and receivable for RWA are eliminated in consolidation.

Note 15: Blended Component Units (Continued)

In accordance with GASB 61, the following summarized information as of May 31, 2025 and 2024 is required:

2025 Condensed Statement of Net Position at May 31, 2025	RWA/AWA	AWA	The Watershed Fund	Eliminating Activities	Combined Financial Statements
ASSETS					
Utility Plant	\$ 653,308,878	\$ -	\$ -	\$ -	\$ 653,308,878
Nonutility Plant	66,608,007	-	-	-	66,608,007
Current Assets	73,544,359	-	1,974,598	-	75,518,957
Other Assets	201,186,720	14,811,692	-	(14,811,692)	201,186,720
Total Assets	994,647,964	14,811,692	1,974,598	(14,811,692)	996,622,562
DEFERRED OUTFLOWS OF RESOURCES	24,976,084	-	-	-	24,976,084
LIABILITIES					
Current Liabilities	57,801,401	14,811,692	152,120	(14,811,692)	57,953,521
Long-Term Liabilities	579,434,902	-	40,000	-	579,474,902
Liabilities from Restricted Assets	13,578,256	-	-	-	13,578,256
Total Liabilities	650,814,559	14,811,692	192,120	(14,811,692)	651,006,679
DEFERRED INFLOWS OF RESOURCES	5,078,730	-	-	-	5,078,730
NET POSITION					
Net Investment in Capital Assets	138,221,025	-	-	-	138,221,025
Restricted	165,270,191	-	1,782,478	-	167,052,669
Unrestricted	60,239,543	-	-	-	60,239,543
Total Net Position	\$ 363,730,759	\$ -	\$ 1,782,478	\$ -	\$ 365,513,237

Note 15: Blended Component Units (Continued)

In accordance with GASB 61, the following summarized information as of May 31, 2025 and 2024 is required:

2024 Condensed Statement of Net Position at May 31, 2024	RWA	The Watershed Fund	Combined Financial Statements
ASSETS			
Utility Plant	\$ 626,759,130	\$ -	\$ 626,759,130
Nonutility Plant	66,142,921	-	66,142,921
Current Assets	74,785,762	1,930,364	76,716,126
Other Assets	183,359,364	-	183,359,364
Total Assets	951,047,177	1,930,364	952,977,541
DEFERRED OUTFLOWS OF RESOURCES	27,652,071	-	27,652,071
LIABILITIES			
Current Liabilities	43,298,939	123,004	43,421,943
Long-Term Liabilities	590,725,260	80,000	590,805,260
Liabilities from Restricted Assets	13,577,347	-	13,577,347
Total Liabilities	647,601,546	203,004	647,804,550
DEFERRED INFLOWS OF RESOURCES	4,594,766	-	4,594,766
NET POSITION, AS RESTATED			
Net Investment in Capital Assets	110,392,818	-	110,392,818
Restricted	164,633,013	1,727,360	166,360,373
Unrestricted	51,477,105	-	51,477,105
Total Net Position	\$ 326,502,936	\$ 1,727,360	\$ 328,230,296

Note 15: Blended Component Units (Continued)

Condensed Statements of Revenues, Expenses, and Changes in Net Position May 31, 2025

2025	RWA/AWA	AWA	The Watershed Fund	Combined Financial Statements
OPERATING REVENUES				
Water Revenues:				
Residential and Commercial	\$ 112,635,564	\$ -	\$ -	\$ 112,635,564
Industrial	2,707,467	-	-	2,707,467
Fire Protection	14,059,323	-	-	14,059,323
Public Authority	3,379,670	-	-	3,379,670
Wholesale	1,099,386	-	-	1,099,386
Other Water Revenues	4,947,997	-	-	4,947,997
Other Revenues	22,588,382	-	-	22,588,382
Total Operating Revenues	161,417,789	-	-	161,417,789
OPERATING EXPENSES				
Operating and Maintenance	67,106,825	-	-	67,106,825
Depreciation and Amortization	28,349,186	-	-	28,349,186
Payments in Lieu of Taxes	8,936,945	-	-	8,936,945
Other Water Expenses	2,652,942	-	-	2,652,942
Cost of Other Revenue	12,208,439	-	-	12,208,439
Total Operating Expenses	119,254,337	-	-	119,254,337
OPERATING INCOME	42,163,452	-	-	42,163,452
NONOPERATING EXPENSE (NET)	(8,625,104)	-	55,118	(8,569,986)
CHANGE IN NET POSITION BEFORE CAPITAL CONTRIBUTIONS	33,538,348	-	55,118	33,593,466
Capital Contributions	3,689,475	-	-	3,689,475
CHANGE IN NET POSITION	37,227,823	-	55,118	37,282,941
Net Position - Beginning of Year	326,502,936	-	1,727,360	328,230,296
NET POSITION - END OF YEAR	\$ 363,730,759	\$ -	\$ 1,782,478	\$ 365,513,237

Note 15: Blended Component Units (Continued)

Condensed Statements of Revenues, Expenses, and Changes in Net Position May 31, 2024

2024	RWA	The Watershed Fund	Combined Financial Statements
OPERATING REVENUES			
Water Revenues:			
Residential and Commercial	\$ 110,735,863	\$ -	\$ 110,735,863
Industrial	2,298,951	-	2,298,951
Fire Protection	13,695,496	-	13,695,496
Public Authority	3,266,497	-	3,266,497
Wholesale	987,999	-	987,999
Other Water Revenues	4,675,852	-	4,675,852
Other Revenues	16,111,647	-	16,111,647
Total Operating Revenues	151,772,305	-	151,772,305
OPERATING EXPENSES			
Operating and Maintenance	62,298,731	-	62,298,731
Depreciation and Amortization	26,397,384	-	26,397,384
Payments in Lieu of Taxes	8,766,684	-	8,766,684
Other Water Expenses	2,051,643	-	2,051,643
Cost of Other Revenue	7,769,842	-	7,769,842
Total Operating Expenses	107,284,284	-	107,284,284
OPERATING INCOME	44,488,021	-	44,488,021
NONOPERATING EXPENSE (NET)	(7,333,123)	123,893	(7,209,230)
CHANGE IN NET POSITION BEFORE CAPITAL CONTRIBUTIONS	37,154,898	123,893	37,278,791
Capital Contributions	4,240,498	-	4,240,498
CHANGE IN NET POSITION	41,395,396	123,893	41,519,289
Net Position - Beginning of Year	285,107,540	1,603,467	286,711,007
NET POSITION - END OF YEAR	\$ 326,502,936	\$ 1,727,360	\$ 328,230,296

Note 15: Blended Component Units (Continued)

