

STATE OF CONNECTICUT STATE REVOLVING FUND

FRAMEWORK OVERVIEW AND SECOND OPINION BY SUSTAINALYTICS

May 23, 2017



SUSTAINALYTICS

www.sustainalytics.com

Ankita Shukla (Toronto)
Senior Advisor, Advisory Services
ankita.shukla@sustainalytics.com
(+1) 416 861 0403

Charlotte Peyraud (New York)
Senior Advisor, Institutional Relations
charlotte.peyraud@sustainalytics.com
(+1) 646 518 0184

TABLE OF CONTENTS

1. Preface	3
2. Introduction	3
3. Framework Overview	4
3.1 Use of Proceeds	4
3.2 Project Evaluation and Selection Process	5
3.3 Management of Proceeds	6
3.4 Reporting	6
4 Sustainalytics' Opinion	7
Conclusion	8
Appendices	9
Appendix A: Existing Eligible Projects	9
Appendix B: Green Bond/Green Bond Programme External Review Form	11
Sustainalytics	18

1. PREFACE

The State of Connecticut (the “State”), under its State Revolving Fund (SRF) Programs, has developed a green bond framework under which it is issuing a green bond (2017A Bond) and use the proceeds to provide direct reimbursement to projects for wastewater treatment and drinking water projects. The State has engaged Sustainalytics to provide a second opinion on its framework and the projects’ environmental credentials. As part of this engagement, Sustainalytics held conversations with various members of State of Connecticut’s management team to understand the sustainability impact of their processes and planned use of proceeds for the bond framework. Sustainalytics also reviewed relevant public and internal documents. This document contains two sections: Framework Overview – summary of the State of Connecticut’s Green Bond framework; and Sustainalytics’ Opinion – an opinion on the framework.

2. INTRODUCTION

The State of Connecticut’s State Revolving Fund (“SRF”) Programs provide a source of low interest loans and other types of financial assistance to local entities for the construction, rehabilitation, expansion or improvement of wastewater treatment or drinking water facilities. The SRF Programs consist of:

- (1) the Clean Water State Revolving Fund established by the State under the federal Clean Water Act, executed by the State’s Department of Energy and Environmental Protection (DEEP)
- (2) the Drinking Water State Revolving Fund established by the State under the federal Safe Drinking Water Act, executed by the State’s Department of Public Health

The goals of these laws are to improve water quality, protect the environment and protect public health and as such, the State of Connecticut’s SRF bonds are statutorily limited to funding projects that are assessed by the state to be environmentally impactful.

3. FRAMEWORK OVERVIEW

For the purpose of issuing a green bond, the State of Connecticut has developed the following framework, which addresses the four key pillars of the Green Bond Principles (GBP): use of proceeds, project selection process, management of proceeds, and reporting.

3.1 Use of Proceeds

The proceeds of the green bond will be allocated to provide direct reimbursement under the State Revolving Fund (SRF) Programs that meet the eligibility criteria defined below.

3.1.1 Eligibility Criteria

1. CLEAN WATER SRF PROGRAM: WASTEWATER TREATMENT INFRASTRUCTURE UPGRADES

The proceeds of the green bond will be allocated to provide direct reimbursement to capital expenditure (CAPEX) projects that (1) result in water quality improvements by removing nutrients (nitrogen and phosphorus) and combined sewer overflow discharges into the surface waters of the State; (2) provide rehabilitation of existing infrastructure in the wastewater collection system; or (3) eliminate groundwater pollution caused by antiquated subsurface sewage disposal systems.

Eligible projects may include:

- Upgrades to wastewater treatment plants to remove nutrients.
- Removal of combined sewer overflow discharges through sewer separation projects, off line storage projects and the construction of a wet weather treatment process at wastewater treatment plants.
- Lining sanitary sewers to minimize groundwater from entering the sewer.
- Rehabilitating sanitary sewer pump stations to improve reliability, energy efficiency and make them more resilient to flooding from rain storms.
- Constructing new septic systems to replace existing septic systems that are polluting the groundwater.

Some of the CAPEX projects will include energy efficiency components.

2. DRINKING WATER SRF PROGRAM: DRINKING WATER INFRASTRUCTURE UPGRADES

The proceeds of the green bond will be allocated to provide direct reimbursement to capital expenditure (CAPEX) projects that leads to safe drinking water and improved reliability of safe drinking water infrastructure.

