

## INVESTOR PRESENTATION

# **\$500,000,000\* STATE OF CONNECTICUT SPECIAL TAX OBLIGATION BONDS 2021 SERIES D (TRANSPORTATION INFRASTRUCTURE PURPOSES)**

*\*Preliminary, subject to change*



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## TRANSACTION SUMMARY

	<b>\$500,000,000* Special Tax Obligation Bonds Transportation Infrastructure Purposes, 2021 Series D</b>
<b>Structure*</b>	Serial Bonds maturing November 1, 2022 through November 1, 2041
<b>Interest Payments</b>	May 1 <sup>st</sup> and November 1 <sup>st</sup> , commencing May 1 <sup>st</sup> , 2022
<b>Purpose</b>	<ul style="list-style-type: none"> <li>To fund a portion of the costs of various purposes of the Infrastructure Program</li> <li>To fund additional required deposit to the Debt Service Reserve Account</li> </ul>
<b>Security</b>	Special obligations of the State payable solely from the Pledged Revenues and other receipts, funds or moneys pledged thereto pursuant to the Act and the Indentures
<b>Debt Service Reserve Account</b>	<ul style="list-style-type: none"> <li>Funded at maximum annual debt service (MADS) of aggregate Senior Lien Bonds</li> </ul>
<b>Tax Status of Interest**</b>	<ul style="list-style-type: none"> <li>Exempt from Federal income tax</li> <li>Exempt from Connecticut income taxes</li> <li>Not an item of tax preference for purposes of the federal alternative minimum tax</li> </ul>
<b>Optional Redemption*</b>	The 2021 Series D Bonds maturing on or after November 1, 20__ will be subject to redemption, at the election of the Treasurer, on or after November 1, 20__
<b>Ratings</b>	<ul style="list-style-type: none"> <li>Moody's: Aa3 / S&amp;P: AA- / Fitch: AA- / Kroll: AA+</li> </ul>
<b>Expected Pricing*</b>	<ul style="list-style-type: none"> <li>Retail Only Order Period: Monday, November 8, 2021</li> <li>Institutional Pricing: Tuesday, November 9, 2021</li> </ul>
<b>Expected Closing*</b>	Wednesday, December 1, 2021

\*Preliminary, subject to change.

\*\*Prospective purchasers of the 2021 Series D Bonds should consult their tax advisors regarding the Federal, state and local tax consequences of owning and disposing of the 2021 Series D Bonds



# THE STATE'S STO EXHIBITS STRONG CREDIT FUNDAMENTALS

## Transportation is a State Priority

- Long-term commitment to invest in the transportation infrastructure needs of the State
- Continued dedication to providing a secure transportation funding source
- The STF finished FY2021 with an almost \$73 million surplus and a \$241 million cumulative surplus

## Strong Statutory Framework & Legal Provisions

- First priority lien for Senior Bonds
- 2x Pledged Revenue rate covenant (Budget + ABT)
- Balanced budget requirement
- Cash funded DSRF at MADS (Current balance: \$716 million)
- Constitutional lockbox: STF is a perpetual fund – resources used solely for transportation

## Diverse & Stable Revenue Source

- Broad base of taxes and fees collected statewide
- No revenue source greater than 28% of Pledged Revenues
- Sales tax on dealer car sales deposited into STF – 100% by 2023
- Monthly collection for most Pledged Revenues
- Debt service coverage by Pledged Revenues significantly higher than minimum coverage requirements

## Strong Management Team

- Comprehensive and conservative long-range planning and management of STO program
- Multi-agency collaboration and consensus
- Monthly revenue and expense updates by OPM and OSC
- Long track record of success at managing the program

## Conservative Debt Profile

- 100% of STO debt is fixed rate with no derivative exposure
- As of November 1, 2021 there are \$6.712 billion of Senior Lien Special Tax Obligation Bonds outstanding. No Second Lien Bonds outstanding.
- 59.1% of outstanding STO principal will be retired within the next ten years, providing significant capacity for future capital spending

**Closed System, Revenues Pledged at Time of Receipt**



# LEGISLATIVE ACTION SHOWS ONGOING COMMITMENT TO FULLY FUND STO PROGRAM

	Revenue Lockbox	New Revenue Pledge	Revenue Stream Enhancements
2015	<ul style="list-style-type: none"> <li>Approved statutory transportation “lockbox” making the STF a “Perpetual Fund” (resources limited to transportation purposes, including STO DS)</li> </ul>	<ul style="list-style-type: none"> <li>Pledged a portion of the general retail sales tax as a new source of revenue to the STF</li> </ul>	<ul style="list-style-type: none"> <li>Modified the flow of funds for the Oil Companies Tax so that funds flow directly into the STF, eliminating all remaining transfers between the General Fund and the STF</li> </ul>
2016			<ul style="list-style-type: none"> <li>Increased fees to oversize/overweight vehicles</li> <li>Expanded definition of vehicles subject to permit fees to include self-propelled vehicles</li> </ul>
2017	<ul style="list-style-type: none"> <li>Legislation proposing a constitutional amendment that solidifies the 2015 statutory “lockbox” for the STF</li> </ul>	<ul style="list-style-type: none"> <li>Sales tax on dealer car sales deposited into the STF beginning in FY2021 (five year phase-in)</li> </ul>	
2018	<ul style="list-style-type: none"> <li>Constitutional Amendment – voter referendum in November 2018 with 88% general electorate approval of the “lockbox”</li> </ul>	<ul style="list-style-type: none"> <li>Accelerated start date for sales tax on dealer car sales to FY2019 (five year phase-in)</li> </ul>	<ul style="list-style-type: none"> <li>Revenue Covenant limits appropriations to ensure a surplus</li> </ul>
2019		<ul style="list-style-type: none"> <li>Dealer car sales tax adjusted (five year phase in – still 100% by 2023)</li> </ul>	<ul style="list-style-type: none"> <li>Increased motor vehicle receipts (licenses and registrations)</li> </ul>
<b>No Legislative Action Impacting Pledged Revenues Taken in 2020 Session</b>			
2021		<ul style="list-style-type: none"> <li>Implement highway use fee effective January 1, 2023</li> <li>Impose a 2% convenience fee for credit card use</li> </ul>	<ul style="list-style-type: none"> <li>Increased sales and use tax from sale of recreational cannabis flows to STF</li> </ul>





