

**STATE OF CONNECTICUT
SPECIAL TRANSPORTATION FUND**

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

**STATE OF CONNECTICUT
\$850,000,000 SPECIAL TAX OBLIGATION BONDS
TRANSPORTATION INFRASTRUCTURE PURPOSES,
2020 SERIES A**

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the Honorable Shawn T. Wooden
Treasurer of the State of Connecticut

We have performed the procedures enumerated below to the attached Exhibits A through D, to be contained in the Certificate of the Secretary of the Office of Policy and Management in response to Section 2.4(b)(3) of the Trust Indenture dated September 15, 1984, as amended and supplemented (the "Senior Indenture") and Section 2.2(b)(3) of the Trust Indenture dated December 1, 1990, as amended and supplemented (the "Second Lien Indenture"), relating to the offering of the State of Connecticut \$850,000,000 Special Tax Obligation Bonds Transportation Infrastructure Purposes, 2020 Series A. All terms below are used as defined in the aforementioned Senior Indenture and Second Lien Indenture. These procedures were agreed to by the Connecticut Office of the State Treasurer, the State of Connecticut Office of Policy and Management and U.S. Bank National Association. We performed these procedures for the purpose of determining compliance by the Connecticut Office of the State Treasurer with Section 2.4(b)(1) and Section 2.4(b)(2) of the Senior Indenture and Section 2.2(b)(1) and Section 2.2(b)(2) of the Second Lien Indenture. The State of Connecticut Office of Policy and Management is responsible for the preparation of Exhibits A through D. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures that we performed and our findings are as follows:

With respect to the coverage test required pursuant to Section 2.4(b)(1) of the Senior Indenture, as set forth in Exhibit A, we:

1. Determined the components of Pledged Revenues, as defined in the Senior Indenture.
2. Compared Pledged Revenues and other receipts, funds or monies pledged under the Senior Indenture to the State of Connecticut's general ledger for the twelve month period ended December 31, 2019, recalculated the summarization and found such amounts to be in agreement.
3. Compared the Principal and Interest Requirements of the Senior Bonds and Notes, as defined in the Senior Indenture, to the debt amortization schedules and found such amounts to be in agreement.
4. Proved the arithmetic accuracy of the debt service coverage ratio without exception and compared the ratio to the ratio required in the Senior Indenture and found such amount to be greater than 2.0.

With respect to the coverage test required pursuant to Section 2.4(b)(2) of the Senior Indenture, as set forth in Exhibit B, we:

1. Proved the arithmetic accuracy of Pledged Revenues and other receipts, funds or monies pledged, as defined in the Senior Indenture, and as adjusted for changes in motor fuels taxes, oil companies taxes, portion of the general retail sales taxes, motor vehicle receipts, motor vehicle related license, permit and fee revenues, other pledged revenues and transfers out to the Emission Enterprise Fund, enacted to be in effect during the twelve month period ended December 31, 2019 and succeeding twelve month periods. We found such amounts to be in agreement.
2. Compared the Principal and Interest Requirements of the Senior Bonds and Notes, as defined in the Senior Indenture, to the debt amortization schedules and found such amounts to be in agreement.
3. Proved the arithmetic accuracy of the debt service coverage ratio without exception and compared the ratio to the ratio required in the Senior Indenture and found such amount to be greater than 2.0.

With respect to the coverage test required pursuant to Section 2.2(b)(1) of the Second Lien Indenture, as set forth in Exhibit C, we:

1. Determined the components of Pledged Revenues, as defined in the Second Lien Indenture.
2. Compared Pledged Revenues and other receipts, funds or monies pledged under the Second Lien Indenture to the State of Connecticut's general ledger for the twelve month period ended December 31, 2019, recalculated the summarization and found such amounts to be in agreement.
3. Compared the Principal and Interest Requirements of the Senior and Second Lien Bonds and Notes, as defined in the Second Lien Indenture, to the debt amortization schedules and found such amounts to be in agreement.
4. Proved the arithmetic accuracy of the debt service coverage ratio without exception and compared the ratio to the ratio required in the Second Lien Indenture and found such amount to be greater than 2.0.