Eligible projects may include:

- Upgrades to water treatment plants to improve drinking water quality, comply with federal Safe Drinking Water Act requirements and increase reliability and efficiency of plant operations.
- Upgrades to water storage tanks and pump stations to increase reliability, efficiency, sustainability and reduce water loss.

- Rehabilitation or replacement of groundwater wells to replace contaminated or diminished sources and improve the efficiency of water treatment and pumping equipment.
- Replacement or rehabilitation of water mains which have exceeded their useful service life to reduce the probability of main breakage and/or water leakage and improve the efficiency of water treatment and pumping equipment.
- Installation or replacement of back-up power systems to ensure the delivery of a safe and sufficient drinking water supply to consumers during power outages.
- Consolidation of public water systems and interconnections between public water systems to provide for increased resiliency, efficiency and cost-effective delivery of water services.

Please refer to Appendix A for a list of existing eligible projects that will be directly reimbursed upon closing of the 2017A Bonds.

3.2 Project Evaluation and Selection Process

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

DEEP biennially prepares the Priority List of eligible water quality projects identifying wastewater treatment projects that are eligible for assistance from the Clean Water Program (DEEP Priority List). DPH annually prepares the Project Priority List identifying drinking water projects that are eligible for assistance from the Drinking Water Program (DPH Priority List)¹. In order to qualify for funding under the SRF Programs, a project must be listed on either DEEP's or DPH's Priority List as well as meet the eligibility criteria detailed above in section 3.1. Once a project is placed on the Priority List, the potential loan recipient must file an application for financial assistance for such project. The application must pass four levels of approval:

- (1) evaluation and enforcement, which determines if the proposed project (i) addresses the needs cited by DEEP/DPH, (ii) complies with regulatory and statutory requirements, and (iii) complies with the eligibility criteria detailed in section 3.1. DEEP, Bureau of Water Protection and Land Reuse are the departments responsible for evaluating compliance with eligibility criteria for the Clean Water Fund. DPH, Drinking Water Section is the department responsible for evaluating compliance with eligibility criteria for the Drinking Water Fund ;
- (2) project administration, which determines project eligibility for funding in accordance with State and federal regulations;
- (3) environmental review, which involves the preparation of an environmental assessment of the project; and
- (4) credit review, which analyzes an applicant's ability to repay the Loan.

¹ http://www.ct.gov/dph/lib/dph/drinking_water/pdf/Final_2017_IUP.pdf

3.3 Management of Proceeds

The State will track the net proceeds of the 2017A Bonds and confirm that such proceeds are used for eligible green qualified projects. The proceeds of the 2017A Bonds will be used to provide direct reimbursement to projects eligible under the SRF Programs. The net proceeds of the 2017A Bonds will be deposited in the Bond Proceeds Fund and will be expended only for the purposes of the SRF Programs. Pending such expenditures, the net proceeds will be invested in accordance with the State's investment policy.

A Financial Administrator, appointed by the Treasurer, is given responsibility to manage and coordinate the various financial components of the SRF Programs on a day-to-day basis.

3.4 Reporting

Commencing with the delivery of the Clean Water State Revolving Fund Program Annual Report and Drinking Water State Revolving Fund Annual Report for the fiscal year ending June 30, 2017, the State will provide reporting on an annual basis. Such reporting will include the Borrowers, a brief project description for each of the projects funded with the 2017A Bonds and the amount of 2017A Bond proceeds spent on such projects, but only until the proceeds of the 2017A Bonds have been fully expended. Such information will be posted to the Electronic Municipal Market Access (EMMA) website of the Municipal Securities Rulemaking Board, accessible at www.emma.msrb.org, on an annual basis on or before the date eight months after the close of the fiscal year for which such information is being provided. Once the State has fully expended all of the proceeds of the 2017A Bonds, the State will no longer report such information to the holders of the 2017A Bonds as the information will remain unchanged. However, as stated above, the information will always be available in the published Clean Water State Revolving Fund Program Annual Reports and the Drinking Water State Revolving Fund Annual Reports available on the Treasurer's website and EMMA.

When possible, the State of Connecticut will report quantitative and/or qualitative impacts resulting from eligible projects which may include: reduction in treated water leakage, volume of water/wastewater collected/stored/treated, and improvements in water quality through nutrient removal. This information will be gathered and the impact will be reported on a best effort basis.

As the program progresses, DEEP will gather information regarding the amount of Combined Sewer Overflows eliminated from the construction of eligible projects and will monitor the amount of nutrients discharged from wastewater treatment plants. Once these projects are completed, DEEP will then reassess and, when feasible, report on the water quality improvements made by eligible projects funded by the Clean Water SRF.

