

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 29, 2024

NEW ISSUE

**RATINGS: Fitch Ratings: AAA
S&P Global Ratings: AAA
(See "RATINGS" herein.)**

In the opinion of Hinckley, Allen & Snyder LLP, Bond Counsel, based upon an analysis of existing law and assuming, among other matters, compliance with certain covenants, interest on the Series 2024A Bonds is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Series 2024A Bonds is not a specific preference item for purposes of the federal alternative minimum tax, although Bond Counsel observes that such interest will be taken into account in computing the alternative minimum tax imposed on certain corporations with respect to their tax years beginning after December 31, 2022. Under existing law, the Series 2024A Bonds and the income therefrom, including any profit made on the sale thereof, are exempt from taxation by and within the State of Rhode Island, although the Series 2024A Bonds, their transfer and the income therefrom, including any profit made on the sale thereof, may be included in the measure of Rhode Island estate taxes and certain Rhode Island corporate and business taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2024A Bonds. See "TAX EXEMPTION" herein.

\$41,630,000*

**Rhode Island Infrastructure Bank
State Revolving Fund Revenue Bonds
Series 2024A (Master Trust) (Green Bonds)**

Dated: Date of Delivery

Due: October 1, as shown on inside cover

The Rhode Island Infrastructure Bank State Revolving Fund Revenue Bonds, Series 2024A (Master Trust) (Green Bonds) (the "Series 2024A Bonds") will be issued by the Rhode Island Infrastructure Bank (the "Bank"), as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, to which principal and interest payments on the Series 2024A Bonds will be made so long as Cede & Co. is the registered owner of the Series 2024A Bonds. Individual purchases of the Series 2024A Bonds will be made only in book-entry form, in denominations of \$5,000, or any multiple in excess thereof.

The Series 2024A Bonds bear interest from the date of delivery thereof, payable on April 1 and October 1 of each year, commencing October 1, 2024. The Series 2024A Bonds are subject to redemption prior to maturity as described herein.

The Series 2024A Bonds are issued by the Bank pursuant to the Constitution and laws of the State of Rhode Island (the "State"), particularly the Rhode Island Infrastructure Bank Act, Chapter 12.2 of Title 46 of the Rhode Island General Laws, as amended (the "State Clean Water Act") and the Rhode Island Water Projects Revolving Loan Fund Act, Chapter 12.8 of Title 46 of the Rhode Island General Laws, as amended (the "State Drinking Water Act", and together with the State Clean Water Act, the "Act") and under and pursuant to a resolution adopted by the Bank on February 26, 2024. The Series 2024A Bonds are limited and special revenue obligations of the Bank. The Series 2024A Bonds are issued in accordance with the terms of a Master Trust Indenture dated as of May 1, 2021 (the "Master Trust Indenture") between the Bank and U.S. Bank Trust Company, National Association, as successor in interest to U.S. Bank National Association, as master trustee (the "Master Trustee") and a Series 2024A Bond Indenture to be dated as of May 1, 2024 (the "Series 2024A Bond Indenture" and together with the Master Trust Indenture, the "Indenture"), between the Bank and U.S. Bank Trust Company, National Association, as successor in interest to U.S. Bank National Association, as trustee (the "Trustee"). The Series 2024A Bonds constitute "Master Trust Bonds" under the terms of the Master Trust Indenture.

The Series 2024A Bonds are being issued to finance loans to certain Local Governmental Units (as defined in the Act) within the State (collectively, the "Borrowers") to finance or refinance portions of the cost of certain water pollution abatement projects or drinking water projects and pay certain costs of issuance of the Series 2024A Bonds. Based upon the intended use of the proceeds of the Series 2024A Bonds to finance environmentally beneficial projects as described herein, the Series 2024A Bonds are designated as "Green Bonds" by the Bank. See "GREEN BONDS DESIGNATION" herein.

The Series 2024A Bonds are the third series of Master Trust Bonds issued by the Bank. The Series 2024A Bonds, together with any other Master Trust Bonds heretofore or hereafter issued by the Bank, shall be secured by (i) moneys transferred from certain prior indentures (the "Prior Clean Water Indenture" and the "Prior Drinking Water Indenture") to the Master Trustee as directed by an Officer's Certificate, (ii) Pledged SRF Revenues, which are defined to exclude Administrative Fee Payments, (iii) amounts held in the funds and accounts established under the Series 2024A Bond Indenture (excluding moneys on deposit in the Costs of Issuance Fund), (iv) all proceeds of the foregoing (including investment earnings thereon) held by the Trustee under the Series 2024A Bond Indenture, and (v) amounts available under the Master Trust Indenture for that purpose, in each case subject to the uses, restrictions and priorities set forth in the Series 2024A Bond Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR MASTER TRUST BONDS" herein. **The Bank will not issue any future obligations under the Prior Clean Water Indenture or the Prior Drinking Water Indenture. Moneys pledged under the Prior Drinking Water Indenture and the Prior Clean Water Indenture and the loans funded thereunder (the "Prior Loans") are not security for any Series of Master Trust Bonds and are not pledged as part of the Master Trust Estate.**

The Series 2024A Bonds are special limited obligations of the Bank payable solely from revenues, funds, assets or other property of the Bank pledged to their payment and do not constitute a pledge of the full faith and credit of the Bank. The Bank has no taxing power. Neither the State of Rhode Island nor any political subdivision thereof shall be obligated to pay the Series 2024A Bonds, and neither the faith and credit nor the taxing power of the State of Rhode Island or any political subdivision thereof is pledged to the payment of the Series 2024A Bonds.

The Series 2024A Bonds are offered, subject to prior sale, when, as and if issued by the Bank and accepted by the Underwriters, subject to approval as to legal matters by Hinckley, Allen & Snyder LLP, Providence, Rhode Island, Bond Counsel, and to certain other conditions. Certain legal matters will be passed upon for the Bank by its counsel, Harrington & Vitale, Ltd., Providence, Rhode Island, and for the Underwriters by their counsel, Bowditch & Dewey, LLP, Boston, Massachusetts. Hilltop Securities Inc. is serving as Municipal Advisor to the Bank in connection with the issuance of the Series 2024A Bonds. It is expected that the Series 2024A Bonds will be available for delivery to DTC in New York, New York on or about May __, 2024.

Ramirez & Co., Inc.

**Siebert Williams Shank & Co., L.L.C.
Janney Montgomery Scott**

**FHN Financial Capital Markets
Raymond James**

May __, 2024

*Preliminary, subject to change.

This Preliminary Official Statement and any information contained herein are subject to completion or amendment. Under no circumstances may this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2024A Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

\$41,630,000*
Rhode Island Infrastructure Bank
State Revolving Fund Revenue Bonds
Series 2024A (Master Trust) (Green Bonds)

<u>Year</u> <u>(October 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP</u> [‡] <u>No.</u>
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* Preliminary, subject to change.

[‡] CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (“CGS”) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright© 2024 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CGS. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. The CUSIP® numbers listed above are being provided solely for the convenience of Bondowners only at the time of issuance of the Series 2024A Bonds, and no representation is made with respect to the correctness thereof. The CUSIP® number for a specific maturity is subject to being changed after the issuance of the Series 2024A Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity. None of the Bank, the Underwriters or the Master Trustee has agreed to, nor is there any duty or obligation to, update this Official Statement to reflect any change or correction in the CUSIP® numbers printed above.

The CUSIP numbers have been assigned by an independent company not affiliated with the Bank and are included solely for the convenience of the holders of the Series 2024A Bonds. Neither the Underwriters nor the Bank are responsible for the selection or use of the CUSIP numbers, and no representation is made as to their correctness on the Series 2024A Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2024A Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as to the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2024A Bonds.

No dealer, broker, salesman or other person has been authorized by the Bank or the Underwriters of the Series 2024A Bonds to give any information or to make any representation other than those contained in this Official Statement and, if given or made, such other information or representation must not be relied upon as having been authorized by either of the foregoing. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby by any person in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation. The information contained in this Official Statement has been obtained from the Bank, the Borrowers and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness by, and it is not to be construed as a representation by, the Underwriters or, as to information from other sources, the Bank. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Bank or the Borrowers since the date hereof.

The Underwriters intend to offer the Series 2024A Bonds to the public initially at the offering prices or yields shown on the inside front cover page hereof, which prices or yields may change subsequently without any requirement or prior notice. The Underwriters may offer and sell the Series 2024A Bonds to certain dealers (including dealers depositing such Series 2024A Bonds into investment trusts) at prices lower than the public offering prices shown on the inside front cover hereof.

The Municipal Advisor has provided the following sentence for inclusion in this Official Statement:

The Municipal Advisor has received the information in this Official Statement in accordance with, and as part of, its responsibilities to the Bank and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Municipal Advisor does not guarantee the accuracy or completeness of such information.

The Underwriters have provided the following sentence for inclusion in this Official Statement:

The Underwriters have reviewed the information in this Official Statement in accordance with, and as a part of, their responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances create any implication that there has been no change in the affairs of the parties referred to above or that the other information or opinions are correct as of any time subsequent to the date hereof.

IN CONNECTION WITH THIS OFFERING THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2024A BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

This Official Statement contains statements which, to the extent they are not recitations of historical fact, constitute “forward looking statements.” In this respect, the words “estimate,” “project,” “anticipate,” “expect,” “intend,” “believe” and similar expressions are intended to identify forward-looking statements. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The Bank does not plan to issue any updates or revisions to those forward-looking statements if or when the expectations, or events, conditions or circumstances on which such statements are based, occur.

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OFFICIAL STATEMENT

\$41,630,000*
Rhode Island Infrastructure Bank
State Revolving Fund Revenue Bonds
Series 2024A (Master Trust) (Green Bonds)

INTRODUCTION

Purpose of Official Statement

This Official Statement, including the cover page and the appendices hereto, provides information concerning the sale by the Rhode Island Infrastructure Bank (the “Bank”), a body politic and corporate and public instrumentality of the State of Rhode Island (the “State”), of its \$41,630,000* State Revolving Fund Revenue Bonds, Series 2024A (Master Trust) (Green Bonds) (the “Series 2024A Bonds”). Capitalized terms used in this Official Statement and not otherwise defined herein have the meaning set forth in APPENDIX A – “Definition of Certain Terms and Summary of Certain Provisions of the Master Trust Indenture and the Series 2024A Bond Indenture.”

Authority for the Series 2024A Bonds

The Series 2024A Bonds constitute a duly authorized series of bonds of the Bank, issued under and pursuant to the Constitution and laws of the State, particularly the Rhode Island Infrastructure Bank Act, Chapter 12.2 of Title 46 of the Rhode Island General Laws (1956), as amended (the “State Clean Water Act”), and the Rhode Island Water Projects Revolving Loan Fund Act, Chapter 12.8 of Title 46 of the Rhode Island General Laws, as amended (the “State Drinking Water Act” and together with the State Clean Water Act, the “Act”), and under and pursuant to a resolution adopted by the Bank on February 26, 2024. The Series 2024A Bonds are issued as a Series of “Master Trust Bonds” in accordance with the terms of a Master Trust Indenture dated as of May 1, 2021 (the “Master Trust Indenture”), between the Bank and U.S. Bank Trust Company, National Association, as successor in interest to U.S. Bank National Association, as trustee (the “Master Trustee”). The Series 2024A Bonds are being issued in accordance with the terms of the Master Trust Indenture and a Series 2024A Bond Indenture to be dated as of May 1, 2024 (the “Series 2024A Bond Indenture” and together with the Master Trust Indenture, the “Indenture”), between the Bank and U.S. Bank Trust Company, National Association, as successor in interest to U.S. Bank National Association, as trustee (the “Bond Trustee”).

Purpose of the Series 2024A Bonds

The Act authorizes the Bank to carry out the purposes of the Act, including the establishment and administration of its Clean Water State Revolving Fund Loan Program (the “Clean Water Program”) and its Drinking Water State Revolving Fund Loan Program (the “Drinking Water Program”). The Bank is authorized to issue bonds (i) pursuant to the State Clean Water Act, for the purpose of providing financing to various Local Governmental Units, Persons and Corporations (each as defined in the State Clean Water Act) for the cost of the acquisition, construction and installation of certain facilities to be used for water pollution abatement projects within the State, and, (ii) pursuant to the State Drinking Water Act, to Local Governmental Units and Privately Organized Water Suppliers (each as defined in the State Drinking Water Act) for the purpose of providing financing for the cost of the acquisition, construction and installation of certain facilities to be used for safe drinking water projects (collectively, the “Borrowers”) pursuant to the terms of loan agreements between the Bank and the respective Borrowers (each such agreement, as amended or supplemented, is hereinafter referred to as a “Loan Agreement”). The Act also authorizes the Bank to issue bonds for the purpose of paying any of its bonds issued pursuant to the Act, at or prior to maturity or upon acceleration or redemption or purchase and retirement.

The Series 2024A Bonds will be the third series of Master Trust Bonds issued under the Master Trust Indenture. The Bank previously issued its Water Pollution Control Revenue Bonds (“Prior Clean Water Indenture Bonds”) under the Indenture of Trust dated as of February 15, 1992, as supplemented (the “Prior Clean Water Indenture”), between the Bank and U.S. Bank Trust Company, National Association (as successor in interest to U.S. Bank National Association, Rhode Island Hospital Trust National Bank and State Street Bank and Trust Company).

* Preliminary, subject to change.

The Bank previously issued its Safe Drinking Water Revenue Bonds (“Prior Drinking Water Indenture Bonds”) under the Indenture of Trust dated as of February 23, 2004, as supplemented (the “Prior Drink Water Indenture”), between the Bank and U.S. Bank Trust Company, National Association, as successor in interest to U.S. Bank National Association.

The Series 2024A Bonds are being issued to fund loans to Borrowers to finance or refinance portions of the cost of certain water pollution abatement projects or safe drinking water projects and pay certain costs of issuance of the Series 2024A Bonds.

For a list of the Borrowers that have outstanding loans pledged under the Prior Clean Water Indenture and the Prior Drinking Water Indenture, see “SUMMARY OF PROGRAM LOANS” herein. **Moneys pledged under the Prior Drinking Water Indenture and the Prior Clean Water Indenture and the loans funded thereunder (the “Prior Loans”) are not security for any Series of Master Trust Bonds and are not pledged as part of the Master Trust Estate.**

This Official Statement contains descriptions of and information regarding the application of the proceeds of the Series 2024A Bonds, the security and sources of payment therefor, the Bank, the Clean Water Program and Drinking Water Program. APPENDIX A-1 contains a summary of certain provisions of the Master Trust Indenture and the Series 2024A Bond Indenture. APPENDIX A-2 contains a summary of certain provisions of the Loan Agreements. The audited financial statements of the Bank are included as APPENDIX B. APPENDIX C contains certain information regarding the Narragansett Bay Commission (“NBC”) as of fiscal year end 2023. The proposed form of approving opinion of Bond Counsel is included as APPENDIX D. The proposed forms of Bank Continuing Disclosure Agreement and Borrower Continuing Disclosure Agreement are included as APPENDIX E. Certain information regarding the book-entry-only system used in connection with the Series 2024A Bonds is included as APPENDIX F. APPENDIX G contains highlights of the Green Bond projects to be financed with the proceeds of the Series 2024A Bonds.

Descriptions and information contained in this Official Statement do not purport to be comprehensive and the descriptions of documents contained herein are qualified in their entirety by reference to such documents. Copies of the Master Trust Indenture and the Series 2024A Bond Indenture and the forms of the Loan Agreements and Borrower Bonds herein described may be obtained from the Bank. Copies of such documents will be available for inspection at the principal corporate trust office of the Trustee upon the initial delivery of the Series 2024A Bonds.

The Act authorizes the Bank to borrow money and issue from time to time its bonds, notes and other obligations in such principal amounts as the Bank determines shall be necessary to provide sufficient funds to carry out its purposes and powers.

The Series 2024A Bonds are special limited obligations of the Bank payable solely from revenues, funds, assets or other property of the Bank pledged to their payment and do not constitute a pledge of the full faith and credit of the Bank. The Bank has no taxing power. Neither the State of Rhode Island nor any political subdivision thereof shall be obligated to pay the Series 2024A Bonds, and neither the faith and credit nor the taxing power of the State of Rhode Island or any political subdivision thereof is pledged to the payment of the Series 2024A Bonds.

CLEAN WATER AND DRINKING WATER PROGRAMS

Security for the Series 2024A Bonds

The Series 2024A Bonds are issued and secured under the terms and provisions of the Master Trust Indenture and the Series 2024A Bond Indenture and are not issued on a parity with the Prior Clean Water Indenture Bonds or the Prior Drinking Water Indenture Bonds.

The payment of principal of and interest on the Series 2024A Bonds is secured solely by (i) moneys transferred from the Prior Clean Water Indenture and the Prior Drinking Water Indenture to the Master Trustee as directed by an Officer’s Certificate, (ii) Pledged SRF Revenues, which are defined further below to exclude Administrative Fee Payments, (iii) amounts held in the funds and accounts established under the Series 2024A Bond Indenture (excluding moneys on deposit in the Costs of Issuance Fund), (iv) all proceeds of the foregoing (including investment earnings thereon) held by the Trustee under the Series 2024A Bond Indenture, and (v) amounts available under the Master Trust Indenture for that purpose, in each case subject to the uses, restrictions and priorities set forth in the Series 2024A Bond Indenture. See “SECURITY AND SOURCES OF PAYMENT FOR MASTER TRUST BONDS” herein. Certain amounts pledged to repayment of Prior Clean Water Indenture Bonds or the Prior Drinking

Water Indenture Bonds, which may constitute Pledged SRF Revenues, will first be used to make payments of principal of and interest on such Prior Clean Water Indenture Bonds or the Prior Drinking Water Indenture Bonds or other payments required under the Prior Clean Water Indenture or Prior Drinking Water Indenture, as applicable. See “SECURITY AND SOURCES OF PAYMENT FOR MASTER TRUST BONDS,” “FLOW OF FUNDS,” and “PROJECTED CASH FLOW SCHEDULE.”

See “FLOW OF FUNDS” for a diagram demonstrating the flow of funds through the Master Trust Indenture, including amounts transferred from the Prior Clean Water Indenture Bonds and Prior Drinking Water Indenture Bonds to the Master Trustee. Loans may be released or substituted as is more fully described herein. See “SECURITY AND SOURCES OF PAYMENT FOR MASTER TRUST BONDS” herein.

Limited, Special Obligations of the Bank

The Series 2024A Bonds and the premium, if any, and interest thereon shall not now and shall never constitute an indebtedness or an obligation, general or moral, or a pledge of the faith or loan of credit of the Bank or the State, within the purview of any constitutional limitation or provision, and shall never constitute or give rise to a charge against the faith and credit or taxing powers, if any, of the Bank or the State, but shall be special, limited obligations of the Bank, payable solely from the Trust Estate established under the Series 2024A Bond Indenture and the Master Trust Indenture, the proceeds from the sale of the Series 2024A Bonds and the income from the temporary investment thereof. The Bank has no taxing power.

Clean Water Program

Under Title VI of the Federal Clean Water Act of 1972, as amended by the Federal Water Quality Act of 1987 (together with any regulations promulgated thereunder, the “Federal Clean Water Act”), the federal construction grants program for wastewater treatment projects was phased out and replaced by state wastewater treatment revolving fund programs. The Federal Clean Water Act requires that a revolving loan fund be created under each state program to accept federal capitalization grants from the United States Environmental Protection Agency (the “EPA”) (the “Clean Water Capitalization Grants”), which revolving loan funds must contain state matching funds equal to at least twenty percent (20%) of the Clean Water Capitalization Grants (the “CWSRF State Matching Funds”). The revolving loan funds are used to provide financial assistance to municipal entities and other eligible borrowers in connection with the construction, rehabilitation, expansion or improvement of publicly owned systems for the storage, treatment, recycling and reclamation of municipal wastewater and for implementation of non-point source pollution control management programs or for development and implementation of estuary conservation and management plans. See “THE CLEAN WATER STATE REVOLVING FUND PROGRAM -- Funding” herein.

For Fiscal Year 2022, the Bank was awarded a Clean Water Capitalization Grant and Supplemental Clean Water Capitalization Grant for the Clean Water State Revolving Fund in the amounts of \$7,770,000 and \$11,950,000, respectively, to fund water pollution abatement projects (together, the “FY22 Clean Water Capitalization Grant”) and was awarded a Clean Water Capitalization Grant and Supplemental Clean Water Capitalization Grant for Fiscal Year 2023 in the amounts of \$5,037,000 and \$13,996,000, respectively (together, the “FY23 Clean Water Capitalization Grant”, and together with the FY22 Clean Water Capitalization Grant, the “Clean Water Capitalization Grants”). See “THE BANK – Fiscal Years 2022 and 2023 Capitalization Grants” and “SECURITY AND SOURCES OF PAYMENT FOR MASTER TRUST BONDS.”

As required by the Federal Clean Water Act, the General Assembly of the State enacted the State Clean Water Act, which established the Clean Water State Revolving Fund (the “CWSRF”) to be administered and maintained by the Bank. Under the State Clean Water Act, the Department of Environmental Management of the State (the “DEM”) is directed to promulgate rules and regulations pertaining to applications by Borrowers for financial assistance for water pollution abatement projects. No project is eligible for financing by the Bank until the DEM has issued its Certificate of Approval. The Certificate of Approval specifies, among other things, the estimated project costs that are eligible for financial assistance and other terms and conditions relating to the construction and operation of projects. The DEM and the Bank entered into a Memorandum of Understanding dated August 16, 2013 (as amended from time to time, the “Clean Water Memorandum of Understanding”), pursuant to which the DEM agreed to assume programmatic responsibilities for the CWSRF and the Bank agreed to assume the financial and operational responsibilities of the CWSRF including the determination of the type of financial assistance to be provided to applicants. See “THE DEPARTMENT OF ENVIRONMENTAL MANAGEMENT” herein.

The State Clean Water Act authorizes the Bank to provide financial assistance to, and purchase bonds from, Local Governmental Units, a Corporation, or a Person (each as defined in the State Clean Water Act and existing

under the laws of the State) for the purpose of financing or refinancing all or a portion of the cost of construction or rehabilitation of water pollution abatement projects as defined in the State Clean Water Act. The State Clean Water Act authorizes the Bank to adopt such regulations and establish such fees as may be required to administer the CWSRF. The State Clean Water Act also authorizes the Bank to pledge the CWSRF as security for its revenue bonds issued for the purpose of providing moneys for deposit to the CWSRF to enable the Bank to make loans at below market interest rates to, or purchase bonds from, Local Governmental Units, Persons or Corporations.

The proceeds of Master Trust Bonds (other than Master Trust Bonds issued for refunding purposes) may be used: (i) to make loans (the “Clean Water Loans”) to Borrowers to finance or refinance the costs of construction or rehabilitation of water pollution abatement projects and (ii) to pay for the Borrowers’ allocable issuer expenses associated with entering into the Loans and issuing the related borrower bonds, which Loans are evidenced by local government obligations (the “Clean Water Borrower Bonds”). The Bank intends to use the proceeds of Clean Water Capitalization Grants and the CWSRF State Matching Funds to finance a portion of future Loans to Borrowers.

The obligation of a Borrower to pay a Borrower Bond may be a general obligation of the Borrower or be secured by a pledge of revenues to be derived by the Borrower. As set forth in each Loan Agreement, the Bank has determined the interest rate for each Borrower, that is, the true interest rate that obligations of each individual Borrower would bear, as determined jointly by the Bank and the Borrower, as if such Borrower had issued a series of its own bonds of similar maturity under similar market conditions and with such Borrower’s credit rating.

The Bank has also set the subsidized interest rate for all loans to the Borrowers under the Clean Water Program, which is approximately two-thirds (2/3) of the applicable interest rate. See “SECURITY AND SOURCES OF PAYMENT FOR MASTER TRUST BONDS – Loans Made by the Bank” and “APPENDIX A-2 – Summary of Certain Provisions of the Loan Agreements” herein.

Drinking Water Program

In 1996, Congress amended the Safe Drinking Water Act of 1974 (42 U.S.C. § 300 f-300j-9) (as amended, the “Federal Drinking Water Act”) to improve and provide financial support for the nation’s public water systems. The Safe Drinking Water Act Amendments of 1996 included, among other things, new pollution prevention approaches, improved consumer information, changes to improve the regulatory program, and funding for state and local water systems. The Federal Drinking Water Act requires that a revolving loan fund be created under each state program to accept federal capitalization grants from the EPA (the “Drinking Water Capitalization Grants” and together with Clean Water Capitalization Grants, “Federal Act Capitalization Grants”), which revolving loan funds must contain state matching funds equal to at least twenty percent (20%) of the Drinking Water Capitalization Grants (the “DWSRF State Matching Funds” and together with CWSRF State Matching Funds, “State Matching Funds”). The revolving loan funds are used to provide financial assistance to public water systems in connection with the acquisition, design, planning, construction, enlargement, repair, protection or improvement of public drinking water supply or treatment facilities. See “THE DRINKING WATER STATE REVOLVING FUND PROGRAM – Funding” herein.

For Fiscal Year 2022, the Bank was awarded a Drinking Water Capitalization Grant and Supplemental Drinking Water Capitalization Grant for the Drinking Water State Revolving Fund (the “DWSRF”) in the amounts of \$7,008,000 and \$17,992,000, respectively, to fund safe drinking water projects (together, the “FY22 Drinking Water Capitalization Grant”) and was awarded a Drinking Water Capitalization Grant and Supplemental Drinking Water Capitalization Grant for Fiscal Year 2023 in the amounts of \$4,938,000 and \$21,055,000, respectively (together, the “FY23 Drinking Water Capitalization Grant”, and together with the FY22 Drinking Water Capitalization Grant, the “Drinking Water Capitalization Grants”). See “THE BANK – Fiscal Years 2022 and 2023 Capitalization Grants” and “SECURITY AND SOURCES OF PAYMENT FOR MASTER TRUST BONDS.”

As required by the Federal Drinking Water Act, the General Assembly of the State established under the State Drinking Water Act the DWSRF to be administered and maintained by the Bank. Under the State Drinking Water Act, the Rhode Island Department of Health of the State (the “RIDOH”) is directed to promulgate rules and regulations pertaining to applications by Borrowers for financial assistance for safe drinking water projects. No project is eligible for financing by the Bank until the RIDOH has issued its Certificate of Approval. The Certificate of Approval specifies, among other things, the estimated project costs that are eligible for financial assistance and other terms and conditions relating to the construction and operation of projects. The RIDOH and the Bank entered into a Memorandum of Understanding dated July 13, 2000 (as amended from time to time, the “Drinking Water Memorandum of Understanding”), pursuant to which the RIDOH agreed to assume programmatic responsibilities for the DWSRF and the Bank agreed to assume the financial and operational responsibilities of the DWSRF, including

the determination of the type of financial assistance to be provided to applicants. See “THE DEPARTMENT OF HEALTH” herein.

The Act authorizes the Bank to make loans to, or purchase bonds of Local Governmental Units and Privately Organized Water Suppliers (each as defined under the State Drinking Water Act and existing under the laws of the State) for the purpose of financing or refinancing all or a portion of the cost of safe drinking water projects approved by the RIDOH by the issuance of a Certificate of Approval. The Act authorizes the Bank to adopt such regulations and establish such fees as may be required to administer the DWSRF. The Act also authorizes the Bank to pledge the DWSRF as security for its revenue bonds issued for the purpose of providing moneys for deposit to the DWSRF to enable the Bank to make loans at below market interest rates to, or purchase bonds from, Local Governmental Units and Privately Organized Water Suppliers.

The proceeds of Master Trust Bonds (other than Master Trust Bonds issued for refunding purposes) may be used: (i) to make loans (“Drinking Water Loans” and together with the Clean Water Loans, the “Loans”) to the Borrowers pursuant to Loan Agreements to finance or refinance the costs of the acquisition, design, planning, construction, enlargement, repair, protection and improvement of the public drinking water supply and treatment facilities of the Borrowers and (ii) to pay the Borrower’s allocable issuer expenses associated with entering into the Loans and issuing the related Bonds, which Loans are evidenced by local government obligations (“Drinking Water Borrower Bonds” and together with the Clean Water Borrower Bonds, the “Borrower Bonds”). The Bank intends to use the proceeds of the Drinking Water Capitalization Grants and the DWSRF State Matching Funds to finance a portion of future Loans to the Borrowers.

The obligation of a Borrower to pay a Borrower Bond may be a general obligation of the Borrower or a pledge of revenues to be derived by the Borrower. As set forth in each Loan Agreement, the Bank has determined the interest rate for each Borrower, that is, the true interest rate that obligations of each individual Borrower would bear, as determined jointly by the Bank and the Borrower, as if such Borrower had issued a series of its own bonds of similar maturity under similar market conditions and with such Borrower’s credit rating.

The Bank has also set the subsidized interest rate for all loans to the Borrowers under the Drinking Water Program, which is approximately seventy-five (75%) percent of the applicable interest rate. See “SECURITY AND SOURCES OF PAYMENT FOR MASTER TRUST BONDS – Loans Made by the Bank” and “APPENDIX A-2 – Summary of Certain Provisions of the Loan Agreements” herein.

THE BANK

The Bank was created as a body politic and corporate and public instrumentality of the State. In addition to the CWSRF and the DWSRF, the Bank administers the Rhode Island Water Pollution Control Revolving Fund (the “State Program”), the Municipal Road and Bridge Revolving Fund (the “MRBRF”), the Efficient Buildings Fund (the “EBF”) and other related programs. These programs provide financial assistance principally through the issuance of bonds for municipal or community wastewater, road and bridge, and energy efficiency and renewable energy infrastructure projects. For wastewater and drinking water projects which are not eligible for financial assistance from either of the two revolving funds, the Bank is authorized to issue its bonds as a conduit issuer to provide funding for these projects. See “THE BANK – Certain Other Bank Programs and Indebtedness” herein, for more information about the Bank’s lending programs.

As noted above, the Bank has no power to raise or collect taxes of any kind or to establish any generally applicable fees and charges, other than administrative fees charged directly to those Borrowers that receive the benefit of the Bank’s financing programs. The Bank, in its discretion, may charge cost of issuance fees to Borrowers.

Officers and Directors

Under the Act, the Bank is governed by a Board of Directors consisting of five members, four of whom are members of the public appointed by the Governor, with the advice and consent of the State Senate. The General Treasurer or such officer’s designee, who shall be a subordinate within the General Treasurer’s department, shall serve on the Board of Directors as an ex-officio member.

Unless otherwise noted, absent misfeasance, malfeasance or willful neglect of duty, each director of the Bank serves until his or her successor is appointed and qualified.

The names, offices (if any), principal occupations and residences of the directors of the Bank and the dates of expiration of their terms are as follows:

Vahid Ownjazayeri, Chair (Gubernatorial appointment; term expires March 1, 2025). Mr. Ownjazayeri is a Managing Director of Global Infrastructure Solutions Inc. He previously served as President of AECOM's Global Infrastructure Business, and then as its Chief Growth and Strategy officer. Prior to that he was the President of the Commercial, State, and Local division of The Shaw Group. He holds a Master's degree in structural engineering and a Bachelor's degree in civil engineering from Northeastern University.

Scott D. Lajoie, Vice Chair (Gubernatorial appointment; term expired March 1, 2024). Mr. Lajoie, a resident of Warwick, Rhode Island, is a Senior Vice President in the commercial banking group at Bank Rhode Island. Mr. Lajoie was formerly a Vice President in the Commercial Real Estate Group at The Washington Trust Company and Vice President in Commercial Lending of First Bank & Trust Company.

James Diossa, Treasurer (Rhode Island General Treasurer, serves ex-officio). Mr. Diossa was elected Rhode Island General Treasurer in November 2022 and sworn in on January 3, 2023. A resident of Pawtucket, Rhode Island, he previously served two terms as Mayor of the City of Central Falls and, more recently, as Senior Advisor at Brown University's Policy Lab.

Joshua Celeste, Secretary (Gubernatorial appointment; term expired March 1, 2024). Mr. Celeste, a resident of Saunderstown, Rhode Island, is a partner at Duffy & Sweeney, LTD. Mr. Celeste received a Bachelor of Science from the University of Rhode Island in 1997 and a juris doctorate from the Roger Williams University School of Law in 2000.

Robert Donovan, Assistant Secretary (Gubernatorial appointment; term expired March 1, 2023). Mr. Donovan is a resident of Cranston, Rhode Island and until retirement served as Executive Director of the Rhode Island Health and Educational Building Corporation, the State's agency designated to provide financial assistance to nonprofit healthcare and educational institutions and municipal schools. Mr. Donovan received both a Certificate of Advance Graduate Studies (CAGS) in Finance and a Masters of Business Administration in Management from Bryant University and a Bachelor's degree in Economics from the University of Rhode Island.

The staff of the Bank presently consists of thirteen full-time employees.

William J. Fazioli was appointed as the Executive Director of the Bank in August 2023. Mr. Fazioli has over 35 years of public administration experience in municipal finance, economic development, and infrastructure investment. Most recently, Mr. Fazioli was the Director of Planning & Economic Development for the City of East Providence where he oversaw the city's largest ever residential, industrial and commercial developments which were shepherded through the midst of the Covid 19 pandemic. His background includes senior financial advisory roles with the nation's largest public finance firms where he implemented successful municipal debt financings for large New England regional clients. He previously also served as the Executive Director of the New England States Government Finance Officers Association for over 20 years. Mr. Fazioli continues to serve as Chair of the East Providence Waterfront District Redevelopment Commission that is charged with the revitalization of Brownfield properties into vibrant mixed use development projects.

Joanna L'Heureux is the Chief Operating Officer/Chief Financial Officer of the Bank. Ms. L'Heureux has over 30 years of municipal finance experience in both the private and public sectors. Ms. L'Heureux previously served as the Finance Director for the City of Pawtucket for 10 years and most recently as the Chief Financial and Administrative Officer for the Rhode Island Interlocal Risk Management Trust. Her experience includes working as an independent auditor with two CPA firms specializing in auditing municipalities and school districts in Rhode Island and Massachusetts. Ms. L'Heureux earned a B.S. degree in Business Administration with a concentration in accounting from Bryant University.

The office of the Bank is located at 275 Promenade Street, Suite 301, Providence, Rhode Island 02908. Its telephone number is (401) 453-4430. Web address: www.riib.org. In addition, information of interest to investors may be found on the Bank's investor website at www.riibonds.com. None of the information posted on the Bank's investor website is incorporated by reference herein.

Outstanding Master Trust Bonds

The Series 2024A Bonds are the third series of the Master Trust Bonds issued by the Bank. See “PROJECTED CASH FLOW SCHEDULE” herein. As of March 31, 2024, the Bank had \$190,270,000 of outstanding Master Trust Bonds, exclusive of the current offering of Series 2024A Bonds as shown in the following table.

<u>Master Trust Bonds</u>	<u>Final Maturity</u>	<u>Original Issuance</u>	<u>Outstanding Principal (as of March 31, 2024)</u>
Series 2021A Refunding Bonds	October 1, 2044	\$127,600,000	\$114,960,000
Series 2023A Bonds	October 1, 2053	77,260,000	75,310,000

Outstanding Prior Clean Water Indenture Bonds

As of March 31, 2024, the Bank had: (i) \$186,325,000 of outstanding senior lien bonds issued under the Prior Clean Water Indenture payable from a pledge of revenues thereunder that is expressly senior to the pledge of revenues securing the payment of subordinate lien bonds and (ii) \$2,220,000 of outstanding subordinate lien bonds issued under the Prior Clean Water Indenture, as shown in the following table.

<u>Series</u>	<u>Total</u>
2015 A SERIES BONDS	\$2,090,000
2015 B SERIES BONDS	5,830,000
2015 C SERIES BONDS (Subordinate)	2,220,000
2016 A SERIES BONDS	23,310,000
2016 B SERIES BONDS	1,705,000
2017 A SERIES BONDS	15,375,000
2017 B SERIES BONDS	30,820,000
2018 A SERIES BONDS	17,715,000
2019 A SERIES BONDS	89,480,000
Total:	<u>\$188,545,000</u>

Outstanding Prior Drinking Water Indenture Bonds

As of March 31, 2024, the Bank had: (i) \$111,345,000 of outstanding senior lien bonds issued under the Prior Drinking Water Indenture payable from a pledge of revenues thereunder that is expressly senior to the pledge of revenues securing the payment of subordinate lien bonds and \$12,955,000 of outstanding subordinate lien bonds issued under the Prior Drinking Water Indenture, as shown in the following table.

<u>Series</u>	<u>Total</u>
2013 A SERIES BONDS	\$1,660,000
2013 B SERIES BONDS	4,830,000
2014 A SERIES BONDS	4,750,000
2015 A SERIES BONDS	10,945,000
2017 A SERIES BONDS (Subordinate)	12,955,000
2017 B SERIES BONDS	9,035,000
2019 A SERIES BONDS	31,330,000
2019 B SERIES BONDS	8,015,000
2019 C SERIES BONDS	6,305,000
2019 D SERIES BONDS	34,475,000
Total:	<u>\$124,300,000</u>

The Bank is not subject to any statutory or constitutional debt limit and may incur other indebtedness as part of its existing or any new programs from time to time.

Future State Revolving Fund Financings of the Bank

The Bank expects to issue bonds in the future to finance or refinance water pollution abatement projects and safe drinking water projects consistent with the Act, as Master Trust Bonds under the Master Trust Indenture, including one or more issuances of Master Trust Bonds in FY24.

Certain Other Bank Programs and Indebtedness

As noted above, the Bank also administers the State Program and, as part of the State Program, the Facility Plan Loan Program. The State Program is a direct loan program established to finance water pollution abatement projects which are not financed through the Federal Clean Water Act CWSRF. The State Program is also used to make loans to municipalities and wastewater service providers for the update of long-term capital infrastructure improvements planning (the “Facility Plans”) as part of the Facility Plan Loan Program. Within the State Program, the Bank has also established the Clean Water and Stormwater Infrastructure Fund (the “CWSIF”). These programs are funded through capitalization grants from State general obligation bond issues and other funds which the Bank may deposit into the State Program from time to time. To the extent not otherwise restricted, repayments of the direct loans from the State Program may be: (i) recycled into new direct loans from the CWSIF or other State Program account or (ii) deposited into the CWSRF and used to make direct loans, at the discretion of the Bank. As of March 31, 2024, the unpaid principal balance of loans outstanding in the State Program amounted to \$9.3 million. Repayments under the State Program are not pledged as security for the Series 2024A Bonds.

The Bank has established a Community Septic System Loan Program (the “CSSLP”) under the Federal Clean Water Act through which communities may borrow funds to address non-point source wastewater pollution abatement issues. The CSSLP gives communities the ability to provide their residents whose septic systems are failing, have failed or are substandard with low-interest cost funds for repair or replacement. Projects to close cesspools and install septic systems are also eligible for CSSLP financing. As of March 31, 2024, the unpaid principal balance of loans outstanding in the CSSLP Program amounted to \$9.7 million. Repayments under the CSSLP are not pledged as security for the Series 2024A Bonds.

The Bank has also established a Sewer Tie-In Loan Fund (the “STILF”) under the State Clean Water Act through which communities may borrow funds to address non-point source wastewater pollution abatement issues. The STILF gives communities the ability to provide their residents low cost financing for sewer connections (pipe linking a house to a street collector). State Program funds provide the money for this direct loan program. As of March 31, 2024, the unpaid principal balance of loans outstanding in the STILF Program amounted to \$645,650. Repayments under the STILF are not pledged as security for the Series 2024A Bonds.

The Bank also administers the Municipal Road and Bridge Revolving Fund, which provides below market interest rate financing to cities and towns in Rhode Island to finance capital improvements to municipally owned road and bridge infrastructure. As of March 31, 2024, the unpaid principal balance of loans outstanding in the MRBRF Program amounted to \$94.3 million. The bonds issued under the MRBRF have been issued under a separate indenture and the loan repayments securing such bonds are not pledged as security for the Series 2024A Bonds.

The Bank has also established the Efficient Buildings Fund to provide below market interest rate loans to municipalities and other public agencies in Rhode Island for the purpose of financing energy efficiency and renewable energy projects for public buildings and infrastructure. As of March 31, 2024, the unpaid principal balance of loans outstanding in the EBF Program amounted to \$57.3 million. The bonds issued under the EBF have been issued under a separate indenture and the loan repayments securing such bonds are not pledged as security for the Series 2024A Bonds.

In addition to the above programs, the Bank also administers the State’s Property Assessed Clean Energy (“PACE”) program, coordinating financial assistance (through outside financial institutions) to commercial property owners for energy efficiency or renewable energy projects in Rhode Island municipalities which elect to participate in the PACE program. In 2016, the Bank established a Commercial PACE program, with the initial Commercial PACE loans closing in March 2017.

As of March 31, 2024, the Bank had \$35.9 million in other long-term indebtedness outstanding in connection with bonds issued to fund loans to the (i) City of Warwick to finance sewer projects (\$1.1 million), (ii) City of Pawtucket to refinance the indebtedness of certain drinking water projects (\$24.3 million), (iii) City of Newport to finance and refinance the indebtedness related to certain drinking water projects (\$2.0 million) and refinance the

indebtedness of certain sewer projects (\$2.7 million) and (iv) Town of Coventry to finance and refinance the indebtedness related to certain sewer projects (\$5.8 million). The loans in (i) – (iv) above were not made under the DWSRF or the CWSRF and are not pledged as security for the Series 2024A Bonds.

The Bank expects in future years to issue other bonds for purposes authorized in the Act to the extent permitted by law and to finance other activities as permitted by the Act, from time to time.

THE DEPARTMENT OF ENVIRONMENTAL MANAGEMENT

The DEM was created as a department within the Executive Branch of the State by Chapter 137 of the Rhode Island Public Laws of 1965 and codified as Chapter 17.1 of Title 42 of the Rhode Island General Laws (1956), as amended (the “DEM Act”). The Director of Environmental Management is the head of the DEM and is appointed by the Governor of the State with the advice and consent of the State Senate.

Under the DEM Act, the DEM is given broad powers to supervise and control the protection, development, planning and utilization of the natural resources of the State.

Additionally, under the Act, the DEM is charged with adopting rules and regulations and procedures and guidelines which shall establish: the criteria for determining those water pollution abatement projects to be approved for financial assistance (including a priority determination system); the specification of the eligible costs of such projects; and provisions for compliance by projects constructed in whole or in part with funds made available under the Act.

If the DEM determines that an application for financial assistance shall be approved, it will deliver to the Bank a Certificate of Approval which specifies, among other things, the estimated project costs which are eligible for financial assistance and terms and conditions for the construction of the water pollution abatement projects.

THE DEPARTMENT OF HEALTH

The RIDOH was created as a department within the Executive Branch of the State pursuant to Chapter 18 of Title 42 of the Rhode Island General Laws, as amended. The Director of Health is the head of the RIDOH and is appointed by the Governor of the State with the advice and consent of the State Senate.

Under Chapter 1 of Title 23 of the Rhode Island General Laws, as amended, the RIDOH is given broad powers to supervise and protect the public health within the State.

Additionally, under the Act the RIDOH is charged with adopting rules and regulations and procedures and guidelines which shall establish: the criteria for determining those safe drinking water projects to be approved for financial assistance (including a priority determination system); the specification of the eligible costs of such projects or portions thereof; and provisions for compliance by projects constructed in whole or in part with funds made available under the Act.

If the RIDOH determines that an application for financial assistance shall be approved, it will deliver to the Bank a Certificate of Approval which specifies, among other things, the estimated project costs which are eligible for financial assistance and the terms, conditions and limitations for the construction and operation of the safe drinking water projects as the RIDOH shall determine.

THE SERIES 2024A BONDS

General

The Series 2024A Bonds are dated as of their date of delivery, are scheduled to mature as set forth on the inside front cover of this Official Statement and bear interest from their date at the rates set forth on the cover of this Official Statement, which interest is payable on April 1 and October 1 of each year commencing October 1, 2024, being hereinafter referred to as an “Interest Payment Date.” Interest shall be calculated on the basis of a 360-day year, consisting of twelve 30-day months.

Book-Entry-Only System

The Series 2024A Bonds are issuable only as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), to which principal and interest payments on the Series 2024A Bonds will be made so long as DTC or its nominee is the registered owner of the Series 2024A Bonds. The Series 2024A Bonds will be issued in denominations of \$5,000 or any multiple thereof. Individual purchasers of the Series 2024A Bonds will not receive physical delivery of certificates representing their ownership interests in the Series 2024A Bonds, except in the event that use of the book-entry system for the Series 2024A Bonds is discontinued. Transfers of the Series 2024A Bonds and principal and interest payments on the Series 2024A Bonds will be made as described in APPENDIX F. Beneficial owners of the Series 2024A Bonds should make appropriate arrangements with their broker or dealer to receive notices (including notices of redemption) and other information regarding the Series 2024A Bonds that may be conveyed by DTC to its participants. SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE SERIES 2024A BONDS, ALL REFERENCES HEREIN TO THE BONDHOLDERS OR THE REGISTERED OWNERS OF THE SERIES 2024A BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2024A BONDS EXCEPT AS PROVIDED IN APPENDIX F HERETO. See “APPENDIX F – BOOK-ENTRY-ONLY SYSTEM” herein.

Redemption Prior to Maturity

Optional Redemption:

The Series 2024A Bonds maturing on and before October 1, 20__ are not subject to optional redemption prior to their stated dates of maturity. The Series 2024A Bonds maturing on or after October 1, 20__ are subject to redemption prior to maturity, in whole or in part on any Business Day at the option of the Bank, from any moneys available therefor, on and after October 1, 20__ in such order of maturity and sinking fund installments within a maturity as shall be determined by the Bank, at the following prices, expressed as a percentage of the principal amount of the Series 2024A Bonds redeemed, plus accrued interest to the date set for redemption:

<u>Redemption Period</u>	<u>Redemption Price</u>
October 1, 20__ and thereafter	100%

Mandatory Sinking Fund Redemption:

The Series 2024A Bonds maturing on October 1, 20__ are subject to mandatory redemption from sinking fund installments prior to maturity on October 1, on each of the following dates and in the following principal amounts, at a redemption price of 100% of the principal amount of the Series 2024A Bonds so called for redemption, plus interest accrued and unpaid to the redemption date.

<u>Maturity</u>	<u>Amount</u>
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†Maturity

The Series 2024A Bonds maturing on October 1, 20__ are subject to mandatory redemption from sinking fund installments prior to maturity on October 1, on each of the following dates and in the following principal amounts, at a redemption price of 100% of the principal amount of the Series 2024A Bonds so called for redemption, plus interest accrued and unpaid to the redemption date.

<u>Maturity</u>	<u>Amount</u>
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††Final Maturity

Selection for Redemption

If fewer than all of the Series 2024A Bonds shall be called for redemption, the particular maturities of the Series 2024A Bonds to be redeemed shall be selected by the Bank in its discretion. If fewer than all of the Series 2024A Bonds of any one maturity shall be called for redemption, the particular Series 2024A Bonds or portions thereof to be redeemed from such maturity shall be selected by lot by the Trustee in such manner as the Trustee in its discretion may reasonably determine; except that, so long as DTC or its nominee is the sole registered owner of such Series 2024A Bonds, the particular Series 2024A Bonds, or portions thereof, to be redeemed within a maturity shall be selected by lot by DTC in such manner as DTC shall determine. See “BOOK-ENTRY-ONLY SYSTEM” herein.”

If the Series 2024A Bonds are no longer registered in book-entry form, then if fewer than all of the Series 2024A Bonds shall be called for redemption, the particular maturities of the Series 2024A Bonds to be redeemed shall be selected by the Bank in its discretion. If fewer than all of the Series 2024A Bonds of any one maturity shall be called for redemption, the particular Series 2024A Bonds or portions thereof to be redeemed from such maturity shall be selected by the Trustee in such manner as the Trustee may reasonably determine.

Notice of Redemption

As long as the Series 2024A Bonds to be redeemed are registered in the name of Cede & Co. (or a successor entity) in the book-entry system, the Trustee shall give notice of the call for any redemption by certified mail at least 20 days before the redemption date to Cede & Co. (or a successor entity) as the registered owner of each such Series 2024A Bond or portion of a Series 2024A Bond to be redeemed at the address appearing on the registration books maintained by the Trustee as Registrar. At such time as the Series 2024A Bonds to be redeemed are no longer held by Cede & Co. (or a successor entity), the Trustee shall give notice of the call for any redemption by mailing a copy of such notice not less than 20 days nor more than 45 days prior to the redemption date by first-class mail, postage prepaid, to the registered owner of such Series 2024A Bonds at such Owner’s address as it appears on the registration books maintained by the Trustee as Registrar, or at such address as such Owner may have filed with the Trustee for that purpose. The Series 2024A Bonds so called for redemption will cease to bear interest on the specified redemption date and shall no longer be secured by the Indenture, provided that funds for such redemption are on deposit at the time with the Trustee.

The Trustee, so long as a book-entry system with DTC is used for determining beneficial ownership of the Series 2024A Bonds, shall send any notice of redemption to DTC, or its nominee, as registered owner of the Series 2024A Bonds (see APPENDIX F – “Book-Entry-Only System” herein). Transfer of such notice to DTC’s Participants is the sole responsibility of DTC. Transfer of such notice to Beneficial Owners by Participants is the responsibility of the Participants and other nominees of Beneficial Owners of the Series 2024A Bonds. Any failure of DTC to mail such notice to any Participant will not affect the validity of the redemption of the Series 2024A Bonds. The Trustee can make no assurances that DTC, the Participants or other nominees of the Beneficial Owners of the Series 2024A Bonds will distribute such redemption notices to the Beneficial Owners of the Series 2024A Bonds, or that they will do so on a timely basis, or that DTC will act as described in its Official Statement.

ESTIMATED SOURCES AND USES OF FUNDS

The projected sources and uses of funds, including proceeds of the Series 2024A Bonds, are as follows:

Sources of Funds:

Series 2024A Bonds	\$41,630,000.00*	
Net Original Issue Premium/Discount		
Federal Cap Grant to Federal Direct Loans ⁽¹⁾		
Federal Cap Grant (Principal Forgiveness) to Federal Direct Loans ⁽²⁾		
State Matching Funds to Direct Loans		
Total	\$	

Uses of Funds:

Agency Loans	\$	
Federal Direct Loans		
Direct Loans		
Costs of Issuance ⁽³⁾		
Total	\$	

* Preliminary, subject to change.

(1) This amount includes \$_____ in Federal Cap Grant monies specifically dedicated to projects that address green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities, as required by the EPA and determined by the DEM.

(2) This amount includes \$_____ in Federal Cap Grant funding for an additional principal forgiveness subsidization with respect to the projects described in footnote (1) above.

(3) This amount includes: (i) costs of issuance of the Series 2024A Bonds, including Underwriters' discount, and (ii) the rounding amount.

PLAN OF FINANCE

A portion of the proceeds of the Series 2024A Bonds will be used to fund a loan to NBC to finance or refinance portions of the cost of certain water pollution abatement projects more particularly described under the heading "GREEN BONDS DESIGNATION" and "SECURITY AND SOURCES OF PAYMENT FOR MASTER TRUST BONDS – Projected Data for Series 2024A Loan Proceeds" below. The remaining portion of the proceeds of the Series 2024A Bonds will be used to pay the costs of issuing the Series 2024A Bonds.

GREEN BONDS DESIGNATION

The Bank has designated the Series 2024A Bonds as "Green Bonds" based on the intended use of the proceeds of the Series 2024A Bonds to finance environmentally beneficial projects as described below, in alignment with the Green Bond Principles 2021 (the "Green Bond Principles") established by the International Capital Market Association (the "ICMA"). See "Use of Bond Proceeds – The Projects" below. See https://www.icmagroup.org/assets/documents/Sustainable-finance/2022-updates/Green-Bond-Principles_June-2022-280622.pdf for a complete listing of the Green Bond Principles. The ICMA website with respect to the Green Bond Principles is provided for reference purposes only. None of the information posted on the ICMA's website is incorporated by reference herein.

Such projects are designed to ensure safe drinking water and water pollution abatement for the public in the State in accordance with State and Federal standards consistent with the Act. The purpose of labeling the Series 2024A Bonds as Green Bonds is to allow investors to invest directly in bonds that finance such environmentally beneficial projects. The term Green Bonds is used herein for identification purposes only. The Series 2024A Bonds are secured equally and ratably with the other Master Trust Bonds issued under the Master Trust Indenture. The holders of the Series 2024A Bonds do not assume any specific project risk or economic benefit related to any of the funded projects as a result of the Green Bonds designation.

By reference to the ICMA’s Green Bond Principles, the Bank has determined that the Bank’s Green Bonds designation reflects the use of the proceeds of the Series 2024A Bonds in a manner that is consistent with “Goal 6: Clean Water and Sanitation” of the United Nations 17 Sustainable Development Goals (referred to as “UNSDGs”). According to the United Nations, the UNSDGs were adopted by the United Nations General Assembly in September 2015 as part of its 2030 Agenda for Sustainable Development. According to the United Nations, UNSDG 6 is focused on ensuring availability and sustainable management of water and sanitation for all.

Use of Bond Proceeds – The Projects. The loan of Series 2024A Bond proceeds will finance various projects relating to NBC’s Capital Improvement Program, including all or a portion of the following projects: the planning, acquisition, design, evaluation, inspection, construction, replacement, improvement, installation, cleaning, rehabilitation, furnishing and equipping of the Phase III Combined Sewer Overflow (“CSO”) facilities, the long-range biosolids disposal, the data communications ethernet upgrade, the NBC Facility electrical improvements, the Bucklin Point Wastewater Treatment Facility (“BPWWTF”) sludge digestion facility improvements, the BPWWTF ultra violet disinfection improvements, the BPWWTF miscellaneous improvements, the BPWWTF operations and maintenance buildings, the Field’s Point Wastewater Treatment Facility (“FPWWTF”) improvements, the FPWWTF Ernest Street Pump Station improvements, the FPWWTF maintenance and storage buildings, the NBC solar carport, cybersecurity improvements, the FPWWTF electrical improvements, the Rhode Island pollutant discharge elimination system (“RIPDES”) compliance improvements--PFAS, the RIPDES flow monitoring system implementation, the NBC System-wide regulator modifications, the Omega Pump Station improvements, the Lincoln Septage Receiving Station replacement, the Reservoir Avenue Pump Station improvements, and other projects of NBC.

Process for Project Evaluation and Selection - Please refer to “THE CLEAN WATER STATE REVOLVING FUND PROGRAM – Administration of the Fund” and “THE DRINKING WATER STATE REVOLVING FUND PROGRAM – Administration of the Fund” herein for details on the process for project evaluation and selection.

Management of Proceeds - The proceeds of the Series 2024A Bonds will be tracked by the Bank and deposited in a segregated account for each Borrower. A chart identifying (a) the project expected to be financed with the proceeds of the Series 2024A Bonds, (b) the amount of such loan expected to be provided for the project and (c) the percent of the loan disbursed by the Bank for the project is attached as APPENDIX G to this Official Statement. The satisfactory completion of the project, modifications to the project and other factors may cause: (i) the loan amount to vary, (ii) other environmentally beneficial projects to be added, or (iii) the identity of the Borrower to change. Accordingly, the information included in APPENDIX G is subject to change. The Bank reserves the right to modify the projects included in APPENDIX G and to substitute one or more Borrowers provided that the substituted projects of such Borrowers are deemed by the Bank to be environmentally beneficial.

Reporting - The Bank plans to voluntarily post annual updates on the use of the proceeds of the Series 2024A Bonds in the form of updates to APPENDIX G to be included in its annual reports posted on www.riib.org.

PROJECTED CASH FLOW SCHEDULE

The projected cash flows relating to the Series 2024A Bonds are dependent on Borrowers making timely payments on their Borrower Bonds and the availability of excess revenues to be transferred from the Prior Clean Water Indenture and Prior Drinking Water Indenture to the Master Trust Indenture as described under “SECURITY AND SOURCES OF PAYMENT FOR MASTER TRUST BONDS.” The following Projected Cash Flow Schedule illustrates on an annual basis the amounts available to pay debt service on the Series 2024A Bonds from (i) excess Prior Clean Water Indenture revenues and excess Prior Drinking Water Indenture revenues after payment of the outstanding Prior Clean Water Indenture Bonds and Prior Drinking Water Indenture Bonds and (ii) Loan repayments on Loans pledged under the Master Trust Indenture as well as the debt service on outstanding Master Trust Bonds.

The projected cash flows in the schedule are estimates, subject to change, and are based upon various assumptions concerning the amounts, timing, interest rates and repayment schedule of loans, the amounts available for investment and the interest earnings on invested funds and timely payment by all Borrowers, among other assumptions. See “SUMMARY OF PROGRAM LOANS.”