Condensed Statements of Cash Flows - May 31, 2025

2025	RWA/AWA	AWA	The Watershed Fund	Combined Financial Statements
Cash Flows from Operating Activities	\$ 64,662,427	\$ -	\$ -	\$ 64,662,427
Cash Flows from Investing Activities	5,014,922	-	(55,892)	4,959,030
Cash Flows from Capital and Related Financing Activities	(74,041,505)	-	-	(74,041,505)
Net Increase in Cash and Cash Equivalents	(4,364,156)	-	(55,892)	(4,420,048)
Cash and Cash Equivalents - Beginning of Year	43,210,007	-	80,673	43,290,680
Cash and Cash Equivalents - End of Year	\$ 38,845,851	\$ -	\$ 24,781	\$ 38,870,632

Condensed Statements of Cash Flows - May 31, 2024

2024	RWA	The Watershed Fund	Combined Financial Statements
Cash Flows from Operating Activities	\$ 70,145,388	\$ (120,988)	\$ 70,024,400
Cash Flows from Investing Activities	(9,149,426)	196,472	(8,952,954)
Cash Flows from Capital and Related Financing Activities	(57,249,396)	-	(57,249,396)
Net Increase in Cash and Cash Equivalents	3,746,566	75,484	3,822,050
Cash and Cash Equivalents - Beginning of Year	39,463,441	5,189	39,468,630
Cash and Cash Equivalents - End of Year	\$ 43,210,007	\$ 80,673	\$ 43,290,680

RSI-1A SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS LAST TEN FISCAL YEARS

SALARIED PLAN	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability:										
Service Cost	\$ 490,576	\$ 490,070	\$ 503,924	\$ 519,885	\$ 507,879	\$ 606,804	\$ 729,789	\$ 748,940	\$ 656,669	\$ 681,501
Interest	3,564,304	3,473,849	3,469,492	3,356,740	3,311,644	3,178,341	2,997,121	2,925,239	2,930,761	2,930,309
Differences Between Expected and Actual Experience	1,438,047	1,005,788	(555,409)	1,098,396	808,104	1,090,249	1,923,819	166,471	979,655	592,405
Changes in Assumptions	(236,365)	-	-	83,789	914,472	279,005	(86,868)	(204,280)	(2,323,594)	494,742
Changes in Benefit Terms	-	-	-	-	236,540	-	140,281	-	10,131	-
Benefit Payments, Including Refunds of Member Contributions	(4,099,632)	(3,632,795)	(3,188,042)	(3,360,544)	(3,194,284)	(3,056,951)	(2,868,597)	(2,462,467)	(2,992,795)	(2,707,621)
Other	-	-	-	-	-	-	(11,600)	-	-	-
Net Change in Total Pension Liability	1,156,930	1,336,912	229,965	1,698,266	2,584,355	2,097,448	2,823,945	1,173,903	(739,173)	1,991,336
Total Pension Liability - Beginning	55,047,939	53,711,027	53,481,062	51,782,796	49,198,441	47,100,993	44,277,048	43,103,145	43,842,318	41,850,982
Total Pension Liability - Ending	56,204,869	55,047,939	53,711,027	53,481,062	51,782,796	49,198,441	47,100,993	44,277,048	43,103,145	43,842,318
Plan Fiduciary Net Position:										
Contributions - Employer	2,397,959	3,194,706	3,620,498	3,124,817	3,110,873	3,301,077	3,897,275	4,341,521	5,001,252	4,385,524
Contributions - Member	-	-	966	5,721	4,865	5,079	8,287	10,918	10,810	14,693
Net Investment Income (Loss)	4,313,830	5,790,716	(70,953)	(2,179,281)	8,657,377	1,679,215	852,590	2,372,221	2,810,914	(287,080)
Benefit Payments, Including Refunds of Member Contributions	(4,099,632)	(3,632,795)	(3,188,042)	(3,360,544)	(3,194,284)	(3,056,951)	(2,868,597)	(2,462,467)	(2,992,795)	(2,707,621)
Administrative Expense	(217,391)	(213,153)	(206,201)	(210,893)	(194,562)	(173,577)	(168,432)	(165,402)	(136,687)	(133,601)
Other	7,380	(8,356)	(13,668)	25,446	(614)	11,129	(23,335)	11,846	87,206	(61,573)
Net Change in Plan Fiduciary Net Position	2,402,146	5,131,118	142,600	(2,594,734)	8,383,655	1,765,972	1,697,788	4,108,637	4,780,700	1,210,342
Plan Fiduciary Net Position - Beginning	47,325,862	42,194,744	42,052,144	44,646,878	36,263,223	34,497,251	32,799,463	28,690,826	23,910,126	22,699,784
Plan Fiduciary Net Position - Ending	49,728,008	47,325,862	42,194,744	42,052,144	44,646,878	36,263,223	34,497,251	32,799,463	28,690,826	23,910,126
Net Pension Liability - Ending	\$6,476,861	\$7,722,077	\$11,516,283	\$11,428,918	\$7,135,918	\$12,935,218	\$12,603,742	\$11,477,585	\$14,412,319	\$19,932,192
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	88.48%	85.97%	78.56%	78.63%	86.22%	73.71%	73.24%	74.08%	66.56%	54.54%
Covered Payroll	\$7,521,702	\$7,310,563	\$7,574,236	\$7,236,172	\$7,388,009	\$8,465,818	\$9,160,530	\$9,475,823	\$9,290,589	\$8,590,395
Net Pension Liability as a Percentage of Covered Payroll	86.11%	105.63%	152.05%	157.94%	96.59%	152.79%	137.59%	121.12%	155.13%	232.03%

RSI-1B SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS LAST TEN FISCAL YEARS

