This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 12, 2026

NEW MONEY ISSUE – BOOK-ENTRY-ONLY

RATINGS: **Moody's: Aa2** **S&P: AA**
Fitch: AA **Kroll: AAA**
(See "**RATINGS**" herein)

In the opinions of Bond Counsel and Co-Bond Counsel, based on existing statutes and court decisions and assuming continuing compliance by the State of Connecticut with its covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended, interest on the 2026 Bonds is excludable from the gross income of the owners thereof for purposes of federal income taxation and will not be treated as a preference item for purposes of computing 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. In the opinions of Bond Counsel and Co-Bond Counsel, under existing statutes, interest on the 2026 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. For a discussion of the inclusion of interest income on the 2026 Bonds in the definition of "gross income" for purposes of the Corporation Business Tax imposed by Chapter 208 of the Connecticut General Statutes and other federal and State tax consequences of ownership or disposition of the 2026 Bonds, see "TAX EXEMPTION" herein.

$1,200,000,000
State of Connecticut
Special Tax Obligation Bonds,
Transportation Infrastructure Purposes, 2026 Series B

Dated: December 17, 2026* (the "Expected Dated Date") **Due: As shown herein**

The $1,200,000,000 State of Connecticut Special Tax Obligation Bonds, Transportation Infrastructure Purposes, 2026 Series B (the "2026 Bonds"), are issuable only as fully registered bonds, without coupons, and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"). DTC will act as securities depository for the 2026 Bonds. Purchases of the 2026 Bonds will be made in book-entry form, in the denomination of $5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interest in the 2026 Bonds. So long as Cede & Co. is the Bondowner, as nominee for DTC, reference herein to the Bondowner or owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the 2026 Bonds. See "BOOK-ENTRY-ONLY SYSTEM" herein.

Principal of and interest on the 2026 Bonds will be paid directly to DTC by the Paying Agent, currently U.S. Bank Trust Company, National Association, as Trustee and Paying Agent, so long as DTC or its nominee, Cede & Co., is the Bondowner. Interest on the 2026 Bonds will be payable semiannually on January 1 and July 1 of each year, commencing July 1, 2027, as described herein. Disbursement of such payments to the Direct Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the Direct and Indirect Participants, as more fully described herein. **See inside front cover for maturities, interest rates and prices or yields.** The 2026 Bonds maturing on or after July 1, 2038* will be subject to optional redemption beginning on October 1, 2036* at 100.5%*, declining to par on January 1, 2037*, as more fully described herein. See "THE 2026 BONDS - Optional Redemption" herein. The 2026 Bonds maturing on January 1, 2037* (the "Balloon Bonds") are subject to optional redemption as more fully described herein. See "THE 2026 BONDS - Optional Redemption of the Balloon Bonds" herein.

The 2026 Bonds will be issued on a parity with currently outstanding Senior Bonds (as defined herein, see "INTRODUCTION" herein) issued by the State for the Infrastructure Program (as defined herein) under an Indenture of Trust by and between the State and the Trustee, as previously supplemented and amended (the "Original Indenture"), and as amended and restated by the Amended and Restated Indenture of Trust, by and between the State and the Trustee, dated as of November 1, 2024 (the "Amended and Restated Indenture"), as previously supplemented, and the Fourth Supplement (as more fully described and defined herein), and collectively referred to herein as the "Senior Indenture". See "THE TRANSPORTATION INFRASTRUCTURE PROGRAM - Additional Bonds and Outstanding Bonds" and "TOTAL BONDS OUTSTANDING" herein. **Senior Bonds are special obligations of the State payable solely from the taxes and other revenues of the State pledged therefor. The Senior Bonds shall not be payable from nor charged upon any funds other than such pledged revenues, nor shall the State or any political subdivision thereof be subject to any liability thereon except to the extent of such pledged revenues. The issuance of Senior Bonds pursuant to the Senior Indenture (as defined herein) shall not directly or indirectly or contingently obligate the State or any political subdivision thereof to levy or to pledge any form of taxation (except for taxes included in such pledged revenues) whatever therefor or to make any additional appropriations for their payment.**

The 2026 Bonds are offered, when, as and if issued and received by the Underwriters, subject to the approval of legality by Pullman & Comley, LLC, Hartford, Connecticut, Bond Counsel, and Bryant Rabbino LLP, New York, New York, Co-Bond Counsel, and certain other conditions. Certain legal matters will be passed on for the Underwriters by their counsel Robinson & Cole LLP, Hartford, Connecticut. It is expected that the 2026 Bonds in definitive form will be available for delivery through the facilities of DTC on or about December 17, 2026* (the "Delivery Date of the 2026 Bonds").

Honorable Erick Russell
Treasurer of the State of Connecticut

Siebert Williams Shank

Goldman Sachs & Co. LLC **Raymond James**

RBC Capital Markets **Rice Financial Products Company**

Academy Securities	**BAIRD**	**Drexel Hamilton, LLC**
Fidelity Capital Markets	**J.P. Morgan**	**Loop Capital Markets**
Mischler AmeriVet	**Piper Sandler & Co.**	**PNC Capital Markets LLC**
Roosevelt & Cross Incorporated	**Stern Brothers**	**Wells Fargo Securities**

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 and its Appendices to obtain information essential to making an informed investment decision.

_____, 2026

* Preliminary, subject to change.

$1,200,000,000
State of Connecticut
Special Tax Obligation Bonds,
Transportation Infrastructure Purposes, 2026 Series B

MATURITY SCHEDULE

July 1	Amount*	Interest Rate	Yield	CUSIP†	July 1	Amount*	Interest Rate	Yield	CUSIP†
2027	$23,715,000	%	%	207758	2038	$60,705,000	%	%	207758
2028	37,270,000			207758	2039	63,745,000			207758
2029	39,130,000			207758	2040	66,930,000			207758
2030	41,090,000			207758	2041	70,275,000			207758
2031	43,145,000			207758	2042	53,790,000			207758
2032	45,300,000			207758	2043	57,480,000			207758
2033	47,565,000			207758	2044	61,355,000			207758
2034	49,945,000			207758	2045	65,420,000			207758
2035	52,440,000			207758	2046	69,690,000			207758
2036	55,065,000			207758	2047	38,130,000			207758
2037	57,815,000			207758					

Balloon Indebtedness**

Maturity Date*	Amount*	Interest Rate	Yield	CUSIP†
January 1, 2037	$100,000,000	%	%	207758

* Preliminary, subject to change.

** The 2026 Bonds maturing on January 1, 2037* (the "Balloon Bonds") will be designated Balloon Indebtedness upon issuance but treated the same as any other Bond. Upon the effective date of the Future Amendments (see "FUTURE AMENDMENTS TO THE INDENTURE" herein and the definition of Future Amendments therein), the Balloon Bonds will be treated as Balloon Indebtedness (see Section 2 of Exhibit A to the Amended and Restated Indenture set forth in "Appendix D – Amended and Restated Indenture" hereto). See "THE 2026 BONDS - Balloon Indebtedness" herein.

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

This Official Statement is not to be construed as a contract or agreement between the State and the purchasers or holders of any of the 2026 Bonds. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the State or the operations of the Special Transportation Fund since the date hereof. Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized. Certain projections in this Official Statement are based on various assumptions and contingencies which are uncertain and which may not materialize. All quotations from and summaries and explanations of provisions of laws of the State contained in this Official Statement do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof. All references to the 2026 Bonds and the proceedings of the State relating thereto are qualified in their entirety by reference to the definitive forms of such bonds and such proceedings. This Official Statement is submitted only in connection with the sale of such bonds by the State and may not be reproduced or used in whole or in part for any other purpose, except as specifically authorized by the State. No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations other than as contained in this Official Statement and, if given or made, such other information or representations, including summaries generated by Artificial Intelligence (AI), must not be relied upon. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the 2026 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The State deems this Official Statement to be "final" for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1) but is subject to revision or amendment.

CONTENTS OF OFFICIAL STATEMENT

This Official Statement, including the cover page, inside cover page, and the Appendices hereto, is provided for the purpose of presenting certain information relating to the State in connection with the sale of the 2026 Bonds. **Investors must read the entire Official Statement and its Appendices to obtain information essential to making an informed investment decision.**

This Official Statement and the Appendices attached hereto 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 and its Appendices are based on information available to the State 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 State 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) recent and future changes in federal tariff matters; (ii) the effect of and from, future federal budgetary matters, including federal grants and other forms of financial aid to the State; (iii) federal tax policy, including the deductibility of state and local taxes for federal tax purposes; (iv) macroeconomic, economic and business developments, both for the country as a whole and particularly affecting the State; (v) future energy costs; (vi) health care related matters including Medicaid reimbursements; (vii) federal defense spending; (viii) financial services industry developments; (ix) litigation or arbitration; (x) climate and weather related developments, natural disasters and other acts of God; (xi) changes in retirement rates, inflation rates, interest rates, increases in health care costs, longevity rates and other factors used in estimating future obligations of the State, among others; (xii) the effects of epidemics and pandemics, including economic effects therefrom; (xiii) foreign hostilities or wars; (xiv) foreign or domestic terrorism or domestic violence extremism; and (xv) other factors contained in this Official Statement and its Appendices. In addition, where so referenced, actual results could differ materially from those anticipated in such forward-looking statements and reports.

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, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

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Municipal Advisors
PFM Financial Advisors LLC
TRB Securities, LLC (d/b/a Estrada Hinojosa)

Note: The State regularly updates estimates for revenues and expenditures. The tables in the section captioned "THE OPERATIONS OF THE SPECIAL TRANSPORTATION FUND" herein may be updated to reflect the most recent information available at the time of posting of the final Official Statement. If such information is material, the State will issue a supplement to the Preliminary Official Statement or highlight the change in the final Official Statement.

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$1,200,000,000
State of Connecticut
Special Tax Obligation Bonds,
Transportation Infrastructure Purposes, 2026 Series B

INTRODUCTION

This Official Statement (including the cover page, inside cover page and appendices) provides certain information in connection with the issuance by the State of Connecticut (the "State") of its $1,200,000,000 State of Connecticut Special Tax Obligation Bonds, Transportation Infrastructure Purposes, 2026 Series B (the "2026 Bonds"). The State has authorized the issuance of special tax obligation bonds for transportation infrastructure purposes pursuant to Public Act 84-254 of the General Assembly of the State of Connecticut (the "General Assembly"), February Session of 1984, as amended, and other public and special acts adopted by the General Assembly (the "Act"). The State has heretofore authorized the issuance of special tax obligation bonds pursuant to the Act and pursuant to an Indenture of Trust, by and between the State and The Connecticut National Bank, as Trustee, dated as of September 15, 1984, as supplemented by the First through the Fifty-Fourth Supplemental Indentures, by and between the State and the Trustee and amended by the Special Tax Obligation Bonds, Transportation Infrastructure Purposes Amendment No. 1 dated as of December 9, 1994, by and between the State and the Trustee (the foregoing herein referred to collectively as the "Original Indenture"). U.S. Bank Trust Company, National Association, Hartford, Connecticut, is the successor trustee (the "Trustee") under the Original Indenture. Additionally, the State has heretofore authorized the issuance of special tax obligation bonds pursuant to the Act and pursuant to the Original Indenture, as amended and restated by the Amended and Restated Indenture of Trust, by and between the State and the Trustee, dated as of November 1, 2024, as previously supplemented and amended by the First through Third Supplements to Amended and Restated Indenture of Trust (the "Amended and Restated Indenture"). Bonds issued under the Original Indenture are referred to herein as "Prior Bonds". Bonds issued under the Original Indenture or the Amended and Restated Indenture (including the Prior Bonds) are referred to herein as "Senior Bonds". The Original Indenture, as amended and restated by the Amended and Restated Indenture, as may be further amended and supplemented, is referred to herein as the "Senior Indenture". All outstanding Senior Bonds are now governed by the Amended and Restated Indenture. The Act and the Senior Indenture authorize the issuance of additional Senior Bonds, including refunding bonds, having equal rank and on a parity with any outstanding Senior Bonds. The 2026 Bonds will be issued pursuant to a Fourth Supplement to Amended and Restated Indenture of Trust, dated as of December 1, 2026, by and between the State and the Trustee (the "Fourth Supplement"). The 2026 Bonds will be the seventy-sixth series of Senior Bonds issued under the Senior Indenture.

The Senior Indenture constitutes a contract between the State and the holders of all bonds issued thereunder. Pursuant to the Senior Indenture, all bonds issued thereunder are equally and ratably secured by the pledges and covenants contained therein. The State may authorize and issue special tax obligation bonds junior in right of payment of principal and interest to the Senior Bonds (the "Second Lien Bonds"), pursuant to a Second Lien Indenture of Trust previously adopted, or to be adopted (the "Second Lien Indenture"). There are no Second Lien Bonds outstanding. Special tax obligation bonds authorized by the State for issuance from time to time may be issued under either the Senior Indenture or the Second Lien Indenture upon the terms and subject to the conditions stated in such Indentures. The Senior Bonds and the Second Lien Bonds are herein called collectively the "Bonds", and the Senior Indenture and the Second Lien Indenture are herein called collectively the "Indentures".

There follows in this Official Statement a description of the transportation infrastructure program, the nature of the obligation and the security therefor, the terms of the 2026 Bonds, the establishment and maintenance of the Special Transportation Fund of the State (the "Special Transportation Fund"), created under Section 1 of Public Act 83-30, as amended, including the transportation related revenues of the State to be credited to the Special Transportation Fund and the method of accounting therefor, and the Department of Transportation (the "Department"), which is charged with the management of the transportation infrastructure program. Also included are summaries of certain provisions of the Indentures. All references herein to the Act and the Indentures are qualified in their entirety by reference to the complete text of the Act and each such Indenture, copies of which are available from the State, and all references to the 2026 Bonds are qualified in their entirety by reference to the definitive forms thereof and the information with respect thereto contained in the Senior Indenture.

THE TRANSPORTATION INFRASTRUCTURE PROGRAM

The Infrastructure Program was established in 1984 and is a continuous program which finances the ongoing requirements of the State for the planning, acquisition, construction, equipping, reconstruction, repair, removal, rehabilitation and improvement of, and acquisition of easements and rights-of-way with respect to, State highways and bridges, projects on the interstate highway system, waterway facilities, mass transportation and transit facilities, the highway safety program, maintenance garages and administrative facilities of the Department, payment of the State's share of the costs of the local bridge program established under the Act, and payment of State contributions to the local bridge revolving fund established under the Act (all such projects being collectively herein called the "Infrastructure Program"). The Infrastructure Program is administered by the Department. For a more detailed description of the Department and the Infrastructure Program, see "THE DEPARTMENT OF TRANSPORTATION" herein.

The aggregate cost of the Infrastructure Program for fiscal years 2021-2030, which has been, and is expected to be, met from federal, state, and local funds, is currently estimated at $26.1 billion and includes $10.5 billion in federal funds. The State's share of such cost, estimated at $15.6 billion, has been and is expected to be funded from transportation related taxes, fees and revenues deposited in the Special Transportation Fund, as described below, and from the proceeds of special tax obligation bonds. The State's share of State program costs not financed by special tax obligation bonds is estimated at $193.0 million and includes the expenses of the Infrastructure Program which either are not sufficiently large or do not have a long enough life expectancy to justify the issuance of long-term bonds. Such expenses include liquid resurfacing, minor bridge repairs, highway maintenance activities, safety activities, and other minor transportation improvements.

During fiscal years 2021-2026, $15.5 billion of the total Infrastructure Program was approved by the appropriate governmental authorities. The State's share of such cost was funded by approximately $9.0 billion of special tax obligation bonds and $0.1 billion of revenues and other funds. The remaining costs were funded with $6.4 billion of federal funds. For fiscal years 2027-2030, the total Infrastructure Program is estimated at $10.5 billion. The State's share of such cost is planned to be funded with proceeds of $6.3 billion from the issuance of new special tax obligation bonds and $0.1 billion of revenues and other funds. The remaining costs are expected to be funded with $4.1 billion in federal funds.

The policies of the United States government may change from time to time, which may result in changes to the amount and timing of federal funds received by the Department.

The Pledged Revenues (see "NATURE OF OBLIGATION - Source of Payment-*Special Transportation Fund and Pledged Revenues*" herein), including enacted adjustments, are intended to cover the cost of the State's share of the Infrastructure Program, including debt service requirements. For a more detailed description of Pledged Revenues see "THE OPERATIONS OF THE SPECIAL TRANSPORTATION FUND" herein, and for a description of legislative changes to Pledged Revenues see "THE OPERATIONS OF THE SPECIAL TRANSPORTATION FUND - Legislative Changes" herein. After providing for debt service requirements on the Bonds, the balance of the receipts from such revenue sources may be applied to the payment of general obligation bonds of the State issued or previously authorized and to be issued for transportation purposes, for the payment of annually budgeted expenses of the Department and the Department of Motor Vehicles (the "DMV"), and for other transportation purposes.

The State has established the Special Transportation Fund for the purpose of budgeting and accounting for all transportation related taxes, fees and revenues credited to such Fund and securing the Bonds. See "THE OPERATIONS OF THE SPECIAL TRANSPORTATION FUND" herein. In addition, the State has established an Infrastructure Improvement Fund to account for the net proceeds of special tax obligation bonds and bond anticipation notes (the "Notes") issued under public and special acts adopted annually by the General Assembly authorizing such obligations. The 2026 Bonds are neither payable from nor secured by the Infrastructure Improvement Fund.

NATURE OF OBLIGATION

Legal Authority - State Bond Commission

The State issues Bonds pursuant to the Act, the Indentures and legislation enacted annually authorizing additional Bonds. Under the terms and provisions of the Act, the State Bond Commission (established pursuant to Section 3-20 of the General Statutes of Connecticut, Revision of 1958, as amended (the "Connecticut General Statutes" or "C.G.S.")) is empowered to authorize special tax obligation bonds of the State for transportation infrastructure projects and uses, subject to the annual legislative authorizations (the "Public and Special Acts"). The Act also authorizes the issuance of special tax obligation bonds to refund outstanding special tax obligation bonds and to refund certain general obligation bonds of the State issued for transportation purposes and authorizes the execution of the Indentures as contracts of the State with the holders of the Bonds. On May 29, 2026, the State Bond Commission authorized the issuance and sale by the Treasurer of the 2026 Bonds to fund a portion of the projects and uses authorized in the Public and Special Acts. See "THE 2026 BONDS - Purpose of the 2026 Bonds" herein. The Act expressly provides that holders of Bonds may sue the State upon such express contract in the Connecticut Superior Court for the Judicial District of Hartford.

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

Source of Payment

Special Transportation Fund and Pledged Revenues

The Bonds are special obligations of the State and are payable solely from the revenues of the State pledged therefor as provided in the Act (the "Pledged Revenues") and other receipts, funds or moneys pledged therefor pursuant to the Act and the Indentures. Pursuant to the Act and under the Indentures, all Pledged Revenues received or collected are promptly credited to the Special Transportation Fund established pursuant to Public Act 83-30 of the June 1983 Special Session of the General Assembly, as amended. Section 432 of Public Act 15-5 of the June Special Session created a statutory transportation "lock box" which established the Special Transportation Fund as a perpetual fund, the resources of which are to remain in the Special Transportation Fund to be expended solely for transportation purposes, including the payment of debt service on the Bonds. All sources of moneys required by State law to be credited to the Special Transportation Fund after June 29, 2015, and once credited, are to continue to be credited to such fund to the extent the State collects or receives such moneys. Section 432 of Public Act 15-5 of the June Special Session also provides that no law shall be enacted authorizing the resources of the Special Transportation Fund to be expended other than for transportation purposes. Further, Section 19 of Article Third of the Constitution of the State of Connecticut was added after approval by the electors at the general election of November 6, 2018 and provides: "The Special Transportation Fund shall remain a perpetual fund. The general assembly shall direct the resources of said fund solely for transportation purposes, including the payment of debt service on obligations of the state incurred for transportation purposes. Sources of funds, moneys and receipts of the state credited, deposited or transferred to said fund by state law on or after the effective date of this amendment shall be credited, deposited or transferred to the Special Transportation Fund, so long as such sources are authorized by statute to be collected or received by the state, or any officer thereof, and the general assembly shall enact no law authorizing the resources of said fund to be expended other than for transportation purposes." Note that a new source of funds is not considered pledged until it has begun to be credited, deposited or transferred to the Special Transportation Fund (the "First Receipt Date"). Until the First Receipt Date, a new law can be enacted to use the new source of funds for another purpose. In addition, nothing prevents the legislature from reducing the rate or fees of a pledged source of funds to 0% or $0.

Pledged Revenues consist of taxes, fees, charges and other receipts, funds or moneys of the State credited to the Special Transportation Fund. These include motor fuels taxes; oil companies taxes; a portion of the general retail sales and use taxes; motor vehicle receipts; motor vehicle related licenses, permits and fees; sales taxes imposed on casual sales of motor vehicles; motor vehicle related fines, penalties and other charges and other transportation related revenue sources more particularly defined in the Act, including enacted adjustments in all of the foregoing sources; certain federal subsidy payments relating to certain Taxable Build America Bonds – Direct Pay (if any); and certain transportation related federal revenues of the State credited to the Fund. Other receipts, funds or moneys pledged under the Indentures include investment earnings and moneys in the funds and accounts established thereunder, subject to the application thereof as provided for in the Indentures. For a more detailed description of Pledged Revenues see "THE OPERATIONS OF THE SPECIAL TRANSPORTATION FUND" herein.

The Act further provides that the Treasurer shall apply the resources in the Special Transportation Fund first to pay or to provide for the payment of debt service requirements (the "Debt Service Requirements") on the Bonds or on Notes in such

amount or amounts and in such manner as required by the Indentures. The Debt Service Account, the Note Repayment Account and the Reserve Account, which are accounted for as part of the Special Transportation Fund, are maintained and held in trust by the Trustee under the Senior Indenture and are the accounts from which payments of Principal and Interest Requirements on all Senior Bonds and Interest Requirements on Senior Notes (defined as "Notes" in the Senior Indenture) will be paid. The remaining resources of the Special Transportation Fund, pursuant to the proper appropriation thereof and subject to approval by the Governor of allotment thereof, are available for (i) payment of principal on Senior Notes, (ii) payment of amounts required to be deposited with the Second Lien Trustee under the Second Lien Indenture, (iii) payment of the principal of and interest on "General Obligation Bonds of the State issued for Transportation Purposes," as defined in the Act, or any general obligations refunding the same, and (iv) payment of State budget appropriations for the Department and the DMV as described in the Act.

The Act provides that, as part of the contract with bondholders, upon authorization of the issuance of the Bonds, all amounts necessary for the punctual payment of Debt Service Requirements are deemed appropriated from the Pledged Revenues and the Treasurer is required to pay such principal and interest as the same shall accrue, but only from the Pledged Revenues and other receipts, funds or moneys pledged to repay the Bonds. In the opinions of Bond Counsel and Co-Bond Counsel, such amounts are validly deemed to be appropriated from such sources and such payment does not require further legislative approval.

The Act also provides that the obligation of the State to pay the Debt Service Requirements, in addition, will be secured by: (i) a first call upon the Pledged Revenues as they are received by the State and credited to the Special Transportation Fund (such a requirement whereby the Pledged Revenues are first applied to debt service is commonly referred to as a gross pledge); and (ii) a lien upon any and all amounts held to the credit of the Special Transportation Fund from time to time, provided such lien shall not extend to amounts credited to such Fund representing (A) proceeds of short term State notes or (B) transportation related federal revenues of the State. The Act provides that any pledge made by the State shall be valid and binding from the time when the pledge is made, and that any revenues or other receipts, funds or moneys so pledged or thereafter received by the State shall be subject immediately to the lien of such pledge without any physical delivery thereof or further act. In the opinions of Bond Counsel and Co-Bond Counsel, the pledge in the Senior Indenture granting a first call on Pledged Revenues and a lien upon and security interest in amounts held to the credit of the Special Transportation Fund and other receipts, funds, or moneys pledged in the Senior Indenture, in the manner and to the extent set forth therein, is valid and binding upon the State and against all parties having claims of any kind in tort, contract, or otherwise against the State (including holders of general obligation debt of the State).

Agreements of the State

Pursuant to the Act and under the Senior Indenture, the State has covenanted with the bondholders to impose, charge, raise, levy, collect and apply the Pledged Revenues and other receipts, funds or moneys pledged for the payment of Debt Service Requirements, in such amounts as may be necessary to pay the Debt Service Requirements in each year in which the Senior Bonds or Senior Notes are outstanding. In addition, the State has covenanted that it will not limit, or otherwise alter, the rights or obligations of the appropriate officers of the State with respect to the application of the Pledged Revenues or to impose, maintain, charge or collect the taxes, fees, charges and other receipts constituting the Pledged Revenues as may be necessary to fulfill the terms of the proceedings authorizing the issuance of the Senior Bonds, including the Pledged Revenue coverage requirement described below.

With respect to such Pledged Revenue coverage requirement, the Senior Indenture includes the covenant of the State to provide Pledged Revenues, in each fiscal year, after deducting payments out of Pledged Revenues for reserves required under the Senior Indenture, and computed as of the final Business Day (as defined in the Senior Indenture) of such fiscal year, in an amount equal to at least two times the aggregate Principal and Interest Requirements on Senior Bonds and Interest Requirements on Senior Notes in such fiscal year.

In the event the State does not meet the foregoing coverage requirement, such a failure does not constitute an event of default under the Senior Indenture unless the State shall not enact legislation such that the conditions contained in the Senior Indenture would be satisfied if Additional Bonds were then to be issued. See Section 9.1(c) under "Appendix D – Amended and Restated Indenture" for a more detailed description.

The Prior Bonds are secured by a Reserve Account established and required to be maintained in an amount equal to the maximum Principal and Interest Requirements on Prior Bonds for the current or any future fiscal year (the "Debt Service Reserve Requirement"). **The 2026 Bonds are not secured by a Reserve Sub-Account**.

In the opinions of Bond Counsel and Co-Bond Counsel, the foregoing covenants are valid and enforceable covenants of the State, except as enforceability thereof may be limited by insolvency, moratorium and other laws affecting creditors' rights generally heretofore or hereafter enacted and by law applicable to relief in equity and by the reserved police powers of the State; no opinion is expressed as to the availability of a right in equity to specific performance of any covenant requiring

legislative action with respect to taxes not presently enacted when an adequate remedy at law for damages is available or another such limitation exists and is applied.

Pursuant to the Constitution of the State of Connecticut, the General Assembly is required to adopt a balanced biennial budget of the State, which generally is commenced during the regular session of the General Assembly prior to the beginning of the next biennium. General budget expenditures authorized for any fiscal year cannot exceed the estimated amount of revenue for such year. Pursuant to the Act, the Senior Indenture provides that the State may limit, modify, rescind, repeal or otherwise alter the character or amount of such Pledged Revenues or substitute like or different sources of taxes, fees, charges or other receipts as Pledged Revenues if, for the ensuing fiscal year of the State, the projected revenues meet or exceed the estimated expenses of the Special Transportation Fund, including accumulated deficits, if any, the Debt Service Requirements on the Senior Bonds and Senior Notes and such Pledged Revenue coverage requirement. Provided, however, that such right to alter or substitute Pledged Revenues is limited by Section 19 of Article Third of the Constitution of the State of Connecticut.

The State does not presently have a constitutional restriction on its power of taxation other than that the State may not tax to provide funds for private purposes as distinguished from public purposes.

Flow of Funds Under Senior Indenture

All Pledged Revenues collected by the State or any officer thereof, along with other revenues of the State, are deposited in various bank accounts of the State, and subsequently invested in the Short-Term Investment Fund (STIF) of the State. The Pledged Revenues will be promptly identified and credited to the Special Transportation Fund held by the State, and, as provided by the Senior Indenture, will be transferred monthly to the extent required to meet Debt Service Requirements for the Senior Bonds and the Senior Notes to the credit of the following accounts or sub-accounts in the following amounts and in the following order:

(i) to the credit of the Bond Service Sub-Account, the Note Repayment Account and the Redemption Sub-Account, respectively, such amounts thereof, if any (or the entire amount so withdrawn if less than the required amount, in which case such amount shall be allocated among the purposes set forth in this subsection (i) on a pro rata basis), as may be required (A) to make the amount then held to the credit of the Bond Service Sub-Account equal to the amount of the Principal and Interest Requirements on Senior Bonds accruing through the dates in the next ensuing month, plus the amount accruing or payable with respect to principal and interest pursuant to any reimbursement agreement entered into with respect to a credit facility providing for payment of the principal on Senior Bonds, plus one-twelfth (1/12) of the Principal and Interest Requirements on Prior Bonds for the next ensuing 12 months; (B) to make the amount then held to the credit of the Note Repayment Account held for payment of interest equal to the unpaid interest on Senior Notes payable through the end of the next ensuing month and interest pursuant to any reimbursement agreement entered into with respect to a credit facility providing for payment of the principal of Senior Notes; and (C) to make the amount then held to the credit of the Redemption Sub-Account equal to the aggregate Amortization Requirements, if any, accruing through the respective payment dates of the Monthly Payment Bonds in the next ensuing month, plus the aggregate Amortization Requirements, if any, due through the respective payment dates of the Pay When Due Bonds in the next ensuing month, for each of the term bonds then outstanding (plus a ratable portion of the premium, if any, which would be payable on principal amounts of term bonds equal to the amount of such Amortization Requirements if such principal amount of term bonds should be called for mandatory redemption); provided, however, that if the amount so deposited to the credit of the Redemption Sub-Account in any Fiscal Year shall be less than such amount, the requirement therefor shall nevertheless be cumulative and the amount of any deficiency in any Fiscal Year shall be added to the amount otherwise required to be deposited in each Fiscal Year thereafter until such time as such deficiency shall have been made up;

(ii) to the credit of the Reserve Account, out of any balance remaining after making the deposits under subsection (i) above (or the entire balance if less than the required amount), the amount, if any, necessary to maintain each Reserve Sub-Account at each respective Series Reserve Requirement. See Section 5.1(a) under "Appendix D – Amended and Restated Indenture."

The 2026 Bonds will not be designated Pay When Due Bonds and are, therefore, Monthly Payment Bonds.

Following the transfers described above, the Pledged Revenues of the Special Transportation Fund may be applied to the payment of principal on Senior Notes or other obligations of the State subordinate to the Senior Bonds, to the payment of amounts required to be deposited with the Trustee under the Second Lien Indenture and, subject to appropriation and allotment, payment of the debt service on general obligation bonds of the State issued for transportation purposes and to the payment of State budget appropriations for the Department and the DMV.

If at any time any amounts required to be paid to the Trustee under the Senior Indenture have not been so paid, no payments shall be made from the Special Transportation Fund except with respect to the Senior Bonds and Senior Notes and

the Trustee shall be entitled to notify the Treasurer that such amounts are accrued and unpaid, whereupon any Pledged Revenues received by the State and credited to the Special Transportation Fund are required by the Act and the Senior Indenture to be paid by the Treasurer forthwith to the Trustee, and shall not be diverted to any other purpose, until such accrued and unpaid amounts have been paid in full. See Section 7.2 under "Appendix D – Amended and Restated Indenture."

The Senior Indenture also provides that the State shall at all times do and perform all acts and things permitted by law and necessary to assure that the Pledged Revenues received by the State and credited to the Special Transportation Fund shall be applied first to the payment of the Debt Service Requirements. Such covenant provides, among other things, assurance that, if necessary, the State will implement procedures for immediate segregation, upon collection, of Pledged Revenues from other cash receipts of the State.

Refunding Bonds

Refunding Bonds are authorized under the Act and the Senior Indenture to be issued by the State having equal rank and on a parity with the Senior Bonds heretofore issued. Refunding Bonds may be issued at any time and from time to time, in such amounts as the State Bond Commission may deem necessary for the purpose of purchasing or refunding the principal of the bonds or obligations to be refunded, any unpaid interest thereon to the date of redemption thereof, any premium necessary to be paid in connection therewith, and the costs and expenses of issuing such Refunding Bonds. Refunding Bonds shall be issued under and pursuant to a supplemental indenture (or supplemental indentures).

Additional Bonds and Outstanding Bonds

Additional Bonds may be issued by the State having equal rank and on a parity with the Senior Bonds heretofore issued for the Infrastructure Program. Additional Bonds also may be issued junior in right of payment to the Senior Bonds and on a parity with the outstanding Second Lien Bonds, if any, issued under the Second Lien Indenture. See Section 2.4 under "Appendix D – Amended and Restated Indenture." As of December 17, 2026 (and prior to the issuance of the 2026 Bonds), there are $7,931,490,000 Senior Bonds outstanding and no Second Lien Bonds outstanding. See "TOTAL BONDS OUTSTANDING" herein. The Public and Special Acts currently provide for the issuance of Additional Bonds for the Infrastructure Program in principal amounts not exceeding the aggregate amount of $9,567,661,528. Of such $9,567,661,528 unissued amount, $7,948,883,697 have been allocated by the State Bond Commission, and are available for expenditure, prior to the issuance of the 2026 Bonds; provided, however, that the State Bond Commission may make additional allocations at meetings that may occur prior to the delivery of the 2026 Bonds. It is anticipated that Additional Bonds will be authorized by Public and Special Acts annually to finance the Infrastructure Program.

Subject to such statutory authorization, issuance of Additional Bonds shall be issued under and pursuant to a supplemental indenture (or supplemental indentures) and subject to compliance with the following conditions (and where "Coverage Requirement" means two times (i) the aggregate Principal and Interest Requirements on Bonds for all Senior Bonds; plus (ii) Interest Requirements on Senior Notes):

(1) Pledged Revenues and other receipts, funds or moneys pledged under the Senior Indenture, after deducting, for the applicable period, payments out of such Pledged Revenues and other receipts, funds or moneys pledged under the Senior Indenture for reserves required by the Senior Indenture, actually paid into the Special Transportation Fund for any period of 12 consecutive calendar months of the immediately preceding 18 calendar months were equal to at least the Coverage Requirement for such period; provided however, that this condition shall be deemed to be satisfied if such test is satisfied after adjusting such Pledged Revenues and other receipts, funds or moneys pledged under the Senior Indenture only to reflect any increase(s) or decrease(s) in taxes, fees or charges enacted to be in effect at the time of issuance of such Additional Bonds, and the Secretary of the Office of Policy and Management of the State shall deliver to the Trustee a certificate demonstrating such coverage;

(2) Pledged Revenues and other receipts, funds or moneys pledged under the Senior Indenture, after deducting, for the applicable period, payments out of such Pledged Revenues and other receipts, funds or moneys pledged under the Senior Indenture for reserves required by the Senior Indenture, actually paid into the Special Transportation Fund for any period of 12 consecutive calendar months of the immediately preceding 18 calendar months divided by such number of full calendar months and multiplied by 12 are equal to at least the Coverage Requirement (such Coverage Requirement to include the Additional Bonds to be issued, and to exclude Interest Requirements on Senior Notes being refunded from the proceeds of such Additional Bonds), for the current and each succeeding fiscal year, after adjusting such Pledged Revenues and other receipts, funds or moneys pledged under the Senior Indenture only to reflect any increase(s) or decrease(s) in taxes, fees or charges enacted to be in effect for such current or such succeeding fiscal year, and the Secretary of the Office of Policy and Management of the State shall deliver to the Trustee a certificate demonstrating such coverage;

(3) The State shall have received a letter from the Accountant appointed by the State (i) substantially to the effect that in connection with its examination of the Special Transportation Fund pursuant to Section 7.4 of the Senior

Indenture nothing came to their attention that caused them to believe that the State was not then in compliance with the requirement of (1) above and (ii) reporting on the certificates delivered by the State pursuant to the requirement of (1) and (2) above without material qualification; and

(4) The State shall have determined that the principal amount of all Bonds, including the Additional Bonds to be issued, will not exceed any limitation imposed by law and that upon such issue, the amount credited to the Reserve Account will be not less than the Debt Service Reserve Requirement.

In addition, issuance of Additional Bonds under the Senior Indenture is conditioned upon the State having made all monthly payments to the Trustee required to be made.

At the option of the State, and at the time of issuance of any series of Senior Bonds pursuant to a Supplemental Indenture, the State may create and establish within the Reserve Account of the Special Transportation Fund a Reserve Sub-Account for such series of Senior Bonds. The State will, by such Supplemental Indenture, specify the Series Reserve Requirement, provide for the manner of funding and replenishing of such Reserve Sub-Account and establish such other terms with respect to such Reserve Sub-Account as the State may deem to be appropriate, including providing a Reserve Account Surety Policy in lieu thereof. **The 2026 Bonds are not secured by a Reserve Sub-Account, and therefore, there is no reserve requirement for the 2026 Bonds**.

Bond Anticipation Notes and Subordinated Indebtedness

Pursuant to the Act and the Senior Indenture, interest on Senior Notes issued in accordance with the Senior Indenture and in anticipation of the receipt of the proceeds of Additional Bonds is payable on a parity with principal and interest on the Senior Bonds. See "NATURE OF OBLIGATION - Source of Payment-*Flow of Funds Under Senior Indenture*" herein. No such Senior Notes, under the terms of the Senior Indenture, shall be issued (i) unless the Senior Bonds in anticipation of which they are to be issued have been duly authorized in accordance with the Act and the Senior Indenture, and (ii) if the aggregate principal amount of all Senior Notes then outstanding and to be issued exceeds $250,000,000, unless, as of the date of issuance of such Senior Notes, the State could have issued under the terms of the Senior Indenture an equivalent aggregate principal amount of serial bonds, maturing in equal annual installments of principal and interest, the last installment of which shall mature not later than 30 years after such date, and bearing interest at such rate as the State shall determine in its best judgment to be equivalent to the average interest rate which would have been paid had such Senior Bonds been issued at such time. Senior Notes shall be special obligations of the State payable solely from the proceeds of the Senior Bonds and, to the extent provided in the Senior Indenture or deemed necessary or desirable by the State, from the Special Transportation Fund. The Senior Indenture provides that any obligation of the State to pay the unrefunded principal of Senior Notes, including for this purpose any obligation of the State under a reimbursement agreement entered into in connection with a credit facility providing for payment of the unrefunded principal of Senior Notes, shall be subordinate to any obligation of the State to pay the principal and interest with respect to the Senior Bonds or interest with respect to Senior Notes. The Senior Indenture further provides that the State may not enter into any contract with any noteholder inconsistent with the terms of the Senior Indenture. The full faith and credit of the State shall not be pledged to the repayment of such Senior Notes and the State shall not be obligated to make appropriations from its general fund ("General Fund") for the repayment of such Senior Notes. See Section 2.6 under "Appendix D – Amended and Restated Indenture."

Nothing in the Senior Indenture prohibits the State (i) from issuing other indebtedness for any use or purpose of the State payable as to principal and interest from the Special Transportation Fund subject and subordinate to the deposits and credits required to be made to the Debt Service Account, the Senior Note Repayment Account, or the Reserve Account, or (ii) from securing other indebtedness and the payment thereof by a call upon the Pledged Revenues and a lien on and pledge of the Special Transportation Fund junior and inferior to the first call on the Pledged Revenues and to the lien on and pledge of the Special Transportation Fund created in the Senior Indenture for the payment and security of the Senior Bonds and Senior Notes. The State may issue notes in anticipation of federal grants and, to the extent any such grants when received are credited to the Fund, the repayment obligation with respect to such notes will be subordinate to any obligation of the State to pay Debt Service Requirements on Senior Bonds and Senior Notes. See Section 2.7 under "Appendix D – Amended and Restated Indenture."

State General Taxing Power Not Pledged

Pursuant to the Act, the Bonds shall be special obligations of the State and shall not be payable from nor charged upon any funds other than the Pledged Revenues or other receipts, funds or moneys pledged therefor as provided in the Act, nor shall the State or any political subdivision thereof be subject to any liability thereon, except to the extent of the Pledged Revenues and such other receipts, funds or moneys pledged therefor. The issuance of the Bonds under the Act and Indentures shall not directly or indirectly or contingently obligate the State or any political subdivision thereof to levy or to pledge any form of taxation whatever therefor (except for taxes included in the Pledged Revenues), or to make any additional appropriation for their payment. The Bonds shall not constitute a charge, lien or encumbrance, legal or equitable, upon any property of the State or of any political subdivision thereof, other than the Pledged Revenues and other receipts, funds or moneys pledged therefor. The Bonds shall not be subject to any statutory limitation on the indebtedness of the State and, when issued, shall not be included in computing the aggregate indebtedness of the State with respect to and to the extent of any such limitation. The full faith and credit of the State shall not be pledged to the repayment of the Bonds.

THE 2026 BONDS

Purpose of the 2026 Bonds

The Public and Special Acts provide for the issuance of $9,567,661,528 in additional special tax obligation bonds, in one or more series, to fund, together with anticipated federal grants, a portion of the costs of various purposes of the Infrastructure Program. It is expected that in each year, special legislation will empower the State Bond Commission to authorize additional special tax obligation bonds to finance the Infrastructure Program.

On May 29, 2026, the State Bond Commission authorized the issuance and sale by the Treasurer of up to $1,200,000,000 new money Bonds to fund a portion of the projects and uses authorized in the Public and Special Acts, as well as the execution of the Fourth Supplement by the Governor, the Treasurer, and the Comptroller, the Official Statement, a Continuing Disclosure Agreement and a Certificate of Determination executed by the Treasurer and filed with the Secretary of the State Bond Commission.

Description of the 2026 Bonds

The 2026 Bonds will be dated the Expected Dated Date of the 2026 Bonds and will bear interest at the rates and mature on the dates and in the amounts set forth on the inside cover page of this Official Statement. Interest on the 2026 Bonds is payable on January 1 and July 1 of each year, commencing July 1, 2027. Interest on the 2026 Bonds will be calculated on the basis of a 360-day year of twelve 30-day months and will be payable to the registered owner as of the close of business on the fifteenth day of June and December prior to each interest payment date, or the preceding Business Day if such fifteenth day is not a Business Day, by check mailed to the registered owner at such address as appears on the registration books of the State kept for such purpose under the Senior Indenture.

The 2026 Bonds are issuable as fully registered bonds in the denomination of $5,000 or any integral multiple thereof. Principal of and interest on the 2026 Bonds will be paid directly to DTC by U.S. Bank Trust Company, National Association, the Trustee, as Paying Agent so long as DTC or its nominee, Cede & Co., is the Bondowner. See "BOOK-ENTRY-ONLY SYSTEM" herein.

Balloon Indebtedness

Pursuant to the Fourth Supplement, upon their issuance, the Balloon Bonds will be designated as Balloon Indebtedness (see Section 2 of Exhibit A to the Amended and Restated Indenture set forth in "Appendix D – Amended and Restated Indenture" hereto). At issuance and prior to the effective date of the Future Amendments, the Balloon Bonds shall be subject to the terms of the Senior Indenture, including without limitation, the additional bonds test described in Section 2.4 of the Senior Indenture and the Coverage Requirement defined and described in the Senior Indenture, which treats all Bonds as maturing on their maturity date. See "Appendix D – Amended and Restated Indenture" hereto.

Upon the effective date of the Future Amendments, the Balloon Bonds will be treated as Balloon Indebtedness in all respects, including without limitation the determination of "Principal and Interest Requirements on Bonds", which treats Balloon Indebtedness principal as being amortized over a period of time. See "Appendix D – Amended and Restated Indenture" hereto, including Exhibit A therein. The Balloon Bonds are expected to be amortized over the period from 2042 through 2046.

The Future Amendments include the following modification to the definition of "Principal and Interest Requirements on Bonds" (see Section 3 of Exhibit A to the Amended and Restated Indenture set forth in "Appendix D – Amended and Restated Indenture" hereto):

> (iv) if all or any portion or portions of an outstanding series of Bonds constitute Balloon Indebtedness, then, for purposes of determining Principal and Interest Requirements on Bonds, each maturity which constitutes Balloon Indebtedness, unless otherwise provided in the Supplemental Indenture pursuant to which such Balloon Indebtedness is issued or unless provision (v) of this definition then applies to such maturity, be treated as if it were to be amortized over a term of not more than thirty (30) years and with substantially level annual debt service funding payments commencing not later than the year following the year in which such Balloon Indebtedness was issued, and extending not later than thirty (30) years from the date such Balloon Indebtedness was originally issued; . . . ;

Optional Redemption

The 2026 Bonds maturing on or after July 1, 2038* will be subject to redemption, at the election of the Treasurer, on or after October 1, 2036* at any time, in whole or in part and by lot within maturity, in such amounts and in such order of maturity as the Treasurer may determine, at the respective redemption prices (expressed as percentages of the principal amounts of the bonds to be redeemed) set forth in the following table, together with interest accrued and unpaid to the redemption date:

Redemption Period	Redemption Price
October 1, 2036* to December 31, 2036*	100.5%*
January 1, 2037* and thereafter	100.0%

To the extent of any conflict or inconsistency among this Optional Redemption section, the cover of this Official Statement, the 2026 Bond forms, the Fourth Supplemental Indenture, and Bond Counsel's approving opinion for the 2026 Bonds, the terms of this Optional Redemption section shall govern.

Optional Redemption of the Balloon Bonds

The Balloon Bonds maturing on January 1, 2037* will be subject to redemption, at the election of the Treasurer, on or after January 1, 2036* at any time, in whole or in part and by lot within maturity, in such amounts as the Treasurer may determine, at the respective redemption prices (expressed as percentages of the principal amounts of the bonds to be redeemed) set forth in the following table, together with interest accrued and unpaid to the redemption date:

Redemption Period	Redemption Price
January 1, 2036* to June 30, 2036*	101.0%*
July 1, 2036* to December 31, 2036*	100.5%*

To the extent of any conflict or inconsistency among this Optional Redemption of the Balloon Bonds section, the cover of this Official Statement, the 2026 Bond forms, the Fourth Supplemental Indenture, and Bond Counsel's approving opinion for the 2026 Bonds, the terms of this Optional Redemption of the Balloon Bonds section shall govern.

Notice of Redemption

Notice of redemption shall be mailed not less than 20 days nor more than 60 days prior to the redemption date, by first class mail, to the registered owner of the 2026 Bonds to be redeemed at the address as it appears on the books of registry or at such address as such owner may have filed with the registrar for that purpose. So long as Cede & Co., as nominee of DTC, is the registered owner of the 2026 Bonds, all notices of redemption will be sent only to DTC, and delivery of such notices of redemption to DTC's Participants and Indirect Participants and Beneficial Owners of the 2026 Bonds will be governed by the customary practices and procedures of DTC and said Participants and Indirect Participants. The 2026 Bonds called for redemption shall, on the redemption date designated in the notice of redemption, become due and payable only if moneys for the payment of such 2026 Bonds called for redemption together with the applicable redemption premium, if any, and the interest to accrue to the redemption date on such 2026 Bonds are held for the purpose of payment by the Trustee or Paying Agent.

* Preliminary, subject to change.

Sources and Uses of Funds

The proceeds to be derived from the sale of the 2026 Bonds are estimated to be applied as follows:

Sources	
Principal Amount of 2026 Bonds	$1,200,000,000.00
[Net] Original Issue Premium/Discount (if any)	
Total	$
Uses	
Deposit into Infrastructure Improvement Fund	$
Underwriters' Discount	
Other Costs of Issuance	
Total	$

FUTURE AMENDMENTS TO THE INDENTURE

On October 22, 2024, the State Bond Commission adopted a resolution authorizing the Amended and Restated Indenture, which contained certain amendments that became immediately effective, and certain amendments (the "Future Amendments") which may become effective in the future upon obtaining consent of the holders of at least 60% in aggregate principal amount of Senior Bonds outstanding. The following summary is not all-inclusive of the amendments and is qualified in its entirety by reference to "Appendix D – Amended and Restated Indenture" hereto, and specifically Article XII therein and Exhibit A thereto ("Exhibit A"). Potential purchasers of the 2026 Bonds should review Appendix D in its entirety before purchasing the 2026 Bonds.

The following is a summary of some, but not all, of the "Future Amendments:"

(A) Provide for the issuance of parity variable rate debt, as well as make provisions for swaps, credit facilities and liquidity facilities. See Sections 1, 2, 3, 4, 5, 8, 9, 10, 11, 14, 19 and 21 of Exhibit A.

(B) Provide for balloon indebtedness. See Sections 2, 3, 5 and 7 of Exhibit A.

(C) Modify the additional bonds test to eliminate the historical coverage portion of the test and modify the testing period for the additional bonds test. See Section 6 of Exhibit A.

(D) Modify provisions related to the Trustee. See Sections 15 and 16 of Exhibit A.

(E) For the notification to the State of a non-payment default, modify the notification by bondholders from 20% to a majority of bondholders. See Section 17 of Exhibit A.

(F) Regarding bondholder request to Trustee to direct remedies, modify from 10% to a majority of bondholders. See Section 18 of Exhibit A.

(G) Provide for a majority of bondholders to waive any existing default or Event of Default. See Section 20 of Exhibit A.

By the purchase and acceptance of a 2026 Bond, the owners thereof, including any participants, beneficial owners and subsequent owners, shall be deemed to have (i) consented and agreed to be bound by the Future Amendments; (ii) waived the requirement in the Original Indenture for holders to receive a copy of the Future Amendments in the mail; and (iii) agreed that such purchase and acceptance of a 2026 Bond shall constitute evidence of the written consent of each owner thereof to the Future Amendments. Copies of the Senior Indenture, as so amended, are on file with the State and the Trustee.

Assuming and upon the issuance of the 2026 Bonds, approximately 48% of Senior Bonds outstanding will have consented to the Future Amendments. Accordingly, the Future Amendments to which the purchasers of the 2026 Bonds will have consented will not take effect unless and until the aggregate principal amount of Senior Bonds outstanding whose holders have consented to such amendments constitute at least 60% of such outstanding bonds.

Assuming (i) the issuance of Senior Bonds as projected in footnote (f) to Table 8 and in footnote (e) to Table 9 in the section captioned "THE OPERATIONS OF THE SPECIAL TRANSPORTATION FUND" herein; (ii) the refunding of Senior Bonds eligible to be called are called in future years; and (iii) the owners of the 2026 Bonds and future Senior Bonds to be issued will have been deemed to have consented to the Future Amendments, the State estimates that by as early as the beginning of calendar year 2028, the consent of the holders of such Senior Bonds, in addition to Senior Bonds already issued and consented, will constitute 60% or more of the Senior Bonds outstanding at such time. Upon receiving 60% or more consent of outstanding Senior Bonds, the State will be able to complete the process of amending the Senior Indenture with some or all of the Future Amendments.

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company ("DTC") will act as securities depository for the 2026 Bonds. The 2026 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One or more fully-registered bond certificates will be issued for each maturity of each series of the 2026 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 of 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 2026 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2026 Bonds on DTC's records. The ownership interest of each actual purchaser of each of the 2026 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 2026 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2026 Bonds, except in the event that use of the book-entry system for the 2026 Bonds is discontinued.

To facilitate subsequent transfers, all the 2026 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the 2026 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2026 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2026 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of a maturity of a 2026 Bond are being redeemed, DTC's practice is to determine by lot the amount of the principal registered to each Direct Participant of such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2026 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the State as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2026 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, redemption premium, if any, and interest payments on the 2026 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the State or the Trustee, on the 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, the State or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the State or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2026 Bonds at any time by giving reasonable notice to the State or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from DTC. Neither the State, the Trustee nor any Underwriter has any responsibility or obligation to DTC's Direct Participants or Indirect Participants or Beneficial Owners with respect to (1) the accuracy of any records maintained by DTC or its Direct Participants or Indirect Participants, (2) the payments by DTC or its Direct Participants or Indirect Participants with respect to the principal of or premium, if any, or interest on the 2026 Bonds, (3) any notice which is permitted or required to be given to Bondowners, (4) any consent given by DTC or other action taken by DTC on behalf of Cede & Co. as Bondowner or (5) the selection by DTC or any of its Direct Participants or any Indirect Participants or any Beneficial Owners to receive payment in the event of a partial redemption of the 2026 Bonds.

For so long as Cede & Co. is the registered owner of the 2026 Bonds, all references herein to the Bondowner or owners of the 2026 Bonds shall mean Cede & Co. and shall not mean any Beneficial Owner or Beneficial Owners of the 2026 Bonds nor any Direct Participant or Indirect Participant, unless specific exception has been expressed herein.

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TOTAL BONDS OUTSTANDING

The following table sets forth all Bonds outstanding as of December 17, 2026 *prior* to the issuance of the 2026 Bonds.

Series of Senior Bonds	Amount Originally Issued	Amount Outstanding	Dated Date	True Interest Cost (%)
2018 Series A	$800,000,000	$565,895,000	February 8, 2018	3.563
2018 Series B	750,000,000	531,695,000	October 25, 2018	3.966
2020 Series A	850,000,000	691,665,000	May 29, 2020	2.967
2021 Series A	875,000,000	735,330,000	May 12, 2021	2.125
2021 Series B (Refunding)[(a)]	11,695,000	1,965,000	May 12, 2021	0.689
2021 Series C (Refunding)[(a)]	144,190,000	77,490,000	October 19, 2021	1.183
2021 Series D	500,000,000	415,515,000	December 1, 2021	2.145
2022 Series A	830,000,000	603,120,000	November 7, 2022	4.097
2022 Series B (Refunding)[(a)]	313,490,000	169,250,000	November 7, 2022	3.375
2023 Series A	875,000,000	686,725,000	November 1, 2023	4.473
2023 Series B (Refunding)[(a)]	349,005,000	271,535,000	November 1, 2023	3.837
2024 Series A	1,000,000,000	948,920,000	December 19, 2024	3.621
2024 Series B (Refunding)[(a)]	375,270,000	284,730,000	December 19, 2024	2.983
2025 Series A[(b)]	1,551,420,000	1,503,970,000	December 18, 2025	3.740
2026 Series A (Refunding)[(a)]	443,685,000	443,685,000	July 1, 2026	2.900
2026 Series B	1,200,000,000		December 17, 2026	
TOTAL		$7,931,490,000		

(a) Refunding Bonds do not constitute Additional Bonds.
(b) Of the 2025 Series A Bonds originally issued, $1,300,000,000 represents a new money issuance. The remaining $251,420,000 portion of the principal amount of the 2025 Series A Bonds originally issued are Refunding Bonds and do not constitute Additional Bonds.

SOURCE: Office of the State Treasurer

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DEBT SERVICE ON OUTSTANDING BONDS

The following *pro forma* table sets forth the debt service payments to be made in each year ending July 1st on the $7,931,490,000 Bonds issued and outstanding as of December 17, 2026, excluding principal and interest on previously refunded bonds. The anticipated issuance of Additional Bonds to finance the Infrastructure Program for fiscal years 2027-2030 is reflected in Tables 8 and 9.

	Outstanding Bonds[a]			2026 Bonds			
Year Ending July 1st	Principal	Interest	Subtotal	Principal	Interest	Subtotal	Total Debt Service
2027[b]	$432,415,000	$333,868,256	$766,283,256				
2028	503,985,000	367,195,931	871,180,931				
2029	504,020,000	341,873,031	845,893,031				
2030	506,395,000	316,498,481	822,893,481				
2031	489,440,000	291,096,806	780,536,806				
2032	494,365,000	266,569,694	760,934,694				
2033	484,935,000	242,158,956	727,093,956				
2034	461,950,000	217,768,331	679,718,331				
2035	442,965,000	194,519,831	637,484,831				
2036	499,185,000	172,278,506	671,463,506				
2037	469,365,000	148,237,406	617,602,406				
2038	492,275,000	125,308,931	617,583,931				
2039	452,145,000	103,016,506	555,161,506				
2040	413,165,000	83,409,081	496,574,081				
2041	364,350,000	63,879,819	428,229,819				
2042	313,970,000	45,677,288	359,647,288				
2043	246,655,000	30,588,825	277,243,825				
2044	189,690,000	18,051,600	207,741,600				
2045	128,920,000	8,511,000	137,431,000				
2046	41,300,000	2,065,000	43,365,000				
2047	0	0	0				
2048	0	0	0				
Total	$7,931,490,000	$3,372,573,281	$11,304,063,281				

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Note: Figures may not add due to rounding

(a) Outstanding Senior Bonds as of December 17, 2026 prior to the issuance of the 2026 Bonds.
(b) Reflects principal and interest payments on all Outstanding Bonds as of December 17, 2026 to the end of the current fiscal year.

SOURCE: Office of the State Treasurer

THE OPERATIONS OF THE SPECIAL TRANSPORTATION FUND

Introduction

The State expects to receive revised information regarding revenues and expenditures between the date of the Preliminary Official Statement and the posting of the Official Statement. Accordingly, the information and following tables are expected to be updated in the final Official Statement. If such information is material, the State will issue a supplement to the Preliminary Official Statement.

Pledged Revenues, which are credited to the Special Transportation Fund, consist of (i) the Motor Fuels Tax (which includes the gasoline tax and the special fuels tax, which formerly were levied as separate taxes, and the motor carrier road tax); (ii) the Petroleum Products Gross Earnings Tax (such tax is commonly, and hereinafter, referred to as the "Oil Companies Tax"); (iii) specific amounts of the general retail sales tax imposed under Section 12-408(1)(A) of the Connecticut General Statutes and specific amounts of the use tax imposed under Section 12-411(1)(A) of the Connecticut General Statutes (such specific amounts hereinafter referred to as the "Sales and Use Tax"); (iv) specific amounts of the sales and use tax paid on the sale of motor vehicles under Sections 12-408(1)(A) and (H) and 12-411(1)(A) and (H) (such specific amounts hereinafter referred to as the "Sales and Use Tax on Motor Vehicles"); (v) Motor Vehicle Receipts (e.g., fee for registration of motor vehicles); (vi) License, Permit and Fee Revenue (e.g., fee for license to sell or repair motor vehicles) ("LPF Revenue"); (vii) specific amounts of the tax imposed on casual sales of motor vehicles, vessels, snowmobiles and aircraft pursuant to Section 12-431 of the Connecticut General Statutes (such specific amounts hereinafter referred to as the "Sales Tax - DMV" and such payments are hereinafter referred to as the "Sales Tax - DMV Payments"); (viii) moneys formerly received by the State from the Federal Transit Administration ("FTA"), pursuant to Section 9 of the Urban Mass Transportation Act of 1964, as operating assistance grants and were available for payment of debt service on Bonds and Notes (the lien does not extend to these transportation related federal revenues until such revenues are credited to the Special Transportation Fund); (ix) the Highway Use Fee; (x) specific amounts from the resources of the General Fund; and (xi) other receipts, funds, and moneys credited to the Special Transportation Fund. See "Description of Revenue Sources of the Special Transportation Fund" herein for a more detailed discussion of these revenues.

All Pledged Revenues, as collected by the State or any officer thereof, along with all other revenues of the State, are deposited in various bank accounts of the State. The Pledged Revenues are promptly identified and credited to the Special Transportation Fund.

The following table displays a five-year history of collections, as well as the projected collections, which include the tax, fee and charge adjustments enacted as shown on Table 2, for Motor Fuels Tax, Oil Companies Tax, Sales and Use Tax, Motor Vehicle Receipts and LPF Revenue:

TABLE 1
Summary of Five Largest Revenue Sources
($ In Millions)

	Historical Collections				
State Fiscal Year Ending June 30	Motor Fuels Tax[a]	Oil Companies Tax	Sales and Use Tax[b][c]	Motor Vehicle Receipts	LPF Revenue
2021	475.2	229.1	482.9	321.4	130.7
2022	389.8	387.1	703.4	281.7	126.0
2023	262.0	383.5	837.6	254.6	126.4
2024	504.5	358.6	844.4	278.8	142.2
2025	513.8	298.0	877.8	275.1	139.7
2026[d]	502.4	372.2	896.4	259.8	133.9
	Projected Collections at Current Rates				
State Fiscal Year Ending June 30	Motor Fuels Tax	Oil Companies Tax	Sales and Use Tax[b][c]	Motor Vehicle Receipts	LPF Revenue
2027[e]	496.9	396.7	919.9	272.3	136.0
2028[e]	525.7	362.1	943.5	273.5	137.4
2029[e]	510.7	346.0	968.7	267.0	138.8
2030[e]	497.8	351.3	994.7	276.3	140.2

(a) Fiscal year 2022 included a three-month gasoline tax holiday. Fiscal year 2023 included a 6-month gasoline tax holiday, and a 5-month phase-in of the reimposition of the tax. See Table 4.

(b) Beginning in fiscal year 2016, a portion of the general retail sales taxes are being deposited into the Special Transportation Fund pursuant to section 132 of Public Act 15-5 of the June Special Session, as amended by section 32 of Public Act 15-1, December Special Session, and section 45 of Public Act 16-2, May Special Session. Pursuant to section 638 of Public Act 17-2 of the June Special Session, beginning on and after July 1, 2017, a portion of

the use tax is being deposited into the Special Transportation Fund. See "Description of Revenue Sources of the Special Transportation Fund-*Sales and Use Tax*" herein.

(c) Pursuant to sections 62 and 63 of Public Act 18-81, as amended by sections 317 and 318 of Public Act 19-117, the Sales and Use Tax on Motor Vehicles to be deposited into the Special Transportation Fund was phased in over five years as follows: 8% in fiscal year 2019, 17% in fiscal year 2020, 25% in fiscal year 2021, 75% in fiscal year 2022 and 100% in fiscal year 2023 and thereafter.

(d) Per the Office of the State Comptroller's Letter dated September 30, 2026, reporting on Fiscal Year 2026 Year-end, unaudited.

(e) Per the November 10, 2026 consensus revenue estimates.

SOURCE: Office of Policy and Management

Discussion of Projected Pledged Revenues

The projections of the Pledged Revenues provided herein reflect the adjustments enacted by the General Assembly that were made to the Special Transportation Fund that have or will become effective during fiscal years 2026-2030 together with economic trends and other assumptions utilized by the State in its revenue forecasting methodologies.

Legislative Changes to Pledged Revenues

The following table summarizes the adjustments in projected revenues that were made to the Special Transportation Fund in the 2026 Session of the General Assembly:

TABLE 2
Summary of Enacted Revenue Adjustments[(a)]
($ In Millions)

2026 Legislative Session

		Fiscal Year Ending June 30				
	Effective	**2026**	**2027**	**2028**	**2029**	**2030**
Clothing Exemption from Sales & Use Tax[(b)]	05/02/2026	0.0	(0.2)	(0.2)	(0.2)	(0.3)
Nonelectronic School Supplies Exemption from Sales & Use Tax[(c)]	07/01/2026	0.0	(0.6)	(0.6)	(0.6)	(0.6)
Transfer of Pledged Revenues[(d)]	07/01/2026	(100.0)	100.0	0.0	0.0	0.0
Total Impact on Special Transportation Fund		**(100.0)**	**99.2**	**(0.8)**	**(0.8)**	**(0.9)**

(a) Reflects impact of revenue adjustments per the Office of Policy and Management in relation to the previously projected revenue prior to the legislative session. See "Legislative Changes" herein.

(b) Pursuant to section 262 of Public Act 26-68. See "Legislative Changes" herein.

(c) Pursuant to section 272 of Public Act 26-68. See "Legislative Changes" herein.

(d) Pursuant to section 276 of Public Act 26-68, a transfer of $100 million from the Special Transportation Fund occurred in fiscal year 2026 and will be accounted for as revenue of the Special Transportation Fund for fiscal year 2027. Such transfer is only for budget purposes and is disregarded for coverage purposes. See "Legislative Changes" herein.

SOURCE: Office of Policy and Management

Forecasting of Pledged Revenues

In making the projections of the Pledged Revenues provided herein for fiscal years 2027-2030, the State considered a variety of sources of economic data, including economic forecasts prepared by the State and outside economic forecasting services. These projections are based on estimates of a variety of economic variables for the State and the nation as a whole, including real disposable income, employment and size of the fleet of commercial and passenger vehicles. Other important variables used to determine the projections include the anticipated price of motor fuels and crude oil, the fuel efficiency of commercial and passenger vehicle fleets, and economic activity as expressed by the United States index of industrial production.

Section 2-36c of the Connecticut General Statutes requires the Office of Policy and Management and legislature's Office of Fiscal Analysis to issue consensus revenue estimates each year by November 10. The estimates must cover a five-year period that includes the current biennium and the three following fiscal years. It also requires the two offices, by January 15 and April 30 of each year, to issue either (1) a consensus revision of their previous estimate or (2) a statement that no revision is needed. If the two agencies cannot arrive at consensus revenue estimates, they must issue separate ones. In such a case, the Comptroller must issue the consensus revenue estimates based upon the separate estimates. The revenue projections for fiscal years 2027-2030 are based upon the November 10, 2026 consensus revenue estimates and estimates of the Office of Policy and Management.

While the State believes that the assumptions which underlie its projections are appropriate, actual achievement of amounts projected may be affected by less favorable economic conditions than those assumed and such projections are

dependent upon the occurrence of future events. For example, pandemics (such as the COVID-19 outbreak), political unrest or war and natural disasters in oil producing and refining regions could substantially reduce petroleum and motor fuels supplies and increase prices, as well as changes in worldwide demand for petroleum and motor fuel or economic slowdowns may increase or decrease prices, respectively. Thus, actual results achieved may vary from the projections and such variations may be materially adverse. The accompanying projected financial information for fiscal years 2027-2030 was prepared by the State and was not prepared with a view toward compliance with the published guidelines of the American Institute of Certified Public Accountants for the preparation and presentation of prospective financial information (the AICPA Audit and Accounting Guide for Prospective Financial Information). The prospective financial information is based on assumptions which the State believes to be reasonable; however, there is no assurance that the prospective financial information will prove to be accurate. There will usually be differences between forecasted or projected results and actual results, and those differences may be material. Neither the Special Transportation Fund's independent auditors, nor any other independent accountants, have compiled or examined the prospective financial information. As such, no opinion or any other form of assurance has been expressed thereon and no responsibility for such prospective financial information has been assumed by the Special Transportation Fund's independent auditors.

Historical collections, enacted tax, fee and charge adjustments and economic projections provide the basis for the projections of the major categories of Pledged Revenues that are to be credited to the Special Transportation Fund. The following table summarizes the amount of revenue that each source of Pledged Revenues and other receipts is projected to produce through fiscal year 2030.