Prior Clean Water Master Trust Indenture					Prior Drinking Water Master Trust Indenture				2021 Master Trust Indenture					
Fiscal Yr	Total CW		Debt Service		Total DW		Debt Service		Fiscal Yr	Total CW & DW	Total	Total	Total	
Ending	Total CW Loan	Debt Service	Debt Service	CW Excess	Total DW Loan	Debt Service	Debt Service	DW Excess	Ending	Excess Rev. from	New Indenture	New Indenture	Debt Service	Debt Service
Jun 30	Receipts ⁽¹⁾	Requirements	Coverage	Revenue	Receipts ⁽²⁾	Requirements	Coverage	Revenue	Jun 30	Prior Indenture ⁽³⁾	Loan Receipts ⁽⁴⁾	Revenues	Requirements ⁽⁵⁾	Coverage
Total:	\$ 354,406,438	\$ 256,579,085		\$ 97,827,353	\$ 248,772,576	\$ 168,129,362		\$ 80,643,214	Total:	\$ 209,801,236	\$ 817,296,219	\$ 1,027,097,455	\$ 352,108,864	
2024	45,265,198	35,340,070	1.28	x 9,925,128	26,906,708	18,684,497	1.44	x 8,222,211	2024	31,330,669	20,248,702	51,579,371	13,704,664	3.76
2025	41,306,801	29,278,822	1.41	12,027,978	25,034,392	18,749,208	1.34	6,285,184	2025	18,147,339	39,119,103	57,266,442	18,807,512	3.04
2026	36,799,141	25,617,515	1.44	11,181,626	22,547,589	16,342,608	1.38	6,204,980	2026	18,313,163	38,568,251	56,881,414	17,953,598	3.17
2027	30,712,775	24,594,887	1.25	6,117,888	22,217,655	15,672,809	1.42	6,544,846	2027	17,386,606	40,497,834	57,884,440	18,357,291	3.15
2028	30,210,288	23,267,843	1.30	6,942,445	22,252,593	15,391,658	1.45	6,860,935	2028	12,662,734	38,780,891	51,443,625	15,788,141	3.26
2029	29,434,557	17,106,070	1.72	12,328,486	19,329,309	11,844,021	1.63	7,485,288	2029	13,803,379	38,983,827	52,787,206	20,774,384	2.54
2030	26,712,267	21,571,462	1.24	5,140,805	19,274,697	12,961,329	1.49	6,313,368	2030	19,813,774	38,763,809	58,577,584	18,585,025	3.15
2031	21,233,879	17,283,920	1.23	3,949,959	16,075,914	10,001,302	1.61	6,074,612	2031	11,454,173	43,197,136	54,651,309	18,363,727	2.98
2032	19,250,508	16,582,291	1.16	2,668,218	14,191,496	8,794,876	1.61	5,396,620	2032	10,024,572	40,585,075	50,609,647	16,890,790	3.00
2033	15,845,681	13,933,659	1.14	1,912,021	13,483,368	8,645,388	1.56	4,837,980	2033	8,064,838	42,858,876	50,923,714	17,060,154	2.98
2034	14,156,141	10,744,336	1.32	3,411,805	13,334,039	8,504,828	1.57	4,829,211	2034	6,750,001	38,739,000	45,489,001	15,592,332	2.92
2035	12,022,445	9,231,217	1.30	2,791,228	11,140,142	5,126,426	2.17	6,013,716	2035	8,241,016	41,867,352	50,108,369	19,012,177	2.64
2036	6,225,275	3,901,689	1.60	2,323,586	6,231,141	4,921,311	1.27	1,309,830	2036	8,804,944	42,175,512	50,980,456	16,077,136	3.17
2037	6,249,772	3,579,161	1.75	2,670,611	5,948,880	4,750,000	1.25	1,198,880	2037	3,633,416	37,318,395	40,951,811	13,964,941	2.93
2038	3,617,057	1,762,528	2.05	1,854,529	4,512,881	3,361,600	1.34	1,151,281	2038	3,869,491	41,461,896	45,331,387	16,214,825	2.80
2039	2,168,193	395,469	5.48	1,772,724	3,235,109	2,643,500	1.22	591,609	2039	3,005,809	40,816,986	43,822,795	15,528,924	2.82
2040	2,176,991	394,942	5.51	1,782,049	3,056,664	1,734,000	1.76	1,322,664	2040	2,364,333	15,623,657	17,987,990	5,367,253	3.35
2041	2,185,126	394,091	5.54	1,791,034	-	-	-	-	2041	3,104,712	12,253,783	15,358,495	3,743,704	4.10
2042	2,194,550	397,836	5.52	1,796,714	-	-	-	-	2042	1,791,034	12,138,401	13,929,435	3,747,129	3.72
2043	2,203,210	401,094	5.49	1,802,116	-	-	-	-	2043	1,796,714	10,780,903	12,577,617	3,650,290	3.45
2044	2,213,060	403,867	5.48	1,809,193	-	-	-	-	2044	1,802,116	8,099,996	9,902,112	3,199,789	3.09
2045	2,223,524	396,316	5.61	1,827,208	-	-	-	-	2045	1,809,193	4,736,306	6,545,499	3,214,250	2.04
2046	-	-	-	-	-	-	-	-	2046	1,827,208	4,739,050	6,566,258	3,008,972	2.18
2047	-	-	-	-	-	-	-	-	2047	-	15,678,121	15,678,121	6,712,534	2.34
2048	-	-	-	-	-	-	-	-	2048	-	15,767,351	15,767,351	6,753,209	2.33
2049	-	-	-	-	-	-	-	-	2049	-	15,864,865	15,864,865	6,791,969	2.34
2050	-	-	-	-	-	-	-	-	2050	-	15,960,306	15,960,306	6,836,013	2.33
2051	-	-	-	-	-	-	-	-	2051	-	16,059,249	16,059,249	6,874,550	2.34
2052	-	-	-	-	-	-	-	-	2052	-	16,151,515	16,151,515	6,918,919	2.33
2053	-	-	-	-	-	-	-	-	2053	-	15,770,527	15,770,527	6,752,944	2.34
2054	-	-	-	-	-	-	-	-	2054	-	13,689,546	13,689,546	5,861,719	2.34
2055	-	-	-	-	-	-	-	-	2055	-	-	-	-	-

(1) Includes CW loan repayments and LIST earnings.

(2) Includes DW loan repayments and LIST earnings.

(3) Reflects one year lag in transferring from prior indenture excess revenue.

(4) All CW & DW loan repayments of the MTI including transfer of the loan repayments of refunded prior indenture bond series. Includes loan repayments expected to be pledged at closing of the Series 2024A Bonds. Preliminary, subject to change.

(5) Includes preliminary debt service for Series 2024A Bonds, subject to change.

SECURITY AND SOURCES OF PAYMENT FOR MASTER TRUST BONDS

General

The Series 2024A Bonds are issued and secured under the terms and provisions of the Master Trust Indenture and the Series 2024A Bond Indenture and are not issued on a parity with the Prior Clean Water Indenture Bonds or the Prior Drinking Water Indenture Bonds. The payment of principal of and interest on the Master Trust Bonds is secured solely by (i) moneys transferred from the Prior Clean Water Indenture and the Prior Drinking Water Indenture to the Master Trustee as directed by an Officer's Certificate, (ii) Pledged SRF Revenues, which are defined below to exclude Administrative Fee Payments, (iii) amounts held in the funds and accounts established under the Series 2024A Bond Indenture (excluding moneys on deposit in the Costs of Issuance Fund), (iv) all proceeds of the foregoing (including investment earnings thereon) held by the Trustee under the Series 2024A Bond Indenture, and (v) amounts available under the Master Trust Indenture for that purpose, in each case subject to the uses, restrictions and priorities set forth in the Series 2024A Bond Indenture. Certain amounts pledged to repayment of the Prior Clean Water Indenture Bonds or the Prior Drinking Water Indenture Bonds, which may constitute Pledged SRF Revenues, will first be used to make payments of principal of and interest on such Prior Clean Water Indenture Bonds or the Prior Drinking Water Indenture Bonds or other payments required under the Prior Clean Water Indenture and the Prior Drinking Water Indenture. See "PROJECTED CASH FLOW SCHEDULE."

Master Trust Indenture Moneys

Upon the issuance of the Series 2024A Bonds, approximately \$464,028,996 in outstanding principal amount of Loans will be pledged to the Trust Estate to be held under the Master Trust Indenture as security for the payment of the Series 2024A Bonds and additional Master Trust Bonds. See "SUMMARY OF PROGRAM LOANS."

"Pledged SRF Revenues" consist of "Pledged CWSRF Revenues" and "Pledged DWSRF Revenues," which have the following respective meanings:

- "Pledged CWSRF Revenues" means (i) all CWSRF Loan Payments (other than payments identified in a Loan Agreement that represent Administrative Fee Payments), (ii) all other amounts received by the Bank under any Loan Agreement acquired for the Clean Water Program, (iii) all other amounts defined as a Pledged CWSRF Revenue under the terms of a Series Bond Indenture authorizing a Series of Master Trust Bonds, but excluding moneys received from clean water federal capitalization grants under the Federal Clean Water Act and CWSRF State Matching Funds, and (iv) all amounts received by the Bank as income, profits or gain on investments of money held in pledged accounts under the Master Trust Indenture (other than moneys received from clean water federal capitalization grants under the Federal Clean Water Act and CWSRF State Matching Funds).
- "Pledged DWSRF Revenues" means (i) all DWSRF Loan Payments (other than payments identified in a Loan Agreement that represent Administrative Fee Payments), (ii) all other amounts received by the Bank under any Loan Agreement acquired for the Drinking Water Program, (iii) all other amounts defined as a Pledged DWSRF Revenue under the terms of a Series Bond Indenture authorizing a Series of Master Trust Bonds, but excluding moneys received from drinking water federal capitalization grants under the Federal Drinking Water Act and DWSRF State Matching Funds, and (iv) all amounts received by the Bank as income, profits or gain on investments of money held in pledged accounts under the Master Trust Indenture (other than moneys received from drinking water federal capitalization grants under the Federal Drinking Water Act and DWSRF State Matching Funds).

Moneys held in the CWSRF Revenue Fund may be made available to pay debt service on Master Trust Bonds, including the Series 2024A Bonds, issued for the Drinking Water Program. Moneys held in the DWSRF Revenue Fund may be made available to pay debt service on Master Trust Bonds, including the Series 2024A Bonds, issued for the Clean Water Program. See "Cross-Collateralization" below.

Prior Clean Water Indenture and Prior Drinking Water Indenture Moneys

The Bank shall transfer any excess amounts available under the Prior Clean Water Indenture and the Prior Drinking Water Indenture to the Master Trustee. An Officer's Certificate accomplishing such transfer will be

delivered annually while the Prior Clean Water Indenture Bonds and the Prior Drinking Water Indenture Bonds remain outstanding.

Establishment of Funds and Accounts under the Master Trust Indenture and the Series 2024A Bond Indenture

Master Trust Indenture

The Master Trust Indenture establishes the following funds and accounts, each of which is held by the Master Trustee: (1) Loan Fund, containing a CWSRF Leveraged Loan Account, a CWSRF State Match Loan Account, a DWSRF Leveraged Loan Account and a DWSRF State Match Loan Account; (2) CWSRF Revenue Fund; and (3) DWSRF Revenue Fund.

The Master Trustee will promptly deposit in the CWSRF Revenue Fund all CWSRF Loan Payments and the Borrower Obligations related to the CWSRF Loan Payments. In addition, the Master Trustee will promptly deposit in the CWSRF Revenue Fund any CWSRF Loan Documents substituted for Loans then on deposit in the CWSRF Revenue Fund, in accordance with the terms of the Master Trust Indenture and as directed in an Officer's Certificate. The Master Trustee will promptly deposit in the DWSRF Revenue Fund all DWSRF Loan Payments and the Borrower Obligations related to the DWSRF Loan Payments. In addition, the Master Trustee will promptly deposit in the DWSRF Revenue Fund any DWSRF Loan Documents substituted for Loans then on deposit in the DWSRF Revenue Fund, in accordance with the terms of the Master Trust Indenture and as directed in an Officer's Certificate. See "SUMMARY OF PROGRAM LOANS."

Series 2024A Bond Indenture

The Series 2024A Bond Indenture establishes the following funds and accounts, each of which is held by the Trustee: (1) Debt Service Fund, containing a Clean Water Account and a Drinking Water Account (and within such account a State Match Bond Subaccount and a Leveraged Bond Subaccount); and (2) Costs of Issuance Fund.

Debt Service Fund. On or before each Payment Date, the Trustee shall request in writing that the Master Trustee transfer the amounts necessary to pay the interest on the Series 2024A Bonds as the same becomes due and payable and to pay the principal of and premium, if any, on the Series 2024A Bonds as the same becomes due and payable at maturity or upon the redemption of Series 2024A Bonds prior to maturity. In the request, the Trustee shall specify the interest and principal due on the Payment Date for the Series 2024A Bonds that are Clean Water Leveraged Bonds, Clean Water State Match Bonds, Drinking Water Leveraged Bonds and Drinking Water State Match Bonds, as applicable.

On or before each Payment Date, the Master Trustee shall transfer the moneys requested by the Trustee for payment of principal, premium, if any, and interest due on such Payment Date, to be held in trust by the Trustee for the holders of the Series 2024A Bonds and, except as otherwise provided herein, applied solely to pay the Series 2024A Bonds. On each date fixed for redemption of the Series 2024A Bonds and on each scheduled Payment Date on the Series 2024A Bonds, the Trustee shall remit to the respective owners of such Series 2024A Bonds an amount from the respective Account or Subaccount of the Debt Service Fund sufficient to pay the principal of and interest on the Series 2024A Bonds becoming due and payable on such date. Pending such application, moneys in the Debt Service Fund shall be invested pursuant to the Series 2024A Bond Indenture.

No Reserve Fund. The Series 2024A Bond Indenture does not establish a Reserve Fund Requirement or a Reserve Fund for the Series 2024A Bonds.

Cost of Issuance Fund. Moneys in the Costs of Issuance Fund shall be applied by the Trustee to the payment of costs of issuance of the Series 2024A Bonds, including payment of all necessary fees, costs and expenses of the Trustee and the Bank relating to the Series 2024A Bonds, as limited by the Series 2024A Bond Indenture. The Trustee will transfer any balance remaining in the Costs of Issuance Fund on the 180th day following the issuance of the Series 2024A Bonds for deposit in such funds and accounts as directed by the Bank in an Officer's Certificate. The Cost of Issuance Fund does NOT secure the payment of debt service on the Series 2024A Bonds.

Investments. The Bond Trustee will invest moneys deposited in the Funds established under the Series 2024A Bond Indenture as described in APPENDIX A – "Definition of Certain Terms and Summary of Certain Provisions of the Master Trust Indenture and the Series 2024A Bond Indenture."

Cross-Collateralization

Withdrawals from CWSRF Revenue Fund Held Under the Master Trust Indenture

On or before the Payment Date of any debt service due and owing on a Series of Master Trust Bonds, the Master Trustee will take the following actions pertaining to the CWSRF Revenue Fund in the following order of priority as directed in an Officer's Certificate, subject to the discussion below under "Limitations on Withdrawals":

(1) the Master Trustee will transfer moneys received from the Prior Clean Water Indenture attributable to the Clean Water Program to a Bond Indenture Trustee, for deposit in the appropriate debt service account or subaccount established for a Series of Master Trust Bonds to pay debt service coming due on a Series of Master Trust Bonds issued for the benefit of the Clean Water Program;

(2) the Master Trustee will transfer Pledged CWSRF Revenues to a Bond Indenture Trustee, for deposit in the appropriate debt service account or subaccount established for a Series of Master Trust Bonds (or portion thereof) issued for the Clean Water Program, the amount certified by such Bond Indenture Trustee to be necessary to timely make the debt service payment due on such Payment Date on that Series of Master Trust Bonds (or portion thereof); provided, that the Bank in a Bond Indenture may direct a Bond Indenture Trustee to deposit Pledged CWSRF Revenues to the credit of accounts or subaccounts established in the Bond Indenture for the payment of debt service on the Series of Master Trust Bonds issued as Leveraged Bonds and State Match Bonds in furtherance of the Clean Water Program;

(3) after making any transfers described in subsection (2) above, the Master Trustee will transfer Pledged CWSRF Revenues to a Bond Indenture Trustee, for deposit to the credit of the appropriate debt service account or subaccount established for a Series of Master Trust Bonds (or portion thereof) issued for the Drinking Water Program, the amount certified by such Bond Indenture Trustee to be necessary to timely make the debt service payment due on such Payment Date on that Series of Master Trust Bonds (or portion thereof);

(4) the Master Trustee will transfer Pledged CWSRF Revenues to a Bond Indenture Trustee the amount certified by such Bond Indenture Trustee to be necessary to replenish any deficiency in an account in a reserve fund established for a Series of Master Trust Bonds (or portion thereof) issued for the Clean Water Program;

(5) the Master Trustee will transfer Pledged CWSRF Revenues to a Bond Indenture Trustee the amount certified by such Bond Indenture Trustee to be necessary to replenish any deficiency in an account in a reserve fund established for a Series of Master Trust Bonds (or portion thereof) issued for the Drinking Water Program, provided, that the transfers made as described in paragraph (4) below under "*Withdrawals from DWSRF Revenue Fund Held Under the Master Trust Indenture*" were not sufficient to replenish any deficiency in such reserve fund;

(6) in accordance with an Officer's Certificate, the Master Trustee will transfer an amount certified by a Bank Representative as constituting Pledged CWSRF Revenues to the Bank to be used for any lawful purpose consistent with the Clean Water Program; and

(7) following any Payment Date and pursuant to an Officer's Certificate, the Master Trustee shall withdraw all remaining moneys, and transfer such moneys to the Bank to be used by the Bank for any lawful purpose.

Withdrawals from DWSRF Revenue Fund Held Under the Master Trust Indenture

On or before the Payment Date of any debt service due and owing on a Series of Master Trust Bonds, the Master Trustee will take the following actions pertaining to the DWSRF Revenue Fund in the following order of priority as directed in an Officer's Certificate, subject to the discussion below under "Limitations on Withdrawals":

(1) the Master Trustee will transfer moneys received from the Prior Drinking Water Indenture attributable to the Drinking Water Program to a Bond Indenture Trustee, for deposit in the appropriate debt service account or subaccount established for a Series of Master Trust Bonds to pay debt service coming due on a Series of Master Trust Bonds issued for the benefit of the Drinking Water Program;

(2) the Master Trustee will transfer Pledged DWSRF Revenues to a Bond Indenture Trustee, for deposit in the appropriate debt service account or subaccount established for a Series of Master Trust Bonds (or portion thereof) issued for the Drinking Water Program, the amount certified by such Bond Indenture Trustee to be necessary to timely make the debt service payment due on such Payment Date on that Series of Master Trust Bonds (or portion

thereof); provided, that the Bank in a Bond Indenture may direct a Bond Indenture Trustee to deposit Pledged DWSRF Revenues to the credit of accounts or subaccounts established in the Bond Indenture for the payment of debt service on the Series of Master Trust Bonds issued as Leveraged Bonds and State Match Bonds in furtherance of the Drinking Water Program;

(3) after making any transfers described in subsection (2) above, the Master Trustee will transfer Pledged DWSRF Revenues to a Bond Indenture Trustee, for deposit to the credit of the appropriate debt service account or subaccount established for a Series of Master Trust Bonds (or portion thereof) issued for the Clean Water Program, the amount certified by such Bond Indenture Trustee to be necessary to timely make the debt service payment due on such Payment Date on that Series of Master Trust Bonds (or portion thereof);

(4) the Master Trustee will transfer Pledged DWSRF Revenues to a Bond Indenture Trustee the amount certified by such Bond Indenture Trustee to be necessary to replenish any deficiency in an account in a reserve fund established for a Series of Master Trust Bonds (or portion thereof) issued for the Drinking Water Program;

(5) the Master Trustee will transfer Pledged DWSRF Revenues to a Bond Indenture Trustee the amount certified by such Bond Indenture Trustee to be necessary to replenish any deficiency in an account in a reserve fund established for a Series of Master Trust Bonds (or portion thereof) issued for the Clean Water Program, provided, that the transfers made as described in paragraph (4) above under “*Withdrawals from CWSRF Revenue Fund Held Under the Master Trust Indenture*” were not sufficient to replenish any deficiency in such reserve fund;

(6) in accordance with an Officer’s Certificate, the Master Trustee will transfer an amount certified by a Bank Representative as constituting Pledged DWSRF Revenues to the Bank to be used for any lawful purpose consistent with the Drinking Water Program; and

(7) following any Payment Date and pursuant to an Officer’s Certificate, the Master Trustee shall withdraw all remaining moneys, and transfer such moneys to the Bank to be used by the Bank for any lawful purpose.

Limitations on Withdrawals

Withdrawals from the CWSRF Revenue Fund or the DWSRF Revenue Fund are subject to the following:

(1) If, for either the Clean Water Program or the Drinking Water Program, as of any date specified in this Section, more than one Bond Indenture Trustee has certified to the Master Trustee that there are insufficient moneys on hand to pay the debt service on the applicable Series of Master Trust Bonds, then the Master Trustee shall transfer moneys to the Bond Indenture Trustees with respect to each Series of Master Trust Bonds designated in the applicable Series Certificates. If there are insufficient moneys on deposit in the CWSRF Revenue Fund or the DWSRF Revenue Fund, as the case may be, to satisfy all such requests, the Master Trustee shall transfer moneys to the Bond Indenture Trustees pro rata based on the amount of the respective deficiencies among such Master Trust Bonds as directed in an Officer’s Certificate.

(2) The Bank will not request the Master Trustee to make any transfers from the CWSRF Revenue Fund to pay the debt service on any Series of Master Trust Bonds issued for or any reserve account with respect to the Drinking Water Program, unless no moneys are on deposit in the DWSRF Revenue Fund, or any transfers from the DWSRF Revenue Fund to pay the debt service on any Series of Master Trust Bonds issued for or any reserve account with respect to the Clean Water Program, unless no moneys are on deposit in the CWSRF Revenue Fund.

(3) To the extent such transfers are prohibited under the Clean Water Program and the Drinking Water Program, the Bank will not request the Master Trustee to make any transfers from the CWSRF Revenue Fund to pay the debt service on or to replenish any reserve account with respect to State Match Bonds issued for the Drinking Water Program, or to make any transfers from the DWSRF Revenue Fund to pay the debt service on or to replenish any reserve account with respect to State Match Bonds issued for the Clean Water Program.

Release of Loans; Substitution of Loans; Prepayment

Release of Loans. The Master Trustee, upon the receipt of an Officer’s Certificate, may release Loans and, if held by the Master Trustee, the related Loan Agreements and Borrower Obligations from the lien of the Master Trust Indenture, upon the satisfaction of the following:

(a) the delivery to the Master Trustee of an Officer’s Certificate (A) to the effect that cash flow reports evidence the sufficiency of (1) available Pledged SRF Revenues from the remaining Loans and interest earnings on

investments for each Payment Date to pay not less than 1.0 times principal and interest coming due on the Master Trust Bonds on each such debt service payment date until maturity, (2) available Pledged SRF Revenues constituting interest payments only on the remaining Loans and interest earnings on investments for each interest payment date to pay not less than 1.0 times principal and interest coming due on the portion of the Master Trust Bonds issued to finance State Matching Funds on each such interest payment date, (3) any and all available revenues for each debt service payment date securing all outstanding Master Trust Bonds to pay not less than 1.1 times principal and interest coming due on all Master Trust Bonds on each such debt service payment date, and (4) any and all available revenues (consisting of investment earnings and loan interest earnings securing all Bond Indentures pursuant to which a Series of Master Trust Bonds is issued and delivered) for each debt service payment date securing all portions of outstanding Master Trust Bonds issued to finance State Matching Funds to pay not less than 1.1 times principal and interest coming due on such portions of Master Trust Bonds on each such debt service payment date (clauses (1), (2), (3), and (4) being herein referred to as the “Coverage Requirement”) and (B) specifying the Loans to be released; and

(b) the delivery to the Master Trustee of an amendment to the schedule of Loans held in the Loan Fund (which amendment does not require the consent of the owners of the Bonds).

Substitution of Loans. Upon the written direction of the Bank through the delivery of an executed Written Authorization, the Master Trustee may release Loans and, if held by the Master Trustee, the related Loan Agreements and Borrower Obligations and substitute one or more Loans for such Loan and related Loan Agreements and Borrower Obligations, and thereby subject substituted loans to the lien of the Master Trust Indenture upon the delivery to the Master Trustee of (i) the instruments described above under “Release of Loans”, provided, that the substituted Loan or Loans shall be included in the calculation of the Coverage Requirement and (ii) confirmation from each Rating Agency then rating the Master Trust Bonds that the proposed substitution will not result in a reduction or withdrawal of the then-applicable rating on the Master Trust Bonds.

Prepayment. The Bank shall not consent to a Prepayment of a Loan unless the Bank first delivers to the Master Trustee an Officer’s Certificate to the effect that the Coverage Requirement will be satisfied after taking into account such Prepayment. If the Bank cannot deliver such Officer’s Certificate, then the Bank may exercise its rights described above under “Substitution of Loans.”

Limited, Special Obligations of the Bank

The Series 2024A Bonds and the premium, if any, and interest thereon shall not now and shall never constitute an indebtedness or an obligation, general or moral, or a pledge of the faith or loan of credit of the Bank or the State, within the purview of any constitutional limitation or provision, and shall never constitute or give rise to a charge against the faith and credit or taxing powers, if any, of the Bank or the State, but shall be special, limited obligations of the Bank, payable solely from the Trust Estate established under the Master Trust Indenture and the Series 2024A Bond Indenture, the proceeds from the sale of the Series 2024A Bonds and the income from the temporary investment thereof. The Bank has no taxing power.

Additional Bonds

The Series 2024A Bonds will be issued and additional bonds may be issued and secured in the future by the Bank pursuant to the terms of the Master Trust Indenture without limitation as to amount for purposes of the Clean Water Program and the Drinking Water Program, subject to certain limitations, and any such additional bonds are and shall be secured thereunder on a parity with the Series 2024A Bonds except with respect to any reserve accounts. Additional Master Trust Bonds may be issued if the following conditions are satisfied: (i) the principal amount of the Master Trust Bonds then being issued, together with the Master Trust Bonds then outstanding, shall not exceed in aggregate principal amount any limitation imposed by law; and (ii) an Officer’s Certificate shall have been delivered to the Master Trustee to the effect that cash flow reports evidence the sufficiency of the available revenues under the Master Trust Indenture relating to all outstanding Master Trust Bonds, including the Master Trust Bonds then to be issued, to pay 1.1 times the Maximum Annual Debt Service coming due on all Master Trust Bonds then outstanding and the Master Trust Bonds then to be issued on any payment date with respect to the Master Trust Bonds. The Series 2024A Bonds will be issued in satisfaction of the tests described above.

The Bank also may, but is not obligated to issue future Master Trust Bonds to refund all or a portion of the Prior Clean Water Indenture Bonds and Prior Drinking Water Indenture Bonds and effect the transfer of Loans and related Loan Documents securing any such refunded Prior Clean Water Indenture Bonds and Prior Drinking Water

Indenture Bonds to the Master Trustee, to be held as part of the Master Trust Estate established under the Master Trust Indenture, with the expectation of retiring all of the Prior Clean Water Indenture Bonds and Prior Drinking Water Indenture Bonds and having all bonds issued by the Bank in furtherance of the Clean Water Program and the Drinking Water Program be issued as Master Trust Bonds, secured by the Master Trust Indenture. The Bank has covenanted that it shall no longer issue bonds or incur other obligations under the terms of the Prior Clean Water Indenture or the Prior Drinking Water Indenture, it being the intent of the Bank that all bonds or other obligations to be issued to finance loans in connection with the Clean Water Program and the Drinking Water Program and to finance other permissible purposes will be issued or incurred under the terms of, and be governed and secured by, the Master Trust Indenture.

See APPENDIX A for a more complete description of the Master Trust Indenture and the Series 2024A Bond Indenture.

Loans Made by the Bank

Loans may be made with proceeds of Master Trust Bonds, Federal Act Capitalization Grants, State Matching Funds, recycled funds in the Clean Water and Drinking Water programs, other funds available to the Bank or any combination thereof. The Bank identifies Borrowers at or prior to the time a series of Master Trust Bonds is issued. All or some of the Loans so identified, however, may not actually be made at such time, and the Bank reserves the right to make Loans in amounts other than initially identified and to Borrowers other than those Borrowers initially identified.

Loans are made for the purpose of financing eligible water pollution abatement and safe drinking water projects including, but not limited to, costs of planning and design, construction, loan financing and capitalized interest. As set forth in each Loan Agreement, the Bank determines the market rate for each Loan, that is, the true interest cost that obligations of that Borrower would bear (as determined jointly by the Bank and the Borrower) if such Borrower had issued a series of its own general obligation or revenue bonds of similar maturity under similar market conditions and with the Borrower's rating (the "Market Rate"). The Bank also sets a subsidized interest rate for a Loan which is approximately two-thirds (2/3) of the Market Rate for the Clean Water Program and three-quarters (3/4) of the Market Rate for the Drinking Water Program (the "Subsidized Interest Rate").

Upon an event of default under a Loan Agreement or the applicable Borrower Bond, including a failure to comply with any covenant, term or condition therein, the Bank or the Trustee may exercise any remedy available at law or in equity in order to cause the Borrower to comply with the provisions of the Loan Agreement and such Borrower's Borrower Bonds. In the event of a default in payment on any Borrower Loan which has been pledged to the repayment of Master Trust Bonds, each Loan Agreement permits the Bank to increase the interest paid by those Borrowers from the Subsidized Interest Rate up to as much as the Market Rate to pay debt service on the Master Trust Bonds. When the default in payment on the Master Trust Bonds is cured, the Bank shall again bill the Borrowers at the Subsidized Interest Rate. The Bank shall not be required to reimburse or credit any Borrower for any increase paid pursuant to this provision. See "APPENDIX A-2 – Summary of Certain Provisions of the Loan Agreements" herein.

If, upon the application of the foregoing amounts, there is still to be an event of default with respect to the Master Trust Bonds, the Bank may seek to invest available funds of the CWSRF into the DWSRF or DWSRF into the CWSRF, as applicable, to assist in the curing of any such default. **EVEN IF ALL BORROWERS ARE REQUIRED TO PAY INTEREST ON BORROWER BONDS AT THE MARKET RATE, PAYMENTS ON BORROWER BONDS MAY NOT EQUAL DEBT SERVICE ON THE MASTER TRUST BONDS, INCLUDING THE SERIES 2024A BONDS. THE LIABILITY OF THE BANK UNDER THE SERIES 2024A BONDS SHALL BE ENFORCEABLE ONLY TO THE EXTENT PROVIDED IN THE INDENTURE, AND THE SERIES 2024A BONDS SHALL BE PAYABLE SOLELY FROM PAYMENTS TO BE MADE BY EACH BORROWER TO THE TRUSTEE AND ANY OTHER FUNDS HELD BY THE TRUSTEE UNDER THE INDENTURE AND AVAILABLE FOR SUCH PAYMENT.**

An amortization schedule is specified in each Loan Agreement which is based upon repayment commencing, with respect to interest, on the March 1 or September 1 immediately following the loan closing date and, with respect to principal, not later than the September 1 following the estimated final completion date of the respective project with semi-annual installments of interest payable thereafter on each March 1 and September 1 together with an annual principal payment on each September 1.

As required by EPA guidelines, payments of interest on Borrower Bonds are pledged to the payment of the debt service of the State Matching Funds portion of Master Trust Bonds on an as needed basis.

Loans Made with Proceeds of Master Trust Bonds (Bank Loans)

Loans made with the proceeds of Master Trust Bonds are referred to as “Bank Loans.” Proceeds of Master Trust Bonds may be deposited into the CWSRF Leveraged Loan Account or the CWSRF State Match Loan Account pursuant to and as defined in the Indenture for the purpose of making Bank Loans to CWSRF Program Borrowers. The Loan Agreements and Borrower Bonds evidencing Bank Loans to CWSRF Borrowers are pledged as security for the Master Trust Bonds. Payments of principal and interest on such Borrower Bonds are deposited into the CWSRF Revenue Fund.

Proceeds of Master Trust Bonds may be deposited into the DWSRF Leveraged Loan Account or the DWSRF State Match Loan Account pursuant to and as defined in the Indenture for the purpose of making Bank Loans to DWSRF Program Borrowers. The Loan Agreements and Borrower Bonds evidencing Bank Loans to DWSRF Borrowers are pledged as security for the Master Trust Bonds. Payments of principal and interest on such Borrower Bonds are deposited into the DWSRF Revenue Fund.

Direct Loans

In addition to making Bank Loans with the proceeds of Master Trust Bonds, the Bank may make loans to Borrowers from the CWSRF and DWSRF with the proceeds of State Matching Funds derived from funds made available to the Bank by the State, certain funds resulting from the repayment of other Direct Loans, and other funds available to the Bank. Such loans are referred to as “Direct Loans”. The Loan Agreements and Borrower Bonds evidencing Direct Loans may be pledged as security for the Master Trust Bonds. Payments of principal and interest on such CWSRF Direct Loan Borrower Bonds are deposited into the CWSRF Revenue Fund. Payments of principal and interest on such DWSRF Direct Loan Borrower Bonds are deposited into the DWSRF Revenue Fund.

Federal Direct Loans

The Bank may also make loans to Borrowers under the CWSRF Program from CWSRF Federal Act Capitalization Grants. Such loans are referred to as “CWSRF Federal Direct Loans.” The Loan Agreements and Borrower Bonds evidencing CWSRF Federal Direct Loans may be pledged as security for the Master Trust Bonds. The repayments of CWSRF Federal Direct Loans which have been pledged to the repayment of the Master Trust Bonds shall be deposited in the CWSRF Revenue Fund.

The Bank may also make loans to Borrowers under the DWSRF Program from DWSRF Federal Act Capitalization Grants. Such loans are referred to as “DWSRF Federal Direct Loans.” The Loan Agreements and Borrower Bonds evidencing DWSRF Federal Direct Loans may be pledged as security for the Master Trust Bonds. The repayments of DWSRF Federal Direct Loans which have been pledged to the repayment of the Master Trust Bonds shall be deposited in the DWSRF Revenue Fund.

Principal Forgiveness Subsidy Component of Fiscal Years 2022 and 2023 Clean Water and Drinking Water Capitalization Grants

With respect to the proceeds of the Fiscal Years 2022 and 2023 Clean Water and Drinking Water Capitalization Grants, the EPA is requiring that the State, through the Bank, dedicate not less than \$15,274,940 for a subsidy from the Clean Water State Revolving Fund and \$22,238,990 for a subsidy from the Drinking Water State Revolving Fund in the form of forgiveness of principal, negative interest loans or grants. The Bank, in conjunction with the DEM and RIDOH, intends to satisfy these requirements by awarding a subsidy in the amount of \$15,274,940 (consisting of the Fiscal Year 2022 and 2023 Capitalization Grant requirements for the Clean Water State Revolving Fund) and \$22,238,990 (consisting of the Fiscal Year 2022 and 2023 Capitalization Grant requirements for the Drinking Water State Revolving Fund) in the form of forgiveness of principal (the “Principal Forgiveness Subsidy”) to Borrowers receiving Loans from the Bank (each such Borrower receiving a Principal Forgiveness Subsidy is hereinafter referred to as a “Principal Forgiveness Recipient”).

Subject to the terms set forth below, the Bank has provided a Principal Forgiveness Subsidy to the NBC, the Borrower receiving a Loan in connection with the issuance of the Series 2024A Bonds. In such instances, for each Principal Forgiveness Recipient, the Trustee holds such Principal Forgiveness Subsidy in a separate Principal

Forgiveness Subsidy Subaccount of the Federal Direct Loan Account of the Construction Proceeds Fund established for such Principal Forgiveness Recipient, as directed by the Bank.

As long as a Principal Forgiveness Recipient is not in default on its Borrower Bond, amounts transferred to the applicable Principal Forgiveness Subsidy Subaccount in the Construction Proceeds Fund shall be withdrawn by the Trustee, as directed by the Bank, for the purpose of providing the Principal Forgiveness Subsidy to such Principal Forgiveness Recipient.

Each Principal Forgiveness Subsidy shall be disbursed from the applicable Principal Forgiveness Subaccount of the Construction Proceeds Fund to each Principal Forgiveness Recipient subject to the terms and conditions of the Loan Agreement entered into by the Principal Forgiveness Recipient with the Bank in connection with such Principal Forgiveness Recipient’s Loan. Upon the occurrence of an event of default under such Loan Agreement, the Bank shall have the right to declare such Principal Forgiveness Subsidy to be immediately due and payable by the defaulting Principal Forgiveness Recipient. Upon receipt of the repaid Principal Forgiveness Subsidy from the defaulting Principal Forgiveness Recipient, the repaid Principal Forgiveness Subsidy shall be deposited by the Trustee in the defaulting Principal Forgiveness Recipient’s Federal Account of the LIST Fund. The Trustee shall reallocate such amounts to other eligible Principal Forgiveness Recipients, if any, as directed by the Bank.

None of the Principal Forgiveness Subsidy has been, or is being, pledged as security for the Series 2024A Bonds or any other Master Trust Bonds.

Project Data for Series 2024A Loan Program

Borrower	Amount	Loan Source	Loan Pledge
Narragansett Bay Commission	\$75,000,000	BP, FDL, DL, PF	REV
BP		Bond Proceeds	
FDL		Federal Direct Loan	
DL		Direct Loan	
PF		Principal Forgiveness	

Loan Pledges:
 GO - Unlimited Tax General Obligation of the Borrower
 REV - Revenue Pledge of the Borrower

SUMMARY OF PROGRAM LOANS

The following tables show as of the date of issuance of the Series 2024A Bonds: Borrowers that have received loans that will be pledged to the Master Trust Indenture, Borrowers that have outstanding loans that are pledged to the Prior Clean Water Indenture and Borrowers that have outstanding loans that are pledged to the Prior Drinking Water Indenture; the loan amount outstanding for each Borrower; the security pledged to the loans; the program to which the loan is pledged; and the Borrower percent of total state revolving fund loans pledged under each indenture.

**Program Loans Pledged to
Master Trust Indenture
As of the Date of Closing of the Series 2024A Bonds**

Borrower	Loan Amount Outstanding	Loan Pledge	Program to Which Loan is Pledged	Percent of Total SRF Loans
Bristol	\$12,892,500	GO	CWSRF	2.78 %
Bristol County Water Authority	3,086,300	REV	DWSRF	0.67
Burrillville	4,500,000	GO	CWSRF	0.97
Cumberland	5,599,000	REV	DWSRF	1.21
East Greenwich	4,757,000	GO	CWSRF	1.03
East Providence ¹	29,486,000	REV	CW&DWSRF	6.35
Kent County Water Authority	16,695,087	REV	DWSRF	3.60
Middletown	1,050,000	REV	DWSRF	0.23
Narragansett Bay Commission	249,016,000	REV	CWSRF	53.66
New Shoreham	1,404,000	GO	CWSRF	0.30
Newport ²	18,757,000	REV	CW&DWSRF	4.04
North Kingstown	238,000	GO	CWSRF	0.05
Pawtucket	215,000	GO	CWSRF	0.05
Pawtucket Water Supply Board	15,000,000	REV	DWSRF	3.23
Providence Water Supply Board	46,913,095	REV	DWSRF	10.11
Smithfield	2,886,000	REV	DWSRF	0.62
Warwick Sewer Authority	30,411,314	REV	CWSRF	6.55
Woonsocket ³	21,122,700	REV	CW&DWSRF	4.55
	\$464,028,996			100.00 %

(1) Includes \$2,409,000 from CWSRF and \$27,077,000 from DWSRF

(2) Includes \$12,026,000 from CWSRF and \$6,731,000 from DWSRF

(3) Includes \$2,095,000 from CWSRF and \$19,027,700 from DWSRF

Loan Pledges:

GO - Unlimited Tax General Obligation of the Borrower

REV - Revenue Pledge of the Borrower

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**Program Loans Pledged to
Prior Clean Water Indenture
As of 3/31/2024**

Borrower	Loan Pledge	Total Prior Clean Water Indenture Loan Amount Outstanding	Percent of Total Prior Clean Water Indenture Loans
Barrington	GO	\$5,439,570	1.32 %
Bristol	GO	12,961,500	3.15
Burrillville Sewer	GO	5,324,000	1.29
Coventry	REV	6,032,000	1.47
Cranston ¹	GO/REV	12,504,000	3.04
East Greenwich	GO	8,206,000	1.99
East Providence	REV	29,833,000	7.25
Jamestown	GO	200,000	0.05
Johnston	GO	596,000	0.14
Middletown ²	GO/REV	3,387,000	0.82
Narragansett	GO	423,308	0.10
NBC	REV	173,548,500	42.16
Newport	REV	40,309,532	9.79
North Kingstown	GO	2,618,000	0.64
North Smithfield	GO	1,262,209	0.31
Providence Water	REV	3,852,000	0.94
RI Airport Corporation	REV	20,704,000	5.03
Smithfield	REV	3,757,500	0.91
South Kingstown	GO	114,000	0.03
Warren	GO	17,730,000	4.31
Warwick Sewer Authority ³	GO/REV	27,525,527	6.69
West Warwick	REV	6,399,000	1.55
Westerly	GO	952,300	0.23
Woonsocket	REV	27,996,000	6.80
		\$411,674,946	100.00 %

(1) Includes \$11,109,000 of revenue supported debt.

(2) Includes \$1,945,000 of revenue supported debt.

(3) Includes \$26,329,527 of revenue supported debt.

Loan Pledges:

GO - Unlimited Tax General Obligation of the Borrower

REV - Revenue Pledge of the Borrower

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**Program Loans Pledged to
Prior Drinking Water Indenture
As of 3/31/2024**

Borrower	Loan Pledge	Total Prior Drinking Water Indenture Loan Amount Outstanding	Percent of Total Prior Drinking Water Indenture Loans
Bristol County Water Authority	REV	\$3,584,232	1.52 %
Burrillville	GO	542,800	0.23
Cumberland	REV	8,979,000	3.81
East Providence	REV	18,120,206	7.69
Jamestown	GO	1,613,000	0.68
Lincoln Water Commission	REV	1,264,150	0.54
Newport	REV	53,985,000	22.92
North Kingstown	GO	2,077,000	0.88
Pascoag Utility District	REV	611,000	0.26
Pawtucket Water Supply Board	REV	30,919,000	13.13
Portsmouth Water and Fire District	GO	3,045,000	1.29
Providence Water	REV	69,753,250	29.62
West Greenwich	GO	13,171	0.01
Woonsocket	REV	41,026,496	17.42
		\$235,533,305	100.00 %

Loan Pledges:

- GO - Unlimited Tax General Obligation of the Borrower
- REV - Revenue Pledge of the Borrower

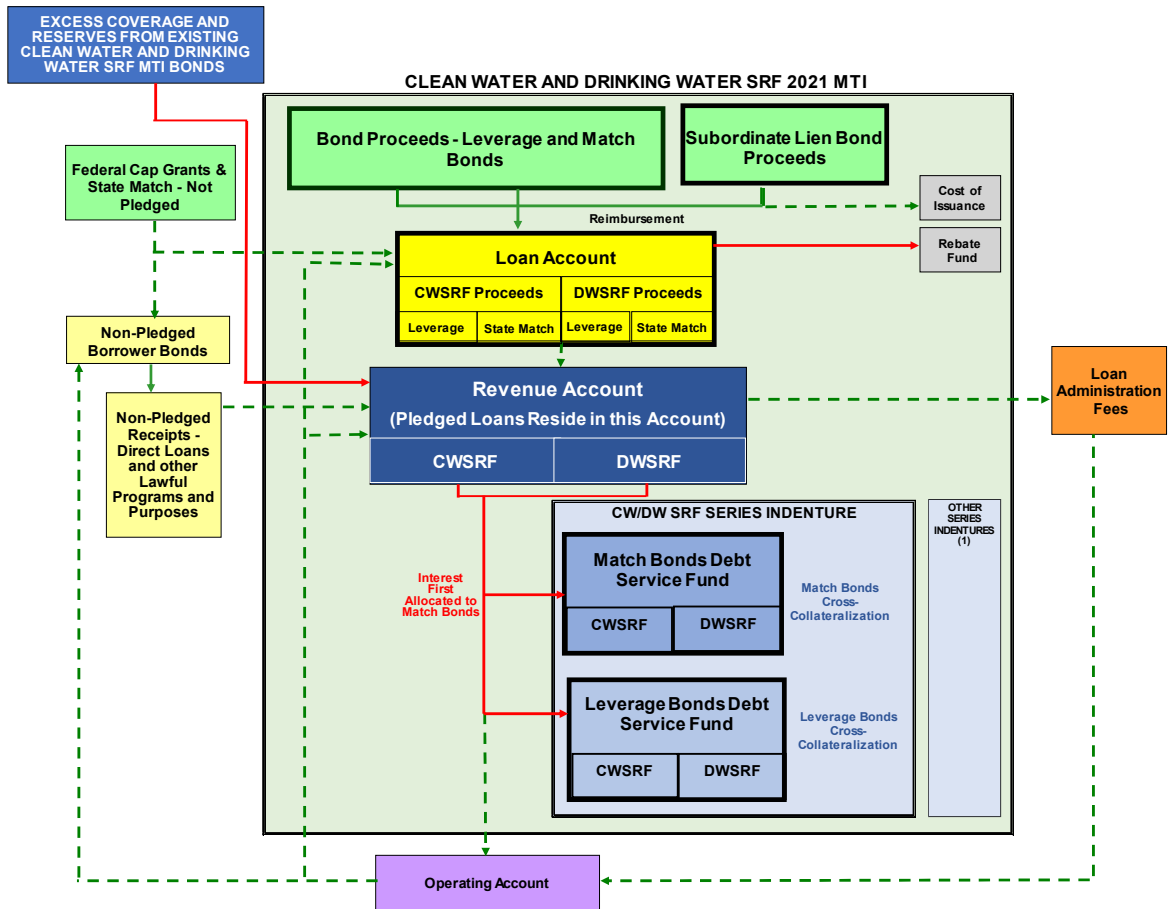
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FLOW OF FUNDS

The following diagram provides a graphic depiction of the flow of funds framework created by the Master Trust Indenture. The diagram is provided to illustrate the flow of funds prescribed by the Master Trust Indenture, including funds transferred to the Master Trustee by the Prior Clean Water Indenture and Prior Drinking Water Indenture. A complete summary of the flow of funds is included in APPENDIX A and the following diagram is qualified in its entirety by reference to APPENDIX A. The Bank intends to transfer payments received in repayment of loans made with proceeds of Prior Clean Water Indenture Bonds and Prior Drinking Water Indenture Bonds in excess of the amount needed to make payments on the Prior Clean Water Indenture Bonds and Prior Drinking Water Indenture Bonds, as directed in an Officer's Certificate, to the Master Trustee for deposit in accordance with the terms and provisions of the Master Trust Indenture. The Bank expects to deliver such an Officer's Certificate annually. See "SECURITY AND SOURCES OF PAYMENT FOR MASTER TRUST BONDS."

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RIIB State Revolving Fund Flow of Funds



(1) Each Series Bond Indenture is expected to be a mirror image of the Bond Indenture diagram shown.

INVESTMENT CONSIDERATIONS

The Bank expects to pay the principal of and interest on the Master Trust Bonds then outstanding (within the meaning of the Indenture) and each series of Master Trust Bonds issued in the future from payments made by Borrowers under the Loan Agreements and the related Borrower Bonds together with amounts from time to time on deposit in certain funds and accounts created by the Indenture. Such amounts will be pledged by the Bank to the Trustee pursuant to the Indenture as security for the Master Trust Bonds then outstanding (within the meaning of the Indenture) and each series of Bonds issued in the future, as described in APPENDIX A – “Definition of Certain Terms and Summary of Certain Provisions of the Master Trust Indenture and the Series 2024A Bond Indenture.”

The Bank’s ability to pay debt service on the Master Trust Bonds and the continued operation of the CWSRF and DWSRF will be dependent upon the receipt of revenues from payments under the Loan Agreements and the related Borrower Bonds, and on the investment earnings on amounts from time to time on deposit in the funds and accounts created by the Indenture in an amount sufficient to pay the principal of and interest on the Master Trust Bonds. The ability of the Bank to generate such revenues will depend upon a number of factors, including the payment performance of the Borrowers participating in the CWSRF and DWSRF from time to time. To date, no defaults have occurred under the Borrower Bonds of the Borrowers participating in the CWSRF and DWSRF.

Amounts on deposit in the funds and accounts, under the Indenture may be invested in various investments to the extent permitted under the Indenture, which investments include, without limitation, guaranteed investment contracts (“GICs”). For a listing of the types of investments permitted by the Indenture, see the definition of “Investment Securities” in APPENDIX A – “Definition of Certain Terms and Summary of Certain Provisions of the Master Trust Indenture and the Series 2024A Bond Indenture.” The GICs may be subject to early termination upon certain events, in which case the Trustee may have the right to require the return of certain funds or the repurchase of certain securities held pursuant to the GICs. In addition, the GICs, as well as other investments permitted by the Indenture, may be subject to certain other risks, including bankruptcy or insolvency of the party with which such funds have been invested or otherwise guaranteed. Investments will be valued monthly by the Trustee at the lower of cost or fair market value, plus accrued interest. Investment earnings are a necessary source of funds for the payment of the Master Trust Bonds, including the Series 2024A Bonds, because, among other things, the Borrower Bonds bear interest at below market rates and the debt service payments from the Borrower Bonds may be insufficient by themselves to pay the debt service on the Master Trust Bonds.

Since the Bank may make additional Loans and issue additional Master Trust Bonds, and since Loans will be repaid and may be prepaid in certain circumstances, the composition of the pool of Loans will vary from time to time, both with respect to the identity of the Borrowers and with respect to amounts due from any particular Borrower in the aggregate and as a percentage of the total pool of Loans. The Borrowers have various credit characteristics. The Act, however, allows the Bank to decline to award any financial assistance to an eligible Borrower that the Bank determines will have a substantial adverse effect on the interests of the holders of the Master Trust Bonds or other indebtedness of the Bank or the interests of other participants in the CWSRF or DWSRF Programs, or for good and sufficient cause affecting the finances of the Bank. Some Borrowers need not have ratings or obtain ratings on their Loans in order to qualify for the program. The failure of any Borrower or group of Borrowers to pay debt service when due on its Loan could adversely affect the Bank’s ability to pay debt service when due on the Master Trust Bonds. Each Borrower is responsible for the repayment of its Loan up to its respective Market Rate and is not responsible for the default of any other Borrower’s payments. Notwithstanding the foregoing, (1) in the event of a default by any Borrower in making Borrower Bond payments, amounts available under the Master Trust Indenture may be applied, in accordance with the priority set forth in the Indenture, for the payment of debt service on Master Trust Bonds; and (2) upon an event of default under a Loan Agreement or the applicable Borrower Bond, including a failure to comply with any covenant, term or condition therein, the Bank or the Trustee may exercise any remedy available at law or in equity in order to cause the Borrower to comply with the provisions of the Loan Agreement and such Borrower’s Borrower Bonds. In the event of a default in payment on any Borrower Loan which has been pledged to the repayment of Master Trust Bonds, each Loan Agreement permits the Bank to increase the interest paid by those Borrowers from the Subsidized Interest Rate up to as much as the Market Rate to pay debt service on the Master Trust Bonds. When the default in payment on the Master Trust Bonds is cured, the Bank shall again bill the Borrowers at the Subsidized Interest Rate. The Bank shall not be required to reimburse or credit any Borrower for any increase paid pursuant to this provision. See “APPENDIX A-2 – Summary of Certain Provisions of the Loan Agreements” herein.

If, upon the application of the foregoing amounts, there is still to be an event of default with respect to the Master Trust Bonds, the Bank may seek to invest available funds of the CWSRF into the DWSRF to assist in the curing of any such default. EVEN IF ALL BORROWERS ARE REQUIRED TO PAY INTEREST ON BORROWER BONDS AT THE MARKET RATE, PAYMENTS ON BORROWER BONDS MAY NOT EQUAL DEBT SERVICE ON THE MASTER TRUST BONDS, INCLUDING THE SERIES 2024A BONDS. THE LIABILITY OF THE BANK UNDER THE SERIES 2024A BONDS SHALL BE ENFORCEABLE ONLY TO THE EXTENT PROVIDED IN THE INDENTURE, AND THE SERIES 2024A BONDS SHALL BE PAYABLE SOLELY FROM PAYMENTS TO BE MADE BY EACH BORROWER TO THE TRUSTEE AND ANY OTHER FUNDS HELD BY THE TRUSTEE UNDER THE INDENTURE AND AVAILABLE FOR SUCH PAYMENT.

There is currently no market consensus on what precise attributes are required for a particular project to be defined as “Green” and therefore no assurance can be provided to investors that the projects financed with proceeds of the Series 2024A Bonds will continue to meet investor expectations regarding “Green” performance.

Impact of COVID-19

The COVID-19 pandemic and variants of the virus may continue to have adverse impacts on the economy and, consequently, the financial condition of the Bank’s borrower pool and the State, which the Bank continues to monitor very closely. The Bank remains in regular communication with its borrower pool and continues to assess with them any potential financial impact, both in the near- and long-term, that may result from the COVID-19 pandemic. To date, the Bank has experienced no non- payment issues with respect to its existing loan programs. No assurances can be given, however, that the continued spread of COVID-19 will not materially impact the national, State and local economies. The repayment of outstanding bonds and other indebtedness under the Bank’s various programs, including the CWSRF and DWSRF, is dependent on the timely receipt of loan repayments from its borrower pool, including the Borrowers. Accordingly, the potential loss to local governments and utilities of tax and other revenues resulting from COVID-19 mitigation efforts could materially adversely impact such loan repayments, including the receipt of Borrower Bond payments, which are the Bank’s primary source of repayment of the Series 2024A Bonds.

Cybersecurity

The Bank, like other public and private entities, relies on a complex information technology (“IT”) environment to conduct its operations. As a recipient and provider of certain sensitive information, the Bank may be subject to a variety of cybersecurity threats, including, but not limited to, hacking, phishing, viruses, malware, ransomware, and other attacks on its computing and other networks and systems. Such cybersecurity incidents or cyber-attacks could result from unintentional events or from deliberate efforts by unauthorized entities or individuals attempting to gain access to the Bank’s systems and technology for the purposes of misappropriating assets or information or causing operational disruption and damage.

To mitigate the impact of any such attacks, the Bank has adopted cybersecurity protocols designed to strengthen its abilities to prepare for, respond to, mitigate against and recover from cybersecurity threats and attacks. Such protocols include: (i) multi-level defenses such as firewalls, anti-virus, anti-spam/malware, multi-factor authentication, intrusion detection and protection and domain name system filtering software; (ii) regular network security and vulnerability assessments; and (iii) a cybersecurity awareness training program for all employees. The Bank also maintains a cyber insurance policy to limit potential damages. Additionally, the Bank works closely with its Borrowers and third-party vendors to ensure that the Bank is notified of any cybersecurity breaches or threatened breaches of their IT environments that could negatively impact the Bank’s IT infrastructure.

Although the Bank continues to enhance its IT infrastructure and security systems to address these issues, no assurances can be given that the Bank’s efforts to mitigate cyber threats would be successful or that such attacks would not materially and adversely affect the Bank’s operations and/or financial condition.

THE CLEAN WATER STATE REVOLVING FUND PROGRAM

Introduction

The federal construction grants program for wastewater treatment projects established under the Federal Clean Water in 1972 has been replaced by the state clean water revolving loan fund program. Under this program,

Clean Water Capitalization Grants will be awarded to qualifying states to establish and capitalize revolving funds. These revolving funds provide loans and certain other forms of financial assistance (but not grants) for construction of publicly owned wastewater treatment facilities as defined under the Federal Clean Water Act, for implementation of a non-point source management program and for implementation of an estuary conservation and management plan.

The Federal Clean Water Act provides that Clean Water Capitalization Grants will be made pursuant to agreements between each state and the EPA (“Clean Water Capitalization Grant Agreements”). The Federal Clean Water Act further requires, as a condition to receiving the Clean Water Capitalization Grant, that each state, among other conditions, deposit in the state revolving fund an amount equal to at least 20 percent of the amount of each Clean Water Capitalization Grant. The Bank must enter into binding commitments to provide financial assistance within one year of the scheduled payment date into the EPA Automated Clearing House in an amount equal to at least 120 percent of the amount of each Clean Water Capitalization Grant payment. A separate Capitalization Grant Agreement is required for each fiscal year in which a Clean Water Capitalization Grant is to be awarded.

The Clean Water Capitalization Grant Agreement consists of a Clean Water Capitalization Grant application and an Intended Use Plan, both of which are prepared annually. The Intended Use Plan identifies projects to be provided financial assistance from the revolving fund, the goals of the revolving fund and the criteria and method established for the distribution of revolving fund moneys. The Clean Water Capitalization Grant Agreement is made subject to a revolving fund Operating Agreement which describes the fundamentals of a state’s program which are not expected to change from year to year. The Clean Water Capitalization Grant Agreement contains a schedule of payments under which the EPA will pay the state the amount of each Clean Water Capitalization Grant. The payment schedule is based on the Intended Use Plan, with payments to be made in quarterly installments and in no event later than the earlier of eight quarters after the date the Clean Water Capitalization Grant was awarded or twelve quarters after the date the Clean Water Capitalization Grant funds were allotted to the state. In addition, each state is required to prepare an annual report for each year in which Clean Water Capitalization Grant funds are received.

