

The covenant in the POBs reads as follows:

The Bonds were authorized by Sections 1 through 8 of Public Act No. 07-186 of the General Assembly of the State of Connecticut, January 2007 Session, as amended. Section 8 of Public Act No. 07-186 provides as follows:

Each fiscal year that any bonds authorized by sections 1 to 8, inclusive, of this act or any refunding bonds are outstanding, there shall be deemed appropriated from the General Fund of the state the amount equal to the annual required contribution to the fund for the Connecticut teachers' retirement system and such amount shall be deposited by the Treasurer in the fund for the Connecticut teachers retirement system in quarterly allotments on July fifteenth, October first, January first and April first of such fiscal year. The amount of the annual required contribution shall be determined in accordance with the provisions of subsection (b) of section 10-183l and section 10-183z of the general statutes, as amended by this act, and for each biennial budget shall be the amounts for the fiscal years of said biennium determined in the actuarial evaluation required to be submitted by the December first prior to the beginning of the first fiscal year of the biennium, as provided in said subsection (b) of section 10-183l, beginning with the actuarial evaluation submitted prior to December 1, 2006, for the biennial budget for the fiscal years commencing July 1, 2007, and July 1, 2008. Said amount shall be certified by the Teachers' Retirement Board and the Comptroller. The state of Connecticut does hereby pledge to and agree with the holders of any bonds issued under sections 1 to 8, inclusive, of this act and any refunding bonds that, as long as the actuarial evaluation for each biennium, as required by this section, and the certification of the annual contribution amounts, as required by this section, are completed in the manner and by the dates required by this section, subsection (b) of section 10-183l of the general statutes and subsection (a) of section 10-183z of the general statutes, as amended by this act, no public or special act of the General Assembly shall diminish such required contribution until such bonds, together with the interest thereon, are fully met and discharged, provided nothing herein contained shall preclude such limitation or alteration if and when adequate provision shall be made by law for the protection of the holders of such bonds, or if and when the Governor declares an emergency or the existence of extraordinary circumstances, in which the provisions of section 4-85 of the general statutes are invoked, and at least three-fifths of the members of each chamber of the General Assembly vote to diminish such required contribution during the biennium for which the emergency or existence of extraordinary circumstances are determined, and the funded ratio of the Connecticut teachers' retirement system is at least equal to the funded ratio immediately after the sale of bonds pursuant to sections 1 to 8, inclusive, of this act in accordance with the actuarial method used at the time. If all of such conditions are met, the funding of the annual required contribution may be diminished, but in no event shall such diminution result in a reduction of the funded ratio of the Connecticut teachers' retirement system by more than five per cent from the funded ratio which would otherwise have resulted had the state funded the full annual required contribution, or the funded ratio immediately after the sale of the bonds, whichever is greater. For purposes of this section, the "funded ratio" shall be measured as the actuarial value of assets over the actuarial value of liabilities. The actuarial value of assets and the actuarial value of liabilities will be projected from the most recent actuarial valuation to the end of the fiscal year in which said annual required contribution is due. For purposes of this section, the "existence of extraordinary circumstances" may mean a change in the actuarial methods or accounting standards used to value the fund that would result in a significant increase in the state's annual required contribution. The State Treasurer is authorized to include this pledge and undertaking for the state in such bonds.

Pursuant to the foregoing authorization, the State Treasurer hereby includes the foregoing pledge and undertaking for the State in the Bonds.