

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 16, 2025

NEW ISSUE/BOOK-ENTRY-ONLY

RATINGS: (See “RATINGS” herein.)

In the opinion of Savage Law Partners, LLP, Bond Counsel, based upon an analysis of existing law and assuming, among other matters, compliance with certain covenants, interest on the Series 2025 Bonds (as defined herein) 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 2025 Bonds is not a specific preference item for purposes of the federal alternative minimum tax, although such interest will be taken into account in computing the alternative minimum tax imposed on certain corporations. Under existing law, income from the Series 2025 Bonds is free from taxation by the State of Rhode Island (the “State”) or any political subdivision or other instrumentality of the State, although the income therefrom 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 2025 Bonds. See “TAX MATTERS” and “APPENDIX G” herein.



\$50,480,000*
RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION
STATE APPROPRIATION-BACKED REVENUE BONDS
(CENTRAL FALLS PUBLIC SCHOOL PROJECTS) SERIES 2025



Dated: Date of Delivery

Due: May 15 as shown on inside cover page

The above-referenced bonds (the “Series 2025 Bonds”) are issuable as fully registered bonds, and when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository for the Series 2025 Bonds. Purchases of the Series 2025 Bonds will be made in book-entry only form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers of beneficial ownership interests in the Series 2025 Bonds (the “Beneficial Owners”) will not receive certificates representing their beneficial interest in the Series 2025 Bonds. So long as Cede & Co. is Bondowner, as nominee of DTC, references herein to Bondowners or registered owners shall mean Cede & Co., as aforesaid and shall not mean the Beneficial Owners of the Series 2025 Bonds. See “THE SERIES 2025 BONDS - Book-Entry Only System” herein. **Capitalized terms used in this Official Statement and not otherwise defined herein have the definitions set forth in APPENDIX B – “Definitions of Certain Terms and Summary of the Indenture.”**

Interest on the Series 2025 Bonds will be payable on May 15 and November 15 of each year, commencing November 15, 2025*. Principal of, Sinking Fund Installments, if any, Redemption Price, if any, and interest on, the Series 2025 Bonds will be paid by U.S. Bank Trust Company, National Association, as trustee for the Series 2025 Bonds (the “Trustee”) and as paying agent (the “Paying Agent”), to Cede & Co., as nominee of DTC. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants and the Indirect Participants, as described herein.

The Series 2025 Bonds are subject to optional redemption prior to maturity as set forth in this Official Statement.

The Series 2025 Bonds are being issued by the Rhode Island Health and Educational Building Corporation (the “Corporation”) pursuant to a Trust Indenture dated August 1, 2023 (the “Trust Indenture”), as supplemented by the Series 2025 Indenture, dated July 15, 2025 (the “Series Indenture” and together with the Trust Indenture, the “Indenture”) by and between the Corporation and the Trustee. The Series 2025 Bonds are special limited obligations of the Corporation and are payable solely from and secured by the Trust Estate, as defined in the Indenture including a pledge of payments to be made by the State of Rhode Island (the “Borrower” or the “State”), pursuant to the terms of a Financing Agreement (defined herein) by and among the Corporation, the Borrower, the City of Central Falls, Rhode Island (the “City”), and the Central Falls School District Board of Trustees (the “Board of Trustees”). **THE OBLIGATIONS OF THE STATE OF RHODE ISLAND TO MAKE PAYMENTS UNDER THE FINANCING AGREEMENT WITH RESPECT TO THE SERIES 2025 BONDS ARE SUBJECT TO ANNUAL APPROPRIATION BY THE STATE’S GENERAL ASSEMBLY.** See “SECURITY FOR THE SERIES 2025 BONDS” herein.

EXCEPT AS SET FORTH IN THE FINANCING AGREEMENT, NEITHER THE STATE OF RHODE ISLAND NOR THE CORPORATION IS OBLIGATED TO PAY THE PRINCIPAL OF, SINKING FUND INSTALLMENTS, IF ANY, REDEMPTION PRICE, IF ANY, OR INTEREST ON THE SERIES 2025 BONDS, EXCEPT FROM THE REVENUES DERIVED UNDER THE INDENTURE AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF RHODE ISLAND OR OF ANY MUNICIPALITY OR POLITICAL SUBDIVISION THEREOF (INCLUDING THE CITY) IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, SINKING FUND INSTALLMENTS, IF ANY, REDEMPTION PRICE, IF ANY, OR INTEREST ON THE SERIES 2025 BONDS. THE CORPORATION DOES NOT HAVE TAXING POWER.

The Series 2025 Bonds are being offered for delivery when, as, and if issued by the Corporation, subject to the final approving opinion of Savage Law Partners, LLP, Providence, Rhode Island, Bond Counsel, as well as certain other conditions referred to herein. Certain matters will be passed on for the Corporation by Savage Law Partners, LLP, Providence, Rhode Island, for the Borrower by its counsel, Locke Lord LLP and for the Underwriters by their counsel, Harrington & Vitale, Ltd., Providence, Rhode Island. PFM Financial Advisors LLC, Boston, Massachusetts is serving as municipal advisor to the Corporation for this transaction. Public Resources Advisory Group, New York, New York is serving as municipal advisor to the Borrower for this transaction. Hilltop Securities, Inc., Lincoln, Rhode Island is serving as municipal advisor to the City for this transaction. It is expected that the Series 2025 Bonds in definitive form will be delivered to DTC in New York, New York or to its custodial agent on or about July __, 2025.

Raymond James

Siebert Williams Shank

Dated: June __, 2025

*Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. These securities may not be sold nor may an offer to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any jurisdiction. A definitive Official Statement with respect to these securities will be made available concurrently with their sale.

\$50,480,000*
RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION
STATE APPROPRIATION-BACKED REVENUE BONDS
(CENTRAL FALLS PUBLIC SCHOOL PROJECTS) SERIES 2025

Maturities, Principal Amounts, Interest Rates, Yields, Prices and CUSIPs

<u>Maturity</u> <u>(May 15)*</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP</u> [†]
2026	\$1,310,000				
2027	1,105,000				
2028	1,160,000				
2029	1,220,000				
2030	1,280,000				
2031	1,345,000				
2032	1,410,000				
2033	1,480,000				
2034	1,555,000				
2035	1,630,000				
2036	1,715,000				
2037	1,800,000				
2038	1,890,000				
2039	1,985,000				
2040	2,085,000				
2041	2,190,000				
2042	2,295,000				
2043	2,410,000				
2044	2,530,000				
2045	2,660,000				

\$15,425,000* []% Term Bonds due May 15, 2050* Price [] to Yield []% CUSIP No.[][†]

*Preliminary, subject to change.

† CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. Copyright © 2025 CUSIP Global Services. All rights reserved. The CUSIP numbers have been assigned by an independent company not affiliated with the Corporation and are included solely for the convenience of the holders of the Series 2025 Bonds. None of the Underwriters, the Borrower, the Corporation, the City, or the Trustee is responsible for the selection or uses of the CUSIP numbers, and no representation is made as to their correctness on the Series 2025 Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2025 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 a result of 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 2025 Bonds.

REGARDING THIS OFFICIAL STATEMENT

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SERIES 2025 BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The Underwriters may offer and sell the Series 2025 Bonds to certain dealers (including dealers depositing Series 2025 Bonds into investment trusts) and others at prices lower (or yields higher) than the public offering prices (or yields) stated on the inside cover page hereof.

No broker, dealer, salesman or other person has been authorized to give any information or to make any representation, other than those contained, incorporated by reference or referred to in this Official Statement in connection with the offer made hereby, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Corporation, the Borrower, the City, the Underwriters, PFM Financial Advisors LLC, municipal advisor to the Corporation (the "Corporation Municipal Advisor"), Public Resources Advisory Group, municipal advisor to the Borrower (the "Borrower Municipal Advisor"), or Hilltop Securities, Inc., municipal advisor to the City ("City Municipal Advisor"). The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Corporation or the Borrower since the date hereof. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy any of the Series 2025 Bonds in any jurisdiction in which such an offer or solicitation is not authorized, or in which the person making such an offer is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation. The information contained herein has been obtained from the Corporation, the Borrower, and The Depository Trust Company and other sources believed to be reliable, but it is not guaranteed as to accuracy or completeness and is not to be construed as a representation of the Underwriters or, as to information from sources other than the Corporation, of the Corporation.

The Borrower has agreed to enter into a Continuing Disclosure Agreement pursuant to which the Borrower will provide certain continuing disclosure. The purpose of the Continuing Disclosure Agreement is to assist the Underwriters in complying with SEC Rule 15c2-12, as amended, of the Securities and Exchange Commission. None of the Corporation, the City, or the Board of Trustees is an Obligated Person with respect to the Series 2025 Bonds with respect to SEC Rule 15c2-12. See "CONTINUING DISCLOSURE" herein.

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 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.

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

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

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

Upon issuance, the Series 2025 Bonds will not be registered under the Securities Act of 1933, as amended, or any state securities law, and will not be listed on any stock or other securities exchange. Neither the Securities Exchange Commission nor any other federal, state or other governmental entity or agency will have passed upon the accuracy of the Official Statement or, except for the Corporation, authorized the Series 2025 Bonds for sale.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE BORROWER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or similar words. Such

forward-looking statements include, among others, the information under the heading “BONDOWNERS’ RISKS” and in APPENDIX A to this Official Statement.

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 BORROWER DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN CHANGES TO ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED, OCCUR.

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OFFICIAL STATEMENT

RELATING TO

\$50,480,000*

**RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION
STATE APPROPRIATION-BACKED REVENUE BONDS
(CENTRAL FALLS PUBLIC SCHOOL PROJECTS) SERIES 2025**

INTRODUCTION

The purpose of this Official Statement is to set forth certain information concerning the Rhode Island Health and Educational Building Corporation (the “Corporation”), the State of Rhode Island (the “Borrower” or the “State”), and the \$50,480,000* aggregate principal amount of the Corporation’s State Appropriation-Backed Revenue Bonds (Central Falls Public School Projects) Series 2025 (the “Series 2025 Bonds”). The issuance of the Series 2025 Bonds is authorized by a joint resolution and act of the General Assembly of the State of Rhode Island approving the issuance of the Series 2025 Bonds pursuant to Sections 1 through 3 of Local Act 106/107 of 2021, as amended by Local Act 34/35 of 2023 (the “Joint Resolution” or “Central Falls School Financing Act”) and a resolution adopted by the Corporation on May 21, 2025 and Chapter 38.1 of Title 45 of the General Laws of Rhode Island, 1956, as amended (the “Act” or the “Corporation Act”). The information contained in this Official Statement is provided for use in connection with the initial sale of the Series 2025 Bonds.

Series 2025 Bonds

The Series 2025 Bonds are being issued pursuant to a Trust Indenture dated August 1, 2023, as supplemented (the “Trust Indenture”), including as supplemented by the Series 2025 Indenture, dated July 15, 2025 (the “Series Indenture” and together with the Trust Indenture, the “Indenture”) by and between the Corporation and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”).

The Borrower, acting by and through the Governor, the General Treasurer, the Director of Administration, and the Budget Officer of the State of Rhode Island, has entered into a Financing Agreement dated June __, 2025 (the “Financing Agreement”) with the Corporation, the City of Central Falls, Rhode Island (the “City”) and the Central Falls School District Board of Trustees (the “Board of Trustees”) to provide for the Borrower’s obligation to pay the full amount of the principal, including any mandatory Sinking Fund Installments, and interest when due (the “Basic Debt Service Payments”) to the Corporation subject to annual appropriation of funds by the Rhode Island General Assembly for (a) financing and refinancing school projects in the City (the “Projects”) and (b) the payment of certain expenses incurred in connection with the issuance of the Series 2025 Bonds. See “THE PROJECTS”, and “ESTIMATED SOURCES AND USES OF FUNDS” herein.

THE SERIES 2025 BONDS

Description

The Series 2025 Bonds will be dated their date of delivery and will mature as described on the inside cover page to this Official Statement. The principal of, Sinking Fund Installments, if any, and Redemption Price, if any, on the Series 2025 Bonds will be payable at the principal corporate trust office of the Trustee. Interest on the Series 2025 Bonds, payable on each May 15 and November 15, commencing November 15, 2025, will be payable by check drawn on the Trustee and mailed on each interest payment date to the registered owners thereof registered as such on the relevant record date. The record date for each payment of interest is the date 15 days prior to any scheduled payment date. The Series 2025 Bonds are issuable as fully registered bonds in denominations of \$5,000 or any integral multiple thereof without coupons and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee

*Preliminary, subject to change

for The Depository Trust Company (“DTC”), New York, New York. So long as DTC or its nominee is the registered owner of the Series 2025 Bonds, disbursement of such payments to DTC Participants (hereinafter defined) is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of DTC Participants and the Indirect Participants. See “THE SERIES 2025 BONDS – Book-Entry Only System” herein.

Redemption Provisions

Optional Redemption. The Series 2025 Bonds maturing on or before May 15, 20__ are not subject to optional redemption prior to maturity. The Series 2025 Bonds maturing on or after May 15, 20__ are subject to redemption prior to maturity on or after May 15, 20__ in any order of maturity at the option of the Borrower under the Financing Agreement and at the direction of the Corporation, as a whole or in part at any time, at a Redemption Price equal to 100% of the principal amount of the Series 2025 Bonds or portions thereof to be redeemed, plus accrued interest to the redemption date.

Mandatory Sinking Fund Redemption. The Series 2025 Bonds maturing on May 15, 20__ are subject to mandatory redemption from sinking fund installments prior to maturity on May 15, 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 2025 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

Notice of Redemption. So long as DTC or its nominee is the Bondowner, the Borrower, the Corporation and the Trustee will recognize DTC or its nominee as the Bondowner for all purposes, including notices and voting. Conveyance or notices and other communications by DTC to Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory and regulatory requirements as may be in effect from time to time.

If the Series 2025 Bonds to be redeemed are Book-Entry Only Bonds, the Trustee shall give notice of redemption to DTC not less than thirty (30) days nor more than sixty (60) days prior to the redemption date and otherwise comply with the Indenture notice requirements. Any failure on the part of DTC or failure on the part of a nominee of a Beneficial Owner (having received notice from a DTC Participant or otherwise) to notify the Beneficial Owner so affected, shall not affect the validity of the redemption. For a more complete description of the Series 2025 Bonds and their notice provisions for redemption, see APPENDIX B – “Definitions of Certain Terms and Summary of the Indenture.”

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Debt Service Requirements

Series 2025 Bonds

The following table sets forth, for each respective Fiscal Year, the amounts required, subject to appropriation of funds by the Rhode Island General Assembly, to be made available by the Borrower in such year for payment of the principal of, sinking fund installments and interest on the Series 2025 Bonds.

Fiscal Year	Principal*	Interest	Debt Service
2026	\$1,310,000		
2027	1,105,000		
2028	1,160,000		
2029	1,220,000		
2030	1,280,000		
2031	1,345,000		
2032	1,410,000		
2033	1,480,000		
2034	1,555,000		
2035	1,630,000		
2036	1,715,000		
2037	1,800,000		
2038	1,890,000		
2039	1,985,000		
2040	2,085,000		
2041	2,190,000		
2042	2,295,000		
2043	2,410,000		
2044	2,530,000		
2045	2,660,000		
2046	2,790,000		
2047	2,930,000		
2048	3,080,000		
2049	3,230,000		
2050	3,395,000		
Total	\$50,480,000		

*Preliminary, subject to change.

Book-Entry Only System

This section describes how ownership of the Series 2025 Bonds is to be transferred and how the principal of, Sinking Fund Installments, if any, Redemption Price, if any, and interest on the Series 2025 Bonds are to be paid to and credited by DTC while the Series 2025 Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The Corporation, the Underwriters, the Borrower, the City, and the Board of Trustees believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.

The Corporation, the Underwriters, the Borrower, the City, and the Board of Trustees cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Series 2025 Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Series 2025 Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company, New York, New York, will act as securities depository for the Series 2025 Bonds. The Series 2025 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 bond certificate will be issued for each maturity of the Series 2025 Bonds 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, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("DTC Participants") deposit with DTC. DTC also facilitates the post-trade settlement among DTC Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between DTC Participants' accounts, thereby eliminating the need for physical movement of securities certificates. DTC 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 DTC Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2025 Bonds under the DTC system must be made by or through DTC Participants, which will receive a credit for the Series 2025 Bonds on DTC's records. The ownership interest of each actual purchaser of the Series 2025 Bond ("Beneficial Owner") is in turn to be recorded on the DTC Participants 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 DTC Participants or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2025 Bonds are to be accomplished by entries made on the books of DTC Participants and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2025 Bonds, except in the event that use of the book-entry system for the Series 2025 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2025 Bonds deposited by DTC 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 2025 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2025 Bonds; DTC's records reflect only the identity of the DTC Participants to whose accounts such Series 2025 Bonds are credited, which may or may not be the Beneficial Owners. The DTC Participants 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 DTC Participants, by DTC Participants to Indirect Participants, and by DTC 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 2025 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2025 Bonds, such as redemptions, defaults, and proposed amendments to the Series 2025 Bonds documents. For example, Beneficial Owners of Series 2025 Bonds may wish to ascertain that the nominee holding the Series 2025 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 notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of a series of the Series 2025 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each DTC Participant to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2025 Bonds unless authorized by a DTC Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Corporation as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those DTC Participants to whose accounts Series 2025 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2025 Bonds 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 DTC Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Corporation or the Paying Agent/Registrar on payable dates 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 participant and not of DTC, the Paying Agent or the Corporation, 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 other nominee as may be requested by an authorized representative of DTC is the responsibility of the Corporation, disbursement of such payments to DTC Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of DTC Participants and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2025 Bonds at any time by giving reasonable notice to the Corporation and the Paying Agent/Registrar. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2025 Bond certificates are required to be printed and delivered.

The Corporation may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2025 Bond certificates will be printed and delivered to DTC.

Use of Certain Terms in Other Sections of this Official Statement. In reading this Official Statement it should be understood that while the Series 2025 Bonds are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the participant acquires an interest in the Series 2025 Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners will be given only to DTC.

Information in this section concerning DTC and the Book-Entry-Only System has been obtained from sources that the Corporation, the Underwriters, the Borrower, the City and the Board of Trustees believe to be reliable but none of the Corporation, the Underwriters, the Borrower, the City or the Board of Trustees takes any responsibility for the accuracy thereof.

SECURITY FOR THE SERIES 2025 BONDS

The Series 2025 Bonds will be payable from and secured by a lien on and pledge of the Trust Estate, including the Basic Debt Service Payments paid to the Trustee for the account of the Corporation by the Borrower in accordance with the provisions of the Financing Agreement.

Special Obligations

The Series 2025 Bonds will be special limited obligations of the Corporation. The Indenture and Financing Agreement provide for payment by the Borrower, subject to annual appropriation of funds by the Rhode Island General Assembly, of Basic Debt Service Payments, sufficient to pay the principal of, Sinking Fund Installments, if any, Redemption Price, if any, and interest on the Series 2025 Bonds when they are due and the expenses incurred by the Trustee and the Paying Agent in the course of administering their duties under the Indenture. The State's proposed

budget for fiscal year 2026 includes an appropriation in an amount sufficient to pay debt service on the Series 2025 Bonds coming due in fiscal year 2026.

State Not Liable on the Series 2025 Bonds

Pursuant to the Act and the Central Falls School Financing Act, the Corporation is authorized to issue the Series 2025 Bonds. The Series 2025 Bonds are special and limited obligations of the Corporation and are payable solely from and secured by the Trust Estate, as defined in the Indenture including a pledge of payments to be made by the Borrower, pursuant to the terms of the Financing Agreement. The Series 2025 Bonds shall not be payable out of any moneys of the Corporation other than the Trust Estate. The Series 2025 Bonds are not general obligations of the State, and do not constitute a debt of the State. Payments of Basic Debt Service Payments and other amounts under the Financing Agreement are not enforceable against the State, nor shall payment thereof be enforceable out of any moneys of the State, except for amounts appropriated by the Rhode Island General Assembly for such purposes.

EXCEPT AS SET FORTH IN THE FINANCING AGREEMENT, NEITHER THE STATE OF RHODE ISLAND NOR THE CORPORATION IS OBLIGATED TO PAY THE PRINCIPAL OF, SINKING FUND INSTALLMENTS, IF ANY, REDEMPTION PRICE, IF ANY, OR INTEREST ON THE SERIES 2025 BONDS, EXCEPT FROM THE REVENUES DERIVED UNDER THE INDENTURE AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF RHODE ISLAND OR OF ANY MUNICIPALITY OR POLITICAL SUBDIVISION THEREOF (INCLUDING THE CITY) IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, SINKING FUND INSTALLMENTS, IF ANY, REDEMPTION PRICE, IF ANY, OR INTEREST ON THE SERIES 2025 BONDS. THE CORPORATION DOES NOT HAVE TAXING POWER. THE OBLIGATION OF THE STATE TO MAKE BASIC DEBT SERVICE PAYMENTS TO THE TRUSTEE FOR DEPOSIT IN THE DEBT SERVICE FUND IS SUBJECT TO ANNUAL APPROPRIATION BY THE RHODE ISLAND GENERAL ASSEMBLY.

Payment by the State to the Trustee of the Basic Debt Service Payments under the Financing Agreement is subject to annual appropriations made by the General Assembly. See “SECURITY FOR THE SERIES 2025 BONDS – The Financing Agreement” and APPENDIX C – “SUMMARY OF FINANCING AGREEMENT.” The General Assembly, however, is not legally bound to make an annual appropriation of the Appropriated Funds to the Trustee, and the Corporation Act and the Central Falls Financing Act do not restrict the right of the General Assembly to amend, repeal, modify or otherwise alter the Corporation Act or the Central Falls Financing Act or the use of the Appropriated Funds. The Corporation can give no legal assurance that the General Assembly will annually appropriate the Appropriated Funds.

The Financing Agreement

The Borrower, acting by and through the Governor, the General Treasurer, the Director of Administration, and the Budget Officer of the State of Rhode Island, has entered into a Financing Agreement, dated June __, 2025, with the Corporation, the City, and the Board of Trustees pursuant to which in each State fiscal year in which any of the Series 2025 Bonds remain outstanding, among other matters, the Governor covenants and agrees to include in the Governor’s proposed budget of revenues and appropriations submitted to the General Assembly, an amount equal to the gross appropriation of all Appropriated Funds anticipated to be needed to make Basic Debt Service Payments on all Outstanding Bonds for such State fiscal year. See APPENDIX B – “DEFINITIONS OF CERTAIN TERMS AND SUMMARY OF THE INDENTURE.” The Governor has also covenanted to submit a supplemental budget request should the General Assembly pass a budget not including an amount equal to the requested gross appropriation for a State fiscal year. The Financing Agreement may not be amended in any way that will materially and adversely impair the ability of the Trustee to make Basic Debt Service Payments from Appropriated Funds provided for the Series 2025 Bonds under the Indenture; however, any amendment may be made with the consent of the holders of not less than a majority in aggregate principal amount of the bonds authorized pursuant to the Central Falls School Financing Act obtained in accordance with the terms of the Indenture. Upon the issuance and sale of the Series 2025 Bonds, the Borrower agrees to pay to the Corporation, from proceeds of the Series 2025 Bonds, the issuance and administrative expenses of the Corporation in connection with the issuance of the Series 2025 Bonds in an amount set forth in the Financing Agreement, and, subject to appropriation of funds by the Rhode Island General Assembly, such other expenses as may be incurred by the Corporation set forth in the Financing Agreement. See APPENDIX C – “SUMMARY OF FINANCING AGREEMENT.”

THE CORPORATION

Authorization

After having been initially organized in 1966 as a Rhode Island non-business corporation under the name of “Rhode Island Educational Building Corporation” (the “Corporation”), the Corporation was constituted as a public body corporate and agency of the State of Rhode Island (the “State”) in 1967 with the passage of Chapter 38.1 of Title 45 of the General Laws by the General Assembly of the State (the “Act”). Under the Act, the Corporation was given broad powers to assist in providing financing for educational facilities to accommodate the projected increases in the college and university enrollment levels in the State. In 1968, by virtue of an amendment to the Act in Chapter 224 of the Rhode Island Public Laws of 1968, the Corporation’s name was changed to the Rhode Island Health and Educational Building Corporation and its powers were expanded to enable it to assist hospitals in the State in the financing of health care facilities.

Since 1968, the Corporation’s powers have been expanded many times under various amendments to the Act for the following purposes: to provide assistance to nonprofit health associations and cooperative hospital service organizations; to initiate a student loan program for institutions for higher education in the State (1982); to treat any nonprofit corporation, all of whose members are hospitals or parent corporations of hospitals, as a “hospital” for purposes of the Act (1988); to guaranty or insure loans to a participating hospital or institution for higher education and to pledge, encumber or advance funds of the Corporation in connection therewith (1989); to provide financial assistance to nonprofit visiting nurse associations (1990); to assist in financing a broad range of nonprofit health care providers (1991); to assist in financing nonprofit secondary schools and child day care centers and to finance facilities for nonprofit healthcare providers which, pursuant to state contracts, educate, counsel, or rehabilitate young people who have come subject to child welfare, juvenile justice, or mental health systems in the State (1992); to assist in financing the development of the site of the former Narragansett Brewery in the City of Cranston as a multi-purpose facility to be used as a center for economic development, biotechnology research, education, health care, governmental and other similar uses (1994); to enable it to assist in financing stand-alone nonprofit assisted living facilities and adult day care facilities (1998); to enable it to issue Revenue Anticipation Notes and Capital Notes; to enable it to assist local educational authorities within the State in financing school projects (2000); to refund any obligations issued by or for the benefit of a participating educational institution for a School Project (2007); to enable it to assist in financing nonprofit clinical laboratories (2008); to provide assistance to various entities controlled by educational institutions and health care providers as well as those engaged in public-private partnership agreements with educational institutions and health care providers (2011); and to assist in the financing of structures suitable for use as a public library, gymnasium, recreational facility, park, playground, and maintenance, storage, or utility facility and other structures for municipalities (2022).

In 2011, the Corporation’s list of eligible borrowers (referred to herein as participants”) was expanded to include not only educational institutions and health care providers but also various entities controlled by such educational institutions and health care providers, as well as those engaged in public-private partnership agreements with educational institutions and health care providers. In 2022, the Corporation’s list of eligible borrowers was further expanded to include municipalities, nonprofit museums, nonprofit performing arts centers, nonprofit social or human service providers, and nonprofit providers of temporary housing shelter, among others.

In 2015, the Rhode Island legislature established the School Building Authority Capital Fund to provide upfront funding to public elementary and secondary schools for high priority building repairs. The School Building Authority is part of the Rhode Island Department of Education’s Office of Statewide Efficiencies. The School Building Authority oversees the school construction process to ensure that districts comply with school construction regulations. The Corporation has the statutory authority to administer the School Building Authority Capital Fund. Pursuant to Section 16-105-7 of the Rhode Island General Laws, as amended in 2019, in order to provide for one-time or limited expenses of the School Building Authority, the Corporation is required to provide funding from the School Building Authority Capital Fund, fees generated from the origination of bonds and other financing vehicles used for school construction, and its own reserves.

Under the Act, the Corporation is authorized and empowered, among other things, directly or by and through an eligible borrower, as its agent, (i) to acquire real and personal property as it may deem necessary or convenient for

the construction or operation of a project and to take title thereto in its own name or in the name of a participating institution as its agent; (ii) to construct, reconstruct, renovate, replace, maintain, repair, operate, lease, as lessor or lessee, and regulate any project and to designate a participant to do the same; (iii) to enter into contracts for any or all of such purposes or for the management and operation of a project and to designate a participant to do the same; (iv) to issue bonds, bond anticipation notes and other obligations and to fund or refund the same; (v) to fix and revise from time to time and charge and collect rates, rents, fees and charges for the use of and for the services furnished by a project or any portion thereof and to enter into contracts in respect thereof; (vi) to establish rules and regulations for the use of a project or any portion thereof and to designate a participant to do the same; (vii) to receive and accept from any public agency loans or grants for or in aid of the construction of a project or any portion thereof; (viii) to mortgage any project and the site thereof for the benefit of the holders of bonds issued to finance such project; (ix) to make loans to any participant for the cost of a project or to refund outstanding obligations, mortgages, advances issued, made or given by such participant for the cost of a project; (x) to charge to and equitably apportion among participants its administrative costs and expenses incurred; (xi) to accept gifts or grants or loans of funds or property or financial or other aid in any form from the federal government or any agency or instrumentality thereof or from the State or any agency or instrumentality thereof or from any other source; (xii) to make loans to participating institutions for higher education for the purpose of funding student loan programs; (xiii) to make gifts or grants of funds for construction of or development of any project; (xiv) to assist local educational authorities within the State in financing school projects; and (xv) to do all things necessary or convenient to carry out the purpose of the Act.

ANY NOTES OR BONDS ISSUED BY THE CORPORATION FOR THESE PURPOSES DO NOT AND CANNOT CONSTITUTE A LEGAL DEBT OF THE STATE. NEITHER THE STATE NOR THE CORPORATION SHALL BE OBLIGATED TO PAY THE PRINCIPAL, SINKING FUND INSTALLMENTS, IF ANY, REDEMPTION PRICE, IF ANY, OR INTEREST ON THE SERIES 2025 BONDS, EXCEPT FROM REVENUES PROVIDED FOR IN THE INDENTURE, WHICH ARE SUBJECT TO ANNUAL APPROPRIATION OF FUNDS BY THE RHODE ISLAND GENERAL ASSEMBLY. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL, SINKING FUND INSTALLMENTS, IF ANY, REDEMPTION PRICE, IF ANY, OR INTEREST ON THE SERIES 2025 BONDS. THE CORPORATION DOES NOT HAVE TAXING POWER.

Under the Act, the Corporation is required to report annually to the Governor of the State on its activities. Such report must include financial statements reported on by independent certified public accountants.

Board of Directors

The Act provides that all of the powers of the Corporation shall be vested in its Board of Directors, the five members of which are appointed by the Governor of the State to serve for five years. The Board of Directors is required by the Act to elect a Chair and Vice Chair from its membership and a Secretary, Assistant Secretary and Treasurer, and Assistant Treasurer who need not be members of the Board of Directors. Each such officer is elected at the annual meeting to serve for a term of one year.

The members of the Corporation's Board of Directors and its officers are as follows:

Ms. Channavy Chhay, Chair. Term as member expires June 30, 2027. Ms. Chhay is a resident of East Greenwich, Rhode Island, and is the Executive Director of the Center for Southeast Asians ("CSEA"), a community-rooted nonprofit organization serving the needs of low-income refugees and immigrant groups, catering specifically to Southeast Asian refugees. CSEA offers assistance with navigating Rhode Island's governmental, healthcare, human services, legal, and financial services system. CSEA is also a main hub of Southeast Asians' cultural affairs in Rhode Island.

Mr. William S. Murray, Vice Chair. Term as member expires June 30, 2026. Mr. Murray, is a resident of Cumberland, Rhode Island and was the Mayor of Cumberland from 2015 to 2019. He is currently working for Best Practice Energy in Wakefield as an energy advisor and consultant.

Ms. Lisa Andoscia, Secretary. Term as member expires June 30, 2025. Ms. Andoscia is a resident of North Providence, Rhode Island, and a business consultant. In 2002, Ms. Andoscia founded Rosewood Consulting Inc., a

consulting firm specializing in government affairs, strategic marketing, public relations and grants management to municipalities, private sector and non-profit organizations. She also serves as a member of the Board of Commissioners of the Narragansett Bay Commission.

Mr. David Almonte, Treasurer. Term as member expires June 30, 2029. Mr. Almonte is a resident of Exeter, Rhode Island. He is a certified public accountant and is employed as a Senior Manager/Financial Reporting and Analysis for Amica Mutual Insurance Company. Mr. Almonte is a co-founder of FountainHead RI, a 501(c)(3) non-profit organization, whose mission is to bring together and connect diverse, like-minded individuals who share a similar passion, vision, and ambition for moving local and global communities forward. Mr. Almonte is also a graduate of the Rhode Island State Police Academy and a graduate of the FBI Citizen's Academy.

Mr. Constantinos Perdikakis, Director. Term as member expires June 30, 2028. Mr. Perdikakis is a resident of Cranston, Rhode Island. He has over forty (40) years of experience designing and developing real estate as well as owning and managing several businesses throughout Rhode Island.

Staff, Advisors and Other Officers

The staff, advisors and other officers of the Corporation other than the directors are as follows:

Mr. Dylan Zelazo, Executive Director and Assistant Secretary. Mr. Zelazo's office of the Executive Director is located at 33 Broad Street, Suite 200, Providence, Rhode Island 02903. The telephone number is (401) 831-3770.

Mr. Scott O'Malley, Chief Financial Officer and Assistant Treasurer. Mr. O'Malley's office of the Chief Financial Officer and Assistant Treasurer is located at 33 Broad Street, Suite 200, Providence, Rhode Island 02903. The telephone number is (401) 831-3770.

PFM Financial Advisors LLC, a financial advisory firm located in Boston, Massachusetts serves as municipal advisor to the Corporation in connection with the issuance of the Series 2025 Bonds.

Public Resources Advisory Group, a financial advisory firm located in New York, New York serves as municipal advisor to the Borrower in connection with the issuance of the Series 2025 Bonds.

Hilltop Securities, Inc., a financial and investment advisory firm located in Lincoln, Rhode Island serves as municipal advisor to the City in connection with the issuance of the Series 2025 Bonds.

Savage Law Partners, LLP, of Providence, Rhode Island, is serving as Bond Counsel and General Counsel and will submit its approving opinion with regard to the legality of the Series 2025 Bonds in substantially the form attached hereto as APPENDIX E – "Form of Approving Opinion of Bond Counsel."

Troutman Pepper Locke LLP, Providence, Rhode Island, is serving as counsel to the State of Rhode Island with respect to the issuance of the Series 2025 Bonds.

Withum Smith & Brown, PC, of Braintree, Massachusetts, served as independent certified public accountants to the Corporation for the fiscal year ended June 30, 2024. Copies of the Corporation's financial statements and the auditor's report for the fiscal year ended June 30, 2024 are available at the office of the Corporation.

Indebtedness of the Corporation

The Corporation has heretofore authorized and issued certain series of its bonds and notes for eligible institutions in the State. As of June 30, 2024, the Corporation had 146 series of bonds and notes outstanding (excluding series secured by trust funds for future redemption) totaling \$5,029,000,815 originally issued and \$3,877,375,581 outstanding. See APPENDIX D "Schedule of Indebtedness of the Rhode Island Health and Educational Building Corporation" herein.

The Corporation expects to issue subsequent series of bonds and notes for the purpose of financing and refinancing projects. With respect to such other series of bonds and notes, the Corporation expects to enter into separate agreements with eligible institutions.

Each series of bonds and notes issued by the Corporation is payable only from revenues provided by the borrower for such series, and the general funds of the Corporation are not pledged to any bonds or notes. Each series of bonds and notes issued has been a special obligation of the Corporation issued under a separate agreement.

Except for the information contained herein under the headings “THE CORPORATION,” “CONTINUING DISCLOSURE” and “LITIGATION” and in APPENDIX D “Schedule of Indebtedness of the Rhode Island Health and Educational Building Corporation” insofar as it relates to the Corporation, the Corporation has not provided any of the information contained in this Official Statement. The Corporation is not responsible for and does not certify as to the accuracy or sufficiency of the disclosures made herein or any other information provided by the Borrower, the Underwriters or any other person.

THE PROJECTS

The proceeds of the Series 2025 Bonds will be used to: (a) finance the following educational projects: the construction, renovation, improvement, alteration, repair, furnishing and equipping of schools and school facilities in the City, and (b) to pay certain expenses incurred in connection with the issuance of the Series 2025 Bonds (the “Series 2025 Projects” or “Projects”). Under the Central Falls School Financing Act, the Corporation, the Borrower and the City may issue a total of \$144,000,000 in bonds to finance the Projects. Pursuant to the Central Falls School Financing Act, and at the request of the Borrower and the City, the Corporation previously issued its \$93,520,000 State Appropriation-Backed Revenue Bonds (Central Falls Public School Project) Series 2023 Bonds (the “Series 2023 Bonds”). The issuance of the Series 2025 Bonds, together with the Series 2023 Bonds, will fully exhaust the authority to issue bonds under the Central Falls School Financing Act.

To provide for the ability of the City to obtain additional financing for the construction, renovation, improvement, alteration, repair, furnishing and equipping of schools and school facilities in the City, the City requested and received approval from the voters of the City to issue not to exceed twenty-six million forty-nine thousand dollars \$26,049,000 in general obligation bonds. The City has submitted a special bond act (House Bill 2025-6077/Senate Bill 674) which is pending approval in the State’s General Assembly which would authorize the issuance of City general obligation bonds not to exceed \$15,000,000 to finance the Projects (the “City Additional Bonds”). When and if issued, any City Additional Bonds will not be issued pursuant to the Central Falls School Financing Act or the Indenture and shall not be secured by a lien on, or pledge of, the Trust Estate. The City Additional Bonds would be a general obligation of the City and not an obligation of the State. The State shall have no obligation, legal, moral, or otherwise, to pay principal of, redemption premium or interest on the City Additional Bonds, although the City Additional Bonds may be eligible for State Housing Aid for school construction for cities towns, and regional school districts under Rhode Island General Laws Section 16-7-35 – 16-7-47. The issuance of the City Additional Bonds will have no impact on the payment of debt service on the Series 2025 Bonds.

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ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of the proceeds of Series 2025 Bonds rounded to the nearest dollar are summarized below:

Sources of Funds

Par Amount of the Series 2025 Bonds	\$
[Net] Original Issue Premium/Discount.....	\$
Total Sources	\$

Uses of Funds

Deposit to the Series 2025 Construction Fund.....	\$
Costs of Issuance ¹	\$
Total Uses	\$

¹ Includes underwriters' discount, legal fees, municipal advisory fees, printing costs, rating agency fees, and other expenses.

Note: totals may not sum due to rounding.

THE BORROWER

For a discussion of certain matters regarding the Borrower, see APPENDIX A – “Information Statement of the State of Rhode Island dated May 29, 2025 and Supplemented June 6, 2025 (including the Audited Financial Statements of the State for the Fiscal Year ended June 30, 2024 incorporated by reference)”.

BONDOWNERS' RISKS

Purchase of the Series 2025 Bonds involves a degree of risk. Potential investors should be thoroughly familiar with this entire Official Statement (including the Appendices hereto) in order to make a judgment as to whether the Series 2025 Bonds are an appropriate investment, to identify risk factors and to make an informed investment decision. The discussion herein of risks that could affect payments to be made by the Borrower with respect to the Series 2025 Bonds is not intended to be comprehensive or definitive, but rather is to summarize certain matters which could affect the ability of the Borrower to make such payments.

General

The Series 2025 Bonds are special obligations of the Corporation payable from: (i) the amounts paid by the Borrower to the Corporation under the Indenture; and (ii) amounts in the funds held pursuant to the Indenture (except amounts in the applicable Arbitrage Fund and Rebate Fund). Full and prompt payment of the principal of, Sinking Fund Installments, if any, Redemption Price, if any, and interest on the Series 2025 Bonds is dependent upon the ability of the Borrower to make the required Basic Debt Service Payments under the Financing Agreement.

The obligation and the ability of the Borrower to make payments under the Indenture and the Financing Agreement is subject to and dependent on annual appropriations by the General Assembly of the State. No representation or assurance can be given that the General Assembly of the State will appropriate monies sufficient to enable the Borrower to make Basic Debt Service Payments under the Indenture and Financing Agreement sufficient to pay the principal of, Sinking Fund Installments, if any, Redemption Price, if any, and interest on the Series 2025 Bonds when due, or to make other payments required by the Indenture and Financing Agreement. Information with respect to the State and a description of the State's financial condition are set forth in the State's Information Statement dated May 29, 2025 and Supplemented June 6, 2025, including the Audited Financial Statements of the State for the Fiscal Year ending June 30, 2024, which have been prepared and furnished by the State and which are included in Appendix A.

Risk of Redemption

The Series 2025 Bonds are subject to redemption prior to maturity in certain circumstances. See “THE SERIES 2025 BONDS” and “APPENDIX C – Definitions of Certain Terms and Summary of the Indenture” herein. Bondowners may not realize their anticipated yield on investment to maturity because the Series 2025 Bonds may be redeemed or accelerated prior to maturity at a redemption price that results in the realization of less than the anticipated yield to maturity.

Event of Taxability

If any of the Borrower, the City or the Board of Trustees does not comply with certain covenants set forth in the Indenture and the Financing Agreement or certain representations made by the Borrower, the City or the Board of Trustees in the Indenture and the Financing Agreement or certain certificates of the Borrower, the City or the Board of Trustees required to be delivered in connection with the issuance of the Series 2025 Bonds are false or misleading, the interest payable on the respective Series 2025 Bonds may become subject to federal income taxation retroactive to the date of issuance of such Series 2025 Bonds, regardless of the date on which noncompliance or misrepresentation is ascertained. In the event that interest on such Series 2025 Bonds should become subject to federal income taxation, the Indenture does not provide for the redemption of the Series 2025 Bonds, or an increase in the interest rates on the Series 2025 Bonds.

Certain Matters Relating to Enforceability of the Indenture and the Financing Agreement

The enforceability of the obligations of the Corporation under the Indenture and of the Borrower under the Financing Agreement may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar laws or by equitable principles affecting the enforcement of creditors’ rights generally.

Risk of Non-Appropriation

The Governor of the State will in the Financing Agreement covenant to do all things lawfully in the Governor’s power to obtain and properly request and pursue funds for appropriation by the General Assembly of the State for the payment of the Borrower’s obligations under the Financing Agreement. Notwithstanding anything in the Indenture or the Financing Agreement to the contrary, the cost and expense of the performance by the Borrower of its obligations under the Financing Agreement, including all amounts required to be paid by the Borrower under the Financing Agreement, is subject to and dependent upon appropriations being made therefor from time to time by the Rhode Island General Assembly.

THE OBLIGATION OF THE STATE TO MAKE PAYMENTS UNDER THE FINANCING AGREEMENT IS SUBJECT TO AND DEPENDENT UPON ANNUAL APPROPRIATIONS BEING MADE BY THE RHODE ISLAND GENERAL ASSEMBLY FOR SUCH PURPOSE. SUCH APPROPRIATIONS ARE MADE IN CONNECTION WITH THE STATE'S BUDGETARY PROCESS AND ARE THEREFORE DEPENDENT ON THE STATE'S GENERAL FINANCIAL RESOURCES AND PRIORITIES AND FACTORS AFFECTING SUCH RESOURCES AND PRIORITIES. SEE APPENDIX A FOR INFORMATION RELATING TO THE STATE.

Market Factors

The financial condition of the Borrower as well as the market for the Series 2025 Bonds could be affected by a variety of factors, some of which are beyond the Borrower’s control. There can be no assurance that an adverse event will not occur which might affect the market price and the market for the Series 2025 Bonds. If a significant event should occur in the affairs of the Borrower, the market for and market value of the Series 2025 Bonds could be adversely affected.

TAX MATTERS

In the opinion of Savage Law Partners LLP, Bond Counsel to the Corporation (“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 2025 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 2025 Bonds will not be included in computing the alternative minimum taxable income of Series 2025 Bondholders who are individuals. Interest on the Series 2025 Bonds is not a specific preference item for purposes of the federal alternative minimum tax, although such interest will be taken into account in computing the alternative minimum tax imposed on certain corporations. 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 2025 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 2025 Bonds. Failure to comply with these requirements may result in interest on the Series 2025 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2025 Bonds. The Corporation and the Borrower have covenanted to comply with such requirements to ensure that interest on the Series 2025 Bonds will not be included in federal gross income. The opinion of Bond Counsel assumes compliance with these requirements.

Bond Counsel is also of the opinion that, under existing law, the Series 2025 Bonds, their transfer and the income therefrom including any profit made on the sale thereof, are exempt from taxation by the State of Rhode Island (the “State”) and by the municipalities and all other political subdivisions of the State, although the income therefrom may be included in the measure of certain Rhode Island corporate and business taxes. Bond Counsel has not opined as to other Rhode Island tax consequences arising with respect to the Series 2025 Bonds. Bond Counsel has not opined as to the taxability of the Series 2025 Bonds or the income therefrom under the laws of any state other than Rhode Island. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX G hereto.

To the extent the issue price of any maturity of the Series 2025 Bonds is less than the amount to be paid at maturity of such Series 2025 Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series 2025 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 2025 Bonds which is excluded from gross income for federal income tax purposes and is exempt from Rhode Island personal income taxes. For this purpose, the issue price of a particular maturity of the Series 2025 Bonds is either the reasonably expected initial offering price to the public or the first price at which a substantial amount of such maturity of the Series 2025 A Bonds is sold to the public, as applicable. The original issue discount with respect to any maturity of the Series 2025 Bonds accrues daily over the term to maturity of such Series 2025 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 2025 Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Series 2025 Bonds. Series 2025 Bondholders should consult their own tax advisors with respect to the tax consequences of ownership of Series 2025 Bonds with original issue discount, including the treatment of purchasers who do not purchase such Series 2025 Bonds in the original offering to the public at the reasonably expected initial offering price or, if applicable, the first price at which a substantial amount of such Series 2025 Bonds is sold to the public.

Series 2025 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 2025 Bonds, or, in some cases, at the earlier redemption date of such Series 2025 Bonds (“Premium Bonds”), will be treated as having amortizable bond premium for federal income tax purposes and Rhode Island personal 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 Series 2025 Bondholder’s basis in a Premium Bond will be reduced by the amount of amortizable bond premium properly allocable to such Series 2025 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 Series 2025 Bondholders should be aware that certain requirements and procedures contained or referred to in the Indenture, and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Series 2025 Bonds) may be 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 2025 Bonds may adversely affect the value of, or the tax status of interest on, the Series 2025 Bonds.

Although Bond Counsel is of the opinion that interest on the Series 2025 Bonds is excluded from gross income for federal income tax purposes and is exempt from Rhode Island personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Series 2025 Bonds may otherwise affect the federal or state tax liability of a Series 2025 Bondholder. Among other possible consequences of ownership or disposition of, or the accrual or receipt of interest on, the Series 2025 Bonds, the Code requires recipients of certain social security and certain railroad retirement benefits to take into account receipts or accruals of interest on the Series 2025 Bonds in determining the portion of such benefits that are included in gross income. The nature and extent of all such other tax consequences will depend upon the particular tax status of the Series 2025 Bondholder or the Series 2025 Bondholder's other items of income, deduction, or exclusion. Bond Counsel expresses no opinion regarding any such other tax consequences, and Series 2025 Bondholders should consult with their own tax advisors with respect to such consequences.

Risk of Future Legislative Changes and/or Court Decisions

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the Rhode Island legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Series 2025 Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Series 2025 Bonds will not have an adverse effect on the tax status of interest on the Series 2025 Bonds or the market value or marketability of the Series 2025 Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Series 2025 Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

Additionally, Series 2025 Bondholders should be aware that future legislative actions (including federal income tax reform) may retroactively change the treatment of all or a portion of the interest on the Series 2025 Bonds for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Series 2025 Bonds may be affected and the ability of Series 2025 Bondholders to sell their Series 2025 Bonds in the secondary market may be reduced. The Series 2025 Bonds are not subject to special mandatory redemption, and the interest rates on the Series 2025 Bonds are not subject to adjustment, in the event of any such change in the tax treatment of interest on the Series 2025 Bonds.

Investors should consult their own financial and tax advisors to analyze the importance of these risks.

CONTINUING DISCLOSURE

The Corporation has determined that no financial or operating data concerning the Corporation is material to any decision to purchase, hold or sell the Series 2025 Bonds and the Corporation will not provide such information. The Borrower has undertaken all responsibilities for any continuing disclosure for the benefit of the Bondowners (including Beneficial Owners) of the Series 2025 Bonds as described below, and the Corporation shall have no liability to the Bondowners or any other person with respect to such disclosure.

Rule 15c2-12 under the Securities Exchange Act of 1934, as amended, and officially interpreted from time to time (the "SEC Rule") provides that underwriters shall not purchase or sell municipal securities unless the issuer of the municipal securities undertakes to provide continuing disclosure with respect to those securities, subject to certain exemptions. The State, through the State Budget Office, will undertake in a written agreement ("Continuing Disclosure Certificate") for the benefit of the owners of the Series 2025 Bonds to provide in electronic format to the Electronic Municipal Market Access System ("EMMA") maintained by the Municipal Securities Rulemaking Board

(“MSRB”), as the sole repository for the central filing of electronic disclosure pursuant to the SEC Rule, the following information.

The State shall provide (a) not later than the end of each calendar year, commencing with December 31, 2025, financial information and operating data relating to the State for the preceding fiscal year, of the type presented in APPENDIX A of the Official Statement prepared in connection with the Series 2025 Bonds regarding (i) revenues and expenditures relating to operating budgets, (ii) capital expenditures, (iii) fund balances, (iv) tax information, (v) outstanding direct and indirect indebtedness, (vi) pension obligations, and (vii) such other financial information and operating data as may be required to comply with the SEC Rule; and (b) promptly upon their public release, the audited financial statements of the State for the most recently ended fiscal year, to the extent any such statements have been commissioned, prepared in accordance with generally accepted accounting principles, with certain exceptions permitted by Rhode Island law. The State reserves the right to modify from time to time the specific types of information provided under subparagraph (a) above or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the State; provided that any such modification will be done in a manner consistent with the SEC Rule. The State shall provide, in a timely manner, to the MSRB, notice of a failure to satisfy the requirements of this paragraph.

The State shall provide or cause to be provided, within ten (10) business days after the occurrence thereof, to the MSRB notice of the occurrence of any of the following events with respect to the Series 2025 Bonds:

- (a) Principal and interest payment delinquencies;
- (b) Non-payment related defaults of the Borrower, 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, the 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 Series 2025 Bonds or other material events affecting the tax status of the Series 2025 Bonds;
- (g) Modifications to the rights of beneficial owners of the Series 2025 Bonds, if material;
- (h) Bond calls, if material and tender offers;
- (i) Defeasances;
- (j) The release, substitution, or sale of property securing repayment of the Series 2025 Bonds, if material;
- (k) Rating changes;

- (l) Bankruptcy, insolvency, receivership or similar event of the State*;
- (m) The consummation of a merger, consolidation, or acquisition involving the State or the sale of all or substantially all of the assets of the State, 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 State, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the State, any of which affect Holders of the Series 2025 Bonds, if material**; and
- (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the State, any of which reflect financial difficulties**.

(It should be noted, however, as of the date of this Official Statement, events of the types listed in clauses (c), (d), (e) and (j) are not applicable to the Series 2025 Bonds.)

The State 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 State, such other event may be material with respect to the Series 2025 Bonds, but the State does not undertake to commit to provide any such notice of the occurrence of any event except those listed above.

The provisions of the Continuing Disclosure Certificate may be amended by the State without the consent of, or notice to, any beneficial owners of the Series 2025 Bonds, (a) to comply with or conform to the provisions of the SEC Rule or any amendments thereto or authoritative interpretations thereof by the Securities and Exchange Commission 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 State for the benefit of the beneficial owners of Bonds, (d) to modify the content, 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 any applicable state legislation responding to the requirements of the SEC 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 SEC Rule at the time of the offering of the Series 2025 Bonds, after taking into account any amendments or authoritative interpretations of the SEC Rule, as well as any change in circumstances, and (ii) the amendment does not materially impair the interests of the beneficial owners of the Series 2025 Bonds, as determined either by a party unaffiliated with the State (such as special counsel), or by the vote or consent of beneficial owners of a majority in outstanding principal amount of the Series 2025 Bonds affected thereby at or prior to the time of such amendment. Furthermore, to the extent that the SEC Rule, as in effect from time to time, no longer requires the issuers such as the State to provide all or any portion of the information the State

* As noted in the SEC 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 State 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 State, 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 State. It should be noted that the United States Bankruptcy Code is not applicable to states.

** 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) a guarantee of (i) or (ii). The term “financial obligation” does not include municipal securities as to which a final official statement has been otherwise provided to the MSRB under the Rule.

has agreed to provide pursuant to the Continuing Disclosure Certificate with respect to securities such as the Series 2025 Bonds, the obligation of the State to provide such information also shall cease immediately.

The purpose of the State's undertaking in the Continuing Disclosure Certificate is to conform to the requirements of the SEC Rule and, except for creating the right on the part of the beneficial owners of the Series 2025 Bonds, from time to time, to specifically enforce the State's obligations under the Continuing Disclosure Certificate, not to create new contractual or other rights for the original purchasers of the Series 2025 Bonds, any registered owner or beneficial owner of the Series 2025 Bonds, any municipal securities broker or dealer, any potential purchaser of the Series 2025 Bonds, the Securities and Exchange Commission or any other person. The sole remedy in the event of any actual or alleged failure by the State to comply with any provision of the Continuing Disclosure Certificate shall be an action for the specific performance of the State's obligations under the Continuing Disclosure Certificate and not for money damages in any amount. Any failure by the State to comply with any provision of such undertaking shall not constitute an event of default with respect to the Series 2025 Bonds.

The State has complied in all material respects with all continuing disclosure agreements made by it in accordance with the SEC Rule for the past five years. While the State's annual continuing disclosure reports were filed to EMMA in a timely manner in the last five years, there were instances where State filings were inadvertently not associated with all CUSIP numbers for all outstanding bond issues (such filings have since been modified to associate all CUSIPs)

The State has instituted updated policies and procedures designed to ensure compliance with its obligations to provide notices of reportable events, including notice of rating changes, under the SEC Rule. In order to assist the State in carrying out its obligations under its continuing disclosure undertakings, the State has entered into an agreement with Digital Assurance Certification, LLC ("DAC") pursuant to which DAC serves as dissemination agent for the State with respect to the continuing disclosure filings required to satisfy such obligations.

The State Budget Officer, or such official's designee from time to time, shall be the contact person on behalf of the State from whom the foregoing information, data and notices may be obtained. The name, address and telephone number of the initial contact person is Joseph Codega, State Budget Officer, State Administration Building, One Capitol Hill, Providence, Rhode Island 02908, Telephone (401) 222-6300.

None of the Corporation, the City, or the Board of Trustees is an Obligated Person with respect to the Series 2025 Bonds with respect to the SEC Rule.

STATE NOT LIABLE ON THE SERIES 2025 BONDS

THE SERIES 2025 BONDS ARE PAYABLE FROM THE REVENUES DERIVED BY THE CORPORATION UNDER THE INDENTURE AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE NOR ANY MUNICIPALITY OR POLITICAL SUBDIVISION (INCLUDING THE CITY) THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, SINKING FUND INSTALLMENTS, IF ANY, REDEMPTION PRICE, IF ANY, OR INTEREST ON ANY OF THE SERIES 2025 BONDS.

COVENANT BY THE STATE

UNDER THE CORPORATION ACT, THE STATE PLEDGES AND AGREES WITH THE OWNERS OF THE SERIES 2025 BONDS THAT THE STATE WILL NOT LIMIT OR ALTER THE RIGHTS VESTED IN THE CORPORATION UNTIL SUCH SERIES 2025 BONDS, TOGETHER WITH THE INTEREST THEREON, ARE FULLY MET AND DISCHARGED; PROVIDED THAT NOTHING IN THE CORPORATION ACT SHALL PRECLUDE SUCH LIMITATION OR ALTERATION IF AND WHEN ADEQUATE PROVISION SHALL BE MADE BY LAW FOR THE PROTECTION OF THE OWNERS OF SUCH SERIES 2025 BONDS.

LEGAL MATTERS

All legal matters incidental to the authorization, issuance and sale of the Series 2025 Bonds by the Corporation are subject to the approval of Savage Law Partners, LLP, Bond Counsel, whose approving opinion, substantially in the form attached hereto as APPENDIX E, will be delivered on the Closing Date in respect to the Series 2025 Bonds.

Bond Counsel is not passing upon the accuracy or the adequacy of the statements made in the Official Statement except under the headings “INTRODUCTION,” “THE SERIES 2025 BONDS” (other than information under the subheadings “Debt Service Requirements” and “Book-Entry Only System”), “SECURITY FOR THE SERIES 2025 BONDS,” “THE PROJECTS,” “TAX MATTERS,” “STATE NOT LIABLE ON THE SERIES 2025 BONDS,” “COVENANT BY THE STATE,” “LEGAL MATTERS,” and Appendices B, C and E, and Bond Counsel makes no representation that it has independently verified the same.

Savage Law Partners, LLP, General Counsel to the Corporation, will pass upon certain legal matters on behalf of the Corporation. Locke Lord, LLP, counsel to the State of Rhode Island, will pass upon certain legal matters on behalf of the Borrower. Harrington & Vitale, Ltd., counsel to the Underwriters, will pass on certain legal matters on behalf of the Underwriters. Matthew Jerzyk, Esq., counsel to the City, will pass on certain legal matters on behalf of the City. Brennan, Recupero, Cascione, Scungio & McAllister, LLP, counsel to the Board of Trustees, will pass on certain legal matters on behalf of the Board of Trustees.

LITIGATION

To the knowledge of the Corporation, there is not now pending any litigation restraining or enjoining the issuance or delivery of the Series 2025 Bonds or questioning or affecting the validity of the Series 2025 Bonds or the proceedings and authority under which they are to be issued. Neither the creation, organization or existence, nor the title of the present members or other officers of the Corporation to their respective offices is being contested.

No litigation is pending or, to the knowledge of the Attorney General, threatened against or affecting the State seeking to restrain or enjoin the issuance, sale or delivery of the Series 2025 Bonds or in any way contesting or affecting the validity of the Series 2025 Bonds.

There are pending in courts within the State various suits in which the State is a defendant. In the opinion of State officials, no litigation is pending or, to their knowledge, threatened which is likely to result, either individually or, in the aggregate, in final judgments against the State that would affect materially its financial position. See APPENDIX A – Information Statement of the State of Rhode dated May 29, 2025 and Supplemented June 6, 2025 – Litigation.”

RATINGS

Moody’s Investors Service, Inc. (“Moody’s”) has assigned a rating of “Aa3” to the Series 2025 Bonds.

S&P Global Ratings, a Standard & Poor’s Financial Services LLC business (“S&P”) has assigned a rating of “AA-” to the Series 2025 Bonds.

Such ratings reflect only the views of such rating agencies and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agencies, circumstances so warrant. The above ratings are not recommendations to buy, sell or hold the Series 2025 Bonds, and such ratings may be subject to revision or withdrawal at any time by the rating agencies. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Series 2025 Bonds.

UNDERWRITING

The Series 2025 Bonds will be purchased for reoffering by Raymond James & Associates, Inc., as representative (the “Representative”) of the underwriters listed on the front cover of this Official Statement (collectively, the “Underwriters”) pursuant to a bond purchase agreement among the Corporation, the Borrower and the Underwriters. The Underwriters will agree, subject to certain conditions set forth in the bond purchase agreement, to purchase the Series 2025 Bonds at a price of \$ _____, which consists of the aggregate par amount thereof plus net original issue premium of \$ _____ and less an underwriters’ discount of \$ _____. The Underwriters’ obligations are subject to certain conditions precedent, and the Underwriters will be obligated to purchase all of the Series 2025 Bonds if any Series 2025 Bonds are purchased. The Underwriters may offer and sell the Series 2025 Bonds to certain dealers and others at prices lower than the initial offering prices. The offering prices of the Series 2025 Bonds may be changed from time to time by the Underwriters.

The Underwriters and their affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriters and their affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for the Corporation and/or the Borrower, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Corporation and/or the Borrower. The Underwriters and their affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

MUNICIPAL ADVISORS

Public Resources Advisory Group, New York, New York, is acting as municipal advisor (the “Borrower Municipal Advisor”) to the Borrower in connection with the issuance of the Series 2025 Bonds. The Borrower Municipal Advisor has not independently verified any of the information contained in this Official Statement and makes no guarantee as to its completeness or accuracy. In addition, the Borrower 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 federal income tax status of the Series 2025 Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies or rating agencies. The Borrower Municipal Advisor’s fee for services rendered with respect to the sale of the Series 2025 Bonds is contingent upon the issuance and delivery of the Series 2025 Bonds, and receipt by the Borrower of payment therefor. The Borrower may engage the Borrower Municipal Advisor to perform other services, including without limitation, providing certain investment services with regard to the investment of Series 2025 Bond proceeds. The participation of Public Resources Advisory Group should not be seen as a recommendation to buy or sell the Series 2025 Bonds and investors should seek the advice of their accountants, lawyers and registered representatives for advice as appropriate.

PFM Financial Advisors LLC, Boston, Massachusetts, is acting as municipal advisor (the “Corporation Municipal Advisor”) to the Corporation in connection with the issuance of the Series 2025 Bonds. The Corporation Municipal Advisor has not independently verified any of the information contained in this Official Statement and makes no guarantee as to its completeness or accuracy. In addition, the Corporation 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 federal income tax status of the Series 2025 Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies or rating agencies. The Corporation Municipal Advisor’s fee for services rendered with respect to the sale of the Series 2025 Bonds is contingent upon the issuance and delivery of the Series 2025 Bonds, and receipt by the Corporation of payment therefor. The participation of PFM Financial Advisors LLC should not be seen as a recommendation to buy or sell the Series 2025 Bonds and investors should seek the advice of their accountants, lawyers and registered representatives for advice as appropriate.

Hilltop Securities, Inc., Lincoln, Rhode Island, is acting as municipal advisor (the “City Municipal Advisor”) to the City in connection with the issuance of the Series 2025 Bonds. The City Municipal Advisor has not independently verified any of the information contained in this Official Statement and makes no guarantee as to its completeness or accuracy. In addition, the City 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 federal income tax status of the Series 2025 Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies or rating agencies. The City Municipal Advisor’s fee for services rendered with respect to the sale of the Series 2025 Bonds is contingent upon the issuance and delivery of the Series 2025 Bonds, and receipt by the City of payment therefor. The participation of Hilltop Securities, Inc. should not be seen as a recommendation to buy or sell the Series 2025 Bonds and investors should seek the advice of their accountants, lawyers and registered representatives for advice as appropriate.

MISCELLANEOUS

The references to the Act, the Central Falls School Financing Act, the Series 2025 Bonds, the Indenture, and the Financing Agreement are brief summaries of certain provisions thereof. Such summaries do not purport to be complete, and reference is made to the Act, the Central Falls School Financing Act, the Series 2025 Bonds, the Indenture, and the Financing Agreement for full and complete statements thereof. The agreements of the Corporation with the holders of the Series 2025 Bonds are fully set forth in the Indenture, and neither any advertisement of the Series 2025 Bonds nor this Official Statement is to be construed as constituting an agreement with the purchasers of the Series 2025 Bonds. So far as any statements are made in this Official Statement involving matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact. Copies of the documents mentioned in this paragraph are on file at the offices of the Trustee.

Information relating to DTC and the book-entry only system described under the heading “THE SERIES 2025 BONDS – Book-Entry Only-System” has been furnished by DTC and is believed to be reliable.

Attached to this Official Statement as APPENDIX A is the Information Statement of the State of Rhode Island dated May 29, 2025 and Supplemented June 6, 2025 (including the Audited Financial Statements of the State for the Fiscal Year ended June 30, 2024 incorporated by reference). While the information contained in APPENDIX A is believed to be reliable, the Corporation and the Underwriter can make no guarantees whatsoever with respect thereto. The Corporation and the Underwriter have relied on the information contained in APPENDIX A.

APPENDIX B – “Definitions of Certain Terms and Summary of the Indenture” has been prepared by Savage Law Partners, LLP, Bond Counsel.

APPENDIX C – “Summary of Financing Agreement” has been prepared by Savage Law Partners, LLP, Bond Counsel.

APPENDIX D – “Schedule of Indebtedness of the Rhode Island Health and Educational Building Corporation” has been prepared by the Corporation.

The proposed form of legal opinion contained in APPENDIX E has been prepared by Savage Law Partners, LLP, Bond Counsel.

APPENDIX F contains the form of Continuing Disclosure Agreement for the Series 2025 Bonds.

The Borrower, the City, and the Board of Trustees have reviewed the portions of this Official Statement under the headings “THE SERIES 2025 BONDS – Debt Service Requirements,” “THE PROJECTS,” “ESTIMATED SOURCES AND USES OF FUNDS,” “THE BORROWER,” “CONTINUING DISCLOSURE,” and, to the extent relating to the Borrower, “INTRODUCTION” and “BONDOWNERS’ RISKS,” the second and third paragraphs under “LITIGATION” and APPENDIX A. At the closing, the Borrower will certify that such portions of this Official Statement, including APPENDIX A, do not contain an untrue statement of a material fact or omit a statement of material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading.

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

**RHODE ISLAND HEALTH AND
EDUCATIONAL BUILDING CORPORATION**

By: _____
Channavy Chhay
Chair

Dated: June __, 2025

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APPENDIX A

**Information Statement of the State of Rhode Island dated May 29, 2025 and Supplemented June 6, 2025
(including the Audited Financial Statements of the State for the
Fiscal Year ended June 30, 2024 incorporated by reference)**

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**INFORMATION STATEMENT OF THE
STATE OF RHODE ISLAND**

Dated: May 29, 2025 and Supplemented: June 6, 2025

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GOVERNMENT ORGANIZATION

Legislative Branch

The legislative power of the government of the State of Rhode Island (the “State”) is vested in the General Assembly, which consists of a 38-member Senate and a 75-member House of Representatives. They are constituted based on population and the representative districts shall be as nearly equal in population and as compact in territory as possible. All members of the General Assembly are elected biennially from senatorial and representative districts and are not subject to term limits. The General Assembly meets annually beginning on the first Tuesday in January. The concurrence of the two houses of the General Assembly is necessary for the enactment of laws.

Executive Branch

The chief executive power of the State is vested in the Governor and, by succession, the Lieutenant Governor. Each is elected to four (4) year terms. The Governor is primarily responsible for the faithful execution of laws enacted by the General Assembly and for the administration of State government through the Executive Department. Under the State Constitution, the Governor is granted the power to veto any act adopted by the General Assembly, provided, however, that any such veto can be overridden by a 3/5 vote of the members present and voting of each of the houses of the General Assembly. The Governor does not have any power of line-item veto.

The State Constitution also provides for the election of three additional general State Officers: the Attorney General, the Secretary of State and the General Treasurer. The Attorney General represents the State with regard to the investigation, prosecution, and trial of all felony matters, misdemeanor cases, and appellate matters within its jurisdiction, as well as representation of the State in suits brought against it. The Secretary of State administers activities related to elections, legislative records, archives and the distribution and exchange of official State documents. The General Treasurer is responsible for overseeing the investment of State funds, managing the State Retirement System, the Crime Victim Compensation Program and the Unclaimed Property Program, and the payment of employees and vendors that provide goods and/or services to the State. All general State Officers are limited to serving two four-year terms in office.

Judicial Branch

The judicial power of the State is vested in the Supreme Court of Rhode Island (the “Supreme Court”) and such lower courts as are established by the General Assembly. The Supreme Court, appointed by the Governor and confirmed by the Senate and the House of Representatives, has final revisory and appellate jurisdiction upon all questions of law and equity. The General Assembly has also established a Superior Court, a Family Court, a District Court, a Workers’ Compensation Court, a State Traffic Tribunal, and certain municipal courts in various cities and towns in the State.

Independent Authorities, Agencies and Public Corporations

The General Assembly from time to time has authorized the creation of certain independent authorities, agencies, commissions, public or quasi-public corporations, and fire districts and other special districts to carry out specific governmental functions, herein generally referred to as “public corporations.” In certain cases, bonds and other debt obligations issued by these entities are supported by State general fund appropriations, State guarantees or a moral obligation of the State to seek appropriations for debt service. In other cases, such entities, although empowered to issue bonds, may not pledge the financial support of the State and, therefore, these bonds are not general, legal or moral obligations.

The accompanying financial statements include all funds of the State and its component units. The Governmental Accounting Standards Board (“GASB”) defines component units as legally separate organizations for which the elected officials of the primary government (such as the State) are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with the State are such that exclusion from the State’s financial statements would cause the statements to be misleading.

GASB has set forth criteria to be considered in determining financial accountability. The primary government (the State) is financially accountable if it appoints a voting majority of the entity’s governing body and (1) it is able to impose its will on that entity or (2) there is a potential for the entity to provide specific financial benefits to, or to impose specific financial burdens on, the State. Some entities are considered “related organizations”. In these cases, the State is responsible for appointing a voting majority of the members of each entity’s board, however, the State’s accountability does not extend beyond the appointments. These entities do not meet the criteria for inclusion as component units of the State and therefore are not included in the State’s financial statements. Examples of related organizations are the Narragansett Bay Commission and the Rhode Island Student Loan Authority.

Also, the State is financially accountable if an entity is fiscally dependent on the State and there is the potential for the entity to provide specific financial benefits to, or to impose specific financial burdens on, the State, regardless of the State’s appointment power over the governing body. Listed below are public corporations of the State that carry out specific governmental functions, each of which has a distinct legal existence from the State and does not constitute a department of State government. A discussion of these public corporations and the relationship of each to the State is included in Note 1 to the fiscal 2024 Basic Financial Statements which are incorporated by reference herein and are included in the State’s Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024 (the “2024 Annual Report”). See “FINANCIAL STATEMENTS” herein. The debt obligations of certain public corporations listed below constitute State Tax-Supported Debt (defined below) or Contingent Obligations (defined below) of the State for purpose of credit rating agency analysis and are therefore described in further detail under the heading “STATE INDEBTEDNESS” herein. The public corporations are listed in alphabetical order:

I-195 Redevelopment District Commission. The I-195 Redevelopment Act of 2011 created the I-195 Redevelopment District Commission (the “I-195 Commission”) as a subsidiary of the Rhode Island Commerce Corporation (“Commerce RI”) and authorized the I-195 Commission to purchase I-195 surplus land from the Rhode Island Department of Transportation (“RIDOT”). The seven member I-195

Commission is authorized to plan, implement, administer and oversee the redevelopment of the I-195 surplus properties. See “STATE INDEBTEDNESS – State Tax-Supported Debt.”

Rhode Island Life Science Hub. The Rhode Island Life Science Hub Act of 2023 created the Rhode Island Life Science Hub (the “Hub”) as a quasi-public corporate body and agency of the State for the purpose of coordinating life science initiatives on behalf of the State. The Hub will be governed by a board of directors that will manage a fund to make investments and provide grants, loans, technical assistance, and other incentives to promote economic and workforce development in the life science industry within the State. The State’s final revised FY 2024 budget (the “FY 2024 Budget”) included \$45.0 million from American Rescue Plan Act State Fiscal Recovery Funds for FY 2024 to establish the Hub, capitalize the fund, and provide incentives.

Narragansett Bay Commission. The Narragansett Bay Commission (“NBC”) was created in 1980 pursuant to Chapter 25 of Title 46 of the Rhode Island General Laws (“RIGL”). NBC is authorized to acquire, operate and upgrade the metropolitan Providence wastewater collection and treatment facilities including through the issuance of revenue bonds and notes. Obligations of NBC are payable solely from the revenues or assets of NBC.

Rhode Island Commerce Corporation. The Rhode Island Commerce Corporation (“Commerce RI”) is a public corporation and political subdivision of the State and is the official economic development organization for the State. Commerce RI is governed by Chapter 64, Title 42 of the RIGL. The board is composed of thirteen (13) members, with the Governor serving as Chair. Commerce RI oversees the development and implementation of many State-level economic development initiatives. Certain activities are carried out through subsidiary corporations, including the Quonset Development Corporation which operates the Quonset Point/Davisville Industrial Park and the Rhode Island Airport Corporation which operates the State’s airports. See “STATE INDEBTEDNESS – State Tax-Supported Debt” and “– Contingent Obligations – *State Moral Obligation Debt.*”

Rhode Island Convention Center Authority. The Rhode Island Convention Center Authority (“RICCA”) was created in 1987, under Chapter 99, Title 42 of the RIGL for the purpose of acquiring, constructing, managing and operating a convention center and related facilities. See “STATE INDEBTEDNESS – State Tax-Supported Debt.”