Fiscal Years 2022 and 2023 Capitalization Grants

The Bank has applied for and been awarded the FY22 Clean Water Capitalization Grant and Supplemental Clean Water Capitalization Grant from the EPA in the amount of \$7,770,000 and \$11,950,000, respectively, to provide Federal Direct Loans to Borrowers for the purpose of financing water pollution abatement projects in connection with the CWSRF and was awarded a Clean Water Capitalization Grant and Supplemental Clean Water Capitalization Grant for Fiscal Year 2023 in the amounts of \$5,037,000 and \$13,996,000, respectively. The FY22 and FY23 Clean Water Capitalization Grants each require the Bank to dedicate a certain amount to qualifying projects that address green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities, as determined by DEM (to the extent such projects are available), and to provide a certain amount of additional loan subsidization to qualifying Borrowers with respect to such projects.

Administration of the Fund

As contemplated by the Federal Clean Water Act, the Rhode Island General Assembly at its 1989 session enacted the State Clean Water Act establishing the CWSRF to be maintained and administered by the Bank. The State Clean Water Act authorizes the Bank to provide financial assistance from the CWSRF to a Local Governmental Unit, Corporations and Persons (each as defined in the State Clean Water Act) for approved projects, including for the construction or rehabilitation of water pollution abatement projects. The State Clean Water Act also authorizes the Bank to pledge or assign all moneys and investments on deposit from time to time in the CWSRF as security for the payment of principal, premium, if any, and interest on the Bank’s revenue bonds. Such revenue bonds are issued for the purpose of providing moneys for deposit to the CWSRF, which enables the Bank, among other things, to provide financial assistance to eligible borrowers. The State Clean Water Act further provides that moneys in the CWSRF may be used to pay costs incurred in connection with bonds issued by the Bank. Under the Federal Clean Water Act and the State Clean Water Act, CWSRF moneys up to four percent of the Capitalization Grants may be used to pay administrative expenses of the DEM.

Under the State Clean Water Act, the DEM is directed to promulgate rules and regulations pertaining to applications by Borrowers for financial assistance for water pollution abatement projects. No project is eligible for financing by the Bank until the DEM has issued its Certificate of Approval. The Certificate of Approval specifies, among other things, the costs which are eligible for financial assistance and other terms and conditions relating to the

construction and operation of the project. The applications are evaluated by the DEM on the basis of the expected effects of the proposed projects on water quality and the projects are ranked accordingly and set forth in the annual Project Priority List.

Prospective Borrowers are selected from the Project Priority List and identified in the Intended Use Plan that is submitted to the EPA each year in connection with the Bank's application for a Clean Water Capitalization Grant. The DEM and the Bank have entered into the Clean Water Memorandum of Understanding, pursuant to which the DEM and the Bank have agreed to administer the CWSRF. The Bank has been delegated the responsibility to determine the type of financial assistance to be provided and is not required to select such Borrowers in the order that they appear on the Project Priority List but may make its selection based on the overall needs of the financing program with respect to credit quality, readiness to proceed and other factors.

Funding

The State has provided to the Bank \$2,407,000 to fund the State Matching Funds for the fiscal 2023 Clean Water Capitalization Grant. The total State Matching Funds provided will be equal to at least twenty percent of the total fiscal year 2023 Clean Water Capitalization Grants awarded. The State has also provided to the Bank \$22,800,560 in additional State Matching Funds to be allocated by the Bank to meet State Match requirements in connection with future Clean Water Capitalization Grants.

The State is authorized to make cash draws with respect to the Clean Water Capitalization Grant pursuant to the Clean Water Capitalization Grants Agreement via the EPA's Automated Standard Application for Payments ("ASAP") system. The Bank has selected from the Project Priority List of the Intended Use Plan a group of projects together with certain projects that are anticipated to be listed on the Project Priority List of the Intended Use Plan (the "Group of Projects"). Under EPA regulations, the Bank will be permitted to receive cash draws from the Clean Water Capitalization Grant, subject to certain limitations, based on the proportionate federal share of the incurred eligible costs of the Group of Projects as and when such costs are incurred.

Clean Water Capitalization Grants for any future year will be pledged to the extent determined by the Bank the payment of Master Trust Bonds if the Bank issues additional Master Trust Bonds under the Master Trust Indenture.

The Bank provides for its own administrative expenses of the CWSRF through a loan origination fee equal to one percent of the principal amount of the Borrower Bonds and an annual administrative fee equal to three tenths of one percent of the principal amount of the Borrower Bonds outstanding, both payable by the Borrowers under the CWSRF Program.

The Borrowers

Each Borrower of Loans under the CWSRF must be a Local Governmental Unit, a corporation, or a person (each as defined in the State Clean Water Act and existing under the laws of the State) responsible for the ownership or operation of a water pollution abatement project. The DEM receives applications for project approval from prospective Borrowers and reviews them for prioritization consistent with the Intended Use Plan. The Bank makes no representation concerning the creditworthiness of any particular Borrower or its ability to make payments upon its Borrowers Bonds to the Bank. See "SUMMARY OF LOAN PROGRAMS" herein.

Narragansett Bay Commission

The NBC is the Bank's largest Borrower under the CWSRF and after the issuance of the Series 2024A Bonds will remain the Bank's largest Borrower under the CWSRF. After the issuance of the Series 2024A Bonds the NBC will have \$249,016,000 in outstanding Loans from the Bank pledged under the Master Trust Indenture, representing 53.66% of the outstanding amount of all Loans to Borrowers under the Master Trust Indenture. NBC has outstanding loans totaling \$173,548,500 pledged to the Prior Clean Water Indenture. Certain information regarding the NBC and its wastewater system is contained in APPENDIX C-1 to this Official Statement. The audited financial statements of the NBC for the fiscal year ending June 30, 2023 are incorporated by reference in APPENDIX C-2 of this Official Statement. The financial statements of the NBC for the fiscal year ending June 30, 2023 have been audited by Bacon & Company LLC, Certified Public Accounts. Bacon & Company CPAs, LLC, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed

in that report. Bacon & Company CPAs, LLC, also has not performed any procedures relating to this offering document.

The Borrower Bonds of the NBC which will be issued to the Bank in connection with the Loan to be made to the NBC under the CWSRF in connection with the issuance of the Series 2024A Bonds, and which have been issued to the Bank in connection with prior Loans made to the NBC under the CWSRF, are special obligations of the NBC payable solely from the funds and accounts pledged therefore pursuant to an Indenture of Trust dated as of April 15, 2004, as amended and supplemented through the Thirty-Third Supplemental Indenture thereto (the “NBC Indenture”), by and between the NBC and U.S. Bank Trust Company, National Association, as successor trustee, including, but not limited to certain revenues derived from the wastewater system of the NBC. For a further description and discussion of the various funds, accounts and revenues securing the currently outstanding Borrower Bonds of the NBC under the NBC Indenture, and all the terms, conditions, qualifications and limitations of such security, see APPENDIX C-3 – “SUMMARY OF CERTAIN PROVISIONS OF THE NARRAGANSETT BAY COMMISSION INDENTURE.”

The NBC has agreed, in connection with the issuance of certain Prior Clean Water Indenture Bonds by the Bank under the CWSRF, and will agree in connection with the issuance of the Series 2024A Bonds, to provide as part of its continuing disclosure obligations certain annual operating data of the NBC and the wastewater system of the NBC. See APPENDIX E-2 – “FORM OF NBC CONTINUING DISCLOSURE CERTIFICATE.”

THE DRINKING WATER STATE REVOLVING FUND PROGRAM

Introduction

The federal grants program for drinking water projects established under the Federal Drinking Water Act in 1974 has been replaced by the state drinking water revolving loan fund program. Under this program, Drinking Water Capitalization Grants will be awarded to qualifying states to establish and capitalize revolving funds. These revolving funds provide loans and certain other forms of financial assistance for the acquisition, design, planning, construction, enlargement, repair, protection or improvement of public drinking water supply or treatment facilities.

The Drinking Water Capitalization Grants authorized under the Federal Drinking Water Act are generally divided between two purposes: (i) portions of the grant are deposited into the DWSRF and used for providing loans and other types of assistance for drinking water infrastructure projects; and (ii) portions of the grant are deposited into set-aside accounts for programs, projects and activities that do not receive assistance from the DWSRF. The Federal Drinking Water Act provides that Drinking Water Capitalization Grants will be made pursuant to agreements between each state and the EPA (each a “Drinking Water Capitalization Grant Agreement”). The Federal Drinking Water Act further requires, as a condition to receiving the Drinking Water Capitalization Grant, that each state, among other conditions, deposit in the state revolving fund an amount equal to at least twenty (20%) percent of the amount of each Drinking Water Capitalization Grant. The Bank must enter into binding commitments to provide financial assistance within one year of the scheduled payment date into the EPA Automated Clearing House in an amount equal to at least one hundred twenty (120%) percent of the amount of each Drinking Water Capitalization Grant payment deposited into the DWSRF.

With respect to the proceeds of the Drinking Water Capitalization Grants that are set-aside, the Department administers the following four set-aside accounts: (i) Administrative – up to four (4%) percent of the Drinking Water Capitalization Grants may be used for administrative costs to support the Drinking Water Program, which are shared by the Department and the Bank equally (the “Administrative Set-Aside Funds”); (ii) Technical Assistance – up to two percent (2%) of the Drinking Water Capitalization Grants may be used to provide technical training and outreach services to the operators of small public water systems specifically targeting operation, maintenance and compliance issues; (iii) State Program Management – up to ten (10%) percent of the Drinking Water Capitalization Grants may be used to fund programs mandated by the Federal Drinking Water Act such as Capacity Development Programs, Source Water Assessment Programs and Operator Certification Programs if a one-to-one match of state money is provided; and (iv) Local Assistance - up to fifteen (15%) percent of the Drinking Water Capitalization Grants may be used to implement programs set forth in the Federal Drinking Water Act to provide local support for the development of local government and small water capacity facilities and to establish and implement wellhead protection programs.

The Drinking Water Capitalization Grant Agreement consists of a Drinking Water Capitalization Grant application and an Intended Use Plan, both of which are prepared annually. The Intended Use Plan identifies projects to be provided financial assistance from the revolving fund, the goals of the revolving fund and the criteria and method established for the distribution of revolving fund moneys. The Drinking Water Capitalization Grant Agreement is made subject to a revolving fund Operating Agreement which describes the fundamentals of a state's program which are not expected to change from year to year. The Drinking Water Capitalization Grant Agreement contains a schedule of payments under which the EPA will pay the state the amount of each Drinking Water Capitalization Grant. The payment schedule is based on the Intended Use Plan, with payments to be made in quarterly installments and in no event later than the earlier of eight quarters after the date the Drinking Water Capitalization Grant was awarded or twelve quarters after the date the Drinking Water Capitalization Grant funds were allotted to the state. In addition, each state is required to prepare a biannual report for each year in which Drinking Water Capitalization Grant funds are received.

Fiscal Years 2022 and 2023 Capitalization Grants

The Bank has applied for and been awarded the Fiscal Year 2022 Drinking Water Capitalization Grant and Supplemental Drinking Water Capitalization Grant from the EPA in the amount of \$7,008,000 and \$17,992,000, respectively, to provide Federal Direct Loans to Borrowers for the purpose of financing safe drinking water projects in connection with the DWSRF, and was awarded a Drinking Water Capitalization Grant and Supplemental Drinking Water Capitalization Grant for Fiscal Year 2023 in the amounts of \$4,938,000 and \$21,055,000, respectively. The Fiscal Year 2022 and 2023 Drinking Water Capitalization Grant each require the Bank to provide a certain amount of loan subsidization to qualifying Borrowers.

Administration of the Fund

As contemplated by the Federal Drinking Water Act, the Rhode Island General Assembly enacted the State Drinking Water Act establishing the DWSRF to be maintained and administered by the Bank. The State Drinking Water Act authorizes the Bank to make loans from the DWSRF to Local Governmental Units or Privately Organized Water Suppliers for the acquisition, design, planning, construction, enlargement, repair, protection or improvement of public drinking water supply or treatment facilities. The State Drinking Water Act also authorizes the Bank to pledge or assign all moneys and investments on deposit from time to time in the Drinking Water State Revolving Fund as security for the payment of principal, premium, if any, and interest on the Bank's revenue bonds. Such revenue bonds are issued for the purpose of providing moneys for deposit to the Revolving Fund, which enables the Bank, among other things, to make loans to Local Governmental Units or Privately Organized Water Suppliers. The State Drinking Water Act further provides that moneys in the DWSRF may be used to pay costs incurred in connection with bonds issued by the Bank. Under the Federal Drinking Water Act and the State Drinking Water Act, DWSRF moneys in an amount equal to up to four percent of the Capitalization Grants may be used to pay administrative expenses of the RIDOH and Bank.

Under the State Drinking Water Act, the RIDOH is directed to promulgate rules and regulations pertaining to applications by Borrowers for financial assistance for drinking water projects. No project is eligible for financing by the Bank until the RIDOH has issued its Certificate of Approval. The Certificate of Approval specifies, among other things, the costs which are eligible for financial assistance and other terms and conditions relating to the construction and operation of the project. The applications are evaluated by the RIDOH on the basis of the expected effects of the proposed projects on water quality and the projects are ranked accordingly and set forth in the annual Project Priority List.

Prospective Borrowers are selected from the Project Priority List and identified in the Intended Use Plan that is submitted to the EPA each year in connection with the Bank's application for a Drinking Water Capitalization Grant. The RIDOH and the Bank have entered into the Drinking Water Memorandum of Understanding, pursuant to which the RIDOH and the Bank have agreed to administer the Revolving Fund. The Bank has been delegated the responsibility to determine the type of financial assistance to be provided and is not required to select such Borrowers in the order that they appear on the Project Priority List but may make its selection based on the overall needs of the financing program with respect to credit quality, readiness to proceed and other factors.

Funding

The State has provided to the Bank \$3,203,800 to fund the State Matching Funds for the fiscal 2023 Drinking Water Capitalization Grant. The total State Matching Funds provided will be equal to at least twenty percent of the total fiscal year 2022 Drinking Water Capitalization Grants awarded. The State has also provided to the Bank \$22,003,760 in additional State Matching Funds to be allocated by the Bank to meet State Match requirements in connection with future Drinking Water Capitalization Grants.

The State is authorized to make cash draws with respect to the Drinking Water Capitalization Grant pursuant to the Drinking Water Capitalization Grant Agreement via the EPA's ASAP system. The Bank has selected from the Project Priority Lists a group of projects together with certain projects that are anticipated to be listed on the Project Priority Lists (the "Group of Projects"). Under EPA regulations, the Bank will be permitted to receive cash draws from the Drinking Water Capitalization Grant, subject to certain limitations, based on the proportionate federal share of the incurred eligible costs of the Group of Projects as and when such costs are incurred.

Drinking Water Capitalization Grants for any future year will be pledged to the extent determined by the Bank to the payment of Master Trust Bonds if the Bank issues additional Master Trust Bonds under the Master Trust Indenture.

The Bank provides for its own administrative expenses for the DWSRF through a loan origination fee equal to one percent of the principal amount of the Borrower Bonds and an annual administrative fee equal to three tenths of one percent of the principal amount of the Borrower Bonds outstanding, both payable by the Borrowers under the DWSRF Program.

The Borrowers

Each Borrower of Loans under the DWSRF must be either a town, city, district, commission, agency, authority, board or other public instrumentality of the State or any political subdivision thereof responsible for the ownership or operation of a water supply facilities within the State or a water company not owned or operated by a Local Governmental Unit, (each as defined in the State Drinking Water Act and existing under the laws of the State), and in the business of operating a safe drinking water facility. The RIDOH receives applications for project approval from prospective Borrowers and reviews them for prioritization consistent with the Intended Use Plan. The Bank makes no representation concerning the credit worthiness of any particular Borrower or its ability to make payments upon its Borrowers Bonds to the Bank. See "SUMMARY OF LOAN PROGRAMS" herein.

FINANCIAL STATEMENTS

The financial statements of the Bank for the fiscal year ended June 30, 2023 are incorporated by reference in APPENDIX B and have been audited by CliftonLarsonAllen, independent auditors.

TAX EXEMPTION

In the opinion of Hinckley, Allen & Snyder LLP, Bond Counsel to the Bank ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Series 2024A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel is of the further opinion that interest on the Series 2024A Bonds is not a specific preference item for purposes of the federal alternative minimum tax, although Bond Counsel observes that under Section 56A of the Code such interest will be included in the computation of "adjusted financial statement income" of applicable corporations (as defined in Section 59(k) of the Code) and accordingly will be taken into account in the computation of the alternative minimum tax applicable to such corporations with respect to their tax years beginning after December 31, 2022. Bond Counsel expresses no opinion regarding any other federal tax consequences arising with respect to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2024A Bonds.

The Code imposes various requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 2024A Bonds. Failure to comply with these requirements may result in interest on the Series 2024A Bonds being included in gross income for federal income tax purposes, possibly

from the date of original issuance of the Series 2024A Bonds. The Bank and the Borrowers have covenanted to comply with such requirements to ensure that interest on the Series 2024A Bonds will not be included in federal gross income. The opinion of Bond Counsel assumes compliance with these covenants.

Bond Counsel is also of the opinion that, under existing law, interest on the Series 2024A Bonds and the income therefrom, including any profit made on the sale thereof, are exempt from taxation by and within the State, although the Series 2024A Bonds, their transfer and the income therefrom, including any profit made on the sale thereof, may be included in the measure of Rhode Island estate taxes and certain Rhode Island corporate and business taxes. Bond Counsel has not opined as to other State of Rhode Island tax consequences arising with respect to the Series 2024A Bonds. Bond Counsel expresses no opinion as to the taxability of the Series 2024A Bonds or the income therefrom under the laws of any state other than the State of Rhode Island. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX D hereto.

To the extent the issue price of any maturity of the Series 2024A Bonds is less than the amount to be paid at maturity of such Series 2024A Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series 2024A Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Series 2024A Bonds which is excluded from gross income for federal income tax purposes. In general, the issue price of a particular maturity of the Series 2024A Bonds is the first price at which a substantial amount of such maturity of the Series 2024A Bonds is sold to the public. The original issue discount with respect to any maturity of the Series 2024A Bonds accrues daily over the term to maturity of such Series 2024A Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Series 2024A Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Series 2024A Bonds. Bondholders should consult their own tax advisors with respect to the tax consequences of ownership of Series 2024A Bonds with original issue discount, including the treatment of purchasers who do not purchase such Series 2024A Bonds in the original offering to the public at the issue price established therefor.

Series 2024A Bonds purchased, whether at original issuance or otherwise, for an amount greater than the stated principal amount to be paid at maturity of such Series 2024A Bonds, or, in some cases, at the earlier redemption date of such Series 2024A Bonds (“Premium Bonds”), will be treated as having amortizable bond premium for federal income tax purposes. No deduction is allowable for the amortizable bond premium in the case of obligations, such as the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, a Bondholder’s basis in a Premium Bond will be reduced by the amount of amortizable bond premium properly allocable to such Bondholder. Holders of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Prospective Bondholders should be aware that certain requirements and procedures contained or referred to in the Series 2024A Indenture, the Loan Agreements and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Series 2024A Bonds) maybe taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Series 2024A Bonds may adversely affect the value of, or the tax status of interest on, the Series 2024A Bonds.

Prospective Bondholders should also be aware that from time to time legislation is or may be proposed which, if enacted into law, could result in interest on the Series 2024A Bonds being subject directly or indirectly to federal income taxation, or otherwise prevent Bondholders from realizing the full benefit provided under current federal tax law of the exclusion of interest on the Series 2024A Bonds from gross income. To date, no such legislation has been enacted into law. However, it is not possible to predict whether any such legislation will be enacted into law. Further, no assurance can be given that any pending or future legislation, including amendments to the Code, if enacted into law, or any proposed legislation, including amendments to the Code, or any future judicial, regulatory or administrative interpretation or development with respect to existing law, will not adversely affect the market value and marketability of, or the tax status of interest on, the Series 2024A Bonds. Prospective Bondholders are urged to consult their own tax advisors with respect to any such legislation, interpretation or development.

Although Bond Counsel is of the opinion that interest on the Series 2024A Bonds is excluded from gross income for federal income tax purposes and is exempt from taxation by and within the State of Rhode Island, the ownership or disposition of, or the accrual or receipt of interest on, the Series 2024A Bonds may otherwise affect the federal or state tax liability of a Bondholder. The nature and extent of these other tax consequences will depend upon the particular tax status of the Bondholder or the Bondholder's other items of income, deduction or exclusion. Bond Counsel expresses no opinion regarding any such other consequences, and Bondholders should consult with their own tax advisors with respect to such consequences.

CONTINUING DISCLOSURE

In order to assist the Underwriters in compliance with Rule 15(c)2-12 (the "Rule"), promulgated by the Securities and Exchange Commission, under the Securities Exchange Act of 1934, as amended, the Bank and each obligated person with respect to the Series 2024A Bonds issued pursuant to the Indenture shall enter into a Continuing Disclosure Certificate with respect to the Series 2024A Bonds, for the benefit of the beneficial owners of the Series 2024A Bonds, substantially in the forms included in APPENDICES E-1 and E-2 to this Official Statement. Pursuant to the Continuing Disclosure Certificate to be executed by the Bank (the "Bank Continuing Disclosure Certificate"), the Bank shall agree to provide or cause to be provided, in accordance with the requirements of the Rule (i) certain annual financial information and operating data, (ii) timely notice not in excess of ten (10) business days after the occurrence thereof of certain events with respect to the Series 2024A Bonds, and (iii) timely notice of the failure by the Bank or any obligated person with respect to the Series 2024A Bonds to provide as required, annual financial information, operating data and certain other events required by the Rule on or before the date specified in the Bank Continuing Disclosure Certificate. Such information will be filed on the Municipal Securities Rulemaking Board's website, under the Electronic Municipal Market Access ("EMMA") portal.

For purposes of the Bank's undertaking, an obligated person is any entity who, as a result of outstanding loans from the Bank under the State Revolving Funds Programs, is obligated by contract or otherwise to repay at least twenty (20%) percent of the outstanding debt service on all outstanding Master Trust Bonds of the Bank issued under the Indenture. As of the date of issuance of the Series 2024A Bonds, there are no Borrowers obligated by contract or otherwise to pay at least twenty (20%) percent of the outstanding debt service on all outstanding Master Trust Bonds (including the Series 2024A Bonds) of the Bank issued under the Indenture other than the NBC. Each obligated person shall enter into a separate Continuing Disclosure Certificate with respect to the Series 2024A Bonds issued pursuant to the Indenture, for the benefit of the beneficial owners of the Series 2024A Bonds, substantially in the form included in APPENDIX E-2 to this Official Statement (the "Borrower Continuing Disclosure Certificate"), pursuant to which each of such Borrower will agree to provide or cause to be provided in accordance with the requirements of the Rule and the provisions of the Borrower Continuing Disclosure Certificate (i) certain annual financial information and operating data, and (ii) timely notice in accordance with the Rule of the failure by such Borrower to provide the required annual financial information and operating data on or before the date specified in the Borrower Continuing Disclosure Certificate for such Borrower. The Bank's loan agreement with each Borrower also provides that to the extent a Borrower becomes an obligated person within the meaning of the Rule, each such Borrower will provide the Bank with the information necessary for the Bank's compliance with the Rule. The NBC has previously entered into undertakings to provide continuing disclosure with respect to bonds issued by the Bank and other debt.

The Underwriters' obligations to purchase the Series 2024A Bonds will be conditioned upon their receiving, at or prior the delivery of the Series 2024A Bonds, executed copies of the Bank Continuing Disclosure Certificate from the Bank substantially in the form included in APPENDIX E-1 and the Borrower Continuing Disclosure Certificate from the NBC substantially in the form included in APPENDIX E-2.

Based on a review of its past continuing disclosure practices, the Bank notes the following. The annual financial information of certain obligated persons, although filed on a timely basis on EMMA, was not linked to the Bank's CUSIP numbers with respect to the Prior Clean Water Indenture Bonds and the Prior Drinking Water Indenture Bonds.

Under the Bank's Efficient Buildings Fund program, the City of East Providence ("East Providence") and the Town of West Warwick ("West Warwick") are obligated parties, required to file certain financial and operating data annually on EMMA. Additionally, under the Bank's Municipal Road and Bridge Revolving Fund program, the

Providence Public Building Authority (the “PPBA”) is an obligated party required to file certain financial and operating data annually on EMMA.

East Providence

East Providence has previously entered into undertakings to provide continuing disclosure with respect to its outstanding bonded indebtedness and the Bank notes the following with respect to such undertakings:

- East Providence is required to file its annual financial information on the MSRB’s EMMA system no later than nine (9) months (July 31st) after the end of its fiscal year which ends on October 31st. East Providence filed its annual report but not its audited financial statements for the 2018 and 2019 fiscal years by the deadline. East Providence’s audited financial statements for the 2018 and 2019 fiscal years were not available by the filing deadline for those fiscal years and therefore, East Providence filed a summary of account balances that make up its general fund, but not its unaudited financial statements. East Providence subsequently filed its audited financial statements for fiscal years 2018 and 2019 on December 19, 2019 and December 15, 2020, respectively. Notices of late filing for the above were timely filed.
- East Providence filed its annual report for fiscal year 2020 but not its audited financial statements by the deadline. East Providence subsequently filed its audited financial statements on March 22, 2022. A notice of late filing was filed on September 19, 2022.
- East Providence filed its annual report for fiscal year 2021 on September 16, 2022. East Providence filed a summary of account balances for fiscal year 2021 on September 19, 2022. East Providence’s audited financial statements for fiscal year 2021 were not available by the filing deadline. East Providence filed a notice of late filing for the above on September 19, 2022. East Providence subsequently filed its FY 2021 audited financial statements on April 13, 2023, and a corrected FY 2021 audited financial statements filing on February 5, 2024.
- East Providence issued its \$24,000,000 General Obligation Efficient Buildings Fund Bond, Series 2020 on October 29, 2020, which was directly placed with the Bank. East Providence did not file or cause to be filed a Notice of an Incurrence of a Material Financial Obligation within ten business days of the closing date. The Event Notice has since been filed along with a Notice of Late Filing of such filing. Additionally, East Providence’s annual reports and audited financial statements for the fiscal years 2020, 2021 and 2022 were not linked to the Bank’s CUSIP numbers with respect to such outstanding bonds. The required information and the late notices associated with those filings have been linked to the Bank’s CUSIP numbers by East Providence on EMMA.
- East Providence issued its \$25,000,000 General Obligation Tax Anticipation Notes Series 2022 on February 22, 2022, which were directly placed with Webster Bank, N.A. East Providence did not file or cause to be filed a Notice of an Incurrence of a Material Financial Obligation within ten business days of the closing date. The Event Notice has since been filed along with a Notice of Late Filing of such filing.
- East Providence filed its draft FY 2022 annual report by the filing deadline; however, the audited FY 2022 financial statements were not available by the filing deadline. East Providence subsequently filed its FY 2022 audited financial statements on January 19, 2024.
- East Providence is now current on all of its required filings. East Providence is in the process of instituting additional procedures to ensure the timely and complete filing of such information in the future.

West Warwick

West Warwick has previously entered into undertakings to provide continuing disclosure with respect to its outstanding bonded indebtedness and the Bank notes the following with respect to such undertakings: West Warwick is required to file its annual financial information on the MSRB’s EMMA system no later than nine (9) months (March 31st) after the end of its fiscal year which ends on June 30th. The annual financial information for West Warwick,

although filed on a timely basis on EMMA, did not include certain information required to be included in its annual financial filing for fiscal years 2020 to 2022. The required information has been filed and the late notices associated with those filings have been filed by West Warwick on EMMA.

PPBA

The PPBA has previously entered into undertakings to provide continuing disclosure with respect to its outstanding bonded indebtedness and the Bank notes the following with respect to such undertakings. The PPBA is required to file its annual financial information on the MSRB's EMMA system no later than nine (9) months (March 31st) after the end of its fiscal year which ends on June 30th. The PPBA's audited financial statements for fiscal year 2021 were not available by the filing deadline. The PPBA subsequently filed its audited financial statements for fiscal year 2021 on April 20, 2022. A notice of late filing has since been filed. Additionally, the PPBA's audited financial statements for fiscal year 2023 were not available by the filing deadline. The PPBA anticipates filing its audited financial statements for fiscal year 2023 on or about April 26, 2024. A notice of late filing has since been filed.

The Bank plans to regularly review the effectiveness of its procedures for the timely filing of such information and the linking of such information to the Bank's CUSIP numbers on a going forward basis, and to take prompt action to remedy any deficiencies of which it becomes aware. Additionally, the Bank plans to regularly review the effectiveness of its procedures relative to event filings and take prompt action to remedy any deficiencies of which it becomes aware.

RATINGS

Both Fitch and S&P Global Ratings have assigned their municipal bond ratings of AAA and AAA to the Series 2024A Bonds.

Such ratings reflect only the respective views of such organizations and an explanation of the significance of such ratings may be obtained from the rating agency furnishing the same. The above ratings are not a recommendation to buy, sell or own the Series 2024A Bonds, and there is no assurance that such ratings will continue for any given period of time or that they will not be revised or withdrawn entirely by either or both of such rating agencies if, in its or their judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Series 2024A Bonds.

UNDERWRITING

Ramirez & Co., Inc., as representative of the Underwriters identified on the outside front cover page hereof (collectively, the "Underwriters"), has agreed, subject to certain conditions precedent to closing, to purchase the Series 2024A Bonds from the Bank pursuant to a Bond Purchase Agreement at a price of \$ _____, equal to the principal amount of the Series 2024A Bonds plus/less net original issue premium/discount of \$ _____ less an underwriting discount of \$ _____. The Underwriters are committed to take and pay for all of the Series 2024A Bonds if any are taken. The Underwriters intend to offer the Series 2024A Bonds to the public at the offering prices appearing on the inside cover page of this Official Statement. After the initial public offering, the public offering prices may be varied from time to time by the Underwriters. No guarantee can be made that a secondary market for the Series 2024A Bonds will develop or be maintained by the Underwriters or others.

In the ordinary course of their various business activities, FHN Financial Capital Markets and its affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and may actively trade securities, derivatives, loans, commodities, currencies, credit default swaps, and other financial instruments for their own account and for the accounts of customers. Such investment and trading activities may involve or relate to assets, securities and/or instruments of the Bank (whether directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Bank. FHN Financial Capital Markets and its affiliates also may communicate independent investment recommendations, market strategies or trading ideas and/or publish or express independent strategy views in respect of such assets, securities or instruments and at any time may hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

LITIGATION

There are no proceedings now pending or, to the knowledge of the Bank, threatened in any agency, court or tribunal restraining or enjoining or seeking to restrain or enjoin the issuance, sale, execution or delivery of any of the Series 2024A Bonds, in any way questioning or affecting the validity of any provision of the Series 2024A Bonds, the Indenture and any other related documents, in any way questioning or affecting the validity of any of the proceedings of the Bank relating to the authorization, sale, execution or delivery of the Series 2024A Bonds, or of any provision, program or transactions made or authorized for their payment, or questioning or affecting the organization or existence of the Bank or the title of any of its officers to their respective offices.

MUNICIPAL ADVISOR

Hilltop Securities Inc., Lincoln, Rhode Island (“Hilltop”), is acting as Municipal Advisor (the “Municipal Advisor”) to the Bank in connection with the issuance of the Series 2024A Bonds. The Municipal Advisor has not independently verified the factual information contained in this Official Statement, and makes no guarantee as to its completeness or accuracy. In addition, the Municipal Advisor has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the tax status of the Series 2024A Bonds or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies or rating agencies. The Municipal Advisor’s fee for services rendered with respect to the sale of the Series 2024A Bonds is contingent upon the issuance and delivery of the Series 2024A Bonds, and receipt by the Bank of payment therefor. The Bank may engage the Municipal Advisor to perform other services, including without limitation, providing certain investment services with regard to the investment of Bond proceeds. The participation of Hilltop Securities Inc. should not be seen as a recommendation to buy or sell the Series 2024A Bonds and investors should seek the advice of their accountants, lawyers and registered representatives for advice as appropriate. Hilltop Securities Inc. is also employed by a number of the Borrowers to perform professional services in the capacity of Municipal Advisor.

CERTAIN LEGAL MATTERS

The approving opinion of Hinckley, Allen & Snyder LLP, Providence, Rhode Island, Bond Counsel, in substantially the form attached to this Official Statement as APPENDIX D, will be delivered upon the issuance of the Series 2024A Bonds. Certain legal matters will be passed upon for the Bank by its General Counsel, Harrington & Vitale, Ltd., Providence, Rhode Island and for the Underwriters by their counsel, Bowditch & Dewey, LLP, Boston, Massachusetts.

MISCELLANEOUS

The discussions of the State Clean Water Act, the State Drinking Water Act, the Federal Clean Water Act, the Federal Drinking Water Act, the Indenture and the Loan Agreements set forth above are subject to all of the provisions of the State Clean Water Act, the State Drinking Water Act, the Federal Clean Water Act, the Federal Drinking Water Act, and the subject documents, and these discussions do not purport to be complete statements of such documents. For more information, please refer to APPENDIX A, the State Clean Water Act, the State Drinking Water Act, the Federal Clean Water Act, the Federal Drinking Water Act, and the subject documents. A copy of the Indenture may be examined at the office of the Bank and, after the issuance and delivery of the Series 2024A Bonds, at the principal corporate trust office of the Trustee.

The agreements of the Bank with holders of the Series 2024A Bonds are fully set forth in the Indenture. This Official Statement is not to be construed as a contract with the purchasers of the Series 2024A Bonds. Any statements herein involving matters of opinion or estimates, whether or not expressly so stated, are intended merely as such and not as representations of fact.

The distribution of this Official Statement and its execution have been duly authorized by the Bank.

RHODE ISLAND INFRASTRUCTURE BANK

By: _____
Vahid Ownjazayeri, Chair

May __, 2024

APPENDIX A

Document Summaries

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APPENDIX A-1

**Definitions of Certain Terms and Summary of Certain Provisions of the
Master Trust Indenture and the Series 2024A Bond Indenture**

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APPENDIX A-1

DEFINITION OF CERTAIN TERMS

This Appendix A includes definitions of certain terms used herein, in the Series 2024A Bond Indenture for the Bonds and the Master Trust Indenture.

“*Act*” means the State Clean Water Act and the State Drinking Water Act, together or individually, as the context may require.

“*Administrative Fee Payments*” means the amount set forth in a Loan Agreement as the loan origination and loan servicing fees payable to the Bank.

“*Bank*” means Rhode Island Infrastructure Bank and its successors and assigns.

“*Bank Representative*” means the Chair, Vice Chair of the Board of Directors of the Bank, the Executive Director or the Chief Operating Officer of the Bank, and any other member of the Board of Directors of the Bank, or employee of the Bank authorized by resolution of the Bank to perform the act or sign the document in question.

As used in the Master Trust Indenture, the term “*Bond*”, “*Bonds*”, “*Master Trust Bond*” or “*Master Trust Bonds*” means any bond or bonds or obligation or obligations, or all the bonds or obligations of the Bank in one or more series, relating to the Clean Water Program or the Drinking Water Program, or both, issued pursuant to one or more Bond Indentures and secured under the Master Trust Indenture.

As used in the Series 2024A Bond Indenture, the term “*Bond*” and “*Bonds*” means the Rhode Island Infrastructure Bank State Revolving Fund Revenue Bonds Series 2024A (Master Trust) (Green Bonds), issued in the original aggregate principal amount of \$_____, pursuant to the Series 2024A Bond Indenture.

“*Bond Indenture*” or “*Indenture*” means, with respect to each Series of Master Trust Bonds, the bond indenture or other similar document between the Bank and a Bond Indenture Trustee, pursuant to which a Series of Master Trust Bonds is issued and delivered.

“*Bond Indenture Trustee*” or “*Trustee*” means, with respect to each Series of Master Trust Bonds, the trustee named under the related Bond Indenture in its capacity as such trustee.

“*Bond Register*” means the registration record maintained by the Bond Registrar under the Indenture.

“*Bond Registrar*” means the Trustee.

“*Borrower*” means the obligor under the applicable Loan Agreement.

“*Borrower Obligation*” means the bonds, notes or other evidences of indebtedness issued by a Borrower to evidence its obligation to repay the related Loan, in addition to the related Loan Agreement, if any.

“*Business Day*” means any day other than a Saturday, a Sunday or any other day on which banking institutions in New York, New York, Boston, Massachusetts or Providence, Rhode Island, are authorized or required to be closed.

“*Clean Water Capitalization Grants*” means the federal capitalization grants awarded from time to time by the EPA pursuant to the Federal Clean Water Act for the benefit of the State.

“*Clean Water Program*” means the Rhode Island Infrastructure Bank Clean Water State Revolving Fund Program, established pursuant to the Federal Clean Water Act and the State Clean Water Act.

“*Code*” means the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder or under the corresponding section of the Internal Revenue Code of 1954, as amended, or any subsequently enacted internal revenue law of the United States of America.

“*CWSRF Bonds*” means Master Trust Bonds, the proceeds of which finance or refinance, projects funded under the Clean Water Program, and Prior Clean Water Indenture Bonds, the proceeds of which financed or refinanced projects funded under the Clean Water Program.

“*CWSRF Leveraged Loan Account*” means the account of that name established in the Loan Fund.

“*CWSRF Loan Documents*” means all Loans and related Loan Agreements and Borrower Obligations executed for the Clean Water Program.

“*CWSRF Loan Payment*” means any payment due and payable by a Borrower in repayment of the Loan made by the Bank to such Borrower under the applicable Loan Agreement or Borrower Obligation.

“*CWSRF Revenue Fund*” means the fund by that name established by the Master Trust Indenture.

“*CWSRF State Match Loan Account*” means the account of that name established in the Loan Fund.

“*CWSRF State Matching Funds*” means State matching funds required by the Federal Clean Water Act to be contained in the revolving loan fund.

“Defeasance Securities” means: (i) Government Obligations, which means secured obligations of the United States of America including Treasury bills, Treasury notes, Treasury bonds, and Treasury Inflation-Protected Securities; (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the Bank adopts or approves proceedings authorizing the issuance of refunding bonds or, if such defeasance is not in connection with the issuance of refunding bonds, on the date the Bank provides for the funding of an escrow to effect the defeasance of the Bonds, are rated as to investment quality by a nationally-recognized investment rating firm not less than “AAA” or its equivalent; (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the Bank adopts or approves proceedings authorizing the issuance of refunding bonds or, if such defeasance is not in connection with the issuance of refunding bonds, on the date the Bank provides for the funding of an escrow to effect the defeasance of the Bonds, are rated as to investment quality by a nationally-recognized investment rating firm not less than “AAA” or its equivalent, or; (iv) any other then authorized securities or obligations that may be used to defease obligations such as the Bonds under the then applicable laws of the State.

“Drinking Water Capitalization Grants” means the federal capitalization grants awarded from time to time by the EPA pursuant to the Federal Drinking Water Act for the benefit of the State.

“Drinking Water Program” means the Rhode Island Infrastructure Bank Drinking Water State Revolving Fund Program, established pursuant to the Federal Drinking Water Act and the State Drinking Water Act.

“DWSRF Bonds” means Master Trust Bonds, the proceeds of which finance or refinance, projects funded under the Drinking Water Program, and Prior Drinking Water Indenture Bonds, the proceeds of which financed or refinanced, projects funded under the Drinking Water Program.

“DWSRF Leveraged Loan Account” means the account of that name established in the Loan Fund.

“DWSRF Loan Documents” means all Loans and related Loan Agreements and Borrower Obligations executed for the Drinking Water Program.

“DWSRF Loan Payment” means any payment due and payable by a Borrower in repayment of the Loan made by the Bank to such Borrower under the applicable Loan Agreement or Borrower Obligation.

“DWSRF Revenue Fund” means the fund by that name established by the Master Trust Indenture.

“*DWSRF State Match Loan Account*” means the account of that name established in the Loan Fund.

“*DWSRF State Matching Funds*” means State matching funds required by the Federal Drinking Water Act to be contained in the revolving loan fund.

“*EPA*” means the United States Environmental Protection Agency or any successor entity which may succeed to the administration of the programs established pursuant to the Federal Clean Water Act or the Federal Drinking Water Act.

“*Event of Default*” means any of the events specified in the Master Trust Indenture.

“*Federal Clean Water Act*” means the federal Water Quality Act of 1987, 33 U.S.C., Section 1381 *et seq.*, as supplemented and amended from time to time, or any successor provisions.

“*Federal Drinking Water Act*” means the federal Safe Drinking Water Act, 42 U.S.C., Section 300f *et seq.*, as supplemented and amended from time to time, or any successor provisions.

“*Fitch*” means Fitch Ratings, Inc., and its successors and assigns.

“*Government Obligations*” means secured obligations of the United States of America including Treasury bills, Treasury notes, Treasury bonds, and Treasury Inflation-Protected Securities.

“*Investment Securities*” shall mean any of the following securities, if and to the extent the same are at the time legal for investment of the Bank’s funds:

- (i) Government Obligations, which means secured obligations of the United States of America including Treasury bills, Treasury notes, Treasury bonds, and Treasury Inflation-Protected Securities;
- (ii) the following bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full-faith and credit of the United States of America (stripped securities being permitted only if they have been stripped by the agency itself):
 - a. direct obligations or fully guaranteed certificates of beneficial ownership of The Export-Import Bank of the United States,
 - b. participation certificates and guaranteed pool certificates of the Small Business Administration;
 - c. debentures of the Federal Housing Administration;

- d. guaranteed mortgage-back bonds and guaranteed mortgage-backed obligations of the Government National Mortgage Association; and
 - e. project notes, local authority bonds, guaranteed debentures and guaranteed public housing notes and bonds of the Department of Housing and Urban Development;
- (iii) the following bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit of the United States government agencies (stripped securities being permitted only if they have been stripped by the agency itself):
- a. senior debt obligations of the Federal Home Loan Bank System (“*FHLB*”);
 - b. senior debt obligations of the Federal Farm Credit System;
 - c. mortgage-backed securities and senior debt obligations of the Federal Home Loan Mortgage Corporation; and,
 - d. mortgage-backed securities and senior debt obligations of the Federal National Mortgage Association;
- (iv) commercial paper, with a maturity not greater than 270 days, and rated, at the time of purchase, “Prime-1” by Moody’s, “F1” or better by Fitch or “A-1” or better by S&P;
- (v) municipal obligations including those of any state of the United States of America, any political subdivision of any state of the United States of America, or any agency, or authority thereof, that at the time of purchase is in one of the two highest long-term rating categories by at least two Rating Agencies, without regard to gradations within the rating category;
- (vi) money market funds registered under the Investment Company Act of 1940, the shares of which are registered under the Securities Act of 1933, and having a rating of no less than “AA” or its equivalent from a national recognized rating agency; including, if so rated, any such fund which the Master Trustee or an affiliate of the Master Trustee serves as an investment advisor, administrator, shareholder, servicing agent and/or custodian or sub-custodian, notwithstanding that (a) the Master Trustee or an affiliate of the Master Trustee charges and collects fees and expenses (not exceeding current income) from such funds for services rendered, (b) the Master Trustee charges and collects fees and expenses for services rendered pursuant to the Indenture and (c) services performed for such funds and pursuant to the Indenture may converge at any time (the Bank specifically authorizes the Master Trustee or an affiliate of the Master Trustee to charge and collect all fees and expenses from such funds for services rendered to such funds, in addition to any fees and expenses the Master Trustee may charge and collect for services rendered pursuant to the Indenture);
- (vii) investments in the Rhode Island Ocean State Investment Pool (“*OSIP*”);

- (viii) certificates of deposit, savings accounts, deposit accounts, bank deposit products or money market deposits which are fully insured by the Federal Deposit Insurance Corporation or fully secured as to both principal and interest by a FHLB Letter of Credit (“LOC”) or collateralized by government securities as described in clauses (i) and (ii) above;
- (ix) investment agreements or guaranteed investment contracts with any financial institution or corporation, any insurance company, a registered broker/dealer or a domestic commercial bank whose senior long term debt obligations are rated, or guaranteed by a financial institution, whose senior long term debt obligations are rated, at the time such agreement or contract is entered into, in one of the two highest long-term rating categories by at least two Rating Agencies, and without regard to ratings subcategories. Financial agreements with institutions having senior debt ratings below “AA” must be fully secured as to principal balance and accrued interest by securities described in clause (i) or (ii) above, or a FHLB LOC. In the event that the counterparty’s required debt rating on the unsecured agreement is suspended, withdrawn or reduced below the rating the Bank has an option to (a) terminate such agreement or contract or (b) require the balance of such agreement or contract to be fully collateralized by securities described in clause (i) or (ii) above. All collateral security Bank deposits shall require:
 - a. a specific written collateral agreement governing the transaction(s);
 - b. any collateral securities must be held free and clear of any lien, by the Master Trustee or by a trustee of an independent third party acting solely as the agent of the Master Trustee that is either a Federal Reserve Bank or a member of the Federal Deposit Insurance Corporation that has combined surplus and undivided profits of not less than one-hundred million dollars (\$100,000,000), and the Master Trustee shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for the Master Trustee;
 - c. the agreement has a term of thirty days or less, or either the Master Trustee, if the Master Trustee holds the collateral, or a custodian of the collateral or a valuation agent selected by the Bank, will value the collateral securities no less frequently than monthly, will liquidate the collateral securities if any deficiency in the required collateral percentage is not restored within five (5) Business Days of such valuation, and;
 - d. the fair market value of the collateral securities in relation to the amount of the obligation, including principal and interest, is equal to at least one hundred two percent (102%); and
- (x) any other investments as may be legal investments for funds of the State or any State agency.

“*Leveraged Bond*” means any Master Trust Bond, other than a State Match Bond, issued for the purpose of providing funds to make Loans pursuant to the Clean Water Program or the Drinking Water Program.

“*Loan*” means financial assistance in the form of a loan made to a Borrower pursuant to the Loan Agreement and funded with lawfully available sources of the Bank, including proceeds of SRF Bonds, in furtherance of the purposes of the Clean Water Program or the Drinking Water Program, as the case may be. The term “*Loan*” excludes any Loan released pursuant to Section 306 of the Master Trust Indenture and includes any Loan substituted pursuant to said Section.

“*Loan Agreement*” means each Loan Agreement entered into between the Bank and a Borrower, evidencing a Loan.

“*Loan Fund*” means the fund by that name established by Section 301 of the Master Trust Indenture.

“*Loan Payment*” means, collectively, any CWSRF Loan Payment and DWSRF Loan Payment.

“*Master Trust Indenture*” means the Master Trust Indenture, dated as of May 1, 2021, between the Bank and the Master Trustee, as further amended and supplemented.

“*Master Trust Estate*” has the meaning given said term in the Granting Clauses to the Master Trust Indenture.

“*Master Trustee*” means U.S. Bank Trust Company, National Association, as successor in interest to U.S. Bank National Association, a national banking association organized and existing under and by virtue of the laws of the United States of America, with a corporate trust office in Boston, Massachusetts, and any successor master trustee at the time serving as Master Trustee under the Master Trust Indenture.

“*Maximum Annual Debt Service*” means the greatest total debt service (including, without limitation, the sum of due and payable principal (including accreted value) and interest), payable in any Bank fiscal year during the period commencing with the next full Bank fiscal year and terminating with the Bank fiscal year in which payments are due under the last Outstanding Master Trust Bonds.

“*Moody’s*” means Moody’s Investor Service, Inc., a business unit of Moody’s Corporation, and its successors and assigns.

“*Officer’s Certificate*” means a certificate signed by a Bank Representative in form and substance mutually agreeable to the Bank and the Master Trustee.

“*Outstanding*”, when used with reference to any Master Trust Bond, has the meaning ascribed by the Bond Indenture pursuant to which such Master Trust Bond was issued.

“*Owner*,” “*Bondowner*,” “*Bondholder*,” “*holder*” or “*owner*” means the registered owner of any Master Trust Bond as provided in the related Bond Indenture.

“*Payment Date*” means the date the interest on or the principal of a Series of Master Trust Bonds is due and owing, and also includes any date set for redemption of any of the Master Trust Bonds in accordance the provisions of a related Bond Indenture.

“*Pledged CWSRF Revenues*” means (i) all CWSRF Loan Payments (other than payments identified in a Loan Agreement that represent Administrative Fee Payments), (ii) all other amounts received by the Bank under any Loan Agreement acquired for the Clean Water Program, (iii) all other amounts defined as a Pledged CWSRF Revenue under the terms of a Bond Indenture authorizing a Series of Master Trust Bonds, and (iv) all amounts received by the Bank as income, profits or gain on investments of money held in pledged accounts under the Master Trust Indenture (other than moneys received from Clean Water Federal Capitalization grants under the Federal Clean Water Act and CWSRF State Matching Funds).

“*Pledged DWSRF Revenues*” means (i) all DWSRF Loan Payments (other than payments identified in a Loan Agreement that represent Administrative Fee Payments), (ii) all other amounts received by the Bank under any Loan Agreement acquired for the Drinking Water Program, (iii) all other amounts defined as a Pledged DWSRF Revenue under the terms of a Bond Indenture authorizing a Series of Master Trust Bonds, and (iv) all amounts received by the Bank as income, profits or gain on investments of money held in the pledged accounts under the Master Trust Indenture (other than moneys received from Drinking Water Federal Capitalization grants under the Federal Drinking Water Act and DWSRF State Matching Funds).

“*Pledged SRF Revenues*” means, collectively, Pledged CWSRF Revenues and Pledged DWSRF Revenues.

“*Prepayment*” means any amount received by the Bank from payment of principal of Loans (plus accrued interest and prepayment premium, if any), which amount is received prior to the scheduled payment date or dates of such Loans.

“*Prior Clean Water Indenture*” means the Indenture of Trust dated as of February 15, 1992, as amended and supplemented between the Bank (or its predecessor, Rhode Island Clean Water Agency) and U.S. Bank National Association (or its predecessors State Street Bank and Trust Company and Rhode Island Hospital Trust National Bank), as trustee.

“*Prior Drinking Water Indenture*” means the Indenture of Trust dated as of February 23, 2004, as amended and supplemented between the Bank (or its predecessor, Rhode Island Clean Water Agency) and U.S. Bank National Association (or its predecessor State Street Bank and Trust Company), as trustee.

“*Prior Clean Water Indenture Bonds*” means any bond or bonds or all the bonds, as the case may be, of the Bank in one or more series, relating to the Clean Water Program, the issuance of which was governed by the terms of the Prior Clean Water Indenture.

“*Prior Drinking Water Indenture Bonds*” means any bond or bonds or all the bonds, as the case may be, of the Bank in one or more series, relating to the Drinking Water Program, the issuance of which was governed by the terms of the Prior Drinking Water Indenture.

“*Rating Agency*” means any nationally recognized municipal securities rating agency designated by the Bank.

“*S&P*” means S&P Global Ratings, a business unit of Standard & Poor’s Financial Service LLC, and its successors and assigns.

“*Series 2024A Bond Indenture*” means the Bond Indenture, dated as of May 1, 2024, between the Bank and U.S. Bank Trust Company, National Association, as Trustee, as further amended and supplemented.

“*Series Certificate*” means, with respect to any Series of Master Trust Bonds, the related Officer’s Certificate delivered pursuant to Section 202(b) of the Master Trust Indenture, as such certificate may be amended from time to time.

“*Series*” or “*series*” or words of similar meaning means a series or issue of Master Trust Bonds authorized by a Bond Indenture and secured under the Master Trust Indenture.

“*SRF Bonds*” means, collectively, CWSRF Bonds and DWSRF Bonds.

“*State*” means the State of Rhode Island.

“*State Clean Water Act*” means Chapter 12.2 of Title 46 of the Rhode Island General Laws (1956), as amended.

“*State Drinking Water Act*” means Chapter 12.8 of Title 46 of the Rhode Island General Laws (1956), as amended.

“*State Match Bond*” means any Master Trust Bond issued for the purpose of meeting any applicable state-level matching requirement pursuant to the Clean Water Program or the Drinking Water Program.

“*Supplemental Trust Indenture*” means any trust indenture supplementary to or amendatory of the Master Trust Indenture duly executed and delivered in accordance with the provisions of the Master Trust Indenture.

“*Tax Certificate and Agreement*” means, with respect to each Series of Master Trust Bonds, the Tax Certificate and Agreement or any similar document setting forth requirements designed to assure compliance with certain requirements necessary to maintain the exclusion of interest on the Series of Master Trust Bonds from gross income for federal income tax purposes, as amended or supplemented from time to time.

SUMMARY OF CERTAIN PROVISIONS OF THE MASTER TRUST INDENTURE

The following, in addition to the information provided elsewhere in the Official Statement, summarizes certain provisions of the Master Trust Indenture. Reference should be made to the Master Trust Indenture, a copy of which will be available for inspection at the corporate trust office of the Master Trustee, for a full and complete statement of its terms.

The following capitalized terms appearing in this Official Statement have the meanings set forth above, unless the context otherwise requires. A reference to any of these terms in the singular number includes the plural and vice versa.

Issuance of Bonds

Subject to determination from time to time by resolutions of the Bank, the Bank may issue Master Trust Bonds which shall be secured under the Master Trust Indenture solely by the assignment and pledge of the Master Trust Estate. A Series of Master Trust Bonds may be additionally secured in the manner provided in a related Bond Indenture. (Section 201)

Conditions to Securing Bonds Under Master Trust Indenture

In order for any Series of Master Trust Bonds to be secured by the Master Trust Indenture, prior to or simultaneously with the authentication and delivery of the Series of Master Trust Bonds, the Master Trustee shall receive the following:

- (1) an original executed counterpart of the Series Certificate
 - (A) stating that the Series of Master Trust Bonds is entitled to the benefits of the Master Trust Indenture, and
 - (B) directing the Master Trustee as to the creation of any funds and accounts to be established for the Series of Master Trust Bonds which are in addition to those required under the Master Trust Indenture, and
 - (C) demonstrating to the effect that cash flow reports evidence the sufficiency of the available revenues under the Master Trust Indenture relating to all outstanding Master Trust Bonds, including the Master Trust Bonds then to be issued, to pay 1.1 times the highest principal and interest payment coming due on all Master Trust Bonds then outstanding and the Master Trust Bonds then to be issued on any payment date with respect to the Master Trust Bonds, and

(2) an original executed counterpart or a copy, certified by a Bank Representative, of the Master Trust Indenture and the related Bond Indenture. (Section 202)

Liability Under Bonds

(a) Each Series of Master Trust Bonds, together with the interest thereon, shall be special, limited obligations of the Bank, payable solely by the Master Trust Estate established under the Master Trust Indenture. Master Trust Bonds issued by the Bank under the provisions of the Act shall not be deemed to be a debt or a pledge of the faith and credit of the State or of any of its political subdivisions, but shall be payable solely from the revenues, funds, assets, and other property of the Bank from which they are made payable pursuant to the Act. Master Trust Bonds issued by the Bank under the provisions of the Act shall recite that neither the State nor any political subdivision thereof shall be obligated to pay the Master Trust Bonds, and that neither the faith and credit nor the taxing power of the State or of any political subdivision thereof is pledged to the payment of the principal of or interest on the Master Trust Bonds. Further, every Master Trust Bond shall recite that it is a special obligation of the Bank payable solely from particular revenues, funds, assets, or other property pledged to its payment.

The Master Trust Bonds and the premium, if any, and interest thereon shall not now and shall never constitute an indebtedness or an obligation, general or moral, or a pledge of the faith or loan of credit of the Bank, the State or any political subdivision thereof, within the purview of any constitutional limitation or provision, and shall never constitute or give rise to a charge against the faith and credit or taxing powers, if any, of the Bank, the State or any political subdivision thereof, but shall be special, limited obligations of the Bank, payable solely from the Master Trust Estate established under the Master Trust Indenture, the proceeds from the sale of such Series of Master Trust Bonds pending their expenditure for the purposes described in the related Bond Indenture authorizing the sale of such Master Trust Bonds and the income from the temporary investment thereof. The Bank has no taxing power.

(b) Master Trust Bonds, if and when authorized, issued and delivered in accordance with the Master Trust Indenture, shall be secured by and made payable equally and ratably on a parity with all outstanding Master Trust Bonds from a first lien on and pledge of the Master Trust Estate established by the Master Trust Indenture. (Section 203)

Bond Covenants

Master Trust Bonds secured by and entitled to the benefits of the Master Trust Indenture shall be issued only if the following conditions are satisfied: (i) the principal amount of the Master Trust Bonds then being issued, together with the Master Trust Bonds then outstanding, shall not exceed in aggregate principal amount any limitation imposed by law; and (ii) an Officer's Certificate shall have been delivered to the Master Trustee to the effect that cash flow reports evidence the sufficiency of the available revenues under the Master Trust Indenture relating to all outstanding Master Trust Bonds, including the Master Trust Bonds then to be issued, to pay 1.1 times the Maximum Annual Debt Service coming due on all Master Trust Bonds then outstanding and the Master Trust Bonds then to be issued on any payment date with respect to the Master Trust Bonds. (Section 204)

Creation and Custody of Funds and Accounts

(a) The following Funds and Accounts may be established, as necessary, as directed by the Bank in connection with the execution and delivery of the Master Trust Indenture or a Bond Indenture: (i) a Loan Fund, consisting of a (A) CWSRF Leveraged Loan Account, (B) CWSRF State Match Loan Account, (C) DWSRF Leveraged Loan Account and (D) DWSRF State Match Loan Account; (ii) a CWSRF Revenue Fund; and (iii) a DWSRF Revenue Fund.