The DPH will continue to report on the beneficial public health impacts and improved operational efficiencies of each project.

4 SUSTAINALYTICS' OPINION

Effects of Climate Change on the State of Connecticut's Water Management Practices:

According to the Intergovernmental Panel on Climate Change (IPCC), wastewater management is “an important sustainable development goal because it can lead directly to improved health, productivity of human resources, and better living conditions”².

Wastewater treatment and stormwater management are projected to become increasingly difficult due to climate change and the associated changes in temperatures, precipitation patterns, sea level rise and storm-related damages. The U.S. Environmental Protection Agency (EPA) has stipulated that rising temperatures and shifting rainfall patterns are likely to increase the intensity of both floods and droughts³. In a report issued by Connecticut Governor's Steering Committee on Climate Change, the ability of wastewater facilities to adapt to climate change was identified as critical to future water quality within Connecticut as extreme precipitation events will put additional pressure on storm sewer systems⁴.

The water infrastructure improvement projects financed under the State of Connecticut State Revolving Fund are expected to provide multiple opportunities for climate change mitigation and adaptation. Upgraded facilities will help climate change mitigation by controlling water pollution, increasing energy efficiency and reducing GHG emissions. Treatment and reuse of wastewater and stormwater will serve as effective climate adaptation measures, as improved sewer systems prepare residents for floods and new water collection and treatment systems increase water availability during droughts.

With respect to climate change adaptation, Sustainalytics has reviewed documents from the State of Connecticut that confirm that the State conducts studies to identify risks posed by climate change. In its 2016 priority list, the State discloses that in 2013, Public Act No. 13-15 was passed. This act requires all wastewater improvement projects that may be affected by sea level rise due to climate change to consider ways to mitigate this impact of climate change in the project's design. All Clean Water Fund projects require an assessment of the risk to existing wastewater infrastructure from climate change, and an evaluation of alternatives for remedial actions. Sustainalytics is of the opinion that basing the adaptation eligibility criterion on specific risk studies strengthens the impact of the use of proceeds, as it establishes a clear case that the adaptation infrastructure is being funded as a direct response to climate change risks.

State Revolving Funds (SRFs) can be used to make the State of Connecticut more resilient to a changing climate. By providing critical support for a variety of drinking water and wastewater projects, the State is able to adapt and mitigate the effects of climate change on water supply.

² https://www.ipcc.ch/publications_and_data/ar4/wg3/en/ch12s12-3-4.html

³ <https://www.epa.gov/sites/production/files/2016-09/documents/climate-change-ct.pdf>

⁴ http://www.ct.gov/deep/lib/deep/climatechange/connecticut_climate_preparedness_plan_2011.pdf

Importance of State Revolving Fund in the State of Connecticut:

The large magnitude of the country's needs reflect the challenges confronting water systems as they deal with an infrastructure network that has aged considerably since these systems were constructed, in many cases, 50 to 100 years ago⁵.

In 2013, the EPA released a study showing that \$384 billion in improvements are needed for the nation's drinking water infrastructure through 2030 for systems to continue providing safe drinking water to 297 million Americans⁶. Based on these results, the State of Connecticut had been allocated 1.01% of the above-mentioned amount between 2014-2017. Furthermore, the U.S. EPA Clean Watershed Needs Survey, reported to Congress in 2012, estimated that the overall need for improvements in Connecticut to meet the goals of the federal Clean Water Act was approximately \$4.6 billion, including treatment plant construction and improvements, and combined sewer overflow correction needs⁷.

Together, the Clean Water State Revolving Fund and the Drinking Water State Revolving Fund are enabling the State of Connecticut to provide low-interest loans and grants to improve water infrastructure in order to protect public health and improve the quality of water resources.

Alignment with Green Bond Principles 2016: Sustainalytics has determined that the State of Connecticut's Green Bond Framework aligns to the four pillars of the Green Bond Principles 2016. For detailed information please refer to Appendix B: Green Bond/Green Bond Programme External Review Form.

Conclusion

By providing direct reimbursement to projects in wastewater treatment and drinking water, the State aims to improve water conservation and manage climate change risks by addressing system vulnerabilities. Such actions are recognized by the Intergovernmental Panel on Climate Change as effective climate mitigation and adaptation measures.