Rhode Island Health and Educational Building Corporation. The Rhode Island Health and Educational Building Corporation (“RIHEBC”) was created under Chapter 38.1, Title 45 of the RIGL to assist public and private colleges, universities, schools and educational institutions in the State with the financing of educational facilities, and to assist public and private hospitals and healthcare facilities in the State with the financing of healthcare facilities. The FY 2016 Appropriations Act created the School Building Authority under the Department of Elementary and Secondary Education, and designated RIHEBC as responsible for the financial management of the authority’s funds and the administration of loans and grants to school districts for school construction projects.

Rhode Island Division of Higher Education Assistance. The Rhode Island Division of Higher Education Assistance (“RIDHEA”) was created pursuant to Chapter 57, Title 16 of the RIGL for the purpose

of guaranteeing eligible loans to students and parents of students attending eligible institutions and of administering other programs of post-secondary student financial assistance as assigned by law (e.g. Rhode Island State Scholarship/Grant Program and College Bound Saver®, Rhode Island’s IRS Section 529 college savings program). RIDHEA was created in 2015 to replace the Rhode Island Higher Education Assistance Authority and assume its powers and obligations, with some functions transferred to the General Treasurer’s Office. Guarantees made by RIDHEA are payable solely from the revenues and assets of RIDHEA.

Rhode Island Housing and Mortgage Finance Corporation. The Rhode Island Housing and Mortgage Finance Corporation (“RI Housing”) is a public corporation and instrumentality of the State created in 1973 under Chapter 55, Title 42 of the RIGL to assist in the construction and financing of low and moderate income housing and health-care facilities in the State. See “STATE INDEBTEDNESS – Contingent Obligations - *State Moral Obligation Debt.*”

Rhode Island Industrial Facilities Corporation. The Rhode Island Industrial Facilities Corporation (“RIIFC”) was established under Chapter 37.1, Title 45 of the RIGL to finance the following types of projects: (a) manufacturing, warehousing, or other industrial or commercial purposes, pollution abatement or control; (b) railroad rolling stock and vehicles for the transportation of freight; (c) marine craft and machinery, equipment and gear used in the fishing industry; (d) machinery and equipment of any marine craft for research or other uses which are an integral part of a land-based industrial concern; (e) existing building, machinery and equipment for projects which qualify for a loan guarantee through RII-RBA (defined below); and (f) “recreational project” under the loan guarantee program of RII-RBA.

Rhode Island Industrial-Recreational Building Authority. The Rhode Island Industrial-Recreational Building Authority (“RII-RBA”) was created in 1958, pursuant to legislation under Chapter 34, Title 42 of the RIGL and subsequent voter referendum to merge the Recreational Building Authority and the Industrial Building Authority. The RII-RBA is a body authorized to insure eligible mortgages for facilities used for manufacturing, processing, recreation, research, warehousing, retail, and wholesale or office operations. See “STATE INDEBTEDNESS – Contingent Obligations - *State Guaranteed Debt.*”

Rhode Island Infrastructure Bank. Pursuant to Chapter 12.2 of Title 46 of the RIGL, the Rhode Island Infrastructure Bank (“RIIB”) was created to assist local government units and other eligible borrowers in financing water pollution control facility capital improvements, drinking water capital improvements, municipal road and bridge projects, energy efficiency and renewable energy projects, brownfield remediation projects, and other projects for which the RIIB is authorized to provide financial assistance.

Rhode Island Public Rail Corporation. The Rhode Island Public Rail Corporation (the “Public Rail Corporation”) was established in 1982 pursuant to Chapter 64.2 of Title 42 of the RIGL for the purpose of enhancing and preserving the viability of commuter transit and railroad freight operations in the State. See “STATE INDEBTEDNESS – Contingent Obligations” herein.

Rhode Island Public Transit Authority. The Rhode Island Public Transit Authority (“RIPTA”) was created under Chapter 18, Title 39 of the RIGL in 1964 in response to the continuing financial

difficulties being experienced by private bus transportation companies in the State resulting in the disruption of service. RIPTA has expanded its operations statewide and as of June 30, 2024, operated a fleet of approximately 232 buses and 75 vans carrying approximately 13.1 million passengers annually.

Rhode Island Resource Recovery Corporation. The Rhode Island Resource Recovery Corporation (“RIRRC”), was established in 1974 under Chapter 19, Title 23 of the RIGL. RIRRC is responsible for managing Rhode Island’s solid waste and recyclables. RIRRC’s mission is to seek the best mix of public and private processing, recycling and disposal systems, programs and facilities for both commercial and municipal waste to meet Rhode Island’s needs.

Rhode Island Student Loan Authority. The Rhode Island Student Loan Authority (“RISLA”) was created in 1981 under Chapter 62, Title 16 of the RIGL, for the purpose of increasing the supply of loans made to students and their families to finance the cost of obtaining a post-secondary education. Obligations of RISLA are payable solely from the revenues or assets of RISLA.

Rhode Island Turnpike and Bridge Authority. Created in 1954 pursuant to Chapter 12, Title 24 of the RIGL, the Rhode Island Turnpike and Bridge Authority (“RITBA”) was established to construct, acquire, maintain and operate certain bridges and transportation facilities in the State. RITBA issues bonds to finance the renovation, repair, and improvement of certain bridges and other facilities for which it is responsible pursuant to State law. See "STATE INDEBTEDNESS - State Tax-Supported Debt."

Tobacco Settlement Financing Corporation. The Tobacco Settlement Financing Corporation (“TSFC”) was created in 2002 to finance the acquisition from the State of the State’s rights in the moneys due under (i) the Master Settlement Agreement, dated November 23, 1998, among the attorneys general of 46 states, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the U.S. Virgin Islands, American Samoa and the Territory of the Northern Marianas and Philip Morris Incorporated, R.J. Reynolds Tobacco Company, Brown & Williamson Tobacco Corporation and Lorillard Tobacco Company (the “MSA”) and (ii) the Consent Decree and Final Judgment of the Rhode Island Superior Court for Providence County dated December 17, 1998, as amended or modified, in the class action styled *State of Rhode Island v. American Tobacco, Inc., et al.*, including the rights of the State to receive the moneys due to it thereunder (the “Tobacco Receipts”). TSFC Bonds are secured solely by and are payable solely from the Tobacco Receipts sold to TSFC and other monies of TSFC.

Local Government

There are thirty-nine (39) cities and towns in Rhode Island that exercise the functions of local general government. Although there are five (5) counties in Rhode Island, there is no county governmental structure in the State. Local executive power is generally placed in a mayor, or administrator/manager form of government, and legislative power is vested in either a city or town council. The State Constitution provides municipalities with the right of self-government in all local matters through the adoption of a “home rule” charter, but the power of municipalities to levy, assess and collect taxes, or borrow money, is specifically authorized by the General Assembly. Except for matters that are reserved exclusively to the General Assembly, such as taxation and elections, the State Constitution restricts the power of the General Assembly on actions relating to the property, affairs and government of any municipality that has adopted

a “home rule” charter, to general laws that are applicable to all municipalities and do not affect the form of government. For example, Section 44-35-10 of the RIGL requires every city and town to adopt a balanced budget for each fiscal year. Except when exercising its reserved powers, the General Assembly can adopt special legislation that affects the property, affairs or government of a particular home rule charter municipality, only if such legislative action is approved by a majority of the voters of the affected municipality. Local governments rely principally upon real property and tangible personal property taxes, automobile excise taxes, and State aid for provision of revenue.

BUDGET AND FINANCIAL MANAGEMENT CONTROLS

State Fund Structure – Accounting Basis

The accounting system of the State, and that of most of the public authorities and corporations described herein, is organized and operated on a fund basis. Financial operations are recorded on a fiscal year basis (commencing July 1 and ending June 30). Individual funds have been established as separate fiscal and accounting entities to account for financial resources and related liabilities and equities. Financial statements of the State for each fiscal year are prepared in accordance with generally accepted accounting principles as prescribed by GASB.

The basic financial statements consist of the government-wide financial statements and the fund financial statements. The government-wide financial statements provide a broad view of the State’s finances. The statements provide both short-term and long-term information about the State’s financial position for governmental type activities, proprietary type activities and discretely presented component units, which assists in assessing the State’s financial condition at the end of the fiscal year. They are prepared using the accrual basis of accounting, which recognizes all revenues and grants when earned and expenditures at the time the related liabilities are incurred. The fund financial statements focus on the State’s major governmental and enterprise funds, including its blended component units. The State uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements focus on the individual parts of the State government and report the State’s operations in more detail than the government-wide financial statements.

The State’s funds are divided into three categories: governmental, proprietary and fiduciary. The funds in the governmental and proprietary fund types are further classified as “major” or “non-major” depending upon their size in relation to the other funds and importance to the financial statement users, as required by GASB Statement No. 34. See Note 1 to the 2024 Annual Report for further explanation of these criteria.

Governmental Funds – Major Funds

General Fund. This is the State’s primary operating fund. It accounts for all financial resources of the general government except those required to be accounted for in another fund.

Intermodal Surface Transportation Fund. This fund accounts for the collection of the gasoline tax, federal grants, bond proceeds, toll revenues, Rhode Island Capital Plan Fund transfers, and certain motor vehicle registration and licensing surcharges that are used in the maintenance, upgrading, and construction of the state highway system. It also accounts for the proceeds from the Grant Anticipation Revenue Vehicle (“GARVEE”) bonds, the RI Motor Fuel Tax Revenue Bonds, the I-195 Commission bonds and related expenditures.

RI Capital Plan Fund. This fund accounts for the portion of the payment into the budget reserve account that causes the balance in the budget reserve account to be in excess of the legal requirement and proceeds as designated by statute. The fund is to be used solely for funding capital projects. See “BUDGET AND FINANCIAL MANAGEMENT CONTROLS – Budget Procedures” below.

Governmental Funds – Non-Major Funds

RI Temporary Disability Insurance Fund. This fund accounts for the employee taxes on wages that are levied to pay benefits to covered employees who are out of work for an extended period due to a non-job-related illness or to care for an ill family member.

A complete listing of all non-major funds, including additional funds beyond what is listed herein, is included in the supplementary information section of the 2024 Annual Report.

Proprietary Funds – Major Funds

Rhode Island Lottery. The Rhode Island Lottery, a division of the Department of Revenue (“DOR”), operates games of chance for the purpose of generating resources for the State’s General Fund. See “STATE REVENUES – Rhode Island Lottery.”

Employment Security Fund. This fund accounts for the State’s unemployment compensation program. Revenues consist of taxes assessed on employers to pay benefits to qualified unemployed persons. Funds are also provided by the federal government, interest income, and loans from the Federal Unemployment Trust Fund.

Fiduciary Funds

Transactions related to assets held by the State in a trustee or agency capacity are accounted for in Fiduciary Funds. The State’s Pension and OPEB Funds are included in this category, as examples.

Budget Procedures

The State budget of revenues and appropriations is adopted annually by the General Assembly and is prepared for submission to the General Assembly, under the supervision of the Governor, by the State Budget Officer within the Office of Management and Budget in the Department of Administration. Preparation and submission of the budget is governed by both the State Constitution and the RIGL, which

provide various limitations on the powers of the General Assembly and certain guidelines designed to maintain fiscal responsibility.

According to Article IX Section 15 of the Rhode Island Constitution and RIGL Section 35-3-7, the Governor must present spending recommendations to the General Assembly for the next fiscal year on or before the third Thursday in January, unless extended by statute. The budget contains a complete plan of estimated revenues and proposed expenditures, with a personnel supplement detailing the number and titles of positions of each agency and estimates of personnel costs for the current and next fiscal years.

The budget as proposed by the Governor is considered by the General Assembly. Under State law, the General Assembly may increase, decrease, alter or strike out any items in the budget, provided that such action may not cause an excess of appropriations for expenditures over expected revenue receipts. No appropriation in excess of budget recommendations may be made by the General Assembly unless it shall provide the necessary additional revenue to cover such appropriations. The Governor may veto legislative appropriations bills. However, the Governor does not have line-item veto authority. The General Assembly may override any veto by a 3/5 vote of the members present and voting of each of the houses of the General Assembly. Supplemental appropriation measures for the current fiscal year shall be submitted by the Governor to the General Assembly on or before the third Thursday in January. Supplemental appropriations by the General Assembly must be supported by additional revenues and are subject to the Constitutional limitation on State expenditures discussed below.

The RIGL provide that, if the General Assembly fails to pass the annual appropriation bill, the same amounts as were appropriated in the prior fiscal year shall be automatically available for expenditure, subject to monthly or quarterly allotments as determined by the State Budget Officer. Expenditures for general obligation bond indebtedness of the State shall be made as required regardless of the passage of the annual budget or the amount provided for in the prior fiscal year.

The budget as submitted by the Governor is required to contain a statement of receipts and expenditures for the current fiscal year, the budget year (next fiscal year), and two prior fiscal years. Receipt estimates for the current year and budget year are those adopted by the State Revenue Estimating Conference (“REC”), as adjusted by any change to rates recommended by the Governor and/or enacted by the General Assembly. For a discussion of the REC, see “GENERAL FUND OPERATING RESULTS AND FREE SURPLUS” herein.

In addition to the preparation of the budget, the State Budget Officer is also authorized and directed by the RIGL: (a) to exercise budgetary control over all State departments; (b) to operate an appropriation allotment system; (c) to develop long-term activity and financial programs, particularly capital improvement programs; (d) to approve or disapprove all requests for new personnel; and (e) to prepare annually a five-year financial projection of anticipated general revenue receipts and expenditures, including detail of principal revenue sources and expenditures by major program areas which shall be included in the budget submitted to the General Assembly.

The State has a Budget Reserve and Cash Stabilization Account (the “Cash Stabilization Account”) which, under the Rhode Island Constitution, may be called upon only in an emergency involving the health,

safety, or welfare of the State or in the event of an unanticipated deficit caused by a shortfall in general revenue receipts. Such reserve account is capped at 5% of General Fund revenues and is included in the General Fund of the State. The reserve account is funded by limiting annual appropriations to 97% of estimated revenues. When the Cash Stabilization Account has reached its maximum, the excess contribution flows to the Rhode Island Capital Plan Fund for capital projects. If funds are withdrawn, the Cash Stabilization Account is replenished through the funding formula provided for in the Constitution, and the RIGL require that the repayment be made to the Rhode Island Capital Plan Fund in the next fiscal year.

The balance of the Cash Stabilization Account at the end of FY 2023 was \$271.1 million according to the FY 2023 audited financial statements and \$291.9 million at the end of FY 2024 according to the FY 2024 audited financial statements. The balance of the Cash Stabilization Account at the end of FY 2025 is projected to be \$288.5 million based on assumptions consistent with the FY 2026 Budget (hereinafter defined).

In addition to the Cash Stabilization Account, during the 2023 legislative session, the General Assembly established a Supplemental State Budget Reserve Account (the “SSBR Account”), which is codified in R.I. Gen. Laws §35-3-20.2. Under the statute, funds in the SSBR Account may be used at any time after the third quarter of any fiscal year where total available general revenues are indicated to be less than the estimates upon which current appropriations were based. The statute provides two funding mechanisms for the SSBR Account: (1) monies appropriated from time to time by the General Assembly and (2) fifty percent (50%) of any surplus revenues above adopted estimates, as shown in the State’s annual audited financial statements. To date, the SSBR Account has been funded through the first funding mechanism, consisting of a FY 2024 appropriation of monies by the General Assembly of \$55 million. The second funding mechanism, consisting of fifty percent (50%) of any surplus revenues, was set to begin in FY 2025. Through an amendment to the statute, however, the General Assembly suspended such funding of the SSBR Account in FY 2025. As part of the FY 2026 budget, the Governor has recommended an additional suspension of such funding for FY 2026.

Financial Controls

Internal financial controls utilized by the State consist principally of statutory restrictions on the expenditure of funds in amounts greater than appropriated, the supervisory powers and functions exercised by the Department of Administration and the accounting and audit controls maintained by the State Controller and the Office of Internal Audit. Statutory restrictions include the requirement that all bills or resolutions introduced in the General Assembly which, if passed, would quantifiably affect State or local revenues or expenditures (unless the bill includes the appropriation of a specific dollar amount) must be accompanied by a “fiscal note”, which sets forth such effect. Bills impacting State finances are forwarded to the State Budget Officer, who determines the agency, or agencies, affected by the bill and is responsible, in cooperation with such agencies, for the preparation of the fiscal note. The DOR’s Division of Municipal Finance is responsible for the preparation of fiscal notes for bills affecting cities and towns.

The Department of Administration/State Budget Office is required by law to produce quarterly reports to be made public that incorporate actual expenditures, encumbrances, and revenues compared with

the projected revenues and appropriations. The reports also contain a projection of the fiscal year-end balance.

The State Controller is required by law to administer a comprehensive accounting system that will classify the transactions of State departments in accordance with the budget plan, to prescribe a uniform financial, accounting and cost accounting system for State departments and to approve all orders for disbursement of funds from the State treasury. In addition to his or her other duties, the Controller is required to prepare monthly statements of receipts and quarterly statements of disbursements in comparison with estimates of revenue and allotments of appropriations.

The General Treasurer is responsible for the deposit of cash receipts, the payment of sums, as may be required from time to time and upon due authorization from the State Controller, and, as Chair of the State Investment Commission, the investment of all monies in the State fund structure, as directed by the State Investment Commission. Major emphasis is placed by the General Treasurer on cash management in order to ensure that there is adequate cash on hand to meet the obligations of the State as they arise.

The General Treasurer is responsible for the investment of certain funds and accounts of the State on a day-to-day basis. The State treasury balance is determined daily. In addition, the General Treasurer is the custodian of certain other funds and accounts and, in conjunction with the State Investment Commission, invests the amounts on deposit in such funds and accounts, including but not limited to the State Employees' and Teachers' Retirement Trust Fund and the Municipal Employees' Retirement Trust Fund. The General Treasurer submits a report to the General Assembly at the close of each fiscal year on the performance of the State's investments.

The Finance Committee of the House of Representatives is required by law to provide for a complete post-audit of the financial transactions and accounts of the State on an annual basis, which must be performed by the Auditor General, who is appointed by the Joint Committee on Legislative Services of the General Assembly. This post-audit is performed traditionally on the basis of financial statements prepared by the State Controller in accordance with the requirements of the GASB with specific attention to the violation of laws within the scope of the audit, illegal or improper expenditures or accounting procedures and recommendations for accounting and fiscal controls. The Auditor General also performs an audit of the State's compliance with federal program requirements pursuant to the federal Single Audit Act. The Auditor General also has the power, when directed by the Joint Committee, to make post-audits and performance audits of all State and local public bodies or any private entity receiving State funds.

Information Technology Security and Cybersecurity

The State, like many other large public and private entities, relies upon a large and complex technology environment to conduct its operations, and faces multiple cybersecurity threats including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computing and other digital networks and systems (collectively, the "Systems Technology"). As a recipient and provider of personal, private, or sensitive information, the State may be the target of cybersecurity incidents that could result in adverse consequences to its 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 disrupt or gain access to the State's Systems Technology for the purposes of misappropriating assets or information or causing operational disruption and damage.

To mitigate the risk of impact to State operations and damage from cybersecurity incidents or cyberattacks, the State follows the National Institute of Standards & Technology cybersecurity framework and invests in a cybersecurity defense in-depth program to implement the appropriate level of security controls for State data and Systems Technology. This defense program, developed by the State's Chief Information Officer and Chief Information Security Officer, addresses the people, processes, and technologies associated with the protection of State systems. While State cybersecurity, technical, administrative, and operational safeguards are regularly assessed for effectiveness, no assurances can be given by the State that such measures will completely mitigate the risk of cybersecurity threats and attacks. Cybersecurity incidents could potentially damage the State's Systems Technology and cause a disruption to the State's finances or operations.

RIBridges Cyber Incident

The State, through its Department of Human Services ("DHS"), administers various social services programs, including food assistance, health insurance, childcare assistance, cash benefits and other services. The State uses a computer system called RIBridges (formerly known as UHIP) to determine eligibility for these social services programs ("RIBridges"). The State employs an outside information technology vendor, Deloitte Consulting LLP ("Deloitte"), to operate RIBridges on behalf of DHS. See "STATE EXPENDITURES – Human Services – RI Bridges/Unified Health Infrastructure Project (UHIP)."

On December 5, 2024, Deloitte informed the State that RIBridges was the target of a potential cyberattack. In consultation with the State, Deloitte immediately took steps to enhance security measures and assess the threat. The State also began an investigation into what data may have been compromised, and how a possible attack was able to occur. Appropriate federal and state law enforcement agencies were also notified.

During the week of December 9, 2024, Deloitte confirmed to the State that cybercriminals had in fact infiltrated RIBridges, with a high probability that users' personally identifiable information had been compromised, and that RIBridges remained vulnerable to further attack. To mitigate the threat of further infiltration by the cybercriminals, the State directed Deloitte to shut down RIBridges. During the shutdown, users of RIBridges were advised to apply for benefits in person or by telephone.

The State has since confirmed that the cybercriminals gained access to the personally identifiable information of approximately 650,000 users of RIBridges. The State has taken steps to notify the affected users of the data breach, offering ways to mitigate the potential impact, including enrolling in free credit monitoring and identity protection services, utilizing credit freezes and fraud alerts, and updating passwords and using multifactor authentication practices.

In late January 2025, the State began a controlled, phased relaunch of online services through RIBridges, following extensive testing and remediation to determine that the system was once again safe for use. After evaluating the portal's performance during these initial phases, the State has fully restored online services through RIBridges for new and existing customers.

The State continues to work with law enforcement in investigating this matter, including identifying the cybercriminals' access point into RIBridges. In the meantime, the State has implemented improved cybersecurity controls and procedures to address vulnerabilities to RIBridges and prevent similar incidents in the future, including the enhancement of multifactor authentication practices, additional encryption configurations, and replacement of the previous endpoint detection system for a market leading managed detection and response service. The State has also accelerated the replacement of the security incident and event monitoring system (SIEM) with a leading cloud-hosted solution. Deloitte is also in the process of upgrading the firewall system to a more modern cloud-based service. Additionally, to enhance the governance of RIBridges and ensure the efficacy of security controls, a new independent validation and verification system has been installed, with team members now reporting directly to the State's Chief Information Security Officer to ensure alignment with overall State strategies. As part of the response actions, an internal compromise assessment and external penetration testing were conducted with no critical findings for the RI Bridges system.

In February 2025, Deloitte agreed to provide \$5.0 million in funds to the State to cover expenses related to addressing the breach. The Department of Administration has established a website to provide ongoing updates and assistance to affected individuals (such as free credit monitoring services) related to the RIBridges breach and can be accessed with the following link: <https://admin.ri.gov/ribridges-alert>. The information available at the preceding website is not incorporated by reference herein.

Cybersecurity breaches of sensitive data, like the one involving RIBridges, could expose the State to litigation and other legal and financial risks. The costs to remedy any such damage or protect against similar future attacks, as well as any attendant litigation costs, are currently unknown and could be substantial.

Climate Change in Rhode Island

Numerous scientific studies on global climate change show that, among other effects on the global ecosystem, sea levels will rise, extreme temperatures will become more common and extreme weather events will become more frequent as a result of increasing global temperatures. Rhode Island is beginning to experience such extreme events and conditions are expected to increasingly disrupt and damage critical infrastructure and property as well as regional economies and industries that depend on natural resources and favorable climate conditions. Disruptions caused by extreme weather events include more frequent and longer-lasting power outages, fuel shortages and service disruptions. Coastal public infrastructure is threatened by the continued increase in the frequency and extent of high tide flooding due to sea level rise. Similarly, inland infrastructure, including roads, bridges, pipelines and wastewater facilities, is threatened by increases in the severity and frequency of heavy precipitation events.

For Rhode Island in particular, near-coastal areas (which contain land at or near sea level) are at risk of substantial flood damage over time, affecting private development and public infrastructure. As a result, residents, businesses and governmental operations within these areas could be adversely affected and possibly displaced, with an attendant negative impact on economic activity and State revenues. In addition, governmental entities, including the State, would need to adapt to the effects of climate change at substantial costs that are unknown at this time.

The total impact on the State's operations, economy, or financial condition from future environmental risks or natural disasters is currently unknown. Nevertheless, recognizing its status as a coastal state vulnerable to the effects of climate change, Rhode Island has taken several actions in recent years to mitigate these types of risks. Rhode Island was a founding member of the Regional Greenhouse Gas Initiative, the first mandatory market-based program in the United States to reduce greenhouse gas emissions. In 2014, the General Assembly enacted the Resilient Rhode Island Act, which sets specific greenhouse gas reduction targets, incorporates the consideration of the effects of climate change into the powers and duties of all State agencies and established the Executive Climate Change Coordinating Council. These greenhouse gas emission goals were made more ambitious and legally enforceable with the passage of the Act on Climate in April 2021, RIGL Section 42-6.2-1 et. seq. (the "Act on Climate"). The Act on Climate requires the State to develop a plan to reduce all emissions from transportation, buildings and heating, and to reduce electricity used in the State to 10 percent below 1990 levels by 2020, 45 percent below 1990 levels by 2030, 80 percent below 1990 levels by 2040 and net-zero by 2050. The plan will be updated every five years and will address areas such as environmental injustices, public health inequities and a fair employment transition as fossil-fuel jobs are replaced by green energy jobs. According to the RI of Department Environmental Management's 2022 Greenhouse Gas Inventory Report published in December 2024, total net emissions for 2020 and 2022 were 9.0 million metric tons carbon dioxide equivalent (MMTCO₂e) and 9.6 MMTCO₂e respectively, compared to 11.76 MMTCO₂e in 1990. The 2025 Climate Action Strategy Plan is under development and is scheduled to be released to the Governor and General Assembly in December 2025. Further information be found at the following link: <https://climatechange.ri.gov/act-climate/2025-climate-update>. The information available at the preceding website is not incorporated by reference herein. To foster public transparency, public metrics and an online public dashboard to track both emissions reductions and sources of energy consumed by the State must also be developed. The metrics and the dashboard are to be updated at least annually. The comprehensive dashboard is under development. Specific dashboards for the State's electric vehicle, electric bike and heat pump rebate programs can be found at the following links:

<https://drive.ri.gov/statistics> and

<https://energy.ri.gov/heating-cooling/clean-heat-ri/clean-heat-rhode-island-statistics>.

The information available at the preceding websites is not incorporated by reference herein.

Furthermore, the State's final revised FY 2023 budget (the "FY 2023 Budget") included financing for an additional 3.0 full-time equivalent ("FTE") positions for the State's Office of Energy Resources ("OER") to implement the Act on Climate. As of fall 2022, the 3.0 additional FTE positions have been filled.

In December 2016, a 30-Megawatt wind turbine farm located off the shore of Block Island in the State became the nation's first operational offshore wind project. In May 2019, State regulators approved the 400-Megawatt Revolution Wind offshore wind project, which is expected to begin commercial operations during the first half of 2026.

In July 2018, the State filed a lawsuit in the State's Superior Court to hold major corporate members of the fossil fuel industry accountable for climate change-related adaptation costs facing the State resulting from defendants' failures to warn and multi-decadal disinformation campaign. In the lawsuit, the State alleges various causes of action directly or indirectly related to climate change resulting from the defendants' conduct, including defendants' misrepresentations and omissions concerning the impacts of their fossil fuel products on the climate and the resulting risk to property and infrastructure in the State. The lawsuit is ongoing, and the outcome is currently unknown.

In December 2020, the OER released a study that outlined paths for Rhode Island to become the first state in the nation to meet 100 percent of its electricity demand with renewable energy sources by 2030. The study, available at <https://energy.ri.gov/renewable-energy/100-percent-renewable-electricity-2030>, considers available renewable energy technologies, including their feasibility, scalability, costs, generation patterns, market value, and local economic and employment impacts, as well as barriers that may hamper or slow their implementation. The information available at the preceding website is not incorporated by reference herein.

The study identifies ways to leverage competition and market information to ensure reasonable ratepayer costs and manage energy price volatility, while taking advantage of economic development opportunities within the State. Utilizing this information, OER developed specific policy, programmatic, planning and equity-based actions that will support achieving the 100 percent renewable electricity goal. In furtherance of this goal, the General Assembly enacted legislation in 2022 mandating a 100 percent renewable energy standard by the end of 2033, to achieve the goal of 100 percent of Rhode Island's electricity demand being offset by renewable energy by the end of 2033.

Regarding the thermal and heating sector, Rhode Island launched a Heating Sector Transformation Initiative in 2019 to advance development of a cleaner, more affordable and reliable heating future. This process engaged public and private sector partners in the identification of economic, energy, and environmental opportunities and challenges posed by the State's heating sector, resulting in a comprehensive suite of pathways toward thermal decarbonization. The State's report is available at: www.energy.ri.gov/HST/. The information available at the preceding website is not incorporated by reference herein. Additionally, the FY 2023 Budget included a \$25.0 million investment to support low- and moderate-income households and community organizations in purchasing and installing energy efficient electric heat pumps. To further this investment, OER launched the Clean Heat Rhode Island Program (heat pump rebates) in September 2023.

In December 2020, Rhode Island also became one of the first signatory jurisdictions in the bipartisan Transportation and Climate Initiative Program ("TCI-P"). TCI-P would guarantee Rhode Island

at least a 26 percent reduction in carbon emissions from transportation from 2022 to 2032 and is anticipated to generate approximately \$20 million annually. Signatory jurisdictions would reinvest these funds in equitable and cleaner transportation options, serving as a catalyst for infrastructure, transit and green energy development through the next decade and beyond. TCI-P also was expected to benefit public health by reducing avoidable deaths and respiratory and other illnesses caused by exposure to air pollution. In November 2021, however, a lack of regional support for TCI-P led Rhode Island to determine that it needed to pursue options other than TCI-P to reduce greenhouse gas emissions from the transportation sector. OER launched electric vehicle, electric bicycle and electric vehicle household charging infrastructure rebate programs in July 2022, October 2022 and August 2024, respectively. Rhode Island was also the first state in the U.S. to complete Phase 1 of the federal National Electric Vehicle Infrastructure Program with the opening of operational fast charging electric vehicle stations at RI Department of Transportation park and ride locations in Hopkinton and Warwick in July 2024. OER is currently planning or actively installing additional electric vehicle charging stations on state properties.

On September 15, 2017, the Governor signed an executive order appointing a Chief Resilience Officer to lead climate resilience efforts across the State, both within government and in collaboration with business, academic and non-profit partners, with a mission to develop a statewide climate resilience action strategy. The strategy, which proposes implementable actions to better prepare the State for the effects of changing weather and environmental conditions caused by climate change, was submitted to the Governor in July 2018. A three-year impact report on Rhode Island’s resilience strategy, entitled, Resilient Rhody, was released in November 2021 and a state of resilience report was released in December 2024, Both reports can be obtained on the following website: <https://climatechange.ri.gov/resilient-rhody>. The information available at the preceding website is not incorporated by reference herein.

On May 22, 2023, the Governor signed an executive order to renew the Chief Resilience Officer position. The position, previously housed at the Rhode Island Infrastructure Bank (RIIB), is now housed at the Department of Environmental Management (DEM). The Chief Resilience Officer serves as the primary advocate for Rhode Island’s actions on climate resilience, coordinate efforts on resilience across agencies and other governmental and non-governmental agencies, advise the State’s Executive Climate Change Coordinating Council (EC4), and implement policies under the State’s and EC4’s direction.

Additionally, the Rhode Island Emergency Management Agency (“RIEMA”) has produced a Hazard Mitigation Plan that provides sustained actions to reduce or eliminate risk to the people and infrastructure of the State from the effects of natural, technological, and human caused hazards. The Plan is available on RIEMA’s website, but is not incorporated by reference herein.

Certain State Response Measures to the Pandemic

This Information Statement includes various references to the impacts of COVID-19. See “STATE REVENUES – *State General Fund Revenues – Personal Income Tax*”, “– *Sales and Use Tax*”, “– *Rhode Island Lottery*,” “– *Non-General Revenue Sources – Federal Receipts*,” “STATE EXPENDITURES – *Medicaid*,” “– *General Government – Department of Labor and Training*,” “– *Education – Continuance of State Takeover of Providence Public School District*,” “GENERAL FUND OPERATING RESULTS AND

FREE SURPLUS – *May 2025 Revenue Estimating Conference*,” “– *American Rescue Plan Act*,” “– *FY 2025 Third Quarter Report*,” “– *Cash Flow*,” “STATE INDEBTEDNESS – *State Direct Debt – Tax Anticipation Notes/Liquidity Facilities*,” “– *Employment Security Fund Activity*” and “LITIGATION.”

To address the impact of COVID-19, during FY 2021, the State was awarded approximately \$1.1 billion through the State Fiscal Recovery Fund (SFRF) included under the federal American Rescue Plan Act (ARPA). As of December 31, 2024, the State has fully appropriated and obligated the SFRF funds.

The State’s FY 2022, 2023, 2024 and 2025 enacted budgets utilized the SFRF funds to manage the impact of COVID-19 by supporting short-term recovery efforts and long-term investments in State programs. The State expects that these funds will be fully expended by the first half of FY 2027.

The State was also awarded approximately \$112.3 million under ARPA’s Capital Projects Fund (CPF) for a broadband deployment program; the construction and renovation of multipurpose community facilities to enable work, education, and health monitoring; and administrative expenses associated with managing the CPF and its approved programs. Funding must be expended and all related services operational by December 31, 2026.

Additionally, the State was awarded funds under various programs. The State received \$200 million under the Consolidated Appropriations Act of 2021 for Emergency Rental Assistance program (ERA1) to provide rental and utility relief and housing stability services to eligible Rhode Islanders. ERA 1 was concluded on December 31, 2021, with the State expending \$199.8 million of its \$200 million allocation. The State also received \$152 million under ARPA’s Emergency Rental Assistance program (ERA2) to provide rental and utility relief, housing stability and eviction prevention services and the development of affordable rental units for very low-income households. All costs under the ERA2 program must be incurred by September 30, 2025. The State received \$50 million for homeowner relief under ARPA’s Homeowner Assistance Fund (HAF). The State administers the application of the HAF funds through RIHousing. The statutory deadline for the HAF program is September 30, 2026.

With no additional federal pandemic-related funding expected, the State anticipates returning to a more typical budgeting outlook for FY 2026. For additional information regarding the ARPA funds, see Management’s Discussion and Analysis, “Conditions Expected to Affect Future Operations – American Rescue Plan – State Fiscal Recovery Funding” and Note 17 – “Contingencies,” included in the State’s FY 2024 audited financial statements, which are incorporated herein by reference under “FINANCIAL STATEMENTS.”

Investment Policies

The State’s investments are managed by the Office of the General Treasurer under the direction of the State Investment Commission (the “SIC”). The SIC has established short term investment policies for the State’s cash which seek to maximize rates of return on purchased investments subject to credit quality, issuer diversification, and investment type, while controlling the investment risk. The key elements of State’s short-term investment policies are summarized below.

Safety. All short-term investments are purchased with the intent of preserving capital. Preservation of capital is enhanced by utilizing high quality investment instruments. Investments are made to minimize the volatility of principal value, liquidity risk and credit risk, and not based on rate of return alone.

Liquidity. In order to provide sufficient liquidity to cover all disbursements of the State, investments are structured in a manner that will ensure the funding of the State’s expenditures and match the cash flow requirements of the account groups for which the SIC invests.

Rate of Return. The rate of return on the short-term investment portfolio will be compared to the 30-day U.S. Treasury security benchmark for purposes of quantifying relative performance over time.

Collateralization. Since 2010, the Office of the General Treasurer has required that all deposits held by financial institutions on behalf of the State must be fully collateralized at no less than 102% of principal. The collateral requirement only applies to amounts in excess of federal deposit insurance limits and does not apply to investments held in the Ocean State Investment Pool (“OSIP”). OSIP is an investment pool that enables eligible governmental entities to participate with the State in providing for the investment of public funds consistent with safety and protection of such funds.

Vendor Selection Criteria. The Office of the General Treasurer maintains a listing of all authorized financial institutions and broker/dealers desiring to become qualified bidders for investment transactions and carefully selects from among the list of vendors those financial institutions in which the State invests funds. The list of qualified bidders is subject to continuing surveillance and institutions that subsequently fail to meet the minimum criteria may be removed.

STATE REVENUES

This section contains a description of the major categories of State revenues. To fund its programs and services, Rhode Island draws nearly all its revenue from a series of non-property related taxes and excises, principally the personal income tax and the sales and use tax, from federal assistance payments and grants-in aid, and from earnings and receipts from certain State-operated programs and facilities. The State additionally derives revenue from a variety of special purpose fees and charges that must be used for specific purposes as required by State law. For information regarding revenue changes in the State’s enacted FY 2025 Budget as signed by the Governor on June 17, 2024 (the “FY 2025 Enacted Budget”), see “FY 2025 ENACTED REVENUES” herein.

State General Fund Revenues

Personal Income Tax

The State’s current personal income tax system begins with federal Adjusted Gross Income (“AGI”), modified as provided for in current law, and then subtracts an enhanced standard deduction and a personal and dependent exemption amount to arrive at taxable income. Both the enhanced standard

deduction and the personal and dependent exemption amounts are subject to phase-out for high income taxpayers. Taxable income is then subject to tax at marginal rates of 3.75%, 4.75%, and 5.99% to yield the Rhode Island tax liability before credits. Under the personal income tax system, eleven tax credits could be taken against the computed Rhode Island tax liability. The tax credits allowed are: a fully refundable earned income tax credit (16% of the federal earned income tax credit effective for the tax year 2024 and thereafter), a property tax relief credit, a lead paint abatement credit, a child and dependent care credit, credit for taxes paid to other states, a motion picture production company credit, a credit for contributions to qualified K-12 scholarship organizations, a historic structures tax credit, a Stay Invested in Rhode Island Wavemaker Fellowship tax credit, a Rebuild Rhode Island tax credit and a Rhode Island Qualified Jobs Incentive tax credit.

The personal income tax exemption includes an exemption for taxable Social Security benefits and an exemption of up to \$20,000 of pension and annuity income (increasing to \$50,000 for tax year 2025 and beyond) for income-eligible taxpayers who have reached full Social Security retirement age in the tax year in which the exemption is claimed. These income thresholds are indexed to inflation and based on federal adjusted gross income. For tax year 2024 the income thresholds were \$104,200 for single filers and \$130,250 for married joint filers. The State exempts military pensions from taxation effective for tax year 2023 and beyond.

The State's personal income tax collections have been affected by multiple federal law changes over the past several years. The most notable changes are a result of the Tax Cuts and Jobs Act of 2017 ("TCJA"). Because Rhode Island income tax liability is keyed to federal AGI, changes that impact the calculation of AGI flow to the State. TCJA included both one-time impacts, largely for the repatriation of foreign income, and ongoing impacts related to changes in federal AGI. These ongoing impacts are expected to increase personal income tax collections by an average of \$15 million over the FY 2025 through FY 2030 period. Some elements of TCJA sunset at the end of December 2025. However, the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") and the ARPA extended one of these TCJA sunsets, the limitation of pass-through business losses above \$250,000, through calendar year 2026. The Inflation Reduction Act, passed in August 2022, further extended this TCJA sunset for two more years through December 2028, forestalling the loss of these revenue gains.

Personal income tax held up well during the pandemic, mainly due to enhanced federal unemployment benefits which existed between March 2020 and September 2021 (unemployment benefits are taxable in Rhode Island). Employment began rebounding in the latter part of 2020 and increased throughout 2021 and 2022. A quick recovery in the stock market also helped maintain income tax collections. Personal income tax revenue grew at 14.9% in FY 2021 and 22.9% in FY 2022. However, some of these gains diminished in FY 2023, in which total personal income tax revenue declined by 8.7%, probably attributable at least in part to the cooling stock market. Personal income tax grew by 0.3% in FY 2024, though a change in the filing forms used by some traditional passthrough entities resulted in a shift in some revenue previously recorded as personal income tax now recorded as business corporations tax. The effect of this shift can also be seen in the strong corporate tax growth in FY 2024, discussed under the subheading "*Business Corporations Tax*" below.

Sales and Use Tax

The State assesses a tax on all retail sales, subject to certain exemptions, on hotel and other public accommodation rentals, and on the storage, use or other consumption of tangible personal property in the State. The State sales and use tax rate is 7.0%. Major exemptions from the sales and use tax include: (i) food for human consumption off the premises of the retailer, excluding food sold by restaurants, drive-ins or other eating places; (ii) clothing and most footwear that is sold for less than \$250 per item; (iii) prescription medicines and medical devices; (iv) fuel used in the heating of homes and residential premises; (v) domestic water usage; (vi) gasoline and other motor fuels otherwise specifically taxed; (vii) sales of tangible property and public utility services when the property or service becomes a component part of a manufactured product for resale, or when the property or service is consumed directly in the process of manufacturing or processing products for resale and such consumption occurs within one year from the date such property is first used in such production; (viii) tools, dies and molds, and machinery and equipment, including replacement parts thereof, used directly and exclusively in an industrial plant in the actual manufacture, conversion or processing of tangible personal property to be sold; (ix) sales of air and water pollution control equipment for installation pursuant to an order by the Director of DEM (as defined herein); and (x) sales of boats or vessels; (xi) buses, trucks and trailers used for interstate commerce; (xii) sale of local art; (xiii) sale of electricity and natural gas and heating fuels to businesses; and (xiv) sale of wine and spirits.

In the 2006 session, the General Assembly passed legislation to conform to the Streamlined Sales Tax Project. The Streamlined Sales Tax Project is an effort created by state governments, with input from local governments and the private sector, to simplify and modernize sales and use tax collection and administration. Effective January 1, 2007, Rhode Island became a full member of the Streamlined Sales and Use Tax Agreement (“SSUTA”).

In the 2017 session, the General Assembly passed legislation to require remote sellers to remit sales tax or report the amount of use tax owed by their customers. This initiative was estimated to increase sales tax collections by at least \$35 million in FY 2018 (although this estimate included revenue generated by remote sellers who voluntarily chose to remit sales tax prior to the law change). The U.S. Supreme Court's decision in *South Dakota v. Wayfair* affirmed states' ability to collect sales tax from remote sellers. Sales tax from remote sellers has become an increasingly large share of the State's tax collections, far exceeding initial estimates, and continuing to grow steadily. Sales tax attributable to remote sellers has grown in recent years from \$321.3 million in CY 2020 to \$464.9 million in CY 2024.

The State's sales tax base has gradually expanded over the past ten years. These expansions include over-the-counter medication, medical marijuana and adult-use cannabis, clothing over \$250 per item, pet services, investigative and security services, taxis, vacation homes, online room sellers, automobile document fees, digital products and electronic software, software as a service, and digital downloads.

Sales and use tax experienced the most direct impact from COVID-19, with significant losses in taxable sales, particularly within the service sector; however, the strength of retail trade and the ability of the State to collect tax on remote sales allowed fiscal year sales tax collections to remain strong during the

pandemic. Sales and use tax grew by 3.7% in FY 2020, 14.9% in FY 2021, 12.7% in FY 2022, 3.5% in FY 2023, and 4.5% in FY 2024.

Business Corporations Tax

The business corporations tax (currently 7.0% of gross revenues) is imposed on corporations deriving income from sources within the State or engaging in activities in the State for profit or gain. For tax years 2017 and thereafter, Rhode Island's minimum corporate tax is \$400.

In 1996, the General Assembly enacted the Jobs Development Act ("JDA"). As subsequently amended, it provided for rate reductions of 0.25% (up to a maximum reduction of 6.0%) for each 50 new jobs created by eligible firms (each ten new jobs created by a small business) for three years past the elected base year. A qualifying job is a 30-hour per week, on average, position that pays at least 150.0% of the prevailing hourly minimum wage as determined by State law. After three years, the rate reduction is set at that of the third year for as long as the third-year employment level is maintained.

The 2014 General Assembly passed legislation that implemented combined reporting with single sales factor apportionment and market-based sourcing of income for all C-corporations. As part of this reform, the General Assembly reduced the business corporations tax rate for C-corporations from 9.0% to 7.0%. In addition, the 2014 General Assembly eliminated the franchise tax for those franchise tax filers paying more than the \$500 minimum franchise tax. These changes were effective for tax years beginning after December 31, 2014.

The 2017 General Assembly adopted legislation to change the corporate tax payment schedule to align the State's practices with federal reporting timelines and recognized best practices. The schedule requires four payments and allocates half of estimated payments to each six-month period.

Corporate income tax collections grew by 35% in FY 2024 over FY 2023, due in part to strong corporate profits nationally, but with a significant portion related to a new, voluntary tax on pass-through entities, more particularly described below.

The 2019 General Assembly adopted a new, voluntary tax on pass-through entities effective in tax year 2019. The income of pass-through entities is typically taxed through the personal income tax returns of that entity's members. However, this voluntary tax allows a pass-through entity to elect to be taxed at the entity level, with the members of the entity taking a credit on their personal income tax return for those taxes paid by the entity. This has had the impact of shifting tax collections from the State's personal income tax to the business corporations tax. However, for accounting purposes, the State still realizes this pass-through entity revenue under personal income tax. The result is a simple accounting shift between ledgers, with no net impact on general revenues.

Pass-through entities made \$47.9 million in payments in FY 2020, although more than half of that revenue was assumed to be duplicative with personal income tax payments (given that the law change happened halfway through the tax year). In November 2020, the federal Internal Revenue Service signaled approval of this method of pass-through entity taxation.

Usage of this tax in FY 2021 was more than double the level of FY 2020 at \$109.1 million in pass-through entity payments. For FY 2022, 2023 and 2024, pass-through entity tax payment totals were \$179.9 million, \$177.1 million, and \$192.0 million, respectively. The latter figure includes approximately \$5.4 million in pass-through entity payments received in FY 2025 but accrued back to FY 2024 due to a tax year 2023 deadline extension necessitated by a federal disaster declaration. The May 2024 Revenue Estimating Conference estimated this would shift around \$40 to \$50 million in revenue between the two tax types.

The TCJA also has an impact on business corporations tax collections. This ongoing impact is expected to account for an average of \$29.6 million of business corporations tax revenue annually over the FY 2025 through FY 2030 period.

Nursing Facility Provider Assessment

The State levies a tax on the gross revenues of nursing homes at a rate of 5.5% pursuant to Title 44, Chapter 51-3 of the RIGL.

Taxes on Public Service Corporations

A tax ranging from 1.25% to 8.0% of gross earnings is assessed annually against certain foreign and domestic public service corporations described in Title 44, Chapter 13 of the RIGL. In the case of corporations whose principal business is manufacturing, selling, or distributing currents of electricity, the rate of tax imposed is 4.0% of gross earnings. For those corporations manufacturing, selling, or distributing illuminating or heating gas, the rate of tax imposed is 3.0%. Corporations providing telecommunications services are assessed at a rate of 5.0%. However, 100.0% of the amounts paid by a corporation to another corporation for connecting fees, switching charges and carrier access charges are excluded from the gross earnings of the paying company. In contrast, the tangible personal property within the State of telegraph, cable, and telephone corporations used exclusively for corporate business is exempt from local taxation but is subject to a State-level personal property taxation program, the revenue from which is disbursed to local communities. The FY 2024 Budget included a provision to suspend the gross earnings tax on electricity and natural gas utilities for the four-month period of December 2023 through March 2024. This one-time measure resulted in a revenue loss of \$30.1 million.

Tax on Insurance Companies

Each insurance company transacting business in Rhode Island must file a final return each year on or before March 1 and pay a tax of 2.0% of the gross premiums on insurance contracts written during the previous calendar year to Rhode Island individuals or businesses. With respect to an out-of-state insurance company, however, the tax cannot be less than that which would be levied by the applicable state or foreign (i.e., non-Rhode Island) jurisdiction on a similar Rhode Island insurance company or its agent doing business to the same extent in such jurisdiction.

The following premiums are exempt from the tax: (i) premiums from marine insurance issued in Rhode Island; (ii) the premiums paid to the insurer that maintains the State's workers' compensation

insurance fund, and (iii) the premiums paid to nonprofit medical service corporations, nonprofit hospital service corporations, nonprofit dental service corporations and health maintenance organizations. Insurance and surety companies are exempt from the business corporations tax and annual franchise tax.

The 2016 General Assembly session added a provision to the insurance premiums tax statute which allowed for the reduction in the 2.0% gross premiums tax rate provided the insurance industry created at least 350 new jobs above a 2015 baseline figure. Depending on the level of job creation, the tax could be reduced to no lower than 1.0%. As of this writing, no tax rate changes have taken effect.

The State's final revised FY 2020 budget (the "FY 2020 Budget") included a new tax credit against the tax on premiums collected by insurance companies. Insurance companies may be eligible to receive the tax credit in exchange for making contributions to a fund established to invest capital in small businesses within the State. The credits are capped at 64.5% of the State's total investment, which under the FY 2025 Enacted Budget is capped at \$40 million. The tax credits that result from this \$40 million investment are expected to reduce revenue by \$4.3 million annually during the FY 2025 through FY 2030 period. The FY 2025 Enacted Budget also prohibited applications received after FY 2024 from being considered. Therefore, there is no projected impact of this program beyond FY 2030.

Financial Institutions Excise Tax

This tax is paid by banks, trust companies, and loan and investment companies organized in Rhode Island. It is measured as the higher of either: (i) 9.0% of its net income of the preceding year or (ii) \$2.50 per \$10,000 or a fraction thereof of its authorized capital stock as of the last day of the preceding calendar year. A national bank within the State must only pay the excise tax measured by option (i) above. The minimum tax payable is \$100. Mutual savings banks and building and loan associations are subject to the tax.

The 2024 General Assembly amended the apportionment rules for the financial institutions tax. Prior to tax year 2025, calculating income apportionable to Rhode Island was done via a three-factor formula based on property, payroll, and sales. Beginning with tax year 2025 and onward, financial institution taxpayers may elect between the traditional three-factor apportionment and single sales factor apportionment. This law change is projected to result in a general revenue loss to the State of \$7.7 million in FY 2025, which annualizes to \$15.6 million in FY 2026.

Banking Institutions Interest Bearing Deposits Tax

A tax on interest bearing deposits was eliminated for state and national banks beginning January 1, 1998, and thereafter. A tax on deposits held by credit unions continues to apply with a rate of 0.0695 cents for each \$100 for institutions with over \$150 million in deposits and a rate of 0.0625 cents for each \$100 for credit unions with less than \$150 million in deposits.

Estate and Transfer Tax

For decedents whose deaths occurred on or after January 1, 2015, the estate tax is an amount equal to the maximum credit allowed under federal estate tax law as it was in effect as of January 1, 2001, provided that a credit is allowed against any tax so determined in the amount of \$64,400 (for deaths occurring prior to January 1, 2017) and \$65,370 (for deaths occurring on or after January 1, 2017) (equivalent to the taxes owed on an estate with a taxable value of \$1.5 million). For all decedents whose death occurred on or after January 1, 2002, any increase in the unified credit provided by 26 U.S.C., subsection 2010 in effect on or after January 1, 2001, shall not apply for Rhode Island estate tax purposes. The threshold estate tax exemption amounts applicable to decedents whose deaths occurred on or after January 1, 2010, and prior to January 1, 2015, as well as the estate tax credit applicable to estates of decedents whose deaths occurred on or after January 1, 2015 is indexed to the Consumer Price Index for all Urban Consumers (“CPI-U”) as of September 30 of the prior calendar year. The time period for filing a return is nine months from the date of death.

Motor Vehicle Fees, Rental Vehicle Surcharge and Certain Other Fees

Beginning in FY 2015, motor vehicle title fees, emission control inspection fees, and good driving record dismissal fees were transferred from General Fund license and fees revenue to the Rhode Island Highway Maintenance Account (“RIHMA”). Motor vehicle operator license and vehicle registration fees were also deposited in the RIHMA beginning in FY 2016, with 25.0% of these fees being transferred in FY 2016, 50.0% in FY 2017, 60% in FY 2018 and 100% in FY 2019 and thereafter (although duplicate license and license update fees were retained as general revenue through FY 2023 and were moved to the RIHMA beginning in FY 2024). Additionally, the State’s share of the 8.0% rental vehicle surcharge is deposited in the RIHMA. Some fees collected by the Division of Motor Vehicles not directly related to licensing or registration remain general revenues and are accounted for in “Departmental Receipts” (see below).

Cigarette Tax

The State’s cigarette tax is comprised of a cigarette stamp excise tax, a cigarette floor stock tax, and a tax on the wholesale price of cigars, pipe tobacco, etc. The cigarette stamp excise tax generates over 95% of the total cigarette taxes collected by the State.

The rate of tax on the wholesale price of cigars, pipe tobacco, and other tobacco products has also risen over the past ten years, although not as frequently as the cigarette stamp excise tax. On July 1, 2006, the tax on cigars was limited to a maximum of 50 cents per cigar and the tax on snuff was changed to \$1.00 per ounce with a minimum tax of \$1.20. On April 10, 2009, the other tobacco products tax was increased from 40.0% to 80.0% of the wholesale price. This increase in the wholesale price tax did not affect the maximum tax on cigars or the minimum tax on snuff.

The FY 2025 Enacted Budget included two major amendments to taxes on cigarettes and other tobacco/nicotine products. First, the 2024 General Assembly passed an increase in the cigarette stamp excise tax from \$4.25 per pack to \$4.50 per pack. This increase is projected to raise \$2.2 million of general

revenue in FY 2025, which includes \$0.7 million in floor stock tax. The tax increase is expected to annualize to \$1.8 million in added general revenue in FY 2026. However, its impact is expected to fade over time with the long-term structural decline in cigarette sales, projected at \$1.1 million for FY 2030.

Second, the 2024 General Assembly passed an excise tax on electronic nicotine delivery system (ENDS, colloquially “vape” or “e-cigarette”) products. The tax rate is \$0.50 per milliliter of liquid for “closed” system products that are pre-filled and not refillable, and 10% of wholesale cost on all other ENDS products including e-liquids sold for the purpose of refilling devices. This law change also included a ban on flavored ENDS products with exceptions for tobacco and menthol flavors. (A ban on flavored ENDS products was already in place starting in October 2019 via a regulation from the Rhode Island Department of Health.) The new tax is expected to raise \$2.2 million of general revenue in FY 2024, including \$0.3 million of one-time floor stock tax, and annualize to \$3.9 million in FY 2026. Unlike combustible cigarettes, the ENDS market appears to be growing at the national level. Therefore, ENDS tax revenues are expected to grow to \$4.8 million by FY 2030.

Other Taxes

In addition to the above-described taxes, the State imposes various fees, taxes and excises for the sale of liquor and other alcoholic beverages, controlled substances, the registration of motor vehicles, the operation of pari-mutuel betting, motor carrier fuel use and the conveyance of real estate.

The State assesses a real estate conveyance tax both on acquisition of property as well as acquisition of a controlling interest in a real estate company where a real estate company is a business that is primarily engaged in the holding, selling or leasing of real estate. The tax is equal to \$2.30 for each \$500, or fraction thereof, of the amount of consideration paid. There is an additional tax imposed beginning on January 1, 2022 equal to an additional \$2.30 per \$500 for the amount of consideration paid greater than \$800,000 applicable to residential property only which is dedicated to a restricted receipt account known as the Housing Production Fund for the purpose of financing affordable housing initiatives.

The State assesses an alcohol excise tax of \$3.30 per barrel for beer and malt beverages. For high proof spirits, those spirits that contain 15% or more alcohol, the excise tax is \$5.40 per gallon. For still wine, the excise tax is \$1.40 per gallon. The excise tax on low proof distilled spirits and sparkling wine is \$0.75 per gallon.

Departmental Receipts

Licenses and Fees. The largest category of departmental receipts is licenses and fees, due largely to the assessment of the hospital licensing fee beginning in FY 1995. Other significant license and fee revenues are derived from the registration of securities, certain fees collected by the Division of Motor Vehicles and various professional licenses.

The hospital licensing fee (HLF) was first enacted in 1994 and is reinstated each legislative session. Prior to FY 2024, the hospital licensing fee was enacted each year as a percentage of hospital net

patient revenue for a specific prior fiscal year. For example, the FY 2023 Budget set the fee at 5.42% of hospitals' net patient revenue in FY 2021. The HLF also included a 37.0% discount on the rate for all Washington County hospitals, yielding an effective hospital licensing fee rate for Washington County hospitals of 3.41% for FY 2023. In March 2022, via coordination with the Centers for Medicare and Medicaid Services ("CMS"), the State committed to the evaluation and modification of the hospital license fee structure by July 31, 2023, to ensure it is a permissible tax under section 1903(w)(3) of the Social Security Act and the federal regulations at 42 C.F.R. §433.68. The FY 2024 Budget included restructured HLF based on a three-tiered rate structure in which a hospital's tier (and thereby rate) is determined by its type and proportion of Medicaid/uninsured patients served. The restructured HLF also eliminated the 37% discount for hospitals in Washington County. CMS approved the new HLF structure on June 28, 2023. Though the HLF is typically enacted one year at-a-time, the 2023 General Assembly chose to enact the restructured HLF for a two-year period covering FYs 2024 and 2025. It is estimated to bring in \$212.9 million of revenue in FY 2024 and \$215.7 million in FY 2025.

Sales and Services. A second category of departmental receipts is sales and services, which includes rental payments at State piers and revenues derived from the sale of vanity license plates.

Fines and Penalties. A third category of departmental receipts is fines and penalties, such as interest and penalties on overdue taxes.

Miscellaneous Departmental Revenues. Miscellaneous departmental revenues include revenues from investment earnings on General Fund balances, indirect cost recoveries, as well as child support payments.

In 2016, the Office of the General Treasurer changed the policy on the treatment of tax refund and other checks issued by the State that remain uncashed after a specified period. In the past, these checks were written off in June of each fiscal year and the amount of the checks written off were reverted to general revenues. Effective for FY 2016 and thereafter, the Office of the General Treasurer will turn uncashed tax refund and other State-issued checks over to the State's unclaimed property program rather than writing the checks off and reverting uncashed amounts to general revenues. The net impact of this change in policy was to reduce miscellaneous departmental receipts revenues by the amount of the checks transferred to the unclaimed property program less the 10% indirect cost recovery charge that is assessed against the unclaimed property program.

Income on investments, including of the State's general fund, are included in miscellaneous departmental revenues and have made up a significant proportion of such revenues for the last two fiscal years due to the combination of elevated cash balances and increased interest rates since FY 2022. After accounting for only \$3.8 million of general revenue in FY 2022, income on investments increased to \$59.4 million and \$67.1 million in FYs 2023 and 2024, respectively. However, with the spend-down of cash balances and further interest rate cuts expected, these revenues are projected to wane in the coming years.

Rhode Island Lottery

The State Lottery Fund was created in 1974 for the receipt and disbursement of revenues of the Rhode Island Lottery from sales of lottery tickets and license fees. The monies in the fund are allotted for: (i) establishing a prize fund from which payments of the prize are disbursed to holders of winning lottery tickets, the total of which prize payments equal between 45% and 71% of the total revenue accruing from the sale of lottery tickets; (ii) payment of expenses incurred by the Lottery in the operation of the State lotteries; and (iii) payment to the State's General Fund of all revenues remaining in the State Lottery Fund.

The State retains a percentage of approximately 60.8% of the payout for net terminal income ("NTI") from video lottery games, in accordance with State law. At present, there are two licensed video lottery facilities operating in the State of Rhode Island: (1) Bally's Twin River Casino ("Twin River", formerly known as Lincoln Park) located in the Town of Lincoln, Rhode Island, and (2) Bally's Tiverton Casino (the "Tiverton Casino", formerly located in the City of Newport, Rhode Island and known as Newport Grand) located in the Town of Tiverton, Rhode Island. The parent company of both Twin River and Tiverton Casino is Bally's Corporation (formerly known as Twin River Worldwide Holdings, Inc.). Both facilities operate on a 24 hour per day, seven days per week basis. In the 2005 Session, the General Assembly passed legislation that allowed the Director of the Division of the Rhode Island Lottery to enter long-term contracts with the owners of Twin River and Tiverton Casino. The master contract for Twin River froze the retailer's share of NTI at 28.85% for existing video lottery terminals ("VLTs") and 26.0% for additional VLTs (which rates are subject to certain adjustments based on the Consumer Price Index ("CPI") in the 11th through 15th years of the contract term). The master contract for Tiverton Casino froze the retailer's share of NTI from existing and additional VLTs at 26.0%.

Under State law, in-person table games are permitted at Twin River and Tiverton Casino, with the State retaining a percentage of the net table game revenue as defined in State law. As of July 1, 2019, the percentage of net table game revenue retained by the State is 15.5%.

The Town of Lincoln and the Town of Tiverton each receive 1.0% of the net table game revenue, with the balance going to the casino operator. The law also guarantees each of the Town of Tiverton and the Town of Lincoln a minimum of three million dollars (\$3.0 million) per year from the combination of net table game revenues and NTI. To the extent that either town does not receive that amount in any State fiscal year, the State is required to make up the shortfall out of the State's share of NTI and net table game revenue. The guarantee continues in effect for each year so long as both table games and video lottery games are offered for an entire fiscal year at the gaming facilities.

The State's fiscal year 2019 budget legalized sports betting at the State's two casinos beginning October 1, 2018. This legislation was enacted following the U.S. Supreme Court ruling in *Christie v. National Collegiate Athletic Association*, which struck down the Professional and Amateur Sports Protection Act of 1992 as unconstitutional. This federal law had prohibited most states (including Rhode Island) from legalizing sports betting. In May of 2019, Daniel S. Harrop sued the Rhode Island Lottery challenging the constitutionality of sports wagering in Rhode Island, contending that voters did not approve this type of gambling when they approved casino gambling by referendum in 2012 (Lincoln) and 2016

(Tiverton). In June of 2020, the Rhode Island Superior Court found that the legislation enabling sports betting did not violate the State Constitution.

On March 25, 2019, the General Assembly approved, and the Governor signed into law, legislation authorizing the Division of Lottery to implement mobile sports wagering. Mobile sports betting began in the State on September 4, 2019. In April 2020, the Rhode Island Lottery launched an internet gaming product referred to as “iLottery,” which allows users physically located in Rhode Island to play traditional lottery games through an internet application.

In March 2021, the State of Connecticut announced it had reached an agreement for two Native American tribes to operate online sports betting and casino gaming, subject to legislative approval. Legislative approval was given and on May 27, 2021 Governor Lamont signed HB 6451. The bill establishes three online sports betting purveyors (the two tribes and the state), and allows the Connecticut Lottery to operate fifteen retail sportsbooks. The bill also includes provisions for "iGaming" and an online lottery. On-site sports betting began in Connecticut on September 30, 2021, and online betting began on October 19, 2021. An analysis prepared in fall 2021 by Christiansen Capital Advisors, LLC (the “2021 Christiansen Study”) estimated that Connecticut sports betting would reduce Rhode Island gross gaming revenue by 1.3 percent per year starting by FY 2022. This revenue loss was factored into revenue estimates at the November 2021 REC.

During the 2021 Rhode Island Legislative Session, the General Assembly passed legislation (RIGL Chapters 41 and 42) extending the Rhode Island Lottery’s contract with IGT as the exclusive provider of lottery services from 2023 to 2043 and extending contracts with Twin River and its affiliates. Under this contract, IGT continues to provide traditional lottery products (i.e., instant tickets, numbers games, Keno, multi-state games, etc.), as well as certain casino-related services, including providing and maintaining a central communications system for VLTs. In addition, the legislation authorizes the creation of a joint venture between IGT and Bally’s to be the exclusive provider of VLTs to Twin River and Tiverton Casino. Rhode Island Lottery and IGT finalized the contract in February 2022. The contract includes two payments to the State of \$13.5 million due by the end of FY 2023 and FY 2024. Accounting rules dictate that revenue from these payments be amortized over the term of the contract which begins in FY 2024, and this amortization was accounted for in the FY 2024 Budget.

In the FY 2023 Budget, the General Assembly raised the cap on the lottery prize payout percentage from 65 percent of the total revenue accruing from the sale of lottery tickets to 71 percent of said total revenue. This law change is expected to impact State lottery revenues positively, especially in the emerging iLottery sales. The FY 2023 Budget included \$0.5 million in additional general fund transfer related to this law change, with continued growth expected in the out-years.

The 2023 General Assembly authorized iGaming beginning March 1, 2024, to include online slots and table games (including poker) that will operate out of the State’s two casinos but be played remotely. The State will receive an identical share of iGaming revenue as it does for land-based casino gaming: 61% for slots and 15.5% for table games. However, the vendor will be able to net marketing costs against this share of revenue distributed to the State, and Rhode Island Lottery will fund administrative costs related to

iGaming from that revenue share before transferring the share to the General Fund. The legislation also requires the vendor to reimburse the State if iGaming reduces traditional lottery revenue, 100% reimbursement for a reduction of up to \$1 million and then 50% for any reduction between \$1 million and \$2 million. This financial protection provision was triggered in FY 2024, with IGT remitting a payment of \$1.3 million to the State. The November 2023 Revenue Estimating Conference adopted an estimate of \$4.9 million transferred to the State's general fund from iGaming in FY 2024. However, actual revenues for the first partial year of iGaming fell significantly short of this at approximately \$3.0 million.

The May 2025 Revenue Estimating Conference includes an estimated FY 2025 \$431.1 million transfer to the general fund from the State's share of lottery proceeds. This includes \$323.2 million from casino gaming (VLTs and tables); \$68.5 million from traditional lottery numbers games, instant games, and Keno; \$20.2 million from sports betting, and \$19.2million from iGaming. The FY 2025 sports betting estimate includes a financial protection payment of \$1.5 million from the Bally's Corporation under an agreement with Rhode Island Lottery that allows Bally's to conduct sports betting in Massachusetts. This payment reimburses the State up to \$1.5 million if calendar year sports betting revenue is lower than the CY 2022 base year, as compared to CY 2024 through CY 2028. The \$1.5 million payment relates to CY 2024.

The FY 2024 actual receipts to the general fund were \$328.7 million for casino gaming, \$73.8 million for traditional lottery, \$19.9 million for sports betting, and \$3.0 million for iGaming.

The gaming industry in Rhode Island is subject to competition from facilities in neighboring states, in particular Massachusetts, which negatively affects revenues generated in the State. The Massachusetts Gaming Commission (the "Gaming Commission") has awarded licenses for two of the three casinos and the one slot parlor authorized under Massachusetts law. Licenses were awarded to MGM Resorts International on June 13, 2014, for a casino in Springfield, Massachusetts ("MGM Springfield") approximately 81 miles from Twin River, and to Wynn Resorts on September 16, 2014, for a casino in Everett, Massachusetts known as Encore Boston Harbor ("Encore Boston Harbor"), which is just outside of Boston, approximately 55 miles from Twin River. MGM Springfield opened on August 24, 2018, and Encore Boston Harbor opened on June 23, 2019. Additionally, a license was awarded on February 27, 2014, to Penn National Gaming for a slot parlor in Plainville, Massachusetts, approximately twenty (20) miles from Twin River. The Plainville slot facility opened on June 24, 2015.

With regard to the third casino authorized under Massachusetts law, in March 2016, the Mashpee Wampanoag tribe announced that it would commence construction of a tribal resort casino in the third region in Taunton, based upon the assumed power of the U. S. Secretary of the Interior to take land into trust for the tribe. On April 28, 2016, the Gaming Commission voted to deny an application for a license. The federal designation of the Mashpee Wampanoag land was subject to multiple legal challenges from 2016 until 2021. In February 2021, the outstanding appeals against the federal designation were dismissed, and the U.S. Department of the Interior subsequently indicated it would support placing the land in trust. Residents of Taunton subsequently challenged this determination. In February 2023 a federal judge ruled in favor of the Department of the Interior, determining that the land could be placed in trust. However, a second lawsuit was filed soon thereafter on grounds that the construction of a casino would alter and

dominate the neighborhood. The legal challenges concluded in April 2024, when the U.S. Supreme Court declined to hear the case. In January 2025 the Mashpee Wampanoag Tribe opened a welcome center on the property that includes 10 operational gaming machines, and announced its intention to reveal further development plans “in the coming months.” As of April 2025, formal design plans or construction timelines for the development of the property into a full casino and resort have not been revealed.

On August 1, 2022, the Massachusetts legislature passed a bill legalizing sports wagering in the Commonwealth. Governor Baker signed the bill into law on August 10, 2022. The law allows the Commonwealth’s two existing casinos (Encore Boston Harbor and Springfield MGM), the Plainridge Park slot parlor, and the state’s two dog/horse racing tracks (Raynham Park and Suffolk Downs) each to apply for a license to offer retail sports wagering and to launch mobile sports wagering apps. The law allows up to seven other companies to launch mobile betting apps in the Commonwealth. On-site sports betting began in Massachusetts on January 31, 2023, and online sports betting began on March 10, 2023. The legalization of sports betting in Massachusetts is expected to lower Rhode Island gross gaming revenue by approximately 1.5 percent (in addition to the impact from Connecticut sports betting) according to the 2021 Christiansen Study. The impacts of Massachusetts sports betting were incorporated into the revenue estimates at the November 2022 REC and adjusted at the May 2023 REC based on the actual start dates. In January 2023, the construction of a 30,000 square foot sportsbook, dining, and entertainment complex in Raynham, Massachusetts was announced. Raynham is 33 miles from Tiverton and 32 miles from Twin River. This is expected to further impact Rhode Island sports betting revenue, especially for on-site betting. In August 2023, Raynham’s sports betting partner, Caesars Sportsbook, pulled out of an agreement to operate the sportsbook. To date, the project remains in limbo.

Historic Structures and Motion Picture Production Tax Credits

The State’s tax credit program for historic preservation projects (the “Historic Structures Tax Credit”) has allowed a developer to receive a tax credit equal to up to 30% of the qualified rehabilitation expenditures made in the substantial “rehabilitation of a certified historic structure.” The maximum credit any one historic rehabilitation project can receive is \$5.0 million.

To qualify for the tax credit, the application for certification must have been made prior to January 1, 2008. The developer had to pay a non-refundable fee equal to 3.0% of the estimated qualified rehabilitation expenditures the developer expects to incur for the eligible project. The proceeds from these fees were deposited into the Historic Preservation Tax Credit Trust Fund and used to reimburse the General Fund for the redemption of Historic Structures Tax Credit certificates. The tax credits were transferable, could be carried forward for ten years, and could be redeemed against personal income tax, business corporations tax, financial institutions tax, public utilities gross earnings tax, and insurance companies’ gross premiums tax liabilities.

In the 2008 Session, the General Assembly enacted legislation that authorized Commerce RI to issue up to \$356.2 million in revenue bonds to provide a fund from which the General Fund would be reimbursed for the State’s historic tax credit liabilities paid out to taxpayers. Since June 2009, \$301.9 million of bonds have been issued by Commerce RI, which are secured by payment obligations of the State

subject to annual appropriation by the General Assembly. Following a final issuance of \$76.9 million in bonds in May 2019, the \$54.3 million balance of authorized but unissued bonds will not be required and therefore has been extinguished.

In addition, the 2013 General Assembly enacted legislation that allowed for the re-use of Historic Structures Tax Credits associated with historic rehabilitation projects that were abandoned by developers after being accepted into the reconstituted Historic Structures Tax Credit program in 2008. This legislation reallocated \$34.5 million of Historic Structures Tax Credits identified at the time that had been previously authorized to new historic rehabilitation projects and continues to reallocate credits that become available either due to abandoned projects or projects being completed at a lower cost than originally estimated. The State's final revised FY 2022 budget (the "FY 2022 Budget") transferred \$20.0 million to the Historic Preservation Tax Credits Trust Fund to reach more eligible projects and extended the sunset by one year to June 30, 2022. The FY 2023 Budget extended the sunset and allocated an additional \$28.0 million to the trust fund. The FY 2025 Enacted Budget extended the program sunset to June 30, 2026.