(b) The Bank may, by a Supplemental Trust Indenture, a Bond Indenture, a Series Certificate or other Officer's Certificate, establish one or more additional funds, accounts or subaccounts under the Master Trust Indenture. All other such funds, accounts and subaccounts established by the Bank that are unrelated to the Loan Fund, the CWSRF Revenue Fund and the DWSRF Revenue Fund, will be held by the Master Trustee for the benefit of the Bank. The Supplemental Trust Indenture, Bond Indenture, Series Certificate or other Officer's Certificate establishing any other fund, account or subaccount shall set forth the extent, if any, to which such fund, account or subaccount shall be available for and pledged and assigned for the payment of Master Trust Bonds, and shall state to which fund, account or subaccount investment earnings, if any, shall be deposited.

(c) Except as otherwise provided in the Master Trust Indenture, the Loan Fund, the CWSRF Revenue Fund and the DWSRF Revenue Fund will be held by the Master Trustee for the benefit of the owners of the Master Trust Bonds. As security for payment of each Series of Master Trust Bonds, the Bank pledges and assigns the CWSRF Revenue Fund and the DWSRF Revenue Fund and all amounts from time to time on deposit therein and available for the payment of each Series of Master Trust Bonds, in the manner and to the extent provided in in the Master Trust Indenture and the applicable Bond Indenture, to the Master Trustee.

(d) The CWSRF Leveraged Loan Account and the CWSRF State Match Loan Account will be deemed to be within the Clean Water Program for purposes of compliance with the Federal Clean Water Act and the Clean Water Program. The DWSRF Leveraged Loan Account and the DWSRF State Match Loan Account will be deemed to be within the Drinking Water Program for purposes of compliance with the Federal Drinking Water Act and the Drinking Water Program.

(e) The pledge and assignment effected by the Master Trust Indenture will be valid and binding from the date of execution and delivery of the Master Trust Indenture, the moneys so pledged and assigned and thereafter received by the Bank or the Master Trustee will be subject to the lien of such pledge and assignment, and, such lien will be a continuing, irrevocable and exclusive first lien and will be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Bank irrespective of whether such parties have notice thereof. (Section 301)

Deposits to Loan Fund

Upon receipt of and as provided in the Officer's Certificate, the Master Trustee will promptly deposit in the CWSRF Leveraged Loan Account or the CWSRF State Match Loan

Account, as the case may be, all moneys received with respect to a Series of Master Trust Bonds (or portion thereof) issued for the Clean Water Program. Moneys in the respective Accounts will be used at the direction of the Bank to originate Loans, and upon the origination of a Loan, the Loan and the related Loan Agreement and Borrower Obligation will be deposited to the credit of the CWSRF Revenue Fund.

Upon the receipt of and as provided in an Officer's Certificate, the Master Trustee will promptly deposit in the DWSRF Leveraged Loan Account or the DWSRF State Match Loan Account, as the case may be, all moneys received with respect to a Series of Master Trust Bonds (or portion thereof) issued for the Drinking Water Program. Moneys in the respective Accounts will be used at the direction of the Bank to acquire Loans, and upon the acquisition of a Loan, the Loan and the related Loan Agreement and Borrower Obligation will be deposited to the credit of the DWSRF Revenue Fund. (Section 302)

Deposits to CWSRF Revenue Fund and DWSRF Revenue Fund

The Master Trustee will promptly deposit in the CWSRF Revenue Fund all CWSRF Loan Payments and shall hold in safe custody all CWSRF Loan Documents for such CWSRF Loan Payments. In addition, the Master Trustee will promptly hold in the CWSRF Revenue Fund any CWSRF Loan Documents substituted for Loans then held in safe custody or on deposit in the CWSRF Revenue Fund, in accordance with the Master Trust Indenture and as directed in an Officer's Certificate.

The Master Trustee will promptly deposit in the DWSRF Revenue Fund all DWSRF Loan Payments and shall hold in safe custody all DWSRF Loan Documents for such DWSRF Loan Payments. In addition, the Master Trustee will promptly hold in the DWSRF Revenue Fund any DWSRF Loan Documents substituted for Loans then held in safe custody or on deposit in the DWSRF Revenue Fund, in accordance with the Master Trust Indenture and as directed in an Officer's Certificate. (Section 303)

Transfers from Prior Indentures

Upon receipt of an Officer's Certificate, the Master Trustee shall deposit moneys transferred from the Prior Clean Water Indenture and the Prior Drinking Water Indenture, as applicable, in the CWSRF Revenue Fund or the DWSRF Revenue Fund, as the case may be, which shall be applied as described in the Master Indenture, as applicable, unless as further provided in such Officer's Certificate, such moneys are necessary for debt service coming due on a Series of Master Trust Bonds, and in such event, will be applied as described in the Master Trust Indenture, as applicable. Such moneys are expected to be transferred on the first day immediately following the last day of the fiscal year of the Bank. Moneys held under the Master Trust Indenture, including moneys transferred from the Prior Indentures, shall be included in the Master Trust Estate. (Section 304)

Cross-Collateralization; Withdrawals from CWSRF Revenue Fund and DWSRF Revenue Fund

(a) On or before the Payment Date of any debt service due and owing on a Series of Master Trust Bonds, the Master Trustee will take the following actions pertaining to the CWSRF Revenue Fund in the following order of priority, subject to paragraphs (c), (d), and (e) hereof, as directed in an Officer's Certificate:

(1) the Master Trustee will transfer moneys received from the Prior Clean Water Indenture attributable to the Clean Water Program to a Bond Indenture Trustee, for deposit in the appropriate debt service account or subaccount established for a Series of Master Trust Bonds to pay debt service coming due on a Series of Master Trust Bonds issued for the benefit of the Clean Water Program;

(2) the Master Trustee will transfer Pledged CWSRF Revenues to a Bond Indenture Trustee, for deposit in the appropriate debt service account or subaccount established for a Series of Master Trust Bonds (or portion thereof) issued for the Clean Water Program, the amount certified by such Bond Indenture Trustee to be necessary to timely make the debt service payment due on such Payment Date on that Series of Master Trust Bonds (or portion thereof); *provided*, that the Bank in a Bond Indenture may direct a Bond Indenture Trustee to deposit Pledged CWSRF Revenues to the credit of accounts or subaccounts established in the Bond Indenture for the payment of debt service on the Series of Master Trust Bonds issued as Leveraged Bonds and State Match Bonds in furtherance of the Clean Water Program;

(3) after making any transfers described in subsection (a)(2) above, the Master Trustee will transfer Pledged CWSRF Revenues to a Bond Indenture Trustee, for deposit to the credit of the appropriate debt service account or subaccount established for a Series of Master Trust Bonds (or portion thereof) issued for the Drinking Water Program, the amount certified by such Bond Indenture Trustee to be necessary to timely make the debt service payment due on such Payment Date on that Series of Master Trust Bonds (or portion thereof);

(4) the Master Trustee will transfer Pledged CWSRF Revenues to a Bond Indenture Trustee the amount certified by such Bond Indenture Trustee to be necessary to replenish any deficiency in an account in a reserve fund established for a Series of Master Trust Bonds (or portion thereof) issued for the Clean Water Program;

(5) the Master Trustee will transfer Pledged CWSRF Revenues to a Bond Indenture Trustee the amount certified by such Bond Indenture Trustee to be necessary to replenish any deficiency in an account in a reserve fund established for a Series of Master Trust Bonds (or portion thereof) issued for the Drinking Water Program, *provided*, that the transfers made as described in paragraph (b)(4) below were not sufficient to replenish any deficiency in such reserve fund;

(6) in accordance with an Officer's Certificate, the Master Trustee will transfer an amount certified by a Bank Representative as constituting Pledged CWSRF Revenues to the Bank to be used for any lawful purpose consistent with the Clean Water Program; and

(7) following any Payment Date and pursuant to an Officer's Certificate, the Master Trustee shall withdraw all remaining moneys, and transfer such moneys to the Bank to be used by the Bank for any lawful purpose.

(b) On or before the Payment Date of any debt service due and owing on a Series of Master Trust Bonds, the Master Trustee will take the following actions pertaining to the DWSRF Revenue Fund in the following order of priority, subject to paragraphs (c), (d), and (e) hereof, as directed in an Officer's Certificate:

(1) the Master Trustee will transfer moneys received from the Prior Drinking Water Indenture attributable to the Drinking Water Program to a Bond Indenture Trustee, for deposit in the appropriate debt service account or subaccount established for a Series of Master Trust Bonds to pay debt service coming due on a Series of Master Trust Bonds for the benefit of the Drinking Water Program;

(2) the Master Trustee will transfer Pledged DWSRF Revenues to a Bond Indenture Trustee, for deposit in the appropriate debt service account or subaccount established for a Series of Master Trust Bonds (or portion thereof) issued for the Drinking Water Program, the amount certified by such Bond Indenture Trustee to be necessary to timely make the debt service payment due on such Payment Date on that Series of Master Trust Bonds (or portion thereof); *provided*, that the Bank in a Bond Indenture may direct a Bond Indenture Trustee to deposit Pledged DWSRF Revenues to the credit of accounts or subaccounts established in the Bond Indenture for the payment of debt service on the Series of Master Trust Bonds issued as Leveraged Bonds and State Match Bonds in furtherance of the Drinking Water Program;

(3) after making any transfers described in subsection (b)(2) above, the Master Trustee will transfer Pledged DWSRF Revenues to a Bond Indenture Trustee, for deposit to the credit of the appropriate debt service account or subaccount established for a Series of Master Trust Bonds (or portion thereof) issued for the Clean Water Program, the amount certified by such Bond Indenture Trustee to be necessary to timely make the debt service payment due on such payment date on that Series of Master Trust Bonds (or portion thereof);

(4) the Master Trustee will transfer Pledged DWSRF Revenues to a Bond Indenture Trustee the amount certified by such Bond Indenture Trustee to be necessary to replenish any deficiency in an account in a reserve fund established for a Series of Master Trust Bonds (or portion thereof) issued for the Drinking Water Program;

(5) the Master Trustee will transfer Pledged DWSRF Revenues to a Bond Indenture Trustee the amount certified by such Bond Indenture Trustee to be necessary to replenish any deficiency in an account in a reserve fund established for a Series of Master Trust Bonds (or portion thereof) issued for the Clean Water Program, *provided*, that the transfers made as described in paragraph (a)(4) above were not sufficient to replenish any deficiency in such reserve fund;

(6) in accordance with an Officer's Certificate, the Master Trustee will transfer an amount certified by a Bank Representative as constituting Pledged DWSRF Revenues to the Bank to be used for any lawful purpose consistent with the Drinking Water Program; and

(7) following any Payment Date and pursuant to an Officer's Certificate, the Master Trustee shall withdraw all remaining moneys, and transfer such moneys to the Bank to be used by the Bank for any lawful purpose.

(c) If, for either the Clean Water Program or the Drinking Water Program, as of any date specified in this Section, more than one Bond Indenture Trustee has certified to the Master Trustee that there are insufficient moneys on hand to pay the debt service on the applicable Series of Master Trust Bonds, then the Master Trustee shall transfer moneys to the Bond Indenture Trustees with respect to each Series of Master Trust Bonds designated in the applicable Series Certificates. If there are insufficient moneys on deposit in the CWSRF Revenue Fund or the DWSRF Revenue Fund, as the case may be, to satisfy all such requests, the Master Trustee shall transfer moneys to the Bond Indenture Trustees *pro rata* based on the amount of the respective deficiencies among such Master Trust Bonds, as directed in an Officer's Certificate.

(d) The Bank will not request the Master Trustee to make any transfers from the CWSRF Revenue Fund to pay the debt service on any Series of Master Trust Bonds issued for or any reserve account with respect to the Drinking Water Program, unless no moneys are on deposit in the DWSRF Revenue Fund, or any transfers from the DWSRF Revenue Fund to pay the debt service on any Series of Master Trust Bonds issued for or any reserve account with respect to the Clean Water Program, unless no moneys are on deposit in the CWSRF Revenue Fund.

(e) To the extent such transfers are prohibited under the Clean Water Program and the Drinking Water Program, the Bank will not request the Master Trustee to make any transfers from the CWSRF Revenue Fund to pay the debt service on or to replenish any reserve account with respect to State Match Bonds issued for the Drinking Water Program, or to make any transfers from the DWSRF Revenue Fund to pay the debt service on or to replenish any reserve account with respect to State Match Bonds issued for the Clean Water Program. (Section 305)

Release of Loans; Substitution of Loans; Prepayment of Loans

(a) Release of Loans. The Master Trustee, upon receipt of an Officer's Certificate, may release Loans and the related Loan Agreements and Borrower Obligations from the lien of the Master Trust Indenture, upon the satisfaction of the following:

(i) the delivery to the Master Trustee of an Officer's Certificate (A) to the effect that cash flow reports evidence the sufficiency of (1) available Pledged SRF Revenues from the remaining Loans and interest earnings on investments for each Payment Date to pay not less than 1.0 times principal and interest coming due on the Master Trust Bonds on each such debt service payment date until maturity, (2) available Pledged SRF Revenues constituting interest payments only on the remaining Loans and interest earnings on investments for each interest payment date to pay not less than 1.0 times principal and interest coming due on the portion of the Master Trust Bonds issued to finance state matching funds on each such interest payment date, (3) any and all available revenues for each debt service payment date securing all outstanding Master Trust Bonds to pay not less than 1.1 times principal and interest coming due on all Master Trust Bonds on each such debt service payment date, and (4) any and all available revenues (consisting of investment earnings and loan interest earnings securing all Bond Indentures pursuant to which a Series of Master Trust Bonds is issued and delivered) for each debt service payment date securing all portions of outstanding Master Trust Bonds issued to finance state matching funds to pay not less than 1.1 times principal and interest coming due on such portions of Master Trust Bonds on each such debt service payment date (clauses (1), (2), (3), and (4) being therein referred to as the "Coverage Requirement") and (B) specifying the Loans to be released; and

(ii) the delivery to the Master Trustee of an amendment to the schedule of Loans held in the Loan Fund (which amendment does not require the consent of the owners of the Bonds).

(b) Substitution of Loans. Upon the written direction of the Bank through the delivery of an executed Officer's Certificate, the Master Trustee may release Loans and the related Loan Agreements and Borrower Obligations and substitute one or more Loans for such Loan and related Loan Agreements and Borrower Obligations, and thereby subject substituted Loans to the lien of the Master Trust Indenture, upon the delivery to the Master Trustee of (i) the instruments described above in under "Release of Loans", *provided*, that the substituted Loan or Loans shall be included in the calculation of the Coverage Requirement and (ii) confirmation from each Rating Agency then rating the Master Trust Bonds that the proposed substitution will not result in a reduction or withdrawal of the then-applicable rating on the Master Trust Bonds.

(c) Prepayment of Loans. The Bank shall not consent to a Prepayment of a Loan unless the Bank first delivers to the Master Trustee an Officer's Certificate to the effect that the Coverage Requirement will be satisfied after taking into account such Prepayment. If the Bank cannot deliver such Officer's Certificate, then the Bank may exercise its rights described above under "Substitution of Loans."

(d) Reliance on Financial Consultants. In exercising its authority under the Master Trust Indenture, the Bank may rely on the advice of its financial consultants in the preparation and delivery of directions, through an Officer's Certificate, to the Master Trustee. (Section 306)

Tax Covenants

To the extent Master Trust Bonds are issued as obligations, the interest on which is to be excluded from gross income under the Code, the Bank agrees that the Bond Indenture pursuant to which such a Series of Master Trust Bonds are to be issued, or a Tax Certificate and Agreement executed in connection with the issuance of such Master Trust Bonds, will contain covenants to the effect that the Bank and the Bond Indenture Trustee shall not take, or fail to take, any action that could adversely affect the treatment of such Master Trust Bonds as obligations, the interest on which is excluded from gross income under the Code. (Section 307)

Investment

Moneys on deposit in the Loan Fund, the CWSRF Revenue Fund or the DWSRF Revenue Fund may be invested upon receipt of and as directed in an Officer's Certificate in Investment Securities, consistent with the provisions of State law and the Code. (Section 308)

Acceptance of the Trusts

Pursuant to the Master Trust Indenture, the Master Trustee accepts the trusts imposed upon it by the Master Trust Indenture, and agrees to perform said trusts, but only upon and subject to the following express terms and conditions, and no implied covenants or obligations shall be read into the Master Trust Indenture against the Master Trustee:

(a) the Master Trustee undertakes to perform such duties and only such duties as are specifically set forth in the Master Trust Indenture, and shall exercise such of the rights and powers vested in it by the Master Trust Indenture, and use the same degree of care and skill in their exercise as a prudent person under reasonably similar circumstances would exercise or use under the circumstances;

(b) the Master Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers, employees or such other professionals as may be reasonably necessary, but shall be answerable for the conduct of the same in accordance with the standard specified in the preceding paragraph (a), and shall be entitled to act upon the opinion or advice of its counsel concerning all matters of trust of the Master Trust Indenture and the duties under the Master Trust Indenture, and, subject to the restrictions of the Master Trust Indenture, may in all cases pay such reasonable compensation to all such attorneys, agents, receivers, employees and such other professionals as may reasonably be employed in connection with the trusts of the Master Trust Indenture. The Master Trustee may act upon an opinion of counsel, who may be an employee of the Master Trustee, and shall not be responsible for any loss or damage resulting from any action or non-action by it taken or omitted to be taken in good faith in reliance upon any such opinion of counsel;

(c) the Master Trustee shall not be responsible for any recital in the Master Trust Indenture or in the Master Trust Bonds, or for the validity of the execution by the Bank of the Master Trust Indenture or for any supplements hereto or instruments of further assurance, or for the sufficiency of the security for the Master Trust Bonds under the Master Trust Indenture, and the Master Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of the Bank in connection with the matters referred to in the Master Trust Indenture, except as set forth in the Master Trust Indenture;

(d) the Master Trustee may engage in or be interested in any financial or other transaction with the Bank;

(e) the Master Trustee shall be protected and shall incur no liability in acting upon any notice, request, consent, certificate, order, affidavit, opinion of counsel, letter, telegram or other paper or document believed by it to be genuine and correct and to have been signed or sent by the proper person or persons;

(f) as to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Master Trustee shall be entitled to rely upon a certificate signed on behalf of the Bank by a Bank Representative as sufficient evidence of the facts therein contained, and prior to the occurrence of a default of which the Master Trustee has been notified as provided in paragraph (h) below, or of which it is deemed to have notice under paragraph (h) below, the Master Trustee shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same; the Master Trustee may accept a certificate of Bank Representative under the seal of the Bank to the effect that a resolution in the form therein set forth has been adopted by the Bank as conclusive evidence that such resolution has been duly adopted and is in full force and effect;

(g) the permissive right of the Master Trustee to do things enumerated in the Master Trust Indenture shall not be construed as a duty, and the Master Trustee shall not, except as provided in paragraph (a) above, be answerable for other than its negligence or willful misconduct;

(h) the Master Trustee shall not be required to take notice or be deemed to have notice of any Event of Default under a Bond Indenture, except (i) failure by the Bank to cause to be made any Loan Payments to be deposited with the Master Trustee and (ii) an Event of Default under Section 501(a) (payment of interest) or Section 501(b) (payment of principal or redemption premium) of the Master Trust Indenture, unless the Master Trustee shall be specifically notified in writing of such default by the Bank; and all notices or other instruments required by the Master Trust Indenture to be delivered to the Master Trustee, must, in order to be effective, be delivered at the designated corporate trust office of the Master Trustee and in the absence of such notice so delivered the Master Trustee may conclusively assume there is no default except as aforesaid;

(i) at any and all reasonable times the Master Trustee, and its duly authorized agents, attorneys, experts, accountants and representatives, shall have the right, but shall not be required, to inspect all books, papers and records of the Bank pertaining to the Bond Indentures and the Master Trust Bonds, and to make copies thereof and take such memoranda therefrom and in regard thereto as may be desired;

(j) the Master Trustee shall not be required to give any bond or surety in respect of the execution of the trusts and powers under the Master Trust Indenture;

(k) before taking any action under the Master Trust Indenture, other than any action under Article III (establishment of funds and accounts) of the Master Trust Indenture, the Master Trustee may require that satisfactory indemnity be furnished to it by the Bank or other parties for the reimbursement of all expenses which it may incur or advance and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful misconduct, by reason of any action so taken;

(l) all moneys received by the Master Trustee, until used or applied as provided in the Master Trust Indenture, will be held in trust in the manner and for the purposes for which they were received, but need not be segregated from other funds, except to the extent required by the Master Trust Indenture or law; the Master Trustee shall not be under any liability for interest on any moneys received under the Master Trust Indenture, except such as may be agreed upon with the Bank; and

(m) the Master Trustee may construe any of the provisions of the Master Indenture insofar as the same may appear to be ambiguous or inconsistent with any other provision hereof, and any construction of such provisions hereof by the Master Trustee in good faith shall be binding upon the Bondowners. (Section 401)

Records; Reporting Requirements

(a) The Master Trustee will maintain financial transaction records in accordance with generally accepted accounting principles.

(b) The Master Trustee will provide the Bank in writing (which may be through electronic communication) a written report, at least monthly, of all transactions of each fund and account maintained under the Master Trust Indenture and a list of all custodial property, if applicable.

(c) The Master Trustee shall provide the Bank with such additional information as may be reasonably requested by the Bank. (Section 403)

Intervention by Master Trustee

In any judicial proceeding to which the Bank is a party and which in the opinion of the Master Trustee and its counsel has a substantial bearing on the interest of the owners of the Master Trust Bonds, the Master Trustee may, in its discretion, intervene on behalf of the owners of the Master Trust Bonds and shall do so if requested in writing by the Owners of at least a majority in aggregate principal amount of all Master Trust Bonds then Outstanding, *provided* that the Master Trustee shall first have been provided indemnity by the Bank to the extent permitted by law as it may require against the costs, expenses and liabilities which it may incur in or by reason of such proceeding. (Section 404)

Resignation by the Master Trustee.

The Master Trustee may at any time and for any reason resign and be discharged of the trusts created by the Master Trust Indenture by executing an instrument in writing resigning such trusts and specifying the date when such resignation shall take effect, and mailing the same to the Bond Indenture Trustees and the Bank not less than thirty (30) days before the date specified in such instrument when such resignation shall take effect, *provided*, the Master Trustee shall also resign, at the request of the Bank, from its position as Bond Indenture Trustee for each Series of Master Trust Bonds for which the Master Trustee was appointed as Bond Indenture Trustee under its proposal for the provision of trust services to the Bank. Subject to Section of the Master Trust Indenture captioned “Effective Date for Resignation or Removal of Master Trustee,” such resignation shall take effect on the day specified in such instrument and notice, unless a successor Master Trustee shall be previously appointed by the Bank, in which event such resignation shall take effect immediately on the appointment of such successor Master Trustee. (Section 406)

Removal of Master Trustee

The Master Trustee may be removed at any time by the Bank, by an instrument or concurrent instruments in writing delivered to the Master Trustee. (Section 407)

Effective Date for Resignation or Removal of Master Trustee

No resignation or removal of the Master Trustee and no appointment of a successor Master Trustee shall become effective until the successor Master Trustee has accepted its appointment under the Master Trust Indenture. (Section 408)

Representations, Warranties and Covenants of the Master Trustee

The Master Trustee represents, warrants and covenants as follows:

(a) All federal, state and local governmental, public, and regulatory authority approvals, consents, notices, authorizations, registrations, licenses, exemptions and filings that are required to have been obtained or made by the Master Trustee with respect to the

authorization, execution, delivery, and performance by, or the enforcement against or by, the Master Trustee of the Master Trust Indenture have been obtained, and are in full force and effect, and all conditions of such approvals, consents, notices, authorizations, registrations, licenses, exemptions and filings have been fully complied with.

(b) The Master Trustee has a reported capital, surplus and undivided profits of not less than \$100,000,000.

(c) In all respects in administering the trusts created by the Master Trust Indenture, the Master Trustee is in compliance with the laws of the State. (Section 411)

Events of Default

Any one of the following shall constitute an Event of Default under the Master Trust Indenture:

(a) Default in the payment of any interest on any Master Trust Bond when and as the same shall have become due and payable;

(b) Default in the payment of the principal of or any redemption premium on any Master Trust Bond when and as the same shall become due, whether at the stated maturity date or the redemption or tender date thereof (pursuant to any mandatory sinking fund requirement or purchase obligation set forth in a Bond Indenture);

(c) Default in the observance or performance of any other of the covenants, agreements or conditions on the part of the Bank included in the Master Trust Indenture or any Bond Indenture or in the Master Trust Bonds and the continuance thereof for a period of thirty (30) days after written notice to the Bank given by the Holders of not less than a majority in aggregate principal amount of the outstanding Master Trust Bonds; or

(d) The occurrence of any Event of Default under a Bond Indenture. (Section 501)

Notice of Default

The Master Trustee shall provide notice of an Event of Default pursuant to such provisions in the Master Trust Indenture. (Section 502)

Suits at Law or in Equity

In case one or more Events of Default shall occur, then and in every such case any Bondholder may proceed to protect and enforce their respective rights by such appropriate judicial proceeding as such Bondholder shall deem most effectual to protest and enforce any such right, either by suit in equity or by action at law, whether for the specific performance of any covenant or agreement contained in the Master Trust Indenture, or in aid of the exercise of any power granted in the Master Trust Indenture, or to enforce any other legal or equitable right

vested in the Bondholders by the Master Trust Indenture or the Master Trust Bonds or by law. (Section 503)

Provisions and Remedies in Bond Indenture

In addition to or in lieu of the provisions and remedies for Events of Default set forth in the Master Trust Indenture, a Bond Indenture may provide additional or different provisions and remedies for events of default in connection with the Series of Master Trust Bonds authorized thereby, to the extent that any such provisions and remedies are not inconsistent with the provisions and remedies set forth in the Master Trust Indenture. (Section 505)

Amendments Not Requiring Bondholder Consent

The Master Trust Indenture may be amended without the consent of Bondholders by a written instrument executed by the Bank and the Master Trustee, if: (i)(a) in the sole judgment of the Master Trustee, the amendment does not materially adversely affect the interests of the owners of any Series of Master Trust Bonds (including, but not limited to amendments: (A) to cure any ambiguity, supply any omission or cure or correct any defect or inconsistent provision in the Master Trust Indenture; (B) to insert such provisions clarifying matters or questions arising under the Master Trust Indenture as are necessary or desirable and are not contrary to or inconsistent with the Master Trust Indenture as heretofore in effect; (C) to provide for additional duties of the Master Trustee; and (D) to modify or supplement the Master Trust Indenture in such manner as may be necessary or appropriate to qualify the Master Trust Indenture under the Trust Indenture Act of 1939 as then amended); or (b) such amendment is necessary in the judgment of the Bank to enable the efficient administration of the Master Trust Indenture or to comply with applicable Clean Water Program or Drinking Water Program requirements, and (ii) the Bank and the Master Trustee receive written confirmation from each of the Rating Agencies that the amendment will not result in the downgrade, qualification or withdrawal of its credit rating on any Series of Master Trust Bonds. In exercising its judgment, the Master Trustee may rely on the opinion of such counsel as it may select. (Section 603)

Program Compliance

It is the intent of the Bank, and the Bank so covenants, to comply with federal, state, and local laws and regulations, including specifically any applicable Clean Water Program and Drinking Water Program requirements. The Bank covenants that it shall comply with all federal and state laws, rules and regulations applicable to the Clean Water Capitalization Grants and Drinking Water Capitalization Grants. (Section 611)

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SUMMARY OF CERTAIN PROVISIONS OF THE SERIES 2024A BOND INDENTURE

Establishment of Funds and Accounts

The following special funds, accounts and subaccounts are created by the Bank, each of which shall be held by the Trustee: the “Rhode Island Infrastructure Bank State Revolving Fund Revenue Bonds Series 2024A (Master Trust) (Green Bonds) Debt Service Fund” (the “*Debt Service Fund*”), consisting of a Clean Water Debt Service Account (and within such Account, a State Match Bond Subaccount and a Leveraged Bond Subaccount) and a Drinking Water Debt Service Account (and within such Account, a State Match Bond Subaccount and a Leveraged Bond Subaccount); and a Costs of Issuance Fund; the Clean Water Debt Service Account and the Drinking Water Debt Service Account are a “*Debt Service Account.*” Upon written direction from the Bank, the Trustee may establish additional funds, accounts or subaccounts determined to be necessary or desirable in accounting for the deposit of funds into any fund, account or subaccount. (Section 4.1)

Costs of Issuance Fund

The Trustee shall deposit in the Costs of Issuance Fund from the proceeds of the Bonds the amount set forth in the Indenture. Moneys in the Costs of Issuance Fund shall be applied by the Trustee to the payment of costs of issuance of the Bonds, including payment of all necessary fees, costs and expenses of the Trustee and the Bank relating to the Bonds, as limited by the Indenture. Disbursements to pay such costs shall be made by the Trustee upon a requisition signed by the Bank Representative. The Trustee will transfer any balance remaining in the Costs of Issuance Fund on the one hundred eightieth (180th) day following the issuance of the Bonds to the Master Trustee for deposit in such funds or accounts as directed by the Bank in an executed Officer’s Certificate. Moneys in the Costs of Issuance Fund shall be invested pursuant to the Indenture. (Section 4.3)

Debt Service Fund

There shall be deposited in the State Match Bond Subaccount of the Clean Water Debt Service Account of the Debt Service Fund, in the Leveraged Bond Subaccount of the Clean Water Debt Service Account of the Debt Service Fund, in the State Match Bond Subaccount of the Drinking Water Debt Service Account of the Debt Service Fund, in the Leveraged Bond Subaccount of the Drinking Debt Service Water Account of the Debt Service Fund all moneys received pursuant to “Flow of Funds” described below. (Section 4.4)

Flow of Funds

Prior to each Payment Date, the Trustee shall request in writing that the Master Trustee transfer the amounts necessary to pay the interest on the Bonds as the same becomes due and

payable and to pay the principal of and premium, if any, on the Bonds as the same becomes due and payable at maturity or upon the redemption of Bonds prior to maturity.

On or before each Payment Date, the Master Trustee shall transfer the moneys as requested above by the pursuant to the provisions of the Master Trust Indenture, to be held in trust by the Trustee for the holders of the Bonds and, except as otherwise provided herein, applied solely to pay the Bonds. On each date fixed for redemption of the Bonds and on each scheduled Payment Date on the Bonds, the Trustee shall remit to the respective owners of such Bonds an amount from the respective Account or Subaccount of the Debt Service Fund sufficient to pay the interest on the Bonds becoming due and payable on such date. On each Payment Date of the Bonds, the Trustee shall set aside and hold in trust an amount from the respective Account or Subaccount of the Debt Service Fund, sufficient to pay the principal of the Bonds becoming due and payable on such Payment Date. Pending such application, moneys in the Debt Service Fund shall be invested pursuant to the Indenture. (Section 4.6)

Investments

Moneys in the Costs of Issuance Fund and the Debt Service Fund shall at all times be invested by the Trustee in Investment Securities as defined in the Master Trust Indenture and as directed by a Bank Representative, maturing at such times and in such amounts as will make cash available for the purposes of such funds and accounts as needed. Investment earnings shall be retained in the fund or account so invested. (Section 4.8)

Non-Presentation of Bonds

Except as described in “Unclaimed Moneys” below, in the event any Bonds shall not be presented for payment when the principal thereof becomes due, if funds sufficient to pay such Bonds shall be held by the Trustee for the benefit of the owner or owners thereof, all liability of the Bank to the owner or owners thereof for the payment of such Bonds shall forthwith cease, determine and be completely discharged and thereupon it shall be the duty of the Trustee to hold such funds without liability for interest thereon, for the benefit of the owner or owners of such Bonds, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under the Indenture or on, or with respect to, such Bonds. (Section 4.9)

Unclaimed Moneys

All moneys which the Trustee shall have withdrawn from the Debt Service Fund or shall have received from any other source and set aside for the purpose of paying any of the Bonds hereby secured shall be held in trust for the respective owners of such Bonds, but any moneys which shall be so set aside or deposited by the Trustee and which shall remain unclaimed by the owners of such Bonds for a period of four (4) years after the date on which such Bonds shall have become due and payable shall be paid to the Bank; *provided, however*, that the Trustee, before making any such payment shall send a letter to the last known address for such Bondholders that said moneys have not been claimed and that after a date named therein any unclaimed balance of said moneys then remaining will be returned to the Bank and thereafter the

owners of such Bonds shall look only to the Bank for payment and then only to the extent of the amount so received without any interest thereon, and the Trustee shall have no responsibility with respect to such moneys. (Section 4.10)

Disposition of Funds and Accounts

After the payment in full of the principal of, premium, if any, and interest on the Bonds, or provision therefore has been made, as described under “Defeasance” below, all moneys in all funds and accounts, other than moneys so held for the defeasance of Bonds and moneys referred to in “Unclaimed Moneys” above, shall be paid by the Trustee to the Master Trustee; *provided*, that if the Master Trust Indenture shall no longer be in effect, the Trustee shall escheat all such moneys to the State Treasurer, or as may be otherwise directed by a Bank Representative, for deposit in an account of the Water Resources Fund as designated by a Bank Representative. (Section 4.11)

Payment of Principal and Interest

The Bank covenants that it will promptly pay, solely out of the Security, the principal of, premium, if any, and interest on every Bond issued under the Indenture at the place, on the date and in the manner provided herein and in the Bonds according to the true intent and meaning thereof. (Section 5.1)

Performance of Covenants

The Bank will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in the Indenture, in any and every Bond executed, authenticated and delivered hereunder and in all of its proceedings pertaining to the Bonds and the Indenture. The Bank covenants that it is duly authorized under the Constitution and the laws of the State, including particularly and without limitation the Act, to issue the Bonds authorized hereby and to execute the Indenture, to pledge the Pledged SRF Revenues and other funds described in the Indenture and assigned and pledged hereby to the payment of the Bonds in the manner and to the extent herein set forth; that all action on its part for the issuance of the Bonds and the execution and delivery of the Indenture has been duly and effectively taken; and that the Bonds, assuming the due authentication thereof by the Trustee, in the hands of the owners thereof are and will be valid and enforceable special, limited obligations of the Bank according to the import thereof, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights and to the exercise of judicial discretion in accordance with general principles of equity. (Section 5.2)

Instruments of Further Assurance

The Bank covenants, whenever and so often as reasonably required to do so by the Trustee, promptly to execute and deliver or cause to be delivered Supplemental Indentures and all such other and further instruments, documents or assurances, and to promptly do or cause to be done all such other and further things, as may be necessary or reasonably required in order to

further and more fully vest in the Trustee and the owners of the Bonds all rights, interests, powers, benefits, privileges and advantages conferred or intended to be conferred upon them by the Indenture, including, without limitation, the Pledged SRF Revenues and other funds pledged by the Indenture to the payment of the principal of, premium, if any, and interest on the Bonds. (Section 5.3)

No Extension of Time of Payment of Interest

In order to prevent any claims for interest after maturity, the Bank will not directly or indirectly extend or assent to the extension of time of payment of any claims for interest on any of the Bonds, and will not directly or indirectly be a party to or approve any such arrangement by purchasing or funding such claims for interest or in any other manner. In case any such claims for interest shall be extended or funded in violation of the Indenture, such claims for interest shall not be entitled, in case of any default under the Indenture, to the benefit or security of the Indenture, except subject to the prior payment in full of the principal of all Bonds issued and Outstanding under the Indenture, and of all claims for interest which shall not have been so extended or funded. (Section 5.4)

Bond Register

The Bank shall have no responsibility with regard to the accuracy of the Bond Register. At reasonable times and under reasonable regulations established by the Trustee, the Bond Register may be inspected and copied by the Bank or by the owners (or a designated representative thereof) of at least two-thirds (66 and 2/3%) in aggregate principal amount of the Bonds then Outstanding hereunder, such ownership and the authority of any such designated representative to be evidenced to the satisfaction of the Trustee. (Section 5.5)

Bank's Obligation Limited

Nothing in the Indenture is intended to require or obligate, nor shall be interpreted to require or obligate, the Bank for any purpose or at any time whatsoever, to provide, apply, or expend any funds coming into the hands of the Bank other than (a) the funds derived from the issuance of the Bonds under the Indenture, and (b) moneys held in the funds and accounts under the Indenture. (Section 5.6)

Defaults; Events of Default

The following events constitute an "Event of Default":

- (a) if default shall occur in the due and punctual payment of the principal of, premium, if any, or interest on any Bond; or
- (b) if default shall be made by the Bank in the observance of any of the covenants, agreements or conditions on its part in the Indenture or in the Bonds contained, and such default shall have continued for a period of ninety (90) days after the Bank shall have been given written

notice of such default by the Trustee or by the owners of at least two-thirds (66 and 2/3%) in aggregate principal amount of the Bonds then Outstanding. (Section 6.1)

Remedies; Rights of Bondholders

(a) Upon the occurrence and continuance of an Event of Default, the Trustee may pursue any available remedy by action at law or suit in equity to enforce the payment of the principal of and interest on the Bonds then Outstanding.

(b) If an Event of Default shall have occurred and be continuing the Trustee may, in its discretion, and if requested so to do by the owners of at least two-thirds (66 and 2/3%) in aggregate principal amount of the Bonds then Outstanding and indemnified as provided in the Indenture, the Trustee shall, exercise such one or more of the rights and powers conferred by the Indenture as the Trustee shall deem most expedient in the interest of the owners of the Bonds.

(c) No remedy by the terms of the Indenture conferred upon or reserved to the Trustee (or to the owners of the Bonds) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given to the Trustee or to the owners of the Bonds hereunder or now or hereafter existing at law or in equity.

(d) No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein; and every such right and power may be exercised from time to time as often as may be deemed expedient. (Section 6.2)

Waivers of Events of Default

The Trustee shall waive any Event of Default and its consequences upon the written request of the owners of a majority in aggregate principal amount of the Bonds then Outstanding; *provided*, that there shall not be waived without the consent of the owners of all the Bonds Outstanding (a) any Event of Default in the payment of the principal of any Outstanding Bonds at their maturity or upon the redemption thereof, or (b) any Event of Default in the payment when due of the interest on any such Bonds unless, prior to such waiver or rescission, all arrears of interest, with interest (to the extent permitted by law) at the rate borne by the Bonds on overdue installments of interest in respect of which such default shall have occurred, or all arrears of payments of principal when due, as the case may be, and all expenses of the Trustee in connection with such Event of Default shall have been paid or deposited with the Trustee. In case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such Event of Default shall have been discontinued or abandoned or determined adversely, then and in every such case the Bank, the Trustee, and the owners of the Bonds shall be restored to their former positions, rights and obligations hereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon. (Section 6.3)

Rights of Bondholders to Direct Proceedings

The owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture or for the appointment of a receiver or any other proceedings hereunder; *provided*, that such direction shall not be otherwise than in accordance with applicable provisions of law and of the Indenture. (Section 6.4)

Rights and Remedies of Bondholders

No owner of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Indenture or for the execution of any trust thereof or for any other remedy hereunder unless a default has occurred of which the Trustee has been notified, or of which it is deemed to have notice, and unless also such default shall have become an Event of Default and the owners of at least two-thirds (66 and 2/3%) in aggregate principal amount of the Bonds then Outstanding shall have made written request to the Trustee, and shall have provided it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name and unless also they have provided to the Trustee indemnity as provided in the Indenture, and unless the Trustee shall thereafter fail or refuse to exercise the powers hereinbefore granted, or to institute such action, suit or proceeding in its, his, her or their own name or names; and such notification, request and offer of indemnity are hereby declared in every case at the option of the Trustee to be conditions precedent to any action or cause of action for the enforcement of the Indenture, or for any other remedy hereunder; it being understood and intended that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of the owners of all of the Bonds then Outstanding. Nothing in the Indenture contained shall, however, affect or impair the right of any owner of any Bond to enforce the payment of the principal of, premium, if any, and interest on such Bond at the time, place, from the source and in the manner herein and in such Bond expressed. (Section 6.6)

Applications of Moneys in Event of Default

(a) Upon an Event of Default all moneys held or received by the Trustee pursuant to the Indenture (other than moneys in the Costs of Issuance Fund), pursuant to any right given or action taken under the Indenture, after payment of the reasonable costs and expenses, including those of the Trustee, in connection with the proceedings resulting in the collection of such moneys, shall be applied in the following order of priority, as follows:

First – To the applicable account or subaccount within the Debt Service Fund, payment to the persons entitled thereto of all installments of interest then due and payable on the Bonds, in the order in which such installments of interest became due and payable, with interest thereon at the rate or rates specified in the respective Bonds to the extent permitted by law, and, if the amount available shall not be sufficient to pay in full any

particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege;

Second – To the applicable account or subaccount within the Debt Service Fund, payment to the persons entitled thereto of the unpaid principal of and premium, if any, on any of the Bonds that shall have become due and payable (other than Bonds called for redemption for the payment of which moneys or securities are held pursuant to the Indenture), in the order of their due date, with interest on such principal and premium, if any, at the rate or rates specified in the respective Bonds from the respective dates upon which they became due and payable, and, if the amount available shall not be sufficient to pay in full such principal and premium, if any, due on any particular date, together with such interest, then to the payment ratably, according to the amounts of principal and premium, if any, due on such date, to the persons entitled thereto without any discrimination or privilege;

Third – To the payment of the reasonable expenses, liabilities and advances incurred or made by the Trustee, other than those incurred in connection with the proceedings resulting on the collection of such moneys; and

Fourth – The balance to the Master Trustee for deposit to the Loan Fund.

(b) Whenever moneys are to be applied pursuant to the Indenture, such moneys shall be applied at such times and from time to time as the Trustee shall determine, having due regard to the amount of such moneys available and which may become available for such application in the future. Whenever the Trustee shall apply such moneys, it shall fix the date (which shall be a Payment Date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue.

(c) Whenever all of the Bonds have been paid under the Indenture, and all expenses and charges of the Trustee and the Bank have been paid, any balance shall be paid to the Master Trustee for deposit in the Loan Fund or to the Bank as provided in the Indenture. (Section 6.7)

Notice of Default

No default specified the Indenture shall constitute an Event of Default until actual notice of such default by registered or certified mail shall be given to the Bank by the Trustee or by the owners of at least two-thirds (66 and 2/3%) in aggregate principal amount of the Bonds then Outstanding, and the Bank shall have had ninety (90) days after receipt of such notice to correct said default or cause said default to be corrected, and shall not have corrected said default or caused said default to be corrected within such period; *provided, however*, if any default specified in the Indenture shall be such that it cannot be corrected within such period, it shall not constitute an Event of Default if corrective action is instituted by the Bank within the applicable period and diligently pursued until the default is corrected. (Section 6.9)

Indemnity

Before taking any action under the Indenture, other than any action outlined under the general terms and provisions of the Bonds contained in the Indenture, the payment of principal of, premium, if any, and interest on the Bonds and the declaration of default, the Trustee may, in its discretion, require that satisfactory indemnity be furnished to it by the owners of the Bonds or other parties for the reimbursement of all expenses which it may incur or advance and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful misconduct, by reason of any action so taken. (Section 7.1)

Successor Trustee

Any corporation into which the Trustee may be merged or with which it may be consolidated or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation resulting from any such merger, consolidation or transfer to which it is a party, *ipso facto*, shall be and become successor Trustee under the Indenture and vested with all of the title to the Trust Estate and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything in the Indenture to the contrary notwithstanding; *provided*, that the representations contained in in the Indenture regarding the Trustee are still true and correct after such merger, consolidation or sale. (Section 7.5)

Removal of Trustee

The Trustee may be removed (i) at the option of the Bank (provided no Event of Default has occurred and is continuing), or (ii) by the owners of a majority in aggregate principal amount of the Bonds then Outstanding, in each case by an instrument or concurrent instruments in writing delivered to the Trustee and, in the event of a removal by owners of the Bonds, to the Bank. (Section 7.7)

Effective Date for Resignation or Removal

No resignation or removal of the Trustee and no appointment of a successor Trustee shall become effective until the successor Trustee has accepted its appointment under the Indenture. (Section 7.8)

Appointment of Successor Trustee by the Bank or the Bondholders; Temporary Trustee

In case the Trustee shall resign or be removed, or be dissolved, or shall be in course of dissolution or liquidation, or otherwise become incapable of acting under the Indenture, or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor Trustee may be appointed by the Bank (in the case of removal by the Bank), or by the owners of a majority in aggregate principal amount of the Bonds then Outstanding, by an instrument or concurrent instruments in writing signed by such owners, or by

their legal representatives duly authorized; *provided*, nevertheless, that in case of such vacancy the Bank by an instrument executed and signed by its Chairman, Vice Chairman or Executive Director and attested by its Secretary or any Assistant Secretary under its seal, may appoint a temporary Trustee to fill such vacancy until a successor Trustee shall be appointed by the owners of the Bonds in the manner above provided; and any such temporary Trustee so appointed by the Bank shall immediately and without further act be superseded by the Trustee so appointed by such owners of the Bonds. Every such Trustee appointed shall be a trust company or bank organized and doing business under the laws of the United States of America or any state thereof, subject to supervision or examination by federal or state regulatory board, having, or be wholly owned by an entity having, a reported capital and surplus of not less than \$100,000,000. In the event that a successor Trustee has not been appointed within sixty (60) days of such resignation, removal, dissolution or notice of dissolution or liquidation, the resigning Trustee may petition a court of competent jurisdiction for the appointment of a successor Trustee. (Section 7.9)

Supplemental Indentures Not Requiring Consent of Bondholders

The Bank and the Trustee may without the consent of, or notice to, any of the owners of the Bonds, enter into an indenture or indentures supplemental to the Indenture which shall not be inconsistent with the terms and provisions of the Indenture for any one or more of the following purposes:

- (a) to cure any ambiguity or formal defect or omission in the Indenture;
- (b) to grant to or confer upon the Trustee for the benefit of the owners of the Bonds any additional rights, remedies, powers or authority that may be lawfully granted to or conferred upon the owners of the Bonds or the Trustee or either of them;
- (c) to subject to the lien and pledge of the Indenture additional revenues, properties or collateral;
- (d) to modify, amend or supplement the Indenture or any indenture supplemental hereto in such manner as to permit the qualification of the Indenture or any indenture supplemental hereto under any Federal statute hereafter in effect or under any state Blue Sky Law, and, in connection therewith, if they so determine, to add to the Indenture or any indenture supplemental hereto such other terms, conditions and provisions as may be permitted or required by any such Federal statute or Blue Sky Law; *provided*, that any such indenture supplemental hereto referred to in this subsection (d) shall not, in the judgment of the Trustee, which may rely on an opinion of counsel, be to the prejudice of the owners of the Bonds;
- (e) to modify, amend or supplement the Indenture or any indenture supplemental thereto in such manner as to permit the qualification of the Indenture under the Trust Indenture Act of 1939, as then amended, or any similar federal statute hereafter

in effect or to permit the qualification of the Bonds for sale under the securities laws of any state of the United States of America;

(f) to evidence the appointment of a separate trustee or the succession of a new Trustee hereunder or a successor to the Bond Registrar;

(g) to make any other change which, in the sole judgment of the Trustee, does not materially adversely affect the interests of the owners of the Bonds. In exercising such judgment the Trustee may rely on the opinion of such counsel as it may reasonably select; or

(h) to amend or modify any provisions of the Indenture; *provided*, that no such amendment or modification shall be enacted unless each of the Rating Agencies shall advise the Bank in writing that the rating or ratings assigned by the Rating Agency to the Bank's then outstanding Bonds will not be lowered, reduced or withdrawn as a result of the amendment or modification proposed to be enacted. (Section 8.1)

Supplemental Indentures Requiring Consent of Bondholders

(a) Except for indentures supplemental to the Indenture authorized by the Indenture and subject to the further provisions as described below, and not otherwise, the owners of at least a majority in aggregate principal amount of the Bonds then Outstanding shall have the right from time to time, anything contained in the Indenture to the contrary notwithstanding, to consent to and approve the execution by the Bank and the Trustee of such other indenture or indentures supplemental thereto as shall be deemed necessary and desirable by the Bank for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in any indenture supplemental thereto. Nothing contained in the Indenture shall permit, or be construed as permitting, without the consent of the owners of all the Bonds then Outstanding (i) an extension of the stated maturity or reduction in the principal amount of, or reduction in the rate or extension of the time of payment of interest on, any Bonds, or (ii) the creation of any lien on the Pledged SRF Revenues and other funds pledged under the Indenture prior to or on a parity with the lien of the Indenture, or (iii) a reduction in the aforesaid aggregate principal amount of the Bonds the owners of which are required to consent to any such indenture supplemental hereto. No such amendment shall modify the rights, duties or immunities of the Trustee without the written consent of the Trustee.

(b) If at any time the Bank shall request the Trustee to enter into any such Supplemental Indenture for any of the purposes described in the Indenture, the Trustee shall cause notice of the proposed execution of such Supplemental Indenture to be mailed to the Rating Agencies and to each owner of the Bonds Outstanding as shown by the Bond Register by United States mail, first class, postage prepaid. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture, and shall state that copies thereof are on file at the principal corporate trust office of the Trustee for inspection by all owners of the Bonds. If, within ninety (90) days or such longer period as shall be prescribed by the Bank following the mailing of such notice, the owners of at least a majority in aggregate principal amount of the

Bonds Outstanding at the time of the execution of any such Supplemental Indenture shall have consented to and approved the execution thereof as provided in the Indenture, no owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Bank from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such Supplemental Indenture as permitted and provided, the Indenture shall be and be deemed to be modified and amended in accordance therewith.

(c) The Trustee may rely upon an opinion of counsel as conclusive evidence that any Supplemental Indenture entered into by the Bank and the Trustee complies with the governing provisions of the Indenture. (Section 8.2)

Defeasance

When all of the Bonds shall have been paid and discharged and the Bank shall have paid or caused to be paid all other sums payable under the Indenture by the Bank, then the requirements contained in the Indenture and the pledge of security made under the Indenture and all other rights granted hereby shall terminate. Bonds shall be deemed to have been paid and discharged within the meaning of the Indenture if there shall have been deposited with the Trustee, or other bank or trust company, having full trust powers and meeting the requirements of a successor Trustee under the Indenture impressed with a first lien to the Trustee for the benefit of the owners of the Bonds:

at or prior to the maturity or redemption date of said Bonds, in trust for and irrevocably appropriated thereto, moneys and/or non-callable Defeasance Securities which, together with the interest to be earned on any such obligations, as evidenced by the written report of an independent certified public accountant, will be sufficient for the payment of the principal of said Bonds, the premium thereon, if any, and interest to accrue to the date of maturity or redemption, as the case may be, or if default in such payment shall have occurred on such date, then to the date of the tender of such payments, *provided, however*, that if any such Bonds shall be redeemed prior to the maturity thereof,

(1) the Bank shall have elected to redeem such Bonds, and

(2) either notice of such redemption shall have been given, or the Bank shall have given irrevocable instructions to the Trustee to redeem such Bonds; and

Any moneys and obligations which at any time shall be deposited with the Trustee or other bank by or on behalf of the Bank, for the purpose of paying and discharging any of the Bonds, shall be and are hereby assigned, transferred and set over to the Trustee or other bank or trust company in trust for the respective owners of the Bonds, and such moneys shall be irrevocably appropriated to the payment and discharge of the Indenture. All moneys deposited with the Trustee or other bank or trust company shall be deemed to be deposited in accordance with and subject to all of the provisions contained in the Indenture.

Bonds for the payment of which moneys and/or Defeasance Securities shall have been deposited with the Trustee or such other bank or trust company (whether upon or prior to the maturity of such Bonds) shall be deemed to be paid and no longer Outstanding. (Section 9.1)

Disposition of Trust Estate

Upon the payment or provision for payment of all Bonds as described in “Defeasance”, the Trustee shall execute and deliver to the Bank such instruments in writing as shall be requisite to cancel and discharge the lien hereof, and, subject to the provisions of the Indenture described under “Disposition of Funds and Accounts” above shall reconvey, release, assign and deliver the estate, right, title and interest in and to all property conveyed, assigned or pledged to the Trustee or otherwise subject to the lien of the Indenture, except amounts in the Debt Service Fund, to such person or persons as shall be directed by the Master Trustee with the written approval of the Bank. (Section 9.2)

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APPENDIX A-2

Summary of Certain Provisions of the Loan Agreements

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SUMMARY OF CERTAIN PROVISIONS
OF
THE LOAN AGREEMENTS

The following is a brief summary of certain provisions of the Loan Agreements entered into between the Bank and Borrowers from the Clean Water and Drinking Water Programs. Such summary does not purport to be a complete summary of the Loan Agreements and each Loan Agreement may contain certain additional terms or may vary in form from the other Loan Agreements in respects not summarized herein. Reference is made to the full Loan Agreements, available at the offices of the Bank, for a full and complete statement of all of the provisions of each.

Pursuant to each Loan Agreement the Bank agrees to make a loan (the "Loan") to the Borrower, which shall equal the aggregate principal amount of all sums disbursed or deemed disbursed by the Bank to the Borrower from time to time, and the Borrower shall repay the Loan, with interest and fees thereon, in annual installments as provided in the Loan Agreement and in the Borrower Bond, described below. Such deposit or deposits, less, in each case, a loan closing fee (the "Loan Closing Fee"), shall constitute the Loan.

Each Loan will be represented by a bond or note (the "Borrower Bond") which will bear a interest rate determined as set forth in "SECURITY AND SOURCE OF PAYMENT FOR MASTER TRUST BONDS - Loans Made by the Bank" above. The Borrower Bond will state the Borrower's market interest rate (the "Market Rate"), but the Borrower will be obligated to pay only the Subsidized Interest Rate, except in special circumstances as set forth below. Interest will be charged only on the principal amount of the Loan which has been advanced or deemed advanced to Borrower.

Annual payments by the Borrower of the principal of the Loan will be made in accordance with the terms of the Borrower Bond. Principal payments are, in general, scheduled to begin within one year after the estimated date of completion of construction of the Project, or in the case of a project completed prior to the issuance of the Borrower Bond, within one year after the Borrower Bond is issued. Principal payments will be made annually on September 1 and the schedule of payments will be shown in the form of the Borrower Bond. In no event shall such annual payments commence later than five (5) years from the time that a disbursement to the Borrower is first made.

Interest and fees shall be paid by the Borrower semi-annually each March 1 and September 1 commencing not later than nine months after the date of the Borrower Bond.

If any portion of the Project which is separately identified is not commenced or if, having been commenced, is abandoned or completed without the full amount of the Loan applicable thereto having been disbursed, the balance of the undisbursed Loan applicable to such portion shall be deemed disbursed and the Borrower shall be responsible for the payment of interest thereon.

A Loan may be prepaid by the Borrower at any time with the consent of the Bank but in giving such consent the Bank may require a prepayment penalty based on the cost of reinvesting

the prepayment, the cost of prepaying outstanding bonds of the Bank or any other reasonable negative financial impact to the Bank.

Each Borrower Bond shall be in fully marketable form accompanied by documentation in form and substance satisfactory to the Bank including an opinion of the Borrower's bond counsel as to the valid authorization, execution, delivery and enforceability of the Borrower Bond and the Loan Agreement.

Each Loan Agreement permits the Bank to increase the interest paid by all Borrowers from the Subsidized Interest Rate up to as much as the Market Rate if required to pay debt service on Master Trust Bonds in the event of a default in payment of any Borrower Bond by any Borrower. When the default in payment is cured, the Bank shall again bill the Borrowers only at the Subsidized Interest Rate. The Bank shall not be required to reimburse or credit any Borrower for any increase paid pursuant to this provision.

Unless otherwise noted, if the Borrower is a city or a town, the Borrower Bond shall constitute a general obligation debt of the Borrower, payable from ad valorem taxes which may be levied without limit as to rate or amount on all of the taxable property within the Borrower. If the Borrower is a city or town which has complied with Bank requirements allowing a Borrower to pledge wastewater or water system revenues, or if the Borrower is a district, commission or other special purpose public corporation, the Borrower Bond shall be secured by a pledge of (a) general revenues and/or water system revenues; and/or (b) may be secured by any other assets and upon such other terms and conditions as the Bank deems appropriate to protect the interests of the other participants in the loan programs of the Bank; bondholders; other creditors of the Bank; or the finances of the Bank.