# THE 2021 SERIES D BONDS WILL CONTINUE TO FUND INVESTMENTS IN KEY TRANSPORTATION INITIATIVES

## Capital Funding for New and Ongoing Projects

Project Category	Bond Authorizations (\$ in millions)		
	FY 2021	FY 2022	FY 2023
Highway/Bridges	\$279.2	\$301.1	\$316.6
Public Transportation	236.0	248.1	270.8
Fix-It-First Bridge and Roadway Program	185.0	139.8	219.8
Local Transportation Capital Improvement Programs	67.0	67.0	67.0
Facilities	15.2	68.9	43.4
Other	-	12.0	12.0
<b>Total</b>	<b>\$782.4</b>	<b>\$836.9</b>	<b>\$929.6</b>

Source: PA 20-1 for FY2021; PA 21-111 for FY2022 and FY2023

### Major Capital Projects



**I-95 Gold Star Memorial Bridge**

This multi-phase project will accomplish structural steel repairs and replacement of the concrete deck on the northbound bridge carrying I-95 over the Thames River from New London to Groton. Built in 1943, rehabilitated in 1970 and painted in 1990, this structure is 5,931 feet long and carries an average 61,348 vehicles daily. A new deck will restore the roadway surface following the structural repairs. The first phase of this project will begin in late 2021 and the final phase is anticipated to be completed in 2027.



**New Haven Line Fleet  
Additional 60 M8 Rail Cars**

An additional 60 M8 Rail Cars are on order to support New Haven Line ridership demands. Ridership on the New Haven Line has expanded significantly more than expected over the last few years, especially during peak commutation times. New Haven Line peak trains, the busiest trains, have increased 27% over the past five years. Additional trains are necessary to meet demand.



**I-84 / Route 8 Waterbury  
Mixmaster Rehabilitation**

The I-84/Rt 8 interchange and ramps are part of a rehabilitation project which addresses the superstructure and substructure of ten bridges to extend the service life by 25 years. A temporary bypass roadway will minimize traffic disruption while a full deck is replaced. The rehabilitated structures will be strengthened as required to carry permit loads. Safety elements, drainage, concrete and steel work are included. Work to be completed in 2022.



# KEY CREDIT PROVISIONS OF THE STO PROGRAM

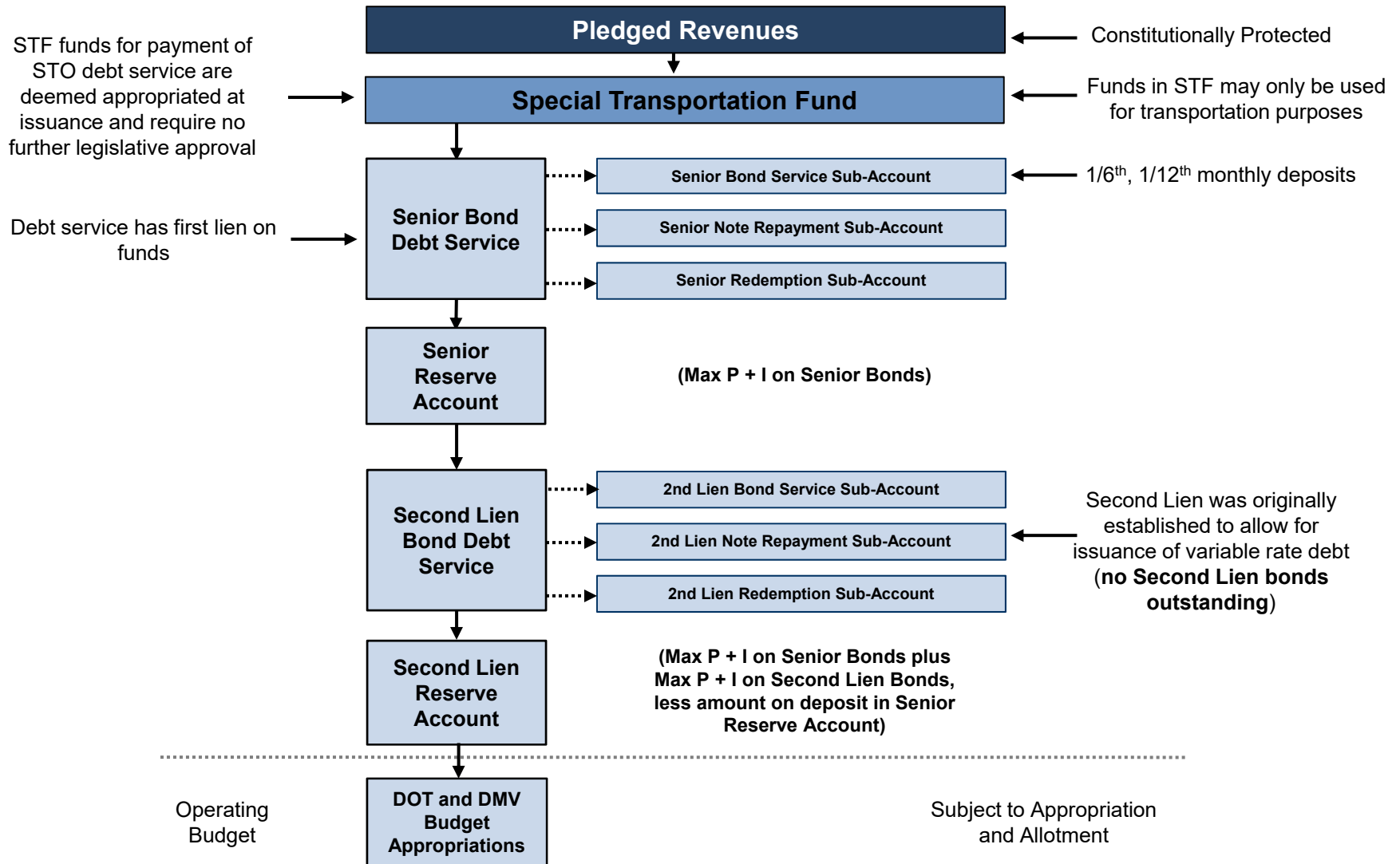
<p><b>Pledged Revenues</b></p>	<ul style="list-style-type: none"> <li>Includes: motor fuels taxes; oil companies tax payments; a portion of the general sales and use tax; sales tax on automobile sales – dealer and casual sales; motor vehicle licenses, permits, and fees; motor vehicle fines, penalties, and other charges; Federal BAB subsidy payments; investment earnings; and highway use fees</li> </ul>
<p><b>Debt Service Priority Covenant (Statutory Lien)</b></p>	<ul style="list-style-type: none"> <li>The Act and the Indenture provide that the State shall at all times assure that Pledged Revenues be applied first to Debt Service</li> </ul>
<p><b>Pledged Revenue Coverage Requirement (Rate Covenant)</b></p>	<ul style="list-style-type: none"> <li>State covenants to provide Pledged Revenues annually of at least 2.0x aggregate Senior and Second Lien Debt Service</li> </ul>
<p><b>Balanced Budget Requirement</b></p>	<ul style="list-style-type: none"> <li>State Constitution requires a balanced budget (i.e., general budget expenditures authorized for any Fiscal Year cannot exceed the estimated amount of revenue for such year). The Act and the Indenture require that revenues in the STF meet or exceed expenses including debt service and the Pledged Revenue Coverage Requirement</li> </ul>
<p><b>Additional Bonds Test</b></p>	<ul style="list-style-type: none"> <li>Requires both 2.0x Senior debt service coverage and 2.0x aggregate Senior Lien and Second Lien debt service (from Pledged Revenues including current and all succeeding years on outstanding and additional bonds)</li> </ul>
<p><b>Reserve Account Requirement</b></p>	<ul style="list-style-type: none"> <li>Maximum Annual Debt Service for aggregate Senior and Second Lien bonds. The Reserve Account is cash-funded, held with the trustee, and conservatively invested</li> </ul>
<p><b>Constitutional Lockbox</b></p>	<ul style="list-style-type: none"> <li>State Constitution amended after 88% approval of general election on November 19, 2018: STF shall remain a perpetual fund, the resources of which shall be expended solely for transportation purposes (including debt service on Special Tax Obligation Bonds)</li> </ul>