The State's program providing tax credits for motion picture production (the "Motion Picture Production Tax Credit") currently allows a motion picture production company to receive a tax credit equal to 30% of its certified production costs for activities occurring within the State with an individual project cap of \$7.0 million. To avail itself of the Motion Picture Production Tax Credit under current law: (i) the motion picture production company must be formed under State law; (ii) the primary locations for the motion picture must be within the State; and (iii) the minimum production budget for the motion picture must be \$100,000. The State's Film Office must approve the motion picture and give initial and final certification. In connection with securing final certification, the motion picture production company must submit an independent accountant's certificate listing the costs associated with the tax credit. The motion picture production company "earns" the tax credit in the taxable year when production in the State is completed, and unused credit can be carried over for three years. The credit is assignable, and any proceeds received by the motion picture production company for the assignment are exempt from State tax. These tax credits may be used to offset personal income tax, business corporations tax, public utilities gross earnings tax, insurance companies' gross premiums tax, and financial institutions tax liabilities. The 2019 General Assembly adopted legislation to increase the Motion Picture Production Tax Credit annual cap from \$15.0 million to \$20.0 million and extend the sunset date from July 1, 2024 to July 1, 2027. The FY 2022 Budget authorized up to \$30.0 million to be allocated for calendar year 2022 only for the motion picture and musical and theatrical production tax credits programs. The FY 2023 Budget authorized up to \$40.0 million in motion picture and/or musical and theatrical production tax credits to be allocated for each of calendar years 2023 and 2024. The cap returns to \$20.0 million beginning CY 2025.

Intermodal Surface Transportation Fund Revenues

During the 2014 Legislative Session, the financing mechanism for transportation infrastructure and bridge repairs changed dramatically when the General Assembly enacted Article 21 – Relating to Transportation of the FY 2015 Appropriations Act ("Article 21"). Article 21 created a long-term plan for financing Rhode Island's roads and bridges and removed the authority to toll the Sakonnet River Bridge. Article 21 expanded the RIHMA within the Intermodal Surface Transportation Fund, such that this account

will become Rhode Island's primary source for transportation financing, by making several technical changes to existing law and by implementing various funding streams to finance the transportation plan. Various motor vehicle fees, surcharges and tax revenue, which were previously accounted for in the General Fund, are now being deposited in the RIHMA for this purpose.

Article 21 removed authority of RITBA to toll the Sakonnet River Bridge as of June 30, 2014 (the toll was formally removed on June 20, 2014, by order of the Governor). RITBA continues to control the four bridges in the East Bay (Newport Pell, Jamestown Verrazzano, Mount Hope, and Sakonnet) and a portion of Route 138. To make up for the loss of toll revenue on the Sakonnet River Bridge, Article 21 transferred 3.5 cents (\$0.035) per gallon of the State gas tax to RITBA beginning July 1, 2014, to be used for maintenance expenses, capital expenditures and debt service on any of the Authority's projects.

Article 21 made additional changes that resulted in new revenue to the RIHMA, including: (i) authorization to increase the gas tax every other fiscal year equivalent to the annual increase in the CPI, rounded to the nearest 1.0 cent increment; (ii) transfer of fees collected for the issuance of certificates of title; (iii) transfer of surcharges collected on vehicle rentals; (iv) imposition of a new \$25 fee on dismissals based on good driving records; (v) increase of the fee on motor vehicle inspections from \$39 to \$55, \$32 of which will go to the RIHMA; and (vi) transfer of most motor vehicle related fees over a three-year period, with 25.0% transferred in FY 2016, 50.0% in FY 2017, 60.0% in FY 2018 and 100.0% in FY 2019. As part of the FY 2020 Budget, the General Assembly revised this allocation to retain 5.0% of RIHMA receipts in the General Fund on an ongoing basis.

Motor Fuel Tax

The Intermodal Surface Transportation Fund is supported by the State's 38 cents per gallon motor fuel tax. A motor fuel tax is due on the sale of all fuels used or suitable for use in operating internal combustion engines for operating or propelling motor vehicles on the public roadways of the State other than fuel used: (i) for commercial fishing and other marine purposes other than operating pleasure craft; (ii) in engines, tractors, or motor vehicles not registered for use or used on public highways by lumbermen, water well drillers, and farmers; (iii) for the operation of airplanes; (iv) by manufacturers who use diesel engine fuel for the manufacture of power and who use fuels other than gasoline and diesel engine fuel as industrial raw material; and, (v) for municipalities and sewer commissions using fuel in the operation of vehicles not registered for use on public highways. Taxes paid in prior periods are subject to refund if it is later determined that such tax was not due and payable on the motor fuel purchased.

In the 2014 Session, the General Assembly enacted legislation to index the motor fuel tax rate on a biennial basis to the CPI-U, as published by the United States Bureau of Labor Statistics as of September 30 of the prior calendar year, with the first indexation effective July 1, 2015. This change does not impact general revenue since effective July 1, 2009, the State's General Fund no longer receives any of the revenues generated by the State's motor fuel tax. The indexation of the motor fuel tax rate resulted in an increase in the State's motor fuel tax from \$0.32 per gallon to \$0.33 per gallon on July 1, 2015. In addition, the State charges a fee of one cent per gallon of motor fuel delivered to an underground storage tank ("UST"). Motor fuel tax receipts fund operating and debt service expenditures of RIDOT, as well as specific portions of

transportation-related expenditures of RIPTA and the Department of Human Services (“DHS”). The indexation of the motor fuel tax rate resulted in a further increase in the State’s motor fuel tax from \$0.33 per gallon to \$0.34 per gallon on July 1, 2019. In 2023, the Division of Taxation determined that the tax be adjusted by three cents to \$0.37 per gallon for FY 2024.

The State’s motor fuel tax remained at \$0.37 per gallon for FY 2025. The \$0.37 per gallon motor fuel tax and the one cent per gallon UST fee are allocated as follows: 21.25 cents to RIDOT; two cents to an indenture trustee to support debt service on motor fuel tax bonds; 9.75 cents to RIPTA, of which 9.25 cents are from motor fuel tax and 0.5 cents are from the UST fee; 3.5 cents to RITBA for maintenance expense, capital expenditures and debt service; one cent to DHS for its Elderly and Disabled Transportation Program, and the remaining 0.5 cents from the UST fee to the DEM’s UST Replacement Fund. The State’s motor fuel tax will increase by one cent to \$0.38 per gallon starting July 1, 2025.

Dedication of Registration and License Fees

The State dedicates certain registration and license fees to transportation purposes, namely as a piece of the State match used towards the U.S. Department of Transportation’s federal highway program. This phased increase in registration and license fees began in FY 2014 and completed in FY 2019. Two-year registration and driver’s license fees were each increased by \$30 (\$10 per year for three years), while one-year registration fees were increased by \$15 (\$5 per year for three years). All existing vehicle registration and license fees, as discussed above under “Other Sources – Intermodal Surface Transportation Fund Revenues,” are transferred to the RIHMA. The 2017 General Assembly amended the disposition of RIHMA proceeds to provide RIPTA with \$5.0 million in each FY 2018 and FY 2019 to support the subsidized fare program for senior and disabled transit users. The 2019 General Assembly made this a permanent allocation. The \$5.0 million allotment is in addition to the 5% share of RIHMA available proceeds that is due to RIPTA under current law. The 2019 General Assembly also passed legislation as part of the FY 2020 Budget to retain 5% of RIHMA receipts in the General Fund in order to support the operations of the Division of Motor Vehicles (“DMV”) responsible for collecting those receipts. The FY 2024 Budget included language that will allow duplicate license fees to be allocated to the RIHMA instead of the General Fund commencing on July 1, 2023.

RhodeWorks Revenues

In February 2016, the General Assembly enacted the “Rhode Island Bridge Replacement, Reconstruction, and Maintenance Fund Act of 2016,” codified as RIGL Section 42-13.1-1 et. seq. (the “RhodeWorks Act”), to address the persistent “funding gap between the revenue needed to maintain all bridges in structurally sound and good condition and the annual amounts generated by current dedicated revenue sources.” The RhodeWorks Act generally authorizes RIDOT to implement a program for tolling only large commercial trucks at various bridge locations on interstate highways. All toll revenues collected from truck tolling must be deposited to the Rhode Island bridge replacement, reconstruction, and maintenance fund and used to pay the costs of operating and maintaining toll facilities and the replacement, reconstruction, maintenance and operation of State bridges. Pursuant to the RhodeWorks Act, tolls may be collected only from large commercial trucks, meaning vehicles classified by the Federal Highway

Administration (“FHWA”) as Class 8 (single trailer, three or four axles) up to and including Class 13 (seven or more axle multi-trailer trucks). The RhodeWorks Act expressly prohibits the collection of tolls on any passenger cars, motorcycles or any other vehicles classified by FHWA as Class 1 through Class 7. In April 2017, RIDOT and RITBA entered into a processing support agreement pursuant to which RITBA agreed to assist with the implementation of the RhodeWorks tolling program and to manage toll operations and collections on behalf of RIDOT. Procurement, design and construction of toll gantries and related systems commenced, and toll collections began at the first two locations in June 2018. The system expanded incrementally as construction progressed at additional locations, with twelve toll gantries completed and operational as of September 2021. Billable revenue from RhodeWorks tolls was approximately \$39.8 million in FY 2022.

On July 10, 2018, a lawsuit challenging the RhodeWorks Act was filed in federal district court against the State by the trucking industry in *American Trucking Associations, Inc. et al. v. Alviti et al.* On September 21, 2022, the court issued a decision holding that the program of tolling only large commercial trucks was unconstitutional and ordering the State to cease toll collections. On December 6, 2024, the First Circuit Court of Appeals upheld the RhodeWorks Act but found that the law’s state caps on tolls for local traffic were unconstitutional. To date, no decision has been made related to how and when to reinstate tolling. See “LITIGATION—*Challenge to Tolls*” herein.

The 2016 General Assembly also authorized RIDOT to borrow up to \$300 million in GARVEE bonds through Commerce RI to finance highway improvements, the repayment of which will be derived from and secured by future distributions of federal highway trust funds due to the State. GARVEE bonds are not payable from or secured by toll revenues implicated in the RhodeWorks litigation discussed above. GARVEE bonds in the aggregate principal amount of \$245,925,000 were issued in the fall of 2016. The 2019 General Assembly also authorized borrowing of up to \$200 million in GARVEE bonds through Commerce RI to finance highway improvements, predominantly the I-95 Viaduct Project. GARVEE bonds in the aggregate principal amount of \$165,555,000 were issued in spring 2020. Additionally, the 2024 General Assembly authorized RIDOT to borrow up to \$334,580,000 in GARVEE bonds through Commerce RI to finance the replacement and construction of a new bridge, known as the Washington Bridge, including completion of surrounding ancillary access, safety, and environmental improvements. GARVEE Bonds in the aggregate principal amount of \$123,915,000 were issued in Fall 2024. The remaining \$210,665,000 million of the 2024 authorization remains available in the event that additional financing is required for the Washington Bridge Project. For more information regarding GARVEE bonds, see “*Commerce RI*” under “STATE INDEBTEDNESS—*State Tax-Supported Debt issued by Public Corporations*” herein.

The Washington Bridge Project

The Washington Bridge is a critical portion of Route I-195 that connects the Cities of Providence and East Providence and serves as a vital east-west corridor in southern New England. In December of 2023, during previously-planned reconstruction work on portions of the Washington Bridge by RIDOT, workers and engineers discovered that the steel-reinforced concrete supporting the westbound side of the bridge and other bridge components had become compromised and at risk of collapse. Such issues were not flagged when the bridge was last inspected in July of 2023. Nevertheless, due to these critical structural

deficiencies, on December 11, 2023, RIDOT closed the westbound side of the Washington Bridge and subsequently rerouted traffic to two newly-created lanes on the eastbound side of the bridge. The eastbound span, which is a separate and newer bridge, remains open and is now being used for both eastbound and westbound traffic on Route I-195.

RIDOT ordered an independent review of the condition of the westbound side of the Washington Bridge, which uncovered additional structural deficiencies. As a result, RIDOT determined that a newly-constructed westbound side of the Washington Bridge, rather than the repair of the current bridge, would be necessary for the continued economic success and viability of the citizens, businesses, transportation and port facilities of the City of Providence and elsewhere throughout the State.

The total cost of the project is currently estimated at \$572.0 million. As described above, Commerce RI and RIDOT issued \$123,915,000 of GARVEE bonds in Fall 2024. RIDOT applied for and was awarded a total of \$220,980,000 under the Nationally Significant Multimodal Freight & Highway Projects (INFRA) Program and the National Infrastructure Assistance (Mega) Program from the U.S. Department of Transportation. The agreement for the INFRA-Mega grant was signed by the State and USDOT in April 2025, and the State has started to draw down funds. Commerce RI and RIDOT will evaluate the need for a second tranche of GARVEE bonds. In addition to GARVEE bond proceeds and the INFRA-Mega grant, the remaining costs of the project are expected to be funded with: (i) appropriations of approximately \$35 million in State Fiscal Recovery Funds under ARPA; (ii) appropriations of approximately \$45 million in Rhode Island Capital Plan (RICAP) Funds (the State's primary pay-as-you-go capital fund), to be increased by an amount up to approximately \$22 million pending General Assembly approval; (iii) existing appropriations of federal grant proceeds and State matching funds consisting of Rhode Island Highway Maintenance Account proceeds, and/or motor fuel tax revenues of approximately \$37 million; and (iv) a reallocation of other federal formula program funds available under a discretionary grant received for another project under the State Transportation Improvement Program (TIP).

After receiving responses to a request for proposals, RIDOT awarded the contract to demolish the existing westbound portion of the Washington Bridge to Aetna Bridge Company in July of 2024. The contract for the design/construction of the new bridge is expected to be awarded on or about June 6, 2025. The total cost of the project remains subject to change based on final bids received, market conditions and other project developments. Substantial completion of the demolition phase of the project is expected in December, 2025, with substantial completion of the design/construction phase of the project expected to be completed within a two to three year timeframe.

In an effort to recover damages associated with the failure of the Washington Bridge, a legal team originally hired by the Governor's administration to represent the State, consisting of Wistow, Sheehan & Loveley, PC and Savage Law Partners, LLP, filed a lawsuit in State superior court on August 16, 2024, as co-counsel with the Rhode Island Attorney General, against certain companies, including Aetna Bridge Company, claimed by the legal team to bear responsibility for the bridge's failure. Notwithstanding the foregoing, as noted above, RIDOT has awarded the contract for the demolition portion of the project to Aetna Bridge Company, which demolition commenced in July of 2024. The State is requesting a trial by jury, who would serve as the final trier of fact and awards.

Non-General Revenue Sources

Restricted Receipts

These expenditures reflect various dedicated fees and charges, interest on certain funds and accounts maintained by the State and private contributions and grants to certain State programs. Such receipts are restricted under law to offset State expenditures for the programs under which such receipts are derived.

Federal Receipts

Federal receipts are revenues from the federal government, representing grants-in-aid and reimbursements to the State for expenditures for various health, welfare and educational programs and distribution of various restricted or categorical grants-in-aid.

Federal grants-in-aid reimbursements are normally conditioned to some degree, depending on the program being funded, on matching resources by the State ranging from a 50% matching expenditure to in-kind contributions. The largest categories of federal grants and reimbursements are made for medical assistance payments for the indigent (Title XIX, or Medicaid), and a block grant for Temporary Assistance to Needy Families (“TANF”). The federal participatory rate for Title XIX, known as the Federal Medical Assistance Percentage (“FMAP”), is recalculated annually. The major determinant in the FMAP rate calculation is the relative per capita income of the State.

The State receives significant amounts of federal financial assistance under grant agreements or joint state/federally financed programs which specify the purpose of the grant and conditions under which the funds may be used. Generally, these grants are subject to audit. The Single Audit for the State of Rhode Island is submitted to the Federal Single Audit Clearinghouse annually by the State. The Single Audit reports instances of federal non-compliance, questions costs, and other matters to federal grantor agencies regarding the State’s administration of federal programs. These matters could result in federal disallowances and/or sanctions upon review by the respective federal agencies.

The State’s Fiscal 2024 Single Audit Report was published on April 30, 2025, and is available on the Office of the Auditor General’s website at the following address: https://www.oag.ri.gov/reports/SA_RI_2024.pdf. The information available at the preceding website is not incorporated by reference herein. The Auditor General highlighted the need to improve internal controls over financial reporting, including the adoption of quality control procedures and implementation of an internal control assessment and documentation effort, to improve the accuracy and completeness of such reporting. The Auditor General also noted the significance of implementing a comprehensive Enterprise Resource Planning (ERP) IT system to replace and enhance existing statewide accounting and financial reporting systems. This initiative is intended to address long-standing issues which negatively impact controls over operations and financial reporting. In particular, the Auditor General highlighted material findings in areas such as: (i) increasing complexities involving Treasury operations without a significant corresponding investment in necessary technology and personnel to support those operations and maintain

internal control best practices and (ii) increasing complexities involving Medicaid program operations, including an emphasis on updating the Medicaid Management Information System (MMIS) to enhance controls over program operations and oversight. The Auditor General also observed material non-compliance in the administration of certain federal programs. The report highlights \$6.8 billion of federal spending in FY 2024, of which approximately \$791.4 million was COVID related. The need for continued assessment of, and improvements to, the State’s cybersecurity readiness and responsiveness protocols was also discussed.

The State and its agencies and instrumentalities receive a significant amount of funding from the federal government, including for healthcare programs, state and local education programs, infrastructure projects, and other initiatives. In the FY 2025 Revised Budget and the FY 2026 Budget, federal revenue is currently estimated to account for approximately 39% and 36% of the State’s total budgeted operating revenues and other financing sources, respectively. See “STATE REVENUES - Non-General Revenue Sources – Federal Receipts” and “STATE EXPENDITURES – Medicaid” and “COMPARATIVE STATEMENT OF REVENUES AND EXPENDITURES – Expenditures from Federal Funds.”

Recent shifts in federal policies and priorities have increased the uncertainty of federal funding for a variety of the State’s policy priorities and programs. Such policy shifts involve, among other things, delaying, canceling, reducing or restricting various grants and other appropriations to state and local governments for a broad range of programs, reducing the federal workforce, eliminating certain federal agencies and departments, imposing new or increased tariffs for certain imported goods, and increasing immigration enforcement actions. In some cases, such policy shifts require compliance with various policies of the current administration as a condition of continued receipt of federal funds, which may contradict State law requirements. Such changes have been effectuated through presidential executive orders and other official and unofficial actions at the federal level, including requiring additional attestations as a condition of receiving funds. Additionally, Congress is considering legislation that could result in significant reductions in funding for various federal programs. The Office of Management and Budget, the Governor’s Office and EOHHS have been meeting internally on a biweekly basis to review, analyze and discuss potential impacts.

Many of these executive orders and other federal-level actions are the subject of pending legal challenges by various parties across the country. The State, along with a number of other states, is a plaintiff in a number of such legal challenges involving matters such as: (i) birthright citizenship; (ii) the delay, reduction or elimination of federal funding from, or the addition of new compliance requirements by, certain federal agencies including the National Institutes of Health (NIH) and the Department of Health and Human Services (HHS), the Department of Education (DOE), the Federal Emergency Management Agency (FEMA) and the Department of Transportation (DOT); (iii) actions taken by the Department of Government Efficiency (DOGE); (iv) reductions in the federal workforce; (v) the elimination of certain federal agencies and programs; (vi) proof of citizenship requirements for voting; and (vii) implementing new energy directives, including pausing the development of wind energy and terminating funding for electric vehicle infrastructure.

The State cannot predict the final outcome of these legal challenges or determine the impact on the amount or timing of the State's receipt of federal funds. Even if such executive orders or other federal actions are determined to be unenforceable, the current administration's policy goals may lead to significant shifts in required contract and grant provisions and related program rules for federal financial assistance, which could affect both new awards as well as existing agreements.

The shifts in federal policies outlined above could also indirectly impact the State by affecting consumer and business behavior and the economy overall. For example, proposed changes to trade policy and the imposition of tariffs could materially affect the supply chains, inflation and federal monetary policy, and otherwise materially impact consumers and industries within the State. Shifts in immigration policy and significant reductions in the federal workforce could also impact the labor market. Furthermore, as of 2024, approximately 22.1% of total nonfarm employees in the State were employed by educational and healthcare institutions, which rely on federal funding for a portion of their annual revenues.

The ultimate outcome of many of these federal programmatic or policy changes and the impact on the State remains uncertain. To the extent any proposed reductions in federal funding are implemented and legally enforceable, the State may need to adjust the scope of certain programs or otherwise take action to manage the budgets of programs that are supported by federal funds. Significant reductions in federal funding, however, could have a materially adverse impact on the State, including with respect to important entitlement programs such as Medicaid, Supplemental Nutrition Assistance Program (SNAP), early childhood care, elementary and secondary education and public health, among others. The State continues to closely monitor these situations.

Regarding the Medicaid program in particular, a number of proposed restructuring changes included in legislation passed by the U.S. House of Representatives, regulatory actions by the Centers for Medicare & Medicaid Services and executive orders are likely to significantly reduce Medicaid funding payments to state and local governments including the State, thereby constraining the State's ability to administer certain Medicaid-funded medical assistance programs at current funding levels. Federal funding for the State's Medicaid Program comprises \$2.485 billion, or 43.9%, of the State's total budgeted federal operating revenues and other financing sources in the FY 2025 Revised Budget and \$2.627 billion, or 51.6%, of the FY 2026 Budget. Approximately 318,000 individuals in the State receive healthcare benefits through the Medicaid Program as of March 2025, which includes approximately 81,000 enrolled via the Medicaid Expansion eligibility pathway covering eligible individuals up to 138% of the Federal Poverty Level (FPL). If these proposed changes in Medicaid funding, policy, and administration became effective, then the State may have to take policy actions to reduce eligibility and/or offset a portion of the reductions in federal funding with general revenue or other available funds. For additional information regarding the State's Medicaid Program see "STATE EXPENDITURES – Medicaid" below. The State, in consultation with its Congressional delegation, continues to monitor the status of these proposed restructuring changes. However, the ultimate outcome of the proposals and the potential impact on the State remains uncertain.

The financial information and revenue estimates set forth herein assume no material reductions in federal disbursements to the State, but such disbursements remain a source of budgetary uncertainty. The State continues to monitor and analyze potential risks to federally-supported state programs posed by executive orders, policy documents, notices and guidance issued to date and other potential changes in

federal policy. At this time, it is not possible to predict the impact, in terms of timing or scope, of shifts in federal policies, individually or as a whole, on the State's economy and budget.

STATE EXPENDITURES

Medicaid

Medicaid is a health insurance program jointly funded by the federal government and the states to provide services to low-income children, pregnant women, parents of dependent children, the elderly, and people with disabilities. The federal government's share of expenditures for most Medicaid services is the FMAP. The remainder is referred to as the nonfederal or state share. With passage of the Patient Protection and Affordable Care Act of 2010, commonly referred to as the Affordable Care Act ("ACA") states have the option of expanding coverage to include certain low-income adults with the federal government paying all program costs for the first three years and eventually paying 90% of the total cost. Rhode Island provides Medicaid assistance consisting of medical assistance, residential care, community-based services and case management activities to individuals who meet the eligibility criteria established for the various assistance programs operated by the Executive Office of Health and Human Services ("EOHHS") and the four departments under its umbrella: the Department of Human Services ("DHS"); the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals ("BHDDH"); the Department of Children, Youth and Families ("DCYF") and the Department of Health ("Department of Health").

The FY 2025 Enacted Budget includes \$4.496 billion in funding for the Medicaid program, including \$1.802 billion in general revenue funding. Overall, Medicaid represents 30.8% of the total FY 2024 Budget and 32.2% of the general revenue budget.

The FMAP is a calculation with significant impact on state health and human services spending. The formula that determines an individual state's Medicaid rate is based on that state's three-year average per capita income relative to national per capita income and represents the portion of medical services delivered under the Medicaid program that the federal government will contribute. States with a higher per capita income level are reimbursed a smaller share of their costs. By federal law, the Medicaid rate cannot be lower than 50% or higher than 83%. The federal contribution to any state's administrative costs for Medicaid services is set at 50%. For Rhode Island, the projected rate for State FY 2025 is based on one-quarter of federal fiscal year 2024 and three-quarters of federal fiscal year 2025, resulting in a combined rate of 55.99%. The FMAP rate for all states was increased by 6.2 percentage points by Congress as part of the Families First Coronavirus Response Act ("FFCRA") with a requirement that Medicaid programs keep participants continuously enrolled through the end of the COVID-19 public health emergency ("PHE") in exchange for the enhanced federal funding. On December 29, 2022, President Biden signed the Consolidated Appropriations Act, 2023 ("CAA, 2023"), which includes significant changes to FFCRA. Under CAA, 2023, expiration of the continuous enrollment condition from the PHE, ending continuous enrollment and receipt of the temporary FMAP increase will no longer be linked to the end of the PHE. The continuous enrollment condition ended on March 31, 2023, and Rhode Island began the redetermination process on April 1, 2023. The CAA, 2023 also gradually phases down the temporary FMAP increase (on a quarterly basis) beginning from April 1, 2023 through December 31, 2023. The 6.2 percentage points

remained in place through CY Q1 2023, phased down to 5 percentage points in CY Q2 2023, then 2.5 percentage points in CY Q3 2023, and then 1.5 percentage points in CY Q4 2023.

The Rhode Island Consumer Choice Global Compact Waiver, or Medicaid Global Waiver, was approved by the CMS on January 16, 2009. The Global Waiver establishes a new federal-state agreement that provides Rhode Island with the flexibility to provide services in the least restrictive, most cost-effective way to meet the needs of its citizens. The waiver was effective until December 31, 2018; however, on December 20, 2018, CMS granted EOHHS an extension to December 31, 2023. Programs under the waiver include RItE Care, Rhody Health Partners, Rhody Health Options, Connect Care Choice, home and community-based services to elderly residents, residential and community support programs to adults with behavioral health and developmental disabilities, and breast and cervical cancer treatments. This waiver also allows the State to leverage Medicaid for services that were previously only State funded in DHS, BHDDH and DCYF. In December 2022, Rhode Island submitted an extension request for the Waiver. In July 2023, CMS alerted Medicaid of the delay in approval of the Waiver and formally issued a 12-month extension of the existing Waiver, ensuring that all existing authorities will be maintained while the State awaits approval of the new waiver. With respect to new authorities sought in the new waiver, EOHHS identified specific priority items for which the State strongly requested approval on an earlier timeline. In September 2023, EOHHS submitted a Waiver amendment to allow for additional HCBS provisions. CMS approved a waiver amendment on March 21, 2024 that includes the State's priority items from the December 2022 submission as well as the additional HCBS provisions. EOHHS also submitted an addendum to the original renewal request to maximize the State's opportunities arising from the more recent federal guidance, submitted May 2024. Most recently, CMS has committed to begin discussions on a review.

On March 23, 2010, President Obama signed the ACA, which provides for national health-care reform. The ACA requires most U.S. citizens and legal residents to have health insurance by January 1, 2014, or pay a tax penalty, and expands Medicaid coverage to individuals and families up to 138% of the federal poverty level ("FPL"). It also provides for premium credits and cost-sharing subsidies for individuals and families between 139% and 400% of FPL. The ACA requires most employers to offer medical coverage, includes small business tax credits for employers with no more than 25 employees, and provides for a temporary reinsurance program for employers providing health insurance coverage to individuals over 55 years of age, but who are not eligible for Medicare. The ACA allows young adults to remain on their parents' or guardian's health plan until age 26. Issued regulations state that young adults are eligible for this coverage regardless of any of the following factors: financial dependency, residency with parent, student status, employment or marital status. The law does not require that a plan or insurer offer dependent coverage, but that if coverage is offered, it must be extended to young adults up to age 26. Prior to this change, Rhode Island required insurance plans that cover dependent children to cover unmarried dependent children until age 19, or until age 25 if a student, and if the dependent child is mentally or physically impaired, the plan must continue their coverage after the specified age.

Between 2014 and 2016, the federal government paid 100% of the cost of Medicaid for newly eligible individuals. The rate of federal funding for these individuals (i) decreased to 95% for calendar year

2017, (ii) decreased to 94% for calendar year 2018, (iii) decreased to 93% for calendar year 2019 and (vi) decreased to 90% for calendar year 2020 and all subsequent years, requiring a 10% State match.

States are required to maintain the same income eligibility levels through September 30, 2027, for children currently in Medicaid (the State’s Medicaid managed care program for families with children, pregnant women, and children under age 19 is referred to herein as “RIte Care”). For Rhode Island, this requirement applies to RIte Care eligibility for parents with income up to 133% of FPL, pregnant women with income up to 253% of FPL and children with income up to 261% of FPL. States cannot take actions to lower enrollment or make eligibility stricter. States can reduce provider fees but must prove that the reduction will not make it harder for Medicaid patients to get needed care; also, states may eliminate optional benefits.

In September 2011, former Governor Lincoln Chafee issued an executive order to establish the Rhode Island Health Benefit Exchange, renamed HealthSource RI (“HealthSource RI”), the State’s marketplace for purchasing health insurance. The 2015 General Assembly enacted legislation that: (i) establishes HealthSource RI as a division within the Department of Administration (“DOA”); (ii) authorizes HealthSource RI to operate a state-based exchange to meet minimum federal requirements; and (iii) authorizes HealthSource RI to assess insurers offering qualified health plans and qualified dental plans. To support the functions of the exchange, insurers offering qualified health plans and qualified dental plans must remit an assessment to the exchange each month, in a timeframe and manner established by the exchange, equal to three and one-half percent (3.5%) of the monthly premium charged by the insurer for each policy under the plan where enrollment is through the exchange. Revenues from the assessment shall be deposited in a restricted-receipt account for the sole use of the exchange. The assessment is estimated to generate \$11.8 million in FY 2025. The FY 2025 Enacted Budget includes \$2.0 million from general revenues to be used in conjunction with the revenues from the assessment for the operations of HealthSource RI.

HealthSource RI began accepting applications on October 1, 2013. Health plans offered through the marketplace are categorized into tiers based on the level of benefits and cost sharing requirements. Individuals in households with income below 400% of FPL, who are not Medicaid eligible, will receive federal subsidies to reduce the cost of commercial health plans purchased through the exchange. The 2013 General Assembly created a premium assistance program to aid in the transition to coverage through the exchange with the State paying 50% of the cost of commercial coverage, after subtracting what the parents are currently paying for RIte Care coverage and any federal tax credits or subsidies that are available.

Principal Governmental Services

Principal State governmental services are functionally divided into six major areas: General Government, Human Services, Education, Public Safety, Natural Resources, and Transportation. They are administered and delivered by fourteen departments, the Board of Education, and several public corporations. See “GOVERNMENT ORGANIZATION – Independent Authorities, Agencies and Public Corporations.” All expenditures by such State agencies, including those funded by federal and restricted

use sources, are budgeted by the Governor and appropriated annually by the General Assembly. The following paragraphs describe the major functions of State government.

General Government

General Government provides general administrative services to all other State agencies and carries out State licensure and regulatory functions. General Government includes those agencies that provide general administrative services to all other State agencies and those that carry out State licensure and regulatory functions. This function includes most elected officials, administrative agencies, including, but not limited to, the Department of Administration, the DOR, the Department of Labor and Training, the Executive Office of Commerce, the Department of Housing, and the Board of Elections, and regulatory agencies including, but not limited to, the DBR and the Public Utilities Commission. The three major departments in the General Government function are the Department of Administration, the DOR, and the Department of Labor and Training.

Department of Administration

The Department of Administration (“DOA”) is generally responsible for all central staff and auxiliary services for the State, including planning, budgeting, personnel management, purchasing, information processing, accounting, auditing, building maintenance, property management, and labor relations. The Department of Administration directs accounting and fiscal control procedures and is responsible for preparing the State’s annual fiscal plan and capital development program. The Department of Administration also administers the statewide planning program for the comprehensive development of the social, economic, and physical resources of the State. The Department of Administration also includes the Office of Internal Audit, which examines the books of account of all State departments and agencies and determines whether audits should be performed in accordance with a risk-based evaluation.

The Department of Administration also includes the Office of Energy Resources, which is responsible for coordinating all energy-related matters, including energy security, energy efficiency, renewable energy, and natural gas, and HealthSource RI.

Department of Revenue (DOR)

The DOR includes the Division of Taxation, the DMV, the Division of Lottery, the Division of Municipal Finance, the Office of Revenue Analysis and the Central Collections Unit. The DOR is also responsible for administering certain programs relating to State aid. Programs within the DOR are responsible for the assessment and collection of all taxes; administration and enforcement of all laws pertaining to the operation and registration of motor vehicles; administration of a lottery system; monitoring and reporting on the financial condition of Rhode Island’s cities and towns; assisting cities and towns in financial distress; and assisting state agencies in the collection of debts owed to the State.

Department of Labor and Training

The Department of Labor and Training is responsible for administering benefit payment programs, workforce development programs, workforce regulation and safety programs, and the Labor Relations Board. The Department of Labor and Training is responsible for administering the payment of benefits to qualified unemployed workers from taxes collected from Rhode Island employers under the Employee Security Act. The Department of Labor and Training is also responsible for administering payments to workers under the Temporary Disability Insurance Act and the Worker's Compensation Act. The Temporary Disability Insurance Act provides for the payment of benefits to workers who are unemployed due to illness or non-work-related injuries from taxes paid by all employees. The Worker's Compensation Act provides for the payment of benefits to workers who are unemployed due to work related injuries from insurance premiums paid by employers. The Department of Labor and Training also operates Employment Resource Centers located throughout the State, which provide job referral, job placement and counseling and employment training and support services for adults and youths.

The Department of Labor and Training also enforces wage, child labor, parental and family medical leave laws; examines, licenses and registers professions such as electricians, pipefitters, and refrigeration technicians; and inspects all State buildings, public buildings, and city and town educational facilities for compliance with building codes. The Department also has primary responsibility for the collection of data on employment and unemployment in Rhode Island. Additionally, the Department of Labor and Training has managed the continued significant increase in unemployment insurance benefits due to the COVID-19 pandemic and the related impact of fraudulent unemployment insurance benefits.

Human Services

Human Services includes those agencies that provide services to individuals, including medical assistance for eligible low-income populations (Medicaid, as described above) by EOHHS, care of the disabled by BHDDH; child protective and social services provided by DCYF; health programs at the Department of Health and DHS; and financial assistance and social services provided by DHS.

These departments are collectively under the managerial umbrella of the EOHHS. The EOHHS also functions as the "single state agency" for Medicaid administration in Rhode Island, maintaining full administrative oversight of the State's Medical Assistance (Medicaid) Program, which includes the Children's Health Insurance Program ("CHIP").

Department of Human Services (DHS)

DHS administers and coordinates local, state, and federal programs for cash assistance and social services. The responsibilities of the department include supervision of the following programs: child support enforcement, supplemental security income, general public assistance, supplemental nutrition assistance, TANF cash assistance, childcare assistance, home energy assistance, elderly transportation, and other services to the elderly. The Department also administers vocational rehabilitative services and

services for the blind and visually impaired. The Department also manages the administrative and budgeting functions of the Office of Veterans Affairs and the Office of Healthy Aging.

RI Bridges/Unified Health Infrastructure Project (UHIP). RI Bridges, formerly known as UHIP, is the Rhode Island integrated eligibility system serving approximately a third of the State’s population for various health and human services programs, such as Medicaid, the Supplemental Nutrition Assistance Program (“SNAP”) and Healthsource RI. Upon phase two of its implementation in September 2016, the system experienced many functional problems in enrollment and eligibility processing, most of which have since been addressed.

Across the RI Bridges system, the number of defects has decreased well ahead of stabilization targets, blocked case numbers have reached manageable levels and case processing outcomes have improved significantly since 2019. In FY 2020, the State capitalized on the improved system stability to deliver key enhancements required to maintain system compliance, improve customer experience, establish efficiencies for workers, and reduce the ongoing cost of maintaining and operating the system. In addition, a new Mobile Application, “HealthyRhode”, was added to the RI Bridges platform along with the delivery of digital notices. Significant work was also done to further automate the LTSS program including the addition of robotics processing automation which further reduced processing backlogs. In FY 2021, the State remained focused on system enhancements in order to increase participation in the RiteShare program, reduce SNAP payment errors, improve SSI processing and address ongoing Medicaid eligibility requirements. Each year, the State prioritizes system work to address audit findings, legislative and policy changes, improving customer access and worker efficiencies. Examples of work completed in FY 2022 and FY 2023 are implementation of the interface with the Beneficiary Earnings Exchange Record System (“BEERS”), asset verification automation to support passive renewals, modifying the ex-parte transition process, and improving the returned mail process. Examples of FY 2024 improvements are updates to the appeals functionality on the Healthy Rhode mobile app, implement continuous eligibility for children.

The State negotiated with the system developer, Deloitte, to recoup some of the system costs expended to date, to receive additional services at no charge, to fix and improve the system, and to cover any fines that may be levied against the State by the federal government. The State had not paid Deloitte since December 2016 and during that period the State negotiated \$86 million in no-cost services and credits. During 2020, the State negotiated a contract extension with Deloitte through June 2021, which secured millions in additional service discounts for the period of the extension, as well as a \$50 million compensatory cash payment to the State, of which \$19.9 million was paid to federal partners. In June 2021, after a competitive procurement process, the State selected Deloitte for a 3-year maintenance, operations and enhancement support contract for the RI Bridges system and the contract has been extended.

In July 2021, EOHHS submitted to the federal government the federal fiscal year 2022 RI Bridges Implementation Advanced Planning Document (“IAPD”). Pursuant to the IAPD, EOHHS requested continued federal funding for the RI Bridges project, increasing the total cost of the project to \$792.6 million, of which \$73.9 million is allocated to federal fiscal year 2022. Project costs include development, maintenance and operations costs of RI Bridges since FY 2011, and operational costs for agencies served

by the system. These include state personnel, a call center, and project management, business and technical support contracts. The State share is now projected at \$235.8 million.

In December of 2024, RI Bridges was the target of a cyberattack. For additional information regarding this incident, see “BUDGET AND FINANCIAL MANAGEMENT CONTROLS – Information Technology Security and Cybersecurity – *RI Bridges Cyber Incident*” herein.

Department of Children, Youth, and Families (DCYF)

The DCYF is responsible for providing comprehensive, integrated services to children in the State in need of assistance. The Department is responsible for providing services to children who are without families or whose families need help in meeting the children’s basic needs. Major functions of the Department include investigating child abuse, delivering services directly to children and their families in their own homes or foster homes, developing and providing alternative community-based living situations and administering juvenile corrections facilities and programs.

On January 7, 2025, the EOHHS, BHDDH and DCYF entered into a formal agreement (Consent Decree) with the United States (HHS and DOJ) in the United States District Court after a Federal investigation found violations to federal civil rights laws concerning psychiatric hospitalizations of youth from 2017 to 2022. The findings allege that children with behavioral health disabilities in the care and custody of the DCYF were unnecessarily segregated in an acute-care psychiatric hospital. The State will be monitored as it works with a consultant to design and implement an agreed-upon remedial plan. The core elements of the five-year Consent Decree can be divided into three phases with planning occurring during 2025-2026, implementation during 2026-2028, and monitoring through 2029.

Department of Behavioral Healthcare, Developmental Disabilities and Hospitals (BHDDH)

BHDDH provides services that include hospitalization, housing, vocational programs, inpatient and outpatient treatment, counseling, rehabilitation, transportation, and hospital level care and treatment. BHDDH provides these services either directly through the Eleanor Slater Hospital system, which operates at two sites, the Cranston Unit and the Zambarano Unit, and the Rhode Island Community Living and Supports System (“RICLAS”), a state psychiatric hospital established in the FY 2023 budget, or through contracts with private, non-profit hospitals, and agencies. BHDDH organizes, sets standards for, monitors and funds programs primarily according to the nature of a client’s disability. BHDDH’s behavioral health services help people who have psychiatric disorders and severe mental illness, such as manic depression or schizophrenia. BHDDH’s developmental disabilities services assist people with disabilities like cerebral palsy, epilepsy, autism, behavioral problems and other physical and mental conditions. BHDDH hospitals provide long-term care for people who need medical treatment and nursing care for problems associated with chronic illness. BHDDH also provides substance abuse prevention and treatment services, in addition to gambling addiction services.

In 2014, the EOHHS, BHDDH and DCYF signed a Development Disabilities Consent Decree with the United States (HHS and DOJ), which requires that the State put into place all required components of

an individualized, community-facing system of services for adults with intellectual and developmental disabilities by June 30, 2024. The agreement was signed to settle a DOJ civil lawsuit filed in US District Court of Rhode Island alleging that the State's segregated programs violated the Americans with Disabilities Act (ADA). The Court has recognized the State's progress in implementing the terms of the Consent Decree, but has added an addendum of two years of oversight to ensure that the funding policies and new administrative framework required by the Consent Decree are firmly established.

The State-operated Eleanor Slater Hospital (ESH) suspended billings to Medicaid for eligible patients due to certain concerns relating to the allowability of certain services billed to Medicaid and compliance with federal rate development requirements beginning in August 2019. After a subsequent review of its current claiming practices and rate development procedures, the EOHHS (State Medicaid Agency) submitted a State Plan Amendment to CMS to allow ESH to recommence billing to Medicaid for certain Medicaid eligible patients. The CMS approved a State Plan Amendment that codified ESH's authority to claim federal match as a State Hospital. ESH resumed billing Medicaid for eligible services for the period of April 2020 through December 2021. At the patient census count in December 2021 and continuing through the most recent patient census administered in May 2022, ESH was designated to be an Institute for Mental Disease (IMD) and therefore has been unable to bill Medicaid. The Department of Behavioral Healthcare, Developmental Disabilities, and Hospital (BHDDH) which administers ESH has implemented a plan to reconfigure the operations of ESH which would allow for the resumption of billing as ESH would no longer be designated an IMD. As part of this plan, the General Assembly enacted enabling legislation included in the FY 2023 budget to establish a new standalone state psychiatric hospital to be administered by BHDDH. On October 25, 2022, the Rhode Island State Psychiatric Hospital was established and the Executive Office of Health and Human Services determined that Eleanor Slater Hospital was no longer excluded from the Rhode Island Medicaid Program as an IMD and could resume Medicaid claims for eligible ESH patients both prospectively and retroactively to this date. BHDDH is also set to resume Medicare billing at ESH with the re-enrollment of its physicians and has credentialed the Rhode Island State Psychiatric Hospital for Medicare Part D billing beginning in FY 2026.

Department of Health

The Department of Health is responsible for the health of the citizens of Rhode Island and as such makes investigations into the causes of disease, the prevalence of epidemics and endemics among the people, the sources of mortality, the effect of location, employment, and other conditions, ascertain the causes and the best means for the prevention and control of diseases or conditions detrimental to the public health. The Department of Health also operates the State laboratory and the Medical Examiner's Office. The Department is undertaking the construction of a new public health laboratory in the I-195 Innovations and Design District. Slated for occupancy in early FY 2026, the project involves expanding existing state programs and leasing to organizations in the local life sciences community including Brown University.

Developments Regarding Roger Williams Medical Center and Our Lady of Fatima Hospital

The State is home to a coordinated regional healthcare network commonly known as CharterCARE (“CharterCARE”), anchored by two acute care hospitals, Roger Williams Medical Center and Our Lady of Fatima Hospital (together, the “Hospitals”), and including outpatient locations. As of FY 2024, the workforce at Roger Williams Medical Center included approximately 856 FTE positions and the workforce at Our Lady of Fatima Hospital included approximately 787 FTE positions. The Hospitals are located in Providence and North Providence, with outpatient facilities located across the north and east portions of the State.

CharterCARE’s primary service area (“PSA”) consists of 19 Rhode Island zip codes (spanning Providence County and Warwick and Kent County) with a 2023 population of approximately 513,000. CharterCARE is, by market share, the smallest of three integrated healthcare systems in the State, with a 14.5% market share in PSA in FY 2024 (year ended September 30, 2024). The PSA represents over 75% of CharterCARE admissions.

CharterCARE, as presently constituted, is experiencing financial difficulties. To help address these financial difficulties, an acquisition plan has been developed, whereby a newly-formed Rhode Island nonprofit corporation, CharterCARE Health of Rhode Island, Inc. (“CharterCARE Parent”), and certain of its consolidated affiliates would acquire the assets and facilities of CharterCARE, consisting of the Hospitals and certain other associated healthcare-related assets and facilities. Thereafter, CharterCARE Parent or its consolidated affiliates would operate the Hospitals and associated facilities as part of an integrated operation to provide continued medical services to populations within the State.

The acquisition plan would be financed with the proceeds of a planned issuance of Rhode Island Health and Educational Building Corporation Hospital Financing Revenue Bonds, CharterCARE Health of Rhode Island Obligated Group Issue, \$88,135,000 Series 2025A and \$52,540,000 Series 2025B (Federally Taxable) (together, the “CharterCARE Bonds”). The aggregate principal amount of each series of CharterCARE Bonds and certain aspects of the plan of finance are preliminary and subject to change.

The proposed CharterCARE Bonds would not constitute a debt, liability or obligation of the State, whether as a general obligation, appropriation-backed obligation or moral obligation. As such, the State would not be obligated to make any principal or interest payments on the CharterCARE Bonds. Furthermore, the State has not committed to provide any other credit or liquidity support for the repayment of the CharterCARE Bonds.

The State views the continued long-term success of safety net hospitals like the Hospitals as important to maintaining the State’s overall health care delivery system. As such, the State expects to continue exploring ways to provide financial and other support for the Hospitals, including through the Governor’s latest budget amendment, proposing an approximately \$4.3 million appropriation of State general revenues to enhance behavioral health services at Our Lady of Fatima Hospital. If approved by CMS, it is anticipated that the \$4.3 million in State funding would be leveraged with federal matching funds totaling approximately \$5.7 million. See “GENERAL FUND OPERATING RESULTS AND FREE SURPLUS – *Governor’s Budget Amendments*” herein.

The State obtained the information set forth above regarding CharterCARE's PSA and market share, the CharterCARE Bonds and the acquisition plan from publicly-available sources, but is not responsible for and does not certify as to the accuracy or sufficiency of such information.

Education

Education includes elementary and secondary education and higher education, as well as arts funding, historical preservation and heritage support and atomic energy commission research activities.

The 17-member Rhode Island Board of Education (the "Board of Education") is responsible for pre-school through postsecondary education in the State. Within the Board of Education are two councils, the Council on Elementary and Secondary Education and the Council on Postsecondary Education. Each of the councils focuses on regulatory and governance issues that pertain to their respective area.

Council on Elementary and Secondary Education

The Council for Elementary and Secondary Education is responsible for the formulation and implementation of State-wide goals and objectives for elementary, secondary and special populations education and for the allocation and coordination of various educational functions among the educational agencies of the State and local school districts. The Council also establishes education aid reimbursement payments to local school districts, operates the Rhode Island School for the Deaf, the Metropolitan Career and Technical School (the "Met School") and William M. Davies, Jr. Career and Technical High School ("Davies"), and supervises the State's vocational-technical schools. The Council also operates the Central Falls School District. The Council appoints a Commissioner of Elementary and Secondary Education to serve as its chief executive officer.

Continuance of State Takeover of Providence Public School District

The State, acting through the Board of Education and the Rhode Island Department of Education ("RIDE"), oversees the performance of schools and school districts that receive education aid funding. This oversight role includes adopting statewide standards for student performance, and annually assessing the performance of individual schools and school districts against such statewide standards. Pursuant to RIGL Section 16-7.1-5 (the "Crowley Act"), the State is required to intervene when a school or school district continually falls short of performance standards. State intervention initially consists of support and technical assistance.

In connection with its oversight role, RIDE identified the Providence Public School District (the "PPSD") as consistently among the lowest performing districts in the State, based on objective criteria such as academic proficiency, absenteeism, and graduation rates. Pursuant to the Crowley Act, the State, in collaboration with the PPSD, attempted to improve the PPSD through operational, policy and financial support, all of which were unsuccessful.

In May 2019, following the release of standardized test scores showing low levels of English and math proficiency among PPSD students, RIDE engaged the Institute for Education Policy at Johns Hopkins University (the “Institute”) to conduct a review of the PPSD to identify the challenges impeding reform efforts. The Institute’s review included a study of academic outcomes, observation of classroom instruction and interviews with students, teachers, administrators, and community members. After completing its review, the Institute released a report in June 2019 (the “Hopkins Report”), which identified systemic deficiencies in the performance of the PPSD, including with respect to governance structure, management, health and safety, facilities, curriculum, and academic instruction. The Hopkins Report concluded that such deficiencies were the cause of widespread unsatisfactory academic outcomes for PPSD students and demoralized teachers, staff, administrators, and parents.

Pursuant to a decision and order of the Commissioner of Education dated October 15, 2019, the State assumed governance and management responsibility for the PPSD effective November 1, 2019. The State appointed a turnaround superintendent to manage PPSD operations and develop and implement a long-term improvement plan for at least five years, effective February 2, 2020.

The Commissioner of Education and the new superintendent have implemented changes including unifying Math and English Language Arts curriculum options, increasing professional development for teachers and improving support for multilingual learners (the majority of the PPSD students).

In connection with this work, the State continues to be responsible for budget deficits and other costs relative to the district, subject to the State appropriations and budget process. The extent of such costs is difficult to gauge, even absent the effects of the COVID-19 pandemic.

In April 2024, the Council on Elementary and Secondary Education promulgated regulations which govern the process for returning local education agencies under state intervention to local control. Additionally, in August 2024, based on the findings of two independent, third-party reviews, the Council on Elementary and Secondary Education approved a plan to extend state intervention for PPSD by three years, through October 15, 2027. Additionally, the Department of Education also outlined a series of benchmarks that, if met by the City of Providence, would facilitate a return to local control no earlier than June 30, 2026.

Council on Postsecondary Education

The Council on Postsecondary Education is responsible for the formulation and implementation of broad goals and objectives for public higher education in Rhode Island, including a comprehensive capital development program. In addition, the Council holds title to the public colleges of the State, Rhode Island College, and the Community College of Rhode Island (collectively, the “State Colleges”). Although there is institutional autonomy, the Council is responsible for general supervision of public higher education, including adoption and submittal of the State higher education budget, property acquisition and management and approval of organizational and curriculum structures. The Commissioner of Postsecondary Education is appointed by the Council to serve as chief executive officer of the Council. RIHEBC issues revenue bonds from time to time on the Council’s behalf to finance various capital improvements for the State Colleges and URI, which revenue bonds are supported by certain revenues

derived by the State Colleges and URI and/or certain appropriations made by the State to the State Colleges and URI. See “STATE INDEBTEDNESS – Agency Revenue Debt.”

Effective February 1, 2020, a new Board of Trustees for The University of Rhode Island (the “URI Board”) was established by act of the Rhode Island General Assembly as the exclusive fiduciary authority for URI. This URI Board assumed all powers and authority previously maintained by the Board of Education and Council on Postsecondary Education with respect to URI. The URI Board consists of seventeen (17) members appointed by the Governor with the advice and consent of the Senate. The Council on Postsecondary Education continues to oversee Rhode Island College and the Community College of Rhode Island.

Public Safety

Public Safety includes those agencies responsible for the safety and security of the citizens of Rhode Island. Agencies included in this area of State government are the Department of Public Safety, the Department of Corrections, the Judicial Department, and the Attorney General’s office.

Department of Public Safety

The Department of Public Safety is comprised of the following agencies: State Police, E-911 Emergency Telephone System, Municipal Police Training Academy, Sheriffs, Capitol Police, and the Public Safety Grant Administration Office. The Director of the Department of Public Safety also serves as the Superintendent of the Rhode Island State Police.

Department of Corrections

The Department of Corrections is responsible for the confinement of sentenced and pre-trial adult offenders, the provision of various programs to encourage and assist offenders in modifying their behavior, and the provision of custody and program services for offenders sentenced or otherwise placed in community supervision.

The Department of Corrections is made up of two main programmatic areas, Institutional Corrections and Community Corrections. Institutional Corrections includes seven separate facilities and associated support services. Within Community Corrections are Probation and Parole, the Home Confinement Unit, a Risk Assessment Unit, and the Furlough Program. Also included within the Department of Corrections budget, but with independent decision-making authority, is the State Parole Board.

The Department of Corrections also operates the Central Distribution Center, which purchases and warehouses food and other supplies for redistribution to State agencies and operates the Correctional Industries Program which employs inmates to manufacture various products or provide services to State and local agencies and non-profit organizations.

Natural Resources

Natural Resources includes those agencies responsible for protecting the natural and physical resources of the State and regulating the use of those resources. Agencies included in this area of State government are the DEM and the Coastal Resources Management Council.

Department of Environmental Management (DEM)

The Department of Environmental Management (“DEM”) has primary responsibility for environmental programs and bureaus of the State. DEM is charged with the preservation and management of Rhode Island’s forests, parks, beaches, farms, fisheries, and wildlife and with monitoring, controlling and abating air, land, and water pollution. In addition, DEM plans, licenses, and enforces laws regulating refuse and hazardous waste disposal, pesticides, individual sewage disposal systems, and non-coastal freshwater wetlands. DEM also works with the Coastal Resources Management Council to protect the State’s coastline and with the Water Resources Board and Department of Health to protect watersheds and ensure sufficient drinking water supplies. DEM is responsible for operating all State parks, beaches, and recreation facilities including bathing areas, public campsites, historical sites and more than 40,000 acres of public land. DEM also operates commercial fishing ports in Galilee and Newport that house most of the State’s commercial fishing fleet. DEM administers grant and loan programs for municipal and non-profit organizations, and anti-pollution, open space, and recreational development and farmland acquisition programs.

Transportation

Transportation comprises the road construction, road maintenance, mass transit, and planning activities of RIDOT. The Department administers the Intermodal Surface Transportation Fund and within the Fund, the RIHMA, to fund transportation expenditures from dedicated user-related revenue sources. This highway fund concept has the advantage of relating the funding of transportation projects to those who utilize the services provided by those projects, by means of financing mechanisms paid directly by those end-users. This concept is also intended to provide a stable revenue stream to enable transportation projects to be financed on a pay-as-you-go basis.

Department of Transportation (RIDOT)

RIDOT is responsible for the integration of all modes of transportation into a single transportation system. RIDOT is organized to carry out its responsibilities for the construction and maintenance of all State roads, bridges, transportation facilities (other than those operated and maintained by RITBA), and the administration of State and federal highway construction assistance programs.

Financial Assistance and Oversight of Local Governments

Local Tax Relief

Starting in FY 2000, the local property tax levy on motor vehicles and trailers was to be phased out over seven years (subject to annual review and appropriation by the General Assembly) by providing increasing mandated exemptions against the assessed value of all motor vehicles. Local communities were to be reimbursed by the State for the value of the exempted amounts. The program was modified in subsequent legislative sessions. The General Assembly reduced the minimum mandatory exemption required to \$500 (from \$6,000) and appropriated \$10.0 million annually for this program for FY 2011 through FY 2017.

In the 2017 Session, the General Assembly enacted changes to the Motor Vehicle Excise Tax Reimbursement Program that will end the ability of municipalities and Lincoln fire districts to tax motor vehicles over time, ultimately allowing no tax in FY 2024. The City of East Providence and Saylesville Fire District commenced the phase out one year later due to local use of a different fiscal year. Municipalities will be reimbursed by the State for the lost tax revenues. The minimum exemption and discount to the retail value will grow over a period of six years until the tax is no longer levied.

The FY 2025 Enacted Budget includes \$234.7 million for the Motor Vehicle Excise Tax Reimbursement Program. The tax is now fully phased out for all municipalities.

The FY 2024 Budget established a statewide exemption of up to \$50,000 from the tangible property tax beginning January 1, 2024. Municipalities and fire districts will be reimbursed for all current, uniformly-applied exemptions, excluding public service corporation and renewable energy resources and equipment taxes, beginning September 30, 2024, and annually thereafter. The estimated cost to reimburse municipalities for lost revenues is \$28.0 million.

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State Aid to Local Communities

Education Aid

The largest category of State aid to cities and towns is assistance programs for school operations and school construction. In addition, the State makes contributions to the Employee Retirement System of Rhode Island on behalf of local districts and charter schools, which partially relieves them of the cost of funding retirement benefits for teachers.

In June 2010, the General Assembly enacted a funding formula to guide education aid payments beginning July 1, 2011 (FY 2012). The formula distributes education aid spending among school districts, State-operated schools, and charter schools. For school districts that receive more money under the new formula, the increase was phased in over seven years (through FY 2018). For school districts that receive less money under the new formula, the decrease was phased in over ten years (through FY 2021). The funding formula aid program disburses funding to communities based on many factors, including wealth of the community, the average daily number of students in the community's schools, and the number of children in the community's schools who are eligible for free or reduced-price meals.

In 2015, the General Assembly created the School Building Authority under the Department of Elementary and Secondary Education, and RIHEBC (see "Government Organization – Independent Authorities, Agencies and Public Corporations") is charged with administering the School Building Authority Capital Fund. The School Building Authority is a funding mechanism designed to provide up-front funding for school projects. In 2018, voters approved \$250.0 million in general obligation bonds to fund the School Building Authority Capital Fund. Additionally, in 2022 voters approved \$250.0 million in general obligation bonds for funding to the School Building Authority Capital Fund.

In FY 2025, not including aid to State-operated schools, the General Assembly authorized \$1,153.5 million in education aid to local school districts and charter schools through the funding formula (\$1,245.1 million with the inclusion of formula aid to the State-operated Davies, the Met School, and the Rhode Island School for the Deaf). Included in this amount are stabilization funds to restore the State aid reduced due to the ten-year transition of the funding formula for the Davies, the Met School, and the Central Falls School District (currently, the State pays 100% of the local contribution for Central Falls). The education aid total also includes Enrollment Transition and Poverty Stabilization funds enacted by the General Assembly in FY 2024 to provide additional aid to districts facing student enrollment declines and changes to the state share ratio portion of the funding formula calculation.

In addition to redistributing current aid levels, the formula establishes five categories of funding outside of the core formula amount. These categories are subject to appropriations and may be reduced if demand exceeds the available funding, however they are integral parts of the funding formula. Under these categories, the State will pay for the costs of setting up and running career and technical education programs, the costs of pre-kindergarten programs, transportation for out-of-district non-public students and students in regionalized school districts, and the amount of the cost of any special education student that is above five times the core education aid amount (meaning the cost for a non-special education student who

is eligible for the free and reduced lunch program). Support for English learners was made part of the base calculation of formula aid in the FY 2024 Budget and is included in the education aid amounts presented above. Prior permanent bonuses for regionalized school districts were replaced with temporary bonuses that phase out over two years. The State appropriated aid totaling \$62.6 million for these categories in the FY 2025 Enacted Budget.

There are also a handful of aid categories still being funded that pre-date the funding formula. In FY 2025, the General Assembly enacted general aid support of \$3.6 million for internet access, administering the school breakfast program, textbooks for non-public schools, subsidies to provide free breakfast and lunch to reduced-price eligible students, and for a payment based on the number of group home beds in each community.

In addition to funding of school operations costs, State school construction aid is provided at levels ranging from 30% to 95% of the construction cost of new facilities and renovations. Under current law, the minimum reimbursement percentage is 35% for FY 2013 and thereafter. The level for each individual community is based upon the relationship between student enrollment and community wealth and takes into consideration the relative weight of school debt in the respective city or town to its total debt. The definition of reimbursable expenditures includes capital expenditures and debt service, including payments made through a capital lease or lease revenue bonds or from a municipality's capital reserve account. The State appropriated \$106.2 million for this category in the FY 2025 Enacted Budget, which is \$2.0 million more than provided in FY 2024. See "STATE INDEBTEDNESS – Agency Revenue Debt" herein.

The final major category of State aid is State funding of a portion of teachers' retirement costs. Both the employer and the employee contribute to the costs of the defined benefit plan that covers teachers throughout the State. Effective July 1, 2012, there is a defined contribution plan, which features both employer and employee contributions. For teachers, by Rhode Island law, the employer share is split between the State and the local school district or charter school, with the State paying 40% of the employer share and the local district or charter school paying 60%. These payments are made directly to the Employees Retirement System of Rhode Island. The only public-school teachers who do not participate in this system are those at State-operated schools that are staffed by State employees and those at schools that are exempt from participating: namely Mayoral Academy charter schools and the Metropolitan Career and Technical School. The FY 2025 Enacted Budget includes \$132.3 million in State share contribution based on projected expenditures. See "STATE FUNDING OF RETIREMENT SYSTEMS" herein.

Other local aid programs include the motor vehicle excise tax reimbursement (as discussed above), payment-in-lieu of taxes ("PILOT") program (described immediately below) and distressed communities aid program.

Payment in Lieu of Taxes

The PILOT program authorizes the General Assembly to annually appropriate and distribute to communities amounts not to exceed 27% of the property taxes that would have been collected on tax exempt properties. Eligible properties included in this program are private, non-profit institutions of higher

education, non-profit hospitals, State owned and operated hospitals, veterans' residential facilities, and correctional facilities occupied by more than one hundred residents. Article 2 of the FY 2015 Appropriations Act made changes to the distribution of appropriations under the program to allow for the issuance of the payment on July 31st or following receipt of a municipality's assessment data for the following year's fiscal payment, whichever is later. This change went into effect as of July 1, 2015. The FY 2025 Enacted Budget includes \$49.2 million for this program, which is the same amount provided in FY 2024. Funding by community has been adjusted to reflect changes in tax rates and values, as well as any changes to the exempted tax rolls.

Distressed Communities Relief Fund

The State makes payments to communities identified as distressed based upon criteria established by RIGL Section 45-13-12. Based on these criteria, the following municipalities are expected to receive distressed communities' funds in FY 2023: Central Falls, Cranston, North Providence, Pawtucket, Providence, West Warwick and Woonsocket. Most funds are distributed based on the ratio of an eligible municipality's tax levy to the total tax levy of all eligible municipalities. When a community falls out of the program, it receives a one-time transition payment of 50% of the prior year requirement, exclusive of any reduction for first year qualification. When a new community qualifies for the program, that community receives 50% of current law requirements for the first year. The remaining 50% is distributed to the other distressed communities proportionately. Appropriations of \$12.4 million for the Distressed Communities Relief Fund were included in the FY 2025 Enacted Budget, which is the same amount provided in FY 2024.

Library Aid

State library aid provides financial support for local public library services and for the construction and capital improvement of any free public library. A portion of library aid is disbursed directly to local libraries, including private libraries, with the remainder disbursed to the individual cities and towns. Appropriations of \$11.9 million are included in the FY 2025 Enacted Budget. The FY 2025 Enacted Budget also includes an appropriation of approximately \$2.2 million to provide reimbursement to cities and towns for debt service in the construction of libraries.

Other Aid

Rhode Island also distributes to communities the proceeds of a state-wide tax imposed on the tangible personal property of telephone, telegraph, cable, express and telecommunications companies. Funds collected from this tax are distributed to cities and towns within the State, based on the ratio of the city or town population relative to the population of the entire State; the FY 2025 Enacted Budget includes an estimated \$14.5 million to be distributed.

The State also distributes a 1.0% meals and beverage tax per the proportion of that tax collected in each community. For the FY 2025 Enacted Budget, the meals and beverage tax is estimated at \$40.1 million. Similarly, the State distributes a 1.0% local hotel tax, as well as a 25.0% local share of the State 5.0% hotel tax which, when combined, provide municipalities a 2.25% gross receipts tax on the rental of lodging

accommodations at hotels, inns and certain bed and breakfast establishments within a municipality. In the FY 2025 Enacted Budget, an amount of \$6.7 million from these hotel taxes is estimated to be distributed.

The State also provides funds through the Airport Impact Aid program to cities and towns that host airports and expects to distribute a total of \$1.0 million in FY 2025.

COMPARATIVE STATEMENT OF REVENUES AND EXPENDITURES

The tables on the following pages set forth comparative summaries for State General Fund revenues and expenditures for the FY2023 through FY 2026. General Fund data on revenues and expenditures for FY 2023 and FY 2024 are derived from the State’s Annual Comprehensive Financial Reports prepared by the State Controller and audited by the Auditor General. The FY 2024 audited revenues and expenditures are those contained in the State Controller’s FY 2024 Audited Closing Statements issued on March 21, 2025 (the “FY 2024 Audited Closing Statements”). The 2024 Annual Report was finalized on March 21, 2025, and posted on the Rhode Island State Controller’s website (<http://controller.admin.ri.gov>) under “Financial Reports” and on the State’s Issuer Homepage at www.emma.msrb.org by accessing the tab “Financial Disclosures”. The FY 2025 enacted expenditures are those contained in the FY 2025 Enacted Budget. The FY 2025 revised expenditures are those contained in the revised FY 2025 Budget submitted by the Governor to the General Assembly on January 16, 2025 (the “FY 2025 Revised Budget”). The FY 2025 enacted revenues are those adopted by the State Budget Office, the House Fiscal Advisor, and the Senate Fiscal Advisor (collectively, the “Conferees”) at the November 2024 REC (as defined herein) and any statutory changes enacted by the General Assembly as part of the FY 2025 Enacted Budget. The FY 2025 revised revenues are those adopted by the Conferees at the November 2024 REC and any statutory changes proposed by the Governor in the FY 2025 Revised Budget. The FY 2026 expenditures are those contained in the Governor’s recommended FY 2026 Budget submitted to the General Assembly on January 16, 2025 (the “FY 2026 Budget”). The FY 2026 revenues are those adopted by the Conferees at the November 2024 REC and any statutory changes proposed by the Governor as part of the FY 2026 Budget.

In addition, comparative expenditure information is provided for all sources of funds under the State’s accounting structure, including general revenues, federal funds, restricted receipts and other funds. This provides a complete picture of the overall State budget as appropriated annually by the General Assembly. Revenue information is not provided for non-general revenue sources because these sources are self-funded, and in most cases, revenues should approximately equal the budgeted or expended amounts.

The financial information set forth in the FY 2025 Revised Budget and the FY 2026 Budget remains subject to change by the General Assembly as part of its budget approval process. It is anticipated that the General Assembly will take up the FY 2025 Revised Budget and the FY 2026 Budget for approval before the end of June 2025. The final FY 2025 Revised Budget and the enacted FY 2026 Budget will be posted on the Rhode Island General Assembly Website (<https://www.rilegislature.gov/>). The information available at the preceding website is not incorporated by reference herein.

General Revenues as Enacted

	FY 2023 Actual	FY 2024 Actual	FY 2025 Final Enacted	FY 2025 Revised	FY 2026 Recommended
Personal Income Tax	\$ 1,813,605,110	\$ 1,819,193,007	\$ 1,865,528,793	\$ 1,913,500,000	\$ 1,991,509,788
General Business Taxes					
Business Corporations	272,217,435	367,504,982	346,570,968	342,600,000	357,352,261
Public Utilities Gross Earnings	97,409,661	75,169,736	105,800,000	105,300,000	106,900,000
Financial Institutions	31,653,500	47,678,060	29,048,050	39,500,000	25,300,000
Insurance Companies	154,637,561	180,418,052	170,107,978	167,500,000	171,878,580
Bank Deposits	4,623,813	5,519,620	5,100,000	5,700,000	5,900,000
Health Care Provider Assessment	39,850,814	40,684,166	41,900,000	44,400,000	46,534,250
Digital Advertising	-	-	-	-	9,464,191
Sales and Use Taxes					
Sales and Use	1,564,773,929	1,635,427,555	1,701,970,187	1,704,000,000	1,761,698,205
Motor Vehicle	935,486	14,201	-	-	-
Cigarettes	133,559,917	119,314,097	116,000,664	115,300,000	114,774,688
Alcohol	22,478,567	20,788,520	21,200,000	21,200,000	21,200,000
Marijuana	-	-	-	-	-
Controlled Substances	-	-	-	-	-
Other Taxes					
Estate and Transfer	82,315,543	49,842,008	53,700,000	65,500,000	62,700,000
Racing and Athletics	583,121	664,568	600,000	700,000	700,000
Realty Transfer	16,511,739	15,731,668	16,700,000	17,200,000	18,200,000
Total Taxes	\$ 4,235,156,196	\$ 4,377,950,240	\$ 4,474,226,640	\$ 4,542,400,000	\$ 4,694,111,963
Departmental Receipts	\$ 491,637,590	\$ 552,303,494	\$ 517,617,468	\$ 549,400,000	\$ 560,282,052
Taxes and Departmentals	\$ 4,726,793,786	\$ 4,930,253,734	\$ 4,991,844,108	\$ 5,091,800,000	\$ 5,254,394,015
Other Sources					
Lottery	434,666,769	426,419,555	449,400,000	424,000,000	432,700,000
Unclaimed Property	18,502,832	23,591,279	20,600,000	21,300,000	20,500,000
Other Miscellaneous	32,701,548	38,439,513	27,273,253	30,100,000	26,490,497
Other Sources	\$ 485,871,149	\$ 488,450,347	\$ 497,273,253	\$ 475,400,000	\$ 479,690,497
Total General Revenues	\$ 5,212,664,935	\$ 5,418,704,081	\$ 5,489,117,361	\$ 5,567,200,000	\$ 5,734,084,512

The audited revenues displayed above reflect gross receipts, including reimbursement of tax credits issued through the Historical Structures Tax credit program. The state's consolidated financial report reflects the reimbursement as a transfer from other funds, rather than within each tax source.