TABLE 3
Projected Pledged Revenues for the Special Transportation Fund
($ In Millions)[k]

	Fiscal Year Ending June 30[j]				
	2026[l]	**2027**	**2028**	**2029**	**2030**
Motor Fuels Tax[a]	502.4	496.9	525.7	510.7	497.8
Oil Companies Tax[b]	372.3	396.7	362.1	346.0	351.3
Sales and Use Tax[c]	896.4	919.9	943.5	968.7	994.7
Motor Vehicle Receipts	259.8	272.3	273.5	267.0	276.3
LPF Revenue	133.9	136.0	137.4	138.8	140.2
Sales Tax - DMV[d]	109.6	112.3	113.4	114.6	115.7
Highway Use Fee[e]	60.0	60.2	60.5	60.8	61.1
Interest Income[f]	58.0	44.9	41.3	41.0	40.0
Federal Payments[g]	1.3	0.0	0.0	0.0	0.0
Transfers From/To Other Funds[h]	(67.8)	237.0	12.2	12.1	11.6
Total	2,325.9	2,676.2	2,469.6	2,459.7	2,488.7
Refunds[i]	(21.0)	(21.8)	(22.9)	(23.5)	(24.2)
TOTAL PLEDGED REVENUES	2,304.9	2,654.4	2,446.7	2,436.2	2,464.5

(a) On and after July 1, 2008, the motor fuels tax on diesel fuels is determined by the Commissioner of Revenue Services annually pursuant to C.G.S. Section 12-458h.

(b) Pursuant to section 368 of Public Act 23-204, beginning in fiscal year 2024 aviation fuel and jet fuel are exempt for the Oil Companies Tax.

(c) Beginning in fiscal year 2016, a portion of the general retail sales taxes are being deposited into the Special Transportation Fund pursuant to section 132 of Public Act 15-5 of the June Special Session, as amended. Beginning on and after July 1, 2017, a portion of the use tax is being deposited into the Special Transportation Fund. Pursuant to sections 62 and 63 of Public Act 18-81 as amended, 100% of the Sales and Use Tax on Motor Vehicles is now being deposited into the Special Transportation Fund.

(d) Pursuant to C.G.S. Section 13b-61b, the Commissioner of Motor Vehicles shall deposit all funds from the tax imposed under C.G.S. Section 12-431 attributable to motor vehicles to the Special Transportation Fund.

(e) Pursuant to Public Act 21-177, as amended by section 366 of Public Act 23-204, the revenues from the Highway Use Fee are dedicated to the Special Transportation Fund.

(f) Amounts recorded as interest represent (i) expected investment earnings on the following amounts: (A) Bond proceeds held in the Infrastructure Improvement Fund and not applied for program costs, (B) amounts expected to be held by the Trustee in the respective Debt Service Accounts under the Senior Indenture and the Second Lien Indenture, and (C) balances in the Special Transportation Fund, plus (ii) expected investment earnings on amounts held in the Reserve Account under the Senior Indenture and the Reserve Account under the Second Lien Indenture, plus (iii) accrued interest, if any, to be received upon delivery of each series of Bonds.

(g) Federal payments received pursuant to the Inflation Reduction Act signed into law in 2022.

(h) Pursuant to C.G.S. Section 14-164m and Section 671 of Public Act 17-2, effective October 1, 2017, $5.5 million is transferred annually from the Special Transportation Fund to the Emission Enterprise Fund. Pursuant to section 44 of Public Act 25-168, a transfer of $140 million from the Special Transportation Fund occurred in fiscal year 2025, of which $17 million is to be accounted for as revenue of the Special Transportation Fund for fiscal year 2026 and $123 million is to be accounted for as revenue of the Special Transportation Fund for fiscal year 2027, and such transfers are only for budget purposes and are disregarded for coverage purposes. Pursuant to section 276 of Public Act 26-68, a transfer of $100 million from the Special Transportation Fund occurred in fiscal year 2026 and will be accounted for as revenue of the Special Transportation Fund for fiscal year 2027. Such transfer is only for budget purposes and is disregarded for coverage purposes. See "Legislative Changes" herein.

(i) Represents refunds for Oil Companies Taxes, Motor Fuel Taxes, and Motor Carrier Road Taxes when an overpayment of tax liability has been made. Refunds of payments to the Special Transportation Fund are funded with revenues of the Special Transportation Fund.

(j) Represents Pledged Revenues on a budget basis. For Pledged Revenues on a coverage basis see Table 8 herein.
(k) Per the November 10, 2026 consensus revenue estimates.
(*l*) Per the Office of the State Comptroller's Letter dated September 30, 2026, reporting on Fiscal Year 2026 Year-end, unaudited.

SOURCE: Office of Policy and Management

Description of Revenue Sources of the Special Transportation Fund

The Special Transportation Fund receives moneys from the following sources: Motor Fuels Tax, Oil Companies Tax, Sales and Use Tax, Motor Vehicle Receipts, LPF Revenue, Sales Tax – DMV Payments, and Other Revenues (as described below for each source), as well as Federal Build America Bonds Subsidies received by the State, and other sources including investment earnings. There are no longer any Build America Bonds outstanding and, therefore, beginning in fiscal year 2026, no further Federal Build America Bonds Subsidies will be received. The Act provides for periodic adjustments in the taxes, fees and charges. See "Discussion of Projected Pledged Revenues" herein.

Motor Fuels Tax

The Motor Fuels Tax revenue has been credited to the Special Transportation Fund since July 1, 1984 and consists of three taxes: the gasoline tax, the special fuels tax, and the motor carrier road tax. The ten-year history of collections of the Motor Fuels Tax is shown in the following table.

TABLE 4
Ten-Year History of Motor Fuels Tax Collections

	Fiscal Year Ending June 30									
Totals	**2017**	**2018**	**2019**	**2020**	**2021**	**2022[d]**	**2023[d]**	**2024**	**2025**	**2026**
Motor Fuels Tax										
Amount collected (millions $)…..	498.5	499.8	509.7	478.2	475.2	389.8	262.0	504.5	513.8	502.4
Unit total (millions $)[a]…….	18.011	18.046	18.207	16.613	16.620	17.318	17.112	17.391	17.395	17.302
Unit percentage growth (%)……..	1.12	0.19	0.89	(8.75)	0.04	4.20	(1.19)	1.63	0.02	(0.54)
Gasoline Tax										
Amount collected (millions $)…..	378.1	378.3	383.0	342.2	339.4	267.6	118.3	362.8	362.9	359.5
Unit total (millions $)[a]…….	15.125	15.131	15.321	13.689	13.576	14.271	14.192	14.512	14.515	14.379
Unit percentage growth (%)……..	1.32	0.03	1.26	(10.65)	(0.82)	5.12	(0.56)	2.26	0.02	(0.93)
Tax Rate (¢/ gallon)[b]…….....	25.0	25.0	25.0	25.0	25.0	18.8	8.3	25.0	25.0	25.0
Special Fuels Tax										
Amount collected (millions $)…..	106.3	109.1	114.8	122.0	124.6	113.8	135.4	133.9	142.8	133.9
Unit total (millions $)[a]…….	2.549	2.615	2.616	2.624	2.793	2.838	2.751	2.721	2.726	2.738
Unit percentage growth (%)……..	(0.14)	2.60	0.02	0.32	6.45	1.59	(3.05)	(1.10)	0.18	0.43
Tax Rate (¢/ gallon)[c]…….....	41.7	41.7	43.9	46.5	44.6	40.1	49.2	49.2	52.4	48.9
Motor Carrier Road Tax										
Amount collected (millions $)…..	14.0	12.5	11.8	14.0	11.2	8.4	8.3	7.8	8.1	9.0
Unit total (millions $)[a]…….	0.336	0.300	0.270	0.300	0.251	0.209	0.170	0.158	0.154	0.185
Unit percentage growth (%)……..	1.89	(10.80)	(10.02)	11.22	(16.53)	(16.39)	(19.04)	(6.64)	(2.56)	19.64
Tax Rate (¢/ gallon)[c]…….....	41.7	41.7	43.9	46.5	44.6	40.1	49.2	49.2	52.4	48.9

(a) The unit total represents millions of dollars of revenue collected per penny of tax.
(b) Fiscal year 2022 included a three-month gasoline tax holiday, resulting in an adjusted annual tax rate of 18.75¢ per gallon. Fiscal year 2023 included a 6-month gasoline tax holiday, and a 5-month phase-in of the reimposition of the tax, resulting in an adjusted annual tax rate of 8.3¢ per gallon.
(c) The motor fuels tax on diesel fuels is determined by the Commissioner of Revenue Services annually pursuant to C.G.S. Section 12-458h. Pursuant to Public Act 23-204, for fiscal year 2024, the motor fuels tax on diesel fuels was 49.2¢ per gallon. Pursuant to C.G.S. Section 12-458h, for fiscal year 2025, the motor fuels tax on diesel fuels is 52.4¢ per gallon.
(d) Pursuant to section 1 of Special Act 22-2, section 431 of Public Act 22-118, and section 1 of Public Act 22-1 of the November Special Session, gasoline and gasohol were exempted from the 25¢ per gallon tax rate from April 1, 2022 through December 31, 2022. Beginning January 1, 2023, the tax rate on gasoline and gasohol was phased-in by 5¢ increments until reaching the original 25¢ per gallon on May 1, 2023. The estimated revenue loss as a result of such change was $90 million in fiscal year 2022, and $240 million in fiscal year 2023.

SOURCE: Office of Policy and Management

The motor fuel tax rate on gasoline and gasohol is 25¢ per gallon, representing no change from the prior fiscal year. The motor fuel tax rate on diesel fuel is 49.9¢ per gallon, representing an increase of 1.0¢ over fiscal year 2026. The first two Motor Fuels Taxes are the gasoline tax and the special fuels tax, which are levied under Section 12-458 of the Connecticut General Statutes on gallons of fuel used or sold by distributors. The principal fuel subject to the tax is gasoline, but the taxes also are levied on any combustible gas or liquid, including diesel fuel and gasohol, which is used or is suitable for use to generate power for propelling motor vehicles. The distributors liable for these taxes are those entities which distribute fuel within the State, import fuel into the State for distribution within the State, or produce or refine fuels within the State. Distributors are required to pay the Motor Fuels Tax on the twenty-fifth calendar day of each month (on the basis of gallons of

fuel used or sold during the preceding month) thus providing a constant monthly stream of revenues to be credited to the Special Transportation Fund.

There are only six types of transactions that are exempted from these taxes: (i) sales to the United States government and to the State; (ii) sales to a municipality for use by private contractors in the course of performing services for the municipality; (iii) sales (other than at retail outlets) to municipalities or State transit districts for use in vehicles owned by or leased to those governmental units; (iv) interdistributor sales; (v) transfers from a State storage site to an out-of-state site; and (vi) sales to a licensed exporter for transfer and sale outside the State.

The third Motor Fuels Tax is the motor carrier road tax imposed by Sections 12-479 and 12-483 of the Connecticut General Statutes upon gallons of fuel used by business entities ("motor carriers") which operate any of the following vehicles in the State: (i) passenger vehicles seating more than nine persons; (ii) road tractors or tractor trucks; or (iii) trucks having a registered gross weight in excess of 18,000 pounds. Such motor carriers pay the tax on the gallons of fuel which they use while operating such vehicles in the State. The number of gallons subject to the tax is determined by multiplying the total number of gallons of fuel used by the motor carrier during each year by a fraction, the numerator of which is the total number of miles traveled by the motor carrier's vehicles within the State during the year, and the denominator of which is the total number of miles traveled by the motor carrier's vehicles both within and outside the State during the year.

Oil Companies Tax

The Oil Companies Tax revenue is credited to the Special Transportation Fund and is received from the tax imposed on the gross earnings from the sale of petroleum products. The principal petroleum product subject to the tax is motor vehicle fuel, but such tax is also levied on the sale of aviation fuel, kerosene, diesel fuel, crude oil, and derivatives of petroleum such as paint, fertilizers and asphalt. The revenue collected from the tax imposed on the sale of aviation fuel is not credited to the Special Transportation Fund.

The ten-year history of Oil Companies Tax collections is shown in the following table.

TABLE 5
Ten-Year History of Oil Companies Tax

	Fiscal Year Ending June 30									
	2017	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**
Total Amount Collected (millions $)[(a)]…..	238.4	320.7	318.5	235.9	232.3	398.0	392.1	358.6	298.0	372.3
Revenue Per 1% (millions $)[(b)]…….....	29.426	39.595	39.323	29.126	28.683	49.130	48.402	44.269	36.791	45.959
Percentage Growth Rate (%)…….....	(4.66)	34.56	(0.69)	(25.93)	(1.52)	71.29	(1.48)	(8.54)	(16.89)	24.92
Tax Rate (%)…….	8.1	8.1	8.1	8.1	8.1	8.1	8.1	8.1	8.1	8.1

(a) In prior fiscal years the Oil Companies Tax collections have been transferred to various funds. This includes the General Fund, Special Transportation Fund, Underground Storage Tank Fund, Emergency Spill Response Fund, and Fuel Oil Conservation Fund.
(b) Revenue Per 1% represents millions of dollars of revenue collected per each one percent of the tax rate.

SOURCE: Office of Policy and Management

Section 91 of Public Act 15-244 modified Section 13b-61a of the Connecticut General Statutes to require the Oil Companies Tax revenue to be deposited by the Commissioner of Revenue Services directly into the Special Transportation Fund on and after July 1, 2015.

The Oil Companies Tax is levied, pursuant to Section 40 of Public Act 05-4 of the June 2005 Special Session at 8.1% effective July 1, 2013. Section 1 of Public Act 12-4 limits the tax to the first three dollars per gallon. Pursuant to Section 368 of Public Act 23-204, beginning July 1, 2023, aviation fuel and jet fuel are exempt from the Oil Companies Tax.

Sales and Use Tax

The Sales and Use Tax revenue represents a Pledged Revenue which began in fiscal year 2016. As further described below and herein, the Sales and Use Tax represents a portion of the State's general retail sales and use tax revenues. The State levies a statewide sales tax on the gross receipts of retailers from the sale of tangible personal property at retail, from the rental or leasing of tangible personal property, and on the gross receipts from the rendering of certain services. Additionally, the State levies a use tax on goods or services purchased for use in the State for which State of Connecticut sales tax was not paid. There are no local sales taxes in the State. The following table illustrates the ten-year history of the State's general retail sales and use tax revenue.

TABLE 6
Ten-Year History of General Retail Sales and Use Tax Revenue

	Fiscal Year Ending June 30									
	2017	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**
General Retail Sales and Use Tax Revenue (millions $)[(a)] ……..…..	4,161.6	4,303.2	4,483.2	4,502.9	5,026.5	5,664.8	5,934.3	5,998.9	6,159.0	6,434.8
Revenue Per 0.1% of General Retail Sales and Use Tax Rate (millions $)……...……	65.536	67.767	70.602	70.912	79.158	89.209	93.453	94.471	96.992	101.336
Percentage Growth Rate (%)……...……...	1.05	3.40	4.18	0.44	11.63	12.70	4.76	1.09	2.67	4.48
General Retail Sales and Use Tax Rate (%)[(b)]…..	6.35	6.35	6.35	6.35	6.35	6.35	6.35	6.35	6.35	6.35

(a) Represents approximately 95% of amount collected as estimated by the Office of Policy and Management pursuant to C.G.S. Section 12-408(1)(A).
(b) Pursuant to C.G.S. Section 12-408(1)(A).

SOURCE: Office of Policy and Management

Currently, in accordance with Section 132 of Public Act 15-5, 7.9% of the State's general retail sales tax revenues collected are deposited into the Special Transportation Fund, which is equivalent to approximately a 0.5% general sales tax rate.

Pursuant to Sections 12-408 and 12-411 of the Connecticut General Statutes, the State imposes sales and use taxes on various transactions, subject to certain exceptions. Sections 12-408(1)(A) and 12-411(1)(A) of the Connecticut General Statutes impose a general retail sales and use tax on all retailers at the rate of 6.35% of the gross receipts from the sale of and use of tangible personal property sold at retail or from the rendering of certain services. The general retail sales and use tax is net of administrative expenses of collecting the tax and represents a portion that ranges between 92% to 95% of the total sales taxes collected by the State. For illustrative and year over year comparison purposes, the above table reflects approximately 95% of the total sales taxes collected by the State. Section 12-407(a)(2) of the Connecticut General Statutes defines what constitutes a "sale" or "use" for the Sales and Use Tax, which includes, among other things, the sale of tangible personal property; the production, fabrication, processing, printing, or imprinting of tangible personal property to special order or with materials furnished by the consumer; the furnishing, preparing or serving of food, meals, or drinks; the rendering of certain services; the leasing or rental of tangible personal property; the rendering of telecommunication services, community antenna television services and competitive video services; and the sale of certain naming rights.

The State receives revenues from the Sales and Use Tax on a monthly, quarterly or annual basis. Taxpayers file their tax returns and submit accompanying payments to the Department of Revenue Services. Pursuant to section 132 of Public Act 15-5 of the June Special Session, as amended by section 32 of Public Act 15-1 of the December Special Session, beginning in fiscal year 2016, a portion of the sales tax (which represents a portion of the State's general retail sales tax revenues) is being deposited by the Commissioner of Revenue Services on a monthly basis directly into the Special Transportation Fund.

The Sales and Use Tax on Motor Vehicles represents a Pledged Revenue stream which began in fiscal year 2019 and was created pursuant to sections 637 and 638 of Public Act 17-2 of the June Special Session, as amended by sections 62 and 63 of Public Act 18-81 and sections 317 and 318 of Public Act 19-117. Under Section 12-408(1)(A) of the Connecticut General Statutes, the State imposes a sales tax of 6.35% on various transactions, including on the sale of motor vehicles. Section 12-408(1)(H) of the Connecticut General Statutes provides for a sales tax of 7.75% on certain motor vehicles with a sales price over $50,000. Under Section 12-411(1)(A) of the Connecticut General Statutes, the State imposes a use tax of 6.35% on various transactions, including on the sale of motor vehicles for use in the State. Section 12-411(1)(H) of the Connecticut General Statutes provides for a use tax of 7.75% on certain motor vehicles with respect to the acceptance or receipt in the State of certain motor vehicles having a sales price over $50,000. The amount of Sales and Use Tax on Motor Vehicles collected is included in "Sales and Use Tax" in Tables 1, 3 and 8 herein.

Annually, the State provides a seven-day sales tax holiday for certain clothing and footwear. Beginning in calendar year 2026, Section 12-407e of the Connecticut General Statutes provides an exemption from sales and use taxes during the period in each calendar year from the third Sunday in August until the Saturday next succeeding, inclusive, to sales of any

article of clothing or footwear, including cleated shoes, intended to be worn on or about the human body or to any backpack, the cost of which article or backpack to the purchaser is less than $300. See "Legislative Changes" herein.

Motor Vehicle Receipts / LPF Revenue

Other sources of revenues include the Motor Vehicle Receipts and LPF Revenue. The ten-year history of collections of Motor Vehicle Receipts and LPF Revenue is shown in the following table.

TABLE 7
Ten-Year History of Motor Vehicle Receipts and LPF Revenue ($ In Millions)

	Fiscal Year Ending June 30									
	2017	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**
Motor Vehicle Receipts										
Motor Vehicle Registrations…….....	190.7	201.0	198.5	199.5	259.7	225.0	198.9	220.9	215.6	206.0
Other[(a)]…….....	52.2	52.1	51.9	42.1	61.7	56.7	55.7	57.9	59.5	53.8
Total Motor Vehicle Receipts…….	242.9	253.1	250.4	241.6	321.4	281.7	254.6	278.8	275.1	259.8
LPF Revenue[(b)]…….....	144.0	141.9	150.1	128.7	130.7	126.0	126.4	142.2	139.7	133.9
Total Motor Vehicle Receipts and LPF Revenue…….....	**386.9**	**395.0**	**400.5**	**370.3**	**452.1**	**407.7**	**381.0**	**421.0**	**414.8**	**393.7**

(a) Amounts listed as "Other" Motor Vehicle Receipts represent collections for (i) motor vehicle safety marker fee licenses; (ii) other motor vehicle transactions; (iii) motor vehicle registration late fees; and (iv) motor vehicle operator licenses.

(b) LPF Revenue represents collections for (i) sale of commercial information; (ii) motor vehicle fines, penalties and surcharges; (iii) filing and reproduction fees; (iv) royalties; (v) motor carrier permits; (vi) operator license examination fees; (vii) vehicle inspection fees; (viii) gasoline handling charges; (ix) fees for license plates, and for certificates or licenses to repair or sell motor vehicles, relocate site for selling motor vehicles, register new car dealers and repairers, sell gasoline, and locate site for selling fuels; (x) special vehicle permits; (xi) miscellaneous recoveries; (xii) miscellaneous rentals; (xiii) searches for and copies of motor vehicle records; (xiv) tolls on ferries; (xv) operator license information and licenses for drivers' education instructors; (xvi) sales of excess State property; (xvii) emission inspection late fee; (xviii) registration of weighing devices; and (xix) clean air fee.

SOURCE: Office of Policy and Management

LPF Revenue consists of amounts levied for certain permits issued and services provided by the State for transportation purposes, for the right to use certain transportation related State property, and for certain traffic fines levied under numerous statutory sections. The five largest sources of LPF Revenue are: motor vehicle related fines, penalties, or other charges; sale of commercial information; filing and reproduction fees; operator license examination fees; and vehicle inspection fees. Beginning in fiscal year 1985, the Act began crediting to the Special Transportation Fund three other types of LPF Revenue: fees for documents and services provided under Section 14-192(a) of the Connecticut General Statutes; royalty payments for retail sales of gasoline pursuant to Section 13a-80 of the Connecticut General Statutes; and gasoline handling charges which the Department receives from other State agencies for handling motor fuel consumed by State vehicles. All other LPF Revenue was credited to the Special Transportation Fund starting in fiscal year 1986. Commencing on July 1, 1997, pursuant to Sections 13b-61(7) through 13b-61(14) of the Connecticut General Statutes, transportation related revenue such as the sale of commercial information by the DMV and from other user fees and licenses previously deposited in the General Fund has been credited to the Special Transportation Fund as LPF Revenue.

Motor Vehicle Receipts and LPF Revenue received throughout the year as collections are dependent upon transactions, such as car registrations and new license requests.

Sales Tax – DMV Payments

Section 13b-61b of the Connecticut General Statutes requires that the Commissioner of Motor Vehicles deposit into the Special Transportation Fund funds received by the State from the tax imposed on casual sales of motor vehicles, vessels, snowmobiles and aircraft pursuant to Section 12-431 of the Connecticut General Statutes attributable to motor vehicles.

Highway Use Fee

Beginning January 1, 2023, Public Act 21-177 (the "Highway Use Fee Act") imposes a highway use fee (the "Highway Use Fee") on every "carrier" for the privilege of operating, or causing to be operated, certain heavy, multi-unit motor vehicles on any highway (i.e., public road) in the State. Under the Highway Use Fee Act, "Carrier" means any person that operates or causes to be operated on any highway in the State any eligible motor vehicle, and "Carrier" does not include the State, any political subdivision of the State, the United States or the federal government. The Highway Use Fee is calculated based on a vehicle's weight and the number of miles driven in the State. The Highway Use Fee Act establishes per-mile rates that increase based on vehicle gross weight, ranging from (i) 2.5¢ per mile for vehicles weighing 26,000-28,000

pounds to (ii) 17.5¢ per mile for vehicles weighing more than 80,000 pounds. Revenue from the fee is directed to the Special Transportation Fund. Carriers are required to obtain Highway Use Fee permits from the Department of Revenue Services, and they must file returns and remit the fee to the Department of Revenue Services on a monthly basis. Pursuant to Section 366 of Public Act 23-204, beginning on July 1, 2023, such returns and fees are due on a quarterly basis.

Other Revenues

In addition to the above categories of transportation related revenues, interest earnings also are credited to the Special Transportation Fund. Interest earnings accruing on the funds and accounts created under the Indentures are to be credited to the Special Transportation Fund, with the exception of interest earnings accruing on amounts in the Note Repayment Account. The State expects to invest available amounts credited to the Special Transportation Fund from time to time in the Short-Term Investment Fund (STIF) of the State and other permitted investments. See "Appendix A-Investment and Cash Management."

Certain operating assistance grants from the FTA were previously credited to the Special Transportation Fund. These FTA operating assistance grants were included in Pledged Revenues and were generally available for payment of debt service. None of the federal grants being received under the Coronavirus Aid, Relief, and Economic Stabilization Act (the "CARES Act"), the Coronavirus Response and Relief Supplemental Appropriations Act, 2020 (the "CRRSA Act") or the American Rescue Plan Act of 2021 (the "ARP Act") will be deposited into the Special Transportation Fund and will not be considered Pledged Revenues. The State plans to utilize these grants as reimbursement against expenditures for public transit operations.

Pursuant to Public Act 09-3 of the June 2009 Special Session, all cash subsidy payments received or collected by the State as the issuer of Taxable Build America Bonds – Direct Pay are credited to the Special Transportation Fund and are then pledged to the payment of all Bonds subject to the lien of the Indentures. There are no longer any Build America Bonds outstanding and, therefore, beginning in fiscal year 2026, no further Federal Build America Bonds Subsidies will be received.

Transportation Grants and Restricted Accounts Fund

Public Act 04-2 created the Transportation Grants and Restricted Accounts Fund to facilitate financial reporting under the State's then new financial management and human resources computer system called Core-CT. The Grants and Restricted Accounts Fund was created to isolate transportation related activities that are funded through restricted sources of receipts such as federal and private grants and intercepts from general revenue sources. Prior to the implementation of Core-CT these activities were accounted for and reported within the Special Transportation Fund. Because of the operational requirements of Core-CT, separating restricted receipts from other general revenue sources for transportation related activities facilitated financial reporting. The creation of the Transportation Grants and Restricted Accounts Fund was not intended to change the nature of Pledged Revenues within the Special Transportation Fund. It was created to better accommodate the administrative and operational requirements of Core-CT.

Expenses of the Special Transportation Fund

Moneys in the Special Transportation Fund not held by the Trustee or otherwise required to pay principal and interest on the Senior Bonds and interest on the Senior Notes may be used to pay (i) principal on Senior Notes, (ii) amounts required to be deposited with the Trustee under the Second Lien Indenture, (iii) debt service on transportation related general obligation bonds of the State, and (iv) the operating expenses of the Department, including both the annual budgeted expenses of the Department and the portion of the costs of the Infrastructure Program not financed by the Bonds but paid from current operations, and operating expenses of the DMV. See "THE TRANSPORTATION INFRASTRUCTURE PROGRAM" herein. The Special Transportation Fund appropriations included in the budget for the 2025-2026 and 2026-2027 fiscal years are set forth in Appendix B to this Official Statement.

The Special Transportation Fund budget includes unallocated lapses to recognize that not all budget expenditures will be fully expended and will lapse for budget purposes. The unallocated lapse is reduced in a corresponding amount as agency lapses are identified within specific accounts.

Accounting Procedures for the Transportation Fund

Since the inception of the Infrastructure Program, the audited financial statements of the Special Transportation Fund have been prepared in accordance with generally accepted accounting principles ("GAAP"). The Special Transportation Fund utilizes the following basis of accounting for budgetary purposes: the Motor Fuels Tax, Oil Companies Tax and Sales and Use Tax are recorded as revenue under the modified accrual method of accounting; Motor Vehicle Receipts, LPF Revenue, Sales Tax - DMV Payments, Federal Build America Bonds Subsidies and moneys received from FTA grants are recorded as revenue when received by the State; and interest income from investments held by the Trustee is recorded under the accrual method. Prior to fiscal year 2014, expenditures of the Special Transportation Fund were recorded when the obligation was paid and beginning in fiscal year 2014 the budget reported expenditures using GAAP based accrual methodologies.

TABLE 8
Actual and Projected Revenues, Debt Service and Expenditures of the Special Transportation Fund ($ In Millions)

	Fiscal Year Ending June 30								
	2022[a]	2023[a]	2024[a]	2025[a]	2026[b]	2027[b]	2028[b]	2029[b]	2030[b]
Actual & Projected Revenues									
Motor Fuels Tax[c]	389.8	262.0	504.5	513.8	502.4	496.9	525.7	510.7	497.8
Oil Companies Tax[c]	387.1	383.5	358.6	298.0	372.3	396.7	362.1	346.0	351.3
Sales and Use Tax[c]	703.4	837.6	844.4	877.8	896.4	919.9	943.5	968.7	994.7
Motor Vehicle Receipts[c]	281.7	254.6	278.8	275.1	259.8	272.3	273.5	267.0	276.3
LPF Revenue[c]	126.0	126.4	142.2	139.7	133.9	136.0	137.4	138.8	140.2
Sales Tax - DMV[c]	122.1	117.1	115.3	114.1	109.6	112.3	113.4	114.6	115.7
Highway Use Fee[c]	0.0	29.3	60.3	59.9	60.0	60.2	60.5	60.8	61.1
Federal BAB Subsidy Payments[c]	10.9	10.3	9.3	5.2	0.0	0.0	0.0	0.0	0.0
Interest Income[c]	5.0	71.9	87.2	71.2	58.0	44.9	41.3	41.0	40.0
Federal Payments[d]	0.0	0.0	0.0	0.0	1.3	0.0	0.0	0.0	0.0
Transfers from/(to) Other Funds[e]	(2.8)	(5.5)	32.2	(113.1)	(67.8)	237.0	12.2	12.1	11.6
Total Revenues	2,023.1	2,087.0	2,432.8	2,241.6	2,325.8	2,676.2	2,469.6	2,459.7	2,488.7
Refunds	(22.3)	(17.6)	(22.2)	(20.6)	(21.0)	(21.8)	(22.9)	(23.5)	(24.2)
Total Net Revenues	2,000.9	2,069.4	2,410.6	2,221.0	2,304.9	2,654.4	2,446.7	2,436.2	2,464.5
Actual & Projected Debt Service and Expenditures									
Debt Service on the Bonds[f]	743.7	810.7	863.0	859.0	893.0	962.4	1,038.0	1,104.2	1,169.2
DOT Budgeted Expenses[g]	602.6	643.5	861.0	948.0	974.5	1,032.3	1,157.3	1,179.2	1,225.4
DMV Budgeted Expenses	64.9	74.4	75.0	70.2	72.7	77.8	78.3	78.3	78.2
Other Budget Expenses[h]	315.7	242.0	300.9	300.9	310.6	334.0	331.7	331.7	405.1
Program Costs Paid from Current Operations	117.4	17.5	18.0	18.0	18.1	18.1	18.3	18.3	18.7
Estimated Unallocated Lapses[i]	0.0	0.0	0.0	0.0	0.0	(9.0)	(12.0)	(12.0)	(12.0)
Total Expenditures	1,844.2	1,788.0	2,117.8	2,196.2	2,268.8	2,415.6	2,611.6	2,699.7	2,884.6
Excess (Deficiency)	156.6	281.4	292.8	24.8	36.0	238.8	(164.9)	(263.5)	(420.1)
Cumulative Excess (Deficiency)	397.8	679.2	971.9	469.8	448.4	672.7	507.8	244.3	(175.8)
Use of Excess to Pay Down Outstanding Debt	0.0	0.0	(526.9)	(57.5)	(14.6)	0.0	0.0	0.0	0.0
Remaining Cumulative Excess (Deficiency)	397.8	679.2	445.0	412.4	433.9	672.7	507.8	244.3	(175.8)

Revenues for Coverage Purposes

	Fiscal Year Ending June 30								
	2022	2023	2024	2025	2026	2027	2028	2029	2030
Total Net Revenues	2,000.9	2,069.4	2,410.6	2,221.0	2,304.9	2,654.4	2,446.7	2,436.2	2,464.5
Transfers	0.0	0.0	0.0	140.0	83.0	(223.0)	0.0	0.0	0.0
Total Net Revenues for Coverage Purposes	2,000.9	2,069.4	2,410.6	2,361.0	2,387.9	2,431.4	2,446.7	2,436.2	2,464.5

SOURCE: Office of Policy and Management and Department of Transportation.

Note: Figures may not add due to rounding

(a) Actual per Comptroller's Annual Reports, presented to conform to budgetary categories.

(b) Fiscal year 2026 per the Office of the State Comptroller's Letter dated September 30, 2026, reporting on Fiscal Year 2026 Year-end, unaudited. Fiscal years 2027-2030 revenues per the November 10, 2026 consensus revenue estimates, and expenditures are per the Office of Policy and Management.

(c) See "Discussion of Projected Pledged Revenues" and "Description of Revenue Sources of the Special Transportation Fund" herein. There are no longer any Build America Bonds outstanding and, therefore, beginning in fiscal year 2026, no further Federal Build America Bonds Subsidies will be received.

(d) Federal payments received pursuant to the Inflation Reduction Act signed into law in 2022.

(e) Pursuant to C.G.S. Section 14-164m and Section 671 of Public Act 17-2, effective October 1, 2017, $5.5 million is transferred annually from the Special Transportation Fund to the Emission Enterprise Fund. Of the $32.2 million transfer in fiscal year 2024, $37.7 million was recorded as a transfer of interest earnings of the Reserve Account to the Special Transportation Fund, and not as Interest Income. Pursuant to section 44 of Public Act 25-168, a transfer of $140 million from the Special Transportation Fund occurred in fiscal year 2025, of which $17 million is to be accounted for as revenue of the Special Transportation Fund for fiscal year 2026 and $123 million is to be accounted for as revenue of the Special Transportation Fund for fiscal year 2027, and such transfers are only for budget purposes and are disregarded for coverage purposes. Pursuant to section 276 of Public Act 26-68, a transfer of $100 million from the Special Transportation Fund occurred in fiscal year 2026 and will be accounted for as revenue of the Special Transportation Fund for fiscal year 2027. Such transfer is only for budget purposes and is disregarded for coverage purposes. See "Legislative Changes" herein.

(f) These figures represent Principal and Interest Requirements on special tax obligation bonds, and include the Bonds listed in the table under "Debt Service On Outstanding Bonds" excluding Principal and Interest Requirements on refunded Bonds. The figures also reflect the issuance of Additional Bonds with level debt service and a twenty-year final maturity in the principal amount and at the average interest costs for each of the following fiscal years: $1.2 billion at 5.25% for fiscal year 2027; $1.1 billion at 5.25% for fiscal year 2028; $1.1 billion at 5.25% for fiscal year 2029; and $1.1 billion at 5.25% for fiscal year 2030. Such amounts for Additional Bonds, and the projected Debt Service on the Bonds, reflect adjustments made in projected expenditures funded by the Special Transportation Fund. See "The Department of Transportation-Funding for the Infrastructure Program" herein. Includes budgeted amounts for actual and estimated rebate liability on the Bonds under the Code, as well as ancillary banking and auditing fees. Assumes no issuance of Notes.

(g) The major components of the Department's annual budgeted and projected expenses are payments for (i) the rail and bus subsidy; (ii) State highway maintenance costs; (iii) aid to towns for local highway and repair maintenance; and (iv) salaries, data processing and other general administrative costs. Also assumes a one-time use of $14.6 million of the balance of the Special Transportation Fund and an approximate $100 million of release from the Reserve Account to redeem and/or defease before maturity certain yet to be identified outstanding Bonds.

(h) Represents the cost of fringe benefits, pension costs and salary adjustments for the Department, the DMV and the Department of Energy and Environmental Protection.

(i) The Special Transportation Fund budget includes amounts for unallocated lapses to recognize that not all budget expenditures will be fully expended and will lapse for budget purposes. The unallocated lapse is reduced by a corresponding amount as agency lapses are identified within specific accounts.

Debt Service Coverage

Under the Senior Indenture, the State has covenanted to provide Pledged Revenues in each fiscal year equal to at least two times the aggregate Principal and Interest Requirements on Bonds plus Interest Requirements on Notes in such fiscal year. So long as any Second Lien Bonds are outstanding, the State also has covenanted in the Second Lien Indenture to provide Pledged Revenues in each fiscal year equal to at least two times the aggregate Principal and Interest Requirements on all Bonds and Notes in such fiscal year. There are no Second Lien Bonds outstanding. The following table indicates the actual and projected calculation of such coverage tests for all bonds outstanding as of December 17, 2026 *prior* to the issuance of the 2026 Bonds.

TABLE 9
Actual and Projected Debt Service Coverage
($ In Millions, Where Applicable)

		Fiscal Year Ending June 30								
		2022[a]	2023[a]	2024[a]	2025[a]	2026[b]	2027[b]	2028[b]	2029[b]	2030[b]
1.	Special Transportation Fund Net Revenues	2,000.9	2,069.4	2,410.6	2,361.0	2,387.9	2,431.4	2,446.7	2,436.2	2,464.5
2.	Principal and Interest Requirements of the Outstanding Senior Bonds[c][g]	743.7	810.7	862.8	858.6	891.1	888.4	873.7	849.7	824.6
3.	Actual and Projected Debt Service Coverage for the Outstanding Senior Bonds[d]	2.7x	2.6x	2.8x	2.7x	2.7x	2.7x	2.8x	2.9x	3.0x
4.	Projected Principal and Interest Requirements for Additional Senior Bonds[e][g]	-	-	-	-	-	58.6	166.9	257.1	347.2
5.	Actual and Projected Aggregate Debt Service Coverage for Outstanding and Projected Senior Bonds[f]	2.7x	2.6x	2.8x	2.7x	2.7x	2.6x	2.4x	2.2x	2.1x

For a discussion of the assumptions and enacted tax, fee and charge adjustments underlying these projections, see "Discussion of Projected Pledged Revenues" herein.

(a) Actual per Comptroller's Annual Reports, presented to conform to budgetary categories.

(b) Fiscal year 2026 per the Office of the State Comptroller's Letter dated September 30, 2026, reporting on Fiscal Year 2026 Year-end, unaudited. Fiscal years 2027-2030 revenues per the November 10, 2026 consensus revenue estimates, and expenditures are per the Office of Policy and Management.

(c) Reflects actual Principal and Interest Requirements on the Senior Bonds then outstanding as paid to the Trustee on a one-sixth interest and one-twelfth principal monthly deposit basis. The difference between debt service in this table and in Table 8 is that certain expenses are included in Table 8 for budgetary purposes but are not "debt service" for coverage purposes.

(d) Line 1 divided by Line 2.

(e) Assumes issuance of Additional Bonds under the Senior Indenture authorized and to be authorized by Public and Special Acts, with level debt service, a twenty year final maturity and in the principal amounts and at the average net interest costs listed below for each of the following fiscal years: $1.2 billion at 5.25% for fiscal year 2027; $1.1 billion at 5.25% for fiscal year 2028; $1.1 billion at 5.25% for fiscal year 2029; and $1.1 billion at 5.25% for fiscal year 2030. Assumes no issuance of Notes. Such amounts for Additional Bonds, and Projected Principal and Interest Requirements for Additional Senior Lien Bonds, reflect adjustments made in projected expenditures funded by the Special Transportation Fund.

(f) Line 1 divided by the sum of Lines 2 and 4. Does not include the effect of the use of an estimated $115 million to redeem and/or defease Bonds.

(g) In the final Official Statement, amounts will be updated to reflect the 2026 Bonds as Outstanding Senior Bonds, and not as projected.

SOURCE: Office of Policy and Management and Office of the State Treasurer

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Legislative Changes

During the 2026 regular legislative session, the General Assembly passed Public Act 26-68 (the "Appropriations Act").

Section 262 of the Appropriations Act provides an exemption from sales and use taxes during the period in each year from the third Sunday in August until the Saturday next succeeding, inclusive, to sales of any article of clothing or footwear, including cleated shoes, intended to be worn on or about the human body or to any backpack, the cost of which article or backpack to the purchaser is less than $300.

Section 272 of the Appropriations Act provides an exemption from sales and use taxes for nonelectronic school supplies, such as backpacks, lunchboxes, notebooks, pens and pencils, crayons, rulers and paper, beginning with sales on July 1, 2027.

Section 276 of the Appropriations Act provides for the transfer of $100 million from the Special Transportation Fund for fiscal year 2026, which will be accounted for as revenue of the Special Transportation Fund for fiscal year 2027. Such transfers are only for budget purposes and are disregarded for coverage purposes.

Section 334 of the Appropriations Act provides for an increase of $9,000,000 of special tax obligation bond authorizations under Section 45 of Public Act 25-174 for transportation projects, increasing the total authorizations under such public act to $1,589,954,214, effective in fiscal year 2027. Section 335 of the Appropriations Act designates such increase for facilities of the Department.

Section 347 of the Appropriations Act amends Section 13a-175a of the Connecticut General Statutes to allow for the purchase of equipment such as street sweepers, roadside mowing and vegetation management equipment, snow removal and de-icing equipment and equipment to clean catch basins for the purposes of, among other things, the construction, reconstruction, improvement and maintenance of highways and bridges.

Section 348 of the Appropriations Act amends Section 13b-78 of the Connecticut General Statutes regarding federal transportation bonds issued by the State under any federal program (i.e., any program of financial assistance made by the U.S. DOT, including Transportation Infrastructure Finance and Innovation Act (TIFIA) and Railroad Rehabilitation and Improvement Financing (RRIF), or programs established under them) to mature at any time that is allowed under the federal program, but not longer than the useful life of the projects being financed.

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THE DEPARTMENT OF TRANSPORTATION

The State Transportation System

The State's transportation system includes approximately 21,471 miles of public roads (of which approximately 3,729 miles are maintained by the Department); 4,026 state maintained and 1,501 locally maintained highway bridges; 327 state-owned railroad bridges; 629 route miles of railroad track; Bradley International Airport, which is New England's second largest airport, and five other state-owned airports together with numerous municipally and privately owned airports; New Haven Line rail commuter service between New Haven and New York City and CT Branch Lines, operated by MTA Metro-North Railroad which provides 304 weekday trains; Hartford Line regional rail service between New Haven and Springfield, Massachusetts, operated by TransitAmerica Services and Alternative Concepts (TASI/ACI) and Amtrak which provides 39 weekday trains; Shore Line East rail service between New London and New Haven and on to Stamford, operated by Amtrak which provides 20 weekday trains; and approximately 1,317 publicly-owned buses and paratransit vehicles. The Department owns and operates two seasonal ferries crossing the Connecticut River. The Rocky Hill-Glastonbury Ferry is the oldest continuously operating ferry in America, which began service in 1655. The Chester-Hadlyme Ferry launched in 1769, with the Department operating the service since 1917.

Organization and Responsibilities

The Department was established in 1969 and replaced the Highway Department, and incorporated the Department of Aeronautics, the Transportation Authority and the Commissioners of Steamship Terminals. The Department, as of September 2026, has 3,316 employees, with 251 vacant positions. The Department's mission is to provide a safe and efficient intermodal transportation network that improves the quality of life and promotes economic vitality for the State and the region. The Department is responsible for all aspects of transportation planning, engineering, construction, maintenance and deployment of mass transportation facilities and equipment in the State.

The Department is headed by the Commissioner of the Department of Transportation (the "Commissioner"), appointed by and directly responsible to the Governor. The Commissioner's office is comprised of 118 employees who perform communications, internal audits, security, legal services, management and legislative services, consultant selection, equal opportunity and diversity, state traffic administration, strategic organizational planning, staff development, information systems management and other related functions of that office.

The Commissioner exercises direct supervision of all Department activities. As head of the Department, the Commissioner acts as the executive officer of the Governor for achieving the Department's purposes and supervising the Department's activities. The Commissioner, in order to promote economy and efficiency, may organize the Department and any agency therein into such divisions, bureaus, or other units as necessary and may, from time to time, abolish, transfer, or consolidate such divisions, bureaus, or other units within the Department. Among other functions, the Commissioner has the power, duty, and responsibility (i) to provide for the planning and construction of capital facilities that may be required for the development and operation of a safe and efficient transportation system, (ii) to study the operations of existing transportation facilities to determine the need for changes in such facilities, (iii) to formulate and implement plans and programs to improve transportation facilities and services, and (iv) to report to the General Assembly on an annual basis regarding such matters.

Garrett T. Eucalitto was named Commissioner of the Connecticut Department of Transportation by Governor Ned Lamont in January 2023. He had been the Deputy Commissioner of the Department for three years prior to becoming Commissioner. Recently, Commissioner Eucalitto served as the 2025 President of the American Association of State Highway Transportation Officials, known as AASHTO. Previously, Commissioner Eucalitto held various positions, serving as Transportation Program Director at the National Governors Association in Washington, DC. In that capacity, Commissioner Eucalitto was responsible for assisting the nation's 55 governors (states, territories, and commonwealths) on advancing their policy objectives in transportation. Prior to that he was Undersecretary for Comprehensive Planning & Intergovernmental Policy at Connecticut's Office of Policy & Management, where he was responsible for researching, evaluating, and developing transportation, environmental, and regional planning initiatives for Governor Dannel Malloy's administration, up until late 2017. During his time in Connecticut, Commissioner Eucalitto served as Chair of the Advisory Commission on Intergovernmental Relations, helped lead the Transit-Oriented Development Interagency Working Group, and served as a member of the State Water Planning Council, the Connecticut Port Authority Board of Directors, and the Governor's Council on Climate Change.

Laoise King was appointed Deputy Commissioner in June 2023. Ms. King previously served as Chief of Staff for the City of Norwalk Mayor Harry W. Rilling since 2016. Ms. King oversaw all administrative functions of the City of Norwalk at the direction of the Mayor. In addition to day-to-day management, she also provided guidance to elected officials on policy and planning and worked closely with the City's State and Federal delegations to achieve the City's legislative agendas and secure funding for municipal projects. Additionally, Ms. King served in various capacities in local government and non-profit sectors.

Most recently, she worked as Vice President of Education Initiatives at United Way of Greater New Haven where she was a member of the senior management team and was responsible for designing, overseeing and managing community investments, partnerships and programs related to education. Ms. King served the City of New Haven as Assistant Corporation Counsel, Deputy Chief of Staff to Mayor John DeStefano and finally as Chief of External Affairs for the New Haven Public Schools. Ms. King also advised Mayor DeStefano on public policy matters, implemented Mayor's Office initiatives and assisted the Chief of Staff in day-to-day operations of the City.

The Department is currently composed of five Bureaus, each of which is directed by a Bureau Chief.

Bureau of Highway Operations

The Bureau of Highway Operations has 1,541 employees and is responsible for the safe operation and maintenance of the State's highway and bridge system, including snow and ice control, and equipment maintenance and repair.

Bureau of Engineering and Construction

The Bureau of Engineering and Construction has 1,091 employees and is responsible for the implementation of the capital program for all transportation modes. This Bureau is organized into two offices. The Office of Engineering includes all engineering and design functions, including property acquisition and management. The Office of Construction is responsible for oversight of all capital construction projects statewide and includes a construction material testing division.

Bureau of Finance and Administration

The Bureau of Finance and Administration has 368 employees. This Bureau provides administrative, service, and support functions, which include budget preparation and control, auditing, purchasing, programming and control of the Department's capital program, and external audit. This Bureau provides the administration and oversight of the Infrastructure Program.

Bureau of Planning, Technology and Innovation

The Bureau of Planning, Technology and Innovation has 177 employees and is responsible for coordination of transportation policy, strategic planning, monitoring federal and state laws and regulations, maintaining all transportation statistics and estimates, project planning and environmental analysis for all modes of state transportation supervised by the Department, and systems analysis. This Bureau has primary input in the determination of the major projects to be accomplished under the Infrastructure Program.

Bureau of Public Transportation

The Bureau of Public Transportation has 139 employees and is comprised of the Office of Rail, the Office of Transit and Ridesharing, the Office of Program Management, and the Office of System Safety. The Bureau is responsible for all public transportation services in the State, either directly through service provider contracts or in collaboration with the thirteen transit districts. Such services include the New Haven Line, the Hartford Line and Shore Line East services; CT*transit* and CT*fastrak* bus services in eight urban areas; express bus services; urban and rural transit district bus services; Americans with Disabilities Act and dial-a-ride paratransit services; and Connecticut River ferry services. These services, along with the transit district services, provide over 81 million passenger trips per year with a total annual state subsidy of more than $340 million. In addition, regulatory sub-units within the Bureau execute the Commissioner's regulatory responsibilities relating to the operations of 13 private rail carriers and over 1,040 companies providing taxi, livery and bus services in the State.

Former Bureau of Aviation/Connecticut Airport Authority

In 2011, the General Assembly passed legislation creating the Connecticut Airport Authority (the "CAA"). Public Act 11-84 established the CAA to develop, improve and operate Bradley International Airport and the State's five other General Aviation Airports (Danielson, Groton/New London, Hartford-Brainard, Waterbury-Oxford and Windham airports). Public Act 11-84 authorized the transfer of airport-related powers, duties and functions from the Department to the CAA, which transfer was effective as of July 1, 2013.

Connecticut Port Authority

Public Act 14-122, as amended by Public Act 15-1, June Special Session, established the Connecticut Port Authority. The purpose of the Connecticut Port Authority is to coordinate the development of the State's ports and harbors. In 2014, the

Commissioner transitioned maritime functions to the Connecticut Port Authority. However, the operation and management of the Connecticut River ferries remains under the direction of the Department, within the Bureau of Public Transportation.

Funding for the Infrastructure Program

The following is a brief description of the components of the Infrastructure Program for fiscal years 2021-2030. The sources of funding for this period of the program are set forth in Table 10 following this section, "Sources of Funding for the Infrastructure Program." Actual annual funding amounts for the Infrastructure Program components can be expected to vary from the projected amounts because a significant portion of the program is dependent upon the availability of federal funds. The Fixing America's Surface Transportation Act (FAST Act), enacted December 4, 2015, provided federal funding for surface transportation programs for federal fiscal years 2018-2022. The federal figures for fiscal years 2023-2027 are based upon the current federal legislation under the Infrastructure Investment and Jobs Act (IIJA). This legislation includes new programs and increased grant opportunities. Efforts have been underway to develop a new Transportation Act to replace IIJA. A Continuing Resolution would continue federal programs under IIJA terms until replacement legislation is enacted.

The policies of the United States government may change from time to time, which may result in changes to the amount and timing of federal funds received by the Department.

Interstate

The Interstate Program provides for the maintenance and enhancement of the State's portion of the nationwide system of interstate highways. The Interstate Program is projected to cost approximately $1.44 billion of which $1.26 billion is expected to be paid by federal funds and the remainder, or $184 million, is expected to be paid by State funds.

Intrastate

The Intrastate Program provides for improvements to the State's primary and secondary roads. The costs of this program are estimated at $3.93 billion. A portion of the program is eligible for federal funding, which is currently projected at $3.15 billion. State funds are expected to pay for $783 million of the Intrastate Program.

State Bridges

The State Bridge Restoration Program includes the cost of rehabilitating, reconstructing, repairing, or replacing the bridges on the State highway system which have been identified as being in poor or fair condition and in need of repair. The State Bridge Restoration Program is estimated to cost $2.52 billion. The State's share of such costs is estimated to be $448 million, with the balance of $2.08 billion to be met from federal funds.

Local Bridges

The State Local Bridge Program assists municipalities throughout the State in undertaking the rehabilitation, restoration, removal, replacement, and reconstruction of local bridges. To finance the local bridge program, the State has legislated a grants-in-aid program that provides an incentive to municipalities to complete repairs to their bridges. The grants-in-aid program provides grants equal to 50% of total project costs in accordance with Public Act 16-151 for projects receiving commitments to fund on or after July 1, 2016. The grants are prioritized based on the physical condition of the bridge. The program has $20 million available annually.

Transit

The Transit Capital Program provides funds for the capital needs associated with all bus and rail capital projects administered or approved by the Bureau of Public Transportation. The capital investments are programmed to ensure system safety, maintain the transportation infrastructure, and provide system improvements.

The bus portion of the capital program includes ongoing replacement of older buses on a regular schedule, construction of new or rehabilitation of existing bus maintenance and storage facilities, and renovation and improvement of passenger facilities, including CT*fastrak*.

The rail portion of the Transit Capital Program provides for maintenance and upgrade of the Connecticut-owned New Haven line. The program costs reflect the cost sharing requirements in the agreement between the States of New York and Connecticut which resulted from arbitration rulings. The rail program also includes investments in Shore Line East and the Hartford Line. The total Transit Capital Program is estimated to cost $6.68 billion of which $2.54 billion is estimated to be supported by federal funds and $4.13 billion is estimated to be funded from State bond proceeds.

Aviation

Through fiscal year 2017, the Aviation Capital Program was under the purview of the Department. Beginning in fiscal year 2018, the Department and CAA accounting functions were fully separated. Aviation bonds are no longer administered by the Department.

Resurfacing

The Resurfacing Program consists of resurfacing and restoring the State highway system. The Department currently anticipates resurfacing approximately 225 two-lane miles of highway per year. Over the period, the cost of the program is estimated to be $1.51 billion, of which $1.49 billion is expected to be paid from bond proceeds, $10.0 million from other Department budget appropriations, and $0 from federal funds.

Fix-It-First Bridge and Roadway Program

The State Fix-It-First Bridge and Roadway Program (the "Fix-It-First Program") includes the cost of rehabilitating and reconstructing the State's roads and bridges that need immediate repairs. The Fix-It-First Program was created to supplement the federal highways program, providing state funding that is in addition to the amount required as state match to federal funds. It is estimated that the cost of $3.1 billion for this program will be funded from State bond proceeds to supplement federally participating improvement programs.

Local Transportation Capital Improvement Program (LOTCIP)

The State Local Transportation Capital Improvement Program provides State funds to urbanized area town governments in lieu of federal funds otherwise available through the federal transportation legislation. This program provides funding for projects in the State and local system, ranging from roadway reconstruction, bridge repairs, intersection improvements, and signalization. This program streamlines the flow of capital funding to local governments. The Department in turn utilizes the federal funds and deals with cumbersome federal procedures and restrictions. The estimated cost of $755 million for this program will be entirely funded from State bond proceeds.

Let's Go CT!

The "Let's Go CT!" initiative has provided funding for a multi-modal mix of projects across all regions in the State. Public Act 15-1 of the June Special Session implemented the plan with bond authorizations totaling $2.6 billion. The Department continues to program and expend the remaining funds until they are fully depleted, of which $326 million remains.

Other

The Infrastructure Program includes the costs of renovating, repairing, and expanding maintenance garages and other administrative facilities of the Department. The Infrastructure Program also provides funding for STP/Urban Systems, Environmental Compliance, Highway Equipment, and Special Projects (Wrong Way Driver Countermeasures / Community Connectivity / Transportation Rural Infrastructure Program (TRIP) / Town Aid Road (TAR)).

Other components of the Infrastructure Program are not financed by proceeds of special tax obligation bonds and include such expenses as bituminous patching, liquid resurfacing, minor bridge repairs, highway maintenance activities, safety activities, and other minor transportation improvements. The State's costs of these programs are funded from State budget appropriations for the Department.

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The following table sets forth the actual and projected sources of funding, including legislative authorizations for Bonds, for various components of the Infrastructure Program over the ten-year period 2021-2030 and includes projections of amounts to be appropriated as current expenses of the Special Transportation Fund for such purposes:

TABLE 10
Sources of Funding for the Infrastructure Program[a]
($ In Millions)

	Fiscal Year Ending June 30										
AUTHORIZATIONS	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**Total**
INTERSTATE											
BONDS	13.0	13.0	13.0	50.3	15.4	31.3	12.0	12.0	12.0	12.0	184.0
FEDERAL	116.0	126.0	126.0	284.1	138.6	50.9	54.0	120.0	120.0	120.0	1,255.6
INTRASTATE											
BONDS	44.0	63.0	72.0	86.0	88.0	90.0	85.0	85.0	85.0	85.0	783.0
FEDERAL	180.0	280.0	280.0	359.2	415.3	366.5	249.1	340.0	340.0	340.0	3,150.1
STATE BRIDGE											
BONDS	33.0	33.0	33.0	57.5	58.2	70.6	40.6	40.6	40.6	40.6	447.7
FEDERAL	132.0	220.0	220.0	246.2	263.4	340.4	166.8	162.4	162.4	162.4	2,076.0
LOCAL BRIDGE											
BONDS	10.0	10.0	10.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	170.0
TRANSIT											
BONDS	236.0	248.1	270.8	662.5	721.7	393.4	405.8	398.8	398.8	398.8	4,134.7
FEDERAL	195.4	249.6	254.5	257.3	261.2	265.1	265.1	265.1	265.1	265.1	2,543.5
RESURFACING											
BONDS	106.5	107.5	107.5	125.0	135.0	175.0	185.0	185.0	185.0	185.0	1,496.5
APPROPRIATIONS - PAYGO	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	10.0
FIX-IT-FIRST (BRIDGE & ROAD)											
BONDS	185.0	139.8	219.8	203.6	243.0	379.6	431.6	431.6	431.6	431.6	3,097.2
SAFETY - PAYGO											
APPROPRIATIONS	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	4.0
STP/URBAN SYSTEMS											
BONDS	16.8	16.8	16.8	22.0	22.0	27.4	27.5	27.5	27.5	27.5	231.8
FEDERAL	76.4	76.4	76.4	94.4	53.0	137.6	182.0	110.0	110.0	110.0	1,026.2
Other[b]	0.0	0.0	0.0	0.0	0.0	7.0	18.0	0.0	0.0	0.0	25.0
PAYGO: OTHER ROAD & BRIDGE											
APPROPRIATIONS	13.2	16.9	16.9	18.0	18.0	18.0	18.0	20.0	20.0	20.0	179.0
FEDERAL	46.0	46.0	46.0	46.0	46.0	46.0	46.0	46.0	46.0	46.0	460.0
LOCAL TRANS CAPITAL IMPR PROG (LOTCIP)											
BONDS	67.0	67.0	67.0	76.0	78.0	80.0	80.0	80.0	80.0	80.0	755.0
LET'S GO CT!											
BONDS	661.0	305.7	202.4	31.8	166.8	326.0	0.0	0.0	0.0	0.0	1,693.7
SPECIAL PROJECTS[c]											
BONDS	46.0	49.0	49.0	105.0	105.0	110.0	110.0	110.0	110.0	110.0	904.0
OTHER: DOT FACILITIES, ENVIRONMENTAL, EQUIPMENT											
BONDS	25.1	77.8	58.7	199.8	116.2	205.6	191.7	191.7	191.7	191.7	1,450.0
TOTALS											
BONDS[d]	1,443.4	1,130.7	1,120.0	1,639.5	1,769.3	1,908.9	1,589.2	1,582.2	1,582.2	1,582.2	15,347.6
APPROPRIATIONS	14.6	18.3	18.3	19.4	19.4	19.4	19.4	21.4	21.4	21.4	193.0
FEDERAL	745.8	998.0	1,002.9	1,287.2	1,177.5	1,206.5	963.0	1,043.5	1,043.5	1,043.5	10,511.4
Other	0.0	0.0	0.0	0.0	0.0	7.0	18.0	0.0	0.0	0.0	25.0
TOTAL	2,203.8	2,147.0	2,141.2	2,946.1	2,966.2	3,141.8	2,589.6	2,647.1	2,647.1	2,647.1	26,077.0

Note: Figures may not add due to rounding

(a) Through fiscal year 2026, all line items captioned "Bonds" refer to legislative bond authorizations, not bond issuances. For fiscal year 2027, the amounts represent the Department's Capital Budget request, with associated projections through 2030. The Fixing America's Surface Transportation Act (FAST Act) ended September 20, 2021. The Infrastructure Investment and Jobs Act (IIJA) was enacted November 15, 2021 and reauthorized federal highway, safety, transit and rail programs for five years from federal fiscal years 2022 through 2026. See "THE DEPARTMENT OF TRANSPORTATION - Funding for the Infrastructure Program" herein.

(b) This represents local funds.

(c) Includes programs for Wrong Way Driver Countermeasures, Community Connectivity, Transportation Rural Infrastructure Program (TRIP), Town Aid Road. and Automated Work Zone Safety (new).

(d) Future planning may be adjusted to result in closer matching to bond issuance projections that have been incorporated in Tables 8, 9 and the relevant footnotes to such tables.

SOURCE: Department of Transportation

The following table sets forth the amount of special tax obligation bond proceeds used and projected to be required to finance capital program project commitments and the annual amount of special tax obligation bonds issued and estimated to be issued each year for Infrastructure Program expenditures and other expenses through fiscal year 2030.

TABLE 11
Program Project Commitments and Actual and Projected Annual Bond Issuances[(a)]
($ In Millions)

	Fiscal Year Ending June 30											
	1985 - 2020[(b)]	2021[(b)]	2022[(b)]	2023[(b)]	2024[(b)]	2025[(b)]	2026[(b)]	2027	2028	2029	2030	Total
Program Project Commitments	16,592.3	1,443.4	1,130.7	1,120.0	1,639.5	1,769.3	1,908.9	1,589.2	1,582.2	1,582.2	1,582.2	31,939.9
Issuance and Reserve Authority	1,073.9	60.0	60.0	60.0	65.0	0.0	0.0	0.0	0.0	0.0	0.0	1,318.9
Actual and Projected Annual Issuances[(c)(d)]	12,320.2	875.0	500.0	830.0	875.0	1,000.0	1,300.0	1,200.0	1,100.0	1,100.0	1,100.0	22,200.2

(a) Program Project Commitments are required at the beginning of multi-year projects to ensure funds are available to complete construction. Actual and Projected Annual Issuances can occur years later when construction actually occurs.
(b) Actual authorized program commitments and bonds issued.
(c) Actual and projected annual issuances of special tax obligation bonds do not include any special tax obligation bonds which have or may be issued to refund special tax obligation bonds or general obligation bonds of the State issued for transportation purposes.
(d) After 2030, additional special tax obligation bonds in an amount estimated at $11.0 billion (which is equal to the Total Program Project Commitments of $31.9 billion plus the Total Issuance and Reserve Authority of $1.3 billion minus the Total Actual and Projected Annual Issuances of $22.2 billion) are expected to be issued to pay the balance of the cost of program commitments and fund reserves, if necessary.

SOURCES: Office of Policy and Management and Department of Transportation

The annual projected issuances of special tax obligation bonds for any future fiscal year may vary from amounts expected to be required to fund program project commitments in each fiscal year. This results primarily from estimates of the timing of the Department's capital cash flow needs.

Financial Controls

The Infrastructure Program is administered by the Department and is subject to the standard control procedures of the State and the Department.

In accordance with recently approved reauthorization legislation, the Department has developed annual projections of federal aid for the next five years for the Infrastructure Program, consistent with other capital programs, and an annual program for implementing the Infrastructure Program in accordance with the availability of State and federal funds.

The primary capital program-related financial control mechanisms utilized by the Department are the implementation of a budget constrained capital plan, monthly project status review meetings to document project cost estimate and scheduling changes, and project cost controls within the State's integrated financial system (Core-CT) to monitor and limit encumbrances and expenditures against available funds.

The following section outlines the manner in which the Department accounts for State and federal funds to ensure the proper disbursement thereof.

State Funds

Following the allocation of the State's bond funds by the State Bond Commission and approval by the Governor of allotment thereof, individual project budgets are established in CORE-CT. Purchase orders are then prepared by the operational units of the Department for commitments to outside vendors and automatically checked against available project budgets by CORE-CT.

If a project, or a portion of a project, is to be accomplished with Department staff, the staff is required to record the time spent on each project and to fill out requisitions for materials and equipment used on such project. Central controls are in place and are designed to ensure that payments, other than payroll, are not authorized if the requested amount is in excess of that approved for the project.

If the project is to be designed by an outside consultant, the selection process is in accordance with statutory requirements, and the cost is negotiated by the Department. Except in emergencies, construction contracts are awarded using a sealed bid process. To monitor progress and for quality control, the Department inspects and regularly oversees construction activities and is billed monthly by outside contractors for actual work completed. The Department's Office of Finance must approve all outside invoices and verify billed amounts against negotiated or awarded limits to ensure that payments are accurate and appropriate. The Comptroller, after review and upon a warrant to the Treasurer, then disburses the appropriate funds.

Federal Funds

The Department expects to receive approximately $10.5 billion in federal funds with respect to the 2021-2030 Infrastructure Program projects. Federal Transportation legislation under the Infrastructure Investment and Jobs Act (the "IIJA") provided funding for federal fiscal years 2022-2026. Under a Continuing Resolution, the expiring IIJA provisions continue until a replacement transportation act is adopted. The Department's future plans assume that such new legislation will not be substantially different from the IIJA with respect to the continuation of legacy programs, the creation of new programs, and the availability of federal funds, including competitive grant opportunities.

Much of such federal funds are expected to be received from the Federal Highway Administration (the "FHWA"). Based upon the annual apportionment of federal highway funds, the Department submits project grant agreements to FHWA for authorization. The Department may update estimated project budgets during the life of the project, but requested changes must be approved by FHWA. After FHWA approval of an individual project agreement or modification is granted, a federal-aid receivable account is established by the Comptroller. Once the state and federal funds are approved, the project is moved to Open status in CORE-CT. This status enables the expenditures of funds up to the approved project budget amounts. The Department has an extensive cost accounting system for accumulating expenditures by project. The Department bills the FHWA for the federal share of project costs weekly using the State's integrated CORE-CT financial system to aggregate eligible expenses. Within a few days of such billing, reimbursement is received by the Department through an electronic transfer process.

The Department also expects to receive project capital grants for the Infrastructure Program from the Federal Transit Administration ("FTA") and project capital grants for the improvement of the track and infrastructure from New Haven to Springfield from the Federal Railroad Administration ("FRA"). As with FHWA grants, all capital FTA and FRA requests for reimbursement are also processed using CORE-CT to aggregate eligible expenses.

The policies of the United States government may change from time to time, which may result in changes to the amount and timing of federal funds received by the Department.

In addition to processing reimbursement requests, the billing system has built-in controls to assure compliance with federal cost limits, participation rates and other federal requirements. The system can also produce various reports, such as listings of all active projects and detailed summaries of expenditures.

The Division of Internal Audits of the Department monitors the billing system to verify the validity of reimbursement requests. A primary purpose of the billing system audits is to maximize federal cost participation by identifying coding errors or other mistakes that misstate reimbursable costs and by ensuring that corrective action is taken.

LITIGATION

The State, its officers and employees are defendants in numerous lawsuits relating to the operations of the Department. The Attorney General's office has reviewed the status of pending lawsuits in which a financial judgment adverse to the State would be payable from the Special Transportation Fund. Any amounts payable from the Fund to meet such financial judgments are subject to the prior lien of the bondholders granted under the Act and the Indentures. It is the opinion of the Attorney General that such pending litigation will not be finally determined so as to result individually or in the aggregate in a final judgment against the State which would materially adversely affect the financial condition of the Special Transportation Fund, except that in the cases described below under the headings "Eminent Domain Lawsuits" and "Defective Highway Lawsuits" adverse judgments in a number of such cases could, in the aggregate and in certain circumstances, have a significant fiscal impact. The fiscal impact of adverse judgments in the cases described below under the heading "Other Lawsuits" is not determinable at this time but might be significant. The cases described under "Other Lawsuits" generally do not include any individual case where the fiscal impact of an adverse judgment payable from the Special Transportation Fund is expected to be less than $10 million. The short-term and long-term effects of COVID-19 and resulting potential litigation flowing from COVID-19 are not yet known and difficult to project at this time.