*Note: There are no Second Lien Bonds outstanding*



# CLOSED FLOW OF FUNDS AND STRONG LEGAL PROVISIONS

## Flow of Funds- Closed System<sup>(a)</sup>



(a) See Article V of the Indentures of Trust for the Senior Lien and Second Lien Bonds for further detail.

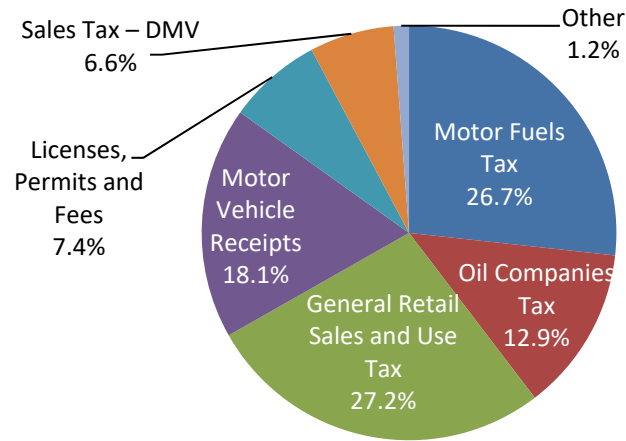




# THE STO CREDIT HAS A STRONG AND DIVERSE REVENUE PLEDGE

- Constitutionally protected Pledged Revenues; lien perfected at the time of receipt into the STF.
- Diversification of revenues with no revenue source greater than 28% of Pledged Revenues

**Breakdown of FY2021 STF Revenues**



Revenue Source	Revenue Description	FY2021 (\$ in mils)	Time of Receipt
<b>Motor Fuels Tax</b>	<ul style="list-style-type: none"> <li>▪ Gasoline Tax, Special Fuels Tax and Motor Carrier Road Tax</li> <li>▪ Distributors required to pay on the 25th calendar day of each month based on gallons of fuel used or sold during the preceding month</li> </ul>	\$ 475.2	Monthly
<b>Oil Companies Tax</b>	<ul style="list-style-type: none"> <li>▪ 8.1% of the gross earnings from petroleum sales</li> </ul>	229.1	Quarterly
<b>General Retail Sales and Use Tax</b>	<ul style="list-style-type: none"> <li>▪ Sales and Use Tax imposed under Sections 12-408(1)(A) and 12-411(1)(A) of the Connecticut General Statutes</li> </ul>	482.9	Monthly
<b>Motor Vehicle Receipts</b>	<ul style="list-style-type: none"> <li>▪ Fees collected for licenses and services provided by the DMV</li> </ul>	321.4	Daily
<b>Licenses, Permits and Fees</b>	<ul style="list-style-type: none"> <li>▪ Fees levied for certain permits issued and services provided by the State for transportation purposes</li> <li>▪ Certain traffic fines</li> </ul>	130.7	Daily
<b>Sales Tax – DMV</b>	<ul style="list-style-type: none"> <li>▪ The tax imposed on casual sales of motor vehicles, vessels, snowmobiles and aircraft</li> </ul>	117.2	Monthly
<b>Other</b>	<ul style="list-style-type: none"> <li>▪ Interest income and Federal Build America Bond Subsidy receipts</li> <li>▪ Refunds and Transfers to and from other Funds</li> </ul>	13.9 7.3	As due/monthly
<b>TOTAL PLEDGED REVENUES*</b>		<b>\$ 1,777.7</b>	