BARGAINING UNIT PLAN	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability:										
Service Cost	\$ 89,539	\$ 102,166	\$ 112,296	\$ 129,241	\$ 125,901	\$ 120,416	\$ 129,285	\$ 143,110	\$ 155,949	\$ 166,226
Interest	2,076,288	2,035,211	1,985,848	1,942,609	1,935,401	1,766,348	1,745,484	1,695,294	1,799,197	1,802,098
Differences Between Expected and Actual Experience	(507,861)	420,249	560,843	131,988	4,344	277,635	(41,862)	520,588	406,966	(110,990)
Changes in Assumptions	(73,182)	-	-	61,809	528,267	1,533,894	(50,037)	(242,533)	(2,610,404)	303,196
Changes in Benefit Terms	453,344	-	-	194,495	187,272	175,513	207,281	-	83,206	120,432
Benefit Payments, Including Refunds of Member Contributions	(1,889,592)	(1,883,779)	(1,863,195)	(1,726,421)	(1,676,840)	(1,469,406)	(1,611,414)	(1,446,301)	(1,328,633)	(1,212,225)
Other	-	-	-	-	-	-	(9,505)	-	-	-
Net Change in Total Pension Liability	148,536	673,847	795,792	733,721	1,104,345	2,404,400	369,232	670,158	(1,493,719)	1,068,737
Total Pension Liability - Beginning	31,901,779	31,227,932	30,432,140	29,698,419	28,594,074	26,189,674	25,820,442	25,150,284	26,644,003	25,575,266
Total Pension Liability - Ending	32,050,315	31,901,779	31,227,932	30,432,140	29,698,419	28,594,074	26,189,674	25,820,442	25,150,284	26,644,003
Plan Fiduciary Net Position:										
Contributions - Employer	1,083,864	1,805,294	1,556,441	1,229,525	1,154,931	1,314,032	1,239,632	1,519,216	2,175,166	2,212,476
Contributions - Member	-	-	-	-	450	-	-	-	-	-
Net Investment Income (Loss)	2,627,136	3,439,211	(30,364)	(1,316,436)	5,370,416	1,042,147	508,851	1,656,511	2,021,684	(198,733)
Benefit Payments, Including Refunds of Member Contributions	(1,889,592)	(1,883,779)	(1,863,195)	(1,726,421)	(1,676,840)	(1,469,406)	(1,611,414)	(1,446,301)	(1,328,633)	(1,212,225)
Administrative Expense	(106,258)	(139,731)	(117,849)	(128,392)	(125,230)	(108,698)	(111,091)	(123,799)	(101,257)	(98,084)
Other	15,190	(14,752)	(9,558)	18,815	848	8,727	(19,010)	10,270	46,960	(24,768)
Net Change in Plan Fiduciary Net Position	1,730,340	3,206,243	(464,525)	(1,922,909)	4,724,575	786,802	6,968	1,615,897	2,813,920	678,666
Plan Fiduciary Net Position - Beginning	28,001,407	24,795,164	25,259,689	27,182,598	22,458,023	21,671,221	21,664,253	20,048,356	17,234,436	16,555,770
Plan Fiduciary Net Position - Ending	29,731,747	28,001,407	24,795,164	25,259,689	27,182,598	22,458,023	21,671,221	21,664,253	20,048,356	17,234,436
Net Pension Liability - Ending	\$ 2,318,568	\$ 3,900,372	6,432,768	5,172,451	2,515,821	\$ 6,136,051	\$ 4,518,453	\$ 4,156,189	\$ 5,101,928	\$ 9,409,567
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	92.77%	87.77%	79.40%	83.00%	91.53%	78.54%	82.75%	83.90%	79.71%	64.68%
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

RSI-2A SCHEDULE OF EMPLOYER CONTRIBUTIONS - PENSION LAST TEN FISCAL YEARS

SALARIED PLAN	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially Determined Contribution	\$ 1,709,097	\$ 1,858,865	\$ 1,924,696	\$ 2,142,513	\$ 2,089,386	\$ 2,390,534	\$ 2,379,603	\$ 2,648,702	\$ 3,356,514	\$ 2,749,435
Contributions in Relation to the Actuarially Determined Contribution	2,397,959	3,194,706	3,620,498	3,124,817	3,110,873	3,301,077	3,897,275	4,341,521	5,001,252	4,385,524
Contribution Excess	\$ (688,862)	\$ (1,335,841)	\$ (1,695,802)	\$ (982,304)	\$ (1,021,487)	\$ (910,543)	\$ (1,517,672)	\$ (1,692,819)	\$ (1,644,738)	\$ (1,636,089)
Covered Payroll	\$ 7,521,702	\$ 7,310,563	\$ 7,574,236	\$ 7,236,172	\$ 7,388,009	\$ 8,465,818	\$ 9,160,530	\$ 9,475,823	\$ 9,290,589	\$ 8,590,395
Contributions as a Percentage of Covered Payroll	31.88%	43.70%	47.80%	43.18%	42.11%	38.99%	42.54%	45.82%	53.83%	51.05%

Notes to Schedule:

Valuation Date:	January 1, 2025
Measurement Date:	May 31, 2025
Calculated as the normal cost as of January 1, prior to the beginning of the fiscal year in which contributions are reported, increased with a half year of interest.	

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method:	Aggregate Actuarial Cost Method
Normal Cost:	Determined in the aggregate equal to the actuarial present value of future normal cost divided by a temporary annuity. The actuarial present value of future normal cost equals the actuarial present value of future benefits less the adjusted actuarial value of plan assets. The temporary annuity equals the total actuarial present value of future compensation divided by the total compensation for all participants who have not reached their assumed retirement age.
Asset Valuation Method:	An actuarial smoothing method based on market value of assets plus 75% of expected returns.
Inflation:	3.00%

Salary Increases:	4.00%	
Investment Rate of Return:	6.75%, Net of Pension Plan Investment Expense, Including Inflation	
Retirement Age:	Age	Rate
	55-59	5%
	60-64	10%
	65-69	20%
	70	100%
	Rule of 80 Retirement Rates:	
	55-60	8%
	61-70	8%
Mortality:	Assumed life expectancies were calculated using the PubG-2016 Above Median Employee / Above Median Healthy Annuitant / Disabled Retiree Mortality Tables, with MP-2021 Generational Projection (Prior: PubG-2010 Above Median Employee / Above Median Healthy Annuitant / Disabled Retiree Mortality Tables, with MP-2021 Generational Projection)	

RSI-2B SCHEDULE OF EMPLOYER CONTRIBUTIONS - PENSION LAST TEN FISCAL YEARS

BARGAINING UNIT PLAN	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially Determined Contribution	\$ 771,946	\$1,062,438	\$ 912,974	\$ 1,077,926	\$ 1,081,857	\$ 840,922	\$ 918,295	\$ 1,126,333	\$ 1,815,386	\$ 1,707,164
Contributions in Relation to the Actuarially Determined Contribution	1,083,864	1,805,294	1,556,441	1,229,525	1,154,931	1,314,032	1,239,632	1,519,216	2,175,166	2,212,476
Contribution Excess	\$ (311,918)	\$ (742,856)	\$ (643,467)	\$ (151,599)	\$ (73,074)	\$ (473,110)	\$ (321,337)	\$ (392,883)	\$ (359,780)	\$ (505,312)
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule:

Valuation Date:	January 1, 2025
Measurement Date:	May 31, 2025
Calculated as the normal cost as of January 1 prior to the beginning of the fiscal year in which contributions are reported, increased with a half year of interest.	