Eminent Domain Lawsuits

There are 16 eminent domain appeals affecting real estate pending in the State courts. In each case there is the exposure to a monetary award in excess of the State's original condemnation amount. In budgeting and appropriating funds for the respective Department of Transportation projects, the Department takes into account a reasonable exposure value.

Defective Highway Lawsuits

State statutes permit lawsuits against the Commissioner of Transportation for alleged highway defects. The State carries insurance but has a self-insured retention for these matters. For matters falling within the self-insured retention the State hires defense counsel and for matters covered by insurance, defense counsel are retained by the insurance carrier providing coverage.

There are approximately 49 defective highway lawsuits presently pending in State courts. It is not possible to evaluate each individual case to determine if there is a real exposure over and above the insurance policy limits, nor can such an evaluation be made in the aggregate.

Other Lawsuits

The Attorney General's Office is not aware of any pending lawsuits where the fiscal impact of an adverse judgment payable from the Special Transportation Fund is expected to be more than $10 million.

CLIMATE CHANGE AND ENVIRONMENTAL MATTERS

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

Climate Impacts

Rising Sea Levels

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

The current sea level rise planning scenario adopted by the Department of Energy and Environmental Protection ("DEEP") projects a rise in the mean sea level in Long Island Sound of up to 20 inches above the 1983-2001 national tidal datum by 2050. It is estimated that approximately four inches of this maximum rise occurred by 2016. Analyses by the Connecticut Institute for Resilience & Climate Adaptation ("CIRCA") show that complexity of the coastal geometry and development patterns cause the magnitude of the increase in risk to vary across the State. As one example, in the portions of coastal eastern Connecticut where the annual risk of coastal flooding has been 10% (or one event every ten years), a rise in sea level of 20 inches would increase that risk to 50% (or one event every two years). CIRCA reassessed this data in 2025 and concluded that the projection of 20 inches by 2050 is still accurate.

Much of the State's coastline is rocky with substantial elevation changes, and the loss of land area to permanent flooding is likely to be limited to areas already currently affected by regular to occasional tidal flooding, depending on land elevation. The lowest lying areas that could be affected by increased frequency of tidal flooding, particularly urban areas, may

require extensive renovation to harden construction in these areas, elevate properties, and increase resiliency, as well as protect fresh water supplies from saltwater intrusion. Higher water levels may also alter floodplain maps, resulting in higher insurance and building costs for new construction, reconstruction and renovation, and recovery from weather events. Higher water levels may also require future rebuilding of public roads, railroads and other infrastructure in these lower lying areas to account for the rise. These relatively slow-moving effects are continually studied and addressed at the state and local level, with many coastal communities conducting planning to evaluate risks and identify options to increase resilience.

Extreme Heat, Drought and Precipitation

The State is susceptible to heat waves, drought and increased precipitation. According to CIRCA, climate change is expected to increase average temperature by five degrees Fahrenheit by 2050. Average annual precipitation is expected to increase four inches by 2050 and the number of heat wave days from four to 48. The State also experiences abnormally dry or drought conditions. Indices of hot weather, summer drought, and extreme precipitation events (rain or snow) are all expected to increase by 2050 with a decrease in summer water availability. Extreme heat events pose a significant threat to public health in the State. The Connecticut Water Council adopted the most recent drought preparedness and response plan in 2022, which lays out protocols for how the State prepares for and responds to drought conditions. Under the plan, all eight counties in Connecticut were designated as a Stage 2 Drought in 2024. It is the second of five levels under the Connecticut Drought Preparedness and Response Plan, with Stage 1 being the lowest and Stage 5 the most extreme.

Extreme Storms

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

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

Wildfires

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

State Actions to Improve Sustainability and Resiliency

Flood Control

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

("FEMA"). There is a recognized need for continued investment in the operations and maintenance of these flood control systems.

Climate Resilience Fund

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

State Parks Climate Vulnerability Assessment

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

Storm Water Infrastructure

Since 1990 the State has undertaken considerable efforts to upgrade and improve its water supplies and combined sewer and separated sewer capacity, with significant financial support from the State's Clean Water Fund. Federal appropriations are made for funding of wastewater treatment projects through the federal Clean Water Act of 1972 and water supply projects through the federal Safe Drinking Water Act. Several of the State's municipalities, including the Hartford area, are operating under consent orders with the State and the federal Environmental Protection Agency requiring such improvements. In addition, federal requirements for municipalities to adhere to municipal storm sewer system requirements will require many municipalities to install or significantly upgrade their storm water infrastructure. As the State sees more frequent heavy rainfall events there is also more regular stormwater flooding in streets and at times those floodwaters back up into private residences and businesses.

Natural Hazard Mitigation

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

Grid Resiliency

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

Department of Transportation Resilience Improvement Plan

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

Resilience Planning Legislation

The Connecticut legislature passed a bill in 2025 addressing numerous resilience planning actions to help the State and its residents better prepare for the effects of climate change. Public Act No. 25-33 added new and better-clarified climate resilience planning requirements for municipalities, requires municipalities and councils of government to map culverts which will improve flood modeling data sets and support capital improvement planning, and also provides flood disclosure requirements for homeowners and other hazard insurance policies and for real estate transactions. Additionally, the legislation allows communities to work together to transfer development rights from risky areas to less flood-prone areas, and allows communities to create resilience improvement districts that use tax increment financing mechanisms to support paying for resilience-related infrastructure.

Connecticut Green Bank

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

Resilience Opportunity Areas

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

PFAS

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

State Response to Reduce Its Contribution to Climate Change

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

Climate Mitigation and Energy Affordability Legislation

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

Climate and Energy Executive Orders

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

Greenhouse Gas Inventory

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

Climate Change Mitigation Actions

The State continues to look for opportunities to drive down GHG emissions in all sectors, particularly for the electric, buildings, and transportation sectors. In 2026, the State continues to implement programs funded by hundreds of millions in federal funds through federal programs funded through the Bipartisan Infrastructure Law ("BIL") and the Inflation Reduction Act ("IRA") to improve energy affordability, reduce GHG emissions and air pollution, and make the grid more resilient. The State has received funds to, among other actions, increase the deployment of energy efficient heat pumps for building heating and cooling; to build electric vehicle charging infrastructure for commercial zero-emission medium- and heavy-duty vehicles; and to provide new and upgraded points of interconnection for up to 4800 MW of offshore wind and a multi-day energy storage system. In July 2025, President Trump signed H.R. 1 which repeals many of the tax credits available under the BIL and IRA for electric vehicles and energy efficiency. On February 12, 2026, the U.S. Environmental Protection Agency ("EPA") announced their decision to repeal the 2009 endangerment finding that GHGs endanger public health and welfare and therefore may be regulated under the federal Clean Air Act. This finding serves as the legal foundation for federal GHG standards for

motor vehicles and other mobile sources that are the largest source of GHG emissions in Connecticut and the United States. In a statement opposing the announcement with the Governor and the Commissioners of DEEP and DPH, the State Attorney General announced his intention to take the EPA to court over the decision. Despite decreased support at the federal level, Connecticut continues to provide programmatic and funding support for energy efficiency, renewable energy and the adoption of electric vehicles in the State. DEEP's current climate mitigation planning efforts emphasize these programs and prioritize pathways that will decrease GHG emissions while also improving energy affordability and climate resilience.

DOCUMENTS ACCOMPANYING DELIVERY OF THE BONDS

Continuing Disclosure Agreement

The State will enter into an Undertaking Certificate to apply the Master Continuing Disclosure Agreement dated November 1, 2022 to the 2026 Bonds substantially in the form attached as Appendix F to this Official Statement (the "Continuing Disclosure Agreement"), to provide or cause to be provided, in accordance with the requirements of Securities and Exchange Commission Rule 15c2-12 (the "Rule"), (i) certain annual financial information and operating data, (ii) in a timely manner, not in excess of ten business days after the occurrence of the event, notice of the occurrence of certain events, and (iii) timely notice of a failure by the State to provide the required annual financial information and operating data on or before the date specified in the Continuing Disclosure Agreement. The Underwriters' obligation to purchase the 2026 Bonds shall be conditioned upon their receiving, at or prior to the delivery of such bonds, an executed copy of the Continuing Disclosure Agreement.

Under the Rule, the State must undertake to provide the required annual financial information and operating data commencing with its fiscal year ending June 30, 2027.

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

In connection with the June 30, 2023 audited financial statements, the division within the Office of the State Comptroller that prepares financial statements experienced employee retirements and turnover in Fiscal Year 2023, some of them in key roles, and did not maintain a formal task schedule with targeted completion dates to allow supervisors to monitor delays and provide timely assistance. The division has addressed its staffing issues through hiring experienced staff to fill key roles and providing relevant training. In addition, the Office of the State Comptroller was in the process of implementing financial reporting software that did not progress as effectively as expected.

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

The Office of the State Comptroller has committed to the following steps to address the causes of the late filings. It has engaged in additional training for various State agencies and component units. It has enhanced relevant training and guidance to staff involved with preparing the State's financial statements to strengthen their knowledge in government

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

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

The State is obligated to file annual financial information related to its special tax obligation bonds, including for fiscal year ending June 30, 2025. In the past, the State has satisfied this obligation by filing notices that cross-reference the relevant information to the most recent official statement with respect to its special tax obligation bonds. The required information for fiscal 2025 was included in the Preliminary Official Statement dated November 21, 2025 for the State of Connecticut Special Tax Obligation Bonds, Transportation Infrastructure Purposes, 2025 Series A, which was available on EMMA. However, the State did not, as it had in the past, make a filing associating that information with respect to other special tax obligation bonds. When this was discovered, it made the necessary filing and also filed a notice of late filing. While the State does not believe this to be a material failure to comply with its continuing disclosure obligations, in addition to these filings, the State has also revised its disclosure procedures to prevent such an occurrence in the future. The State did timely file on October 27, 2025 the State of Connecticut Special Transportation Fund Audited Financial Statements for fiscal year ending June 30, 2025.

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

Absence of Litigation

Upon delivery of the 2026 Bonds, the State shall furnish a certificate of the Attorney General of the State, dated the Delivery Date of the 2026 Bonds, to the effect that there is no controversy or litigation of any nature pending or threatened seeking to prohibit, restrain or enjoin the issuance, sale, execution or delivery of the 2026 Bonds, or the levy or collection of the Pledged Revenues or other receipts, funds or moneys pledged for the security of the 2026 Bonds under the Act, the Public and Special Acts and the Senior Indenture, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the 2026 Bonds or any of the proceedings taken with respect to the issuance and sale thereof or the application of moneys to the payment of the 2026 Bonds. In addition, such certificate shall state that there is no controversy or litigation of any nature now pending or threatened by or against the State wherein an adverse judgment or ruling could materially adversely affect the power of the State to levy, collect and enforce the collection of the Pledged Revenues and other receipts, funds or moneys pledged for the security of the 2026 Bonds under the Act, the Public and Special Acts and the Senior Indenture which has not been disclosed in this Official Statement.

Certain Legal Matters

Legal matters related to the authorization, issuance and delivery of the 2026 Bonds are subject to the approval of Pullman & Comley, LLC, Hartford, Connecticut, Bond Counsel, and Bryant Rabbino LLP, New York, New York, Co-Bond Counsel. The opinions of Bond Counsel and Co-Bond Counsel will be delivered in substantially the form included in this Official Statement as Appendix E. Certain legal matters will be passed upon for the Underwriters by their counsel Robinson & Cole LLP, Hartford, Connecticut.

Certificate of State Officials

The purchasers of the 2026 Bonds shall receive a certificate, dated the Delivery Date of the 2026 Bonds, of the State Treasurer, the Secretary of the Office of Policy and Management and the Commissioner of the Department of Transportation, or their duly authorized deputies, stating that the Official Statement, as of its date, and as of the date of the certificate, does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading and that there has been no material adverse change (not in the ordinary course of the operations of the State) in the financial condition of the State from that set forth in or contemplated by the Official Statement.

LEGALITY FOR INVESTMENT

The Act provides that the Bonds shall be legal investments for funds in the hands of all public officers and public bodies of the State and its political subdivisions, all insurance companies, credit unions, building and loan associations, investment companies, banking associations, trust companies, executors, administrators, trustees and other fiduciaries and pension, profit-sharing and retirement funds in the State. Such Bonds may properly and legally be deposited with and received by any state or municipal officer or any agency or political subdivision of the State for any purpose for which the deposit of bonds or obligations of the State is now, or may hereafter be, authorized by law.

TAX EXEMPTION

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements which must be met subsequent to delivery of the 2026 Bonds in order that interest on the 2026 Bonds be excludable from gross income of the owners thereof for federal income tax purposes. Failure to comply with such continuing requirements may cause interest on the 2026 Bonds to be includable in gross income for federal income tax purposes retroactively to the date of their issuance irrespective of the date on which noncompliance occurs.

The Tax Regulatory Agreement of the State which will be delivered concurrently with the delivery of the 2026 Bonds will contain representations, covenants and procedures relating to compliance with such requirements of the Code. Pursuant to Section 13b-76 of the Connecticut General Statutes, the State agrees and covenants that it shall at all times perform all acts and things necessary or appropriate under any valid provision of law in order to ensure that interest on the 2026 Bonds shall be excludable from the gross income of the owners thereof for federal income tax purposes under the Code.

In the opinions of Bond Counsel and Co-Bond Counsel, under existing law, interest on the 2026 Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not treated as a preference item for purposes of computing 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.

In rendering the foregoing opinions, Bond Counsel and Co-Bond Counsel have assumed compliance by the State with the Tax Regulatory Agreement for the 2026 Bonds. For other federal tax information with respect to the 2026 Bonds, see "Original Issue Discount," "Original Issue Premium" and "Certain Additional Tax Information" below under this "TAX EXEMPTION" section.

Further, in the opinions of Bond Counsel and Co-Bond Counsel, under existing statutes, interest on the 2026 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. Owners of 2026 Bonds should consult their tax advisors with respect to other applicable state and local tax consequences of ownership of the 2026 Bonds and the disposition of 2026 Bonds. Notwithstanding any past covenants of the State relating to the exclusion of interest on any previously issued special tax obligation bonds from gross income for purposes of the Corporation Business Tax imposed by Chapter 208 of the Connecticut General Statutes, Public Act 95-2 specifically requires the inclusion of interest on any State obligation, including the 2026 Bonds, in gross income for purposes of the Corporation Business Tax.

Original Issue Discount

With respect to any of the 2026 Bonds where the initial public offering price of such 2026 Bonds is less than the amount payable on those 2026 Bonds at maturity (the "Discount Bonds"), the difference between the initial public offering price to the public (excluding bond houses and brokers) at which a substantial amount of the Discount Bonds of any maturity are sold and the amount payable on such Discount Bonds at maturity constitutes original issue discount. Accrued original issue discount is excludable from gross income for federal income tax purposes if interest on the Discount Bonds is excluded therefrom. Accrued original issue discount on a Discount Bond is also 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.

Under Section 1288 of the Code, the amount of original issue discount treated as having accrued with respect to any Discount Bond during each day it is owned is added to the adjusted basis of such owner for purposes of determining gain or loss upon the sale or other disposition of such Discount Bonds by such owner. Original issue discount on any Discount Bond is treated as accruing on the basis of economic accrual, computed by a constant semiannual compounding method using the yield to maturity on such Discount Bond, and the adjusted basis of such Discount Bond acquired at such initial offering price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. Owners of the Discount Bonds are advised to consult with their tax advisors with respect to the federal, state and local tax consequences of owning the Discount Bonds.

Original Issue Premium

With respect to any of the 2026 Bonds where the initial public offering price of such 2026 Bonds is greater than the amount payable on those 2026 Bonds at maturity (the "Premium Bonds"), the excess of the price paid by the first owner of a Premium Bond over the principal amount payable at the maturity or the earlier call date, if any, of such Premium Bond constitutes original issue premium. Original issue premium on any Premium Bond is treated as amortizing on the basis of the taxpayer's yield to maturity using the taxpayer's adjusted basis and a constant semiannual compounding method. The portion of such premium amortizing over the period the Premium Bond is held by the owner does not reduce taxable income for purposes of either the federal income tax or the Connecticut income tax on individuals, trusts and estates and does not reduce 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, but it does reduce the owner's adjusted basis in the Premium Bond for purposes of determining gain or loss on its disposition. Owners of Premium Bonds are advised to consult with their tax advisors with respect to the federal, state and local tax consequences of owning the Premium Bonds.

Certain Additional Tax Information

The following is a brief discussion of certain federal income tax matters under existing statutes and Bond Counsel and Co-Bond Counsel express no opinion thereon. It does not purport to deal with all aspects of federal taxation that may be relevant to particular Beneficial Owners. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the 2026 Bonds, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

Ownership of the 2026 Bonds may result in collateral federal income tax consequences to various categories of persons such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, and individuals otherwise eligible for the earned income credit, and to taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is not included in gross income for federal income tax purposes. The foregoing is not intended to be an exhaustive list of potential tax consequences. Prospective purchasers of the 2026 Bonds should consult their tax advisors regarding the applicability of such consequences.

Federal, state or local legislation, administrative pronouncements or court decisions may affect the tax-exempt status of interest on the 2026 Bonds, gain from the sale or other disposition of the 2026 Bonds, the market value of the 2026 Bonds, or the marketability of the 2026 Bonds, or otherwise prevent the owners of the 2026 Bonds from realizing the full current benefit of the exclusion from gross income of the interest thereon. From time to time there are legislative proposals pending in the Congress of the United States that, if enacted, could alter or amend the federal tax matters referred to herein, or adversely affect the market price for, or marketability of, the 2026 Bonds. No assurance can be given with respect to the impact of future legislation on the 2026 Bonds. Prospective purchasers of the 2026 Bonds should consult their own tax and financial advisors regarding such matters. Bond Counsel and Co-Bond Counsel will express no opinion regarding any pending or proposed federal tax legislation.

The opinions of Bond Counsel and Co-Bond Counsel are rendered as of their date and Bond Counsel and Co-Bond Counsel assume no obligation to update or supplement their opinions to reflect any facts or circumstances that may come to their attention or any changes in law or the interpretation thereof that may occur after the date of their opinions. Bond Counsel and Co-Bond Counsel have not undertaken to advise in the future whether any events after the date of issuance of the 2026 Bonds may affect the tax status of interest on the 2026 Bonds. No assurance can be given that future legislation, or proposed amendments to the State income tax law, if enacted into law, will not contain provisions which could, directly or indirectly, reduce the benefit of the exclusion of the interest on the 2026 Bonds or any gain made on the sale or exchange thereof from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates.

Bond Counsel and Co-Bond Counsel express no opinion regarding any state or federal tax consequences of ownership or disposition of the 2026 Bonds not specifically stated herein.

The discussion above does not purport to address all aspects of federal, state or local taxation that may be relevant to a particular owner of the 2026 Bonds. Prospective owners of the 2026 Bonds, particularly those who may be subject to special rules, are advised to consult their tax advisors regarding the federal, state and local tax consequences of owning and disposing of the 2026 Bonds.

RATINGS

With respect to the 2026 Bonds, municipal bond ratings have been assigned by Moody's Ratings ("Moody's") of "Aa2," by S&P Global Ratings ("S&P") of "AA," by Fitch Ratings ("Fitch") of "AA" and by Kroll Bond Rating Agency ("Kroll") of "AAA." Each such rating reflects only the views of the respective rating agency, and an explanation of the significance of such rating may be obtained from such rating agency. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. The above ratings are not recommendations to buy, sell or hold the 2026 Bonds. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the 2026 Bonds.

MUNICIPAL ADVISORS

The State has appointed PFM Financial Advisors LLC and TRB Securities, LLC (d/b/a Estrada Hinojosa) to serve as co-municipal advisors to assist it in the issuance of the 2026 Bonds.

UNDERWRITING

The Underwriters have agreed to purchase the 2026 Bonds at a purchase price of $_____ which is the sum of the purchase price of the 2026 Bonds (representing the principal amount of the 2026 Bonds [plus net original issue premium of $_____ or less aggregate discount of $_____] and less the underwriters' discount of $_____). The 2026 Bonds may be offered and sold to certain dealers (including unit investment trusts and other affiliated portfolios of certain underwriters and other dealers depositing the 2026 Bonds into investment trusts) at prices lower than such initial public offering prices, and such initial public offering prices may be changed, from time to time, by the Underwriters.

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

MISCELLANEOUS

The State has furnished the information in this Official Statement.

Information with respect to the Infrastructure Program may be obtained from Garrett T. Eucalitto, Commissioner of the Department of Transportation of the State of Connecticut, located at 2800 Berlin Turnpike, Newington, Connecticut 06111, (860) 594-3000. Copies of the Indentures and information with respect to the Bonds may be obtained upon request from the Office of the State Treasurer, Attention: Kimberly W. Mooers, Assistant Treasurer for Debt Management, 165 Capitol Avenue, Hartford, Connecticut 06106, (860) 702-3288.

This Official Statement is submitted in connection with the sale of the 2026 Bonds and may not be reproduced or used as a whole or in part, for any other purpose. This Official Statement has been duly authorized and approved by the State and duly executed and delivered on its behalf by the officials signing below. CliftonLarsonAllen LLP, the State's independent

auditor for the Special Transportation Fund, has not been engaged to perform and has not performed, since the date of its report included in Appendix C to this Official Statement, any procedures on the financial statements addressed in that report. CliftonLarsonAllen LLP also has not performed any procedures relating to this Official Statement.

Any statements in this Official Statement involving matters of opinion, projections or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized. The agreements of the State are fully set forth in the Indentures in accordance with the Act and this Official Statement is not to be construed as a contract or agreement between the State and the purchasers or owners of any of the 2026 Bonds.

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STATE OF CONNECTICUT

By:_____
Hon. Erick Russell
Treasurer of the
State of Connecticut

By: _____
Hon. Joshua Wojcik
Secretary of the
Office of Policy and Management

By:_____
Hon. Garrett T. Eucalitto
Commissioner of the
Department of Transportation

Dated at Hartford, Connecticut
This ___ day of _____, 2026

STATE OF CONNECTICUT

There follows in this **Appendix A** a brief description of the State of Connecticut (the "State" or "Connecticut"), together with certain information concerning its governmental organization, its economy and a description of certain State financial procedures. The description and information were compiled February 15, 2026 and have not been updated except in limited respects.

GOVERNMENTAL ORGANIZATION AND SERVICES

Introduction

The components and structure of State governmental organization are laid out in the State's Constitution and the General Statutes of Connecticut. A number of State-wide and regional authorities and similar bodies are also created or provided for in the General Statutes or by Special Act of the General Assembly. County government was functionally abolished in Connecticut in 1960. Local governmental functions are generally performed by the 169 cities and towns, or by special purpose authorities, districts and similar bodies located within the cities and towns. A number of regional bodies exist to perform governmental functions that would otherwise be performed at the local level. Most of the State's 169 cities and towns were established or incorporated during the 18th and 19th centuries, and many are still governed under charters enacted by the General Assembly by Special Act. The State's Constitution grants home rule powers to cities and towns, within certain limitations. A large number of smaller municipalities lack charters, and the components and structure of these municipalities are determined directly by the General Statutes. The General Statutes also contain a variety of provisions pertaining to the organization and operation of all units of local government, including both those with charters and those without. In addition to the 169 cities and towns that are the basic units of local government in Connecticut, the General Statutes provide procedures for the creation of many types of local special purpose authorities, districts and similar bodies. These include, among others, local housing authorities, regional school districts, and a variety of special tax and service districts.

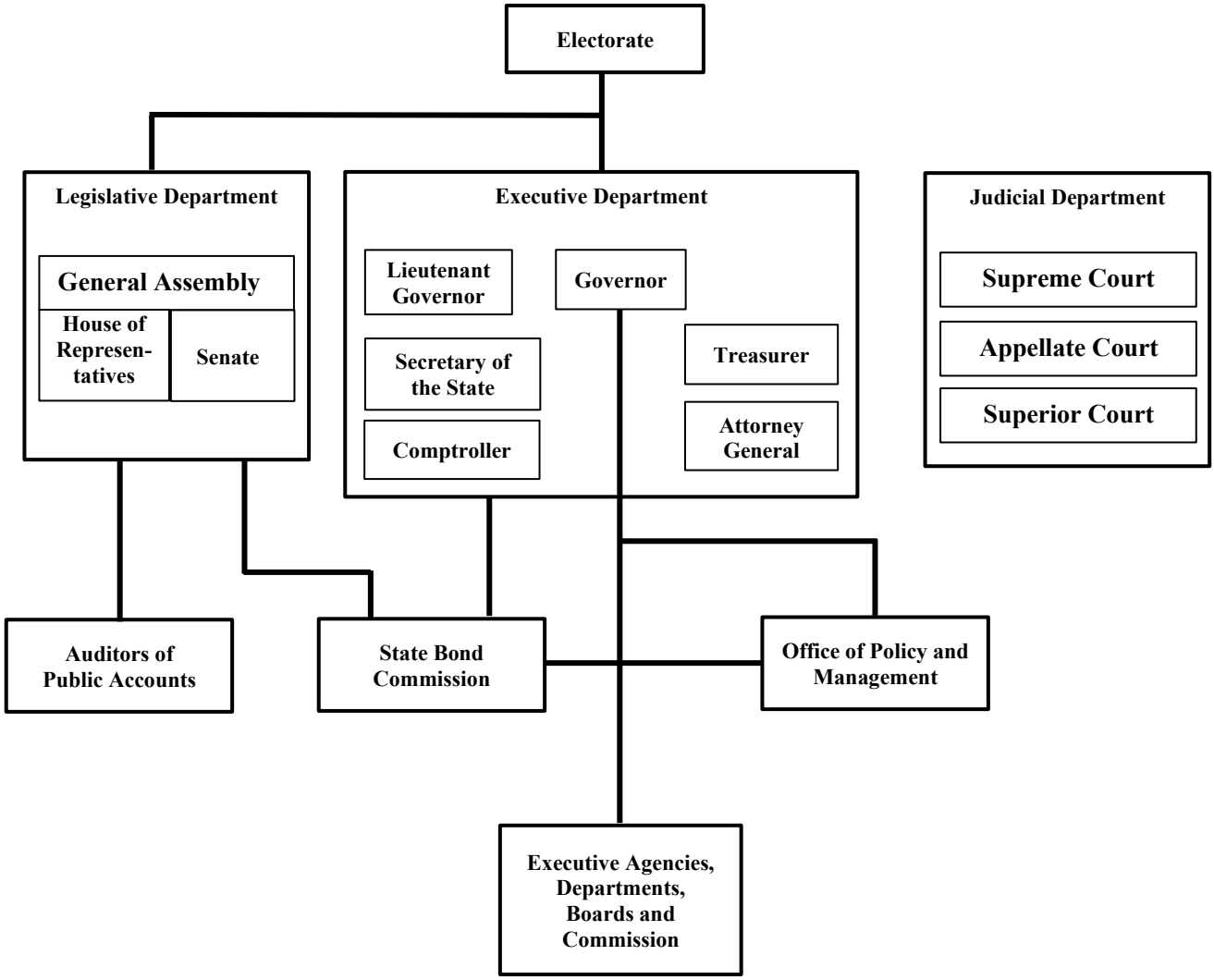
Under Connecticut law, all municipal governmental bodies have only the powers specifically granted to them by the State and the ancillary powers that are necessarily implied by powers explicitly granted. Municipalities which have the power to tax and to issue debt are explicitly denied the power by statute to file petitions to become debtors under Chapter Nine of Title 11 of the Federal Bankruptcy Code without the prior written consent of the Governor.

State Government Organization

Under the State Constitution, the legislative, executive and judicial functions and powers of State government are divided among three distinct branches referred to in the Constitution as "departments": the legislative department, the executive department and the judicial department. The following table shows the structure of the three departments.

TABLE A-1

Structure of State Government



Legislative Department. Legislative power is vested in the General Assembly, composed of the Senate and House of Representatives. Currently the Senate consists of 36 members, each representing a single senatorial district, and the House of Representatives consists of 151 members, each representing a single assembly district. Both the number of members and the boundaries of the legislative districts may vary in accordance with the requirements of the State's Constitution. The General Assembly is assisted by a full-time staff. General Assembly employees are included under the legislative function in Tables A-2 and A-3 below.

General Assembly members are elected biennially at the general election in November in even numbered years and take office in the January following their election. Elections for the General Assembly were held in November 2022, and the new members took office in January 2023.

A regular session of the General Assembly is held each year. These sessions run from January through June in odd-numbered years and February through May in even-numbered years. The General Assembly reconvenes for special sessions in general only in emergencies or to consider bills or appropriations vetoed by the Governor. Even-year sessions are supposed to be limited to budgetary, revenue and financial matters, bills and resolutions raised by committees of the General Assembly and certified emergencies.

Two Auditors of Public Accounts, who cannot be of the same political party, are appointed by the General Assembly to four-year terms. The State Auditors are required to make an annual audit of the accounts of the Treasurer and the Comptroller and, biennially or as frequently as they deem necessary, to audit the accounts of each officer, department, commission, board and court of the State government authorized to expend State appropriations. The Auditors are required to report unauthorized, illegal, irregular or unsafe handling or expenditure of State funds or quasi-public agency funds or any actual or contemplated breakdown in the safeguarding of any resources of the State or a quasi-public agency promptly upon discovery to the Governor, the State Comptroller, the Attorney General and appropriate legislative agencies. The Auditors may give an agency a reasonable amount of time to conduct an investigation in certain circumstances prior the Auditors reporting the matter to such officials. Each budgeted agency of the State must keep its accounts in such form and by such methods as to exhibit facts required by the State Auditors. A full-time staff assists the State Auditors. Employees of the State Auditors are included under the legislative function in **Tables A-2** and **A-3** below.

Executive Department. The Governor, Lieutenant Governor, Secretary of the State, Treasurer, Comptroller and Attorney General, whose offices are mandated by the State's Constitution, were elected at the general election in November 2022 for terms beginning in January 2023. Elections for all of these offices are held every four years. The Governor and Lieutenant Governor are elected as a unit. Elections were recently held in November 2026 at which time the current Governor, Lieutenant Governor, Secretary of the State, Treasurer, Comptroller and Attorney General were each re-elected for terms beginning January 2027.

The supreme executive power of the State is vested in the Governor. The Governor has the constitutional responsibility for ensuring that the laws are faithfully executed, giving the General Assembly information on the state of the government, and recommending to the General Assembly such measures as the Governor may deem expedient. The Governor is empowered to veto bills and line items in appropriations bills, but the General Assembly may reconsider and repass such matters upon a two-thirds vote of each house, whereupon such bills or appropriations become law. Broad appointive and investigative powers are conferred upon the Governor by statute. The Lieutenant Governor serves as President of the Senate and becomes Governor in case of the inability of the Governor to exercise the powers and perform the duties of the office.

The Treasurer is primarily responsible for receiving and disbursing all monies belonging to the State, superintending the collection of State taxes and revenues and the investment of State funds, administering certain State trust funds and managing State property. Subject to the approval of the Governor, the Treasurer is authorized, when necessary, to make temporary borrowings evidenced by State obligations. In addition, the State Bond Commission may delegate to the Treasurer the responsibility for determining the terms and conditions and carrying out the issuance of State debt.

The Secretary of the State administers elections, has custody of all public records and documents, and certifies to the Treasurer and the Comptroller the amount and purpose of each appropriation made by the General Assembly.

The Comptroller's primary duties include adjusting and settling public accounts and demands and prescribing the method of keeping and rendering all public accounts. All warrants and orders for the disbursement of public money are registered with the Comptroller. The Comptroller also has authority to require reports from State agencies upon any matter of property or finance and to inspect all records in any public office, and is responsible for examining the amount of all debts and credits of the State. The Comptroller is required to issue monthly reports on the financial condition of the State, which are prepared on a modified cash basis and are not audited.

The Attorney General has general supervision over all legal matters in which the State is an interested party except those legal matters over which prosecuting officers have discretion. The duties of the office include giving advice and, on request, rendering legal opinions to the legislative and executive departments as to questions of law. Among the Attorney General's statutory duties concerning State financial matters are membership on the State Bond Commission, the approval of all State contracts or leases and appearing before any committee of the General Assembly to represent the State's best interests when any measure affecting the State Treasury is pending.

In addition to the constitutionally mandated offices, the General Statutes provide for a number of executive branch agencies, departments and commissions, each of which generally has its own agency head appointed by the Governor, in most cases with the advice and consent of one or both houses of the General Assembly. Of these statutorily established offices, the one most directly related to the fiscal operation and condition of the State is the Office of Policy and Management. The Secretary of the Office of Policy and Management is directly responsible to the Governor for policy development in four major areas: budget and financial management, policy development and planning, management and program evaluation, and intergovernmental policy. The Office of Policy and Management has significant responsibility in preparing the State budget, in assisting the Governor in policy development and in representing the State in most collective bargaining negotiations. It is the duty of the Office of Policy and Management to prepare and furnish to the General Assembly and Comptroller financial and accounting statements relating to the State's financial condition and general accounts, and to examine and assist in the organization, management and policies of departments and institutions supported by the State in order to improve their effectiveness. The Secretary of the Office of Policy and Management, like the Comptroller, is empowered to inspect the financial records and to require reports of State agencies.

Employees of the executive department are included in **Tables A-2** and **A-3** below under all function headings except the legislative and judicial functions. A list of the major executive branch agencies, departments and commissions, by function headings, is found in **Table A-5**.

Judicial Department. The State's judicial department consists of three principal trial and appellate courts: the Superior Court, the Appellate Court, and the Supreme Court.

The Superior Court is vested with original trial court jurisdiction over all civil and criminal matters. By statute, there are 201 authorized Superior Court judges, with approximately 165 sitting judges as of February 1, 2026, each nominated by the Governor and appointed by the General Assembly to eight-year terms. There are currently 20 vacant Superior Court judge positions.

The Appellate Court hears appeals from decisions of the Superior Court except for certain matters which are directly appealable to the Supreme Court. There are nine Appellate Court judges nominated by the Governor and appointed by the General Assembly to eight-year terms.

The Connecticut Supreme Court reviews decisions of the Appellate Court and, in certain cases, of the Superior Court. Except in cases where original jurisdiction exists in the Supreme Court, there is no right of review in the Supreme Court unless specifically provided by statute. The Supreme Court consists of seven Justices (one Chief

Justice and six Associate Justices) nominated by the Governor and appointed by the General Assembly to eight-year terms.

In addition to the principal trial and appellate courts, there is a Court of Probate in each of 54 probate districts situated throughout the State.

Employees of the judicial department are shown in **Tables A-2** and **A-3** under the judicial function heading.

Quasi-Public Agencies. In addition to the budgeted components of State government provided for in the State's Constitution and the General Statutes, important State-wide governmental functions are performed by quasi-public agencies, authorities and similar bodies created under the General Statutes. A number of these entities receive significant funding from the State, although they are not budgeted agencies of the State. Each of these entities is governed by a board of directors chosen in accordance with its respective enabling statute. These boards generally include legislative appointees, gubernatorial appointees and ex-officio directors holding certain executive branch offices.

State Employees

Employment Statistics. Statistics regarding approximate filled permanent full-time positions within budgeted components of State government are shown on the following two tables.

TABLE A-2
State Employees As of April 30, 2025[a]
By Function of Government

Function Headings[b]	2021	2022	2023	2024	2025
Legislative	533	535	561	565	583
General Government	2,749	2,971	3,159	3,350	3,337
Regulation and Protection	3,757	3,740	3,710	3,844	3,909
Conservation and Development	1,398	1,354	1,335	1,479	1,567
Health and Hospitals	5,529	5,402	5,539	6,046	6,261
Transportation	4,477	4,505	4,557	4,594	4,718
Human Services	2,082	1,992	2,048	2,200	2,205
Education	16,144	16,324	15,101	17,181	17,580
Corrections	8,405	8,204	8,179	8,345	8,267
Judicial	3,965	4,060	4,154	4,218	4,260
Total	49,039	49,087	48,343	51,822	52,687

(a) Table shows count of employees by fund category and function of government. Employees working in multiple government functions are counted multiple times.
(b) A breakdown of the budgeted agencies, boards, commissions and similar bodies included in each of the listed government function headings is shown in **Table A-5**.

SOURCE: OPM

TABLE A-3
State Employees As of April 30, 2025[(a)(b)]
By Function of Government and Fund Categories

Function Headings	General Fund	Special Transportation Fund	Other Appropriated Funds	Special Funds – Non-Appropriated	Federal Funds	TOTALS
Legislative	583					583
General Government	3,022	31	27	103	154	3,337
Regulation and Protection	2,086	556	471	446	350	3,909
Conservation and Development	785	48	148	93	493	1,567
Health and Hospitals	5,740		34		487	6,261
Transportation		3,136		660	922	4,718
Human Services	1,872		5		328	2,205
Education	3,347			13,901	332	17,580
Corrections	8,175			78	14	8,267
Judicial	4,223		10	21	6	4,260
Total	**29,833**	**3,771**	**695**	**15,302**	**3,086**	**52,687**

(a) Table shows a count of paid employees by fund category. Employees working in multiple government functions or paid through multiple fund sources are counted multiple times.
(b) Reflects funding source based on Core-CT chart of accounts coding.

SOURCE: OPM

Collective Bargaining Units and Process. The General Statutes guarantee State employees, other than elected or appointed officials and certain management employees and others with access to confidential information used in collective bargaining, the right to organize and participate in collective bargaining units. There are presently 48 such bargaining units representing State employees. The General Statutes establish the general parameters of the collective bargaining process with respect to bargaining units representing State employees. At any given point in time, there are generally a number of collective bargaining units with agreements under negotiation. All collective bargaining agreements require approval of the General Assembly. The General Assembly may approve any such agreement as a whole by a majority vote of each house or may reject any such agreement as a whole by a majority vote of either house. An arbitration award may be rejected in whole by a two-thirds vote of either house of the General Assembly upon a determination that there are insufficient funds for full implementation of the award.

If an agreement is rejected, the matter shall be returned to the parties who shall initiate arbitration. The parties may submit any award issued pursuant to such arbitration to the General Assembly in the same manner as the rejected agreement. If the arbitration award is rejected by the General Assembly, the matter shall be returned again to the parties for further arbitration. Any award issued pursuant to such further arbitration shall be deemed approved by the General Assembly.

The General Statutes deny State employees the right to strike. Questions concerning employment or bargaining practices prohibited by the sections of the General Statutes governing collective bargaining with regard to State employees may generally be brought before the State Board of Labor Relations.

Information regarding employees participating in collective bargaining units and employees not covered by collective bargaining is shown in the following table:

TABLE A-4
Full-Time Work Force
Collective Bargaining Units and Those Not Covered by Collective Bargaining

Bargaining Unit/Status Group	Percentage of State Employees Represented[a]	Contract Status, if any[b]
Covered by Collective Bargaining		
Administrative and Residual (P-5)	6.57	Contract in place through 6/30/2029
Administrative Clerical (NP-3)	4.99	Contract in place through 6/30/2029
American Federation of School Administrators	0.14	Contract in place through 6/30/2029
Assistant Attorneys General (P-6)	0.38	Contract in place through 6/30/2029
Assistant Attorney General Dept. Heads (P-7)	0.03	Contract in place through 6/30/2029
Board for State Academic Awards Prof	0.15	Contract in place through 6/30/2029
Community College Administration - AFSCME	0.20	Contract in place through 6/30/2029
Community College Administration – CCCC	2.06	Contract in place through 6/30/2029
Community College AFT – Counselors/Librarians	0.02	Contract in place through 6/30/2029
Community College Faculty – AFT	0.44	Contract in place through 6/30/2029
Community College Faculty – CCCC	1.32	Contract in place through 6/30/2029
Connecticut Association of Prosecutors	0.40	Contract in place through 6/30/2029
Connecticut Innovations Inc.	0.19	Contract in place through 6/30/2029
Correctional Officers (NP-4)	8.09	Contract in place through 6/30/2029
Correctional Supervisor (NP-8)	0.94	Contract in place through 6/30/2029
Criminal Justice Inspectors	0.14	Contract in place through 6/30/2029
Criminal Justice Residual	0.26	Contract in place through 6/30/2029
DCF Program Supervisors - AFSCME	0.19	Contract in place through 6/30/2029
DPDS Asst Public Defenders	0.44	Contract in place through 6/30/2029
DPDS Supervising Attorneys - AFSCME	0.04	Contract in place through 6/30/2029
Education Administrative (P-3A)	0.45	Contract in place through 6/30/2029
Education Technical (P-3B)	1.12	Contract in place through 6/30/2029
Engineering, Scientific and Technical (P-4)	5.36	Contract in place through 6/30/2029
GEU-UAW Graduate Empl Union	0.41	Contract in place through 6/30/2029
Health Care Unit-Non-Professional (NP-6)	6.89	Contract in place through 6/30/2029
Health Care Unit-Professional (P-1)	6.51	Contract in place through 6/30/2029
Higher Education – Professional Employees	0.00	Contract in place through 6/30/2029
Judicial - Judicial Marshals	0.99	Contract in place through 6/30/2029
Judicial – Law Clerks	0.11	Contract in place through 6/30/2029
Judicial – Non-Professional	2.93	Contract in place through 6/30/2029
Judicial – Professional	2.39	Contract in place through 6/30/2029
Judicial – Professional B	0.36	Contract in place through 6/30/2029
Judicial - Supervising Judicial Marshals	0.11	Contract in place through 6/30/2029
Judicial – Professional Appellate	0.04	Contract in place through 6/30/2029
Protective Services (NP-5)	1.67	Contract in place through 6/30/2029
Service/Maintenance (NP-2)	7.07	Contract in place through 6/30/2029
Social and Human Services (P-2)	7.25	Contract in place through 6/30/2029
State Vocational Federation of Teachers	2.82	Contract in place through 6/30/2029
State Police (NP-1)	1.70	Contract in place through 6/30/2026
State Police Lieutenants and Captains (NP-9)	0.07	Contract in place through 6/30/2029
State University-Faculty	4.19	Contract in place through 6/30/2029
State University- Non-Faculty Professional	1.97	Contract in place through 6/30/2029
UCHC – Faculty	0.07	Contract in place through 6/30/2029
UCHC – Faculty AAUP	0.11	Contract in place through 6/30/2029
UCHC University Health Professionals	0.30	Contract in place through 6/30/2029
UConn – Faculty	3.89	Contract in place through 6/30/2029
UConn – Law School Faculty	0.08	Contract in place through 6/30/2029
UConn - Non-Faculty	4.22	Contract in place through 6/30/2029
UConn – UAW Postdoc	0.25	Contract in place through 6/30/2029
Total Covered by Collective Bargaining	90.28	
Not Covered by Collective Bargaining		
Auditors of Public Accounts	0.24	Not Applicable
Other Employees	9.48	Not Applicable
Total Not Covered by Collective Bargaining	9.72	
Total Full-Time Work Force	100.00	

(a) Percentage expressed reflects approximately 52,061 filled full-time positions as of September 1, 2026.
(b) The State is currently in negotiations with the collective bargaining units regarding successor contracts expiring in 2026.

SOURCE: OPM

Governmental Services

Services provided by the State or financed by State appropriations are classified under one of ten major government function headings or are classified as "non-functional". These function headings are used for the State's General Fund and for other funds of the State used to account for appropriated moneys. State agencies, boards, commissions and other bodies are each assigned to one of the function headings for budgeting purposes. The following table shows a breakdown of the government function headings according to the major agencies, boards, commissions and other bodies assigned to them.

TABLE A-5

Function of Government Headings[(a)(b)]

Conservation and Development
Department of Agriculture
Department of Energy and Environmental Protection
Department of Economic and Community Development
Department of Housing
Agricultural Experiment Station

Corrections
Department of Corrections
Department of Children and Families

Education, Libraries and Museums
Department of Education
State Library
Office of Early Childhood
University of Connecticut
University of Connecticut Health Center
Connecticut State Colleges and Universities
Office of Higher Education
Teachers' Retirement Board

General Government
Governor's Office
Lieutenant Governor's Office
Secretary of the State
Office of Governmental Accountability
State Treasurer
State Comptroller
Department of Revenue Services
Office of Policy and Management
Department of Veterans Affairs
Department of Administrative Services
Attorney General
Division of Criminal Justice

Health and Hospitals
Department of Public Health
Office of Health Strategy
Office of the Chief Medical Examiner
Department of Developmental Services
Department of Mental Health and Addiction Services
Psychiatric Security Review Board

Human Services
Department of Social Services
Department of Rehabilitation Services

Judicial
Judicial Department
Public Defender Services Commission

Legislative
Legislative Management
Auditors of Public Accounts
Commission on Women, Children Seniors, Equity and Opportunity

Regulation and Protection
Department of Emergency Services and Public Protection
Department of Motor Vehicles
Military Department
Department of Banking
Insurance Department
Office of Consumer Counsel
Office of the Health Care Advocate
Office of the Behavioral Health Advocate
Department of Consumer Protection
Department of Labor
Commission on Human Rights and Opportunities
Workers' Compensation Commission

Transportation
Department of Transportation

(a) In addition to the ten listed government function headings, the State also employs a "non-functional" heading under which are grouped various miscellaneous accounts including debt service and State employee fringe benefit accounts.
(b) Listing of agencies, boards, commissions and similar bodies is as of July 1, 2025.

SOURCE: OPM

In addition to services provided directly by the State, various State-wide and regional quasi-public agencies, authorities and similar bodies also provide services. Such entities principally assist in the financing of various types of facilities and projects. In addition to their own budgetary resources and the proceeds of their borrowings, a number of such entities have received substantial funding from the State, which the entities generally use to provide financial assistance to the general public and the private and nonprofit sectors.

Because Connecticut does not have an intermediate county level of government between State and local government, local entities provide all governmental services not provided by the State and quasi-public agencies. Such services are financed principally from property tax revenues, State funding of various types and federal funding.

Department of Emergency Services and Public Protection. The Department of Emergency Services and Public Protection (DESPP) is responsible for providing a coordinated, integrated program for the protection of life and property and for state-wide emergency management and homeland security. Through the Division of Emergency Management and Homeland Security (DEMHS), the Department is responsible for the preparation of a comprehensive civil preparedness plan and program, including integration and coordination with planning and activities of the federal government, other states, and municipalities and tribal nations within the State. The State's plans include the State Response Framework and the State Disaster Recovery Framework and the State Natural Hazard Mitigation Plan, which includes consideration of how climate change is and will continue to affect the frequency, intensity, and distribution of specific hazards. For planning purposes, the preparedness priorities for DEMHS include the following potential scenarios: (i) a severe weather event in or affecting Connecticut; (ii) a terrorist attack in or affecting Connecticut (cyber and/or physical), and (iii) a release of contamination from the Millstone Power Plant or other major chemical, biological radiological, nuclear or explosive release. Although these three events remain priority disasters, it is clear that response to a major pandemic disaster or a major incident affecting critical infrastructure can also be a priority in the State. The State responds to all disasters by following the all-hazards State Response Framework and operating the Emergency Operations Center in person and virtually. Recent disasters include historic flooding in August 2024 and the outbreak of wildfires in the Fall of 2024 during which such response was successfully implemented.

Current planning activities at the State level include multiple cyber security initiatives, including a State Cyber Security Strategy and Action Plan, Cyber Incident Response Plan, and Cyber Disruption Response Plan, which is an annex to the State Response Framework. DESPP/DEMHS also operates the State's fusion center – the Connecticut Intelligence Center (CTIC) – which is a multi-agency, multi-jurisdictional entity which collects, analyzes and disseminates intelligence information to law enforcement and other groups as appropriate. CTIC staff includes a cyber intelligence analyst and DEMHS has a cyber trainer. DESPP/CSP operates the Connecticut State Police Cyber Crimes Investigative Unit. DEMHS includes a Radiological Emergency Preparedness Unit, which, among other things, conducts regular exercises evaluated by the Federal Emergency Management Agency (FEMA). DESPP/DEMHS is also actively involved in both school security planning and the State school security grant program, as well as program management of many other grant programs, including FEMA mitigation and disaster grants and state and federal non-profit security grants. In 2025, DEMHS coordinated the creation of the first ever statewide strategy to address Targeted Violence and Terrorism Prevention (TVTP) in the State, as well as developing statutorily mandated standards for municipal TVTP strategies. The TVTP strategy involves multiple divisions at DESPP, as well as other state, local, tribal, federal and non-profit partners, and incudes planning, training, and outreach. In 2025, DEMHS also prepared a statutorily mandated mass shooting annex to the State Response Framework.

Pursuant to the Connecticut General Statutes, the DESPP Commissioner is required to file an annual report each January to the joint standing committee of the General Assembly having cognizance of matters relating to public safety, which report specifies and evaluates statewide emergency management and homeland security activities during the preceding calendar year. In April 2015, the State received accreditation for its emergency management and homeland security activities from the nationally recognized Emergency Management Accreditation Program (EMAP). DEMHS received full re-accreditation in 2020 and again in 2025. The EMAP process involves subject matter expert reviews by peers from around the country on 73 detailed and comprehensive standards.

STATE ECONOMY

Connecticut is a highly developed and urbanized state. It is situated directly between the financial centers of Boston and New York. Connecticut is located on the northeast coast and is the southernmost of the New England States. It is bordered by the Long Island Sound, New York, Massachusetts and Rhode Island. Over one quarter of the total population of the United States and more than 50% of the Canadian population live within a 500-mile radius of the State.

Economic Resources

Population Characteristics. The State's population growth rate, which exceeded the United States' rate of population growth during the period from 1940 to 1970, slowed substantially and trailed the national average markedly during the past five decades. The following table presents the population trends of Connecticut, New England, and the United States since 1940. Connecticut's population increased 2.2% from 2016 to 2025 versus an increase of 3.4% in New England and 5.4% for the nation. The mid-2025 population in Connecticut was estimated at 3.688 million, a 0.3% change from a year ago, compared to an increase of 0.4% for New England and an increase of 0.6% for the United States. From 2016 to 2025, within New England, Massachusetts (3.7%), New Hampshire (4.7%), Maine (5.0%) and Rhode Island (3.2%) all experienced population growth higher than Connecticut (2.2%).

TABLE A-6

Population
(In Thousands)

	Connecticut		New England		United States	
Calendar Year	Total	% Change	Total	% Change	Total	% Change
1940 Census	1,709		8,437		132,165	
1950 Census	2,007	17.4%	9,314	10.4%	151,326	14.5%
1960 Census	2,535	26.3	10,509	12.8	179,323	18.5
1970 Census	3,032	19.6	11,847	12.7	203,302	13.4
1980 Census	3,108	2.5	12,349	4.2	226,542	11.4
1990 Census	3,287	5.8	13,207	6.9	248,710	9.8
2000 Census	3,406	3.6	13,923	5.4	281,422	13.2
2010 Census	3,574	4.9	14,445	3.7	308,746	9.7
2020 Census	3,606	0.9	15,116	4.6	331,449	7.4
2016	3,608	(0.1)	14,937	0.4	324,860	0.8
2017	3,608	0.0	15,002	0.4	327,076	0.7
2018	3,610	0.1	15,057	0.4	328,978	0.6
2019	3,607	(0.1)	15,096	0.3	330,661	0.5
2020	3,588	(0.5)	15,075	(0.1)	331,813	0.3
2021	3,607	0.5	15,124	0.3	332,579	0.2
2022	3,621	0.4	15,186	0.4	334,599	0.6
2023	3,647	0.7	15,279	0.6	337,492	0.9
2024	3,677	0.8	15,397	0.8	340,634	0.9
2025	3,688	0.3	15,451	0.4	342,550	0.6

NOTE: 1940-2020, April 1 Census. Figures are for census comparison purposes.
2016-2025 Mid-year estimates. Estimates for New England include the sum of six states – Connecticut, Massachusetts, New Hampshire, Rhode Island, Maine and Vermont.

SOURCE: United States Census Bureau

The State is highly urbanized with a 2025 population density of 761.6 persons per square mile, as compared with 97.0 for the United States as a whole. Of the eight counties in the State, according to the U.S. Bureau of Census for the 2020 Census count, 75.5% of the population resides within Fairfield (26.6%), Hartford (25.0%), and New Haven (24.0%) counties.

Education. In 2024 Connecticut ranked 7th in the nation with 42.6% of the State population over the age of 25 holding a bachelor's degree or higher.

Connecticut is home to over 45 colleges and universities, including, among others: Yale University, Wesleyan University, Trinity College, Connecticut College, University of Connecticut, Southern Connecticut State University, Central Connecticut State University, Eastern Connecticut State University, Western Connecticut State University, Fairfield University, Quinnipiac University, Hartford Seminary, Coast Guard Academy, University of New Haven, University of Hartford, and Sacred Heart University.

Industry Landscape. Connecticut is home to some of the country's leading companies, including, but not limited to the following 15 members of the 2025 Fortune 500: Cigna, Charter Communications, Philip Morris International, Hartford Financial Services, Synchrony Financial, XPO Logistics, Booking Holdings, Stanley Black & Decker, Amphenol, EMCOR Group, United Rentals, Otis Worldwide Corporation, GXO Logistics, W.R. Berkley, and Interactive Brokers Group. The historical presence of the insurance industry in the State, and especially in its capital city of Hartford, has caused it to be referred to as the "insurance capital of the world".

Transportation. Connecticut has an extensive network of expressways and major arterial highways which provide easy access to local and regional markets. Connecticut is home to Bradley International Airport ("Bradley") in Windsor Locks, which is accessible from all areas of the State and western Massachusetts via the highway network and public transportation system. In 2025, Bradley handled approximately 170 commercial flights every day to over 40 non-stop destinations and was served by virtually all major passenger and cargo air carriers. Bradley served nearly 6.7 million passengers in 2025, which represented a slight increase over 2024 passenger levels.

The Connecticut Department of Transportation funds and oversees the operation of rail, bus, paratransit and ferry services throughout the State. In 2025, the New Haven Line (including the Waterbury, Danbury and New Canaan branch lines), Shore Line East, and Hartford Line served approximately 34.9 million passengers and statewide bus and paratransit services served approximately 33.8 million passengers. The overall bus transit program includes State-funded CT*transit* bus services in 8 urbanized areas and CT*fastrak* bus rapid transit services in the greater Hartford area, as well as urban and rural transit and paratransit services provided by 12 independent, locally-governed and operated transit districts. The State also operates two historic passenger and vehicular ferries, linking communities on the Connecticut River.

Railroad freight service is provided to most major towns and cities in the State, and connections are provided with major eastern railroads, as well as direct access to Canadian markets. Positioned between the ports of New York and Boston, with access to European and South American markets, the State's deep draft harbors at Bridgeport, New Haven, and New London offer similar direct access to international markets and U.S. ports.

Utility Services. The power grid that supplies electricity to the entire State is owned and operated by both private and municipal electric companies. Transmission lines connect Connecticut with New York, Massachusetts and Rhode Island. These interconnections allow the companies serving Connecticut to meet large or unexpected electric load requirements from resources located outside of Connecticut's boundaries. All electric utilities in the State are members of the New England Power Pool and operate as part of the regional bulk power system, run by the independent system operator and regional transmission organization, ISO New England, Inc.

Investor-owned electric distribution companies in Connecticut (Eversource Energy and The United Illuminating Company) deliver electricity to consumers through the infrastructure they own and operate and are regulated by the Public Utilities Regulatory Authority ("PURA"). Consumers of these companies can choose an independent

electric supplier as their provider of electricity. Consumers that do not choose an independent electric supplier will automatically be placed on the distribution company's standard service for their electricity supply. Electric suppliers are not subject to rate regulation by PURA, but must receive a license issued by PURA before commencing service to consumers. In general, Connecticut consumers located in a municipally owned electric service territory can continue to purchase and receive their electrical needs from the municipal electric company.

Legislation enacted in 2011 merged PURA under a new Department of Energy and Environmental Protection ("DEEP") structure. Effective October 1, 2025, PURA is now within DEEP for administrative purposes only, and it continues its mandates to ensure safe, reliable, and affordable utility service. Additionally, PURA also supports policy goals articulated in DEEP's Integrated Resource Plan and Comprehensive Energy Strategy. These include a focus on clean energy, creating jobs and building a state energy economy. PURA is the successor to the former Department of Public Utility Control.

The electric distribution companies work with PURA and the Office of Consumer Counsel staff to procure electric generation services and related wholesale electricity market products on behalf of customers. This offering is known as standard service, or last resort service in the case of large commercial and industrial customers. The statutory principles guiding these procurements are to reduce the average cost of standard service while maintaining cost volatility within reasonable levels that do not deviate overtly from the wholesale market. In 2025, the legislature directed PURA to update the procurement plan to incorporate wholesale market purchases in a way that balances risk and ratepayer benefits.

The 2011 legislation also created a quasi-public authority, the Connecticut Green Bank to administer the Clean Energy Fund which is partially funded by a charge on consumer's electric bills and an Environmental Infrastructure Fund. Subsequently, Green Bank's scope was expanded to include financing of more types of clean energy sources and environmental infrastructure projects.

Natural gas is delivered to Connecticut through pipelines that traverse the State. Natural gas pipeline supplies are generally shipped to Connecticut from Pennsylvania, Canada and the Gulf of Mexico area. Connecticut also receives natural gas through the interstate pipelines from a terminal located in Boston, Massachusetts which is supplied by tanker ships. Natural gas service is provided to parts of the State through one municipal and three private gas distribution companies, including Eversource Energy, Connecticut Natural Gas Corporation, and Southern Connecticut Gas Company. UIL Holdings Corp., an Orange, Connecticut-based utility holding company, acquired both Connecticut Natural Gas and Southern Connecticut Gas and is the parent company of The United Illuminating Company, the electric distribution company.

Since 1996, PURA has allowed some competitive market forces to enter the natural gas industry in Connecticut. Commercial and industrial gas consumers can choose non-regulated suppliers for their natural gas requirements. The gas is delivered to the consumer using the local distribution company's mains and pipelines. This competitive market is not currently available to the residential consumer.

In addition to the electricity supply market and supply of natural gas, telecommunications services are also largely competitive in Connecticut. Local exchange telephone service is provided in the State by incumbent local exchange carriers (ILECs) and competitive local exchange carriers (CLECs). One ILEC currently offers local telephone services in Connecticut - Verizon New York, Inc. Connecticut also has over 100 CLECs certified to provide local exchange services including Comcast Phone of Connecticut, Inc., Cox Connecticut Telecommunication, LLC and Connecticut Telephone and Communications Systems, Inc.

Connecticut is dependent upon oil, including imported oil, for a portion of its energy requirements. This dependence is greatest in the transportation sector. Connecticut also relies on heating oils in both the residential and commercial sectors and is reliant on residual oils and diesel fuels for the production of electricity, particularly during cold periods. This petroleum dependence can make Connecticut particularly affected by developments in the oil commodity markets. Events that affect the international or domestic production of oil, the domestic and

international refining capabilities, or the transportation of petroleum products within the United States or into the New England region can affect Connecticut's local oil markets.

Although Connecticut is heavily dependent upon petroleum, the State is ranked one of the most efficient states for energy consumption. According to the most recent available data from the Energy Information Administration, an independent agency within the U.S. Department of Energy that collects and analyzes energy data, Connecticut consumed 2.40 thousand British Thermal Units (BTU) per 2017 chained dollar of Gross State Product in 2023, the latest available data, ranking it the 6th most efficient state among the 50 states plus the District of Columbia and 41.8% less than the national average of 4.13 thousand BTUs. When compared to the national per person average, Connecticut residents use a moderate amount of energy. Connecticut consumed 189.1 million BTU's of energy per person in 2023, ranking it 45th among the 50 states plus the District of Columbia and 31.9% less than the national average of 277.8 million BTU per capita.

The State's water is an essential natural resource that must be carefully maintained and distributed in order to ensure long-term, safe, available, and affordable water service. Within the State boundaries are over 6,000 miles of rivers and streams, at least 2,000 lakes and reservoirs, and groundwater resources that supply Connecticut residents with water. These public water systems and resources are jointly regulated by PURA, DEEP, and the Department of Public Health ("DPH"). DEEP is responsible for administering the Aquifer Protection Area Program, establishing land use regulations and standards, and monitoring, assessing, and reporting water quality. DPH oversees the safe and adequate supply of drinking water for the State's population by regulating the purity of all public water systems, while PURA regulates the costs, rates, infrastructure, conservation mechanisms and business operations of Connecticut's investor-owned water utilities.

Economic Performance

Personal Income. Connecticut has a high level of personal income. Historically, the State's average per capita income has been among the highest in the nation. The high per capita income is due to the State's concentration of relatively high paying manufacturing jobs along with a higher portion of residents working in the non-manufacturing sector in such areas as finance, insurance, and real estate, as well as educational services. A concentration of major corporate headquarters located within the State also contributes to the high level of income. In calendar year 2024, per capita personal income in Connecticut equaled $95,067, the highest of any state in the nation with Massachusetts trailing at $93,520. This high level of personal income is not concentrated in a single county, but is widely distributed throughout the State. County-level data from the United States Department of Commerce, Bureau of Economic Analysis for calendar year 2023 indicates that if they were states, four of the State's eight counties would each rank within the top ten of all states in the nation for state per capita personal income. The following table shows total and per capita personal income for Connecticut residents during the period from 2015 to 2024 and compares Connecticut per capita personal income as a percentage of both New England and the United States.

TABLE A-7

Connecticut Personal Income by Place of Residence

Calendar Year	Connecticut		Connecticut Per Capita as Percent of	
	Total (Millions of Dollars)	Per Capita (Dollars)	New England	United States
2015	239,185	66,233	112.7	138.0
2016	243,699	67,546	112.1	138.1
2017	249,451	69,134	110.8	135.7
2018	260,582	72,179	110.7	135.5
2019	267,564	74,179	109.1	133.6
2020	275,030	76,661	106.3	129.6
2021	296,291	82,133	105.4	127.1
2022	309,011	85,336	106.9	128.9
2023	328,730	90,134	107.1	129.0
2024	349,377	95,067	107.9	129.9

SOURCE: United States Department of Commerce, Bureau of Economic Analysis

The following table indicates the annual growth rate of personal income, on a current and constant dollar basis, for Connecticut, New England and the United States.

TABLE A-8

Annual Growth Rates in Personal Income By Place of Residence

Calendar Year	Connecticut (Current)	New England (Current)	U.S. (Current)	Connecticut (Constant)	New England (Constant)	U.S. (Constant)
2015	2.6	4.8	4.7	1.9	3.7	4.5
2016	1.9	3.0	2.7	1.0	0.4	1.6
2017	2.4	4.0	4.9	0.9	2.5	3.1
2018	4.5	4.8	5.2	5.4	3.7	3.1
2019	2.7	4.6	4.8	1.3	3.3	3.3
2020	2.8	5.9	6.9	0.6	3.2	5.7
2021	7.7	8.4	9.5	5.8	6.3	5.2
2022	4.3	2.9	3.0	(5.3)	(6.3)	(3.3)
2023	6.4	6.1	6.5	5.0	4.3	2.6
2024	6.3	5.5	5.6	4.4	3.6	2.9

Note — Real dollars are adjusted for inflation using the national personal consumption expenditures price index and regional price parities.

SOURCE: United States Department of Commerce, Bureau of Economic Analysis

The following table indicates the sources of personal income by place of residence for Connecticut and the United States in 2024.

TABLE A-9

Sources of Personal Income By Place of Residence
Calendar Year 2024

	Connecticut[a]	Percent of Total	U.S.[a]	Percent of Total
Wages in Non-manufacturing	159.8	45.7	11,280.8	45.3
Property Income (Div., Rents & Int.)	78.4	22.4	5,223.4	21.0
Wages in Manufacturing	18.4	5.3	1,107.1	4.4
Transfer Payments less Social Insurance Paid	23.5	6.7	2,632.2	10.6
Other Labor Income	36.7	10.5	2,639.3	10.6
Proprietor's Income	32.7	9.4	2,023.1	8.1
Personal Income — Total	349.4	100.0	24,905.9	100.0

(a) In billions of dollars.

Note - Columns may not add due to rounding.
SOURCE: United States Department of Commerce, Bureau of Economic Analysis

Gross State Product. The State's and the region's economic vitality are evidenced in the rate of growth of their respective Gross State Products. The State's Gross State Product is the current market value of all final goods and services produced by labor and property located within the State.

In 2024, the State produced $356.8 billion worth of goods and services and $286.2 billion worth of goods and services in 2017 chained dollars.

The following table shows the Gross State Product in current dollars for Connecticut, New England, and the United States.

TABLE A-10

Gross State Product

	Connecticut		New England[a]		United States[b]	
Calendar Year	$[c]	Percent Growth	$[c]	Percent Growth	$[c]	Percent Growth
2015	260,648.6	5.5	982,313.5	5.4	18,295,019.0	3.9
2016	264,760.4	1.6	1,009,275.1	2.7	18,804,913.3	2.8
2017	273,875.1	3.4	1,039,545.6	3.0	19,612,102.5	4.3
2018	280,535.4	2.4	1,083,763.3	4.3	20,656,515.5	5.3
2019	286,451.9	2.1	1,129,673.3	4.2	21,539,981.5	4.3
2020	278,747.9	(2.7)	1,129,507.9	0.0	21,375,281.5	(0.8)
2021	297,366.0	6.7	1,230,866.4	9.0	23,725,645.5	11.0
2022	321,625.2	8.2	1,324,272.9	7.6	26,054,614.3	9.8
2023	341,851.8	6.3	1,408,136.0	6.3	27,811,517.0	6.7
2024	356,835.0	4.4	1,480,526.4	5.1	29,298,012.8	5.3

(a) Sum of the New England States' Gross State Products.
(b) Denotes the Gross Domestic Product, which is the total market value of all final goods and services produced in the U.S.
(c) In millions.

SOURCE: United States Department of Commerce, Bureau of Economic Analysis

The following table shows the Gross State Product in 2017 chained dollars.