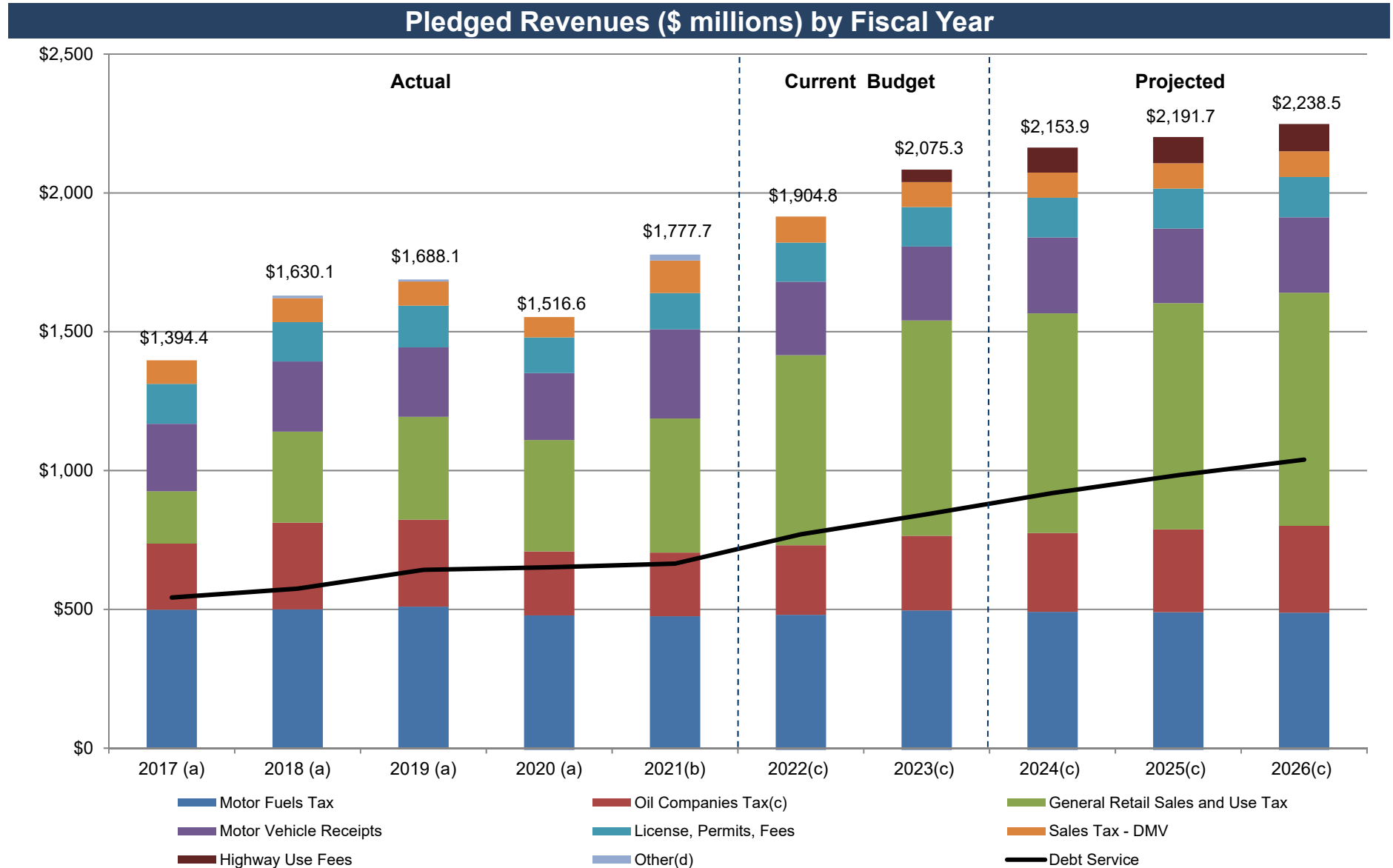
Source: Per the Office of the State Comptroller's Letter dated September 30, 2021 Reporting on Fiscal Year 2021 Year-end, unaudited.

\*Figures may not add due to rounding.

Percentages are based on the total pledged revenues prior to refunds and transfers



# TOTAL PLEDGED REVENUES HAVE BEEN STABLE AND ARE PROJECTED TO GROW



(a) Actual per Comptroller's Annual Reports, presented to conform to budgetary categories.  
 (b) Per the Office of the State Comptroller's Letter dated September 30, 2021 Reporting on Fiscal Year 2021 Year-end, unaudited.  
 (c) Pursuant to the April 30, 2021 consensus revenues and estimates of the Office of Policy and Management.  
 (d) Other revenues are comprised of Federal Build America Bond subsidy receipts, interest income, refunds of taxes, and transfers to/from other funds.



# MULTI-AGENCY TEAM COORDINATED TO MANAGE RESPONSE TO COVID-19

- State has demonstrated willingness to prudently manage the STO bond program
- Multi-agency collaboration to study short-term liquidity and formulate plans for structurally balanced budgets in the biennium and out years to include the impact of federal transportation funds

FY 2022-2023 Strategies – Strong Liquidity (Current Biennial Budget)
<ul style="list-style-type: none"> <li>▪ Utilize robust STF Cumulative Reserves                             <ul style="list-style-type: none"> <li>– FYE2022 – est. at \$424.1 million</li> <li>– FYE2023 – est. at \$689.6 million</li> </ul> </li> <li>▪ Leverage federal funding                             <ul style="list-style-type: none"> <li>– Reduce/negate increased subsidy for transit</li> </ul> </li> <li>▪ Strategies effectively manage projected revenue decline</li> </ul>
Potential Impact of the Infrastructure Bill
<ul style="list-style-type: none"> <li>▪ A 5-year reauthorization of Federal programs with increases to all existing programs plus new programs</li> <li>▪ \$300M FTA additional formula funds over five years, up 30%</li> <li>▪ \$1.3B FHWA additional formula funds over five years, up 48%</li> <li>▪ Included above are new targeted programs for bridge and environment</li> <li>▪ Connecticut is also eligible to compete for competitive funds from the \$100 billion national pool available</li> </ul>

Federal Funding (CARES Act/CRRSA/ARP)	
State of Connecticut	\$4.029 billion
CT DOT	\$1.547 billion
<u>CARES ACT:</u>	
State of Connecticut	\$1,382 million
CT DOT (FTA)	489 million
Expended or Sub-granted	380 million
Projected to be spent by 12/31/21	109 million
<u>CRRSA:</u>	
State of Connecticut	\$ ---
CT DOT (FTA & FHWA)	458 million
<u>ARP:</u>	
State of Connecticut (eligible)	2,812 million
CT DOT (estimated) (FTA)	600 million