The State of Connecticut's approach to selecting projects and managing green bond proceeds is robust, and its reporting on the use of proceeds is transparent. The State's SRF green bond follows the guidance provided by the Green Bond Principles and is in alignment with its four pillars – the use of proceeds, process of project evaluation and selection, management of proceeds and reporting. Based on the above considerations, Sustainalytics is of the view that the State of Connecticut's green bond is robust and credible.

⁵ <http://www.waterworld.com/articles/2009/03/epa-survey-reveals-huge-drinking-water-infrastructure-needs.html>

⁶ <https://www.epa.gov/sites/production/files/2015-07/documents/epa816f13001.pdf>

⁷ <http://www.otl.ct.gov/debtreports/2016CleanWaterFundAnnualReport.pdf>

APPENDICES

Appendix A: Existing Eligible Projects

CLEAN WATER & DRINKING WATER SRF GRRF ACCOUNT GREEN BONDS DISBURSEMENTS THROUGH 4/30/17

<u>Recipient</u>	<u>Program</u>	<u>Project #</u>	<u>Project Description</u>	<u>Disbursements</u>
Bethel	Drinking Water	2016-7040	Construction of atmospheric storage tank	\$1,035,108.14
Bridgeport	Clean Water	628-C	Combined sewer elimination	154,887.57
Bridgeport	Clean Water	681-C	CSO storm water pump station & combined sewer separation	141,041.67
Bristol	Clean Water	640-DC	Upgrade to water pollution control facility	3,686,836.85
Cheshire	Clean Water	618-DC	Upgrade to water pollution control facility	136,754.44
GNH WPCA	Clean Water	441-C	Upgrade to water pollution control facility	3,772,413.59
GNH WPCA	Clean Water	676-C	Inflow and infiltration rehabilitation	157,455.78
Killingly	Clean Water	524-DC	Reconstruction of the pump station	298,638.38
Marlborough	Clean Water	687-C	Sewer system installation	1,134,747.95
MDC	Drinking Water	2013-7015	Franklin Avenue, Hartford water main replacement	620,161.53
MDC	Drinking Water	2013-7021	Albany Avenue, Hartford water main replacement	438,720.44
MDC	Drinking Water	2014-7029	Pump station upgrades	493,875.13
MDC	Drinking Water	2014-7030	Reservoir #6 Water Treatment Plant improvements	248,574.45
MDC	Drinking Water	2014-7031	Storage basin improvements	123,760.84
MDC	Drinking Water	2014-7032	North storage basin site prep for construction	262,604.07
MDC	Drinking Water	2016-7033	Water treatment plant valve replacement & water main replacement	1,501,319.95
MDC	Drinking Water	2016-7035	Farmington Avenue, Hartford water main replacement	2,203,261.94
MDC	Drinking Water	2016-7042	Jerome Avenue, Bloomfield water main replacement	825,335.44
MDC	Drinking Water	2016-7043	Center and Fairmont area, Hartford water main replacement	1,121,155.29
MDC	Drinking Water	2016-7044	Hamilton and Park area, Hartford water main replacement	2,731,046.68
MDC	Drinking Water	2016-7045	Wethersfield area water main replacement	1,356,531.28

MDC	Clean Water	215-C	Sanitary sewer improvements and reduce inflow and infiltration	2,575,084.94
MDC	Clean Water	652-C	Upgrade to water pollution control facility	21,803,122.18
MDC	Clean Water	657-C	Hartford waste water treatment plant upgrades	23,161,721.49
MDC	Clean Water	686-C	Relocate ductbanks & install geotech monitoring points SHCST	226,937.11
MDC	Clean Water	692-C	Construction of the South Hartford conveyance and storage tunnel (SHCST)	15,842,232.14
Meriden	Drinking Water	2014-7034	Water filtration plant and pump station upgrades	1,240,105.13
Meriden	Drinking Water	2016-7041	Water main replacement	1,417,223.16
Middletown	Clean Water	487-DC	Pump station and force main installation	1,474,458.19
New Britain	Drinking Water	2015-7038	Storage tank replacement	782,183.02
New London	Drinking Water	2013-7025	Intake pump station installation	1,229,458.80
Norwich	Drinking Water	2014-7036	Water storage tank pump and drives upgrades	1,033,170.50
Norwich	Drinking Water	2015-7037	Design for water and gas system improvements	1,528,015.52
Old Saybrook	Clean Water	673-C	Decentralized wastewater management system	1,154,540.49
SCCRWA	Drinking Water	2017-7050	Water treatment plant generator replacement	1,878,485.74
Southington	Drinking Water	2016-7039	Install 1.0 million gallon water storage tank & booster station	3,135,113.06
Tarrifville	Drinking Water	2016-7048	Water storage tank replacement	920,890.52
Thompson	Clean Water	661-DC	Phosphorus removal system upgrade at water pollution control facility	425,216.06
Torrington	Clean Water	695-DC	East basin sewer system rehabilitation project	918,660.74
Total Disbursements to be Reimbursed to SRF GRRF Account through 4/30/17				\$103,190,850.20