TABLE A-11

Gross State Product

Calendar Year	Connecticut $[a]	Connecticut Percent Growth	New England $[a]	New England Percent Growth	United States $[a]	United States Percent Growth
2015	268,869.8	3.2	1,013,576.4	3.1	18,799,622.0	2.9
2016	268,196.2	(0.3)	1,023,573.5	1.0	19,141,672.3	1.8
2017	273,875.1	2.1	1,039,545.4	1.6	19,612,102.5	2.5
2018	274,582.8	0.3	1,062,486.4	2.2	20,193,895.3	3.0
2019	275,225.4	0.2	1,086,241.8	2.2	20,715,671.5	2.6
2020	261,737.1	(4.9)	1,063,980.4	(2.0)	20,284,500.0	(2.1)
2021	270,779.8	3.5	1,124,034.4	5.6	21,532,407.0	6.2
2022	279,348.5	3.2	1,147,720.9	2.1	22,075,931.3	2.5
2023	283,228.5	1.4	1,164,658.9	1.5	22,723,718.8	2.9
2024	286,160.1	1.0	1,187,381.5	2.0	23,358,434.8	2.8

(a) In millions of 2017 chained dollars which are calculated as the product of the chain-type quantity index and the 2017 current-dollar value of the corresponding series, divided by 100. Figures for the United States represent Gross Domestic Product.

SOURCE: United States Department of Commerce, Bureau of Economic Analysis

The table below shows the contribution to Connecticut's Gross State Product of the manufacturing and non-manufacturing sectors in the State's economy. The table shows that in 2024 Connecticut's production was concentrated in four areas: finance, insurance and real estate (FIRE), services, manufacturing and government. Production in these four industries accounted for 76.3% of total production in Connecticut in 2024 compared to 70.6% for the nation in 2024.

The output contribution of manufacturing, however, has remained relatively flat as the contributions of services has been increasing. The share of production from the manufacturing sector was 10.4% in 2017 compared to 11.7% in 2024. Historically, the share of production from the manufacturing sector was declining, however, that trend ended as defense-related production has been stable to increasing. The broadly defined services in the private sector, which excludes industries in agriculture and construction, wholesale and retail trades, but includes industries in information, professional and technical services, health care and education, FIRE, and other services, have decreased slightly to 60.7% of the total GSP in 2024 from 62.3% in 2017. A stable service sector may help smooth the business cycle, reducing the span and depth of recessions and prolonging the length of expansions. Normally, activities in service sectors relative to manufacturing are less susceptible to pent-up demand, less subject to inventory-induced swings, less intensive in capital requirements, and somewhat less vulnerable to foreign competition. Therefore, this shift to the service sectors may serve to smooth output fluctuations.

TABLE A-12
Gross State Product by Industry in Connecticut[a]

Calendar Year	2017	2018	2019	2020	2021	2022	2023	2024
Sector								
Manufacturing	28,374	31,694	33,958	32,643	35,949	37,522	40,568	41,607
Construction[b]	7,705	7,873	8,244	8,117	8,340	9,160	10,125	10,793
Agriculture[c]	397	363	353	316	394	532	436	391
Utilities[d]	9,921	10,122	10,261	9,755	11,534	12,513	13,263	13,749
Wholesale Trade	14,667	14,715	14,873	14,894	15,993	18,280	18,900	19,532
Retail Trade	14,634	15,233	15,510	15,638	17,945	19,050	21,077	21,717
Information	14,114	14,661	16,301	15,677	16,794	17,272	18,260	18,443
Finance[e]	81,940	81,390	79,661	79,888	79,231	86,547	89,537	93,494
Services[f]	74,528	76,854	79,916	74,194	82,939	91,188	98,490	104,700
Government	27,594	27,629	27,375	27,627	28,248	29,560	31,195	32,408
Total GSP	273,875	280,535	286,452	278,748	297,366	321,625	341,852	356,835

Note—Columns may not add due to rounding.
(a) In millions of dollars.
(b) Includes mining.
(c) Includes forestry and fisheries.
(d) Includes transportation, communications, electric, gas, and sanitary services.
(e) Includes finance, insurance and real estate.
(f) Covers a variety of activities, including professional, business, education, health care and personal services.

SOURCE: United States Department of Commerce, Bureau of Economic Analysis

Employment

Non-agricultural employment includes all persons employed except federal military personnel, the self-employed, proprietors, unpaid workers, and farm and household domestic workers. The following table compares non-agricultural establishment employment for Connecticut, New England, and the United States between 2015 and 2024. Connecticut's nonagricultural employment reached a high in March 2008 of 1,720,900 persons employed, but began declining with the onset of the 2008 recession falling to 1,601,000 jobs by January 2010. After the 2008 recession, employment reached a peak of 1,701,700 jobs in January 2020 before the onset of the COVID-19 pandemic-related recession. Employment then fell 102,200 jobs to 1,599,500 jobs in April 2020. In January 2024, the State had regained all of the jobs that were lost as a result of the pandemic, reaching a new employment level high since January 2020. As of September 2025, the State stands at 1,714,100 jobs, approximately 12,400 jobs above the January 2020 levels.

TABLE A-13

Non-agricultural Employment[a]

Calendar Year	Connecticut Employment[b]	Connecticut Percent Growth	New England Employment[b]	New England Percent Growth	United States Employment[b]	United States Percent Growth
2015	1,686.8	0.8	7,253.5	1.5	141,801.3	2.1
2016	1,692.5	0.3	7,351.6	1.4	144,332.4	1.8
2017	1,696.2	0.2	7,421.5	0.9	146,610.5	1.6
2018	1,699.1	0.2	7,480.2	0.8	148,893.7	1.6
2019	1,696.0	(0.2)	7,548.5	0.9	150,905.6	1.4
2020	1,570.5	(7.4)	6,957.5	(7.8)	142,161.4	(5.8)
2021	1,616.8	2.9	7,208.4	3.6	146,277.1	2.9
2022	1,668.4	3.2	7,466.3	3.6	152,535.8	4.3
2023	1,694.8	1.6	7,576.1	1.5	155,879.1	2.2
2024	1,708.7	0.8	7,615.5	0.5	157,960.4	1.3

(a) Non-agricultural employment excludes agricultural workers, proprietors, self-employed individuals, domestic workers, family workers and members of the armed forces.
(b) In thousands.

SOURCE: United States Department of Labor, Bureau of Labor Statistics

In an effort to provide a broader employment picture, the following table, based on residential employment, was developed. Total residential employment is estimated based on household surveys which include individuals excluded from establishment employment figures such as self-employed and workers in the agricultural sector. By this measure, residential employment in 2024 increased by approximately 29,800 jobs. The level of establishment employment based on the survey response increased by approximately 13,900 jobs in 2024. Both measurements were significantly impacted by COVID.

TABLE A-13a

Connecticut Survey Employment Comparisons[a]

Calendar Year	Establishment Employment	Percent Growth	Residential Employment	Percent Growth
2015	1,686.8	0.8	1,796.6	1.3
2016	1,692.5	0.3	1,814.0	1.0
2017	1,696.2	0.2	1,833.5	1.1
2018	1,699.1	0.2	1,845.1	0.6
2019	1,696.0	(0.2)	1,864.6	1.1
2020	1,570.5	(7.4)	1,727.5	(7.4)
2021	1,616.8	2.9	1,731.2	0.2
2022	1,668.4	3.2	1,847.8	6.7
2023	1,694.8	1.6	1,852.1	0.2
2024	1,708.7	0.8	1,881.9	1.6

(a) In thousands

SOURCE: United States Department of Labor, Bureau of Labor Statistics

Composition of Employment. The following table shows the distribution of non-agricultural employment in Connecticut and the United States in 2024. The table shows that Connecticut has a larger share of employment in services, manufacturing, and finance than the nation as a whole.

TABLE A-14

Connecticut Non-agricultural Employment
Calendar Year 2024

	Connecticut		United States	
	Total[a]	Percent	Total[a]	Percent
Services[b]	806.9	47.2	72,522.2	45.9
Trade[c]	298.9	17.5	28,919.6	18.3
Manufacturing	156.0	9.1	12,817.7	8.1
Government	235.2	13.8	23,375.8	14.8
Finance[d]	117.9	6.9	9,169.8	5.8
Information[e]	30.8	1.8	2,944.4	1.9
Construction[f]	63.1	3.7	8,211.0	5.2
Total[g]	1,708.7	100.0	157,960.4	100.0

(a) In thousands.
(b) Covers a considerable variety of activities, including professional, business, education, health care and personal services.
(c) Includes wholesale and retail trade, transportation, and utilities.
(d) Includes finance, insurance, and real estate.
(e) Includes publishing, broadcasting, telecommunications, internet providers, and data processing.
(f) Includes natural resources and mining.
(g) Totals may not equal sum of individual categories due to rounding and seasonal statistical data adjustments.

SOURCE: United States Department of Labor, Bureau of Labor Statistics

Recent trends in the State's non-agricultural employment are reflected in the following table. Throughout the last five decades, while manufacturing employment in Connecticut has been steadily declining, employment in the services industries has surged. In calendar year 2024, approximately 90.9% of the State's workforce was employed in non-manufacturing jobs, up from roughly 50% in the early 1950s.

TABLE A-15

Connecticut Non-agricultural Employment[a]

Calendar Year	Manufacturing	Trade[b]	Services[c]	Government	Finance[d]	Information[e]	Construction[f]	Total Non-agricultural Employment[g]
2015	156.9	296.4	769.2	243.7	130.1	32.5	57.9	1,686.8
2016	156.5	297.3	776.7	241.0	129.5	32.4	59.1	1,692.5
2017	158.7	296.9	784.4	238.5	127.8	31.6	58.3	1,696.2
2018	160.7	296.4	789.7	236.4	125.4	31.7	58.8	1,699.1
2019	161.9	292.5	790.5	236.1	123.7	31.6	59.7	1,696.0
2020	153.9	277.6	708.1	224.6	120.1	29.3	57.0	1,570.5
2021	153.0	290.6	741.5	224.1	118.0	30.1	59.5	1,616.8
2022	157.1	298.1	774.9	227.4	118.6	31.3	61.1	1,668.4
2023	157.8	298.7	794.2	232.6	118.3	31.3	62.0	1,694.8
2024	156.0	298.9	806.9	235.2	117.9	30.8	63.1	1,708.7

(a) Annual averages in thousands.
(b) Includes wholesale and retail trade, transportation, and utilities.
(c) Covers a considerable variety of activities, including professional, business, education, health care and personal services.
(d) Includes finance, insurance, and real estate.
(e) Includes publishing, broadcasting, telecommunications, internet providers, and data processing.
(f) Includes natural resources and mining.
(g) Totals may not equal sum of individual categories due to rounding and seasonal statistical adjustments.

SOURCE: United States Department of Labor, Bureau of Labor Statistics, Connecticut Labor Department

Manufacturing

The manufacturing industry, despite its continuing downward employment trend over the past five decades, has traditionally served as an economic base industry and has been of prime economic importance to Connecticut. Based on the number of jobs derived from this sector, Connecticut ranked 22nd in the nation for manufacturing employment as a percentage of total employment in calendar year 2024. The following table provides a ten-year historical picture of manufacturing employment in Connecticut, the New England region, and the United States. This downward movement in manufacturing employment levels is also reflected in the New England region and the nation. The transformation in the State's manufacturing base confirms that the State's employment share in the manufacturing sector is converging to the national average. In calendar year 2024 approximately 9.1% of the State's workforce, versus 8.1% for the nation, was employed in the manufacturing sector.

TABLE A-16

Manufacturing Employment

Calendar Year	Connecticut Number[(a)]	Connecticut Percent Growth	New England Number[(a)]	New England Percent Growth	United States Number[(a)]	United States Percent Growth
2015	156.9	(0.2)	592.9	0.1	12,307.8	1.2
2016	156.5	(0.3)	588.8	(0.7)	12,323.5	0.1
2017	158.7	1.4	590.9	0.4	12,406.4	0.7
2018	160.7	1.2	596.0	0.9	12,652.9	2.0
2019	161.9	0.7	600.9	0.8	12,778.8	1.0
2020	153.9	(4.9)	567.3	(5.6)	12,125.0	(5.1)
2021	153.0	(0.6)	575.8	1.5	12,311.8	1.5
2022	157.1	2.7	590.0	2.5	12,768.2	3.7
2023	157.8	0.4	587.7	(0.4)	12,872.8	0.8
2024	156.0	(1.1)	575.4	(2.1)	12,817.7	(0.4)

(a) In thousands.

SOURCE: United States Department of Labor, Bureau of Labor Statistics, Connecticut State Labor Department

Connecticut has a diverse manufacturing sector, with the construction of transportation equipment (primarily aircraft engines and submarines) being the dominant industry. The State is also a leading producer of military and civilian helicopters. Employment in the transportation equipment sector is followed by fabricated metals, machinery, and computer and electronics for the total number employed in 2024.

TABLE A-17

Manufacturing Employment By Industry[(a)]

Calendar Year	Transportation Equipment	Fabricated Metals	Computer & Electronics	Machinery	Other[(b)]	Total Manufacturing Employment[(c)]
2015	40.7	29.2	12.3	14.1	60.6	156.9
2016	41.7	29.2	11.6	13.6	60.4	156.5
2017	44.0	29.4	11.2	13.3	60.8	158.7
2018	45.6	29.8	10.9	13.1	61.3	160.7
2019	47.0	29.8	10.9	13.2	61.1	161.9
2020	45.9	27.8	10.3	12.9	57.0	153.9
2021	44.7	27.6	10.1	12.9	57.7	153.0
2022	45.3	28.0	10.4	13.5	59.9	157.1
2023	46.7	27.4	10.3	13.7	59.6	157.8
2024	47.6	26.9	10.1	13.2	58.3	156.0

(a) In thousands.
(b) Includes other industries such as wood products, furniture, glass/stone, primary metals, and instruments in the durable sector, as well as all industries such as chemicals, paper, and plastics in the nondurable sector.
(c) Totals may not equal sum of individual categories due to rounding and seasonal statistical adjustments.

SOURCE: United States Department of Labor, Bureau of Labor Statistics

During the past ten years, Connecticut's manufacturing employment was at its highest in 2019 at just under 162,000 workers. Over the last ten years, employment in manufacturing has remained relatively stable with the exception of 2020 and 2021 levels which were influenced by the pandemic induced recession. Total manufacturing jobs in Connecticut in 2024 decreased by approximately 1,800 jobs or 1.1% over 2023 levels to 156,020 jobs. Connecticut experienced the largest increase in manufacturing jobs in the State since before 2000 in 2022, registering growth of 2.7% or an additional 4,100 jobs over 2021 levels. However, manufacturing jobs in the State remain approximately 3.6% below levels attained before the pandemic in 2019.

Exports. In Connecticut, the export sector of manufacturing is an important component of the overall economy. According to figures published by the United States Census Bureau Foreign Trade Division, compiled by the World Institute for Strategic Economic Research, exports of manufacturing products registered at $17.4 billion in 2024, accounting for 4.9% of Gross State Product. From 2020 to 2024, the State's export of goods increased at a compound annual rate of 5.9% compared to 6.4% growth for the Gross State Product. The following table shows the growth in exports of manufacturing products.

TABLE A-18

Exports Originating in Connecticut

	Calendar Year					Percent of 2024	Compound Annual Growth Rate
	2020	2021	2022	2023	2024	Total	2020-2024
A. Manufacturing Products							
Paper	124.9	161.0	196.8	171.9	169.8	1.0%	8.0%
Chemicals	1,303.3	1,350.7	1,268.9	986.5	1,066.3	6.1%	(4.9%)
Plastics and Rubber	256.8	290.8	343.5	333.9	349.3	2.0%	8.0%
Primary Metal	211.7	318.4	286.9	302.5	363.9	2.1%	14.5%
Fabricated Metal	888.5	870.1	941.9	1,024.7	1,103.8	6.3%	5.6%
Machinery, exc. Elec.	2,134.6	2,221.2	2,703.3	3,188.0	3,341.9	19.2%	11.9%
Comp. & Electronic	1,032.5	1,128.6	1,158.2	1,202.3	1,257.6	7.2%	5.1%
Electrical Equipment	946.5	979.1	914.3	1,044.5	1,172.9	6.7%	5.5%
Transportation Equip.	4,883.3	5,130.0	5,236.4	5,464.4	6,195.1	35.6%	6.1%
Misc. MFG	426.9	504.1	483.7	477.9	503.6	2.9%	4.2%
Other	1,618.1	1,594.4	1,823.3	1,755.4	1,894.6	10.9%	4.0%
Total	13,827.2	14,548.4	15,357.3	15,952.0	17,418.9	100.0%	5.9%
Percent Growth	-14.8%	5.2%	5.6%	3.9%	9.2%		
B. Gross State Product[(a)]	278,747.9	297,366.0	321,625.2	341,851.8	356,835.0		6.4%
Mfg Exports as a % of GSP	5.0%	4.9%	4.8%	4.7%	4.9%		5.0%

(a) In millions of dollars.

SOURCE: United States Census Bureau Foreign Trade Division
World Institute for Strategic Economic Research

Defense Industry. One important component of the manufacturing sector in Connecticut is the defense industry. Approximately one quarter of the State's manufacturing employees are employed in defense related business. Nonetheless, this sector's significance in the State's economy has declined considerably since the early 1980s. Connecticut had witnessed a marked reduction in the amount of federal spending earmarked for defense related industries in the State; however, these amounts have been climbing most years since Federal Fiscal Year 2002. In Federal Fiscal Year 2024 Connecticut received $16.1 billion of prime contract awards. These total awards accounted for 5.2% of national total awards and ranked 5th in total defense dollars awarded and 1st in per capita

dollars awarded among the 50 states. In Federal Fiscal Year 2024, Connecticut had $4,378 in per capita defense awards, compared to the national average of $913. As measured by a three-year moving average of defense contract awards as a percent of Gross State Product, awards to Connecticut-based firms were 4.4% of Gross State Product in Fiscal Year 2024.

Connecticut is a leading producer of aircraft engines and parts, submarines, and helicopters. The largest employers in these industries are Raytheon Technologies Corporation, including its Pratt and Whitney Aircraft Division with headquarters in East Hartford, Lockheed Martin with its Sikorsky Division in Stratford, and General Dynamics Corporation's Electric Boat Division in Groton.

The following table provides a historical perspective of defense contract awards for the past ten fiscal years. Defense contracts are awarded in their entirety and multi-year awards are credited in the year they are awarded, thus giving rise to some of the fluctuation.

TABLE A-19

Defense Contract Awards

Federal Fiscal Year	Connecticut Total Contract Award (Millions)	Connecticut Rank Among States Total Awards	Percent Change from Prior Year	
			Connecticut	U.S.
2015	$12,147	5th	(8.0)	(2.8)
2016	14,132	4th	16.3	10.1
2017	11,647	7th	(17.6)	7.7
2018	14,696	6th	26.2	11.8
2019	18,358	5th	24.9	7.1
2020	22,356	4th	21.8	11.1
2021	16,966	4th	(24.1)	(30.1)
2022	17,262	5th	1.7	12.5
2023	18,190	4th	5.4	(11.7)
2024	16,071	5th	(11.7)	11.6

SOURCE: United States Department of Defense

***Non-manufacturing*.** The non-manufacturing sector is comprised of industries that primarily provide services. Services differ significantly from manufactured goods in that the output is generally intangible, it is produced and consumed concurrently, and it cannot be inventoried. Consumer demand for services is not as postponable as the purchase of goods, making the flow of demand for services more stable. An economy will therefore generally become more stable as it becomes more service oriented. Over the past several decades the non-manufacturing sector of the State's economy has risen in economic importance, from just over 50% of total State employment in 1950 to approximately 90.2% by 2024. This trend has diluted the State's dependence on manufacturing. From 2015 to 2024, Connecticut gained 21,900 jobs in non-agricultural employment. During this period total non-manufacturing jobs increased by 22,800, while manufacturing jobs decreased by 900 jobs.

The table below provides a ten year profile of non-manufacturing employment in Connecticut, New England and the United States.

TABLE A-20

Non-manufacturing Employment
(In Thousands)

Calendar Year	Connecticut Number[a]	Connecticut Percent Growth	New England Number[a]	New England Percent Growth	United States Number[a]	United States Percent Growth
2015	1,529.9	0.9	6,660.6	1.6	129,493.6	2.2
2016	1,536.0	0.4	6,762.8	1.5	132,008.7	1.9
2017	1,537.5	0.1	6,830.5	1.0	134,204.1	1.7
2018	1,538.4	0.1	6,884.1	0.8	136,240.8	1.5
2019	1,534.1	(0.3)	6,947.6	0.9	138,126.8	1.4
2020	1,416.5	(7.7)	6,390.2	(8.0)	130,036.4	(5.9)
2021	1,463.7	3.3	6,632.6	3.8	133,965.3	3.0
2022	1,511.4	3.3	6,876.2	3.7	139,767.7	4.3
2023	1,537.0	1.7	6,988.4	1.6	143,006.3	2.3
2024	1,552.7	1.0	7,040.1	0.7	145,142.8	1.5

SOURCE: United States Department of Labor, Bureau of Labor Statistics Connecticut State Labor Department

Services, as well as finance, insurance, and real estate (FIRE), collectively comprise approximately 59.5% of the State's employment in the non-manufacturing sector. Connecticut non-manufacturing employment for 2015, 2023 and 2024 is shown in the table below. Total non-manufacturing employment has been broken down by industry. Percent changes over the year and over the decade are also provided. Between 2015 and 2024, employment in the non-manufacturing sector grew by 22,800 workers driven primarily by the growth in services offset somewhat by a decline in FIRE, State and Local Government, and Information-related employment.

TABLE A-21

Connecticut Non-manufacturing Employment By Industry

Industry	Calendar Year 2015[a]	Calendar Year 2023[a]	Calendar Year 2024[a]	Percent Change 2023-2024	Percent Change 2015-2024
Construction[b]	58.5	62.5	63.6	1.7	8.7
Information	32.5	31.3	30.8	(1.8)	(5.5)
Trade[c]	296.4	298.7	298.9	0.1	0.8
Finance, Insurance & Real Estate	130.1	118.3	117.9	(0.3)	(9.4)
Services[d]	768.7	793.7	806.4	1.6	4.9
Federal Government	17.7	18.6	18.5	(0.4)	4.7
State and Local Government	226.0	214.0	216.7	1.3	(4.1)
Total Non-manufacturing Employment[e]	1,529.9	1,537.0	1,552.7	1.0	1.5

(a) In thousands.
(b) Includes natural resources and mining.
(c) Includes wholesale & retail trade, transportation, and utilities.
(d) Covers a considerable variety of activities, including professional, business, education, health care and personal services.
(e) Totals may not agree with detail due to rounding and seasonal statistical data adjustments.

SOURCE: Connecticut State Labor Department

Retail Trade. Personal spending on goods and services generally accounts for over two-thirds of the Gross Domestic Product. Approximately half of personal spending is generally done through retail stores. At the State level, retail trade therefore constitutes approximately one third of the State's economic activity, measured by Gross State Product. During the last decade, variations in retail trade closely matched variations in Gross State Product growth, making retail trade an important barometer of economic health.

The following table shows the major group in each North American Industry Classification System (NAICS) code as well as the State's retail trade history for Fiscal Years 2020-2024. Connecticut retail trade in Fiscal Year 2024 totaled $83.6 billion, an increase of 2.6% from Fiscal Year 2023. Sales in the durable goods category, which are typically most sensitive to changes in economic conditions, increased slightly in Fiscal Year 2024. Durable goods are mostly big ticket items such as appliances, furnishings, and automobiles.

TABLE A-22

Retail Trade In Connecticut

NAICS		Fiscal Year 2020[a]	Percent of Fiscal Year 2020 Total	Fiscal Year 2021[a]	Percent of Fiscal Year 2021 Total	Fiscal Year 2022[a]	Percent of Fiscal Year 2022 Total	Fiscal Year 2023[a]	Percent of Fiscal Year 2023 Total	Fiscal Year 2024[a]	Percent Of Fiscal Year 2024 Total	Compound Annual Growth Rate 2020-2024
441	Motor Vehicle and Parts Dealers	$11,068.4	17.8%	$13,592.5	18.7%	$13,755	17.7%	14,318	17.6 %	$14,677	17.6%	2.9%
442	Furniture and Home Furnishings Stores	1,902.1	3.1	2,390.7	3.3	2,404	3.1	2,337	2.9	2,133	2.6	(2.1)
443	Electronics and Appliance Stores	1,744.0	2.8	1,974.1	2.7	1,688	2.2	1,639	2.0	1,602	1.9	6.6
444	Building Material and Garden Supply Stores	3,488.3	5.6	4,147.3	5.7	4,520	5.8	4,617	5.7	4,505	5.4	4.3
445	Food and Beverage Stores[b]	11,663.8	18.7	12,234.1	16.9	12,706	16.3	13,279	16.3	13,794	16.5	10.4
446	Health and Personal Care Stores	4,346.7	7.0	4,944.6	6.8	5,462	7.0	6,015	7.4	6,454	7.7	9.2
447	Gasoline Stations	3,261.4	5.2	3,305.5	4.6	4,597	5.9	4,749	5.8	4,636	5.5	9.2
448	Clothing and Clothing Accessories Stores	2,723.8	4.4	3,210.6	4.4	3,700	4.8	3,819	4.7	3,866	4.6	4.8
451	Sporting Goods, Hobby, Book and Music Stores	856.9	1.4	1,028.0	1.4	1,044	1.3	1,055	1.3	1,035	1.2	7.5
452	General Merchandise Stores	5,625.1	9.0	6,132.4	8.5	6,651	8.5	7,126	8.8	7,523	9.0	3.6
453	Miscellaneous Store Retailers	8,025.6	12.9	8,967.9	12.4	9,295	11.9	9,382	11.5	9,249	11.1	16.9
454	Nonstore Retailers	7,568.9	12.2	10,614.4	14.6	12,027	15.4	13,101	16.1	14,115	16.9	7.6
	Total[a]	$62,274.9	100.0%	$72,542.1	100.0%	$77,848	100.0%	$81,436	100.0%	$83,590	100.0%	100.0%
Durables (NAICS 441, 442, 443, 444)		$18,202.8	29.2%	$22,104.6	30.5%	$22,367	28.7%	$22,910	28.1%	$22,917	27.4	5.9%
Non Durables (all other NAICS)		$44,072.1	70.8%	$50,437.5	69.5%	$55,482	71.3%	$58,526	71.9%	$60,673	72.6	8.3%

(a) In millions.
(b) Totals may not agree with detail due to rounding.

SOURCE: Connecticut Department of Revenue Services

Unemployment Rates.

The unemployment rate is the proportion of persons in the civilian labor force who do not have jobs but are actively looking for work. Unemployment rates tend to be high during economic slowdowns and low when the economy is expanding. The rate is widely utilized as a proxy for consumer confidence. In general, when the unemployment rate is high consumer spending is lower and vice versa.

Just before the COVID-19 pandemic struck the State, Connecticut was experiencing low unemployment rates. In March 2020, Connecticut experienced an unemployment rate of 3.9%. Likewise, both the New England and the Nation were also experiencing low unemployment rates. New England saw a rate of 3.1% in January 2020 and the United States was experiencing a low unemployment rate of 3.5% in January 2020. At the height of unemployment during the pandemic, Connecticut's peak unemployment rate reached 11.7% in May of 2020, New England reached 14.0% in April 2020, and the nation reached 14.7% in April 2020. As of July 2025, Connecticut's unemployment rate was 4.2% whereas it was 3.8% in New England, and 3.4% for the United States.

The following table compares the unemployment rate averages of Connecticut, New England, and the United States for the calendar years 2016 through 2025.

TABLE A-23
Unemployment Rate

Calendar Year	Unemployment Rate		
	Connecticut	New England	United States
2016	4.9%	4.1%	4.9%
2017	4.4	3.8	4.4
2018	3.9	3.5	3.9
2019	3.6	3.1	3.7
2020	8.0	8.3	8.1
2021	6.5	5.3	5.4
2022	4.0	3.5	3.6
2023	3.2	3.1	3.6
2024	3.2	3.6	4.0
2025[(a)]	4.0	4.1	4.3

(a) On a preliminary basis, Connecticut's unemployment rate was estimated at 5.1% for August 2026 compared to a national average of 4.1%. No assurances can be provided that such rates will not change.

SOURCE: Connecticut State Labor Department
Federal Reserve Bank of Boston
United States Department of Labor, Bureau of Labor Statistics

Unemployment Compensation Fund. The State pays unemployment compensation benefits from the State's Unemployment Compensation Fund, which is funded by unemployment compensation taxes collected from employers. To fund possible shortfalls, the Unemployment Compensation Fund may receive advances from the federal government. At the end of August 2020, the Unemployment Compensation Fund began borrowing funds from the United States Department of Labor in order to pay Unemployment Insurance ("UI") benefits to unemployed workers. Generally, federal loans carry interest immediately, but the federal government waived interest on UI trust fund loans until September 6, 2021. After the interest free borrowing expired, the first special assessment payment of $1.085 million was due on September 30, 2021 and was authorized to be paid by the Governor using funds from the Coronavirus Aid, Relief, and Economic Stabilization Act. The Governor has authorized $30 million in funds available through the American Rescue Plan Act of 2021 to cover interest payments due, beginning August 2022 through end of 2026. Principal payments are made by employers through increased Federal Unemployment Tax Act tax payments and through the Connecticut Department of Labor UI Trust Fund when such fund begin to have a surplus. Currently, the Unemployment Compensation Fund does not

have a loan balance. There is expected to be a need to borrow at the end of February through the first week of May 2026.

FINANCIAL PROCEDURES

The State has in place a number of constitutional provisions, statutes, regulations and administrative policies and procedures that bear on fiscal management and accountability. These include provisions that limit debt and expenditures and provisions that lay out a sequence for planning future budgets, the development and adoption of a biennial budget and the monitoring of the State's financial position against the current budget. Taken as a whole, the State believes these provisions provide budgetary discipline, financial controls and forecasting and monitoring resulting in sound fiscal management and accountability. These provisions include the following elements, each of which is explained in more detail in the text that follows:

Budget Discipline	***Balanced Budget Requirement***	The State Constitution provides that the General Assembly may not authorize general budget expenditures in excess of estimated revenues. State law requires that total net appropriations for each fund shall not exceed estimated revenues for such fund.
Financial Controls	***Spending Cap***	The General Assembly is prohibited by the State Constitution from increasing expenditures from year to year by a percentage exceeding the greater of the percentage increase in personal income or the percentage increase in inflation, with certain exceptions.
Budget Discipline	***Biennial Budget***	By statute, the State budget covers a two year period and the power to propose, enact and implement such budget rests with the Governor and General Assembly.
Budget Discipline	***Line-Item Veto***	Under the State Constitution, the Governor has the power to veto any line of any itemized appropriations bill while at the same time approving the remainder of the bill.
Financial Controls	***Debt Limit***	By statute, the State may not authorize general obligation debt in excess of 1.6 times General Fund tax receipts, subject to statutory exceptions. The Treasurer certifies as to the debt limit in connection with each authorization of debt by the General Assembly and the State Bond Commission. In addition, there are additional issuance limits imposed on the Treasurer.
Forecasting and Monitoring	***Regular Revenue Forecasting, Monitoring of Fiscal Progress and Multiple-Year Planning Tools***	By statute, monthly reports are required from the Comptroller and the Office of Policy and Management, and periodic reports from other governmental entities, including the legislature's Office of Fiscal Analysis.
Financial Controls	***Rescission Authority and Deficit Mitigation***	By statute, the Governor is required to propose mitigation plans should projections indicate a General Fund deficit greater than 1% of total General Fund appropriations. The Governor is authorized to reduce allotments up to 5% of any appropriation, but not to exceed 3% of any fund and to make further reductions with legislative approval.
Budget Discipline	***Budget Reserve Fund***	There exists both a constitutional and a statutory regime for funding and using the Budget Reserve Fund.
Financial Controls	***GAAP Based Budgeting***	By statute, the State has transitioned from the use of a modified cash basis of accounting to the application of Generally Accepted Accounting Principles, as prescribed by the Government Accounting Standards Board.
Budget Discipline	***Bond Covenant***	By statute, the State was required to covenant with bondholders to follow financial disciplines and controls.

The Budgetary Process

Balanced Budget Requirement, Spending Cap and Revenue Cap. The State Constitution provides that the amount of general budget expenditures authorized for any fiscal year may not exceed the estimated amount of revenue for such fiscal year. The Constitution also precludes the General Assembly from authorizing an increase in general budget expenditures for any fiscal year above the amount of general budget expenditures authorized for the previous fiscal year by a percentage that exceeds the greater of the percentage increase in personal income or the percentage increase in inflation. This limit may be overridden if the Governor declares an emergency or the existence of extraordinary circumstances and at least three fifths of the members of each house of the General Assembly vote to exceed such limit for the purposes of such emergency or extraordinary circumstances. The constitutional limitation on general budget expenditures does not include expenditures for the payment of bonds, notes or other evidences of indebtedness. There is no statutory or constitutional prohibition against bonding for general budget expenditures.

In addition to the exclusion of debt service from the budget cap, by statute there are also excluded expenditures of any federal funds granted to the State or its agencies; expenditures to implement federal mandates and court orders in the first fiscal year in which such expenditures are authorized; expenditures for federal programs in which the State is participating for which the State received federal matching funds in the first fiscal year in which such expenditures are authorized; and for Fiscal Years 2018 through 2026, payments for a portion of the teachers' pension contributions. In addition, a base year adjustment is made in any fiscal year in which an expenditure item is moved on or off budget.

In addition to the above limitations on the authorization of general budget expenditures, the General Assembly is prohibited from authorizing General Fund and Special Transportation Fund appropriations for any fiscal year that, in the aggregate, exceed 98.75% of the estimated revenues included in a budget act. The General Assembly may, however, authorize appropriations exceeding such percentage if (i) the Governor declares an emergency or the existence of extraordinary circumstances and at least three-fifths of the members of each house of the General Assembly vote to exceed such percentage for the purposes of such emergency or extraordinary circumstances and such appropriation is for the fiscal year in progress only or (ii) if each house of the General Assembly approves by majority vote any such appropriation for purposes of an adjusted appropriation and revenue plan. This is referred to as the "revenue cap".

Biennium Budget. The State's fiscal year begins on July 1 and ends on June 30. The CGS require that the budgetary process be on a biennium basis. The Governor is required to transmit a budget document to the General Assembly in February of each odd-numbered year setting forth the financial program for the ensuing biennium with a separate budget for each of the two fiscal years and a report that sets forth estimated revenues and expenditures for the three fiscal years after the biennium to which the budget document relates. In each even-numbered year, the Governor must prepare a report on the status of the budget enacted in the previous year with any recommendations for adjustments and revisions, and a report, with revisions, if any, that sets forth estimated revenues and expenditures for the three fiscal years after the biennium in progress.

Preparation of the Budget. Formulation of the budget document commences with the preparation of estimates of expenditure requirements for each fiscal year of the next biennium by the administrative head of each budgeted agency. These estimates are submitted on or before September 1 of each even-numbered year to the Office of Policy and Management ("OPM") and to the joint legislative standing committee on appropriations and the committee having cognizance of matters relating to such budgeted agency. On or before September 1 of each odd-numbered year, each agency submits its recommended adjustments or revisions of such estimates. A detailed statement showing revenue and estimated revenue for the current fiscal year and estimated revenue for the next fiscal year, and in the even-numbered year, for the next biennium, must also be submitted by such agency heads to OPM on or before September 1 and to the joint legislative standing committee on finance, revenue and bonding on or before November 15. Upon receipt of such agency reports, it is OPM's practice to prepare a preliminary budget report that forms the basis of the Governor's budget document.

Budget Document. The Governor's budget document is published and transmitted to the General Assembly in February of each odd-numbered year. In even-numbered years, on the day the General Assembly first convenes, the Governor submits a report summarizing recommended adjustments or revisions to the budget document. By statute, the budget document must contain the Governor's budget message, the Governor's program for meeting the expenditure needs of the State, as well as financial statements detailing the condition of State debt, the financial position of all major State operating funds, recommended appropriations and State revenues on an actual basis for the last completed fiscal year and on an estimated basis for the fiscal year in progress and the fiscal years to which the budget relates. The Governor also will recommend the manner in which any deficit will be addressed or any surplus used.

Adoption of the Budget. Following publication and presentation of the budget document to the General Assembly, the Governor or a representative then appears before the appropriate committee of the General Assembly to explain and address questions concerning the budget document or related reports. Prior to June 30 of each odd-numbered year, the General Assembly enacts legislation making appropriations for the next two fiscal years and setting forth revenue estimates for those years.

Line-Item Veto. Under the State Constitution, the Governor has the power to veto any line of any itemized appropriations bill while at the same time approving the remainder of the bill. The General Assembly may separately reconsider and repass such disapproved appropriation items by a two-thirds vote of each house.

Statutory Debt Limit. In addition to the biennial budget, the General Assembly also authorizes a variety of types of debt. CGS Section 3-21 provides that no bonds, notes or other evidences of indebtedness for borrowed money payable from General Fund tax receipts of the State shall be authorized by the General Assembly or issued except as shall not cause the aggregate amount of (1) the total amount of bonds, notes or other evidences of indebtedness payable from General Fund tax receipts authorized by the General Assembly but which have not been issued and (2) the total amount of such indebtedness that has been issued and remains outstanding, to exceed 1.6 times the total estimated General Fund tax receipts of the State for the fiscal year in which any such authorization will become effective or in which such indebtedness is issued, as estimated for such fiscal year by the joint standing committee of the General Assembly having cognizance of finance, revenue and bonding. However, in computing the aggregate amount of indebtedness at any time, there are certain statutory exclusions and deductions. In addition, the Treasurer may not issue general obligation bonds or notes pursuant to CGS Section 3-20 or credit revenue bonds pursuant to CGS Section 3-20j that exceed in the aggregate $2.60 billion in Fiscal Year 2026, subject to certain exclusions and inflationary adjustments in ensuing fiscal years, and the State Bond Commission may not authorize bond issuances or credit revenue bond issuances of more than $2.60 billion in Fiscal Year 2026, subject to certain exclusions and inflationary adjustments in ensuing fiscal years.

Consensus Revenue Estimates. OPM and the legislature's Office of Fiscal Analysis ("OFA") are required by statute to issue consensus revenue estimates each year by November 10. The estimates must cover a five-year period that includes the current biennium and the three following fiscal years. It also requires the two offices, by January 15 and April 30 each year, to issue either (1) a consensus revision of their previous estimate or (2) a statement that no revision is needed. If the two agencies cannot arrive at a consensus estimate, they must issue separate ones. In such a case, the Comptroller must issue the consensus estimate based upon the separate estimates. The Comptroller's estimate must equal one of the separate estimates or fall between the two.

Fiscal Accountability Report. By statute, by November 20 annually, the Secretary of OPM and the Director of OFA each submit the following to the joint standing committees of the General Assembly having cognizance of matters relating to appropriations and the budgets of State agencies and to finance, revenue and bonding: (1) for the current biennium and the next ensuing three fiscal years, an estimate of State revenues, the level of expenditure change from current year expenditures allowable by consensus revenue estimates in each fund, any changes to current year expenditures necessitated by fixed cost drivers and an estimate of material and likely changes to nonfixed costs; (2) the projected tax credits to be used in the current biennium and the next ensuing three fiscal years and the assumptions on which such projections are based; (3) a summary of any estimated deficiencies in the current fiscal year, the reasons for such deficiencies and the assumptions upon which such

estimates are based; (4) the projected balance in the Budget Reserve Fund at the end of each uncompleted fiscal year of the current biennium and the next ensuing three fiscal years; (5) the projected bond authorizations, allocations and issuances in each of the next ensuing five fiscal years and their impact on the debt service of the major funds of the State; (6) an analysis of revenue and expenditure trends and of the major cost drivers affecting State spending, including identification of any areas of concern and efforts undertaken to address such areas, including efforts to obtain federal funds; and (7) an analysis of the State's preparedness for plausible recession scenarios, including estimates of the size of multiyear budget deficits that may result from revenue declines and other contingencies, and an assessment of the sufficiency of the Budget Reserve Fund and other State resources to address such budget deficits. By December 15 annually, the legislative committees then meet with the Secretary of OPM and the Director of OFA to consider the submitted reports.

Financial Controls

Expenditures. The financial control procedures utilized by the State are described below and may be generally summarized as follows: the legislature must appropriate funds for a particular purpose; such funds must then be allotted for such purpose by the Governor; and thereafter such funds are encumbered by the Comptroller upon the request of the responsible State agency. Once this appropriation, allotment and encumbrance procedure (which may be modified as described below) has been completed, State funds are paid by the Treasurer upon a warrant, draft or order of the Comptroller drawn at the request of the responsible agency. Certain receivables from the federal government or other sources do not require allotment by the Governor.

Governor's Role in Expenditure Control. Before an appropriation for a budgeted agency becomes available for expenditure, the agency must submit to the Governor not less than 20 days before the beginning of the fiscal year for which the appropriation is made, a requisition for the allotment of funds needed for each quarter of the fiscal year. Appropriations for capital outlays may be allotted in any manner the Governor deems advisable. The Governor may reduce the budget allotment request by not more than three percent of the total appropriation from any fund or not more than five percent of any appropriation under certain circumstances. Such allotments are subject to further modification by the Governor throughout the course of the fiscal year if conditions warrant.

If the cumulative monthly financial statement issued by the Comptroller indicates a projected General Fund deficit greater than 1% of the total of General Fund appropriations, the Governor is required, within thirty days of such statement date, to file a report with the joint standing committees of the General Assembly on appropriations and on finance, revenue and bonding. The report must include a plan to be implemented by the Governor to modify agency allotments to the extent necessary to prevent a deficit. The Governor is not authorized to reduce allotment requisitions or allotments in force concerning aid to municipalities or any budgeted agency of the legislative or judicial branch, except that the Governor may propose an aggregate allotment reduction of a specified amount for the legislative or judicial branch.

In addition, the Governor shall not approve allotment requisitions that would result in the issuance of general obligation bonds or notes pursuant to CGS Section 3-20 or credit revenue bonds pursuant to CGS Section 3-20j that exceed in the aggregate $2.60 billion in Fiscal Year 2026, subject to certain exclusions and inflationary adjustments for ensuing fiscal years.

Comptroller's Role in Expenditure Control. The Comptroller is responsible for keeping an account in connection with each appropriation. No warrant, draft or order may be issued by the Comptroller in excess of the available balance of the applicable account unless the General Assembly has passed a deficiency bill for the purpose or unless such appropriation has been increased by the Governor in the limited circumstances of emergency expenditures or allotment modifications. The Comptroller is required to issue cumulative monthly financial reports concerning the State General Fund to the Governor on or before the first day of the following month. OPM provides estimates to the Comptroller by the twentieth day of each month of the revenues and expenditures for the current fiscal year for use by the Comptroller in preparing the Comptroller's monthly report.

Treasurer's Role in Expenditure Control. The Treasurer is required to honor all warrants, drafts and orders properly drawn by the Comptroller. Payments of principal, or interest on State bonds and payments of interest on funds held by the Treasurer on which the Treasurer is required to pay interest do not require specific appropriations.

Use of Appropriations; Unexpended Appropriations. No appropriation or part thereof may be used for any purpose other than for the purpose for which it was made, except with respect to certain transfers and revisions of appropriations permitted to be made by the Governor with the concurrence of the Finance Advisory Committee, composed of members of the executive and legislative departments. All unexpended balances of appropriations for each fiscal year lapse on the last day of such fiscal year and revert to the unappropriated surplus of the fund from which the appropriations were made, except for certain continuing appropriations.

Volatility Transfer; Unappropriated Surplus – Budget Reserve Fund. The State Constitution provides that any unappropriated surplus shall be used to fund a Budget Reserve Fund, to reduce bonded indebtedness or for any other purpose authorized by at least three-fifths of each house of the General Assembly. CGS Section 4-30a is the statutory provision that implements this constitutional provision. In 2017 and again in 2023, the General Assembly, by a three-fifths vote of each house, restructured the funding and use of the Budget Reserve Fund. All revenue in excess of $3.15 billion threshold received by the State each fiscal year from estimated and final payments of the personal income tax imposed under Chapter 229 of the CGS and from the pass-through entity tax, also known as the volatility cap, is to be transferred by the Treasurer to the Budget Reserve Fund. After Fiscal Year 2017, the $3.15 billion amount has been subject to annual adjustment by the compound annual growth rate of personal income in the State over the preceding five calendar years. Such amount is further subject to amendment by a vote of at least three-fifths of the members of each house of the General Assembly due to changes in State or federal tax law or policy or significant adjustments to economic growth or tax collections. In 2025, the volatility cap threshold amount was amended for Fiscal Year 2025 to be $4.079 billion and for Fiscal Year 2026 to be $4.729 billion, and thereafter subject to annual adjustment based on the compound annual growth rate of personal income in the State as set forth above.

Until Fiscal Year 2025, the Treasurer was also required to transfer any unappropriated surplus in the General Fund to the Budget Reserve Fund, unless otherwise directed by law. For Fiscal Year 2025, up to $300 million of the estimated unappropriated surplus was directed to be transferred to a new Early Childhood Education Endowment prior to the end of the fiscal year. The unappropriated surplus was in excess of $300 million prior to June 30, 2025, so the maximum $300 million was transferred to the Early Childhood Education Endowment. For Fiscal Year 2026 and each fiscal year thereafter, any unappropriated surplus for a fiscal year, as estimated by the Secretary of OPM between June 15 and June 30, is to be used to first fill the Budget Reserve Fund to the statutory maximum of 18% of the net General Fund appropriations for the next fiscal year and any remaining amount of the estimated unappropriated surplus is required to be transferred to the Early Childhood Education Endowment prior to June 30. If a deficit exists as a result of audited financials for such fiscal year, any amount of the transfer to the Early Childhood Education Endowment may be recouped in an amount equal to such deficit. If a deficit still exists, the Budget Reserve Fund is drawn down pursuant to CGS Section 4-30a(f)(1) to fund such deficit. If audited financials result in additional unappropriated surplus beyond what was already transferred to the Early Childhood Education Endowment for said fiscal year, such amount is transferred to the Budget Reserve Fund until it reaches the maximum level of 18% of the net General Fund appropriations for the next fiscal year.

Prior to July 1, 2024, amounts in the Budget Reserve Fund in excess of 15% of the net General Fund appropriations for a fiscal year were transferred in varying amounts to the State Employees' Retirement System and the Teachers' Retirement System. On and after July 1, 2024, whenever the amount in the Budget Reserve Fund equals 18% of the net General Fund appropriations for the current fiscal year, no further transfers shall be made by the Treasurer to the Budget Reserve Fund and the amount of such funds in excess of that transferred to said fund shall be deemed to be appropriated, as selected by the Treasurer in the best interests of the State, to (i) the State Employees Retirement Fund, in addition to the contributions required pursuant to CGS Section 5-156a, but not exceeding 5% of the unfunded past service liability of the State Employees Retirement System as set forth in the most recent actuarial valuation certified by the State Employee Retirement Commission, or (ii) the

Teachers' Retirement Fund, in addition to the payments required pursuant to CGS Section 10-183z, but not exceeding 5% of the unfunded past service liability of the Teachers' Retirement System as set forth in the most recent actuarial valuation prepared for the Teachers' Retirement Board. For management and accounting purposes, the State treats funds that would be transferred to the Budget Reserve Fund but for the cap, as being transferred to the Budget Reserve Fund and then withdrawn after the end of the fiscal year and applied as per the statute.

The Budget Reserve Fund is at its statutory maximum of 18% of net General Fund appropriations. Revenues for Fiscal Year 2025 subject to the volatility transfer were such that, given the funding level of the Budget Reserve Fund, substantially all of the volatility transfer amount would have been used to make additional transfers to the State's major pension funds or to reduce other State indebtedness. The above provisions may be altered under certain circumstances determined by the Governor to constitute an emergency if adopted by a three-fifths vote from each chamber of the General Assembly. Pursuant to these provisions, following the necessary declaration by the Governor, $500 million of the Fiscal Year 2025 volatility transfer that otherwise would have been transferred to the State's pension funds or applied to reduce other State indebtedness was retained in the Budget Reserve Fund, notwithstanding the 18% statutory limit, for the purpose of mitigating certain reductions in federal funding due to the fiscal impact of Public Law 119-21 and the federal government shutdown during Fiscal Year 2026. These additional funds could be encumbered by the Governor, with the legislature's approval, prior to February 4, 2026; and after said date, any unencumbered balance of the appropriation was required to lapse and remain in the Budget Reserve Fund. The Governor encumbered $169.2 million of such appropriation under his authority by February 4, 2026, leaving $330.8 million of unencumbered funds. On February 4, 2026, the Governor issued a new emergency declaration of extraordinary circumstances supporting the continued reservation and use of the remaining $330.8 million through June 30, 2027. Thereafter, the General Assembly, by the necessary three-fifths vote of each chamber, enacted Special Act No. 1, which established the Federal Cuts Response Fund and directed the transfer of $330.8 million from the Budget Reserve Fund to the Federal Cuts Response Fund. Subsequently, Public Act No. 26-68 directed the transfer and appropriation of an additional $50.0 million to the Federal Cuts Response Fund. As of July 29, 2026, approximately $263.2 million remained available in the Federal Cuts Response Fund. After the accounts of the Federal Cuts Response Fund are closed for the fiscal year ending June 30, 2027, any unexpended balance will be transferred to the Budget Reserve Fund, subject to the statutory provisions governing the application of amounts at or above the 18% limit to the State Employees' Retirement System, the Teachers' Retirement System or other outstanding State indebtedness.

Whenever the amount in the Budget Reserve Fund equals or exceeds 5% of the net General Fund appropriations for the current fiscal year, the General Assembly may transfer funds in excess of the 5% threshold from the Budget Reserve Fund, for the purpose of paying unfunded past service liability of the State Employees' Retirement Fund or the Teachers' Retirement Fund, as the General Assembly, in consultation with the Treasurer, determines to be in the best interests of the State.

Whenever in any fiscal year the Comptroller has determined that there is a deficit with respect to the immediately preceding fiscal year, to the extent necessary, funds credited to the Budget Reserve Fund shall be deemed to be appropriated for purposes of funding such deficit.

In addition, the General Assembly may transfer funds from the Budget Reserve Fund to the General Fund if any consensus revenue estimate maintained or revised for the current biennium projects a decline in General Fund revenues for the current biennium of 1% or more from the total amount of General Fund estimated revenue on which the budget act or adjusted revenue plan enacted by the General Assembly was based. Any such transfer may be made at any time during the remainder of the current biennium. The General Assembly may also transfer funds from the Budget Reserve Fund to the General Fund if the consensus revenue estimate maintained or revised not later than April 30 annually projects a decline in General Fund revenues, in either year or both years of the biennium immediately following such consensus revenue estimate, of 1% or more from the total of General Fund appropriations for the current year. Any such transfer shall be made in the fiscal year for which such deficit is projected.

The balance in the Budget Reserve Fund as of June 30, 2026 is estimated to be $4,477.4 million. The balance in the Budget Reserve Fund for the last four fiscal years and the application of excess are shown below:

Budget Reserve Fund
(In Millions)

Fiscal Year	2022	2023	2024	2025	2026 (Projected)[e]
Budget Reserve Fund Beginning Balance	$ 3,112.0	$ 3,313.4	$ 3,315.8	$ 4,105.1	$ 4,826.5
Plus Surplus	1,261.3	555.3	401.0	410.2[d]	525.8[d]
Plus Volatility Cap Excess	3,047.5	1,321.8	1,321.3	2,098.7	1,454.9
Total	$ 7,420.8	$ 5,190.5	$ 5,038.2	$ 6,614.0	$ 6,807.2
Application of Excess Above Cap:					
Transfer to Early Childhood Education Endowment	--	--	--	(300.0)	(411.7)
Transfer to General Fund[a]	--	--	--	--	(169.2)
Transfer to Federal Cuts Response Fund[b]	--	--	--	--	(330.8)
State Employees' Retirement Fund	(3,203.8)	(1,046.7)	(514.0)	(894.7)	(745.1)
Teachers' Retirement System	(903.6)	(828.0)	(419.2)	(592.8)	(673.0)
Budget Reserve Fund Ending Balance	$ 3,313.4	$ 3,315.8	$ 4,105.1	$ 4,826.5[c]	$4,477.4
BRF Net Increase / (Decrease)	$ 201.4	$ 2.4	$ 789.2	$ 721.5	$ (349.1)
BRF Balance as a % of Ensuing Fiscal Year Appropriations	15.0%	15.0%	18.0%	20.1%[c]	18.0%

(a) Pursuant to Special Act No. 25-1 of the November Special Session.
(b) Pursuant to Special Act No. 26-1.
(c) Reflects $500 million volatility cap transfer to the Budget Reserve Fund above the 18% statutory limit pursuant to Special Act No. 25-1 of the 2025 November Special Session.
(d) Includes the amount of transfer to the Early Childhood Education Endowment prior to fiscal year end.
(e) These represent estimated amounts and their expected application.

NOTE: Totals may not add due to rounding

Bond Covenant. The Treasurer was required to include a covenant in general obligation bonds and credit revenue bonds issued on or after July 1, 2023, and prior to July 1, 2025 requiring the State to comply with various statutory provisions.

Accounting Procedures

Books and Records. The State uses an enterprise resource planning system called Core-CT to address its automated financial accounting and human resources needs. This statewide system uses technology to manage financial transaction activities ranging from contracting and purchasing to payment and reporting. The State's financial applications are fully integrated with human resources, providing a single comprehensive management and reporting system.

Financial Reporting. For a number of years, the State has prepared annual financial statements in two ways: financial statements prepared using the guidance of GAAP, as prescribed by GASB, and financial statements prepared on a statutory basis (that is, following the adopted budget and related statutes, and referred to as "statutory basis" statements). As described below, the State has transitioned to both budgeting and statutory financial statement reporting more in line with GAAP standards.

While not required by statute to prepare financial statements in accordance with GAAP, since 1988 the State has issued annual comprehensive financial reports in accordance with the guidelines established by GASB. These reports include audited annual financial statements prepared using the guidance of GAAP. The State does not prepare GAAP statements on an interim basis.

The Comptroller prepares financial statements annually on a statutory basis for submission to the Governor by September 30 of each year, unless extended by State law. The State's Auditors of Public Accounts must audit the books and accounts of the Treasurer and the Comptroller at least annually and have discretion to audit them at more frequent intervals.

The statutory basis of accounting used for budgetary financial reporting and the modified accrual basis used for GAAP financial reporting are different and, as a result, often produce varying financial results, primarily because of differences in the recognition of revenues and expenditures. As described below under "**GAAP Based Budgeting**", commencing in Fiscal Year 2014 appropriations have been made in line with the accrual of expenses for GAAP purposes, and the differences between the two methods are less significant than they would have been without the budgetary conversion to GAAP budgeting, discussed below. Under the statutory basis, expenditures are recorded in the fiscal year in which the payment is processed versus when the expense is realized under a GAAP basis. In addition, there is a recording of expenditure accruals to the fiscal year in which specific goods and services are received even though payment is not processed until the next fiscal year. Such accrued expenditures include State payroll expenses, general agency operating expenses, and Medicaid expenses. Certain appropriations that have not lapsed are reflected in the balance sheet through a reserve for continuing appropriations. Under the statutory basis, there are limited modifications from the cash basis in recording revenues permitted by statute or decision of the Comptroller. Under the modified accrual basis used for GAAP financial recording, generally all revenues are recognized when they are realized or realizable and earned.

The State's continuing disclosure agreements obligate it to file audited financial statements for each fiscal year using the guidance of GAAP by the end of February of the following year. Fiscal Year 2023 and 2024 financial statements were not available in time to meet this deadline. The conditions that led to these late filings were enumerated in the State Auditors' report for Fiscal Year 2024. With regards to Fiscal Year 2025 and not related to the lateness of the financial statements, the State Auditors, in their report on internal control over financial reporting, based on their audit work for the Fiscal Year 2025 financial statements, identified two significant deficiencies.

- The auditors determined that the State did not sufficiently plan for changes in accounting principles in connection with the adequate reconciliations and reasonableness checks on its compensated absences report to ensure the completeness and accuracy of all data.

- There were errors in the GAAP closing forms submitted by State agencies due to new fiscal staff unfamiliar with the reporting requirements, ineffective supervisory review, and failure to follow instructions given by the Comptroller.

The second deficiency has been repeated for several years. The Comptroller has committed to a number of measures to correct these matters and did correct several matters previously identified in the State Auditors' Fiscal Year 2024 report. These matters did not affect the audited statutory basis financial statements.

GAAP Based Budgeting. Since Fiscal Year 2014, the State budget has been required to be prepared in accordance with GAAP, commonly referred to as GAAP budgeting. While GASB does not recognize a concept of GAAP budgeting or prescribe standards for GAAP budgeting, the State interprets the policy objectives of the GAAP budgeting requirement as a requirement to authorize expenditures in line with the accrual of the expenditures and to estimate revenues in line with the accrual of revenues.

Cash Management and Investment

The Treasurer has the investment responsibility for all funds of the State and functions as the trustee of all State pension, retirement and trust funds. The Treasurer is authorized to invest funds under the control of the Treasurer in a variety of investments allowed by statute, subject to certain conditions, including in certain circumstances the approval of the Investment Advisory Council.

Cash Management. The cash management system and the investment by the Treasurer of State monies, other than monies invested on a longer-term basis, including pension and certain trust funds, are based on the concept of available cash. Available cash consists of the State's common cash pool and funds invested in certain accounts in the Short-Term Investment Fund ("STIF"), including proceeds of various State bonding programs and miscellaneous other STIF accounts. The common cash pool is comprised of the operating cash of most State funds, including the General Fund and the Budget Reserve Fund, and is held or invested in bank deposits, STIF, and other short-term investments. It is the State's practice to permit temporary inter-fund transfers to the common cash pool as needed to address mismatches in the timing of receipts and disbursements. This cash management policy is intended to provide flexibility for expenditures to occur when they are needed without the need to resort to short-term financing mechanisms that could impose additional costs on the State. Cash transferred pursuant to these temporary inter-fund transfers is returned as cash pool balances allow. The State's available cash varies from day to day. The week-ending balances of available cash for Fiscal Year 2026 averaged $9.8 billion.

In addition, the Treasurer has the authority to establish, and has in the past established, lines of credit and other short-term financing mechanisms to secure the availability of cash.

On a daily basis, the Treasurer calculates expected cash receipts and disbursements, necessary bank balances, and amounts available for investment. The Treasurer is required to submit a monthly report to certain legislative members and the OFA that includes among other items, a weekly list of the State's cash balance, a year-to-date total of authorized but unissued bonds, debt instruments or commercial paper of the State, and the amounts in the State's common cash pool.

Short-Term Investment Fund. STIF is a combined investment pool of high quality, short-term money market instruments, and is an investment vehicle for the temporary surplus cash of all funds for which the Treasurer is custodian and/or trustee, except certain bond funds, State pension funds and selected trust funds. All agencies, instrumentalities and political subdivisions of the State are permitted to invest in STIF. The State is responsible to these governmental entities to manage their deposits and accumulated earnings in a prudent manner. Individual participants in STIF can add or withdraw monies on a daily basis with interest earned from date of deposit to date of withdrawal. The primary investment objectives of STIF are the preservation of principal and the provision of liquidity to meet participants' daily cash flow needs, while seeking to earn competitive yields. STIF is managed in accordance with the investment guidelines established by the Treasurer and the investment restrictions of CGS Section 3-27d. These investment guidelines prohibit investment in derivative securities other than floating rate securities that vary in the same direction as individual short-term money market indices, and limit the ability to enter into reverse repurchase agreements to amounts not to exceed five percent (5%) of the STIF's net assets at the time of execution. STIF is rated "AAAm" by S&P Global Ratings.

Other Funds. Other State monies are held in certain other funds. Up to $300 million of the State's operating cash may be invested in certificates of deposit of community banks and credit unions, pursuant to CGS Section 3-24k. In addition, investments may be made in individual securities pursuant to CGS Section 3-31a. Allowable investments under CGS Section 3-31a include United States government and agency obligations, shares or interests in an investment company or investment trust registered under the Investment Company Act of 1940, whose portfolio is limited to obligations of the United States, its agencies or instrumentalities, or repurchase agreements collateralized by such obligations, certificates of deposit, commercial paper, savings accounts, and bank acceptances. The Treasurer has adopted guidelines for investments made under CGS Section 3-31a that specify credit and diversification standards, and limit individual security maturities to three years and the total amount invested to $10.0 billion, subject to increases with the approval of the Treasurer. Pursuant to CGS Section 3-28a and guidelines adopted by the Treasurer, the Treasurer is authorized to invest funds of the Medium-Term Investment Fund in obligations of the United States government and its agencies and instrumentalities, certificates of deposit, commercial paper, corporate debt securities, savings accounts and bankers acceptances, repurchase agreements collateralized by such securities and investment funds or pools comprised of securities in which the Medium-Term Investment Fund may directly invest.

Investment and Payment of Bond Proceeds. Proceeds of bonds are accounted for in various bond funds. Generally, all invested assets of the bond funds are invested in STIF. Bond proceeds are expended in accordance with the authorization and allotment procedure of the State Bond Commission and the Governor. Assets of the bond funds may from time to time be transferred temporarily to the common cash pool in accordance with the State's overall cash flow needs. Under the State's accounting system, transfer of the assets of the bond funds to the common cash pool is reflected in the accounts of the bond funds as an uninvested cash balance. That accounting balance can be reduced only when an approved payment for an expenditure is charged to the bond funds. In no case does the temporary transfer of bond fund assets to the common cash pool alter the timing or the extent of expenditures for the purposes for which the bonds were issued.

Investment of Pension and Trust Funds. The below listed composite asset classes, also known as Combined Investment Funds ("CIFs"), are separate pooled investment funds that were created by the Treasurer pursuant to CGS Section 3-31b. The CIFs are open-end portfolios that represent individual asset classes or sub-asset classes in the plan or trust. The pension retirement and trust funds acquire units, in varying proportions depending on the asset allocations set forth in the applicable investment policy statement.

By statute no more than 60% of any of the State's trust funds may be invested in common stock and if market fluctuations cause this limit to be exceeded, after six months no more than 65% of the State's trust funds may remain invested in common stock. Other than these limits, the statutes of the State permit investment in securities under the "Prudent Investor" rule. Pursuant to an Investment Policy Statement (the "IPS") adopted in September 2022, the investment of such pension, retirement and trust funds will shift to the asset classes in the below table over the ensuing three to five years. The long-term policy targets for the State Employees' Retirement Fund and Teachers' Retirement Fund, the bulk of the State's investment funds, are noted below; other pension, retirement and trust funds have different targets.

Composite / Asset Class	Long-Term Policy Target[1]	Benchmark
Global Equity[2]	37%	MSCI All Country World IMI Net Index
Global Fixed Income		
Core Fixed Income	13%	Blend: Bloomberg U.S. Aggregate Bond and Bloomberg U.S. Treasuries Index
Non-Core Fixed Income (Public Credit)	2%	Bloomberg U.S. High Yield 2% Issuer Cap Index
Alternative Investments		
Private Equity	15%	Russell 3000 + 250 basis points
Private Credit	10%	S&P / LSTA Leveraged Loan Index + 150 basis points
Real Estate	10%	Open End Diversified Core Equity (NFI-ODCE Index)
Infrastructure and Natural Resources	7%	CPI-U* + 400 basis points
Absolute Return (Risk Mitigating)	5%	Blend: Dynamic weighted strategy (HFRX)
Liquidity / (Cash Equivalents)	1%	U.S. 3-Month T-Bill Index

[1] Deviations from approved asset allocation targets may occur from time to time as a result of market movements or other unanticipated events.
[2] Global Equity is comprised of Domestic Equity, Developed Markets Equity and Emerging Markets Equity Fund.
* Consumer Price Index, All Urban Consumers, All Items, Not Seasonally Adjusted as reported by the U.S. Bureau of Labor Statistics.

Investment Advisory Council. The Investment Advisory Council (the "IAC") acts as an advisory and oversight body to the Treasurer with respect to investments of the Connecticut Retirement Plans and Trust Funds (the "CRPTF") assets. The IAC consists of the Treasurer and the Secretary of the Office of Policy and

Management (as ex-officio members); five public members, all of whom shall be experienced in matters relating to investments, appointed by the Governor and legislative leadership; and up to three representatives of the State teachers' unions and up to two representatives of the State employees' unions, nominated by their respective unions and appointed by the Governor.

The IAC is within the Office of the Treasurer for administrative purposes only. Pursuant to CGS Section 3-13b, the IAC reviews, recommends changes to and approves the IPS and any amendments adopted by the Treasurer. The IPS outlines the standards governing investment of the CRPTF assets by the Treasurer. The IAC advises and consents to the appointment by the Treasurer of investment and other personnel to assist with investing funds of the CRPTF, whose compensation shall be within the salary ranges established by the Treasurer in consultation with the IAC.

CLIMATE CHANGE AND ENVIRONMENTAL MATTERS

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

Climate Impacts

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

The current sea level rise planning scenario adopted by the State's Department of Energy and Environmental Protection ("DEEP") projects a rise in the mean sea level in Long Island Sound of up to 20 inches above the 1983-2001 national tidal datum by 2050. It is estimated that approximately four inches of this maximum rise occurred by 2016. Analyses by the Connecticut Institute for Resilience & Climate Adaptation ("CIRCA") show that complexity of the coastal geometry and development patterns cause the magnitude of the increase in risk to vary across the State. As one example, in the portions of coastal eastern Connecticut where the annual risk of coastal flooding has been 10% (or 1 event every 10 years), a rise in sea level of 20 inches would increase that risk to 50% (or 1 event every 2 years). CIRCA reassessed this data in 2025 and concluded that the projection of 20 inches by 2050 is still accurate.

Much of the State's coastline is rocky with substantial elevation changes, and the loss of land area to permanent flooding is likely to be limited to areas already currently affected by regular to occasional tidal flooding,

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

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

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

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

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

State Actions to Improve Sustainability and Resiliency

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

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

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

Storm Water Infrastructure. Since 1990 the State has undertaken considerable efforts to upgrade and improve its water supplies and combined sewer and separated sewer capacity, with significant financial support from the State's Clean Water Fund. Federal appropriations are made for funding of wastewater treatment projects through the federal Clean Water Act of 1972 and water supply projects through the federal Safe Drinking Water Act. Several of the State's municipalities, including the Hartford area, are operating under consent orders with the State and the federal Environmental Protection Agency requiring such improvements. In addition, federal requirements for municipalities to adhere to municipal storm sewer system requirements will require many municipalities to install or significantly upgrade their storm water infrastructure. As the State sees more frequent heavy rainfall events there is also more regular stormwater flooding in streets and at times those floodwaters back up into private residences and businesses.