# ACTUAL AND PROJECTED STF REVENUES, DEBT SERVICE AND EXPENDITURES

Fiscal Year Ending June 30										
(\$ in Millions)	2017 <sup>(a)</sup>	2018 <sup>(a)</sup>	2019 <sup>(a)</sup>	2020 <sup>(a)</sup>	2021 <sup>(b)</sup>	2022 <sup>(c)</sup>	2023 <sup>(c)</sup>	2024 <sup>(c)</sup>	2025 <sup>(c)</sup>	2026 <sup>(c)</sup>
<b>Actual &amp; Projected Revenues*</b>	<b>Actual</b>					<b>Budget</b>		<b>Projected</b>		
Motor Fuels Tax <sup>(d)</sup>	498.5	499.8	509.7	478.2	475.2	480.3	496.0	491.0	489.8	488.0
Oil Companies Tax <sup>(d)</sup>	238.4	312.5	313.1	230.4	229.1	250.4	268.9	283.7	297.9	312.8
Sales and Use Tax <sup>(d)</sup>	188.4	327.5	370.6	400.9	482.9	685.1	775.7	791.6	815.3	839.8
Motor Vehicle Receipts <sup>(d)</sup>	242.9	253.1	250.4	241.6	321.4	264.2	266.5	273.6	268.8	271.8
LPF Revenue <sup>(d)</sup>	144.0	141.9	150.1	128.7	130.7	140.8	142.1	142.7	143.8	145.0
Sales Tax - DMV <sup>(d)</sup>	85.0	85.9	87.3	73.1	117.2	93.9	89.7	90.6	91.5	92.4
Highway Use Tax <sup>(d)</sup>	-	-	-	-	-	-	45.0	90.0	94.1	98.3
Federal Payments <sup>(d)</sup>	12.2	12.2	12.3	12.3	12.0	11.0	10.1	9.2	8.1	6.9
Interest Income <sup>(d)</sup>	9.0	17.7	37.4	21.8	1.9	5.1	5.5	6.4	7.7	9.2
Transfers from/(to) Other Funds <sup>(e)</sup>	(6.5)	(5.5)	(5.5)	(35.5)	24.5	(5.5)	(5.5)	(5.5)	(5.5)	(5.5)
<b>Total Revenues</b>	<b>1,411.7</b>	<b>1,645.0</b>	<b>1,725.2</b>	<b>1,551.5</b>	<b>1,794.9</b>	<b>1,925.3</b>	<b>2,094.0</b>	<b>2,173.3</b>	<b>2,211.5</b>	<b>2,258.7</b>
Refunds	(17.3)	(14.9)	(37.1)	(34.9)	(17.2)	(20.5)	(18.7)	(19.4)	(19.8)	(20.2)
<b>Total Net Revenues</b>	<b>1,394.4</b>	<b>1,630.1</b>	<b>1,688.1</b>	<b>1,516.6</b>	<b>1,777.7</b>	<b>1,904.8</b>	<b>2,075.3</b>	<b>2,153.9</b>	<b>2,191.7</b>	<b>2,238.5</b>
<b>Actual &amp; Projected Debt Service and Expenditures*</b>										
Debt Service on the Bonds <sup>(f)</sup>	542.6	574.4	642.2	651.3	664.7	770.5	842.7	919.1	983.2	1,039.1
Debt Service on Transportation Related General Obligation Bonds <sup>(g)</sup>	0.6	0.6	-	-	-	-	-	-	-	-
DOT Budgeted Expenses <sup>(h)</sup>	592.8	639.9	677.7	697.6	696.4	696.3	708.9	727.9	755.6	784.4
DMV Budgeted Expenses	62.6	59.7	66.2	62.3	70.3	67.2	68.9	69.5	72.2	75.1
Other Budget Expenses <sup>(i)</sup>	227.4	195.8	206.1	240.5	258.0	282.4	283.9	291.0	298.8	302.0
Program Costs Paid from Current Operations	13.6	11.5	21.5	16.7	15.7	17.4	17.4	17.7	18.1	18.4
Estimated Unallocated Lapses <sup>(j)</sup>	-	-	-	-	-	(112.0)	(112.0)	(12.0)	(12.0)	(12.0)
<b>Total Expenditures*</b>	<b>1,439.6</b>	<b>1,482.0</b>	<b>1,613.8</b>	<b>1,668.3</b>	<b>1,705.1</b>	<b>1,721.8</b>	<b>1,809.8</b>	<b>2,013.2</b>	<b>2,115.9</b>	<b>2,207.0</b>
<b>Excess (Deficiency)*</b>	<b>(45.2)</b>	<b>148.1</b>	<b>74.4</b>	<b>(151.7)</b>	<b>72.7</b>	<b>183.0</b>	<b>265.5</b>	<b>140.7</b>	<b>75.8</b>	<b>31.5</b>
<b>Revised Cumulative Excess (Deficiency)*</b>	<b>97.6</b>	<b>245.7</b>	<b>320.1</b>	<b>168.4</b>	<b>241.1</b>	<b>424.1</b>	<b>689.6</b>	<b>830.3</b>	<b>906.1</b>	<b>937.6</b>

\*Figures may not add due to rounding.