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method:	Aggregate Actuarial Cost Method
Normal Cost:	Determined in the aggregate equal to the actuarial present value of future benefits less assets less present value of projected employee contributions less unfunded liability divided by a temporary annuity. The temporary annuity equals the actuarial present value of future service divided by the current number for those active participants who have not reached their assumed retirement age.
Asset Valuation Method:	An actuarial smoothing method based on market value of assets plus 75% of expected returns.
Inflation:	3.00%

Salary Increases:	N/A	
Investment Rate of Return:	6.75%, Net of Pension Plan Investment Expense, Including Inflation	
Retirement Age:	Age	Rate
	55-64	2%
	65-69	20%
	70	100%
	Rule of 80 Retirement Rates:	
	55-60	9%
	61-70	9%
Mortality:	Assumed life expectancies were calculated using the PubG-2016 Total Employee / Healthy Annuitant / Disabled Retiree Mortality Tables, with MP-2021 Generational Projection (Prior: PubG-2010 Total Employee / Healthy Annuitant / Disabled Retiree Mortality Tables, with MP-2021 Generational Projection)	

RSI-3 SCHEDULE OF INVESTMENT RETURNS - PENSION LAST TEN FISCAL YEARS

SALARIED PLAN	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Annual Money-Weighted Rate of Return, Net of Investment Expense	9.30%	13.83%	(0.17)%	(4.90)%	23.96%	4.86%	2.59%	8.03%	11.29%	(1.22)%

BARGAINING UNIT PLAN	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Annual Money-Weighted Rate of Return, Net of Investment Expense	9.59%	13.93%	(0.12)%	(4.90)%	24.26%	4.84%	2.41%	8.32%	11.47%	(1.17)%

RSI-4 SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS, LAST EIGHT FISCAL YEARS*

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability:								
Service Cost	\$210,047	\$159,742	\$193,996	\$201,622	\$221,700	\$237,267	\$269,556	\$248,822
Interest	1,691,038	1,614,801	1,697,088	1,763,676	1,737,439	1,820,624	2,004,070	1,939,224
Differences Between Expected and Actual Experience	69,201	1,321,755	(2,124,593)	(1,108,387)	(862,322)	(1,439,393)	(4,053,660)	981,536
Changes in Assumptions	(374,167)	136,564	431,098	(266,012)	1,932,640	(1,813)	620,017	(139,795)
Benefit Payments, Including Refunds of Member Contributions	(2,562,780)	(2,213,576)	(1,711,375)	(1,815,778)	(1,818,909)	(1,988,168)	(1,749,662)	(2,060,052)
Contributions - Retiree	249,526	236,069	220,215	207,483	209,092	213,385	197,813	-
Net Change in Total OPEB Liability	(717,135)	1,255,355	(1,293,571)	(1,017,396)	1,419,640	(1,158,098)	(2,711,866)	969,735
Total OPEB Liability - Beginning	26,230,544	24,975,189	26,268,760	27,286,156	25,866,516	27,024,614	29,736,480	28,766,745
Total OPEB Liability - Ending	25,513,409	26,230,544	24,975,189	26,268,760	27,286,156	25,866,516	27,024,614	29,736,480
Plan Fiduciary Net Position:								
Contributions - Employer	1,694,075	1,640,907	1,737,894	1,734,198	1,855,418	2,027,798	2,310,104	2,289,292
Contributions - Retiree	249,526	236,069	220,215	207,483	209,092	213,385	197,813	187,448
Net Investment Income	913,344	1,214,469	(35,715)	(500,640)	1,788,634	310,380	189,085	441,966
Benefit Payments, Including Refunds of Member Contributions	(2,562,780)	(2,213,576)	(1,711,375)	(1,815,778)	(1,818,909)	(1,988,168)	(1,749,662)	(2,060,052)
Administrative Expense	(46,942)	(51,078)	(44,553)	(46,975)	(42,645)	(35,761)	(37,451)	(35,081)
Net Change in Plan Fiduciary								
Net Position	247,223	826,791	166,466	(421,712)	1,991,590	527,634	909,889	823,573
Plan Fiduciary Net Position - Beginning	10,085,112	9,258,321	9,091,855	9,513,567	7,521,977	6,994,343	6,084,454	5,260,881
Plan Fiduciary Net Position - Ending	10,332,335	10,085,112	9,258,321	9,091,855	9,513,567	7,521,977	6,994,343	6,084,454
Net OPEB Liability - Ending	\$15,181,074	\$16,145,432	\$15,716,868	\$17,176,905	\$17,772,589	\$18,344,539	\$20,030,271	\$23,652,026
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	40.50%	38.45%	37.07%	34.61%	34.87%	29.08%	25.88%	20.46%
Covered Payroll **	\$31,277,327	\$27,208,819	\$24,864,685	\$25,767,991	\$23,405,010	\$24,118,465	\$23,941,245	\$23,217,114
Net OPEB Liability as a Percentage of Covered Payroll	48.54%	59.34%	63.21%	66.66%	75.93%	76.06%	83.66%	101.87%

*Note: This schedule is intended to show information for 10 years. Additional years' information will be displayed as it becomes available.

**See RSI-5 for covered payroll associated with death benefit only participants.

RSI-5 SCHEDULE OF EMPLOYER CONTRIBUTIONS - OPEB, LAST TEN FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially Determined Contribution ⁽¹⁾	\$ 1,478,632	\$ 1,394,564	\$ 1,543,626	\$ 1,598,057	\$ 1,662,556	\$ 1,851,431	\$ 2,175,583	\$ 2,143,071	\$ 2,486,586	\$ 2,506,691
Contributions in Relation to the Actuarially Determined Contribution	1,694,075	1,640,907	1,737,894	1,734,198	1,855,418	2,027,798	2,310,104	2,289,292	2,301,583	2,290,882
Contribution Deficiency (Excess)	\$ (215,443)	\$ (246,343)	\$ (194,268)	\$ (136,141)	\$ (192,862)	\$ (176,367)	\$ (134,521)	\$ (146,221)	\$ 185,003	\$ 215,809
Covered Payroll	\$31,277,327 ⁽⁹⁾	\$27,208,819 ⁽⁶⁾	\$24,864,685 ⁽⁷⁾	\$25,767,991 ⁽⁶⁾	\$23,405,010 ⁽⁵⁾	\$24,118,465 ⁽⁴⁾	\$23,941,245 ⁽³⁾	\$23,217,114 ⁽²⁾	N/A	N/A
Contributions as a Percentage of Covered Payroll	5.42%	6.03%	6.99%	6.73%	7.93%	8.41%	9.65%	9.86%	N/A	N/A

- (1) Actuarially determined contributions prior to fiscal year ended May 31, 2018, are based on the Annual Required Contribution (ARC) calculated in accordance with GASB No. 45.
- (2) Includes covered payroll of \$7,250,466 associated with death benefit only participants.
- (3) Includes covered payroll of \$8,599,668 associated with death benefit only participants.
- (4) Includes covered payroll of \$10,883,465 associated with death benefit only participants.
- (5) Includes covered payroll of \$10,473,676 associated with death benefit only participants.
- (6) Includes covered payroll of \$12,310,635 associated with death benefit only participants.
- (7) Includes covered payroll of \$12,247,686 associated with death benefit only participants.
- (8) Includes covered payroll of \$15,321,269 associated with death benefit only participants.
- (9) Includes covered payroll of \$19,388,804 associated with death benefit only participants.