At any time, any Bank funds payable to a Borrower may be set off against and applied in payment of any obligations of that Borrower under the Loan Agreement. In the event of a default in the prompt and full payment when due of any installment of principal of or interest on a Borrower Bond, any Bank funds payable to the defaulting Borrower for the Project may be held and treated as collateral security for the payment of its obligations and any such funds applied or held shall be treated as additional principal advances under the Loan.

No delay or omission on the part of the Bank in exercising any right vis-a-vis any Borrower shall act as a waiver of such right or of any other right against that Borrower. The Borrower will pay all costs of collection, legal expenses, and attorney's fees incurred or paid by the Bank in collecting or enforcing the Borrower Bond.

If any payment due from a Borrower to the Bank shall not be paid in full when and as due, additional interest charges shall be made as a late payment fee which will be charged to the Borrower and due to the Bank.

Each Borrower makes representations and warranties as to its legal existence, powers to participate in the Bank's program and make the Loan, issue the Borrower Bond and undertake the project. Each Borrower also makes representations as to the disclosure of facts that materially adversely affect the properties, activities, financial condition or economic outlook of the Borrower

or its ability to undertake the project or repay the Loan, including the existence of litigation or other proceedings, pending or threatened, against or affecting the Borrower, in any court or before any government Bank that, if decided adversely to the Borrower, would materially adversely affect the properties, activities, financial condition or economic outlook of the Borrower or its ability to undertake the project or repay the Loan.

The Loan Agreements provide that construction progress payments and reimbursements will be made to the Borrower or on its order from the Loan Fund held under the Indenture. Payments and reimbursements will be made only on account of those portions of the Project for which the Borrower has received and filed with the Bank a Certificate of Approval from Rhode Island Department of Health (“DOH”) for DWSRF projects and the Rhode Island Department of Environmental Management (“DEM”) for CWSRF projects. In general, the Bank is required to honor every requisition unless:

- (i) there shall then be a continuing Event of Default under the Loan Agreement;
- (ii) the Bank shall have been notified by DOH or DEM that disbursement of the Loan should be suspended as a result of conditions found during a DOH or DEM review or inspection of the project, or any components thereof; or
- (iii) certain of the representations and warranties of the Borrower shall not be true and correct in all material respects as of the date of the requisition.

Failure of a Borrower to (i) make any payment of principal or interest on the Borrower Bond when due, or (ii) to comply with the terms of any indenture the Borrower has adopted with respect to the Borrower Bond, such failure or occurrence shall be and constitute an immediate Event of Default under the Loan Agreement. Failure of the Borrower to observe or comply with any other term of the Loan Agreement shall constitute an Event of Default if not cured within a period of thirty days after written notice thereof. Upon the occurrence and continuation of an Event of Default, the Bank may take any action, at law or in equity, as it may deem appropriate to enforce the Loan Agreement and the Borrower Bond.

The Loan Agreements provide that, to the extent permitted by law, so long as the Borrower shall constitute an obligated person (an “Obligated Person”) with respect to the Bank Bonds within the meaning of S.E.C. Rule 15c2-12 (the “Rule”) as in effect from time to time, the Borrower agrees to furnish to the Bank (1) such financial information and operating data with respect to the Borrower at such times and in such forms as the Bank shall reasonably request in order to comply with the provisions of the Rule, (2) when and if available, the Borrower agrees promptly to provide the Bank with its audited financial statements for each fiscal year, and (3) the Borrower agrees to provide or cause to be provided to the Bank, within ten (10) business days after the occurrence thereof, notice of the occurrence of any of the following events with respect to the Borrower Bonds:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;

- (f) adverse tax opinions or the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TE3) or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax-exempt status of the Bonds;
- (g) modifications to rights of holders of the Bonds, if material;
- (h) Bond calls, if material, and tender offers;
- (i) Bond defeasances;
- (j) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar event of the Obligated Person*;
- (m) the consummation of a merger, consolidation, or acquisition involving the Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions other than pursuant to its terms, if material;
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (o) Incurrence of a financial obligation of the Borrower, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Borrower, any of which affects the owners of the Revenue Bonds, if material.¹
- (p) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Borrower, any of which reflect financial difficulties.¹

The Borrower agrees that from time to time it will also provide notice to the Bank of the occurrence of other events, in addition to those as listed above, if such other event is material with respect to the Borrower Bonds.

The Borrower will also provide, in a timely manner, to the Bank, notice of a failure to satisfy the requirements of this Section, and agrees to provide the Bank with any additional information it may reasonably require in order to comply with the requirements of Rule, as in effect from time to time.

Each Borrower agrees to comply with all State and Federal requirements with respect to carrying out the project and to make regular reports showing such compliance and other financial and economic information.

* As noted in the Rule, this event is considered to occur when any of the following occur: (i) the appointment of a receiver, fiscal agent or similar officer for the Obligated Person in a proceeding under the U. S. Bankruptcy Code or in any proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority or (ii) the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

¹ For purposes of event listed as (o) and (p) in Section 2 of this Disclosure Certificate, the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged a security or a source of payment for, an existing or planned debt obligation; or (ii) guarantee of (i) or (ii). The term “financial obligation” excludes municipal securities for which an official statement has been provided to the MSRB consistent with the Rule.

APPENDIX B

Bank Audited Financial Statements

The Bank has filed its audited financial statements for the fiscal year ended June 30, 2023 (the “Bank audited Financial Statements”) with the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access System. The Bank Audited Financial Statements are hereby incorporated by reference into this Official Statement as part of APPENDIX B. Copies of the Bank Audited Financial Statements may be accessed online at emma.msrb.org. Copies of the Bank Audited Financial Statements are also available by contacting the Bank at 275 Promenade Street, Suite 301, Providence, Rhode Island 02908, telephone: (401) 453-4430.

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APPENDIX C

Narragansett Bay Commission

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APPENDIX C-1

Certain Information regarding Narragansett Bay Commission

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THE NARRAGANSETT BAY COMMISSION

INTRODUCTION

Background

In 1979, the Governor of Rhode Island's Sewage Facilities Task Force ("Task Force") reported that the discharge of pollutants into Narragansett Bay, and particularly in the Providence metropolitan area of the Bay, posed problems of such scope and cost as to be beyond the City of Providence's capability to control them. Additionally, the prospect of continued federal funding of sewer construction programs under the Clean Water Act (Public Law 92-500) was clouded by the then scheduled expiration of the Clean Water Act at the close of the 1982 federal fiscal year.

Consequently, the Task Force recommended, and the Rhode Island General Assembly in 1980 approved, the establishment of a regional district commission to correct and minimize pollution discharges into the Upper Bay. The Narragansett Bay Water Quality Management District Commission, renamed the Narragansett Bay Commission (the "Commission" or "NBC") in 1999, was authorized to acquire, operate, and upgrade the metropolitan Providence wastewater collection and treatment facility. Operating and maintenance expense of the NBC are funded with user charges.

As authorized and directed by the Rhode Island General Assembly, on January 1, 1992, the former Blackstone Valley District Commission ("BVDC") merged with the NBC. The BVDC had served the Cities of Pawtucket and Central Falls, and parts of the Towns of Cumberland, Lincoln, East Providence, and Smithfield. Prior to the merger, the NBC served the residents of the City of Providence, the Town of Johnston, the Town of North Providence and portions of the Town of Lincoln and the City of Cranston.

Membership

The Commission is governed by a board of nineteen members (the "Commissioners"). Ten public members are appointed by the Governor, two by the Mayor of the City of Providence, one each by the Mayors of the Towns of North Providence, Johnston, and Cumberland, one each by the Mayors of the Cities of East Providence, Central Falls and Pawtucket and one by the Town Administrator of Lincoln.

See the chart below for a list of the Board of Commissioners (the “Board”), their professions and terms of office. Pursuant to the Act, Commissioners serve until their successors are appointed and qualified.

Board of Commissioners

<u>Name</u>	<u>Occupation</u>	<u>Appointing Authority</u>	<u>Term Expires⁽¹⁾</u>
Ernest Almonte	Certified Public Accountant	Governor	April 1, 2024
Lisa M. Andoscia	President Rosewood Consulting, Inc.	Governor	April 1, 2023
Robert P. Andrade	Retired - Executive Vice President Pawtucket Credit Union	Mayor of Pawtucket	April 1, 2026
James S. Bennett	Retired - Executive Vice President Prospect Medical Holdings	Governor	April 1, 2023
Michele L. Caprio	Real Estate Broker	Governor	April 1, 2024
Mario G. Carlino	Retired - Manager Transmission, Portfolio Investment Management, National Grid	Governor	April 1, 2023
Richard DelFino	Executive Director Johnston Senior Citizen Center and Retired - RI Administrator Statewide Probation and Parole	Mayor of Johnston	April 1, 2023
Michelle R. DeRoche	Director of Revenue University Orthopedics, Inc.	Governor	April 1, 2021
Christine DiBiase, Esq.	Attorney*	Governor	April 1, 2023
Leonard L. Lopes, Esq.	Attorney*+^	Governor	April 1, 2023
John MacQueen	Retired - Public Works Director Town of Lincoln	Mayor of Cumberland	April 1, 2024
Michael Marcello, Esq.	Attorney*^ - East Providence	Mayor of East Providence	April 1, 2023
Vincent J. Mesolella	Manager, CVDD II, LLC	Mayor of Central Falls	April 1, 2025
Joan P. Milas	Government Relations Analyst	Lincoln Town Administrator	April 1, 2024
Alessandro Montanari	Retired - State of Rhode Island Dept. of Administration	Mayor of Providence	Jan. 31, 2025
Anthony Napolitano	Retired – City of Providence Department of Planning and Urban Development	Mayor of North Providence	April 1, 2024
Jina N. Petrarca, Esq.	Attorney*	Governor	April 1, 2023
Angelo S. Rotella, Esq.	Attorney+	Mayor of Providence	April 30, 2025
Charles A. Ruggerio, Esq.	Attorney*#	Governor	April 1, 2021

(1) Appointed members stay in office after their term expires until either they are re-appointed or replaced by a new member.

* Licensed in Rhode Island
 + Licensed in Massachusetts
 # Licensed in New York
 ^ Licensed in Connecticut

Commission Staff

Laurie Horridge, Executive Director

Ms. Horridge joined the Commission in November 1992 as a staff attorney and later served as Chief of Enforcement. In 1998, she was designated General Counsel and continued to serve in that capacity in addition to her appointment as Director of Executive Affairs in January 2007. In 2018, her title changed to Director of Administration to reflect organizational changes and additional duties at the agency. She was appointed Executive Director in January 2019 and serves, ex officio, as Secretary of the Board of Commissioners. Prior to her tenure with the Commission, Ms. Horridge was engaged in the private practice of law with a focus on environmental and construction litigation. Ms. Horridge holds a Bachelor's Degree in Political Science from Providence College and a Juris Doctorate degree from Western New England University School of Law in Springfield, Massachusetts. She is a longstanding elected member of the Rhode Island Bar Association's House of Delegates and serves on the Personnel Board for the Town of East Greenwich. Ms. Horridge was recently elected to the Board of the National Association of Clean Water Agencies (NACWA).

James McCaughey, P.E., Deputy Director

Mr. McCaughey joined the Commission in November 1992 as Pollution Prevention Program Manager. He assumed the position of Environmental, Safety and Technical Assistance Program Manager in 2013. In this capacity, he was responsible for overseeing energy management, environmental health and safety, and pollution prevention program activities. July 2022, Mr. McCaughey was appointed to the position of Deputy Director. Prior to joining NBC, he worked in the engineering consulting field and was an engineer for the Rhode Island Department of Environmental Management's Division of Air and Hazardous Materials. Mr. McCaughey is a licensed Professional Engineer in the State of Rhode Island and is Board Certified by the American Academy of Environmental Engineers. Mr. McCaughey has also served as Adjunct Professor at the Community College of Rhode Island since 2008. Mr. McCaughey holds a Bachelor and Master of Science Degrees in Chemical Engineering from the University of Rhode Island and a Master of Arts Degree in Mathematics Education from Providence College.

Karen L. Giebink, Chief Financial Officer

Ms. Giebink joined the Commission in October 1989 as a Senior Environmental Planner. She was appointed to Policy Associate in October 1991 and to Director of Administration and Finance in April 1997. In 2018, Ms. Giebink's title changed to Chief Financial Officer to reflect organizational changes. Prior to joining the Commission, she was an Administrative Analyst with the City of San Diego Water Utilities Department in the Financial Services section from 1986 through 1989. In this capacity, she was responsible for the administration of the City's Clean Water Grant Program and the Department's revenue estimation and assisted with rate design. Ms. Giebink has a Bachelor's Degree in Economics from the University of California, San Diego and a Master's Degree in Business from the University of California, Irvine. She is a member of the national Government Finance Officers Association.

Margaret M. Goulet, Director of Operations and Maintenance

Ms. Goulet joined the Commission in June 1994 as an Environmental Engineer. She was promoted to Interceptor Maintenance Manager in July 2001 and to Director of Operations and Maintenance in April 2019. Prior to joining the Commission, she was an Environmental Engineer with URS Consultants in Paramus, New Jersey. In this capacity she was responsible for performing engineering studies to compliment the New York City Combined Sewage Overflow Program. Ms. Goulet has a Bachelor's Degree in Civil Engineering from the University of Massachusetts Lowell. She is a Registered Professional Engineer in both Rhode Island and Massachusetts. She also holds a Grade IV Wastewater Collection System Certification with the New England Water Environment Association.

Walter Palm, Director of Environmental Science and Compliance

Mr. Palm joined the Commission in September 1999 as a Senior Organic Chemist. He was promoted to Assistant Laboratory Manager in 2003, Laboratory Manager in 2007 and Director of Environmental Science and Compliance in 2022. Mr. Palm holds a Bachelor of Science Degree in Chemistry from the Lincoln University and a Master's Degree in Business and Administration (MBA) from Johnson & Wales University. Mr. Palm is named on a patent for Superconductive Material Research and holds numerous Occupational Safety and Health Administration Certifications, Rhode Island Operator I License, and USEPA Certifications. Mr. Palm currently is a contributor to the Regional Biosolids Initiative, the former Chairman of the New England Water Environment Association Certifications Committee, and a contributor to many regional emerging contaminants initiatives.

Gregory B. Waugh, Construction Manager

Mr. Waugh joined the Commission in 2018 as Construction Manager. He is responsible for the contract administration of all capital projects including management of designers and contractors, negotiation of contracts and changes, and monitoring design and construction schedules. Mr. Waugh has over 38 years of experience in the heavy construction industry, primarily in water and wastewater. His expertise is in the design, planning, construction, and commissioning of large, complex civil projects. Mr. Waugh holds a Bachelor of Science Degree in Civil and Environmental Engineering from the University of Rhode Island and a Master of Engineering Degree from Cornell University.

David C. Bowen, P.E., Director of Construction and Engineering

Mr. Bowen joined the Commission in May 2018 as Engineering Manager. In January 2024, he was promoted to Director of Construction and Engineering. He has nearly 40 years of experience in the planning, design, and construction of numerous water and wastewater projects. Mr. Bowen is a Registered Professional Engineer in Rhode Island and Massachusetts and is a member and active participant in numerous professional affiliations. Mr. Bowen holds a Bachelor of Science Degree in Civil Engineering from the University of New Hampshire.

Kathryn Kelly, P.E., Assistant Director of Construction and Engineering

Ms. Kelly joined the Commission in August 2000 as a Pretreatment Engineer. She has held the positions of Environmental Engineer, Principal Environmental Engineer, CSO Program Manager, and was promoted to Assistant Director of Construction and Engineering in January 2024. She has managed a variety of capital projects for wastewater collection and treatment facilities. Ms. Kelly has experience managing outside consultants and NBC staff engaged in capital projects, preparing contracts, tracking project costs and schedules, reviewing reports and plans, coordinating with utilities, and communicating and coordinating with State, city, and town officials regarding Commission projects. Ms. Kelly has both a Bachelor of Science Degree in Chemical and Ocean Engineering and a Master of Science Degree in Civil and Environmental Engineering from the University of Rhode Island. Ms. Kelly is a registered Professional Engineer in Rhode Island.

Jennifer J. Harrington, General Counsel

Ms. Harrington joined the Commission in March 2005 as an in-house Legal Counsel. In 2007, she was designated Chief Legal Counsel and continued to serve in that capacity until June 2018. In July 2018, she was appointed as General Counsel as well as Government Liaison. Prior to her tenure with the Commission, Ms. Harrington was engaged in the private practice of law with a focus on civil litigation, real estate, insurance, and corporate law. Ms. Harrington holds a Bachelor's Degree in Marketing from The Pennsylvania State University in State College, Pennsylvania and a Juris Doctorate degree from The

Southern New England School of Law in Dartmouth, Massachusetts. She has maintained a longstanding relationship with the University of Massachusetts School of Law, formerly known as Southern New England School of Law, and continues to aid the school in its various endeavors. Ms. Harrington also represents the NBC at the National Association of Clean Water Agencies (NACWA) based in Washington D.C.

John A. Scotton, Jr., CPA, Treasury and Debt Manager

Mr. Scotton joined the Commission in November 2023 as the Treasury and Debt Manager. Prior to joining the Commission, John was a Corporate Finance Manager with Duke University Health System from 2019 through 2023. In this capacity, he was responsible for the administration and accounting for the Health System's cash, debt, and investment portfolios. Mr. Scotton holds a Bachelor's Degree in Business Administration and a Master's Degree in Accounting from the University of North Carolina at Chapel Hill, where he was a Morehead-Cain Scholar. John is a Certified Public Accountant.

OPERATIONS

Budgeting Process and Expenditure Control

Preparation of the Commission's Annual Budget commences at the beginning of the previous fiscal year and consists of two components, the Capital Budget, and the Operating Budget. This process begins with a preliminary review of revenue and regulatory requirements, as well as the identification of major program changes and capital needs.

The Commission's Capital Budget consists of the Operating Capital Program ("OCP") and the Capital Improvement Program ("CIP"). Both the OCP and CIP include a five-year plan in addition to the proposed budget year. The Capital Budget is presented to the Commission's Board for review and approval in February or March.

The OCP identifies programmed asset purchases based primarily on information from the Commission's Asset Management Program and includes new assets, asset replacements, asset renovations and betterments. The Chief Financial Officer is authorized to approve changes to the OCP, adjust between line items and between cost centers for the budget year ensuring the total expenditures do not exceed the total amount approved in the budget year.

The CIP identifies programmed capital investments necessary to comply with current and future regulatory requirements, take advantage of technological advancements, ensure the integrity of the Commission's infrastructure, and achieve operational efficiencies. The projects, costs and schedules included in the CIP are developed through a planning process that involves the Commission's Engineering and Construction staff. Capital funding sources and uses are identified as part of the budget process. In addition, the projected operating cost impacts of the CIP and new debt issuance are developed for incorporation into the annual Operating Budget and long-term financing plan. CIP submittals are first reviewed by an internal committee prior to their incorporation into the CIP. Inclusion of a project in the CIP does not constitute Board approval, the Executive Director must acquire Board authorization to contract expenditures and ancillary costs. The Chairman and Executive Director may authorize Change Order Requests up to a maximum percentage of the total contract amount as set forth in the Authorizing Resolution. Board approval is required for Change Order Requests above that amount. In the case of an emergency or safety issue, the Chairman or Executive Director may exceed the limit without Board approval, and the Board must be notified.

Finance staff begins the preparation of the Commission's Operating Budget with the review and development of short-term and long-term budget guidelines including the incorporation of changes to the Strategic Plan. The budget cycle for the divisions and departments begins with the update of performance data, major accomplishments, and top priorities for the upcoming year. The divisions and departments then

submit their proposed operating budgets for preliminary review by finance staff and make their budget presentations to the Executive Director in January. Revenue projections for the upcoming fiscal year are determined based on projected user rates and factors affecting non-operating revenue, such as grants, collection rates, and the expected rate of return on cash balances. In addition, since the Rhode Island Public Utilities Commission (the “PUC”) regulates the Commission, revenues and expenses are analyzed on an ongoing basis and future needs are assessed to determine if rate relief is required.

The FY 2025 Annual Budget was presented to the Board of Commissioners and adopted in April 2024.

The Commission’s Annual Budget document sets forth the budget monitoring and amendment procedures and the Budget Resolution sets forth the not-to-exceed operating and maintenance expense and debt service expense. With respect to the Operating Budget, the Chief Financial Officer may make budgetary line-item adjustments within and between categories and must notify the Finance Committee of such adjustments as part of the monthly financial report.

The Board reviews and approves the monthly financial statements, including the status of the budget versus actual expense. The Executive Director reviews and approves the creation of new positions and the upgrading of existing positions not included in the adopted operating budget, and Board approval is also required if the action will result in a net increase in operating cost. The Chief Financial Officer authorizes changes to budgeted operating capital as long as total expenditures do not exceed the total amount approved for the budget year.

The Commission prepares its financial reports in accordance with Generally Accepted Accounting Principles as outlined by the Governmental Accounting Standards Board (“GASB”). An independent audit of the Commission’s financial statements is performed annually.

Financial and Long-Term Planning

The Commission uses the information developed in its OCP and CIP, along with operating revenue and expense data to maintain a long-term finance model. This assists the Commission with determining the least costly financing alternatives, timing for rate relief and supporting funding strategies. As part of the WIFIA loan application process, the Commission worked with its municipal advisor to develop a more robust long-term pro-forma model which the Commission has subsequently used to develop the long-term financial plan in the Annual Budget.

Rates and Charges Generally

The Commission services its existing debt and will service its future debt through user rates and charges. Since July 1, 1985, user rates established by the Commission have been subject to the review and approval of the Public Utilities Commission (PUC).

Effective August 1, 2023, the PUC approved an across-the-board 6.54% rate increase for operating expense which will generate additional revenue of \$6,733,116 and included a rate base adjustment. Effective July 1, 2024, the PUC authorized an across-the-board rate increase of 2.56% which will generate additional revenue of \$2,805,545 to support the Commission's debt service and debt service coverage. A history of rate increases approved by the PUC is listed below.

<u>Effective Date</u>	<u>Revenue Increase</u>	<u>User Fee Increase</u>
July 1, 2009	10.29% ⁽¹⁾	10.73%
July 1, 2010	2.17	2.25
July 1, 2011	3.21	3.33
July 1, 2012	2.17	2.25
January 1, 2013	7.09	7.35
July 1, 2013	9.32 ⁽²⁾	9.67
September 19, 2014	3.83 ⁽³⁾	3.97
July 1, 2015	2.29	2.37
July 1, 2016	1.48	1.53
January 1, 2019	2.88	2.98
July 1, 2019	5.88 ⁽⁴⁾	5.05 ⁽⁵⁾
May 1, 2022	0.55	0.56
August 1, 2023	5.96 ⁽⁶⁾	6.54
July 1, 2024	2.42	2.56

(1) 73% for rate base adjustment for decline in consumption.

(2) 30% for rate base adjustment.

(3) 55% for rate base adjustment.

(4) 31% for rate base adjustment.

(5) Increase for average single-family home. Impact on other customer classes varied due to change in cost recovery.

(6) 15% for rate base adjustment.

NBC's current rates, which became effective as of August 1, 2023, are as follows:

		August 1, 2023
<u>Residential</u>		<u>Rate (\$)</u>
Annual Residential Bill (based on consumption of 73.2 HCF*)		\$553.15
Fixed Fee (per dwelling unit)		254.35
Consumption Fee (per HCF*)		4.082
<u>Non-Residential</u>		
Fixed Fee (based on meter size)		
	5/8"	\$603.00
	3/4"	905.00
	1"	1,508.00
	1 1/2"	3,016.00
	2"	4,825.00
	3"	9,047.00
	4"	15,080.00
	6"	30,159.00
	8"	48,254.00
	10"	69,366.00
Consumption Fee (per HCF*)		
	Commercial	\$6.130
	Industrial	4.017
*HCF = Hundred Cubic Feet		

Rates effective as of July 1, 2024, are as follows:

		July 1, 2024
<u>Residential</u>		<u>Rate (\$)</u>
Annual Residential Bill (based on consumption of 73.2 HCF*)		\$567.29
Fixed Fee (per dwelling unit)		260.87
Consumption Fee (per HCF*)		4.186
<u>Non-Residential</u>		
Fixed Fee (based on meter size)		
	5/8"	\$618.00
	3/4"	928.00
	1"	1,546.00
	1 1/2"	3,093.00
	2"	4,949.00
	3"	9,279.00
	4"	15,466.00
	6"	30,931.00
	8"	49,489.00
	10"	71,142.00
Consumption Fee (per HCF*)		
	Commercial	\$6.287
	Industrial	4.119
*HCF = Hundred Cubic Feet		

Projected Rate Increases

The long-term financial plan updated as part of the preparation of FY 2025 Budget indicates rate relief will be required each year through FY 2030, the Commission’s most recent Capital Budget planning period. Rate projections shown in the following table are based on multiple assumptions and are subject to change. There is no guarantee that these rate increases will be requested or granted.

Projected Increase in Sewer User Charges and Annual Fee					
	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Percentage Increase User Fees	8.70%	5.75%	5.50%	5.50%	5.25%
Average Single-Family Home	\$616.64	\$652.10	\$687.97	\$725.81	\$763.91

Operation and Maintenance Reserve Fund

Prior to August 2023, the Commission did not have authority to fund the Operation and Maintenance Reserve Fund (the “OMR Fund”) established pursuant to its Indenture. The Commission requested funding of the OMR Fund as part of PUC Docket 22-47-WW filed on November 4, 2022. Pursuant to an Open Meeting Decision on July 24, and 27, 2023 and written order issued April 8, 2024, the PUC allowed funding of the OMR Fund for certain Operating Expenses at \$2.0 million.

FACILITIES

Field's Point Service Area Facilities

The Field’s Point Wastewater Treatment Facility (“FPWWTF” or “Field’s Point”) provides advanced wastewater treatment for flows up to 77 million gallons per day (“MGD”). The plant provides primary treatment and disinfection for an additional 123 MGD of wet weather flows through its wet weather facility. Total treatment capacity at Field's Point is 200 MGD.

The Field’s Point facility uses an Integrated Fixed Film Activated Sludge process for advanced wastewater treatment, which includes grit removal, primary sedimentation, secondary aeration, nitrogen removal, final clarification, and chlorination and dechlorination after disinfection. Final effluent is discharged to the Providence River. The Commission has a long-term contract with an outside vendor for biosolids disposal which ends on May 5, 2026. The Commission is exploring alternatives for the dewatering and disposal of sludge upon the contract’s expiration.

The Commission also owns, operates, and maintains three outlying pump stations in the Field’s Point service area: the Washington Park and Reservoir Avenue Pump Stations located within the City of Providence, and the Central Avenue Pump Station located in the Town of Johnston. The Ernest Street Pump Station, located at the FPWWTF, handles 98% of the flow to the FPWWTF. The Tunnel Pump Station, located next to the Ernest Street Pump Station, pumps stored combined sewage flow from the Combined Sewer Overflow (“CSO”) tunnel to the FPWWTF for full treatment.

The Commission also owns and maintains 38 CSOs, 38 tide gates and approximately 80 miles of interceptors in the Field’s Point service area. NBC has undertaken a comprehensive long-term construction program to minimize overflows from its combined sewers in the Field’s Point area.

Bucklin Point Service Area Facilities

The BVDC was established by the Rhode Island General Assembly in 1947 to plan, design, construct and operate and maintain facilities including the Bucklin Point Wastewater Treatment Facility (“BPWWTF”) for the abatement of pollution generated in the Blackstone Valley. BVDC was merged into the Commission on January 1, 1992.

The BPWWTF provides secondary treatment and nitrogen removal for flows of up to 46 MGD per day and primary treatment and disinfection for an additional 70 MGD. Total treatment capacity at Bucklin Point is 116 MGD. Final effluent is discharged to the Seekonk River. The Commission has a long-term contract with an outside vendor for biosolids disposal which ends on May 5, 2026. The Commission is exploring alternatives for the dewatering and disposal of sludge upon the contract’s expiration.

The Commission also owns and operates three pump stations in the Bucklin Point service area: the Omega Pump Station (East Providence), the Saylesville Pump Station (Lincoln) and the Washington Highway Pump Station (Lincoln). The Commission also owns and operates a Septage Receiving Station in Lincoln.

The Commission is responsible for ensuring that the overflows from the 27 CSOs in the Bucklin Point service area comply with federal and State discharge requirements. NBC also owns and maintains approximately 30 miles of interceptors in this service area. NBC is in the midst of a comprehensive long-term construction program to minimize overflows from its combined sewers in the Bucklin Point area.

Sustainability and Renewable Resources

In 2012, NBC completed the installation of three 1.5 MW wind turbines located at Field’s Point. NBC uses the electricity generated on-site to support facility operations and any excess is net-metered back to the electric grid to offset billable usage. The turbines also generate wind Renewable Energy Credits (“RECs”) sold by NBC.

In 2016, NBC purchased three 1.5 MW wind turbines at an off-site location. The wind energy is net-metered to the electric grid to offset billable usage and RECs generated are sold by NBC.

In 2017, NBC executed two Power Purchase Agreements for renewable energy projects and in accordance with the 25-year contract, the electricity generated is net-metered on NBC’s electric accounts. NBC compensates the contractor based on 75% of kWh generated multiplied by the prevailing net metering rate and retains the remaining 25% of the net metering credits. In 2022, the Commission amended one of the Power Purchase Agreements for renewable energy projects to increase the amount of electricity that was purchased. The projects also generate RECs which are sold by NBC.

NBC has also constructed a biogas reuse project located at Bucklin Point. A cogeneration system will burn the biogas generated from the anaerobic digestion of biosolids. The process will convert the biogas into heat and electricity to support facility operations on-site. The project is expected to generate RECs which will be sold by NBC. Construction is complete. Operational problems were identified during initial startup of the system. The Commission is actively working to overcome those problems before the facility can become fully operational.

The NBC is also working on other renewable energy projects, such as the construction of a Solar Carport, to achieve a goal of 100% renewable energy.

Climate Change and Resiliency

In 2018 the Commission engaged an engineering firm to prepare a Resiliency Plan and identify short- and long-term actions required to ensure continuous operation and protect the Commission's collection system, pumping stations and wastewater treatment facilities and other related infrastructure. The Commission evaluated its assets in accordance with Rhode Island Department of Environmental Management ("RIDEM") guidance, using Federal Emergency Management Agency 100-year flood elevations plus three feet of freeboard. The final report, prepared by the engineering firm, approved by RIDEM on April 20, 2020, recommended various minor modifications to several localized areas at the Commission's Field's Point Wastewater Treatment Facilities. In general, the report suggested that NBC consider the implementation of various cost-effective alternatives to dry floodproof several utility structure access hatches and doorways.

Both riverine and coastal 100-year flood assessments did not identify any significant areas of concern with NBC's collection system assets. The final report identified several remote pumping stations which could be hardened and/or better protected with minor flood mitigation improvements (i.e., flood proof doors, removable stop logs, watertight hatches, etc.); however, there are no identified significant or urgent vulnerability concerns within the collection system.

The NBC continues to implement appropriate programmatic actions to enhance the resiliency of its critical infrastructure and operations.

Cybersecurity

The Commission, like many other large public and private entities, relies on a large and complex technology environment to conduct its operations, and faces multiple cybersecurity threats including, but not limited to, hacking, phishing, viruses, malware, ransomware and other attacks to its computing and other digital networks and systems (collectively, "Systems Technology"). As a recipient and provider of personal, private or sensitive information, the NBC may be the target of cybersecurity incidents that could result in adverse consequences to the Commission's Systems Technology, requiring a response action to mitigate the consequences.

Cybersecurity incidents could result from unintentional events, or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the Commission's Systems Technology for the purposes of misappropriating assets or information or causing operational disruption or damage. To mitigate the risk of business operations impact and/or damage by cybersecurity incidents or cyber-attacks, the Commission invests in multiple forms of cybersecurity and operational safeguards.

In 2022, the Commission experienced a data security incident that involved unauthorized access to certain computer systems in the Commission's network. Upon identifying the incident, Commission staff immediately secured the systems involved, notified its cyber insurance carrier, commenced an investigation, and notified law enforcement. Through the Commission's investigation, it was determined that during a two-day period, an unauthorized actor accessed and/or acquired certain files on the Commission's servers. Commission staff reviewed those files and determined they contained current and former employee information. To reduce the risk of something like this from happening in the future, the Commission has implemented additional safeguards and technical security measures.

While the Commission's cybersecurity and operational safeguards are periodically tested, no assurance can be given by the NBC that such measures will ensure against other cybersecurity threats and attacks. Cybersecurity breaches could damage the Commission's Systems Technology and cause material disruptions to the Commission's finances or operations. The costs of remedying any such damage or protecting against future attacks could be substantial.

GOVERNMENTAL REGULATION

The Commission is regulated by the RIDEM and the U.S. Environmental Protection Agency (“USEPA”) to ensure compliance with State and Federal Clean Air and Clean Water Acts. The Commission has been issued Rhode Island Pollutant Discharge Elimination System (“RIPDES”) permits for each of its wastewater treatment facilities.

State and Federal Compliance Issues

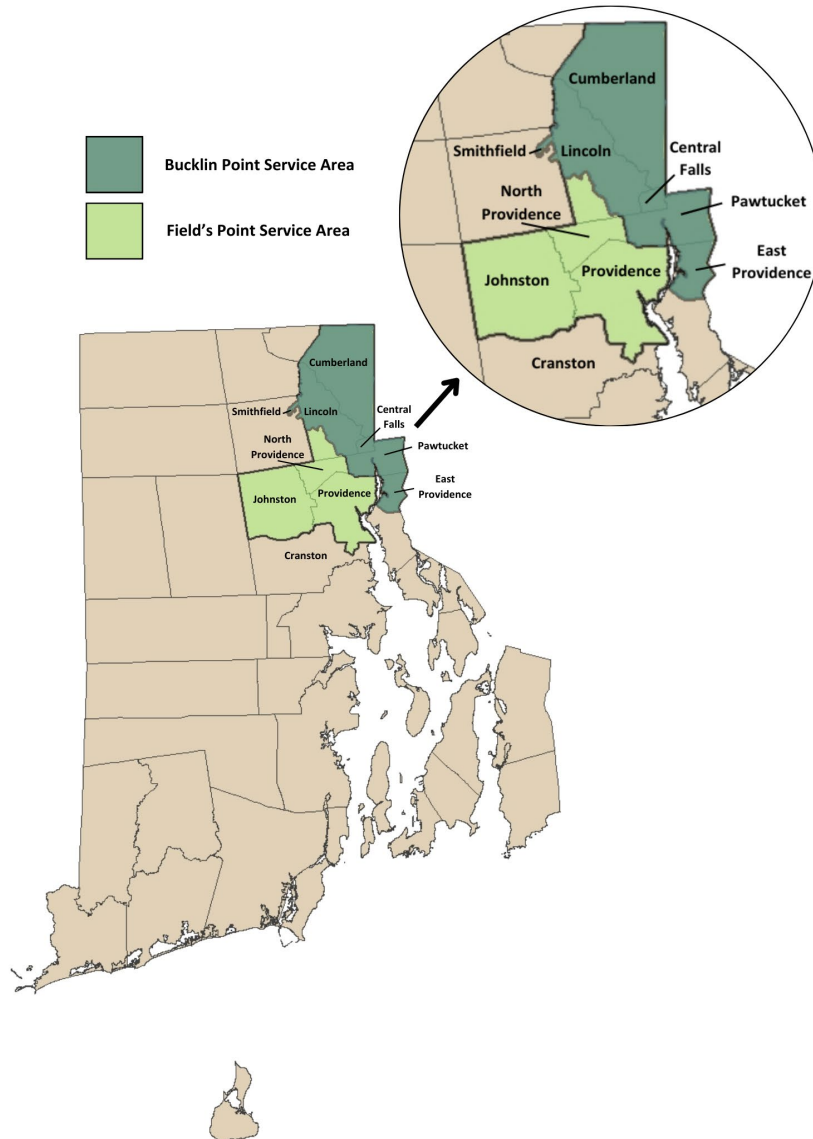
The Commission is under a Consent Agreement with RIDEM to implement a federally mandated CSO Program that will address the Commission’s 65 CSOs in both the Field’s Point and Bucklin Point service areas. The CSO Program is required to be completed in three phases. Approximately 98% of the annual CSO volume will receive treatment when all the phases are complete. The first phase of the CSO abatement facilities addressed 40% of the CSO volume and has been in service since November 2008. The Commission constructed additional CSO abatement facilities in Phase II and those facilities went into operation in December 2014. The Commission’s 18-month reevaluation of the third and final phase as set forth in the RIDEM-approved 1998 Conceptual Design Report Amendment concluded in June 2015 and resulted in the selection of an alternative that the Commission determined would provide the best combination of affordability and water quality improvement. The reevaluation report was submitted to RIDEM in July 2015, and RIDEM provided comments to the Commission in March 2016. The Commission incorporated RIDEM’s comments into a revised reevaluation report, which was approved by RIDEM in December 2017. New RIPDES permits issued by the RIDEM for both of the Commission’s treatment facilities became effective in December 2017. These new permits include more stringent limits for various parameters and require various studies and evaluations to be undertaken by the Commission. The Commission’s Consent Agreement covering both the CSO and RIPDES appealed issues was renegotiated and signed in January 2019.

THE SERVICE AREA

General

The Commission provides reliable, cost-effective wastewater collection and treatment services to over 394,667 residents and approximately 7,655 businesses in ten Rhode Island communities in the metropolitan Providence and Blackstone Valley areas. These communities include: Providence, North Providence, Johnston, Pawtucket, Central Falls, Cumberland, Lincoln, the northern portion of East Providence and small sections of Cranston and Smithfield. The map below shows the Commission's service area.

Map of the Service Area



Population and Household Information

The Commission's customer composition is separated into three distinct account classes, Residential, Commercial and Industrial. The Residential class has approximately 78,170 accounts, while the Commercial and Industrial classes have, together, approximately 7,655 accounts.

According to the 2020 United States Census, the population of the service area was 541,946. This represents an increase of approximately 1.70% from the service area's population of 532,878 in 2010.

The following table shows actual population figures for those municipalities which are in whole or in part in the Commission’s service area.

<u>Municipality</u>	<u>Population</u>
Providence	179,883
North Providence	32,686
Johnston	29,471
Pawtucket	72,117
Central Falls	19,568
Cumberland	35,263
Lincoln	21,987
East Providence	47,618
Cranston	81,456
Smithfield	21,897

Source: US Bureau of the Census, Census 2020

Income Levels

According to the American Community Survey, per capita income for the State was \$43,324 for the five-year period ending 2022. The per capita income for each of those municipalities existing in whole or in part in the service area of the Commission is as follows:

<u>Municipality</u>	<u>Per Capita Income</u>
Providence	\$34,521
North Providence	40,425
Johnston	42,144
Pawtucket	33,541
Central Falls	19,552
Cumberland	49,036
Lincoln	48,976
East Providence	42,159
Cranston	41,572
Smithfield	43,696

Source: U.S. Census Bureau 5-year American Community Survey (2018-2022)

Largest Users

The largest Commission customers are service and education providers. The ten largest customers as of the fiscal year ended June 30, 2023 (unaudited) are listed below:

Customer	Total Billing FY 2023	Percentage of Billed User Charges in FY 2023
Rhode Island Hospital	\$1,676,180	1.62%
Providence Housing Authority	1,600,691	1.55
Brown University	1,290,992	1.25
City of Providence	901,909	0.87
City of Pawtucket	809,506	0.78
Rhode Island Resource Recovery	691,038	0.67
Providence School Department	489,034	0.47
Providence College	477,741	0.46
State of Rhode Island	411,718	0.40
Johnson & Wales University	365,913	0.35

Source: NBC billing records

Collection History

The table below reflects late charges as a percent of user fee billings for the fiscal years ended June 30, 2012 through 2023:

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020¹</u>	<u>2023</u>
1.21%	1.18%	1.14%	1.09%	0.97%	0.90%	0.83%	1.09%	0.83%	0.64%

¹ On May 28, 2020, the PUC suspended the assessment of late fee penalties on past due balances in response to COVID-19. The late fee penalties were reinstated in February 2022. They were suspended again in July 2022 and August 2022 so comparative information is unavailable for the Fiscal Year ended June 30, 2021 and the Fiscal Year ended June 30, 2022.

Retirement Plans and Other Post-Employment Benefits

EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF RHODE ISLAND

Defined Benefit Plan Description

NBC provides retirement benefits to eligible full-time union employees through its participation in a cost-sharing multiple-employer defined benefit pension plan administered by the State of Rhode Island Employees' Retirement System ("ERSRI"). ERSRI is administered as a unified statewide system by the State Retirement Board, the composition of which is set forth in the pertinent State statute. ERSRI is administered by the State of Rhode Island Retirement Board (the "Retirement Board"), which was authorized, created, and established in the Office of the General Treasurer as an independent retirement board to hold and administer, in trust, the funds of ERSRI. The plan provides retirement and disability benefits and death benefits to plan members and beneficiaries. Effective July 1, 2012, ERSRI was modified to include both defined benefit and defined contribution plan components.

The funding policy, as set forth in the Rhode Island General Laws § 36-10.3-2, provides for actuarially determined periodic contributions to the plan. Beginning in fiscal year 2017 NBC employees with

less than 20 years of service as of July 1, 2012 were required to contribute 3.75% of their annual covered salary for the Defined Benefit Plan. Employees with more than 20 years of service as of July 1, 2012 were required to contribute 11% of their covered salary. NBC is required to contribute at an actuarially determined rate; the rate was 28.01% of annual covered payroll for the fiscal year ended June 30, 2023. The State does not make any contributions on behalf of NBC employees. For the Defined Benefit Plan, NBC contributed \$1,751,186, \$1,678,833, and \$1,553,125, for the fiscal years ended June 30, 2023, 2022, and 2021, respectively, equal to 100% of the required contributions for each year.

Hybrid Plan Description

In November 2011, the State enacted the Rhode Island Retirement Security Act of 2011 (“RIRSA”), which made broad changes to the ERSRI effective July 1, 2012. The most significant changes include: (i) changing the structure of the retirement program from a traditional defined benefit plan to a hybrid plan designed with a smaller defined benefit plan and a supplemental defined contribution plan; (ii) changing the automatic cost of living Adjustment from a CPI-related formula to a formula contingent on the actual investment performance over time; (iii) suspension/reduction of the cost of living Adjustment during times when the funded ratio is lower than targeted 80% levels; and (iv) the re-amortization of the Unfunded Actuarial Accrued Liability (UAAL) to 25 years from the 19-year schedule as of June 30, 2010. Included within these significant changes are certain rules for transitioning from the defined benefit structure to the smaller defined benefit plan going forward. These changes resulting from RIRSA are the subject of ongoing litigation which has been preliminarily settled by most parties. See also “Litigation Challenging Pension Reform” below.

RIRSA changed the ERSRI defined benefit plans to hybrid plans which include a defined contribution plan. The State selected TIAA-CREF to administer the plan. Participants have a selection of investments options chosen by the State and provided by TIAA-CREF.

For the Defined Contribution Plan, employees with less than 20 years of service as of July 1, 2012 contribute 5% of their annual covered salary and the employer’s contribution rates of their annual covered salary for those employees are based on their years of service as of July 1, 2012:

Years of Service as of July 1, 2012	Employer Contribution Rate
15-20 Years	1.50%
10-15 Years	1.25
0-10 Years	1.00

NBC contributed \$57,193 for the fiscal year ended June 30, 2023, equal to 100% of the required contribution for that year. Employees with over 20 years of service as of July 1, 2012 are not required to contribute to the Defined Contribution Plan.

Pension Reform and Related Litigation

Legislative Pension Reform

In order to increase the stability and security of the Plans, the General Assembly enacted legislation in 2005, 2009, 2010 and 2011 to modify the Plans’ pension benefit structure and reduce benefits, the most recent of which was the Rhode Island Retirement Security Act of 2011 (“RIRSA”). RIRSA and the State’s other legislative pension reforms have contributed to a reduction in the annual required contribution (ARC) and UAAL. These reductions, however, are already fully reflected in the June 30, 2013 valuation and therefore are not expected to materially reduce either the ARC or the UAAL going forward.

Legal Challenges to Pension Reform

The 2009, 2010 and 2011 legislative pension reforms resulted in numerous lawsuits against the State brought by current and retired employees, as well as their unions. Of these lawsuits, one is currently pending as described below.

In September 2014, a case challenging RIRSA was commenced by the Rhode Island State Troopers Association and Rhode Island State Troopers Association ex rel. Kevin M. Grace and Ernest E. Adams in Superior Court against the State and ERSRI as co-defendants. In 2019, the co-defendants filed motions to dismiss, which were granted in part. The co-defendants have filed motions for summary judgment. In August 2023, the Court granted ERSRI's motion for summary judgment in its entirety and took the State's motion for summary judgment under advisement.

Funding Status and Additional Information

As of June 30, 2023, the NBC reported a liability of \$15,659,853 for its proportionate share of the net pension liability related to its participation in ERSRI. The net pension liability was measured as of June 30, 2022, the measurement date, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022. The NBC proportion of the net pension liability was based on its share of contributions to the ERSRI for fiscal year 2022 relative to the total contributions of all participating employers for that fiscal year. On June 30, 2022, the NBC proportion was 0.79378194%. Additional information on ERSRI including the June 30, 2023 actuarial accrued liability, value of assets and unfunded accrued liability of the ERSRI plan for State Employees can be found at www.ERSRI.org.

Additional information regarding Pension Plans can be found in Note 11 and the Required Supplementary Information of the Commission's Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023 attached as Appendix C-2.

Non-Union Profit-Sharing Plan and Non-Union Defined Benefit Plan

Please see Note 12 and the Required Supplementary Information in the Commission's Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023 attached as Appendix C-2 for information regarding the Commission's Non-Union Profit-Sharing Plan and Non-Union Defined Benefit Plan.

Other Post-Employment Benefits

Union employees of NBC participate in a cost-sharing multiple-employer defined benefit other post-employment benefits (OPEB) plan included within the Rhode Island State Employees' and Electing Teachers OPEB System (the "OPEB System"). NBC participates in the State Employees plan within the OPEB System.

During fiscal year 2018, NBC implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The new implementation affected the Statement of Net Position and required additional disclosure in Notes to the Financial Statements and Required Supplementary Information (RSI).

The funding policy, as set forth in the General Laws and which may be amended at any time, provides for actuarially determined periodic contributions to the plans. NBC is required to contribute at an actuarially determined rate; the rate was 4.48% of annual covered payroll for the fiscal year ended June 30, 2023. NBC contributed \$280,089, \$336,391 and \$338,329 for the fiscal years ended June 30, 2023, 2022, and 2021, respectively, equal to 100% of the required contributions for each year. Active employees do not

make contributions to the plan. Retired member contributions consist of the required retiree share of coverage based on the time of retirement and years of service.

At June 30, 2023, NBC reported a liability of \$2,223,344 for its proportionate share of the net OPEB liability related to its participation in the OPEB System. The net OPEB liability was measured as of June 30, 2022, the measurement date, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 measurement date. NBC's proportion of the net OPEB liability was based on its share of contributions to the OPEB System for FY 2022 relative to the total contributions of all participating employers for that fiscal year. At June 30, 2022, NBC's proportion was 0.81088225%.

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DEBT SERVICE REQUIREMENTS FOR OUTSTANDING BONDS AND LOANS

The following table sets forth an unaudited schedule of debt service for the fiscal years ending 2025 through 2062 for the outstanding bonds as of June 30, 2024 secured on a parity basis under the Commission's Trust Indenture, including Rhode Island Infrastructure Bank (formerly known as the Rhode Island Clean Water Finance Agency) SRF Loans (the "RIIB SRF Loans"), Revenue Bonds of the Commission, and the Commission's Water Infrastructure Finance and Innovation Act (WIFIA) Loans 2020 Series B, 2020 Series C and 2022 Series A.

Fiscal Year	SRF Loans ⁽¹⁾		Open Market Revenue Bonds ⁽³⁾		WIFIA Loans ⁽⁴⁾		Total							
	June 30,	Principal	Interest ⁽²⁾	Principal	Interest	Principal		Interest						
2024	\$	23,614,795	\$	7,587,728	\$	7,730,000	\$	5,959,017	\$	-	\$	-	\$	44,891,540
2025		20,643,162		9,070,760		5,985,000		5,676,238		-		-		41,375,160
2026		19,854,787		8,625,760		12,140,000		5,504,339		-		-		46,124,886
2027		18,528,178		8,177,727		13,570,000		5,260,382		-		-		45,536,287
2028		17,223,611		7,725,518		15,355,000		5,007,558		-		-		45,311,687
2029		19,711,340		7,211,806		15,670,000		4,596,142		-		-		47,189,288
2030		18,451,326		6,686,196		16,710,000		4,258,490		-		2,044,938		48,150,950
2031		19,032,942		6,236,669		16,935,000		3,899,355		-		2,044,938		48,148,904
2032		16,059,093		5,844,477		17,190,000		3,526,780		-		9,833,943		52,454,293
2033		16,702,104		5,446,413		17,095,000		3,142,159		-		9,833,943		52,219,619
2034		13,898,353		5,042,260		20,750,000		2,706,252		-		9,833,943		52,230,807
2035		18,637,858		4,629,535		15,375,000		2,283,079		1,966,287		9,803,269		52,695,028
2036		15,025,420		4,219,088		10,915,000		1,967,085		2,031,829		9,740,898		43,899,321
2037		14,782,385		3,834,668		11,900,000		1,681,244		2,097,372		9,676,483		43,972,151
2038		20,357,110		3,379,229		6,950,000		1,438,692		2,097,372		9,611,045		43,833,449
2039		20,226,173		2,860,133		7,150,000		1,243,225		2,406,711		9,542,853		43,429,096
2040		4,559,086		2,531,419		7,360,000		1,031,597		36,510,179		9,244,259		61,236,539
2041		1,921,000		2,430,497		7,575,000		813,770		38,524,410		8,707,056		59,971,734
2042		1,986,000		2,365,154		7,805,000		589,453		41,814,883		8,117,148		62,677,639
2043		2,052,000		2,297,720		8,035,000		358,426		41,268,801		7,503,855		61,515,802
2044		2,121,000		2,228,137		8,270,000		120,618		44,257,440		6,872,663		63,869,858
2045		2,192,500		2,156,317		-		-		52,335,652		6,162,339		62,846,808
2046		-		2,119,812		-		-		58,364,561		5,352,611		65,836,984
2047		6,739,438		2,004,230		-		-		8,837,675		4,830,978		22,412,322
2048		7,015,209		1,768,338		-		-		2,490,630		4,703,623		15,977,800
2049		7,300,655		1,522,821		-		-		2,556,172		4,624,893		16,004,542
2050		7,600,616		1,264,984		-		-		6,472,768		4,513,310		19,851,678
2051		7,910,253		994,319		-		-		22,072,333		4,244,601		35,221,505
2052		8,229,566		712,680		-		-		23,933,591		3,835,209		36,711,045
2053		8,568,231		419,987		-		-		24,258,756		3,407,329		36,654,302
2054		7,784,463		135,450		-		-		24,562,285		2,973,424		35,455,621
2055		-		-		-		-		24,909,084		2,533,320		27,442,404
2056		-		-		-		-		25,234,249		2,086,844		27,321,092
2057		-		-		-		-		25,559,413		1,634,169		27,193,582
2058		-		-		-		-		25,906,213		1,175,122		27,081,334
2059		-		-		-		-		26,253,650		709,026		26,962,676
2060		-		-		-		-		13,035,224		344,405		13,379,629
2061		-		-		-		-		3,408,230		161,550		3,569,780
2062		-		-		-		-		3,473,773		54,191		3,527,964
Totals	\$	368,728,653	\$	121,529,833	\$	250,465,000	\$	61,063,901	\$	586,639,544	\$	175,758,174	\$	1,564,185,105

(1) Interest on the RIIB SRF Loans and SRF Revenue Bonds is shown at fully subsidized rates under the RIIB program.

Under certain circumstances, such RIIB SRF Loans and SRF Revenue Bonds could require the payment of interest at unsubsidized market rates.

The aggregate principal amount of \$368,728,653 of the RIIB SRF Loans is shown net of principal forgiveness for projects financed under the American Recovery and Reinvestment Act of 2009 and for certain "Green" related projects. Interest amounts include RIIB annual administration fees.

Excludes debt service on the Commission's RIIB \$75 Million Series 2024 A Bonds.

(2) Includes debt service savings achieved on RIIB SRF Loan refundings.

(3) Excludes debt service on the Commission's approximately \$42 million Open Market Revenue Series 2024 B Bonds.

(4) WIFIA Principal payments include projected capitalized interest.

Contemporaneous Debt Issuances

In June 2024, NBC plans to issue its Wastewater System Refunding Revenue Bonds, Series 2024 B in the amount of approximately \$42 million (the “Series 2024 B Bonds”). Proceeds of the Series 2024 B Bonds will refund on a current basis the Commission’s Wastewater System Revenue Refunding Bonds, 2008 Series A. The Series 2024 B Bonds will be secured on a parity basis under the Commission's Trust Indenture, which includes RIIB SRF Loans, Revenue Bonds of the Commission, and the Commission’s Water Infrastructure Finance and Innovation Act (WIFIA) Loans 2020 Series B, 2020 Series C and 2022 Series A.

WIFIA Loans

The WIFIA 2020 Loans. On August 27, 2019, the Commission entered into a secured loan (the “WIFIA I Loan”) to fund a portion of the NBC’s CSO Phase III Facilities, with the USEPA pursuant to the Water Infrastructure Finance and Innovation Act (“WIFIA”), codified as 33 U.S.C. §§ 3901–3914, as amended (the “WIFIA Act”) pursuant to the Loan Agreement dated as of August 27, 2019 (the “WIFIA I Loan Agreement”).

The WIFIA I Loan was initially secured by the Commission’s 2019 Series C Bonds, issued in the form of a taxable capital appreciation bond in the original principal amount of \$268,710,610. The WIFIA I Loan initially bore interest at a fixed rate of 1.89% which accrued on the basis of a 360-day year of twelve (12) thirty (30) day months. On October 26, 2020, the Commission and USEPA re-executed the WIFIA I Loan to adjust the interest rate to 1.42% pursuant to the Loan Agreement dated as of October 26, 2020 (the “WIFIA I 2020 Loan Agreement”) by and between the USEPA and the Commission. In order to effectuate the interest rate adjustment on the WIFIA I Loan, the Commission issued its 2020 Series B Bonds in the form of a capital appreciation bond in the original principal amount of \$268,710,610, to refund, on a current basis, the 2019 Series C Bonds. Interest may be compounded and capitalized and added to the principal amount of the WIFIA I Loan in accordance with the WIFIA I 2020 Loan Agreement and is expected to result in an accreted principal amount of approximately \$311,282,655. The final maturity date of the WIFIA I Loan is September 1, 2046.

On October 26, 2020, the Commission entered into a second secured WIFIA loan (the “WIFIA II Loan” and together with the WIFIA I Loan, the “WIFIA 2020 Loans”) to fund a both a portion of the Commission’s Bucklin Point Resiliency Improvements and the CSO Phase III Facilities, pursuant to the Loan Agreement dated as of October 26, 2020 (the “WIFIA II 2020 Loan Agreement”). The WIFIA II Loan is secured by the Commission’s 2020 Series C Bond, issued in the form of a capital appreciation bond in the original principal amount of \$190,633,824. The WIFIA II Loan bears interest at a fixed rate of 1.60% which accrues on the basis of a 360-day year of twelve (12) thirty (30) day months. Interest may be compounded and capitalized and added to the principal amount of the WIFIA II Loan in accordance with the WIFIA II Loan Agreement and is expected to result in an accreted principal amount of approximately \$216,351,278. The final maturity date of the WIFIA II Loan is September 1, 2059.

The WIFIA 2022 Loan. On July 25, 2022, the Commission entered into a new secured loan (the “WIFIA 2022 Loan”) with the USEPA to fund the Field’s Point Resiliency Improvements Project pursuant to the Loan Agreement dated July 25, 2022 (the “WIFIA 2022 Loan Agreement”). The WIFIA 2022 Loan is secured by the Commission’s 2022 Series A Bond, issued in the form of a capital appreciation bond in the original principal amount of \$55,499,228. The WIFIA 2022 Loan bears interest at a fixed rate of 3.12% which accrues on the basis of a 360-day year of twelve (12) thirty (30) day months. Interest may be compounded and capitalized and added to the principal amount of the WIFIA 2022 Loan in accordance with the WIFIA 2022 Loan Agreement and is expected to result in an accreted principal amount of approximately \$65,542,883. The final maturity date of the WIFIA 2020 Loan is September 1, 2061.

Terms Common to WIFIA 2020 Loans and WIFIA 2022 Loan. The WIFIA 2020 Loans and the WIFIA 2022 Loan bear a default rate of 200 basis points over the regular rate, payable as provided in the WIFIA I 2020 and WIFIA II 2020 Loan Agreements (“WIFIA 2020 Loan Agreements”) and the WIFIA 2022 Loan Agreement. The financial covenants under the WIFIA 2020 Loan Agreements and the WIFIA 2022 Loan Agreement are substantially the same as the financial covenants in the NBC’s Indenture. The NBC has also agreed to comply with applicable federal law.