With respect to the coverage test required pursuant to Section 2.2(b)(2) of the Second Lien Indenture, as set forth in Exhibit D, we:

1. Proved the arithmetic accuracy of Pledged Revenues and other receipts, funds or monies pledged, as defined in the Second Lien Indenture, and as adjusted for changes in motor fuels taxes, oil companies taxes, portion of the general retail sales taxes, motor vehicle receipts, motor vehicle related license, permit and fee revenues, other pledged revenues and transfers out to the Emission Enterprise Fund, enacted to be in effect during the twelve month period ended December 31, 2019 and succeeding twelve month periods. We found such amounts to be in agreement.
2. Compared the Principal and Interest Requirements of the Senior and Second Lien Bonds and Notes, as defined in the Second Lien Indenture, to the debt amortization schedules and found such amounts to be in agreement.

3. Proved the arithmetic accuracy of the debt service coverage ratio without exception and compared the ratio to the ratio required in the Second Lien Indenture and found such amount to be greater than 2.0.

We were not engaged to, and did not, perform an audit or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the information contained in Exhibits A through D. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Connecticut Office of the State Treasurer, the State of Connecticut Office of Policy and Management, and U.S. Bank National Association and is not intended to be and should not be used by anyone other than these specified parties.

Mahoney Sabol + Company, LLP

Certified Public Accountants
Glastonbury, Connecticut
May 26, 2020

STATE OF CONNECTICUT
SPECIAL TRANSPORTATION FUND
COVERAGE TEST OF SECTION 2.4 (b)(1) OF THE SENIOR INDENTURE
\$850,000,000 SPECIAL TAX OBLIGATION BONDS
TRANSPORTATION INFRASTRUCTURE PURPOSES, 2020 SERIES A
FOR THE TWELVE MONTH PERIOD ENDED DECEMBER 31, 2019

(A) Pledged Revenues and Other Receipts, Funds or Monies Pledged Under the Senior Indenture	(B) Principal and Interest Requirements on Senior Bonds, and Interest Requirements on Senior Notes	(A)/(B) Debt Service Coverage Ratio
\$ 1,707,859,159	\$ 596,481,026	2.86

STATE OF CONNECTICUT
SPECIAL TRANSPORTATION FUND
COVERAGE TEST OF SECTION 2.4(b)(2) OF THE SENIOR INDENTURE
\$850,000,000 SPECIAL TAX OBLIGATION BONDS
TRANSPORTATION INFRASTRUCTURE PURPOSES, 2020 SERIES A

For the Twelve Month Period Ending December 31:	(A) Pledged Revenues and Other Receipts, Funds or Monies Pledged, as Defined Under the Senior Indenture (a)(b)	(B) Principal and Interest Requirements on Senior Bonds, Including the Additional Bonds, and Interest Requirements on Senior Notes	(A)/(B) Debt Service Coverage Ratio
2019	\$ 1,707,859,159	\$ 596,481,026	2.86
2020	1,772,684,600	634,124,549	2.80
2021	1,861,372,275	654,424,776	2.84
2022	1,965,352,162	657,278,008	2.99
2023	2,008,290,373	649,574,103	3.09
2024	2,007,298,337	640,107,303	3.14
2025	2,006,173,004	606,653,117	3.31
2026	2,004,730,090	594,763,146	3.37
2027	2,003,650,878	584,608,892	3.43
2028	2,002,281,496	569,911,029	3.51
2029	2,000,834,494	536,027,264	3.73
2030	1,999,351,678	505,268,177	3.96
2031	1,998,508,543	462,723,821	4.32
2032	1,998,508,543	434,230,025	4.60
2033	1,998,508,543	395,840,773	5.05
2034	1,998,508,543	343,556,421	5.82
2035	1,998,508,543	288,071,096	6.94
2036	1,998,508,543	234,250,925	8.53
2037	1,998,508,543	192,160,783	10.40
2038	1,998,508,543	113,319,283	17.64
2039	1,998,508,543	68,329,192	29.25
2040	1,998,508,543	22,776,375	87.74