Appendix B: Green Bond/Green Bond Programme External Review Form

Green Bond / Green Bond Programme External Review Form

Section 1. Basic Information

Issuer name: State of Connecticut

Green Bond ISIN or Issuer Green Bond Framework Name, if applicable: *[specify as appropriate]*

Review provider's name: Sustainalytics

Completion date of this form: May 23, 2017

Publication date of review publication: *[where appropriate, specify if it is an update and add reference to earlier relevant review]*

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBPs:

- | | |
|------------------------------------------------------------|----------------------------------------------------------------------------------|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---------------------------------------------------------------------------------|----------------------------------------|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other <i>(please specify)</i> : | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW *(if applicable)*

Please refer to Green Bond Framework and Second Opinion Document above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (if applicable):

The State of Connecticut (the “State”), under its State Revolving Fund (SRF) Programs, has developed a green bond framework under which it is issuing a green bond and use the proceeds to provide direct reimbursement to projects for wastewater and drinking water projects. Sustainalytics is of the view that the State’s SRF green bonds are robust and credible.

Use of proceeds categories as per GBP:

- | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------|
| <input type="checkbox"/> Renewable energy | <input type="checkbox"/> Energy efficiency |
| <input type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Sustainable management of living natural resources |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input type="checkbox"/> Clean transportation |
| <input checked="" type="checkbox"/> Sustainable water management | <input checked="" type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient products, production technologies and processes | <input type="checkbox"/> Other (please specify): |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | |

If applicable please specify the environmental taxonomy, if other than GBPs:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

DEEP and DPH administer priority systems to determine eligibility for Loans under the SRF Programs. In order to qualify for funding under the SRF Programs, a project must be listed on either DEEP's or DPH's Priority List as well as meet the eligibility criteria. DEEP, Bureau of Water Protection and Land Reuse are the departments responsible for evaluating compliance with eligibility criteria for the Clean Water Fund. DPH, Drinking Water Section is the department responsible for evaluating compliance with eligibility criteria for the Drinking Water Fund. Once a project is placed on the Priority List, the potential loan recipient must file an application for financial assistance for such project.

Evaluation and selection

- | | |
|--------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (please specify): |

Information on Responsibilities and Accountability

- | | |
|-----------------------------------------------------------------------------------------------------|---------------------------------------------------------|
| <input type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input checked="" type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (please specify): | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable):

As a result of its designation of the 2017A Bonds as Green Bonds, the State will track the net proceeds of the 2017A Bonds and confirm that such proceeds are used for eligible green qualified projects. The proceeds of the 2017A Bonds will be used to provide direct reimbursement to projects eligible under the SRF Programs. The net proceeds of the 2017A Bonds will be deposited in the Bond Proceeds Fund and will be expended only for the purposes of the SRF Programs. Pending such expenditures, the net proceeds will be invested in accordance with the State's investment policy.

Sustainalytics is of the opinion that the State has sufficient oversight over the management of proceeds.

Tracking of proceeds:

- | |
|--------------------------------------------------------------------------------------------------------------------|
| <input checked="" type="checkbox"/> Green Bond proceeds segregated or tracked by the issuer in a systematic manner |
| <input type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| <input type="checkbox"/> Other (please specify): |

Additional disclosure:

- | | |
|----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|
| <input type="checkbox"/> Allocations to future investments only | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
| <input type="checkbox"/> Allocation to individual disbursements | <input type="checkbox"/> Allocation to a portfolio of disbursements |
| <input type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other <i>(please specify)</i> : |

4. REPORTING

Overall comment on section *(if applicable)*:

Disclosure will include the Borrowers, a brief project descriptions of the projects funded with the 2017A Bonds and the amount of 2017A Bond proceeds spent on such projects, but only until the proceeds of the 2017A Bonds have been fully expended.

Sustainalytics considers that the State's allocation reporting is aligned with market practices.