The NBC is required to commence debt service payments on the WIFIA 2020 Loans and the WIFIA 2022 Loan Agreement, respectively, no later than five years after the portion of the project financed by the respective WIFIA 2020 Loan or the 2022 WIFIA Loan is substantially complete. Subject to the terms of the WIFIA 2020 Loan Agreements and the WIFIA 2022 Loan Agreement, no principal or interest is required to be paid during the capitalized interest period.

The WIFIA 2020 Loans and the WIFIA 2022 Loan are payable solely from the NBC’s Revenues (as defined in the Indenture) pledged pursuant to the Indenture and are equally and ratably secured with the NBC’s other Bonds issued under the Indenture. The WIFIA 2020 Loans and the WIFIA 2022 Loan are not secured by a debt service reserve fund. The Commission may prepay the WIFIA Loans in whole or in part, at any time, without penalty or premium in accordance with the WIFIA 2020 Loan Agreements and the WIFIA 2022 Loan Agreement.

The 2020 WIFIA Loans are rated AA- with a stable outlook by S&P Global Ratings and are rated AA with a stable outlook by Kroll Bond Rating Agency. The 2022 WIFIA Loan is rated AA- with a stable outlook by S&P Global Ratings.

CAPITAL BUDGETS

Set forth is the Capital Budget summary of the Commission for the fiscal years ended June 30, 2023 through 2025:

	FY 2023 Budget	FY 2024 Budget	FY 2025 Budget
Sources of Funds			
Project Fund - Pay-go Capital	26,836,186	14,127,000	12,123,500
Project Fund - Restricted OCP	3,812,000	5,873,000	5,248,000
2021 Series A (RIIB)	1,000,000	-	-
2023 Series A (RIIB)	-	61,164,000	6,628,000
2024 Series A (RIIB)	-	50,000,000	63,911,700
2025 Series A (RIIB)	-	-	59,415,200
2020 Series B (WIFIA 1)	102,300,903	8,429,383	-
2020 Series C (WIFIA 2)	80,656,987	84,568,313	40,437,400
2022 Series A (WIFIA 3)	8,982,856	9,159,200	10,878,014
Total Source of Funds	\$ 223,588,932	\$ 233,320,896	\$ 198,641,814
Uses of Funds			
Operating Capital	\$ 3,812,000	\$ 5,873,000	\$ 5,248,000
Total CIP	219,776,932	226,822,896	192,418,814
Cost of Issuance/Other	-	625,000	975,000
Total Use of Funds	\$ 223,588,932	\$ 233,320,896	\$ 198,641,814

CAPITAL IMPROVEMENT PROGRAM

The Commission updates its CIP annually and it is integrated into the budget. The FY 2025-2030 CIP identifies 44 projects that are in progress, being initiated or to be completed at an estimated cost of \$559.8 million. The following table summarizes the CIP:

CIP By Major Project FY 2025 - 2030

(In Thousands)

Major Project	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Total Costs FY 2025 - 2030
CSO Phase III Facilities	\$ 150,610	\$ 103,731	\$ 44,325	\$ 5,235	\$ 6,791	\$ 21,822	\$ 332,513
Field's Point Resiliency Improvements	10,878	26,150	35,488	15,388	15,388	2,798	106,090
Bucklin Point Resiliency Improvements	11,328	5,279	2,759	375	-	-	19,740
Other CIP	19,604	18,931	19,394	19,701	15,717	8,095	101,442
Total CIP	\$ 192,419	\$ 154,090	\$ 101,966	\$ 40,698	\$ 37,896	\$ 32,714	\$ 559,784

The significant projects with funding programmed in the CIP are discussed below.

Comprehensive Combined Sewer Overflow Program

The cities of Providence, Pawtucket and Central Falls have combined sewers that overflow at approximately 65 locations during significant wet weather events. NBC's CSO Program will mitigate the impact of these overflows through the construction of wet weather control facilities. The program consists of constructing two tunnels, the Providence tunnel (16,000 feet long) and the Pawtucket tunnel (11,600 feet long), two tunnel pump stations, five CSO interceptors, one wetland facility and six sewer separation projects.

This Program will be implemented in three phases. The first phase was the construction of the CSO Phase I Facilities (the Providence tunnel, drop shafts, and pump station) at a cost of approximately \$360 million. Construction of the CSO Phase I Facilities began in June 2001 and became operational in October 2008. The Commission completed the design of the CSO Phase II Facilities in 2010. Construction began in September 2011 and the facilities were placed in service by December 31, 2015. NBC initiated the reevaluation of the CSO Phase III Facilities in January 2014 with a focus on affordability issues, an evaluation of the significant improvements in water quality achieved through the first two phases, evaluation of an integrated approach and an investigation of "green" technologies to determine if the third phase facilities, as originally developed, remained the most cost-effective approach.

Several alternatives were developed through this reevaluation process and a series of Stakeholder meetings were held to evaluate the alternatives and financial impacts. The affordability analysis based upon USEPA criteria was thoroughly conducted to evaluate ratepayer impact on the various communities and census tracts in NBC's service area. The Commission selected an alternative on April 28, 2015, and the final reevaluation report was approved by RIDEM in December 2017. The Environmental Assessment which was part of the CSO Phase III reevaluation was also approved in December 2017. NBC's Consent Agreement was renegotiated based upon the approved plan.

As a result of the reevaluation process, the CSO Phase III Program was subdivided into four phases to be completed in 2041. The program also incorporates Green Stormwater Infrastructure ("GSI") facilities to be constructed in each of the four phases to reduce stormwater inflow to the existing CSO system by implementing stormwater infiltration projects, with expenditures of \$10 million on GSI in each phase.

A description of the facilities to be constructed in each of the four phases, as well as estimated costs and schedules is described below. The estimated construction costs will be updated as the design proceeds.

CSO Phase III A: This phase includes the design and construction of a 30-foot internal diameter deep rock tunnel in Pawtucket approximately 11,600 feet in length from a site just north of the Bucklin Point WWTF in East Providence to a site located at 660 Roosevelt Avenue in Pawtucket, a tunnel pump station to convey flow to the Bucklin Point WWTF, drop shafts and consolidation conduits, and improvements to the Bucklin Point WWTF. This project also includes modifications to regulators and construction of GSI facilities. CSO Phase III B facilities will also be designed during this phase but will not be constructed until FY 2029. CSO Phase III A of the project consists of 11 separate construction projects in addition to design and program management. The projects are at various stages in the design and construction process and six have been completed. The estimated cost for design and construction of these facilities adjusted for inflation to the projected construction start date of each project and excluding costs prior to 2020 is \$881.1 million. The Commission will continue to update costs and schedules as the projects proceed through design and construction.

CSO Phase III B: This phase includes the construction of the Upper Blackstone Valley gate and screening structure, interceptor relief, and the outfall (“OF”) 105 consolidation conduit. Also included are GSI facilities along with regulator modifications and sewer separation. The estimated cost for construction is \$45.5 million. Construction of this phase is scheduled to begin in FY 2029.

CSO Phase III C: This phase involves the design and construction of a stub tunnel to convey flow from CSO OF 220 to the Pawtucket tunnel constructed in CSO Phase III A in addition to GSI facilities and regulator modifications at OF 107 and OF 220. The pre-design estimated cost is \$290.4 million. Construction of this phase is scheduled to begin in FY 2034.

CSO Phase III D: This is the last phase of the CSO Abatement program and entails the design and construction of the West River Interceptor, which will store flow from CSO OF 039 and OF 056 during a storm and later release the flow into the system as capacity allows. This phase includes additional GSI facilities, regulator modifications at OF 036 and sewer separation of the OF 035 sewer shed. The pre-design estimated cost is \$160.7 million. Construction of this phase is scheduled to begin in FY 2040.

CSO Phase III A Facilities

The CSO Phase III A Facilities consist of eleven construction projects in addition to the Design and Construction Program Management Project (30800). The programmed cost for the CSO Phase III A Facilities in this year’s CIP is \$304.4 million during FY 2025 - FY 2030, a decrease of \$164.3 million or 35% from last year’s CIP. This decrease is due to the construction progress of the Pawtucket Tunnel and Pump Station Shaft Project (30801) which is projected to be 91% complete in FY 2024.

The largest of the CSO Phase III A Projects is the Pawtucket Tunnel and Pump Station Shaft Project (30801) at an estimated cost of \$485.7 million. Project 30801 includes construction of a 11,600 foot deep rock tunnel in Pawtucket along with a tunnel pump station shaft. Project 30801 is expected to be complete in March 2025.

The following table shows the CSO Phase III A projects, their estimated cost, construction start and end dates, as well as the percentage complete.

CSO Phase III A Facilities Cost, Schedule, and Percent Complete
(In Millions)

Project Number	Project Name	Estimated Cost *	Construction Start Date	Construction End Date	Percent Complete
30800	CSO Phase III A Facilities - Design and Construction Program Management	\$ 91.9	N/A	N/A	
30801	CSO Phase III A Facilities - Pawtucket Tunnel and Pump Station Shaft	485.7	Dec-20	Mar-25	91%
30802	CSO Phase III A Facilities - Tunnel Pump Station Fit-out	149.4	Feb-24	Jul-27	7%
30803	CSO Phase III A Facilities - OF 205	7.7	Mar-23	Dec-25	52%
30804	CSO Phase III A Facilities - OF 210, 213, 214	57.4	Jan-24	Apr-28	1%
30805	CSO Phase III A Facilities - OF 217	13.1	Dec-21	Oct-23	100%
30807	CSO Phase III A Facilities - Regulator Modifications	5.7	Apr-21	Aug-23	100%
30808	CSO Phase III A Facilities - GSI Demonstration	1.8	Sep-19	Feb-21	100%
30809	CSO Phase III A Facilities - GSI Projects	9.2	Nov-19	Apr-23	100%
30810	CSO Phase III A Facilities - BPWWTF Clarifiers and Flow Splitters	57.9	Jul-22	Oct-26	42%
30811	CSO Phase III A Facilities - High Street Demo	0.2	Nov-18	Dec-19	100%
30813	CSO Phase III A Facilities - Site Demolition	1.1	May-20	Nov-20	100%
Total		\$ 881.1			

*Excludes costs incurred prior to FY 2020

CSO Phase III B Facilities

This year’s CIP includes programmed construction costs of the CSO Phase III B Facilities Project (30830) which is projected to start in January 2029. Design of the CSO Phase III B Facilities was completed as part of the CSO Phase III A design. CSO Phase III B involves construction of a gate and screening structure, interceptor relief, and consolidation conduit. These structures are designed to convey flow to the tunnel built in CSO Phase III A. The total project construction cost estimate is \$45.5 million, with \$28.1 million programmed in FY 2025 - FY 2030.

Bucklin Point Resiliency Improvements

This project involves several improvements to address resiliency priorities at the Bucklin Point Wastewater Treatment Facilities (“BPWWTF”). The current project scope includes the following:

BPWWTF Operations and Maintenance Buildings

This project involved the design and construction of a new Operations Building and a Maintenance/Storage Building at the Bucklin Point campus. The Operations Building contains additional office space, training and locker rooms, and the supervisory control and data acquisition system. The Maintenance/Storage Building(s) support the maintenance services necessary to ensure the reliable operation and performance of critical infrastructure systems and addressed various storage needs at the BPWWTF. The total cost of the project is \$36.7 million and is substantially complete with only “punch list” items remaining.

BPWWTF Ultraviolet (“UV”) Disinfection System Improvements

This project involves the construction of a new UV disinfection building and replacement of the UV disinfection equipment with an energy efficient system. The total cost estimate is \$25.7 million. Construction began in FY 2022 and is expected to be completed in FY 2027.

BPWWTF Improvements

This project involves the installation of a redundant standby power system, as well as the repair or replacement of boilers, hydronic piping systems, isolation gates, certain HVAC modifications and other improvements. The total cost estimate is approximately \$11.6 million. Construction began in FY 2020 and is expected to be completed in FY 2028.

Field's Point Resiliency Improvements

This project involves several improvements to address resiliency priorities at the Field's Point Wastewater Treatment Facilities ("FPWWTF"). The current scope of work includes the following:

FPWWTF Improvements

This project focuses on several improvements and upgrades to the Field's Point WWTF. The most significant items are the disinfection system, a new transformer, replacement of the effluent plant water system's automatic strainer system and other ancillary system improvements, the odor control unit at the Gravity Thickener Building, and construction of three new Variable Frequency Drives for the return activated sludge pumps. The total cost estimate is \$35.9 million. Construction began in FY 2024 and is expected to be completed in FY 2030.

FPWWTF Ernest Street Pump Station Improvements

This project involves improvements and upgrades to the Commission's largest pump station located adjacent to Field's Point. Improvements include replacement of large-diameter valves, gates and actuators; flow meters; centrifugal wastewater pumps; Variable Frequency Drive units; instrumentation and control systems; influent screening; motor control centers, electrical power systems; and a new standby power generator. The project also includes modifications to the building's roofing system, air handling units and other infrastructure. The total cost estimate is \$30.4 million. Construction began in FY 2023 and is expected to be completed in FY 2029.

FPWWTF Maintenance and Storage Buildings

This project involves the construction of a new Maintenance Building and new Interceptor Maintenance Storage Building at Field's Point to replace two structures that are beyond their useful lives. The total cost estimate is \$29.3 million. Construction is scheduled to begin in FY 2025 and be completed in FY 2028.

NBC Solar Carport

This project involves the construction of a solar carport at Field's Point. The total pre-design cost estimate is \$1.3 million. Construction is scheduled to begin in FY 2024 and be completed in FY 2026.

Cybersecurity Improvements

This project includes the purchase and implementation of cybersecurity improvements in key areas of the Information Technology infrastructure to mitigate cybersecurity risks. The total estimated cost is \$1.6 million. Implementation began in FY 2022 and is scheduled to be completed by the end of FY 2024.

FPWWTF Electrical Improvements

This project involves the evaluation and installation of standby power capabilities for critical facilities at the FPWWTF to maintain uninterrupted operation of treatment processes. The total cost estimate is \$11.2 million. Construction is scheduled to begin in FY 2026 and be completed in FY 2030.

Lincoln Septage Receiving Station Replacement

The existing Lincoln Septage Receiving Station has reached the end of its useful life and needs to be replaced. This project includes design and construction of a new septage receiving station equipped with a screening mechanism and sample collection capabilities. The total cost estimate is \$8.9 million. Construction is scheduled to begin in FY 2025 and be completed in FY 2027.

Other CIP Projects

Long-Range Biosolids Disposal

This project involves the evaluation, planning, and development of a reliable long-term biosolids management strategy for sludge generated at the Commission's two wastewater treatment facilities. This includes exploring the requirements and relative benefits of various industry standard biosolids disposal and management practices. The study will evaluate the relative benefits of continuing with similar disposal practices on a long-term basis, as well as more capital-intensive options such as constructing new biosolids process facilities. This project is estimated to cost \$19.7 million and scheduled to be completed in FY 2030.

Data Communications Upgrades and WWTF Network Improvements

NBC's WWTFs employ a range of treatment technologies and intricate process systems, all overseen by a computerized control system. This project addresses several challenges in terms of reliability and efficiency by implementing a more modern, open-architecture Ethernet-based hybrid data control system. The project will incorporate new hardware, software, and ancillary support services to enhance the existing Control Systems, leveraging Ethernet DCS Loop Improvements and other technical solutions. This project was expanded to include both Field's Point and Bucklin Point WWTF's. The total cost estimate is \$18.9 million. Construction began in FY 2022 and is scheduled to be completed in FY 2030.

FPWWTF Wet Weather Clarifier Facility Improvements

This project consists of the evaluation, design, and construction of upgrades to the Field's Point WWTF's Wet Weather Clarifier Complex, which was constructed circa 1988. Facility upgrades are needed to address damaged rotating components and other problematic infrastructure concerns to ensure the continued reliable operation of this aging unit infrastructure. Risk-based asset management concepts shall be implemented when considering equipment replacements, use of new technology, and design enhancements required to mitigate premature equipment failure, loss of treatment performance, and facility operation and maintenance requirements. The total estimated cost is \$5.5 million. Construction is scheduled to begin in FY 2026 and be completed in FY 2029.

BPWWTF Service Building Demolition

This project consists of the demolition of the old BPWWTF Service Building and relocating select utilities that serve the building. It has become obsolete with the construction of the new Operations and Maintenance Buildings. Demolition and subsequent site restoration will also create usable space for potential process improvements at the treatment plant. The total estimated cost is \$3.2 million. Construction is scheduled to begin in FY 2026 and be completed in FY 2027.

BPWWTF Sludge Digestion Facility Improvements

This project involves miscellaneous improvements and upgrades to the Bucklin Point Wastewater Treatment Plant's digester complex including inspection and evaluation of primary and secondary digesters, piping systems and other process-related appurtenances, concrete and piping system repairs to address known for problematic leakage concerns. The total estimated cost is \$14.2 million. Construction began in FY 2023 and be completed in FY 2026.

Office and Building Improvements

This project includes office renovations and reconfigurations to accommodate organizational changes and enhance productivity. This project also includes various HVAC control systems upgrades, the replacement of two roof-top air conditioning units and replacement of the roof of the Field's Point Primary Sludge Pumping Station. The total cost estimate is \$3.0 million. Construction began in FY 2023 and be completed in FY 2025.

Woonasquatucket CSO Interceptor OF 046 Improvements

This project includes construction of facilities to eliminate surcharging from the Woonasquatucket CSO Interceptor during extreme wet weather events. The total cost estimate is \$4.0 million. Construction is scheduled to begin in FY 2027 and be completed in FY 2028.

Interceptor Maintenance Building

This project involves the design and construction of a new Interceptor Maintenance building that would be needed if NBC were to be required by legislation to assume ownership of lateral sewers currently owned by local communities within its district at an estimated construction cost of \$16.4 million. Construction is scheduled to begin in FY 2032 and be completed in FY 2035.

Louisquisset Pike Interceptor Improvements

This project involves the construction of a larger diameter interceptor in the northern section of the town of Lincoln. The larger capacity pipe will accommodate the additional flow resulting from the expected development. The estimated construction cost is \$6.3 million. Construction is scheduled to begin in FY 2030 and be completed in FY 2031.

Omega Pump Station Improvements

This project involves the evaluation, design, and replacement of pumps, piping, and valves at the Omega Pump Station, which was originally constructed in the 1950s. New screening and grit technology will shred and reduce the size of coarse solid materials in the wastewater and facilitate transport to the wastewater treatment facility. Additionally, the new technology will provide for the upgrade of the pump station to improve reliability of the motor control center and streamline operations. The total estimated cost is \$9.0 million. Construction is scheduled to begin in FY 2026 and be completed in FY 2028.

Reservoir Avenue Pump Station Improvements

This project involves the comprehensive evaluation, design, and upgrades for NBC's Reservoir Avenue Pump Station. The Reservoir Avenue Pump Station conveys sewage to a gravity conduit in Rutherglen Avenue, then to the FPWWTF. The pump station was built in 1931 and the most recent comprehensive upgrade to the facility occurred in the early 1990s. Facility upgrades are needed to ensure continued reliability of this aging infrastructure. The estimated construction cost is \$7.8 million. Construction is scheduled to begin in FY 2025 and be completed in FY 2028.

Borrowing Plans

The Commission plans to borrow \$75.0 million from the Rhode Island Infrastructure Bank (“RIIB”) in Spring 2024. RIIB has notified the Commission that the loan is eligible for principal forgiveness of \$5,199,024, with \$1,007,400 for Green Principal Forgiveness. NBC plans to borrow \$75.0 million from RIIB in FY 2025.

The Commission intends to finance the remainder of the WIFIA funded projects, as well as its other CIP projects, through a combination of RIIB borrowings and pay-go capital. Financial modeling completed as part of the FY 2025 Annual Budget preparation reflects additional borrowings through the RIIB SRF loan program in FY 2026 - FY 2030 of \$268.2 million. The amounts, timing and structure of future borrowings will be determined as the Commission proceeds with its capital program.

Transfer to the State General Fund

No transfers from the Commission were included in the 2024, 2023, 2022, 2021, 2020, or 2019 enacted budgets. However, it should be noted that the Governor of Rhode Island’s original proposed budget for fiscal year 2021 included transfers to the State for fiscal year 2021 of more than \$16.1 million in the aggregate from six (6) quasi-public State agencies, including \$2.0 million from the Commission. Ultimately, in December of 2020, in the midst of the pandemic, the Governor signed into law a pared down State Budget, which removed all of the original transfers for that year. No transfers to the State from the Commission are included in the Governor’s proposed budget for the fiscal year 2025. The last transfer from the Commission to the State was in the enacted budget for fiscal year 2018, which included transfers of more than \$13.0 million in the aggregate from quasi-public State agencies, including \$5.0 million from the Commission, which was approved by the PUC. Since that time, the Commission’s Loan Agreement with USEPA sets forth that no Revenues or other assets of the System, or any funds in any accounts held under the Indenture or in any other fund or account held by or on behalf of the Commission in respect of the System, may be paid or transferred or otherwise applied for purposes other than ownership, operation or maintenance of the System, except with the consent of USEPA, which consent shall be in the USEPA’s sole discretion.

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OPERATING BUDGETS

Set forth is the Operating Budget summary of the Commission for the fiscal years ended June 30, 2023 through 2025:

Revenue	FY 2023	FY 2024	FY 2025
	Budget	Budget	Budget
Operating Revenue			
User Fees	\$ 104,302,164	\$ 109,818,394	\$ 112,559,300
Pretreatment Application Fees	72,000	80,846	66,800
Septage Income	355,000	361,899	358,300
Connection/Capacity Fees	322,000	273,128	267,000
Late Fees	900,000	672,000	455,800
Customer Service Fees	181,000	159,772	181,200
Renewable Energy Credits	652,131	879,140	884,350
Stormwater Permit Application F	-	29,353	29,400
<i>Total Operating Revenue</i>	106,784,295	112,274,532	114,802,150
Non Operating Revenue			
Investment Income	100,000	996,000	1,075,000
Miscellaneous Income	77,000	212,449	204,600
Revenue Fund Balance	-	2,400,000	-
OMR Fund Transfer	-	-	458,200
<i>Total Non-Operating Revenue</i>	177,000	3,608,449	1,737,800
Total Revenue	\$ 106,961,295	\$ 115,882,981	\$ 116,539,950
Expense			
	FY 2023	FY 2024	FY 2025
	Budget	Budget	Budget
Operating Expense			
Personnel	\$ 29,013,109	29,837,558	31,304,710
Operating Supplies/Expense	20,037,937	23,267,499	25,548,456
Professional Services	2,257,500	2,676,250	2,814,150
Lease/Subscriptions Expense	113,400	113,400	339,232
<i>Total Operating Expense</i>	51,421,946	55,894,707	60,006,548
Debt Service			
Principal	28,427,904	31,344,795	26,628,162
Interest	12,726,133	16,613,451	18,017,664
<i>Total Debt Service</i>	41,154,037	47,958,246	44,645,826
Transfer to Project Fund	14,385,312	12,030,028	11,887,576
<i>Total Transfer to Project Fund</i>	14,385,312	12,030,028	11,887,576
Total Expense	\$ 106,961,295	\$ 115,882,981	\$ 116,539,950

SUMMARY OF REVENUE AND EXPENDITURES

Set forth is a summary of audited revenues and expenditures of the Commission for the fiscal years ended June 30, 2019 through 2023⁽¹⁾:

OPERATING REVENUES:	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
User Fees	\$ 55,473,053	\$ 59,645,556	\$ 61,941,753	\$ 59,654,921	\$ 60,285,785
User Fees, Commercial and Industrial	40,955,553	41,789,214	41,042,504	42,477,311	43,220,961
Connection fees/capacity charge	126,300	335,431	357,070	269,660	265,825
Pretreatment Fees	1,066,369	61,354	71,700	61,280	67,240
Environmental Enforcement	4,739	8,997	20,053	-	10,750
Septage Income	321,036	342,994	352,135	372,346	350,208
Late Charge Penalties	1,052,671	837,184	-	358,415	664,805
Renewable Energy Credits Revenue	150,596	579,679	604,033	648,148	627,934
Miscellaneous	195,460	182,473	193,039	190,785	152,250
<i>Total Operating Revenue</i>	<u>\$ 99,345,777</u>	<u>\$ 103,782,882</u>	<u>\$ 104,582,287</u>	<u>\$ 104,032,866</u>	<u>\$ 105,645,758</u>
OPERATING EXPENSE:					
Personnel Services	\$ 23,844,901	\$ 23,877,590	\$ 23,193,856	\$ 23,988,962	\$ 24,698,903
Operating Supplies/Expense	15,931,218	15,008,091	15,635,215	17,218,133	19,052,520
Professional Services	1,168,922	1,213,868	1,592,497	1,738,671	2,180,239
Depreciation and Amortization	16,401,372	16,612,202	17,093,870	22,223,491	22,629,146
<i>Total Operating Expenses</i>	<u>\$ 57,346,413</u>	<u>\$ 56,711,751</u>	<u>\$ 57,515,438</u>	<u>\$ 65,169,257</u>	<u>\$ 68,560,808</u>
Operating Income	\$ 41,999,364	\$ 47,071,131	\$ 47,066,849	\$ 38,863,609	\$ 37,084,950
NON-OPERATING REVENUE (EXPENSE):					
Grants	\$ -	\$ -	\$ 27,415	\$ -	\$ 53,000
Interest Expense	(16,916,321)	(16,018,533)	(13,964,362)	(14,450,782)	(16,288,939)
Investment Income	1,510,886	947,416	25,879	132,830	2,936,803
Miscellaneous Non-Operating Income	145,161	202,585	280,906	346,499	184,498
Gain on sale of capital asset	-	-	-	10,241	-
Bond and Note Fees	(511,115)	(1,852,370)	(661,536)	(588,835)	(1,292,239)
Sewer Tie-in revenue	-	-	-	2,384,273	76,550
Loss on economic defeasance	-	(191,657)	(111,138)	-	-
Project related revenue	-	-	-	-	122,688
<i>Total Non-Operating Revenue (Expenses)</i>	<u>\$ (15,771,389)</u>	<u>\$ (16,912,559)</u>	<u>\$ (14,402,836)</u>	<u>\$ (12,165,774)</u>	<u>\$ (14,207,639)</u>
<i>Income Before Capital Contributions</i>	\$ 26,327,975	\$ 30,158,572	\$ 32,664,013	\$ 26,697,835	\$ 22,877,311
<i>Capital Contributions</i>	<u>1,000,000</u>	<u>1,998,022</u>	<u>-</u>	<u>1,000,000</u>	<u>2,589,605</u>
<i>Change in Net Position</i>	<u>\$ 27,327,975</u>	<u>\$ 32,156,594</u>	<u>\$ 32,664,013</u>	<u>\$ 27,697,835</u>	<u>\$ 25,466,916</u>

(1) Prepared from Audited Financial Statements.

COVID-19 Pandemic

The Commission continues to monitor and assess the impact of the global outbreak of COVID-19, a respiratory disease caused by a novel coronavirus and declared in 2020 to be a pandemic (the “COVID-19 Pandemic”) by the World Health Organization, which is affecting the global, national, and local economies, as well as global financial markets. The threat from the Pandemic is being addressed on a national, federal, state, and local level. Presidential administrations, Congress, the Federal Reserve, the Centers for Disease Control, along with the State, have enacted legislation and/or issued orders or directives (collectively, “Governmental Actions”) to alleviate the effects of the Pandemic.

The following discussion is only intended to address NBC’s experience with, and certain of its responses to, the COVID-19 pandemic. PUC Orders requiring certain utilities, including the NBC, to immediately cease certain collections activities and the assessment of late fees and charges have expired. The NBC will continue to monitor COVID-19 impacts and make operational adjustments to the extent that they are impactful, feasible and within NBC’s control.

LITIGATION

The Commission is a defendant in several lawsuits and administrative proceedings. In the opinion of management of the Commission there is no litigation or proceeding pending or, to the best of its knowledge, threatened, which could, if decided adversely to the Commission, have a material impact on the financial affairs of the Commission.

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APPENDIX C-2

Financial Statements of Narragansett Bay Commission

The Narragansett Bay Commission has filed its audited financial statements for the fiscal year ended June 30, 2023 (the “Commission Audited Financial Statements”) with the Municipal Securities rulemaking Board through the Electronic Municipal Market Access System. The Commission Audited Financial Statements are hereby incorporated by reference into this Official Statement as part of APPENDIX C-2. Copies of the Commission Audited Financial Statements may be accessed online at emma.msrb.org. Copies of the Commission Audited Financial Statements are also available by contacting the Bank at 275 Promenade Street, Suite 301, Providence, Rhode Island 02908, telephone: (401) 453-4430.

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APPENDIX C-3

Summary of Certain Provisions of the Narragansett Bay Commission Indenture

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APPENDIX C-3

SUMMARY OF CERTAIN PROVISIONS OF THE NARRAGANSETT BAY COMMISSION INDENTURE AND SUPPLEMENTAL INDENTURE

The following are summaries of the Indenture and the Supplemental Indenture relating to the Bonds. The summaries do not purport to set forth all of the provisions of said documents to which reference is made for the complete and actual terms thereof.

Definitions (Section 101). In addition to terms defined elsewhere in the Indenture, the following terms shall have the following meanings, unless the context of the Indenture otherwise requires:

“Act” shall mean the applicable provisions of Chapter 25 of Title 46 of the General Laws of Rhode Island (1956) as amended from time to time and any other statute now or hereafter enacted, which by its general or specific terms authorizes the Commission to issue debt to finance the System or otherwise affects the terms of such debt.

“Additional Security” shall mean letters of credit, lines of credit, insurance or similar obligations, agreements or instruments securing or providing for the payment of all or a portion of the principal installments or redemption price of, or interest due or to become due on, a Series of Bonds or providing for the purchase of such Series of Bonds or a portion thereof by the issuer or obligor of any such Additional Security.

“Advance-Refunded Municipal Bonds” shall mean obligations the interest on which is excluded from gross income for purposes of federal income taxation that have been advance-refunded prior to their maturity and that are fully and irrevocably secured as to principal and interest by obligations described in clause (i) of the definition of Permitted Investments and that are rated in the highest rating category by each rating agency rating such obligations.

“Agency” means the Rhode Island Infrastructure Bank, formerly known as the Rhode Island Clean Water Finance Agency established pursuant to Chapter 12.2 of Title 46 of the General Laws of Rhode Island (1956) as amended.

“Agency Bonds” shall mean any bonds of the Commission issued to the Agency prior to the date of the Indenture and any Series of Bonds issued pursuant to Section 203(1)(v) of the Indenture.

“Agency Loan Agreement” shall mean any loan agreement between the Agency and the Commission pertaining to a loan made to the Commission pursuant to Chapter 12.2 of the General Laws of Rhode Island (1956), as amended, and any bond purchase agreement between the Agency and the Commission relating to the purchase of Bonds issued pursuant hereto by the Agency in accordance with said Chapter 12.2 of Title 46.

“Annual Budget” shall mean the System’s annual operating budget adopted by the Commission for each Fiscal Year.

“Assumed Variable Rate” means in the case of:

(a) Outstanding Bonds in the form of Variable Rate Bonds, the greater of (1) the average interest rate on such Bonds for the most recently completed sixty (60) month period or the period such Variable Rate Bonds has been outstanding if it is less than sixty (60) months, or (2) the rate to be determined pursuant to clause (b) below assuming the Outstanding Variable Rate Bonds were being issued on the date of calculation; and

(b) proposed Bonds in the form of Variable Rate Bonds either

(1) to be issued on the basis that, in the opinion of bond counsel to be delivered at the time of the issuance thereof, interest on such Variable Rate Bonds would be excluded from gross income for federal income tax purposes, the greater of the (i) the average of the Bond Market Association Swap Index (“BMA Index”) for the twelve (12) month period ending seven (7) days preceding the date of calculation plus 100 basis points, or (ii) the average of the Bond Market Association Swap Index (“BMA Index”) for the sixty (60) month period ending seven (7) days preceding the date of calculation plus 100 basis points, or

(2) to be issued as Variable Rate Bonds not described in clause (1), the greater of the (i) average of the London Interbank Offered Rate (“LIBOR”) for the time period most closely resembling the reset period for the Variable Rate Bonds for the twelve (12) month period ending seven (7) days preceding the date of calculation plus 100 basis points, or (ii) average of LIBOR for the time period most closely resembling the reset period for the Variable Rate Bonds for the sixty (60) month period ending seven (7) days preceding the date of calculation plus 100 basis points; and provided that if the BMA Index or LIBOR shall cease to be published, the index to be used in its place shall be that index which the Commission in consultation with the Financial Advisor determines most closely replicates such index, as set forth in a certificate of an Authorized Officer of the Commission filed with the Trustee. Notwithstanding the foregoing, in no event shall the Assumed Variable Rate be in excess of the maximum interest rate allowed by law on obligations of the Commission.

“Authorized Officer” shall mean the Chairperson, the Vice Chairperson, the Executive Director, the Deputy Director, the Treasurer, the Secretary, the Director of Administration and Finance, or the Controller of the Commission, when used in reference to an act or document, shall also mean any other person authorized by resolution of the Commission to perform such act or sign such document.

“Authenticating Agent” shall mean, for the Bonds of a Series or any portion thereof, the Trustee and, where authorized by the applicable Supplemental Indenture, the Paying Agent or Paying Agents for the Bonds of such Series.

“Bond” or “Bonds” shall mean any of the Wastewater System Revenue Bonds of the Commission authenticated and delivered under the Indenture (and, unless expressly stated to the contrary, shall not include Subordinated Bonds; provided that the provisions of Article III, Article IV, Article VIII, Article IX, Article XI and Article XII of the Indenture shall be applicable to Subordinated Bonds). The term shall also include Agency Bonds and obligations of the Commission under any Qualified Swap Agreement (but only to the extent of Qualified Swap Payments).

“Bond Anticipation Notes” shall mean notes of the Commission issued pursuant to Section 45-25-58 of the Act and Section 207 and 607 of the Indenture with a final maturity of not longer than ten (10) years (or such longer period as may be permitted by the Act) in anticipation of the receipt of proceeds of a Series of Bonds.

“Bondholder” or “Holder” or any similar term, when used with reference to a Bond or a Subordinated Bond, shall mean the registered owner of the Bond or the Subordinated Bond, respectively but shall not include any Counterparty under a Qualified Swap Agreement or any other party contracting with the Commission in connection with a Qualified Swap Agreement.

“Bond Insurer” shall have the meaning ascribed in each Supplemental Indenture authorizing an issue of Bonds.

“Business Day” shall mean, except as provided in any Supplemental Indenture, any day other than a Saturday, a Sunday or any other day on which any Fiduciary is authorized or required by law to be closed for business.

“Capital Improvements” shall mean extensions, improvements, enlargements, betterments, alterations, renewals and replacements of the System (including land, equipment and other real or personal properties), which (i) are used or useful in connection with the System or any part thereof and (ii) are properly chargeable (whether or not so charged by the Commission), under generally accepted accounting principles, as additions to capital accounts.

“Capital Improvements Budget” shall mean a capital budget for each Fiscal Year which identifies the Capital Improvements to be undertaken by the Commission during such Fiscal Year, the nature of the work, the estimated completion date of each Capital Improvement, the estimated Costs expected to be expended therefor in such Fiscal Year, and estimated disbursements from any Project Account or Operating Capital Account in the Project Fund and, to the extent provided by the Commission, any other fund or account under or outside the

Indenture, as well as the sources of moneys projected to be available to pay such estimated Costs in such Fiscal Year.

“Capitalized Interest Account” shall mean the account, if any, in the Debt Service Fund so designated and created pursuant to Section 506 of the Indenture.

“Certified Public Accountant” shall mean an independent certified public accountant or firm of accountants selected by the Commission and reasonably acceptable to the Trustee.

“Commission” shall mean the Narragansett Bay Commission or any body, agency, political subdivision, or instrumentality of the State which shall hereafter assume ownership or control of the System.

“Commission Counsel” shall mean the General Counsel of the Commission or any other attorney so designated by an Authorized Officer.

“Compound Interest Bonds” shall have the meaning given such term in Section 203(5) of the Indenture.

“Consulting Engineer” shall mean an independent consultant or engineer or firm of consultants or engineers having a national reputation for expertise in such matters with respect to properties similar to those of the System selected by the Commission; provided that for the purposes of Section 503(3) of the Indenture the Consulting Engineer may be an engineer regularly in the employ of the Commission.

“Cost”, as applied to any Capital Improvement to be constructed or acquired by or on behalf of the Commission shall mean all or any part of the cost, paid by or on behalf of or reimbursable by or to the Commission of construction, acquisition, alteration, reconstruction and remodeling of such Capital Improvement, all lands, real and personal property, rights-of-way, water rights, air rights, franchises, easements and interests necessary or convenient therefor, the cost of any demolitions or relocations necessary in connection therewith, the cost of all machinery and equipment, financing charges, including Costs of Issuance not funded from the proceeds of Bonds, interest on Bonds and Notes issued in whole or in part to finance such construction prior to, during and for such period as the Commission shall determine after the period of construction of such Capital Improvement, architectural, engineering, financial and legal services, plans, specifications, appraisals, surveys, inspections, estimates of costs and revenues, and other expenses necessary or incident to determining the feasibility or practicality of such work, organizational, administrative, Operating Expenses and other expenses prior to the commencement of and during such work, advance training of operating personnel and other expense, including initial working capital, of completing such work and placing the same in operation, and any other item of “Cost” attributable to the construction, acquisition, alteration, reconstruction and remodeling of such Capital Improvement and placing the same in operation; the word “Cost” as applied to any Capital Improvement which the Commission may be authorized to acquire shall also mean the amount of the purchase price or the amount of a condemnation award in connection with the acquisition of such Capital Improvement, and shall include the cost of acquiring all of the capital stock and of discharging any liabilities of a corporation owning such Capital Improvement, if such be the case, in order to vest title to such Capital Improvement in the Commission.

“Cost of Issuance” shall mean all items of expense directly or indirectly payable by or reimbursable to the Commission and related to the authorization, sale and issuance of Bonds, Subordinated Bonds and Notes, including, but not limited to, printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of the Fiduciaries, legal fees and charges, fees and disbursements of consultants and professionals, costs and expenses of refunding, accrued interest and other costs payable upon or with respect to the initial investment of the proceeds of Bonds, Subordinated Bonds or Notes, premiums for the insurance of the payment of Bonds, Subordinated Bonds or Notes, fees and expenses payable in connection with any Additional Security or Reserve Deposits, unless designated as an Operating Expense, fees and expenses payable in connection with any remarketing agreements or interest rate indexing agreements and any other cost, charge or fee in connection with the original issuance of Bonds, Subordinated Bonds or Notes.

“Counsel’s Opinion” shall mean an opinion signed by an attorney or firm of attorneys selected by the Commission and not unsatisfactory to the Trustee.

“Counterparty” means an entity who is a counterparty to a Qualified Swap Agreement. Such entity shall be a member of the International Swap Dealers Association and meet the requirements of applicable laws of the State and the applicable policies and procedures established by the Commission from time to time, provided that the senior unsecured debt of such counterparty shall be in one (1) of the three (3) highest rating categories without regard to gradations within such categories by each of the Rating Agencies at the time of execution of a Qualified Swap Agreement.

“Credit Facility” shall mean, with respect to a Series of Bonds, the irrevocable letter of credit, line of credit, municipal bond insurance, or other form of credit enhancement or liquidity support, if any, for such Series of Bonds, provided for in the applicable Supplemental Indenture, including any alternate Credit Facility with respect to such Series of Bonds delivered in accordance with provisions of the Supplemental Indenture providing for the issuance of such Series of Bonds and including any Credit Facility in connection with a Qualified Swap Agreement.

“Cross-over Date” means with respect to Cross-over Refunding Bonds, the date on which the principal portion of the related Cross-over Refunded Bonds is to be paid or redeemed from the proceeds of such Cross-over Refunding Bonds.

“Cross-over Refunded Bonds” means Bonds or other obligations refunded by Cross-over Refunding Bonds.

“Cross-over Refunding Bonds” means Bonds issued for the purpose of refunding Bonds or other obligations upon the irrevocable deposit of the proceeds of such Cross-over Refunding Bonds in escrow in satisfaction of the requirements of the Indenture or any Supplemental Indenture, as applicable to the Cross-over Refunded Bonds, to secure the payment on an applicable redemption date or maturity date of the Cross-over Refunded Bonds (subject to possible use to pay principal of the Cross-over Refunding Bonds under certain circumstances) and the earnings on such escrow deposit are required to be applied to pay interest on the Cross-over Refunding Bonds until the Cross-over Date.

“Debt Service Assistance” shall mean any money received by or on behalf of the Commission under or pursuant to any agreement or on account of a grant or contribution, heretofore or hereafter made, in aid of, with respect to, or on account of debt service on debt incurred with respect to the System excluding any interest subsidies received from the Agency on account of any of its leveraged loan programs.

“Debt Service Assistance Account” shall mean the account in the Debt Service Fund so designated and created pursuant to Section 502 of the Indenture.

“Debt Service Fund” shall mean the fund so designated and created by Section 502 of the Indenture.

“Debt Service Fund Requirement” shall mean, as of any particular date of computation, the amount of money obtained by (i) aggregating the several sums, computed with respect to the State Obligations and the Bonds of each Series Outstanding, of (A) any unpaid interest due on such State Obligations or Bonds at or before said date and all interest on such Bonds accrued but not due at said date, plus interest expected to accrue during the next ensuing month, calculated, in the case of a Bond bearing interest at a variable rate, for the remainder of the current interest rate period, at the current interest rate, and for subsequent interest rate periods if any, at the maximum rate applicable to the Bonds, (B) the Principal Amount of any such State Obligations or Bonds matured and unpaid at or before said date, and (C) with respect to any Principal Installment of any State Obligations or Bonds not included in (B) above, but payable on the next succeeding Principal Installment payment date other than by reason of acceleration or redemption at the option of the Commission or the Holder of any Bonds, that portion of such Principal Installment determined by multiplying such Principal Installment by a fraction, the numerator of which shall be the number of days elapsed from and including the immediately preceding Principal Installment payment date, or if there be no such date with respect to such Bonds, the date of issuance thereof, to the date of such calculation and the denominator of which shall be the number of days from and including the immediately preceding Principal Installment payment date, or if there be no such date with respect to such Bonds, the date of issuance thereof, to such next succeeding Principal Installment payment date and (ii) deducting amounts on deposit in the Debt Service Fund and Debt Service Assistance Account available to make such payments on such Bonds; provided, that for purposes of any such computation, the Principal Installments of and interest on the Bonds in any period

shall, in the case of any Series of Agency Bonds, be limited to the Required Debt Service Fund Deposits set forth for such period in the applicable Supplemental Indenture.

For the purpose of calculating the Debt Service Fund Requirement for any period, the Trustee, at the direction of the Commission, may direct the use of any one or more of the following special rules:

- (i) when calculating the amount of such required deposits during such Fiscal Year for any Series of Variable Rate Bonds with respect to which a Qualified Swap Agreement is in effect pursuant to which the Commission has agreed to pay a Counterparty an amount based on a fixed interest rate, the Debt Service Fund Requirement for such series of Variable Rate Bonds shall include the interest payable on such Series of Bonds, calculated assuming the Assumed Variable Rate, less amounts to be received by the Commission under such Qualified Swap Agreement plus the amount of the payments to be made by the Commission under the Qualified Swap Agreement; provided that such effective fixed rate may be utilized only if such Qualified Swap Agreement does not result in a reduction or withdrawal of any rating then in effect with respect to the Bonds and so long as such Qualified Swap Agreement is contracted to remain in full force and effect through the stated maturity date of the Variable Rate Bonds;
- (ii) when calculating the amount of such required deposits during such Fiscal Year for any Series of Bonds with respect to which a Qualified Swap Agreement is in effect pursuant to which the Commission has agreed to pay to a Counterparty an amount based on a variable or floating interest rate, the Debt Service Fund Requirement shall include the interest payable on such Series of Bonds, less fixed amounts to be received by the Commission under such Qualified Swap Agreement plus the amount of the floating payments (estimated applying the Assumed Variable Rate, unless another method of estimation is more appropriate, in the opinion of the Commission's financial advisor, underwriter or similar agent, for such floating payments) to be made by the Commission under the Qualified Swap Agreement; provided that the above described calculation of the Debt Service Fund Requirement may be utilized only if such Qualified Swap Agreement does not result in a reduction or withdrawal of any rating then in effect with respect to the Bonds and so long as such Qualified Swap Agreement is contracted to remain in full force and effect through the stated maturity date of the such Series of Bonds;
- (iii) when calculating the amount of such required deposits during such Fiscal Year with respect to any Capital Appreciation Bonds, all amounts payable on a Capital Appreciation Bond shall be considered a principal payment in the year it becomes due;

provided further, however, that there shall be excluded from the calculation of the amount of such required deposits (x) interest on Bonds (including Cross-over Refunding Bonds or Cross-over Refunded Bonds) to the extent that Escrowed Interest or capitalized interest is available to pay such interest and (y) principal on Cross-over Refunded Bonds to the extent that the proceeds of Cross-over Refunding Bonds are irrevocably deposited in escrow in satisfaction of the requirements of the Indenture, and such proceeds or the earnings thereon are required to be applied to pay such principal (subject to the possible use to pay the principal of the Cross-over Refunding Bonds under certain circumstances) and such amounts so required to be applied are sufficient to pay such principal.

“Debt Service Requirement” shall mean, for any period of calculation, (i) all interest payable on all State Obligations and Bonds Outstanding during such period, plus (ii) the Principal Installment or Installments payable on State Obligations and on such Bonds during such period, less (iii) amounts available to pay Principal Installments and interest becoming due in such Fiscal Year on State Obligations and Bonds Outstanding as of the first day of such Fiscal Year, including but not limited to (A) amounts on deposit in the Debt Service Assistance Account or Debt Service Assistance certified by an Authorized Officer of the Commission as reasonably expected to be received and deposited to the Debt Service Assistance Account on or before the last day of the Fiscal Year during which the applicable Debt Service Requirement calculation is to be made if such Debt Service Assistance has been appropriated by the applicable governmental entity, if any, or is payable pursuant to an agreement constituting a valid general obligation of the grantor and (B) the amount, if any, of Bond proceeds available or projected to be available to pay Principal Installments and interest becoming due in such Fiscal Year on Bonds Outstanding; provided that the interest and Principal Installments payable on any Series of Agency Bonds during such period shall

be limited to the Required Debt Service Fund Deposits for such period set forth in the applicable Supplemental Indenture; and provided, further, for purposes of demonstrating compliance with Section 603(2) of the Indenture (as contemplated by Section 603(4) of the Indenture), that the amount of Debt Service Assistance deducted from such calculation pursuant to clause (iii) above shall include only Debt Service Assistance actually received by the Commission during or on account of such period and deposited in the Debt Service Assistance Account or amounts in anticipation thereof transferred from the Revenue Fund or from general funds of the Commission and deposited in such account. The Debt Service Requirement in respect of a Series of Bonds that constitute Variable Rate Bonds, shall be computed by applying the Assumed Variable Rate.

The Debt Service Requirement for any Series of Bonds with respect to which a Qualified Swap Agreement is in effect or for Capital Appreciation Bonds may, at the direction of the Commission, with the consent of the Bond Insurer, if any, insuring such Series of Bonds, be computed using any of the special rules set forth under the definition of Debt Service Fund Requirement.

“Debt Service Reserve Fund” shall mean the fund so designated and created by Section 502 of the Indenture.

“Debt Service Reserve Fund Requirement” shall mean, as of any date of calculation, an amount equal to the lesser of (A) 10% of the original principal amount of such Series of Bonds, (B) one hundred twenty-five percent (125%) of the average annual Debt Service Requirement on a Series of Bonds in any current or future Fiscal Year or other appropriate twelve month period on such Series of Bonds, (C) the maximum aggregate Debt Service Requirement on a Series of Bonds in any current or future Fiscal Year or other appropriate twelve month period on such Series of Bonds, or (D) the maximum amount permitted by federal tax law to be funded from Bond proceeds without requiring yield restriction. The Debt Service Reserve Fund Requirement, in respect of a Series of Bonds that constitute Variable Rate Bonds, shall be computed by applying the Assumed Variable Rate. In computing the Debt Service Reserve Fund Requirement in respect of a Series of Variable Rate Bonds with respect to which a Qualified Swap Agreement is in effect pursuant to which the Commission has agreed to pay a Counterparty an amount based on a fixed interest rate, such Series of Variable Rate Bonds shall be deemed to bear interest at an effective rate equal to the fixed interest rate payable by the Commission under such Qualified Swap Agreement; provided that such effective fixed rate may be utilized only if such Qualified Swap Agreement does not result in a reduction or withdrawal of any rating then in effect (without regard to any credit enhancement) with respect to the Bonds and so long as such Qualified Swap Agreement is contracted to remain in full force and effect through the stated maturity date of the Variable Rate Bonds. The Commission may, by Supplemental Indenture, establish a different Debt Service Reserve Fund Requirement for a subaccount of a Debt Service Reserve Account that is established to secure one or more, but less than all Series of Bonds issued under the Indenture. There shall be no Debt Service Reserve Fund Requirement for any Series of Agency Bonds Outstanding on the date of the Indenture.

“Depository” shall mean any bank or trust company selected in accordance with Section 803 of the Indenture as a depository of moneys to be held under the provisions of the Indenture, and may include the Trustee.

“Discount Bonds” shall have the meaning given such term in Section 203(5) of the Indenture.

“Fiduciary” shall mean the Trustee, any Paying Agent, any Depository or any Authenticating Agent.

“Financial Advisor” shall mean an attorney or firm or firms of national recognition experienced in matters relating to the planning and marketing of obligations similar in nature to the Bonds.

“Fiscal Year” shall mean the period beginning on July 1 of any calendar year and ending on June 30 of the next succeeding calendar year or such other period of twelve calendar months as may be authorized as the fiscal year of the Commission.

“Fixed Rate Bonds” shall have the meaning given such term in Section 203(2) of the Indenture.

“Generally Accepted Government Auditing Standards” shall mean the guidelines for audits created by the Comptroller General and the audit agency of the United States Congress, the Government Accountability Office, also known as the Yellow Book.

“Government Obligations”, except as provided in any Supplemental Indenture in connection with the issuance of a Series of Bonds, shall mean (i) direct general obligations of the United States of America and bonds, notes or other obligations which as to both principal and interest are unconditionally guaranteed by the United States of America and (ii) any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state (a) which are not callable at the option of the obligor or otherwise prior to maturity or as to which irrevocable notice has been given by the obligor to call such bonds or obligations on the date specified in the notice, (b) which are fully secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or bonds or other obligations of the character described in clause (i) above which fund may be applied only to the payment of interest when due, principal of and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (c) as to which the principal of and interest on the bonds and obligations of the character described in clause (i) above which have been deposited in such fund along with any cash on deposit in such fund is sufficient to pay interest when due, principal of and redemption premium, if any, on the Bonds or other obligations described in this clause (ii) on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this clause (ii), as appropriate.

“Insurance Reserve Fund” shall mean the fund so designated and created pursuant to Section 502 of the Indenture.

“Insurance Reserve Fund Requirement” shall have the meaning given to such term in Section 606 of the Indenture.

“Municipal Advisor” shall mean an independent financial consultant or firm of consultants registered with the Securities and Exchange Commission and having expertise in matters relating to the issuance and/or administration of the Bonds.

“Net Revenues” shall mean, for any period of computation, all Revenues (excluding Debt Service Assistance deposited in the Debt Service Assistance Account and any proceeds of insurance, condemnation or the sale or other disposition of any part of the System deposited in the Revenue Fund during such period, but including unrestricted fund balance on the books of the System) received by the Commission during such period and deposited in the Revenue Fund plus (i) the amount of any Reserved Revenues directed by the Commission to be withdrawn from the Stabilization Account and transferred from the Stabilization Account in accordance with Section 506 of the Indenture, less (ii) all amounts withdrawn from the Revenue Fund during such period and (iii) deposited in the Operation and Maintenance Fund, the Rebate Fund and the Stabilization Account or (iv) required to be deposited in the Debt Service Reserve Fund during such period.

“Notes” shall mean any obligations (other than Bonds or Subordinated Bonds) issued or incurred by the Commission to finance the Costs of Capital Improvements or Operating Expenses.

“Operating Capital Account” shall mean the accounts so designated in the Project Fund and created in accordance with Section 503 of the Indenture.

“Operating Reserve for Revenue Stability Fund” shall mean the fund so designated and created by Section 502 of the Indenture.

“Operating Reserve for Revenue Stability Fund Requirement” shall have the meaning given to such term in Section 608 of the Indenture.

“Operation and Maintenance Fund” shall mean the fund so designated and created by Section 502 of the Indenture.

“Operating Expenses” shall mean any expenses incurred by or for the account of the Commission or reimbursable by or to the Commission for operation, maintenance, renewal and repair of the System including, without limiting the generality of the foregoing, administrative expenses, financial, legal and auditing expenses,

insurance premiums, payments on claims against the Commission to the extent monies are unavailable therefor in the Insurance Reserve Fund or to the extent such claims shall fall within such reasonable deductible limits as may be determined by the Commission, if any, payments in lieu of taxes, taxes, if any, payments of rates, assessments or other charges to the Commission with respect to the System, legal and engineering expenses relating to operation and maintenance, payments and reserves for pension, retirement, health, hospitalization and sick leave benefits for Commission employees allocable to the System and any other similar expenses required to be paid by the Commission, all to the extent properly and directly attributable to the System, and the expenses, liabilities and compensation of the Fiduciaries required to be paid under the Indenture, but does not include the Cost of any Capital Improvement or any provision for interest, depreciation, amortization or similar charges on any indebtedness except for (i) interest paid on notes, and renewals thereof, issued in accordance with Section 607(2) of the Indenture (to the extent not included in the Cost of any Project), and (ii) payments made with respect to any indebtedness represented by leases, mortgages, security interests and other encumbrances permitted by Section 604(3) of the Indenture.

“Operation and Maintenance Reserve Fund” shall mean the fund so designated and created by Section 502 of the Indenture.

“Operation and Maintenance Reserve Fund Requirement” shall have the meaning given to such term in Section 608 of the Indenture.

“Outstanding”, when used with reference to Bonds or Subordinated Bonds, shall mean as of any particular date, all Bonds or Subordinated Bonds theretofore and thereupon being authenticated and delivered except (1) any Bond or Subordinated Bond canceled by the Trustee, or proven to the satisfaction of the Trustee to have been canceled by the Commission or by any other Fiduciary, at or before said date, (2) any Bond or Subordinated Bond for the payment or redemption of which moneys equal to the Principal Amount or Redemption Price thereof, as the case may be, with interest to the maturity or redemption date, shall have theretofore been deposited with the Trustee in trust (whether upon or prior to maturity or the redemption date of such Bond or Subordinated Bond) and, except in the case of a Bond or Subordinated Bond to be paid at maturity, of which notice of redemption shall have been given or provided for in accordance with Article IV, (3) any Bond or Subordinated Bond in lieu of or in substitution for which another Bond shall have been delivered pursuant to Article III, Section 406 or Section 1006 of the Indenture, and (4) any Bond or Subordinated Bond deemed to have been paid as provided in Section 1101 of the Indenture.

“Paying Agent” shall mean any paying agent or co-paying agent for Bonds or Subordinated Bonds of any Series appointed pursuant to the Indenture or an applicable Supplemental Indenture and its successor or successors and any other corporation which may at any time be substituted in its place pursuant to the Indenture.

“Permitted Investments” shall mean, except as provided in any Supplemental Indenture in connection with a Series of Bonds, and include any of the following securities, if and to the extent the same are at the time legal for investment of the funds held pursuant to this Indenture:

(1) Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury, and CATS and TGRS) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

(2) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):

- (i) U.S. Export-import Bank (Eximbank)
Direct obligations or fully guaranteed certificates of beneficial ownership
- (ii) Farmers Home Administration (FmHA)
Certificates of beneficial ownership
- (iii) Federal Financing Bank
- (iv) Federal Housing Administration Debentures (FHA)
- (v) General Services Administration
Participation certificates

- (vi) Government National Mortgage Association (GNMA or “Ginnie Mae”)
 - GNMA - guaranteed mortgage-backed bonds
 - GNMA - guaranteed pass-through obligations
- (vii) U.S. Maritime Administration
 - Guaranteed Title XI financing
- (viii) U.S. Department of Housing and Urban Development (HUD)
 - Project Notes
 - Local Authority Bonds
 - New Communities Debentures - U.S. government guaranteed debentures
 - U.S. Public Housing Notes and Bonds – U.S. government guaranteed public housing notes and bonds

(3) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself):

- (i) Federal Home Loan Bank System
 - Senior debt obligations
- (ii) Federal Home Loan Mortgage Corporation (FHLMC or “Freddie Mac”)
 - Participation Certificates
 - Senior debt obligations
- (iii) Federal National Mortgage Association (FNMA or “Fannie Mae”)
 - Mortgage-backed securities and senior debt obligations
- (iv) Student Loan Marketing Association (SLMA or “Sallie Mae”)
 - Senior debt obligations
- (v) Resolution Funding Corp. (REFCORP) obligations
- (vi) Farm Credit System
 - Consolidated systemwide bonds and notes

(4) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of AAAm-G; AAA-m; or AA-m and if rated by Moody’s rated Aaa, Aa1 or Aa2.