Footnotes included on the next page



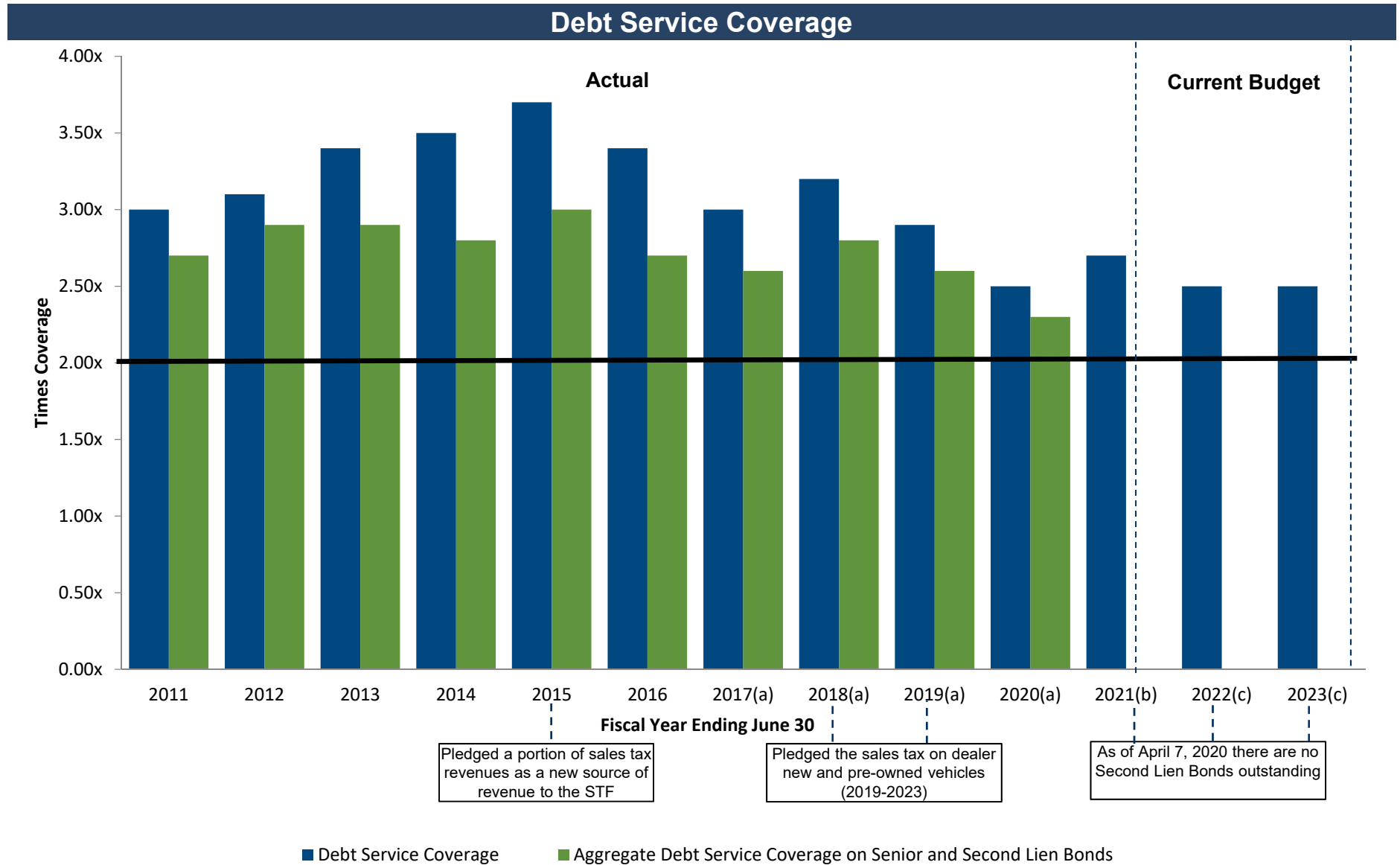
# FOOTNOTES TO SLIDE 12: ACTUAL AND PROJECTED STF REVENUES, DEBT SERVICE AND EXPENDITURES

- (a) Actual per Comptroller's Annual Reports, presented to conform to budgetary categories.
- (b) Per the Office of the State Comptroller's Letter dated September 30, 2021 Reporting on Fiscal Year 2021 Year-end, unaudited.
- (c) Pursuant to the April 30, 2021 consensus revenues revised to include legislative changes detailed in Table 2 and estimates of the Office of Policy and Management. Expenditures pursuant to Special Act 21-15 for Fiscal Year 2022 and 2023. Fiscal Years 2024 through 2026 are estimates based on the Office of Policy and Management.
- (d) See "Discussion of Projected Pledged Revenues," footnotes to Table 3, and "Description of Revenue Sources of the Special Transportation Fund" herein.
- (e) Pursuant to C.G.S. Section 14-164m, \$6.5 million will be transferred annually from the Special Transportation Fund to the Emission Enterprise Fund. Section 671 of Public Act 17-2 of the June Special Session reduces the Emission Enterprise Fund transfer to \$5.5 million beginning October 1, 2017. Pursuant to section 371 of Public Act 19-117, a transfer of \$30 million from the Special Transportation Fund will occur in Fiscal Year 2020 to be used as revenue for the Special Transportation Fund in Fiscal Year 2021.
- (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: \$800 million at 5.0% for Fiscal Year 2022; \$925 million at 5.0% for Fiscal Year 2023; \$1 billion at 5.0% for each of Fiscal Years 2024 and 2025; and \$1.1 billion at 5.0% for Fiscal Year 2026. 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-Implementation of and 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) Represents payment of that portion of debt service on outstanding general obligation bonds which bear the same ratio to all such debt services as the sum of the amount of bond authorization allocated to the Department by the State Bond Commission in each year that such bonds were issued bears to the total amount of general obligation bonds authorized by the State Bond Commission during all such years.
- (h) 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. The adopted Fiscal Year 2017 budget includes \$2.3 million related to the Connecticut Airport Authority. See "Organization and Responsibilities-Former Bureau of Aviation/Connecticut Airport Authority" herein.
- (i) Represents the cost of fringe benefits, pension costs and salary adjustments for the Department, the DMV and the Department of Energy and Environmental Protection.
- (j) 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. Federal Stimulus money is anticipated to cover up to \$100 million each year in Department of Transportation expenses for Fiscal Years 2022 and 2023.





# HISTORICALLY HAVE MAINTAINED STRONG DEBT SERVICE COVERAGE



(a) Actual per Comptroller's Annual Reports, presented to conform to budgetary categories. Certain Fiscal Year 2015 expenditures were adjusted to reflect the conversion to GAAP budgeting in Fiscal Year 2014.  
 (b) Per the Office of the State Comptroller's Letter dated September 30, 2021 Reporting on Fiscal Year 2021 Year-end, unaudited.  
 (c) Pursuant to the April 30, 2021 consensus revenues and estimates of the Office of Policy and Management.