STATE OF CONNECTICUT
SPECIAL TRANSPORTATION FUND
COVERAGE TEST OF SECTION 2.4(b)(2) OF THE SENIOR INDENTURE
\$850,000,000 SPECIAL TAX OBLIGATION BONDS
TRANSPORTATION INFRASTRUCTURE PURPOSES, 2020 SERIES A *(Continued)*

- (a) The amount of Pledged Revenues set forth in this Exhibit B have been calculated assuming no future changes in volume and no future changes in currently enacted taxes, fees and other charges except as follows:
- (1) Pursuant to section 136 of Public Act 07-1, on and after July 1, 2008, the motor fuels tax on diesel fuels will be determined by the Commissioner of Revenue Services. As of July 1, 2019 the rate was 46.5 cents per gallon, a change of 2.6 cents from the prior year. The rate as of July 1, 2020 will be 44.2 cents per gallon, a change of -2.3 cents.
 - (2) Pursuant to section 91 of Public Act 15-244, beginning on July 1, 2015 the tax collected on the gross earnings from the sale of petroleum products will be deposited into the Special Transportation Fund. Prior to Public Act 15-244 these transfers were guaranteed under Connecticut General Statutes, 13b-61a (b). Per section 672 of Public Act 17-2 of the June 2017 Special Session, a portion of the tax applied to aviation fuel will be diverted into a separate account. Approximately \$7.9 million of petroleum products tax was diverted in Fiscal Year 2019.
 - (3) Pursuant to sections 317 and 318 of Public Act 19-117, beginning in Fiscal Year 2019 sales tax collected on the sale of a motor vehicle at a dealership will be deposited into the Special Transportation Fund. The transfer amounts are 8.0% in Fiscal Year 2019, 17.0% in Fiscal Year 2020, 25.0% in Fiscal Year 2021, 75.0% in Fiscal Year 2022, and 100.0% in Fiscal Year 2023.
 - (4) Pursuant to Public Act 19-165, beginning on January 1, 2020, operator license renewals will be increased from 6 to 8 years and operator registration renewals will be increased from 2 to 3 years. The Department of Motor Vehicles will stagger the increase from January 1, 2020 to July 1, 2021.
 - (5) The federal subsidy for Build America Bonds has been reduced in accordance with the federal budget sequester for each of the twelve month periods ending December 31, 2020 through 2030.
- (b) Pledged Revenues set forth in this Exhibit B include those items defined as such by Section 1.1 of the Senior Indenture along with other receipts, funds or monies pledged which are allowable items for the purpose of calculating the coverage ratios per Section 2.4 of the Senior Indenture.

STATE OF CONNECTICUT
SPECIAL TRANSPORTATION FUND
COVERAGE TEST OF SECTION 2.2(b)(1) OF THE SECOND LIEN INDENTURE
\$850,000,000 SPECIAL TAX OBLIGATION BONDS
TRANSPORTATION INFRASTRUCTURE PURPOSES, 2020 SERIES A
FOR THE TWELVE MONTH PERIOD ENDED DECEMBER 31, 2019

(A) Pledged Revenues and Other Receipts, Funds or Monies Pledged Under the Second Lien Indenture	(B) Principal and Interest Requirements on Senior Bonds, and Second Lien Bonds, and Interest Requirements on Senior Notes and Second Lien Notes	(A)/(B) Debt Service Coverage Ratio
\$ 1,707,859,159	\$ 649,604,157	2.63

STATE OF CONNECTICUT
SPECIAL TRANSPORTATION FUND
COVERAGE TEST OF SECTION 2.2(b)(2) OF THE SECOND LIEN INDENTURE
\$850,000,000 SPECIAL TAX OBLIGATION BONDS
TRANSPORTATION INFRASTRUCTURE PURPOSES, 2020 SERIES A