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

Grid Resiliency. With respect to the power grid, the State and local municipalities have worked with the two main electric distribution companies in the State (Eversource and United Illuminating) to develop coordinated recovery plans. Hospitals, nursing homes and municipal water and sewerage systems are required to have auxiliary power. The State and the electric distribution companies have engaged in extensive tree removal and trimming efforts to increase the resilience of the grid system and mitigate extended power outages. DEEP administers a microgrid grant program to support local distributed energy generation to ensure critical facilities

remain powered during outages and federal funding to support grid resilience. The Connecticut Public Utilities Regulatory Authority ("PURA") has authorized funding for substation flood mitigation and other storm hardening initiatives. Recent legislation holds the State's electric distribution companies accountable for any extended power outages and expands the microgrid program to cover resilience projects that prioritize the protection of vulnerable communities disproportionately impacted by climate change. Under a PURA order, Eversource and United Illuminating are conducting a Climate Change Vulnerability Study that considers the effect of extreme weather due to climate change on their respective operations, planning and infrastructure. United Illuminating completed its study in October 2024. Eversource is scheduled to complete its study in 2026.

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

Resilience Planning Legislation. The Connecticut legislature passed a bill in 2025 addressing numerous resilience planning actions to help the State and its residents better prepare for the effects of climate change. Public Act No. 25-33 added new and better-clarified climate resilience planning requirements for municipalities, requires municipalities and councils of government to map culverts which will improve flood modeling data sets and support capital improvement planning, and also provides flood disclosure requirements for homeowners and other hazard insurance policies and for real estate transactions. Additionally, the legislation allows communities to work together to transfer development rights from risky areas to less flood-prone areas, and allows communities to create resilience improvement districts that use tax increment financing mechanisms to support paying for resilience-related infrastructure.

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

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

PFAS. The State continues to work to implement the recommendations of the 2019 Connecticut per- and polyfluoroalkyl substances ("PFAS") Action Plan. The State passed Public Act No. 21-191 banning the use of PFAS-containing firefighting foam and prohibiting the use of PFAS in food packaging. DEEP and DESPP have coordinated to collect and dispose of thousands of gallons of PFAS-containing firefighting foam and to support the efforts of fire departments to transition apparatus, including the state-owned network of regional firefighting foam trailers, to PFAS-free foam systems. Public Act No. 24-59 outlined the State's plan to implement a phased ban on the use of PFAS in numerous other consumer products. Because so many of these PFAS-containing

products end up being disposed of down the drain or in municipal waste streams, studies have been completed or are underway to evaluate PFAS releases from municipal and State-owned wastewater treatment plants and landfills. Public Act No. 24-59 also banned the sale and land application of certain products derived from biosolids. Bond funding continues to support State efforts, led by DEEP and the Department of Public Health, to test private residential drinking water wells for PFAS, and, where needed to provide bottled water and install water treatment systems on impacted homes. DEEP and the Department of Economic and Community Development are working together, with the federal United States Geological Survey, to determine "anthropogenic background" concentrations of PFAS in soil and groundwater across the state. DEEP Permitting programs are also being revised to require monitoring of PFAS by those industrial sectors most likely to use PFAS containing products. These background studies and permit-related monitoring efforts will provide the information necessary to guide future regulatory efforts.

State Response to Reduce Its Contribution to Climate Change

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

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

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

Greenhouse Gas Inventory. DEEP provides a report card on over 30 years of greenhouse gas emissions in the State and tracks progress toward the State's statutory greenhouse gas emission-reduction targets. The latest GHG inventory showed that the transportation and commercial and residential building sectors are Connecticut's most

carbon intensive. In 2023, the most recent year for which data is available, Connecticut continued to keep GHG emissions below pre-pandemic levels and to meet the 2020 target even as economy-wide GHG emissions increased slightly over 2022 levels. For the first time, GHG emissions in the transportation sector decreased, despite vehicle miles traveled increasing, demonstrating that more fuel efficient cars and trucks on the road may be overcoming the offset from increased driving. GHG emissions also decreased in the buildings sector due to a milder winter and the state's investment in energy efficiency measures.

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

OTHER MATTERS

Information Technology, Cybersecurity and Related Matters

Strategic Plan. Strategic Plan. The State's Information Technology strategic plan for Fiscal Year 2026 focused on four goals: (i) to optimize IT services across executive branch agencies for improved flexibility and efficiency; (ii) to grow digital government services, which will increase online services to residents and businesses; (iii) to improve cybersecurity statewide and (iv) to harness and appropriately manage the power of artificial intelligence ("AI") technology. To account for the increased cyber risk that is being experienced across all industries, the State authorized a total of $11.8 million to reduce cybersecurity risks. This investment to date has been used to improve security monitoring and vulnerability response capabilities and to upgrade State government endpoint and E-Mail security. The State, through the Division of Emergency Management and Homeland Security ("DMHS") has been the recipient and subgrantor for the State and Local Cybersecurity Grant Program. This program provides federal Department of Homeland Security funding to state (20% of funds) and local (80% of funds) government entities to improve cybersecurity practices and reduce cybersecurity risks. There have been no cybersecurity incidents of note within the State as a result of these investments and ongoing organizational discipline.

The State recognized that resident demands for online services have continued to grow in recent years. Technology is being applied to make more transactions available to the public on a 24x7 basis. Recent additions include the State's business portal, Business.CT.gov, new tax system, new business registry system and improvements to the unemployment insurance system. This continued growth in online services creates a more responsive government for those that choose to work in that way with the State.

The State operates information technology systems critical to its operations. The State develops and publishes an annual IT strategic plan that outlines critical technology activities. To improve the efficiency and effectiveness of information technology within the State, the Department of Administrative Services undertook a reorganization of Executive Branch agency technology resources. In January 2022, the State began operation of the Department of Administrative Services / Bureau of Information Technology Solutions ("DAS/BITS"). This wide-ranging shared service includes infrastructure, applications, and user supports.

Systems. In accordance with these plans and prior initiatives, the State continues to make progress in improvements to its systems. Since 2015, the State's shared systems have been primarily operated through two data centers which allows infrastructure continuity through duplication at the two facilities. The two data centers operate in an "active/passive" mode, whereby the overall system load is handled by one of the two centers, and the applications and datasets are replicated in each. If one data center is offline, the entire load would shift to the other data center. Depending on the application criticality, some manual intervention may be required to return to operation. One data center is located in Groton, Connecticut and the other in Springfield, Massachusetts. The datasets are regularly verified for integrity, and backed up incrementally in stages covering approximately six months. Some of these backups are maintained externally to the datacenters. DAS/BITS has systems in place to monitor and protect against malicious events. The datacenters of the State have procedures in place to protect against unauthorized physical access, against misconduct or risks associated by personnel with physical access and similar risks, on a level comparable to the other parties collocated with it in the datacenters. Since these centers were put in operation, the State has been incrementally moving agency computing from older, location-based technology to a shared private cloud infrastructure. The State intends to vacate the Groton data center before 2029 and in the 2023 calendar year began substantive planning for the next iteration of computing.

The State has also embraced a measured approach to cloud computing when the benefits of the cloud outweigh the costs. Significant cloud migrations include the Microsoft 365 collaboration suite and, more recently, the migration of the State's enterprise resource planning system, Core-CT, to the Oracle Cloud in November 2023.

The State maintains an application portfolio of over 1,300 applications. Many of the State's critical administrative systems have undergone replacement of modernization in the last 5 years, including unemployment insurance, revenue and taxation, child welfare and Core-CT. Several other system modernizations are underway including Medicaid claims management, child support, teachers' retirement and others. The State continues to support and modernize systems where appropriate and financially advantageous, migrating them to internal or external cloud solutions. Agencies using these applications may utilize internal or outside consulting assistance for improvements and maintenance of these systems.

The State maintains a State-wide fiber-optic networking system for its Connecticut Education Network ("CEN") and its Public Safety Data Network ("PSDN"). This network had been stable, seeing incremental expansion as schools, towns, libraries, State agencies, first responders and others were connected. The State's E911 system operates on this network, with microwave radio backup for the State police systems. Because of the critical nature of these systems, DAS/BITS has taken steps to ensure the continuity of the systems for natural events, the continuity of the systems for malicious events, and safeguarding the information maintained against theft and misuse. The systems are regularly monitored, evaluated, tested, and improved. Major equipment upgrades for both CEN and PSDN are currently underway that improve capacity, supportability and resilience. Individual offices of the State access the systems through internet facilities maintained by third parties, and those offices have varied levels of backup power and redundancy. No individual office is believed to be critical to the integrity of the overall systems; however far reaching events such as snowstorms, flooding, fire and other hazards may affect the ability of the State to deliver services as contemplated.

Cybersecurity. In calendar year 2023 steps continued to be taken to significantly harden the State's operations against cybersecurity threats. The State released the second statewide cybersecurity strategy, with input from federal, state and local partners, in March of 2022. This document outlines the critical importance of protecting all the digital assets in the State. The State has obtained the first and second year funding of a four-year Department of Homeland Security grant to address a "whole of state" approach to cybersecurity that factors in

both state and local government entities through the Department of Emergency Services and Public Protection, Division of Emergency Management and Homeland Security ("DEMHS"), CT Intelligence Center and DAS/BITS. That funding was successfully distributed to the State and local municipalities to improve security fundamentals across the recipients. In 2025, the State began efforts to prioritize the 2023 year state and local cybersecurity grant program grant and application process, focusing on security fundamentals. The DEMHS Training and Exercise Unit includes a cybersecurity trainer to provide training to the State and local partners, as well as the public. The State convenes a monthly cybersecurity working group with local, state, federal, and private sector partners to raise awareness of current threats and to share best practices, gather statewide feedback and help prioritize initiatives. The State also operates under a State Cyber Disruption Response Plan and a Cyber Incident Response Plan, which was updated in January 2024.

Generally, the State's centralized systems were also protected by methods limiting access of users to relevant portions of the system. Malware infection introduced by one user may therefore be limited to the portions of the system accessible by that user. The State runs an incident response team and utilizes commercial software and solutions, and in the past five years, no malware incidents have materially affected State data or operations. In 2022, the State completed the rollout of Endpoint Detection and Response capabilities for servers and endpoints to provide advanced protections from constantly evolving threats. The State experienced an outage, along with many global entities related to the CrowdStrike incident in July 2024. Critical capabilities were restored within a couple of hours, all primary systems were restored within a few hours and all systems by the end of the first business day. This activity demonstrated the State's resilience and also the activation of the State's Cyber Disruption Response Plan. While technically not a cyber incident, the team responded with efficiency. The State is currently going through initial efforts to upgrade its security monitoring and event management system to provide modernized capabilities in protecting in-scope systems against modern attacks. Over the last year, the State has experienced no material cybersecurity incidents. Additional protections have developed and been put in place to continue addressing an evolving threat landscape, including working with GovRamp to streamline the ongoing assessments of the technology supply chain of government focused solutions and payment card industry data security standard compliance initiatives in support of agencies' business goals.

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

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

BUDGET APPROPRIATIONS OF THE STATE SPECIAL TRANSPORTATION FUND FOR FISCAL YEARS 2025-2026 AND 2026-2027

APPROPRIATIONS	2025-2026	2026-2027
I. DEPARTMENT OF TRANSPORTATION		
A. Personal Services	236,076,271	236,076,271
B. Other Expenses	63,434,586	63,434,586
C. Equipment	1,376,329	1,376,329
D. Minor Capital Projects	449,639	449,639
E. Highway Planning and Research	3,060,131	3,060,131
F. Rail Operations	316,004,297	318,803,218
G. Bus Operations	296,608,656	301,407,448
H. ADA Para-Transit Program	51,982,687	51,982,687
I. Non-ADA Dial-A-Ride Program	576,361	576,361
J. Pay-As-You-Go Transportation Projects	18,054,208	18,054,208
K. Transportation Asset Management	3,004,254	3,004,254
L. Transportation to Work	2,370,629	2,370,629
AGENCY TOTAL TRANSPORTATION FUND	**992,998,048**	**1,000,595,761**
II. MOTOR VEHICLE DEPARTMENT		
A. Personal Services	53,959,126	53,959,126
B. Other Expenses	19,078,262	19,778,262
C. Equipment	668,756	668,756
D. DMV Modernization	3,000,000	3,000,000
E. Commercial Vehicle Information Systems and Networks Project	324,676	324,676
AGENCY TOTAL	**77,030,820**	**77,730,820**
III. GENERAL GOVERNMENT		
OFFICE OF POLICY AND MANAGEMENT		
A. Personal Services	770,498	770,498
Agency Total	**770,498**	**770,498**
DEPARTMENT OF ADMINISTRATIVE SERVICES		
A. Personal Services	2,937,990	2,937,990
B. State Insurance and Risk Mgmt Operations	17,467,920	17,467,920
C. IT Services	1,619,686	1,619,686
Agency Total	**22,025,596**	**22,025,596**
IV. CONSERVATION AND DEVELOPMENT		
DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION		
A. Personal Services	3,781,576	3,781,576
B. Other Expenses	665,006	665,006
TOTAL CONSERVATION AND DEVELOPMENT	**4,446,582**	**4,446,582**
V. NON-FUNCTIONAL		
DEBT SERVICE - STATE TREASURER		
Debt Service - State Treasurer	914,650,787	1,025,610,574
RESERVE FOR SALARY ADJUSTMENT		
Reserve for Salary Adjustment	10,868,037	19,864,541
DEPARTMENT OF ADMINISTRATIVE SERVICES		
Worker's Compensation Claims	6,723,297	6,723,297
APPROPRIATIONS ADMINISTERED BY THE COMPTROLLER		
Unemployment Compensation	360,000	360,000
INSURANCE - GROUP LIFE		
Other Expenses	395,600	401,600
EMPLOYERS SOCIAL SECURITY TAX		
Other Expenses	20,862,731	21,697,231
STATE EMPLOYEES HEALTH SERVICE COST		
Other Expenses	66,798,800	65,927,200
OTHER POST EMPLOYMENT BENEFITS		
Other Expenses	4,215,697	4,321,112
SERS DEFINED CONTRIBUTION MATCH		
Other Expenses	1,229,898	1,835,222
STATE EMPLOYEES RETIREMENT CONTRIBUTIONS - Normal Cost		
Other Expenses	22,660,619	23,334,444
STATE EMPLOYEES RETIREMENT CONTRIBUTIONS - UAL		
Other Expenses	145,173,898	136,192,810
OTHER		
Non-functional - Change to Accruals	0	5,337,671
TOTAL NON-FUNCTIONAL	**1,193,939,364**	**1,311,605,702**
TOTAL - Special Transportation Fund	**2,291,210,908**	**2,417,174,959**
Less: Estimated Lapse	(12,000,000)	(12,000,000)
NET - SPECIAL TRANSPORTATION FUND	**2,279,210,908**	**2,405,174,959**

SOURCES: Public Act 25-168

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Appendix C

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS OF THE SPECIAL TRANSPORTATION FUND OF THE STATE OF CONNECTICUT AS OF AND FOR THE YEAR ENDED JUNE 30, 2026

CliftonLarsonAllen LLP, the State's independent auditor for the Special Transportation Fund, has not been engaged to perform and has not performed, since the date of its report included in this Appendix C, any procedures on the financial statements addressed in that report. CliftonLarsonAllen LLP also has not performed any procedures relating to the Official Statement.

(See attached.)

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STATE OF CONNECTICUT
SPECIAL TRANSPORTATION FUND

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2026



CPAs | CONSULTANTS | WEALTH ADVISORS

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STATE OF CONNECTICUT SPECIAL TRANSPORTATION FUND
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INDEPENDENT AUDITORS' REPORT

Honorable Edward M. Lamont, Jr.,
Governor of the State of Connecticut
State of Connecticut Special Transportation Fund
Hartford, Connecticut

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of each major fund of the Special Transportation Fund (the Fund) of the State of Connecticut (the State), as of and for the year ended June 30, 2026, and the related notes to the financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund of the Fund, as of June 30, 2026, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Special Transportation Fund of the State of Connecticut, and do not purport to, and do not, present fairly the financial position of the State of Connecticut as of June 30, 2026, and the changes in its financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

CLA (CliftonLarsonAllen LLP) is an independent network member of CLA Global. See CLAglobal.com/disclaimer.

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 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, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund'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.

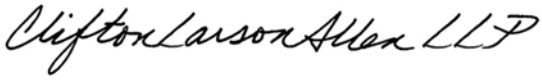
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information 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 budgetary comparison 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 audit 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.

Honorable Edward M. Lamont, Jr.,
Governor of the State of Connecticut
State of Connecticut Special Transportation Fund

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinions on the financial statements are not affected by this missing information.



CliftonLarsonAllen LLP

West Hartford, Connecticut
October 22, 2026

STATE OF CONNECTICUT SPECIAL TRANSPORTATION FUND
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2026
(IN THOUSANDS)

	Special Revenue Fund	Debt Service Fund	Restricted Grants Fund	Total
ASSETS				
Cash and Cash Equivalents	$ 463,886	$	$ 1,612	$ 465,498
Restricted Investments Held By Trustee	6,461	1,217,758	-	1,224,219
Receivables:				
Taxes, Net of Allowance for Doubtful Accounts of $20 for the Special Revenue Fund	340,301	-	-	340,301
Accounts, Net of Allowance for Doubtful Accounts of $39,251 and $3,524 for the Special Revenue Fund and Restricted Grants Fund, Respectively	46,775	-	46,741	93,516
PPP Installment Receivable	76,392	-	-	76,392
Interest	1,218	4,099	-	5,317
Restricted Federal Grants	-	-	325,161	325,161
Due From Other Funds of the State	4,099	-	-	4,099
Materials and Supplies	34,953	-	-	34,953
Total Assets	$ 974,085	$ 1,221,857	$ 373,514	$ 2,569,456
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	$ 32,561	$	$ 154,974	$ 187,535
Wages and Benefits Payable	22,505	-	3,483	25,988
Cash Overdraft Liability	53,861	-	-	53,861
Due to Other Funds of the State	-	4,099	310	4,409
Total Liabilities	108,927	4,099	158,767	271,793
DEFERRED INFLOWS OF RESOURCES				
Receivables to be Collected in Future Periods	45,330	-	20,459	65,789
Deferred Amounts Related to PPPs	72,538	-	-	72,538
Total Deferred Inflows of Resources	117,868	-	20,459	138,327
FUND BALANCES				
Nonspendable:				
Materials and Supplies	34,953	-	-	34,953
Restricted For:				
Transportation Programs	712,337	-	-	712,337
Debt Service	-	1,217,758	-	1,217,758
Federal Programs	-	-	194,288	194,288
Total Fund Balances	747,290	1,217,758	194,288	2,159,336
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 974,085	$ 1,221,857	$ 373,514	$ 2,569,456

See accompanying Notes to Financial Statements.

STATE OF CONNECTICUT SPECIAL TRANSPORTATION FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2026
(IN THOUSANDS)

	Special Revenue Fund	Debt Service Fund	Restricted Grants Fund	Total
REVENUES				
Motor Fuel Taxes	$ 934,687	$ -	$ -	$ 934,687
Sales Taxes	1,005,990	-	-	1,005,990
License, Permit, and Fee Revenues	321,670	-	-	321,670
Sales and Other Services	21,586	-	-	21,586
Fines and Rents	27,125	-	-	27,125
Investment Income	40,335	41,050	-	81,385
Intergovernmental Grants	1,293	-	1,541,365	1,542,658
Miscellaneous	6,432	-	108,275	114,707
Total Revenues	2,359,118	41,050	1,649,640	4,049,808
EXPENDITURES				
Current:				
General Government	28,319	-	137	28,456
Regulation and Protection	125,555	-	-	125,555
Conservation and Development	8,371	-	-	8,371
Transportation	1,277,143	-	1,592,724	2,869,867
Debt Service:				
Principal Retirement	-	657,370	-	657,370
Interest and Fiscal Charges	1,818	389,139	813	391,770
Total Expenditures	1,441,206	1,046,509	1,593,674	4,081,389
Excess (Deficiency) of Revenues Over Expenditures	917,912	(1,005,459)	55,966	(31,581)
Other Financing Sources (Uses):				
Refunding Bonds Issued	-	251,420	-	251,420
Premium on Bonds Issued	-	24,434	-	24,434
Payment to Refunded Bond Trustee	-	(298,606)	-	(298,606)
Transfers from Other State Funds	41,438	948,612	58,219	1,048,269
Transfers to Other State Funds	(954,112)	(41,589)	(57,465)	(1,053,166)
Total Other Financing Sources (Uses)	(912,674)	884,271	754	(27,649)
NET CHANGE IN FUND BALANCES	5,238	(121,188)	56,720	(59,230)
Decrease in Nonspendable Inventories	(1,152)	-	-	(1,152)
Fund Balances - Beginning of Year	743,204	1,338,946	137,568	2,219,718
FUND BALANCES - END OF YEAR	$ 747,290	$ 1,217,758	$ 194,288	$ 2,159,336

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Special Transportation Fund (the Fund) of the State of Connecticut have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as promulgated in pronouncements of the Governmental Accounting Standards Board (GASB). Following is a summary of significant accounting policies of the Fund.

Reporting Entity

The Special Transportation Fund of the State of Connecticut was established pursuant to Public Act 83-30 (the Act) of the June 1983 Special Session of the General Assembly of the State of Connecticut (the State), as amended to date, to account for the transportation related revenues of the State pledged therefor as provided in the Act (the Pledged Revenues) for payment of Special Tax Obligation bonds (the Bonds) issued by the State for transportation infrastructure purposes. Pledged Revenues consist of taxes, fees, charges and other receipts, funds or moneys of the State credited to the Special Transportation Fund and include: motor fuel taxes; oil companies taxes; a portion of the general retail sales and use taxes; the sales and use taxes on motor vehicle sales at dealers; motor vehicle receipts; motor vehicle related licenses, permits and fees; sales taxes imposed on casual sales of motor vehicles; motor vehicle related fines, penalties and other charges and other transportation related revenue sources more particularly defined in the Act, including enacted adjustments in all of the foregoing sources; certain federal subsidy payments relating to certain Taxable Build America Bonds and certain transportation related federal revenues of the State credited to the Special Transportation Fund.

After providing for debt service requirements of the Bonds, the balance of the revenues and other financing sources of the Fund may be used for the payment of debt service on general obligation bonds of the State issued for transportation infrastructure purposes, for the payment of certain expenditures of the State Department of Motor Vehicles, and for the payment of expenditures of the State Department of Transportation, including both the annually budgeted operating expenditures and the State's share of infrastructure improvement program costs not financed separately by other sources.

The Special Revenue Fund is included in the basic financial statements of the State of Connecticut as a major governmental fund, while the Debt Service Fund and Restricted Grants Fund are combined with similar funds of the State. The financial statements of the Special Transportation Fund of the State of Connecticut are intended to present the financial position, and the changes in financial position, of only that portion of each major fund and the aggregate remaining fund information of the State that is attributable to the transactions of the Special Transportation Fund. They do not purport to, and do not, present fairly the financial position of the State as of June 30, 2026 and the changes in the State's financial position for the year then ended in conformity with GAAP.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

The Fund has not presented a management's discussion and analysis (MD&A) in accordance with GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* and GASB Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus* because Management believes the focus of an MD&A is on a primary government. The State of Connecticut, the primary government, will provide an MD&A in its annual report that will include analysis of the Fund.

Recent Legislative Changes

The financial position and changes in financial position of the Fund are subject to legislative actions enacted by the General Assembly of the State of Connecticut.

During the 2026 regular legislative session, the General Assembly passed Public Act 26-68, which provides for the transfer of $100 million of revenue of the Special Transportation Fund from fiscal year 2026 to be accounted for as revenue of the Special Transportation Fund for fiscal year 2027. Such transfers are only for budget purposes and are disregarded for coverage purposes. Public Act 26-68 also authorizes an additional $9,000,000 of special tax obligation bonds for transportation projects effective in fiscal year 2027, bringing total special tax obligation bond authorizations effective in fiscal year 2027 to $1,589,954,214.

During the 2025 regular legislative session, the General Assembly passed Public Act 25-174 (the Bond Act), which provides for special tax obligation bond authorizations for transportation projects of up to $1,574,716,214 effective in fiscal year 2026 and $1,580,954,214 effective in fiscal year 2027. Section 13(f) of the Bond Act also provides for general obligation bond authorizations for transportation projects of up to $40 million for grants-in-aid to municipalities for use in accordance with the provisions of Sections 13a-175a to 13a-175k of the Connecticut General Statutes.

During the 2025 regular legislative session, the General Assembly passed Public Act 25-168 (the Appropriations Act). Section 44 of the Appropriations Act provides for the transfer of $140 million from the Special Transportation Fund for fiscal year 2025, of which $17 million is to be accounted for as revenue of the Special Transportation Fund for fiscal year 2026 and $123 million is to be accounted for as revenue of the Special Transportation Fund for fiscal year 2027. Such transfers are only for budget purposes, and are disregarded for coverage purposes.

Section 368 of the Appropriations Act provides an exemption from sales and use taxes for the sales of and the storage, use or other consumption of certain ambulances and ambulance-type motor vehicles beginning July 1, 2025. Section 444 of the Appropriations Act provides an exemption from sales and use taxes for the sales of and the storage or use of certain precious metals beginning July 1, 2027.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Legislative Changes (Continued)

Section 389 of the Appropriations Act (the Surplus Legislation), which amended Section 13b-68 of the Connecticut General Statutes, provides that for fiscal year 2025, and thereafter, after all amounts required by provision of law to be transferred from the Special Transportation Fund for appropriations for such respective fiscal year have been deducted, the portion of the remaining balance of the Special Transportation Fund in such respective fiscal year exceeding 18% is deemed to be appropriated for the redemption, purchase or defeasance of outstanding Bonds.

Basis of Presentation

Fund Financial Statements

Fund financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The financial activities of the Special Transportation Fund are accounted for in individual funds, each of which is a fiscal and accounting entity with a self-balancing set of accounts. Funds are utilized for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The financial activities of the Special Transportation Fund are reported in the following major governmental funds in the accompanying fund financial statements:

Special Revenue Fund – This fund is used to account for all transportation related taxes, fees and revenues and other receipts collected that are restricted for the payment of debt service requirements of special tax obligation bonds and transportation related general obligation bonds issued by the State for transportation infrastructure purposes, for the payment of certain expenditures of the State Department of Motor Vehicles, and for the payment of budgeted appropriations made by the State Department of Transportation. The State Department of Transportation is responsible for all aspects of the planning, development, maintenance, and improvement of transportation in the State of Connecticut.

Debt Service Fund – This fund is used to account for the accumulation of resources that are restricted for the payment of principal and interest on special tax obligation bonds issued by the State for transportation infrastructure purposes.

Restricted Grants Fund – This fund is used to account for transportation related restricted federal and nonfederal grant revenues and expenditures.

Measurement Focus and Basis of Accounting

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are susceptible to accrual, that is, when they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

For this purpose, the Fund considers revenues to be available if they are collected within 60 days of the end of the current period except for federal revenues that are considered collectible within one year. Significant revenue sources that are considered to be susceptible to accrual include motor fuel taxes and sales taxes. Revenue recognition policies are as follows:

Motor Fuel Taxes and Sales Taxes – Motor fuel taxes and sales taxes are recognized as revenue in the period when the underlying exchange has occurred and when the resources are available.

Intergovernmental Grants and Similar Non-Exchange Transactions – Intergovernmental grants and similar nonexchange transactions are recognized as revenue in the period when all applicable eligibility requirements imposed by funding sources have been met and when the resources are available. Resources received in advance are reported as unearned revenue.

Investment Income – Investment income from restricted investments held by the trustee in the bond service account and the debt service reserve account, and from other investments is recognized when earned.

License, Permit, and Fee and Other Revenues – License, permit and fee and all other revenues are recognized as revenue when received because they are considered to be measurable and available only when the cash is actually received.

Expenditures are recorded when the related fund liability is incurred, except for debt service expenditures and expenditures related to compensated absences and claims and judgments, which are recorded as expenditures when payment is due.

Cash Equivalents

Cash equivalents are defined as short-term, highly liquid investments with original maturities of three months or less when purchased, exclusive of restricted investments held by the trustee.

Investments

Investments are measured at fair value, except for investments in certain external investment pools.

Investments in external investment pools consist of amounts invested in the State of Connecticut Treasurer's Short-Term Investment Fund. The investment pool is under the control of the State Treasurer, with oversight provided by the Treasurer's Cash Management Advisory Board, and is regulated under State statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles. Investors accrue daily interest based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Materials and Supplies

Materials and supplies are reported at cost using either the first-in first-out or average costing methods. Materials and supplies consist of expendable supplies held for consumption whose cost was recorded as an expenditure at the time the individual inventory items were purchased. Reported materials and supplies are offset by a nonspendable fund balance to indicate that they are unavailable for appropriation.

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Fund reports unavailable revenue from certain receivables that are expected to be collected in future periods as deferred inflows of resources. The Fund will recognize such amounts as revenues in the period that the amounts become available. In addition, the Fund reports deferred inflows of resources related to public-private partnership (PPP) arrangements installment receivable. The inflow of resources is recognized in a systematic and rational manner over the term of the PPP arrangement.

Compensated Absences

The liability for compensated absences consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave. Although the Fund does pay for compensated absences, these obligations have not been reported in the accompanying fund financial statements but are reported in the State of Connecticut's Annual Comprehensive Financial Report.

Employees hired on or before June 30, 1978, and managers regardless of date hired can accumulate up to a maximum of 120 vacation days. Employees hired after that date can accumulate up to a maximum of 60 days. Upon termination or death, the employee is entitled to be paid for the full amount of vacation days owed. No limit is placed on the number of sick days that an employee can accumulate. However, the employee is entitled to payment for accumulated sick time only upon retirement, or after ten years of service upon death, for an amount equal to one-fourth of his or her accrued sick leave up to a maximum payment equivalent to sixty days.

Fund Balances

The Fund may report the following fund balance categories:

Nonspendable – Amounts that cannot be spent because they are not in spendable form or they are legally or contractually required to be maintained intact.

Restricted – Constraints are placed on the use of resources that are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through enabling legislation.

Committed – Amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the State of Connecticut General Assembly.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balances (Continued)

Assigned – Amounts are constrained by the Legislature's intent to be used for specific purposes, but are neither restricted or committed.

Unassigned – Residual classification for amounts necessary in other governmental funds to eliminate otherwise negative fund balance amounts in the other four categories.

When both restricted and unrestricted resources are available for use, it is the Fund's policy to use restricted resources first, then unrestricted resources as they are needed. When committed, assigned and unassigned resources are available for use, it is the Fund's policy to use committed resources first, then assigned resources and then unassigned resources as they are needed.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Adoption of New Accounting Standards

In April 2024, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 103, Financial Reporting Model Improvements. This Statement improves key components of the governmental financial reporting model, including management's discussion and analysis, presentation of unusual or infrequent items, and certain proprietary fund financial statement presentation requirements. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

The State of Connecticut Special Transportation Fund adopted these requirements effective July 1, 2025. The implementation of GASB Statement No. 103 did not have a material impact on the State of Connecticut Special Transportation Fund's financial statements but resulted in changes to certain financial statement presentation and disclosure requirements.

NOTE 2 RESTRICTION OF FUND REVENUES

Under the terms and provisions of special acts of the General Assembly of the State of Connecticut, the State Bond Commission is empowered to authorize the issuance of special tax obligation bonds in one or more series to fund a portion of the costs of the State's infrastructure improvement projects. The bonds issued to date are described more fully in Note 6. The bonds are payable solely from, and secured by, a first pledge on the revenues of the Fund pursuant to the Act and the Indenture of Trust dated September 15, 1984, as amended and restated on November 1, 2024, and as supplemented.

Included in intergovernmental revenues are certain restricted grants. These grants represent amounts received from federal and local governments and other sources specifically to fund their share of certain program costs incurred. These revenues totaled approximately $1.543 billion for the year ended June 30, 2026 and are not available for debt service.

NOTE 3 CASH DEPOSITS - CUSTODIAL CREDIT RISK

Custodial credit risk is the risk that, in the event of a bank failure, the Fund will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The State maintains its deposits in qualified financial institutions located in the state to reduce its exposure to this risk. These institutions are required to maintain, segregated from their other assets, eligible collateral in an amount equal to 10%, 25%, 100%, or 120% of its public deposits. The collateral is held in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank.

The carrying value of the Fund's cash deposits totaled $1,812 as of June 30, 2026. Because the Fund's cash deposits are commingled with those of other funds of the State, the amount of the Fund's cash deposits subject to custodial credit risk is not readily determinable as of June 30, 2026.

Investments in the State Treasurer's Short-Term Investment Fund (STIF) totaling $463,686 are included in cash and cash equivalents in the accompanying balance sheet. For purposes of disclosure, such amounts are considered investments and are included in the disclosure in Note 4.

NOTE 4 INVESTMENTS

As of June 30, 2026, the Fund's investments consist of the following:

		Investment Maturities (In Years)		
Investment Type	Fair Value	Less Than 1	1 to 5	6 to 10
Short-Term Investment Fund	$ 1,295,716	$ 1,295,716	$ -	$ -
Municipal Fixed Rate Securities	33,486	6,750	26,736	-
Federal Fixed Rate Securities	356,260	-	208,053	148,207
Treasury Notes	2,443	-	2,443	-
Total	$ 1,687,905	$ 1,302,466	$ 237,232	$ 148,207

Because the State Treasurer's Short-Term Investment Fund had a weighted-average maturity of less than 90 days, it has been presented as an investment with a maturity of less than one year.

A reconciliation of the Fund's restricted investments as presented in the accompanying balance sheet as of June 30, 2026 is as follows:

Bond Service Account	$ 613,294
Debt Service Reserve Account	604,464
Interest Account	6,461
Restricted Investments Held by Trustee	$ 1,224,219

Investments held by the Trustee in the bond service account and the debt service reserve account are restricted by and invested pursuant to the terms of the Indentures.

NOTE 4 INVESTMENTS (CONTINUED)

Interest Rate Risk

The Fund's investment policy to limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates is delineated in the Indentures.

Credit Risk

The Fund's investment restrictions are delineated in the Indentures. No investments of the Fund may have a maturity date longer than 10 years. In addition, in accordance with Connecticut General Statutes, allowable investments include 1) obligations, securities and investments set forth in subsection (f) of Section 3-20 of the Connecticut General Statutes and 2) participation certificates in the State Treasurer's Short-Term Investment Fund created under Section 3-27a of the General Statutes.

The Fund's investments in debt securities were rated as follows at June 30, 2026:

Debt Securities	Fair Value	Standard and Poors	Moody's	Fitch
Short-Term Investment Fund	$ 1,295,716	AAAm	Unrated	Unrated
Municipal Fixed Rate Securities	33,486	AA+ AA	Aa2	Unrated
Federal Fixed Rate Securities	356,260	AA- AAA	Aaa	Unrated
Treasury Notes	2,443	AA+	Unrated	Unrated
Total	$ 1,687,905			

Concentrations of Credit Risk

The Fund places no limit on the amount of investment in any one issuer. As of June 30, 2026, 77% of the Fund's investments were invested in the State Treasurer's Short-Term Investment Fund, 13% in Federal Farm Credit Bank Securities, 8% in Federal Home Loan Bank and Mortgage Securities and 2% in Municipal Fixed Rate Securities.

Fair Value

The Fund categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. 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 or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The Fund has the following recurring fair value measurements as of June 30, 2026:

Investments	June 30, 2026	Level 1	Level 2	Level 3
Municipal Fixed Rate Securities	$ 33,486	$ -	$ 33,486	$ -
Federal Fixed Rate Securities	356,260	-	356,260	-
Treasury Notes	2,443	-	2,443	-
Total Investments by Fair Value Level	392,189	$ -	$ 392,189	$ -
Investments Measured at Amortized Cost				
Short-Term Investment Fund	1,295,716			
Total Investments	$ 1,687,905			

NOTE 5 PUBLIC-PRIVATE AND PUBLIC-PUBLIC PARTNERSHIPS

The State, acting by and through the Connecticut Department of Transportation, entered into a public-private partnership arrangement (PPP) with Project Service LLC to operate the 23 Service Areas along roadways of Connecticut. The contract commenced in 2009 and originally ran through December 2044. The assets underlying the agreement remain assets of the State. The contract requires Minimum Annual Guaranteed Payments (MAG) and Participation Payments on Gross Receipts and Gallons of Fuel Sold.

On October 28, 2025, the State and Project Service LLC amended the agreement to extend the term from December 2044 to December 2064 and revise the MAG and participation payment schedules. The amendment includes a 20% reduction in MAG and participation payments through fiscal year 2044 and operating and maintenance rent credits for fiscal years 2026 through 2030, which the operator is required to repay by June 30, 2040. The Fund accounted for the amendment as a modification and remeasured the PPP receivable and related deferred inflow of resources as of the amendment date, which increased each by approximately $29.5 million.

Utilizing an incremental borrowing interest rate of 4.60%, the Fund reported net present value receivables and related deferred inflows of resources and PPP revenue, and interest revenues related to public-private partnerships receivable as of June 30, 2026 as follows:

PPP Installment Receivable	Deferred Inflow of Resources	PPP Revenue	PPP Interest Revenue
$ 76,392	$ 72,538	$ 1,909	$ 3,425

Participation payments on gross receipts and gallons of fuel sold for the year ended June 30, 2026 were approximately $1.1 million.

NOTE 6 SPECIAL TAX OBLIGATION BONDS

A summary of special tax obligation bonds issued, pursuant to the State Bond Commission's authorization, and the outstanding principal balances as of June 30, 2026 is as follows.

Issue	Interest Rates	Dated Date	Maturing Through Fiscal Year	Amount of Original Issue	Principal Balance at June 30, 2026
2016A Bonds	3.00% - 5.00%	September 28, 2016	2037	$ 800,000	$ 534,225
2016B Refunding Bonds	2.00% - 5.00%	September 28, 2016	2029	68,265	40,875
2018A Bonds	4.00% - 5.00%	February 8, 2018	2038	800,000	565,895
2018B Bonds	5.00%	October 25, 2018	2039	750,000	563,510
2018C Refunding Bonds	3.00% - 5.00%	October 25, 2018	2027	100,105	19,370
2020A Bonds	3.00% - 5.00%	May 29, 2020	2040	850,000	691,665
2021A Bonds	3.00% - 5.00%	May 12, 2021	2041	875,000	735,330
2021B Refunding Bonds	3.00% - 4.00%	May 12, 2021	2029	11,695	1,965
2021C Refunding Bonds	5.00%	October 19, 2021	2032	144,190	77,490
2021D Bonds	1.75% - 5.00%	December 1, 2021	2042	500,000	434,100
2022A Bonds	4.25% - 5.25%	November 7, 2022	2044	830,000	631,685
2022B Refunding Bonds	5.00%	November 7, 2022	2034	313,490	194,835
2023A Bonds	5.00% - 5.25%	November 1, 2023	2044	875,000	715,400
2023B Refunding Bonds	5.00%	November 1, 2023	2035	349,005	302,055
2024A Bonds	5.00%	December 19, 2024	2045	1,000,000	979,970
2024B Refunding Bonds	5.00%	December 19, 2024	2031	375,270	347,185
2025A Bonds	5.00%	December 18, 2025	2047	1,551,420	1,551,420
Total					$ 8,386,975

Proceeds from the sale of special tax obligation bonds were used to: fund the State's Infrastructure Improvement Fund, fund any required deposits to the debt service reserve fund and to pay costs associated with the sale of the bonds. The Infrastructure Improvement Fund was established by the State to account for the net bond proceeds to be used for Transportation Infrastructure Improvement projects and is a separate capital project fund of the State and is not part of the Special Transportation Fund.

Revenues are credited to the Special Transportation Fund and funds are transferred to the Fund's debt service account to the extent required to meet debt service requirements as provided by the Indentures. In addition, the Amended and Restated Indenture requires the Fund to maintain a debt service reserve account for the Prior Bonds (bonds issued under the original 1984 Indenture) at a level equal to the maximum annual principal and interest requirements on the Prior Bonds for the current or any future fiscal year. Bonds issued under the Amended and Restated Indenture, including the 2024 Series A and B and 2025 Series A, are not secured by the debt service reserve account.

The 2016 Series A Bonds maturing on or after September 1, 2027 will be subject to redemption, at the election of the State, on or after September 1, 2026 at any time, in whole or in part and by lot within a maturity, in such amounts as the State may determine. The bonds may be redeemed by the payment of principal and accrued interest thereon at a redemption price equal to 100% of the principal amount outstanding on September 1, 2026 and thereafter.

NOTE 6 SPECIAL TAX OBLIGATION BONDS (CONTINUED)

The 2016 Refunding Series B Bonds maturing on or after September 1, 2027 will be subject to redemption, at the election of the State, on or after September 1, 2026 at any time, in whole or in part and by lot within a maturity, in such amounts as the State may determine. The bonds may be redeemed by the payment of principal and accrued interest thereon at a redemption price equal to 100% of the principal amount outstanding on September 1, 2026 and thereafter.

The 2018 Series A Bonds maturing on or after January 1, 2029 will be subject to redemption, at the election of the State, on or after January 1, 2028 at any time, in whole or in part and by lot within a maturity, in such amounts as the State may determine. The bonds may be redeemed by the payment of principal and accrued interest thereon at a redemption price equal to 100% of the principal amount outstanding on January 1, 2028 and thereafter.

The 2018 Series B Bonds maturing on or after October 1, 2029 will be subject to redemption, at the election of the State, on or after October 1, 2028 at any time, in whole or in part and by lot within a maturity, in such amounts as the State may determine. The bonds may be redeemed by the payment of principal and accrued interest thereon at a redemption price equal to 100% of the principal amount outstanding on October 1, 2028 and thereafter.

The 2018 Series C Refunding Bonds are not subject to optional redemption.

The 2020 Series A Bonds maturing on or after May 1, 2031 will be subject to redemption, at the election of the State, on or after May 1, 2030 at any time, in whole or in part and by lot within a maturity, in such amounts as the State may determine. The bonds may be redeemed by the payment of principal and accrued interest thereon at a redemption price equal to 100% of the principal amount outstanding on May 1, 2030 and thereafter.

The 2021 Series A Bonds maturing on or after May 1, 2032 will be subject to redemption, at the election of the State, on or after May 1, 2031 at any time, in whole or in part and by lot within a maturity, in such amounts as the State may determine. The bonds may be redeemed by the payment of principal and accrued interest thereon at a redemption price equal to 100% of the principal amount outstanding on May 1, 2031 and thereafter.

The 2021 Series B Refunding Bonds are not subject to optional redemption.

The 2021 Series C Refunding Bonds are not subject to optional redemption.

The 2021 Series D Bonds are subject to optional redemption at the election of the State on or after November 1, 2031.

The 2022 Series A Bonds maturing on or after July 1, 2034 will be subject to redemption, at the election of the State, on or after January 1, 2033 at any time, in whole or in part and by lot within a maturity, in such amounts as the State may determine. The bonds may be redeemed by the payment of principal and accrued interest thereon at a redemption price equal to 100% of the principal amount outstanding on January 1, 2033 and thereafter.

The 2022 Series B Refunding Bonds are not subject to optional redemption.

NOTE 6 SPECIAL TAX OBLIGATION BONDS (CONTINUED)

The 2023 Series A Bonds maturing on or after July 1, 2035 will be subject to redemption, at the election of the State, on or after January 1, 2034 at any time, in whole or in part and by lot within a maturity, in such amounts as the State may determine. The bonds may be redeemed by the payment of principal and accrued interest thereon at a redemption price equal to 100% of the principal amount outstanding on January 1, 2034 and thereafter.

The 2023 Series B Refunding Bonds are not subject to optional redemption.

The 2024 Series A Bonds maturing on or after July 1, 2035 will be subject to redemption, at the election of the State, on or after October 1, 2034 at any time, in whole or in part and by lot within a maturity, in such amounts as the State may determine. The bonds may be redeemed by the payment of principal and accrued interest thereon at a redemption price equal to 100.5% of the principal amount outstanding from October 1, 2034 to December 31, 2034 and at 100% of the principal amount outstanding on January 1, 2035 and thereafter.

The 2024 Series B Refunding Bonds are not subject to optional redemption.

The 2025 Series A Bonds maturing on or after July 1, 2036 will be subject to redemption, at the election of the State, on or after October 1, 2035 at any time, in whole or in part and by lot within a maturity, in such amounts and in such order of maturity as the State may determine. The bonds may be redeemed by the payment of principal and accrued interest thereon at a redemption price equal to 100.5% of the principal amount outstanding from October 1, 2035 to December 31, 2035 and at 100% of the principal amount outstanding on January 1, 2036 and thereafter.

The aggregate principal and interest maturities on the bonds (scheduled payments to bondholders) are as follows:

Year Ending June 30,	Principal	Interest	Total
2027	$ 478,510	$ 406,546	$ 885,056
2028	508,065	379,240	887,305
2029	524,255	353,589	877,844
2030	519,145	327,675	846,820
2031	521,805	301,831	823,636
2032-2036	2,456,260	1,134,393	3,590,653
2037-2041	2,194,675	556,697	2,751,372
2042-2046	1,142,960	132,895	1,275,855
2047-2051	41,300	1,033	42,333
Total	$ 8,386,975	$ 3,593,899	$ 11,980,874

Bonds Authorized But Not Issued

As of June 30, 2026, the State has $7.5 billion of special tax obligation bonds that have been authorized by the Legislature and allocated by the State Bond Commission but not issued. These bonds would be payable from the revenues of the Fund if issued.

NOTE 6 SPECIAL TAX OBLIGATION BONDS (CONTINUED)

Accrued Interest

As of June 30, 2026, accrued interest on the special tax obligation bonds paid from the Debt Service Fund totaled $165.4 million and will be recognized as a debt service expenditure when paid.

NOTE 7 CHANGES IN LONG-TERM OBLIGATIONS

Although the Fund does pay certain long-term obligations, these obligations have not been reported in the accompanying fund financial statements but are reported in the State of Connecticut's Annual Comprehensive Financial Report. A summary of changes in long-term obligations of the Fund for the year ended June 30, 2026 is as follows:

Description	Balance, July 1, 2025	Additions[1]	Reductions	Balance, June 30, 2026	Due Within One Year
Special Tax Obligation Bonds and Refunding Bonds	$ 7,784,420	$ 1,551,420	$ 948,865	$ 8,386,975	$ 478,510
Compensated Absences	107,017	15,031	-	122,048	79
Claims and Judgements (See Note 9)	4,289	-	903	3,386	-
Total	$ 7,895,726	$ 1,566,451	$ 949,768	$ 8,512,409	$ 478,589

[1]The change in the compensated absence liability is presented as a net change.

Debt proceeds of $1,300,000 related to new bond issue are deposited and reported with Other Funds of the State (Capital Projects Fund) and not included with the Special Transportation Fund.

2025A Bonds

In the current fiscal year, the State of Connecticut issued $1,551,420 in Special Tax Obligation Bonds, 2025 Series A, with interest rate of 5%. Of this amount, $1,300,000 was for new money purposes and $251,420 was for refunding purposes. The refunding portion, together with premium and amounts on deposit in the Bond Service Sub-Account, was used to currently refund $259,355 of outstanding 2015 Series A and $33,675 of outstanding 2015 Series B Special Tax Obligation Bonds, which had interest rates of 5% (the "Prior Bonds"). Amounts totaling $298,606, which covered the principal of and accrued interest on the Prior Bonds, were deposited with the trustee, and the Prior Bonds were redeemed on December 18, 2025, the date the 2025A bonds were issued. The State completed the current refunding to reduce total debt service payments by $31,165 and to obtain an economic gain (the difference between the present values of the debt service payments on the old and new debt) of $25,799.

Defeasance of Debt

During the fiscal year ended June 30, 2026, the State of Connecticut, through the Office of the Treasurer, legally defeased a portion of the Special Tax Obligation Transportation Infrastructure Bonds, Series 2022A and Series 2023A, using resources from the Special Transportation Fund.

NOTE 7 CHANGES IN LONG-TERM OBLIGATIONS (CONTINUED)

Defeasance of Debt (Continued)

In accordance with GASB Statement No. 86, the State deposited $256.5 million of Special Transportation Fund monetary assets into an irrevocable trust with the bond trustee. These assets are restricted for the sole purpose of paying principal and interest on $127.8 million of Series 2022A bonds maturing July 1, 2027 through July 1, 2032 and $114.7 million of Series 2023A bonds maturing July 1, 2032 through July 1, 2035. The defeased bonds will be paid at a price of 100% of principal on their scheduled maturity dates. The exception is the defeased portion of the Series 2023A bonds maturing July 1, 2035, which will be redeemed on January 1, 2034.

As a result of the legal defeasance, the related debt has been removed from the State's liabilities in the Annual Comprehensive Financial Report. As of June 30, 2026, $242.5 million of legally defeased bonds remained outstanding. The transaction did not involve the issuance of new debt and was funded entirely from existing Special Transportation Fund reserves.

NOTE 8 INTERFUND BALANCES

Interfund Receivables and Payables Amounts

A summary of interfund receivables and payables as of June 30, 2026 are as follows:

Receivable Fund	Payable Fund	Amount
Special Revenue Fund	Debt Service Fund	$ 4,099
Other Funds of the State	Restricted Grants Fund	$ 310

The above balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

NOTE 8 INTERFUND BALANCES (CONTINUED)

Interfund Transfers

A summary of interfund transfers for the year ended June 30, 2026 is as follows:

Transfer In	Transfer Out	Amount
Special Revenue Fund	Debt Service Fund	$ 41,287
	Other Funds of the State	151
	Total	$ 41,438
Debt Service Fund	Special Revenue Fund	$ 891,147
	Restricted Grants Fund	57,465
	Total	$ 948,612
Restricted Grants Fund	Special Revenue Fund	$ 57,465
	Other Funds of the State	754
	Total	$ 58,219
Other Funds of the State	Special Revenue Fund	$ 5,500
	Debt Service Fund	302
	Total	$ 5,802

Transfers are used primarily to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) to move receipts restricted for debt service from the funds collecting the receipts to the Debt Service Fund as debt service payments become due.

NOTE 9 COMMITMENTS AND CONTINGENCIES

Litigation, Claims, and Assessments

The State is party to various claims and legal actions brought against it, some of which may ultimately result in settlements or judgments against the State for which amounts may ultimately be paid from the Fund. Any amounts payable from the Fund to meet such settlements or judgements are subject to the prior lien in favor of the Bonds. The State of Connecticut, Office of the Attorney General has determined that it is probable that some of these actions will result in a loss to the State. The estimated liabilities for probable cases against the State for which amounts may ultimately be payable from the Fund totaled approximately $3.4 million as of June 30, 2026. In addition, there are a number of cases where the outcome is either uncertain or it is reasonably possible that a loss may be incurred for which the estimated exposure can’t be determined as of June 30, 2026.

Arbitrage Rebate Requirements

Section 148 of the Internal Revenue Code, as enacted by the Tax Reform Act of 1986, requires that 90% of the earnings from the investment of tax-exempt bond proceeds that exceed the yield on tax-exempt bonds be remitted to the U.S. government. In accordance with this regulation, the Fund may be required to rebate a portion of its investment earnings on the proceeds of the Bonds to the federal government. There were no rebate payments made during the year ended June 30, 2026. The potential arbitrage liability as of June 30, 2026 is approximately $4.1 million.

NOTE 9 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Contractual Commitments

The State entered into a contractual agreement with H.N.S. Management Company, Inc., doing business as CTTransit, to manage and operate the bus transportation system for the State. The State pays all expenditures of the system including all past, present and future pension plan liabilities of the personnel employed by the system and any other fees, as agreed upon. Upon termination of the agreement, the State shall assume all of the existing obligations of CTTransit, including all pension liabilities described below. Although the Fund has no liability related to these costs, payments may be made by the Fund if so directed by the State.

In addition, the Fund has other contractual commitments for various transportation related construction projects. As of June 30, 2026, the aggregate contractual commitments for such projects totaled approximately $2.61 billion. Funding of these expenditures is expected to be received from federal and other grants and other revenues to be received by the Fund.

Pension and Other Postemployment Benefits

Certain employees of the Fund participate in the State Employees' Retirement System (SERS), which is administered by the State Employees' Retirement Commission. The Fund has no liability for these pension and other postemployment benefit costs other than the annual contributions, pursuant to Public Act 83-30 of the June 1983 Special Session of the General Assembly of the State of Connecticut as amended to date. In addition, the actuarial study was performed on the SERS as a whole and does not provide separate information for employees of the Fund. Therefore, certain pension and other postemployment benefit disclosures cannot be provided. Information on the total SERS funding status and progress, required contributions and trend information can be found in the State of Connecticut's Annual Comprehensive Financial Report.

The Fund's contribution is determined by applying a State mandated percentage to eligible salaries and wages. The net contributions made by the Fund totaled $167.8 million for pension benefits and $3.8 million for other postemployment benefits for the year ended June 30, 2026.

Federal Awards

Grant amounts received or receivable by the Special Revenue and Restricted Grants Funds from federal agencies are subject to audit and adjustment by these agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the federal government cannot be determined at this time, although the State expects such amounts, if any, to be immaterial.

NOTE 10 INTERFUND ALLOCATIONS

The Fund is one of many funds within the State of Connecticut financial reporting entity. As a result, certain transactions of the Fund, including operating transfers and certain allocations of expenses among funds, are under the direction of management of the State.

Allocation of Bank Charges

The Fund invests in the State Treasurer's Short Term Investment Fund, which is a money market investment pool administered by the State Treasurer. In addition, the Fund's cash balances are managed by the State of Connecticut, Office of the Treasurer. Bank charges allocated to the Fund totaled $211.7 thousand for the year ended June 30, 2026.

NOTE 11 RISK MANAGEMENT AND UNCERTAINTIES

Risk Management

The risk financing and insurance program of the State is managed by the State Insurance and Risk Management Board (the Board). The Board is responsible mainly for determining the method by which the State shall insure itself against losses by the purchase of insurance to obtain the broadest coverage at the most reasonable cost, determining whether deductible provisions should be included in the insurance contract, and whenever appropriate determining whether the State shall act as self-insurer.

The State is self-insured for general liability risks because it has sovereign immunity. This means that the State cannot be sued for liability without its permission. For other liability risks, the State purchases commercial insurance only if the State can be held liable under a statute (e.g., per statute the State can be held liable for injuries suffered by a person on a defective State highway), or if it is required by a contract. Amounts allocated and expended by the Fund for general liability, automobile, and property insurance totaled approximately $15.8 million for the year ended June 30, 2026.

The State is self-insured for liabilities associated with worker compensation claims. Amounts allocated and expended by the Fund for workers compensation insurance totaled approximately $7.5 million for the year ended June 30, 2026.

Uncertainties

Reliance on Certain Taxes

A significant portion of the revenues of the Special Transportation Fund are derived from motor fuel taxes, oil companies taxes, and a portion of the general retail sales taxes. Such taxes may be directly affected by economic conditions. Periods of less favorable economic conditions could result in substantially reduced revenues generated from such taxes and could have a material adverse effect on the Special Transportation Fund.

NOTE 12 SUBSEQUENT EVENTS

On July 1, 2026, the State issued $443,685 of Special Tax Obligation Refunding Bonds, Transportation Infrastructure Purposes, 2026 Series A (the 2026 Series A Bonds). The bonds have a true interest cost of 2.90% and mature through July 1, 2036. The 2026 Series A Bonds are payable from pledged revenues of the Special Transportation Fund.

The State deposited the proceeds of the 2026 Series A Bonds, together with $56,420 of funds on hand related to the refunded bonds, into the trustee's redemption sub-account. The amounts were used to refund $496,740 of outstanding Special Tax Obligation Bonds 2016 Series A and $40,875 of outstanding Special Tax Obligation Refunding Bonds 2016 Series B. The refunded bonds were redeemed on September 1, 2026, at a redemption price of 100%. The refunding reduces total debt service payments by $62,413 over the next ten years. It also results in an economic gain (the difference between the present values of the old and new debt service payments, adjusted for additional cash paid) of $46,117.

REQUIRED SUPPLEMENTARY INFORMATION

STATE OF CONNECTICUT SPECIAL TRANSPORTATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – NON-GAAP BUDGETARY BASIS – SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2026
(IN THOUSANDS)

	Budgeted Amounts		Variance with Final Budget Over (Under)	Actual	Variance with Actual Over (Under) Final
	Original	Final	Original Budget	Amounts	Budget
REVENUES					
Budgeted:					
Taxes, Net of Refunds	$ 1,821,700	$ 1,844,450	$ 22,750	$ 1,932,119	$ 87,669
License, Permit, and Fee Revenues	412,000	417,000	5,000	393,700	(23,300)
Federal Grants	-	-	-	1,285	1,285
Other	64,500	47,000	(17,500)	57,997	10,997
Refunds of Payments	(10,900)	(10,900)	-	(12,395)	(1,495)
Operating Transfers In	11,500	11,500	-	-	(11,500)
Operating Transfers Out	-	-	-	(67,817)	(67,817)
Total Revenues	2,298,800	2,309,050	10,250	2,304,889	(4,161)
EXPENDITURES					
Budgeted:					
General Government	34,230	22,211	(12,019)	20,512	(1,699)
Regulation and Protection	81,034	79,034	(2,000)	74,148	(4,886)
Conservation and Development	4,447	4,447	-	4,447	-
Transportation	1,064,087	1,064,395	308	1,052,331	(12,064)
Nonfunctional	1,183,821	1,201,880	18,059	1,167,476	(34,404)
Total Expenditures	2,367,619	2,371,967	4,348	2,318,914	(53,053)
Appropriations Lapsed	16,000	26,713	10,713	-	(26,713)
Excess of Revenues Over Expenditures	(52,819)	(36,204)	16,615	(14,025)	22,179
OTHER FINANCING SOURCES (USES)					
Prior Year Appropriations Carried Forward	76,400	76,400	-	76,405	5
Appropriations Continued to Fiscal Year 2026-2027	-	-	-	(26,338)	(26,338)
Total Other Financing Sources (Uses)	76,400	76,400	-	50,067	(26,333)
NET CHANGE IN FUND BALANCES	23,581	40,196	16,615	36,042	(4,154)
Budgetary Fund Balances - Beginning of Year				546,288	
Miscellaneous Adjustments to Fund Balances				(57,465)	
Change in Reserve for Continuing Appropriations				(50,067)	
BUDGETARY FUND BALANCES - END OF YEAR				$ 474,798	

STATE OF CONNECTICUT SPECIAL TRANSPORTATION FUND
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2026
(IN THOUSANDS)

NOTE 1 BUDGETARY INFORMATION AND LEGAL COMPLIANCE

Budgetary Information

By statute, the Governor of the State of Connecticut must submit the State budget to the General Assembly in February of every other year. Prior to June 30, the General Assembly enacts the budget through the passage of appropriation acts for the next two fiscal years and sets forth revenue estimates for the same period for several funds of the State, including the Special Transportation Fund.

Pursuant to section 705 of the 2017 Budget Act, the General Assembly is prohibited from authorizing Special Transportation Fund appropriations for any fiscal year that, in the aggregate, exceed a specified percentage (99.25% in fiscal year 2021, and declining by 0.25% in each subsequent fiscal year, to 98% in fiscal year 2026 and each fiscal year thereafter) of the estimated revenues included in such fiscal year's budget act, subject to certain exemptions.

Budgetary control is maintained at the individual appropriation account level by agency as established in authorized appropriation bills and is reported in the *Annual Report of the State Comptroller Statutory Basis (GAAP Based Budgeting)*. A separate document demonstrating compliance with the legally adopted budget is necessary because the legal level of control is more detailed than reflected in the accompanying Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual. Before an agency can utilize amounts appropriated for a particular purpose, such amounts must be allotted for the specific purpose by the Governor and encumbered by the State Comptroller upon request by the agency. Such amounts can then be expended by the State Treasurer only upon a warrant, draft or order of the State Comptroller drawn at the request of the responsible agency. The allotment process maintains expenditure control over amounts that are not budgeted as part of the annual appropriation act.

The Governor has the power under Connecticut statute to modify budgetary allotment requests for the administration, operation and maintenance of a budgeted agency. However, the modification cannot exceed 3% of the fund or 5% of the appropriation amount. Modifications beyond those limits, but not in excess of 5% of the total funds, require the approval of the Finance Advisory Committee. The Finance Advisory Committee is comprised of the Governor, the Lieutenant Governor, the Treasurer, the Comptroller, two senate members, not of the same political party, and three house members, not more than two of the same political party. Additional reductions of appropriations of more than 5% of the total appropriated fund can be made only with the approval of the General Assembly.

NOTE 1 BUDGETARY INFORMATION AND LEGAL COMPLIANCE (CONTINUED)

Budgetary Information (Continued)

All funds of the State use encumbrance accounting. Under this method of accounting, purchase orders, contracts, and other commitments for expenditures of the fund are recorded in order to reserve that portion of the applicable appropriation. All encumbrances lapse at year-end and, generally, all appropriations lapse at year-end except for certain continuing appropriations (continuing appropriations are defined as carry forwards of spending authority from one fiscal budget into a subsequent fiscal budget). The continuing appropriations include: appropriations continued for a one-month period after year-end which are part of a program that was not renewed the succeeding year; appropriations continued for the entire succeeding year, as in the case of highway and other capital construction projects; and appropriations continued for specified amounts for certain special programs.

The Special Revenue Fund is the only fund of the Special Transportation Fund for which a budget is legally adopted. The budget is prepared on a “modified cash” basis of accounting under which revenues are recognized when received, except for certain taxes and federal and other restricted grant revenues. Certain tax payments received by the Commissioner of Revenue Services not later than five business days after the last day of July immediately following the end of the fiscal year are subject to statutory accrual. Federal and other restricted grant revenues are recognized when earned. Under the modified cash basis, expenditures are recognized when paid. A comparison of actual results of operations recorded on this basis and the final adopted budget is presented in the accompanying statement of revenues, expenditures and changes in fund balances - budget and actual - non-GAAP budgetary basis.

A reconciliation between budgetary amounts and GAAP amounts for the Special Revenue Fund is as follows:

	Special Revenue Fund
Net Change in Fund Balance - Budgetary Basis	$ 36,042
Decrease in Receivables	(456)
Decrease in Accounts Payable	3,422
Increase in Other Payables	(63,914)
Public-Private Partnership Revenue Recognized	3,853
Miscellaneous Adjustments	(6,642)
Decrease in Continuing Appropriations	(50,067)
Fiscal Year 2026 Fund Balance Activity	83,000
Net Change in Fund Balance - GAAP Basis	$ 5,238

There were no significant variances between the original and final budget or the final budget and the actual amounts.

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STATE OF CONNECTICUT,
Issuer

and

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

Amended and Restated Indenture of Trust

Dated as of November 1, 2024

Special Tax Obligation Bonds
Transportation Infrastructure Purposes

AMENDED AND RESTATED INDENTURE OF TRUST

SPECIAL TAX OBLIGATION BONDS
TRANSPORTATION INFRASTRUCTURE PURPOSES
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EXHIBIT A – AMENDMENTS REQUIRING 60% BONDHOLDER CONSENT

ATTACHMENT A – STATE OF CONNECTICUT CONTRACTING REQUIREMENTS

ATTACHMENT B – NOTICE TO EXECUTIVE BRANCH STATE CONTRACTORS AND PROSPECTIVE STATE CONTRACTORS OF CAMPAIGN CONTRIBUTION AND SOLICITATION LIMITATIONS

THIS AMENDED AND RESTATED INDENTURE OF TRUST (this "Indenture" as hereinafter further defined) is made and entered into as of November 1, 2024, by and between the STATE OF CONNECTICUT ("State") and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, duly organized, existing and authorized to accept duties and obligations of the character herein set out under and by virtue of the laws of the United States of America, with its principal office located in Connecticut ("Trustee" as hereinafter further defined).