Expenditures from All Funds

	FY 2023 Actual	FY 2024 Actual	FY 2025 Final Enacted	FY 2025 Revised	FY 2026 Recommended
General Government					
Department of Administration	\$ 846,403,538	\$ 577,512,995	\$ 554,103,575	\$ 648,320,401	\$ 497,720,203
Office of Energy Resources	-	-	-	68,374,151	76,770,481
Department of Business Regulation	31,137,725	30,956,165	44,120,539	44,975,969	35,093,954
Cannabis Control Commission	-	-	-	-	7,556,626
Executive Office of Commerce	169,903,556	86,319,118	70,777,163	190,471,202	56,157,824
Housing	-	143,985,044	58,335,416	212,141,933	42,898,733
Department of Labor and Training	600,500,627	568,629,716	594,071,262	627,526,761	637,017,683
Department of Revenue	912,349,256	775,352,918	834,605,599	860,387,064	863,687,605
General Assembly	46,814,643	50,114,866	55,789,931	66,737,273	61,424,920
Office of Lieutenant Governor	1,316,262	1,255,655	1,447,015	1,370,103	1,519,219
Secretary of State	13,025,377	11,640,363	15,372,795	15,727,053	14,541,522
Office of the General Treasurer	18,061,523	20,746,997	23,886,874	24,589,119	25,974,916
Board of Elections	5,855,517	4,694,417	5,682,615	5,726,638	4,474,931
Rhode Island Ethics Commission	1,923,524	2,028,754	2,234,502	2,326,169	2,419,632
Office of the Governor	7,468,837	7,532,310	8,471,265	8,973,819	9,334,918
Rhode Island Commission for Human Rights	2,022,428	2,427,173	2,505,726	2,691,662	2,772,687
Public Utilities Commission	11,326,767	11,444,995	14,607,520	15,042,977	15,508,274
Subtotal - General Government	\$ 2,668,109,580	\$ 2,294,641,487	\$ 2,286,011,797	\$ 2,795,382,294	\$ 2,354,874,128
Health and Human Services					
Executive Office of Health and Human Services	\$ 3,341,502,439	\$ 3,609,697,881	\$ 4,017,751,873	\$ 3,967,111,748	\$ 4,202,101,690
Department of Children, Youth, and Families	286,366,715	315,679,803	399,055,263	412,149,108	397,200,530
Department of Health	290,189,850	313,950,307	356,254,973	387,822,248	292,114,774
Department of Human Services	875,662,799	790,632,069	814,741,554	860,505,457	829,181,867
Behavioral Healthcare, Developmental Disabilities and Hospitals	560,343,728	654,099,950	672,361,552	706,883,322	704,194,613
Office of the Child Advocate	1,271,513	1,395,026	1,891,426	1,913,740	2,264,613
Commission on the Deaf & Hard of Hearing	874,944	800,169	914,184	904,509	929,154
Governor's Commission on Disabilities	1,514,288	1,638,907	1,936,931	2,738,921	2,056,042
Office of the Mental Health Advocate	832,176	769,629	981,608	875,673	1,117,164
Subtotal - Health and Human Services	\$ 5,358,558,452	\$ 5,688,663,741	\$ 6,265,889,364	\$ 6,340,904,726	\$ 6,431,160,447
Education					
Elementary and Secondary Education	\$ 1,939,587,191	\$ 2,042,451,574	\$ 2,003,162,178	\$ 2,015,722,660	\$ 1,981,184,129
Office of the Postsecondary Commissioner	43,532,333	49,883,035	51,799,867	63,218,405	56,283,333
University of Rhode Island	906,846,062	957,690,065	1,017,965,011	1,058,187,934	1,108,723,299
Rhode Island College	179,367,158	195,810,345	205,135,912	225,812,999	216,421,110
Community College of Rhode Island	178,085,355	172,142,254	195,936,693	207,269,924	212,686,829
Rhode Island Council on the Arts	3,399,615	3,445,438	3,976,337	4,084,272	4,242,454
Rhode Island Atomic Energy Commission	1,557,759	1,485,126	1,593,911	1,654,687	1,714,495
Historical Preservation & Heritage Commission	1,782,255	2,141,262	3,727,660	3,965,840	3,465,631
Subtotal - Education	\$ 3,254,157,728	\$ 3,425,049,099	\$ 3,483,297,569	\$ 3,579,916,721	\$ 3,584,721,280
Public Safety					
Office of Attorney General	\$ 37,012,990	\$ 42,453,864	\$ 46,456,627	\$ 52,515,846	\$ 51,639,418
Department of Corrections	291,492,931	289,298,656	328,179,090	330,754,484	322,550,695
Judiciary	134,705,385	142,092,511	147,968,237	158,428,492	159,224,433
Military Staff	27,150,545	34,565,128	101,622,845	37,467,055	37,396,058
Rhode Island Emergency Management Agency	76,790,809	58,432,957	36,520,428	43,444,962	43,657,584
Department of Public Safety	137,639,314	147,496,472	211,138,205	191,122,651	191,287,889
Office of Public Defender	13,773,985	14,758,303	16,670,594	17,612,782	18,263,714
Subtotal - Public Safety	\$ 718,565,959	\$ 729,097,891	\$ 888,556,026	\$ 831,346,272	\$ 824,019,791
Natural Resources					
Department of Environmental Management	\$ 133,547,193	\$ 113,585,107	\$ 143,732,584	\$ 153,181,001	\$ 160,424,187
Coastal Resources Management Council	6,651,149	5,228,623	6,176,963	18,157,479	9,660,746
Subtotal - Natural Resources	\$ 140,198,342	\$ 118,813,730	\$ 149,909,547	\$ 171,338,480	\$ 170,084,933
Transportation					
Department of Transportation	\$ 760,356,957	\$ 772,960,748	\$ 889,560,237	\$ 799,275,315	\$ 851,194,045
Subtotal - Transportation	\$ 760,356,957	\$ 772,960,748	\$ 889,560,237	\$ 799,275,315	\$ 851,194,045
Total:	\$ 12,899,947,018	\$ 13,029,226,696	\$ 13,963,224,540	\$ 14,518,163,808	\$ 14,216,054,624

Expenditures from General Revenue

	FY 2023 Actual	FY 2024 Actual	FY 2025 Final Enacted	FY 2025 Revised	FY 2026 Recommended
General Government					
Department of Administration	\$ 489,769,565	\$ 279,490,215	\$ 255,026,334	\$ 239,384,144	\$ 262,776,439
Office of Energy Resources	-	-	-	500,000	-
Department of Business Regulation	23,204,707	22,113,010	24,091,628	24,722,492	25,593,781
Cannabis Control Commission	-	-	-	-	-
Executive Office of Commerce	57,085,655	66,223,936	40,380,983	40,431,623	31,857,824
Housing	-	4,275,216	9,840,596	9,167,713	10,719,465
Department of Labor and Training	18,204,551	18,297,855	17,790,653	20,448,193	20,379,242
Department of Revenue	363,463,744	372,380,442	400,471,730	402,288,592	403,892,388
General Assembly	45,119,050	48,096,215	53,358,280	64,146,864	58,734,623
Office of Lieutenant Governor	1,316,886	1,258,655	1,447,015	1,370,103	1,519,219
Secretary of State	11,966,378	10,786,207	12,462,241	12,807,184	12,111,732
Office of the General Treasurer	3,624,716	3,879,699	4,915,333	5,100,717	4,600,223
Board of Elections	5,861,156	4,694,417	5,682,615	5,726,638	4,474,931
Rhode Island Ethics Commission	1,923,524	2,028,754	2,234,502	2,326,169	2,419,632
Office of the Governor	7,426,985	7,532,310	8,471,265	8,973,819	9,334,918
RI Commission for Human Rights	1,758,445	2,117,475	2,055,616	2,143,802	2,249,158
Public Utilities Commission	-	-	-	-	-
Subtotal - General Government	\$ 1,030,725,362	\$ 843,171,406	\$ 838,228,791	\$ 839,538,053	\$ 850,663,575
Health and Human Services					
Executive Office of Health and Human Services	\$ 1,076,415,173	\$ 1,265,715,000	\$ 1,416,418,232	\$ 1,390,933,011	\$ 1,469,676,177
Department of Children, Youth, and Families	192,600,438	215,101,477	261,358,200	261,352,456	262,985,058
Department of Health	33,548,889	34,032,135	40,053,947	40,533,357	38,075,075
Department of Human Services	122,222,194	135,284,254	142,790,800	147,328,344	135,580,989
Behavioral Healthcare, Developmental Disabilities and Hospitals	261,580,691	311,396,805	305,694,995	317,638,693	316,304,980
Office of the Child Advocate	1,259,570	1,429,015	1,891,426	1,913,740	2,264,613
Commission on the Deaf & Hard of Hearing	738,910	745,741	782,651	762,680	786,233
Governor's Commission on Disabilities	1,153,698	1,298,969	1,530,392	2,331,664	1,610,527
Office of the Mental Health Advocate	832,176	769,629	981,608	875,673	1,117,164
Subtotal - Health and Human Services	\$ 1,690,351,739	\$ 1,965,773,025	\$ 2,171,502,251	\$ 2,163,669,618	\$ 2,228,400,816
Education					
Elementary and Secondary Education	\$ 1,436,665,777	\$ 1,493,846,919	\$ 1,588,830,390	\$ 1,595,323,261	\$ 1,643,071,869
Office of the Postsecondary Commissioner	16,718,621	25,754,018	30,122,180	30,781,353	34,342,126
University of Rhode Island	121,948,714	144,744,926	144,224,440	144,401,585	148,637,923
Rhode Island College	68,537,023	78,276,228	77,881,228	78,153,703	80,448,058
Community College of Rhode Island	57,151,940	61,030,728	62,286,538	62,534,419	65,638,244
Rhode Island Council on the Arts	2,129,661	2,297,462	2,395,211	2,412,492	2,414,685
Rhode Island Atomic Energy Commission	1,035,829	1,119,280	1,180,419	1,231,639	1,278,282
Historical Preservation & Heritage Commission	1,040,750	1,204,648	1,898,100	1,747,211	1,986,751
Subtotal - Education	\$ 1,705,228,315	\$ 1,808,274,209	\$ 1,908,818,506	\$ 1,916,585,663	\$ 1,977,817,938
Public Safety					
Office of Attorney General	\$ 32,228,826	\$ 35,044,453	\$ 35,103,418	\$ 36,677,279	\$ 38,244,427
Department of Corrections	284,260,537	263,728,573	293,746,087	295,736,435	296,697,754
Judiciary	113,993,544	118,821,242	124,336,261	132,962,235	133,516,539
Military Staff	2,913,982	3,392,720	3,276,320	3,195,718	3,424,058
Rhode Island Emergency Management Agency	5,615,004	6,671,411	7,007,474	7,062,596	7,457,256
Department of Public Safety	111,485,599	117,775,561	135,410,334	138,094,150	126,568,454
Office of Public Defender	13,750,533	14,670,121	16,585,559	17,176,936	18,178,679
Subtotal - Public Safety	\$ 564,248,025	\$ 560,104,081	\$ 615,465,453	\$ 630,905,349	\$ 624,087,167
Natural Resources					
Department of Environmental Management	\$ 81,631,405	\$ 55,457,395	\$ 57,238,872	\$ 56,014,410	\$ 58,380,368
Coastal Resources Management Council	2,744,410	3,331,462	3,607,384	3,957,427	3,704,812
Subtotal - Natural Resources	\$ 84,375,815	\$ 58,788,857	\$ 60,846,256	\$ 59,971,837	\$ 62,085,180
Transportation					
Department of Transportation	-	-	-	-	-
Subtotal - Transportation	\$ -	\$ -	\$ -	\$ -	\$ -
Total:	\$ 5,074,929,256	\$ 5,236,111,578	\$ 5,594,861,257	\$ 5,610,670,520	\$ 5,743,054,676

Expenditures from Federal Funds

	FY 2023 Actual	FY 2024 Actual	FY 2025 Final Enacted	FY 2025 Revised	FY 2026 Recommended
General Government					
Department of Administration	\$ 210,085,376	\$ 44,102,129	\$ 78,720,050	\$ 152,041,032	\$ 48,547,422
Office of Energy Resources	-	-	-	35,438,362	31,842,712
Department of Business Regulation	910,863	1,018,822	749,043	759,546	586,088
Cannabis Control Commission	-	-	-	-	-
Executive Office of Commerce	92,398,662	19,488,693	22,000,000	141,286,070	20,000,000
Housing	0	126,311,705	35,830,670	190,310,070	15,096,037
Department of Labor and Training	150,859,898	56,883,268	42,711,594	58,967,295	41,996,527
Department of Revenue	132,434,739	528,204	805,667	728,092	493,061
General Assembly	0	-	-	-	-
Office of Lieutenant Governor	(624)	-	-	-	-
Secretary of State	562,060	519,579	2,001,207	2,001,207	2,000,000
Office of the General Treasurer	706,783	594,003	763,030	786,809	833,127
Board of Elections	(5,639)	-	-	-	-
Office of the Governor	41,852	-	-	-	-
RI Commission for Human Rights	263,984	309,698	450,110	547,860	523,529
Public Utilities Commission	522,308	592,218	711,984	726,117	753,555
Subtotal - General Government	\$ 588,780,262	\$ 250,348,319	\$ 184,743,355	\$ 583,592,460	\$ 162,672,058
Health and Human Services					
Executive Office of Health and Human Services	\$ 2,232,280,998	\$ 2,299,863,308	\$ 2,543,855,296	\$ 2,515,710,990	\$ 2,708,539,855
Department of Children, Youth, and Families	92,585,762	97,594,044	121,743,506	120,350,473	117,430,501
Department of Health	193,174,227	204,666,162	205,109,529	248,320,198	152,861,675
Department of Human Services	744,049,154	645,440,537	659,709,433	697,326,473	682,192,831
Behavioral Healthcare, Developmental Disabilities And Hospitals	295,064,657	333,704,280	353,159,441	366,488,015	376,934,950
Office of the Child Advocate	11,942	-33,989	340,000	-	-
Commission on the Deaf & Hard of Hearing	-	-	-	-	-
Governor's Commission on Disabilities	320,336	329,086	-	340,067	340,067
Subtotal - Health and Human Services	\$ 3,557,487,076	\$ 3,581,563,428	\$ 3,883,917,205	\$ 3,948,536,216	\$ 4,038,299,879
Education					
Elementary and Secondary Education	\$ 454,942,378	\$ 495,011,857	\$ 318,458,763	\$ 355,718,501	\$ 256,479,925
Office of the Postsecondary Commissioner	8,519,337	11,212,856	5,982,632	17,801,726	5,642,208
University of Rhode Island	-	-	-	-	-
Rhode Island College	-	-	-	-	-
Community College of Rhode Island	2,362,102	-	-	-	-
Rhode Island Council on the Arts	1,082,807	976,489	996,126	1,011,780	1,022,711
Rhode Island Atomic Energy Commission	206,885	-	-	-	-
Historical Preservation & Heritage Commission	636,937	807,741	1,267,431	1,613,889	822,451
Subtotal - Education	\$ 467,750,446	\$ 508,008,943	\$ 326,704,952	\$ 376,145,896	\$ 263,967,295
Public Safety					
Office of Attorney General	\$ 2,406,890	\$ 2,295,047	\$ 3,265,105	\$ 3,967,174	\$ 3,568,559
Department of Corrections	2,374,706	23,141,432	1,819,835	3,698,939	1,758,102
Judiciary	3,528,236	5,014,516	4,417,956	6,071,460	6,294,895
Military Staff	23,366,634	28,625,470	86,857,534	85,921,172	28,982,412
Rhode Island Emergency Management Agency	68,626,239	48,396,267	28,880,583	35,315,706	34,906,616
Department of Public Safety	11,947,216	13,652,720	32,744,693	36,447,879	26,747,999
Office of Public Defender	23,453	88,182	85,035	85,035	85,035
Subtotal - Public Safety	\$ 112,273,374	\$ 121,213,634	\$ 158,070,741	\$ 171,507,365	\$ 102,343,618
Natural Resources					
Department of Environmental Management	\$ 28,034,573	\$ 30,509,005	\$ 36,020,076	\$ 47,071,238	\$ 44,708,519
Coastal Resources Management Council	1,776,739	1,672,161	2,319,579	6,919,009	3,331,166
Subtotal - Natural Resources	\$ 29,811,312	\$ 32,181,166	\$ 38,339,655	\$ 53,990,247	\$ 48,039,685
Transportation					
Department of Transportation	\$ 495,535,838	\$ 442,425,243	\$ 474,772,781	\$ 526,603,533	\$ 474,885,393
Subtotal - Transportation	\$ 495,535,838	\$ 442,425,243	\$ 474,772,781	\$ 526,603,533	\$ 474,885,393
Total:	\$ 5,251,638,308	\$ 4,935,740,733	\$ 5,066,548,689	\$ 5,660,375,717	\$ 5,090,207,928

Expenditures from Restricted Receipts

	FY 2023 Actual	FY 2024 Actual	FY 2025 Final Enacted	FY 2025 Revised	FY 2026 Recommended
General Government					
Department of Administration	\$ 66,714,157	152,718,315	\$ 49,989,447	\$ 34,470,272	\$ 24,323,516
Office of Energy Resources	-	-	-	26,431,400	39,258,984
Department of Business Regulation	6,957,526	7,190,133	12,156,568	12,356,525	5,486,102
Cannabis Control Commission	-	-	-	-	7,556,626
Executive Office of Commerce	19,538,012	-	-	-	-
Housing	-	13,398,123	12,664,150	12,664,150	17,083,231
Department of Labor and Training	34,183,144	28,605,336	31,962,084	38,377,324	37,961,768
Department of Revenue	4,575,546	5,236,446	9,481,272	9,535,239	11,084,929
General Assembly	1,695,593	2,018,651	2,431,651	2,590,409	2,690,297
Office of Lieutenant Governor	-	-	-	-	-
Secretary of State	496,939	334,577	409,347	418,662	429,790
Office of the General Treasurer	13,092,060	15,602,020	17,607,485	18,092,687	19,906,235
Office of the Governor	-	-	-	-	-
Public Utilities Commission	10,804,459	10,852,777	13,895,536	14,316,860	14,754,719
Subtotal - General Government	\$ 158,057,436	\$ 235,956,379	\$ 150,597,540	\$ 169,253,528	\$ 180,536,197
Health and Human Services					
Executive Office of Health and Human Services	\$ 32,806,267	\$ 44,119,574	\$ 57,478,345	\$ 60,467,747	\$ 23,885,658
Department of Children, Youth, and Families	1,023,457	1,452,514	703,557	1,477,948	1,534,971
Department of Health	62,899,711	74,881,463	108,069,735	95,308,488	92,414,141
Department of Human Services	4,450,887	4,602,143	6,243,767	9,900,575	6,010,641
Behavioral Healthcare, Developmental Disabilities and Hospitals	3,224,851	8,639,757	12,907,116	21,946,178	10,454,683
Commission on the Deaf & Hard of Hearing	136,034	54,428	131,533	141,829	142,921
Governor's Commission on Disabilities	40,254	10,852	66,539	67,190	105,448
Subtotal - Health and Human Services	\$ 104,581,461	\$ 133,760,731	\$ 185,600,592	\$ 189,309,955	\$ 134,548,463
Education					
Elementary and Secondary Education	\$ 47,252,342	\$ 51,904,841	\$ 53,019,127	\$ 49,393,524	\$ 50,456,858
Office of the Postsecondary Commissioner	6,724,778	6,556,796	7,854,557	7,964,628	8,383,189
University of Rhode Island	-	-	-	-	-
Community College of Rhode Island	759917	872,960.00	814,584	926,567	953,442
Rhode Island Council on the Arts	33,164	-	-	-	115,058
Rhode Island Atomic Energy Commission	7,735	18,646	25,036	25,036	25,036
Historical Preservation & Heritage Commission	12	134	419,300	419,300	511,827
Subtotal - Education	\$ 54,777,948	\$ 59,353,377	\$ 62,132,604	\$ 58,729,055	\$ 60,445,410
Public Safety					
Office of Attorney General	\$ 2,332,042	\$ 4,171,090	\$ 7,938,104	\$ 9,269,168	\$ 7,301,432
Department of Corrections	1,753,198	1,332,560	1,386,843	1,981,387	1,303,091
Judiciary	12,323,496	12,628,668	14,839,020	15,037,352	15,787,999
Military Staff	27,022	21,771	55,000	66,000	66,000
Rhode Island Emergency Management Agency	158,384	49,016	412,371	419,898	428,308
Department of Public Safety	8,910,239	9,144,960	12,509,218	13,245,878	14,313,880
Subtotal - Public Safety	\$ 25,504,381	\$ 27,348,065	\$ 37,140,556	\$ 40,019,683	\$ 39,200,710
Natural Resources					
Department of Environmental Management	\$ 14,180,496	\$ 15,102,590	\$ 21,304,790	\$ 27,261,032	\$ 24,775,624
Coastal Resources Management Council	230,000	225,000	250,000	250,000	624,768
Subtotal - Natural Resources	\$ 14,410,496	\$ 15,327,590	\$ 21,554,790	\$ 27,511,032	\$ 25,400,392
Transportation					
Department of Transportation		\$ 1,961,976	\$ 6,116,969	\$ 6,165,817	\$ 6,066,037
Subtotal - Transportation	\$ (2,749,665)	\$ 1,961,976	\$ 6,116,969	\$ 6,165,817	\$ 6,066,037
Total:	\$ 354,582,057	\$ 473,708,118	\$ 463,143,051	\$ 490,989,070	\$ 446,197,209

Expenditures from Other Funds

	FY 2023 Actual	FY 2024 Actual	FY 2025 Final Enacted	FY 2025 Revised	FY 2026 Recommended
General Government					
Department of Administration	\$ 79,834,441	\$ 101,202,336	\$ 170,367,744	\$ 222,424,953	\$ 162,072,826
Office of Energy Resources	-	-	-	6,004,389	5,668,785
Department of Business Regulation	64,629	634,200	7,123,300	7,137,406	3,427,983
Cannabis Control Commission	881,228	-	-	-	-
Executive Office of Commerce	-	606,489	8,396,180	8,753,509	4,300,000
Housing	-	-	-	-	-
Department of Labor and Training	397,253,035	464,843,257	501,606,931	509,733,949	536,680,146
Department of Revenue	411,875,227	397,207,826	423,846,930	447,835,141	448,217,227
Secretary of State	-	-	500,000	500,000	-
Office of the General Treasurer	637,964	671,275	601,026	608,906	635,331
Subtotal - General Government	\$ 890,546,524	\$ 965,165,383	\$ 1,112,442,111	\$ 1,202,998,253	\$ 1,161,002,298
Health and Human Services					
Executive Office of Health and Human Services	\$ -	\$ -	\$ -	\$ -	\$ -
Department of Children, Youth, and	157,058	1,531,769	15,250,000	28,968,231	15,250,000
Department of Health	567,023	370,546	3,021,762	3,660,205	8,763,883
Department of Human Services	4,940,563	5,305,135	5,997,554	5,950,065	5,397,406
Behavioral Healthcare, Developmental Disabilities and Hospitals	473,528	359,108	600,000	810,436	500,000
Subtotal - Health and Human Services	\$ 6,138,172	\$ 7,566,558	\$ 24,869,316	\$ 39,388,937	\$ 29,911,289
Education					
Elementary and Secondary Education	\$ 726,694	\$ 1,687,958	\$ 42,853,898	\$ 15,287,374	\$ 31,175,477
Office of the Postsecondary Commissioner	11,569,597	6,359,365	7,840,498	6,670,698	7,915,810
University of Rhode Island	784,897,348	812,945,139	873,740,571	913,786,349	960,085,376
Rhode Island College	110,830,135	117,534,117	127,254,684	147,659,296	135,973,052
Community College of Rhode Island	117,811,396	110,238,566	132,835,571	143,808,938	146,095,143
Rhode Island Council on the Arts	153,983	171,487	585,000	660,000	690,000
Rhode Island Atomic Energy Commission	307,311	347,200	388,456	398,012	411,177
Historical Preservation & Heritage	104,557	128,739	142,829	185,440	144,602
Subtotal - Education	\$ 1,026,401,021	\$ 1,049,412,571	\$ 1,185,641,507	\$ 1,228,456,107	\$ 1,282,490,637
Public Safety					
Office of Attorney General	\$ 45,231	\$ 943,273	\$ 150,000	\$ 265,000	\$ 2,525,000
Department of Corrections	3,104,491	1,096,091	31,226,325	43,934,827	22,791,748
Judiciary	4,860,110	5,628,086	4,375,000	4,773,032	3,625,000
Military Staff	842,907	2,525,167	11,433,991	13,246,893	4,923,588
Rhode Island Emergency Management Agency	2,391,183	3,316,263	220,000	2,632,386	865,404
Department of Public Safety	5,296,261	6,923,231	30,473,960	30,815,436	23,657,556
Subtotal - Public Safety	\$ 16,540,183	\$ 20,432,111	\$ 77,879,276	\$ 95,667,574	\$ 58,388,296
Natural Resources					
Department of Environmental Management	\$ 9,700,719	\$ 12,516,117	\$ 29,168,846	\$ 32,294,383	\$ 32,559,676
Coastal Resources Management Council	1,900,000	-	-	100,000	2,000,000
Subtotal - Natural Resources	\$ 11,600,719	\$ 12,516,117	\$ 29,168,846	\$ 32,394,383	\$ 34,559,676
Transportation					
Department of Transportation	\$ 267,570,784	\$ 328,573,529	\$ 572,240,923	\$ 266,505,965	\$ 370,242,615
Subtotal - Transportation	\$ 267,570,784	\$ 328,573,529	\$ 572,240,923	\$ 266,505,965	\$ 370,242,615
Total:	\$ 2,218,797,403	\$ 2,383,666,269	\$ 3,002,241,979	\$ 2,865,411,219	\$ 2,936,594,811

GENERAL FUND OPERATING RESULTS AND FREE SURPLUS

State law provides that all unexpended or unencumbered balances of general revenue appropriations, whether regular or special, shall lapse to General Fund surplus at the end of each fiscal year, provided, however, that such balances may be reappropriated by the Governor in the ensuing fiscal year for the same purpose for which the monies were originally appropriated by the General Assembly. By law, unexpended balances of the Judicial and the Legislative branches are reappropriated at their request. Free surplus is the amount available at the end of any fiscal year for future appropriation by the General Assembly.

The Governor is required to submit a balanced budget. The General Assembly is also required to enact a balanced budget.

The Budget Office is required to prepare quarterly reports which project the year-end balance assuming current trends continue under current laws, and the typical cyclical expenditure patterns prevail over the course of the year. These consolidated reports are released within forty-five days of the end of each of the first three quarters of the fiscal year.

The State Budget Officer is also a principal in the REC, which is held each November and May to estimate revenues and caseloads for the current fiscal year and the budget year. The REC was created in 1990 to provide the Governor and the General Assembly with estimates of general revenues. The principals of the REC are the State Budget Officer, the House Fiscal Advisor, and the Senate Fiscal Advisor, with the chair rotating among the three. The principals hear testimony from the State's outside economic consultant, IHS Markit, on economic forecasts for the United States and the State. The REC is required by statute to meet at least twice a year (specifically, November and May) but can be called at any other time by any member. The principals must reach consensus on revenues. In 1991, the Medical Assistance and Public Assistance Caseload Estimating Conference, similar to the REC, was established to adopt welfare and medical assistance caseload estimates. Reports on the outcome of these conferences can be found under the Budget Office section of the Office of Management and Budget website (www.omb.ri.gov). The information available at the preceding website is not incorporated by reference herein.

Also, the Budget Office is required to publish five-year forecasts of expenditures and revenues for submission to the General Assembly as part of the annual budget process, and these forecasts over the years, based upon the information then available, have generally projected that out-year expenditures will exceed revenues, at times by a substantial amount. The most recent five-year forecast was generated by the House Fiscal Office as part of the FY 2025 budget process. The House Fiscal Office's most recent projections for FY 2026 through FY 2029, which are based on the FY 2025 Enacted Budget, forecasted deficits of \$262.4 million in FY 2026, \$267.9 million in FY 2027, \$287.7 million in FY 2028, and \$292.9 million in FY 2029. These values also do not assume use of any of the \$1.1 billion in ARPA stabilization funds for revenue replacement over the next few years, which is an allowable use of these funds in accordance with guidelines. In the event of a budgetary imbalance, the available free surplus will be reduced and/or additional resources (i.e., taxes, fines, fees, etc.) will be required and/or expenditure controls will be put into effect.

The financial information set forth in the FY 2025 Revised Budget and the FY 2026 Budget remains subject to change by the General Assembly as part of its budget approval process. It is anticipated that the General Assembly will take up the FY 2025 Revised Budget and the FY 2026 Budget for approval before the end of June 2025. The final FY 2025 Revised Budget and the enacted FY 2026 Budget will be posted on the Rhode Island General Assembly Website (<https://www.rilegislature.gov/>). The information available at the preceding website is not incorporated by reference herein.

FY 2024 Audited Closing

The State Controller issued the FY 2024 Audited Closing Statements on March 21, 2025. These statements reflected a general fund surplus of \$326.4.0 million, which was \$47.3 million greater than assumed in the final FY 2024 Budget. General revenue receipts were \$44.8 million higher than estimated, with personal income tax up by \$34.0 million, insurance companies tax up by \$11.7 million, financial institutions tax up \$5.5 million and the inheritance and gift tax up by \$7.0 million. Sales tax revenue was down by \$4.6 million, business corporations tax was down by \$5.0 million, lottery revenues were down by \$2.4 million, and cigarette tax was down by \$2.3 million. General revenue expenditures were \$98.8 million less than budgeted, primarily attributable to underspending across various state agencies. The largest surplus occurred in the Department of Housing at \$27.2 million, followed by \$15.7 million in the Department of Human Services. These surpluses were offset by deficits in DCYF (\$6.0 million) and BHDDH (\$1.1 million). The Cash Stabilization Account was funded at \$291.9 million.

FY 2025 Enacted Revenues

Total General Revenue

The FY 2025 Enacted Budget estimated general revenues of \$5.489 billion, an increase of 1.3 percent from the final audited FY 2024 amount. This estimate recognizes the revenue reduction from a law change to the way financial institutions calculate their tax liability (discussed below), which was passed as a stand-alone bill after passage of the budget.

Personal Income Tax

The personal income tax is the largest source of general revenues with \$1.866 billion in the FY 2025 Enacted Budget, reflecting an anticipated increase of \$46.3 million or 2.5 percent from audited FY 2024 revenue.

The FY 2025 Enacted Budget includes five initiatives impacting personal income tax. The budget reduces the personal income tax credit for the State's elective pass-through entity (PTE) tax from 100% of PTE taxes paid to 90%, which is projected to increase revenues by \$8.6 million in FY 2025. The other two revenue increasing initiatives in the FY 2025 budget are related to the collection of delinquent taxes. The addition of resources to the Division of Taxation to include software purchases, overtime hours, and hiring of out-of-state attorneys to pursue tax debts is expected to raise \$2.4 million of personal income tax revenue in FY 2025, and the revision of the State's published delinquent tax list from the "top 100" to all tax debtors

owing \$50,000 and over is expected to result in an additional \$1.2 million. Finally, two initiatives are expected to reduce personal income tax collections. These are increasing the deduction of pension income for age-eligible filers from \$20,000 to \$50,000 (expected to reduce revenue by \$2.9 million) and allowing businesses in the cannabis industry to deduct business expenses (expected to reduce personal income tax revenue by \$345,574). Both of these initiatives are effective January 1, 2025, and the revenue loss is expected to double in FY 2026.

General Business Taxes

Business corporations tax revenues were estimated to reach \$346.6 million in the FY 2025 Enacted Budget, reflecting an anticipated decrease of \$20.9 million or 5.7 percent from audited FY 2024 revenue. This projected decrease is attributable to a policy change by the Division of Taxation to no longer allow carryforwards from elective pass-through entity tax filers, resulting in approximately \$31.0 million in additional refunds anticipated. The two delinquent tax collection initiatives approved in the enacted budget are projected to bring in \$2.1 million of additional corporate tax revenue in FY 2025, while the allowance of cannabis business expense deductions is expected to reduce corporate tax revenues by \$479,068 (with the revenue loss doubling in FY 2026).

Insurance company gross premiums tax revenues were projected to reach \$170.1 million in the FY 2025 Enacted Budget, a decrease of \$10.3 million or 5.7% from audited FY 2024 revenue. Approximately \$4.3 million of this decrease is attributable to the expected first year of tax credits issued under the State's Small Business Development Fund program.

The health care provider assessment was projected to reach \$41.9 million in the FY 2025 Enacted Budget, an increase of \$1.2 million, or 3.0%, from audited FY 2024 revenue.

The FY 2025 Enacted Budget anticipated revenues totaling \$105.3 million for the public utilities gross earnings tax. This represents a \$30.6 million, or 40.7%, increase in gross earnings tax revenues from FY 2024 audited revenue. This is due to the initiative in the FY 2024 Budget that suspended collection of this tax for four months from December 2023 through March 2024, which resulted in a revenue loss of \$30.1 million.

The financial institutions tax revenues and the bank deposits tax revenues were expected to be \$34.1 million combined in the FY 2025 Enacted Budget, which is \$19.0 million less than FY 2024 audited revenue. This is primarily due to changes in usage of the State's Jobs Development Act program, which resulted in a large increase in financial institutions tax revenue in FY 2024, and a law change passed after the enactment of the FY 2025 budget (but included in the enacted revenue analysis here for completeness) that allowed financial institutions to elect between traditional three-factor income apportionment and single sales factor. This law change was projected in the FY 2025 enacted budget to result in a revenue reduction of \$7.7 million in FY 2025, with the revenue loss expected to double in FY 2026.

Finally, though it has no revenue impact in FY 2025, it should be noted that the FY 2025 Enacted Budget included a law change to allow net operating losses (NOLs) to be carried forward for up to 20

years, whereas current State law allows five years of NOL carryforwards. The first year in which this is projected to impact general revenues is TY 2031, with a projected revenue loss of \$2.6 million. The impact grows annually until it is fully phased-in during TY 2045, with an impact estimated between \$18.2 million and \$32.7 million in foregone general revenue.

Sales and Use Taxes

Sales and use taxes revenues were expected to yield \$1.702 billion in the FY 2025 Enacted Budget, reflecting anticipated growth of \$66.5 million or 4.1 percent from audited FY 2024 revenue. The FY 2025 Enacted Budget contains increases totaling approximately \$1.0 million related to the delinquent tax collection initiatives mentioned above, and a \$321,783 reduction due to reduced cigarette sales related to the increase in the cigarette excise tax, discussed below.

Excise Taxes (Other than Sales and Use Taxes)

The FY 2025 Enacted Budget included excise taxes (other than sales and use taxes) of \$137.2 million, a decrease of \$2.9 million or 2.1 percent from the audited FY 2024 revenue. The bulk of this revenue is from the cigarette excise tax, with the long-term decline in cigarette consumption driving this negative growth. However, this structural decline in cigarette excise taxes is partially tempered in FY 2025 by the implementation of an increase in the cigarette tax stamp rate from \$4.25 per pack to \$4.50 per pack, which is expected to account for \$2.6 million in revenue in FY 2025, and implementation of a new excise tax on electronic nicotine delivery systems (ENDS) expected to bring in another \$2.2 million.

Other Taxes

Revenues for the estate and transfer tax, racing and athletics tax and realty transfer tax are expected to total \$71.0 million, an increase of \$4.8 million, or 7.2 percent compared to audited FY 2024 revenue.

Departmental Receipts

The FY 2025 Enacted Budget included \$517.6 million in departmental receipts revenues, \$34.7 million less than audited FY 2024 revenue. Much of this decrease is accounted for by an anticipated decrease in income on investments, which includes interest and investment earnings on the State's general fund, among other cash balances. The expected decrease is due to decreases in interest rates and the expected return of cash balances toward historical average levels from their elevated levels fueled by federal COVID-19 relief and recovery funds. FY 2025 enacted departmental receipts were boosted by \$3.7 million related to the delinquent tax collection initiatives discussed above, attributable to interest and penalties on overdue taxes. The estimates also included a \$4.0 million increase due to updating the base year for the hospital licensing fee and \$7.0 million from an anticipated disproportionate share hospitals payment to the State-run Slater Hospital. Finally, the estimates include a \$44,375 reduction in departmental receipts related to the elimination of several duplicate and nuisance permitting fees.

Other Sources

The FY 2025 Enacted Budget included the other sources component of general revenues total of \$497.3 million, an increase of \$8.8 million from audited FY 2024 revenue. Other sources of general revenue are comprised of the lottery transfer, other miscellaneous revenues and the unclaimed property transfer.

Rhode Island Lottery revenues were anticipated in the amount of \$449.4 million, reflecting an increase of 5.4 percent from audited FY 2024 revenues. This is predominantly driven by the first full year of iGaming, which was authorized by the 2023 General Assembly and implemented in the last quarter of FY 2024.

May 2025 Caseload Estimating Conference

The May 2025 Caseload Estimating Conference (the “May 2025 CEC”) was held on May 5, 2025, and resulted in updated estimates for cash assistance caseload, private community developmentally disabled services, and medical assistance expenditures for FY 2025 and revised estimates for FY 2026. In comparison to the FY 2025 Enacted Budget, the May 2025 CEC adopted estimate for FY 2025 decreases expenditures for cash assistance by \$2.4 million, increases expenditures for private community developmentally disabled services by \$7.0 million, and medical assistance by \$20.5 million, resulting in total expenditures of \$4,179.3 million. The estimated decrease in cash assistance expenditures assumes reduced costs for childcare subsidies and cash payments to individuals eligible for the Rhode Island Works Program. The estimated increase in medical assistance expenditures assumes higher costs for long term care expenditures, comprised of nursing and hospice care, and home and community care and lower enrollment in managed care plans.

FY 2026 costs are estimated at \$4,479.3 million, an increase of \$300.0 million as compared to the FY 2025 adopted estimates. This increase includes an additional \$9.0 million for cash assistance and an increase of \$277.2 million for medical assistance.

General revenue expenditures are estimated to increase by \$25.1 million for FY 2025 as compared to the November 2024 Caseload Estimating Conference (the “November 2024 CEC”), then increase by \$1.0 million in FY 2026.

May 2025 Revenue Estimating Conference

The May 2025 REC was held on May 9, 2025 and resulted in updated revenue estimates for FY 2025 and revised estimates for FY 2026. The conferees estimated general revenue receipts of \$5,617.6 million in FY 2025, an increase of \$61.0 million as compared to the November 2024 REC. This represents 3.7% growth from FY 2024 audited general revenues of \$5,418.7 million. Personal income taxes are estimated to be \$37.1 million higher, sales and use taxes \$19.0 million lower, and all other general revenues \$42.9 million higher than previously estimated, driven largely by stronger than expected receipts in estate tax, unclaimed property, departmental receipts, and lottery. The gain in other general revenues is net of a downward revision to financial institutions tax of \$27.2 million. The November 2024 REC estimate of

financial institutions tax used tax year 2023 receipts that included overpayments, which was made apparent when these taxpayers filed their tax year 2024 returns in April 2025. There was also \$4.8 million of motion picture production tax credits claimed against financial institutions tax in FY 2025.

Estimates for FY 2026 resulted in projected revenues of \$5,486.3 million, \$19.2 million more than the FY 2026 estimate adopted in the November 2024 REC. The decrease from the FY 2025 adopted total general revenue was mostly related to the Hospital Licensing Fee (HLF). For FY 2025, the enacted HLF was \$215.7 million. In the Governor's FY 2026 Budget the HLF is projected at \$232.5 million. This fee is traditionally renewed by the General Assembly on an annual basis but cannot be included in the REC estimates because it is not current law. Projected personal income tax revenue increased by \$10.1 million and sales and excise tax revenue was downwardly revised by \$34.9 million, though this is offset by \$42.0 million in net upward revisions in business taxes, estate tax, and other sources such as unclaimed property and lottery. The May 2025 REC assumed a 2.3% decline in total general revenues in FY 2026 compared to FY 2025. However, after adjusting for the HLF in FY 2026 (assuming the HLF in FY 2025 and FY 2026 is identical), total general revenues in FY 2026 are expected to increase by 1.5% compared to FY 2025.

FY 2025 Revised Revenues

The November 2024 Consensus Revenue Estimating Conference increased the FY 2025 total general revenue estimates by \$67.5 million from the original enacted estimates to \$5.557 billion, which is 2.5% above FY 2024 audited total general revenue. The Governor's proposed revisions to the FY 2025 Enacted Budget pending before the General Assembly as of April 2025 include an additional \$10.6 million in general revenue, consisting of \$5.9 million additional disproportionate share hospitals payment for the State-owned and operated Slater Hospital, and two transfers of excess reserves from quasi-governmental organizations totaling \$4.7 million. If enacted by the General Assembly, the Governor's proposed revisions would result in FY 2025 enacted general revenues of \$5.567 billion, representing total general revenue growth of 2.7% over FY 2024 audited total general revenue.

Personal Income Tax

Revised FY 2025 personal income tax revenues are estimated to grow at an annual rate of 5.2 percent. The bulk of this increase is in withholding, which is the largest component of personal income tax. Withholding is expected to increase by \$99.2 million, or 6.3%, over FY 2024 audited revenues.

Sales and Use Taxes

FY 2025 revised sales and excise tax revenues are projected to increase by 3.7 percent over FY 2024 audited revenues. By itself, the State's sales tax revenue is expected to grow by 4.2 percent in FY 2025. Cigarette revenue is also expected to decrease in FY 2025, which is related to a long-term structural decline by 3.4% in cigarette consumption, in spite of a cigarette tax rate increase and implementation of a tax on electronic nicotine delivery systems (ENDS), discussed above.

Business Taxes

General business taxes are expected to decrease in FY 2025 over FY 2024 audited revenues by 1.7 percent. The difference from the 2.6% decline expected in the original FY 2025 Enacted Budget is predominantly due to an upward revision of the financial institutions tax estimate at the November 2024 Revenue Estimating Conference.

Lottery

Lottery revenues in FY 2025 are expected to decline by 0.6 percent. The decline is driven by downward revisions in traditional lottery games, video lottery terminals, and table games, but is tempered by increases in remote sports betting and annualization of a full year of iGaming revenue.

Departmental Receipts

There were no changes made to the FY 2025 hospital licensing fee estimate at the November 2024 Revenue Estimating Conference or proposed in the Governor's FY 2025 Revised Budget. The Governor's FY 2025 Revised Budget includes a \$5.9 million increase in revenue from the disproportionate share hospitals payment to the State for the state-owned and operated Eleanor Slater Hospital.

Miscellaneous

The Governor's FY 2025 Revised Budget includes excess reserve transfers to general revenue of \$2.7 million from the Rhode Island Student Loan Authority and \$2.0 million from the Rhode Island Infrastructure Bank.

FY 2026 Recommended Revenues

The Governor's FY 2026 Budget revenues are comprised of \$5.467 billion of revenue estimated at the November 2024 Revenue Estimating Conference for FY 2026 and a net \$267.0 million of increased revenue from recommended changes.

Digital Advertising Tax

The Governor's FY 2026 Budget includes a digital advertising tax, which would be assessed at a rate of 10% of gross digital advertising sales revenues apportionable to Rhode Island for taxpayers with more than \$1.0 billion in global gross revenue, with an exemption for traditional media firms. The proposal is similar to one enacted in Maryland in 2022, which has faced several legal challenges currently moving through the courts as of April 2025.

Hospital Licensing Fee and Disproportionate Share Hospitals

The FY 2026 Budget includes recognition of a \$5.9 million increase in the Disproportionate Share Hospitals payment for the State-owned and operated Eleanor Slater Hospital, over the \$7.0 million assumed at the November 2024 REC. The budget includes the re-enactment and rebasing of the hospital licensing fee, which is projected to yield \$232.5 million in total general revenue, \$16.8 million over the FY 2025 enacted level.

Indirect Cost Recovery

The State currently assesses indirect cost recovery on agency restricted receipt accounts at a rate of 10%, with specific exceptions outlined in statute. The FY 2026 Budget proposes to increase the rate to 15%, which is projected to increase general revenues by \$6.8 million.

Financial Institutions Data Matching

The FY 2026 Budget includes an initiative that would allow the Division of Taxation to engage a vendor to pursue financial institutions data matching, allowing for cooperation with financial institutions to collect delinquent tax debts directly from the debtor's accounts. This initiative is projected to increase general revenues by \$5.3 million in FY 2026 if implemented.

Cigarette Excise Tax

The Governor proposes increasing the cigarette excise tax from \$4.50 per pack to \$5.00 per pack in FY 2026. This is expected to produce a net increase in general revenue of \$4.4 million, which includes \$1.3 million in floor stock tax and is net of approximately \$300,000 in decreased sales tax revenues due to decreased sales related to decreased cigarette consumption.

Miscellaneous

The FY 2026 Budget proposal includes miscellaneous smaller initiatives and adjustments to general revenues. These include: a \$2.9 million transfer of excess reserves to general revenue from the Rhode Island Student Loan Authority, a net loss of \$513,288 for flow through impacts of various Medicaid changes to the State's insurance gross receipts tax and healthcare facilities tax, a net increase of \$219,874 for the repeal of several underutilized tax credit and incentive programs, a revenue loss of \$85,714 to exempt gun safety items such as safes and trigger locks from sales and use tax, and \$90,497 of revenue related to the statutory 5% cost recovery on the Rhode Island Highway Maintenance Account due to implementation of an additional registration surcharge on electric vehicles.

Out-Year Revenue Changes

Finally, though it has no impact on FY 2026 budgeted revenues, it is noted that the Governor's budget included a proposal initiated by the State's General Treasurer to create a baby bond program. This

program would direct the General Treasurer to place \$3,000 into an investment fund for each child born in Rhode Island to a family enrolled in Rhode Island Works (the State's TANF program), or who enroll in Rhode Island Works within 12 months after the child's birth. The bond and any proceeds would then be paid out upon the child's 18th birthday. The funding for the investment would come from the unclaimed property program. The projected decrease in general revenue if enacted is \$750,000 in FY 2027 and \$500,000 annually thereafter.

In addition, the FY 2026 Budget includes an extension of the carryforward period for research and development expense tax credits by an additional eight years. This would only apply to credits earned starting in January 1, 2026, meaning the first year of impact will be in tax year 2034. This proposal is expected to reduce general revenue by \$0.9 million in tax year 2034, and gradually increase to a maximum revenue loss of \$3.6 million by tax year 2040.

Financial Tables

The tables on the following two pages set forth changes to the FY 2025 final enacted revenue estimates that were adopted at the November 2024 REC and the May 2025 REC, as well as changes to the FY 2026 estimates that were adopted at the November 2024 REC and the May 2025 REC.

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Changes to FY 2025 Adopted Revenue Estimates

	November 2024 REC Consensus Estimates	May 2025 REC Consensus Estimates	Changes to Adopted Estimates
Personal Income Tax	\$ 1,913,500,000	\$ 1,950,600,000	\$ 37,100,000
General Business Taxes			
Business Corporations	\$ 342,600,000	\$ 345,600,000	\$ 3,000,000
Public Utilities Gross	105,300,000	115,000,000	9,700,000
Financial Institutions	39,500,000	12,300,000	(27,200,000)
Insurance Companies	167,500,000	175,900,000	8,400,000
Bank Deposits	5,700,000	5,000,000	(700,000)
Health Care Provider	44,400,000	44,400,000	-
Sales and Use Taxes			
Sales and Use	\$ 1,704,000,000	\$ 1,682,000,000	\$ (22,000,000)
Motor Vehicle	-	-	-
Cigarettes	115,300,000	117,600,000	2,300,000
Alcohol	21,200,000	21,900,000	700,000
Other Taxes			
Estate and Transfer	\$ 65,500,000	\$ 80,500,000	\$ 15,000,000
Racing and Athletics	700,000	700,000	-
Realty Transfer	17,200,000	16,700,000	(500,000)
Total Taxes	\$ 4,542,400,000	\$ 4,568,200,000	\$ 25,800,000
Departmental Receipts	543,500,000	555,000,000	\$ 11,500,000
Total Taxes and Departmentals	\$ 5,085,900,000	\$ 5,123,200,000	\$ 37,300,000
Other Sources			
Other Miscellaneous	\$ 25,400,000	\$ 29,700,000	\$ 4,300,000
Lottery	424,000,000	431,100,000	7,100,000
Unclaimed Property	21,300,000	33,600,000	12,300,000
Other Sources	\$ 470,700,000	\$ 494,400,000	\$ 23,700,000
Total General Revenues	\$ 5,556,600,000	\$ 5,617,600,000	\$ 61,000,000

Changes to FY 2026 Adopted Revenue Estimates

	November 2024 REC Consensus Estimates	May 2025 REC Consensus Estimates	Changes to Adopted Estimates
Personal Income Tax	\$ 1,989,100,000	\$ 1,999,200,000	\$ 10,100,000
General Business Taxes			
Business Corporations	\$ 356,000,000	\$ 351,000,000	\$ (5,000,000)
Public Utilities Gross	106,900,000	112,500,000	5,600,000
Financial Institutions	25,300,000	21,200,000	(4,100,000)
Insurance Companies	172,000,000	180,900,000	8,900,000
Bank Deposits	5,900,000	5,200,000	(700,000)
Health Care Provider	46,900,000	46,900,000	-
	-		
Sales and Use Taxes			\$ -
Sales and Use	\$ 1,760,400,000	\$ 1,723,300,000	\$ (37,100,000)
Motor Vehicle	-	-	-
Cigarettes	110,100,000	111,600,000	1,500,000
Alcohol	21,200,000	21,900,000	700,000
Other Taxes			
Estate and Transfer	\$ 62,700,000	83,600,000	20,900,000
Racing and Athletics	700,000	700,000	-
Realty Transfer	18,200,000	17,400,000	(800,000)
			\$ -
Total Taxes	\$ 4,675,400,000	\$ 4,675,400,000	\$ -
Departmental Receipts	\$ 315,000,000	\$ 317,000,000	2,000,000
Total Taxes and Departmentals	\$ 4,990,400,000	\$ 4,992,400,000	\$ 2,000,000
Other Sources			
Other Miscellaneous	\$ 23,500,000	\$ 24,100,000	\$ 600,000
Lottery	432,700,000	441,000,000	8,300,000
Unclaimed Property	20,500,000	28,800,000	8,300,000
Other Sources	\$ 476,700,000	\$ 493,900,000	\$ 17,200,000
			\$ -
Total General Revenues	\$ 5,467,100,000	\$ 5,486,300,000	\$ 19,200,000

The table below provides a recent history of general revenues and the audited revenues for FY 2021 through FY 2024, and proposed revised revenues for FY 2025, and proposed revenues for FY 2026.

General Revenue by Fiscal Year: Recent History and Forecast
(In Millions)

	Audited FY 2021	Audited FY 2022	Audited FY 2023	Audited FY 2024	Gov Revised FY 2025	% Change	Gov Rec FY 2026	% Change
Personal Income Tax	\$ 1,615.51	\$ 1,985.92	\$ 1,813.61	\$ 1,819.19	\$ 1,913.50	5.2%	\$ 1,991.51	4.1%
General Business Taxes:								
Business Corporations	\$ 201.79	\$ 288.45	\$ 272.22	\$ 367.50	\$ 342.60	-6.8%	\$ 357.35	4.3%
Public Utilities	\$ 93.47	\$ 90.45	\$ 97.41	\$ 75.17	\$ 105.30	40.1%	\$ 106.90	1.5%
Financial Institutions	\$ 34.86	\$ 36.26	\$ 31.65	\$ 47.68	\$ 39.50	-17.2%	\$ 25.30	-35.9%
Insurance Companies	\$ 131.45	\$ 159.71	\$ 154.64	\$ 180.42	\$ 167.50	-7.2%	\$ 171.88	2.6%
Bank Deposits	\$ 3.82	\$ 4.21	\$ 4.62	\$ 5.52	\$ 5.70	3.3%	\$ 5.90	3.5%
Health Care Provider	\$ 35.12	\$ 38.04	\$ 39.85	\$ 40.68	\$ 44.40	9.1%	\$ 46.53	4.8%
Digital Advertising							\$ 9.46	
General Business Taxes	\$ 500.51	\$ 617.12	\$ 600.39	\$ 716.97	\$ 705.00	-1.7%	\$ 723.33	2.6%
Sales and Use Taxes:								
Sales and Use	\$ 1,341.47	\$ 1,511.44	\$ 1,564.77	\$ 1,635.43	\$ 1,704.00	4.2%	\$ 1,761.70	3.4%
Motor Vehicle	\$ 0.68	\$ 0.97	\$ 0.94	\$ 0.01	\$ -	-100.0%	\$ -	0.0%
Cigarettes	\$ 159.71	\$ 149.75	\$ 133.56	\$ 119.31	\$ 115.30	-3.4%	\$ 114.77	-0.5%
Alcohol	\$ 22.20	\$ 23.32	\$ 22.48	\$ 20.79	\$ 21.20	2.0%	\$ 21.20	0.0%
Controlled Substances	\$ 0.01	\$ 0.02	\$ -	\$ -	\$ -		\$ -	
Sales and Use Taxes	\$ 1,524.07	\$ 1,685.49	\$ 1,721.75	\$ 1,775.54	\$ 1,840.50	3.7%	\$ 1,897.67	3.1%
Other Taxes:								
Estate and Transfer	\$ 42.99	\$ 39.30	\$ 82.32	\$ 49.84	\$ 65.50	31.4%	\$ 62.70	-4.3%
Racing and Athletics	\$ 0.40	\$ 0.51	\$ 0.58	\$ 0.66	\$ 0.70	5.3%	\$ 0.70	0.0%
Realty Transfer Tax	\$ 17.77	\$ 22.12	\$ 16.51	\$ 15.73	\$ 17.20	9.3%	\$ 18.20	5.8%
Other Taxes	\$ 61.17	\$ 61.93	\$ 99.41	\$ 66.24	\$ 83.40	25.9%	\$ 81.60	-2.2%
Total Taxes	\$ 3,701.25	\$ 4,350.46	\$ 4,235.16	\$ 4,377.95	\$ 4,542.40	3.8%	\$ 4,694.11	3.3%
Total Departmental Receipts	\$ 402.63	\$ 433.13	\$ 491.64	\$ 552.30	\$ 549.40	-0.5%	\$ 560.28	2.0%
Taxes and Departmentals	\$ 4,103.89	\$ 4,783.59	\$ 4,726.79	\$ 4,930.25	\$ 5,091.80	3.3%	\$ 5,254.39	3.2%
Other Sources								
Other Miscellaneous	\$ 9.62	\$ 10.59	\$ 32.70	\$ 38.44	\$ 30.10	-21.7%	\$ 26.49	-12.0%
Lottery Commission Receipts	\$ 301.80	\$ 388.64	\$ 434.67	\$ 426.42	\$ 424.00	-0.6%	\$ 432.70	2.1%
Unclaimed Property	\$ 16.27	\$ 21.43	\$ 18.50	\$ 23.59	\$ 21.30	-9.7%	\$ 20.50	-3.8%
Other Sources	\$ 327.69	\$ 420.65	\$ 485.87	\$ 488.45	\$ 475.40	-2.7%	\$ 479.69	0.9%
Total General Revenues	\$ 4,431.58	\$ 5,204.24	\$ 5,212.66	\$ 5,418.70	\$ 5,567.20	2.7%	\$ 5,734.08	3.0%

FY 2025 Enacted Expenditures

The General Assembly passed the FY 2025 Enacted Budget with total expenditures of \$13,963.2 million, which is \$169.3 million less than the final budget enacted by the General Assembly for FY 2024 and \$252.8 million less than the Governor recommended in the budget for FY 2026.

Of total FY 2025 enacted expenditures, \$5,066.5 million is from federal funds which represents a decrease of \$541.8 million compared to the FY 2024 Budget, \$5,595.0 million is from general revenues or \$260.0 million more than the FY 2024 Budget, \$2,839.0 million is from other funds which is \$85.0 million more than the FY 2024 Budget, and \$463.1 million is from restricted receipt accounts, which is an increase of \$27.1 million as compared to the FY 2024 Budget. Expenditures are sorted into categories to group similar types of expenditures across departments. Spending on grants and benefits represents 35.0% of general revenue spending, primarily driven by expenditures under Medicaid. Local aid represents 32.8% of

general revenue spending, driven by additional funding for local education and the continued phase-out of the Motor Vehicles Excise Tax. Personnel expenditures represent 20.6% of general revenue spending. The remaining breakdown of general revenue expenditures represent 4.5% from other spending categories, 4.6% from operating supplies and expenses, and 2.5% from contract professional services.

The FY 2025 general revenue budget is up \$260.0 million compared to the FY 2024 Budget. The change by functional unit of Rhode Island government is primarily due to the following:

- General Government expenditures are down \$56.0 million; significant decrease results from excluding one-time and non-recurring investments that were included in FY 2024. This function includes agencies that provide general administrative services to other state agencies, assist in developing the state's workforce, assist municipalities in achieving fiscal health, and those that perform state licensure and regulatory functions.
- Health and Human Services expenditure increase by \$187.5 million due to adjustments to anticipated caseloads. The Health and Human Services function of state government engages in a broad spectrum of activities including, but not limited to, medical assistance, economic support, rehabilitation services, client subsidies, case management, residential support, behavioral healthcare, and services for at-risk children, advocacy, and medical provider regulation.
- Education expenditures are up \$96.8 million due to proposed changes to the education aid funding formula for local school districts and State-operated schools and increased support for the public higher education intuitions. This includes state support for local education aid, support for the state university and colleges, and scholarships. Proposed changes to the education aid funding formula includes calculating the funding formula with October 2024 enrollment data, which demonstrated a decline from March 2024 enrollment. The proposal would also increase the student success factor from 40 percent to 43 percent for school districts where at least 60 percent of enrolled students were in poverty: Central Falls, Newport, Pawtucket, Providence, and Woonsocket.
- Public Safety expenditures are up by \$32.2 million which fully finances all public safety agencies at current services. Public Safety agencies provide law enforcement, adjudication, perform correction and rehabilitative services, and handle emergencies impacting Rhode Island's citizens.
- Natural Resources expenditures are down \$0.6 million which fully finances all natural resources agencies at current services. Agencies include the Department of Environmental Management (DEM) and the Coastal Resources Management Council (CRMC). The DEM manages the protects Rhode Island's public and common natural assets, including land, air and water resources, while the CRMC seeks to preserve, protect and restore the coastal resources of the State.

Notable initiatives in the FY 2025 Enacted Budget include the following:

Washington Bridge Small Business Relief. The FY 2025 Enacted Budget includes \$2.6 million in federal State Fiscal Recovery Funds to provide relief to small businesses located in East Providence and Providence impacted by the closure of the Washington Bridge.

Support for Local Education. The FY 2025 Enacted Budget contains various enhancements to state support for local education agencies. Notably, the FY 2025 budget adds an additional \$71.0 million above the prior enacted level for operating support for local education agencies, primarily through modifications to the education funding formula including: technical changes to the methodologies by which student poverty and community wealth are recognized in the formula; and additional funding for English language learners and students requiring high-cost special education services.

Tangible Tax Relief. Rhode Island municipalities assess a tax on tangible personal property, which primarily impacts businesses, and has been criticized as a negative contributor to the State's business climate. The FY 2024 Budget established a \$50,000 tangible personal property tax exemption for which the State shall reimburse municipalities for forgone revenue. This is expected to result in approximately \$28.0 million annually in reimbursement to municipalities beginning in FY 2025. The FY 2025 Enacted Budget includes \$28.0 million to pre-fund the first year of this obligation as the exemption went into effect at the beginning of FY 2025.

Social and Human Services Program Review Rate Increases. The FY 2025 Enacted Budget includes an additional \$62.3 million to fully implement the Office of Health Insurance Commissioner's recommended rate increases included in the Commissioner's final report on the Social and Human Services Programs Review.

One-Time Investments. The FY 2025 Enacted Budget includes several one-time expenditures such as \$5.0 million for education coaching services, \$2.7 million for the Primary Care Training Sites program, and \$1.0 million for the Medical Debt Relief program, which will be administered by the Office of General Treasurer. The FY 2024 Budget also included one-time expenditures of \$35.0 million for the defeasance of debt, \$28.0 million for the prefunding of the state's low-income housing tax credit program, and \$13.0 million for IT projects.

Housing Initiatives. The FY 2025 Enacted Budget contains various initiatives in support of the Department of Housing and statewide housing initiatives. The FY 2025 Enacted Budget authorized \$120.0 million in general obligation bonds that were approved by voters on November 5, 2024 for various initiatives related to housing production and infrastructure, community revitalization and homeownership. The FY 2025 Enacted Budget also provides \$5.0 million in restricted receipts to recapitalize the Housing Resources and Homelessness Fund, formerly known as the Housing Resources Commission Fund. In addition, \$219.0 million of federal ARPA State Fiscal Recovery Funds was appropriated from FY 2022 through FY 2024 to produce and preserve housing units.

Green Economy Initiatives. The FY 2025 Enacted Budget authorized \$53.0 million in general obligation bonds, which were approved by voters on November 5, 2024, for various environmental and

recreational purposes such as Port of Davisville infrastructure development at the Quonset Development corporation, municipal resiliency, and local recreation and open space projects.

Extend Sunsets and Fund Various Economic Development Initiatives. The 2025 Enacted Budget extends the sunset provisions for the Rebuild RI, Wavemaker student loan forgiveness, Main Street Rhode Island Streetscape Improvement Fund, Innovation Initiative, Tax Increment Financing, Tax Stabilization Incentive, First Wave Closing Fund, I-195 Redevelopment Fund, Small Business Assistance Program, High School, College, and Employer Partnerships, Air Service Development, and the Qualified Jobs Tax Credit programs from December 31, 2024 to December 31, 2025. The FY 2025 Enacted Budget also adds a \$13.3 million increase in general revenues for these programs, of which \$10.1 million is for the Rebuild RI program.

American Rescue Plan Act

The American Rescue Plan Act (ARPA) was signed into law by President Biden on March 11, 2021. ARPA was the sixth COVID -19 relief bill enacted by Congress and provided approximately \$1.9 trillion in assistance. ARPA includes significant fiscal relief funding for state and local governments, as well as additional funding for numerous federal grant programs.

Rhode Island received approximately \$1.13 billion in State Fiscal Recovery Funds under ARPA. ARPA provided resources to state, local, and Tribal governments to recover from the pandemic and to replace revenue lost due to the public health emergency. Initially, State Fiscal Recovery Funds could be used to (1) respond to the public health emergency or its negative economic impacts; (2) assist workers performing essential work; (3) support government services to the extent of a reduction in revenue due to the public health emergency; and (4) make necessary investments in water, sewer or broadband infrastructure. Since May 2023, State Fiscal Recovery Funds can no longer be used to assist workers performing essential work. State Fiscal Recovery Funds had to be obligated by December 31, 2024 and must be fully spent by December 31, 2026. The State was able to fully obligate its State Fiscal Recovery Funds allocation by the December 31, 2024 deadline.

In his State FY 2025 budget submission, Governor McKee recommended spending priorities for the State's \$1.13 billion allocation of State Fiscal Recovery Funds. These proposals included projects that will result in lasting benefits to the State, such as investments in affordable housing, climate, and workforce and economic development. The General Assembly included a vast majority of the Governor's proposed uses of State Fiscal Recovery Funds in the State FY 2025 Enacted Budget. As of June 30, 2024, \$641.0 million of State Fiscal Recovery Funds had been spent on 85 approved projects. Of these 85 projects, 15 had reached full completion.

FY 2025 Third Quarter Report

The State Budget Office issued its statutorily required report on the status of revenues and projected expenditures as of the end of the third quarter of FY 2025 on May 15, 2025. The report reflected a \$186.6 million surplus for FY 2025. This projected budget surplus is due to: (i) an opening surplus of \$326.4

million; (ii) reappropriations of \$34.6 million; (iii) current year general revenues of \$5,617.5 million as determined by the May 2025 REC revised upward by \$61.0 million relative to the November 2024 REC adopted estimate; (iv) \$178.3 million in reserve fund contributions; and (v) a net downward revision in projected agency spending of \$16.0 million relative to enacted appropriations.

The major categories of expenditure adjustments are as follows:

- A decrease of \$11.5 million within the various programs subject to the May 2025 CEC.
- A net downward revision in other agency spending totaling \$8.4 million.
- The redirection of a \$4.0 million transfer to the Low Income Housing Tax Credit Fund (a restricted receipt account) from standard agency appropriations to a fund balance adjustment, in accordance with governmental accounting principles.¹

FY 2026 Recommended Expenditures

The FY 2026 Budget was submitted to the General Assembly on January 16, 2025.

The FY 2026 Budget includes targeted initiatives to improve K-12 education, homeless support, and work-training programs to help individuals on all stages of career paths, as well as funding for local infrastructure projects.

Work-Based Learning. The Governor recommends \$2.0 million in new general revenue expenditures to support work-based learning opportunities for more than 1,000 young people. This funding would supplement \$4.0 million in existing Job Development Funds that allows for meaningful work experience through programs such as Real Skills for Youth and the PrepareRI High School Internship.

K-12 Funding. The Governor recommends \$1,600.3 million in education aid (compared to the Fiscal Year 2025 enacted level of \$1,540.7 million) for public and charter local education agencies, and the Central Falls, Met, and Davies school districts. The proposal recommends calculating the funding formula with October 2024 enrollment data, which demonstrated a decline from March 2024 enrollment. The proposal would also increase the student success factor funding share for poverty-level students from 40 percent to 43 percent for school districts where at least 60 percent of enrolled students were in poverty: Central Falls, Newport, Pawtucket, Providence, and Woonsocket.

Learn365RI and Other Educational Support. The Governor recommends \$2.5 million in general revenue expenditures for the Learn365RI initiative. This initiative focuses on making education a 365-day per year endeavor by building partnerships among municipalities, local education agencies, and community-based organizations. The funds, which complement \$5.0 million appropriated in Fiscal Year 2025, would finance the next round of municipal grants. Additionally, the Governor recommends \$20.3

¹ The FY 2024 Budget established the first State Low-Income Housing Tax Credit in RI, which provides a tax incentive to developers to expand housing options for low-income households.

million in general revenue expenditures for the Rhode Island Promise and Hope Scholarship programs, which compliments \$17.2 million included in the Fiscal Year 2025 Enacted Budget.

RhodeRestore. Federal pandemic funding made it possible for the State to launch the Municipal Roads Grant Program – now known as RhodeRestore. The Department of Transportation is distributing \$27 million in State Fiscal Recovery Funds across all 39 cities and towns to build and maintain roads, bridges, and sidewalks. The program requires a 67 percent local contribution, meaning that the federal funds are leveraging an additional investment from cities and towns. Seven hundred lane-miles of road and almost 25 miles of sidewalks are being improved.

The Governor recommends investing \$6.5 million more in RhodeRestore, with the intent of making it a permanent program and to provide cities and towns with a reliable funding source to defray the costs of transportation infrastructure projects.

Housing and Homelessness Initiatives. The Governor recommends closing the whole-home short-term rental tax loophole as a new dedicated funding stream for the Housing Resources and Homelessness Fund. The 5.0 percent hotel tax currently applies to hotels, motels, and partial home short-term rentals (i.e., renting a room in a home) – but not to whole-home short-term rentals. The Governor proposes eliminating this exception and applying the 5.0 percent tax to whole-home short-term rentals effective January 1, 2026. The proposal is projected to generate \$2.1 million over the last six months of Fiscal Year 2026 and \$4.7 million in Fiscal Year 2027.

The budget also proposes increasing the real estate conveyance tax for properties above \$800,000 from 0.92 percent to 1.25 percent to match Connecticut’s rate, starting October 1, 2025, with additional revenues allocated to the Housing Resources and Homelessness Fund. This change would generate an additional \$2.3 million in Fiscal Year 2026 and \$3.4 million in Fiscal Year 2027 to assist people experiencing homelessness.

Extending the R&D Expense Tax Credit and Streamlining Tax Credits. The Governor recommends extending the number of years that eligible businesses can use the Research and Development Expense Tax Credit from seven to fifteen years to bring the State in line with Massachusetts and Connecticut. Rhode Island’s current relatively short carryforward means that startups with low tax liabilities do not experience noteworthy tax benefits before the credit expires.

Governor’s Budget Amendments

Throughout the legislative session, it is customary for the Governor of the State to submit budget amendments, referred to as Governor’s Budget Amendments (“GBAs”), to the General Assembly for the current and next succeeding fiscal year. GSAs typically reflect updates to technical assumptions and expenditure trends, recent developments, emerging priorities and/or other budgetary refinements and reallocations of funds related to the State’s operations. Upon their submission to the General Assembly, the GSAs are published on the Budget Office and legislative websites and may be the subject of legislative hearings.

The Governor has submitted a number of GBAs for the FY 2025 Revised Budget and the FY 2026 Budget related to various projects and policy priorities. One such GBA authorizes the Executive Office of Health and Human Services to request approval from the Centers for Medicare & Medicaid Services for a new Medicaid reimbursement rate structure that would support a 21-bed long-term care behavioral health inpatient unit at Our Lady of Fatima Hospital, located in North Providence. This behavioral healthcare inpatient unit would serve higher-acuity patients with complex needs.

This GBA recommends an appropriation of approximately \$4.3 million in State general revenues to finance the associated costs of the new Medicaid reimbursement rate structure. If approved by CMS, it is anticipated that the \$4.3 million in State funding would be leveraged with federal matching funds totaling approximately \$5.7 million. The recommended \$4.3 million appropriation is made possible through savings generated by the Department of Human Services and the Office of Healthy Aging's At-Home Cost Share program.

FY 2025/FY 2026 General Revenue Budget Surplus

The table on the following page provides a recent history of the general revenue budget surplus and the projected general revenue budget surplus based on the FY 2025 Revised Budget and FY 2026 Budget, along with balances in the Cash Stabilization Account.

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FY 2023-FY 2026 General Revenue Budget Surplus

	FY 2023 Actual	FY 2024 Actual	FY 2025 Final Enacted	FY 2025 Revised	FY 2026 Recommended
Surplus					
Opening Surplus	\$ 209,649,745	\$ 412,262,973	\$ 279,019,055	\$ 326,355,037	\$ 187,402,996
Adjustment to Opening Surplus - FEMA	\$ 270,762,495	\$ 23,811,475	\$ -	\$ -	\$ -
Adjustment to Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -
Reappropriated Surplus	\$ 19,442,046	\$ 45,152,130	\$ -	\$ 34,569,423	\$ -
Subtotal	\$ 499,854,286	\$ 481,226,578	\$ 279,019,055	\$ 360,924,460	\$ 187,402,996
General Taxes	\$ 4,235,156,196	\$ 4,377,950,240	\$ 4,474,226,640	\$ 4,542,400,000	\$ 4,694,111,963
Departmental Revenues	\$ 491,637,590	\$ 552,303,254	\$ 517,617,468	\$ 549,400,000	\$ 560,282,052
Other Sources					
Other Miscellaneous	\$ 32,701,548	\$ 38,439,513	\$ 27,273,253	\$ 30,100,000	\$ 26,490,497
Lottery	\$ 434,666,769	\$ 426,419,555	\$ 449,400,000	\$ 424,000,000	\$ 432,700,000
Transfer from Budget Reserve	\$ -	\$ -	\$ -	\$ -	\$ -
Unclaimed Property	\$ 18,502,832	\$ 23,591,279	\$ 20,600,000	\$ 21,300,000	\$ 20,500,000
Subtotal	\$ 485,871,149	\$ 488,450,347	\$ 497,273,253	\$ 475,400,000	\$ 479,690,497
Total Revenues	\$5,212,664,935	\$ 5,418,703,841	\$ 5,489,117,361	\$ 5,567,200,000	\$ 5,734,084,512
Transfer to Budget Reserve and Cash Stabilization Account	\$ (162,669,440)	\$ (175,124,919)	\$ (173,044,092)	\$ (176,806,652)	\$ (177,644,626)
Total Available	\$5,549,849,781	\$ 5,724,805,500	\$ 5,595,092,324	\$ 5,751,317,808	\$ 5,743,842,882
Total Expenditures	\$5,074,929,246	\$ 5,236,111,578	\$ 5,594,861,257	\$ 5,610,670,520	\$ 5,743,054,676
Transfers: Various Transfers, FEMA					
Reimbursement Related Expenditures	\$ (17,505,432)	\$ (127,769,462)	\$ (100,000)	\$ 46,755,708	\$ -
Total Ending Balances	\$ 457,415,103	\$ 360,924,460	\$ 131,067	\$ 187,402,996	\$ 788,206
Reappropriations (to following year)	\$ (45,152,130)	\$ (34,569,423)	\$ -	\$ -	\$ -
Free Surplus	\$ 412,262,973	\$ 326,355,037	\$ 131,067	\$ 187,402,996	\$ 788,206
Budget Reserve and Cash Stabilization Account	\$ 271,115,734	\$ 291,874,865	\$ 289,306,286	\$ 288,462,893	\$ 280,856,885

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Cash Flow

The State's cash position has remained positive for the past ten years and has allowed the State to avoid having to issue tax anticipation notes since FY 2012. As described further below under "State Direct Debt/Tax Anticipation Notes/Liquidity Facilities," the State did establish two lines of credit for \$150.0 million each at the start of the COVID-19 public health emergency. The minimum draw of \$5.0 million from each line was in place for most of 2020, but both lines were repaid and terminated in March 2021.

Current projections for the State's cash position remain positive and the State does not currently anticipate having to issue tax anticipation notes during FY 2025.

The following tables provide cash flow detail for FY 2024 and projected FY 2025. The data in both years are based on actual cash flow activity in the general fund as recorded by Treasury's cash management unit and may not tie out to the State's audited financial statements due to rounding, timing, or accounting treatment.