Notes to Schedule:

Valuation Date:	January 1, 2025
Measurement Date:	May 31, 2025
Calculated as the normal cost as of January 1, prior to the beginning of the fiscal year in which contributions are reported, increased with a half year of interest.	

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method:	Entry Age Actuarial Cost Method
Amortization Method:	Fair Market Value of Assets as of the Measurement Date.
Salary Scale	4.00%
Salary Increases:	N/A
Investment Rate of Return:	6.75%, Net of OPEB Plan Investment Expense, Including Inflation
Retirement Age: Assumed life expectancies were calculated using the 2016 Public Sector Retirement Plans Mortality table for Above average salary general employee populations with MP-2021 mortality improvement scale. (Prior: 2010 Public Sector Retirement Plans Mortality table for Above average salary general employee populations with MP-2021 mortality improvement)	
Mortality: Assumed life expectancies were calculated using the 2016 Public Sector Retirement Plans Mortality table for Above average salary general employee populations with MP-2021 mortality improvement scale. (Prior: 2010 Public Sector Retirement Plans Mortality table for Above average salary general employee populations with MP-2021 mortality improvement)	

R6I-6 SCHEDULE OF INVESTMENT RETURNS - OPEB, LAST EIGHT FISCAL YEARS*

	2025	2024	2023	2022	2021	2020	2019	2018
Annual Money-Weighted Rate of Return, Net of Investment Expense	9.37%	13.40%	(0.39)%	(5.24)%	23.46%	4.37%	2.93%	8.11%

*Note: This schedule is intended to show information for 10 years. Additional years' information will be displayed as it becomes available.

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

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

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

DEFINITIONS AND INTERPRETATION

Interpretation (*Resolution, Section 103*)

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

AUTHORIZATION AND ISSUANCE OF THE BONDS

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

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

Authorization of Bonds (*Resolution, Section 203*)

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

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

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

ESTABLISHMENT OF FUNDS AND APPLICATION THEREOF

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

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

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

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

- Construction Fund
- Debt Service Fund
- Debt Reserve Fund

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

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

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

Construction Fund (*Resolution, Section 403*)

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

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

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

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

Revenue Fund (*Resolution, Section 404*)

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

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

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

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

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

- (b) thereafter to the payment or to a separate fund or funds held by the Authority for the payment, on a parity among themselves, of (1) amounts due to a Bond Insurer in reimbursement of

amounts paid under a policy and related interest amounts accrued under a Bond Insurer Reimbursement Agreement; and (2) amounts due to the Bank for payment of default interest due under any Liquidity Facility entered into between such Bank and the Authority with respect to unpaid amounts of principal and interest due under this General Bond Resolution.

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

5. At the option of the Authority:

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

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

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

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

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

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

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

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

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

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

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

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

Debt Service Fund (*Resolution, Section 405*)

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

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

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

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

PILOT Fund (*Resolution, Section 406*)

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

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

Debt Reserve Fund (*Resolution, Section 407*)

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

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

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

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

Operating Reserve Fund (*Resolution, Section 408*)

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

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

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

Capital Contingency Fund (*Resolution, Section 409*)

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

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

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

General Fund (*Resolution, Section 410*)

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

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

Insurance Reserve Fund (*Resolution, Section 413*)

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

Rate Stabilization Fund (*Resolution, Section 414*)

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

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

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

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

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

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

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

PARTICULAR COVENANTS OF THE AUTHORITY

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

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

Indebtedness and Liens (*Resolution, Section 607*)

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

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

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

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

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

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

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

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

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

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

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

Rates and Charges (*Resolution, Section 610*)

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

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

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

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

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

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

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

Insurance and Condemnation (*Resolution, Section 611*)

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

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

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

Free Service (*Resolution, Section 617*)

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

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

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

Issuance of Bonds (*Resolution, Section 619*)

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

- (a) the amount of Revenues adjusted to give effect to any increases in rates adopted prior to the issuance of additional Bonds, amounts transferred from the Rate Stabilization Fund and the

refundable credit expected to be received from the federal government for such additional Bonds pursuant to Section 54AA of the Code are not less than One Hundred Percent (100%) of the amount of projected expenses and obligations;

(b) Net Revenues adjusted in compliance with this section are not less than One Hundred Fourteen Percent (114%) of the maximum aggregate amount of Principal Installments and interest becoming due in the current or any future Fiscal Year on Outstanding Bonds, including the additional Bonds;

(c) Net Revenues adjusted in compliance with this section plus PILOT payments are not less than One Hundred Twenty-Five Percent (125%) of the maximum aggregate amount of Principal Installments and interest becoming due in the current or any future Fiscal Year on Outstanding Bonds, including the additional Bonds; and

(d) for the historical (12) month period, the Revenues of the Authority were sufficient to comply with the requirements for determining the rates and charges of the Authority.

DEFAULTS AND REMEDIES

Events of Default (*Resolution, Section 701*)

It is an “Event of Default” if:

(a) the Authority defaults in the payment of principal or Redemption Price on any Bonds when due;

(b) the Authority defaults in the payment of any installment of interest when due on any Bond, or in making of any Sinking Fund Installment, and such default continues for thirty days;

(c) the Authority defaults in the performance or observance of any other covenant, agreement or condition on its part contained in the General Bond Resolution or in the Bonds and such default continues for a period of sixty days after written notice thereof to the Authority by the Trustee or to the Trustee by the holders of not less than a majority in principal amount of the outstanding Bonds; or

(d) the Authority files a petition or otherwise seeks relief under any federal or state bankruptcy or similar law.