WITNESSETH:

RECITALS

WHEREAS, this Indenture constitutes a "Supplemental Indenture" pursuant to the Original Indenture and amends and restates that certain Indenture of Trust dated as of September 15, 1984, by and between the State and the Trustee (as successor Trustee), as previously amended and supplemented (collectively, the "Original Indenture"); and

WHEREAS, the State previously issued Prior Bonds (as hereinafter defined) under the Original Indenture, including the following Bonds that remain outstanding: 2009 Series B (Build America Bonds – Direct Pay) dated November 10, 2009; 2010 Series B (Build America Bonds – Direct Pay) dated November 10, 2010; 2012 Series A dated December 21, 2012; 2014 Series A dated October 16, 2014; 2014 Series B (Refunding) dated October 16, 2014; 2015 Series A dated October 15, 2015; 2015 Series B (Refunding) dated October 15, 2015; 2016 Series A dated September 28, 2016; 2016 Series B (Refunding) dated September 28, 2016; 2018 Series A dated February 8, 2018; 2018 Series B dated October 25, 2018; 2018 Series C (Refunding) dated October 25, 2018; 2020 Series A dated May 29, 2020; 2021 Series A dated May 12, 2021; 2021 Series B (Refunding) dated May 12, 2021; 2021 Series C (Refunding) dated October 19, 2021; 2021 Series D dated December 1, 2021; 2022 Series A dated November 7, 2022; 2022 Series B (Refunding) dated November 7, 2022; 2023 Series A dated November 1, 2023; and 2023 Series B (Refunding) dated November 1, 2023; and

WHEREAS, pursuant to the Act (as hereinafter defined), the State is authorized to issue special tax obligation bonds from time to time in one or more series whenever the General Assembly has empowered the State Bond Commission to authorize such bonds for specific transportation projects and uses and has found that such projects and uses are for any of the purposes enumerated in such Act, and the State Bond Commission has found that the authorization of such bonds will be in the best interests of the State; and

WHEREAS, special tax obligation bonds issued pursuant to the Act have been determined by the General Assembly to be issued for valid public purposes and in the exercise of essential governmental functions; and

WHEREAS, pursuant to the Act, the State Bond Commission is empowered to authorize the issuance of special tax obligation bonds in one or more series in aggregate principal amount as authorized by the Act, for specific projects and uses enumerated in the Act, and has found that such projects and uses are for one or more of the purposes enumerated in the Act; and

WHEREAS, the State Bond Commission has found that the authorization of the special tax obligation bonds it has been empowered to authorize pursuant to the Act will be in the best interests of the State; and

WHEREAS, pursuant to the Act, certain revenues of the State credited to the special transportation fund pursuant to the provisions of the Act are subjected to a pledge and lien to pay the Debt Service Requirements (as hereinafter defined) of the Bonds (as hereinafter defined); and

WHEREAS, the Act provides that Debt Service Requirements are secured by a first call upon Pledged Revenues (as hereinafter defined) prior to their use for any other permitted purpose; and

WHEREAS, Public Act 15-5 of the June Special Session created a statutory transportation lock box (the "Statutory Lock Box") which established the Special Transportation Fund (as hereinafter defined) as a perpetual fund, the resources of which are to remain in the Special Transportation Fund to be expended solely for transportation purposes, including the payment of debt service on the Bonds. All sources of moneys required by State law to be credited to the Special Transportation Fund after June 29, 2015 are to continue to be credited to such fund to the extent the State collects or receives such moneys. Further, Section 19 of Article Third of the Constitution of the State (the "Constitutional Lock Box") was added after approval by the electors at the general election of November 6, 2018, and effective November 28, 2018, and provides: "The Special Transportation Fund shall remain a perpetual fund. The general assembly shall direct the resources of said fund solely for transportation purposes, including the payment of debt service on obligations of the state incurred for transportation purposes. Sources of funds, moneys and receipts of the state credited, deposited or transferred to said fund by state law on or after the effective date of this amendment shall be credited, deposited or transferred to the Special Transportation Fund, so long as such sources are authorized by statute to be collected or received by the state, or any officer thereof, and the general assembly shall enact no law authorizing the resources of said fund to be expended other than for transportation purposes;" and

WHEREAS, one or more series of bond anticipation notes (hereinafter defined and referred to as the "Notes") may be issued pursuant to the Act and this Indenture to provide temporary financing for transportation purposes pending the issuance of Additional Bonds (as hereinafter defined); and

WHEREAS, in furtherance of the issuance of the Bonds and Notes and pursuant to the Act the State desires to enter into this Indenture with the Trustee in order to secure the payment of the principal of and the interest and premium, if any, on the Bonds and Notes, and the performance of the covenants and agreements herein contained; and

WHEREAS, all things necessary to make the Bonds and Notes issued under this Indenture, the valid, binding and legal obligations of the State, and to constitute this Indenture a valid assignment and pledge of the revenues pledged to the payment of the principal of and the interest and premium, if any, on the Bonds and Notes and all other amounts due in connection therewith, have been done and performed; and the creation, execution and delivery of this Indenture, and the creation, execution and delivery of the Bonds and Notes subject to the terms hereof, have in all respects been duly authorized:

NOW, THEREFORE, KNOW ALL PERSONS BY THESE PRESENTS:

GRANTING CLAUSES

That the State in consideration of the premises and the acceptance by the Trustee of the trusts hereby created and of the purchase and acceptance of the Bonds by the holders and owners thereof, and in order to secure the payment of the Debt Service Requirements on the Bonds and Notes according to their tenor and effect and all other amounts due in connection therewith and the performance and observance by the State of all the covenants expressed or implied herein and in the Bonds and Notes, does hereby grant to the Trustee a first call on Pledged Revenues as they are received by the State and credited to the Special Transportation Fund and does hereby grant, bargain, sell, convey, pledge and assign unto the Trustee, and unto its respective successors in trust, and to its respective assigns, forever, for the securing of the performance of the obligations of the State under this Indenture, a lien upon and security interest in (1) any and all amounts held to the credit of the Special Transportation Fund from time to time, exclusive of amounts held to the credit of such Special Transportation Fund which represent (a) amounts borrowed by the Treasurer of the State in anticipation of revenues pursuant to Section 3-16 of the General Statutes (as hereinafter defined), and (b) transportation related federal revenues of the State, and (2) any and all amounts held by the Trustee to the credit of any fund or account created under this Indenture, being hereinafter referred to collectively as the "Trust Estate". Any Reserve Account and any Reserve Account Surety Policy provided at any time in satisfaction of all or a portion of the Debt Service Reserve Requirement and any other security provided for specific Bonds or Reserve Account Bonds, a specific series of Bonds or one or more series of Bonds may, as provided by a Supplemental Indenture, secure only such specific Bonds, series of Bonds or one or more series of Bonds and, therefore, shall not be included as security for any Bonds not entitled to such security by the terms of the Supplemental Indenture pursuant to which such Bonds were issued, and moneys and securities held in trust exclusively for Bonds which have become due and payable and moneys and securities which are held exclusively to pay Bonds which are deemed to have been paid under Article XI hereof shall be held solely for the payment of such specific Bonds.

TO HAVE AND TO HOLD all and singular the Trust Estate, whether now owned or hereafter acquired, unto the Trustee and its respective successors in trust and assigns forever.

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all present and future holders of the Bonds and Notes from time to time issued under and secured by this Indenture without privilege, priority or distinction as to the lien or otherwise of any Bond or Note over any other, except as set forth in this Indenture, and for enforcement of the payment of the Bonds and Notes, in accordance with their terms, and all other amounts payable hereunder or on the Bonds and Notes, and for the performance of and compliance with the obligations, covenants and conditions of this Indenture;

PROVIDED, HOWEVER, that if the State, its successors or assigns shall well and truly pay, or cause to be paid, the principal or redemption price, if any, of and interest on the Bonds and Notes due or to become due thereon, at the times and in the manner mentioned in the Bonds and Notes according to the true intent and meaning thereof, and shall cause the payments to be made as required under Article XI hereof or shall provide, as permitted hereby, for the payment thereof

by depositing with the Trustee the entire amount due or to become due thereon, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of this Indenture to be kept, performed and observed by it, and shall pay or cause to be paid to the Trustee and any paying agent all amounts of money due or to become due in accordance with the terms and provisions hereof, then upon such final payments this Indenture and the rights hereby granted shall cease, determine and be void; otherwise this Indenture to be and remain in full force and effect.

THIS INDENTURE FURTHER WITNESSETH, and it is expressly declared, that all Bonds and Notes issued and secured hereunder are to be issued, authenticated and delivered, and all said property, rights and interests, including, without limitation, the amounts hereby assigned and pledged, are to be dealt with and disposed of, under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes hereinafter expressed, and the State has agreed and covenanted, and does hereby agree and covenant, with the Trustee and with the respective holders and owners, from time to time, of the Bonds and Notes, or any part thereof, as follows (subject, however, to the provisions of Section 2.1 hereof):

ARTICLE I
DEFINITIONS

Section 1.1. *Definition of Specific Terms.* For the purpose of this Indenture the following terms shall have the following meanings:

"Accountant" shall mean the accountant or firm of accountants appointed by the State pursuant to Section 7.4 of this Indenture.

"Act" shall mean collectively, Chapter 243 of the General Statutes, Special Act No. 84-52 and any and all other action of the General Assembly, authorizing Bonds to be issued hereunder, as the same may be amended from time to time.

"Additional Bonds" shall mean one or more series of additional Bonds authorized and issued by the State pursuant to this Indenture, provided that the term "Additional Bonds" shall not include Refunding Bonds issued pursuant to Section 2.5 hereof.

"Amortization Requirement" or "Amortization Requirements" for any period (as applied to term bonds issued under the provisions of Sections 2.4 and 2.5 of this Indenture), shall mean the respective amount of principal of term bonds to be amortized in such period with respect to such Bonds as fixed pursuant to a Supplemental Indenture prior to the delivery of such Bonds. Such Amortization Requirement shall be accrued ratably over the period for which such Amortization Requirement was fixed, and the Amortization Requirement accruing on term bonds of any series for any period other than that for which the Amortization Requirement was fixed shall be the total of the Amortization Requirement for term bonds of such series accruing in such period. The aggregate amount of such Amortization Requirements for the term bonds of any series shall be equal to the principal amount of the term bonds of such series. The Amortization Requirements for the term bonds of any series shall begin in such year as determined by the State and shall not end later than the Fiscal Year immediately preceding the maturity of such term bonds.

"Amortized Value" shall have the meaning set forth in Section 6.2 hereof.

"Authorized Officer" shall mean the Treasurer, any Deputy Treasurer, or any person designated to the Trustee by such persons as an Authorized Officer.

"Bond" or "Bonds" shall mean any bond, including Additional Bonds and Refunding Bonds, issued pursuant to this Indenture.

"Bond Service Sub-Account" shall mean the separate account created in the Debt Service Account by the provisions of Section 5.3 of this Indenture.

"Bondholder" or "holder" or "owner" or "registered owner" or words of similar import shall mean, when used with reference to the Bonds, the registered owner of any Bond.

"Business Day" means any day of the year other than (a) a Saturday or Sunday; (b) any day on which banks located in the State or the city in which the Trustee is located are required or authorized by law to remain closed; (c) any legal holiday in the State; (d) any day on which the New York Stock Exchange is closed; or (e) any day on which the Federal Reserve payment system is not operational.

"Cede" shall have the meaning set forth in Section 3.9 hereof.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and the Regulations.

"Comptroller" shall mean the Comptroller of the State.

"Conditional Redemption" shall have the meaning set forth in Section 4.3 hereof.

"Constitutional Lock Box" shall have the meaning set forth in the recitals hereto.

"Coverage Requirement" shall mean two (2) times (i) the aggregate Principal and Interest Requirements on Bonds for all Bonds, plus (ii) Interest Requirements on Notes, required to be deposited in such period with the Trustee pursuant to Section 5.1(a)(1) hereof.

"Debt Service Account" shall mean the Special Tax Obligation, Transportation Infrastructure Purposes, Debt Service Account, a separate account created within the Special Transportation Fund by the provisions of Section 5.3 of this Indenture.

"Debt Service Requirements" shall mean, for any period, the sum of (a) the principal and interest accruing during such period with respect to Monthly Payment Bonds, the principal and interest payable during such period with respect to Pay When Due Bonds, the interest payable during such period with respect to Notes and the unrefunded principal payable during such period with respect to Notes; (b) the purchase price of Bonds and Notes which are subject to purchase or redemption at the option of the holder of such Bonds or Notes; (c) the amounts, if any, required during such period to establish or maintain the funds or accounts existing under this Indenture at the respective levels required to be established or maintained as provided in this Indenture; (d) expenses of issuance and administration with respect to Bonds and Notes, as determined by the Treasurer; (e) the amounts, if any, becoming due and payable under a reimbursement agreement or similar agreement entered into pursuant to the proceedings authorizing the issuance of Bonds or Notes; and (f) any other costs or expenses deemed by the Treasurer to be necessary or proper to

be paid in connection with the Bonds and Notes, including, without limitation, the cost of any credit facility, including but not limited to a letter of credit or policy of bond insurance, issued by a financial institution pursuant to an agreement approved by the proceedings authorizing the issuance of Bonds or Notes. For purposes of this definition, "payable" shall mean amounts when required to be deposited with the Trustee pursuant to Section 5.1(a)(1) hereof.

"Debt Service Reserve Requirement" shall mean the sum of Series Reserve Requirements.

"Deputy Treasurer" shall mean the Deputy Treasurer of the State.

"DTC" shall have the meaning set forth in Section 3.9 hereof.

"Electronic Means" shall mean the following communication methods: e-mail, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee or another method or system specified by the Trustee as available for use in connection with its services under this Indenture.

"Event of Default" shall mean any occurrence or event specified in Article IX of this Indenture.

"Fiscal Year" shall mean the fiscal year of the State, as it may be established by the State from time to time and initially beginning on July 1 and ending June 30 in each year.

"General Assembly" shall mean the General Assembly of the State.

"General Statutes" shall mean the State of Connecticut General Statutes, Revision of 1958, as amended.

"Governmental Obligations" shall mean (a) noncallable, nonredeemable direct obligations of the United States of America, and (b) obligations which the timely payment of the principal of, and interest on, is fully and unconditionally guaranteed by the United States of America.

"Governor" shall mean the Governor of the State.

"Indenture" shall mean this Indenture, and, unless the context shall clearly indicate otherwise, shall include any and all Supplemental Indentures.

"Infrastructure Improvement Fund" shall mean the Infrastructure Improvement Fund of the State, as provided in Section 5.8 of this Indenture.

"Interest Requirements on Notes" for any period, shall mean the sum of (i) the amount required to pay interest on all Notes which is payable in such period; plus (ii) the amount required to pay interest pursuant to any reimbursement agreement entered into with respect to a credit facility providing for payment of the principal of Notes. In computing the interest payable in any future period on any Note bearing interest at a variable rate, the interest shall be calculated on the basis of the interest rate actually borne by such Note at the time of calculation.

"Investment Securities" shall have the meaning ascribed to such term in Section 6.2 hereof.

"Moody's" shall mean Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and its assigns, and, if such corporation shall for any reason no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized rating agency designated by the State.

"Monthly Payment Bonds" shall mean Bonds other than Pay When Due Bonds.

"Note" or "Notes" shall mean any note issued in anticipation of Bonds pursuant to Section 2.6 of this Indenture, including any renewals and replacement Notes.

"Note Repayment Account" shall mean the Special Tax Obligation, Transportation Infrastructure Purposes, Note Repayment Account, a separate account within the Special Transportation Fund created by the provisions of Section 5.2 of this Indenture.

"Original Indenture" shall mean that certain Indenture of Trust dated as of September 15, 1984, by and between the State and the Trustee (as successor Trustee), as previously amended and supplemented.

"outstanding" when used with reference to Bonds or Notes, as of any particular date, shall mean all such Bonds and Notes which have been authenticated and delivered hereunder, except:

(i) any Bonds or Notes cancelled after purchase in the open market or because of payment at or redemption prior to maturity;

(ii) any Bond or Note (or any portion of either) for the payment or redemption of which cash funds or Governmental Obligations or any combination thereof shall have been theretofore deposited with the Trustee (whether upon or prior to the maturity or redemption date of any such Bond or Note); provided that if any such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given or arrangements satisfactory to Trustee shall have been made therefor, or waiver of such notice satisfactory in form to the Trustee shall have been filed with the Trustee;

(iii) any Bonds in lieu of which other Bonds have been authenticated under Section 3.7 of this Indenture unless held by a bona fide holder in due course; and

(iv) any Bond deemed to have been paid as provided in Section 11.1 of this Indenture.

"Pay When Due Bonds" shall mean any Additional Bonds designated "Pay When Due Bonds" in the Supplemental Indenture authorizing the issuance of such Additional Bonds.

"Paying Agent" shall mean any bank or trust company, as designated from time to time by the State authorized to pay the principal of and premium, if any, or interest on any Bonds or Notes. The term "Paying Agent" may include the Trustee.

"Pledged Revenues" means the taxes, fees, charges and other receipts of the State required to be credited to the Special Transportation Fund pursuant to the Constitution of the State and the Act, as amended from time to time, to the extent permitted by the Constitution of the State, the Act and this Indenture.

"Principal and Interest Requirements on Bonds" for any period, as applied to outstanding Bonds of any series, shall mean the sum of:

(i) the amount of interest accruing on all Monthly Payment Bonds of such series in such period plus the amount of interest Deemed Payable on all Pay When Due Bonds; plus

(ii) the amount of principal accruing in such period with respect to all serial bonds of such series of Monthly Payment Bonds, assuming the principal of any serial bond of such series accrues ratably over the year preceding the maturity of such serial bond, plus the amount of principal Deemed Payable in such period with respect to all serial bonds of such series of Pay When Due Bonds; plus

(iii) the Amortization Requirement accruing for the term bonds of such series of Monthly Payment Bonds, plus the Amortization Requirement Deemed Payable for the term bonds of such series of Pay When Due Bonds, for such period; plus

(iv) any other amortization, payment or accrual of original issue discount or principal with respect to Bonds of such series required to be made for such period pursuant to the proceedings authorizing Bonds of such series; plus

(v) the amount accruing or payable with respect to principal and interest pursuant to any reimbursement agreement entered into with respect to a credit facility providing for payment of the principal on Bonds.

For purposes of this definition, "Deemed Payable" shall mean the actual payment date for the Pay When Due Bonds, or such earlier date as may be designated as the "Deemed Payable" date in a Supplemental Indenture for all outstanding Pay When Due Bonds, or as may be designated for the series of Pay When Due Bonds being authorized by a Supplemental Indenture.

In computing the Principal and Interest Requirements on Bonds for any period for the Bonds of any series, the Trustee shall assume that an amount of the term bonds (if any) of such series equal to the Amortization Requirement for the term bonds of such series for such period will be retired by purchase or redemption on or before the last day of such period. In computing the interest payable in any future period on any Bond bearing interest at a variable rate, the interest shall be calculated on the basis of the interest rate actually borne by such Bond at the time of calculation.

"Prior Bonds" shall mean outstanding Bonds issued under the Original Indenture.

"Rebate Fund" shall mean the Rebate Fund of the State, as provided in Section 5.9 of this Indenture.

"Record Date" shall mean any record date or record dates provided for in a Supplemental Indenture.

"Redemption Sub-Account" shall mean the separate sub-account created in the Debt Service Account by the provisions of Section 5.3 of this Indenture.

"Refunding Bonds" shall mean any one or more series of Bonds authorized and issued by the State pursuant to Section 2.5 of this Indenture.

"Registrar and Transfer Agent" shall have the meaning set forth in Section 3.5 hereof.

"Regulations" shall mean any applicable Internal Revenue Service Regulations, promulgated in proposed, temporary or final form. Proposed regulations are "applicable" only if, in the event they are adopted in final form, such regulations would apply to the Bonds or Notes.

"Reserve Account" shall mean the Special Tax Obligation, Transportation Infrastructure Purposes, Reserve Account, a separate account which may be created within the Special Transportation Fund by the provisions of Section 5.7 of this Indenture, which may consist of separate subaccounts for Reserve Account Bonds or a co-mingled account.

"Reserve Account Bonds" shall mean such series of Bonds designated and provided for in a Supplemental Indenture or Supplemental Indentures.

"Reserve Account Surety Policy" shall mean an insurance policy or surety bond, or a letter of credit, deposited with the Trustee for the credit of the Reserve Account created for one or more series of outstanding Bonds in lieu of, or partial substitution for, cash or securities on deposit therein. At the time of issuance of such policy, the entity providing such Reserve Account Surety Policy shall be rated at least in the second highest rating category by Moody's or S&P, or their successors, respectively, or the equivalent thereto in the case of any other nationally recognized rating agency.

"Reserve Sub-Account" shall have the meaning set forth in Section 5.7(a) hereof.

"Resolution" shall mean collectively the resolutions of the State Bond Commission duly adopted at meetings authorizing issuance of Bonds and this Indenture, as the same may be amended from time to time.

"S&P" shall mean S&P Global Ratings, a corporation organized and existing under the laws of the State of New York, its successors and its assigns, and, if such corporation shall for any reason no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the State.

"Securities Depository" shall mean an organization or entity that is registered as a clearing agency under Section 17A of the Securities Exchange Act of 1934 or whose business is confined to the performance of the functions of a clearing agency with respect to exempted securities, as defined in Section 3(a)(12) of such act for the purposes of Section 17A thereof.

"serial bond" shall mean one of the Bonds of a series which shall be stated to mature in annual installments.

"Series Reserve Requirement" shall mean the reserve requirement for Prior Bonds as defined in Section 5.7(d) hereof, and for a series of Additional Bonds shall mean none unless otherwise provided for in the Supplemental Indenture for such series of Additional Bonds. Such requirement may be expressed for a Reserve Sub-Account for the benefit of that series only, or for more than one series of Bonds or Notes.

"Special Transportation Fund" shall mean the Special Transportation Fund of the State created under Section 13b-68 of the General Statutes, and governed by the Act and the Constitution of the State.

"State" shall mean the State of Connecticut.

"State Bond Commission" shall mean that commission established and existing pursuant to subsection (c) of Section 3-20 of the General Statutes, or any successor thereto.

"Statutory Lock Box" shall have the meaning set forth in the recitals hereto.

"STIF" shall mean the Short-Term Investment Fund created and existing under Section 3-27a of the General Statutes, or any successor provision.

"subordinate obligation" or "subordinate obligations" shall mean obligations issued pursuant to Section 2.7 hereof.

"Supplemental Indenture" shall mean any indenture entered into by the Trustee and the State pursuant to and in compliance with the provisions of Article X of this Indenture providing for the issuance of Additional Bonds or Refunding Bonds, and shall also mean any other indenture between the same parties entered into pursuant to and in compliance with the provisions of Article X thereof amending or supplementing the provisions of this Indenture as originally executed or as theretofore amended or supplemented.

"term bond" shall mean one of the Bonds of a series which shall be stated to mature on one date and payable from Amortization Requirements.

"Treasurer" shall mean the Treasurer of the State.

"Trustee" shall mean U.S. Bank Trust Company, National Association, and its successor or successors hereinafter appointed in the manner provided in this Indenture.

The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms, as used in this Indenture, refer to this Indenture, and the term "hereafter" means after, and the term "heretofore" means before, the date of execution of this Indenture. Unless the context shall otherwise indicate, the words "Bond," "Note," "owner," "holder," and "person" shall include the plural as well as the singular number. Words importing persons include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons. Any headings preceding the texts of the several Articles

and Sections of this Indenture, and any table of contents appended hereto, shall be solely for convenience of reference and shall not constitute a part of this Indenture, nor shall they affect its meaning, construction or effect.

ARTICLE II
AUTHORIZATION, ISSUANCE AND DELIVERY OF BONDS; JUNIOR LIEN OBLIGATIONS

Section 2.1. *Authorization for Issuance of Bonds; Payment Thereof and Security Therefor.* There are hereby established and created pursuant to the Act and under this Indenture special tax obligation bonds (herein defined and referred to as the "Bonds") of the State, in one or more series and subject to the terms and conditions provided in Sections 2.4 and 2.5 of this Indenture. Except as otherwise provided in the Act, and subject to the provisions of Sections 2.4 and 2.5 of this Indenture, the aggregate principal amount of Bonds which may be issued hereunder and secured hereby and be outstanding at any one time is not limited.

The Bonds, including the principal thereof and interest and premium, if any, thereon, shall be payable solely from the Pledged Revenues or other receipts, funds or moneys pledged therefor pursuant to this Indenture. The Bonds shall be equally and ratably secured hereunder by the assignments, pledges and charges made or created herein of or on the properties of the Trust Estate for the payment and security of the Bonds and by a co-equal lien thereon, without priority by reason of series, number, date of execution hereof or of the Supplemental Indenture providing for the issuance thereof, date of Bonds, date of sale, date of execution, date of authentication, date of issuance, date of delivery, the Section hereof under which the Bonds are issued or otherwise. The aforesaid lien and charge of the Bonds shall constitute a prior and paramount lien and charge on the Special Transportation Fund and the other receipts, funds and moneys pledged to the payment of the Bonds and from time to time held hereunder, subject only to the provisions of this Indenture permitting the application of moneys in the Special Transportation Fund and such other receipts, funds and moneys for the purposes and on the terms and conditions hereof, over and ahead of any parties, having claims of any kind in tort, contract or otherwise against the State, irrespective of whether such parties have notice of the foregoing lien and charge and over and ahead of all other indebtedness payable from or secured by the Pledged Revenues and such other receipts, funds and moneys which may hereafter be created or incurred. The pledges, liens, charges and assignments to the Trustee of the Trust Estate made herein and hereby shall be valid and binding from the time of the delivery of and payment for the first series of Bonds issued hereunder and the moneys representing the Pledged Revenues and other receipts, funds or moneys so pledged received by the State shall be subject immediately to the lien of such pledge, upon receipt thereof by the State or the Trustee or a Paying Agent hereunder without any physical delivery thereof or further act.

Bonds and Notes issued pursuant to this Indenture shall be special obligations of the State and shall not be payable from nor charged upon any funds other than the Pledged Revenues or other receipts, funds or moneys pledged therefor pursuant to this Indenture, nor shall the State or any political subdivision thereof be subject to any liability thereon except to the extent of such Pledged Revenues or other receipts, funds and moneys pledged therefor pursuant to this Indenture. The issuance of Bonds or Notes pursuant hereto shall not directly or contingently obligate the State or any political subdivision thereof to levy or to pledge any form of taxation whatever therefor, except for taxes included in the Pledged Revenues, or to make any additional appropriation for

their payment. The Bonds or Notes shall not constitute a charge, lien or encumbrance, legal or equitable, upon any property of the State or of any political subdivision thereof, other than Pledged Revenues or other receipts, funds or moneys pledged therefor as provided in the Act or this Indenture. The substance of such limitation shall be plainly stated on the face of each Bond and Note. Bonds and Notes issued pursuant to this Indenture shall not be subject to any statutory limitation on the indebtedness of the State, and such Bonds, when issued, shall not be included in computing the aggregate indebtedness of the State in respect to and to the extent of any such limitation.

No holder of a Bond or Note shall be required to see that the moneys derived from such Bond or Note are applied to the purpose or purposes for which the Bond or Note is issued. The validity of the Bonds or Notes shall neither be dependent upon nor affected by the validity or regularity of any proceedings or contracts relating to the purposes for which Bonds or Notes are issued nor the use and application of the proceeds of the Bonds or Notes.

Section 2.2. *Reserved.*

Section 2.3. *Reserved.*

Section 2.4. *Issuance of Additional Bonds.* (a) To the extent authorized, Additional Bonds may be issued under and secured by this Indenture, at one time or from time to time. To the extent permitted and authorized by the State, Additional Bonds may be issued to refund other transportation obligations of the State, including, but not limited to, subordinate obligations, general obligation debt, and federal transportation bonds (as such term is defined in Section 13b-78 of the General Statutes). Such Additional Bonds shall be issued under and pursuant to a Supplemental Indenture or Supplemental Indentures and the provisions of Section 10.4 shall have been complied with respect to such Supplemental Indenture or Supplemental Indentures; and such Supplemental Indenture or Supplemental Indentures shall designate such Additional Bonds issued thereunder as Special Tax Obligation Bonds, Transportation Infrastructure Purposes, [insert identifying year] Series [insert identifying letter] (or such other designation as deemed appropriate by an Authorized Officer), and shall specify (1) the authorized principal amount of such series of Additional Bonds; (2) the date, the maturity date or dates (which shall be not later than thirty (30) years from their date, or such longer term as may be allowed under the Act), and the interest payment date or dates of the Additional Bonds of such series; (3) the interest rate or rates per annum, including variable rates, to be borne by the Bonds of such series or the manner of determining such rates; (4) the denominations and manner of numbering the Additional Bonds of such series; (5) the terms and conditions, if any, for the redemption of the Additional Bonds of such series; the premium or premiums, if any, to be paid upon the redemption of the Additional Bonds of such series; (6) if any of the Additional Bonds of such series are term bonds, the Amortization Requirements for the Additional Bonds of such series; (7) if the Additional Bonds of such series are to be payable as to principal, interest and premium, if any, at a place or places in addition to the principal office of the Trustee, the place or places of payment; (8) the provisions for the sale or other disposition of the Additional Bonds of such series and the use, application and investment, if any, of the proceeds of such sale or other disposition; (9) the provisions for the execution, and the manner of authentication, if any, of the Additional Bonds of such series; and (10) any other provisions not inconsistent or in conflict with the provisions of this Indenture deemed necessary or advisable by the State.

(b) In addition, issuance of the Additional Bonds shall be subject to compliance with the following conditions (based on accounting principles then applied by the State for purposes of the financial statements prepared in compliance with Section 7.4 of this Indenture):

(1) Pledged Revenues and other receipts, funds or moneys pledged hereunder, after deducting, for the applicable period, payments out of such Pledged Revenues and other receipts, funds or moneys pledged hereunder for reserves required by the Indenture, actually paid into the Special Transportation Fund for any period of twelve (12) consecutive calendar months of the immediately preceding eighteen (18) calendar months were equal to at least the Coverage Requirement for such period; provided however, that this condition shall be deemed to be satisfied if such test is satisfied after adjusting such Pledged Revenues and other receipts, funds or moneys pledged hereunder only to reflect any increase or increases, or decrease or decreases, in taxes, fees or charges enacted to be in effect at the time of issuance, and the Secretary of the Office of Policy and Management of the State (or any successor agency) shall deliver to the Trustee a certificate demonstrating such coverage;

(2) Pledged Revenues and other receipts, funds or moneys pledged hereunder, after deducting, for the applicable period, payments out of such Pledged Revenues and other receipts, funds or moneys pledged hereunder for reserves required by the Indenture, actually paid into the Special Transportation Fund for any period of twelve (12) consecutive calendar months of the immediately preceding eighteen (18) calendar months divided by such number of full calendar months and multiplied by twelve (12) are equal to at least the Coverage Requirement (such Coverage Requirement to include the Additional Bonds to be issued, and to exclude Interest Requirements on Notes being refunded from the proceeds of such Additional Bonds), for the current and each succeeding Fiscal Year after adjusting such Pledged Revenues and other receipts, funds or moneys pledged hereunder only to reflect any increase or increases, or decrease or decreases, in taxes, fees or charges enacted to be in effect for such current or such succeeding Fiscal Year, and the Secretary of the Office of Policy and Management of the State (or any successor agency) shall deliver to the Trustee a certificate demonstrating such coverage;

(3) The State shall have received a letter from the Accountant (i) substantially to the effect that in connection with their examination of the Special Transportation Fund pursuant to Section 7.4 of this Indenture nothing came to their attention that caused them to believe that the State was not then in compliance with the covenant of Section 2.4(b)(1) of this Indenture and (ii) reporting on the certificates delivered pursuant to Sections 2.4(b)(1) if any, and 2.4(b)(2), without material qualification; and

(4) The State shall have determined that the principal amount of all Bonds, including the Additional Bonds to be issued, will not exceed any limitation imposed by law, and upon such issue the amount to be then held to the credit of the Reserve

Account, giving effect to the deposits to be made of the proceeds of the sale of such Additional Bonds, will be not less than the Debt Service Reserve Requirement.

(c) In addition, issuance of the Additional Bonds shall be conditioned upon the State being then in compliance with Section 5.1 of this Indenture.

(d) The net proceeds of any such Additional Bonds, after any costs of issuance an Authorized Officer shall determine to pay out of such proceeds, shall be applied as follows:

(1) There shall be deposited to the credit of the Note Repayment Account an amount sufficient, when adjusted for investment earnings as provided below, and taking into account any other funds available or to be available for such purpose, to pay, when due, the principal and interest on all Notes then outstanding and issued in anticipation of the issuance of the Additional Bonds. Any deposit made to the Note Repayment Account pursuant to this subsection shall be adjusted to take into account the income, if any, which may be earned from investment of said deposit between the date of such deposit and the maturity date of the Notes then outstanding and issued in anticipation of the issuance of the Additional Bonds, including any renewals or refundings thereof;

(2) If applicable, there shall be deposited to the credit of the Reserve Account that amount, if any, which when added to the amount then held to the credit of the Reserve Account, will make the total amount held to the credit of the Reserve Account equal to the Debt Service Reserve Requirement;

(3) There shall be deposited with the Treasurer an amount sufficient, when adjusted for investment earnings, and taking into account any other funds available or to be available for such purpose, to pay, when due, the principal and interest on general obligation bonds of the State issued for transportation purposes for the refunding of which such Additional Bonds were issued;

(4) There shall be made such other deposits or credits, if any, as shall be specified in the Supplemental Indenture providing for the issuance of such series of Additional Bonds;

(5) The balance of said proceeds shall be deposited to the credit of the Infrastructure Improvement Fund of the State.

The amount received as accrued interest shall be deposited to the credit of the Bond Service Sub-Account.

Section 2.5. *Issuance of Refunding Bonds.* (a) Special tax obligation refunding bonds (herein defined and referred to as the "Refunding Bonds") may be issued under and secured by this Indenture, subject to the conditions hereinafter provided in this Section, at any time or times, for the purpose of providing funds for purchasing, redeeming or refunding all or part of the outstanding Bonds of any series, including payment of any redemption premium, if any, thereon and the interest to accrue to the date of purchase, redemption or maturity of such Bonds. Such Refunding Bonds shall be issued by means of a Supplemental Indenture or Supplemental

Indentures which shall become effective upon compliance and in accordance with the provisions of Section 10.4 hereof.

(b) Bonds of any one or more series may be refunded by the same series of Refunding Bonds. The Bonds to be refunded shall be specified in the Supplemental Indenture providing for the issuance of such Refunding Bonds. The principal amount of such Refunding Bonds may include amounts necessary to pay the principal of the Bonds to be refunded, any unpaid interest thereon to the date of redemption thereof, any premium or commission necessary to be paid in connection therewith, and the costs and expenses of issuance of such Refunding Bonds. Each such series of Refunding Bonds shall be designated "Special Tax Obligation Refunding Bonds, Transportation Infrastructure Purposes [insert identifying year] Series [insert identifying letter], shall be dated, shall bear, interest at such rate or rates, including variable rates, shall consist of serial bonds and/or term bonds in such amounts, shall mature on such date or dates in such amounts and such year or years, not later than thirty (30) years from their date, and have such other terms and conditions, all as may be provided in the Supplemental Indenture providing for the issuance of such Refunding Bonds. In case any of the Refunding Bonds of a series issued under the provisions of this Section shall consist of term bonds, the Amortization Requirements shall be fixed by the Supplemental Indenture providing for the issuance of such Refunding Bonds. Such Refunding Bonds shall be made redeemable at such times and prices (subject to the provisions of Article IV of this Indenture) as may be provided by the Supplemental Indenture providing for the issuance of such Refunding Bonds.

Section 2.6. *Issuance of Bond Anticipation Notes.* Bond anticipation notes (herein defined and referred to as the "Notes") may be issued under and secured by this Indenture, at one time or from time to time, in anticipation of the issuance of Bonds under Section 2.4 of this Indenture, provided that no such Notes shall be issued (i) unless the Bonds in anticipation of which they are to be issued have been duly authorized in accordance with the Act and this Indenture, and (ii) if the aggregate principal amount of all Notes then outstanding and to be issued exceeds two hundred fifty million dollars ($250,000,000), unless, as of the date of issuance of such Notes, the State could have issued under the terms of this Indenture an equivalent aggregate principal amount of serial bonds, maturing in equal annual installments of principal and interest, the last installment of which shall mature not later than thirty (30) years after such date, and bearing interest at such rate as the State shall determine in its best judgment to be equivalent to the average interest rate which would have been paid had such Bonds been issued at such time. The date or dates of such Notes, the maturities, denominations, form, details and other particulars of such Notes, including the method, terms and conditions for the issue and sale thereof, shall be determined by the Treasurer in the best interest of the State. Such Notes shall be designated "Special Tax Obligation Bond Anticipation Notes, Transportation Infrastructure Purposes, Issue ..... [inserting number of issue, in numerical order, lowest numbers first] (or such other designation as deemed appropriate by an Authorized Officer). Said Notes shall be special obligations of the State payable solely from the proceeds of Bonds issued under Section 2.4 hereof and, to the extent provided herein or deemed necessary or desirable by the State, from the Special Transportation Fund. Any obligation of the State to pay the unrefunded principal of Notes, including for this purpose any obligation of the State under a reimbursement agreement entered into in connection with a credit facility providing for payment of the unrefunded principal of Notes, shall be subordinate to any obligation of the State to pay Debt Service Requirements with respect to Bonds or any Debt Service

Requirements with respect to Notes other than Debt Service Requirements relating to unrefunded principal of Notes or to obligations under a credit facility for the payment of such unrefunded principal. The State shall not enter into any contract with any Noteholder inconsistent with the terms of this Indenture. The full faith and credit of the State shall not be pledged to the repayment of such Notes and the State shall not be obligated to make appropriations from its General Fund for the repayment of such Notes. Such Notes may be renewed and refunded from time to time as may be determined by the Treasurer. Said Notes may be made redeemable. The proceeds of the sale of any issue of Notes shall be applied as follows:

(a) There shall be deposited to the credit of the Note Repayment Account an amount sufficient when adjusted for investment earnings as provided below, and taking into account any other funds available or to be available for such purpose, to pay when due the principal of and the interest on all Notes then outstanding which are to be renewed or refunded by the present issue. Any deposit made to the Note Repayment Account pursuant to this subsection shall be adjusted to take into account the income, if any, which may be earned from investment of said deposit between the date of deposit and the maturity date of the Notes then outstanding which are to be renewed or refunded.

(b) There shall be made such other deposits or credits, if any, as shall be specified in the proceedings under which such Notes are issued.

(c) The balance of said proceeds shall be deposited to the credit of the Infrastructure Improvement Fund of the State.

Section 2.7. *Junior Lien Obligations.* Nothing contained in this Indenture shall prohibit or prevent, or be deemed or construed to prohibit or prevent, the State from issuing bonds, notes, certificates, warrants or other evidences of indebtedness for any use or purpose of the State payable as to principal and interest from the Special Transportation Fund subject and subordinate to the deposits and credits required to be made to the Note Repayment Account, the Debt Service Account or from securing such bonds, notes, certificates, warrants or other evidences of indebtedness and the payment thereof by a call upon the Pledged Revenues and a lien on and pledge of the Special Transportation Fund junior and inferior to the first call on the Pledged Revenues and to the lien on and pledge of the Special Transportation Fund herein created other receipts, funds or moneys pledged herein for the payment and security of the Bonds and Notes. Such debt may be designated "Subordinate", "Junior Lien", "2nd Lien", "Second Lien", or such other designation as may be desirable to indicate that such bonds, notes, certificates, warrants or other evidences of indebtedness are junior and inferior to the call on the Pledged Revenues and to the lien on and pledge of the Special Transportation Fund herein created.

ARTICLE III
GENERAL TERMS AND PROVISIONS OF BONDS

Section 3.1. *General Terms of Bonds.* The provisions of this Section shall apply to all Additional Bonds or Refunding Bonds, except as and unless otherwise provided in the Supplemental Indenture providing for their issuance. The Bonds to be issued shall be dated, shall be in the minimum denomination of $1,000 each or any integral multiple thereof (as designated in a Supplemental Indenture for a series of Bonds), shall be numbered or lettered, or both, as shall be

determined by the Trustee, and shall be exchangeable for other Bonds as provided in Section 3.4 of this Indenture.

Payment of the interest on any Bond on any interest payment date shall be made to the person appearing as the registered owner thereof on the registration books of the State kept by the Registrar and Transfer Agent for Bonds of such series, hereinafter provided for, such interest to be paid by check or draft mailed to the registered owner at such registered owner's address as it appears on such registration books, or in the case of global notes, wire transfer of immediately available funds to DTC or otherwise in accordance with the procedures of the applicable depository. The principal of any Bond shall be payable upon the presentation and surrender thereof at the principal office of the Trustee or any Paying Agent.

Section 3.2. *Execution of Bonds; Validity of Signatures Thereon.* Except as or unless otherwise set forth in the Supplemental Indenture providing for their issuance, any Additional Bonds or Refunding Bonds shall be executed in the name of the State by the Governor, the Treasurer or Deputy Treasurer and the Comptroller, either by their manual signatures or electronic signatures, or by facsimiles thereof, and shall be imprinted with a facsimile of the seal of the State or such facsimile as shall be reproduced thereon.

In case any person who shall have signed, registered, attested, authenticated or sealed, as the case may be, any of the Bonds, whether by means of such person's manual signature or a facsimile thereof, shall die or cease to be the person authorized to sign, register, attest, authenticate or seal the Bonds before the Bonds so signed, registered, attested, authenticated or sealed, as the case may be, by such person shall have been actually issued and delivered, such Bonds shall be valid nevertheless and may be issued with the same effect as though the person who had so signed, attested, authenticated, registered or sealed such Bonds had not died or ceased to be such authorized person.

Section 3.3. *Authentication of Bonds.* Subject to the provisions of the next succeeding sentence of this paragraph, the Trustee shall, at the order of the State signed by the Treasurer or Deputy Treasurer, authenticate and deliver the Bonds under this Indenture in accordance with the directions of the State contained in such order. Bonds delivered in accordance with the provisions of this Indenture upon transfers, exchanges or redemptions of Bonds shall be authenticated as herein provided when so delivered, and no order of the State nor opinion of counsel nor any other document shall be necessary to authorize such authentication. Only such of the Bonds (including temporary Bonds) as shall have endorsed thereon a certificate of authentication substantially in the form set forth in the Supplemental Indenture providing for their issuance, duly executed by the Trustee, shall be entitled to any right or benefit under this Indenture or be secured hereby, and no Bond shall be valid or obligatory for any purpose unless and until such certificate of authentication shall have been executed by the Trustee. Upon the authentication of any Bond the Trustee shall insert the name of the registered owner, the number, principal amount, maturity date, interest date and bond date. It shall not be necessary for the same responsible officer of the Trustee to authenticate all of the Bonds of a series. The bond date shall be the date upon which such Bond is actually authenticated if the date of such actual authentication is an interest payment date or shall be the interest payment date to which interest was paid next preceding the date upon which the Bond is actually authenticated if such Bond is not actually authenticated upon an interest payment date, or shall be the original issue date of the series of Bonds of which such Bond is one if such

Bond is actually authenticated prior to the first date upon which interest is payable upon the series of Bonds of which such Bond is one. Every authentication by the Trustee upon any Bond shall be conclusive evidence that the Bond so authenticated has been duly issued hereunder and is entitled to the benefits and security of this Indenture and of the trusts hereby created.

In case any of the Bonds shall have been authenticated but not delivered, any successor Trustee hereunder may adopt the certificate of authentication of the original Trustee or of any successor to it as the Trustee hereunder, and deliver the Bonds so authenticated as herein provided. In case any of the Bonds shall not have been authenticated, any successor Trustee may authenticate such Bond as herein provided in its own name. In all such cases such certificate of authentication shall have the same force and effect as provided in the Bonds or in this Indenture with respect to the certificate of authentication of the Trustee.

Section 3.4. *Transfer and Exchange of Bonds.* Any Bond may, in accordance with its terms, be transferred upon the books of registry required to be kept pursuant to the provisions of Section 3.5 hereof by the person in whose name it is registered, in person or by such person's duly authorized agent, and any Bond may be exchanged for an equal aggregate principal amount of Bonds of the same series and maturity of any other authorized denominations, in each case upon surrender of such Bond to the Registrar and Transfer Agent for cancellation, accompanied by delivery of a written instrument of transfer duly executed by the registered owner in person or such registered owner's attorney duly authorized and in form satisfactory to the Registrar and Transfer Agent.

Whenever any Bond shall be surrendered for transfer or exchange, the State shall execute and the Trustee shall authenticate and deliver, at the principal office of the Trustee (or send by registered mail to the owner or new owner thereof at such owner's request and at such owner's risk and expense), in the name of the owner or the transferee or transferees, as applicable, a new duly executed and authenticated Bond or Bonds, of the same series, interest rate and maturity and for a like aggregate principal amount, dated so that there shall result no gain or loss of interest as a result of such transfer or exchange. To the extent of denominations authorized in respect of any such Bond by the terms of this Indenture or any Supplemental Indenture, one such Bond may be transferred or exchanged for several such Bonds of the same series, interest rate, maturity and aggregate principal amount, and several such Bonds may be transferred or exchanged for one or several such Bonds of the same series, interest rate, maturity and aggregate principal amount. All transfers or exchanges pursuant to this Section shall be made without expense to the holder of such Bonds except that the Registrar and Transfer Agent shall require the payment by the holder of the Bond requesting such transfer or exchange of any tax or other governmental charges required to be paid with respect to such transfer. All Bonds surrendered pursuant to this Section shall be cancelled.

Unless otherwise set forth in the Supplemental Indenture providing for their issuance, no transfers or exchanges of Bonds shall be required to be made during the fifteen (15) days next preceding an interest payment date for such Bonds nor during the forty-five (45) days next preceding the date fixed for redemption of such Bonds.

Section 3.5. *Books of Registry.* At all times while any Bond remains outstanding and unpaid, the State shall keep or cause to be kept books (herein referred to as the "books of registry")

for the registration and transfer of Bonds of each series. The State shall appoint, and from time to time may reappoint or substitute, the principal paying agent, registrar and transfer agent (herein referred to and defined as the "Registrar and Transfer Agent" for Bonds of such series) for each series of Bonds. Upon presentation at its principal office for such purpose the Registrar and Transfer Agent for Bonds of such series, under such reasonable regulations as it may prescribe, shall register or transfer, or cause to be registered or transferred on such books of registry, Bonds as hereinbefore set forth. The books of registry shall at all times be open for inspection by the State or its duly authorized agent or representative.

Section 3.6. *Temporary Bonds.* Pending the preparation of definitive Bonds, interim receipts or certificates (herein referred to as "temporary Bonds") may initially be issued exchangeable for definitive Bonds of the same series when the latter are ready for delivery. Such temporary Bonds may be printed, lithographed or typewritten, shall be of such denomination or denominations as may be determined by the State and may contain such references to any of the provisions of this Indenture as may be appropriate. If temporary Bonds are issued, the State will cause to be furnished duly executed and authenticated definitive Bonds without delay, and thereupon the temporary Bonds may be surrendered for cancellation at the principal office of the Trustee in exchange for definitive Bonds and without charge for such exchange, and the Trustee shall authenticate and deliver in exchange for such temporary Bonds so surrendered an equal aggregate principal amount of duly executed and authenticated definitive Bonds of authorized denominations and of the same series, interest rate or rates and maturity or maturities. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Indenture as definitive Bonds of the same series delivered hereunder.

Section 3.7. *Mutilated, Lost, Stolen or Destroyed Bonds.* In case any Bond (which, for purposes of this Section and Section 3.8, shall include Notes issued pursuant to Section 2.6 of this Indenture) shall at any time become mutilated in whole or in part, or be lost, stolen or destroyed, or be so defaced or mutilated as to impair the value thereof to the owner, the State shall execute and the Trustee shall authenticate and deliver at the principal office of the Trustee (or send by registered mail to the owner thereof at such owner's request and at such owner's risk and expense), a new Bond of the same series, interest rate and maturity and of like tenor and effect in exchange or substitution for, and upon the surrender for cancellation of, such defaced, mutilated or partly destroyed Bond, or in lieu of, or in substitution for such lost, stolen, or destroyed Bond. In any such event the applicant for the issuance of a substitute Bond shall furnish to the State and the Trustee evidence or proof satisfactory to each of them of the loss, destruction, mutilation, defacement or theft of the original Bond, and of the ownership thereof, and also such security and indemnity as may be required by the State or by the Trustee. Any duplicate Bond issued under the provisions of this Section in exchange and substitution for any defaced, mutilated or partly destroyed Bond or in substitution for any allegedly lost, stolen or wholly destroyed Bond shall be entitled to the identical benefits under this Indenture as was the original Bond in lieu of which such duplicate Bond is issued, and shall be entitled to equal and proportionate benefits with all the other Bonds of the same series issued hereunder. Neither the State nor the Trustee nor the Registrar and Transfer Agent nor any other Paying Agent appointed hereunder shall be required to treat both the original Bond and any duplicate Bond as being outstanding for the purpose of determining the principal amount of Bonds which may be issued hereunder or for the purpose of determining any percentage of Bonds outstanding hereunder, but both the original and duplicate Bond shall be treated as one and the same.

Notwithstanding the foregoing provisions of this Section as to the issuance of duplicate or replacement Bonds, (i) if any such lost, stolen, destroyed, defaced or mutilated Bond has matured or been called for redemption and the date fixed for the redemption thereof has arrived, at the option of the State, payment of the amount due thereon may be made without the issuance of any duplicate or replacement Bond upon receipt of like evidence, indemnity and security and the surrender for cancellation of any such defaced or mutilated Bond and upon such other conditions as the State and the Trustee or either of them may prescribe; (ii) if any such lost, stolen, destroyed, defaced or mutilated Bond shall mature or is of a class or series which shall mature within one year following the date of application for a duplicate Bond, or has been called or will be called, or is of a class or series which has been called or will be called, for redemption within one year knowing such date, instead of issuing a duplicate or replacement Bond the State and the Trustee, upon receiving like evidence, indemnity and security and the surrender for cancellation of any such defaced or mutilated Bond and upon such other conditions as the State and the Trustee or either of them may prescribe, may issue or cause to be issued and authenticated a transferable certificate of ownership to the applicant and pay on such certificate the interest and premium, if any, on and the principal amount thereof, on the interest payment dates and the redemption date or maturity date, upon surrender of such certificate, and all such transferable certificates of ownership shall be in such form as may be determined by the State or as otherwise provided by law; and (iii) if the provisions of applicable law shall provide for the payment of lost, stolen, destroyed, mutilated or defaced Bonds in lieu of the issuance of duplicates or certificates of ownership therefor, such lost, stolen, destroyed, mutilated or defaced Bonds may be paid in accordance with the provisions of such laws.

All expenses necessary for the providing of any duplicate Bond or certificate shall be borne by the owner thereof.

Section 3.8. *Disposition and Destruction of Bonds.* All Bonds (as construed in Section 3.7 hereof) surrendered to the Trustee or other Paying Agent for payment shall be cancelled upon such payment by the Trustee or such other Paying Agent, as the case may be.

Whenever in this Indenture provision is made for the cancellation of any Bonds by any Paying Agent other than the Trustee, such Bonds so cancelled shall be delivered to the Trustee or as it may direct. All cancelled Bonds, including those cancelled by the Trustee, shall be delivered to the State or as it may direct. On request of the State, at the time of such surrender, the Trustee shall deliver to the State evidence of cancellation and destruction, if applicable, for the canceled Bonds held by the Trustee. The Trustee shall cancel and may dispose of canceled Bonds in accordance with its standard procedures. If the State shall otherwise acquire any of the Bonds, however, such acquisition shall not operate as a redemption or satisfaction of the indebtedness represented by such Bonds unless and until the same are delivered to the Trustee for cancellation.

Section 3.9. *Securities Depository Provisions.*

(a) Notwithstanding any other provision herein, the registered owner of all Bonds of a series may be, as designated in a Supplemental Indenture that such Bonds are issued pursuant to this Section 3.9, and, if so designated, shall be, registered in the name of Cede & Co. ("Cede"), as nominee of The Depository Trust Company, New York, New York (together with any substitute Securities Depository appointed pursuant to this

Section 3.9, "DTC"). Payment of the interest on any Bond or Note registered in the name of Cede shall be made in accordance with the provisions of this Indenture to the account of Cede on the interest payment dates for the Bonds at the address indicated for Cede in the books of registry (as defined in Section 3.5 hereof).

(b) The Bonds shall be issued in the form of fully registered Bonds in the amount of each separate stated maturity of the Bonds. Upon initial issuance, the ownership of such Bonds shall be registered in the registration books of the State kept by the Registrar and Transfer Agent, in the name of Cede, as nominee of DTC. With respect to Bonds so registered in the name of Cede, the State, the Trustee, the Registrar and Transfer Agent, and any Paying Agent shall have no responsibility or obligation to any DTC participant or to any beneficial owner of any of such Bonds. Without limiting the immediately preceding sentence, the State, the Trustee, the Registrar and Transfer Agent, and any Paying Agent shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede or any DTC participant with respect to any beneficial ownership interest in the Bonds; (ii) the delivery to any DTC participant, beneficial owner or other person, other than DTC, of any notice with respect to the Bonds, including any notice of redemption; or (iii) the payment to any DTC participant, beneficial owner or other person, other than DTC; of any amount with respect to the principal or redemption price of, or interest on, any of the Bonds. The State, the Trustee, the Registrar and Transfer Agent and any Paying Agent may treat DTC as, and deem DTC to be, the absolute owner of each Bonds for all purposes whatsoever, including (but not limited to) (1) payment of the principal or redemption price of, and interest on, the Bonds, (2) giving notices of redemption and other matters with respect to such Bonds, and (3) registering transfers with respect to such Bonds. So long as the Bonds are registered in the name of Cede, the Paying Agent shall pay the principal or redemption price of, and interest on, all Bonds only to or upon the order of DTC, and all such payments shall be valid and effective to satisfy fully and discharge the State's obligations with respect to such principal or redemption price, and interest, to the extent of the amount or amounts so paid. Except as provided in subsection (c) of this Section 3.9, no person other than DTC shall receive a Bond evidencing the obligation of the State to make payments of principal or redemption price of, and interest on, any such Bond pursuant to this Indenture. Upon delivery by DTC to the Trustee, the Registrar and Transfer Agent of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede, and subject to the transfer provisions of this Indenture, the word "Cede" in this Indenture shall refer to such new nominee of DTC. Except as provided in subsection (c)(3) of this Section 3.9, and notwithstanding any other provisions of this Indenture, the Bonds may be transferred, in whole but not in part, only to a nominee of DTC, or by a nominee of DTC to DTC or a nominee of DTC, or by DTC or a nominee of DTC to any successor Securities Depository or any nominee thereof.

(c)(1) DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving written notice to the State, the Trustee, the Registrar and Transfer Agent, and the Paying Agent, which notice shall certify that DTC has discharged its responsibilities with respect to the Bonds under applicable law.

(2) The State, in its sole discretion and without the consent of any other person, may, by notice to the Trustee, the Registrar and Transfer Agent, terminate the services of DTC with respect to the Bonds if the State determines that the continuation of the system of book-entry-only transfers through DTC is not in the best interests of the beneficial owners of the Bonds or the State; and the State shall, by notice to the Trustee, Registrar and Transfer Agent, terminate the services of DTC with respect to the Bonds upon receipt by the State, the Trustee, the Registrar and Transfer Agent, and the Paying Agent of written notice from DTC to the effect that DTC has received written notice from DTC participants having interests, as shown in the records of DTC, in an aggregate principal amount of not less than fifty percent (50%) of the aggregate principal amount of the then outstanding Bonds to the effect that; (i) DTC is unable to discharge its responsibilities with respect to the Bonds; or (ii) a continuation of the requirement that all of the outstanding Bonds be registered in the registration books kept by the Registrar and Transfer Agent in the name of Cede, as nominee of DTC, is not in the best interests of the beneficial owners of the Bonds.

(3) Upon the termination of the services of DTC with respect to the Bonds pursuant to subsection (c)(2)(ii) hereof, or upon the discontinuance or termination of the services of DTC with respect to the Bonds pursuant to subsection (c)(1) or subsection (c)(2)(i) hereof, the State may, within ninety (90) days thereafter, appoint a substitute Securities Depository which, in the opinion of the State, is willing and able to undertake the functions of DTC hereunder upon reasonable and customary terms. If no such successor can be found within such period, the Bonds shall no longer be restricted to being registered in the registration books kept by the Registrar and Transfer Agent in the name of Cede, as nominee of DTC. In such event, the State shall execute and the Trustee, upon receipt of an authentication order from the State to the Trustee, shall authenticate Bond certificates as requested by DTC of like principal amount, maturity and series, in authorized denominations to the identifiable beneficial owners in replacement of such beneficial owners' beneficial interest in the Bonds.

(4) Notwithstanding any other provision of this Indenture to the contrary, so long as any Bond is registered in the name of Cede, as nominee of DTC, all payments with respect to the principal or redemption price of, and interest on, such Bond and all notices with respect to such Bond shall be made and given, respectively, to DTC.

(5) In connection with any notice or other communication to be provided to holders of Bonds registered in the name of Cede pursuant to this Indenture by the State or the Trustee, Registrar and Transfer Agent with respect to any consent or other action to be taken by such Bondholders, the State shall establish a record date for such consent or other action by such Bondholders and give DTC notice of such record date not less than fifteen (15) days in advance of such record date to the extent possible.

Section 3.10. *Purchase at Any Time*.

Nothing in this Indenture shall prevent the State from purchasing Bonds, using any allowable amounts available to it, on the open market with or without the involvement of the Trustee and delivering such Bonds to the Trustee for cancellation pursuant to Section 3.8 hereof.

The proceeds of any Bonds purchased pursuant to this Section which are subject to the mandatory sinking fund redemption schedule in any Supplemental Indenture may be credited against future mandatory sinking fund redemption payments in accordance with terms set forth in such Supplemental Indenture. The principal amount of Bonds to be redeemed by mandatory redemption under this Indenture may be reduced by the principal amount of Bonds purchased by the State and delivered to the Trustee for cancellation at least forty-five (45) days prior to their redemption date.

ARTICLE IV
REDEMPTION OF BONDS

Section 4.1. *Redemption of Bonds.* (a) Bonds may be made subject to redemption prior to their stated maturities upon such terms and conditions and at such dates and with such premiums as shall be set forth in a Resolution or a Supplemental Indenture providing for the issuance thereof, and upon the further terms and conditions as are hereinafter set forth in this Article IV.

(b) Term bonds of any series issued pursuant to Section 2.4 of this Indenture may be redeemed on any principal payment date, by lot within a maturity pursuant to Section 4.2 of this Indenture, solely from moneys on deposit to the credit of the Debt Service Account, at the price of par and accrued interest to the date fixed for redemption, to the extent of the Amortization Requirement fixed for the period ending such principal payment date for term bonds of such series and any deficiency in preceding periods in the purchase or redemption of such term bonds pursuant to Section 5.5 of this Indenture.

(c) A redemption of any part of the Bonds issued under the provisions of this Indenture and then outstanding less than the whole thereof shall be subject to the conditions set forth in subsection (c) of Section 5.5 of this Indenture.

Section 4.2. *Selection of Bonds for Redemption.* In the event of the redemption at any time of part only of the Bonds if less than all of the Bonds of any particular series then outstanding are to be redeemed, the Bonds of such series to be redeemed shall be redeemed in such order as is set forth in the Supplemental Indenture providing for the issuance of such series, in each instance in accordance with the applicable procedures of DTC or any successor depository. For the purpose of selection and redemption of Bonds of any series by lot the Trustee shall treat as a separate Bond each portion or portions of the principal amount of each Bond that is equal to the minimum denomination in which Bonds of such series are issuable. Whenever provision is made in this Indenture or any Supplemental Indenture for the selection by lot of Bonds to be redeemed, the Trustee, in any manner which it deems fair, shall select the particular Bonds to be redeemed from among those Bonds which are then subject to redemption and to selection by lot for such redemption, in each instance in accordance with the applicable procedures of DTC or any successor depository. The Trustee shall promptly notify each Paying Agent for the Bonds of the series of Bonds of which such Bond to be redeemed is one, in writing, of the Bonds so selected for redemption.

Section 4.3. *Notice of Redemption.* Upon at least five (5) Business Days' notice and direction from the State to the Trustee (unless such notice period is waived by the Trustee), the Trustee shall provide notice of redemption of Bonds by mail not less than twenty (20) days (thirty (30) days for Prior Bonds) nor more than sixty (60) days prior to the redemption date, by

first class mail, to the registered owner of such Bond at such registered owner's address as it appears on the books of registry or at such address as such registered owner may have filed with the Trustee for that purpose (or, for so long as Cede is the registered owner, delivered electronically to DTC or otherwise in accordance with the applicable procedures of any successor depository), provided that, neither failure to deliver such notice to the registered owner of any Bond nor any defect in any notice so delivered, shall affect the sufficiency of the proceedings for the redemption of any of such Bonds. With respect to Bonds in book-entry form, if the Trustee sends notice of redemption to the Securities Depository, the Trustee shall not be required to give the notice set forth in the immediately preceding sentence.

Each notice of redemption shall state: (i) the title of the Bonds to be redeemed, the series designation (if any) thereof, the redemption date, the place or places of redemption and the redemption premium, if any, payable upon such redemption; (ii) if less than all the Bonds of a particular-series are to be redeemed, the distinctive numbers of the Bonds to be redeemed; (iii) that the interest on the Bonds, or on the principal amount thereof to be redeemed, designated for redemption in such notice shall cease to accrue from and after such redemption date; (iv) that on such date there will become due and payable on each such Bond the principal amount thereof to be redeemed (together with the then applicable redemption premium, if any) and the interest accrued on such principal amount to the redemption date; and (v) if less than the entire principal amount of a Bond is to be redeemed, that such Bond must be surrendered to the Trustee in exchange for the payment of the principal amount thereof to be redeemed and the issuance of a new Bond or Bonds equaling in principal amount that portion of the principal amount not to be redeemed of the Bond to be surrendered. If a redemption is a Conditional Redemption, the notice shall so state.

The notice may provide (1) that it is conditioned upon the deposit of moneys, in an amount equal to the amount necessary to effect the redemption, with the Trustee no later than the redemption date, or (2) that the State retains the right to rescind (or delay to a new scheduled redemption date) such notice on or prior to the scheduled redemption date (in either case, a "Conditional Redemption"), and such notice and redemption shall be of no effect if such moneys are not so deposited or if the notice is rescinded (or delayed). Any Conditional Redemption may be rescinded (or delayed and a new scheduled redemption date substituted) in whole or in part at any time prior to the redemption date if the State delivers written notice to the Trustee instructing the Trustee to rescind (or delay and provide notice of the new redemption date) the redemption notice. The Trustee shall give prompt notice of such rescission (or delay to a new scheduled redemption date) to the affected Bondholders. Any Bonds subject to Conditional Redemption where redemption has been rescinded shall remain outstanding, and the rescission shall not constitute an Event of Default. Further, in the case of a Conditional Redemption, the failure of the State to make funds available in part or in whole on or before the redemption date shall not constitute an Event of Default, and the Trustee shall give notice to the Securities Depository or the affected Bondholders that the redemption did not occur and that the Bonds called for redemption and not so paid remain outstanding.

Notice of redemption of Bonds shall be given by the Trustee in the name and for and on behalf of the State.

Section 4.4. *Partial Redemption of Bond.* In the event that part only of the principal amount of a Bond shall be called for redemption or prepaid, payment of the amount to be redeemed or prepaid shall be made only upon surrender of such Bond to the State. Upon surrender of such Bond, the State shall execute and the Trustee shall authenticate and deliver to the registered owner thereof, at the expense of the State, a new duly executed Bond or Bonds, of authorized principal amounts equal in aggregate principal amount to, and of the same series, maturity and interest rate as, the unredeemed portion of the Bond surrendered.

Section 4.5. *Effect of Redemption.* If a Bond is subject by its terms to prior redemption and has been duly called for redemption and notice of the redemption thereof has been duly given as hereinbefore provided and if moneys for the payment of such Bond (or of the principal amount thereof to be redeemed) at the then applicable redemption price or together with the then applicable redemption premium, if any, and the interest to accrue to the redemption date on such Bond (or the principal amount thereof to be redeemed) are held (or the purpose of such payment by the Trustee or other Paying Agent for the series of Bonds of which such Bond is one, then such Bond (or the principal amount thereof to be redeemed) so called for redemption shall, on the redemption date designated in such notice, become due and payable, and interest on such Bond (or the principal amount thereof to be redeemed) so called for redemption shall cease to accrue.

Section 4.6. *Cancellation of Surrendered or Redeemed Bonds.* All Bonds surrendered or redeemed pursuant to the provisions of this Article shall be cancelled.

ARTICLE V
ESTABLISHMENT AND OPERATION OF SPECIAL FUNDS AND ACCOUNTS

Section 5.1. *Special Transportation Fund.* The Statutory Lock Box, effective as of June 29, 2015, established the Special Transportation Fund as a perpetual fund, the resources of which are to remain in the Special Transportation Fund to be expended solely for transportation purposes, including the payment of debt service on the Bonds, and all sources of moneys required by State law to be credited to the Special Transportation Fund must continue to be credited to such fund to the extent the State collects or receives such moneys. Additionally, the Constitutional Lock Box became effective November 28, 2018, following approval by the electors at the general election of November 6, 2018, and provides: "*The Special Transportation Fund shall remain a perpetual fund. The general assembly shall direct the resources of said fund solely for transportation purposes, including the payment of debt service on obligations of the state incurred for transportation purposes. Sources of funds, moneys and receipts of the state credited, deposited or transferred to said fund by state law on or after the effective date of this amendment shall be credited, deposited or transferred to the Special Transportation Fund, so long as such sources are authorized by statute to be collected or received by the state, or any officer thereof, and the general assembly shall enact no law authorizing the resources of said fund to be expended other than for transportation purposes*."

(a) On or before the last Business Day of each month in which Bonds are outstanding, the State shall withdraw from moneys held by it to the credit of the Special Transportation Fund, and deposit with the Trustee to the credit of the following accounts or sub-accounts in the following amounts and in the following order:

(1) to the credit of the Bond Service Sub-Account, Note Repayment Account and Redemption Sub-Account, respectively, such amounts thereof, if any (or the entire amount so withdrawn if less than the required amount, in which case such amount shall be allocated among the purposes set forth in this subsection (a)(1) on a pro rata basis), as may be required (i) to make the amount then held to the credit of the Bond Service Sub-Account equal to the amount of the Principal and Interest Requirements on Bonds accruing through the dates in the next ensuing month, plus the amount accruing or payable with respect to principal and interest pursuant to any reimbursement agreement entered into with respect to a credit facility providing for payment of the principal on Bonds, plus one-twelfth (1/12) of the Principal and Interest Requirements on Prior Bonds for the next ensuing twelve (12) months; (ii) to make the amount then held to the credit of the Note Repayment Account held for payment of interest equal to the unpaid interest on Notes payable through the end of the next ensuing month and interest pursuant to any reimbursement agreement entered into with respect to a credit facility providing for payment of the principal of Notes; and (iii) to make the amount then held to the credit of the Redemption Sub-Account equal to the aggregate Amortization Requirements, if any, accruing through the respective payment dates of the Monthly Payment Bonds in the next ensuing month, plus the aggregate Amortization Requirements, if any, due through the respective payment dates of the Pay When Due Bonds in the next ensuing month, for each of the term bonds then outstanding (plus a ratable portion of the premium, if any, which would be payable on principal amounts of term bonds equal to the amount of such Amortization Requirements if such principal amount of term bonds should be called for mandatory redemption); provided, however, that if the amount so deposited to the credit of the Redemption Sub-Account in any Fiscal Year shall be less than such amount, the requirement therefor shall nevertheless be cumulative and the amount of any deficiency in any Fiscal Year shall be added to the amount otherwise required to be deposited in each Fiscal Year thereafter until such time as such deficiency shall have been made up;

(2) to the credit of the Reserve Account, out of any balance remaining after making the deposits under subsection (1) above (or the entire balance if less than the required amount), the amount, if any, necessary to maintain each Reserve Sub-Account at each respective Series Reserve Requirement.

(b) In computing the interest to become due and payable in any period on any Bonds or Notes bearing interest at variable rates, the interest shall be calculated on the basis of the interest rate actually borne by such Note or Bond at the time of any required deposit.

(c) To the extent not required from time to time for the foregoing purposes, amounts held to the credit of the Special Transportation Fund may be used by the State for any proper purpose, including deposits to the Unrefunded Note Sub-Account from time to time.

(d) No Bondholder shall be entitled under the Act or the Indenture to require the State to deposit in the Special Transportation Fund any transportation related federal

revenues other than operating subsidies, any such right with respect to capital grants being expressly waived hereby.

