Questions from an interested bidder pertaining to the State of Connecticut Office of the Treasurer's RFP for a Municipal Bond Debt Service Reserve Insurance Policy related to Connecticut Teachers' Retirement Fund (TRF) Bonds, Special Capital Reserve Fund (TRF-SCRF).

Question:

1. RFP states that in 2019 the State of Connecticut (the State) determined to extend the amortization period for the funding of the Actuarially Determined Employer Contribution (TRF ADEC).
   a. Can you provide the extended amortization schedule for the TRF ADEC?

Answer:
To be clear, the change in the amortization approach for the funding of the Teachers Retirement Fund-ADEC in no way impacts the amortization period for the 2008 bonds which funded the Teachers Retirement Fund (the 2008 Bonds).

The most recent projected ADEC calculations for the TRF are contained in the State's annual information statement on Page II-81.

https://buyctbonds.com/wp-content/uploads/2023/03/CT-February-2023-AIS.pdf.

Question:

   b. Is there an updated Stress Test Comparison Table model run with actual monthly lottery revenues available from June 2019 thru May 2023 and revenue projections thru the revised ADEC amortization period.

Answer:
The Bond Surety repayment obligation is primarily through a fully appropriated full faith and obligation of the State's General Fund. In addition, there is a back-up supplemental pledge of Lottery revenues. While no updated stress test has been completed, lottery revenues may be accessed at the CT Lottery Corporation's annual report, which has 10 years of historical contributions to the General Fund.

Question:

   c. Did this extension of the amortization period for the ADEC require or result in an amendment to the 2008 Bonds?

Answer:
No, the amortization period for the funding of the TRF-ADEC is not set out in the 2008 Bonds.

Question:

2. Can you elaborate on how underfunding the ADEC impacts bondholders?

Answer:
The State has not assessed whether a failure to fully fund the TRS ADEC would be material to holders of the 2008 Bonds. The State believes having a responsible approach to meeting its long-term obligations is material to bondholders.

<u>Question:</u>

3. Is there a maximum rate of interest limit that the State is subject to with respect to the reimbursement of Surety Policy draws? If so, please provide the State's maximum rate.

<u>Answer:</u>
Under the State's statutes, C.G.S. 37-4, in its current form, it is illegal for any person to charge more than 12% interest for an advance of funds.