# STRONG TRACK RECORD OF ADDING TO PLEDGED REVENUES AND RESIZING ANNUAL ISSUANCE BASED ON THE REVENUES OF THE STF

- The State has covenanted to levy sufficient taxes and fees to provide debt service coverage and sufficient pledged revenue to provide at minimum 2.0x coverage at the end of each Fiscal Year (rate covenant)
  - Additional Bonds Test also requires 2.0x coverage from Pledged Revenues for current and all succeeding years on outstanding and additional bonds
- Conservative long-term forecasting supports STO's debt service coverage outperformance (orange=projection; green=actual)
- 15-year history of meeting or exceeding out-year debt service coverage projection with the exception of FY2020 due to the COVID-19 pandemic

Actual Compared to Projected Debt Service Coverage																								
Series	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
2002 A	2.30x	2.30x	2.20x	2.10x	2.10x	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2002 B	2.40x	2.30x	2.20x	2.20x	2.20x	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2003 A	-	2.20x	2.30x	2.30x	2.20x	2.20x	2.20x	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2003 B	-	2.10x	2.30x	2.30x	2.30x	2.30x	2.30x	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2004 AB	-	2.10x	2.30x	2.30x	2.30x	2.30x	2.30x	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2005 A	-	-	2.30x	2.40x	2.40x	2.40x	2.50x	2.50x	2.50x	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2007 A	-	-	-	-	2.50x	2.70x	2.80x	2.70x	2.60x	2.60x	2.50x	-	-	-	-	-	-	-	-	-	-	-	-	-
2008 A	-	-	-	-	-	2.70x	2.60x	2.70x	2.50x	2.50x	2.50x	-	-	-	-	-	-	-	-	-	-	-	-	-
2008 1	-	-	-	-	-	2.70x	2.60x	2.60x	2.50x	2.50x	2.40x	-	-	-	-	-	-	-	-	-	-	-	-	-
2009 1	-	-	-	-	-	-	2.60x	2.60x	2.50x	2.50x	2.40x	-	-	-	-	-	-	-	-	-	-	-	-	-
2009 ABC	-	-	-	-	-	-	2.60x	2.50x	2.60x	2.60x	2.60x	2.80x	2.80x	-	-	-	-	-	-	-	-	-	-	-
2010 ABC	-	-	-	-	-	-	-	2.50x	2.60x	2.70x	2.60x	2.70x	2.70x	-	-	-	-	-	-	-	-	-	-	-
2011 AB	-	-	-	-	-	-	-	-	2.60x	2.70x	2.80x	2.80x	2.80x	2.70x	2.60x	-	-	-	-	-	-	-	-	-
2012 AB	-	-	-	-	-	-	-	-	-	2.70x	2.90x	2.90x	2.90x	2.80x	2.70x	-	-	-	-	-	-	-	-	-
2013 A	-	-	-	-	-	-	-	-	-	-	2.90x	2.90x	2.80x	2.80x	3.00x	2.80x	2.60x	-	-	-	-	-	-	-
2014 AB	-	-	-	-	-	-	-	-	-	-	-	2.90x	2.80x	2.90x	3.10x	2.80x	2.60x	-	-	-	-	-	-	-
2015 AB	-	-	-	-	-	-	-	-	-	-	-	-	2.80x	3.00x	2.90x	2.90x	2.80x	2.60x	2.40x	-	-	-	-	-
2016 AB	-	-	-	-	-	-	-	-	-	-	-	-	-	3.00x	2.80x	2.70x	2.70x	2.50x	2.30x	-	-	-	-	-
2018 A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.60x	2.70x	2.50x	2.40x	2.30x	-	-	-	-
2018 BC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.60x	2.80x	2.60x	2.60x	2.50x	-	-	-	-
2020A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.60x	2.40x	2.30x	2.30x	2.30x	2.30x	-
2021AB	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.30x	2.60x	2.40x	2.40x	2.20x	2.20x
2021C	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.30x	2.70x	2.50x	2.50x	2.40x	2.20x



# HISTORICAL AND PROJECTED DEBT SERVICE COVERAGE LEVELS REMAIN STRONG

(\$'s in millions)		Fiscal Year Ending June 30					
		2021 <sup>(a)</sup>	2022 <sup>(b)</sup>	2023 <sup>(b)</sup>	2024 <sup>(b)</sup>	2025 <sup>(b)</sup>	2026 <sup>(b)</sup>
		Actual	Budget		Projected		
1	Special Transportation Fund Net Revenues	1,777.7	1,904.8	2,075.3	2,153.9	2,191.7	2,238.5
2	Principal and Interest Requirements of the 2009B – 2021C Senior Bonds <sup>(c)</sup> .....	664.3	709.6	714.7	710.1	692.0	663.1
3	Actual and Projected Debt Service Coverage for the 2009B – 2021C Senior Bonds <sup>(d)</sup> .....	2.7x	2.7x	2.9x	3.0x	3.2x	3.4x
4	Projected Principal and Interest Requirements for Additional Senior Bonds <sup>(e)</sup> .....	-	55.9	123.0	204.0	286.2	371.0
5	Actual and Projected Aggregate Debt Service Coverage for Outstanding and Projected Senior Bonds <sup>(f)</sup> .....	2.7x	2.5x	2.5x	2.4x	2.2x	2.2x

- a) Per the Office of the State Comptroller's Letter dated September 30, 2021 Reporting on Fiscal Year 2021 Year-end, unaudited.
- b) Pursuant to the April 30, 2021 consensus revenues and estimates of 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.
- 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: \$800 million at 5.0% for Fiscal Year 2022; \$925 million at 5.0% for Fiscal Year 2023; \$1 billion at 5.0% for each of Fiscal Years 2024 and 2025; and \$1.1 billion at 5.0% for Fiscal Year 2026. 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