(5) Certificates of deposit secured at all times by collateral described in (A) and/or (B) above. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks. The collateral must be held by a third party and the bondholders must have a perfected first security interest in the collateral.

(6) Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC, including the Bank Insurance Fund (BIF) and the Savings Association Insurance Fund (SAIF).

(7) Investment Agreements, including guaranteed investment contracts (GICs), Forward Purchase Agreements and Reserve Fund Put Agreements acceptable to the Bond Insurer.

(8) Commercial paper rated, at the time of purchase, “Prime - 1” by Moody’s and “A-1” or better by Standard & Poor’s (“S&P”).

(9) Bonds or notes issued by any state or municipality which are rated by Moody’s and S&P in one of the two highest rating categories assigned by such agencies.

(10) Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of “Prime 1” or “A3” or better by Moody’s and “A-1” or “A” or better by S&P.

(11) Repurchase Agreements (“Repos”) which exceed 30 days must be acceptable to the Bond Insurer. Repos for 30 days or less must follow the following criteria:

Repos provide for the transfer of securities from a dealer bank or securities firm (seller/borrower) to the Commission (buyer/Lender), and the transfer of cash from the Commission to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the Commission in exchange for the securities at a specified date.

- (i) Repos must be between the Commission and a dealer bank or securities firm
 - (a) Primary dealers on the Federal Reserve reporting dealer list which are rated A or better by S&P and Moody’s, or
 - (b) Banks rated “A” or above by S&P and Moody’s
- (ii) The written Repo contract must include the following:
 - (a) Securities which are acceptable for transfer are:
 - (1) Direct U.S. governments, or
 - (2) Federal agencies backed by the full faith and credit of the U.S. government (and FNMA & FHLMC)
 - (b) The term of the Repo may be up to 30 days
 - (c) The collateral must be delivered to the Commission, the Trustee (if the Trustee is not supplying the collateral) or third party acting as agent for the Trustee (if the Trustee is supplying the collateral) before/simultaneous with payment (perfection by possession of certificated securities).
 - (d) Valuation of Collateral, Notwithstanding Section 514(3) of the Resolution, investments shall be valued as follows:
 - (1) The securities must be valued weekly, marked-to-market at current market price plus accrued interest
 - (2) The value of collateral must be equal to 104% of the amount of cash transferred by the Commission to the dealer bank or security firm under the Repo plus accrued interest. If the value of securities held as collateral slips below 104% of the value of the cash transferred by the Commission, then additional cash and/or acceptable securities must be transferred. If, however, the securities used as collateral are FNMA or FHLMC, then the value of collateral must equal 105%.
 - (3) Legal opinion which must be delivered to the Commission:
Repo meets guidelines under state law for legal investment of public funds.

(12) Any state administered pool investment fund in which the Commission is statutorily permitted or required to invest will be deemed a Permitted Investment.

(13) Debt Service Reserve Fund investments should be valued at fair market value and marked to market at least once per year. Debt Service Reserve Fund investments may not have maturities extending beyond 5 years, except for Investment Agreements approved by the Bond Insurer.

(14) Advance-Refunded Municipal Bonds.

“Principal Amount,” with respect to any Bond or Subordinated Bond, shall mean the stated principal thereon or such other amount payable on any Compound Interest Bond or Discount Bond designated as the Principal Amount thereof pursuant to the applicable Supplemental Indenture.

“Principal Installment” shall mean, as of any particular date of computation and with respect to State Obligations, Bonds or Subordinated Bonds of a particular Series, an amount of money equal to the aggregate of (i) the Principal Amount of State Obligations, Outstanding Bonds or Subordinated Bonds of said Series which mature on such date, reduced by the aggregate Principal Amount of such State Obligations, Outstanding Bonds or Subordinated Bonds which would at or before said date be retired by reason of the payment when due and application in accordance with the Indenture of Sinking Fund Payments payable at or before said date for the retirement of such State Obligations, Outstanding Bonds or Subordinated Bonds, plus (ii) the amount of any Sinking Fund Payment payable on said date for the retirement of any State Obligations, Outstanding Bonds or Subordinated Bonds of said Series.

“Principal Office,” when used with respect to a Fiduciary, shall mean the office where such Fiduciary maintains its principal office or, where different, its principal corporate trust office.

“Project” shall mean a Capital Improvement, all or a portion of the Cost of which is financed by Bonds.

“Project Account” shall mean one of the accounts so designated in the Project Fund created by Section 503 of the Indenture.

“Project Fund” shall mean the fund so created by Section 502 of the Indenture.

“PUC” shall mean the Public Utilities Commission of the State of Rhode Island created pursuant to Chapter 39-1 of the General Laws of Rhode Island, as amended from time to time.

“Purchase Fund” shall mean the fund so designated by Section 502 of the Indenture and created by any Supplemental Indenture.

“Purchase Price” shall mean, except as provided in any Supplemental Indenture, the price at which a Series of Bonds is purchased.

“Qualified Swap Agreement” shall mean (a) an agreement between the Commission or the Trustee (at the written direction of the Commission) and Counterparty which is an Interest Rate Swap, forward rate agreement, commodity swap, interest rate option, forward foreign exchange agreement, rate cap agreement, rate floor agreement, rate collar agreement, currency swap agreement, embedded cap, cross-currency rate swap agreement, currency option, any other similar agreement (including any option to enter into any of the foregoing), (b) any combination of the foregoing, or (c) a master agreement for any of the foregoing together with all supplements. If at the time the Commission enters into a Qualified Swap Agreement payable from the Trust Estate a Rating Agency rates any Series of Bonds (without regard to credit enhancement) below “A-”, then the approval of the Insurer must be obtained prior to the entry into such Qualified Swap Agreement.

“Qualified Swap Payments” means as of each payment date specified in a Qualified Swap Agreement, the amount, if any, payable to the Counterparty by the Commission or the Trustee on behalf of the Commission, but excluding any payments due from the Commission or the Trustee on behalf of the Commission, as a cost, expense or fee under the Qualified Swap Agreement, including, but not limited to, any swap termination payment or indemnification of the Counterparty.

“Qualified Swap Receipts” means as of each payment date specified in a Qualified Swap Agreement, the amount, if any, payable to the Commission or the Trustee for the account of the Commission by the Counterparty.

“Rates and Charges” shall mean, except as otherwise expressly provided in the Indenture, all fees, rates, rents, assessments and other charges established by or on behalf of the Commission for the services, facilities and commodities furnished or supplied by it from the operation of the System.

“Rating Agency” shall mean Fitch, Moody’s Investors Service or Standard & Poor’s and their respective successors and assigns and shall also include any other rating agency nationally recognized for skill and expertise in rating the credit of obligations such as the Bonds or Subordinated Bonds.

“Rebate Fund” shall mean the fund so designated by any Supplemental Indenture.

“Redemption Fund” shall mean the fund so designated and created by Section 502 of the Indenture.

“Redemption Price” shall mean, with respect to any Bond or Subordinated Bond or portion thereof, the Principal Amount thereof or of such portion, or such other amount as may be provided in the applicable Supplemental Indenture, plus the premium, if any, payable upon redemption thereof.

“Refunding Bonds” shall mean any of the Bonds authorized by Section 206 of the Indenture.

“Reimbursement Obligation” shall have the meaning given such term in Section 208 of the Indenture.

“Remarketing Agent” shall mean any agent appointed pursuant to the applicable Supplemental Indenture to remarket Tender Bonds as defined in Section 203(4) of the Indenture.

“Renewal and Replacement Reserve Fund” shall mean the fund so designated and created by Section 502 of the Indenture.

“Renewal and Replacement Reserve Fund Requirement” shall have the meaning given such term by Section 609 of the Indenture.

“Report on Applying Agreed Upon Procedures” shall mean an agreed-upon procedures engagement in accordance with standards of the Accounting Standards Board of the American Institute of Certified Public Accountants.

“Required Debt Service Fund Deposits” shall mean, with respect to each Series of Agency Bonds, the amounts so designated pursuant to Section 205(1)(ix) of the Indenture and the applicable Supplemental Indenture;

“Reserve Deposits,” except as set forth in any Supplemental Indenture, shall mean one or more of the following:

- (i) irrevocable, unexpired letters of credit issued by banking institutions the senior long-term debt obligations of which (or of the holding company of such banking institution) have (at the time of issue of such letter of credit) a rating within the two highest rating categories generally available to banking institutions by each Rating Agency rating such debt without regard to any gradations within such categories; or
- (ii) irrevocable and unconditional policies of insurance in full force and effect issued by municipal bond insurers the obligations insured by which are eligible for a rating at the time of issuance of such policies within the two highest rating categories available to insurers generally issuing such insurance by each Rating Agency rating such insurance without regard to any gradations within such categories.

in each case providing for the payment of sums for the payment of Principal Installments and interest on Bonds in the manner provided under Section 508 of the Indenture.

“Reserved Revenues” shall mean, as of any date of calculation, the amount then on deposit in the Stabilization Account of the Debt Service Fund.

“Revenue Anticipation Notes” shall mean Notes issued in accordance with Section 607 of the Indenture in anticipation of user fees or the receipt of state or federal funds.

“Revenue Fund” shall mean the “Narragansett Bay Commission Water Quality Management District Commission Fund” so designated and created in accordance with the Act as described in Section 502 of the Indenture.

“Revenues” shall mean and include (except as otherwise expressly provided in the Indenture) (i) all income, revenues, receipts, and other moneys, including any unrestricted fund balance attributable to the operation of the System, (a) derived by the Commission from its ownership and operation of the System (including collections by or on behalf of the Commission on account of services and commodities furnished or supplied by the System prior to the effective date of the Indenture) or (b) derived from any other source, to the extent such moneys are deposited or required to be deposited to the Revenue Fund by the Commission from time to time pursuant to a Supplemental Indenture (provided that any such moneys shall not be considered Revenues for purposes of Section 603(2) of the Indenture unless at the time of the deposit thereof to the Revenue Fund an Authorized Officer shall have submitted to the Trustee a certificate designating such moneys as Revenues for such purpose) and (ii) all accounts, general

intangibles and contract or other rights to receive the Revenues described in clause (i), whether existing at the effective date of the Indenture or thereafter coming into existence and whether held by the Commission at the effective date of the Indenture or thereafter acquired, and the proceeds thereof, including, without limiting the generality of the foregoing, receipts from Rates and Charges and from the earnings on the investment of any moneys held under the Indenture by the Trustee, a Depository or the Commission or remitted to the Commission by the Agency (other than moneys held in the Rebate Fund, the Purchase Fund, if any, and the Unrestricted Fund), receipts from fees, rates, assessments and other charges to any political subdivision of the State for services or commodities furnished or supplied by the System, proceeds of any grant or appropriation for or on account of Operating Expenses received by the Commission from the United States or the State or from any agency, instrumentality or political subdivision of either thereof, Debt Service Assistance and except to the extent otherwise provided in the Indenture, proceeds of the sale or other disposition of all or any part of the System and of insurance and condemnation awards received with respect to the System or any part thereof and Qualified Swap Receipts, but not including (i) any amounts not deemed "Revenues" pursuant to Section 515 of the Indenture, (ii) the proceeds of the \$87,700,000 Narragansett Bay Water Quality Management District Commission Loan of 1980 and any premium or premiums and accrued interest received for such loan, and (iii) proceeds received by the Commission pursuant to any Agency Loan Agreement.

"Series" when used with respect to less than all of the Bonds or Subordinated Bonds, shall mean or refer to all of the Bonds or Subordinated Bonds authenticated and delivered on original issuance in a simultaneous transaction, regardless of variations in maturity, interest rate or other provisions and may also mean, if appropriate, a lot or subseries of any Series if, for any reason, the Commission should determine to divide any Series into two or more lots or subseries.

"Series Debt Service Reserve Fund Requirement" shall mean, as of any date of calculation, the aggregate amount required to be deposited to the Debt Service Reserve Fund pursuant to the Supplemental Indenture applicable to a particular Series of Bonds.

"Sinking Fund Payment" shall mean, as of any particular date of computation and with respect to Bonds or Subordinated Bonds of a particular Series, the amount of money required by any Supplemental Indenture to be paid by the Commission on such date for the retirement of any Outstanding Bonds or Subordinated Bonds of said Series which mature after said date, but does not include any amount payable by the Commission by reason of the redemption of Bonds or Subordinated Bonds at the election of the Commission or the Holders of such Bonds.

"Stabilization Account" shall mean the account in the Debt Service Fund so designated and created in accordance with Section 502 of the Indenture.

"State" shall mean the State of Rhode Island and Providence Plantations.

"State Obligations" shall mean obligations of the Commission to the State with respect to principal of, premium, if any, and interest on State debt required to be paid by the Commission under Rhode Island General Laws Section 46-25-5(9).

"State Obligations Reimbursement Account" shall mean the account so designated and created in the Debt Service Fund in accordance with Section 502 of the Indenture.

"Subordinated Bonds" shall have the meaning given such term in Section 209 of the Indenture.

"Supplemental Indenture" shall mean any indenture of the Commission amending or supplementing the Indenture adopted and becoming effective in accordance with the terms of Article IX of the Indenture.

"System" shall mean the wastewater system of the Commission, together with any Capital Improvements or other additions thereto and substitutions for any part thereof heretofore or hereafter acquired or made by or on behalf of the Commission, and all other properties of the Commission used in, or necessary or desirable for, the operation of such system.

“Trust Estate” means all right, title and interest of the Commission in and to (i) all Revenues, and (ii) all monies, securities and Reserve Deposits in all funds and accounts established by or pursuant to the Indenture, except the Operation and Maintenance Fund, the Rebate Fund, the Purchase Fund, if any, and the Unrestricted Fund, if established.

“Unrestricted Fund” shall mean the fund so designated and created by Section 502 of the Indenture.

“Yellow Book Letter” shall mean the correspondence prepared by the Certified Public Accountant to disclose reportable matters under Generally Accepted Government Auditing Standards.

Indenture to Constitute Contract (Section 202). In consideration of the transfer by the State of the Narragansett Bay Water Quality Management District Commission Fund to the Commission, and the purchase and acceptance of the Bonds and Subordinated Bonds by those who shall own the same from time to time, the Indenture shall constitute a contract between the Commission, the State, and the Holders from time to time of the Bonds and Subordinated Bonds, and the pledges made in the Indentures and the covenants and agreements therein set forth to be performed by or on behalf of the Commission shall be, subject to the provisions of Section 209 of the Indenture, for the equal benefit, protection and security of the Holders of any and all of the State Obligations, the Bonds and Subordinated Bonds, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof, of any of the State Obligations over any other thereof, or of any of the Subordinated Bonds over any other thereof, except as expressly provided in or permitted by the Indenture.

Authorization of Bonds (Section 203). Under the Indenture, the Commission may issue one or more Series of Bonds to be designated as “Wastewater System Revenue Bonds,” which Bonds may be issued as provided in the Indenture from time to time, without limitation as to amount except as provided in the Indenture or as limited by law. Bonds may be issued under the Indenture for the purpose of (i) paying all or a portion of the Cost of any Project, (ii) the making of deposits in all funds and accounts, excluding the Unrestricted Fund, established under the Indenture, (iii) the payment of Costs of Issuance and the discount, if any, payable upon issuance of such Series of Bonds, (iv) the payment of the principal of and interest and premium, if any, on Notes issued in anticipation of such Bonds, (v) the securing of the Commission’s repayment obligations with respect to, or sale to the Agency pursuant to, one or more Agency Loan Agreements or (vi) any combination of the foregoing. The Bonds may be issued as Fixed Rate Bonds, Variable Rate Bonds, Tender Bonds, Compound Interest Bonds, Deferred Interest Bonds, Discount Bonds, Refunding Bonds, Cross-over Refunding Bonds, or any combination thereof in accordance with applicable provisions set forth in the Indenture and the applicable Supplemental Indenture.

General Provisions for Issuance of Bonds (Section 205). The Bonds of each Series shall be executed by the Commission and delivered to the Authenticating Agent for such Series of Bonds and by it authenticated and delivered to or upon the order of the Commission, but only upon receipt by the Trustee of:

- (i) written order signed by an Authorized Officer of the Commission as to the authentication and delivery of such Bonds;
- (ii) a copy of the applicable Supplemental Indenture authorizing such Series of Bonds executed by an Authorized Officer;
- (iii) an amount of moneys or Reserve Deposits in a stated amount such that following the issuance of such Bonds and application of their proceeds, the amounts on deposit in and the aggregate stated and unpaid amount of all Reserve Deposits held as part of the Debt Service Reserve Fund shall equal the Debt Service Reserve Fund Requirement, if any; provided, however, that the applicable Supplemental Indenture may provide that the Series Debt Service Reserve Fund Requirement, if any, attributable to any Series of Agency Bonds may be funded in substantially equal monthly installments over a period of time after issuance as specified in the applicable Supplemental Indenture (which period shall not exceed 24 months);

- (iv) a certificate of a Consulting Engineer, Certified Public Accountant or Municipal Advisor (a) setting forth the estimated annual Net Revenues for each of the three full Fiscal Years following the issuance of such Bonds (including the Fiscal Year in which such Bonds are issued), after giving effect to any increases or decreases in Rates and Charges projected to be in effect for such period, and to the Series Debt Service Reserve Fund Requirement attributable to such Bonds and to any additional Revenues projected to be available during such period, and (b) showing for each of such Fiscal Years that the estimated annual Net Revenues for such Fiscal Year together with the amounts of Reserved Revenues, if any, available in such Fiscal Year (as calculated by an Authorized Officer at the time of the issuance of such Bonds) will be, except with respect to Agency Bonds, at least equal to one hundred twenty-five percent (125%) and with respect to Agency Bonds, at least equal to one hundred thirty-five percent (135%) of the Required Debt Service Fund Deposits for Agency Bonds (based on debt service net of any interest rate subsidy) for such Fiscal Year (or such higher amount as may be set forth in the Supplemental Indenture authorizing the issuance of such Series of Bonds) of (A) the Debt Service Requirement for such Fiscal Year less (B) the amount, if any, of Bond proceeds available or projected to be available to pay Principal Installments and interest becoming due in such Fiscal Year on Bonds Outstanding or projected to be Outstanding as of the first day of such Fiscal Year; provided that the Consulting Engineer's, Certified Public Accountant's, or Municipal Advisor's certificate shall not project any increase in Rates and Charges during the first full Fiscal Year of the projection period which has not been adopted by the Commission for such Fiscal Year on or before the date of such certificate;
- (v) if on the date of issuance of such Series of Bonds the Commission has any outstanding obligation to replenish the Debt Service Reserve Fund under Section 508(4) of the Indenture, evidence that the Commission has made at least one monthly payment with respect to such obligation on or before the date required thereunder;
- (vi) a certificate of an Authorized Officer stating that, as of the date of delivery of such Bonds, no Event of Default, as described in Section 701 of the Indenture, has occurred and is continuing; and
- (vii) to the extent required by law, an order of the Division of Public Utilities approving the issuance of the Bonds.

Issuance of Additional Bonds and Refunding Bonds (Section 206 and Preamble). The pledge of the right, title and interest of the Commission in and to the Trust Estate is given subject to the right of the Commission to issue Additional Bonds secured on a parity basis with the Bonds by the Trust Estate. One or more Series of Refunding Bonds or Cross-over Refunding Bonds may be issued in accordance with Section 206 of the Indenture for the purpose of refunding all or any part of the Bonds of one or more Series Outstanding.

Additional Security (Section 208). In addition to the security provided for the Bonds under the Indenture, in connection with any Series of Bonds under the Indenture, the Commission may obtain or cause to be obtained letters of credit, lines of credit, insurance or similar obligations, agreements or instruments ("Additional Security") securing or providing for the payment of all or a portion of the Principal Installments or Redemption Price of, or interest due or to become due on, such Bonds or providing for the purchase of such Bonds or a portion thereof by the issuer or obligor of any such Additional Security. In connection therewith the Commission may enter into such agreements with the issuer of or obligor on such Additional Security providing for, among other things, the payment of fees and expenses to such issuer or obligor for the issuance of such Additional Security, which fees and expenses may be Costs of Issuance or Operating Expenses as appropriate, the terms and conditions of such Additional Security and the Series of Bonds affected thereby, and the security, if any, to be provided for the issuance of such Additional Security and the payments of such fees and expenses or the obligations of the Commission with respect thereto.

In addition to any security permitted hereunder, the Commission may secure its obligations with respect to any Additional Security by an agreement providing for the purchase of the Series of Bonds secured thereby with such adjustments to the rate of interest, method of determining interest, maturity, or redemption provisions as specified by the Commission in the applicable Supplemental Indenture. The Commission may also in an agreement with the issuer of or obligor on such Additional Security agree to directly reimburse ("Reimbursement Obligations")

such issuer or obligor for amounts paid under the terms of such Additional Security, together with interest thereon. Such Reimbursement Obligations may be secured by a lien on Revenues which, upon payment of amounts payable under the terms of such Additional Security and application of such amounts as provided in the agreements providing therefor, may be on a parity with the lien created by Section 501 of the Indenture.

Subordinated Bonds (Section 209). The Commission may, subject to the conditions set forth in Section 209 of the Indenture, from time to time issue bonds which shall be secured by a pledge of the Trust Estate that is subordinate to the pledge effected by Section 501 of the Indenture for the benefit of Bonds.

The Pledge Effected by the Indenture (Section 501). There are pledged pursuant to the Indenture for the payment of the Principal Amount and Redemption Price of and interest on the State Obligations, the Bonds and, to the extent provided in any Qualified Swap Agreement for the payment of Qualified Swap Payments pursuant to Qualified Swap Agreements and all other amounts due from time to time under the Indenture and, subject to the provisions of Section 209 of the Indenture, Subordinated Bonds, in each case, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture, (i) subject to Section 207 of the Indenture, the proceeds of sale of the Bonds, (ii) all Revenues, and (iii) all moneys, securities and Reserve Deposits in all funds and accounts established by or pursuant to the Indenture except the Operation and Maintenance Fund, the Rebate Fund, the Purchase Fund, if any, and the Unrestricted Fund. The Bonds and Subordinated Bonds shall be general obligations of the Commission and the full faith and credit of the Commission are hereby pledged for the payment of the Principal Amount and Redemption Price and interest on the Bonds and Subordinated Bonds. Neither the State nor any political subdivision thereof or city or town therein, other than the Commission, shall be obligated to pay the Bonds or Subordinated Bonds and neither the faith and credit nor the taxing power of the State or any political subdivision thereof or city or town therein is pledged to the payment of the Bonds or Subordinated Bonds.

Establishment of Funds and Accounts (Section 502). The following funds and accounts shall be established to be held by the Trustee, except the Operation and Maintenance Fund, the Insurance Reserve Fund, and the Unrestricted Fund, which shall be held by the Commission in the custody of one or more banks selected by the Commission (including but not limited to the Trustee or any Depository) and the Revenue Fund, which, prior to the occurrence of any Event of Default hereunder, shall be under the exclusive control of the Commission, and which shall be held by the Trustee upon the occurrence of any Event of Default hereunder:

- (i) Project Fund
 - (a) Project Accounts
 - (b) Operating Capital Accounts
 - (c) Grants and Project Reimbursements Account
 - (d) Cost of Issuance Accounts
- (ii) Revenue Fund (the “Narragansett Bay Water Quality Management District Commission Fund”)
 - (a) Narragansett Bay Environmental Enforcement Fund
- (iii) Operation and Maintenance Fund
- (iv) Debt Service Fund
 - (a) State Obligations Reimbursement Account
 - (b) Debt Service Payment Account
 - (c) Debt Service Assistance Account
 - (d) Stabilization Account
- (v) Redemption Fund
- (vi) Debt Service Reserve Fund
- (vii) Operation and Maintenance Reserve Fund
- (viii) Insurance Reserve Fund
- (ix) Renewal and Replacement Reserve Fund
- (x) Rebate Fund
- (xi) Unrestricted Fund
- (xii) Operating Reserve for Revenue Stability Fund

There shall be established within the Debt Service Fund a separate account to be known as the Debt Service Assistance Account. The Commission may establish a special account to be held by the Trustee or its agent and to

be called the Purchase Fund. Such Purchase Fund and the amounts therein shall only be applied to the purposes thereof as set forth in a Supplemental Indenture. The Commission may establish, in connection with the issuance of one or more Series of Bonds or Subordinated Bonds or pursuant to an order of the PUC, additional funds or accounts hereunder to be held for the benefit of one or more Series of Bonds or Subordinated Bonds and subaccounts within the funds and accounts established hereunder, as set forth in Supplemental Indentures. Any fund or account established pursuant to an order of the PUC may be closed with approval of the PUC.

Project Fund (Section 503). The Supplemental Indenture for any Series of Bonds or Subordinated Bonds issued in whole or in part to pay the Cost of any Project may establish within the Project Fund one or more separate accounts (herein called "Project Accounts") for such Series of Bonds or Subordinated Bonds.

There shall be deposited in each Project Account (i) the amount, if any, provided in the applicable Supplemental Indenture to be deposited therein to pay the Costs of the Projects financed by such Series, (ii) the proceeds of any Bond Anticipation Notes (or renewals thereof which were issued to pay the cost of any Project financed in whole or in part by such Bonds, (iii) the proceeds of insurance on any such Project received by the Commission during the period of construction pursuant to Section 606(2) of the Indenture, and (iv) any other amounts (not required by the Indenture to be otherwise deposited), as determined by the Commission, including without limitation the proceeds of any loan made or bonds sold under any Agency Loan Agreement which the Commission elects to deposit in the Project Account pending disbursement thereof to the extent permitted by the Agency.

Amounts in any Project Account shall be disbursed to or upon the order of the Commission to be applied to the Cost of the Projects financed in whole or in part by such Series upon receipt by the Trustee of one or more requisitions, in form annexed to and incorporated into the Supplemental Indenture, subject to any additional requirements imposed by the applicable Supplemental Indenture, signed by an Authorized Officer (who shall be the Executive Director of the Commission or such other person as the Commission may authorize). Upon completion of any Project the Costs of which are payable from a Project Account, the Commission shall file with the Trustee a certificate of an Authorized Officer, approved by a Consulting Engineer, setting forth the final Cost of such Project and stating (i) that such Project has been completed to the satisfaction of the Commission and (ii) that all amounts withdrawn from the applicable Project Account with respect to such Project have been applied to the Cost of such Project. Such certificate shall further set forth the balance, if any, remaining in the applicable Project Account not required for the payment of Costs of such Project. Any such balance shall be applied by the Trustee, at the written direction of an Authorized Officer of the Commission and subject to the requirements of any Supplemental Indenture (i) to the Cost of other Projects payable from such Project Account, (ii) to the Cost of other Capital Improvements, including Projects, by deposit of such amount in another and separate Project Account or (iii) to the redemption of the Bonds or Subordinated Bonds of the Series for which such Project Account was established by deposit of such amount in the Redemption Fund; provided that, in the case of proceeds of any Series of Agency Bonds, such amount shall be applied as provided in Section 503 (3)(iii) of the Indenture unless the Commission shall have received the written approval of the Agency of another use permitted under the Indenture. Notwithstanding the foregoing, if at any time the amount on deposit and available therefor in the Debt Service Fund, including the Debt Service Assistance Account, Redemption Fund and Debt Service Reserve Fund Accounts is insufficient to pay the Principal Installments and Redemption Price of and interest on the Bonds then due, the Trustee shall transfer from any unencumbered moneys on deposit in the Project Accounts (in such order of priority as the Commission by certificate of an Authorized Officer shall direct) to the Debt Service Fund the amount necessary to meet the deficiency.

Upon the determination by the Commission that a Project undertaken or to be undertaken has been or should be delayed and that no further amounts or significantly reduced amounts are required therefor from the applicable Project Account, the Commission may, subject to the requirements of any Supplemental Indenture and to the delivery to the Trustee of an opinion of Bond Counsel to the effect that such transfer or application will not have an adverse effect on the excludability of interest on Bonds of the Series for purposes of computing the federal income taxes of the Holder thereof for which such Project Account was established, direct the Trustee in writing to transfer or apply amounts then on deposit in the applicable Project Account (i) to the payment of Costs of other Projects payable from such Project Account, (ii) to another and separate Project Account or Operating Capital Account, (iii) to the Renewal and Replacement Reserve Fund, or (iv) to the Redemption Fund for application to the redemption of Bonds or Subordinated Bonds of the Series for which such Project Account was established; provided that, in the

case of proceeds of any Series of Agency Bonds, such amount shall be applied as provided in Section 503(4)(iv) of the Indenture unless the Commission shall have received the written approval of the Agency of another use permitted under the Indenture.

At any time that the Commission determines to undertake Capital Improvements to be financed by Revenues, the Commission may direct the Trustee in writing to establish within the Project Fund one or more separate accounts (herein called "Operating Capital Accounts") for such Capital Improvements. There shall be deposited in any such Operating Capital Account (i) any amounts withdrawn from the Revenue Fund for deposit therein pursuant to Section 504 of the Indenture and (ii) any amounts withdrawn from the Renewal and Replacement Reserve Fund for deposit therein pursuant to Section 512 of the Indenture; (iii) any amounts transferred from the Stabilization Account pursuant to Section 506(6)(v) of the Indenture and (iv) any other amounts (not required by the Indenture to be otherwise deposited) as determined by the Commission and certified in writing to the Trustee. Amounts in a Operating Capital Account shall be disbursed to or upon the order of the Commission to be applied to the Cost of the Capital Improvements for which such account was established upon receipt by the Trustee of one or more requisitions, in form as attached or annexed to the Supplemental Indenture and incorporated therein by reference, signed by an Authorized Officer. Upon completion of such Capital Improvements, or upon a determination by the Commission that a Capital Improvement undertaken or to be undertaken has been or should be abandoned or delayed and that no further amounts or significantly reduced amounts are required therefore from the applicable Operating Capital Account, the Commission may direct the Trustee in writing to transfer amounts then on deposit in the applicable Operating Capital Account (i) to another and separate Operating Capital Account or (ii) to the Revenue Fund. Notwithstanding the foregoing, if at any time the amount on deposit and available therefore in the Debt Service Fund, including the Debt Service Assistance Account, Redemption Fund and Debt Service Reserve Fund, is insufficient to pay the Principal Installments and Redemption Price of and interest on the Bonds then due, the Trustee shall transfer from any unencumbered moneys on deposit in the Operating Capital Accounts (in such order of priority as the Commission by certificate of an Authorized Officer shall direct) to the Debt Service Fund, the amount necessary to meet the deficiency.

There shall be deposited in the Grants and Project Reimbursements Account (i) any amounts received as grants or reimbursement from the federal or State government or any agency or department of the federal or State governments, and (ii) any amounts withdrawn from the Renewal and Replacement Reserve Fund for deposit therein pursuant to Section 512 of the Indenture and (iii) any other amounts (not required by the Indenture to be otherwise deposited) as determined by the Commission and certified in writing to the Trustee. Amounts in the Grants and Project Reimbursements Account shall be disbursed to or upon the order of the Commission to be applied to the Cost of the Capital Improvements or Operating Expenses upon receipt by the Trustee of one or more requisitions, in form as attached or annexed to the Supplemental Indenture and incorporated therein by reference, signed by an Authorized Officer. The Commission may direct the Trustee in writing to transfer amounts on deposit in the Revenue Fund. Notwithstanding the foregoing, if at any time the amount on deposit and available therefore in the Debt Service Fund, including the Debt Service Assistance Account, Redemption Fund and Debt Service Reserve Fund, is insufficient to pay the Principal Installments and Redemption Price of and interest on the Bonds then due, the Trustee shall transfer from any unencumbered moneys on deposit in the Grants and Project Reimbursements Account to the Debt Service Fund, the amount necessary to meet the deficiency.

The Commission may establish in the Supplemental Indenture for any Series of Bonds or Subordinated Bonds a separate account (herein called "Cost of Issuance Account") within the Project Fund and shall deposit in the Cost of Issuance Account for such Series any proceeds of such Series as directed by such Supplemental Indenture and any other moneys not otherwise directed to be applied by the Indenture. Amounts in a Cost of Issuance Account shall be disbursed to or upon the written order of the Commission without requisition to be applied to Costs of Issuance of the applicable Series of Bonds or Subordinated Bonds. Any balance remaining in a Cost of Issuance Account upon payment of or provision for all Costs of Issuance to be paid therefrom shall be transferred by the Trustee, upon the written direction of an Authorized Officer of the Commission, to (i) one or more Project Accounts established for the applicable Series of Bonds or Subordinated Bonds or (ii) the Revenue Fund.

Revenue Fund (Section 504). All Revenues, except (i) proceeds of insurance and condemnation to the extent provided in Section 606 of the Indenture, (ii) proceeds of any sale or other disposition of any part of the System to the extent provided in Section 604 of the Indenture, (iii) earnings on investment of the funds and accounts hereunder to the extent provided in Section 514 of the Indenture and (iv) Debt Service Assistance deposited in the Debt Service

Assistance Account as provided in Section 506 of the Indenture, shall be collected by or for the account of the Commission and deposited by or on behalf of the Commission as promptly as practicable in the Revenue Fund. There shall also be deposited in the Revenue Fund any other moneys so directed by the Indenture and any other moneys of the Commission which the Commission may in its discretion determine to so apply unless required to be otherwise applied by the Indenture.

There shall be established in the Revenue Fund, a Narragansett Bay Environmental Enforcement Fund. There shall be deposited in the Narragansett Bay Environmental Enforcement Fund such sums as the Commission may, from time to time, deposit, or sums recovered by any administrative or civil enforcement action brought under the authority of the Act. All sums shall be expended for emergency response activities, enforcement activities, additional activities and the retirement of Bonds as provided in Rhode Island General Laws Section 46-25-38.1, as amended.

On the third day prior to the last Business Day of each calendar month, the Commission (or during such times as the Trustee shall hold the Revenue Fund, the Trustee) shall apply amounts available in the Revenue Fund to the following purposes and in the following order:

- (i) To the Commission for deposit in the Operation and Maintenance Account of the Operation and Maintenance Fund, the amount specified by an Authorized Officer in accordance with Section 608 of the Indenture; provided that if no amount has been specified by such Authorized Officer, the Operating Expenses for such month shall be deemed to be 125% of the Operating Expenses expended in the same calendar month in the preceding year or such lesser amount as an Authorized Officer shall certify in writing to the Trustee, but in no event less than 100% of such amount;
- (ii) To the Debt Service Fund, an amount, which together with other amounts on deposit in such Fund, will equal the Debt Service Fund Requirement as of the first day of the next ensuing month and;
- (iii) To the Rebate Fund, the amount which together with the amounts on deposit therein, will equal the Rebate Requirement as of such day;
- (iv) Subject to Section 508 of the Indenture, to the Debt Service Reserve Fund, an amount which, together with the amounts on deposit therein, will equal the Debt Service Reserve Fund Requirement as of the first day of the next ensuing month;
- (v) To the Debt Service Assistance Account in the Debt Service Fund an amount specified by an Authorized Officer in a certificate delivered to the Trustee, as amended from time to time;
- (vi) To the Stabilization Account of the Debt Service Fund the amount, if any, designated by the Commission as further provided in Section 504(4) of the Indenture;
- (vii) To make deposits and payments with respect to obligations secured by the Revenues junior and subordinate to the Bonds as required pursuant to the Indenture, including but not limited to, swap termination payments provided that following any swap termination payment the Commission shall have funds as necessary to make the next succeeding Debt Service Payment for each Series of Bonds, or any indenture or instrument pursuant to which such obligations are issued;
- (viii) Subject to Section 608 of the Indenture, to the Operation and Maintenance Reserve Fund, an amount necessary for such Fund to equal the Operation and Maintenance Reserve Fund Requirement as of such day;
- (ix) To the Commission for deposit in the Insurance Reserve Fund, the amount, if any, determined by the Commission pursuant to Section 606(3) of the Indenture as necessary to maintain such Fund at the Insurance Reserve Fund Requirement;

- (x) Subject to Section 609 of the Indenture, to the Renewal and Replacement Reserve Fund, an amount, which together with the amounts on deposit therein, will equal the Renewal and Replacement Reserve Fund Requirement as of such day;
- (xi) To the one or more Operating Capital Accounts of the Project Fund, such amount as requested by the Commission but only upon receipt by the Trustee of (a) a copy of the resolution of the Commission approving the Capital Improvements to be funded in whole or in part from such Accounts, certified by an Authorizing Officer and (b) a certificate of an Authorized Officer stating that such deposit will not impair the ability of the Commission to either (A) meet the requirements of the Revenue Fund in the succeeding months of such Fiscal Year based on the then current Annual Budget prepared in accordance with Section 608 of the Indenture or (B) satisfy the requirements of Section 603 of the Indenture in the current or next succeeding Fiscal Year;
- (xii) To such other funds or accounts as shall be required by any Supplemental Indenture; and
- (xiii) To such other funds or accounts established by the Commission in compliance with applicable law or as required by any order of the PUC, including, but not limited to, transfers to an Operating Capital Account in accordance with Section 503(5) of the Indenture.

On the last Business Day of each Fiscal Year, the Commission shall, after making the deposits required by Section 504(2) of the Indenture, apply amounts available in the Revenue Fund to the Unrestricted Fund, the amount, if any, directed to be deposited therein in writing by an Authorized Officer.

Any balance remaining in the Revenue Fund following the above payments shall be retained in the Revenue Fund to be available for payments therefrom in the succeeding months, provided that if the Commission shall have issued Notes in accordance with Section 607(2)(i) or (iii) of the Indenture, amounts in the Revenue Fund remaining after the above payments have been made may be used by the Commission to pay the principal of such notes at maturity or upon earlier redemption.

Notwithstanding the foregoing, in the event that any order of the PUC requires that Revenues be held in a restricted account, the Commission shall request the Trustee to make such transfers as may be required to comply with any rate order. In the event that Revenues must be restricted in an account for debt service, such monies shall be deposited by the Trustee into the Stabilization Account of the Debt Service Fund.

If, on the last Business Day of any month, the amounts deposited pursuant to Section 504(2)(ii) of the Indenture are, as of such date of calculation, less than the amounts required to be deposited therein, the Trustee shall promptly notify the Agency of any such deficit.

Operation and Maintenance Fund (Section 505). Amounts in the Operation and Maintenance Fund shall be applied by the Commission from time to time to pay Operating Expenses. Amounts in the Operation and Maintenance Fund which the Commission at any time determines in writing to be in excess of the requirements of such Fund shall be withdrawn and deposited in the Revenue Fund.

Debt Service Fund (Section 506). The Trustee shall pay out of the Debt Service Fund, including the State Obligations Reimbursement Account, the Debt Service Payment Account and the Debt Service Assistance Account in accordance with a certificate of an Authorized Officer, to the respective Paying Agents (or in the case of State Obligations, the State's General Treasurer) (i) on each interest payment date the amount required for the interest and Principal Installments payable on such date and (ii) on each redemption date for any Bonds, other than a redemption date on account of Sinking Fund Payments, the amount required for the payment of interest on the Bonds then to be redeemed; provided that in each case the Commission may direct the Trustee in writing to make such payments to the Paying Agents on such date prior to the due date as the Commission determines. The Paying Agents shall apply such amounts to the payment of interest and Principal Installments on and after the due dates thereof. If on any interest payment date the amount accumulated in the Debt Service Fund, including the Debt Service Assistance Account, for either of the purposes specified above exceeds the amount required therefor, the Commission may direct the Trustee in writing to deposit such excess in the Redemption Fund or, in its discretion, in the Revenue

Fund. The Trustee shall also pay out of the Debt Service Fund, including the Debt Service Assistance Account in accordance with a certificate of an Authorized Officer, accrued interest included in the purchase price of Bonds purchased for retirement under any provision of the Indenture.

Amounts accumulated in the Debt Service Fund, including the Debt Service Assistance Account in accordance with a certificate of an Authorized Officer, with respect to any Sinking Fund Payment (together with amounts accumulated therein with respect to interest on the Bonds for which such Sinking Fund Payment was established), if so directed in writing by the Commission, shall be applied by the Trustee prior to the 45th day preceding the due date of such Sinking Fund Payment, to (i) the purchase of Bonds of the Series and maturity for which such Sinking Fund Payment was established, at prices not exceeding the applicable sinking fund Redemption Price plus interest on such Bonds to the first date on which such Bonds could be redeemed (or in the case of a Sinking Fund Payment due on the maturity date, the Principal Amount thereof plus interest to such date), such purchases to be made as directed in writing by the Commission or otherwise in such manner as the Trustee shall determine, or (ii) the redemption, pursuant to Section 402 of the Indenture, of such Bonds then redeemable by their terms. The applicable Redemption Price or Principal Amount (in the case of maturing Bonds) of any Bonds so purchased or redeemed shall be deemed to constitute part of the Debt Service Fund until such Sinking Fund Payment date for the purpose of calculating the amount of such Fund. As soon as practicable after the 45th day preceding the due date of any such Sinking Fund Payment, the Trustee shall proceed (by giving notice as provided in Section 405 of the Indenture) to call for redemption on such due date Bonds of the Series and maturity for which such Sinking Fund Payment was established (except in the case of Bonds maturing on a Sinking Fund Payment date) in such amount as shall be necessary to complete the retirement of the Principal Amount of the Bonds of such Series and maturity as specified for such Sinking Fund Payment in the applicable Supplemental Indenture, and whether or not the balance in the Debt Service Fund is sufficient to pay all such Bonds. The Trustee shall pay out of the Debt Service Fund, including the Debt Service Assistance Account in accordance with a certificate of an Authorized Officer, to the appropriate Paying Agents, on or before such redemption date or maturity date, the amount required for the redemption of the Bonds so called for redemption or for the payment of such Bonds then maturing, and such amount shall be applied by such Paying Agents to such redemption or payment.

In satisfaction, in whole or in part, of any amount required to be paid into the Debt Service Fund pursuant to Section 504(2)(iv) of the Indenture which is attributable to a Sinking Fund Payment, there may be delivered on behalf of the Commission to the Trustee, Bonds of the Series and maturity entitled to such payment. All Bonds so delivered to the Trustee in satisfaction of a Sinking Fund Payment shall reduce the amount thereof by the amount of the aggregate of the sinking fund Redemption Prices of such Bonds.

Notwithstanding anything to the contrary contained above, the Trustee shall not purchase or accept Bonds in lieu of any Sinking Fund Payment during the period of 45 days prior to the due date of any Sinking Fund Payment.

Amounts in the Stabilization Account shall be invested in Permitted Investments at a yield not in excess of the yield permitted by nationally recognized bond counsel or in Permitted Investments described in paragraph (iv) of the definition thereof the interest on which is excluded from income for purposes of federal income taxation and not subject to the alternative minimum tax.

The Trustee shall apply monies on deposit in the Stabilization Account as follows:

- (i) to any shortfall in the Debt Service Account of the Debt Service Fund after deposit of monies from the Revenue Fund but before transfers from the Debt Service Reserve Fund, on the Business Day prior to the date on which any payment of principal or interest on any Bonds is due and payable;
- (ii) to any shortfall in the Debt Service Reserve Fund;
- (iii) to fund capitalized interest and to fund the Debt Service Reserve Fund Requirement on any future Series of Bonds, as requested by the Commission;
- (iv) to the Redemption Fund, as requested by the Commission; and
- (v) to such other purposes as the Commission may direct, not inconsistent with any order of the PUC.

The Commission shall deposit Debt Service Assistance to the Debt Service Assistance Account in the Debt Service Fund to be applied by the Trustee in accordance with a certificate of an Authorized Officer, as amended from time to time. Notwithstanding anything in the Indenture to the contrary, amounts received by the Commission on account of Debt Service Assistance shall be spent in accordance with any appropriation or agreement governing such assistance. To the extent that the Commission has transferred monies to the Debt Service Assistance Account from the Revenue Fund in anticipation of the receipt of Debt Service Assistance pursuant to Section 504(2)(v) of the Indenture, once the Debt Service Assistance is received, an amount equal to such Debt Service Assistance received, but not in excess of the amount which has been so transferred to the Debt Service Assistance Account pursuant to Section 504(2)(v) of the Indenture, shall be redeposited to the Revenue Fund.

The Commission also may, from time to time, deposit general funds of the Commission to the Debt Service Assistance Account in the Debt Service Fund in anticipation of Debt Service Assistance to be received to be applied by the Trustee in accordance with a certificate of an Authorized Officer, as amended from time to time; provided that such certificate also shall state that the amount of such deposit, together with other amounts deposited therein in anticipation of Debt Service Assistance not yet received, does not exceed the amount reasonably expected to be received as Debt Service Assistance. Once the anticipated Debt Service Assistance is received, an amount equal to such Debt Service Assistance received, but not in excess of the amount which has been transferred to the Debt Service Assistance Account pursuant to the Section 506(7) of the Indenture, shall be transferred back to the Commission.

Redemption Fund (Section 507). The Commission may deposit in the Redemption Fund any moneys, including Revenues, not otherwise required by the Indenture to be deposited or applied elsewhere.

If at any time the amount on deposit and available therefor in the Debt Service Fund, including the Debt Service Assistance Account, is insufficient to pay the Principal Installments and Redemption Price of and interest on the Bonds then due, the Trustee shall withdraw from the Redemption Fund and deposit in the Debt Service Fund the amount necessary to meet the deficiency (other than amounts held therein for the redemption of Bonds for which a notice of redemption shall have already been given by the Trustee). Subject to the foregoing, if at any time the amount on deposit and available therefor in the Operation and Maintenance Fund is insufficient to pay Operating Expenses when due, the Trustee shall withdraw from the Redemption Fund and deposit in the Fund the amount necessary to meet the deficiency (other than amounts held therein for the redemption of Bonds for which a notice of redemption shall already have been given by the Trustee). Subject to the foregoing, amounts in the Redemption Fund may be applied by the Commission to the redemption of Bonds in accordance with Section 402 of the Indenture and the applicable Supplemental Indenture or, in lieu thereof, to the purchase of Bonds at prices not exceeding the applicable Redemption Prices (plus accrued interest) had such Bonds been redeemed (or, if not then subject to redemption, at the applicable Redemption Prices when next subject to redemption), such purchases to be made by the Trustee at such times and in such manner as directed in writing by the Commission.

Debt Service Reserve Fund (Section 508). Except as provided in any Supplemental Indenture amounts in each Account in the Debt Service Reserve Fund shall be used to pay debt service on the related Series of Bonds on the date such debt service is due when insufficient moneys for that purpose are available in the Debt Service Fund; provided, however that all amounts in an Account in the Debt Service Reserve Fund shall be used, together with other amounts available for such purpose under the Indenture, to provide for payment of the related Series of Bonds when the aggregate of such amounts is sufficient for such purpose. Amounts in each Account of the Debt Service Reserve Fund shall be pledged only to Holders of Bonds of the related Series; provided, however, if so provided in a Supplemental Indenture, upon the issuance of a Series of Refunding Bonds to advance refund a portion of a Series of Outstanding Bonds, amounts in the related Account of the Debt Service Reserve Fund securing the Outstanding Bonds may be pledged to the unrefunded Series of Outstanding Bonds and the Holders of the Series of Refunding Bonds on a pro rata basis. If at any time the amounts on deposit and available therefor in the Debt Service Fund, including the Debt Service Assistance Account, after transfers from the Redemption Fund are insufficient to pay the Principal Installments and Redemption Price of and interest on the Bonds then due, the Trustee shall withdraw from the Debt Service Reserve Fund and deposit in the Debt Service Fund the amount necessary to meet any such deficiency. Amounts so withdrawn shall be derived, first, from cash or Permitted Investments on deposit therein and, second, from draws or demands on Reserve Deposits held as a part thereof upon the terms and conditions set forth in the agreements applicable to any such Reserve Deposits or as otherwise set forth in the Supplemental Indenture providing for such Reserve Deposits.

The Commission may from time to time provide Reserve Deposits to satisfy the Debt Service Reserve Fund Requirement. If on the last business day of any month or on any day when a new Reserve Deposit is deposited in the Debt Service Reserve Fund, the amount on deposit in the Debt Service Reserve Fund is in excess of the Debt Service Reserve Fund Requirement (calculated as of the first day of the next succeeding month) the Trustee, shall promptly notify the Commission and, acting in accordance with a certificate of an Authorized Officer, to the extent of such excess, either (i) transfer cash and Permitted Investments to any Fund or Account established hereunder or (ii) consent to the reduction of the stated amount of any Reserve Deposit or (iii) do any combination of the foregoing.

The Trustee shall determine the amount of cash and Permitted Investments on deposit in the Debt Service Reserve Fund on the last day of the Fiscal Year of the Commission. Whenever the Trustee shall determine that the cash and Permitted Investments on deposit in the Debt Service Reserve Fund together with all other funds available for the purpose is equal to or in excess of the Redemption Price of all Bonds Outstanding, the Trustee, at the written direction of the Commission, shall transfer the balance of such cash and Permitted Investments from the Debt Service Reserve Fund to the Redemption Fund in connection with the redemption of all Bonds Outstanding.

Notwithstanding anything to the contrary in the Indenture or any Supplemental Indenture, if a cash withdrawal is made from the Debt Service Reserve Fund pursuant to Section 508(1) of the Indenture or in the event that the Commission shall not be in compliance with the Debt Service Reserve Fund Requirement, monthly deposits shall be made to the Debt Service Reserve Fund pursuant to Section 504(2)(iv) of the Indenture on the last Business Day of the calendar month in which the withdrawal is made and on the last Business Day of each of the five succeeding calendar months in an amount equal to one-sixth (1/6) of the amount of such withdrawal. In the event that the Debt Service Reserve Fund Requirement is satisfied in whole or in part by a Reserve Deposit and there shall have been a draw on such Reserve Deposit, the Commission shall (i) restore the Reserve Deposit within six months of such draw or (ii) deposit cash in the Debt Service Reserve Fund to replenish the Debt Service Reserve Requirement in accordance with the schedule set forth in the prior sentence. Unless and until the requirements of the preceding two sentences are not met, the difference between the amount of such withdrawals or draws and the amount redeposited or restored to the Debt Service Reserve Fund on account of such withdrawal or draws pursuant to the preceding sentences shall be deemed to be on deposit in the Debt Service Reserve Fund for purposes of calculating compliance with the Debt Service Reserve Fund Requirement. Monthly deposits pursuant to 504(2)(iv) of the Indenture shall be used first to restore the Reserve Deposit, thereby reinstating the Reserve Deposit, and second to replenish the cash in the Debt Service Reserve Fund.

Rebate Fund (Section 509). If any Series of Bonds or Subordinated Bonds is issued, or becomes, subject to the rebate requirement of Section 148(f) of the Internal Revenue Code of 1986, as amended, the Commission may, by Supplemental Indenture, activate the Rebate Fund established hereunder, and the Trustee shall then establish a separate Rebate Account within the Rebate Fund for such Series of Bonds or Subordinated Bonds. Funds on deposit in any Rebate Account shall be applied as set forth in the applicable Supplemental Indenture.

Operating Reserve for Revenue Stability Fund (Section 510). (1) After making deposits required by Subsections (i) through (xi) of Section 504(2), the Commission may direct the Trustee to deposit in the Operating Reserve for Revenue Stability Fund (i) such amounts as the Commission may designate to be transferred from the Stabilization Account of the Debt Service Fund in accordance with Sections 504(2)(vi) and 504(4) of the Indenture, and (ii) any moneys, including Revenues, not otherwise required by the Indenture to be deposited or applied elsewhere, in an amount sufficient to meet the Operating Reserve for Revenue Stability Fund Requirement, as may be determined by the Commission. The Trustee shall withdraw amounts in the Operating Reserve for Revenue Stability Fund for deposit in the Revenue Fund in the event that there are insufficient amounts available in the Revenue Fund to make the deposits required by Section 504(2) of the Indenture. Provided that the Operating Reserve for Revenue Stability Fund is funded at the Operating Reserve for Revenue Stability Fund Requirement, and notwithstanding the provisions of Section 514 of the Indenture, all income on Permitted Investments purchased as an investment of moneys in the Operating Reserve for Revenue Stability Fund shall accrue to and be deposited in the Revenue Fund.

(2) If at any time the amounts on deposit and available in the Debt Service Fund, Redemption Fund and Debt Service Reserve Fund, Renewal and Replacement Reserve Fund, Operating Capital Accounts and Operation and Maintenance Reserve Fund are insufficient to pay the Principal Installments and Redemption Price of and

interest on the Bonds then due, the Trustee shall withdraw from the Operating Reserve for Revenue Stability Fund and deposit in the Debt Service Fund the amount necessary to meet the deficiency.

(3) If at any time, the amount on deposit in the Operating Reserve for Revenue Stability Fund as determined on the last day of the prior Fiscal Year is in excess of the Operating Reserve for Revenue Stability Requirement, as such Operating Reserve for Revenue Stability Requirement may be determined by the Commission, the Trustee, at the direction of the Commission expressed in a certificate of an Authorized Officer, shall withdraw such excess and deposit it in the Revenue Fund for use during the subsequent Fiscal Year.

Operation and Maintenance Reserve Fund (Section 511). If at any time the amount on deposit and available therefor in the Debt Service Fund, Redemption Fund, Debt Service Reserve Fund, Renewal and Replacement Reserve Fund and Operating Capital Accounts is insufficient to pay the Principal Installments and Redemption Price of and interest on the Bonds then due, the Trustee shall transfer from the Operation and Maintenance Reserve Fund to the Debt Service Fund the amount necessary to meet the deficiency.

Subject to the above paragraph, if at any time the amount on deposit in the Operation and Maintenance Fund is insufficient to pay all Operation and Maintenance Expenses then payable, the Trustee, upon receipt of a certificate of an Authorized Officer to that effect, shall withdraw from the Operation and Maintenance Reserve Fund and pay to the Commission for deposit in the Operation and Maintenance Fund the amount specified in such certificate.

After making deposits required by Subsections (i) through (xi) of Section 504(2) and any deposits to the Operating Reserve for Revenue Stability Fund, at the written direction of an Authorized Officer of the Commission, the Trustee shall deposit in the Operation and Maintenance Reserve Fund such amounts as the Commission may designate to be transferred from the Stabilization Account of the Debt Service Fund in accordance with Sections 504(2)(vi) and 504(4) of this Indenture and an order or open meeting decision in Docket No. 22-47-WW of the PUC, as it may be amended and supplemented from time to time, in an amount sufficient to meet the Operation and Maintenance Reserve Fund Requirement.

At the written direction of an Authorized Officer of the Commission, the Trustee shall withdraw amounts in the Operation and Maintenance Reserve Fund for deposit in the Operation and Maintenance Fund in accordance with an order or open meeting decision in Docket No. 22-47-WW of the PUC, as it may be amended and supplemented from time to time. At the end of the Fiscal Year, at the written direction of an Authorized Officer of the Commission, the Trustee shall transfer such amount, if any, to be in compliance with such order of the PUC, from the Operation and Maintenance Reserve Fund to the Stabilization Account of the Debt Service Fund.

Provided that the Operation and Maintenance Reserve Fund is funded at the Operation and Maintenance Reserve Fund Requirement, and notwithstanding the provisions of Section 514 of the Indenture, all income on Permitted Investments purchased as an investment of moneys in the Operation and Maintenance Reserve Fund shall accrue to and be deposited in the Revenue Fund.

Renewal and Replacement Reserve Fund (Section 512). If at any time the amounts on deposit and available therefor in the Debt Service Fund, Redemption Fund and Debt Service Reserve Fund are insufficient to pay the Principal Installments and Redemption Price of and interest on the Bonds then due, the Trustee shall withdraw from the Renewal and Replacement Reserve Fund and deposit in the Debt Service Fund the amount necessary to meet the deficiency.

Subject to the first paragraph above, the Commission may apply amounts in the Renewal and Replacement Reserve Fund solely to the Cost of any Capital Improvements moneys for the payment of which are not available in any Project Account or any Operating Capital Account. The Trustee shall withdraw from such Fund and deposit in a Operating Capital Account established pursuant to Section 503(5) of the Indenture, any amount requested by the Commission but only upon receipt of a certificate of an Authorized Officer (i) specifying the Capital Improvement to which such amount will be applied, its estimated Cost and estimated completion date and (ii) certifying (a) that such Capital Improvement is reasonably required for the continued operation of the System or the maintenance of Revenues, (b) that all or a portion of the Cost of such Capital Improvements was not financed in whole or in part from a Operating Capital Account theretofore established or from any Project Account, and (c) that only the Cost of such Capital Improvement that is in excess of the amounts available therefor in any Project Account or Operating

Capital Account is being or has previously been requisitioned from the Renewal and Replacement Reserve Fund. Amounts deposited in any Operating Capital Account shall be applied by the Commission to the Cost of the Capital Improvement for which received. Upon completion of such Capital Improvement, any amount so deposited and not necessary to pay the Cost of such Capital Improvement shall be redeposited in the Renewal and Replacement Reserve Fund. Notwithstanding anything in the Indenture to the contrary, if the Commission shall direct the Trustee to transfer from the Renewal and Replacement Reserve Fund to any Operating Capital Account amounts to be applied to the Cost of a Capital Improvement to be funded from the proceeds of Bonds or Notes not then issued, upon issuance of such Bonds or Notes an amount of proceeds thereof or other moneys of the Commission equal to the amount so transferred shall, unless otherwise provided in the applicable Supplemental Indenture, be redeposited in the Renewal and Replacement Reserve Fund.