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

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

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

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

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

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

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

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

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

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

4. to the payment of any Subordinated Debt;

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

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

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

SUPPLEMENTAL RESOLUTIONS

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

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

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

Resolution and of bonds issued in exchange therefor or in place thereof (except coupon Bonds held by the Trustee and issued in exchanges pursuant to Section 307); and

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

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

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

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

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

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

General Provisions

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

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

AMENDMENTS

Powers of Amendment (*Resolution, Section 1002*)

Any modification or amendment of any provision of the General Bond Resolution or of the rights and obligations of the Authority and of the holders of the Bonds and coupons may be made by a Supplemental General Bond Resolution with the written consent given as provided in the General Bond Resolution (1) of the holders of at least two-thirds in principal amount of the Outstanding Bonds, (2) in case less than all of the several Series of Bonds would be affected by such modification or amendment, of the holders of at least two-thirds in principal amount of the Outstanding Bonds of each Series so affected, or (3) in case the modification or amendment changes the terms of any sinking fund payment, of the holders of at least two-thirds in principal amount of the Outstanding Bonds of the particular Series and maturity entitled to such sinking fund payment; except that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain Outstanding, the consent of the holders of such Bonds shall not be required. No such modification or amendment may permit a

change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the redemption price thereof or in the rate of interest thereon without the consent of the holder of such Bond or may reduce the percentages or otherwise affect the classes of Bonds, the consent of the holders of which is required to effect any such modification or amendment.

DEFEASANCE

Defeasance (*Resolution, Section 1101*)

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

Bonds or coupons or interest installments for the payment or redemption of which moneys have been set aside and held in trust by the Fiduciaries (through deposit by the Authority of funds for such payment or redemption or otherwise) whether at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in the above paragraph. Some or all Outstanding of any Series and all coupons appertaining to such Bonds shall, prior to the maturity or redemption date thereof, be deemed to have been paid with the effect expressed above if (1) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Authority has given to the Trustee in form satisfactory to it irrevocable instructions to publish, as provided in the General Bond Resolution, notice of redemption on said date of such Bonds, (2) there shall have been deposited with the Trustee either moneys in an amount which are sufficient, or Investment Securities the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, will be sufficient to pay when due the principal or redemption price, if applicable, and interest due and to become due on said Bonds on and prior to the Redemption Date or maturity date thereof, as the case may be, and (3) in the event said Bonds are not by their terms subject to redemption within the next succeeding sixty days, the Authority has given the Trustee in form satisfactory to it irrevocable instructions to publish, as soon as practicable, at least twice, at an interval of not less than seven days between publications, in an authorized newspaper a notice to the holders of such Bonds and coupons that the deposit required by (2) above has been made with the Trustee and that said Bonds and coupons are deemed to have been paid and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price, if applicable, on said Bonds. Neither the Investment Securities nor the moneys so deposited with the Trustee nor principal or interest payments on any such Investment Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if applicable, and interest on said Bonds, provided that any cash received from such principal or interest payments on such Investment Securities deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Investment Securities maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if applicable, and interest to become due on said Bonds on and prior to such Redemption Date or maturity date thereof, as the case may be, and any interest earned from such reinvestments, and any surplus after the making of the payments for which such Investment Securities or moneys were held, shall be paid over to the Authority as received by the Trustee, free and clear of any trust, lien or pledge. For purposes of this section "Investment Securities" shall mean and include only such securities as are described in clause (1) or (2) of the definition of Investment Securities and provided further, that no such Investment Securities shall be payable prior to maturity at the option of the issuer of such Investment Securities

MISCELLANEOUS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“Capital Costs” means and includes all costs of acquisition, construction, improvement, or completion of any part of the Water System, including acquisition of the stock or assets of and payment of the bonds and other obligations and liabilities of the New Haven Water Company or of any other water company or of any municipal or other publicly or privately owned or operated water system, payment of any costs or liabilities which may result from the acquisition of such stock or assets or payment of such bonds or obligations or liabilities, payments of any obligations of the Authority and interest thereon issued to provide working capital and organization funds for the Authority which are outstanding on the date the first Series of Bonds is issued, Costs of Issuance, the costs of any demolitions or relocations necessary in

connection therewith and any extensions, renewals, replacements, alterations, improvements, additions, machinery, equipment, betterments, paving, grading, excavation, blasting or removals and of all or any property, rights, easements and franchises deemed by the Authority to be necessary or useful or convenient therefor and may include, to the extent properly attributable to such acquisition, construction, improvement or completion:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“*Depreciation Expense*” means, from time to time, that amount for the last fiscal year reported on the Authority’s last audited Financial Statements under “Statements of Revenue, Expenses and Changes in Net Position” labeled Depreciation (the “Depreciation”), provided, however, that in connection with the issuance of the first Series of Bonds after the Twenty-fifth Series Bonds and the 2010 Series A Bonds were issued, Depreciation Expense shall be no less than \$1,000,000 and no greater than 10% of the Depreciation and for each subsequent approved application to the RPB for an increase in rates to comply with Section 619 hereof (the “Approved Rate Applications”), Depreciation Expense shall increase by no less than \$55,555 per month for the time period covered in such Approved Rate Applications and no greater than the monthly equivalent of 110% of Depreciation for such period, until the Depreciation Expense equals 110%

of Depreciation, provided, however, that such increase may be less than \$55,555 per month if an increase of \$55,555 per month would cause Depreciation Expense to exceed 110% of Depreciation.

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

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

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

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

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

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

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

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

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

1. Direct obligations of the United States of America, or obligations on which the punctual payment of interest, principal and Sinking Fund Installments if any are unconditionally guaranteed by the United States of America or any other evidences of an ownership interest in obligations or in specified portions thereof (which may consist of specified portions of the interest thereon) of the character described in this clause 1;

2. Bonds, debentures, participation certificates, notes or other evidences of indebtedness issued by any of the following: Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Farm Credit System; Government National Mortgage Association; Federal Financing Bank; Farmers Home Administration; Federal Home Loan Mortgage Corporation; United States Postal Service; Tennessee Valley Authority; or any other agency or corporation which has been or may hereafter be created by or pursuant to an act of the Congress of the United States as an agency or instrumentality thereof, the bonds, debentures, participation certificates, notes or other evidences of indebtedness of which are unconditionally guaranteed by the United States

of America or any other evidences of ownership interest in obligations or in specified portions thereof (which may consist of specified portions of the interest thereon) of the character described in this clause 2;

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

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

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

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

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

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

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

10. Investment agreements with, or guaranteed by, institutions which have at the date of execution thereof an outstanding issue of unsecured, uninsured and unguaranteed debt issue or a claims paying ability rated not lower than "Aa3" by Moody's Investor Service and "AA-" by Standard & Poor's Ratings Group, or investment agreements fully secured or collateralized by obligations of, or guaranteed by, the United States or agencies or instrumentalities of the United States, provided the Trustee has a perfected first lien security interest in the collateral and that such collateral is held free and clear of claims by third parties.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“*Sinking Fund Installment*” means, as of any particular date of calculation, and with respect to Bonds of a particular Series, the amount of money required by the Supplemental Resolution relating to such Series to be paid by the Authority on a single future date for the retirement of any Outstanding Bonds of said Series which mature after said future date, but does not include any amount payable by the Authority by reason of the redemption of Bonds at the election of the Authority. If the Bonds of any Series and maturity, for which Sinking Fund Installments shall have been established, shall have been purchased or redeemed other than by application of Sinking Fund Installments, an amount equal to the principal amount of the Bonds so purchased or redeemed shall be credited proportionately toward the Sinking Fund Installments and the principal of such Bonds for which no Sinking Fund Installments have been established.