Section 5.2. *Note Repayment Account.* There is hereby created and established within the Special Transportation Fund a special trust account to be held by the Trustee and to be designated "Special Tax Obligation Bonds, Transportation Infrastructure Purposes, Note Repayment Account" (herein defined and referred to as the "Note Repayment Account"). Proceeds of Bonds issued pursuant to Section 2.4 of this Indenture, proceeds of renewal or replacement Notes issued pursuant to Section 2.6 hereof, and deposits pursuant to Section 5.1(a), shall be deposited by the Trustee to the credit of the Note Repayment Account in the amounts specified in Sections 2.4(c)(1), 2.6(a) and 5.1(a) of this Indenture, respectively, Moneys held to the credit of the Note Repayment Account shall be used by the Trustee for the purpose of paying the interest on outstanding Notes, interest pursuant to any reimbursement agreement entered into with respect to a credit facility for the payment of principal of Notes, and principal on refunded Notes. Upon deposit to the credit of the Note Repayment Account pursuant to Sections 2.4(c)(1) and 2.6(a), the principal of Notes in respect of which such deposit is made shall be deemed refunded, and until such a deposit is made to the credit of the Note Repayment Account in respect of a Note the principal of such Note shall be deemed for purposes of this Indenture to be unrefunded. Any moneys remaining in the Note Repayment Account after the last maturity date of such outstanding Notes in excess of the amount of principal due and payable thereon shall be transferred to the credit of the Special Transportation Fund. Anything herein to the contrary notwithstanding, all proceeds realized from the investment of moneys held to the credit of the Note Repayment Account shall remain therein.

Section 5.3. *Debt Service Account.* There is hereby created and established within the Special Transportation Fund a special trust account to be designated "Special Tax Obligation Bonds, Transportation Infrastructure Purposes, Debt Service Account" (herein defined and referred to as the "Debt Service Account"). If directed by an Authorized Officer, there shall be created and established within the Debt Service Account three separate sub-accounts to be known as the "Bond Service Sub-Account", the "Redemption Sub-Account" and the "Unrefunded Note Sub-Account." Subject to the terms and conditions set forth in this Indenture, moneys held to the credit of the Bond Service Sub-Account, the Redemption Sub-Account and the Unrefunded Note Sub-Account shall be held in trust and disbursed by the Trustee for (a) the payment of the interest on the Bonds as such interest becomes due; (b) the payment of the principal on the Bonds at their respective maturities; (c) the payment of the purchase or redemption price of the Bonds before maturity; (d) the payment of the unrefunded principal on Notes at their respective maturities; or (e) the payment of principal and interest pursuant to any reimbursement agreement entered into with respect to a credit facility providing for payment of the principal of Bonds, and such moneys are hereby pledged to and charged with the payment mentioned in this Section.

Section 5.4. *Bond Service Sub-Account.* The Trustee shall from time to time as required, withdraw from the Bond Service Sub-Account and, if necessary, from the Reserve Account and the Unrefunded Note Sub-Account, and deposit in trust with the Paying Agent sufficient moneys for paying the principal of and the interest on the Bonds as the same shall become due, and shall pay principal and interest pursuant to any reimbursement agreement entered into with respect to payment of principal of Bonds. To the extent necessary to comply with Section 7.6 of this Indenture, the Bond Service Sub-Account shall be depleted, and in order to comply with this

requirement, the Trustee shall from time to time withdraw such moneys as may be necessary from the Bond Service Sub-Account and deposit said moneys to the credit of the Special Transportation Fund. Accrued interest deposited in the Bond Service Sub-Account on the sale of Bonds may be used by the Trustee to pay costs of issuance on such Bonds as directed by the Treasurer.

Section 5.5. *Redemption Sub-Account.* Moneys held to the credit of the Redemption Sub-Account shall be applied to the retirement of Bonds issued under the provisions of this Indenture as follows:

(a) Subject to the provisions of subsection (c) of this Section, the Trustee shall endeavor to purchase Bonds secured hereby and then outstanding, whether or not such Bonds shall be subject to redemption, at the most advantageous price obtainable with reasonable diligence, having regard to the interest rate and price, such price (including any brokerage and other charges) not to exceed the principal of such Bonds plus the amount of the premium, if any, which would be payable on the next redemption date to the holders of such Bonds under the provisions of Article IV of this Indenture if such Bonds should be called for redemption on such date from moneys in the Debt Service Account. The Trustee shall pay the interest accrued on such Bonds to the date of delivery thereof from the Bond Service Sub-Account and the purchase price from the Redemption Sub-Account but no such purchase shall be made within the period of forty-five (45) days next preceding any interest payment date on which such Bonds are subject to call for redemption under the provisions of this Indenture except from moneys in excess of the amounts set aside or deposited for the redemption of Bonds.

(b) Subject to the provisions of subsection (c) of this Section, the Trustee shall call for redemption on each interest payment date on which Bonds are subject to redemption from moneys in the Debt Service Account such amount of Bonds then subject to redemption as, with the redemption premium, if any, will exhaust the Redemption Sub-Account as nearly as may be; provided, however, that, except at the direction of the State, not less than One Hundred Thousand Dollars ($100,000) in principal amount of Bonds shall be called for redemption at any one time. Such redemption shall be made pursuant to Article IV of this Indenture.

(c) Moneys in the Redemption Sub-Account shall be applied to the purchase or redemption of Bonds in the following order:

(1) term bonds of each series, if any, issued under the provisions of Section 2.4 or Section 2.5 of this Indenture, in such order of maturity as the State shall determine, to the extent of the Amortization Requirement, if any, fixed for the then current period for such term bonds and any deficiency in preceding periods in the purchase or redemption of such term bonds under the provisions of this subdivision; provided, however, that if none of the term bonds of a series shall be subject to redemption from moneys in the Debt Service Account and if the Trustee shall at any time be unable to exhaust the moneys applicable to the Bonds of such series in the purchase of such Bonds under the provisions of subsection (a) of this Section, such moneys or the balance of such moneys, as the case may be, shall be retained, and, as soon as feasible, applied to the retirement of the Bonds of such series;

(2) to the purchase of any Bonds secured thereby and then outstanding whether or not such Bonds shall be subject to redemption, in accordance with the provisions of subsection (a) of this Section;

(3) to the redemption of the term bonds of each series in proportion (as nearly as practicable) to the aggregate principal amount of the Bonds of such series originally issued; and

(4) after the retirement of all term bonds, to the redemption of the serial bonds issued under the provisions of this Indenture in the manner provided herein or in the Supplemental Indenture providing for the issuance of such serial bonds, and to the extent that serial bonds of different series mature on the same date, in proportion (as nearly as practicable) to the principal amount of each series maturing on such date.

Upon the retirement of any Bonds by purchase or redemption, the Trustee shall file with the Treasurer a statement briefly describing such Bonds, and setting forth the date of their purchase or redemption, the amount of the purchase price or the redemption price of such Bonds, and the amount paid as interest thereon.

All expenses incurred by the State in connection with the purchase or redemption of Bonds shall be paid by the State from the Special Transportation Fund.

Notwithstanding the foregoing provisions of this Section 5.5, the State may direct the Trustee to create a segregated sub-account within the Redemption Sub-Account for the purposes set forth in Section 11.1 hereof. Such direction shall include, but not be limited to, the Bonds secured by, investment of and reinvestment of the segregated sub-account and the interest earnings thereon, and directions regarding redemption of Bonds prior to maturity and transfer to such segregated sub-account the allocable amounts from the Bond Service Sub-Account for the Bonds secured by the segregated sub-account and the amount of any excess in the Reserve Account. Any amounts remaining in a sub-account five (5) Business Days after redemption of all Bonds secured by the sub-account shall be transferred by the Trustee, without further direction, to the State for deposit by the State to the Special Transportation Fund or a bond proceeds construction fund.

Section 5.6. *Unrefunded Note Sub-Account.* The State shall withdraw from moneys held by it to the credit of the Special Transportation Fund and deposit with the Trustee to the credit of the Unrefunded Note Sub-Account any and all amounts required from time to time to pay unrefunded principal of Notes becoming due and payable; provided, however, that no such withdrawal and credit shall be made unless all amounts required to be deposited pursuant to Section 5.1 or Section 5.2 shall have been so deposited. Moneys held to the credit of the Unrefunded Note Sub-Account shall be used by the Trustee for the purpose of paying the unrefunded principal on outstanding Notes becoming due and payable from time to time; provided, however, that no such application shall be made unless all amounts required to be deposited pursuant to Section 5.1 or Section 5.2 shall have been so deposited. Any moneys remaining in the Unrefunded Note Sub-Account after the last maturity date of outstanding Notes shall be transferred by the Trustee to the credit of the Special Transportation Fund.

Section 5.7. *Reserve Account.* There is hereby created and established within the Special Transportation Fund a special trust account to be designated "Special Tax Obligation Bonds, Transportation Infrastructure Purposes, Reserve Account" (herein defined and referred to as the "Reserve Account").

(a) At the option of the State, and at the time of issuance of any series of Bonds pursuant to a Supplemental Indenture, the State may create and establish within the Reserve Account of the Special Transportation Fund a special trust account to be designated "Special Tax Obligation Bonds, Transportation Infrastructure Purposes, Reserve Sub-Account [series designation]" in the Reserve Account (a "Reserve Sub-Account"). The State will, by such Supplemental Indenture, specify the Series Reserve Requirement, provide for the manner of funding and replenishing of such Reserve Sub-Account and establish such other terms with respect to such Reserve Sub-Account as the State may deem to be appropriate, including providing a Reserve Account Surety Policy in lieu thereof. Such Reserve Sub-Account may be held for the benefit of only one or more than one series of Bonds, and not for all Bonds.

(b) Subject to subsection (a) above, moneys held to the credit of the Reserve Account shall be used for the purpose of paying the principal and interest on Bonds and meeting the Amortization Requirements for any term bonds whenever and to the extent that the moneys held to the credit of the Bond Service Sub-Account and the Redemption Sub-Account, respectively, shall be insufficient for such purposes. To the extent that moneys held to the credit of the Reserve Account exceed the Debt Service Reserve Requirement, at the written direction of the State, the Trustee shall withdraw such excess from the Reserve Account and deposit it with the State to the credit of the Special Transportation Fund or, if directed by the State in writing, to another fund held by the Trustee pursuant to this Indenture, or to an escrow agreement for any Bonds or Notes. If there exists a deficiency in any Reserve Sub-Account, any transfers pursuant to this subsection (b) shall be first applied pro-rata to such deficient Reserve Sub-Account(s).

(c) In lieu of any deposit required to be made to the Reserve Account by the terms of any provision of the Indenture, the State shall be entitled to substitute a Reserve Account Surety Policy in favor of the Trustee.

(d) With respect to the Prior Bonds, the account designated the Special Tax Obligation Bonds, Transportation Infrastructure Purposes, Reserve Sub-Account shall be renamed "Special Tax Obligation Bonds, Transportation Infrastructure Purposes, Reserve Sub-Account Prior Bonds" and each sub-account designated the Special Tax Obligation Bonds, Transportation Infrastructure Purposes, Reserve Sub-Account [series designation] shall be renamed "Special Tax Obligation Bonds, Transportation Infrastructure Purposes, Reserve Sub-Account Prior Bonds [series designation]" for the benefit of only the Prior Bonds (the "Reserve Sub-Account Prior Bonds"). The Series Reserve Requirement for the Reserve Sub-Account Prior Bonds shall be an amount equal to the maximum Principal and Interest Requirements on Bonds for Prior Bonds for the current or any succeeding Fiscal Year on account of all Prior Bonds then outstanding in compliance with the Code.

Section 5.8. *Infrastructure Improvement Fund.* There is hereby created and established a fund of the State to be designated the "Infrastructure Improvement Fund" to be held and administered by the State. Deposits shall be made to the credit of the Infrastructure Improvement Fund as required by the provisions of Sections 2.4 and 2.6 of this Indenture. The moneys so deposited to the credit of the Infrastructure Improvement Fund shall be applied by the State to the purposes for which the Bonds giving rise to such deposits were issued, as provided by applicable law and pending such application shall not be subject to any lien or pledge in favor of the holders of the Bonds.

Section 5.9. *Rebate Fund*. There is hereby created and established a fund of the State to be designated the "Rebate Fund" to be held and administered by the Trustee. Deposits shall be made to the credit of the Rebate Fund as determined by the State in order to provide for rebate liability on obligations of the Special Transportation Fund. At the direction of the State to the Trustee, amounts shall be withdrawn from the account and paid by the State (or by the Trustee at the direction of the State) using Internal Revenue Service Form 8038-T supplied by the State, or such other form as the Internal Revenue Service may have designated for the payment of rebate. The State may also provide direction to the Trustee to deposit into the Special Transportation Fund any amounts in the Rebate Fund in excess of rebate liabilities.

Section 5.10. *Accounts*. Notwithstanding any other provision of this Indenture, the State may establish, at any time, by written direction to the Trustee or through a Supplemental Indenture, any further sub-accounts within any funds, accounts or sub-accounts established hereunder, as deemed necessary. The Trustee may establish such funds and accounts as it deems necessary or appropriate to fulfill its obligations under this Indenture. Any fund required by this Indenture to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds shall at all times be maintained in accordance with customary standards of the corporate trust industry, to the extent practicable. Except as provided for in Section 6.2 hereof, the State shall be responsible for making calculations called for under this Indenture, including but not limited to, determination of any required reserve amount, any redemption price or other amounts payable on the Bonds. The State shall make the calculations in good faith and, absent manifest error, its calculations will be final and binding on the Bondholders. The State shall provide a schedule of its calculations to the Trustee when requested by the Trustee, and the Trustee shall be entitled to rely conclusively on the accuracy of the State's calculations without independent verification.

ARTICLE VI
DEPOSITORIES OF MONEYS; SECURITY FOR DEPOSITS; INVESTMENT OF FUNDS

Section 6.1. *Custody and Investment of Moneys.* All moneys held by the State under the provisions of this Indenture shall be deposited in the name of the State in one or more funds and accounts with such depository or depositories as the Treasurer shall designate, or an account with STIF, except that the Note Repayment Account, the Debt Service Account and the Reserve Account (and all sub-accounts in such accounts) shall be held only by the Trustee. All moneys deposited under the provisions of this Indenture with any depository, or held in a special trust fund

prior to payment to the Trustee as aforesaid, shall be trust funds under the terms hereof and shall not to the full extent permitted by law be subject to any lien or attachment by any creditor of the State. Such moneys shall be held in trust and applied in accordance with the terms of this Indenture.

Moneys on deposit in the Note Repayment Account, the Debt Service Account, and the Reserve Account and the sub-accounts in such accounts shall be invested and reinvested by the Trustee, at the direction of the State, to the extent reasonable and practicable in Investment Securities (as hereinbelow defined) maturing in the amounts and at the times is determined by the State so that the payment required to be made from such funds and accounts may be made when due. In the absence of any direction from the State, the Trustee shall invest and reinvest moneys on deposit in the Note Repayment Account, the Debt Service Account, the Reserve Account and the sub-accounts in such accounts in Investment Securities maturing in such amounts and at such times as the Trustee determines so that payments required to be made from such funds and accounts may be made when due.

The Trustee shall, in the statement required of the Trustee by Section 8.4 of this Indenture, set forth the Investment Securities held separately in, and the earnings realized on investment for, each fund and account held by it hereunder.

Section 6.2. *Investment Securities.* As used in this Indenture, the term "Investment Securities" shall include:

(i) such obligations, securities and investments as are set forth in subsection (f) of Section 3-20 of the General Statutes; and/or

(ii) participation certificates in STIF.

Investments in all funds and accounts will be valued by the Trustee at book value, market value or face value, whichever is lowest (inclusive of accrued interest paid to purchase such investment), except that investments in the Reserve Account shall be valued at par if purchased at par or at Amortized Value if purchased at other than par. "Amortized Value", when used with respect to an obligation purchased at a premium above or a discount below par, means the value as of any given date obtained by dividing the total amount of the premium or discount at which such obligation was purchased by the number of days remaining to maturity on such obligation at the time of such purchase and by multiplying the amount so calculated by the number of days having passed since the date of such purchase; and in the case of an obligation purchased at a premium, by deducting the product thus obtained from the purchase price, and in the case of an obligation purchased at a discount, by adding the product thus obtained to the purchase price.

Section 6.3. *Limitations Regarding Investments; State to Sell Investment Securities.* (a) Moneys on deposit to the credit of the Note Repayment Account, the Bond Service Sub-Account, the Redemption Sub-Account and the Unrefunded Note Sub-Account may be invested and reinvested in Investment Securities maturing not later than the date when the moneys held to the credit of said funds and accounts shall be needed for the purposes intended.

(b) Moneys on deposit to the credit of the Reserve Account may be invested and reinvested in Investment Securities maturing on or before the earlier to occur of (i) the

tenth (10th) anniversary of the date of any such investment or (ii) the final maturity date of all Bonds outstanding at the time any such investment is made.

(c) The Trustee shall be authorized to sell or present for redemption any Investment Securities when necessary to make the payments to be made from the funds and, accounts created hereby, and in so selling or presenting for redemption any such Investment Securities shall obtain the best return practicable. Neither the State, the Trustee, nor any of their officers or employees shall be liable or responsible for any loss resulting from any investment made pursuant to this Article VI.

Section 6.4. *Investments Part of Funds and Accounts.* Except as otherwise provided in this Indenture, (a) Investment Securities shall be deemed at all times to be a part of the fund or account out of which they were purchased; (b) any profit realized from such investment shall be credited to such funds or accounts; (c) any loss resulting from such investment shall be charged to such funds or accounts; (d) the interest accruing thereon, other than the interest accruing on amounts credited to the Note Repayment Account, shall be deposited by the Trustee to the credit of the Special Transportation Fund; and (e) the interest accruing on amounts credited to the Note Repayment Account shall be credited to such Account. Investments in STIF that have interest paid directly to the Special Transportation Fund shall be deemed to be deposited by the Trustee to the credit of the Special Transportation Fund. Statements provided by the Trustee to the State will not reflect transactions of interest earnings of STIF paid directly to the Special Transportation Fund, and the Trustee will not otherwise be required to monitor or report such interest earnings.

ARTICLE VII
PARTICULAR COVENANTS

Particular Covenants. The State hereby covenants with the purchasers and holders of all Bonds issued pursuant to this Indenture as follows:

Section 7.1. *Covenant as to Amount of Pledged Revenues.* The State shall impose, charge, raise, levy, collect and apply the Pledged Revenues and other receipts, funds or moneys pledged for the payment of Debt Service Requirements, in such amounts as may be necessary to pay such Debt Service Requirements in each year in which Bonds or Notes are outstanding and further, the State (1) will not limit or alter the duties imposed on the Treasurer and other officers of the State by the Act and by the proceedings authorizing the issuance of Bonds with respect to application of Pledged Revenues or other receipts, funds or moneys pledged for the payment of Debt Service Requirements as provided herein and in the Act; (2) will not issue any bonds, notes or other evidences of indebtedness, other than the Bonds or Notes, having any rights arising out of the Act or secured by any pledge of, or other lien or charge on, the Pledged Revenues or other receipts, funds or moneys pledged for the payment of Bonds or Notes; (3) will not create or cause to be created any lien or charge on such pledged amounts, other than a lien or pledge created thereon pursuant to the Act, provided nothing in this subsection shall prevent the State from issuing evidences of indebtedness (A) which are secured by a pledge or lien which is and shall on the face thereof be expressly subordinate and junior in all respects to every lien and pledge created by or pursuant to the Act; or (B) for which the full faith and credit of the State is pledged and which are not expressly secured by any specific lien or charge on such pledged amounts; or (C) which are secured by a pledge of or lien on moneys or funds derived on or after such date as every pledge or

lien thereon created by or pursuant to the Act and this Indenture shall be discharged and satisfied; (4) will carry out and perform, or cause to be carried out and performed, each and every promise, covenant, agreement or contract made or entered into by the State or on its behalf with the holders of any Bonds or Notes; (5) will not in any way impair the rights, exemptions or remedies of such holders; and (6) will not limit, modify, rescind, repeal or otherwise alter the rights or obligations of the appropriate officers of the State to impose, maintain, charge or collect the taxes, fees, charges and other receipts constituting the Pledged Revenues as may be necessary to produce sufficient revenues to fulfill the terms of the proceedings authorizing the issuance of the Bonds, including Pledged Revenues coverage requirements set forth in Section 2.4 hereof, and provided nothing herein shall preclude the State from exercising its power, through a change in law, to limit, modify, rescind, repeal or otherwise alter the character or amount of such Pledged Revenues or to substitute like or different sources of taxes, fees, charges or other receipts as Pledged Revenues if, for the ensuing Fiscal Year, as evidenced by the proposed or adopted budget of the State with respect to the Special Transportation Fund, the projected revenues meet or exceed the estimated expenses of the Special Transportation Fund including accumulated deficits, if any, Debt Service Requirements, and any Pledged Revenues coverage requirements set forth in Section 2.4 hereof.

Without limiting the provisions of the next preceding paragraph of this Section, the State covenants to provide Pledged Revenues and other receipts, funds or moneys pledged hereunder in each Fiscal Year beginning in the first full Fiscal Year after the issuance of Bonds or Notes, after deducting payments out of such revenues for reserves required hereunder, computed as of the final Business Day of such Fiscal Year, in an amount at least equal to the Coverage Requirement in such Fiscal Year.

Section 7.2. *First Call on Pledged Revenues.* (a) Unless at such time any and all amounts required to be paid from the Special Transportation Fund to the Trustee or any Bondholder pursuant to the terms of this Indenture shall have been made, the State shall not make any payments from the Special Transportation Fund on account of any obligation whatsoever other than the Bonds and Notes, except from amounts held to the credit of the Special Transportation Fund which represent amounts borrowed by the Treasurer in anticipation of revenues pursuant to Section 3-16 of the General Statutes, or from transportation related federal revenues of the State. If at any time any such amounts required to be paid to the Trustee have not been so paid, the Trustee shall be entitled to notify the Treasurer that such amounts are accrued and unpaid, whereupon any Pledged Revenues received by the State and credited to the Special Transportation Fund shall be paid by the Treasurer forthwith to the Trustee, and shall not be diverted to any other purpose, until such accrued and unpaid amounts have been paid in full.

(b) The State shall at all times do and perform all acts and things permitted by law and necessary to assure that the Pledged Revenues received by the State and credited to the Special Transportation Fund shall be applied first to the payment of Debt Service Requirements, including, but not limited to, procedures for immediate segregation of Pledged Revenues, upon collection, from other cash receipts of the State, if and to the extent requested by the Trustee or required by any Supplemental Indenture.

Section 7.3. *To Pay Principal of and Premium and Interest on Bonds.* The State will duly and punctually pay, or cause to be paid, but solely from the Pledged Revenues and other receipts, funds or moneys pledged hereunder, the principal of and interest and premium, if any, on

each and every Note and Bond at the place, on the dates and in the manner provided herein and in such Notes and Bonds according to the true intent and meaning hereof and thereof.

Section 7.4. *Books and Accounts; Audits.* The State shall maintain and keep (or cause to be maintained and kept) proper books, records and accounts in which complete and correct entries shall be made of all dealings and transactions relating to the Special Transportation Fund and the Infrastructure Improvement Fund. Such accounts shall show the amount of Pledged Revenues available for the purposes of this Indenture and the application of such Pledged Revenues and amounts in the Infrastructure Improvement Fund to the purposes specified in this Indenture and the Act.

The State shall prepare balance sheets and statements of revenues, expenditures and changes in fund balances for each of the above specified funds. The State shall cause the Special Transportation Fund to be audited by an independent certified public accountant or a firm of independent certified public accountants of recognized standing (herein referred to as the "Accountant"), appointed by the State but who is in fact independent and not under the control of the State, with such restrictions on audit procedures performed by such Accountant with respect to operating expenses and program costs of the Department of Transportation as the State may request, provided the State shall cause such operating expenses and program costs to be subject to the customary audit procedures of the State Auditor. Such Accountant shall be selected with special reference to such Accountant's general knowledge, skill and experience in auditing books and accounts. Such audit shall be made annually and the audit report of the Accountant shall be delivered to the State within one hundred twenty (120) days after the close of each Fiscal Year. An electronic copy of each such annual audit shall be open for public inspection, and shall be provided to any holder of Bonds filing with the Treasurer a request for the same. The Trustee shall cooperate fully with the Accountant selected pursuant to this Section in completing the audit provided for herein, and shall make available all books and accounts in its possession pertaining to the Bonds for this purpose.

At the time of delivery of each audit report, the Accountant shall also deliver to the Trustee and the State a letter substantially to the effect that in connection with their examination of the Special Transportation Fund nothing came to their attention that caused them to believe that the State was not then in compliance with the covenant contained in the second paragraph of Section 7.1 of this Indenture.

Section 7.5. *Prosecution and Defense of Suits.* The State shall defend, or cause to be defended, against every suit, action or proceeding at any time brought against any Bondholder by a person other than the State upon any claim arising out of the receipt, application or disbursement of any of the Pledged Revenues or any other moneys received, applied or disbursed under this Indenture, or involving the rights of any Bondholder under this Indenture and shall indemnify and save harmless all Bondholders against any and all liability claimed or asserted by any person whomsoever, arising out of such receipt, application or disbursement or involving the Pledged Revenues; provided, however, that any Bondholder at such Bondholder's election may appear in and defend any suit, action or proceeding. Notwithstanding any contrary provision hereof, the covenant contained in this Section 7.5 shall remain in full force and effect, even though the Bonds are no longer outstanding hereunder and all indebtedness and obligations secured hereby may have

been fully paid and satisfied and the lien, pledge and charge of this indenture may have been released and discharged.

Section 7.6. *Assurances As To Exemption From Federal Taxation of Interest on Bonds.* (a) The State shall at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid on the Notes and the Bonds shall, for the purposes of Federal income taxation, be excludable from the gross income of the recipients thereof and exempt from such taxation.

(b) The State shall not permit at any time any of the proceeds of the Notes or the Bonds or other funds of the State to be used, directly or indirectly, to acquire any asset or obligation the acquisition of which would cause any Note or Bond to be an "arbitrage bond" for the purposes of Section 103(c) of the Code.

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

(d) The State may direct the Trustee to create sub-accounts of any account or sub-account. Such sub-account shall belong to the respective parent account as if it were in the parent account, except as may be necessary or desirable for Code and Regulations purposes.

Section 7.7. *Performance of All Obligations and Covenants Under this Indenture.* The State shall comply with and perform, or cause to be complied with and performed, all acts, things, covenants, agreements, obligations, duties and provisions, express or implied, required to be done or performed by or on its behalf under this Indenture, any Supplemental Indenture and the Bonds, in accordance with the terms hereof and thereof.

Section 7.8. *To Maintain Paying Agents.* The State will at all times keep in those cities in which a Paying Agent or Paying Agents appointed in this Indenture are located, an office or agency (which may be the office in each such respective city of such Paying Agent in such city appointed in this Indenture) at which Bonds may be presented for payment.

Section 7.9. *Taxation.* Interest paid on the Bonds and Notes issued hereunder shall be free from taxation to the extent provided by law.

ARTICLE VIII
CONCERNING THE TRUSTEE AND THE PAYING AGENTS

Section 8.1. *Qualification of Trustee.* The Trustee and any successor Trustee appointed hereunder shall at all times during the term of this Indenture be a bank or trust company having the powers of a trust company within or without the State of Connecticut, with capital stock, surplus and undivided profits aggregating in excess of Fifty Million Dollars ($50,000,000). If the Trustee publishes reports of conditions at least annually pursuant to law or pursuant to the requirements of a supervising or examining authority of the United States of America or any state, then for the purposes of determining its qualifications hereunder, the capital stock, surplus and

undivided profits of the Trustee at any time shall be deemed to be its capital stock, surplus and undivided profits as set forth in the most recent report of condition so published. The Trustee shall have only such duties and obligations as are expressly provided for by this Indenture, and no other duties or obligations shall be implied.

Section 8.2. *Resignation or Removal of Trustee; Successor.*

(a) The Trustee may be removed at any time by an instrument or concurrent instrument in writing, signed by the holders of not less than a majority in principal amount of the Bonds then outstanding and filed with the Treasurer. A copy of each such instrument shall be delivered promptly by the State to the Trustee. The Trustee also may be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with any provision of this Indenture with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon the application of the State or the holders of not less than five percent (5%) in aggregate principal amount of the Bonds then outstanding hereunder. The Trustee may resign as Trustee hereunder at any time by giving not less than sixty (60) days' notice to the Treasurer and by mailing a notice of resignation within ten (10) days after giving such notice in the manner in which notices of redemption of Bonds are to be mailed pursuant to Section 4.3 hereof.

(b) If at any time the Trustee shall resign, be removed, be dissolved or otherwise become incapable of acting, or if the bank or trust company acting as Trustee shall be taken over by any governmental official, agency, department or board, the position of Trustee shall become vacant. If the position of Trustee shall become vacant, the Treasurer shall appoint a Trustee to fill such vacancy. The Treasurer shall provide written notice of any such appointment by it made to Bondholders in the manner in which notices of redemption are to be provided pursuant to Section 4.3 hereof. Any successor Trustee shall meet the qualifications of subsection (a) of Section 8.1 of this Indenture. Such successor Trustee shall execute, acknowledge and deliver to its predecessor, and also to the State, an instrument in writing accepting such appointment hereunder, and thereupon such successor Trustee, without any further act, deed or conveyance shall become fully vested with all rights, powers, trusts, duties and obligations of its predecessor in trust hereunder; and every predecessor Trustee shall deliver all property and moneys held by it hereunder to its successor. The successor Trustee shall have no responsibility for the acts of the predecessor Trustee.

Any organization or entity into which the Trustee or any successor Trustee hereunder may be merged or converted or with which it may be consolidated, or any organization or entity resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any organization or entity succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor Trustee under this Indenture without the execution or filing of any paper or any further action on the part of the parties hereto, anything herein to the contrary notwithstanding; provided such successor organization or entity meets the qualifications required by subsection (a) of Section 8.1 of this Indenture.

Section 8.3. *Liability of Trustee.* (a) The Trustee shall not be responsible or have any liability for any act of the State or of any other Trustee. The Trustee shall not be responsible in any manner whatsoever for the correctness of recitals, statements and representations in this Indenture or in the Bonds, all of which are made by the State solely. The Trustee makes no representation as to the validity of this Indenture or the Bonds issued hereunder, and the Trustee shall not incur any liability or responsibility in respect to such matters.

(b) Prior to an Event of Default as defined in Section 9.1 hereof of which the Trustee as Trustee hereunder has actual knowledge, and after the curing or waiving of all such Events of Default, the Trustee (1) shall not be liable except for the performance of such duties as are specifically set out in this Indenture to be performed by the Trustee in the absence of, or without regard to, an Event of Default; and (2) may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, in the absence of bad faith on the part of the Trustee, upon certificates or opinions conforming to the requirements of this Indenture. In case of an Event of Default as defined in Section 9.1 hereof of which the Trustee has actual knowledge, the Trustee shall exercise such rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act or its own willful misconduct except that the Trustee shall at all times be protected from liability for any error of judgment made in good faith by a responsible officer or officers unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts. The Trustee shall be protected when acting in good faith and upon advice of counsel who may be counsel to the State.

Section 8.4. *Statement of Trustee of Accounts and Other Matters.* Not more than sixty (60) days after the close of each Fiscal Year the Trustee hereunder shall furnish the State and any Bondholder filing with the Trustee a written request for a copy, a statement setting forth (to the extent applicable) in respect to such Fiscal Year; (a) all transactions relating to the receipt, disbursement and application of all moneys received by the Trustee pursuant to the terms of this Indenture; (b) the amount held by the Trustee at the end of such Fiscal Year to the credit of each fund and account provided for in this Indenture; (c) a brief description of all obligations held by the Trustee as an investment of moneys in any fund or account hereunder as of the end of such Fiscal Year; (d) the principal amount of Bonds purchased by the Trustee during such Fiscal Year from moneys available therefor in any fund or account pursuant to the provisions of this Indenture and the respective purchase price of such Bonds; (e) in the case of the Trustee, the principal amount of Bonds redeemed or retired during such Fiscal Year and the redemption prices thereof, if any; and (f) any other information which the State may reasonably request. Not more than fifteen (15) days after the close of each calendar month the Trustee shall furnish to the State an unaudited statement setting forth (to the extent applicable) in respect of such calendar month the information required by clauses (a) through (f) of the preceding sentence to be included in the Trustee's statement in respect of each Fiscal Year. The State acknowledges that, to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the State the right to receive individual confirmations of security transactions at no additional cost and as they occur, the State specifically waives receipt of such confirmations to the extent permitted by law. As

provided above, the Trustee will furnish the State monthly cash transaction statements that include, among other information, detail for all investment transactions made by the Trustee hereunder, which information shall be provided in the form of the Trustee's routine statements or by access through its electronic portal.

Section 8.5. *Trustee to Maintain List of Bondholders; Certain Duties of Trustee With Respect Thereto.* In addition to the requirements of Section 3.5 hereof, the Trustee shall maintain and keep a list of the names and addresses of the holders of the Bonds (a) furnished to it by any Paying Agent hereunder pursuant to provisions of Section 8.7 hereof; (b) received by it in the capacity as a Paying Agent (if so acting) under this Indenture; and (c) filed with it pursuant to the provisions of the next sentence hereof. Any holder of Bonds may file such holder's name and address and a statement of the principal amount of Bonds held by such holder and the numbers of such Bonds with the Trustee for inclusion upon such list. The Trustee may (a) destroy any list furnished to it pursuant to the provisions of Section 8.7 hereof upon receipt of a new list so furnished; (b) destroy any information received by it as a Paying Agent (if so acting) hereunder upon delivering to itself as the Trustee not earlier than forty-five (45) days after any interest payment date of the Bonds a list containing the names and addresses of the holders of Bonds obtained from such information since the delivery of the next previous list, if any, and (c) destroy any list delivered to itself as the Trustee hereunder which was compiled from information received by it as Paying Agent (if so acting) hereunder upon receipt of a new list so delivered. At reasonable times and under reasonable regulations established by the Trustee, such list may be inspected and copied by the State or by the holders or owners (or a designated representative thereof) of twenty percent (20%) or more in principal amount of Bonds then outstanding, such ownership and the authority of any such designated representative to be evidenced to the satisfaction of the Trustee.

Section 8.6. *Trustee May File Proofs of Claims and Other Papers and Documents.* The Trustee hereunder may file such proofs of claims and other papers or documents as may be necessary or advisable in order to have claims of such Trustee and of the holders of the Bonds allowed in any judicial proceedings relative to the State or its creditors or properties.

Section 8.7. *Paying Agents; Paying Agents to Hold Moneys in Trust and to Furnish List of Bondholders.* All Bonds shall be payable at the principal office of the Trustee as principal Paying Agent therefor. The State will from time to time give written notice to the Trustee of the location of each Paying Agent if the appointment thereof was made by the State without prior knowledge of the Trustee.

Each Paying Agent shall hold in trust for the benefit of the holders of the Bonds and the Trustee all amounts held by such Paying Agent for the payment of the principal of and interest on the Bonds and shall give to the Trustee notice of any default by the State in the making of any such payment. Anything in this paragraph to the contrary notwithstanding, the State may, at any time, for the purpose of obtaining a satisfaction and discharge of this Indenture, or for any other reason, cause to be paid to the Trustee all amounts held in trust by any Paying Agent hereunder as required by this paragraph, such amounts to be held by the Trustee upon the trusts herein contained, and such Paying Agent shall thereupon be released from all further liability with respect to such amounts.

Each Paying Agent shall furnish to the Trustee at such times as the Trustee may request in writing, within thirty (30) days after receipt by the Paying Agent of such request, a list or lists in such form as the Trustee may reasonably require containing all information in the possession or control of such Paying Agent as to the names and addresses of the holders of the Bonds obtained by such Paying Agent since the date as of which the next previous list, if any, was furnished by such Paying Agent to the Trustee. Any such list may be dated as of a date not more than fifteen (15) days prior to the time such information is furnished or caused to be furnished and need not include information received after such date.

Section 8.8. *Trustee and Paying Agents May Buy, Hold, Sell or Deal in Bonds and Other Indebtedness of State.* Except to the extent prohibited by law, the Trustee and its directors, officers, employees or agents, and each Paying Agent and its directors, officers, employees or agents, may in good faith buy, sell, own, hold and deal in any of the Bonds issued under the provisions of this Indenture and may join in any action which any holder of a Bond may be entitled to take, with like effect as if the Trustee or Paying Agent were not a trustee or a Paying Agent, as the case may be, under this Indenture. Except to the extent prohibited by law, the Trustee or any Paying Agent may in good faith hold any other form of indebtedness of the State; own, accept or negotiate any drafts, bills of exchange, acceptances or obligations of the State; make disbursements for the State; and enter into any commercial or business arrangement with the State.

Section 8.9. *Reimbursement of Trustee and Paying Agents Hereunder for Fees, Expenses and Charges.* The Trustee shall be entitled to reasonable fees and reimbursement by the State for all expenses, charges, counsel fees and other disbursements reasonably incurred by it in the performance of its duties and powers under this Indenture, including those of its attorneys, agents and employees, and the State shall indemnify the Trustee for, and hold it harmless against, any loss, liability or expense incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of the trust or trusts hereunder, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder. Each Paying Agent shall also be entitled to reasonable fees and to reimbursement by the State for all expenses and charges reasonably incurred by it in the performance of its duties hereunder. Such reasonable fees and reimbursements shall be deemed to be Debt Service Requirements for all purposes hereunder and entitled to the benefit of the security granted hereunder.

Section 8.10. *Compliance Certificates and Opinions.* Upon request of the Trustee, prior to taking or refraining from action under this Indenture, the Trustee may request that the State furnish to the Trustee (a) a certificate of an Authorized Officer providing (i) the provisions of this Indenture relating to such action or inaction, (ii) a statement that such Authorized Officer has made an examination or investigation necessary to determine whether such action or inaction is in compliance with such provisions and the covenants of this Indenture, and (iii) that such action or inaction is in compliance with such provisions and covenants of this Indenture; and/or (b) an opinion of counsel (which counsel may be counsel to the State) regarding items (a)(i) through (iii). The Trustee shall be entitled to rely on such certificate or opinion.

ARTICLE IX
EVENTS OF DEFAULT; REMEDIES UPON OCCURRENCE THEREOF

Section 9.1. *Events of Default.* Each of the following is hereby defined as and declared to be and shall constitute an "Event of Default", if

(a) payment of the principal of any of the Bonds shall not be made when the same shall become due and payable, either at maturity or by proceedings for redemption; or

(b) payment of any installment of interest on Bonds shall not be made when the same shall become due and payable or within thirty (30) days thereafter; or

(c) the State shall default in the due and punctual performance of any other covenants, conditions, agreements and provisions contained in the Bonds, this Indenture or any Supplemental Indenture on the part of the State to be performed, other than contained in Section 5.1 of this Indenture and such default shall continue for ninety (90) days after written notice specifying such failure and requiring the same to be remedied shall have been given to the State by the Trustee or by the holders of not less than twenty percent (20%) in principal amount of the Bonds then outstanding; provided that if any such failure shall be such that it cannot be cured or corrected within such ninety (90) day period, it shall not constitute an Event of Default hereunder if curative or corrective action is instituted within such period and diligently pursued until the failure of performance is cured or corrected; and provided further, that no failure to observe the covenant of Section 7.1 of this Indenture shall constitute an Event of Default unless within one year after written notice by the Trustee of such failure the State shall not have enacted legislation such that the conditions contained in Sections 2.4(b)(1) and 2.4(b)(2) hereof could have been satisfied if Additional Bonds were then to be issued; or

(d) the State shall be adjudged insolvent by a court of competent jurisdiction; or

(e) any proceedings shall be instituted with the consent or acquiescence of the State for the purpose of effecting a composition between the State and its creditors and if the claim of such creditors is in any circumstance payable from the Pledged Revenues or any other moneys or assets pledged and charged in this Indenture, or for the purpose of adjusting the claims of such creditors, pursuant to any Federal or State statute now or hereafter enacted; or

(f) the State shall for any reason be rendered incapable of fulfilling its obligations hereunder.

Section 9.2. *Actions by Trustee Upon Event of Default.* (a) Upon the happening and continuance of any Event of Default specified in Section 9.1 of this Indenture, then in every such case, in addition to any other remedies herein provided for, the Trustee for and on behalf of the holders of the Bonds (A) shall have the same rights hereunder which are possessed by any of the holders of the Bonds; (B) shall be authorized to proceed in its own name and as trustee of an express trust; (C) may and, upon the written request of not less than ten percent (10%) in aggregate

principal amount of the Bonds then outstanding, shall, pursue any available remedy by action at law or suit in equity to enforce the payment of the principal of and interest and premium, if any, on the Bonds; and (D) may file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of such Trustee and of the holders of the Bonds allowed in any judicial proceeding relative to the State, or its creditors, its property, or the Bonds.

(b) All rights of action under this Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings related thereto. Any such suit or proceeding instituted by the Trustee shall be brought in its name and as trustee of an express trust without the necessity of joining as plaintiffs or defendants any holders of the Bonds and any recovery of judgment shall be for the equal benefit of the holders of the Bonds.

(c) In the enforcement of any remedy under this Indenture the Trustee shall be entitled to sue for, enforce payment of and receive any and all amounts, then or during any Event of Default becoming, and at any time remaining, due from the State and unpaid for principal, premium, interest or otherwise under any of the provisions of this Indenture or of the Bonds, with interest on overdue payments if such interest then is permitted by the laws of the State of Connecticut, at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings hereunder and under such Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondholders, and to recover and enforce judgment or decree against the State, but solely as provided herein and in such Bonds, for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect in any manner provided by law, the moneys adjudged or decreed to be payable, Any such judgment shall be recovered by the Trustee in its own name and as trustee of an express trust.

(d) In case any proceeding taken by the Trustee on account of any Event of Default shall have been discontinued or abandoned for any reason, then and in every such case the State, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no proceeding had been taken.

(e) No remedy by the terms of this Indenture conferred upon or reserved to the Trustee or the holders of the Bonds is intended to be exclusive of any other remedy now or thereafter existing at law or in equity or by statute, and each and every remedy shall be cumulative and in addition to any other remedy given hereunder to the Trustee or to the holders of the Bonds. Every such right, power and remedy given hereunder or by law or in equity or by statute may be exercised from time to time as often as may be deemed expedient.

(f) No delay or omission of the Trustee or of any holder of a Bond to exercise any right or power accruing upon default or an Event of Default occurring and continuing under this Indenture shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or an acquiescence therein.

(g) No holder of any of the Bonds shall have any right in any manner whatever to affect, disturb or prejudice the security of this Indenture or to enforce any right hereunder except in the manner herein provided, and all proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all of the holders of the Bonds.

(h) Before taking any remedial action under subsection (a) of this Section 9.2, the Trustee may require that a satisfactory indemnity bond be furnished for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from the negligence or willful default of the Trustee by reason of any action so taken.

Section 9.3. *Disposition of Moneys in Event of Insufficiencies in Funds and Accounts.* (a) If at any time the moneys in the Bond Service Sub-Account, the Redemption Sub-Account, or the Reserve Account, shall not be sufficient to pay the interest or principal or premium, if any, or the redemption price of the Bonds as the same become due and payable (whether at maturity or upon proceedings for the redemption thereof or otherwise), the moneys in such accounts, together with any other moneys then available or thereafter becoming available for such purpose, whether through the exercise of the remedies provided for in this Article IX or otherwise, shall be applied as follows:

First: to the payment to the persons entitled thereto of all installments of interest then due, in the order of the maturity of the installments of such interest, and if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds;

Second: to the payment to the persons entitled thereto of unpaid principal which shall have become due, in the order of the dates such principal became due, with interest upon such principal from the respective dates upon which such principal became due, and, if the amount available shall not be sufficient to pay in full the principal due on any particular date, together with such interest, then to the payment first of such interest, ratably according to the amount of such interest due on such date, and then to the payment of such principal, ratably according to the amount of such principal due on such date, to the persons entitled thereto without any discrimination or preference; and

Third: to the payment of the interest and premium, if any, on and the principal of the Bonds, to the purchase and retirement of Bonds and to the redemption of Bonds, all in accordance with the provisions of this Indenture.

(b) If the principal of all the Bonds shall have become due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid, with interest on such principal as aforesaid, 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 Bond over any other Bond, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any

discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds.

(c) Whenever moneys are to be applied by the Trustee pursuant to the provisions of subsection (a) of this Section 9.3: (i) such moneys shall be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future; (ii) the deposit of such moneys, in trust for the proper purpose, shall constitute proper application by the Trustee; and (iii) the Trustee shall incur no liability whatsoever to the State, to any Bondholder or to any other person for any delay in applying any such moneys, so long as the Trustee acts with reasonable diligence, having due regard to the circumstances, and ultimately applies the same in accordance with such provisions of this Indenture as may be applicable at the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such moneys, it shall fix the date (which shall be an interest payment date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the fixing of any such date, and shall not be required to make payment to the holder of any unpaid Bond until such Bond shall be surrendered to the Trustee for appropriate endorsement, or for cancellation if fully paid.

ARTICLE X
AMENDING AND SUPPLEMENTING OF INDENTURE

Section 10.1. *Amending and Supplementing of Indenture Without Consent of Bondholders.* The Trustee and the State, from time to time and at any time and without the consent or concurrence of any holder of any Bond, may enter into indentures amendatory hereof or supplemental hereto (herein defined and referred to as "Supplemental Indentures"): (i) for the purpose of providing for the issuance of Additional Bonds and Refunding Bonds pursuant to the provisions of Article II hereof; (ii) to make any changes or modifications hereof or amendments, additions or deletions hereto which may be required to permit this Indenture to be qualified under the Trust Indenture Act of 1939, as amended; (iii) to provide for the issuance of Bonds or any series of Bonds in book-entry form, in coupon form or registered as to principal only; and (iv) if the provisions of such Supplemental Indenture shall not adversely affect the rights of the holders of the Bonds then outstanding, for any one or more of the following purposes:

1. To make any changes or corrections in this Indenture to the extent the State and the Trustee shall have been advised by counsel to the State that the same are technical wording corrections or changes or are required for the purpose of curing or correcting any ambiguity or defective or inconsistent provision or omission or mistake or manifest error contained in this Indenture, or to insert in this Indenture such provisions clarifying matters or questions arising under this Indenture as are necessary or desirable; or

2. To add additional covenants and agreements of the State for the purpose of further securing the payment of the Bonds; or

3. To surrender any right, power or privilege reserved to or conferred upon the State by the terms of this Indenture; or

4. To confirm as further assurance any lien, pledge or charge, or the subjection to any lien, pledge or charge, created or to be created by the provisions of this indenture; or

5. To grant to or confer upon the holders of the Notes and the Bonds any additional rights, remedies, powers, authority or security that lawfully may be granted to or conferred upon them, or to grant to or confer upon the Trustee for the benefit of the holders of the Notes and the Bonds any additional rights, duties, remedies, power or authority; or

6. To prescribe further limitations and restrictions upon the issuance of Additional Bonds and the incurring of indebtedness by the State payable from the Pledged Revenues; or

7. To modify in any other respect any of the provisions of this Indenture, provided that such modifications shall have no adverse effect as to any Bond or Bonds which are then outstanding.

Except for Supplemental Indentures providing for the issuance of Additional Bonds and Refunding Bonds pursuant hereto or required to permit this Indenture to be qualified under the Trust Indenture Act of 1939, as amended, or providing for the issuance of Bonds or any series of Bonds in book-entry form, in coupon form or registered as to principal only the State and the Trustee shall not enter into any Supplemental Indenture authorized by the foregoing provisions of this Section unless in the opinion of counsel (which opinion may be combined with the opinion required by Section 10.4 hereof) the adoption of each Supplemental Indenture is permitted by the foregoing provisions of this Section, the provisions of such Supplemental Indenture do not adversely affect the rights of the holders of the Bonds then outstanding, and, except for a Supplemental Indenture adopted pursuant to subsection 7 above, the provisions of such Supplemental Indenture are not contrary to or inconsistent with the covenants or agreements of the State contained in this Indenture as originally executed by the State and the Trustee or as amended or supplemented with the consent of the holders of the Bonds.

Section 10.2. *Amendment of Indenture With Consent of Bondholders.* With the consent of the holders of not less than sixty percent (60%) of the Bonds then outstanding in aggregate principal amount, the State and the Trustee, from time to time and at any time, may enter into indentures amendatory hereof or supplemental hereto (herein also defined and referred to as "Supplemental Indentures"), for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of this Indenture, or modifying or amending the rights and obligations of the State and the Trustee hereunder, or modifying in any manner the rights of the holders of the Bonds then outstanding; provided, however, that without the specific consent of the holder of each such Bond which would be affected thereby, no such Supplemental Indenture amending or supplementing the provisions hereof shall: (1) change the fixed maturity date for the payment of the principal of any Bond or the dates for the payment of interest thereon or the terms of the redemption thereof, or reduce the principal amount of any Bond or the rate of interest thereon

or the redemption premium payable upon the redemption or prepayment thereof; or (2) reduce the aforesaid percentage of Bonds, the holders of which are required to consent to any such Supplemental Indenture amending or supplementing the provisions of this Indenture; or (3) give to any Bond or Bonds any preference over any other Bond or Bonds secured hereby; (4) authorize the creation of any pledge or prior call on the moneys and other assets of the Trust Estate or any lien or charge thereon prior, superior or equal to the pledge of and lien and charge thereon created herein for the payment of the Bonds; or (5) deprive any holder of the Bonds of the security afforded by this Indenture. A modification or amendment of the provisions of Article V hereof with respect to the funds and accounts created hereby shall not be deemed a change in the terms of payment of the Bonds; provided, however, that no such modification or amendment shall, except upon the consent of the holders of all Bonds then outstanding affected thereby, reduce the amount or amounts required by Section 5.1 hereof to be deposited into the Debt Service Account for credit to the Bond Service Sub-Account and Redemption Sub-Account therein or the application of such amounts in accordance with the provisions of Section 5.5 hereof or the amount or amounts required by Section 5.1 hereof to be deposited into the Reserve Account or reduce the priority of such deposits. (Nothing herein contained, however, shall be construed as making necessary the approval of the holders of the Bonds of the adoption of any Supplemental Indenture authorized by the provisions of Section 10.1 hereof).

It shall not be necessary that the consents of the holders of the Bonds approve the particular form or wording of the proposed amendment or supplement or of the Supplemental Indenture effecting such amendment or supplement, but it shall be sufficient if such consents approve the substance of the proposed amendment or supplement. After the holders of the required percentage of Bonds shall have filed their consents to the amending or supplementing hereof pursuant to this Section, the Trustee shall mail a copy of such notice, postage prepaid (1) to each registered owner of Bonds then outstanding, at such registered owner's address, if any, appearing upon the books of registry maintained pursuant to Section 3.5 hereof, and (2) to each holder of any Bond whose name then appears upon the list maintained pursuant to Section 8.5 hereof, but failure to mail copies of such notice to any of such owners or holders shall not affect the validity of the Supplemental Indenture effecting such amendments or supplements or the consents thereto. (Nothing in this Section contained, however, shall be construed as requiring the giving of notice of any amending or supplementing of this Indenture authorized by Section 10.1 hereof.) A record, consisting of the papers required by this Section, shall be proof of the matters therein stated until the contrary is proved. No action or proceeding to set aside or invalidate such Supplemental Indenture or any of the proceedings for its adoption shall be instituted or maintained unless such action or proceeding is commenced within sixty (60) days after the publication of the notice required by this Section.

Section 10.3. *Notation Upon Bonds; New Bonds Issued Upon Amendments.* Bonds delivered after the effective date of any action taken as provided in this Article may bear a notation as to such action, by endorsement or otherwise and in form approved by the Trustee. In that case, upon demand of the holder of any Bond outstanding at such effective date and the presentation of such holder's Bond for the purpose of notation at the office of the Trustee or other Paying Agent, or Registrar and Transfer Agent hereunder for such Bond and at such additional offices as the State may select and designate for that purpose, a suitable notation shall be made on such Bond. If the State shall so determine, new Bonds so modified as in the opinion of the State to conform to the amendments or supplements made pursuant to this Article, shall be prepared, executed and

delivered, and upon demand of the holder of any Bond then outstanding shall be exchanged without cost to such holder, for Bonds then outstanding, upon surrender of such outstanding Bonds.

Section 10.4. *Effectiveness of Supplemental Indentures.* Upon the execution pursuant to this Article and applicable law by the State and the Trustee of any Supplemental Indenture amending or supplementing the provisions of this Indenture and the delivery to the Trustee of an opinion of counsel to the State that such Supplemental Indenture is in due form, has been duly adopted in accordance with the provisions hereof and applicable law and that the provisions thereof are valid and binding upon the State (upon which opinion the Trustee, subject to the provisions of Section 9.3 hereof, shall be fully protected in relying), or upon such later date after delivery of such Supplemental Indenture and opinion to the Trustee as may be specified in such Supplemental Indenture, (i) this Indenture and the Bonds shall be modified and amended in accordance with such Supplemental Indenture; (ii) the respective rights, limitations of rights, obligations, duties and immunities under this Indenture of the State, the Trustee and the holders of the Bonds shall thereafter be determined, exercised and enforced under this Indenture subject in all respects to such modifications and amendments; and (iii) all of the terms and conditions of any such Supplemental Indenture shall be a part of the terms and conditions of the Bonds and of this Indenture for any and all purposes.

Section 10.5. *Deemed Consent*. A Supplemental Indenture providing for the issuance of Bonds may include a provision that upon the issuance of such Bonds, the holders of the Bonds shall be deemed to have filed their consent with the Trustee to an amendment, or amendments, adopted pursuant to Section 10.2 hereof.

ARTICLE XI
DEFEASANCE; MONEYS HELD FOR PAYMENT OF DEFEASED BONDS

Section 11.1. *Discharge of Liens and Pledges; Bonds No Longer Outstanding and Deemed to be Paid Hereunder.* The obligations of the State under this Indenture and the liens, pledges, charges, trusts and assignments, covenants and agreements of the State herein made or provided for, shall be fully discharged and satisfied as to any Bond and such Bond shall no longer be deemed to be outstanding hereunder and shall be deemed to have been paid for all purposes of Section 11.2 hereof,

(i) when such Bond shall have been cancelled, or shall have been surrendered for cancellation and is subject to cancellation, or shall have been purchased by the Trustee from moneys in the Debt Service Account held by it under this Indenture, or other moneys provided and used pursuant to Section 3.10 hereof; or

(ii) as to any Bond not cancelled or surrendered for cancellation or subject to cancellation or so purchased, when payment of the principal of and the applicable redemption premium, if any (or the applicable redemption price) on such Bond, plus interest on such principal to the due date thereof (whether such due date be by reason of maturity or upon redemption or prepayment or otherwise), either (a) shall have been made or caused to be made in accordance with the terms thereof, or (b) shall have been provided by irrevocably depositing with the Trustee or Paying Agents for such Bond, in trust, and irrevocably appropriated and set aside (which may include deposit into a segregated sub-

account within the Redemption Sub-Account) exclusively for such payment, either (1) moneys sufficient to make such payment, or (2) Governmental Obligations maturing as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to make such payment, or (3) a combination of both such moneys and such Governmental Obligations, whichever the State deems to be in its best interest, and all necessary and proper fees, compensation and expenses of the Trustee and the Paying Agents for the Bond with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Trustee and such Paying Agents; provided, however, that nothing in this Section shall require or be deemed to require the State to redeem term bonds in accordance with any optional fund installment schedule specified in this Indenture or any Supplemental Indenture authorizing the issuance of Bonds.

At such time as a Bond shall be deemed to be no longer outstanding hereunder, as aforesaid, such Bond shall cease to draw interest from the due date thereof (whether such due date be by reason of maturity, or upon redemption or prepayment or otherwise) and, except for the purpose of any payment from such moneys or Governmental Obligations, shall no longer be secured by or entitled to the benefits of this Indenture.

Any such moneys so deposited with the Trustee or other Paying Agent as provided in this Section may at the direction of the State also be invested and reinvested in Governmental Obligations, maturing in the amounts and times as hereinbefore set forth, and all income from all Governmental Obligations in the hands of the Trustee and the Paying Agents pursuant to this Section which is not required for the payment of the principal of the Bonds and interest and premium, if any, thereon with respect to which such moneys shall have been so deposited, shall be paid to the State, and deposited in the Special Transportation Fund as and when realized and collected for use and application as are other moneys deposited in that Fund.

Notwithstanding any provision of any other Section of this Indenture which may be contrary to the provisions of this Section, all moneys or Governmental Obligations set aside and held in trust pursuant to the provisions of this Section for the payment of the principal of the Bonds (and interest and premium thereon, if any) shall be applied to and used solely for the payment of the particular Bond (including interest and premium thereon, if any, or redemption price thereof) with respect to which such moneys and Governmental Obligations have been so set aside in trust.

The State may at any time surrender to the Trustee for cancellation by it any Bonds previously executed and delivered, which the State may have acquired in any manner whatsoever, and such Bonds upon such surrender for cancellation shall be deemed to be paid and no longer outstanding hereunder.

Section 11.2. *Release of Indenture; Termination of Right, Title and Interest of Trustee.* When all the Bonds shall be deemed to be paid in accordance with the provisions of Section 11.1 hereof, then and in that case all right, title and interest of the Trustee under this Indenture shall thereupon cease, determine and become void, and the Trustee in such case, on demand of the State, shall release this Indenture and shall execute such documents to evidence such release as may be reasonably required by the State, and shall turn over to the State any surplus moneys and balances remaining in any of the funds and accounts created in or held under this Indenture, other than

moneys and Governmental Obligations held by it pursuant to the second-to-last paragraph of Section 11.1 hereof or the provisions of Section 11.3 hereof for the redemption, payment or prepayment of Bonds or coupons; otherwise, this Indenture shall be, continue and remain in full force and effect.

Section 11.3. *Bonds Not Presented for Payment When Due; Moneys Held for the Bonds After Due Date of Bonds.* Subject to the provisions of the next sentence of this paragraph, if any Note or Bond shall not be presented for payment when the principal thereof shall become due, whether at maturity or at the date fixed for the redemption thereof or otherwise, and if moneys or Governmental Obligations shall at such due date be held by the Trustee or a Paying Agent therefor in trust for that purpose sufficient and available to pay the principal and the premium, if any of such Bond, together with all interest due on such principal to the due date thereof or to the date fixed for redemption thereof, as the case may be, all liability of the State for such payment shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Trustee or such Paying Agent to hold such moneys or Governmental Obligations, without liability to such Bondholder for interest thereon, in trust for the benefit of the holder of such Note or Bond, as the case may be, who thereafter shall be restricted exclusively to such moneys or Governmental Obligations for any claim of whatever nature on such Bondholder's part on or with respect to such Note or Bond including any claim for the payment thereof. Any such moneys or Governmental Obligations held by the Trustee or any Paying Agent remaining unclaimed by the holders of such Notes and Bonds for six (6) years after the principal of the respective Bonds with respect to which such moneys or Governmental Obligations have been so set aside has become due and payable (whether at maturity or upon redemption or prepayment or otherwise) shall upon the written request of the State be paid to the State, against its written receipt therefor, and the holders of such Bonds shall thereafter be entitled to look only to the State for payment thereof, such payment to the State, the Trustee or such other Paying Agents may, at the expense of the State, publish in the same newspaper or newspapers in which notices of redemption are to be published pursuant to the notice, in such form as may be deemed appropriate by such Paying Agents, listing the Notes and Bonds so payable and not presented and stating that such moneys remain unclaimed and that after a date set forth therein any balance thereof then remaining will be returned to the State.

ARTICLE XII
FURTHER AMENDMENTS

Section 12.1. *Amendments Requiring 60% Bondholder Consent*. This Indenture is hereby amended as set forth in Exhibit A, subject to and effective at such time as an Authorized Officer shall certify to the Trustee that holders of at least sixty percent (60%) of any affected or all series of Bonds then outstanding in aggregate principal amount shall have consented to such amendments, either pursuant to the terms of the Supplemental Indenture pursuant to which Bonds were issued or separately.

Section 12.2. *Restatement of Indenture*. The State may, but is not required to, restate this Indenture to reflect the amendments that have become effective pursuant to Section 12.1, without further authorization or consent by any party other than the Trustee. Exhibit A sets forth the form of the amendments, and the certified approved amendment may be modified for clerical and administrative correction and clarification, and for such other changes as may be deemed necessary to effect the substance of the amendments. The Trustee is hereby directed to and authorized to

execute and deliver any such restatement of the Indenture upon the request of the State and without further authorization or consent of any party, including the consent of bondholders.

Section 12.3. *Amendments Optional*. Notwithstanding any Bondholder consent that may have been obtained from time to time, either pursuant to the terms of any Supplemental Indenture pursuant to which Bonds were issued or separately, the State may in its discretion choose not to proceed with any amendment set forth in Exhibit A by not certifying consent to such amendment, or by the providing with the certification a restated indenture with certain amendment(s) omitted.

ARTICLE XIII
MISCELLANEOUS

Section 13.1. *Benefits of Indenture Limited to State, Trustee and Bondholders.* With the exception of rights or benefits herein expressly conferred, nothing expressed or mentioned in or to be implied from this Indenture or the Notes or the Bonds is intended or should be construed to confer upon or give to any person other than the State, the Trustee and the holders of the Notes and Bonds, any legal or equitable right, remedy or claim under or by reason of or in respect to this Indenture or any covenant, condition, stipulation, promise, agreement or provision herein contained. This Indenture and all of the covenants, conditions, stipulations, promises, agreements and provisions hereof are intended to be and shall be for and inure to the sole and exclusive benefit of the State, the Trustee and the holders from time to time of the Notes and Bonds as herein and therein provided.

Section 13.2. *Indenture a Contract; Indenture Binding upon Successors or Assigns of State.* In consideration of the acceptance of Refunding Bonds and Additional Bonds by those who shall hold the same from time to time, each of the obligations, duties, limitations and restraints imposed upon the State by this Indenture shall be deemed to be a covenant between the State and the Trustee and every holder of the Bonds, and this Indenture and every provision and covenant hereof shall be deemed to be and shall constitute a contract between the State and the Trustee and the holders from time to time of Refunding Bonds and Additional Bonds.

All terms, provisions, conditions, covenants, warranties and agreements contained in this Indenture shall be binding upon the successors and assigns of the State, and shall inure to the benefit of the Trustee, its successors or substitutes in trust and assigns, and the holders of the Bonds.

Section 13.3. *Bonds, Other Obligations and Liabilities of State Payable Solely Out of Certain Moneys; No Individual Liability Other Than for Breach of Trust.* All expenses and obligations, and all debts, damages, judgments, decrees or liabilities, incurred by any agent, servant or employee of the State, in the execution of the purposes of this Indenture, shall be solely chargeable to and payable out of the Pledged Revenues and other moneys and assets of the State pledged and charged hereunder, and out of the moneys held by the Trustee under Article V hereof to the extent provided therein. In no event shall any officer, board member, director, agent or employee of the State in any manner be individually or personally liable (i) for the payment of the interest or principal or premium, if any, or redemption price on any of the Notes or the Bonds, or (ii) for any damage, or for breach of contract or obligations, caused by, arising from, incident to or growing out of the execution of this Indenture, nor shall any such persons be liable for the acts

or omissions of each other, or of any other agent, servant or employee of the State, or of any successor thereto; provided, however, that the foregoing (a) shall not apply to any breach of trust by any such person, and (b) shall not relieve any such person from the performance of any duty provided or required hereby or by law.

Section 13.4. *Cost of Furnishing Data by Trustee or State.* Whenever provision is made in this Indenture for the furnishing to Bondholders upon request of, any report, list, certificate, opinion or other document by the Trustee or the State, the cost of duplicating such report, list, certificate, opinion or other document shall be paid by such Bondholders.

Section 13.5. *Evidence of State Action.* Except as is specifically provided elsewhere in this Indenture, any determination, direction, certification or action to be made by the State hereunder may be evidenced to the Trustee by a certification to that effect by an Authorized Officer.

Section 13.6. *Notices to Bondholders.* Except as is otherwise provided in this Indenture, any provision in this Indenture for the mailing of a notice or other paper to Bondholders shall be fully complied with if it is mailed postage prepaid (a) to each registered owner of any of the Bonds then outstanding at such registered owner's address, if any, appearing upon the books of registry kept pursuant to Section 3.5 hereof; (b) to each owner of any of such Bonds payable to bearer who shall have filed with the Trustee an address for notices; and (c) to each owner of any of the Bonds whose name and address appears upon the list maintained pursuant to Section 8.5 hereof.

Section 13.7. *Notices to the State and the Trustee.* Wherever in this Indenture notice or direction is required to be given to or request is required to be made of the State or the Trustee, the same shall be complied with by a letter of instrument in writing (which may include an executed pdf attached to electronic mail) delivered (i) in person; (ii) by registered mail, return receipt requested, with sufficient postage affixed; (iii) by overnight delivery service; or (iv) by Electronic Means, addressed as follows:

If to the State:

State Treasurer
165 Capitol Avenue
Hartford, CT 06106
E-mail: state.treasurer@ct.gov

If the Trustee:

U.S. Bank Trust Company, National Association
Corporate Trust Department
CityPlace I
185 Asylum Street, 27th Floor
Hartford, CT 06103

or at such other addresses as the State or the Trustee, respectively, may have designated by written notice to the Trustee (or to any successor trustee, addressed to it at its principal office) or the State, respectively.

Any notice or direction sent by mail shall be deemed to have been given or made upon the deposit of the letter or instrument containing such notice or direction into a mailbox or similar receptacle maintained by or under the custody or control of the United States Postal Service.

The Trustee shall have the right to accept and act upon any notice, instruction, or other communication, including any funds transfer instruction (each, a "Notice" for purposes of this paragraph), received pursuant to this Indenture by Electronic Means and shall not have any duty to confirm that the person sending such Notice is, in fact, a person authorized to do so. Electronic signatures believed by the Trustee to comply with the ESIGN Act of 2000 or other applicable law (including electronic images of handwritten signatures and digital signatures provided by DocuSign, Orbit, Adobe Sign or any other digital signature provider identified by any other party hereto and acceptable to Trustee) shall be deemed original signatures for all purposes. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Notices to the Trustee, including without limitation the risk of the Trustee acting on an unauthorized Notice and the risk of interception or misuse by third parties.