If at any time, the amounts on deposit in the Renewal and Replacement Reserve Fund is in excess of the Renewal and Replacement Reserve Fund Requirement, the Trustee, at the direction of the Commission expressed in a certificate of an Authorized Officer, shall withdraw such excess and deposit it in the Revenue Fund.

Unrestricted Fund (Section 513). The Commission may make transfers to the Unrestricted Fund in accordance with Section 504(3) of the Indenture, provided that (1) all funds and accounts established under the Indenture are funded in the amounts required as of the transfer date pursuant to the applicable provision of the Indenture, (2) the Commission is in compliance with the terms of Section 603 of the Indenture for the Fiscal Year then ended and (3) upon certification of an Authorized Officer of the Commission, such deposit will not adversely affect the ability of the Commission to comply with the terms of Section 603 of the Indenture in the next ensuing Fiscal Year. Amounts on deposit in the Unrestricted Fund may be used for any lawful purpose of the Commission.

Investments (Section 514). Except as otherwise provided in Section 1101 of the Indenture or the second paragraph below, money held for the credit of any fund or account held by the Trustee under the Indenture shall, to the fullest extent practicable, be invested, either alone or jointly with moneys in any other fund or account, by the Trustee at the written direction of an Authorized Officer of the Commission in Permitted investments which shall mature or be redeemable at the option of the holder thereof, on such dates and in such amounts as may be necessary to provide moneys to meet the payments from such funds and accounts; provided that if moneys in two or more funds or accounts are commingled for purposes of investments, the Trustee shall maintain appropriate records of the Permitted Investments or portions thereof held for the credit of such fund or account. Except with respect to Reserve Deposits in the Debt Service Reserve Fund, and except as provided in any Supplemental Indenture, at least one-half of the moneys in the Debt Service Reserve Fund shall be invested in Permitted Investments (a) maturing no later than ten (10) years from the date such Permitted Investment is acquired by the Trustee or (b) subject to liquidation at par or at the amortized cost thereof, as applicable, at any time application of the moneys so invested is required under the terms of the Indenture. Unless otherwise directed by any Supplemental Indenture, Permitted Investments purchased as an investment of moneys in any fund or account shall be deemed at all times to be a part of such fund or account and all income thereon shall accrue to and be deposited in such fund or account and all losses from investment shall be charged against such fund or account. Notwithstanding any provision in the Indenture or in a Supplemental Indenture to the contrary, the Trustee shall not be liable for any losses from investment in accordance with the Indenture. The Commission may by Supplemental Indenture direct that all or any portion of income earned on investment of moneys allocable to any Series of Bonds in any fund or account established hereunder shall be transferred to the Rebate Account established for such Series of Bonds in the Rebate Fund created under Section 509 of the Indenture.

In computing the amount in any fund or account hereunder for any purpose, Permitted Investments shall be valued at amortized cost. As used in the Indenture the term "amortized cost", when used with respect to an obligation purchased at a premium above or a discount below par, means the value as of any given time obtained by dividing the total premium or discount at which such obligation was purchased by the number of days remaining to maturity on such obligation at the date of such purchase and by multiplying the amount thus calculated by the number of days having passed since such purchase; and (i) in the case of an obligation purchased at a premium by deducting the product thus obtained from the purchase price, and (ii) in the case of an obligation purchased at a discount by adding the product thus obtained to the purchase price. Unless otherwise provided in the Indenture, Permitted Investments in any fund or account hereunder shall be valued at least once in each Fiscal Year on the last day thereof. Notwithstanding the foregoing, Permitted Investments in the Debt Service Reserve Fund shall be valued at amortized cost for all purposes of the Indenture unless and until a withdrawal from such Fund shall be required in

accordance with Section 508(l) of the Indenture in which event such investments shall thereafter be valued at amortized cost or market, whichever is lower, until the balance in such Fund, on the basis of such valuation, shall equal the Debt Service Reserve Fund Requirement.

Covenant as to Rates and Charges (Section 603). To the extent not otherwise provided by a Supplemental Indenture, so long as any Bonds are Outstanding, the Commission shall take all actions within its power to establish and maintain Rates and Charges adequate at all times, with other available funds, to provide Revenues and other moneys, including Reserved Revenues from the Stabilization Account of the Debt Service Fund at least sufficient to pay or provide for, as the same become due or are payable (i) all Operating Expenses, (ii) all payments of Principal Installments and Redemption Price of and interest on the Bonds and all other bonds, notes or other evidences of indebtedness of or assumed by the Commission which are payable from Revenues of the System, (iii) all amounts, if any, payable to the Operation and Maintenance Reserve Fund, Debt Service Reserve Fund, the Renewal and Replacement Reserve Fund and, if any, the Insurance Reserve Fund, (iv) all repairs, replacements, and renewals of the System deemed necessary by the Commission which are payable from Revenues of the System and (v) all other amounts which the Commission may by law or contract be obligated to pay from Revenues of the System including amounts payable under Qualified Swap Agreements. Provided the Commission complies with Section 504(4) of the Indenture and has complied or is diligently proceeding to comply with the requirements set forth in the last 2 paragraphs under the caption "Covenant as to Rates and Charges", the Trustee shall take no action pursuant to Section 701 or Section 703 of the Indenture on account of any failure by the Commission to comply with the requirements of this subsection; provided that the setting of the Rates and Charges shall, to the extent required by law, be subject to the approval of the PUC.

Without limiting the generality of the foregoing, the Commission shall take all actions within its power to establish and maintain Rates and Charges at levels sufficient so that total Net Revenues in each Fiscal Year during which Bonds are Outstanding, shall equal at least one hundred twenty-five percent (125%) of the Debt Service Requirement during such Fiscal Year with respect to all Bonds Outstanding, other than Agency Bonds, as of the first day of such Fiscal Year and one hundred thirty-five percent (135%) of the Required Debt Service Fund Deposits for Agency Bonds (based on debt service net of any interest rate subsidy) for such Fiscal Year. Failure by the Commission to comply with the requirements of this paragraph shall not be considered an Event of Default under the Indenture so long as the Commission has complied or is diligently proceeding to comply with the requirements set forth in the last 2 paragraphs under the caption "Covenant as to Rates and Charges".

On or before the day which is six months prior to the last Business Day of each Fiscal Year the Commission shall review the adequacy of its Rates and Charges to satisfy the requirements of this Section for the next succeeding Fiscal Year. If such review indicates that the Rates and Charges are, or are likely to be, insufficient to meet the requirements of this Section for the next succeeding Fiscal Year, or if it otherwise appears at any time during such Fiscal Year that Rates and Charges are or are likely to be insufficient to meet such requirements, the Commission shall promptly take such steps as are permitted by law and as are necessary to cure or avoid the deficiency, including but not limited to, making an emergency request to the Public Utilities Commission to raise its Rates and Charges.

Within one hundred and eighty days of the close of each Fiscal Year while Bonds are Outstanding, the Commission shall deliver to the Trustee a certificate of an Authorized Officer (which may be based on unaudited financial statements) stating, if such was the case, that the Commission satisfied the requirements set forth in the first 2 paragraphs under the caption "Covenant as to Rates and Charges" in such Fiscal Year or, if such was not the case, specifying in reasonable detail the corrective steps taken by the Commission so that it will comply with such requirements in the then current Fiscal Year. If such certificate is based on unaudited financial statements, then within 270 days of the close of each Fiscal Year while the Bonds are Outstanding, the Commission shall deliver to the Trustee an additional certificate based on audited financial statements. Any certificate based on audited financial statements shall be accompanied by a Report on Applying Agreed Upon Procedures and Yellow Book Letter of the independent public accountant or firm of accountants regularly auditing the books of the Commission in accordance with Section 610 of the Indenture setting forth the Net Revenues for the preceding Fiscal Year or a Certificate of a Consulting Engineer or Municipal Advisor setting forth the Net Revenues for the preceding Fiscal Year.

Operation, Maintenance and Reconstruction (Section 605). The Commission shall operate, or cause to be operated, the System properly and in a sound, efficient and economical manner and shall maintain, preserve, and keep the same or cause the same to be maintained, preserved, and kept in good repair, working order and condition,

and shall from time to time make, or cause to be made, all necessary and proper repairs, replacements and renewals so that the operation of the System may be properly and advantageously conducted, and, if any useful part of the System is damaged or destroyed or taken through the exercise of eminent domain, the Commission shall, as expeditiously as practicable, commence and diligently prosecute the replacement or reconstruction of such damaged or destroyed part so as to restore the same to use and the replacement of such part so taken; provided, however, that nothing in the Indenture shall require the Commission to operate, maintain, preserve, repair, replace, renew or reconstruct any part of the System if there shall have been filed with the Trustee a certificate of an Authorized Officer; which certificate may be conclusively relied upon by the Trustee, stating that, in the opinion of the signer, (i) abandonment of operation of such part is economically justified and is not prejudicial to the interests of the Holders of the Bonds, and (ii) failure to operate, maintain, preserve, repair, replace, renew or reconstruct such part will not impair the ability of the Commission to satisfy the requirements of Section 603 of the Indenture in the current or any future Fiscal Year.

Creation of Liens; Other Indebtedness (Section 607). The Commission shall not issue any bonds, notes or other evidences of indebtedness, other than the Bonds and Subordinated Bonds, secured by a pledge of or other lien on the Revenues of the System and other moneys, securities, Reserve Deposits, if any, and funds held or set aside by the Commission or by the Fiduciaries under the Indenture, and shall not otherwise create or cause to be created any lien or charge on the Revenues of the System, moneys, securities, Reserve Deposits, if any, and funds, except to the extent provided in Section 607 of the Indenture.

Annual Operating Budget (Section 608). Not less than one day prior to the beginning of each Fiscal Year, the Commission shall adopt and file with the Trustee an annual operating budget for the System (herein called "Annual Budget") for such Fiscal Year. The Commission may at any time, but not more often than once a month, adopt and file with the Trustee (or annually delegate to an Authorized Officer the authority to prepare and file with the Trustee) an amended or supplemental Annual Budget for the Fiscal Year then in progress, provided that an amendment for the purpose of making changes in one or more line items within the Annual Budget, but which does not increase the aggregate amount of expenses shown in the Annual Budget for such Fiscal Year may be filed by an Authorized Officer without action by the Commission and provided further that any amendment that increases the aggregate amount of expenses shown in the Annual Budget for such Fiscal Year shall be accompanied by a certificate of an Authorized Officer to the effect that such increase will not preclude compliance by the Commission with the covenants set forth in Section 603 of the Indenture. An Authorized Officer shall prepare and may amend from time to time, a monthly breakdown of the Annual Budget which breakdown or amendment thereto shall be filed with the Trustee and shall show for each month projected Operating Expenses to be paid from the Operation and Maintenance Fund in such month, as well as the Revenues or other moneys held hereunder projected to be available to meet the same. The Commission shall not incur aggregate Operating Expenses in any Fiscal Year in excess of the aggregate amount of Operating Expenses shown in the Annual Budget as amended and supplemented for such Fiscal Year except in case of emergency or as required by law and shall promptly file a written report of any such excess expenditure with the Trustee signed by an Authorized Officer. For the purposes described in this section, "Authorized Officer" shall include, individually, the Chairperson and the Executive Director of the Commission.

For purposes of Section 504(2) of the Indenture, the Operation and Maintenance Reserve Fund Requirement shall mean, unless a greater amount is required by any Supplemental Indenture, (i) from the date of delivery of the initial Series of Bonds under the Indenture until the last day of the second full Fiscal Year after such Bonds are delivered, the amount provided in the Supplemental Indenture for the initial Bonds, and (ii) as of the last business day of each calendar month thereafter an amount equal to at least the sum of (a) the balance on deposit in the Operation and Maintenance Reserve Fund on the last day of the prior Fiscal Year and (b) one-twelfth (1/12) of the amount, if any, by which the balance of the Operation and Maintenance Reserve Fund on the last day of the prior Fiscal Year was less than the Operation and Maintenance Reserve Fund Requirement calculated as of such day multiplied by the number of months of the current Fiscal Year that have passed since the beginning of such Fiscal Year, and either plus (c) one-twelfth (1/12) of one-sixth (1/6) of the amount, if any, by which the projected aggregate Operating Expenses of the current Fiscal Year (as shown in the Annual Budget as then amended and supplemented for such Fiscal Year) exceeds the aggregate Operating Expenses for the prior Fiscal Year multiplied by the number of months of the current Fiscal Year that have passed since the beginning of such Fiscal Year or minus (d) one-sixth (1/6) of the amount, if any, by which such projected aggregate Operating Expenses are less than the aggregate Operating Expenses for the prior Fiscal Year.

For purposes of such computation, the Commission and the Trustee shall consider the amount of Operating Expenses paid in a prior Fiscal Year to be such amount as estimated by an Authorized Officer in a certificate filed with the Trustee on or before the last day of such Fiscal Year subject to adjustment with respect to the actual amount as set forth in a certificate of an Authorized Officer filed with the Trustee on or before one hundred twenty (120) days after the end of such Fiscal Year.

For purposes of Section 504(2), the Operation and Maintenance Reserve Fund Requirement shall mean, commencing with the Fiscal Year beginning July 1, 2023, an amount equal to two million (\$2,000,000) or such greater or lesser amount provided for by an order or open meeting decision in Docket No. 22-47-WW of the PUC, as it may be amended and supplemented from time to time.

For purposes of Section 504(2) of the Indenture, the Operating Reserve for Revenue Stability Requirement shall mean, commencing with the Fiscal Year beginning July 1, 2008, an amount equal to one million five hundred thousand dollars (\$1,500,000) per year until the balance in the Operating Reserve for Revenue Stability Fund, including interest earnings thereon, reaches four million five hundred thousand dollars (\$4,500,000), and thereafter, the Operating Reserve for Revenue Stability Requirement shall equal four million five hundred thousand dollars (\$4,500,000) or such other amount as required by order of the PUC. In addition to withdrawals pursuant to Section 510(2) of the Indenture, if amounts available in the Revenue Fund are insufficient to make the deposits required by Section 504(2) of the Indenture, the Trustee shall withdraw from the Operating Reserve for Revenue Stability Fund and transfer to the Revenue Fund the amount necessary to meet the deficiency.

Prior to an Event of Default, the Commission and the Authorized Officers shall not be required to file its Annual Budget and other reports required by Section 608.

Capital Improvements Budget (Section 609). On or prior to the date of delivery of the initial Series of Bonds hereunder and not less than one (1) day prior to the beginning of each Fiscal Year thereafter, the Commission shall prepare and file with the Trustee a proposed program of Capital Improvements to be undertaken by the Commission during such Fiscal Year and the next two ensuing Fiscal Years, identifying the Capital Improvements to be carried out, the estimated Cost thereof and the period of construction thereof, together with a budget (herein called "Capital Improvements Budget") for the Capital Improvements or parts thereof to be undertaken by the Commission in such Fiscal Year. The Capital Improvements Budget shall include a schedule showing all projected disbursements from any Project Account or Operating Capital Account in the Project Fund and, to the extent provided by the Commission, any other fund or account under the Indenture, as well as the sources of moneys projected to be available to meet the same. The Capital Improvements Budget shall further identify the Capital Improvements to be undertaken, the nature of the work, the estimated Cost thereof and the estimated completion date of each Capital Improvement.

The Commission may from time to time amend or supplement the Capital Improvements Budget for the Fiscal Year then in progress by filing with the Trustee a certificate of an Authorized Officer setting forth the amendment or supplement.

Not later than the last day of each third full Fiscal Year following the Fiscal Year ending June 30, 2003, the Commission shall cause an examination of and report on the properties and operations of the System to be made by a Consulting Engineer and shall cause a copy of such examination and report, certified by an Authorized Officer, to be filed with the Trustee. Such examination and report shall include a review of the Commission's then current three year Capital Improvement program prepared in accordance with the first paragraph above, the current and any proposed Capital Improvements Budget and Annual Budget, the adequacy of the Renewal and Replacement Reserve Fund Requirement and such other reports, surveys and examinations as the Commission or the Consulting Engineer shall deem necessary. Any report prepared by the Consulting Engineer in connection with the issuance of Bonds within the last Fiscal Year in such three year period shall satisfy the requirements of this paragraph for such three year period.

For purposes of Section 504(2) of the Indenture and subject to the approval of the PUC, the Renewal and Replacement Reserve Fund Requirement shall mean, unless a greater amount is required by any Supplemental Indenture, (i) from the date of delivery of the initial Series of Bonds hereunder until the last day of the second full Fiscal Year following the Fiscal Year in which such Bonds are delivered, the amount provided in the Supplemental

Indenture for the initial Bonds, and (ii) as of the last day of each calendar month thereafter an amount at least equal to the sum of (a) one-twelfth (1/12) of the amount, if any, by which the balance in the Renewal and Replacement Reserve Fund on the last day of the prior Fiscal Year was less than the Renewal and Replacement Reserve Fund Requirement calculated as of such day, multiplied by the number of months of the current Fiscal Year that have passed since the beginning of such Fiscal Year, and either plus (c) one-twelfth (1/12) of the amount, if any, by which a Consulting Engineer shall have certified to the Commission in accordance with the third paragraph above that the Renewal and Replacement Reserve Fund Requirement should be increased for the current Fiscal Year, multiplied by the number of months of the current Fiscal Year that have passed since the beginning of such Fiscal Year, or minus (d) the amount, if any, by which such Consulting Engineer shall have certified that the Renewal and Replacement Reserve Fund Requirement can be decreased for the current Fiscal Year.

Events of Default (Section 701). The occurrence of one or more of the following events shall constitute an “Event of Default”:

- (i) if default shall be made by the Commission in the payment of the Principal Installments or Redemption Price of any Bond when due, whether at maturity or by call for mandatory redemption or redemption at the option of the Commission or any Holder, or otherwise, or in the payment of any sinking fund payment when due,
- (ii) if default shall be made by the Commission in the payment of any installment of interest on any Bond when due,
- (iii) if default shall be made by the Commission in the payment of any installment of interest on or any Principal Installment or Redemption Price of any Subordinated Bonds when due,
- (iv) if default shall be made by the Commission in the performance or observance of any other of the covenants, agreements or conditions on its part provided in the Indenture or in the Bonds and such default shall continue for a period of 30 days after written notice thereof shall be given to the Commission by the Trustee or to the Commission and the Trustee by the Holders of a majority in Principal Amount of the Bonds Outstanding; provided that if such default cannot be remedied within such 30 day period, it shall not constitute an Event of Default hereunder if corrective action is instituted by the Commission within such period and diligently pursued until the default is remedied,
- (v) if an order, judgment or decree is entered by a court of competent jurisdiction (a) appointing a receiver, trustee, or liquidator for the Commission or the whole or any substantial part of the System, (b) granting relief in involuntary proceedings with respect to the Commission under the federal bankruptcy act, or (c) assuming custody or control of the Commission or of the whole or any substantial part of the System under the provision of any law for the relief of debtors, and the order, judgment or decree is not set aside or stayed within sixty (60) days from the date of entry of the order, judgment or decree, or
- (vi) if the Commission (a) admits in writing its inability to pay its debts generally as they become due, (b) commences voluntary proceedings in bankruptcy or seeking a composition of indebtedness, (c) makes an assignment for the benefit of its creditors, (d) consents to the appointment of a receiver of the whole or any substantial part of the System, or (e) consents to the assumption by any court of competent jurisdiction under any law for the relief of debtors of custody or control of the Commission or of the whole or any substantial part of the System.

The Commission shall give the Trustee notice of any Event of Default with respect to Agency Bonds issued to the Agency prior to the date of this Indenture. Upon the occurrence of an Event of Default described in clauses (i), (ii), (v) or (vi), so long as such Event of Default shall not have been cured, either the Trustee (by notice in writing to the Commission), or the Holders of twenty-five percent (25%) in Principal of the Bonds Outstanding (by notice in writing to the Commission and the Trustee) may, with the consent of the Agency (so long as there are Agency Bonds Outstanding hereunder), declare the Principal Amount of all the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and be

immediately due and payable, anything in the Indenture or in any of the Bonds contained to the contrary notwithstanding.

Application of Revenues and Other Moneys after Default (Section 702). The Commission covenants that if an Event of Default shall happen and shall not have been remedied, the Commission, upon demand of the Trustee, shall pay over and assign to the Trustee (i) forthwith, all moneys, securities, Reserve Deposits, Additional Security, if any, and funds then held by the Commission in any fund or account pledged under the Indenture including, without limitation, funds then held by it in the Revenue Fund, and (ii) as promptly as practicable after receipt thereof the Revenues.

During the continuance of an Event of Default, the Trustee shall apply the moneys, Reserve Deposits, Additional Security, if any, and funds held by the Trustee and such Revenues and the income therefrom as follows and in the following order:

- (i) to the payment of the reasonable and proper charges and expenses of the Fiduciaries and of its agents, representatives, advisors and legal counsel, and of any engineer or firm of engineers selected by the Trustee pursuant to the Indenture and to the payment of any fees and expenses required to keep any Reserve Deposits or Additional Security in full force and effect;
- (ii) to the payment of the amounts required for reasonable and necessary Operating Expenses, including reasonable and necessary reserves and working capital therefor, and for the reasonable repair and replacement of the System necessary to prevent loss of Revenues or to provide for the continued operation of the System, as certified to the Trustee by an independent engineer or firm of engineers of recognized standing (who may be an engineer or firm of engineers retained by the Commission for other purposes) selected by the Trustee;
- (iii) to the payment of the interest and Principal Amount or Redemption Price then due on the State Obligations and the Bonds, as follows:
 - (a) unless the Principal Amount of all of the Bonds shall have become or have been declared due and payable,

First: To the payment to the persons entitled thereto of all installments of interest or Qualified Swap Payments then due in the order of the maturity of such installments maturing (or payments due), and, if the amount available shall not be sufficient to pay in full all installments maturing (or payments due) on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid Principal Amount or Redemption Price of any State Obligations and Bonds which shall become due, whether at maturity or by call for redemption, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full all the State Obligations and Bonds due on any date, then to the payment thereof ratably, according to the amounts of Principal Amount or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference; and

- (b) if the Principal Amount of all of the Bonds shall have become or have been declared due and payable, to the payment of the Principal Amount and interest or Qualified Swap Payments then due and unpaid upon the State Obligations and Bonds without preference or priority of Principal Amount over interest or Qualified Swap Payments or of interest over Principal Amount or Qualified Swap Payments, or of any installment of interest (or payment due) over any other installment of interest (or payment due), or of any Bond over any other Bond, ratably, according to the amounts due respectively for Principal

Amount and interest and Qualified Swap Payments, to the persons entitled thereto without any discrimination or preference;

Proceedings Brought by Trustee (Section 703). Whether or not a declaration shall be made by the Trustee or Bondholders pursuant to Section 701 of the Indenture, if an Event of Default shall happen and shall not have been remedied, then and in every such case, the Trustee may proceed to protect and enforce its rights and the rights of the Holders of the Bonds under the Indenture by a suit or suits in equity or at law, whether for the specific performance of any covenant contained in the Indenture, or in aid of the execution of any power granted in the Indenture, or for an accounting against the Commission as if the Commission were the trustee of an express trust, or in the enforcement of any other legal or equitable right as the Trustee, being advised by counsel, shall deem most effectual to enforce any of its rights or to perform any of its duties under the Indenture. All rights of action under the Indenture may be enforced by the Trustee without the possession of any of the Bonds or the production thereof on the trial or other proceedings.

Restriction on Bondholders' Action (Section 704). No Holder of any Bond shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of any provision of the Indenture or for any remedy under the Indenture, unless such Holder shall have previously given to the Trustee written notice of the happening of any Event of Default and shall have filed a written request with the Trustee, and shall have offered it reasonable opportunity to exercise the powers granted in the Indenture in its own name, and unless such Holders shall have offered to the Trustee adequate security and indemnity against the costs, expenses and liabilities to be incurred thereby or in connection therewith, and the Trustee shall have refused to comply with such request within a reasonable time.

Powers of Amendment (Section 1002). Any modification or amendment of the Bonds or of the Indenture may be made by a Supplemental Indenture, with the written consent given as provided in Section 1003 of the Indenture, (i) of the Holders of at least a majority in aggregate Principal Amount of all Bonds Outstanding at the time such consent is given or (ii) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of the Holders of at least a majority in aggregate Principal Amount of the Bonds of each Series so affected and Outstanding at the time such consent is given; provided, however, that, if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified Series or maturity remain Outstanding, the vote or consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under the Indenture; and provided, further, that no such modification or amendment shall permit a change in the terms of redemption or maturity of the Principal Amount of any Outstanding Bond, or of any installment of interest thereon or a reduction in the Principal Amount or the Redemption Price thereof or the rate of interest thereon or the method for determining such rate without the consent of the Holder of such Bond, or shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto, or shall reduce the percentages of the Principal Amount of Bonds the consent of which is required to effect any such modification or amendment.

Defeasance (Section 1101). If the Commission shall (i) pay or cause to be paid, or there shall otherwise be paid to the Holders of the Bonds then Outstanding, the Principal Amount and interest and Redemption Price, if any, to become due thereon, at the times and in the manner stipulated therein and in the Indenture and (ii) discharge and satisfy its obligations under any Qualified Swap Agreement, then the pledge of any Revenues or other moneys, securities, Reserve Deposits and Additional Security, if any, pledged by the Indenture and all other rights granted by the Indenture shall be discharged and satisfied. In such event, the Trustee shall, upon request of the Commission, execute and deliver to the Commission all such instruments as may be desirable to evidence such release and discharge and the Fiduciaries shall pay over or deliver to the Commission all moneys or securities held by them pursuant to the Indenture which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment for redemption.

Bonds or interest installments for the payment or redemption of which moneys shall be held by the Fiduciaries (through deposit by the Commission of funds for such payment or redemption or otherwise), whether at or prior to the maturity or the redemption date of such Bonds, shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph above. All Outstanding Bonds of any Series or any part of a Series shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in the first paragraph above if (i) in case any of said Bonds are to be redeemed on any date

prior to their maturity, the Commission shall have given to the Trustee, in form satisfactory to it, irrevocable instructions to provide as provided in Article IV of the Indenture, notice of redemption on said date of such Bonds, (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Permitted Investments of the type described in clause (1) of the definition thereof or Advance Refunded Municipal Bonds not subject to redemption at the option of the issuer thereof prior to the due date thereof, the principal of and interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the time of deposit of such Permitted Investments, shall be sufficient to pay when due the Principal Amount or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (iii) in the event said Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Commission shall have given the Trustee in form satisfactory to it irrevocable instructions to provide, as soon as practicable, at least thirty (30) days written notice to the Holders of such Bonds that the deposit required by clause (ii) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with the first paragraph above and stating the maturity or redemption date upon which moneys are to be available for the payment of the Principal Amount or Redemption Price, if applicable, on said Bonds. Neither Permitted Investments nor moneys deposited with the Trustee pursuant to the Indenture nor principal or interest payments on any such Permitted Investments shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the Principal Amount or Redemption Price, if applicable, and interest on said Bonds, provided that any cash received from the principal or interest payments on such Permitted Investments deposited with the Trustee, if not then needed for such purpose, may, to the extent practicable, be reinvested in Permitted Investments maturing at times and in principal amounts sufficient to pay when due the Principal Amount or Redemption Price, if applicable, and interest to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be. After the making of the payments for which such Permitted Investments or moneys were held, any surplus shall be promptly paid over to the Commission, as received by the Trustee, free and clear of any trust, lien or pledge or assignment securing the Bonds or otherwise existing under the Indenture.

For purposes of determining whether Variable Rate Bonds shall be deemed to have been paid prior to the maturity or redemption date thereof, as the case may be, by the deposit of moneys, or Government Obligations and moneys, if any, in accordance with subsection (ii) of the paragraph directly above, the interest to come due on such Variable Rate Bonds on or prior to the maturity date or redemption date thereof, as the case may be, shall be calculated at the Variable Rate Ceiling; provided, however, that if on any date, as a result of such Variable Rate Bonds having borne interest at less than such Variable Rate Ceiling for any period, the total amount of moneys and Government Obligations on deposit with the Trustee for the payment of interest on such Variable Rate Bonds is in excess of the total amount which would have been required to be deposited with the Trustee on such date in respect of such Variable Rate Bonds in order to satisfy the provisions of subsection (ii) of the paragraph directly above, the Trustee shall, if requested by the Commission, pay promptly the amount of such excess to the Commission free and clear of any trust, lien, pledge or assignment securing the Bonds or otherwise existing under the Indenture.

Tender Bonds shall be deemed to have been paid in accordance with subsection (ii) of the second paragraph above only if, in addition to satisfying the requirements thereof, there shall have been deposited with the Trustee moneys in an amount which shall be sufficient to pay when due the maximum Principal Amount and Redemption Price of and interest on such Bonds which could become payable to the Holders of such Bonds upon the exercise of any options provided to the Holders of such Bonds; provided, however, that if, at the time a deposit is made with the Trustee pursuant to the provisions of subsection (ii) of the second paragraph above, the options originally exercisable by the Holders of Tender Bonds are no longer exercisable, such Bonds shall not be considered Tender Bonds for purposes of this paragraph. If any portion of the moneys deposited with the Trustee for the payment of the Principal Amount or Redemption Price of and interest on Tender Bonds is not required for such purpose the Trustee shall, if requested by the Commission, pay promptly the amount of such excess to the Commission free and clear of any trust, lien, pledge or assignment securing said Bonds or otherwise existing under the Indenture.

APPENDIX D

Proposed Form of Bond Counsel Opinion

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May __, 2024

Rhode Island Infrastructure Bank
235 Promenade Street, Suite 119
Providence, Rhode Island 02908

\$ _____ Rhode Island Infrastructure Bank
State Revolving Fund Revenue Bonds
Series 2024A (Master Trust) (Green Bonds) (the “Bonds”)
Dated May __, 2024

We have acted as bond counsel to the Rhode Island Infrastructure Bank (the “Bank”) in connection with the issuance by the Bank of the above-referenced Bonds pursuant to (i) the Rhode Island Infrastructure Bank Act, constituting Chapter 12.2 of Title 46 of the Rhode Island General Laws, as amended (the “Act”); (ii) the Master Trust Indenture dated as of May 1, 2021 (the “Master Indenture”), between the Bank and U.S. Bank Trust Company, National Association, as successor in interest to U.S. Bank National Association, as master trustee; and (iii) the Series 2024A Bond Indenture dated as of May 1, 2024 (the “Series 2024A Indenture” and together with the Master Indenture, the “Indenture”), between the Bank and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”). In such capacity, we have examined the law and the record of proceedings and other documents as we have deemed necessary to render this opinion, including the Indenture. Capitalized terms used herein shall, unless otherwise specified, have the meanings set forth in the Indenture.

The Bonds are payable, in part, as to principal and interest from and are secured by a lien on and a pledge of the Loan Agreements (the “Loan Agreements”) between the Bank and certain public bodies (the “Borrowers”) and of certain bonds or notes (the “Borrower Bonds”) issued pursuant to each respective Loan Agreement. Each Borrower Bond has been delivered to the Bank accompanied by an opinion of bond counsel to each respective Borrower relative to the validity of that Borrower Bond and the other matters addressed therein.

In rendering the opinions set forth herein, we have made a review of such legal proceedings as we have deemed necessary to approve the legality and validity of the Bonds and relied upon representations of the Bank and the Borrowers contained in the Indenture and Loan Agreements, respectively, the certified proceedings and other certifications furnished to us by the Bank or the Borrowers without undertaking to verify the same by independent investigation. In rendering the opinions set forth herein, we have not been requested to examine any document or financial or other information concerning the Bank, the Borrowers,

the Borrower Bonds or any Project (each as defined in the applicable Loan Agreement) other than the certified proceedings and other certifications referred to above and we express no opinion as to the accuracy, adequacy or sufficiency of any financial or other information which has been or will be supplied to purchasers of the Bonds.

Based on our examination, we are of the opinion, under existing law, as follows:

1. The Bank is a body politic and corporate, constituting a public instrumentality, and is duly created and validly existing under the laws of the State of Rhode Island (the "State"), including, particularly, the Act. The Bank has the right and lawful authority to issue the Bonds for the purpose of loaning the proceeds of the Bonds to the Borrowers to finance the costs of the Projects as contemplated by the Loan Agreements and the Indenture, to receive and pledge the revenues and receipts derived from the Borrower Bonds in accordance with the terms of the Loan Agreements and as provided in the Indenture and to secure the Bonds in the manner contemplated by the Indenture.

2. The Bank has the right and power pursuant to the Act to enter into and perform its obligations under the Indenture. The Indenture has been duly authorized, executed and delivered on behalf of the Bank, is in full force and effect and constitutes the valid, binding and enforceable obligation of the Bank.

3. The Bank has the right and power pursuant to the Act to enter into and perform its obligations under the Loan Agreements. The Loan Agreements have been duly authorized, executed and delivered on behalf of the Bank, are in full force and effect and constitute valid, binding and enforceable agreements of the Bank.

4. The Bonds have been duly authorized, executed, delivered and issued by the Bank in accordance with the Indenture and the laws of the State. The Bonds are valid and binding special obligations of the Bank, secured by the Indenture (to the extent provided therein), and the Bonds are payable as to principal and interest from, and are secured by a valid lien on and pledge of, revenues and other moneys held by the Master Trustee and the Trustee, as applicable, under the Indenture and available therefor under the terms of the Indenture, all in the manner provided in the Indenture. The Bonds are enforceable in accordance with their terms and the terms of the Indenture and are entitled to the benefits of the Act and the Indenture.

5. Interest on the Bonds is excluded from the gross income of the Bondowners for federal income tax purposes. In addition, interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum tax, although we

observe that such interest will be taken into account in computing the “adjusted financial statement income” of corporate holders of the Bonds for purposes of computing the alternative minimum tax imposed on certain corporations with respect to their tax years beginning after December 31, 2022. In rendering the opinions set forth in this paragraph, we have assumed compliance with all applicable requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, and continue to be, excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements may cause interest on the Bonds to become included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. We express no opinion regarding any other federal tax consequences arising with respect to the Bonds.

6. The Bonds, their transfer and the income therefrom, including any profit made on the sale thereof, are exempt from taxation by and within the State; although the Bonds, their transfer and the income therefrom, including any profit made on the sale thereof, may be included in the measure of State estate taxes and certain State corporate and business taxes. We express no opinion as to other State or local tax consequences arising with respect to the bonds nor as to the taxability of the Bonds or the income therefrom under the laws of any state other than the State.

This opinion is expressed as of the date hereof, and we neither assume nor undertake any obligation to update, revise, supplement or restate this opinion to reflect any action taken or omitted, or any facts or circumstances or changes in law or in the interpretation thereof, that may hereafter arise or occur, or for any other reason. Furthermore, we express no opinion as to any Federal, state or local tax law consequences with respect to the Bonds, or the interest thereon, if any action is taken with respect to the Bonds or the proceeds thereof upon the advice or approval of other counsel.

The rights of the holders of the Bonds, obligations of the Bank and the enforceability of the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

HINCKLEY, ALLEN & SNYDER LLP

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APPENDIX E

Form of Continuing Disclosure Certificates

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APPENDIX E-1

Form of Bank Continuing Disclosure Certificate

CONTINUING DISCLOSURE CERTIFICATE (Rhode Island Infrastructure Bank)

This Continuing Disclosure Certificate (the “Certificate”) is made as of the ____ day of May, 2024 by the Rhode Island Infrastructure Bank (the “Bank”) acting by its undersigned officer, duly authorized, in connection with the issuance by the Bank of its State Revolving Fund Revenue Bonds Series 2024A (Master Trust) (Green Bonds) (the “Bonds”), dated the date of delivery, for the benefit of the beneficial owners from time to time of the Bonds.

Section 1. Definitions. For purposes of this Certificate, the following capitalized terms shall have the following meanings:

“EMMA” shall mean the Electronic Municipal Market Access System, the website created by the MSRB and approved by the SEC that is accessible at www.emma.msrb.org where beginning July 1, 2009 municipal issuers and obligated persons were required to file continuing disclosure information under the Rule.

“Final Official Statement” means the official statement of the Bank dated May __, 2024, prepared in connection with the Bonds.

“Indenture” means the Master Trust Indenture dated as of May 1, 2021, between the Bank and U.S. Bank Trust Company, National Association, as successor in interest to U.S. Bank National Association, as Master Trustee.

“MSRB” means the Municipal Securities Rulemaking Board established under the Securities Act of 1933, as amended, or any successor thereto.

“Obligated Person” means any entity who, as a result of outstanding Loans from the Bank is obligated by contract or otherwise to repay at least twenty (20%) percent of the debt service on all outstanding Bonds issued by the Bank under the Indenture.

“Repository” means any nationally recognized municipal securities information repository recognized by the SEC from time to time, which, as of the date of this Certificate, means only the MSRB through the operation of EMMA.

“Rule” means Rule 15c2-12 under the Securities Exchange Act of 1934, as of the date of this Certificate.

“SEC” means the Securities and Exchange Commission of the United States, or any successor thereto.

Capitalized terms used herein and not otherwise defined shall have the meaning as set forth in the Indenture.

Section 2. Annual Financial Information.

(a) The Bank agrees to provide, or cause to be provided, directly or through EMMA, in accordance with the provisions of the Rule and of this Certificate, annual financial information and operating data of each fiscal year as follows:

(1) Audited financial statements of the Bank and any Obligated Person with respect to the Bonds, prepared in accordance with generally accepted accounting principles, with certain exceptions required or permitted by Rhode Island law, commencing with the fiscal year ended June 30, 2024.

(2) To the extent not included in the financial statements described in (1) above, annual financial information and operating data for the type presented in the Final Official Statement prepared in connection with the Bonds and such other financial information and operating data as may be required to comply with the Rule, commencing with the fiscal year ended June 30, 2024; provided, however, that references to the Final Official Statement for the Bonds as a means of identifying such financial information and operating data shall not prevent the Bank from reorganizing such material in subsequent official statements or annual information reports.

(b) The financial statements and other financial information and operating data described above will be provided on or before nine (9) months after the close of the fiscal year for which such information is being provided. The Bank's fiscal year currently ends on June 30.

(c) Annual financial information and operating data may be provided in whole or in part by cross-reference to other documents previously provided to the Repository through EMMA. If the document to be cross-referenced is a final official statement, it must be available from the Repository through EMMA. All or a portion of the financial information and operating data may be provided in the form of a comprehensive annual financial report or an annual information statement.

Section 3. Reporting of Listed Events.

The Bank agrees to provide or cause to be provided, within ten (10) business days after the occurrence thereof, to the Repository through EMMA, notice of the occurrence of any of the following events with respect to the Bonds:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions or issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
- (g) modifications to rights of holders of the Bonds, if material;
- (h) Bond calls, if material;
- (i) Bond defeasances;
- (j) release, substitution, or sale of property securing repaying of the Bonds, if material;
- (k) rating changes;
- (l) tender offers;
- (m) bankruptcy, insolvency, receivership or similar event of the Bank or the Obligated Person*;
- (n) the consummation of a merger, consolidation, or acquisition involving the Bank or the Obligated Person or the sale of all or substantially all of the assets of the Bank or the Obligated Person, other than in the ordinary course of business, the entry into a definitive

* As noticed in the Rule, this event is considered to occur when any of the following occur: (i) the appointment of a receiver, fiscal agent or similar officer for the Bank or the Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Bank or the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority or (ii) the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Bank or Obligated Person.

- agreement to undertake such an action or the termination of a definitive agreement relating to any such actions other than pursuant to its terms, if material;
- (o) appointment of a successor or additional trustee or the change of name of a trustee, if material;
 - (p) incurrence of a financial obligation of the Bank or Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Bank, or Obligated Person, any of which affect security holders, if material**; and
 - (q) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the Bank or Obligated Person, any of which reflect financial difficulties**.

The Bank from time to time may choose to provide notice of the occurrence of certain other events, in addition to those listed above, if, in the judgment of the Bank, such other event is material with respect to the Bonds but the Bank does not undertake or commit to provide any such notice of the occurrence of any material event except those listed above.

Section 4. Notice of Failure to Provide Annual Financial Information.

The Bank agrees to provide or cause to be provided, in a timely manner, to the Repository through EMMA, notice of any failure by the Bank or any Obligated Person to provide annual financial information as set forth in Section 2(a) hereof on or before the date set forth in Section 2(b) hereof.

Section 5. Objective Criteria.

(a) The objective criteria for identifying Obligated Persons with respect to the Bonds shall be based upon a determination by the Bank at the time of sale of each issue of bonds pursuant to the Indenture of the level of participation of each Borrower in all outstanding issues of bonds by the Bank under the Indenture. Any Borrower obligated to pay, from time to time, twenty percent (20%) or more of the total outstanding debt service due on all bonds issued by the Bank under the Indenture shall be an Obligated Person with respect to the Bonds as long as such Borrower remains obligated to pay at least twenty (20%) percent of all debt service for bonds issued pursuant to the Indenture. The Bank's Loan Agreement with each Borrower provides that to the extent a Borrower becomes an Obligated Person with respect to the Bonds, it agrees to provide the Bank with the information necessary to enable the Bank to comply with the Rule as in effect from time to time.

(b) The Bank shall use its best efforts to (i) cause each Obligated Person, if any, to enter into a Borrower Continuing Disclosure Certificate in the form set forth in Appendix E-2 of the Final Official Statement, or (ii) otherwise provide the continuing disclosure for such Obligated Person as contemplated hereby and by the Loan Agreement.

** For purposes of the events identified in Sections 3(p) and (q) above, the term "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "financial obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

Section 6. Use of Agents.

Annual financial information and operating data and notices to be provided pursuant to this Certificate may be provided by the Bank or by any agents which may be employed by the Bank for such purpose from time to time.

Section 7. Termination.

The obligations of the Bank under this Certificate shall terminate upon the earlier of (i) payment at maturity or otherwise, of all of the Bonds, or (ii) such time as the Bank ceases to be an obligated person with respect to the Bonds within the meaning of the Rule.

Section 8. Enforcement.

The purpose of the Bank's undertaking is to conform to the requirements of the Rule and, except for creating the right on the part of the beneficial owner of the Bonds, from time to time, to specifically enforce the Bank's obligations hereunder, not to create new contractual or other rights for the original purchasers of the Bonds, any registered owner or beneficial owner of the Bonds, any municipal securities broker or dealer, any potential purchaser of the Bonds, the SEC or any other person. The sole remedy in the event of any actual or alleged failure by the Bank to comply with any covenant of this Certificate shall be an action for the specific performance of the Bank's obligations hereunder and not for money damages in any amount. Any failure by the Bank to comply with all provisions of this undertaking shall not constitute an event of default with respect to the Bonds.

Section 9. Contact Person.

The Bank's Executive Director, or such official's designee from time to time, shall be the contact person on behalf of the Bank from whom the foregoing information, data and notices may be obtained. The name, address and telephone number of the initial contact person is William J. Fazioli, Executive Director, 275 Promenade Street, Suite 301, Providence, Rhode Island 02908, Telephone (401) 453-4430.

Section 10. Miscellaneous.

(a) The Bank shall have no obligation to provide any information, data or notices other than as set forth in this Certificate; provided however, nothing in this Certificate shall be construed as prohibiting the Bank from providing such additional information, data or notices from time to time as it deems appropriate in connection with the Bonds. If the Bank elects to provide any such additional information, data or notices, the Bank shall have no obligation under this Certificate to update or continue to provide further additional information, data or notices of the type so provided.

(b) The intent of the Bank's undertaking in this Certificate is to provide on a continuing basis the information described in the Rule. The provisions of the Certificate may be amended by the Bank without the consent of, or notice to, any beneficial owners of the Bonds, (a) to comply with or conform to the provisions of the Rule or any amendments thereto or authoritative interpretations thereof by the SEC or its staff (whether required or optional), (b) to add a dissemination agent for the information required to be provided by such undertakings and to make any necessary or desirable provisions with respect thereto, (c) to add to the covenants of the Bank for the benefit of the beneficial owners of Bonds, (d) to modify the contents, presentation and format of the annual financial information from time to time as a result of a change in circumstances that arises from a change in legal requirements, or (e) to otherwise modify the undertakings in a manner consistent with the provisions of state legislation responding to the requirements of the Rule concerning continuing disclosure; provided, however, that in the case of any amendment pursuant to clause (d) or (e), (i) the undertaking, as amended, would have complied with the requirements of the Rule at the time of the offering of the Bonds, after taking into account any amendments or authoritative interpretations of the Rule, as well as any change in circumstances, and (ii) the amendment does not materially impair

the interests of the beneficial owners of the Bonds, as determined either by a party unaffiliated with the Bank (such as bond counsel), or by the vote or consent of beneficial owners of a majority in outstanding principal amount of the Bonds affected thereby at or prior to the time of such amendment. Furthermore, to the extent that the Rule, as in effect from time to time, or any replacement thereof no longer requires the Bank to provide all or any portion of the information the Bank has agreed to provide pursuant to the Certificate, the obligation of the Bank to provide such information also shall cease immediately.

(c) This Certificate shall be governed by the laws of the State of Rhode Island.

RHODE ISLAND INFRASTRUCTURE BANK

By: _____
Executive Director

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APPENDIX E-2

Form of NBC Continuing Disclosure Certificate

CONTINUING DISCLOSURE CERTIFICATE (Narragansett Bay Commission)

This Continuing Disclosure Certificate (the “Certificate”) is made as of the ____ day of May, 2024, by the Narragansett Bay Commission (the “Borrower”) acting by its undersigned officer, duly authorized, in connection with the issuance by the Rhode Island Infrastructure Bank (the “Bank”) of its State Revolving Fund Revenue Bonds Series 2024A (Master Trust) (Green Bonds) (the “Bonds”), dated the date of delivery, for the benefit of the beneficial owners from time to time of the Bonds.

Section 1. Definitions. For purposes of this Certificate, the following capitalized terms shall have the following meanings:

“EMMA” shall mean the Electronic Municipal Market Access System, the website created by the MSRB and approved by the SEC that is accessible at www.emma.msrb.org where beginning July 1, 2009 municipal issuers and obligated persons were required to file continuing disclosure information under the Rule.

“Final Official Statement” means the official statement of the Bank dated May __, 2024, prepared in connection with the Bonds.

“Indenture” means the Master Trust Indenture dated as of May 1, 2021, between the Bank and U.S. Bank Trust Company, National Association, as successor in interest to U.S. Bank National Association, as Master Trustee.

“MSRB” means the Municipal Securities Rulemaking Board established under the Securities Act of 1933, as amended, or any successor thereto.

“Objective Criteria” means any Borrower who, as a result of outstanding Loans from the Bank, is obligated to pay twenty (20%) percent or more of the total outstanding debt service due on all bonds issued by the Bank under the Indenture.

“Repository” means any nationally recognized municipal securities information repository recognized by the SEC from time to time, which, as of the date of this Certificate, means only the MSRB through the operation of EMMA.

“Rule” means Rule 15c2-12 under the Securities Exchange Act of 1934, as of the date of this Certificate.

“SEC” means the Securities and Exchange Commission of the United States, or any successor thereto.

Capitalized terms used herein and not otherwise defined shall have the meaning as set forth in the Indenture.

Section 2. Annual Financial Information and Notice regarding Financial Obligations.

(a) The Borrower agrees to provide, or cause to be provided, directly or through the Bank to the Repository through EMMA, in accordance with the provisions of the Rule and of this Certificate, annual financial information and operating data for each fiscal year as follows:

(1) Audited financial statements of the Borrower, prepared in accordance with generally accepted accounting principles, with certain exceptions required or permitted by Rhode Island law,

commencing with the fiscal year ended June 30, 2024; provided, however, that if audited financial statements are not then available, unaudited financial statements shall be provided and such audited financial statements shall be filed when they become available.

(2) To the extent not included in the financial statements described in (1) above, annual financial information and operating data for the Borrower of the type presented in the Final Official Statement prepared in connection with the Bonds in APPENDIX C-1 of the Final Official Statement, and such other financial information and operating data as may be required to comply with the Rule, commencing with the fiscal year ended June 30, 2024.

(b) The financial statements and other financial information and operating data described above will be provided on or before nine (9) months after the close of the fiscal year for which such information is being provided. The fiscal year of the Borrower currently ends on June 30.

(c) Annual financial information and operating data may be provided in whole or in part by cross-reference to other documents previously provided to the Repository through EMMA. If the document to be cross-referenced is a final official statement, it must be available from the Repository through EMMA. All or a portion of the financial information and operating data may be provided in the form of a comprehensive annual financial report or an annual information statement.

(d) The Borrower agrees to provide written notice of the following events to: (i) the Bank within five (5) business days after the occurrence thereof or (ii) the Repository through EMMA within ten (10) business days after the occurrence thereof:

(1) Bankruptcy, insolvency, receivership or similar event of the Borrower*;

(2) The consummation of a merger, consolidation, or acquisition involving the Borrower or the sale of all or substantially all of the assets of the Borrower, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions other than pursuant to its terms, if material;

(3) Incurrence of a financial obligation of the Borrower, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Borrower, any of which affect security holders, if material**; and

(4) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the Borrower, any of which reflect financial difficulties**.

* As noticed in the Rule, this event is considered to occur when any of the following occur: (i) the appointment of a receiver, fiscal agent or similar officer for the Borrower in a proceeding under the U.S. Bankruptcy Code or in any proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Borrower, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority or (ii) the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Borrower.

** For purposes of the events identified in Section 2(d)(3) and (4) above, the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

Section 3. Notice of Failure to Provide Annual Financial Information.

The Borrower agrees to provide or cause to be provided, in a timely manner, to the Repository through EMMA, notice of any failure by it to provide annual financial information as set forth in Section 2(a) hereof on or before the date set forth in Section 2(b) hereof.

Section 4. Use of Agents.

Annual financial information and operating data and notices to be provided pursuant to this Certificate may be provided by the Borrower or by any agents which may be employed for such purpose from time to time.

Section 5. Termination.

The obligations of the Borrower under this Certificate shall terminate upon the earlier of (i) payment at maturity or otherwise, of all of the Bonds, or (ii) such time as the Borrower ceases to be an obligated person meeting the Objective Criteria with respect to the Bonds within the meaning of the Rule and the Bank's Continuing Disclosure Certificate with respect to the Bonds.

Section 6. Enforcement.

The purpose of the Borrower's undertaking is to conform to the requirements of the Rule and, except for creating the right on the part of the beneficial owner of the Bonds, from time to time, to specifically enforce the Borrower's obligations hereunder, not to create new contractual or other rights for the original purchasers of the Bonds, any registered owner or beneficial owner of the Bonds, any municipal securities broker or dealer, any potential purchaser of the Bonds, the SEC or any other person. The sole remedy in the event of any actual or alleged failure by the Borrower to comply with any covenant of this Certificate shall be an action for the specific performance of the Borrower's obligations hereunder and not for money damages in any amount. Any failure by the Borrower to comply with all provisions of this undertaking shall not constitute an event of default with respect to the Bonds.

Section 7. Contact Person.

The Borrower's Chief Financial Officer, or such officer's designee from time to time, shall be the contact person on behalf of the Borrower from whom the foregoing information, data and notices may be obtained. The name, address and telephone number of the initial contact person is Karen Giebink, Chief Financial Officer, One Service Road, Providence, Rhode Island 02905, Telephone: (401) 443-4560.

Section 8. Miscellaneous.

The Borrower shall have no obligation to provide any information, data or notices other than as set forth in this Certificate; provided however, nothing in this Certificate shall be construed as prohibiting the Borrower from providing such additional information, data or notices from time to time as it deems appropriate in connection with the Bonds. If the Borrower elects to provide any such additional information, data or notices, the Borrower shall have no obligation under this Certificate to update or continue to provide further additional information, data or notices of the type so provided.

(a) The intent of the Borrower's undertaking in this Certificate is to provide on a continuing basis the information described in the Rule. The provisions of the Certificate may be amended by the Borrower without the consent of, or notice to, any beneficial owners of the Bonds, (a) to comply with or conform to the provisions of the Rule or any amendments thereto or authoritative interpretations thereof by the SEC or its staff (whether required or optional), (b) to add a dissemination agent for the information required to be provided by such undertakings and to make any necessary or desirable provisions with respect thereto, (c) to add to the covenants of the Borrower for the

benefit of the beneficial owners of Bonds, (d) to modify the contents, presentation and format of the annual financial information from time to time as a result of a change in circumstances that arises from a change in legal requirements, or (e) to otherwise modify the undertakings in a manner consistent with the provisions of state legislation responding to the requirements of the Rule concerning continuing disclosure; provided, however, that in the case of any amendment pursuant to clause (d) or (e), (i) the undertaking, as amended, would have complied with the requirements of the Rule at the time of the offering of the Bonds, after taking into account any amendments or authoritative interpretations of the Rule, as well as any change in circumstances, and (ii) the amendment does not materially impair the interests of the beneficial owners of the Bonds, as determined either by a party unaffiliated with the Borrower (such as bond counsel), or by the vote or consent of beneficial owners of a majority in outstanding principal amount of the Bonds affected thereby at or prior to the time of such amendment. Furthermore, to the extent that the Rule, as in effect from time to time, or any replacement thereof no longer requires the Borrower to provide all or any portion of the information the Borrower has agreed to provide pursuant to the Certificate, the obligation of the Borrower to provide such information also shall cease immediately.

(b) This Certificate shall be governed by the laws of the State of Rhode Island.

NARRAGANSETT BAY COMMISSION

By: _____
Chairperson

By: _____
Executive Director

APPENDIX F

Book-Entry-Only System

The information under this heading has been furnished by The Depository Trust Company (“DTC”), New York, New York. Neither the Bank nor the Underwriters make any representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

DTC, New York, New York, will act as securities depository for the Series 2024A Bonds. The Series 2024A Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2024A Bond will be issued for each maturity of Series 2024A Bonds as shown on the front cover hereof, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2024A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2024A Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2024A Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2024A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2024A Bonds, except in the event that use of the book-entry system for the Series 2024A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2024A Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2024A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2024A Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2024A Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Beneficial Owners of Series 2024A Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Series 2024A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Series 2024A Bonds may wish to ascertain that the nominee holding the Series 2024A Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2024A Bonds issued are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent to vote with respect to the Series 2024A Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures DTC mails an Omnibus Proxy to the Bank as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2024A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2024A Bonds, and redemption proceeds, will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Bank or the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participants and not of DTC (nor its nominee), the Trustee or the Bank, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such nominee as may be requested by an authorized representative of DTC) is the responsibility of the Bank or the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of the Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2024A Bonds at any time by giving reasonable notice to the Bank or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, certificated Series 2024A Bonds are required to be printed and delivered.

The Bank may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, certificated Series 2024A Bonds will be printed and delivered to DTC.

THE INFORMATION IN THIS APPENDIX F CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE BANK AND THE UNDERWRITERS BELIEVE TO BE RELIABLE, BUT THE BANK AND THE UNDERWRITERS TAKE NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

THE BANK, THE UNDERWRITERS AND THE TRUSTEE WILL HAVE NO RESPONSIBILITY OR OBLIGATION TO SUCH DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEE WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, OR THE INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE SERIES 2024A BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE SERIES 2024A BONDOWNERS OR REGISTERED OWNERS OF THE SERIES 2024A BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2024A BONDS.

Neither the Bank, the Underwriters nor the Trustee shall have any responsibility or obligation with respect to: (i) the accuracy of the records of DTC or any Participant with respect to any beneficial ownership interests of the Series 2024A Bonds; (ii) the delivery to any Participant, Beneficial Owner of the Series 2024A Bonds or other person, other than DTC, of any notice with respect to the Series 2024A Bonds; (iii) the payment to any Participant, Beneficial Owner of the Series 2024A Bonds or other person, other than DTC, of any amount with respect to the principal of,

premium, if any, or interest on, the Series 2024A Bonds; (iv) any consent given by DTC as registered owner; or (v) the selection by DTC or any Participant or any Beneficial Owners to receive payment if the Series 2024A Bonds are redeemed in part.

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APPENDIX G

Green Bond Project Highlights

Projects to be Financed or Refinanced with Series 2024A Bond Proceeds*

<u>Borrower</u>	<u>Principal Amount of Green Bond Proceeds</u> [†]	<u>Project Description</u>	<u>Percent of Loan Drawn</u> [‡]
Narragansett Bay Commission	\$75,000,000	Finance various projects relating to NBC's Capital Improvement Program	_____ %

* The satisfactory completion of the project, modifications of the project and other factors may cause the loan amount to vary. Accordingly, the information contained in Appendix G is subject to change.

[†] Amount may include costs of issuance and rounding.

[‡] To be updated annually.

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