“*State*” means the State of Connecticut.

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

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

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

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

“*Swap Payment*” means the net amount required to be paid by the Authority under a Swap Agreement that is applicable to the interest rate exchange effected thereunder, but not any (a) fees, expenses or similar other charges or obligations thereunder (which shall be Costs of Issuance or Operating Expenses, as applicable) or (b) any Termination Payment or other payments by the Authority on account of termination of the Swap Agreement.

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

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

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

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

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

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

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

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

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

APPENDIX D – Form of Opinion of Bond Counsel for the Fortieth Series Refunding Bonds

_____, 2026

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

**Re: South Central Connecticut Regional Water Authority
\$XXX Water System Revenue Refunding Bonds
Fortieth Series**

We have acted as bond counsel in connection with the issuance of \$XXX Water System Revenue Refunding Bonds, Fortieth Series (the “Fortieth Series Refunding Bonds”) dated _____, 2026 of the South Central Connecticut Regional Water Authority (the “Authority”), a public corporation constituting a public instrumentality and political subdivision of the State of Connecticut (the “State”), organized and existing under the laws of the State. Any defined terms used herein but not defined herein shall have the meanings set forth in the General Bond Resolution (as hereinafter defined).

In connection therewith, we have examined the law and such other materials as we have deemed necessary in order to render this opinion. We have relied upon originals or copies, certified or otherwise identified to our satisfaction, of such public and private records, certificates and correspondence of public officials, including certificates of officials of the Authority and such other documents as were provided to us. In making such examinations, we have assumed the genuineness of all signatures, the conformity to original documents of documents submitted as certified or copies, the validity of all applicable statutes, ordinances, rules and regulations, the capacity of all persons executing documents and the proper indexing and accuracy of all public records and documents. As to questions of fact material to our opinion, we have relied upon representations of the Authority contained in the certified proceedings of the Authority, including the Tax Compliance Certificate and Agreement (the “Agreement”) and other certifications received from the Authority, all dated as of _____, 2026, without undertaking to verify the same by independent investigation.

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

The Fortieth Series Refunding Bonds are authorized to be issued under and pursuant to Connecticut Special Act No. 77-98, as amended (the “Act”), the Water System Revenue Bond Resolution, General Bond Resolution adopted July 31, 1980, as amended and as supplemented to date (the “Resolution”), including the Fortieth Series Supplemental Resolution, adopted on December 18, 2025, (the “Fortieth Series Supplemental Resolution” and together with the Resolution, the “General Bond Resolution”), and other proceedings duly held and taken in accordance therewith.

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

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

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

2. The Fortieth Series Supplemental Resolution has been duly adopted by the Authority.

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

4. All approvals by governmental agencies necessary to authorize the Fortieth Series Refunding Bonds have been obtained.

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

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

7. Under existing law, (i) interest on the Fortieth Series Refunding Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Code; and (ii) such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations.

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

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

On the date of delivery of the Fortieth Series Refunding Bonds, the Authority will execute the Agreement containing provisions and procedures pursuant to which such requirements can be satisfied. In

executing the Agreement, the Authority covenants that it will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that interest paid on the Fortieth Series Refunding Bonds will, for federal income tax purposes under Section 103 of the Code, remain excludable from gross income.

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

8. Under existing statutes, interest on the Fortieth Series Refunding Bonds is excludable 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. We express no opinion regarding other state and other State of Connecticut tax consequences caused by ownership or disposition of, or receipt of interest on the Fortieth Series Refunding Bonds.

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

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

Very truly yours,

PULLMAN & COMLEY, LLC

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APPENDIX E – Form of Continuing Disclosure Agreement for the Fortieth Series Refunding Bonds

CONTINUING DISCLOSURE AGREEMENT

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

This Continuing Disclosure Agreement, is made as of the ___ day of _____, 2026 (the “Agreement”) by the South Central Connecticut Regional Water Authority (the “Authority”) U.S. Bank Trust Company, National Association, as Dissemination Agent (the “Dissemination Agent”), and U.S. Bank Trust Company, National Association as Trustee (the “Trustee”) in connection with the issuance of the Authority’s \$ _____ Water System Revenue Refunding Bonds, Fortieth Series (the “Bonds”). The Bonds are authorized to be issued pursuant to Connecticut Special Act No. 77-98, as amended (the “Act”) and the Water System Revenue Bond Resolution, General Bond Resolution adopted July 31, 1980 as amended and as supplemented by various supplemental resolutions including the Fortieth Series Supplemental Resolution adopted on December 18, 2025 (the “General Bond Resolution”). For valuable consideration, the receipt of which is acknowledged, the Authority and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of the Agreement

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

SECTION 2. Definitions

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

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

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

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

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

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

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

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

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

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

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

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

SECTION 3. Provision of Annual Reports

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

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

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

(d) The Dissemination Agent shall:

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

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

SECTION 4. Content of Annual Reports

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

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

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

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

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

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

SECTION 5. Reporting of Material Events

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

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

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

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

- (8) Bond calls, if material, and tender offers;
- (9) Bond defeasances;
- (10) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) rating changes on the Bonds;
- (12) bankruptcy, insolvency, receivership or similar event of any Obligated Person;
- (13) Obligated Person or the sale of all or substantially all of the assets of any Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional trustee or the change of name of the trustee, if material;
- (15) incurrence of a financial obligation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation, any of which affect security holders, if material; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the Authority, any of which reflect financial difficulties.

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

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

(c) In order to assist the Authority in complying with its undertaking in this Section 5, the Dissemination Agent shall promptly after obtaining actual knowledge of the occurrence or possible occurrence of any Listed Event notify the Disclosure Representative in writing. If the Listed Event is an event as described in Sections 5(a)(2), (7), (8), (10), (13) (14) or (15) above, the Dissemination Agent shall notify the Disclosure Representative in writing of such event and request that the Disclosure Representative determine whether such event is material and thus whether the Dissemination Agent should report such Listed Event.

(d) Upon any legal defeasance of the Bonds, the Dissemination Agent shall provide notice of such defeasance to the MSRB which notice shall state whether the Bonds have been defeased to maturity or to redemption and the timing of such maturity or redemption.