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CASH FLOW FY 2024

	July 2023	August 2023	September 2023	October 2023	November 2023	December 2023	January 2024	February 2024	March 2024	April 2024	May 2024	June 2024	TOTAL 2024
Beginning Balance	1,544,052,313	1,388,559,050	1,328,325,787	1,331,524,494	971,524,515	927,178,503	926,918,926	978,361,298	1,106,587,741	871,918,562	1,383,641,121	1,445,080,442	1,544,052,313
Add: Receipts/Deposits													
Corrections ACH	85,085	52,403	50,466	256,416	34,335	47,627	108,805	122,214	110,062	281,647	136,219	116,288	1,401,568
Motor Vehicles ACH & CHK	21,152,200	24,629,528	23,532,029	22,089,554	21,285,086	18,700,434	22,754,389	42,758,976	29,273,265	26,536,872	25,638,808	25,365,922	303,717,062
Dept of Education ACH	51,683,331	12,105,636	44,150,778	17,712,253	37,243,459	33,534,692	47,072,496	81,045,899	54,160,493	42,889,225	51,118,754	23,105,338	495,822,354
Dept Bus Reg ACH & CHK	1,787,056	2,537,680	2,802,572	1,702,533	7,113,054	2,967,935	3,010,347	5,361,772	2,467,009	2,944,992	2,750,098	3,004,769	38,449,818
Secretary of State CHK	267,034	292,389	210,157	230,334	223,433	180,971	285,226	712,572	357,100	265,440	283,521	214,643	3,522,819
Dept Env Mgt ACH & CHK	1,089,376	869,996	948,719	2,442,707	3,040,704	7,057,057	4,858,099	7,682,900	3,069,105	7,538,952	6,880,258	3,391,923	48,869,797
Dept of Health ACH & CHK	2,535,938	13,876,282	2,496,155	9,019,967	2,193,555	6,417,572	3,392,228	25,424,671	1,793,812	6,558,925	8,806,280	1,535,583	83,850,968
EOHHS ACH & CHK	97,956,832	68,388,886	71,279,131	96,560,364	43,650,270	75,176,481	75,704,325	150,037,873	102,968,305	244,726,282	83,338,933	42,048,507	1,151,836,189
RI Housing ACH	830,972	340,163	435,067	-	-	-	-	-	-	-	-	-	1,606,202
Courts ACH & CHK	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	1,050,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,520,000	24,570,000
Miscellaneous ACH Credits	19,964,245	21,097,641	179,473,377	17,930,122	15,477,914	38,635,929	40,591,712	44,172,398	22,864,086	24,953,368	24,217,851	23,699,136	473,077,778
Misc Other Check & CC Deposits	16,448,792	4,780,184	2,554,306	3,106,018	15,148,866	5,984,460	9,276,187	8,128,780	5,087,316	4,880,079	5,938,145	3,898,623	85,231,756
Medicaid ACH Receipts	326,457,133	128,229,463	258,548,710	1,399	177,330,000	144,870,557	178,692,713	139,593,930	239,430,000	204,198,003	136,653,993	176,582,081	2,110,587,983
Lottery Wires In	-	37,081,424	35,203,623	38,500,145	32,466,667	32,466,667	32,466,667	32,466,667	32,466,667	32,466,667	32,466,667	64,933,334	402,985,195
Payroll Receipts	14,783,306	15,430,464	21,273,009	14,006,910	20,342,520	13,367,368	13,051,231	14,955,868	13,608,364	16,807,023	24,883,928	14,034,430	196,544,420
Transfers in from DOT/ISTEA	-	177,397	212,957	10,047,356	9,527,887	4,407	9,529,368	5,920	4,759	9,531,376	12,298	41,363	39,095,888
Transfers in from University	33,576,785	35,148,403	53,556,549	36,242,283	35,024,359	34,605,769	34,691,954	37,493,254	54,417,512	37,349,771	35,055,225	33,827,996	460,989,858
Transfers in from Bond Capital	-	598,938	463,787	784,132	435,167	390,632	278,987	8,865	19,675,657	33,662	265,172	163,892	23,098,892
Taxation ACH & CHK Receipts	476,797,503	333,365,126	483,883,422	338,400,999	309,514,364	446,496,260	362,819,864	330,969,394	393,940,522	705,392,653	415,840,643	486,930,801	5,084,351,552
Miscellaneous Receipts	114,760,018	3,084,495	2,265,411	1,629,324	16,129,328	4,780,800	13,696,089	7,267,799	4,901,572	1,614,197	3,349,661	18,937,107	210,468,781
Misc Splits / CSH / Interfund	17,440,449	8,115,875	1,735,466	62,021,026	20,253,188	20,988,824	17,901,000	10,351,611	7,865,672	2,923,826	23,410,454	46,386,748	239,394,139
Interest	-	-	-	-	-	-	-	-	-	127,363	-	-	127,363
Credit Line Draw	-	-	-	-	-	-	-	-	-	-	-	-	0
Total Receipts	1,199,716,055	712,302,373	1,186,592,584	693,419,928	768,534,155	887,724,443	872,281,684	940,661,363	990,561,279	1,374,120,324	882,946,910	970,738,485	11,479,599,584
Less: Disbursements													
Temp Assist. for Needy Families (TANF)	3,221,760	3,801,632	2,015,203	2,012,847	1,608,188	1,795,435	1,649,282	1,688,687	1,760,079	1,754,585	1,836,183	1,420,815	24,564,696
Pension St Teachers Share	20,891,107	4,823,136	1,621,227	8,858,113	9,805,301	356,706	10,683,953	10,444,007	11,320,799	11,026,153	9,993,302	9,956,377	110,060,182
Pension Supplemental	-	-	-	-	-	-	-	-	-	-	-	-	0
SSI Payments	1,376,213	1,390,201	1,302,486	3,042,052	1,331,955	234,000	2,649,829	1,315,645	1,319,696	88,000	2,743,445	1,513,811	18,307,334
Medicaid Payments	453,158,770	200,553,737	376,652,194	286,645,752	257,073,314	221,762,397	257,297,020	196,058,443	354,762,108	182,896,619	190,599,333	241,842,848	3,219,302,536
RICAP Funding Payments	-	-	-	-	-	15,000,000	-	-	-	-	-	148,000,000	163,000,000
Bond Cap Advanced from GF	7,000,000	-	21,500,000	-	-	28,000,000	-	-	19,667,673	-	-	-	76,189,993
Transfers out to University	28,769,994	20,627,070	30,940,609	15,533,229	13,577,138	15,516,238	16,816,224	13,581,425	13,588,619	20,336,628	20,608,695	13,557,736	223,453,607
Personal / Corp. Income Tax Payments	18,653,101	15,780,713	20,599,081	41,295,443	22,658,537	14,121,671	14,618,064	49,640,968	104,346,702	87,125,616	41,643,548	26,708,228	457,191,673
Debt Service Payments	65,967,263	4,998,500	11,885,652	24,555,570	4,731,197	248,606	24,248,027	7,616,750	22,176,176	46,448,694	12,486,079	9,263,608	234,626,122
DHS - Child Care Assistance Program	5,104,881	5,368,559	5,240,205	4,742,902	4,498,121	7,120,472	4,750,656	4,704,980	4,850,622	4,807,672	4,658,449	6,658,996	62,506,516
Healthcare Finance HCFA	-	-	-	-	-	-	-	-	5,301,208	-	-	-	5,301,208
Payroll Direct Deposit & Checks	58,265,699	63,914,811	57,888,388	58,052,907	56,825,207	56,825,207	56,825,207	56,825,207	85,237,810	56,825,207	56,825,207	56,825,207	721,136,061
Fed FICA Payroll	885	-	-	-	-	-	20	-	60	-	750	-	4,215
Payroll Miscellaneous & RICU	5,037,763	5,077,641	5,205,475	5,137,285	5,326,795	5,328,843	5,326,795	5,328,843	7,992,241	5,326,795	5,328,843	5,328,843	65,746,163
Payroll/ Workers Comp	3,135,946	3,132,026	4,775,659	3,200,766	3,177,731	3,177,731	3,177,731	3,177,731	4,766,596	3,177,731	3,177,731	3,177,731	41,255,109
Payroll/ Health Insurance	20,965,432	22,972,035	30,137,539	20,226,034	22,189,297	22,189,297	22,189,297	22,189,297	33,283,945	22,189,297	22,189,297	22,189,297	282,910,060
Payroll/ Retirement Contribution	24,133,662	23,627,521	23,858,925	23,976,668	23,664,593	23,671,263	23,664,618	23,664,618	35,480,277	23,633,141	23,664,786	23,668,834	296,708,906
Transfers out to DOT/ISTEA	12,293,309	13,190,997	13,490,455	57,491,464	16,617,989	42,382,698	28,391,860	16,237,340	21,474,086	11,799,034	28,264,547	45,481,809	307,115,588
Misc Dbts (ex. Fees and Adjustments)	100,021,634	1,513,869	1,361,522	31,056	2,109,985	109,214	106,580	311,958	1,535,130	38,353	1,240,210	20,835	108,400,343
Disb. Check/ACH Pmts (ex. St/School Aid)	490,246,107	365,056,537	392,880,501	467,532,904	329,567,724	411,079,541	309,464,192	381,739,111	441,763,498	355,087,637	340,438,562	321,801,116	4,606,657,431
Misc Split / CSH / Interfund	6,257,887	8,187,716	13,781,275	28,485,336	18,849,961	8,102,342	18,449,961	11,465,287	12,988,258	5,234,589	26,372,011	37,612,401	289,697,818
General Fund Direct Pmts	30,707,906	8,518,935	69,677,999	17,303,639	9,631,759	10,962,361	19,849,997	6,444,623	41,614,876	24,602,014	29,436,612	169,295,317	438,046,038
Debt Repayments	-	-	-	-	-	-	-	-	-	-	-	-	0
Total Disbursements	1,355,209,318	772,535,636	1,183,393,878	1,053,419,907	812,880,166	887,984,020	820,839,313	812,434,919	1,225,230,458	862,397,765	821,507,589	1,144,348,629	11,752,181,598
Overall Cash Position	1,388,559,050	1,328,325,787	1,331,524,494	971,524,515	927,178,503	926,918,926	978,361,298	1,106,587,741	871,918,562	1,383,641,121	1,445,080,442	1,271,470,299	1,271,470,299

CASH FLOW FY 2025														
	July 2024	August 2024	September 2024	October 2024	November 2024	December 2024	January 2025	February 2025	March 2025	April 2025	May 2025	June 2025	TOTAL 2025	
Beginning Balance	1,271,470,299	1,134,520,147	758,725,019	1,004,181,166	1,033,897,461	796,607,752	883,274,856	669,480,654	420,705,334	428,939,161	391,147,260	241,296,986	1,271,470,299	
Add: Receipts/Deposits											Estimated	Estimated		
Corrections ACH	67,899	113,491	92,583	71,942	61,088	62,423	168,712	58,611	44,016	155,638	140,878	218,527,837	219,565,117	
Motor Vehicles ACH & CHK	23,251,605	23,628,776	24,749,211	25,220,163	19,062,131	21,674,778	23,343,618	23,434,425	28,896,649	26,722,438	26,991,874	35,711,266	302,686,934	
Dept of Education ACH	9,248,569	8,064,174	4,873,557	2,208,636	4,926,104	5,572,570	19,830,608	6,493,580	12,370,717	10,482,210	20,776,601	13,146,854	117,994,180	
Dept Bus Reg ACH & CHK	1,930,811	1,569,629	1,147,423	1,363,443	5,978,887	2,605,053	1,781,434	3,814,139	2,191,233	4,822,124	5,906,541	95,680,338	128,791,056	
Secretary of State CHK	194,365	201,176	167,346	135,745	166,290	145,609	255,589	333,228	353,614	299,939	260,142	189,576	2,702,618	
Dept Env Mgt ACH & CHK	2,198,861	1,426,852	4,385,089	1,876,240	2,926,158	1,500,925	6,524,520	1,585,735	2,020,723	1,376,368	3,763,431	4,832,380	34,417,281	
Dept of Health ACH & CHK	2,905,948	2,364,996	18,353,467	11,765,607	2,203,267	9,892,034	10,958,665	11,173,382	782,645	12,062,479	10,529,121	1,132,938	94,124,548	
EOHHS ACH & CHK	48,316,525	44,487,075	97,372,223	68,831,945	44,679,296	105,137,824	53,649,340	56,304,186	62,923,372	46,521,895	48,499,906	41,540,814	718,264,402	
RI Housing ACH	-	-	-	-	-	-	-	-	-	-	6,930	100,888,689	100,895,619	
Courts ACH & CHK	2,100,000	1,050,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,989,638	25,039,638	
Miscellaneous ACH Credits	91,723,763	51,464,191	75,842,856	42,649,330	36,929,248	98,705,287	33,513,193	21,292,417	82,699,023	58,861,239	57,089,427	581,452	651,351,427	
Misc Other Check & CC Deposits	7,761,712	11,938,934	7,321,512	4,568,408	3,284,472	4,167,647	13,087,442	3,791,708	5,054,275	4,988,623	4,919,656	8,286,451	79,170,840	
Medicaid ACH Receipts	205,375,667	217,620,952	208,970,590	213,571,940	227,926,200	205,888,229	213,355,373	313,402,853	198,551,738	194,631,832	266,293,267	203,371,943	2,668,960,583	
Lottery Wires In	-	538,825	7,770,000	-	-	-	-	-	-	-	-	-	8,308,825	
Payroll Receipts	15,469,084	24,383,193	15,176,164	15,244,059	12,623,739	15,487,168	24,310,269	26,428,392	15,315,719	15,381,756	15,706,578	15,782,757	211,308,878	
Transfers in from DOT/ISTEA	-	659,897	663,911	9,477,138	516,695	483,619	9,547,248	-	1,191,658	10,882,165	639,112	695,713	34,757,155	
Transfers in from University	37,881,344	59,419,056	41,320,332	40,528,048	39,788,363	39,741,727	60,908,009	40,846,875	40,620,731	40,910,114	40,691,689	39,823,374	522,479,660	
Transfers in from Bond Capital	1,311,764	1,795,008	1,367,817	-	-	-	-	-	-	-	-	-	4,474,589	
Taxation ACH & CHK Receipts	550,578,694	328,942,658	535,831,686	366,808,334	287,175,689	541,493,331	407,716,092	311,139,659	487,287,915	697,679,483	328,941,319	726,752,804	5,570,347,666	
Miscellaneous Receipts	6,674,121	7,830,641	85,983,918	24,735,078	17,417,519	1,869,896	19,427,149	63,071,544	250,394,502	13,020,477	7,576,096	21,436,979	519,437,922	
Misc Splits / CSH / Interfund	6,009,589	53,618,399	137,135,622	57,785,411	6,789,338	21,860	6,139,932	65,974,860	63,260,108	26,384,462	63,966,138	48,183,270	535,268,991	
Interest	-	-	-	-	-	-	-	-	-	127,363	-	-	127,363	
Credit Line Draw	-	-	-	-	-	-	-	-	-	-	-	-	0	
Total Receipts	1,013,000,322	841,117,925	1,270,625,308	888,941,465	714,554,486	1,056,549,978	906,617,191	951,245,595	1,256,058,638	1,167,410,606	904,798,705	1,579,555,074	12,550,475,292	
Less: Disbursements														
Temp Assist. for Needy Families (TANF)	2,613,889	2,276,744	2,592,978	2,185,033	1,667,199	3,086,217	2,088,408	2,640,338	2,294,195	2,547,897	2,674,199	4,431,974	31,099,071	
Pension St Teachers Share	19,662,450	7,509,769	1,895,449	10,369,558	11,628,167	14,121,451	10,718,918	13,215,839	12,258,989	17,237,045	13,029,419	12,198,976	143,846,031	
Pension Supplemental	-	-	-	-	-	-	-	-	-	-	-	-	0	
SSI Payments	1,435,562	1,353,088	1,473,670	1,455,700	1,453,279	1,478,162	1,435,782	1,322,861	1,415,123	1,446,956	1,444,086	1,426,665	17,140,934	
Medicaid Payments	315,962,565	334,801,464	321,493,215	309,524,550	330,327,826	298,388,737	309,210,685	454,207,034	287,756,142	282,075,119	385,932,271	294,741,946	3,924,421,555	
RICAP Funding Payments	-	-	-	-	-	-	-	-	-	-	-	-	0	
Bond Cap Advanced from GF	-	-	23,520,000	-	-	5,250,000	-	-	-	1,197,213	-	12,600,000	42,567,213	
Transfers out to University	23,733,805	35,382,350	23,588,233	16,902,199	25,353,297	16,902,200	26,646,455	20,177,951	17,097,959	17,021,567	21,840,420	28,708,393	273,354,829	
Personal / Corp. Income Tax Payments	20,425,175	15,710,606	10,804,005	22,963,250	27,690,064	19,685,274	12,529,222	96,770,956	94,743,934	130,957,374	44,574,503	23,208,629	520,062,994	
Debt Service Payments	27,114,413	69,992,305	13,290,212	45,730,369	25,952,535	191,500	16,744,865	10,734,505	-	12,864,452	31,199,398	1,701,500	255,516,052	
DHS - Child Care Assistance Program	5,186,978	6,038,448	5,369,294	7,408,833	5,167,346	5,042,998	5,073,936	5,121,462	5,071,207	7,609,452	5,445,923	5,227,253	67,763,130	
Healthcare Finance HCFA	-	14,920,948	16,209,035	31,870,845	24,833,043	15,809,911	8,726,366	23,893,305	16,815,843	16,567,054	16,492,809	25,226,379	211,365,537	
Payroll Direct Deposit & Checks	64,575,292	98,475,793	65,979,567	65,674,486	65,398,962	65,681,302	99,032,131	65,350,372	64,371,274	64,582,385	65,039,395	65,773,953	849,934,912	
Fed FICA Payroll	6,812,260	40,313,793	39,179,622	26,782,007	24,501,937	24,277,706	37,815,572	23,658,638	24,116,689	24,073,381	24,000,750	24,000,000	319,532,354	
Payroll Miscellaneous & RICU	5,478,121	8,249,903	5,728,855	5,528,510	5,430,947	5,344,654	8,462,667	5,672,794	5,256,585	5,245,214	5,223,324	5,233,095	70,854,668	
Payroll/ Workers Comp	3,526,691	5,299,879	3,575,373	3,586,872	3,581,113	3,603,112	5,403,927	3,637,430	3,639,702	3,636,905	3,647,098	3,649,940	46,788,041	
Payroll/ Health Insurance	23,506,814	37,745,028	22,344,465	22,466,431	28,953,938	23,850,238	38,687,732	25,856,342	30,519,520	27,490,355	28,932,713	26,707,531	337,061,107	
Payroll/ Retirement Contribution	27,146,351	40,687,774	27,372,622	27,497,953	27,536,534	27,801,936	41,722,929	27,956,629	27,903,093	27,972,336	27,972,010	27,959,512	359,529,678	
Transfers out to DOT/ISTEA	13,314,948	20,434,667	15,203,664	14,634,975	14,209,699	51,207,398	13,976,366	60,216,317	34,524,263	35,358,271	29,694,111	42,968,377	345,742,756	
Misc Dbts (ex. Fees and Adjustments)	24,339	134,441,572	18,258	27,637,156	96,765	29,634	8,114,406	171,600	182,325,729	44,796	39,467	8,957,834	361,901,556	
Disb. Check/ACH Pmts (ex. St/School Aid)	528,966,564	319,508,638	370,373,173	178,840,467	308,794,903	374,721,644	405,842,889	313,658,510	361,905,077	455,402,324	331,340,387	322,572,701	4,271,927,276	
Misc Split / CSH / Interfund	2,075,558	22,731,710	13,773,725	7,648,702	16,653,380	10,659,485	26,126,255	44,172,656	20,864,409	20,706,541	13,044,954	179,795,639	378,253,014	
General Fund Direct Pmts	58,388,699	1,038,574	41,384,044	30,942,547	2,187,985	2,749,317	42,051,882	1,585,375	54,945,080	51,165,871	3,081,743	17,517,064	307,038,181	
Debt Repayments	-	-	-	-	-	-	-	-	-	-	-	-	0	
Total Disbursements	1,149,950,474	1,216,913,052	1,025,169,161	859,225,169	951,844,195	969,882,874	1,120,411,393	1,200,020,914	1,247,824,811	1,205,202,506	1,054,648,979	1,134,607,360	13,135,700,891	
Overall Cash Position	1,134,520,147	758,725,019	1,004,181,166	1,033,897,461	796,607,752	883,274,856	669,480,654	420,705,334	428,939,161	391,147,260	241,296,986	686,244,700	686,244,700	

STATE INDEBTEDNESS

Authorization and Debt Limits

Under the State Constitution, the General Assembly has no power to incur state debts in excess of \$50,000 without the consent of the people, except in the case of war, insurrection or invasion, or to pledge the faith of the State to the payment of obligations of others without such consent. By judicial interpretation, this limitation has been judged to include all debt of the State for which its full faith and credit are pledged, including general obligation bonds and notes and bonds and obligations guaranteed by the State. However, non-binding agreements of the State to appropriate monies in support of obligations of a public corporation, such as the Capital Reserve Funds (defined below) of Commerce RI and RI Housing, or to appropriate monies to pay rental obligations under state long-term leases, such as the State's lease agreements with RICCA, are not subject to this limitation.

Public Finance Management Board and Debt Affordability Study

Public Finance Management Board

The Public Finance Management Board (the "PFMB") was created during the 1986 Session of the General Assembly to provide advice and assistance to issuers of tax-exempt debt in the State. The PFMB is charged with the responsibility of collecting, maintaining, and providing information and advice on state, municipal and regional authorities, agency boards, commissions, public or quasi-public corporations, and fire districts and other special districts having authority to issue revenue or general obligation bonds or notes or various types of conduit debt or enter financing leases. The Chair of PFMB is the General Treasurer of the State, and personnel within the Treasurer's Office provide staffing. As part of the FY 2017 Appropriations Act, the General Treasurer requested, and the General Assembly approved certain changes to the statutes governing PFMB to require additional reporting on debt from public issuers in the State and to authorize funding to support the creation of a new Office of Debt Management within the General Treasurer's Office.

Since January 1, 2017, the PFMB has been required to annually report the total amount of public state, regional, municipal, public, and quasi-public corporation, and fire district and other special district debt authorized, sold and unsold. The PFMB is also required to undertake a Debt Affordability Study ("DAS"), which must include recommended limits for debt capacity at least every two years for each public issuer.

To support these new PFMB functions, the PFMB has amended its rules and regulations and instituted a policy to expand the assessment of its statutory fee of 1/40th of 1% of the principal amount of each debt issuance to the lead underwriter or purchaser of any taxable or tax-exempt debt issue in the State in the amount of \$1 million or more. This fee will now also be assessed on refunding issuances. The PFMB has implemented a policy to exclude fees on leases. Taken together, these legislative changes empower the PFMB to improve public debt management and oversight in Rhode Island.

The PFMB is also authorized to allocate private activity tax exempt, taxable and/or federal tax credit bond issuance capacity under Section 146 of the Internal Revenue Code of 1986 among all issuers in the State of Rhode Island.

All issuers of debt are required to submit a notice of proposed sale and a notice of final sale to the PFMB. However, failure to do so does not affect the validity of the issuance of any obligation.

Debt Affordability Study-Debt Ratios

In fall 2023, the PFMB issued its fourth DAS (the “2023 DAS”). As with the debt affordability study completed in 2021 (the “2021 DAS”), the 2023 DAS continues to provide not only information on debt and pension liabilities, but also other post-employment liabilities of the State, municipalities and quasi-public agencies in the State. The PFMB’s initial DAS issued in 2017 (the “2017 DAS”) is believed to be the first of its kind in the nation to set recommended debt limits that incorporate debt, pension and other post-employment benefits (“OPEB”) liabilities, and the first to include the indebtedness of nearly all public debt issuers in a state, including special districts and quasi-public corporations. The study sets non-binding guidelines to protect Rhode Islanders from incurring debt that is out of proportion with the ability of the impacted population to repay. The PFMB is scheduled to update the debt affordability study in 2025.

The PFMB considered several factors in developing the study’s debt affordability targets: for each issuer, the PFMB considered relevant peer comparisons, ratings agency guidance, and legal requirements set forth in statutes and bond indentures. These affordability limits are purely advisory and represent what the PFMB views as prudent levels of indebtedness given the available information.

At the state level, the debt of Rhode Island and its quasi-public agencies is generally affordable and within acceptable levels. The debt and pension liabilities of the State are somewhat higher than national medians but have trended downward in recent decades and are currently manageable. The state-level OPEB liability is lower than that of most other states. Future decisions could alter the State's debt affordability considerably, for better or for worse, and the debt affordability must remain a key consideration for State policymakers going forward.

At the municipal level, degrees of indebtedness vary greatly. Even when pension, OPEB and overlapping liabilities from local districts are included, some municipalities enjoy very low liability burdens. The liabilities in some other municipalities are very high.

The PFMB has adopted and from time-to-time revised Credit Guidelines (the “Credit Guidelines”) for use in evaluating certain elements of the State’s debt burden. The current guidelines as contained in the DAS are as follows: State Tax-Supported Debt to personal income not to exceed 4.0%, and annual debt service to general revenue not to exceed 7.0%. The PFMB will consider revising the Credit Guidelines concurrently with each biennial DAS. In connection with the development of the FY 2026 budget for capital projects, the State estimated net State Tax-Supported Debt to be 2.38% of personal income in FY 2025, and annual debt service to be 4.19% of general revenues in FY 2025. It is anticipated that fluctuations of this ratio over the long-term will be affected by both variations in personal income levels, general revenues and debt issuance. PFMB monitors the total amount of State Tax-Supported Debt (defined below), Contingent

Obligations (defined below) and Agency Revenue Debt (defined below) in relation to the State’s personal income and general revenues. The Credit Guidelines may be exceeded temporarily under certain extraordinary conditions. The Credit Guidelines provide that if a guideline is exceeded due to economic or financial circumstances, PFMB should request that the Governor and the General Assembly recommend a plan to return debt levels to the Credit Guidelines within five years.

The PFMB also recognizes that it may be appropriate to temporarily exceed affordability targets for quasi-public corporations and municipal entities if increased capital spending is needed to manage emergency situations or revenues are temporarily impaired by economic downturns. However, issuers of public debt should endeavor to return to their target ratios in normal economic circumstances.

Debt Affordability Study - Combined Debt and Pension Ratios

Prior to the 2017 DAS, no state had added a metric accounting for unfunded pension and OPEB liabilities in their debt affordability analysis. However, since rating agencies have incorporated pension ratios in the updated rating methodology for states, other states will likely eventually incorporate a metric accounting for pension and OPEB liabilities.

An actuarially determined contribution (“ADC”) is the actuarially-determined amount (expressed as a dollar amount or percentage of payroll) that a public employer is required to contribute annually to a pension or OPEB plan. The funding of the ADC is a gauge of the effort states are making to fund such pension or OPEB plans. A state that has paid the ADC in full has met its obligation to cover the benefits accrued that year and to pay down a portion of any liabilities that were not pre-funded in previous years. Assuming projections of actuarial experience hold true, a payment less than the full ADC means the unfunded liability will grow and require greater contributions in future years. The unfunded actuarially accrued liability (“UAAL”) is the appropriate pension and OPEB liability measure since it is the basis for determining a portion of the ADC. In the 2023 DAS, the PFMB recommends the following ratios for its combined debt, pension and OPEB obligations for the State:

- The PFMB recommends that Net Tax Supported Debt Service + Pension ADC + OPEB ADC to General Revenues not exceed 18%.
- The PFMB recommends that Debt + Pension Liability UAAL + OPEB UAAL to Personal Income not exceed 12%.
- The PFMB also recommends the State continue to fund 100% of its ADC for pension and OPEB plans.

For discussion of the State’s pension and OPEB plans, see “STATE FUNDING OF RETIREMENT SYSTEMS” herein.

State Direct Debt

State direct debt includes tax anticipation notes (“TANs”) and general obligation bonds. The full faith and credit of the State are pledged to the payment of principal and interest on this debt. If future state revenues are insufficient to make the required principal and interest payments to bondholders and noteholders, the State is legally required by its contract with bondholders and noteholders to raise taxes to meet these obligations.

Tax Anticipation Notes/Liquidity Facilities

The State is authorized to borrow in any fiscal year without consent of the people an amount in anticipation of State tax receipts not in excess of 20% of the tax receipts for the prior fiscal year and may borrow an additional amount in anticipation of all other non-tax receipts not in excess of 10% of such receipts in the prior fiscal year, provided the aggregate of all such borrowings must not exceed 30% of the actual tax receipts during the prior fiscal year. Any such borrowing must be repaid during the fiscal year in which such borrowing took place. No money can be borrowed in anticipation of such receipts in any fiscal year until all money so borrowed in all previous fiscal years shall have been repaid. The maximum amount of borrowing is further constrained by statute such that the aggregate borrowing cannot be more than the amount stipulated by the General Assembly by general law. The full faith and credit and taxing power of the State are pledged to the payment of TANs and interest thereon. The State last issued TANs in FY 2012 and does not anticipate having to issue tax anticipation notes during FY 2025.

As a result of the downturn in the economy due to the COVID-19 pandemic in the Spring of 2020, the State’s cash resources were projected to decline substantially. The Governor requested authority to borrow up to \$300.0 million for short-term cash needs from the Disaster Emergency Funding Board, which is comprised of the Speaker of the House of Representatives, the Senate President and the Chairs of the House and Senate Finance Committees. This board has the statutory authority to authorize borrowing during a declared emergency. The board granted this authority on March 26, 2020. The General Treasurer set up two lines of credit with lending institutions, from which \$25.0 million was drawn down from the first line on March 31, 2020, and \$10.0 million from the second line on April 13, 2020. Upon receipt of the \$1.25 billion of Coronavirus Relief Fund money in late March 2020, the State repaid \$20.0 million of the first line and \$5.0 million of the second line. Both lines of credit required a minimum draw of \$5.0 million to remain active. On March 17, 2021, the State redeemed the \$5.0 million outstanding under each line of credit and terminated the agreements with the two lending institutions.

General Obligation Bonds and Bond Anticipation Notes (“BANs”)

The State Constitution provides that the General Assembly has no power to incur state debts in excess of \$50,000 without the consent of the people, except in the case of war, insurrection or invasion, or to pledge the faith of the State to the payment of obligations of others without such consent. By judicial interpretation, the limitation stated above includes all debt of the State for which its full faith and credit are pledged, including general obligation bonds and notes, bonds and notes guaranteed by the State, and debts or loans insured by RII-RBA. Although non-binding agreements of the State to appropriate monies are not

subject to this limitation, such agreements must be authorized by law. As of May 1, 2025, \$815.0 million in general obligation bonds have been authorized but remain unissued.

State General Obligation Debt Service Requirements

**Annual Debt Service Requirements
General Obligation Bonds
(as of June 30, 2024)**

<u>Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2025	\$118,930,000	\$57,805,335	\$176,735,335
2026	124,250,000	52,421,909	176,671,909
2027	114,480,000	47,230,707	161,710,707
2028	102,555,000	42,600,521	145,155,521
2029	89,910,000	38,537,328	128,447,328
2030	93,735,000	34,638,777	128,373,777
2031	85,100,000	30,712,085	115,812,085
2032	83,840,000	27,267,529	111,107,529
2033	72,765,000	24,179,842	96,944,842
2034	76,885,000	21,641,153	98,526,153
2035	75,650,000	18,829,276	94,479,276
2036	74,910,000	16,046,900	90,956,900
2037	72,675,000	13,338,703	86,013,703
2038	68,645,000	10,612,436	79,257,436
2039	60,350,000	8,122,696	68,472,696
2040	51,730,000	5,987,496	57,717,496
2041	42,655,000	4,084,156	46,739,156
2042	35,115,000	2,492,891	37,607,891
2043	27,725,000	1,184,653	28,909,653
2044	<u>11,315,000</u>	<u>282,875</u>	<u>11,597,875</u>
	<u>\$1,483,220,000</u>	<u>\$458,017,270</u>	<u>\$1,941,237,270</u>

Source: State Budget Office

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Authorized but Unissued State Direct Debt^(a)

<u>Purpose</u>	<u>Statutory Authorization</u>	Authorized but Unissued Debt
		<u>As of May 1, 2025^(a)</u>
Green Economy	Ch. 47-P.L. of 2018	\$4,830,000
Higher Education	Ch. 47-P.L. of 2018	16,000,000
Housing and Community Opportunity	Ch. 80-P.L. of 2020	16,000,000
Industrial Facilities Infrastructure	Ch. 80-P.L. of 2020	36,100,000
Higher Education	Ch. 80-P.L. of 2020	49,400,000
Arts, Economy and State Preservation Grants	Ch. 80-P.L. of 2020	1,500,000
Beach, Clean Water and Green Bond	Ch. 80-P.L. of 2020	29,075,000
Transportation Infrastructure	Ch. 80-P.L. of 2020	4,700,000
Higher Education	Ch. 231-P.L. of 2022	95,890,000
School Buildings	Ch. 231-P.L. of 2022	198,000,000
Green Economy	Ch. 231-P.L. of 2022	20,050,000
Higher Education	Ch. 117-P.L. of 2024	160,500,000
Housing and Community Opportunity	Ch. 117-P.L. of 2024	120,000,000
Green Economy	Ch. 117-P.L. of 2024	53,000,000
Cultural Arts and the Economy Grant Program	Ch. 117-P.L. of 2024	10,000,000
Total Authorized but Unissued Direct Debt		\$815,045,000

(a) Authorized but Unissued Debt prior to the issuance of the 2025 Bonds.

Source: State Budget Office

State Tax-Supported Debt

State tax-supported debt (the “State Tax-Supported Debt”) is debt for which the ultimate source of payment is, or may include, appropriations from the State’s General Fund. The State Tax-Supported Debt does not have the full faith and credit of the State pledged to it, but it may have the full faith and credit of another public issuer.

State Tax-Supported Debt is not considered “legal” debt under the State Constitution because the State’s payments on the debt obligations, even if they are the subject of a contractual commitment, are subject to annual legislative appropriation. As a result, voter approval of such debt is not required.

State Tax-Supported Debt includes: (i) lease-purchase financing obligations (structured as certificates of participation (“COPs”)), (ii) certain bonds issued by Commerce RI and RITBA, the primary

payment sources for which are State appropriations, (iii) lease revenue bonds issued by RICCA, and (iv) certain bonds issued by RIHEBC for the City of Central Falls school project, the primary payment sources for which are State appropriations.

Financing Obligations Authorized under Rhode Island Public Corporation Debt Management Act

Historically, State Tax-Supported Debt has been authorized by special legislation. Pursuant to the Rhode Island Public Corporation Debt Management Act, Chapter 35-18 of the RIGL, subject to certain limited exceptions, no elected or appointed State official may enter into any financing lease or into any guarantee with any person, and no bonds may be issued or other obligation incurred by any public corporation (other than RISLA, RI Housing and RIIFC, RIIB, NBC, with certain exceptions, RIHEBC) to finance, in whole or in part, the construction, acquisition, or improvement of any essential public facility, without the prior approval of the General Assembly. The General Assembly approves such obligations through the passage of a Joint Resolution by the Senate and the House of Representatives. An “essential public facility” includes roads, bridges, airports, prisons, reservoirs, waste and wastewater treatment facilities, educational facilities, and any other facilities used by any State agency, department, board, or commission to provide services to the public (but excluding personal property).

As of July 1, 2024, pursuant to the Rhode Island Public Corporation Debt Management Act, the following financing obligations has been authorized by the General Assembly and remains unissued, subject to annual appropriation of funds. The issuance of this financial obligation is expected to occur during the summer of 2025. See “Rhode Island Health and Educational Building Corporation” below.

<u>Purpose</u>	<u>Total Remaining Authorization</u>
<u>City of Central Falls School Project</u>	<u>\$50,480,000</u>
Total Authorized but Unissued Financing Obligations Subject to Annual Appropriation	\$50,480,000

State Tax-Supported Debt issued by Public Corporations

The following public corporations have been authorized to issue State Tax-Supported Debt:

I-195 Commission. The I-195 Commission is authorized by State law to purchase I-195 surplus land from RIDOT and to plan, implement, administer, and oversee the redevelopment of the I-195 surplus properties. Also included in this legislation was authorization for Commerce RI to issue bonds or other obligations not to exceed \$42,000,000 to finance the acquisition by the I-195 Commission of the surplus land from RIDOT. In 2013, Commerce RI issued bonds for that purpose in the aggregate principal amount of \$38,400,000, and the \$29,030,000 aggregate outstanding principal amount was defeased on November 30, 2023. These funds were paid to RIDOT and were used to complete the relocation project, including road reconstruction and other infrastructure improvements to the surplus land.

Commerce RI. Commerce RI is the official economic development organization for the State and its activities are largely supported by State appropriations. Commerce RI is authorized to assist in the

financing of projects through the issuance of economic development revenue bonds, which do not constitute a debt or liability of the State, but some of which are subject to annual appropriations of funds, including Commerce RI's (then the Rhode Island Economic Development Corporation) Taxable Economic Development Revenue Bonds (FMR Rhode Island, Inc. Project, 2002 Series) and the I-195 Commission's payments on bonds issued by Commerce RI for the I-195 relocation project described above.

In November 2003, the State entered into a payment agreement with Commerce RI relating to the issuance of \$53,030,000 of Motor Fuel Tax Revenue Bonds, to provide funds for the State match for certain major transportation projects funded by GARVEE bonds. The Motor Fuel Tax Revenue Bonds are secured by two cents of the motor fuel tax dedicated to RIDOT, subject to annual appropriation. In March 2006, a second series of Motor Fuel Tax Revenue Bonds totaling \$42,815,000 was sold, and on April 2, 2009, a third series was sold totaling \$12,410,000. In November 2017, Commerce RI issued \$35,020,000 in Motor Fuel Tax Revenue Refunding Bonds for the advance refunding of the 2003, 2006 and 2009 Motor Fuel Tax Revenue Bonds, resulting in present value savings of \$5.7 million to RIDOT. As of June 30, 2024, \$10,470,000 of such revenue refunding bonds were outstanding.

GARVEE bonds issued through Commerce RI, which are secured by federal funds made available to RIDOT, are not considered part of the State's net tax supported debt, but rather, are considered special obligation debt, payable solely from federal grants.

In June 2009, June 2015 and May 2019, Commerce RI issued revenue bonds in the amount of \$150,000,000, \$75,000,000, and \$76,925,000, respectively, to provide funds to reimburse the State for Historic Structures Tax Credits presented from time to time by taxpayers. These revenue bonds are supported by a payment agreement with the State subject to annual appropriation. As of June 30, 2024, there were \$36,605,000 of such revenue bonds outstanding.

In December 1999, Commerce RI entered into a limited recourse guaranty, not to exceed \$3,000,000, in connection with the refinancing by the Employees' Retirement System of Rhode Island ("ERSRI") of a four-story office building in Providence formerly known as the American Express Building. Commerce RI's delivery of the limited recourse guaranty and its cap of \$3,000,000 was potentially to be utilized to supplement a gap between previously issued debt secured by mortgages on the property and certain appraisals of the property's value at that time. After a series of payment defaults to the ERSRI, and various creditor actions, in December 2004 Gateway Eight Limited Partnership filed for bankruptcy protection. Thereafter, legal proceedings resulted in the sale of the American Express Building and various creditor rights actions resulted in a net balance deficiency to the ERSRI of an amount less than \$2,000,000. After the sale of the property and the calculation of the deficiency, the ERSRI invoked the terms of Commerce RI's limited recourse guaranty, which, in addition to limiting payment to \$3,000,000, limits the obligations of Commerce RI to funds received by the General Assembly for this purpose and further limits Commerce RI's obligations to request the Governor to submit an appropriation request to the General Assembly for any payment obligation of Commerce RI pursuant to the limited recourse guaranty. Commerce RI has annually submitted the appropriations requests to the Governor in accordance with the terms of the limited recourse guaranty annually as requested by the ERSRI. The Governor has not elected to request the General Assembly to fund the limited recourse guaranty to ERSRI. Unlike certain other bonds or indebtedness of Commerce RI, pursuant to the enabling act of Commerce RI, there is no Capital Reserve

Fund to be replenished with respect to the limited recourse guaranty to ERSRI. Hence, there is no legal requirement that the Governor submit the appropriations request to the General Assembly to fund Commerce RI's limited recourse guaranty to ERSRI. A total of \$1,749,148 would be required if this obligation were funded.

Commerce RI assists the State in supporting local economic development projects through a tax increment financing program. Pursuant to the RIGL Chapter 64.21, Title 42 (the Rhode Island Tax Increment Financing Act) and RIGL Chapter 33.4, Title 45 (the Pawtucket Downtown Redevelopment Act), Commerce RI promulgated rules and regulations governing a program to finance qualifying economic development projects in the City of Pawtucket. On July 25, 2022, Commerce RI approved a mixed-use project including a soccer stadium in Pawtucket to be financed in part through the issuance of bonds by the Pawtucket Redevelopment Agency, a community redevelopment agency established under RIGL Section 45-31-9. On February 8, 2024, the Pawtucket Redevelopment Agency issued \$54,285,000 of Designated Baseline Taxes Appropriation Revenue Bonds (Tidewater Landing Phase 1A Project) Series 2024A to fund the soccer stadium. The bonds are expected to be repaid by State revenues collected within certain economic development districts and other funds to the extent appropriated for debt service. Such bonds do not constitute indebtedness of the State or Commerce RI.

Rhode Island Convention Center Authority. Obligations issued by RICCA do not constitute a debt or liability or obligation of the State but are secured solely from the pledged revenues or assets of RICCA. Pursuant to Lease and Agreements between RICCA, as lessor and the State, as lessee, RICCA leases to the State the convention center facilities, Garrahy (Clifford Street) Parking Garage and the Amica Mutual Pavilion (formerly known as the Dunkin' Donuts Center) located in Providence. The State is obligated to make lease payments in an amount sufficient to pay the operating expenditures of RICCA and the corresponding debt service on RICCA's obligations including, but not limited to, RICCA's bonds. The lease payments are subject to annual appropriation by the General Assembly. On March 22, 2018, RICCA issued \$45,000,000 in Garrahy Parking Garage Lease Revenue Bonds, 2018 Series A (Federally Taxable), to finance the construction of a public parking garage and commercial or retail space. The Garrahy (Clifford Street) Parking Garage is complete and open. On April 1, 2021, RICCA issued a direct purchase of \$32,170,000 in Refunding Revenue Bonds, 2021A to refund its Series 2015 A Bonds. The aggregate outstanding principal amount of RICCA's bonds is \$140,200,000 as of June 30, 2024.

Rhode Island Turnpike and Bridge Authority. RITBA issues revenue bonds secured by toll and other revenues for the purpose of financing the renovation, repair, and improvement of the Claiborne Pell Bridge, the Mount Hope Bridge, the Sakonnet River Bridge, the Jamestown Verrazzano Bridge and the portion of Route 138 connecting highway from Route 1A to the Claiborne Pell (Newport) Bridge and other facilities for which it is responsible.

RITBA also has issued revenue bonds secured by motor fuel tax revenues which are subject to annual appropriation by the State in the annual budget. The General Assembly voted to allocate \$0.035 per gallon of the State's motor fuel tax (thirty-four- and one-half cents (\$0.345) per gallon as of July 1, 2020) to RITBA beginning July 1, 2014, for maintenance expenses, operations, capital expenditures and debt service. These funds are subject to appropriation by the State in the annual budget. It is currently estimated

that revenue from the motor fuel tax to be paid to RITBA will be approximately \$15.3 million in FY 2025, and \$15.2 million was received by RITBA for the period July 1, 2023, through June 30, 2024.

Revenues from toll receipts, the motor fuel tax and other revenues of RITBA are estimated to be sufficient to cover debt service on all the RITBA outstanding debt. As of June 30, 2024, RITBA had \$175,160,000 in revenue bonds outstanding, \$41,020,000 secured by toll revenues and \$134,140,000 secured by State appropriations of motor fuel taxes. The remaining amount of authorized but unissued bonds of RITBA under all authorizations of the General Assembly is \$20,975,000 based on par amounts issued.

Rhode Island Health and Educational Building Corporation. Pursuant to legislation enacted in 2021 as amended in 2023, RIHEBC is authorized to issue up to \$144,000,000 under its school financing revenue bond program to finance the construction, renovation, improvement, alteration, repair, furnishing, and equipping of schools and school facilities in the City of Central Falls. On August 17, 2023, RIHEBC issued \$93,520,000 of state appropriations-backed revenue bonds (Central Falls School Projects) Series 2023 pursuant to the authorization. As of June 30, 2024, \$89,630,000 of the Series 2023 Bonds remains outstanding. RIHEBC is expected to issue \$50,480,000 state appropriations-backed revenue bonds (Central Falls School Projects) Series 2025 under the remaining authorization during the summer of 2025. Debt service payments on the two series of bonds will be supported by revenues received by RIHEBC under a financing agreement with the State, as borrower, subject to annual appropriations for debt service made by the General Assembly.

Contingent Obligations

The following is a description of the State's contingent obligations (the "Contingent Obligations").

State-Guaranteed Debt

Guaranteed debt includes bonds and notes issued by, or on behalf of public corporations charged with enterprise undertakings, for the payment of which debt the full faith and credit of the State are pledged in the event that the revenues of such entities may at any time be insufficient. As of June 30, 2024, only RII-RBA was authorized to pledge the State's full faith and credit in this manner and the State had no general obligation bonds outstanding to fund such a guaranty.

Rhode Island Industrial-Recreational Building Authority (RII-RBA). The State has agreed to appropriate or borrow and pay to RII-RBA amounts required to service eligible mortgage loans for industrial and/or recreational projects insured under the Industrial-Recreational Building Mortgage Insurance Fund that are in default and for which funds in the Industrial-Recreational Building Mortgage Insurance Fund are insufficient. Voter approval enabled RII-RBA to pledge the State's full faith and credit up to \$80,000,000 for the following purposes: to insure eligible mortgages for new construction, acquisition, and rehabilitation or expansion of facilities used for manufacturing, processing, recreation, research, warehousing, retail, and wholesale or office operations. RII-RBA can also provide mortgage insurance for new or used machinery, equipment, furniture, fixtures or pollution control equipment required in these facilities. Mortgages insured by RII-RBA are limited to certain specified percentages of total project

cost. RII-RBA is authorized to collect premiums for its insurance and to exercise rights of foreclosure and sale as to any project in default. In the 2010 Session, the General Assembly modified the authorization of the State's full faith and credit obligation to \$60,000,000.

Based on RII-RBA audited balances for FY 2024, there is a balance of \$7,271,188 in outstanding mortgage agreements mainly in connection with revenue bonds issued by the RIIFC. In accordance with State law, all premiums received by RII-RBA and all amounts realized upon foreclosure or other proceeds of defaulted mortgages are payable into the Industrial-Recreational Building Mortgage Insurance Fund. All expenses of RII-RBA and all losses on insured mortgages are chargeable to this Fund. As of June 30, 2024, the Fund had a preliminary cash and cash equivalents balance of \$78,767 reflecting a \$406,883 decrease from the \$485,650 balance reported for FY 2023. As of May 1, 2025 it is estimated that RII-RBA will not have sufficient funds to meet its debt service obligations through at least FY 2026. Commerce RI has met obligations for FY 2024 through available fee revenues. The State has agreed to appropriate or borrow and pay to RII-RBA any amounts required to service insured loans that are in default should the Fund be insufficient. No such appropriation was included in the FY 2024 Budget. The FY 2025 Enacted Budget includes a general revenue appropriation in the amount of \$452,553 to satisfy these obligations. For FY 2026, the FY 2026 Budget includes a general appropriation in the amount of \$105,093 to satisfy these obligations.

State Moral Obligation Debt

State moral obligations are Contingent Obligations of the State supporting bonds issued by State public corporations secured, in part, by a reserve fund to which is attached a discretionary replenishment provision (herein referred to as "Capital Reserve Fund"). The replenishment provision carries a moral obligation of the State. The discretionary replenishment provision typically reads substantially as follows:

In order further to assure the continued operation and solvency of the corporation for the carrying out of its corporate purposes, the executive director shall annually, on or before December first, make and deliver to the governor a certificate stating the sum, if any, required to restore each capital reserve fund to the minimum capital reserve fund requirement for the fund. During each January Session of the General Assembly, the governor shall submit to the General Assembly printed copies of a budget including the total of the sums, if any, as part of the governor's budget required to restore each capital reserve fund to the minimum capital reserve fund requirement for the fund. All sums appropriated by the General Assembly for this purpose, and paid to the corporation, if any, shall be deposited by the corporation in the applicable capital reserve fund.

A Capital Reserve Fund is generally equal in size to the maximum amount of debt service required in any year. The State's discretionary replenishment provision means that if the Capital Reserve Fund falls below its required level, the General Assembly may, but is not legally required to, appropriate funds sufficient to restore the Capital Reserve Fund to its required level. The most likely reason that such a Capital Reserve Fund would fall short of the required level is if revenues were insufficient to meet a Capital Debt Service payment and the reserve fund had to be used to make the payment.

The authority to issue moral obligation bonds with such a Capital Reserve Fund mechanism is contained in the enabling legislation of Commerce RI, RI Housing and RISLA. Such authority is not granted

to the other State corporations without specific legislative approval. As of the date of this Information Statement, only RI Housing and Commerce RI have issued bonds secured by a Capital Reserve Fund.

The following public corporations issue State moral obligation debt which are considered Contingent Obligations of the State:

RI Housing. RI Housing is authorized to assist in the construction and financing of low- and moderate-income housing and health care facilities in the State. In addition to its general powers, RI Housing is authorized to issue revenue bonds, to originate and make mortgage loans to low- and moderate-income persons and families, to purchase mortgage loans from and make loans to private mortgage lenders in the State in order to increase the amount of mortgage money generally available, to make mortgage loans to contractors and developers of low- and moderate-income single-family and multi-family housing developments and to acquire and operate, both solely and in conjunction with others, housing projects. As of June 30, 2024, RI Housing has no outstanding bonds secured by a Capital Reserve Fund.

Commerce RI. Certain of the bonds of Commerce RI may be secured, in addition to a pledge of borrower revenues, by a Capital Reserve Fund established by Commerce RI for the applicable bond issue. As of June 30, 2024, Commerce RI has no outstanding bonds secured by a Capital Reserve Fund.

Additionally, Commerce RI has issued bonds secured by a Capital Reserve Fund and a performance-based agreement, whereby job rent credits are applied against a borrower's lease payments if certain targeted new job goals are met for the financed project. If the job goals are met, Commerce RI will make annual requests to the General Assembly for appropriation which will be used to pay the debt service on the bond issue. As of June 30, 2024, the outstanding principal balance of bonds issued by Commerce RI with performance-based agreements is \$2.5 million. Job rent credits are expected to result in a State appropriation obligation of \$1.0 million in FY 2025; however, available debt service reserve funds are expected to cover this requirement in full.

During 2011-2012, Commerce RI provided limited recourse guarantees in connection with three Capital Reserve Fund-backed State moral obligation loans that were made to certain company borrowers under Commerce RI's Job Creation Guaranty Program ("JCGP"). The General Assembly has since repealed the JCGP enabling statute. Of the three loans that were made under the JCGP, one remains outstanding in the amount of \$2,250,000 as of June 30, 2024. In August of 2014, Bridge Bank, the lender on the outstanding loan, sent notices of nonpayment by the company borrower to Commerce RI in accordance with Commerce RI's guaranty. In accordance with its obligation under the guaranty, Commerce RI made debt service payments from the Capital Reserve Fund to Bridge Bank and subsequently made demand upon the company borrower to pay Commerce RI for such advances. Bridge Bank has since merged with and into Western Alliance Bank. The amounts paid by Commerce RI from the JCGP Capital Reserve Fund totaled \$1,075,336, depleting the Capital Reserve Fund.

Rhode Island Public Rail Corporation. The State's FY 2010 enacted budget included a provision allowing the Public Rail Corporation to fully indemnify AMTRAK for the operation of the South County Commuter Rail on the AMTRAK-owned rail corridor. This indemnification is provided, through the

funding support of RIDOT, by a letter of credit in favor of AMTRAK in the amount of \$7.5 million, which represents the Public Rail Corporation's self-insured retention amount. The letter of credit provides a source of payment for any indemnity which may become due and payable to AMTRAK within the self-insured retention amount under AMTRAK's railroad operating agreements with RIDOT and the Public Rail Corporation.

Agency Revenue Debt

Agency revenue debt ("Agency Revenue Debt") is secured by revenues generated from the use of bond proceeds or the assets of the public corporation issuing the bonds. Certain State public corporations are authorized by their enabling legislation to issue bonds, notes and other forms of indebtedness to finance projects in support of their corporate purposes. The debt which is secured solely by the revenues generated by the public corporations or their conduit borrowers (for example, municipalities, public and private educational and healthcare institutions and private companies) is not a general obligation of the State nor does the State provide security for the debt in any other manner, i.e., by appropriations, guarantees, or moral obligation pledges of a Capital Reserve Fund. Agency Revenue Debt is not treated as State Tax-Supported Debt or a Contingent Obligation of the State notwithstanding the fact that the State may have legal obligations to make payments to be applied to a public corporation's debt service obligations. Agency Revenue Debt includes debt issued by NBC, RIHEBC, RIIB, RISLA, and TSFC and certain debt issued by RITBA. See "GOVERNMENT ORGANIZATION – Independent Authorities, Agencies and Public Corporations" above.

Agency Revenue Debt includes bonds issued on behalf of the State Colleges and URI which are secured by enterprise revenues (such as housing and dining revenues) or secured by Educational and General Revenues (such as tuition and fees) derived from the State Colleges and URI. State Colleges and URI Auxiliary Revenue Debt and State Colleges and URI Educational and General Revenue Debt are not general obligations of the State, the State Colleges, or URI and do not require voter approval. Although Educational and General Revenue debt may legally be paid from State appropriations, such debt is considered self-supporting.

Certain information regarding Agency Revenue Debt of public corporations which constitute component units of the State government for financial reporting purposes is available in Note 7.B to the 2024 Annual Report. The information contained in the 2024 Annual Report is not intended to be an all-inclusive discussion of the debt of the public corporations that constitute component units of the State for financial reporting purposes. To obtain a full understanding of the debt of the public corporations and authorities of the State, see the individual financial statements of such public corporations and authorities of the State. See also "FINANCIAL STATEMENTS" herein.

Employment Security Fund Activity

The Rhode Island Employment Security ("ES") Fund is comprised primarily of monies collected from a tax imposed on Rhode Island employers. These funds are used to pay Unemployment Insurance benefits to eligible claimants. All funds are deposited in the State's account in the federal Unemployment Trust Fund which is administered by the United States Treasury.

An employer's contribution rate is determined by (a) the level of reserves in the Rhode Island Employment Security Fund and (b) the individual employer's history of unemployment. The level of reserves determines the tax rate schedule in effect for all covered employers in the State for a specific calendar year, while a particular employer's experience with unemployment determines the tax rate within that schedule at which that employer is assessed.

Between calendar years 2009-2015, the State borrowed a total of \$926.1 million from the Federal Unemployment Account ("FUA") for cash flow purposes. The Rhode Island Department of Labor and Training completely repaid amounts borrowed from FUA, and ES Fund reserves steadily increased reaching a high of \$551.1 in November 2019. No additional withdrawals have been needed since May 2015. The State's outstanding withdrawals peaked at \$291.8 million during April 2012.

In March 2020, the coronavirus pandemic had come to Rhode Island. The state experienced recession level job losses as many industries in the state were ordered to close in order to stop the spread of the virus. By December 2020, the balance in the ES Fund had fallen to \$181.3 million but has since grown to \$4573.3 million as of December 2024.

A history of the ES Fund financial status since 2007 is presented in the following table. The first column of the chart presents the ending fund balance for each calendar year between 2007 and 2024. This figure is comprised primarily of a combination of employer contributions and federal transfers to the State (receipts) minus employee benefits and State repayments of amounts borrowed from FUA (disbursements).

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**Amounts Borrowed from
Federal Unemployment Account
(in millions)**

Year Ended <u>Dec. 31</u>	ES Fund <u>Balance</u>	Amount <u>Borrowed</u>	Amount <u>Repaid</u>
2007	168.4	—	—
2008	79.2	—	—
2009	-127.5	\$127.5	—
2010	-194.3	98.0	—
2011	-228.3	169.9	\$167.1
2012	-199.5	219.2	247.8
2013	-109.3	157.5	247.6
2014	16.3	133.4	242.6
2015	136.8	20.6	20.6
2016	271.0	—	—
2017	365.4	—	—
2018	448.2	—	—
2019	540.3	—	—
2020	181.3	—	—
2021	214.1	—	—
2022	430.9	—	—
2023	509.6	—	—
2024	573.3	—	—

Calendar year 2024 ended with ES Fund Balance of approximately \$573.3 million. In 2024, ES Fund Contributions totaled \$283.3 million and benefit payments totaled \$219.5 million.

The Department of Labor and Training estimates that ES Fund contributions will total approximately \$308 million in calendar year 2025 and benefit payments will total approximately \$258 million. Based on these assumptions, the December 2025 trust fund balance will be approximately \$624 million.

These estimates assume the unemployment rate will remain at or below 4.5% percent through the remainder of 2025, and the economy will remain stable.

Debt Statement

The following table shows the State's Direct Debt, Tax-Supported Debt and Contingent Obligations (in millions) for the fiscal years ending June 30, 2021 through June 30, 2024:

	<u>6/30/2021</u>	<u>6/30/2022</u>	<u>6/30/2023</u>	<u>6/30/2024</u>
State Direct Debt				
<i>General Obligation Bonds</i> ⁽¹⁾	\$1,311.7	\$1,346.5	\$1,466.5	\$1,483.2
State Tax-Supported Debt				
<i>Obligation Subject to Annual Appropriation</i>				
Lease Participation Certificates	\$126.0	\$103.0	\$79.4	\$58.3
Commerce RI, Motor Fuel Tax Revenue Bonds	\$23.6	\$19.5	\$15.1	\$10.5
Commerce RI, Historic Structures Tax Credits Bonds	\$88.5	\$71.7	\$54.4	\$36.6
Commerce RI, I-195 Commission Payment Agreement ⁽²⁾	\$33.8	\$31.9	\$30.1	\$0.0
RICCA Lease Revenue Bonds	\$195.0	\$181.0	\$160.7	\$140.2
RITBA Motor Fuel Tax Revenue Bonds	\$147.6	\$143.3	\$138.8	\$134.1
RIHEBC State-Backed Revenue Bonds ⁽³⁾	\$0.0	\$0.0	\$93.5	\$89.6
Designated Baseline Taxes Appropriation Revenue Bonds (Tidewater Landing Phase 1A Project)	\$0.0	\$0.0	\$0.0	\$54.3
<i>Performance-Based Agreements</i>				
Commerce RI, FMR RI, Inc. Bonds (Fidelity Investments)	\$4.6	\$3.9	\$3.3	\$2.5
Total Direct and Tax-Supported Debt	\$1,930.8	\$1,900.2	\$2,041.8	\$2,009.3
Contingent Obligations				
<i>State-Guaranteed Debt</i>				
RII-RBA	\$7.5	\$10.5	\$11.3	\$7.3
<i>Performance-Based Agreement</i>				
Commerce RI, Fleet Bank Bonds	\$4.48	\$3.87	\$3.21	\$2.5
Commerce RI – JCGP Loan	\$2.3	\$2.3	\$2.3	\$2.3
<i>Secured Indemnity</i>				
Public Rail Corporation Letter of Credit	\$7.5	\$7.5	\$7.5	\$7.5
Total Contingent Obligations	\$21.8	\$24.2	\$24.3	\$19.6

(1) On November 30, 2023, \$12,260,000 of 2022 Series B (Federally Taxable) general obligation bonds were paid through a cash defeasance.

(2) On November 30, 2023, \$29,030,000 RICC I-195 Bonds were fully paid through a cash defeasance.

(3) On August 17, 2023, RIHEBC issued \$93,520,000 of state appropriations-backed revenue bonds (Central Falls School Projects) Series 2023.

STATE FUNDING OF RETIREMENT SYSTEMS

Employees' Retirement System of Rhode Island (ERSRI)

Information presented below is based on the June 30, 2024 audited financial statements for ERSRI, which can be found on the ERSRI website at: https://www.ersri.org/sites/default/files/2023-04/ERSRI2022_2.pdf.ACFR_FY24_final.pdf. None of the information posted on the website of ERSRI is incorporated by reference herein.

The State, through the Employees' Retirement System of Rhode Island ("ERSRI"), administers and contributes to three defined benefit pension plans: the Employees' Retirement System ("ERS"), the Judicial Retirement Benefits Trust ("JRBT") and the State Police Retirement Benefits Trust ("SPRBT," and collectively with the ERS and the JRBT, the "Plans"). The ERS, the largest of the Plans, covers eligible State employees as well as teachers and certain other employees of local school districts. The JRBT and the SPRBT are significantly smaller retirement plans than the ERS. As more particularly described below under the heading "Employees' Retirement System (ERS)," the State, through ERSRI, also administers and contributes to a mandatory defined contribution plan for certain members of the ERS. 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 State, through ERSRI, also administers but does not contribute to: (i) the Municipal Employees' Retirement System ("MERS"), a combination defined benefit/defined contribution plan for municipal employees, and (ii) the Teacher's Survivor Benefits Plan ("TSB"), which provides survivors' benefits for teachers who do not participate in Social Security. ERSRI also administers the Rhode Island Judicial Retirement Fund Trust ("RIJRFT"), which provides retirement benefits for judges appointed on or prior to December 31, 1989 and their beneficiaries and the Rhode Island State Police Retirement Fund Trust ("RISPRFT), which provides retirement benefits for members of the state police hired on or before July 1, 1987 or their beneficiaries. See "State Pension Plans and Membership - Rhode Island Judicial Retirement Fund Trust (RIJRFT)" herein. In addition, a separate defined contribution retirement plan is provided through the Teachers' Insurance and Annuity Association for members of the faculty of the State Colleges and URI and certain administrative employees in education and higher education. The State contributes 9.5% of the participating employee's salary per year to this plan.

Currently, in the aggregate, the Plans have significant unfunded liability due to a number of factors. As a result, the State does not believe that the existing assets of the Plans, the expected earnings on those assets, and contributions from members of the Plans will be sufficient to fund expected retirement benefits, and the State will need to make significant contributions to the Plans in the future to ensure that the Plans will have a sufficient amount of assets to fund expected retirement benefits. The magnitude of the unfunded pension liability, together with significant costs related to OPEB, pose a significant financial challenge to the State.

Contributions

Contribution requirements for the Plans are established by statute. Pursuant to Section 36-10-2 and Section 16-16-22 of the RIGL, the State is required to make contributions to the Plans by annually appropriating an amount equal to a percentage of the total compensation paid to the active membership. An actuarial consultant employed by ERSRI for the Plans and the Rhode Island OPEB Board (the “OPEB Board”) for the OPEB Plans (as defined below) (the “Actuary”) performs an actuarial valuation of the Plans and the OPEB Plans (the “Actuarial Valuation”) for the purpose of computing this percentage. The percentage is based on payroll projections and is certified by the Retirement Board (with respect to the Plans) on or before December 15th of each year. When applied to actual payroll amounts, this percentage determines the actual amount of the ADC (Actuarially Determined Contribution) for the Plans. State statutes provide that the State contributes 100% of the ADC to the ERS for State employees, the JRBT and the SPRBT, and 40% of the ADC to the ERS for teachers. Pursuant to the Retirement Board’s current policy, the ADC becomes effective two years after the valuation date. Employee members contribute a fixed percentage of their annual salary and, except for the RIJRFT, the State (and, in respect to ERS, the LEAs) contributes the additional amounts, based on the ADC, which are necessary, when combined with the projected investment earnings on Plan assets, to pay benefits. Contribution requirements are subject to amendment by the General Assembly.

The State must remit to the General Treasurer the employer’s share of the contribution on a payroll frequency basis. In respect to the ERS Plan for teachers (see “State Pension Plans and Membership” herein for plan membership), the State must remit to the General Treasurer the employer’s share of the contributions on the date contributions are withheld but no later than three (3) business days following the pay period ending in which contributions were withheld.

Benefits

The Plans fund retirement benefits from their assets, investment earnings on their assets, employer and non-employer contributions by the State and contributions from employee members. The level of retirement benefits varies among the different Plans and is calculated based on a member’s years of service, compensation, and age of retirement. Each Plan’s retirement benefits are determined by statute and are not subject to negotiation between the State and other public employers and the employee members of the Plans.

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Historical and Prospective Financial Information of Pension Plans

The following table sets forth the State’s aggregate annual contributions to the Plans for fiscal years ended June 30, 2005, through June 30, 2024, which are equal to the State’s required ADC payments for such fiscal years.

Aggregate Historical State Contributions to the Plans

For the Fiscal Years Ended June 30, 2005 through June 30, 2024

Fiscal Year Ended June 30	Annual Contribution/ADC Payment
2005	114,922,739
2006	145,791,796
2007	188,831,994
2008	214,016,025
2009	199,897,775
2010	192,090,694
2011	196,846,906
2012	233,834,239
2013 ⁽¹⁾⁽²⁾	207,318,550
2014 ⁽¹⁾	227,778,057
2015	240,845,722
2016	247,532,058
2017	272,635,460
2018	272,494,990
2019	291,654,445
2020	308,553,989
2021	316,907,851
2022 ⁽³⁾	361,450,803
2023	349,990,112
2024 ⁽¹⁾	390,179,052

Source: For fiscal years 2014-2024, the Annual Contribution/ADC Payment was calculated by ERSRI. Each amount represents the following sum from the Audited Financial Statements of ERSRI for the respective fiscal year: (1) the employer contribution listed under Required Supplementary Information, Schedules of Employer and Other Non-employer Entity Contributions and (2) the State’s contribution for teachers under Statements of Changes in Fiduciary Net Position. For Fiscal Year 2013, see Audited Financial Statements of ERSRI for the Fiscal Year ended June 30, 2013 (Required Supplementary Information, Schedules of Contributions from the Employers and Other Contributing Entity, page 56). For fiscal years 2007-2012, see Audited Financial Statements of ERSRI for the Fiscal Year ending June 30, 2012 (Required Supplementary Information, Schedules of Contributions from the Employers and Other Contributing Entity, page 56). For fiscal years 2005-2006, see Audited Financial Statements of ERSRI for the Fiscal Year ending June 30, 2006 (Required Supplementary Information, Schedules of Contributions from the Employers and Other Contributing Entity, page 35).

⁽¹⁾ In accordance with RIGL Section 36-10-2(e)(1) and (2), a supplemental appropriation of \$2,312,058 was contributed to the retirement system for fiscal year 2013. For each fiscal year in which the actuarially determined State contribution rate for State employees and

teachers is lower than that for the prior fiscal year, Section 36-10-2(e)(1) and (2) require, in addition to the contributions provided for by the funding policy, the Governor to include an appropriation to that system equivalent to twenty percent (20%) of the rate reduction to be applied to the actuarial accrued liability. The RIGL also requires that for any fiscal year in which the State's actual general revenues exceed estimated amounts, the difference shall be paid to the ERS Plan upon release of the State's audited financial statements. The amount paid to the retirement system in fiscal years 2013 and 2014, and then again in fiscal 2024, included such a payment.

- (2) Beginning in fiscal year 2013, the RIRSA provides for additional contributions to the retirement system based on 5.5% of the value of contracts where the services performed by the contractor were previously performed by State employees. In that respect, the following supplemental contributions were paid to the retirement system: \$434,677 for fiscal year 2013, \$414,958 for fiscal year 2014, \$414,450 for fiscal year 2015, \$408,209 for fiscal year 2016, \$445,280 for fiscal year 2017, \$460,734 for fiscal year 2018, \$510,899 for fiscal year 2019, \$360,227 for fiscal year 2020, \$190,609 for fiscal year 2021, \$107,767 for fiscal year 2022. \$34,612 for fiscal year 2023 and \$74,934 for fiscal year 2024.
- (3) For fiscal year 2022, the RIRSA includes voluntary contributions from the State that fully paid off the amortization bases created as a result of the 1990/1991 and 1991/1992 deferrals.

The following table sets forth a projection of actuarially determined contributions from the State and other participating employers, contributions from members of the Plans, and other related information. The following information constitutes forward-looking information and does not represent a prediction of actual results. It is based on current statutes and includes numerous assumptions and methodologies and actual results will likely differ. Investors should carefully read all of the footnotes to the following table and the related cross-references to understand the assumptions and methodologies upon which the following information is based.

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Aggregate Projected Financial Information of Plans
For the Fiscal Year Ending June 30, 2025, through June 30, 2055
(in millions)

Fiscal Year End (June 30)	Beginning Market Value of Assets ⁽¹⁾	Member Contributions ⁽²⁾	State Contributions ⁽³⁾	Other Employer Contributions ⁽⁴⁾	Investment Earnings ⁽⁵⁾	Benefit Payments ⁽⁶⁾	Ending Market Value of Assets
2025	\$ 8,642	\$ 98	\$ 415	\$ 192	\$ 598	\$ 900	\$ 9,045
2026	\$ 9,045	\$ 98	\$ 422	\$ 190	\$ 626	\$ 931	\$ 9,449
2027	\$ 9,449	\$ 98	\$ 412	\$ 187	\$ 653	\$ 954	\$ 9,845
2028	\$ 9,845	\$ 99	\$ 413	\$ 186	\$ 680	\$ 975	\$ 10,248
2029	\$ 10,248	\$ 100	\$ 416	\$ 185	\$ 707	\$ 995	\$ 10,662
2030	\$ 10,662	\$ 101	\$ 421	\$ 186	\$ 736	\$ 1,014	\$ 11,092
2031	\$ 11,092	\$ 103	\$ 427	\$ 187	\$ 766	\$ 1,032	\$ 11,542
2032	\$ 11,542	\$ 104	\$ 436	\$ 190	\$ 797	\$ 1,049	\$ 12,020
2033	\$ 12,020	\$ 106	\$ 445	\$ 193	\$ 830	\$ 1,064	\$ 12,531
2034	\$ 12,531	\$ 108	\$ 455	\$ 197	\$ 866	\$ 1,078	\$ 13,080
2035	\$ 13,080	\$ 111	\$ 465	\$ 200	\$ 905	\$ 1,091	\$ 13,670
2036	\$ 13,670	\$ 113	\$ 474	\$ 204	\$ 934	\$ 1,102	\$ 13,934
2037	\$ 13,934	\$ 115	\$ 483	\$ 207	\$ 952	\$ 1,112	\$ 14,200
2038	\$ 14,200	\$ 118	\$ 492	\$ 214	\$ 971	\$ 1,120	\$ 14,496
2039	\$ 14,496	\$ 121	\$ 500	\$ 98	\$ 984	\$ 1,127	\$ 14,600
2040	\$ 14,600	\$ 123	\$ 508	\$ 24	\$ 990	\$ 1,131	\$ 14,667
2041	\$ 14,667	\$ 126	\$ 515	\$ 19	\$ 995	\$ 1,133	\$ 14,732
2042	\$ 14,732	\$ 129	\$ 522	\$ 19	\$ 999	\$ 1,134	\$ 14,801
2043	\$ 14,801	\$ 132	\$ 529	\$ 19	\$ 1,004	\$ 1,132	\$ 14,880
2044	\$ 14,880	\$ 135	\$ 536	\$ 19	\$ 1,010	\$ 1,130	\$ 14,972
2045	\$ 14,972	\$ 138	\$ 543	\$ 19	\$ 1,017	\$ 1,128	\$ 15,077
2046	\$ 15,077	\$ 142	\$ 550	\$ 20	\$ 1,024	\$ 1,126	\$ 15,197
2047	\$ 15,197	\$ 145	\$ 557	\$ 20	\$ 1,033	\$ 1,123	\$ 15,333
2048	\$ 15,333	\$ 148	\$ 564	\$ 20	\$ 1,043	\$ 1,121	\$ 15,487
2049	\$ 15,487	\$ 152	\$ 571	\$ 21	\$ 1,054	\$ 1,121	\$ 15,658
2050	\$ 15,658	\$ 155	\$ 578	\$ 21	\$ 1,066	\$ 1,121	\$ 15,847
2051	\$ 15,847	\$ 159	\$ 585	\$ 22	\$ 1,079	\$ 1,123	\$ 16,052
2052	\$ 16,052	\$ 162	\$ 592	\$ 22	\$ 1,094	\$ 1,127	\$ 16,275
2053	\$ 16,275	\$ 166	\$ 600	\$ 23	\$ 1,109	\$ 1,132	\$ 16,513
2054	\$ 16,513	\$ 169	\$ 608	\$ 23	\$ 1,126	\$ 1,139	\$ 16,768
2055	\$ 16,768	\$ 173	\$ 617	\$ 24	\$ 1,144	\$ 1,147	\$ 17,039

Source: The figures in this table were calculated for ERSRI by the Actuary using assumptions adopted by the Retirement Board as of June 30, 2024. The figures in this table assume that the Plans and the State follow the actuarial methods adopted by the Retirement Board as of June 30, 2024.