Section 13.8. *Waiver of Notice.* Whenever in this Indenture the giving of notice by mail, publication or otherwise is required, the giving of such notice may be waived by the person entitled to receive such notice, and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 13.9. *Holidays.* If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Indenture, is not a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided in this Indenture and no interest shall accrue on the payment so deferred during the intervening period.

Section 13.10. *Partial Invalidity.* If any one or more of the covenants or agreements or portions thereof provided in this Indenture on the part of the State or the Trustee or of any Paying Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, then such covenant or covenants, or such agreement or agreements, or such portions thereof, shall be deemed severable from the remaining covenants and agreements or portions thereof provided in this Indenture and the invalidity thereof shall in no way affect the validity of the other provisions of this Indenture or of the Bonds, but the holders of the Bonds shall retain all the rights and benefits accorded to them hereunder and under any applicable provisions of law.

If any provision of this Indenture shall be held or deemed to be or shall, in fact, be inoperative or unenforceable or invalid is applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable or invalid in any other case or

circumstance, or of rendering any other provision or provisions herein contained inoperative or unenforceable or invalid to any extent whatever.

Section 13.11. *Law and Place of Enforcement of this Indenture.* This Indenture shall be governed by, and construed and interpreted in accordance with, the laws of the State of Connecticut and all suits and actions arising out of this Indenture shall be instituted in a court of competent jurisdiction in such State.

Section 13.12. *Indenture May be Executed in Counterparts.* This Indenture may be executed by the manual signatures, electronic signatures, or by facsimiles thereof of the parties hereto in any number of counterparts, each of which when so executed and delivered shall constitute an original, but all of which, when taken together, shall constitute but one and the same instrument, and shall become effective when copies hereof shall be delivered to each of the parties hereto, which copies, when taken together, bear the signatures of each of the parties hereto.

Section 13.13. *Consent of Holders.* Any consent, request, direction, approval, objection or other instrument required by this Indenture to be signed and executed by the Bondholders may be in any number of concurrent writings of similar tenor and must be signed or executed by such Bondholders in person or by agent appointed in writing. Proof of the execution of any such consent, request, direction, approval, objection or other instrument or of the writing appointing any such agent and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes of this Indenture, and shall be conclusive in favor of the Trustee with regard to any action taken by it under such request or other instrument, namely:

(a) The fact and date of the execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such writing acknowledged the execution thereof, or by an affidavit of any witness to such execution.

(b) The Trustee may establish a record date for the purpose of identifying Bondholders entitled to issue any such consent, request, direction, approval or instrument.

Section 13.14. *State of Connecticut Contracting Requirements.* Attachment A and Attachment B to this Indenture are incorporated into and made part of this Indenture as if fully set forth herein.

(The next page is the signature page.)

IN WITNESS WHEREOF, the State of Connecticut has caused this Indenture dated as of the date first written above to be signed by its Governor, Treasurer and Comptroller, and sealed the same with its seal attested by its Secretary of State, and U.S. Bank Trust Company, National Association for itself, its successor or successors, has caused this Indenture to be signed by its duly authorized officers and has by its execution hereof signified its acceptance of the trust hereby created and imposed.

STATE OF CONNECTICUT

By:_____
Ned Lamont, Governor

[SEAL]

By:_____
Erick Russell, Treasurer

By:_____
Sean Scanlon, Comptroller

ATTEST:

By:_____
Stephanie Thomas, Secretary of State

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION

By:_____
Duly Authorized

ATTEST:

By:_____
Duly Authorized

EXHIBIT A

AMENDMENTS REQUIRING 60% BONDHOLDER CONSENT

Subject to Section 12.1 of the Indenture the following amendments to the Indenture are hereby adopted. In this Exhibit A, blue double-underlined text represents text added and red crossed-out text represents text deleted.

Section 1. The GRANTING CLAUSES in the Indenture are hereby amended as follows:

That the State in consideration of the premises and the acceptance by the Trustee of the trusts hereby created and of the purchase and acceptance of the Bonds by the holders and owners thereof, and in order to secure the payment of the Debt Service Requirements on the Bonds and Notes according to their tenor and effect and all other amounts due in connection therewith, including the obligations to make payments to the provider of any Credit Facility, Liquidity Facility or Qualified Swap, and the performance and observance by the State of all the covenants expressed or implied herein and in the Bonds and Notes and in any Credit Facility, Liquidity Facility or Qualified Swap, does hereby grant to the Trustee a first call on Pledged Revenues (as hereinafter defined) as they are received by the State and credited to the Special Transportation Fund (as hereinafter defined) and does hereby grant, bargain, sell, convey, pledge and assign unto the Trustee, and unto its respective successors in trust, and to their respective assigns, forever, for the securing of the performance of the obligations of the State under this Indenture, a lien upon and security interest in (1) any and all amounts held to the credit of the Special Transportation Fund from time to time, exclusive of amounts held to the credit of such Special Transportation Fund which represent (a) amounts borrowed by the Treasurer of the State in anticipation of revenues pursuant to Section 3-16 of the General Statutes (as hereinafter defined), and (b) transportation related federal revenues of the State, and (2) any and all amounts held by the Trustee to the credit of any fund or account created under this Indenture, being hereinafter referred to collectively as the "Trust Estate". Any Reserve Account and any Reserve Account Surety Policy provided at any time in satisfaction of all or a portion of the Debt Service Reserve Requirement and any other security provided for specific Bonds or Reserve Account Bonds, a specific series of Bonds or one or more series of Bonds may, as provided by a Supplemental Indenture, secure only such specific Bonds, series of Bonds or one or more series of Bonds and, therefore, shall not be included as security for any Bonds not entitled to such security by the terms of the Supplemental Indenture pursuant to which such Bonds were issued, and moneys and securities held in trust exclusively for Bonds which have become due and payable and moneys and securities which are held exclusively to pay Bonds which are deemed to have been paid under Article XI hereof shall be held solely for the payment of such specific Bonds.

TO HAVE AND TO HOLD all and singular the Trust Estate, whether now owned or hereafter acquired, unto the Trustee and its respective successors in trust and assigns forever.

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all present and future holders of the Bonds and Notes from time to time issued under and secured by this Indenture, the provider of any Credit Facility, the provider of any Liquidity Facility and the provider of any Qualified Swap, without privilege, priority or distinction as to the lien or otherwise of any Bond, ~~or~~ Note or Credit Facility,

Liquidity Facility or Qualified Swap over any other, except as set forth in this Indenture, and for enforcement of the payment of the Bonds and Notes, in accordance with their terms, and all other amounts payable hereunder or on the Bonds and Notes and reimbursement or other obligations under any reimbursement or other agreement entered into with respect to such Credit Facility, Liquidity Facility or Qualified Swap, and for the performance of and compliance with the obligations, covenants and conditions of this Indenture;

PROVIDED, HOWEVER, that if the State, its successors or assigns shall well and truly pay, or cause to be paid, the principal or redemption price, if any, of and interest on the Bonds and Notes due or to become due thereon, at the times and in the manner mentioned in the Bonds and Notes according to the true intent and meaning thereof, and shall cause the payments to be made as required under Article XI hereof or shall provide, as permitted hereby, for the payment thereof by depositing with the Trustee the entire amount due or to become due thereon, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of this Indenture, any Credit Facility, Liquidity Facility and Qualified Swap to be kept, performed and observed by it, and shall pay or cause to be paid to the Trustee, the provider of any Credit Facility, Liquidity Facility or Qualified Swap and any paying agent all amounts of money due or to become due in accordance with the terms and provisions hereof and thereof, then upon such final payments this Indenture and the rights hereby granted shall cease, determine and be void; otherwise this Indenture to be and remain in full force and effect.

THIS INDENTURE FURTHER WITNESSETH, and it is expressly declared, that all Bonds and Notes issued and secured hereunder are to be issued, authenticated and delivered, and all said property, rights and interests, including, without limitation, the amounts hereby assigned and pledged, are to be dealt with and disposed of, under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes hereinafter expressed, and the State has agreed and covenanted, and does hereby agree and covenant, with the Trustee and with the respective holders and owners, from time to time, of the Bonds and Notes, or any part thereof, as follows (subject, however, to the provisions of Section 2.1 hereof):

Section 2. The following definitions are deleted from or added to Section 1.1:

~~"Amortized Value" shall have the meaning set forth in Section 6.2 hereof.~~

"Balloon Indebtedness" shall mean, any maturity of Bonds or portion thereof which has been designated in the Supplemental Indenture authorizing the issuance of the Bonds as Balloon Indebtedness. Provided, however, that for a specific Bond, the Base Interest Rate applicable to that Bond may be limited by the terms of the Bond.

"Base Interest Rate" shall mean a rate quoted from The Bond Buyer 25 Revenue Bond Index, or such successor or replacement index as published in The Bond Buyer at any time during the thirty (30) days prior to a date of calculation, or if that index is no longer published, another similar index selected by the State, or if the State fails to select a replacement index, that rate determined by a Consultant to be a reasonable market rate for fixed rate Bonds of a corresponding term issued under this Indenture on any date within thirty (30) days prior to the date of such calculation, with no credit enhancement and taking into consideration whether such Bonds bear interest which is excluded from gross income for federal income tax purposes.

"Capitalized Interest" shall mean the amount of interest on Bonds, if any, funded from the proceeds of the Bonds or other moneys that are deposited with the Trustee in the Debt Service Account as shall be described in a Supplemental Indenture upon issuance of a series of Bonds to be used to pay interest on such series of Bonds.

"Consultant" shall mean any independent consultant, consulting firm, engineer, architect, engineering firm, architectural firm, accountant or accounting firm, municipal advisory or investment banking firm, or other expert recognized to be well qualified for work of the character required and retained by the State to perform acts and carry out the duties provided for such consultant in this Indenture.

"Credit Facility" shall mean a policy of municipal bond insurance, a letter of credit, surety bond, line of credit, guarantee, standby purchase agreement, Reserve Account Surety Policy or other financial instrument (the costs of which constitute Debt Service Requirements) which obligates a third party to make payment of or provide funds to the Trustee for the payment of the principal, interest and/or the purchase price on Bonds whether such obligation is to pay in the first instance and seek reimbursement or to pay only if the State fails to do so.

"Credit Provider" shall mean the party obligated to make payment of principal of and interest on the Bonds under a Credit Facility.

"Designated Debt" shall mean a specific indebtedness, designated by the State, in which such debt shall be offset with a Swap, such specific indebtedness to include all or any part of a series of Bonds.

"Enhanced Bonds" shall have the meaning set forth in Section 2.8 hereof.

"Force Majeure" shall mean, without limitation, the following: (i) acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders or restraints of any kind of the government of the United States of America or of the State or any of their departments, agencies, political subdivisions or officials, or any civil or military authority; insurrections; civil disturbances; riots; epidemics; landslides; lightning; earthquakes; fires; hurricanes; tornadoes; storms; droughts; floods; arrests; restraint of government and people; explosions; breakage, malfunction or accident to facilities, machinery, transmission pipes or canals; partial or entire failure of utilities; shortages of labor, materials, supplies or transportation; or (ii) any other cause, circumstance or event not reasonably within the control of the State.

"Liquidity Facility" shall mean a letter of credit, line of credit, standby purchase agreement or other financial instrument, including a Credit Facility, which is available to provide funds with which to purchase Bonds.

"Liquidity Provider" shall mean the party, including a Credit Provider, which is obligated to provide funds to purchase Bonds under the terms of a Liquidity Facility.

"Qualified Swap" shall mean any Swap (a) whose Designated Debt is all or part of a particular series of Bonds; (b) whose Swap Provider is a Qualified Swap Provider or has been a Qualified Swap Provider within the 60-day period preceding the date on which the calculation of

Principal and Interest Requirements on Bonds is being made; (c) which has a term not greater than the term of the Designated Debt or to a specified redemption of such Designated Debt; and (d) which has been designated in writing to the Trustee by the State as a Qualified Swap with respect to such Bonds.

"Qualified Swap Provider" shall mean a financial institution whose senior long term unsecured debt obligations, or whose obligations under a Qualified Swap are guaranteed by a financial institution whose senior unsecured long term debt obligations are rated at least as high by at least two nationally recognized rating agencies as "A1", in the case of Moody's, "A+", in the case of S&P, or the equivalent thereto in the case of any other nationally recognized rating agency.

"Regularly Scheduled Swap Payments" shall mean the regularly scheduled payments under the terms of a Swap which are due absent any termination, default or dispute in connection with such Swap. For the avoidance of doubt, collateralization for a Swap and termination payments for a Swap are not included in the definition of "Regularly Scheduled Swap Payments" without the consent of a majority of the Bondholders of the applicable outstanding Bonds.

"Repayment Obligations" shall mean an obligation arising under a written agreement of the State and a Credit Provider pursuant to which the State agrees to reimburse the Credit Provider for amounts paid through a Credit Facility to be used to pay debt service on any Bonds or an obligation arising under a written agreement of the State and a Liquidity Provider pursuant to which the State agrees to reimburse the Liquidity Provider for amounts paid through a Liquidity Facility to be used to purchase any Bonds.

"Swap" shall mean any financial arrangement between the State and a Swap Provider which provides that (a) each of the parties shall pay to the other an amount or amounts calculated as if such amount were interest accruing during the term of the arrangement at a specified rate (whether fixed or a variable rate or measured against some other rate) on a Designated Debt, and payable from time to time or at a designated time or times (whether before, during or after the term of the arrangement); (b) if such amount is to be paid before it is deemed to have accrued, the amount paid shall reflect the present value of such future amount (i.e., an upfront premium), while an amount to be paid after it is deemed to have accrued shall reflect the time value of such funds; and (c) payment dates and calculated accrual rates need not be the same for each payor, but to the extent payment dates coincide, the arrangement may (but need not) provide that one shall pay to the other any net amount due under such arrangement.

"Swap Provider" shall mean a party to a Swap with the State.

"Swap Termination Payment" shall mean an amount payable by the State or a Qualified Swap Provider, in accordance with a Qualified Swap, to compensate the other party to the Qualified Swap for any losses and costs that such other party may incur as a result of an event of default or the early termination of the obligations, in whole or in part, of the parties under such Qualified Swap.

"Synthetic Fixed Rate Debt" means indebtedness issued by the State which (a) is combined, as Designated Debt, with a Qualified Swap and creates a substantially fixed-rate maturity or maturities for a term not exceeding such maturity or maturities, or (b) consisting of an

arrangement in which two inversely related variable-rate securities are issued in equal principal amounts with interest based on off-setting indices resulting in a combined payment which is economically equivalent to a fixed rate.

"Synthetic Variable Rate Debt" means indebtedness issued by the State which is combined, as Designated Debt, with a Qualified Swap and creates a substantially variable rate maturity or maturities for a term not exceeding such maturity or maturities.

"Variable Rate Indebtedness" shall mean any Bond or Bonds the interest rate on which is not, at the time in question, fixed to maturity. Variable Rate Indebtedness shall also include Synthetic Variable Rate Debt.

Section 3. The following definitions in Section 1.1 are hereby amended as follows:

"Bondholder" or "holder" or "owner" or "registered owner" or words of similar import shall mean, when used with reference to the Bonds, the registered owner of any Bond, and shall include any Credit Provider or Liquidity Provider to which a Repayment Obligation is then owed, to the extent that such Repayment Obligation is deemed to be a Bond under the provisions of Section 2.8 hereof.

"Debt Service Requirements" shall mean, for any period, the sum of (a) the principal and interest accruing during such period with respect to Monthly Payment Bonds, the principal and interest payable during such period with respect to Pay When Due Bonds, the interest payable during such period with respect to Notes and the unrefunded principal payable during such period with respect to Notes; (b) the purchase price of Bonds and Notes which are subject to purchase or redemption at the option of the holder of such Bond or Note; (c) the amounts, if any, required during such period to establish or maintain the funds or accounts existing under this Indenture at the respective levels required to be established or maintained as provided in this Indenture; (d) expenses of issuance and administration with respect to Bonds and Notes, as determined by the Treasurer; (e) the amounts, if any, becoming due and payable under a reimbursement agreement or similar agreement entered into pursuant to the proceedings authorizing the issuance of Bonds or Notes; and (f) any other costs or expenses deemed by the Treasurer to be necessary or proper to be paid in connection with the Bonds and Notes, including, without limitation, the cost of any ~~credit facility, including but not limited to a letter of credit or policy of bond insurance~~Credit Facility or Liquidity Facility, issued by a financial institution pursuant to an agreement approved by the proceedings authorizing the issuance of Bonds or Notes. For purposes of this definition, "payable" shall mean amounts when required to be deposited with the Trustee pursuant to Section 5.1(a)(1) hereof.

"outstanding" when used with reference to Bonds or Notes, as of any particular date, shall mean all such Bonds and Notes which have been authenticated and delivered hereunder, except:

(i) any Bonds or Notes cancelled after purchase in the open market or because of payment at or redemption prior to maturity;

(ii) any Bond or Note (or any portion of either) for the payment or redemption of which cash funds or Governmental Obligations or any combination thereof shall have been

theretofore deposited with the Trustee (whether upon or prior to the maturity or redemption date of any such Bond or Note); provided that if any such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given or arrangements satisfactory to Trustee shall have been made therefor, or waiver of such notice satisfactory in form to the Trustee shall have been filed with the Trustee;

(iii) any Bonds in lieu of which other Bonds have been authenticated under Section 3.7 of this Indenture unless held by a bona fide holder in due course; ~~and~~

(iv) Repayment Obligations deemed to be Bonds under Section 2.8 hereof to the extent such Repayment Obligations arose under the terms of a Liquidity Facility and are secured by a pledge of outstanding Bonds acquired by the Liquidity Provider; and

~~(iv)~~(v) any Bond deemed to have been paid as provided in Section 11.1 of this Indenture.

"Principal and Interest Requirements on Bonds" for any period, as applied to outstanding Bonds of any series, shall mean the sum of:

(i) the amount of interest accruing on all Monthly Payment Bonds of such series in such period plus the amount of interest payable on all Pay When Due Bonds, provided, however, that interest accruing or payable on the Bonds shall be excluded to the extent such payments are to be paid from Capitalized Interest for such Fiscal Year; plus

(ii) the amount of principal accruing in such period with respect to all serial bonds of such series of Monthly Payment Bonds, assuming the principal of any serial bond of such series accrues ratably over the year preceding the maturity of such serial bond, plus the amount of principal payable in such period with respect to all serial bonds of such series of Pay When Due Bonds; plus

(iii) the Amortization Requirement accruing for the term bonds of such series of Monthly Payment Bonds, plus the Amortization Requirement payable for the term bonds of such series of Pay When Due Bonds, for such period; plus

(iv) if all or any portion or portions of an outstanding series of Bonds constitute Balloon Indebtedness, then, for purposes of determining Principal and Interest Requirements on Bonds, each maturity which constitutes Balloon Indebtedness, unless otherwise provided in the Supplemental Indenture pursuant to which such Balloon Indebtedness is issued or unless provision (v) of this definition then applies to such maturity, be treated as if it were to be amortized over a term of not more than thirty (30) years and with substantially level annual debt service funding payments commencing not later than the year following the year in which such Balloon Indebtedness was issued, and extending not later than thirty (30) years from the date such Balloon Indebtedness was originally issued; the interest rate used for such computation shall be the Base Interest Rate; with respect to any series of Bonds, only a portion of which constitutes Balloon Indebtedness, the remaining portion shall be treated as described in such other provision of this definition as shall be applicable and, with respect to any series of Bonds, or that portion

of a series thereof which constitutes Balloon Indebtedness, all funding requirements of principal and interest becoming due prior to the year of the stated maturity of the Balloon Indebtedness shall be treated as described in (i) and (ii) above or such other provision of this definition as shall be applicable; plus

(v) any maturity of Bonds which constitutes Balloon Indebtedness as described in provision (iv) of this definition and for which the stated maturity date occurs within twelve (12) months from the date such calculation of Principal and Interest Requirements on Bonds is made, shall be assumed to be refinanced on such maturity date, unless the Trustee is informed in writing by the State at least one year prior to maturity that the maturity of Balloon Indebtedness shall be treated as a serial bond pursuant to subsection (ii); plus

(vi) if any outstanding Bonds constitute Variable Rate Indebtedness, including obligations described in subsection (vii)(b) to the extent it applies (except to the extent subsection (iv) or (v) relating to Balloon Indebtedness or subsection (vii)(a) relating to Synthetic Fixed Rate Debt applies), the interest rate on such Bonds shall be the Base Interest Rate; plus

(vii) (a) for purposes of computing the Principal and Interest Requirements on Bonds which constitute Synthetic Fixed Rate Debt, the interest payable thereon shall, if the State elects such rate, be that rate as provided for by the terms of the Swap or the net interest rate payable pursuant to offsetting indices, as applicable; or, if the State fails to elect such rate, then it shall be deemed to be the Base Interest Rate; plus

(b) for purposes of computing the Principal and Interest Requirements on Bonds with respect to which a Swap has been entered into whereby the State has agreed to pay the floating variable rate thereunder, no fixed interest rate amounts payable on the Bonds to which such Swap pertains shall be included in the calculation of Principal and Interest Requirements on Bonds, and the interest rate with respect to such Bonds shall, if the State elects such rate, be the sum of that rate as determined in accordance with subsection (vi) relating to Variable Rate Indebtedness plus the difference between the interest rate on the Designated Debt and the rate received from the Swap Provider; plus

(viii) for debt service on Repayment Obligations, to the extent such obligations constitute Bonds under Section 2.8 hereof, the amount calculated as provided in Section 2.8 hereof; plus

(ix)~~(iv)~~ any other amortization, payment or accrual of original issue discount or principal with respect to Bonds of such series required to be made for such period pursuant to the proceedings authorizing Bonds of such series; plus

(x)~~(v)~~ the amount accruing or payable with respect to principal and interest pursuant to any reimbursement agreement entered into with respect to a ~~credit facility~~Credit Facility or Liquidity Facility providing for payment of the principal on Bonds.

In computing the Principal and Interest Requirements on Bonds for any period for the Bonds of any series, the Trustee shall assume that an amount of the term bonds (if any) of such series equal to the Amortization Requirement for the term bonds of such series for such period will be retired by purchase or redemption on or before the last day of such period. ~~In computing the interest payable in any future period on any Bond bearing interest at a variable rate, the interest shall be calculated on the basis of the interest rate actually borne by such Bond at the time of calculation.~~If any amount is or has been included for any period under clause (iv) above, such amount shall not be included under clause (i), (ii) or (iii) above for any subsequent period. For purposes of this definition, "payable" shall mean when payable by the State to the Trustee.

"subordinate obligation" or "subordinate obligations" shall mean obligations issued pursuant to Sections 2.7, 2.8 or 2.9 hereof.

Section 4. The second paragraph of Section 2.1 of the Indenture is hereby amended as follows:

The Bonds, including the principal thereof and interest and premium, if any, thereon, shall be payable solely from the Pledged Revenues or other receipts, funds or moneys pledged therefor pursuant to this Indenture. The Bonds shall be equally and ratably secured hereunder by the assignments, pledges and charges made or created herein of or on the properties of the Trust Estate for the payment and security of the Bonds and amounts due in connection with any Credit Facility, any Liquidity Facility and any Qualified Swap and by a co-equal lien thereon, without priority by reason of series, number, date of execution hereof or of the Supplemental Indenture providing for the issuance thereof, date of Bonds, date of sale, date of execution, date of authentication, date of issuance, date of delivery, the Section hereof under which the Bonds are issued or otherwise; except that any payments by a provider of a Qualified Swap shall be received by the Trustee and held in trust for the benefit of the series of Bonds in respect of which such Qualified Swap is entered into. The aforesaid lien and charge of the Bonds shall constitute a prior and paramount lien and charge on the Special Transportation Fund and the other receipts, funds and moneys pledged to the payment of the Bonds and from time to time held hereunder, subject only to the provisions of this Indenture permitting the application of moneys in the Special Transportation Fund and such other receipts, funds and moneys for the purposes and on the terms and conditions hereof, over and ahead of any parties, having claims of any kind in tort, contract or otherwise against the State, irrespective of whether such parties have notice of the foregoing lien and charge and over and ahead of all other indebtedness payable from or secured by the Pledged Revenues and such other receipts, funds and moneys which may hereafter be created or incurred. The pledges, liens, charges and assignments to the Trustee of the Trust Estate made herein and hereby shall be valid and binding from the time of the delivery of and payment for the first series of Bonds issued hereunder and the moneys representing the Pledged Revenues and other receipts, funds or moneys so pledged received by the State shall be subject immediately to the lien of such pledge, upon receipt thereof by the State or the Trustee or a Paying Agent hereunder without any physical delivery thereof or further act.

Section 5. Section 2.4(a) of the Indenture is hereby amended as follows:

(a) To the extent authorized, Additional Bonds may be issued under and secured by this Indenture, at one time or from time to time. To the extent permitted and authorized by the State, Additional Bonds may be issued to refund other transportation obligations of the State, including, but not limited to, subordinate obligations, general obligation debt, and federal transportation bonds (as such term is defined in Section 13b-78 of the General Statutes). Such Additional Bonds shall be issued under and pursuant to a Supplemental Indenture or Supplemental Indentures and the provisions of Section 10.4 shall have been complied with respect to such Supplemental Indenture or Supplemental Indentures; and such Supplemental Indenture or Supplemental Indentures shall designate such Additional Bonds issued thereunder as Special Tax Obligation Bonds, Transportation Infrastructure Purposes, [insert identifying year] Series [insert identifying letter] (or such other designation as deemed appropriate by an Authorized Officer), and shall specify (1) the authorized principal amount of such series of Additional Bonds; (2) the date, the maturity date or dates (which shall be not later than thirty (30) years from their date, or such longer term as may be allowed under the Act), and the interest payment date or dates of the Additional Bonds of such series; (3) the interest rate or rates per annum, including variable rates, to be borne by the Bonds of such series or the manner of determining such rates; (4) the denominations and manner of numbering the Additional Bonds of such series; (5) the terms and conditions, if any, for the redemption of the Additional Bonds of such series; the premium or premiums, if any, to be paid upon the redemption of the Additional Bonds of such series; (6) if any of the Additional Bonds of such series are term bonds, the Amortization Requirements for the Additional Bonds of such series; (7) if the Additional Bonds of such series are to be payable as to principal, interest and premium, if any, at a place or places in addition to the principal office of the Trustee, the place or places of payment; (8) the provisions for the sale or other disposition of the Additional Bonds of such series and the use, application and investment, if any, of the proceeds of such sale or other disposition; (9) the provisions for the execution, and the manner of authentication, if any, of the Additional Bonds of such series; (10) if any of the Additional Bonds constitute Variable Rate Indebtedness or Balloon Indebtedness, the terms and conditions for such Additional Bonds; and (~~10~~11) any other provisions not inconsistent or in conflict with the provisions of this Indenture deemed necessary or advisable by the State.

Section 6. Section 2.4(b)(1) is deleted and Sections 2.4(b)(2) through (4) are hereby renumbered, as amended as follows:

~~(1) Pledged Revenues and other receipts, funds or moneys pledged hereunder, after deducting, for the applicable period, payments out of such Pledged Revenues and other receipts, funds or moneys pledged hereunder for reserves required by the Indenture, actually paid into the Special Transportation Fund for any period of twelve (12) consecutive calendar months of the immediately preceding eighteen (18) calendar months were equal to at least the Coverage Requirement for such period; provided however, that this condition shall be deemed to be satisfied if such test is satisfied after adjusting such Pledged Revenues and other receipts, funds or moneys pledged hereunder only to reflect any increase or increases, or decrease or~~

~~decreases, in taxes, fees or charges enacted to be in effect at the time of issuance, and the Secretary of the Office of Policy and Management of the State (or any successor agency) shall deliver to the Trustee a certificate demonstrating such coverage;~~

(1)~~(2)~~ Pledged Revenues and other receipts, funds or moneys pledged hereunder, after deducting, for the applicable period, payments out of such Pledged Revenues and other receipts, funds or moneys pledged hereunder for reserves required by the Indenture, actually paid into the Special Transportation Fund for any period of twelve (12) consecutive calendar months of the immediately preceding twenty-four (24)~~eighteen (18)~~ calendar months divided by such number of full calendar months and multiplied by twelve (12) are equal to at least the Coverage Requirement (such Coverage Requirement to include the Additional Bonds to be issued, and to exclude Interest Requirements on Notes being refunded from the proceeds of such Additional Bonds), for the current and each succeeding Fiscal Year after adjusting such Pledged Revenues and other receipts, funds or moneys pledged hereunder only to reflect any increase or increases, or decrease or decreases, in taxes, fees or charges enacted to be in effect for such current or such succeeding Fiscal Year, and the Secretary of the Office of Policy and Management of the State (or any successor agency) shall deliver to the Trustee a certificate demonstrating such coverage;

(2)~~(3)~~ The State shall have received a letter from the Accountant ~~(i) substantially to the effect that in connection with their examination of the Special Transportation Fund pursuant to Section 7.4 of this Indenture nothing came to their attention that caused them to believe that the State was not then in compliance with the covenant of Section 2.4(b)(1) of this Indenture and (ii)~~ reporting on the certificates delivered pursuant to Section~~s~~ 2.4(b)(1) ~~if any, and 2.4(b)(2),~~ without material qualification; and

(3)~~(4)~~ The State shall have determined that the principal amount of all Bonds, including the Additional Bonds to be issued, will not exceed any limitation imposed by law, and upon such issue the amount to be then held to the credit of the Reserve Account, giving effect to the deposits to be made of the proceeds of the sale of such Additional Bonds, will be not less than the Debt Service Reserve Requirement.

Section 7. The first sentence of Section 2.6 of the Indenture is hereby amended as follows:

Bond anticipation notes (herein defined and referred to as the "Notes") may be issued under and secured by this Indenture, at one time or from time to time, in anticipation of the issuance of Bonds under Section 2.4 of this Indenture, provided that no such Notes shall be issued (i) unless the Bonds in anticipation of which they are to be issued have been duly authorized in accordance with the Act and this Indenture, and (ii) if the aggregate principal amount of all Notes then outstanding and to be issued exceeds two hundred fifty million dollars ($250,000,000), unless, as of the date of issuance of such Notes, the State could have issued under the terms of this Indenture an equivalent aggregate principal amount of Balloon Indebtedness~~serial bonds, maturing in equal~~

~~annual installments of principal and interest, the last installment of which shall mature not later than thirty years after such date, and bearing interest at such rate as the State shall determine in its best judgment to be equivalent to the average interest rate which would have been paid had such Bonds been issued at such time~~.

Section 8. The following Section 2.8 is hereby added to the Indenture:

Section 2.8. *Repayment Obligations Afforded Status of Bonds*. If a Credit Provider or Liquidity Provider makes payment of principal, interest and redemption premium, if any, on a Bond or advances funds to purchase or provide for the purchase of Bonds ("Enhanced Bonds") and is entitled to reimbursement thereof, pursuant to a separate written agreement with the State, but is not reimbursed, the State's Repayment Obligations under such written agreement may, if so provided in the written agreement, be afforded the status of a Bond issued under this Article II, and, if afforded such status, the Credit Provider or Liquidity Provider shall be the Bondholder and such Bond shall be deemed to have been issued at the time of the original Bond for which the Credit Facility or Liquidity Facility was provided and will not be subject to the provisions of Sections 2.2 through 2.6 of this Article II; provided, however, notwithstanding the stated terms of the Repayment Obligations, the payment terms of the Bond held by the Credit Provider or Liquidity Provider hereunder shall be as follows (unless otherwise provided in the written agreement with the State or a Supplemental Indenture pursuant to which the Bonds are issued): (a) interest shall be due and payable semiannually and (b) principal shall be due and payable not less frequently than annually and in such annual amounts as to amortize the principal amount thereof in (i) 30 years or; (ii)(A) if shorter, a term extending to the maturity date of the Enhanced Bonds or (B) if longer, the final maturity of the Repayment Obligations under the written agreement, and providing substantially level annual debt service payments, using the rate of interest set forth in the written repayment agreement which would apply to the Repayment Obligations as of the date such amortization schedule is fixed. The principal amortized as described in the prior sentence shall bear interest in accordance with the terms of the Repayment Obligations. Any amount which comes due on the Repayment Obligations by its terms and which is in excess of the amount treated as principal of and interest on a Bond shall be a subordinate obligation of the State and senior to any obligation issued pursuant to Section 2.7 hereof. This provision shall not defeat or alter the rights of subrogation which any Credit Provider or Liquidity Provider may have under law or under the terms of any Supplemental Indenture. The Trustee may conclusively rely on a written certification by the Credit Provider or Liquidity Provider of the amount of such non-reimbursement and that such Repayment Obligations are to be afforded the status of Bonds under this Indenture.

Section 9. The following Section 2.9 is hereby added to the Indenture:

Section 2.9. *Obligations Under Qualified Swap*.

(a) The obligation of the State to make Regularly Scheduled Swap Payments under a Qualified Swap with respect to a series of Bonds may be on a parity with the obligation of the State to make payments with respect to such series of Bonds and other Bonds under this Indenture, except as otherwise provided herein or in a Supplemental Indenture. The State may provide in any Supplemental Indenture that Regularly Scheduled Swap

Payments under a Qualified Swap shall be secured by a pledge of or lien on Pledged Revenues on a parity with the Bonds of such series and all other Bonds, regardless of the principal amount, if any, of the Bonds of such series remaining outstanding. The Trustee shall take all action consistent with the other provisions hereof as shall be requested in writing by the Qualified Swap Provider necessary to preserve and protect such pledge, lien and assignment and to enforce the obligations of the State with respect thereto subject to the security and indemnity rights set forth below. In the event the action requested to be taken pursuant to the preceding sentence shall require the Trustee either to exercise the remedies granted in this Indenture or to institute any action, suit or proceeding in its own name, the Qualified Swap Provider shall provide to the Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred in connection therewith.

(b) In the event that a Swap Termination Payment or any other amounts other than as described in subsection (a) above are due and payable by the State under a Qualified Swap, such Swap Termination Payment and any such other amounts shall constitute a subordinate obligation hereunder and senior to any obligation issued pursuant to Section 2.7 hereof.

Section 10. Section 5.1(a)(1) of the Indenture is hereby amended as follows:

to the credit of the Bond Service Sub-Account, Note Repayment Account and Redemption Sub-Account, respectively, such amounts thereof, if any (or the entire amount so withdrawn if less than the required amount, in which case such amount shall be allocated among the purposes set forth in this subsection (a)(1) on a pro rata basis), as may be required (i) to make the amount then held to the credit of the Bond Service Sub-Account equal to the amount of the Principal and Interest Requirements on Bonds accruing through the dates in the next ensuing month, plus the amount accruing or payable with respect to principal and interest pursuant to any reimbursement agreement entered into with respect to a ~~credit facility~~Credit Facility or Liquidity Facility providing for payment of the principal on Bonds, plus one-twelfth (1/12) of the Principal and Interest Requirements on Prior Bonds for the next ensuing twelve (12) months; (ii) to make the amount then held to the credit of the Note Repayment Account held for payment of interest equal to the unpaid interest on Notes payable through the end of the next ensuing month and interest pursuant to any reimbursement agreement entered into with respect to a credit facility providing for payment of the principal of Notes; and (iii) to make the amount then held to the credit of the Redemption Sub-Account equal to the aggregate Amortization Requirements, if any, accruing through the respective payment dates of the Monthly Payment Bonds in the next ensuing month, plus the aggregate Amortization Requirements, if any, due through the respective payment dates of the Pay When Due Bonds in the next ensuing month, for each of the term bonds then outstanding (plus a ratable portion of the premium, if any, which would be payable on principal amounts of term bonds equal to the amount of such Amortization Requirements if such principal amount of term bonds should be called for mandatory redemption); provided, however, that if the amount so deposited to the credit of the Redemption Sub-Account in any Fiscal Year shall be less than such amount, the requirement therefor shall nevertheless be cumulative and the amount of any deficiency in

any Fiscal Year shall be added to the amount otherwise required to be deposited in each Fiscal Year thereafter until such time as such deficiency shall have been made up;

Section 11. The third sentence of Section 5.3 of the Indenture is hereby amended and the fourth sentence added as follows:

Subject to the terms and conditions set forth in this Indenture, moneys held to the credit of the Bond Service Sub-Account, the Redemption Sub-Account and the Unrefunded Note Sub-Account shall be held in trust and disbursed by the Trustee for (a) the payment of the interest on the Bonds as such interest becomes due; (b) the payment of the principal on the Bonds at their respective maturities; (c) the payment of the purchase or redemption price of the Bonds before maturity; (d) the payment of the unrefunded principal on Notes at their respective maturities; or (e) the payment of principal and interest pursuant to any reimbursement agreement entered into with respect to a Credit Facility or Liquidity Facility ~~credit facility~~ providing for payment of the principal of Bonds, and such moneys are hereby pledged to and charged with the payment mentioned in this Section. Notwithstanding the foregoing, the State may, in a Supplemental Indenture authorizing a series of Bonds, make provisions with respect to Capitalized Interest related to such series of Bonds for which Capitalized Interest has been designated.

Section 12. The first sentence of Section 5.4 of the Indenture is hereby amended as follows:

The Trustee shall from time to time as required, withdraw from the Bond Service Sub-Account (including any Capitalized Interest designated for a certain series of Bonds) and, if necessary, from the Reserve Account and the Unrefunded Note Sub-Account, and deposit in trust with the Paying Agent sufficient moneys for paying the principal of and the interest on the Bonds as the same shall become due, and shall pay principal and interest pursuant to any reimbursement agreement entered into with respect to payment of principal of Bonds.

Section 13. The last paragraph of Section 6.2 of the Indenture is hereby amended as follows:

Investments in all funds and accounts will be valued by the Trustee at book value, market value or face value, whichever is lowest (inclusive of accrued interest paid to purchase such investment), except that investments in the Reserve Account shall be valued at book value including accrued interest paid to purchase such investment~~par if purchased at par or at Amortized Value if purchased at other than par. "Amortized Value", when used with respect to an obligation purchased at a premium above or a discount below par, means the value as of any given date obtained by dividing the total amount of the premium or discount at which such obligation was purchased by the number of days remaining to maturity on such obligation at the time of such purchase and by multiplying the amount so calculated by the number of days having passed since the date of such purchase; and in the case of an obligation purchased at a premium, by deducting the product thus obtained from the purchase price, and in the case of an obligation purchased at a discount, by adding the product thus obtained to the purchase price~~.

Section 14. The first sentence of Section 7.2(a) of the Indenture is hereby amended as follows:

Unless at such time any and all amounts required to be paid from the Special Transportation Fund to the Trustee, provider of a Credit Facility, Liquidity Facility or Qualified Swap, or any Bondholder pursuant to the terms of this Indenture shall have been made, the State shall not make any payments from the Special Transportation Fund on account of any obligation whatsoever other than the Bonds and Notes, except from amounts held to the credit of the Special Transportation Fund which represent amounts borrowed by the Treasurer in anticipation of revenues pursuant to Section 3-16 of the General Statutes, or from transportation related federal revenues of the State.

Section 15. Sections 8.2(a) and (b) of the Indenture are hereby amended as follows:

(a) The Trustee may be removed at any time by an instrument or concurrent instrument in writing, signed by the holders of not less than a majority in principal amount of the Bonds then outstanding and filed with the Treasurer. A copy of each such instrument shall be delivered promptly by the State to the Trustee. The Trustee also may be removed by the State (i) at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with any provision of this Indenture with respect to the duties and obligations of the Trustee, or (ii) at any time, provided that no Event of Default has occurred and is continuing, with sixty (60) day's prior written notice to the Trustee. The Trustee may resign as Trustee hereunder at any time by giving not less than sixty (60) days' prior written notice to the Treasurer~~by any court of competent jurisdiction upon the application of the State or the holders of not less than five percent (5%) in aggregate principal amount of the Bonds then outstanding hereunder. The Trustee may resign as Trustee hereunder at any time by giving not less than sixty (60) days' notice to the Treasurer and by mailing a notice of resignation within ten (10) days after giving such notice in the manner in which notices of redemption of Bonds are to be mailed pursuant to Section 4.3 hereof~~.

(b) If at any time the Trustee shall resign, be removed, be dissolved or otherwise become incapable of acting, or if the bank or trust company acting as Trustee shall be taken over by any governmental official, agency, department or board, the position of Trustee shall become vacant. If the position of Trustee shall become vacant, the Treasurer shall, as soon as practicable, appoint a Trustee to fill such vacancy. The Treasurer shall provide written notice of any such appointment by it made to Bondholders in the manner in which notices of redemption are to be provided pursuant to Section 4.3 hereof. Any successor Trustee shall meet the qualifications of subsection (a) of Section 8.1 of this Indenture. Such successor Trustee shall execute, acknowledge and deliver to its predecessor, and also to the State, an instrument in writing accepting such appointment hereunder, and thereupon such successor Trustee, without any further act, deed or conveyance shall become fully vested with all rights, powers, trusts, duties and obligations of its predecessor in trust hereunder; and every predecessor Trustee shall deliver all property and moneys held by it hereunder to its successor. The successor Trustee shall have no responsibility for the acts of the predecessor Trustee.

Section 16. The following subsections and paragraph are added following Section 8.3(b) of the Indenture:

(c) In no event shall the Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services.

(d) The rights, privileges, protections, immunities and benefits given to the Trustee under this Indenture, including, without limitation, its right to be indemnified, if any, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder and under the Bonds, and each agent, custodian or other person employed to act under this Indenture.

(e) The Trustee shall not be deemed to have actual knowledge of any default or Event of Default (other than an Event of Default constituting the failure to pay the interest on, or the principal of, the Bonds if the Trustee also serves as the Paying Agent for such Bonds) until the Trustee shall have received written notification in the manner set forth in this Indenture or a responsible officer of the Trustee shall have obtained actual knowledge.

The Trustee shall not, by any provision of this Indenture, be required to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it. The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any Bondholders or Liquidity Provider, unless such Bondholders or any Liquidity Provider shall have offered to the Trustee security or indemnity satisfactory to it against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

Section 17. Section 9.1(c) of the Indenture is hereby amended as follows:

(c) the State shall default in the due and punctual performance of any other covenants, conditions, agreements and provisions contained in the Bonds, this Indenture or any Supplemental Indenture on the part of the State to be performed, other than contained in Section 5.1 of this Indenture and such default shall continue for ninety (90) days after written notice specifying such failure and requiring the same to be remedied shall have been given to the State by the Trustee or by the holders of not less than a majority~~twenty percent (20%)~~ in principal amount of the Bonds then outstanding; provided that if any such failure shall be such that it cannot be cured or corrected within such ninety (90) day period, it shall not constitute an Event of Default hereunder if curative or corrective action is instituted within such period and diligently pursued until the failure of performance is cured or corrected; and provided further, that no failure to observe the covenant of Section 7.1 of this Indenture shall constitute an Event of Default unless within one year after written notice by the Trustee (or by the holders of not less than a majority in principal amount of

the Bonds then outstanding) of such failure the State shall not have enacted legislation such that the conditions contained in Sections 2.4(b)(1) and 2.4(b)(2) hereof could have been satisfied if Additional Bonds were then to be issued; and provided further, that notwithstanding the foregoing in this subsection (c), if, by reason of Force Majeure, the State is unable to perform or observe any agreement, term or condition hereof which would give rise to an Event of Default under this subsection (c), the State shall not be deemed in default during the continuance of such inability; however, the State shall promptly give notice to the Trustee and any Liquidity Provider or Credit Provider of the existence of an event of Force Majeure and the State shall use its best efforts to remove the effects thereof; provided that the settlement of strikes or other industrial disturbances shall be entirely within its discretion; or

Section 18. Section 9.2(a) of the Indenture is hereby amended as follows:

(a) Upon the happening and continuance of any Event of Default specified in Section 9.1 of this Indenture, then in every such case, in addition to any other remedies herein provided for, the Trustee for and on behalf of the holders of the Bonds (A) shall have the same rights hereunder which are possessed by any of the holders of the Bonds; (B) shall be authorized to proceed in its own name and as trustee of an express trust; (C) may and, upon the written request of not less than a majority ten percent (10%) in aggregate principal amount of the Bonds then outstanding, shall, pursue any available remedy by action at law or suit in equity to enforce the payment of the principal of and interest and premium, if any, on the Bonds; and (D) may file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of such Trustee and of the holders of the Bonds allowed in any judicial proceeding relative to the State, or its creditors, its property, or the Bonds.

Section 19. The opening clause to the first sentence of Section 9.3(a) of the Indenture is hereby amended as follows:

(a) If at any time the moneys in the Bond Service Sub-Account, the Redemption Sub-Account, or the Reserve Account, shall not be sufficient to pay the interest or principal or premium, if any, or the redemption price of the Bonds as the same become due and payable (whether at maturity or upon proceedings for the redemption thereof or otherwise), the moneys in such accounts, together with any other moneys then available or thereafter becoming available for such purpose (which shall not include moneys provided through a Credit Facility or Liquidity Facility, which moneys shall be restricted to the specific use for which such moneys were provided), whether through the exercise of the remedies provided for in this Article IX or otherwise, shall be applied as follows:

Section 20. The following Section 9.4 is added to the Indenture:

Section 9.4. *Waiver of Defaults.* (a) The holders of a majority in aggregate principal amount of the outstanding Bonds may, by written notice to the Trustee and subject to the requirements of Section 9.2(h), waive any existing default or Event of Default and its consequences, except an Event of Default under Section 9.1(a) or (b). Upon any such waiver, the default or Event of Default shall be deemed cured and shall cease to exist for all purposes. No

waiver of any default or Event of Default shall extend to or effect any subsequent default or Event of Default or shall impair any right or remedy consequent thereto.

(b) Notwithstanding any provision of this Indenture, in no event shall any person, other than all of the affected Bondholders, have the ability to waive any default or Event of Default under this Indenture if such event results or may result, in the opinion of counsel to the State, in interest on any of the Bonds becoming includable in gross income for federal income tax purposes.

Section 21. Section 13.1 of the Indenture is hereby amended as follows:

Section 13.1. *Benefits of Indenture Limited to State, Trustee, Providers of Credit Facilities, Liquidity Facilities and Qualified Swaps, and Bondholders.* With the exception of rights or benefits herein or in a Credit Facility, Liquidity Facility or Qualified Swap expressly conferred, nothing expressed or mentioned in or to be implied from this Indenture or the Notes or the Bonds is intended or should be construed to confer upon or give to any person other than the State, the Trustee and the holders of the Notes and Bonds, and the providers of any Credit Facility, Liquidity Facility or Qualified Swap, any legal or equitable right, remedy or claim under or by reason of or in respect to this Indenture or any covenant, condition, stipulation, promise, agreement or provision herein contained. This Indenture and all of the covenants, conditions, stipulations, promises, agreements and provisions hereof are intended to be and shall be for and inure to the sole and exclusive benefit of the State, the Trustee and the holders from time to time of the Notes and Bonds and providers of any Credit Facility, Liquidity Facility or Qualified Swap as herein and therein provided.

ATTACHMENT A

[STATE OF CONNECTICUT CONTRACTING REQUIREMENTS]

ATTACHMENT B

[STATE OF CONNECTICUT CONTRACTING REQUIREMENTS]

Appendix E

FORM OF OPINION

[Date of Closing]

Honorable Erick Russell
Treasurer, State of Connecticut
Hartford, Connecticut

We have acted as [bond counsel/co-bond counsel] to our client, the State of Connecticut (the "State"), in connection with the issuance of its $_____ State of Connecticut Special Tax Obligation Bonds, Transportation Infrastructure Purposes, 2026 Series B (the "2026 Bonds"). We have examined (i) the Constitution and laws of the State of Connecticut, including Public Act No. 84-254 of the February 1984 Session of the General Assembly, as amended (the "Act"), (ii) the Amended and Restated Indenture of Trust, by and between the State and U.S. Bank Trust Company, National Association, as Trustee, dated as of November 1, 2024, as previously amended and supplemented, and as further supplemented by the Fourth Supplement to Amended and Restated Indenture of Trust, by and between the State and the Trustee, dated as of December 1, 2026 (collectively, the "Amended and Restated Indenture"), (iii) the Tax Regulatory Agreement of the State dated the date hereof (the "Tax Regulatory Agreement"), and (iv) a record of proceedings relative to the issuance of the 2026 Bonds. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Amended and Restated Indenture.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

We have not been engaged and we have not undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the 2026 Bonds and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the Official Statement and certain matters which are the subject of a supplemental opinion provided by us to the State).

From such examination we are of the opinion that:

1. The Act is valid, and the State has the legal right and power to authorize, and has duly authorized, executed and delivered the Amended and Restated Indenture, and the Amended and Restated Indenture is a legal, valid and binding obligation of the State enforceable in accordance with its terms.

2. The 2026 Bonds have been duly authorized and issued under the Constitution and laws of the State, particularly the Act, and under proceedings duly had and taken in conformity therewith.

3. The 2026 Bonds are valid and binding special obligations of the State payable from the Pledged Revenues and other receipts, funds or moneys pledged therefor under the Act and the Amended and Restated Indenture and are entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the Amended and Restated Indenture.

4. The 2026 Bonds are secured in the manner and to the extent set forth in the Act and the Amended and Restated Indenture. Pursuant to the Act, the Amended and Restated Indenture creates a valid first call upon Pledged Revenues and lien upon any and all amounts held to the credit of the Special Transportation Fund from time to time, to the extent set forth in the Amended and Restated Indenture, including moneys and securities held by the Trustee in the Debt Service Account established thereunder, which the Amended and Restated Indenture purports to create, subject only to the provisions of the Amended and Restated Indenture permitting the application thereunder for or to the purposes and on the terms and conditions set forth in the Amended and Restated Indenture. Such first call and lien are valid and binding against all parties having claims of any kind in tort, contract or otherwise against the State (including holders of general obligation debt of the State). All amounts necessary for the punctual payment of the Debt Service Requirements (as defined in the Act) with respect to the 2026 Bonds are validly deemed to be appropriated by the Act

from the Pledged Revenues and other receipts, funds or moneys pledged therefor and the Treasurer is required under the Act to pay such Debt Service Requirements as the same shall accrue, but only from such sources. Such payment by the Treasurer does not require further legislative approval.

5. The State is not obligated to pay the principal of, and interest and premium, if any, on the 2026 Bonds except from Pledged Revenues and other receipts, funds or moneys pledged therefor under the Act and the Amended and Restated Indenture, and the full faith and credit of the State or any political subdivision thereof is not pledged to the payment of the principal of and interest and premium, if any, on the 2026 Bonds.

6. Pursuant to the Act, the Amended and Restated Indenture validly incorporates the valid and enforceable covenants of the State to impose, charge, raise, levy, collect and apply the Pledged Revenues and other receipts, funds or moneys pledged for the payment of Debt Service Requirements in such amounts as may be necessary to pay such requirements in each year and not to limit or alter the duties imposed on the Treasurer or other officers of the State by the Act and the Amended and Restated Indenture with respect to the application of such Pledged Revenues and other such pledged receipts, funds or moneys.

7. Pursuant to the Act, the covenant of the State contained in the Amended and Restated Indenture to provide Pledged Revenues and other receipts, funds or moneys pledged under the Amended and Restated Indenture in an amount at least equal to two times the aggregate Principal and Interest Requirements on Bonds and Interest Requirements on Notes in each Fiscal Year is valid and enforceable. Such covenant is subject to the right of the State to exercise its power, through a change in law, to limit, modify, rescind, repeal or otherwise alter the character or amount of such Pledged Revenues or to substitute like or different sources of taxes, fees, charges or other receipts as Pledged Revenues if, for the ensuing Fiscal Year as evidenced by the proposed or adopted budget of the State with respect to the Special Transportation Fund, the projected revenues meet or exceed the estimated expenses of the Special Transportation Fund including accumulated deficits, if any, Debt Service Requirements, and any Pledged Revenue coverage requirement set forth in Section 2.4 of the Amended and Restated Indenture.

8. Under existing law, interest on the 2026 Bonds is excludable from the gross income of the owners thereof for federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended (the "Code"), and will not be treated as a preference item for purposes of computing 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.

9. Under existing law, interest on the 2026 Bonds is excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trust and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

The Code establishes certain requirements that must be met subsequent to the issuance and delivery of the 2026 Bonds in order that interest on the 2026 Bonds be excludable from the gross income of the owners thereof for federal income tax purposes under the Code. The State has covenanted in the Tax Regulatory Agreement that it will at all times perform all acts and things necessary or appropriate under any valid provision of law to ensure that interest on the 2026 Bonds shall be excludable from the gross income of the owners thereof for federal income tax purposes under the Code.

In rendering the foregoing opinions regarding the federal income tax treatment of interest on the 2026 Bonds, we have relied upon and assumed, without undertaking to verify the same by independent investigation, (i) the material accuracy of the representations, statements of intention and reasonable expectations, and certifications of fact contained in the Tax Regulatory Agreement and (ii) compliance by the State with covenants set forth in the Tax Regulatory Agreement as to such matters.

In rendering this opinion, we further advise you that the enforceability of rights and remedies with respect to the 2026 Bonds may be limited by insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally heretofore or hereafter enacted and by equitable principles and the exercise of judicial discretion, whether considered at law or in equity, and by the reserved police powers of the State; no opinion is expressed as to the availability of a right in equity to specific performance on any covenant requiring legislative action with respect to

taxes not presently enacted when an adequate remedy at law for damages is available or another such limitation exists and is applied.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

We express no opinion regarding other federal or state tax consequences caused by ownership of, or receipt of interest on, the 2026 Bonds.

We have examined the bond (or bonds, as may be the case) of each maturity and, in our opinion, the form of said bond or bonds, and its or their execution, are regular and proper.

Respectfully submitted,

[INTENTIONALLY LEFT BLANK]

Appendix F

FORM OF CONTINUING DISCLOSURE AGREEMENT

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

Master Continuing Disclosure Agreement

This Master Continuing Disclosure Agreement ("Agreement") is made as of the 1st day of November, 2022 by the State of Connecticut (the "State"), acting by its undersigned officer, duly authorized, in connection with the issuance of debt from time to time by the State, for the benefit of the beneficial owners from time to time of Bonds (as hereinafter defined), and U.S. Bank Trust Company, National Association, as Trustee for the Bonds (the "Trustee", and for purpose of Attachment A hereto, "contractor" or "Contractor") under the Indenture (as hereinafter defined). It is intended that this Agreement shall be in effect for an issue of Bonds by the execution of an Undertaking Certificate (as hereinafter defined) in connection with such issue.

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

"Annual Financial Information" means the financial information and operating data as described in the Description of the Undertaking specified in the Undertaking Certificate for each issue of Bonds. The descriptions of financial information and operating data constituting Annual Financial Information are of general categories of financial information and operating data. Where such descriptions include information that no longer can be generated because the operations to which they relate have been materially changed or discontinued, a new Description of the Undertaking may be executed describing the information to be provided.

"Addendum Describing Enumerated Events" means an addendum, the initial form of which is shown in Exhibit A, that is associated with an issue of Bonds pursuant to an Undertaking Certificate. A different addendum may be delivered from time to time and associated with future issues of Bonds.

"Bonds" means each issue of special tax obligations of the State issued pursuant to the Indenture in connection with which the State has executed and delivered an Undertaking Certificate to the Trustee.

"Description of the Undertaking" means a description, the initial form of which is shown in Exhibit B, that is associated with an issue of Bonds pursuant to an Undertaking Certificate. A different description may be delivered from time to time and associated with future issues of Bonds.

"Enumerated Event" means an enumerated event as described in the Addendum Describing Enumerated Events specified in the Undertaking Certificate for an issue of Bonds.

"Indenture" means the Indenture of Trust entered into by the State and the Trustee, dated as of September 15, 1984, as supplemented and amended to date, as the same may be further supplemented and amended from time to time.

"MSRB" means the Municipal Securities Rulemaking Board established under the Securities Exchange Act of 1934, as amended, or any successor thereto.

"Repository" means the MSRB or any other information repository established pursuant to the Rule as amended from time to time.

"Rule" means Rule 15c2-12 under the Securities Exchange Act of 1934, as of the date of this Agreement.

"SEC" means the Securities and Exchange Commission of the United States, or any successor thereto.

"Undertaking Certificate" means an undertaking certificate substantially in the form as shown in Exhibit C.

Section 2. Annual Financial Information.

(a) The State agrees to provide or cause to be provided to each Repository, in accordance with the provisions of the Rule and of this Agreement, Annual Financial Information on or before the date eight (8) months after the close of the fiscal year for which such information is being provided. The State's fiscal year currently ends on June 30.

(b) Annual Financial Information may be provided in whole or in part by cross-reference to other documents available to the public on the MSRB's Internet Web site referenced in the Rule as amended from time to time or filed with the SEC. All or a portion of the Annual Financial Information may be provided in the form of a comprehensive annual financial report or an annual information statement of the State.

(c) The State reserves the right (i) to provide financial statements which are not audited if no longer required by law, (ii) to modify from time to time the format of the presentation of such Annual Financial Information, and (iii) to modify the accounting principles it follows to the extent required by law, by changes in generally accepted accounting principles, or by changes in mandated state statutory principles as in effect from time to time, provided that the State agrees that the exercise of any such right will be done in a manner consistent with the Rule.

Section 3. Notice of Certain Events.

The State agrees to provide or cause to be provided notice of the occurrence of an Enumerated Event to each Repository, in a timely manner, not in excess of ten business days after the occurrence of the event. In order to assist the State in complying with its undertaking in this Section 3, the Trustee agrees to use its best efforts promptly to notify the State in writing of the occurrence of any of the Enumerated Events as to which any officer in the Corporate Trust Administration Department of the Trustee obtains actual knowledge in the course of the performance of the duties of the Trustee under the Indenture for Bonds which have been made subject to this Agreement by delivery of an Undertaking Certificate in the form of Exhibit C by the State and acknowledged by the Trustee in the form as shown in Exhibit D; provided, however, that the determination of whether any such occurrence is material shall be a determination to be made by the State and not the Trustee pursuant to its responsibilities under this Agreement.

Section 4. Notice of Failure to Provide Annual Financial Information.

The State agrees to provide or cause to be provided, in a timely manner, to each Repository notice of any failure by the State to provide Annual Financial Information as set forth in Section 2(a) hereof on or before the required date.

Section 5. Use of Agents.

Annual Financial Information and notices to be provided pursuant to this Agreement may be provided by the State or by any agents which may be employed by the State for such purpose from time to time.

Section 6. Termination.

The obligations of the State under this Agreement shall terminate with respect to any Bonds upon the earlier of (i) payment or legal defeasance, at maturity or otherwise, of all of such Bonds, or (ii) such time as the State ceases to be an obligated person with respect to such Bonds within the meaning of the Rule.

Section 7. Enforcement.

The State acknowledges that its undertakings set forth in this Agreement are intended to be for the benefit of, and enforceable by, the beneficial owners from time to time of the Bonds to which this Agreement is made applicable by delivery of an Undertaking Certificate by the State. In the event the State shall fail to perform its duties hereunder, the State shall have the option to cure such failure within a reasonable time (but not exceeding 30 days with respect to the undertakings set forth in Section 2 of this Agreement or five business days with respect to the undertakings set forth in Sections 3 and 4 of this Agreement) from the time the State's Assistant Treasurer for Debt Management, or a successor, receives written notice from any beneficial owner of the Bonds of such failure. The present address of the Assistant Treasurer for Debt Management is 165 Capitol Avenue, Hartford, Connecticut 06106.

In the event the State does not cure such failure within the time specified above, the beneficial owner of any Bonds shall be entitled only to the remedy of specific performance. The State expressly acknowledges and the beneficial owners are hereby deemed to expressly agree that no monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute an event of default with respect to the Bonds, including, without limitation, an Event of Default under the Indenture, or a breach of any duty or obligation of the Trustee under the Indenture.

Section 8. Miscellaneous.

(a) All documents provided by the State to a Repository pursuant to the State's undertakings set forth in Sections 2, 3 and 4 of this Agreement shall be in an electronic format as prescribed by the MSRB from time to time and shall be accompanied by identifying information as prescribed by the MSRB from time to time.

(b) The State and the Trustee shall have no obligation to provide any information, data or notices other than as set forth in this Agreement; provided however, nothing in this Agreement shall be construed as prohibiting the State from providing such additional information, data or notices from time to time as it deems appropriate in connection with the Bonds. If the State elects to provide any such additional information, data or notices, the State shall have no obligation under this Agreement to update or continue to provide further additional information, data or notices of the type so provided.

(c) This Agreement shall be governed by the laws of the State of Connecticut.

(d) Notwithstanding any other provision of this Agreement, the State may amend this Agreement, and any provision of this Agreement may be waived, if (i) such amendment or waiver is made in connection with a change of circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the State, (ii) the provisions of the Agreement as so amended or waived would have complied with the requirements of the Rule, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances, in each case as of the date of such amendment to the Agreement or waiver, and (iii) such amendment or waiver is supported by either an opinion of counsel expert in federal securities laws to the effect that such amendment or waiver would not materially adversely affect the beneficial owners of the Bonds or an approving vote by the holders of not less than 60% of the aggregate principal amount of Bonds affected by such amendment. A copy of all amendments or waivers will be filed in a timely manner with each Repository and the Trustee. The Annual Financial Information provided on the first date following adoption of any such amendment or waiver will explain, in narrative form, the reasons for the amendment or waiver.

(e) This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but such counterparts shall together constitute but one and the same instrument.

STATE OF CONNECTICUT

By:_____
Treasurer

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION

By: _____
Authorized Officer

ATTACHMENT A

[State Contractor Requirements]

Exhibit A

ADDENDUM DESCRIBING ENUMERATED EVENTS

"Enumerated Event" means any of the following events with respect to each issue of Bonds to which this Addendum is made applicable through an Undertaking Certificate:

(a) principal and interest payment delinquencies;

(b) non-payment related defaults, if material;

(c) unscheduled draws on debt service reserves reflecting financial difficulties;

(d) unscheduled draws on credit enhancements reflecting financial difficulties;

(e) substitution of credit or liquidity providers, or their failure to perform;

(f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(g) modifications to rights of holders of the Bonds, if material;

(h) Bond calls, if material and tender offers;

(i) Bond defeasances;

(j) release, substitution, or sale of property securing repayment of the Bonds, if material;

(k) rating changes;

(l) bankruptcy, insolvency, receivership or similar event of the State;

(m) the consummation of a merger, consolidation, or acquisition involving the State or the sale of all or substantially all of the assets of the State, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(n) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(o) incurrence of a financial obligation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the State, any of which affect security holders, if material; and

(p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the State, any of which reflect financial difficulties.

For purposes of the events (o) and (p) above, the term "financial obligation" is defined as a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) guarantee of (i) or (ii). The term financial obligation does not include municipal securities for which a final official statement has been filed with the MSRB pursuant to the Rule.

This Addendum is dated this 1st day of November, 2022.

Exhibit B

DESCRIPTION OF THE UNDERTAKING
FOR SPECIAL TAX OBLIGATION BONDS

Definitions:

"2022 Official Statement" means the final official statement dated October 19, 2022 for the State of Connecticut, Special Tax Obligation Bonds, Transportation Infrastructure Purposes, 2022 Series A, and Special Tax Obligation Refunding Bonds, Transportation Infrastructure Purposes, 2022 Series B. References to the 2022 Official Statement as a means of identifying such financial information and operating data shall not prevent the State from reorganizing such material in subsequent official statements or annual information reports.

Annual Financial Information means:

(1) Financial statements of the State's Special Transportation Fund for the prior fiscal year, which statements shall be prepared in accordance with generally accepted accounting principles or mandated State statutory principles as in effect from time to time. The financial statements will be audited. As of the date of this Description, the State is required to prepare financial statements of its various funds and accounts on a statutory basis (i.e., following the adopted budget and related statutes as described in Appendix A to the 2022 Official Statement under the caption FINANCIAL PROCEDURES - "Accounting Procedures"). As of the date of this Description, the State also prepares financial statements for the Special Transportation Fund in accordance with generally accepted accounting principles but is not required to do so.

(2) To the extent not included in the financial statements described in (1) above, the financial information and operating data within the meaning of the Rule included in the material under the headings "TOTAL BONDS OUTSTANDING," "DEBT SERVICE ON OUTSTANDING BONDS," tables numbered 1 through 9 contained in the section titled "THE OPERATIONS OF THE SPECIAL TRANSPORTATION FUND", tables numbered 10 through 11 contained in the section titled "THE DEPARTMENT OF TRANSPORTATION", and Appendices B and C in the 2022 Official Statement.

This Description is dated this 1st day of November, 2022.

Exhibit C

UNDERTAKING CERTIFICATE

This Undertaking Certificate is executed and delivered by the State of Connecticut (the "State") to supplement the Master Continuing Disclosure Agreement (the "Agreement"), by and between the State and U.S. Bank Trust Company, National Association dated November 1, 2022. Pursuant to the provisions of the Agreement, the State hereby determines that the Agreement, the Addendum Describing Enumerated Events as described below, and the Description of the Undertaking, as described below, shall apply to the following issue(s) of bonds:

Description of the Addendum Describing Enumerated Events:

Exhibit A to the Agreement entitled: ADDENDUM DESCRIBING ENUMERATED EVENTS dated November 1, 2022

Description of the Undertaking:

Exhibit B to the Agreement entitled: DESCRIPTION OF THE UNDERTAKING FOR SPECIAL TAX OBLIGATION BONDS dated November 1, 2022

Bonds:

$_____ Special Tax Obligation Bonds, Transportation Infrastructure Purposes, 2026 Series B

Dated date of the Bonds:

[Dated Date of the Bonds]

IN WITNESS WHEREOF, this Undertaking is executed on [Date of Closing].

STATE OF CONNECTICUT

By:_____
Erick Russell
Treasurer

Exhibit D

TRUSTEE'S ACKNOWLEDGEMENT RELATING TO THE UNDERTAKING FOR SPECIAL TAX OBLIGATION BONDS

This acknowledgement is executed and delivered pursuant to the Master Continuing Disclosure Agreement (the "Agreement"), by and between the State and U.S. Bank Trust Company, National Association (the "Trustee") dated November 1, 2022. Capitalized terms that are not defined in this Description have the meanings set forth in the Agreement.

For purposes of Section 3 of the Agreement, the Trustee acknowledges the Bonds (the "Bonds") and Addendum Describing Enumerated Events for the Bonds (the "Addendum"), both as described in the attached Undertaking Certificate dated the date hereof (the "Undertaking Certificate"). The Trustee also acknowledges receipt of the Addendum and Undertaking Certificate.

IN WITNESS WHEREOF, this acknowledgement is executed on [Date of Closing].

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION

By:_____
Authorized Officer

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