Use of proceeds reporting:

- | | |
|--------------------------------------------------------|----------------------------------------------------------|
| <input checked="" type="checkbox"/> Project-by-project | <input type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other <i>(please specify)</i> : |

Information reported:

- | | |
|----------------------------------------------------------|----------------------------------------------------------------|
| <input checked="" type="checkbox"/> Allocated amounts | <input type="checkbox"/> GB financed share of total investment |
| <input type="checkbox"/> Other <i>(please specify)</i> : | |

Frequency:

- | | |
|----------------------------------------------------------|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other <i>(please specify)</i> : | |

Impact reporting:

- | | |
|--------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input checked="" type="checkbox"/> Other <i>(please specify)</i> : On a project-by-project basis when possible |

Frequency:

- | | |
|----------------------------------------------------------|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other <i>(please specify)</i> : | |

Information reported *(expected or ex-post)*:

☐ GHG Emissions / Savings

☐ Energy Savings

☒ Other ESG indicators (please specify): Quantitative and/or qualitative impacts include: reduction in treated water leakage, volume of water/wastewater collected/stored/treated, and improvements in water quality through nutrient removal. This information will be gathered and the impact will be reported on a best effort basis.

Means of Disclosure

☐ Information published in financial report

☐ Information published in sustainability report

☐ Information published in ad hoc documents

☒ Other (please specify): Electronic Municipal Market Access (EMMA) system of the Municipal Securities Rulemaking Board, accessible at www.emma.msrb.org

☐ Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

www.emma.msrb.org

http://www.ct.gov/deep/cwp/view.asp?a=2688&Q=438546&depNav_GID=1511

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

☒ Consultancy (incl. 2nd opinion)

☐ Certification

☐ Verification / Audit

☐ Rating

☐ Other (please specify):

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE GBP

- (i) **Consultant Review:** An issuer can seek advice from consultants and/or institutions with recognized expertise in environmental sustainability or other aspects of the issuance of a Green Bond, such as the establishment/review of an issuer's Green Bond framework. "Second opinions" may fall into this category.
- (ii) **Verification:** An issuer can have its Green Bond, associated Green Bond framework, or underlying assets independently verified by qualified parties, such as auditors. In contrast to certification, verification may focus on alignment with internal standards or claims made by the issuer. Evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria.
- (iii) **Certification:** An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against an external green assessment standard. An assessment standard defines criteria, and alignment with such criteria is tested by qualified third parties / certifiers.
- (iv) Rating:** An issuer can have its Green Bond or associated Green Bond framework rated by qualified third parties, such as specialised research providers or rating agencies. Green Bond ratings are separate from an issuer's ESG rating as they typically apply to individual securities or Green Bond frameworks / programmes.

Disclaimer

All rights reserved. No part of this second party opinion (the “Opinion”) may be reproduced, transmitted or published in any form or by any means without the prior written permission of Sustainalytics.

The Opinion was drawn up with the aim to explain why the analyzed bond is considered sustainable and responsible. Consequently, this Opinion is for information purposes only and Sustainalytics will not accept any form of liability for the substance of the opinion and/or any liability for damage arising from the use of this Opinion and/or the information provided in it.

As the Opinion is based on information made available by the client, Sustainalytics does not warrant that the information presented in this Opinion is complete, accurate or up to date.

Nothing contained in this Opinion shall be construed as to make a representation or warranty, express or implied, regarding the advisability to invest in or include companies in investable universes and/or portfolios. Furthermore, this Opinion shall in no event be interpreted and construed as an assessment of the economic performance and credit worthiness of the bond, nor to have focused on the effective allocation of the funds’ use of proceeds.

The client is fully responsible for certifying and ensuring its commitments’ compliance, implementation and monitoring.

SUSTAINALYTICS

Sustainalytics is an independent ESG and corporate governance research, ratings and analysis firm supporting investors around the world with the development and implementation of responsible investment strategies. With 13 offices globally, Sustainalytics partners with institutional investors who integrate environmental, social and governance information and assessments into their investment processes. Today, the firm has more than 300 staff members, including 170 analysts with varied multidisciplinary expertise of more than 40 sectors. Through the IRRI survey, investors selected Sustainalytics as the best independent responsible investment research firm for three consecutive years, 2012 through 2014 and in 2015, Sustainalytics was named among the top three firms for both ESG and Corporate Governance research. The firm was also named the Best SRI or Green Bond Research Firm by Global Capital in 2015. For more information, visit www.sustainalytics.com

Sustainalytics

info@sustainalytics.com

www.sustainalytics.com