- (1) Beginning market value of assets represents the projected market value of Plan assets at the beginning of each Fiscal Year.
- (2) Represents contributions from members of the Plans. The employee contribution rates to the Plans are as follows: (i) ERS: (1) 3.75% of salary per year for both State employees (other than correctional officers) and teachers (except for State employees (other than correctional officers) and teachers with twenty (20) or more years of total service as of June 30, 2012, in which case the contribution rate is 11%) and (2) 8.75% of salary per year for State correctional officers; (ii) JRBT: 12% of salary per year (except for Supreme Court judges, in which case the contribution rate is 8.75%); (iii) RIJRFT: 12% of salary per year; and (iv) SPRBT: 8.75% of salary per year.
- (3) Represents projected contributions by the State. The State is assumed to make contributions equal to 100% of the ADC to the ERS for State employees, the JRBT and the SPRBT, and 40% of the ADC to the ERS for teachers. Actual contributions are subject to appropriation by the General Assembly as well as adjustment based on actual payroll amounts.
- (4) Represents projected contributions by the LEA. The LEA is assumed to make contributions equal to 100% of the ADC to the ERS for Teachers.
- (5) The projection of investment earnings is based on the assumed rate of return of assets of the Plans, which is currently 7.0%. See "State Pension Plans and Membership - Actuarial Assumptions and Methods" herein.
- (6) Benefit payments represent projected retirement benefit payments by the Plans to retired members over the forecasted period. The amounts of projected retirement benefits are based on numerous assumptions and methodologies made by the Actuary. These assumptions and methodologies include, among others, key assumptions such as demographic assumptions relating to ages of retirement and life expectancy of members and economic assumptions such as inflation. In addition, these projections use methodologies to calculate projected retirement benefits. However, as opposed to how the Actuary prepares the Actuarial Valuations, the projected benefit payments also include an estimate of the amount of retirement benefits that active members are likely to earn in the future. In addition, the projected benefit payments assume that the State does not change the level of benefit payments during the forecasted period.

State Pension Plans and Membership

Employees' Retirement System (ERS)

The ERS, the largest of the Plans, is a multiple-employer, cost-sharing, public employee retirement plan covering eligible State employees as well as teachers and certain other employees of local school districts. Membership in ERS is mandatory for all covered State employees and teachers, with five years of employment required before retirement benefits become vested. The State makes 100% of the ADC to ERS for State employees. The State makes 40% of the ADC to ERS for teachers. The applicable city, town or local education agency ("LEA") makes the remaining 60% of the ADC; provided, however, that the LEAs are responsible for 100% of the ADC in respect to the TSB. The State's and the LEA's contributions are invested together, and one investment rate of return is calculated. Pursuant to RIGL Section 36-10-1 and Section 16-16-22, separate contribution rates are determined for State employees and for teachers.

Effective July 1, 2012, ERSRI also administers a mandatory defined contribution plan for ERS members with less than 20 years of service as of June 30, 2012. The plan was established under Section 36-10.3-2 of the RIGL. Effective July 1, 2015, active members with 20 or more years of service as of June 30, 2012, remained participants of, but no longer contribute to, the defined contribution plan. Eligible teachers participating in social security and State employees contribute 5.00%, and eligible teachers not participating in social security contribute 7.00%, of their salary per year to the defined contribution plan. For eligible teachers participating in social security and State employees, the State contributes 1.00%-1.50% of the member's salary, and for eligible teachers not participating in social security, the State contributes 3.00% to 3.50% of the member's salary per year, based on years of service. The Actuary does **not** provide an Actuarial Valuation relative to the State's contribution to the defined contribution plan.

Judicial Retirement Benefits Trust (JRBT)

The JRBT, a single-employer plan, provides retirement allowances to judges appointed after December 31, 1989. The Retirement Board's management of the JRBT is limited to the collection of employee and employer contributions; benefit eligibility is managed by an administrative section of the judiciary.

Rhode Island Judicial Retirement Fund Trust (RIJRFT)

The pensions for 57 active and retired judges appointed on or prior to December 31, 1989, and their beneficiaries are funded by the State on a pay-as-you-go basis, with a cost to the State of \$601,199 in FY 2024. Effective July 1, 2012, the RIJRFT was established to receive contributions from the active judges in the pay-as-you-go system. There are four active judges participating in the RIJRFT. The State has not made employer contributions to the RIJRFT to date and the pensions are currently funded on a pay-as-you-go basis. However, the State has always fully funded the pay-as-you-go system through annual appropriations and the FY 2025 Enacted Budget continues to provide for this appropriation.

State Police Retirement Benefits Trust (SPRBT)

The SPRBT, a single-employer plan, provides retirement allowances, disability, and death benefit coverage to State police officers hired after July 1, 1987. The Retirement Board’s oversight of the SPRBT includes collection of employee and employer contributions and computation of benefits.

State of Rhode Island State Police Retirement Fund Trust (SPRFT)

The State funds pension benefits for 226 retired non-contributing State police officers and their beneficiaries hired on or prior to July 1, 1987, with cost to the State of \$16.4 million in FY 2024. Effective July 1, 2016, a trust fund was established to support the pensions of these State police officers, which were previously funded on a pay-as-you-go basis. Funding for SPRFT comprises: (i) an initial supplemental contribution from the State in FY 2016 of \$15 million from a settlement through the U.S. Department of Justice’s Equitable Sharing Program, and (ii) an actuarially appropriate contribution amount based on seventeen (17) annual payments of approximately \$16.4 million by the State, which commenced in FY 2017. Annual payments will be made with the State’s general revenues until the trust fund is fully funded, approximately 18 years from the trust’s establishment.

Other Background Information

The State also administers but does not contribute to MERS. As with the Plans, ERSRI acts as the investment and administrative agent for MERS. The assets for MERS are held in trust and commingled with the assets of the Plans for investment purposes. As part of RIRSA (hereinafter defined), changes were made to MERS similar to the changes made to the Plans. Like ERS, effective July 1, 2012, MERS converted from a defined benefit plan to the current combination defined benefit/defined contribution plan; provided, however, that public safety employees covered by MERS remain in a defined benefit plan.

The State also administers OPEB plans covering State employees, legislators, judges, State police officers and certain public-school teachers. See “Other Post-Employment Benefits” below.

Plan Membership

The following table shows the current membership and member contributions for each of the Plans as provided by the applicable Actuarial Valuation Report as of June 30, 2024:

	Retirees and Beneficiaries	Active	Inactive	Total by Plan	Member Contributions (as a Percentage of Salary)
ERS State Employees	11,336	11,235	5,353	27,924	3.75%*
ERS Teachers	11,727	13,497	5,418	30,462	3.75%*
SPRBT	116	264	76	456	8.75%
JRBT	36	62	1	99	12.00%**
Total By Type	23,215	25,058	10,848	59,121	

Source: ERSRI, SPRBT and JRBT Actuarial Valuation Reports as of June 30, 2024 (Executive Summary).

* 11% for State employee members (other than correctional officers) and teachers with 20 or more years of service as of June 30, 2012.

** 8.75% for Supreme Court judges.

From June 30, 2015 to June 30, 2024, the total number of active members for all the State-administered plans increased by 301 or 1.2% (to a total of 25,058, as noted above), and the total number of retired members increased by 217 or 5.5% (to a total of 23,215, as noted above).

Investment Policy

ERSRI is a pooled trust responsible for the investment and administration of seven defined benefit plans and one defined contribution plan. The plans are funded through employer and employee contributions along with investment earnings. The fund is well diversified into a strategic asset allocation composed of equity, fixed income, private equity, and real asset investments. As of June 30, 2024, the market value of the assets in the Plans was \$11,409,394,943.

All investments made by the State, including ERSRI, is done under the direction and authority of the State Investment Commission (the “Commission”), which meets monthly. The Commission is responsible for establishing the long-term asset allocation policy for the Plans, selecting investments, and monitoring investment performance of the Plans’ assets. Periodically, the Commission engages in an asset/liability study to reassess the current asset allocation and ensure that the investment allocation is well-positioned to produce optimal results over the long run. The investment allocation seeks to maximize return while mitigating risk. RIGL Section 35-10-11 requires that all investments be made in securities as would be acquired by prudent persons of discretion and intelligence who are seeking a reasonable income and the preservation of capital.

The actual investment allocations will occasionally vary from the policy targets due to market movements. The investment allocations are rebalanced monthly in an effort to minimize target dispersion while also keeping trading costs low. The most recent asset/liability study was concluded in November 2023, resulting in the elimination of Emerging Market Debt from the current target and a shift of this allocation to Liquid Credit. This change was implemented in January 2024. The Commission reports, Plan performance and other investment data are available at: <http://investments.treasury.ri.gov/>. The information available at the preceding website is not incorporated by reference herein.

Actuaries and the Actuarial Valuation

Each fiscal year, the Actuary prepares the Actuarial Valuation for each Plan. The primary purpose of an Actuarial Valuation is to provide an amount that the State should contribute to the Plans, which is referred to as the ADC (Actuarially Determined Contribution). The ADC consists of two components. First, for each fiscal year, the Actuary calculates an amount that will be necessary to pay the actuarial estimate of retirement benefits earned in that fiscal year (which is referred to as a “Normal Cost”). Second, in each Actuarial Valuation, the Actuary calculates the funding status of each of the Plans (as known as a “Funded Ratio”), develops a schedule for restoring the funding status of the Plans to 100%, and then includes that fiscal year’s portion of that schedule into the ADC.

To calculate the funding progress of a Plan, the Actuary calculates a Funded Ratio of each Plan. To calculate the Funded Ratio, the Actuary develops a schedule of expected retirement benefit payments of each Plan and then discounts those expected benefit payments to a present valuation, which is referred to

as an “Actuarial Accrued Liability” or “AAL.” The rate at which the Actuary discounts those expected payments is equal to the expected rate of return on the assets of the Plan. In addition, the Actuary calculates the “Actuarial Value of Assets,” which is the market value of the assets subject to some adjustments. The most significant such adjustment is referred to as “smoothing,” which is a method employed by the Actuary to phase-in unexpected gains and losses over a five-year period. The Actuary computes the UAAL by subtracting the Actuarially Accrued Liability from the Actuarial Value of Assets. For the Plans in the Fiscal Year ended June 30, 2024, the aggregate Actuarially Accrued Liability was \$13,072,799,629 the aggregate Actuarial Value of Assets was \$8,355,854,954, and the Unfunded Actuarially Accrued Liability was \$4,716,944,675. The Funded Ratio is the Actuarial Value of Assets divided by the Actuarially Accrued Liability, which, as of June 30, 2024, was an aggregate of 63.9% for the Plans.

Actuarial Assumptions and Methods

Actuarial Accrued Liability. To prepare the Actuarial Valuation, the Actuary uses several assumptions and methodologies. In order to develop a schedule of expected retirement benefits in calculating the Actuarial Accrued Liability, the Actuary makes a variety of demographic and other data (such as employee age, salary and service credits) and actuarial assumptions (such as salary increases, interest rates, turnover, mortality and disability). Every three or four years, and most recently in 2023, the Actuary performs an experience review to validate the actuarial assumptions used by the Plans as compared to the actual experience of the Plans. When the Actuary prepares an experience review, it can reveal that assumptions that the Actuary has previously used are not consistent with the current demographic or economic experience of the Plans. If this occurs, then the Retirement Board may approve changes in those assumptions, which can lead to large increases in the Actuarial Accrued Liability (and thus the Unfunded Actuarial Accrued Liability) because it can lead to a new schedule of expected retirement benefits that reflects an increase in expected retirement benefits.

In May of 2023, the Retirement Board approved several changes in the assumptions that are used in calculating the UAAL and Funded Ratio of the Plans. The changes to the actuarial assumptions, based on an experience study as of June 30, 2022, are summarized as follows:

- Decrease individual salary increases and projected payroll growth for most groups. These two items mainly offset each other in calculating the contribution requirements, especially as dollar amounts. But create a much lower projected annual growth rate in the dollar amounts of contributions.
- Update the mortality projection scales to the ultimate rates of the most recently published projection scales. This had no material impact to the liabilities or contributions.
- Increase probabilities of turnover before retirement for most groups.
- Slight increase to the probabilities of retirement for MERS units and State Employees.

- Slight increase to the probabilities of disability for most groups.
- Reduce the credit given to overfunded units to sustain their current surplus.

The net impact to the valuation process is a slight decrease in liabilities and costs for most groups. The contribution as a rate of pay for the State does increase, but the change in dollar amount is modest, and when combined with the 40% responsibility for Teachers, the budget impact to the State in FY2026 is a slight decrease. More importantly, the projected rates of growth in the dollar amounts will be significantly lower. Details of the report can be found at ERSRI's website, <http://www.ersri.org>. None of the information posted on ERSRI's website is incorporated by reference herein.

The System's Actuary believes the recommended set of actuarial assumptions should present a more accurate portrayal of ERSRI's financial condition and should reduce the magnitude of future experience gains and losses. The study was conducted in accordance with generally accepted actuarial principles and practices and with the Actuarial Standards of Practice issued by the Actuarial Standards Board.

In addition, in calculating the Actuarial Accrued Liability, the Actuary uses methodologies such as a method that determines the value of retirement benefits employees earn of their periods of employment. In addition, the Actuarial Accrued Liability is calculated on a "closed system" basis that does not include any retirement benefits that have not been earned either by active members or future members. In calculating the Actuarial Accrued Liability, the Actuary uses the assumed investment rate of return of the Plan assets as the discount rate to calculate the present value of future retirement benefit payments. Accordingly, the higher that rate, the lower that present value of future retirement benefit payments will be. For the actuarial valuations as of June 30, 2018, the Retirement Board adopted 7.0% as the investment rate of return for the Plans other than RIJRFT. For RIJRFT, the municipal bond index rate based on the Fidelity Index's "20-Year Municipal GO AA Index" (3.97% at June 30, 2024) is used as the discount rate for purposes of GASB 67 (defined below) and GASB 68 (defined below) reporting.

Due to the volatility of the United States' and international financial markets, the actual rate of return earned by the Plans on their assets may be higher or lower than the assumed rate. For example, as noted in the ERSRI Actuarial Valuation Report as of June 30, 2024, the average annual investment rate of return based on the market value of assets over the last ten years (July 1, 2014-June 30, 2024) was 7.2%. Changes in the Plans' assets because of market performance will lead to an increase or decrease in the UAAL and the Funded Ratio. Because of the State's adoption of the five-year asset smoothing method, however, only a portion of these increases or decreases will be recognized in the current year, with the remaining gain or loss spread over the remaining four years.

Actuarial Value of Assets. In calculating the Actuarial Value of Assets, the State uses an asset smoothing method which is based on the market value of the assets with a five-year phase-in of actual investment return in excess of (or less than) expected investment income.

Historical Plan Funding Status

The following table sets forth the historical statutory funding status of the Plans from the Fiscal Year ended June 30, 2014, through the Fiscal Year ended June 30, 2024. These tables were calculated using data and assumptions adopted by the Retirement Board in May 2023.

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Schedules of Funding Progress (ERSRI)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age- (b)	Unfunded AAL (UAAL) (b-a)	Actuarial Funded Ratio (a/b)	Covered Payroll (c)	UAAAL as a Percentage of Covered Payroll ((b - a) / c)	Market Value of Assets (d)	Funded Ratio at Market (d / b)
State Employees								
6/30/2014	\$ 2,449,125,421	\$ 4,266,354,839	\$ 1,817,229,418	57.4%	\$ 675,204,750	269.1%	\$ 2,520,281,249	59.1%
6/30/2014 ⁽¹⁾	2,449,125,421	4,369,081,872	1,919,956,451	56.1	675,204,750	284.4	2,520,281,249	57.7
6/30/2015	2,476,485,327	4,371,789,900	1,895,304,573	56.6	691,555,582	274.1	2,428,989,395	55.6
6/30/2016	2,468,446,998	4,404,298,648	1,935,851,650	56.0	693,242,177	279.2	2,288,446,139	52.0
6/30/2017	2,485,576,642	4,698,278,808	2,212,702,166	52.9	704,036,300	314.3	2,426,085,798	51.6
6/30/2018	2,516,618,305	4,755,940,934	2,239,322,629	52.9	711,736,212	314.6	2,490,633,173	52.4
6/30/2019	2,557,560,104	4,801,093,045	2,243,532,941	53.3	740,294,095	303.1	2,531,945,464	52.7
6/30/2019 ⁽²⁾	2,557,560,104	4,750,271,989	2,192,711,885	53.8	739,575,363	296.5	2,531,945,464	53.3
6/30/2020	2,597,672,247	4,793,667,018	2,195,994,771	54.2	777,970,071	282.3	2,520,792,045	52.6
6/30/2021	2,747,732,215	4,848,186,502	2,100,454,287	56.7	762,198,689	275.6	3,057,226,491	63.1
6/30/2022	2,896,669,194	4,928,576,941	2,031,907,747	58.8	786,130,098	258.5	2,911,444,772	59.1
6/30/2023	3,021,524,457	5,005,141,370	1,983,616,913	60.4	825,216,144	240.4	3,046,906,450	60.9
6/30/2024	3,212,061,019	5,293,618,778	2,081,557,759	60.7	875,023,016	237.9	3,304,267,786	62.4
Teachers								
6/30/2014	\$ 3,742,152,714	\$ 6,276,589,639	\$ 2,534,436,925	59.6%	\$ 982,565,406	257.9%	\$ 3,875,901,034	61.8%
6/30/2014 ⁽¹⁾	3,742,152,714	6,424,596,267	2,682,443,553	58.2	982,565,406	273.0	3,875,901,034	60.3
6/30/2015	3,783,601,053	6,438,732,100	2,655,131,047	58.8	995,994,669	266.6	3,730,047,183	57.9
6/30/2016	3,772,348,051	6,466,478,470	2,694,130,419	58.3	1,009,979,725	266.8	3,510,586,538	54.3
6/30/2017	3,778,302,063	6,894,243,228	3,115,941,165	54.8	1,035,710,229	300.9	3,696,400,551	53.6
6/30/2018	3,815,698,266	6,951,505,936	3,135,807,670	54.9	1,057,179,746	296.6	3,781,560,920	54.4
6/30/2019	3,866,452,572	6,994,286,436	3,127,833,864	55.3	1,086,984,336	287.8	3,829,895,134	54.8
6/30/2019 ⁽²⁾	3,866,452,572	6,927,441,023	3,060,988,451	55.8	1,085,923,864	281.9	3,829,895,134	55.3
6/30/2020	3,961,114,020	6,957,586,318	2,996,472,298	56.9	1,107,935,749	270.5	3,798,755,901	54.6
6/30/2021	4,142,172,560	7,051,432,971	2,909,260,411	58.7	1,118,728,726	260.1	4,671,641,312	66.3
6/30/2022	4,362,074,064	7,097,256,392	2,735,182,328	61.5	1,146,571,552	238.6	4,418,568,124	62.2
6/30/2023	4,562,385,768	7,073,432,611	2,511,046,843	64.5	1,182,060,392	212.4	4,664,344,475	65.9
6/30/2024	4,813,890,196	7,426,211,034	2,612,320,838	64.8	1,221,630,239	213.8	4,995,983,427	67.3

Source: For fiscal years 2014-2024, see ERSRI Actuarial Valuation Reports as of June 30 (Section C, Table 4, page 17). The Market Value of Assets figure is a line item in the Executive Summary of each Actuarial Valuation as of June 30th of the fiscal year then ending. Figures in the final column are calculated by dividing the Market Value of Assets by the Actuarial Accrued Liability.

(1) June 30, 2014 actuarial value after reflecting the amendment of Article 21.

(2) June 30, 2019 actuarial value after changes of actuarial assumptions from the most recently conducted experience review.

Schedules of Funding Progress (SPRBT and JRBT)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age- (b)	Unfunded AAL (UAAL) (b-a)	Actuarial Funded Ratio (a/b)	Covered Payroll (c)	UAAAL as a Percentage of Covered Payroll ((b - a) / c)	Market Value of Assets (d)	Funded Ratio at Market (d / b)
SPRBT (State Police)								
6/30/2014 ⁽²⁾	\$ 104,781,384	\$ 108,363,537	\$ 3,582,153	96.7%	\$ 20,814,621	17.2%	\$ 109,678,379	101.2%
6/30/2015	115,585,013	117,056,727	1,471,714	98.7	19,940,052	7.4	114,810,838	98.1
6/30/2016	123,788,498	135,505,152	11,716,654	91.4	22,555,315	51.9	116,316,582	85.8
6/30/2017	131,320,263	156,060,856	24,740,593	84.1	22,612,234	109.4	129,788,664	83.2
6/30/2018	139,008,754	166,507,483	27,498,729	83.5	23,455,654	117.2	138,733,969	83.3
6/30/2019	148,085,853	174,511,310	26,425,457	84.9	26,457,266	99.8	147,405,372	84.5
6/30/2019 ⁽²⁾	148,085,853	175,894,929	27,809,076	84.2	26,457,266	105.1	147,405,372	83.8
6/30/2020	158,212,175	187,510,891	29,298,716	84.4	26,805,499	109.3	153,908,600	82.1
6/30/2021	175,036,771	198,842,972	23,806,201	88.0	26,080,257	91.3	196,304,642	98.7
6/30/2022 ⁽⁴⁾	189,031,357	209,988,011	20,956,654	90.0	26,401,081	79.4	190,522,713	90.7
6/30/2023	202,820,349	237,108,652	34,288,303	85.5	29,680,436	115.5	206,014,590	86.9
6/30/2024	218,947,544	246,000,039	27,052,495	89.0	32,026,217	84.5	226,439,790	92.0
JRBT (Judges)								
6/30/2014	\$ 53,830,516	\$ 57,251,698	\$ 3,421,182	94.0%	\$ 9,309,572	36.8%	\$ 56,172,243	98.1%
6/30/2014 ⁽²⁾	53,830,516	57,504,663	3,674,147	93.6	9,309,572	39.5	56,172,243	97.7
6/30/2015	60,004,470	61,963,672	1,959,202	96.8	9,285,354	21.1	59,460,876	96.0
6/30/2016	64,401,616	65,287,527	885,911	98.6	9,034,080	9.8	60,418,485	92.5
6/30/2017	68,784,251	73,728,347	4,944,096	93.3	9,569,304	51.7	67,895,115	92.1
6/30/2018	73,673,771	76,198,297	2,524,526	96.7	9,237,641	27.3	73,443,894	96.4
6/30/2019	78,027,132	81,260,939	3,233,807	96.0	9,928,890	32.6	77,612,617	95.5
6/30/2019 ⁽³⁾	78,027,132	83,589,474	5,562,342	93.3	9,928,890	56.0	77,612,617	92.8
6/30/2020	82,419,083	88,534,540	6,115,457	93.1	10,220,315	59.8	80,157,921	90.5
6/30/2021	90,266,123	91,428,486	1,162,363	98.7	10,651,072	10.9	101,371,285	110.9
6/30/2022	96,946,030	93,175,592	(4,097,393)	104.4	12,027,297	(34.1)	97,841,373	105.4
6/30/2023	103,344,499	100,999,072	(2,345,427)	102.3	12,355,040	(19.0)	105,067,197	104.0
6/30/2024	110,956,195	106,969,778	(3,986,417)	103.7	13,159,340	(30.3)	114,814,391	107.3

Source: For fiscal years 2014-2024, see SRBT and JRBT Actuarial Valuation Reports as of June 30 (Table 4). The Market Value of Assets figure is a line item in the Executive Summary of each Actuarial Valuation as of June 30th of the fiscal year then ending. Figures in the final column are calculated by dividing the Market Value of Assets by the Actuarial Accrued Liability.

- (1) Restated to reflect recommended salary scale assumption.
- (2) Restated to reflect impact of Article 21.
- (3) June 30, 2019 results after assumption changes from the most recently conducted experience review.
- (4) June 30, 2022 results after assumption changes from the most recently conducted experience review.

Pursuant to RIGL Section 36-10-2 and Section 16-16-22, the State sets its ADC based upon the Actuarial Valuation. The method for determining the ADC is set forth in Section 36-10-2 of the RIGL. Although the State has made its ADC payments to the Plans for each of the past twenty years, the Plans remain severely underfunded (as evidenced by the Plans' UAAL). Several factors have contributed to the Plans' UAAL. Over the course of many years, key decisions were made by the General Assembly and Retirement Board that resulted in lower contributions to ERSRI. There were also certain improvements made to the Plans' benefits without providing sufficient funding to pay for such improvements. Certain demographic actuarial assumptions, such as retiree longevity, and other actuarial assumptions, including an assumed investment rate of return, have also played significant roles in contributing to the Plans' UAAL. The principal factors contributing to the growth of the UAAL are: (i) investment experience, (ii) interest owed on the UAAL, (iii) liability experience, (iv) changes to actuarial assumptions, and (v) legislative changes prior to 1991.

In June 2012, GASB implemented changes to the accounting and financial reporting standards for state and local government pension plans. The accounting versus funding measures have been separated. The accounting standards require the net pension liability to be calculated differently than the calculation to determine the unfunded actuarial accrued liability under the funding method. The accounting method will be subjected to more volatility since the assets are valued at fair market value, where typically the market value of assets is smoothed over a period of years under the funding method. The calculation of the net pension liability is explained in more detail in the "GASB Pension Accounting and Financial Reporting Standards" section.

Prospective Plan Funding Status

The following table sets forth the prospective statutory funding status of the Plans for the Fiscal Year ended June 30, 2024, through the Fiscal Year ended June 30, 2054. The following information constitutes forward-looking information and does not represent a prediction of actual results. The following information represents a projection of the future funded status of the Plans, based on the assumptions and methodologies used by the Actuary in preparing the Actuarial Valuations for the Plans, and the assumption that the State will continue to make its ADC payments in each Fiscal Year. Accordingly, the following information is based on numerous assumptions and methodologies and actual results will likely differ. The projections reflect the information provided in the June 30, 2024, actuarial reports to the Retirement Board issued on December 19, 2024 for purposes of measuring the funded status and employer contribution rates for the Plans. The actuarial reports are based on information provided by the Plans and/or Plan sponsors, which has not been independently audited. Investors should read carefully all the footnotes to the following table and the related cross-references to understand the assumptions and methodologies upon which the following information is based.

Aggregate Prospective Funding Status of the Pension Plans
(in millions)

Actuarial Valuation Date	Actuarial Value of Assets (in Millions \$) (a)	Actuarial Accrued Liability (AAL) (in Millions \$) (b)	Unfunded AAL (UAAL) (in Millions \$) (b-a)	Actuarial Funded Ratio (a / b)	Annual Determined Contribution (ADC) (in Millions \$)	Market Value of Assets (in Millions \$) (d)	Funded Ratio at Market Value (d / b)
State Employees							
6/30/2024	\$3,212.1	\$5,293.6	\$2,081.5	60.7%	\$269.1	\$3,304.3	62.4%
6/30/2025	3,411.8	5,359.2	1,947.4	63.7%	275.7	3,476.2	64.9%
6/30/2026	3,608.0	5,412.1	1,804.1	66.7%	268.6	3,649.7	67.4%
6/30/2027	3,796.3	5,456.1	1,659.8	69.6%	270.6	3,815.2	69.9%
6/30/2028	3,983.5	5,492.3	1,508.8	72.5%	274.0	3,983.5	72.5%
6/30/2029	4,157.0	5,521.4	1,364.4	75.3%	278.3	4,157.0	75.3%
6/30/2030	4,338.4	5,544.1	1,205.7	78.3%	283.2	4,338.4	78.3%
6/30/2031	4,529.5	5,560.7	1,031.2	81.5%	289.8	4,529.5	81.5%
6/30/2032	4,734.0	5,572.1	838.1	85.0%	296.6	4,734.0	85.0%
6/30/2033	4,955.0	5,580.0	625.0	88.8%	304.0	4,955.0	88.8%
6/30/2034	5,196.0	5,585.8	389.8	93.0%	311.5	5,196.0	93.0%
6/30/2035	5,459.2	5,590.2	131.0	97.7%	84.9	5,459.2	97.7%
6/30/2036	5,505.2	5,594.3	89.1	98.4%	78.0	5,505.2	98.4%
6/30/2037	5,547.0	5,599.2	52.2	99.1%	84.1	5,547.0	99.1%
6/30/2038	5,598.6	5,605.8	7.2	99.9%	80.1	5,598.6	99.9%
6/30/2039	5,651.3	5,651.3	0.0	100.0%	37.3	5,651.3	100.0%
6/30/2040	5,666.4	5,666.4	0.0	100.0%	38.0	5,666.4	100.0%
6/30/2041	5,687.2	5,687.2	0.0	100.0%	35.6	5,687.2	100.0%
6/30/2042	5,711.7	5,711.7	0.0	100.0%	36.4	5,711.8	100.0%
6/30/2043	5,744.2	5,744.2	0.0	100.0%	37.2	5,744.2	100.0%
6/30/2044	5,785.5	5,785.5	0.0	100.0%	38.4	5,785.5	100.0%
6/30/2045	5,836.3	5,836.3	0.0	100.0%	39.6	5,836.3	100.0%
6/30/2046	5,897.3	5,897.3	0.0	100.0%	40.8	5,897.3	100.0%
6/30/2047	5,969.1	5,969.1	0.0	100.0%	42.1	5,969.1	100.0%
6/30/2048	6,052.1	6,052.1	0.0	100.0%	43.5	6,052.1	100.0%
6/30/2049	6,146.4	6,146.4	0.0	100.0%	44.8	6,146.4	100.0%
6/30/2050	6,252.0	6,252.0	0.0	100.0%	46.2	6,252.0	100.0%
6/30/2051	6,369.0	6,369.0	0.0	100.0%	47.6	6,369.0	100.0%
6/30/2052	6,497.4	6,497.4	0.0	100.0%	49.0	6,497.4	100.0%
6/30/2053	6,636.7	6,636.7	0.0	100.0%	50.5	6,636.7	100.0%
6/30/2054	6,787.0	6,787.0	0.0	100.0%	52.0	6,787.0	100.0%
Teachers							
6/30/2024	\$4,813.9	\$7,426.2	\$2,612.3	64.8%	\$329.4	\$4,996.0	67.3%
6/30/2025	5,089.9	7,509.8	2,419.9	67.8%	326.3	5,208.3	69.4%
6/30/2026	5,347.2	7,588.5	2,241.3	70.5%	321.9	5,420.8	71.4%
6/30/2027	5,605.9	7,664.6	2,058.7	73.1%	319.3	5,634.7	73.5%
6/30/2028	5,851.5	7,736.3	1,884.8	75.6%	319.1	5,851.5	75.6%
6/30/2029	6,074.8	7,804.1	1,729.3	77.8%	319.8	6,074.8	77.8%
6/30/2030	6,306.1	7,868.1	1,562.0	80.1%	322.3	6,306.1	80.1%
6/30/2031	6,548.1	7,928.0	1,379.9	82.6%	327.6	6,548.1	82.6%
6/30/2032	6,804.2	7,983.5	1,179.3	85.2%	333.1	6,804.2	85.2%
6/30/2033	7,075.7	8,034.4	958.7	88.1%	338.8	7,075.7	88.1%
6/30/2034	7,363.6	8,080.2	716.6	91.1%	344.5	7,363.6	91.1%
6/30/2035	7,669.7	8,121.1	451.4	94.4%	228.6	7,669.7	94.4%
6/30/2036	7,870.4	8,157.7	287.3	96.5%	226.1	7,870.4	96.5%
6/30/2037	8,076.2	8,190.4	114.2	98.6%	235.8	8,076.2	98.6%
6/30/2038	8,301.4	8,301.4	0.0	100.0%	39.2	8,301.4	100.0%
6/30/2039	8,334.8	8,334.8	0.0	100.0%	39.2	8,334.8	100.0%
6/30/2040	8,368.1	8,368.1	0.0	100.0%	32.0	8,368.1	100.0%
6/30/2041	8,395.0	8,395.0	0.0	100.0%	31.6	8,395.0	100.0%
6/30/2042	8,422.9	8,422.9	0.0	100.0%	31.2	8,422.9	100.0%
6/30/2043	8,452.8	8,452.8	0.0	100.0%	31.6	8,452.8	100.0%
6/30/2044	8,486.2	8,486.2	0.0	100.0%	32.0	8,486.2	100.0%
6/30/2045	8,523.8	8,523.8	0.0	100.0%	32.6	8,523.8	100.0%
6/30/2046	8,566.5	8,566.5	0.0	100.0%	33.3	8,566.5	100.0%
6/30/2047	8,614.6	8,614.6	0.0	100.0%	33.9	8,614.6	100.0%
6/30/2048	8,668.1	8,668.1	0.0	100.0%	34.7	8,668.1	100.0%
6/30/2049	8,727.1	8,727.1	0.0	100.0%	35.4	8,727.1	100.0%
6/30/2050	8,791.3	8,791.3	0.0	100.0%	36.2	8,791.3	100.0%
6/30/2051	8,860.6	8,860.6	0.0	100.0%	37.0	8,860.6	100.0%
6/30/2052	8,934.7	8,934.7	0.0	100.0%	37.9	8,934.7	100.0%
6/30/2053	9,013.4	9,013.4	0.0	100.0%	38.7	9,013.4	100.0%
6/30/2054	9,096.4	9,096.4	0.0	100.0%	39.6	9,096.4	100.0%

Aggregate Prospective Funding Status of the Pension Plans
(in millions)

Actuarial Valuation Date	Actuarial Value of Assets (in Millions \$) (a)	Actuarial Accrued Liability (AAL) (in Millions\$) (b)	Unfunded AAL (JAAL) (in Millions \$) (b-a)	Actuarial Funded Ratio (a / b)	Annual Determined Contribution (ADC) (in Millions \$)	Market Value of Assets (in Millions \$) (d)	Funded Ratio at Market Value (d / b)
State Police							
6/30/2024	\$218.9	\$246.0	\$27.1	89.0%	\$6.0	\$226.4	92.0%
6/30/2025	235.1	258.7	23.6	90.9%	7.2	240.2	92.8%
6/30/2026	251.1	270.5	19.4	92.8%	6.6	254.3	94.0%
6/30/2027	266.2	282.1	15.9	94.4%	6.3	267.6	94.9%
6/30/2028	280.7	293.6	12.9	95.6%	6.1	280.7	95.6%
6/30/2029	294.1	305.4	11.3	96.3%	6.0	294.1	96.3%
6/30/2030	307.3	317.0	9.7	96.9%	6.0	307.3	96.9%
6/30/2031	320.5	328.6	8.1	97.5%	6.0	320.5	97.5%
6/30/2032	334.1	340.5	6.4	98.1%	6.1	334.1	98.1%
6/30/2033	348.4	352.8	4.4	98.8%	6.2	348.4	98.8%
6/30/2034	363.6	365.8	2.2	99.4%	6.3	363.6	99.4%
6/30/2035	379.3	379.3	0.0	100.0%	3.9	379.3	100.0%
6/30/2036	392.7	392.7	0.0	100.0%	4.0	392.7	100.0%
6/30/2037	406.3	406.3	0.0	100.0%	4.0	406.3	100.0%
6/30/2038	419.8	419.8	0.0	100.0%	4.0	419.8	100.0%
6/30/2039	433.2	433.2	0.0	100.0%	4.1	433.2	100.0%
6/30/2040	446.3	446.3	0.0	100.0%	4.1	446.3	100.0%
6/30/2041	459.0	459.0	0.0	100.0%	4.1	459.0	100.0%
6/30/2042	471.2	471.2	0.0	100.0%	4.1	471.2	100.0%
6/30/2043	483.1	483.1	0.0	100.0%	4.1	483.1	100.0%
6/30/2044	494.7	494.7	0.0	100.0%	4.2	494.7	100.0%
6/30/2045	505.6	505.6	0.0	100.0%	4.2	505.6	100.0%
6/30/2046	516.4	516.4	0.0	100.0%	4.2	516.4	100.0%
6/30/2047	527.2	527.2	0.0	100.0%	4.2	527.2	100.0%
6/30/2048	538.2	538.2	0.0	100.0%	4.3	538.2	100.0%
6/30/2049	549.7	549.7	0.0	100.0%	4.4	549.7	100.0%
6/30/2050	561.6	561.6	0.0	100.0%	4.5	561.6	100.0%
6/30/2051	573.9	573.9	0.0	100.0%	4.5	573.9	100.0%
6/30/2052	586.6	586.6	0.0	100.0%	4.6	586.6	100.0%
6/30/2053	600.0	600.0	0.0	100.0%	4.7	600.0	100.0%
6/30/2054	614.1	614.1	0.0	100.0%	4.8	614.1	100.0%
Judges							
6/30/2024	\$111.0	\$107.0	(\$4.0)	103.7%	\$2.5	\$114.8	107.3%
6/30/2025	117.3	111.6	(5.7)	105.1%	2.5	119.9	107.4%
6/30/2026	122.3	115.2	(7.1)	106.2%	2.5	123.9	107.6%
6/30/2027	127.3	127.3	0.0	100.0%	2.4	128.0	100.5%
6/30/2028	132.0	132.0	0.0	100.0%	2.4	132.0	100.0%
6/30/2029	135.9	135.9	0.0	100.0%	2.4	135.9	100.0%
6/30/2030	139.8	139.8	0.0	100.0%	2.4	139.8	100.0%
6/30/2031	143.6	143.6	0.0	100.0%	2.5	143.6	100.0%
6/30/2032	147.8	147.8	0.0	100.0%	2.6	147.8	100.0%
6/30/2033	152.1	152.1	0.0	100.0%	2.6	152.1	100.0%
6/30/2034	156.6	156.6	0.0	100.0%	2.7	156.6	100.0%
6/30/2035	161.3	161.3	0.0	100.0%	2.8	161.3	100.0%
6/30/2036	166.1	166.1	0.0	100.0%	2.9	166.1	100.0%
6/30/2037	171.0	171.0	0.0	100.0%	2.9	171.0	100.0%
6/30/2038	175.9	175.9	0.0	100.0%	3.0	175.9	100.0%
6/30/2039	180.9	180.9	0.0	100.0%	3.1	180.9	100.0%
6/30/2040	185.8	185.8	0.0	100.0%	3.2	185.8	100.0%
6/30/2041	190.6	190.6	0.0	100.0%	3.2	190.6	100.0%
6/30/2042	195.3	195.3	0.0	100.0%	3.3	195.3	100.0%
6/30/2043	200.3	200.3	0.0	100.0%	3.4	200.3	100.0%
6/30/2044	205.5	205.5	0.0	100.0%	3.5	205.5	100.0%
6/30/2045	211.0	211.0	0.0	100.0%	3.6	211.0	100.0%
6/30/2046	216.7	216.7	0.0	100.0%	3.6	216.7	100.0%
6/30/2047	222.6	222.6	0.0	100.0%	3.7	222.6	100.0%
6/30/2048	228.6	228.6	0.0	100.0%	3.9	228.6	100.0%
6/30/2049	235.0	235.0	0.0	100.0%	4.0	235.0	100.0%
6/30/2050	241.8	241.8	0.0	100.0%	4.1	241.8	100.0%
6/30/2051	248.7	248.7	0.0	100.0%	4.2	248.7	100.0%
6/30/2052	255.9	255.9	0.0	100.0%	4.3	255.9	100.0%
6/30/2053	263.3	263.3	0.0	100.0%	4.4	263.3	100.0%
6/30/2054	271.0	271.0	0.0	100.0%	4.5	271.0	100.0%

Source: The figures in this table were calculated for ERSRI by the Actuary using assumptions adopted by the Retirement Board as of June 30, 2024.

The ERS is projected to be 100% funded as of June 30, 2039. These figures assume the accuracy of all actuarial calculations and that the State and the LEAs continue to contribute 100% of the ADC to the State Employees and the Teachers, respectively. These methods include the UAAL amortization schedule, that determines both over which period the UAAL will be amortized and that the UAAL amortization schedule will be amortized on a level percentage of payroll. RIGL Section 36-10-2.1 established an amortization schedule with respect to the UAAL as of June 30, 2010 of 25 years (15 years as of June 30, 2020). If the General Assembly changes this schedule, then the figures presented in this table would likely materially change.

Audit Reports and Actuarial Reports

The ERSRI Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2024, and the annual Actuarial Valuation reports for each Plan as of June 30, 2024, are available at ERSRI's website, <http://www.ersri.org/>. None of the information posted on the ERSRI website is incorporated by reference herein.

Pension Reform and Related Litigation

Legislative Pension Reform

To increase the stability and security of the Plans, the General Assembly enacted legislation in 2005, 2009, 2010 and 2011, with the passage of the Rhode Island Retirement Security Act of 2011 ("RIRSA") to modify the Plans' pension benefit structure. RIRSA and the State's other legislative pension reforms have contributed to a reduction in the ADC and UAAL for the Plans. These reductions are already fully reflected in the June 30, 2013, valuation and therefore are not expected to materially reduce either the ADC or the UAAL going forward.

In 2023, the General Assembly enacted legislation modifying the statutory cost of living adjustments ("COLAs") to eligible retirees from being made once every four years, if the cumulative funded status of the Plans is under 80%, to one-fourth of the statutory COLAs each year until the cumulative funded status of the Plans reaches 80%.

In 2024, the General Assembly enacted legislation modifying the statutory COLAs to state employees, teachers, and municipal employees (including municipal public safety) who retired before July 1, 2012, and reducing the target funded ratio for the Plans. Previously, RIRSA suspended full annual COLAs to all eligible retirees until the cumulative funded status of the Plans reached 80%. Effective FY 2025, the target funded ratio for annual statutory COLAs under the Plan is 75%, a reduction from the previous 80%, and retirees who retired before July 1, 2012, will receive prospectively annual statutory COLAs irrespective of the cumulative funded status of the Plans. Both state and municipal ADC payments have increased based on actuarial calculations to adjust for these respective changes, as required by state law.

In 2024, the General Assembly also enacted the following additional changes to retirement benefits: (i) changing the final average salary formula for State employees, teachers, and municipal employees (including municipal public safety) with retirement dates on or after July 1, 2024; (ii) waiving the post-retirement employment cap for retired teachers and school employees in cases of specialized need; (iii)

increasing the post-retirement earnings cap for retired professors; (iv) providing State public safety employees an enhanced benefit accrual rate (effective as of January 1, 2025) generally equivalent to the rate offered to municipal public safety employees; and (v) including a rebuttable presumption that municipal police officers and firefighters who are unable to perform their duties due to post-traumatic stress disorder sustained such injury in the line of duty, for purposes of evaluating accidental disability retirement claims.

These changes, along with the changes in COLA provisions described above, are expected to increase the UAAL across all plans by \$434 million, requiring an increase of \$42.6 million in annual employer contributions in FY 2025 and recurring in future years. The FY 2025 Enacted Budget includes additional appropriations to pay for the estimated increase to annual state employer contributions to the state employee and teacher plans, totaling \$27.6 million all funds of which \$20.6 million is from general revenues. An additional \$15.1 million in annual contributions will be made by municipal employers and local school districts.

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 remains 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. The co-defendants filed motions to dismiss, which were granted in part, and motions for summary judgment. In August 2023, the Court granted ERSRI's motion for summary judgment in its entirety. In August 2024, the Court denied the State's motion for summary judgment. As a result, certain claims remain pending against the State defendants.

GASB Pension Accounting and Financial Reporting Standards

On June 25, 2012, GASB voted to approve two new standards that modify the accounting and financial reporting of the State's pension obligations: GASB Statement No. 67, *Financial Reporting for Pension Plans* ("GASB 67"), which was effective for the State's fiscal year 2014 financial statements, and GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* ("GASB 68" and collectively with GASB 67, the "GASB Statements"), which was effective for the State's fiscal year 2015 financial statements. GASB 67 established new standards for defined benefit pension plan accounting and reporting. GASB 68 required changes to governments' reporting of and inclusion of pension assets and liabilities in their annual financial statements. The GASB Statements are intended to improve comparability between public pension plans by standardizing the way certain financial data relating to these plans are disclosed.

The State's financial reporting on its pension system reflects the changes addressed in the GASB Statements, which include, among other changes, (i) the separation of accounting and financial reporting requirements from funding approaches, (ii) a requirement to report "net pension liability" (defined as total pension liability minus a pension plan's net assets) on the State's balance sheet, (iii) the immediate recognition of differences between expected and actual changes in economic and demographic factors, and

(iv) the deferred recognition over a five-year, closed period of differences between actual and projected earnings on plan investments.

As opposed to the calculation of the UAAL, which the Plans calculate using the actuarial assumptions and methods adopted by the Retirement Board, the Actuary calculates the net pension liability of the Plans in accordance with GASB requirements, which set forth required assumptions and methods. In the case of the Plans, most of the assumptions that GASB requires the Plans to use are the same or similar to the assumptions and methods that the Retirement Board has adopted for use in the calculation of the UAAL; but there are some differences. The most significant distinction is that GASB requires the calculation of the net pension liability at June 30 on the basis of the market value of investments at that date. For funding purposes, the Actuarial Valuation uses the actuarial value of assets, which reflects a five-year smoothed asset valuation.

GASB 67

The net pension liability of the Plans under GASB 67 as of June 30, 2024, is calculated based on the actuarial valuations of the Plans as of June 30, 2023 and rolled forward to June 30, 2024 using generally accepted actuarial principles.

The components of the net pension liability of the Plans are shown in the following chart:

GASB Statement No. 67 Disclosure
 Net Pension Liability and Plan Fiduciary Net Position⁽¹⁾
 as of June 30, 2024
(in thousands)

Pension Plan	Total Pension Liability (TPL)⁽²⁾	Plan Fiduciary Net Position	Plan Net Pension Liability⁽³⁾	Plan Fiduciary Net Position as a % of TPL
ERS – State Employees	\$5,237,418	\$3,304,268	\$1,933,150	63.1%
ERS – Teachers ⁽⁴⁾	7,379,670	4,995,983	2,383,687	67.7%
SPRBT	250,413	226,440	23,973	90.4%
JRBT	106,628	114,814	8,186	107.7%
RIJRFT ⁽⁵⁾	18,384	1,696	16,687	9.2%
SPRFT	148,944	32,270	116,674	21.7%

Source: GASB 67 as disclosed in the Audited Financial Statements of ERSRI for the Fiscal Year ended June 30, 2024. Total pension liability is calculated based on the actuarial valuations of the Plans as of June 30, 2023, and rolled forward to June 30, 2024. The actuarial assumptions used in the calculation of the total pension liability at the June 30, 2024, measurement date were consistent with the 2023 Actuarial Experience Investigation Study for the six-year period ended June 30, 2022 and approved by the Retirement Board on May 17, 2023.

⁽¹⁾ Based on market value of assets.

⁽²⁾ The State used a discount rate of 7.0% to measure the total pension liability of the Plans at June 30, 2024, except for RIJRFT. This discount rate was based on the expected rate of return on Plan investments of 7.0%. The projection of cash flows used to determine the 7.0% discount rate assumed that contributions from Plan members will be made at the current contribution rate and that contributions from the employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plans' fiduciary net position and future

contributions were projected to be sufficient to finance all the future benefit payments of current Plan members, except for the members of RIJRFT. Therefore, the long-term expected rate of return on pension plan investments of 7.0% was applied to all periods of projected benefit payments to determine the total pension liability of the Plans.

- (3) The net pension liability is measured as the total pension liability, less the amount of the Plans' fiduciary net position.
- (4) By statute, the State funds 40% of the ADC for teachers under ERS. This constitutes a special funding situation as described in GASB 68. Consequently, the State has recognized its proportionate share of the net pension liability and other related pension amounts for this special funding situation.
- (5) For RIJRFT, the State has not opted to make the ADC and therefore, the pension plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. Consequently, for the RIJRFT, the municipal bond index rate, based on fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index" (3.97% at June 30, 2024) was applied to all periods of projected benefit payments to determine the total pension liability.

Beginning July 1, 2016, a trust was created (State of Rhode Island State Police Retirement Fund Trust or "SPRFT") under ERSRI for retirees classified as "State Police" under RIGL Section 42-28-22.1 to allow for advance funding of the benefits that were previously paid for on a pay-as-you-go basis. All benefit payments for this group will be paid out of this trust. Funding for SPRFT comprises: (i) an initial supplemental contribution from the State in FY 2016 of \$15 million from a settlement through the U.S. Department of Justice's Equitable Sharing Program, and (ii) an actuarially appropriate contribution amount based on seventeen (17) annual payments of approximately \$16.4 million by the State, which commenced in FY 2017. Given an annual rate of return on the contributions of 7.00%, and life expectancy consistent with the most recent Actuarial Valuation for the SPRFT, the liability for the pay-as-you-go retirement benefits for the State police officers hired on or before July 1, 1987, will be advance funded.

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The following table (in thousands) shows the sensitivity of the net pension liability (asset) to changes in the discount rate, using a rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

GASB Statement No. 67 Disclosure
 Plans' Sensitivity of the FY 2024 Net Pension Liability To
 Changes in the Discount Rate
(in thousands)

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
ERS – State Employees	\$ 2,438,259	\$ 1,933,150	\$ 1,474,208
ERS – Teachers	3,094,999	2,383,687	1,737,386
SPRBT	47,436	23,963	2,660
JRBT	1,943	(8,186)	(17,387)
SPRFT	131,500	116,674	103,200
Municipal Bond Index			
	1.00% Decrease (2.97%)	Discount Rate (3.97%)	1.00% Increase (4.97%)
RIJRFT	\$ 18,390	\$ 16,687	\$ 14,978

GASB 68

GASB 68 requires each participating employer to recognize and record as a liability on its financial statements their proportionate share of the collective net pension liability determined under GASB 67. For the Fiscal Year ending June 30, 2024, each participating employer recognized its share of the total net pension liability of approximately \$4,378,566 (expressed in thousands). As shown below, the State's share of the collective net pension liability as of June 30, 2024, has been determined to be \$2,957,188 (expressed in thousands and is equal to the total net pension liability for State employees of \$1,925,480 plus the State's share of the total net pension liability for teachers of \$1,031,708). This amount was recorded as a liability in the 2024 Annual Report.

The GASB 68 disclosures as of June 30, 2023, are based on the Plans net pension liability as of June 30, 2022. Accordingly, the GASB 68 disclosures (other than RIJRFT) are based on the actuarial valuations of the Plans as of June 30, 2022 and adjusted to reflect what the Actuary assumed would occur with respect to the experience of the Plans as of June 30, 2023. The following chart summarizes the allocation of the net pension liability determined under GASB 68 and disclosed in the 2024 Annual Report.

GASB Statement No. 68 Disclosure
Allocation of Net Pension Liability (NPL) per GASB Statement No. 68
(in thousands)

June 30, 2023, Measurement Date

<u>Pension Plan</u>	<u>State</u>	<u>LEAs</u>	<u>State Colleges</u>	<u>Lottery</u> ⁽¹⁾	<u>Public Corps</u> ⁽²⁾	<u>Plan Net Pension Liability</u>
ERS - State Employees	1,747,517	—	\$144,183	\$17,762	\$16,018	\$1,925,480
ERS - Teachers ⁽³⁾	1,031,708	1,395,129	—	—	—	2,426,836
SPRBT	15,776	—	—	—	—	15,776
JRBT	- 7,185	—	—	—	—	-7,185
RIJRFT	17,658	—	—	—	—	17,658
Total	\$2,805,474	\$1,395,129	\$144,183	\$17,762	\$16,018	\$4,378,566

Source: GASB 68: 2024 Annual Report. Net pension liability was determined based on the actuarial valuations of the Plans as of June 30, 2023 and adjusted to reflect what the Actuary assumed would occur with respect to the experience of the Plans as of June 30, 2024.

- (1) The State allocates a portion of its net pension liability to the State’s Lottery Fund.
- (2) Certain employees of the Rhode Island Higher Education Assistance Authority, the Narragansett Bay Commission, Commerce RI and the Rhode Island Airport Corporation participate in ERS as though they were State employees.
- (3) The ERS plan for teachers represents a special funding situation because the State is legally responsible for making contributions directly to this plan for the purpose of providing pension benefits to non-State employees. Pursuant to GASB 68, this special funding situation requires the State to recognize its proportionate share of the collective net pension liability for this plan.

Under GASB 68 requirements, the State has also developed a valuation for its pay-as-you-go pension plans for certain State police officers and judges. The net pension liability at the June 30, 2024 measurement date was \$116.7 million for State police officers and \$16.7 million for judges, as disclosed in the 2024 Annual Report. See “STATE FUNDING OF RETIREMENT SYSTEMS - State Pension Plans and Membership - Judicial Retirement Fund Trust (JRFT)” and “- State Police Retirement Fund Trust (SPRFT)” herein.

A copy of the GASB 67 and 68 actuarial report as of June 30, 2023, is posted on the ERSRI website: <https://www.ersri.org/publications/gasb-68>. None of the information posted on the ERSRI website is incorporated by reference herein. The State anticipates that an updated GASB 67 and 68 actuarial report as of June 30, 2024 will be released by the end of June, 2025. Upon its release, the actuarial report will be posted on the ERSRI website.

Other Post-Employment Benefits

In addition to providing pension benefits, the State, through the Rhode Island State Employees’ and Electing Teachers OPEB System (the “OPEB System”), is required by law to provide OPEB for retired State employees. RIGL Chapter 36-12.1 (the “OPEB Statute”) governs the provisions of the OPEB System.

The OPEB System is administered by the OPEB Board, an independent board established under the OPEB Statute for the purpose of holding in trust and administering the funds of the OPEB System. The OPEB System administers benefits plans for: (i) State employees (including certain employees of the Narragansett Bay Commission, Rhode Island Airport Corporation and Commerce RI); (ii) certified public school teachers electing to participate in the OPEB System; (iii) judges; (iv) State police officers; (v) retired and former members of the General Assembly; and (vi) certain employees of the State Colleges and URI (primarily faculty) (collectively, the “OPEB Plans”). The contribution requirements of retirees, the State and other participating employers are set by statute. Active employees (other than employees of the State Colleges and URI) do not make contributions to the OPEB Plans. The retirees’ contribution to the cost of the OPEB Plans varies based on their years of service.

The State Investment Commission oversees all investments made by the State, including those made for the OPEB System. The OPEB Statute requires that all investments shall be made in securities as would be acquired by prudent persons of discretion and intelligence who are seeking a reasonable income and the preservation of capital. The assets of each of the OPEB Plans are pooled for investment purposes only. Consistent with a target asset allocation model adopted by the State Investment Commission, the OPEB System maintains a diversified portfolio by sector, credit rating and issuer using the prudent person standard.

Pursuant to the OPEB Statute, a trust was established in fiscal year 2011 to accumulate assets and pay benefits and other costs associated with the OPEB Plans. The State’s annual OPEB cost is calculated based on the ADC with respect to the OPEB Plans, as determined by the Actuary in accordance with GASB Statement No. 45, “*Other Post-Employment Benefits*” (“GASB 45”). The State is required by the OPEB Statute to fully fund the ADC through annual appropriations. Prior to fiscal year 2011, the State funded the OPEB Plans on a pay-as-you-go basis, with annual contributions designed to fund only current year claims, premiums and administrative costs. All employer contributions to the trust for fiscal year 2011 and thereafter have been made and will be made on an actuarially determined basis in accordance with the OPEB Statute.

Pursuant to GASB 45 and State law, the State has obtained an Actuarial Valuation of the OPEB Plans for the fiscal year ending June 30, 2024. GASB 45 requires that OPEB obligations be recalculated at least in two-year intervals, but the OPEB board voted in 2018 to obtain valuations for the fiscal year ending June 30, 2019, and annually thereafter. The purpose of the Actuarial Valuation is to measure the State’s funding progress, to determine the ADC, and to determine the actuarial information in accordance with GASB 45. According to the June 30, 2024, Actuarial Valuation, there were 13,103 active members covered by the OPEB trust and 9,145 retirees receiving healthcare benefits under the OPEB System.

The Actuarial Valuation Report as of June 30, 2024 is available on the State Controller’s website at the following address: https://controller.admin.ri.gov/sites/g/files/xkgbur621/files/2025-04/Rhode%20Island%20OPEB_June%2030%202024_Actuarial%20Valuation_2939_FINAL.pdf None of the information posted on the website of the State Controller is incorporated by reference herein.

The ADC for the OPEB Plans is based on OPEB Plan provisions in effect as of the valuation date, the actuarial assumptions adopted by the OPEB Board, and the methodology set forth in the OPEB Statute. The OPEB Board’s current policy is that an Actuarial Valuation becomes effective two years after the

valuation date. Therefore, the ADC in FY 2024 is based on the Actuarial Valuation as of June 30, 2022, and the ADC for FY 2025 will be based on the Actuarial Valuation as of June 30, 2023. The ADC for each year is subject to adjustment from the Actuarial Valuations based on actual payroll amounts.

In computing the ADC, the Actuary determined the AAL of the OPEB Plans to be \$759.8 million and the UAAL to be \$121.4 million as of June 30, 2024. This reflects a change from \$736.7 million for the AAL and \$164.7 million for the UAAL as of the June 30, 2023 valuation. The AAL increase is related to greater than expected per capita claims costs on its pre-65 medical plans. Post-65 per capita health care premiums saw increases that were lower than expected, once again driven by the Medicare Advantage HMO experience, which saw an increase of less than 1% since the prior valuation. HRA amounts for State Employees saw increases that were about as expected (6.57% vs 6.50% assumed). However, the HRA increase schedule by age was modified slightly, resulting in a slight reduction in liabilities. Future expectations of increases in claims costs (i.e., health care trend assumptions) utilized in this valuation are consistent to those used in last valuation, resulting in no impact to the liabilities of the plan and the computed contribution rates. The existing assumed rate of return of 5.0% for the OPEB trust fund remains unchanged.

The Actuary calculated the ADC based on an amortization of the UAAL over 30 years for judges and General Assembly members, 0 years for teachers and 12 years for State employees, State police officers and certain employees of the State Colleges and URI. The OPEB Plans for the judges, teachers, and General Assembly members are currently over 100% funded. The State and other participating employers contributed \$47.3 million to the OPEB Plans in FY 2024. In the FY 2025 Enacted Budget, the State and other participating employers are expected to contribute approximately \$40.4 million to the OPEB Plans.

The following tables set forth the prospective statutory funding status of the OPEB Plans for the Fiscal Year ended June 30, 2024, through the Fiscal Year ended June 30, 2047. The following information constitutes forward-looking information and does not represent a prediction of actual results. The following information represents a projection of the future funded status of the OPEB Plans, based on the assumptions and methodologies used by the Actuary in preparing the Actuarial Valuations for the OPEB Plans, and the assumption that the State will continue to make its ADC payments in each Fiscal Year. Accordingly, the following information is based on numerous assumptions and methodologies and actual results will likely differ. The projections reflect the information provided in the Actuarial Valuation Reports as of June 30, 2024, issued on February 21, 2025 for purposes of measuring the funded status and employer contribution rates for the plans. The actuarial reports are based on information provided by the plans and/or plan sponsors, which has not been independently audited. Investors should read carefully all of the other information contained herein regarding the OPEB Plans to understand the assumptions and methodologies upon which the following information is based.

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**AGGREGATE PROSPECTIVE FUNDING STATUS OF THE OPEB PLANS
(in millions)**

**Rhode Island State Employees' and Electing Teachers OPEB
Projections based on the June 30, 2024, actuarial valuations**

Group: Judges

Actuarial Valuation Date	Actuarial		Unfunded AAL		Actuarial Funded Ratio (a / b)	Actuarially Determined Contribution (ADC)* (in Millions \$)	Market Value		Funded Ratio at Market Value (d / b)
	Value of Assets (in Millions \$) (a)	Accrued Liability (AAL) (in Millions \$) (b)	(UAAL) (in Millions \$) (b-a)	of Assets (in Millions \$) (d)			Funded Ratio		
6/30/2024	\$ 6.60	\$ 0.62	\$ (5.98)	1,063.97%		\$ 6.87	1,106.28%		
6/30/2025	6.85	0.64	(6.21)	1,065.87%	\$ -	7.14	1,111.02%		
6/30/2026	7.33	0.67	(6.66)	1,092.43%	-	7.43	1,108.26%		
6/30/2027	7.73	0.70	(7.04)	1,108.94%	-	7.73	1,108.94%		
6/30/2028	8.05	0.72	(7.32)	1,112.04%	-	8.05	1,112.04%		
6/30/2029	8.37	0.75	(7.63)	1,120.77%	-	8.37	1,120.77%		
6/30/2030	8.71	0.77	(7.94)	1,132.51%	-	8.71	1,132.51%		
6/30/2031	9.06	0.79	(8.27)	1,142.72%	-	9.06	1,142.72%		
6/30/2032	9.43	0.82	(8.61)	1,152.58%	-	9.43	1,152.58%		
6/30/2033	9.82	0.86	(8.96)	1,147.24%	-	9.82	1,147.24%		
6/30/2034	10.25	0.92	(9.34)	1,117.51%	-	10.25	1,117.51%		
6/30/2035	10.72	0.99	(9.73)	1,080.60%	-	10.72	1,080.60%		
6/30/2036	11.20	1.07	(10.13)	1,045.37%	-	11.20	1,045.37%		
6/30/2037	11.71	1.15	(10.56)	1,015.13%	-	11.71	1,015.13%		
6/30/2038	12.24	1.24	(11.00)	989.55%	-	12.24	989.55%		
6/30/2039	12.79	1.32	(11.47)	967.81%	-	12.79	967.81%		
6/30/2040	13.37	1.42	(11.95)	940.06%	-	13.37	940.06%		
6/30/2041	14.00	1.54	(12.46)	908.46%	-	14.00	908.46%		
6/30/2042	14.65	1.67	(12.98)	879.38%	-	14.65	879.38%		
6/30/2043	15.34	1.80	(13.54)	852.48%	-	15.34	852.48%		
6/30/2044	16.06	1.94	(14.12)	827.57%	-	16.06	827.57%		
6/30/2045	16.80	2.09	(14.72)	805.69%	-	16.80	805.69%		
6/30/2046	17.59	2.24	(15.35)	785.19%	-	17.59	785.19%		
6/30/2047	18.42	2.40	(16.01)	765.74%	-	18.42	765.74%		

* For the year ending on the actuarial valuation date.

**AGGREGATE PROSPECTIVE FUNDING STATUS OF THE OPEB PLANS
(in millions)**

**Rhode Island State Employees' and Electing Teachers OPEB
Projections based on the June 30, 2024, actuarial valuations**

Group: Legislature

Actuarial Valuation Date	Actuarial Value	Actuarial	Unfunded AAL	Actuarial Funded Ratio	Actuarially Determined Contribution (ADC)* (in Millions \$)	Market Value	Funded Ratio at Market Value (d / b)
	of Assets (in Millions \$) (a)	Accrued Liability (AAL) (in Millions \$) (b)	(UAAL) (in Millions \$) (b-a)			of Assets (in Millions \$) (d)	
6/30/2024	\$ 4.09	\$ 1.82	\$ (2.27)	224.77%		\$ 4.25	233.70%
6/30/2025	4.15	1.84	(2.31)	225.16%	\$ -	4.33	234.91%
6/30/2026	4.32	1.85	(2.48)	234.20%	-	4.39	237.76%
6/30/2027	4.43	1.83	(2.60)	242.33%	-	4.43	242.33%
6/30/2028	4.46	1.80	(2.66)	247.51%	-	4.46	247.51%
6/30/2029	4.51	1.80	(2.72)	250.97%	-	4.51	250.97%
6/30/2030	4.56	1.79	(2.77)	255.29%	-	4.56	255.29%
6/30/2031	4.63	1.80	(2.83)	257.44%	-	4.63	257.44%
6/30/2032	4.70	1.81	(2.89)	259.77%	-	4.70	259.77%
6/30/2033	4.80	1.84	(2.95)	260.30%	-	4.80	260.30%
6/30/2034	4.92	1.90	(3.01)	258.43%	-	4.92	258.43%
6/30/2035	5.04	1.97	(3.07)	256.13%	-	5.04	256.13%
6/30/2036	5.16	2.03	(3.14)	254.66%	-	5.16	254.66%
6/30/2037	5.30	2.10	(3.20)	252.21%	-	5.30	252.21%
6/30/2038	5.47	2.21	(3.26)	247.42%	-	5.47	247.42%
6/30/2039	5.64	2.32	(3.32)	243.40%	-	5.64	243.40%
6/30/2040	5.81	2.42	(3.38)	239.81%	-	5.81	239.81%
6/30/2041	5.98	2.53	(3.45)	236.20%	-	5.98	236.20%
6/30/2042	6.17	2.66	(3.51)	231.94%	-	6.17	231.94%
6/30/2043	6.35	2.78	(3.57)	228.50%	-	6.35	228.50%
6/30/2044	6.53	2.89	(3.63)	225.55%	-	6.53	225.55%
6/30/2045	6.70	3.00	(3.69)	223.09%	-	6.70	223.09%
6/30/2046	6.86	3.10	(3.76)	221.02%	-	6.86	221.02%
6/30/2047	7.02	3.20	(3.82)	219.22%	-	7.02	219.22%

* For the year ending on the actuarial valuation date.

AGGREGATE PROSPECTIVE FUNDING STATUS OF THE OPEB PLANS
(in millions)

Rhode Island State Employees' and Electing Teachers OPEB
Projections based on the June 30, 2024, actuarial valuations

Group: State Employees

Actuarial Valuation Date	Actuarial Value	Actuarial	Unfunded AAL	Actuarial	Actuarially	Market Value	Funded Ratio
	of Assets (in Millions \$) (a)	Liability (AAL) (in Millions \$) (b)	(UAAL) (in Millions \$) (b-a)	Funded Ratio (a / b)	Contribution (ADC)* (in Millions \$)	of Assets (in Millions \$) (d)	at Market Value (d / b)
6/30/2024	\$ 434.50	\$ 590.68	\$ 156.17	73.56%		\$ 451.78	76.49%
6/30/2025	460.35	604.97	144.62	76.09%	\$ 34.88	479.44	79.25%
6/30/2026	494.90	619.18	124.28	79.93%	29.66	501.88	81.06%
6/30/2027	523.13	633.07	109.94	82.63%	28.87	523.13	82.63%
6/30/2028	544.25	646.47	102.22	84.19%	29.35	544.25	84.19%
6/30/2029	565.47	659.58	94.11	85.73%	29.85	565.47	85.73%
6/30/2030	586.87	672.46	85.59	87.27%	30.36	586.87	87.27%
6/30/2031	608.74	685.38	76.64	88.82%	30.89	608.74	88.82%
6/30/2032	631.52	698.76	67.24	90.38%	31.43	631.52	90.38%
6/30/2033	655.58	712.94	57.36	91.95%	31.99	655.58	91.95%
6/30/2034	681.11	728.10	46.99	93.55%	32.57	681.11	93.55%
6/30/2035	708.23	744.32	36.09	95.15%	33.16	708.23	95.15%
6/30/2036	736.75	761.39	24.65	96.76%	33.77	736.75	96.76%
6/30/2037	766.95	779.58	12.63	98.38%	34.40	766.95	98.38%
6/30/2038	798.99	798.99	-	100.00%	35.05	798.99	100.00%
6/30/2039	819.49	819.49	-	100.00%	22.78	819.49	100.00%
6/30/2040	841.06	841.06	-	100.00%	23.46	841.06	100.00%
6/30/2041	864.00	864.00	-	100.00%	24.17	864.00	100.00%
6/30/2042	888.63	888.63	-	100.00%	24.89	888.63	100.00%
6/30/2043	914.86	914.86	-	100.00%	25.64	914.86	100.00%
6/30/2044	942.71	942.71	-	100.00%	26.41	942.71	100.00%
6/30/2045	972.14	972.14	-	100.00%	27.20	972.14	100.00%
6/30/2046	1,003.38	1,003.38	-	100.00%	28.02	1,003.38	100.00%
6/30/2047	1,036.64	1,036.64	-	100.00%	28.86	1,036.64	100.00%

* For the year ending on the actuarial valuation date.

**AGGREGATE PROSPECTIVE FUNDING STATUS OF THE OPEB PLANS
(in millions)**

**Rhode Island State Employees' and Electing Teachers OPEB
Projections based on the June 30, 2024, actuarial valuations**

Group: Teachers

Actuarial Valuation Date	Actuarial Value	Actuarial	Unfunded AAL	Actuarial	Actuarially	Market Value	Funded Ratio
	of Assets (in Millions \$) (a)	Accrued Liability (AAL) (in Millions \$) (b)	(UAAL) (in Millions \$) (b-a)	Funded Ratio (a / b)	Contribution (ADC)* (in Millions \$)	of Assets (in Millions \$) (d)	at Market Value (d / b)
6/30/2024	\$ 15.50	\$ 9.61	\$ (5.89)	161.27%		\$ 16.12	167.68%
6/30/2025	15.36	9.21	(6.15)	166.75%	\$ -	16.05	174.15%
6/30/2026	15.71	8.79	(6.92)	178.80%	-	15.96	181.64%
6/30/2027	15.87	8.34	(7.53)	190.29%	-	15.87	190.29%
6/30/2028	15.78	7.87	(7.91)	200.50%	-	15.78	200.50%
6/30/2029	15.69	7.39	(8.30)	212.39%	-	15.69	212.39%
6/30/2030	15.62	6.90	(8.72)	226.36%	-	15.62	226.36%
6/30/2031	15.55	6.40	(9.16)	243.14%	-	15.55	243.14%
6/30/2032	15.49	5.88	(9.61)	263.47%	-	15.49	263.47%
6/30/2033	15.45	5.36	(10.09)	288.27%	-	15.45	288.27%
6/30/2034	15.44	4.84	(10.60)	318.80%	-	15.44	318.80%
6/30/2035	15.46	4.33	(11.13)	356.74%	-	15.46	356.74%
6/30/2036	15.52	3.84	(11.68)	404.39%	-	15.52	404.39%
6/30/2037	15.63	3.36	(12.27)	464.82%	-	15.63	464.82%
6/30/2038	15.79	2.91	(12.88)	542.31%	-	15.79	542.31%
6/30/2039	16.02	2.49	(13.53)	643.03%	-	16.02	643.03%
6/30/2040	16.30	2.10	(14.20)	775.91%	-	16.30	775.91%
6/30/2041	16.66	1.75	(14.91)	953.87%	-	16.66	953.87%
6/30/2042	17.09	1.43	(15.66)	1,195.83%	-	17.09	1,195.83%
6/30/2043	17.59	1.15	(16.44)	1,529.76%	-	17.59	1,529.76%
6/30/2044	18.17	0.91	(17.26)	1,997.60%	-	18.17	1,997.60%
6/30/2045	18.83	0.71	(18.13)	2,663.23%	-	18.83	2,663.23%
6/30/2046	19.57	0.54	(19.03)	3,627.71%	-	19.57	3,627.71%
6/30/2047	20.39	0.40	(19.98)	5,045.88%	-	20.39	5,045.88%

* For the year ending on the actuarial valuation date.