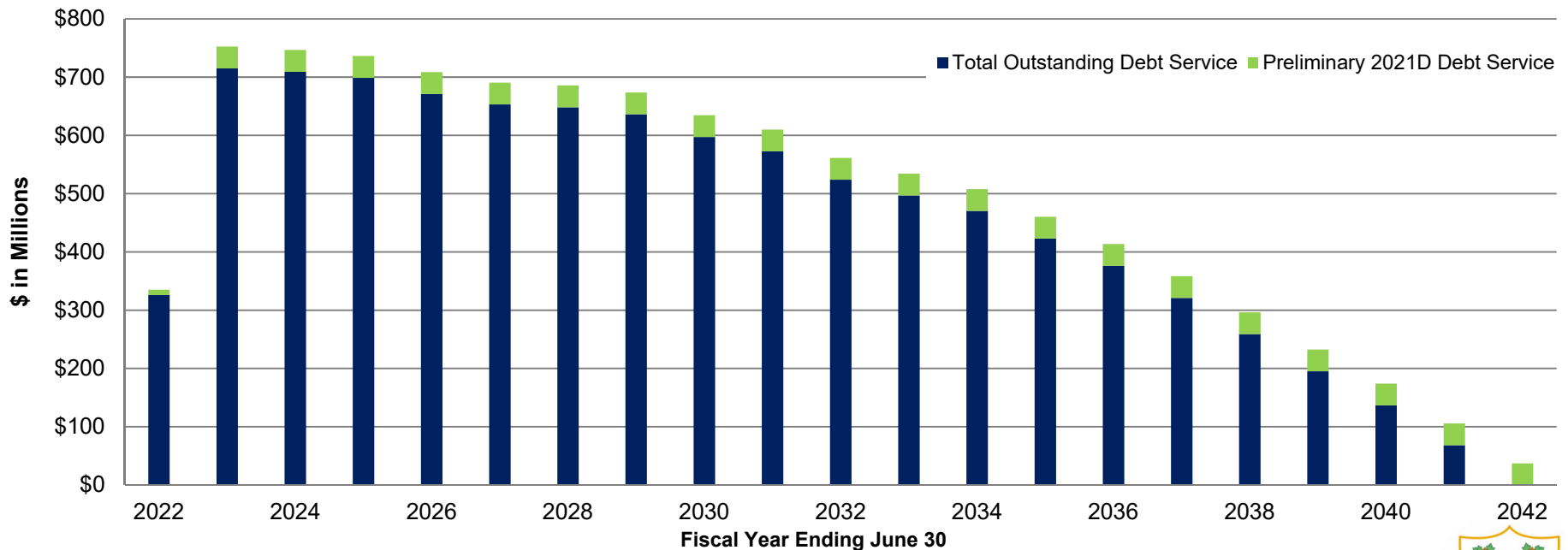


# THE \$500 MILLION 2021 SERIES D BOND ISSUANCE

Overview and Use of Proceeds	
	2021D
Par Amount	\$500 million
Delivery Date	December 1, 2021
Maturities	Serials 2022-2041
Use of Proceeds	<div style="display: flex; align-items: center;"> <div style="width: 10px; height: 10px; background-color: #003366; margin-right: 5px;"></div> <span>New Money</span> </div>

Bond Maturity Table			
Maturity Year	Par Amount (Due 11/1)	Maturity Year	Par Amount (Due 11/1)
2022	\$15,885,000	2032	\$24,900,000
2023	16,520,000	2033	26,145,000
2024	17,180,000	2034	27,450,000
2025	17,865,000	2035	28,825,000
2026	18,580,000	2036	29,980,000
2027	19,510,000	2037	31,175,000
2028	20,485,000	2038	32,425,000
2029	21,510,000	2039	33,720,000
2030	22,585,000	2040	35,070,000
2031	23,715,000	2041	36,475,000
<b>Total</b>			<b>\$500,000,000</b>

## Pro Forma Debt Service



Note: Preliminary, subject to change.



# ANTICIPATED TRANSACTION TIMING AND CONTACT INFORMATION

October 2021							November 2021							December 2021						
S	M	T	W	Th	F	S	S	M	T	W	Th	F	S	S	M	T	W	Th	F	S
					1	2	1	2	3	4	5	6			1	2	3	4		
3	4	5	6	7	8	9	7	8	9	10	11	12	13	5	6	7	8	9	10	11
10	11	12	13	14	15	16	14	15	16	17	18	19	20	12	13	14	15	16	17	18
17	18	19	20	21	22	23	21	22	23	24	25	26	27	19	20	21	22	23	24	25
24	25	26	27	28	29	30	28	29	30					26	27	28	29	30	31	
31																				

  Key Dates

Key Contacts	Timing*	Other Working Group Members
<p><b>State of Connecticut (OT)</b> Sarah Sanders <i>Assist. Treasurer of Debt Management</i> Debt Management Division Office Number: 860-702-3288 Email: <a href="mailto:sarah.sanders@ct.gov">sarah.sanders@ct.gov</a></p> <p><b>Bookrunning Senior Manager</b> Robert Coven <i>Managing Director</i> Raymond James Office Number: 646-557-1549 Email: <a href="mailto:robert.coven@raymondjames.com">robert.coven@raymondjames.com</a></p> <p>Alexander Shih <i>Managing Director</i> Raymond James Office Number: 646-557-1541 Email: <a href="mailto:alexander.shih@raymondjames.com">alexander.shih@raymondjames.com</a></p>	<p>Tuesday, November 2<sup>nd</sup> POS Mailed and Investor Presentation Posted</p> <p>Monday, November 8<sup>th</sup> Retail Pricing</p> <p>Tuesday, November 9<sup>th</sup> Institutional Pricing</p> <p>Wednesday, December 1<sup>st</sup> Closing</p>	<p><b>Co-Bond Counsel</b> Pullman &amp; Comley, LLC Lewis &amp; Munday, PC</p> <p><b>Financial Advisors</b> Mark Gooding <i>Managing Director</i> Estrada Hinojosa Office Number: 212-946-4926 Email: <a href="mailto:mgooding@ehmuni.com">mgooding@ehmuni.com</a></p> <p>Robert Rodriguez <i>Director</i> PFM Financial Advisors LLC Office Number: 646-561-0710 Email: <a href="mailto:rodriguezr@pfm.com">rodriguezr@pfm.com</a></p> <p><b>Underwriters' Counsel</b> Law Offices of Joseph C. Reid, P.A.</p>

\*Preliminary, subject to change.