(e) Whenever the Authority obtains knowledge of the occurrence of a Listed Event, because of a notice from the Dissemination Agent or otherwise, the Authority shall promptly notify the Dissemination Agent and provide a form of notice in writing by fax or hand delivery or other prompt communication method. The determination of whether any such occurrence is material, as applicable, shall be a determination to be made by the Authority and not the Dissemination Agent. Upon receipt from the Authority of the form of notice, the Dissemination Agent shall in a timely manner file the notice of such occurrence in the form provided by the Authority with the MSRB, with a copy to the Authority but such filing shall not be in excess of ten (10) days from the occurrence of such Listed Event.

SECTION 6. Termination of Reporting Obligation

(a) The Authority's and Dissemination Agent's obligations under this Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

(b) In addition, this Agreement, or any provision hereof, shall be null and void in the event that (1) the Authority delivers to the Trustee and the Dissemination Agent an opinion of a nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the Trustee and the Dissemination Agent, to the effect that those portions of the Rule which require the provisions of this Agreement, or any of such provisions, do not or no longer apply to the Bonds, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion, and (2) the Dissemination Agent promptly delivers copies of such opinion to the (i) MSRB and (ii) the Trustee.

SECTION 7. Dissemination Agent

(a) The Authority may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Trustee shall be the Dissemination Agent.

(b) The Dissemination Agent, or any successor thereof, may at any time resign and be discharged of its duties and obligations hereunder by giving not less than sixty (60) days written notice to the Authority and the registered owners of the Bonds, specifying the date when such resignation shall take effect. Such resignation shall take effect upon the date a successor shall have been appointed by the Authority.

(c) In case the Dissemination Agent, or any successor thereof, shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Dissemination Agent or of its property shall be appointed, or if any public officer shall take charge of control of the Dissemination Agent, or of its property or affairs, the Authority shall forthwith appoint a new Dissemination Agent to act. The Authority shall give or cause to be given written notice of any such appointment to the Trustee (if the Trustee is not the Dissemination Agent). If the Authority fails to appoint a new Dissemination Agent, the existing Dissemination Agent may petition a court of competent jurisdiction to appoint a new Dissemination Agent.

(d) Any company into which the Dissemination Agent may be merged or with which it may be consolidated or any company resulting from any merger or consolidation to which it shall be a party or any company succeeding to all or substantially all of its corporate trust business, shall be the successor to such Dissemination Agent, without the execution or filing of any paper or any further act or deed.

SECTION 8. Amendment; Waiver

Notwithstanding any other provision of this Agreement, the Authority may amend this Agreement (and the Dissemination Agent shall agree to any amendment not modifying or otherwise affecting its duties, obligations or liabilities in such a way as they are expanded or increased or its rights or protections in such a way that they are reduced or decreased), and any provision of this Agreement may be waived, if all of the following conditions are satisfied: (i) such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Authority, (ii) the Agreement as so amended or waived would have complied with the requirements of the Rule as of the date of the Agreement, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances, (iii) the Authority shall have delivered an opinion of counsel, addressed to the Authority, the Dissemination Agent and the Trustee, to the same effect as set forth in clause (ii) above, and (iv) the Authority shall have delivered to the Trustee and the Dissemination Agent either an opinion of counsel expert in federal securities laws to the effect that such amendment or waiver would not materially adversely affect the beneficial owners of the Bonds or consent by the holders of the Bonds pursuant to the same procedures as are required for amendments to the General Bond Resolution with consent of the owners of the Bonds as in effect on the date of this Agreement. A copy of any such amendment or waiver will be filed in a timely manner with the MSRB. The annual financial information provided on the first date following adoption of any such amendment or waiver will explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating or financial information provided.

SECTION 9. Additional Information

The Authority shall have no obligation to provide any information, data or notices other than as set forth in this Agreement; provided, however, nothing in this Agreement shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Agreement. If the Authority chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Agreement, the Authority shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default

In the event of a failure of the Authority or the Dissemination Agent to comply with any provision of this Agreement, the Trustee may (and, at the request of the holders of at least 25% in aggregate principal amount of Outstanding Bonds who have provided the Trustee with security and indemnity deemed reasonably acceptable to the Trustee, shall), or any party who can establish beneficial ownership of any of the Bonds, or any Bondholder may, after providing 15 days written notice to the Authority to give the Authority opportunity to comply with such 15-day period, take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Authority to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed a default or an Event of Default under the General Bond Resolution or the Bonds, and no monetary damages shall arise or be payable hereunder, and the sole remedy under this Agreement in the event of any failure of the Authority or the Dissemination Agent to comply with this Agreement shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Trustee and Dissemination Agent

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Agreement. To the extent that the Dissemination Agent is required under the terms of this Agreement to report any information, it is only required to report information that it receives from the Authority in the form in which it is received, and the Dissemination Agent shall be under no responsibility or duty with respect to the accuracy and content of the information which it receives from the Authority, provided, however, if the form of the information is deficient on its face, the Dissemination Agent shall so inform the Authority, and the Authority shall cure any such deficiency as to form. The Authority agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Authority under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) Unless otherwise provided by contract with the Dissemination Agent, the Authority shall pay or cause to be paid to the Dissemination Agent after reasonable notice to the Authority in light of the reimbursement sought to be received, reasonable reimbursement for its reasonable expenses, charges, counsel fees and other disbursements and those of its attorneys, agents, and employees, incurred in and about the performance of its powers and duties hereunder. The Authority shall indemnify and save the Dissemination Agent harmless against any expenses and liabilities which it may incur in the exercise and performance of its powers and duties hereunder which are not due to its negligence or willful misconduct. None of the provisions contained in this Agreement shall require the Dissemination Agent to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers. The obligations of the Authority under this Section to compensate the Dissemination Agent, to pay or reimburse the Dissemination Agent for expenses, disbursements, charges and counsel fees and to indemnify and hold harmless the Dissemination Agent shall survive the termination of this Agreement.

SECTION 12. Beneficiaries

This Agreement shall inure solely to the benefit of the Authority, the Trustee, the Dissemination Agent, the Participating Underwriters, and the beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 13. Miscellaneous

(a) This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

(b) This Agreement shall be governed by the laws of the State of Connecticut and by applicable federal laws.

(c) To the extent filings or notices are required to be made to the MSRB under this Agreement, the Authority shall transmit such filings or notices in an electronic format to the continuing disclosure service portal provided through MSRB's EMMA (<http://emma.msrb.org/>) or any similar system that is acceptable to the SEC.

SOUTH CENTRAL CONNECTICUT
REGIONAL WATER AUTHORITY

By: _____
Name: Rochelle Kowalski
Title: Senior Vice President, Chief Financial
Officer and Head of Corporate
Development

U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION, AS DISSEMINATION AGENT

By: _____
Name:
Title:

U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION, AS TRUSTEE

By: _____
Name:
Title:

Map of South Central Connecticut Regional Water Authority District