**AGGREGATE PROSPECTIVE FUNDING STATUS OF THE OPEB PLANS
(in millions)**

**Rhode Island State Employees' and Electing Teachers OPEB
Projections based on the June 30, 2024, actuarial valuations**

Group: State Police

Actuarial Valuation Date	Actuarial Value	Actuarial	Unfunded AAL	Actuarial	Actuarially	Market Value	Funded Ratio
	of Assets (in Millions \$) (a)	Liability (AAL) (in Millions \$) (b)	(UAAL) (in Millions \$) (b-a)	Funded Ratio (a / b)	Determined Contribution (ADC)* (in Millions \$)	of Assets (in Millions \$) (d)	at Market Value (d / b)
6/30/2024	\$ 102.32	\$ 80.42	\$ (21.89)	127.22%		\$ 106.38	132.28%
6/30/2025	105.80	83.32	(22.48)	126.98%	\$ 4.07	110.29	132.38%
6/30/2026	111.43	85.96	(25.47)	129.63%	3.29	113.07	131.54%
6/30/2027	115.99	88.55	(27.44)	130.99%	3.60	115.99	130.99%
6/30/2028	118.93	91.37	(27.56)	130.16%	3.53	118.93	130.16%
6/30/2029	122.05	94.37	(27.68)	129.33%	3.66	122.05	129.33%
6/30/2030	125.39	97.59	(27.80)	128.49%	3.80	125.39	128.49%
6/30/2031	129.27	101.35	(27.92)	127.55%	3.95	129.27	127.55%
6/30/2032	134.02	105.97	(28.04)	126.46%	4.10	134.02	126.46%
6/30/2033	139.51	111.35	(28.17)	125.30%	4.25	139.51	125.30%
6/30/2034	145.74	117.45	(28.29)	124.09%	4.41	145.74	124.09%
6/30/2035	152.57	124.16	(28.41)	122.88%	4.58	152.57	122.88%
6/30/2036	160.24	131.71	(28.54)	121.67%	4.75	160.24	121.67%
6/30/2037	168.24	139.58	(28.66)	120.53%	4.92	168.24	120.53%
6/30/2038	176.60	147.81	(28.79)	119.48%	5.10	176.60	119.48%
6/30/2039	185.25	156.34	(28.91)	118.49%	5.29	185.25	118.49%
6/30/2040	193.97	164.93	(29.04)	117.61%	5.48	193.97	117.61%
6/30/2041	202.71	173.54	(29.17)	116.81%	5.68	202.71	116.81%
6/30/2042	211.35	182.06	(29.29)	116.09%	5.88	211.35	116.09%
6/30/2043	219.94	190.52	(29.42)	115.44%	6.09	219.94	115.44%
6/30/2044	228.46	198.91	(29.55)	114.86%	6.31	228.46	114.86%
6/30/2045	236.77	207.09	(29.68)	114.33%	6.53	236.77	114.33%
6/30/2046	244.98	215.17	(29.81)	113.85%	6.76	244.98	113.85%
6/30/2047	253.08	223.14	(29.94)	113.42%	7.00	253.08	113.42%

* For the year ending on the actuarial valuation date.

**AGGREGATE PROSPECTIVE FUNDING STATUS OF THE OPEB PLANS
(in millions)**

**Rhode Island State Employees' and Electing Teachers OPEB
Projections based on the June 30, 2024, actuarial valuations**

Group: Board of Education

Actuarial Valuation Date	Actuarial Value	Actuarial	Unfunded AAL	Actuarial	Actuarially	Market Value	Funded Ratio
	of Assets (in Millions \$) (a)	Liability (AAL) (in Millions \$) (b)	(UAAL) (in Millions \$) (b-a)	Funded Ratio (a / b)	Determined Contribution (ADC)* (in Millions \$)	of Assets (in Millions \$) (d)	at Market Value (d / b)
6/30/2024	\$ 75.39	\$ 76.65	\$ 1.26	98.36%		\$ 78.39	102.27%
6/30/2025	79.74	79.99	0.25	99.69%	\$ 2.53	83.06	103.84%
6/30/2026	86.16	83.37	(2.79)	103.35%	2.12	87.37	104.80%
6/30/2027	91.21	86.79	(4.42)	105.09%	1.61	91.21	105.09%
6/30/2028	95.14	90.27	(4.86)	105.39%	1.66	95.14	105.39%
6/30/2029	98.71	93.83	(4.88)	105.20%	1.27	98.71	105.20%
6/30/2030	102.40	97.49	(4.90)	105.03%	1.31	102.40	105.03%
6/30/2031	106.19	101.27	(4.93)	104.86%	1.36	106.19	104.86%
6/30/2032	110.10	105.16	(4.95)	104.70%	1.40	110.10	104.70%
6/30/2033	114.16	109.19	(4.97)	104.55%	1.45	114.16	104.55%
6/30/2034	118.39	113.40	(4.99)	104.40%	1.50	118.39	104.40%
6/30/2035	122.80	117.78	(5.01)	104.26%	1.55	122.80	104.26%
6/30/2036	127.40	122.36	(5.03)	104.11%	1.60	127.40	104.11%
6/30/2037	132.20	127.14	(5.06)	103.98%	1.66	132.20	103.98%
6/30/2038	137.25	132.17	(5.08)	103.84%	1.71	137.25	103.84%
6/30/2039	142.57	137.47	(5.10)	103.71%	1.77	142.57	103.71%
6/30/2040	148.15	143.03	(5.12)	103.58%	1.83	148.15	103.58%
6/30/2041	154.00	148.86	(5.15)	103.46%	1.89	154.00	103.46%
6/30/2042	160.18	155.01	(5.17)	103.33%	1.95	160.18	103.33%
6/30/2043	166.71	161.52	(5.19)	103.21%	2.02	166.71	103.21%
6/30/2044	173.57	168.35	(5.21)	103.10%	2.08	173.57	103.10%
6/30/2045	180.78	175.55	(5.24)	102.98%	2.15	180.78	102.98%
6/30/2046	188.39	183.13	(5.26)	102.87%	2.22	188.39	102.87%
6/30/2047	196.39	191.11	(5.28)	102.76%	2.29	196.39	102.76%

* For the year ending on the actuarial valuation date.

Actuarial Valuations of the OPEB Plans involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trends. Amounts determined regarding the funded status of the OPEB Plans and the ADC are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. These future revisions in actuarial assumptions could have a material effect on the UAAL or ADC in the future. In the event of material changes in the UAAL with respect to retiree healthcare, there is no assurance that the State will be able to fund its ADC in the future. If the State is not able to fund such contributions, the State may be required to raise additional revenue, to reduce State services, to modify benefits, to implement a combination of the foregoing or take other necessary measures.

The actuarial methods and assumptions used in the latest valuation of the OPEB Plans as of June 30, 2024, are as follows:

Summary of Actuarial Methods and Assumptions as of June 30, 2024, valuation						
	Plan					
	State Employees	Teachers	Judicial	State Police	Legislators	Board of Education
Plan Type	Cost sharing multiple employer	Single Employer	Single Employer	Single Employer	Single Employer	Cost sharing multiple employer
Actuarial Cost Method	Individual Entry Age					
Amortization Method	Level Percent of Payroll	Level Dollar	Level Percent of Payroll			
Equivalent Single Remaining Amortization Period	12 years closed	Determined by statutory contribution	30 years open	30 years open	30 years open	12 years closed
Asset Valuation Method	Four-year smoothed market					
Actuarial Assumptions						
Investment Rate of Return	5.00%					
Projected Salary Increases	3.25% to 6.25%	NA	2.75%	3.75% to 11.75%	3.25% to 6.25%	3.25% to 6.25%
Valuation Health-care Cost Trend Rate	Pre-Medicare/HRA – 7.00% in 2025, grading to 3.5% in 2038 Medicare Eligible - 6.25% in 2025, grading to 3.5% in 2038					
Excise Tax Under the Patient Protection and Affordable Care Act	0.0%. (The Excise Tax load on pre-65 liabilities was removed as result of the “Further Consolidated Appropriations Act of 2020” (H.R. 1865), which repealed the tax.)					

Note: The actuarial assumptions do not include a separate general inflation rate assumption.

In June of 2015, GASB approved new Statement No. 74, Financial Reporting for Postemployment Benefits Plans Other Than Pension Plans (“GASB 74”), and Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (“GASB 75”), which established new accounting and financial reporting requirements for governments whose employees are provided with OPEB. The OPEB System implemented GASB 74 in FY 2017 and the State implemented GASB 75 for FY 2018. GASB 75 required the State to restate the net position of the OPEB Plans as of July 1, 2018, to recognize its share of the net OPEB liability. The net OPEB liability, an accounting concept, is the difference between the total OPEB liability and the fiduciary net position of the plans. This is analogous to the UAAL, an actuarial concept, which is the AAL less the actuarial value of plan assets.

On April 25, 2025, the Office of Auditor General (OAG) issued its reports for the OPEB Plans under GASB 75 based on a measurement date of June 30, 2024. The reports showed a net OPEB liability of \$139,122,973, as compared to a UAAL of \$121,401,583 in the Actuarial Valuation Report as of June 30, 2024. In preparing the GASB 75 reports, the OAG used the same assumptions as were used in preparing the Actuarial Valuation. However, GASB 75 requires the use of the plan’s fiduciary net position or fair market value of assets, whereas the actuarial funding valuing uses an asset valuation method that smooths investment gains and losses over a period of four years. GASB 75 reporting was included in the State’s audited financial statements beginning with the State’s 2018 Annual Report.

For further information about retiree health care benefits, see “Note 19. Other Postemployment Benefit Plans” in the 2024 Annual Report.

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EMPLOYEE AND LABOR RELATIONS

It is the public policy of the State to encourage the practice and procedure of collective bargaining, and to protect employees in the exercise of full freedom of association, self-organization, and designation of representatives of their own choosing for the purposes of collective bargaining, or other mutual aid and protection, free from the interference, restraint, or coercion of their employers. See, RIGL Section 28-7-2. State employees, with limited exceptions, have the right to organize, to designate representatives for the purpose of collective bargaining and to negotiate with the Governor or his/her designee on matters pertaining to wages, hours and other conditions of employment, except those benefits provided under ERSRI. See, RIGL Section 36-11-1. State employees generally have all rights to bargain as do private employees under the State Labor Relations Act, except that State employees cannot lawfully strike. See, RIGL Section 36-11-6.

The State's workforce consists of approximately 15,384 paid employees as of June 30, 2024. This corresponds to 14,966.39 FTE positions. This number is less than the 15,652.8 authorized FTE positions in the FY 2024 Budget by approximately 686.5 positions. Of this amount, the State employs 5,437 non-union employees (35% of the total workforce) and 9,947 union employees (65% of the total workforce). There are fifteen unions, the largest being American Federation of State, County and Municipal Employees ("AFSCME"), Council 94. Council 94 represents approximately 3,512 employees (35.3% of total union workforce). Other significant unions include the Rhode Island Brotherhood of Correctional Officers ("RIBCO") (1,082 employees –10.9% of the total union workforce); the Rhode Island Alliance of Social Service Employees, Local 580 (875 employees –8.8% of the total union workforce); and the Laborers International Union North America ("LIUNA") (785 employees –7.9% of the total union workforce).

The current collective bargaining agreements (each, a "CBA") between the State and AFSCME, Council 94 and the Coalition of Unions (which includes ESPA/NEARI (Local 852), Rhode Island Probation and Parole Association, Council of Budget Personnel, Howard Union of Teachers (RIFTHP Local 1171), IFPTE (Local 400), ESP/NEARI (Local 879), RIBCO, RI SEPA, LIUNA (Local 808 & 1033), UNAP (Local 5019), RIESA/SEIU (Local 401), RIASSE/SEIU (Local 580), NAGE (Local 79), PSA/NEARI (Local 859), and ARISS) were negotiated for a three-year period July 1, 2024 through June 30, 2027. The agreements provided for salary increases of 5.0% effective July 1, 2024, 4.0% effective July 1, 2025, 2.5%, and 3.0% effective July 1, 2026. These salary increases were also extended to non-union employees for FY 2024 and FY 2025. Modifications to health insurance benefits including increased employee co-share in accordance with the increases of 5% effective June 30, 2024, 4% effective June 29, 2025, and 3% effective June 28, 2026. These changes in the health-care plans apply to union and non-union employees.

The State has also reached three-year collective bargaining agreements with the following collective bargaining units: Council 94, the Coalition of Labor Organizations, the Rhode Island Brotherhood of Correctional Officers, and the Rhode Island State Troopers Association. All of the contracts are in effect through June 2027 except for the agreement with the State Troopers Association, which is in effect through October 31, 2026. The contract with Council 94, the Coalition of Labor Organizations, provides for salary increases of 5.0% effective July 1, 2024, 4.0% effective July 1, 2025, and 3.0% effective July 1, 2026. The contract with the Brotherhood of Correctional Officers provides for salary increases of 5.0% effective July 1, 2024, 4.0% effective July 1, 2025, and 3.0% effective July 1, 2026. The contract with

the State Troopers Association provides for salary increases of 5.0% effective November 1, 2023, 4.0% effective November 1, 2024, and 3.0% effective November 1, 2025.

The FY 2026 Budget included the costs of all labor agreements except for the Troopers Association, Brotherhood of Correctional Officers, and certain groups at the Department of Elementary and Secondary Education (i.e., Council 94, the Coalition of Labor Organizations). Although the FY 2026 Budget did set aside a reserve of \$30.2 million in anticipation of these contracts being settled, the final cost of these contracts is anticipated to be approximately \$45.2 million. The State is working with the General Assembly to ensure that, when enacted, the FY 2026 Budget allocates the necessary funding to finance these contractual obligations.

Since 2000, in lieu of a portion of the pay LIUNA members received over the years, the State agreed to make payments to a LIUNA pension fund (“LPF”). The amount of the payments the State makes is a dollar amount per hour, up to a maximum of thirty-five (35) hours per week. The dollar amount per hour varies by local LIUNA bargaining units. The net cost to the State of the LPF contributions is \$0. In order to effectuate these employer contributions to the LPF, the State over the years annualized the dollar amount per hour and pay scales for participating LIUNA members were reduced by the annualized amount. In June 2021, the State and LIUNA entered into a new agreement to change the payroll methodology prospectively to correct the effects of the reduced pay scales on longevity and overtime calculations. A sum of \$4.3 million was included in the FY 2022 Budget to account for recalculation and compensation to affected LIUNA members for longevity and overtime payments back to January 1, 2012.

LITIGATION

The State is a named party in various suits presently pending in Rhode Island state and federal courts. In the opinion of the Attorney General, to his knowledge, no litigation is pending or threatened which is likely to result, either individually or in the aggregate, in final judgments against the State that would materially affect its financial condition. However, the following matters should be noted. The State is vigorously defending any liability in all pending litigation; however, the cases are subject to a trial by jury or judge, who serves as the final trier of fact and awards.

Pension Litigation

For a discussion of litigation in respect to the State’s pension reform, see the section titled: “Pension Reform and Related Litigation” under “STATE FUNDING OF RETIREMENT SYSTEMS” above.

Challenge to Tolls

The RhodeWorks tolling program to fund bridge maintenance and repair was challenged by the trucking industry in *American Trucking Associations, Inc. et al. v. Alviti et al.*, initially filed on July 10, 2018 in the federal district court in Rhode Island. Plaintiffs, a national trade association for the interstate trucking industry and several trucking companies, named as defendant the director of RIDOT, acting for the State in his official capacity. RITBA was later permitted by the court to intervene as a defendant due to its role as the agency

responsible for collecting the challenged tolls on the State’s behalf. For more information regarding RhodeWorks, see “STATE REVENUES—*RhodeWorks Revenues*” herein.

On September 21, 2022, following a bench trial, the district court issued a decision holding that RhodeWorks truck tolling violates the dormant Commerce Clause of the United States Constitution because it unfairly apportions the State’s tolling burden to large commercial trucks and has a discriminatory purpose and effect with regard to interstate commerce. See *American Trucking Associations, Inc. et al. v. Alviti et al.*, 1:18-cv-00378-WES-PAS (D.R.I. Sep. 21, 2022). Accordingly, the court permanently enjoined the State from collecting RhodeWorks tolls, which RIDOT estimated would have annually generated approximately \$40-50 million in revenue dedicated to bridge maintenance and repair. RIDOT suspended toll collections at all twelve active locations on September 21, 2022, following the ruling. Plaintiffs did not seek damages or restitution for tolls previously paid, but are seeking attorney’s fees, which are likely to exceed several million dollars, and which will be considered by the court at a date subsequent to its decision. The State appealed the district court decision to the First Circuit Court of Appeals and a decision was issued by the First Circuit in December 2024 essentially allowing RhodeWorks and tolling to go into effect (absent caps). To date, no decision has been made related to how and when to reinstate tolling and the parties are currently engaged in litigation concerning attorneys’ fees. It is the State’s position that plaintiff is not entitled to an award of fees given the outcome of the case, but this issue remains open as of this report.

Other Litigation

The Narragansett Indian Tribe filed a complaint challenging the constitutionality of a statute authorizing table games at Twin River Casino. The tribe also disputes whether the State “operates” either Twin River or Tiverton Casino within the meaning of the statute. The Supreme Court has since determined that the statute is constitutional and remanded the case to the Superior Court to determine whether the State “operates” the facilities. There has been no action on this case since the Supreme Court’s decision in 2015. If the tribe were to prevail, there could be a significant impact to the State’s gaming revenue.

The Quiddnessett Memorial Cemetery (the “Cemetery”) filed a lawsuit against RIDOT alleging inverse condemnation, continuous trespass, and violations of substantive and procedural due process stemming from an easement that the Cemetery granted to RIDOT in 1984 for the construction of a “seepage pit” on Cemetery property for overflow of highway runoff. The Cemetery alleges at least \$2.5 million in damages for the value of the easement, which does not include damages related to loss of use. The Cemetery also demands the State resolve the flooding on Cemetery property, which may require major highway reconstruction with a cost in the millions of dollars. On August 31, 2021, the court issued a decision in favor of the State on plaintiff’s claims of inverse condemnation and violation of due process. The decision ruled in favor of plaintiff on its claim of continuous trespass but limited that trespass solely to the intermittent presence of water outside the boundaries of the State’s easement. Appeals of this decision by plaintiff and the State were dismissed because damages had not been determined. The parties are currently submitting briefs related to remedy for continuous trespass (injunctive relief versus damages) and a hearing on that remedy is anticipated in the summer of 2025. Should the Court determine monetary damages should be awarded, a hearing on those damages is anticipated later in 2025. RIDOT has completed construction of a stormwater management project in the vicinity of plaintiff’s property that is expected to alleviate certain water retention issues. The project cost was approximately \$8 million and has, on information and belief, resolved flooding issues in the area. Since construction, DOT has

not received any complaints or concerns from the Cemetery related to flooding. See *Quidnessett Memorial Cemetery v. RIDOT et al.*, C.A. No. WC-2015-0190.

The Chariho Regional School Committee (“Chariho”) filed a verified complaint in Washington County Superior Court for declaratory judgment and injunctive relief against the State by and through RIDE, DOA, the Council on Elementary and Secondary Education (the “Council”), and the Commissioner of Education to declare the rights and obligations under the State’s alleged breach of a Career and Technical Center Transfer Agreement (“CTC Agreement”) that transferred a state-owned property to Chariho to be used as a career and technical center. In the operative complaint, Chariho alleges that that RIDE and the Council (not DOA) breached the CTC Agreement by authorizing career and technical programs as Westly High School and Narragansett High School. The Superior Court dismissed Chariho’s claims in March 2017. Chariho appealed and the Rhode Island Supreme Court reversed the dismissal and remanded the case for further consideration in 2019. The case is currently in the discovery phase. While Chariho seeks to vacate the transfer of the title to the property and return the property to the State, there is a question as to whether title would vest back to DOA or the Council, should Chariho succeed on its claims. In the event title vests back to DOA, the State would incur significant expense to repair and maintain the property. See *Chariho Regional School District, by and through the Chariho Regional School Com v. State Of Rhode Island, by and through the Rhode Island Department of Education et al.*, C.A. No. WC-2016-0410.

A former State employee sued State of Rhode Island Legislative Council and her supervisor alleging violations of the Fair Employment Practices Act by creating a hostile work environment and engaging in gender discrimination. Discovery is substantially complete. Damages are unknown at this time. If interest is awarded, interest would be 12% of the judgment per annum from August 2004. See *Duff v. State of Rhode Island Legislative Council*; PC04-2733.

The plaintiff, a former program worker with juveniles, brought suit against DCYF and certain DCYF employees alleging discrimination based on gender and retaliation under the Whistleblowers’ Protection Act. Discovery is ongoing. Damages are estimated to be a minimum of \$821,000. If interest is awarded, the amount would be 12% of the judgment per annum from April 2007. The amount of the potential award may be offset by a workers’ compensation setoff. After a motion for judgment on the pleadings was filed with respect to the claims against the individual State defendants, a stipulation was entered by the parties agreeing to the dismissal. See *Melvin v. DCYF, et al.*; PC08-2826.

A wrongful death action arising from an automobile accident was filed against the State. A wrong way driver, operating under the influence of alcohol, struck a vehicle and killed a young married couple, leaving behind a young child. Plaintiffs have alleged that the State was negligent due to insufficient signage on the roadway where the accident occurred. The State believes that the public duty doctrine applies. Potential damages could be valued in the millions of dollars. A companion case was filed against the establishments serving alcohol to the driver, and that case has settled. The case against the State remains open and is in discovery. See *Sical v. State Department of Transportation*; PC18-2214.

Children’s Rights of New York (“Children’s Rights”) sued DCYF alleging constitutional and statutory violations in its foster care programs. Children’s Rights sought substantial changes to these programs, prolonged supervision by a private, outside monitor and attorney’s fees. A judgment was entered in favor of the State in the United States District Court for the District of Rhode Island on April 30, 2014. Children’s Rights appealed

to the United States Court of Appeals for the First Circuit, which reversed the judgment and remanded the case to the District Court for additional discovery and further litigation. A settlement agreement was approved by the District Court after a fairness hearing in May 2018 and negotiated attorneys' fees were paid. The State will need to provide resources to DCYF to carry out the terms of the settlement agreement and meet its benchmarks. If DCYF does not meet the benchmarks, the State may be liable for costs and attorneys' fees from future litigation for contempt and/or enforcement of the settlement. DCYF management believes they can comply with the requirements of the settlement with current staffing levels, but if it is determined that requirements of the settlement are not being met, DCYF will seek additional positions and associated funding. See *Sam and Tony M. v. Carcieri*, C.A. No. 07-cv-00241, First Circuit Appeal No 09-1759, reversed and remanded. A stipulated order as to fees was entered in August 2024 requiring defendants to pay the total \$47,000. As of April 2025, after completion of certain reporting requirements, the State has begun the process of exiting the Settlement Agreement, with two more sections to exit. There will likely be one, if not two, more fee applications.

On January 29, 2020, Beaufoy Development, LLC filed suit against RIDOT on a petition for the assessment of damages. RIDOT acquired certain property and easements in Pawtucket by condemnation. On February 20, 2020, RIDOT filed its answer. The amount of potential damages is currently unknown. This matter is currently in discovery. See *Beaufoy Development, LLC v. The Rhode Island Dept of Transportation*, C.A. No. PC-2020-00719. (RIDOT is handling this matter).

On July 26, 2022, Beaufoy Development, LLC filed a second suit against RIDOT on a petition for the assessment of damages. RIDOT acquired certain property and easements in Pawtucket by condemnation. RIDOT's answer will be filed on or before August 16, 2022. The amount of potential damages is currently unknown. This matter is currently in discovery. See *Beaufoy Development, LLC v. R.I. Dept of Transportation, by & through Peter Alviti, Jr., in his capacity*, C.A. No. PC-2022-04610. (Case consolidated with PC-2020-00719 above; RIDOT is handling this matter).

On August 11, 2021, Kent County Water Authority (KCWA) has filed suit against D'Ambra, RIDOT, and Commonwealth Engineers for alleged property damages. This matter relates to the public works construction project known as RIC 2019-CB-077 Replacement of Sandy Bottom Bridge. RIDOT has answered, filed a counterclaim, crossclaims, and third-party claims. D'Ambra and Commonwealth Engineers have answered crossclaimed and filed third party claims as well. The matter is currently in discovery. KCWA alleges that it has expended \$970,209.04 in design and construction costs for the alleged damages. See *Kent County Water Authority v. D'Ambra Construction Company, Inc. et al.*, C.A. No. KC-2021-0704.

Plaintiff Atsalis Brothers Painting Co. is a subcontractor to Cardi Corp. on several public works projects and alleges non-payment against Cardi in the amount of \$529,826.78. On July 7, 2021, Cardi Corp. filed a third-party complaint against RIDOT. The State filed an answer on September 1, 2021, and the case is in the discovery phase. See *Atsalis Brothers Painting Co. v. Cardi Corporation et al.*, C.A. No. PC-2021-03196. (This case is being handled by RIDOT).

In the case of *K.L., through her parent L.L. and on behalf of a Class v. R.I. Board of Education, et al.*, a student, through her parents and on behalf of a class of similarly situated individuals, filed suit in federal court arguing that LEAs in the State must provide free appropriate public education to students with a disability who have not earned a regular high school diploma until the age of 22. Such services have historically been provided until the age of 21. On appeal of a district court decision in favor of the State, the First Circuit Court of Appeals

reversed the district court, held in favor of the plaintiffs and remanded the case to the district court to determine remedies. The parties are currently working to determine the size of plaintiffs' class size (which is believed to be less than 30 individuals) in preparation for a potential settlement conference. Based on similar settlements in other states, the State estimates potential liability of approximately \$6.4 million. See *K.S. v. Rhode Island Board of Education et al*, C.A. No. 14-cv-00077, First Circuit Court of Appeals No. 17-1517.

Plaintiff, estate of a decedent, has brought a wrongful death action against the State (including the Department of Public Safety and E-911) and the Town of Lincoln arising out of address confusion in the response of first responders to an emergency. This is currently in discovery; damages have not been quantified and no demand has been served. The wrongful death minimum in Rhode Island is \$250,000. The State has legal arguments to this action including the application of the statutory cap of \$100,000 and the public duty doctrine. The matter is currently in discovery, and the parties are exchanging experts. The Town of Lincoln has settled with Plaintiff. See *Gilbert R. Brillon, individually and in his capacity as Administrator of The Estate of Derek D. Brillion et al. v. State of Rhode Island et al.*, C.A. No. PC-2019-11197.

A wrongful death action was filed against the State arising out of a vehicle striking a pedestrian on Allens Avenue in Providence. Plaintiff later died as a result of his injuries. Medical damages alone are approximately \$4.5 million.

A lawsuit was filed against the State in 2020 relating to a serious bodily injury arising out a police shooting by the Rhode Island State Police and Providence Police on a Route 95N merging ramp. Collectively, the police discharged their weapons at a vehicle that refused to follow verbal commands and was using the vehicle as a weapon against police and civilians. Plaintiff was a vehicle passenger and was struck by a bullet when police discharged their weapons. Plaintiff's initial demand for damages was \$2 million. The case is currently in discovery. See *Christine Demers v. City of Providence et al.*, C.A. No. PC-2020-05705

Disability Rights Rhode Island and the ACLU National Prison Project brought suit against the Rhode Island Department of Corrections ("RIDOC") on behalf of six current and former inmates at RIDOC, as well as seeking class certification. The complaint alleges that RIDOC violated the constitutional rights of inmates with severe and persistent mental illness, as well as the ADA and the Rehabilitation Act when inmates are placed in administrative or disciplinary confinement. Among the relief sought is a change in RIDOC policies and practices, increased staffing, possible facility alteration and/or creation and appointment of an expert to assess RIDOC's confinement and make recommendations that the State must comply with. Plaintiffs will also seek significant attorneys' fees. This case is progressing on a dual track: litigation and mediation. The State will contest any claim for class certification and defend the lawsuit on its merits. See *Liberty, et al. v. Coyne-Fague, et al.*; 19-cv-573

Class action lawsuit challenging the Morris Rules, conditions of confinement, and time/conditions of disciplinary confinement. This case is proceeding on a mediation track in the United States district Court for the District of Rhode Island. The Court has appointed two experts. This case may result in changes to RIDOC policies and practices, increased staffing, possible facility alteration and attorneys' fees. See *Richrd Lee Paiva V. Rhode Island Department of Corrections*, C.A. No. 17-mc-00014.

Consent decrees were entered in the U.S. District Court for the District of Rhode Island on complaints brought by the United States of America (through the Department of Justice) regarding the rights of individuals

with intellectual and developmental disabilities. There are requirements in the consent decree relating to employment and day services, wages and reporting from an independent court monitor. Recently the Court has issued an order with specified benchmarks and outcomes that the State must meet relating to the revision of Medicare reimbursable rates, employment of those who support individuals with I/DD, Conflict Free Case Management implementation, day services and employment for those with I/DD, which will be assessed for compliance in the next fiscal year. If those benchmarks are not achieved, the State could face fines for every day it is not in compliance. The State will need to dedicate additional resources to implement the terms of the consent decrees and additional court orders.

A lawsuit has been filed against the State by a former employee of the Department of Health who was terminated as of August 24, 2020, for giving confidential documents related to complaints about nursing homes filed with the Department of Health to a member of the media. Plaintiff is claiming First Amendment retaliation, tortious interference with a contract and Whistleblowers' Protection Act violations. Plaintiff also filed a suit in 2016 alleging workplace retaliation in violation of the Whistleblowers' Protection Act for raising concern internally about an alleged backlog of complaints against department-regulated facilities, such as nursing homes. Plaintiff has demanded over \$1 million in damages. These cases are currently in discovery and are being rigorously defended by the State. See *Lisa Camuso v. Seema Dixit et al.*, C.A. No. PC-2016-5059 and *Lisa Camuso v. State of Rhode Island Department of Health et al.*, C.A. No. PC-2020-08361.

Plaintiff, a former associate director of the State Office of Veteran's Affairs filed a complaint against the State in the U.S. District Court for the District of Rhode Island alleging employment discrimination and retaliation. Plaintiff claims lost wages from 2017 to the present and counsel fees that could potentially exceed \$750,000. The State filed a motion for summary judgment, which was denied, and the matter is currently assigned to trial (summer 2025). See *Kimberly A. Ripoli, v. State of Rhode Island, Department of Human Services, Office of Veterans Affairs*, C.A. No. 17-cv-00225, Appeal 23-1970.

In 2021, plaintiff, a retired employee of the Sheriff's Office, filed suit against the State, Sheriff DeCesare and an HR employee alleging age discrimination. Plaintiff is seeking compensatory and punitive damages in an unnamed amount. The case is in discovery. See *Alan Verdecchia v. David Decesare, et. al*, C.A. No. 21-cv-00269.

Plaintiff filed a wrongful death action against RIDOT for the death of her daughter that occurred in the early morning hours on June 13, 2017. Decedent was allegedly in her car with two other individuals that was being operated at a high rate on North Rt. 146 in the Town of Lincoln when it left the lane of travel, flipped over and ultimately hit the guard rail. None of the passengers were wearing seat belts and all three were thrown from the vehicle. The allegation is that the guard rail was defective. The case is presently in fact discovery. See *Barbara Suchite, et. al. v. State of RI, DOT*, C.A. No. PC-2020-04405.

Plaintiff was struck by a car when he was in the crosswalk on North Main Street, Providence, RI. Plaintiff has sued the City of Providence and the State alleging negligent design and maintenance of the crosswalk. This case is in discovery. Damages could exceed \$1 million. See *Forget v. City of Providence, et al.*; PC19-5439.

A medical malpractice claim was filed by seven inmates of the RIDOC alleging an RIDOC nurse used a contaminated needle when testing the inmates' blood sugar levels and distributing insulin to them, possibly

exposing them to various blood-borne diseases, most specifically HIV. Plaintiffs' initial demand is \$1.4 million. The case is currently in discovery. See *Brian Brownell v. State of RI*, C.A. No. PC-2022-05718.

The ACLU filed suit in 2015 challenging the constitutionality of a Rhode Island law that restricts level 3 sex offenders from living within 1,000 feet of a school, R.I. Gen. Laws §. 11-37.1-10. The District Court declared the statute unconstitutional. While Plaintiffs did not seek monetary damages, it is anticipated that attorney's fees will exceed \$500,000.

On June 4, 2021, EOHHS received communications from the Rhode Island Health Care Association (RIHCA) alleging that the State did not follow State and Federal law in the development of the FY 2021 nursing home per diem rate increase. EOHHS does not agree with RIHCA's claim of statutory or regulatory violations. To date no claim has been filed against the State in this matter. Potential damages if RIHCA were to file suit against the State are undetermined at this time. The parties are in the process of formalizing a settlement in the amount of approximately \$900,000.

On September 1, 2021, plaintiffs, a husband and wife who had adopted four children from DCYF and guardian ad litem acting for a minor child, filed suit against DCYF, its acting director, two DCYF social case workers, and against two contractors to DCYF, alleging wrongful adoption. This matter is currently in discovery.

In 2016, plaintiff filed a complaint in Superior Court against the City of Cranston claiming property damage of over \$4.5 million from flooding caused to its apartment complex by the back-up of the storm water system. The complaint alleges inadequate maintenance or design of the storm water system by the city. Cranston filed a third-party complaint against the State for indemnification claiming that the State owned the road where the apartment complex was located and had the duty to maintain and clean the catch basins. Plaintiff's motion for judgment on the pleadings was denied in June 2018. This case is currently in discovery. The State expects to argue that the statutory cap applies.

In 2022, plaintiffs, including a federally licensed firearms dealer, filed suit against the State, the Attorney General, and the head of the State Police alleging violation of constitutional rights and takings claims related to the state's large capacity magazine restriction, which was passed in June 2022. While damages are not capable of calculation at this point, they could include the fair market value of large capacity magazines in the inventory of the store that could not be sold out of state and in individuals' possession. Moreover, because of the anticipated length of these proceedings, it is foreseeable that attorneys fee awards in the event of an adverse outcome could exceed \$500,000. The State defendants prevailed on a preliminary injunction on December 14, 2022, plaintiffs appealed, and the case is currently being briefed before the First Circuit. See *Ocean State Tactical, LLC, et al v. State of Rhode Island*, C.A. No. 22-cv-00246. (Text Order filed on April 29, 2024 granting Motion to Stay Proceedings Pending Certiorari.)

A former employee of the Department of Elementary and Secondary Education filed suit in Providence County Superior Court alleging that the Department wrongfully refused to modify her work schedule so that she could continue to perform her position and then failed to accommodate her disability and wrongfully denied her application for a then-vacant position of Education Specialist in violation of, inter alia, the Americans with Disabilities Act. If the plaintiff prevails at trial it is possible damages could exceed \$500,000, but discovery as to damages is ongoing.

Two attorneys formerly employed at the Department of Elementary and Secondary Education filed an unfair labor practice charge and alleged that the Department had terminated one attorney and took an adverse

employment action against the other in retaliation for their attempts to form a union. If petitioners were to prevail and if reinstatement and back pay were to be awarded, it is possible damages could exceed \$500,000.

In 2021 Ocean State Transit, LLC filed a breach of contract action against the Department of Elementary and Secondary Education in the Providence County Superior Court as a result of the Department's refusal to pay the plaintiff for school bus transportation services while school was closed during the pandemic and have alleged damages in excess of \$4 million. The Department's motion for summary judgment is pending. See *United States of America, Ex Rel. Ocean State Transit, LLC, d/b/a Student Transportation of America, Inc., a Rhode Island limited liability company, v. Angelica Infante-Green, in her personal capacity, John, And Jane Does 1-5, in their individual capacities*, C.A. No. 21-CV-00391

Pre-suit notice of litigation was received in a potential personal injury action arising from an accident at a condemned building known as "The Bells," located at Brenton Point State Park in Newport. On May 29, 2023, three juveniles were trespassing on the property, when one of them climbed on the roof, which then collapsed. Specific causes of action are not yet known. Alleged injuries are anticipated to be significant.

Neighborhood Health Plan of Rhode Island (NHPRI) asserts that they are owed substantial payments under the MMP Integrity line of business for members who NHPRI believes should have been enrolled in a different rate cell (the IC60 nursing home rate). EOHHS has reviewed each specific request and finds that in each instance, Neighborhood's claims for outstanding receivables are without merit and any attempt to retroactively change rate cell assignments will result in an unfavorable reconciliation against NHPRI.

On September 25, 2023, property owners Roth and others filed an action in State Court against the State and Coastal Resources Management Council alleging the new state statute defining the public's right of lateral shore access constitutes a compensable takings. Although potential damages or compensation amounts are not calculable at this time, if all or a portion of the law is held to constitute a takings, it is possible damages could exceed \$1,000,000.

In March 2024 Plaintiff William Kyros, MD filed actions in both State and Federal Court seeking damages related to loss of license to practice medicine from the period 2009 to the present. Damages sought are in the form of loss of business opportunity (pay as a practicing doctor) and could total millions of dollars. This licensure issue has been the subject of a prior lawsuit in which the Supreme Court has stated that DOH should have provided process as to reinstatement of Plaintiff's license after agreement not to practice medicine. This matter is currently in discovery. See *William Kyros, MD v. State of Rhode Island, et al.*, PC-2024-00950 and 24-cv-00074.

In March 2024, Primary & Immediate Care Solutions, LLC d/b/a Doctors Test Centers ("DTC") filed an action alleging breach of contract by the DOH. The underlying contract was for the operation of mobile and fixed site COVID testing. After a dispute as to that Contract, it is alleged the parties negotiated a modification, under which the DOH was to provide DTC certain data for purposes of collection of payment. DOH disputes the validity of the Contract. DTC seek damages in the amount of \$20,000,000. This matter is currently in discovery, and the parties seek a declaration in the first instance as to the legal validity of the Modification, as that could significantly impact damages. See *Primary & Immediate Care Solutions LLC d/b/a Doctors Test Centers f/k/a, et al. v. State of Rhode Island Department of Health*, PC-2024-00998.

In July 2024, estate of decedent filed a complaint alleging wrongful death and deliberate indifference arising out of death by suicide of inmate while decedent was being held at the Disciplinary Confinement Unit in DOC's Maximum Security facility. This matter is currently in discovery under a Scheduling Order entered by the Federal Court. See *DePina, Elizabeth, et al. v. Wayne T. Salisbury, et al.*, 1:24-cv-00265-JJM-LDA, (DOC).

In July 2024, estate of decedent filed a complaint alleging wrongful death and deliberate indifference arising out of inmate suicide while decedent was being held at the Disciplinary Confinement Unit in the DOC's Intake Service Center. The State's motion to dismiss the complaint has been denied and the matter is in discovery. See *McLaren, Danene v. Wayne T. Salisbury, et al.*, 1:24-cv-00263-JJM-LDA, (DOC).

In July 2024, estate of decedent filed a complaint alleging wrongful death and deliberate indifference arising out of inmate suicide while decedent was being held in the DOC's Intake Service Center while he awaited trial. The State's motion to dismiss the complaint has been denied and the matter is in discovery. See *Los Santos, Katherine S., et al. v. Wayne T. Salisbury, et al.*, 1:24-cv-00266-JJM-LDA, (DOC).

In August 2024, sister and estate of decedent filed a complaint alleging wrongful death arising out of death of inmate due to alleged complications from failure to quarantine and treat for COVID symptoms. The matter is currently in discovery. See *Stanton, et al. v. State*; WC24-00298.

On January 10, 2025, Barletta Heavy Division Inc. (Barletta), filed suit against RIDOT on the construction project known as RIC #2018-DB-010, Design Build Services for the Pawtucket/Central Falls Bus Hub and Commuter Rail Station with Transit Emphasis Corridor. Barletta's complaint alleges that it is owed additional compensation for additional costs in the amount of \$1,824,613.12. On February 4, 2025, RIDOT answered the complaint. The case is in the discovery phase. See *Barletta Heavy Division, Inc. v. RIDOT*; C.A. PC-2025-00211.

In December 2013, property owners filed suit against CRMC and the State relative to constitutionality of regulations restricting ability to repair certain erosion control structures. The case proceeded to temporary restraining order, which was denied, and the matter is now pending before the CRMC. If litigation resumes, plaintiff could pursue a takings claim, which could be substantial given the location of the property. See *Corbett, et al. v. CRMC, et al.*; PC24-6628.

The State has been added as a party defendant to case alleging fumes/contact with petroleum products such that this exposure caused/contributed to state employee cancer diagnosis (MDS). The claim was originally brought by Plaintiff/DEM employee against fuel/petroleum providers to a fueling station in Portsmouth. The fuel providers have since brought in the State and the Town of Portsmouth (municipality in which the fueling station is located). The matter is in discovery, and causation has not been determined. See *Cottle v. Superior Plus, et al.*; PC22-00982.

Estate of decedent has filed a wrongful death lawsuit (April 2025) alleging defects identified as poor lighting and/or vegetation located on private property caused and/or contributed to death where decedent was walking/riding her bike at approximately 9PM on the sidewalk at or about 136 Pleasant View Avenue, Smithfield, Rhode Island. Note, the driver of the motor vehicle striking decedent has not been named in this complaint; rather, the complaint names the State of Rhode Island, the Town of Smithfield, and the abutting private property owner. The State has filed cross-claims against both co-defendants and the matter is currently in discovery. The State is taking the position that neither the vegetation nor the lighting at issue fall within its ownership, control or maintenance obligations. See *Ciacciarelli v. State, et al.*; PC25-01988.

FINANCIAL STATEMENTS

The financial statements and notes of the State for the fiscal year ended June 30, 2024, and the report thereon by the Auditor General, are included in the 2024 Annual Report, which has been filed with the Municipal Securities Rulemaking Board through its Electronic Municipal Marketing Access System in connection with the State's continuing disclosure obligations with respect to its general obligation bonds, certificates of participation and certain other obligations.

The financial statements and notes of the State for the fiscal year ended June 30, 2024, and the report thereon by the Auditor General, as reflected in the 2024 Annual Report are incorporated herein by reference. The 2024 Annual Report is posted on the Rhode Island State Controller’s website and can be accessed at <http://controller.admin.ri.gov/> under “Financing Reporting and Accounting – Financial Reports” or by going directly to:

<https://controller.admin.ri.gov/sites/g/files/xkgbur621/files/2025-03/2024%20State%20of%20Rhode%20Island%20ACFR%206.30.24%20-%20Final.pdf>

The audited closing report for FY 2024 can also be found on the State Controller’s website at the following link:

https://controller.admin.ri.gov/sites/g/files/xkgbur621/files/2025-03/Closing%20Statements%20-%20Final_1.pdf

MISCELLANEOUS

Any provisions of the constitution of the State, of general and special laws and of other documents set forth or referred to in this Information Statement are only summarized, and such summaries do not purport to be complete statements of any of such provisions. Only the actual text of such provisions can be relied upon for completeness and accuracy.

This Information Statement contains certain forward-looking statements that are subject to a variety of risks and uncertainties that could cause actual results to differ from the projected results, including without limitation general economic and business conditions, conditions in the financial markets, the financial condition of the State and various state agencies and authorities, receipt of federal grants, changes in federal programs that could increase or transfer financial or other obligations to the State, litigation, arbitration, force majeure events and various other factors that are beyond the control of the State and its various agencies and authorities. Because of the inability to predict all factors that may affect future decisions, actions, events or financial circumstances, what actually happens may be different from what is set forth in such forward-looking statements. Forward-looking statements are indicated by use of such words as “may,” “will,” “should,” “intends,” “expects,” “believes,” “anticipates,” “estimates,” “forecasts,” “projects,” “assumes” and other analogous expression.

All estimates and assumptions in this Information Statement have been made on the best information available and are believed to be reliable, but no representations whatsoever are made that such estimates and assumptions are correct. So far as any statements in this Information Statement involve any matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact. The various tables may not add due to rounding of figures.

Neither the State’s independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the prospective financial information.

The information, estimates and assumptions and expressions of opinion in this Information Statement are subject to change without notice. Neither the delivery of this Information Statement nor any sale made pursuant to any official statement of which this Information Statement is a part shall, under any circumstances, create any

implication that there has been no change in the affairs of the State or its agencies, authorities or political subdivisions since the date of this Information Statement, except as expressly stated.

References to web site addresses in this Information Statement are for informational purposes only and may be in the form of a hyperlink for convenience. Unless otherwise specified, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Information Statement.

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Exhibit A

STATE ECONOMIC INFORMATION

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Economic Information

The information contained herein was developed from reports provided by federal and state agencies, which is believed to be reliable and may be relevant in evaluating the economic and financial condition and prospects of the State of Rhode Island. The demographic information and statistical data, which have been obtained from the sources indicated, do not necessarily present all factors that may have a bearing on the State's fiscal and economic affairs. All information is presented on a calendar-year basis unless otherwise indicated. Sources of information are indicated in the text or immediately following the charts and tables. If information shown is from a prior fiscal year or calendar year, to the best of the State's knowledge, it is the most recent information available to the State. Although the State considers the sources to be reliable, the State has made no independent verification of the information presented herein and does not warrant its accuracy.

Overview

Population Characteristics. Rhode Island experienced a population increase of 5.5 percent between 2010 and 2024. The Census Bureau estimates that Rhode Island's resident population increased to 1,112,308 in 2024, a slight increase over the 2020 Census population of 1,097,371. The population of New England is estimated to have increased by 6.3 percent between 2010 and 2024, and the United States population is estimated to have increased by 10.0 percent during the same period.

Personal Income and Poverty. Rhode Island per capita real personal income has lagged slightly behind the national level for nine out of the last 10 years, with the exception being 2020. With the exception of 2019 and 2020, the gap between Rhode Island and the U.S. has slowly but consistently grown, with real per capita personal income in Rhode Island at \$56,630 versus \$58,646 for the U.S. in 2024 in constant 2017 dollars. However, in 2023, Rhode Island's poverty rate was 2.2 percentage points less than that of the U.S. Over the 2009 to 2023 period, Rhode Island's average poverty rate was 10.8 percent versus the U.S. average poverty rate of 13.0 percent.

Employment. According to the U.S. Department of Labor's Bureau of Labor Statistics, total Rhode Island nonfarm employment has grown in 13 out of the last 14 years, with the only exception being the short-term spike in unemployment in 2020 related to the early stage of the COVID-19 pandemic. From 2021 through 2024 total nonfarm employment growth has averaged 2.6 percent annually, with the jobs count surpassing the 2019 pre-pandemic count in 2023.

Economic Base and Performance. Rhode Island has a diversified economic base that includes traditional manufacturing, high technology, and service industries. A substantial portion of products produced by these and other sectors is exported. Like most other historically industrial states, Rhode Island has seen a shift in employment from labor-intensive manufacturing industries to technology and service-based industries, particularly education and health services and information, financial activities, and business services over the past decade.

Human Resources. Skilled human capital is the foundation of economic strength in Rhode Island. It provides the basis for a technologically dynamic and industrially diverse regional economy. The Rhode Island economy benefits from a vigorous post-secondary education sector, which conferred over 19,000 degrees during the 2020-21 academic year. The Rhode Island population is well-educated with 39.0 percent of its residents over the age of 25 having at least a bachelor's degree in 2023 according to the U.S. Census Bureau (American Community Survey 1-Year Estimates). In addition, per pupil spending on public elementary and secondary education in Rhode Island has been significantly higher than the national average since the 2001-2002 school year. For 2020-21 Rhode Island spent 36.5 percent more per pupil than the national average.

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Population Characteristics

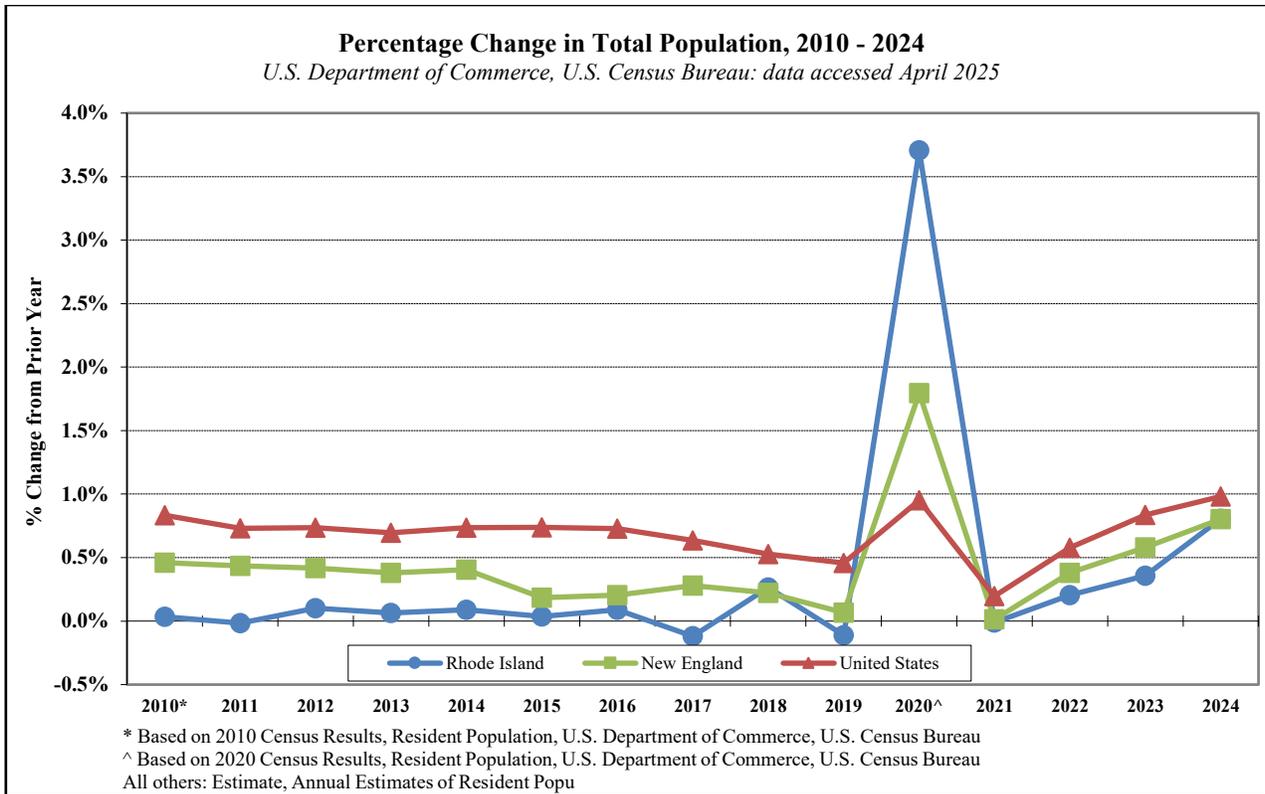
Between 2010 and 2024 Rhode Island’s population increased by 5.5 percent, compared to a 6.3 percent increase for the New England region and a 10.0 percent increase for the United States. Though New England’s population growth has lagged that of the United States overall, Rhode Island has generally experienced average annual growth rates even lower than New England benchmarks. Rhode Island’s population increased by 58,314 between 2010 and 2024, representing a compound annual growth rate of 0.4 percent. The compound annual growth rates in New England and nationally over the same time period are 0.4 percent and 0.7 percent, respectively. The following table displays the 2010 Census resident population, the 2020 Census resident population, and the annual intercensal estimates for all other years.

Population, 2010 - 2024 (in thousands)						
Year	Rhode Island		New England		United States	
	Total	% Change	Total	% Change	Total	% Change
2010 [^]	1,054	0.0	14,470	0.5	309,327	0.8
2011	1,054	0.0	14,533	0.4	311,583	0.7
2012	1,055	0.1	14,594	0.4	313,878	0.7
2013	1,056	0.1	14,649	0.4	316,060	0.7
2014	1,057	0.1	14,708	0.4	318,386	0.7
2015	1,057	0.0	14,735	0.2	320,739	0.7
2016	1,058	0.1	14,765	0.2	323,072	0.7
2017	1,057	-0.1	14,807	0.3	325,122	0.6
2018	1,059	0.3	14,840	0.2	326,838	0.5
2019	1,058	-0.1	14,850	0.1	328,330	0.5
2020 [*]	1,097	3.7	15,116	1.8	331,450	1.0
2021	1,097	0.0	15,118	0.0	332,100	0.2
2022	1,099	0.2	15,176	0.4	334,017	0.6
2023	1,103	0.4	15,264	0.6	336,806	0.8
2024	1,112	0.8	15,386	0.8	340,111	1.0

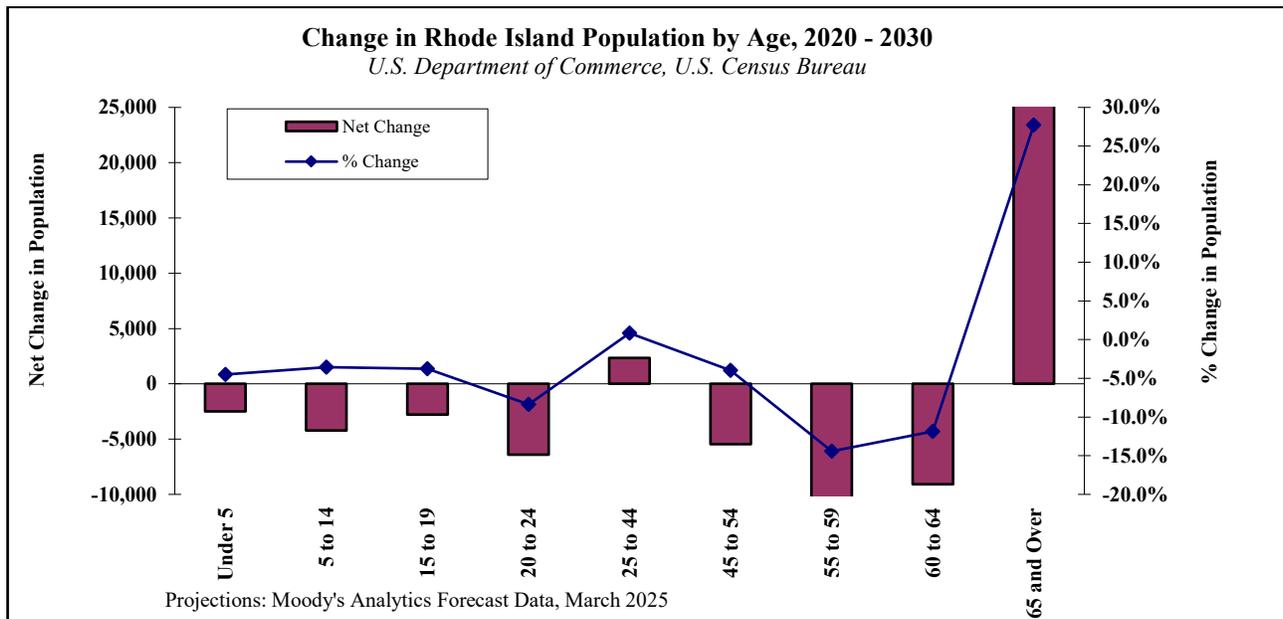
Annual Population Estimates for the United States: 2011-2019, 2021 -2024
[^] 2010 resident population based on 2010 Census Results
^{*} 2020 resident population based on 2020 Census Results
 Source: U.S. Census Bureau, Population Division
 Data Accessed: April 2025

The following chart displays the annual rate of growth in population. It is important to note that the 2011 through 2019 growth rates and the 2021 through 2024 growth rates are based on population estimates and are not directly comparable to the 2020 Census data. The large increase in population between 2019 and 2020 is due to the difference in data source.

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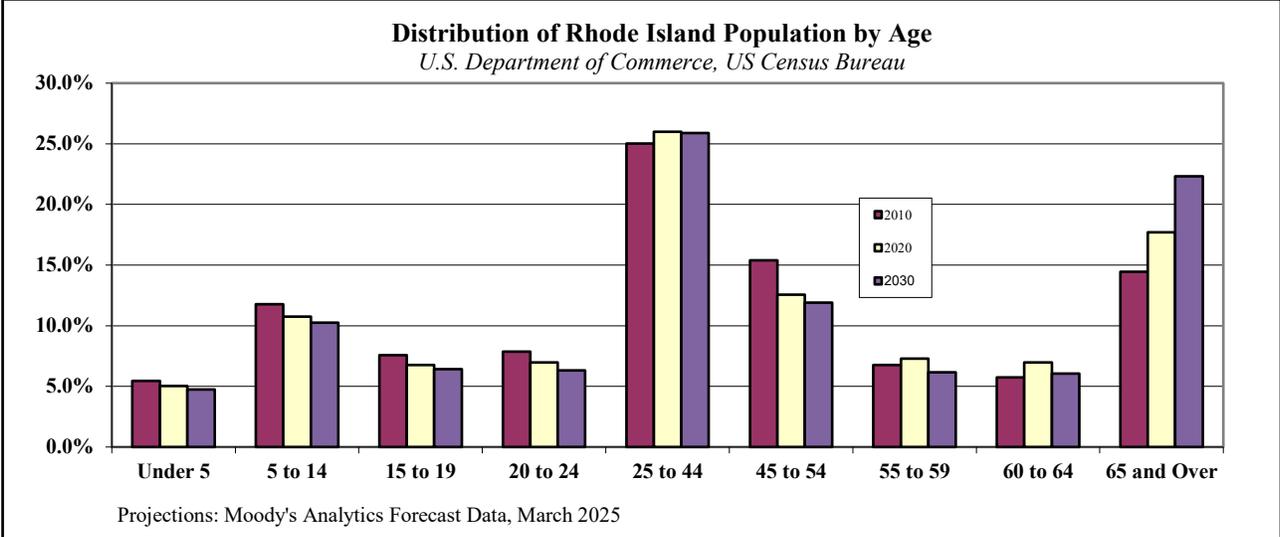


The following chart shows the projected net change in Rhode Island’s population between the 2020 Census and 2030 by age group. The projections for 2030 are based on Moody’s Analytics population forecasts. Like the rest of the country, Rhode Island has seen a sharp change in the age distribution of its population in accordance with the aging of the “baby boom” generation. The upswing in Rhode Islanders in the “65 and over” age groups reflects this trend.



Based on the Moody’s Analytics population forecasts, between 2020 and 2030, Rhode Island is expected to see substantial changes to the State’s age distribution. As the “baby boom” generation continues to age, the State will see a sizeable increase in its older population (i.e., 65 and over). At the same time, youth, young adult, and early adult populations (i.e., 5 to 24) are expected to decrease. While there will be a modest increase in the 25 to 44 cohort, the declining trend picks up again for the 45 to 64 group.

The chart below shows the projected population distribution by age for Rhode Island in 2010, 2020, and 2030. The median age for Rhode Islanders in 2010 was 39.4 years. In 2020, the median age for Rhode Islanders increased to 40.2 years and the median age is projected to rise to 42.2 years by 2030 based on the Moody's Analytics population projections.



Personal Income, Consumer Prices, and Poverty

Personal Income. The table below shows nominal and real per capita personal income for Rhode Island, New England, and the United States. Rhode Island’s per capita nominal personal income exceeded that of the United States every year from 2001 until 2014. In 2015, Rhode Island per capita nominal personal income was \$48,682 relative to \$48,725 for the United States. Rhode Island per capita nominal personal income has averaged \$1,093 below the national average between 2015 and 2024. Strong growth in 2020 over 2019 per capita income in Rhode Island slightly outpaced national growth that year. This was likely due to increased transfer payments and enhanced federal unemployment benefits due to the COVID-19 pandemic.

The average annual percentage change in per capita real personal income growth for the 2010 to 2024 period in Rhode Island was 1.5 percent, which only slightly trails the 1.6 percent average growth for New England and the 1.9 percent average growth for the United States during this period. In 2019, the Rhode Island per capita real personal income growth rate was 1.4 percentage points higher than New England and the U.S. Rhode Island per capita real personal income growth accelerated to a stimulus-fueled rate of 6.3 percent in 2020, which also exceeded regional and national growth. In 2021, Rhode Island per capita real personal income grew at a rate of 2.0 percent, underperforming both the national rate and regional rates of 4.7 percent and 3.3 percent, respectively, though this is growth off of a higher base due to robust 2020 growth. In 2022, in spite of slight positive nominal per capita personal income growth, real per capita personal income growth experienced an inflation-driven contraction by 4.4 percent. This is slightly higher than the 3.5 percent and 3.8 percent contractions in real per capita personal income seen in New England and the U.S.

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Per Capita Personal Income, 2010 - 2024										
Year	Nominal Income* (in current dollars)			PCE Deflator [^]	Real Income (in 2017 dollars)			Percentage Change in Real Income		
	R.I.	N.E.	U.S.		R.I.	N.E.	U.S.	R.I.	N.E.	U.S.
2010	42,630	51,767	40,557	90.5	47,099	57,194	44,809	3.1	1.7	1.2
2011	44,095	53,624	42,650	92.8	47,515	57,783	45,958	0.9	1.0	2.6
2012	45,298	54,788	44,238	94.5	47,918	57,956	46,796	0.8	0.3	1.8
2013	45,104	54,319	44,402	95.8	47,092	56,713	46,359	-1.7	-2.1	-0.9
2014	46,630	56,278	46,289	97.1	48,013	57,947	47,662	2.0	2.2	2.8
2015	48,049	58,786	48,062	97.3	49,384	60,419	49,397	2.9	4.3	3.6
2016	48,515	60,318	48,974	98.3	49,364	61,373	49,831	0.0	1.6	0.9
2017	50,414	62,441	51,006	100.0	50,416	62,443	51,008	2.1	1.7	2.4
2018	52,132	65,192	53,311	102.0	51,087	63,886	52,243	1.3	2.3	2.4
2019	55,123	68,007	55,567	103.5	53,257	65,705	53,686	4.2	2.8	2.8
2020	59,250	72,143	59,114	104.6	56,631	68,954	56,501	6.3	4.9	5.2
2021	62,898	77,575	64,450	108.9	57,737	71,210	59,162	2.0	3.3	4.7
2022	64,075	79,775	66,096	116.1	55,189	68,711	56,929	-4.4	-3.5	-3.8
2023	67,105	83,766	69,418	120.5	55,695	69,523	57,615	0.9	1.2	1.2
2024	69,936	87,655	72,425	123.5	56,630	70,978	58,646	1.7	2.1	1.8

*U.S. Department of Commerce, Bureau of Economic Analysis
[^] U.S. Department of Commerce Bureau of Economic Analysis, Price Indexes for Personal Consumption Expenditure by Major Type of Product [Index number, 2017=100]

Average Annual Pay. Average annual pay has grown steadily in Rhode Island over the past fifteen years. Average annual pay is computed by dividing total annual payrolls of employees covered by unemployment insurance programs by the average monthly number of these employees. Although average annual pay has increased consistently for the last fifteen years, the ratio of pay levels in Rhode Island to the United States averaged 95.5 percent from 2009 through 2017, before dropping to 92.8 percent on average between 2018 and 2023.

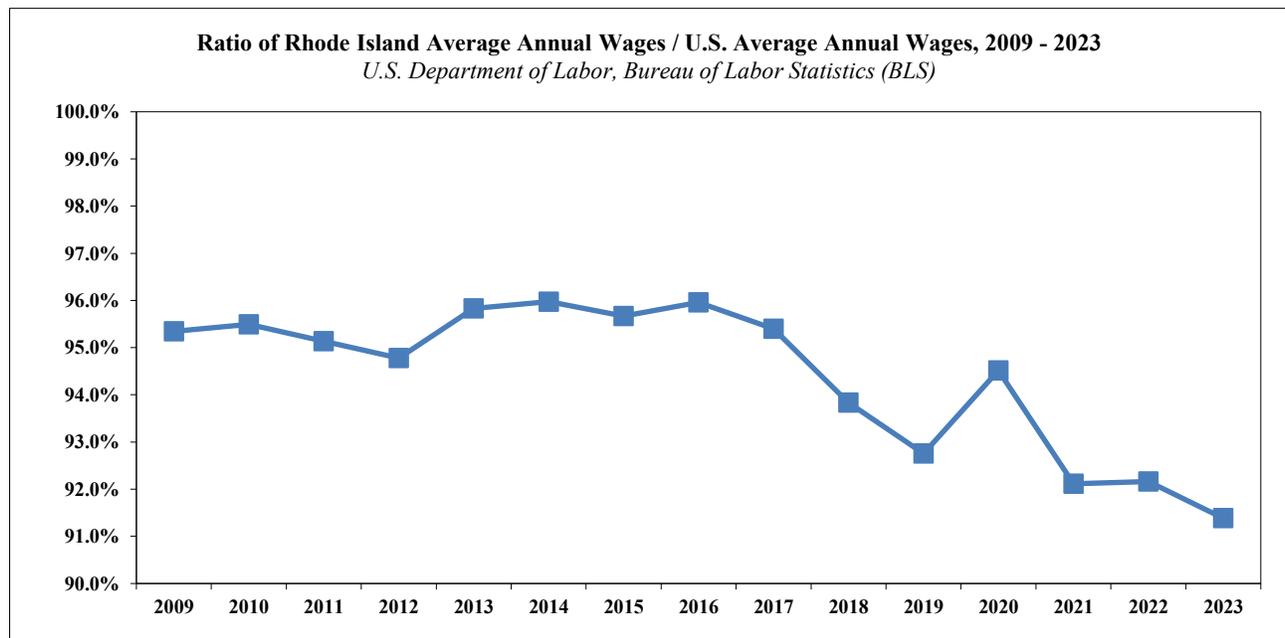
Average annual pay saw strong national increases in 2020 as many lower wage workers in leisure, hospitality and other service-related jobs were laid off as a result of the COVID-19 pandemic. With fewer low wage workers, the resulting average annual pay increased. As the economy reopened, more of these workers returned to the payrolls and growth in average annual pay in Rhode Island and the United States slowed some, though rising wage expectations resulted in continued growth at higher than pre-pandemic rates. In 2023, Rhode Island’s average annual pay was \$66,126, 2.5 percent higher than its 2022 level and 91.4 percent of U.S. average annual pay. The relationship between Rhode Island and U.S. average annual pay is shown in the table below.

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Average Annual Pay, 2009 - 2023						
(in current dollars)						
Year	Annual Pay		Ratio R.I. / U.S.	Percentage Change		
	R.I.	U.S.		R.I.	U.S.	
2009	43,439	45,559	95.3	1.0	0.0	
2010	44,645	46,751	95.5	2.8	2.6	
2011	45,705	48,043	95.1	2.4	2.8	
2012	46,716	49,289	94.8	2.2	2.6	
2013	47,732	49,808	95.8	2.2	1.1	
2014	49,297	51,364	96.0	3.3	3.1	
2015	50,651	52,942	95.7	2.7	3.1	
2016	51,453	53,621	96.0	1.6	1.3	
2017	52,840	55,390	95.4	2.7	3.3	
2018	53,736	57,266	93.8	1.7	3.4	
2019	54,918	59,209	92.8	2.2	3.4	
2020	60,508	64,021	94.5	10.2	8.1	
2021	62,280	67,610	92.1	2.9	5.6	
2022	64,499	69,986	92.2	3.6	3.5	
2023	66,126	72,360	91.4	2.5	3.4	

U.S. Department of Labor, Bureau of Labor Statistics

The chart below plots the ratio of Rhode Island average annual wages to U.S. average annual wages over the 2009 to 2023 period.



Consumer Prices. The following table presents consumer price index trends for the Northeast region and the United States for the period between 2010 and 2024. The data for each year are the Consumer Price Index for all urban consumers (“CPI-U”) within the designated area and the percentage change in the CPI-U from the previous year. From 2010 to 2024, the consumer price index value in the Northeast exceeded that for the United States. However, since 2014 this gap has trended incrementally narrower. From 2010 to 2013, the consumer price inflation rates in the Northeast region and the United States both averaged 2.1 percent. From 2014 to 2024, United States CPI inflation has outpaced that for the Northeast region by 0.3 percentage points annually on average, with U.S. CPI outgrowing the Northeast region in nine of the 11 years in that timespan.

Consumer Price Index for All Urban Consumers (CPI-U), 2010 - 2024					
Year	CPI-U		Ratio	Pct. Change	
	Northeast	U.S.	Northeast/U.S.	Northeast	U.S.
2010	233.9	218.1	107.3	2.0	1.6
2011	241.0	224.9	107.1	3.0	3.2
2012	245.7	229.6	107.0	2.0	2.1
2013	249.0	233.0	106.9	1.4	1.5
2014	252.5	236.7	106.6	1.4	1.6
2015	252.2	237.0	106.4	-0.1	0.1
2016	254.9	240.0	106.2	1.1	1.3
2017	259.5	245.1	105.9	1.8	2.1
2018	265.1	251.1	105.6	2.2	2.4
2019	269.4	255.7	105.4	1.6	1.8
2020	272.9	258.8	105.4	1.3	1.2
2021	283.6	271.0	104.6	3.9	4.7
2022	303.3	292.7	103.6	7.0	8.0
2023	313.8	304.7	103.0	3.5	4.1
2024	324.4	313.7	103.4	3.4	2.9

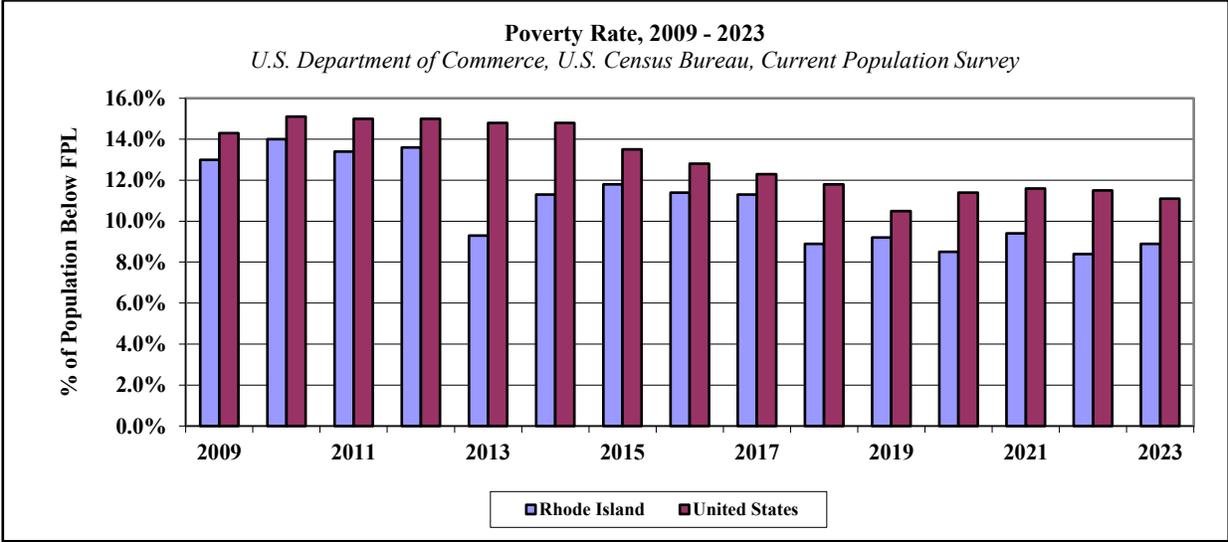
U.S. Department of Labor, Bureau of Labor Statistics

Poverty. Rhode Island’s poverty rate has been below the poverty rate for the United States from 2009 to 2023. The poverty rate is measured as the percentage of a region’s population that lives below the federal poverty level (“FPL”), as determined by the U.S. Census Bureau’s Current Population Survey. Between 2009 and 2023, the percentage of the Rhode Island population below the FPL has varied from a low of 8.4 percent in 2022 to a high of 14.0 percent in 2010. During the same period, the national poverty rate varied from a low of 10.5 percent in 2019 to a high of 15.1 percent in 2010. These official poverty statistics are not adjusted for regional differences in the cost of living. The poverty rates in Rhode Island and the United States from 2009 through 2023 are shown in the table below.