For the Twelve Month Period Ending December 31:	(A) Pledged Revenues and Other Receipts, Funds or Monies Pledged, as Defined Under the Second Lien Indenture (a)(b)	(B) Principal and Interest Requirements on Senior Bonds, and Second Lien Bonds, Including the Additional Bonds, and Interest Requirements on Senior Notes and Second Lien Notes	(A)/(B) Debt Service Coverage Ratio
2019	\$ 1,707,859,159	\$ 649,604,157	2.63
2020	1,772,684,600	672,593,996	2.64
2021	1,861,372,275	654,424,776	2.84
2022	1,965,352,162	657,278,008	2.99
2023	2,008,290,373	649,574,103	3.09
2024	2,007,298,337	640,107,303	3.14
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2027	2,003,650,878	584,608,892	3.43
2028	2,002,281,496	569,911,029	3.51
2029	2,000,834,494	536,027,264	3.73
2030	1,999,351,678	505,268,177	3.96
2031	1,998,508,543	462,723,821	4.32
2032	1,998,508,543	434,230,025	4.60
2033	1,998,508,543	395,840,773	5.05
2034	1,998,508,543	343,556,421	5.82
2035	1,998,508,543	288,071,096	6.94
2036	1,998,508,543	234,250,925	8.53
2037	1,998,508,543	192,160,783	10.40
2038	1,998,508,543	113,319,283	17.64
2039	1,998,508,543	68,329,192	29.25
2040	1,998,508,543	22,776,375	87.74

STATE OF CONNECTICUT
SPECIAL TRANSPORTATION FUND
COVERAGE TEST OF SECTION 2.2(b)(2) OF THE SECOND LIEN INDENTURE
\$850,000,000 SPECIAL TAX OBLIGATION BONDS
TRANSPORTATION INFRASTRUCTURE PURPOSES, 2020 SERIES A *(Continued)*

- (a) The amount of Pledged Revenues set forth in this Exhibit D have been calculated assuming no future changes in volume and no future changes in currently enacted taxes, fees and other charges except as follows:
- (1) Pursuant to section 136 of Public Act 07-1, on and after July 1, 2008, the motor fuels tax on diesel fuels will be determined by the Commissioner of Revenue Services. As of July 1, 2019 the rate was 46.5 cents per gallon, a change of 2.6 cents from the prior year. The rate as of July 1, 2020 will be 44.2 cents per gallon, a change of -2.3 cents.
 - (2) Pursuant to section 91 of Public Act 15-244, beginning on July 1, 2015 the tax collected on the gross earnings from the sale of petroleum products will be deposited into the Special Transportation Fund. Prior to Public Act 15-244 these transfers were guaranteed under Connecticut General Statutes, 13b-61a (b). Per section 672 of Public Act 17-2 of the June 2017 Special Session, a portion of the tax applied to aviation fuel will be diverted into a separate account. Approximately \$7.9 million of petroleum products tax was diverted in Fiscal Year 2019.
 - (3) Pursuant to sections 317 and 318 of Public Act 19-117, beginning in Fiscal Year 2019 sales tax collected on the sale of a motor vehicle at a dealership will be deposited into the Special Transportation Fund. The transfer amounts are 8.0% in Fiscal Year 2019, 17.0% in Fiscal Year 2020, 25.0% in Fiscal Year 2021, 75.0% in Fiscal Year 2022, and 100.0% in Fiscal Year 2023.
 - (4) Pursuant to Public Act 19-165, beginning on January 1, 2020, operator license renewals will be increased from 6 to 8 years and operator registration renewals will be increased from 2 to 3 years. The Department of Motor Vehicles will stagger the increase from January 1, 2020 to July 1, 2021.
 - (5) The federal subsidy for Build America Bonds has been reduced in accordance with the federal budget sequester for each of the twelve month periods ending December 31, 2020 through 2030.
- (b) Pledged Revenues set forth in this Exhibit D include those items defined as such by Section 1.1 of the Second Lien Indenture along with other receipts, funds or monies pledged which are allowable items for the purpose of calculating the coverage ratios per Section 2.2 of the Second Lien Indenture.