Poverty Rate, 2009 - 2023					
Year	Ratio		Percentage Change		
	R.I.	U.S.	R.I./U.S.	R.I.	U.S.
2009	13.0	14.3	90.9	2.4	8.3
2010	14.0	15.1	92.7	7.7	5.6
2011	13.4	15.0	89.3	-4.3	-0.7
2012	13.6	15.0	90.7	1.5	0.0
2013	9.3	14.8	62.8	-31.6	-1.3
2014	11.3	14.8	76.4	21.5	0.0
2015	11.8	13.5	87.4	4.4	-8.8
2016	11.4	12.8	89.1	-3.4	-5.2
2017	11.3	12.3	91.9	-0.9	-3.9
2018	8.9	11.8	75.4	-21.2	-4.1
2019	9.2	10.5	87.6	3.4	-11.0
2020	8.5	11.4	74.6	-7.6	8.6
2021	9.4	11.6	81.0	10.6	1.8
2022	8.4	11.5	73.0	-10.6	-0.9
2023	8.9	11.1	80.2	6.0	-3.5

U.S. Census Bureau, Current Population Survey, 2023 Annual Social and Economic Supplement

The bar chart below plots the data from the above table and shows the Rhode Island poverty rate and that of the United States from 2009 to 2023. The chart shows elevated poverty rates for Rhode Island and the nation during the recovery period following the Great Recession. Beginning in 2011, poverty rates in both Rhode Island and the U.S. stabilized until 2013 when Rhode Island experienced a sharp drop in its poverty rate. Rhode Island’s poverty rate rose in both 2014 and 2015 before resuming its downward trend in 2016 through 2018, since which it has stabilized averaging 8.9 percent through 2023. Notably, the U.S. poverty rate declined or held steady each year from 2011 through 2019 before stabilizing at an 11.2 percent average through 2023.



Employment

The table below shows Rhode Island Nonfarm Employment for the 2010 to 2024 period. The table reflects the new North American Industrial Classification System (“NAICS”) composition of employment.

Year	Construction, Natural Resources & Mining		Manufacturing		Trade, Transportation & Utilities		Financial Activities, Information, & Business Services		Educational & Health Services		Leisure, Hospitality & Other Services		Government		Nonfarm Employment *	
	Number Employed	Percent Change	Number Employed	Percent Change	Number Employed	Percent Change	Number Employed	Percent Change	Number Employed	Percent Change	Number Employed	Percent Change	Number Employed	Percent Change	Number Employed	Percent Change
2010	16,100	-7.5	40,400	-3.3	72,500	-1.0	94,300	0.3	101,400	1.4	71,600	0.7	65,800	-0.3	462,100	-0.3
2011	15,900	-1.2	40,100	-0.7	73,600	1.5	95,500	1.3	102,300	0.9	72,500	1.3	64,700	-1.7	464,600	0.5
2012	16,200	1.9	39,600	-1.2	74,300	1.0	97,500	2.1	103,300	1.0	74,400	2.6	64,400	-0.5	469,700	1.1
2013	16,300	0.6	40,000	1.0	73,700	-0.8	100,400	3.0	104,600	1.3	76,200	2.4	64,500	0.2	475,700	1.3
2014	16,700	2.5	40,900	2.3	74,700	1.4	102,700	2.3	105,400	0.8	78,100	2.5	64,700	0.3	483,200	1.6
2015	17,200	3.0	41,100	0.5	75,900	1.6	105,800	3.0	105,800	0.4	79,300	1.5	64,500	-0.3	489,600	1.3
2016	18,300	6.4	40,400	-1.7	76,000	0.1	107,900	2.0	106,000	0.2	80,700	1.8	64,800	0.5	494,100	0.9
2017	18,600	1.6	40,400	0.0	76,300	0.4	110,000	1.9	106,200	0.2	81,200	0.6	65,200	0.6	497,900	0.8
2018	19,400	4.3	40,400	0.0	76,700	0.5	110,300	0.3	106,800	0.6	82,200	1.2	65,500	0.5	501,300	0.7
2019	20,200	4.1	39,900	-1.2	76,400	-0.4	110,100	-0.2	109,100	2.2	83,200	1.2	65,800	0.5	504,700	0.7
2020	19,200	-5.0	37,400	-6.3	70,600	-7.6	105,500	-4.2	101,400	-7.1	64,200	-22.8	64,000	-2.7	462,300	-8.4
2021	20,200	5.2	39,100	4.5	74,300	5.2	108,400	2.7	102,600	1.2	71,900	12.0	63,500	-0.8	480,000	3.8
2022	21,200	5.0	40,300	3.1	76,500	3.0	111,200	2.6	105,500	2.8	78,800	9.6	64,300	1.3	497,800	3.7
2023	21,700	2.4	40,400	0.2	77,300	1.0	110,700	-0.4	109,200	3.5	81,400	3.3	65,100	1.2	505,800	1.6
2024	22,500	3.7	40,000	-1.0	77,400	0.1	110,200	-0.5	113,000	3.5	82,800	1.7	66,000	1.4	511,900	1.2

Data reflects twelve month average of not seasonally adjusted data.
 U.S. Department of Labor, Bureau of Labor Statistics; State and Area Employment, Hours, and Earnings
 * Totals may not tie due to rounding.

Between 2010 and 2024, total nonfarm employment in Rhode Island increased by 10.8 percent. Rhode Island total nonfarm employment increased 9.2 percent between the Great Recession low in 2010 and 2019, reaching record level employment in 2019 before contracting sharply in 2020. Between 2010 and 2024, the only sector that experienced a decrease was Manufacturing, which decreased by 1.0 percent. Beginning its post-recession rebound in 2011, job growth

slowly accelerated into 2014, when it reached its fastest pace during the period between 2008 to 2020, at 1.6 percent. Nonfarm employment growth continued through 2019, although at a gradually decreasing pace. After seven consecutive years of job growth averaging 1.1 percent, nonfarm employment in Rhode Island surpassed pre-Great Recession levels in 2017.

Following a pandemic-caused decline of 8.4 percent in 2020, Rhode Island job growth hit 3.8 percent as the economy reopened, vaccinations became available, and public health measures eased. A major driver of this recovery has been strong growth in the Leisure, Hospitality & Other Services sector, which had been the hardest hit. Total nonfarm employment of 511,900 in 2024 was an all-time high in the history of the BLS database.

Nonfarm Employment by Industry. The following table summarizes the changes in Rhode Island nonfarm employment by sector from 2014 to 2024. Total nonfarm employment increased by 5.9 percent during this period, and the composition of total employment changed markedly. All sectors except manufacturing, which declined at 2.2 percent, experienced positive growth during this period. This is consistent with Rhode Island’s long-term transition from a manufacturing-based economy to a service-based one. The sectors that made the largest gains on a percentage basis during this same period were Construction, Natural Resources & Mining (34.7 percent); Information, Financial Activities & Business Services (7.3 percent); and education and healthcare services (7.2 percent).

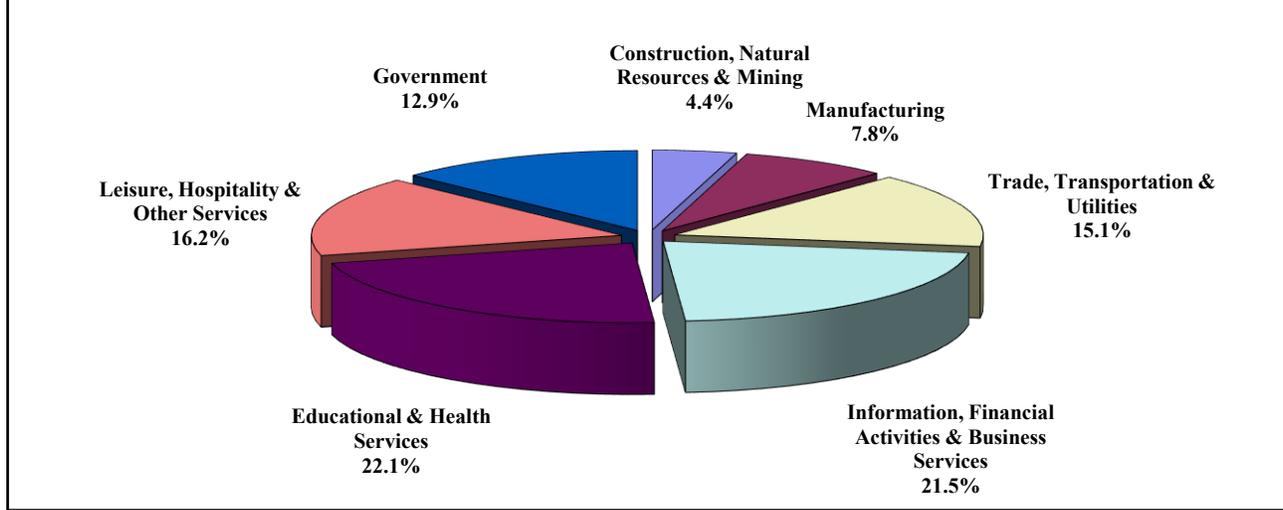
Rhode Island Nonfarm Employment by Industry, 2014 and 2024					
Employment Sector	2014	% of Total	2024	% of Total	% Change 2014-2024
Construction, Natural Resources & Mining	16,700	3.5%	22,500	4.4%	34.7%
Manufacturing	40,900	8.5	40,000	7.8	-2.2
Trade, Transportation & Utilities	74,700	15.5	77,400	15.1	3.6
Information, Financial Activities & Business Services	102,700	21.3	110,200	21.5	7.3
Educational & Health Services	105,400	21.8	113,000	22.1	7.2
Leisure, Hospitality & Other Services	78,100	16.2	82,800	16.2	6.0
Government	64,700	13.4	66,000	12.9	2.0
Total Employment *	483,200	100.0%	511,900	100.0%	5.9%
Data reflects twelve month average of not seasonally adjusted data					
U.S. Department of Labor, Bureau of Labor Statistics; State and Area Employment, Hours, and Earnings					
* Totals may not tie due to rounding.					

The pie chart illustrates the composition of Rhode Island employment in 2024 after the further restructuring of the State’s economy. The educational and health services sector, with 22.1 percent of the nonfarm workforce is the largest employment sector in the Rhode Island economy, followed very closely by information, financial activities and business services sector, with 21.5 percent of the nonfarm workforce.

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Rhode Island Nonfarm Employment by Industry, 2024

U.S. Department of Labor, Bureau of Labor Statistics



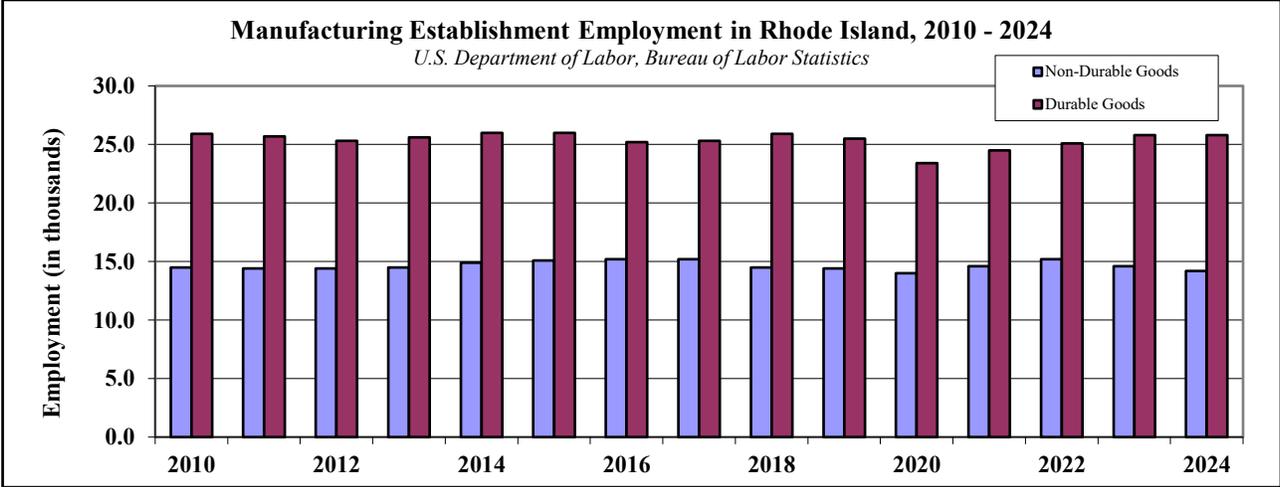
Manufacturing Employment. Like many historically industrial states, Rhode Island has seen a steady decline of its manufacturing jobs base over the last one to two decades. There was, however, a modest expansion of employment by Rhode Island manufacturing establishments in the 2013 through 2015 periods, with 2015 total manufacturing employment exceeding the 2012 level by 3.8 percent. However, the sector saw slight contraction again in 2016 before stabilizing with fluctuations in either direction through 2024 (with larger swings during the pandemic).. Total employment in the manufacturing sector declined between 2010 and 2024 by 1.0 percent. From 2017 through 2024, average annual growth in non-durable goods manufacturing has been slightly negative, while for that same period durable goods average annual growth has been slightly positive.

In 2020, total manufacturing employment decreased by 6.3 percent driven by a sharp decrease in durable goods employment of 8.2 percent and a more modest decrease of 2.8 percent in non-durable goods employment. Total manufacturing employment experienced some bounce back in 2021 and 2022, with 4.7 percent and 4.3 percent growth, respectively, the strongest growth rates observed during this period.

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Non-Durable Goods	14.5	14.4	14.4	14.5	14.9	15.1	15.2	15.2	14.5	14.4	14.0	14.6	15.2	14.6	14.2
Percentage Change	-2.7%	-0.7%	0.0%	0.7%	2.8%	1.3%	0.7%	0.0%	-4.6%	-0.7%	-2.8%	4.3%	4.1%	-3.9%	-2.7%
Durable Goods	25.9	25.7	25.3	25.6	26.0	26.0	25.2	25.3	25.9	25.5	23.4	24.5	25.1	25.8	25.8
Percentage Change	-3.7%	-0.8%	-1.6%	1.2%	1.6%	0.0%	-3.1%	0.4%	2.4%	-1.5%	-8.2%	4.7%	2.4%	2.8%	0.0%
Total Manufacturing Employment **	40.4	40.1	39.6	40.0	40.9	41.1	40.4	40.4	40.4	39.9	37.4	39.1	40.3	40.4	40.0
Percentage Change	-3.3%	-0.7%	-1.2%	1.0%	2.3%	0.5%	-1.7%	0.0%	0.0%	-1.2%	-6.3%	4.5%	3.1%	0.2%	-1.0%

U.S. Department of Labor, Bureau of Labor Statistics; State and Area Employment, Hours, and Earnings
 *Not Seasonally Adjusted Data
 ** Totals may not tie due to rounding.

Despite a long-term decline in manufacturing employment, the sector continues to be a significant component in the State’s gross domestic product, as evidenced by its production in terms of dollars (see “Economic Base and Performance” below). The bar chart below provides a visualization of the trends in durable and non-durable goods manufacturing from 2010 through 2024 from the table above by number of jobs.

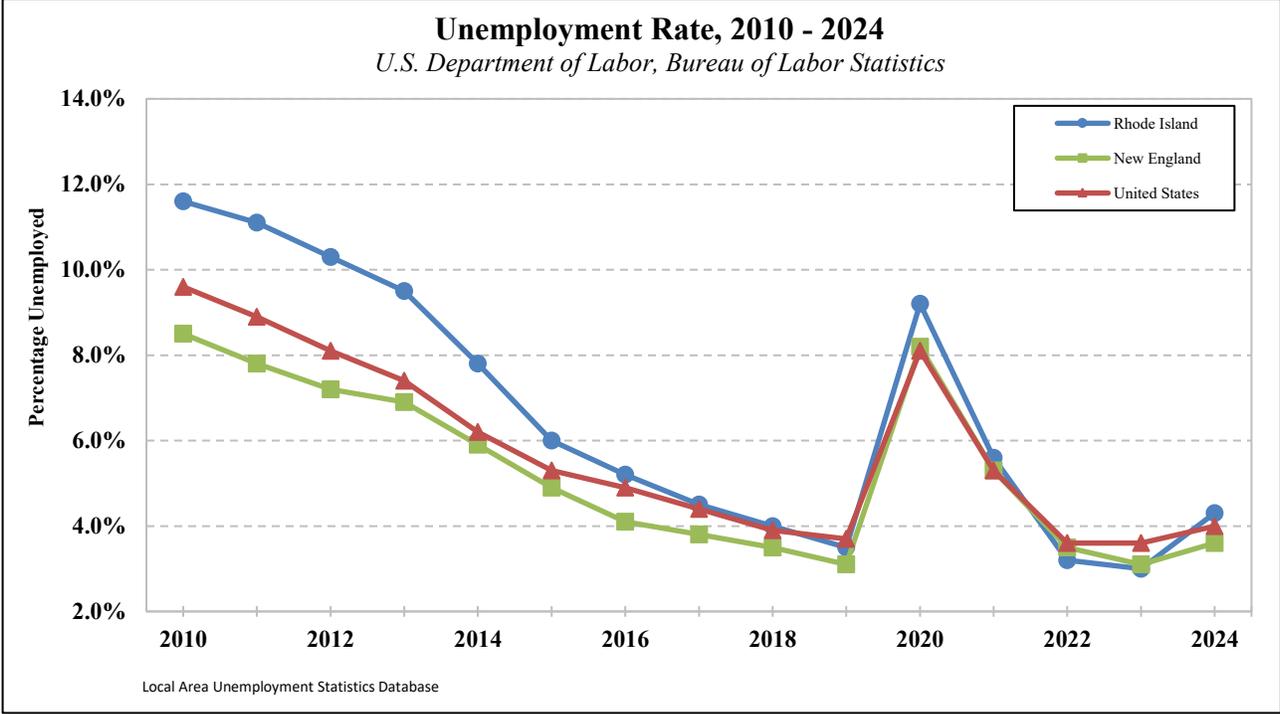


Unemployment. The following table compares the annual civilian labor force, the number unemployed, and the unemployment rates of Rhode Island, New England, and the United States between 2010 and 2024. In 2024, the State’s unemployment rate was 4.3 percent, which was higher than the national and New England averages by 0.7 and 0.3 percentage points, respectively. This uptick in unemployment rate from the previous year in Rhode Island was accompanied by a 2.3 percent increase in the size of the state’s civilian labor force, compared to 2.1 percent and 0.6 percent increases for New England and the U.S., respectively (when comparing 2023 and 2024).

Annual Average Civilian Labor Force and Unemployment, 2010 - 2024											
(in thousands)											
	Civilian Labor Force			Unemployed			Unemployment Rate			RI Rate as a % of US	
	RI	NE	US	RI	NE	US	RI	NE	US		
2010	571	7,753	153,889	66	656	14,825	11.6%	8.5%	9.6%	1.2	
2011	565	7,767	153,617	63	602	13,747	11.1%	7.8%	8.9%	1.2	
2012	565	7,773	154,975	58	561	12,506	10.3%	7.2%	8.1%	1.3	
2013	565	7,774	155,389	54	540	11,460	9.5%	6.9%	7.4%	1.3	
2014	565	7,855	155,922	44	461	9,617	7.8%	5.9%	6.2%	1.3	
2015	565	7,879	157,130	34	383	8,296	6.0%	4.9%	5.3%	1.1	
2016	565	7,929	159,187	29	327	7,751	5.2%	4.1%	4.9%	1.1	
2017	569	8,030	160,320	26	308	6,982	4.5%	3.8%	4.4%	1.0	
2018	572	8,136	162,075	23	281	6,314	4.0%	3.5%	3.9%	1.0	
2019	573	8,182	163,539	20	254	6,001	3.5%	3.1%	3.7%	0.9	
2020	570	7,962	160,742	52	653	12,947	9.2%	8.2%	8.1%	1.1	
2021	573	7,931	161,204	32	420	8,623	5.6%	5.3%	5.3%	1.1	
2022	573	8,048	164,287	19	280	5,996	3.2%	3.5%	3.6%	0.9	
2023	578	8,101	167,116	17	254	6,080	3.0%	3.1%	3.6%	0.8	
2024	591	8,270	168,106	26	295	6,761	4.3%	3.6%	4.0%	1.1	

U.S. Department of Labor, Bureau of Labor Statistics; Current Population Survey Database
 U.S. Department of Labor, Bureau of Labor Statistics; Local Area Unemployment Statistics Database,
 Data reflects twelve month average of nonseasonally adjusted data. Data after 2014 reflects revised population controls and model reestimation

The chart below graphs the unemployment rates for Rhode Island, New England, and the United States over the 2010 to 2024 period. Rhode Island’s unemployment rate was consistently above the regional average since the onset of the Great Recession, although the gap narrowed significantly in recent years and in 2022 Rhode Island’s unemployment rate was slightly below both the regional and national averages. Widespread unemployment rate increases were seen in 2020 as a result of the COVID-19 pandemic, before decreasing sharply in 2021 and further in 2022 as the economy recovered. As of April 2025, the unemployment rate is 4.9 percent, up four-tenths of a percentage point from the August through December 2024 rate of 4.5 percent.



Unemployment Compensation Trust Fund. The unemployment insurance system is a federal-state cooperative program established by the Social Security Act and the Federal Unemployment Tax Act to provide benefits for eligible individuals when they are unemployed through no fault of their own. Benefits are paid from the Rhode Island Unemployment Compensation Trust Fund and financed through employer contributions.

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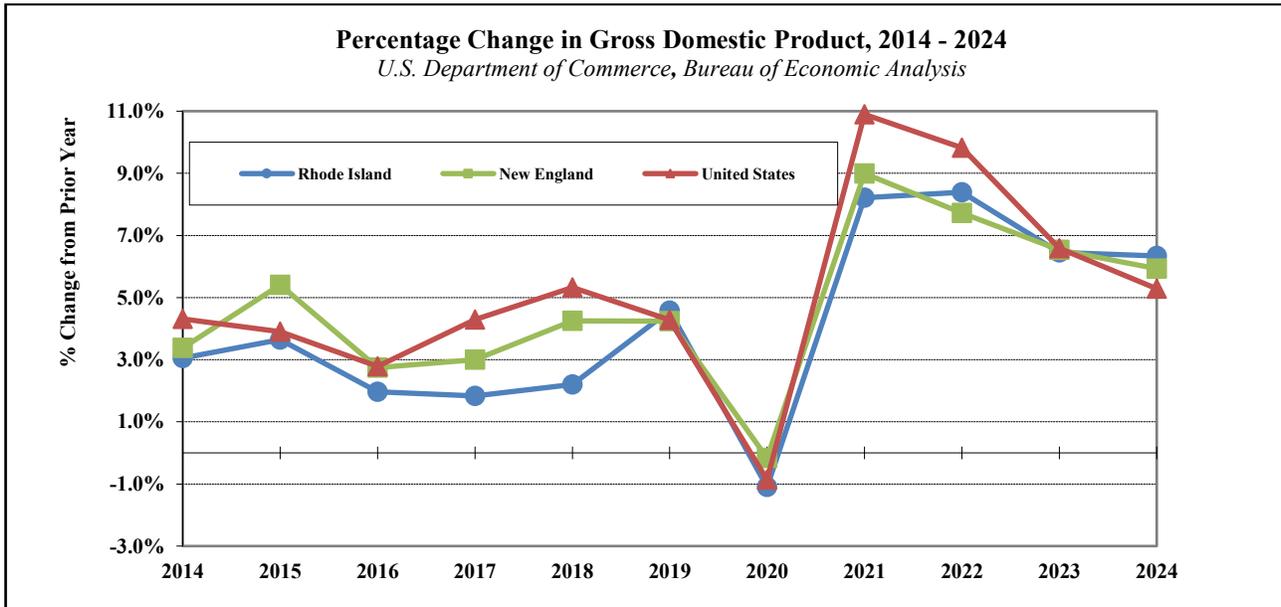
Economic Base and Performance

From 2014 to 2024, growth in Rhode Island Gross Domestic Product (“GDP”) was less than growth in United States GDP except in 2019 and 2024. When GDP fell across the board in 2020 due to the initial impacts of the COVID-19 pandemic, Rhode Island GDP fell at a rate of -1.1 percent, which was slightly higher than the -0.9 percent downturn in United States GDP and notably higher than the -0.2 percent GDP growth seen in the New England region. New England and Rhode Island lagged slightly behind the United States as a whole as GDP bounced back across the board in 2021 and 2022, but regained some ground in 2024.

Gross Domestic Product, 2014 - 2024 (millions of current dollars)							
Year	Rhode Island		New England		United States		
	GDP	Change	GDP	Change	GDP	Change	
2014	54,613	3.1%	931,904	3.4%	17,608,138	4.3%	
2015	56,604	3.6%	982,313	5.4%	18,295,019	3.9%	
2016	57,715	2.0%	1,009,275	2.7%	18,804,913	2.8%	
2017	58,772	1.8%	1,039,545	3.0%	19,612,102	4.3%	
2018	60,065	2.2%	1,083,763	4.3%	20,656,516	5.3%	
2019	62,815	4.6%	1,129,673	4.2%	21,539,982	4.3%	
2020	62,125	-1.1%	1,127,827	-0.2%	21,354,105	-0.9%	
2021	67,228	8.2%	1,229,266	9.0%	23,681,171	10.9%	
2022	72,869	8.4%	1,324,161	7.7%	26,006,893	9.8%	
2023	77,574	6.5%	1,410,687	6.5%	27,720,709	6.6%	
2024	82,493	6.3%	1,494,384	5.9%	29,184,890	5.3%	

U.S. Department of Commerce. Bureau of Economic Analysis; Gross Domestic Product by State - All Industry Total

The graph below plots the percentage change in GDP for Rhode Island, New England and the United States from 2014 to 2024.

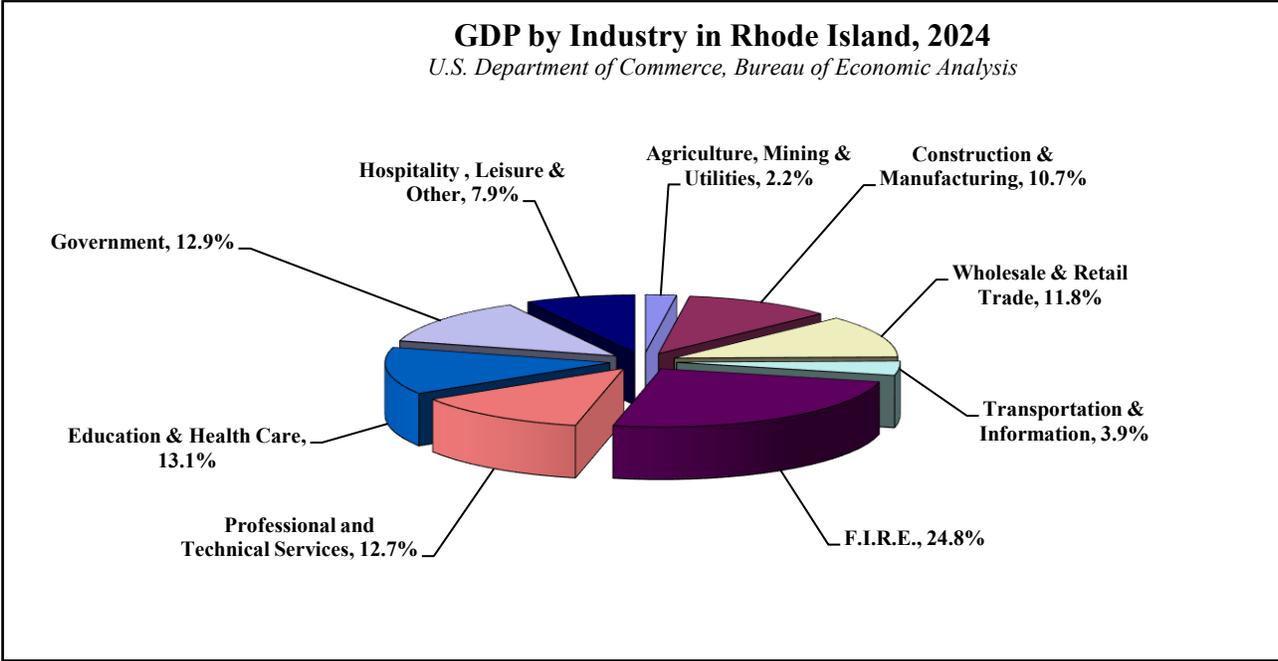


Economic Base and Performance -- Sector Detail. The economy of Rhode Island is well diversified. The table below shows the contribution to Rhode Island GDP of several industrial and non-industrial sectors. As is apparent, Rhode Island experienced growth in all sectors between 2014 and 2024. Comparing GDP performance by industry in 2024 to 2014, some of the largest increases by percentage occurred in utilities, leisure and hospitality, and administrative and waste management services. In nominal terms the largest gains were in real estate, rental, and leasing; government; and hospitality, leisure, and other services.

Gross Domestic Product by Industry in Rhode Island, 2014 - 2024											
(millions of current dollars)											
Industrial Sector	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Agriculture, forestry, fishing and hunting	\$101	\$114	\$110	\$116	\$111	\$108	\$ 116	\$128	\$157	\$151	(D)
Mining	43	55	51	57	45	42	47	68	86	109	(D)
Utilities	831	868	863	887	929	970	1,025	1,129	1,306	1,412	1,565
Construction	1,895	1,944	2,051	2,117	2,313	2,509	2,444	2,554	2,759	3,034	3,250
Manufacturing	4,231	4,747	4,765	4,696	4,950	4,734	4,784	5,011	5,259	5,507	5,575
Wholesale Trade	3,190	3,341	3,228	3,266	3,320	3,463	3,385	3,810	4,218	4,153	4,347
Retail Trade	3,089	3,241	3,297	3,397	3,608	3,837	4,088	4,515	4,773	5,218	5,372
Transportation and warehousing, excluding postal service	909	969	998	1,033	1,084	1,132	989	1,171	1,405	1,407	1,433
Information	1,792	1,791	1,750	1,405	1,368	1,502	1,479	1,611	1,689	1,752	1,806
Finance and insurance	5,302	5,443	5,905	6,070	5,905	6,746	6,378	6,456	6,712	7,075	7,894
Real estate, rental and leasing	8,188	8,014	8,072	8,068	7,887	8,310	8,940	9,532	10,680	11,804	12,571
Professional, scientific, and technical services	3,145	3,313	3,307	3,484	3,656	3,802	3,784	4,342	4,837	5,190	5,580
Management of companies and enterprises	1,963	2,068	2,181	2,222	2,200	1,969	2,117	2,353	2,348	2,082	2,112
Administrative and waste management services	1,553	1,611	1,665	1,803	1,940	1,997	1,988	2,204	2,445	2,621	2,765
Educational services	1,793	1,864	1,858	1,904	2,004	2,075	1,961	2,030	2,208	2,348	2,461
Health care and social assistance	5,558	5,780	5,862	5,938	6,066	6,419	6,256	6,575	7,055	7,695	8,350
Government	7,431	7,582	7,701	8,108	8,314	8,510	8,586	9,009	9,469	9,959	10,626
Hospitality , Leisure & Other	3,599	3,862	4,050	4,202	4,367	4,690	3,760	4,732	5,465	6,058	6,520
Total GDP*	\$54,613	\$56,604	\$57,715	\$58,772	\$60,065	\$62,815	\$62,125	\$67,228	\$72,869	\$77,574	\$82,493

U.S. Department of Commerce, Bureau of Economic Analysis; Gross Domestic Product by State
(D) Not shown to avoid disclosure of confidential information; estimates are included in higher-level totals.
* Differences in Total GDP are attributed to rounding

The pie chart below shows the share of total Rhode Island GDP in 2024 attributable to each of the industry sectors noted above.



Finance, Insurance and Real Estate (“FIRE”). This is the largest sector of Rhode Island’s economy in terms of total contribution to GDP. FIRE contributed 24.8 percent of total State GDP in 2024, accounting for \$20.47 billion of the \$82.49 billion total GDP. For the period 2014 to 2024 this sector expanded by 51.7 percent.

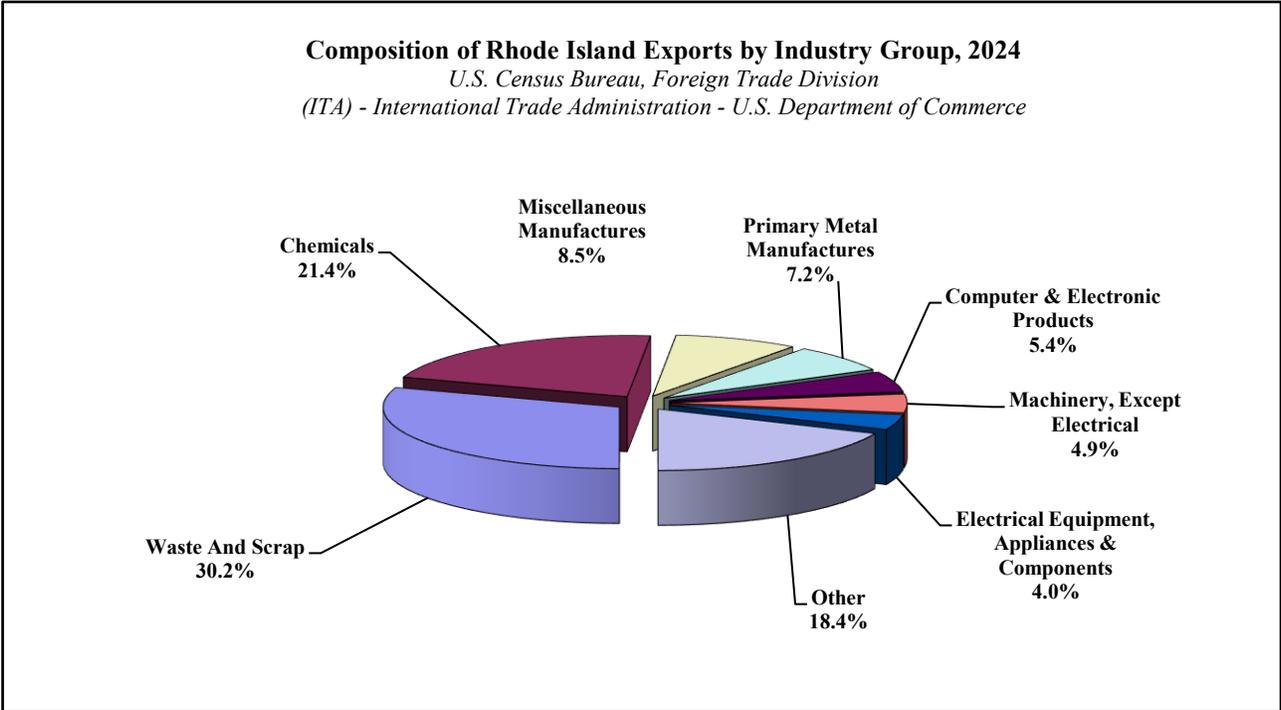
Construction and Manufacturing. In 2024, the construction and manufacturing sector was the sixth largest sector of Rhode Island’s economy at \$8.83 billion, or 10.7 percent of total GDP. This sector increased by 44.1 percent from the 2014 level.

Government. At 12.9 percent of total state GDP in 2024, the government sector has grown at an average annual growth rate of 3.4 percent since 2014. Yet, due to the gains in other sectors, particularly FIRE, government contributes 0.7 of a percentage point less as a percentage of GDP in 2024 than it did in 2014. In 2014, the government sector contributed \$7.43 billion to the total GDP and accounted for 13.6 percent of GDP. In 2024, the government sector contributed \$10.63 billion to the total GDP.

Services. Services consist of professional and technical services, management services, administrative and waste services, educational services, health care and social assistance, as well as other non-government services. Services have remained an important sector for the Rhode Island economy, accounting for 25.8 percent of state GDP in 2024. From 2014 to 2024, services have grown 51.8 percent.

International Trade and the Rhode Island Economy

Rhode Island products are exported throughout the United States and the world. The total value of all international shipments from Rhode Island grew from \$2.36 billion in 2020 to \$3.07 billion in 2024, which represents 30.4 percent growth over the period, although the 2020 figure provides a depressed base due to a temporary downturn related to the COVID-19 pandemic. Growth from 2019 to 2024 was 14.9 percent. Total exports represented 3.7 percent of 2024 Rhode Island GDP, which comprises the lower bound of the five-year range that peaked at 4.4 percent of GDP in 2021.



The table below provides greater detail of Rhode Island exports by industry (in thousands of dollars) for 2020 to 2024.

Rhode Island Exports by Industry, 2020 - 2024					
(in thousands of dollars)					
	2020	2021	2022	2023	2024
Total All Industries *	2,357,702	2,950,289	2,889,651	3,012,043	3,074,550
Waste And Scrap	605,144	810,283	775,637	775,647	928,232
Chemicals	537,051	627,366	545,275	629,087	658,021
Miscellaneous Manufactures	297,438	451,886	429,328	421,926	261,560
Primary Metal Manufactures	179,039	220,919	192,202	195,975	220,672
Computer & Electronic Products	142,076	156,881	204,539	197,856	166,542
Machinery, Except Electrical	85,018	104,226	162,103	158,153	149,833
Electrical Equipment, Appliances & Components	101,243	121,023	95,355	135,066	122,826
Transportation Equipment	72,424	75,433	55,678	69,666	85,684
Fabricated Metal Products	73,013	74,406	86,404	66,758	84,606
Used Or Second-Hand Merchandise	28,215	51,293	47,211	63,278	82,773
Processed Foods	30,085	34,679	66,579	69,471	76,908
Plastics & Rubber Products	75,588	89,974	76,104	74,878	75,648
Fish & Other Marine Products	24,524	19,662	36,400	24,675	51,495
Textiles & Fabrics	37,503	41,105	44,227	36,031	37,731
Textile Mill Products	10,391	10,570	19,862	19,205	14,071
Nonmetallic Mineral Products	22,131	22,554	16,643	17,164	13,935
Other Special Classification Provisions	3,725	3,932	5,029	22,058	13,878
Paper	14,649	15,055	17,307	16,604	13,851
Printed Matter & Related Products	4,762	4,212	2,527	6,592	5,405
Furniture & Fixtures	6,616	6,741	4,010	5,051	4,092
Apparel & Accessories	986	989	918	967	1,808
Minerals & Ores	1,070	1,757	834	983	1,286
Leather & Allied Products	864	1,139	891	1,284	957
Petroleum & Coal Products	2,243	1,800	2,193	1,179	836
Agricultural Products	1,542	1,618	1,388	1,315	830
Wood Products	224	367	556	835	469
Livestock & Livestock Products	0	18	240	3	229
Goods Returned (Exports and Imports) and Reimports - Canada †	5	60	14	16	171
Beverages & Tobacco Products	63	33	26	151	105
Forestry Products	65	269	141	170	96
Used Or Second-Hand Merchandise	0	0	0	0	0
Newspapers & Other Published Matter	0	0	0	0	0
Oil & Gas	6	39	30	0	0
(ITA) - International Trade Administration - U.S. Department of Commerce					
* Totals may not tie due to rounding. Industry exports are sorted by descending order of their 2024 values.					

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Housing

The following table shows the number of housing permits authorized on an annual basis in Rhode Island, New England, and the United States. During the 15-year period shown in the table, Rhode Island’s year-over-year growth outpaced that of the United States as a whole in only four years: 2016, 2017, 2020, and 2024. Compared with the New England region as a whole, Rhode Island’s authorized housing permit growth outpaced the region in seven years within the same period: 2014, 2016, 2018, 2020, 2021, 2023, and 2024.

Housing Permits Authorized, 2010 - 2024 (not seasonally adjusted)							
Year	Rhode Island		New England		United States		
	Total Permits	Percent Change	Total Permits*	Percent Change	Total Permits	Percent Change	
2010	922	-2.4	20,231	17.8	604,800	3.7	
2011	746	-19.1	16,906	-16.4	624,100	3.2	
2012	783	5.0	22,611	33.7	829,700	32.9	
2013	889	13.5	27,192	20.3	990,900	19.4	
2014	931	4.7	27,397	0.8	1,052,100	6.2	
2015	905	-2.8	32,717	19.4	1,182,500	12.4	
2016	1,049	15.9	29,177	-10.8	1,206,600	2.0	
2017	1,163	10.9	32,874	12.7	1,282,100	6.3	
2018	1,192	2.5	30,049	-8.6	1,328,800	3.6	
2019	1,138	-4.5	30,425	1.3	1,386,200	4.3	
2020	1,298	14.1	34,408	13.1	1,471,300	6.1	
2021	1,498	15.4	37,949	10.3	1,737,100	18.1	
2022	1,205	-19.6	37,934	0.0	1,680,400	-3.3	
2023	1,062	-11.9	32,783	-13.6	1,511,200	-10.1	
2024	1,244	17.1	34,996	6.8	1,465,500	-3.0	

* New England Census Division
Federal Reserve Bank of St. Louis

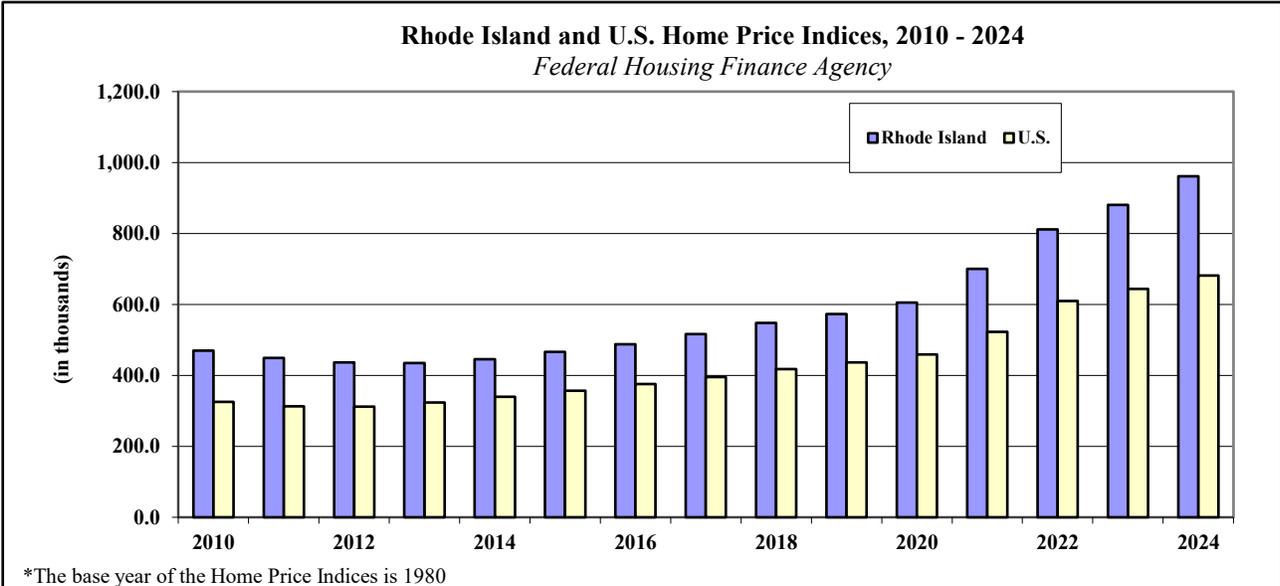
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The home price index for Rhode Island and the United States (not seasonally adjusted) appears in the table below. From 2010 to 2024, the Rhode Island home price index stayed above the U.S. home price index. Though the Rhode Island home price index declined slightly in nominal percent terms through 2013, it has climbed steadily since 2014. In 2024, the ratio of the Rhode Island home price index to the U.S. home price index stood at 141.2 percent, compared to 144.6 percent in 2010.

Home Price Index Rhode Island and the U.S., 2010 - 2024 (not seasonally adjusted, in thousands)			
Year	R.I.	U.S.	R.I. Home Prices as a Percentage of the U.S.
2010	470.0	324.9	144.6
2011	449.1	312.4	143.8
2012	436.5	311.5	140.1
2013	434.9	323.2	134.6
2014	445.6	339.3	131.3
2015	466.6	356.7	130.8
2016	487.3	375.3	129.8
2017	516.1	395.6	130.5
2018	548.0	417.5	131.3
2019	572.7	436.8	131.1
2020	605.3	459.4	131.7
2021	700.2	522.5	134.0
2022	811.9	609.6	133.2
2023	880.8	643.7	136.8
2024	961.6	681.0	141.2

Source: Federal Housing Finance Agency
*The base year of the Home Price Index is 1980

The chart below depicts the home price index data contained in the table above. The strength of the Rhode Island home price index when compared to the United State home price index is evident.



Military Contracts

According to usaspending.gov, the United States transparency portal on federal government spending, defense contract awards to Rhode Island firms have remained steadily above \$600 million annually in all years between 2010 and 2024 except 2015 and 2017. Awards spiked to a high during this period of \$1.04 billion in 2024.

Rhode Island’s DOD contract awards as a percentage of total U.S. contract awards averaged 0.22 percent from 2010 through 2016, but from 2017 onward have fallen to an average of 0.17 percent. During the same sub-periods, Rhode Island’s share of DOD contracts awarded in all New England states averaged 2.58 percent and 1.79 percent, respectively. The relationship of the defense industry to the Rhode Island economy is reflected in the following table, which shows the value of DOD contract awards between 2010 and 2024.

Department of Defense Contract Awards, 2010 - 2024					
(in millions)					
Department of Defense, Contracts Awarded by State and for U.S.					
Federal				R.I. Percentage	R.I. Percentage
Fiscal Year	R.I.	N.E.	U.S.	of New England	of U.S.
2010	775	27,661	368,677	2.80	0.21
2011	799	32,086	374,465	2.49	0.21
2012	618	28,283	363,801	2.19	0.17
2013	678	25,136	309,333	2.70	0.22
2014	826	26,211	284,530	3.15	0.29
2015	593	24,887	274,201	2.38	0.22
2016	638	27,249	298,217	2.34	0.21
2017	524	27,161	321,896	1.93	0.16
2018	604	31,493	359,324	1.92	0.17
2019	604	37,582	383,516	1.61	0.16
2020	677	44,130	422,407	1.53	0.16
2021	708	41,759	386,904	1.69	0.18
2022	665	40,466	414,265	1.64	0.16
2023	685	45,453	456,417	1.51	0.15
2024	1,039	41,320	444,999	2.52	0.23

Source: www.usaspending.gov

Human Resources

Public Elementary and Secondary Education. The availability of a skilled and well-educated population is an important resource for Rhode Island. Rhode Island’s financial commitment to education compares favorably with the United States, as the following chart demonstrates. Although spending on education is not necessarily an indication of results, it is important to note that Rhode Island spends more per pupil on elementary and secondary education than the national average. In fact, per pupil spending in Rhode Island has been significantly higher than the national average for more than two decades; however, Rhode Island’s dominance in educational spending has waned somewhat in recent years. The ratio of Rhode Island spending to the national average has varied from a high of 145.2 percent in 2011-12 to a low of 132.9 percent in the 2019-2020 school year.

The following table shows expenditures per pupil for Rhode Island and the United States since the 2006-2007 academic year.

Current Expenditure per Pupil in Public Elementary and Secondary Schools Academic Years 2006-2007 to 2020-2021 (Based on Average Daily Attendance)			
Academic Year	Rhode Island	United States	Ratio (R.I./U.S.)
2006-07	14,674	10,336	142.0
2007-08	15,843	10,982	144.3
2008-09	16,211	11,239	144.2
2009-10	16,243	11,427	142.1
2010-11	16,346	11,433	143.0
2011-12	16,498	11,362	145.2
2012-13	16,187	11,509	140.6
2013-14	16,702	11,819	141.3
2014-15	17,151	12,224	140.3
2015-16	17,332	12,619	137.4
2016-17	17,929	13,096	136.9
2017-18	18,256	13,545	134.8
2018-19	18,981	14,165	134.0
2019-20	19,168	14,427	132.9
2020-21	20,970	15,362	136.5

U.S. Department of Education, National Center for Education Statistics; Unadjusted Dollars

For the academic year 2020-2021, Rhode Island per pupil expenditures were the eighth highest in the nation and fourth highest in New England, trailing Vermont, Connecticut, and Massachusetts. The following table shows each of the fifty states and the District of Columbia ranked in terms of average expenditure per pupil.

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National Ranking of Expenditure per Pupil in Public Elementary and Secondary Schools					
Academic Year 2020 - 2021					
(Based on Average Daily Attendance)					
Ranking	State	Expenditure	Ranking	State	Expenditure
	United States	\$14,164			
1	District of Columbia	\$28,678	27	Colorado	\$14,340
2	New York	28,535	28	Kansas	14,281
3	Vermont	27,427	29	West Virginia	14,237
4	New Jersey	24,145	30	Iowa	14,236
5	Connecticut	23,380	31	Louisiana	14,182
6	Massachusetts	22,875	32	Montana	14,002
7	Alaska	21,495	33	Missouri	13,461
8	Rhode Island	20,970	34	Kentucky	13,369
9	Illinois	20,755	35	South Carolina	13,098
10	Maine	20,340	36	Georgia	12,874
11	Wyoming	20,129	37	Indiana	12,868
12	Pennsylvania	19,251	38	Arkansas	12,257
13	New Hampshire	19,189	39	South Dakota	11,969
14	Maryland	18,512	40	Texas	11,888
15	Hawaii	18,148	41	New Mexico	11,746
16	Washington	17,165	42	North Carolina	11,620
17	Delaware	16,322	43	Alabama	11,330
18	North Dakota	16,100	44	Florida	11,163
19	Oregon	15,697	45	Mississippi	11,065
20	Minnesota	15,556	46	Tennessee	10,946
21	Nebraska	15,527	47	Nevada	10,945
22	Wisconsin	15,149	48	Arizona	10,856
23	California	15,084	49	Oklahoma	10,823
24	Ohio	14,821	50	Utah	9,783
25	Michigan	14,699	51	Idaho	9,172
26	Virginia	14,659			

U.S. Department of Education, National Center for Education Statistics; Unadjusted Dollars

Public and Private Post-Secondary Education. Growth in educational attainment for Rhode Islanders is important for productivity gains along with ensuring the trend toward a more educated labor force. During the time period between the 2006-2007 and 2020-2021 academic years, Rhode Island experienced growth in the number of college degrees conferred in each year except 2009-2010, 2018-2019, 2019-2020, and 2020-2021. The 2009-2010 academic year corresponds to a year when the U.S. economy was in recession, which likely impacted out-of-state enrollment at Rhode Island’s colleges and universities. By contrast, the 2018-2019 academic year corresponds to a year when the U.S. economy was approaching full employment and wages were rising, which may have affected some students’ decisions to pursue higher education. The 2019-2020 academic year was impacted by the first months of the COVID-19 pandemic in the spring of 2020. The sharpest decline during this 15-year period was the -2.8 percent change in the 2020-2021 academic year. It is plausible that the ongoing pandemic during this academic year caused a number of students to withdraw from school or take the year off, or that strong job and wage growth during that year influenced some students to leave school for employment. Over this period, the average rate of growth in degrees conferred by Rhode Island institutions of higher education was 1.1 percent. This compares to an average rate of growth in degrees conferred by U.S. colleges and universities of 2.4 percent for the same period.

As the following table shows, Rhode Island’s growth rate in degrees conferred exceeded that of the United States for four of the 15 academic years included.

Earned Degrees Conferred (by level of degree) 2006 -2007 to 2020-2021													
Academic Year	Rhode Island						United States						
	Associate's	Bachelor's	Master's	Doctoral	Total	% Change	Associate's	Bachelor's	Master's	Doctoral	Total	% Change	
2006-07	3,822	9,982	2,230	632	16,666	2.1	728,114	1,524,092	604,607	150,680	3,007,493	2.4	
2007-08	3,692	10,265	2,240	685	16,882	1.3	750,164	1,563,069	625,023	155,021	3,093,277	2.9	
2008-09*	4,029	10,291	2,375	703	17,398	3.1	787,325	1,601,368	656,784	159,720	3,205,197	3.6	
2009-10	3,590	10,647	2,396	746	17,379	-0.1	849,452	1,650,014	693,025	158,558	3,351,049	4.6	
2010-11	3,461	10,863	2,545	709	17,578	1.1	943,506	1,716,053	730,922	163,827	3,554,308	6.1	
2011-12	3,537	11,013	2,566	745	17,861	1.6	1,021,718	1,792,163	755,967	170,217	3,740,065	5.2	
2012-13	3,727	11,079	2,654	742	18,202	1.9	1,007,427	1,840,381	751,718	175,026	3,774,552	0.9	
2013-14	3,780	11,455	2,620	753	18,608	2.2	1,005,155	1,870,150	754,582	177,587	3,807,474	0.9	
2014-15	3,606	11,730	2,571	724	18,631	0.1	1,014,341	1,894,969	758,804	178,548	3,846,662	1.0	
2015-16	3,291	11,989	2,676	716	18,672	0.2	1,008,228	1,920,750	785,757	178,134	3,892,869	1.2	
2016-17	3,353	12,162	2,939	744	19,198	2.8	1,005,649	1,956,032	804,684	181,352	3,947,717	1.4	
2017-18	3,530	12,314	3,181	762	19,787	3.1	1,011,696	1,980,665	820,242	183,734	3,996,337	1.2	
2018-19	3,311	12,345	3,328	777	19,761	-0.1	1,036,662	2,012,854	833,706	187,568	4,070,790	1.9	
2019-20	3,207	12,469	3,194	770	19,640	-0.6	1,018,233	2,038,431	843,449	190,178	4,090,291	0.5	
2020-21	3,183	11,942	3,260	714	19,099	-2.8	1,036,431	2,066,445	866,894	194,059	4,163,829	1.8	

U.S. Department of Education, National Center for Education Statistics
*For years reported between 2001 and 2009, Doctoral degrees incorporate professional degrees

According to the U.S. Department of Education’s National Center for Education Statistics, in fall 2022 the total enrollment of part-time and full-time students in Rhode Island institutions of higher education was 74,413, a decrease of 0.3 percent from fall 2021. This slight enrollment reduction tracks closely with the 0.4 percent decline in enrollment observed nationally in the United States for fall 2022. After 2010, fall enrollment in Rhode Island has fallen 10 out of the 12 years. This is also consistent with the trend seen at the national level, which has recorded declines in fall enrollment in every year since 2012. Prior to fall 2011, total fall enrollment at Rhode Island colleges and universities had increased each year. Rhode Island’s total fall enrollment compared to the United States total fall enrollment in institutions of higher education is depicted in the table below:

Total Fall Enrollment 2008-2022				
Academic Year	Rhode Island		United States	
	Total Enrollment	% Change	Total Enrollment	% Change
2008	83,893	1.2	19,102,814	4.7
2009	84,673	0.9	20,313,594	6.3
2010	85,110	0.5	21,019,438	3.5
2011	84,647	-0.5	21,010,590	0.0
2012	83,952	-0.8	20,642,819	-1.8
2013	83,460	-0.6	20,376,677	-1.3
2014	83,499	0.0	20,209,092	-0.8
2015	82,292	-1.4	19,988,204	-1.1
2016	83,348	1.3	19,846,904	-0.7
2017	82,765	-0.7	19,778,151	-0.3
2018	80,731	-2.5	19,651,412	-0.6
2019	80,221	-0.6	19,630,178	-0.1
2020	77,087	-3.9	19,027,410	-3.1
2021	74,629	-3.2	18,658,756	-1.9
2022	74,413	-0.3	18,580,026	-0.4

U.S. Department of Education, National Center for Education Statistics

Despite the lack of growth in degrees conferred in recent years, Rhode Island’s degree-holding population increased in relative proportion of the total population in each year from 2019 through 2022. From 2019 to 2023, the percentage of Rhode Island’s population age 25 or older holding at least a bachelor’s degree increased 4.2 percentage points to 39.0 percent. Comparing 2023 to 2022, Rhode Island saw a 0.6 percentage point decrease in the share of residents that hold a bachelor’s degree or higher, while New England saw an increase in the share of bachelor’s degree or higher degree holders of 0.7 percentage points. The United States also saw a rise in the share of residents with bachelor’s degrees or higher from 2022 to 2023. The percentages of the population age 25 or older holding a bachelor’s degree or higher in Rhode Island, New England, and the United States are shown below.

College Attainment: Percentage with Bachelor's Degree or Higher Population 25 Years and Older, 2019-2023					
	2019	2020	2021	2022	2023
United States	33.1%	32.9%	35.0%	35.6%	36.1%
New England	41.0%	40.7%	43.2%	43.4%	44.1%
Rhode Island	34.8%	35.0%	36.5%	39.6%	39.0%
Source: American Community Survey 1-Year Estimates, U.S. Census Bureau					

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APPENDIX B

Definitions of Certain Terms and Summary of the Indenture

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APPENDIX B

DEFINITIONS

The following are definitions of certain of the terms defined in the Indenture or the Agreement and used in this Official Statement.

“Act” means the Rhode Island Health and Educational Building Corporation Act, being and constituting Chapter 38.1 of Title 45, as amended of the Rhode Island General Laws.

“Administrative Expenses” means expenses incurred by the Corporation in carrying out its duties under the Indenture, the Series Indenture, the Agreement, and any other document, instrument, agreement, law, rule or regulation related thereto including, without limitation, accounting, administrative, financial advisory and legal expenses incurred in connection with the financing and construction or refinancing of the Projects, the fees and expenses of the Trustee, any Paying Agents or any other fiduciaries acting under the Indenture, the fees and expenses of, and any other amounts owed to, any Facility Provider, the costs and expenses incurred in connection with the determination of the rate at which a Variable Interest Rate Bond is to bear interest and the remarketing of such Bond, judgments or claims payable by the Corporation for the payment of which the Corporation has been indemnified or held harmless pursuant to Section 3.2 of the Agreement, but only to the extent that moneys in the Construction Fund are not available therefor, and expenditures to compel full and punctual performance of the Agreement, or any document, instrument or agreement related thereto in accordance with its terms.

“Administrative Fund” means such fund so designated, created and established by the Series Indenture pursuant to the Indenture.

"Agreement" means the Financing Agreement, between the Corporation, the Borrower, the City and the Board of Trustees executed and delivered in connection with the issuance of a Series of Bonds, as from time to time amended or supplemented in accordance with the terms and provisions of the Indenture and of the Agreement.

“Appropriated Funds” means the amounts appropriated by the State General Assembly necessary to fund debt service on and other costs related to the Corporation Bonds pursuant to the Agreement to finance the project described in the Central Falls School Financing Act

“Appropriation Request” means the annual request by the Corporation to be submitted to the Budget Director for the gross appropriation of the Appropriated Funds anticipated to be required by the Corporation from the State in each State Fiscal Year in order to make principal, Sinking Fund Installment or Interest Payment payments.

“Arbitrage Rebate Fund” means each such fund so designated, created and established by the Series Indenture pursuant to the Indenture.

"Authorized Officer" means (i) in the case of the Corporation, the Chairperson, the Vice Chairperson, the Treasurer, an Assistant Treasurer, the Secretary, an Assistant Secretary, and when used with reference to any act or document also means any other person authorized by a resolution or the by laws of the Corporation to perform such act or execute such document; (ii) in the case of the Borrower, when used with reference to any act or document, means the person identified herein or in the Agreement as authorized to perform such act or execute such document; (iii) in the case of the City, when used with reference to any act or document, means the person identified herein or in the Agreement as authorized to perform such act or execute such document; and (iv) in the case of the Trustee, the President, a Vice President, a Corporate Trust Officer, an Assistant Corporate Trust Officer, a Trust Officer or an Assistant Trust Officer of the Trustee, and when used with reference to any act or document also means any other person authorized to perform any act or sign any document by or pursuant to a resolution of the Board of Directors of the Trustee or the by laws of the Trustee.

“Board of Trustees” means the Board of Trustees of the Central Falls School District, an “educational institution”, as defined in the Corporation Act, duly organized and existing under Section 16-2-34 of the General Laws of the State of Rhode Island.

“Bond” or “Bonds” means any of the bonds of the Corporation authorized and issued pursuant to the Indenture and to a Series Indenture.

“Bond Counsel” means an attorney or a law firm, appointed by the Corporation with respect to a particular Series of Bonds, having a national reputation in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds.

“Bond Year” means unless otherwise stated in the Series Indenture a period of twelve (12) consecutive months beginning May 15 in any calendar year and ending on May 14 of the succeeding calendar year.

“Bondholder,” “Holder of Bonds” or “Holder” or any similar term, when used with reference to a Bond or Bonds, means the registered owner of any Bond.

“Book-Entry Bond” means a Bond authorized to be issued to, and issued to and registered in the name of, a Depository directly or indirectly for the beneficial owners thereof.

“Borrower” means the State of Rhode Island.

“Borrower Authorization” means, the Central Falls School Financing Act.

“Borrower Documents” means collectively, the Agreement, the Continuing Disclosure Agreement, and the Borrower and City Tax Certificate.

“Borrower and City Tax Certificate” means the certificate of a Borrower, the City and the Board of Trustees to be delivered pursuant to the Agreement and to be dated the date of delivery of the Corporation Bonds.

"Business Day" means any day which is not a Saturday, Sunday or legal holiday, or any day on which banking institutions in the State, the state where the principal corporate trust office of the Trustee or the United States of America are legally authorized to close or a day on which the New York Stock exchange is closed.

"Central Falls School Financing Act" means Local Act 106/107 of 2021 as amended by Local Act 34/35 of 2023, entitled “An Act Relating To School Construction And Financing In The City Of Central Falls And Authorizing The City Of Central Falls To Issue Not To Exceed \$5,760,000 General Obligation Bonds, Notes And Other Evidence Of Indebtedness To Finance The Construction, Renovation, Improvement, Alteration, Repair, Furnishing And Equipping Of Schools And School Facilities In The City”;

“Capital Appreciation Bond” means any Bond as to which interest is compounded on each Valuation Date therefor and is payable only at the maturity or prior redemption thereof.

“City” means the City of Central Falls, Rhode Island

“Construction Account” means each such account in a Construction Fund so designated, created and established for the Borrower and the City by the Series Indenture pursuant to the Indenture.

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement, dated as of the date of issuance of the Corporation Bonds, executed and delivered by the Borrower, and the Dissemination Agent, if any, as amended, modified, supplemented, restated or replaced from time to time.

“Corporation” means the Rhode Island Health and Educational Building Corporation, a public body corporate and agency of the State created by the Corporation Act, or any body, agency or instrumentality of the State which shall hereafter succeed to the rights, powers, duties and functions of the Corporation.

"Corporation Act" means the Rhode Island Health and Educational Building Corporation Act, being and constituting Chapter 38.1 of Title 45, as amended of the Rhode Island General Laws

“Corporation Bonds” means the series of bonds of the Corporation issued in whole or in part to finance the Loans made under the Agreement, together with any bonds of the Corporation duly issued in exchange or replacement therefor.

“Cost” shall have the meaning as set forth in the Corporation Act and the Central Falls School Financing Act.

“Credit Facility” means an irrevocable letter of credit, surety bond, loan agreement, Standby Purchase Agreement, municipal bond insurance policy or other agreement, facility or insurance or guaranty arrangement issued or extended by a bank, a trust company, a national banking association, an organization subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provisions of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, a savings bank, a saving and loan association, an insurance company or association chartered or organized under the laws of any state of the United States of America, the Government National Mortgage Association or any successor thereto, the Federal National Mortgage Association or any successor thereto, or any other federal agency or instrumentality approved by the Corporation, pursuant to which the Corporation is entitled to obtain moneys to pay the principal, purchase price or Redemption Price of Bonds due in accordance with their terms or tendered for purchase or redemption, plus, accrued interest thereon to the date of payment, purchase or redemption thereof, in accordance with the Indenture and with the Series Indenture authorizing such Bonds whether or not the Corporation is in default under the Indenture.

"Credit Facility" with respect to the Series 2021 D Bonds, shall mean the Municipal Bond Insurance Credit Facility issued by the Credit Facility Provider that guarantees the scheduled payment of principal of and interest on the Series 2021 D Bonds when due.

"Credit Facility Provider" with respect to the Series 2021 D Bonds, shall mean Build America Mutual Assurance Company, or any successor thereto.

“Defeasance Security” means (a) a Government Obligation of the type described in clauses (i), (ii), (iii) or (iv) of the definition of Government Obligations, (b) Federal Agency Obligations described in clauses (i) or (ii) of the definition of Federal Agency Obligations and (c) an Exempt Obligation, provided such Exempt Obligation (i) is not subject to redemption prior to maturity other than at the option of the holder thereof or as to which irrevocable instructions have been given to the trustee of such Exempt Obligation by the obligor thereof to give due notice of redemption and to call such Exempt Obligation for redemption on the date or dates specified in such instructions and such Exempt Obligation is not otherwise subject to redemption prior to such specified date other than at the option of the holder thereof, (ii) is secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or Government Obligations, which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such Exempt Obligation on the maturity date thereof or the redemption date specified in the irrevocable instructions referred to in clause (i) above, (iii) as to which the principal of and interest on the direct obligations of the United States of America which have been deposited in such fund, along with any cash on deposit in such fund, are sufficient to pay the principal of and interest and redemption premium, if any, on such Exempt Obligation on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in clause (i) above, and (iv) is rated by at least two nationally recognized Rating Agencies in the highest rating category for such Exempt Obligation; provided, however, that (1) such term shall not include any interest in a unit investment trust or mutual fund or (2) any obligation that is subject to redemption prior to maturity other than at the option of the holder thereof.

“Depository” means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State, or its nominee, or any other person, firm, association or corporation designated in the Series Indenture authorizing a Series of Bonds to serve as securities depository for the Bonds of such Series.

“Escrow Agreement” means the Escrow Agreement, if any, dated as of the date of issuance of the Corporation Bonds, by and between the Borrower and the escrow agent thereunder, as such agreement may be amended from time to time in accordance with its terms.

“Event of Non-Appropriation” means the failure by the General Assembly of the State, as part of its budgetary process, to appropriate the funds requested in the Appropriation Request.

“Exempt Obligation” means (i) an obligation of any state or territory of the United States of America, any political subdivision of any state or territory of the United States of America, or any agency, authority, public benefit corporation or instrumentality of such state, territory or political subdivision, the interest on which is excludable from gross income under Section 103 of the Code, which is not a “specified private activity bond” within the meaning of Section 57(a)(5) of the Code and which, at the time an investment therein is made or such obligation is deposited in any fund or account under the Indenture, carries a rating no lower than the rating carried by general obligation bonds of the State, (ii) a certificate or other instrument which evidences the beneficial ownership of, or the right to receive all or a portion of the payment of the principal of or interest on any of the foregoing and (iii) a share or interest in an open-end investment company or association or investment trust wholly comprised of

any of the foregoing obligations which is registered in an open-end investment company or association or investment trust wholly comprised of such obligations which is registered under the Federal Investment Company Act of 1940 and which company association or trust shall comply with the provisions of Rhode Island General Laws Section 35-10-11 or any other applicable general or special law relating to investments.

“Existing Indebtedness” means the bonds or notes issued by or on behalf of the Borrower described in Exhibit B to the Applicable Agreement, which bonds or notes have financed or refinanced the Project, if any.

“Facility Provider” means the issuer of a Credit Facility or a Liquidity Facility delivered to the Trustee.

“Federal Agency Obligation” means (i) an obligation issued by any federal agency or instrumentality, (ii) an obligation the principal of and interest on which are fully insured or guaranteed as to payment by a federal agency, (iii) a certificate or other instrument which evidences the beneficial ownership of, or the right to receive all or a portion of the payment of the principal of or interest on any of the foregoing and (iv) a share or interest in an open-end investment company or association or investment trust wholly comprised of such obligations which is registered under the Federal Investment Company Act of 1940 and which company association or trust shall comply with the provisions of Rhode Island General Laws Section 35-10-11 or any other applicable general or special law relating to investments.

“Fiscal Year” means the fiscal year commencing July 1 of each calendar year and ending June 30 of the next succeeding calendar year.

“Fitch” means Fitch, Inc., a corporation organized and created under the laws of the State of Delaware and its successors and assigns.

“General Treasurer” means the General Treasurer of the State.

“Government Obligation” means (i) a direct obligation of the United States of America, (ii) an obligation the principal of and interest on which are fully guaranteed as to payment of principal and interest by the United States of America, (iii) an obligation to which the full faith and credit of the United States of America are pledged, (iv) a certificate or other instrument which evidences the beneficial ownership of, or the right to receive all or a portion of the payment of the principal of or interest on any of the foregoing and (v) a share or interest in an open end investment company or association or investment trust wholly comprised of any of the foregoing obligations which is registered under the Federal Investment Company Act of 1940 and which company, association or trust shall comply with the provisions of Rhode Island General Laws Section 35-10-11 or any other applicable general or special law relating to investments.

“Indenture” means the Trust Indenture between the Corporation and the Trustee providing for the Borrower’s Revenue Bond Financing Program, as from time to time amended or supplemented by Supplemental Indentures in accordance with the terms and provisions thereof.

“Interest Payment Date” means, unless otherwise provided in the Applicable Series Indenture, May 15 and November 15 of each Bond Year.

“Investment Agreement” means a repurchase agreement or other agreement for the investment of moneys with a Qualified Financial Institution provided a specific written agreement governs the transaction and the Agreement satisfies the requirements set forth in the Indenture.

“Liquidity Facility” means an irrevocable letter of credit, surety bond, loan agreement, Standby Purchase Agreement, line of credit or other agreement or arrangement issued or extended by a bank, a trust company, a national banking association, an organization subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provisions of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, a savings bank, a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, a savings and loan association, an insurance company or association chartered or organized under the laws of any state of the United States of America, the Government National Mortgage Association or any successor thereto, the Federal National Mortgage Association or any successor thereto, or any other federal agency or instrumentality approved by the Corporation, pursuant to which moneys are to be obtained upon the terms and conditions contained therein for the purchase or redemption of Option Bonds tendered for purchase or redemption in accordance with the terms of the Indenture and of the Series Indenture authorizing such Bonds.

“Loan” means the loan in the Principal Amount made to the Applicable Borrower from the proceeds of the Corporation Bonds pursuant to the Agreement.

“Moody’s” means Moody’s Investors Service, a corporation organized and existing under the laws of the State of Delaware, or its successors and assigns.

“Notice of Terms” means a notice setting forth and confirming the definitive principal amounts, maturity dates and interest rates of the Borrower Bonds and certain other terms of the Loan.

“Option Bond” means any Bond which by its terms may be tendered by and at the option of the Holder thereof for redemption by the Corporation prior to the stated maturity thereof or for purchase thereof, or the maturity of which may be extended by and at the option of the Holder thereof in accordance with the Series Indenture authorizing such Bonds.

“Outstanding” when used in reference to Bonds, means, as of a particular date, all Bonds authenticated and delivered under the Indenture and under any Series Indenture except: (i) any Bond cancelled by the Applicable Trustee at or before such date; (ii) any Bond deemed to have been paid in accordance with Section 12.01 of the Indenture; and (iii) any Bond in lieu of or in substitution for which another Bond shall have been authenticated and delivered pursuant to the Indenture; and (iv) Option Bonds tendered or deemed tendered in accordance with the provisions of the Series Indenture authorizing such Bonds on the applicable adjustment or conversion date, if interest thereon shall have been paid through such applicable date and the purchase price thereof shall have been paid or amounts are available for such payment as provided in the Indenture and in the Series Indenture authorizing such Bonds.

“Paying Agent” means, with respect to the Bonds of any Series, the Trustee and any other bank or trust company and its successor or successors, appointed pursuant to the provisions of the Indenture and of a Series Indenture or any other resolution of the Corporation adopted prior to authentication and delivery of the Series of Bonds for which such Paying Agent or Paying Agents shall be so appointed.

“Permitted Collateral” means (i) Government Obligations described in clauses (i), (ii) or (iii) of the definition of Government Obligations, (ii) Federal Agency Obligations described in clauses (i) or (ii) of the definition of Federal Agency Obligations, or (iii) financial guaranty agreements, surety or other similar bonds or other instruments of an insurance company that has an equity capital of at least \$125,000,000 and is rated by Bests Insurance Guide or a nationally recognized Rating Agency in the highest rating category.

“Permitted Investments” means any of the following: (i) Government Obligations; (ii) Federal Agency Obligations; (iii) Exempt Obligations; (iv) Uncollateralized certificates of deposit that are fully insured by the Federal Deposit Insurance Corporation and issued by a banking organization authorized to do business in the State and having its principal office or a deposit-taking facility in the State; (v) Collateralized certificates of deposit and bank deposits that are (a) issued by a banking organization authorized to do business in the State that has an equity capital of not less than \$125,000,000, whose unsecured senior debt, or debt obligations fully secured by a letter or credit, contract, agreement or surety bond issued by it, are rated by at least one nationally recognized Rating Agency in at least the second highest rating category, and (b) are fully collateralized by Permitted Collateral; (vi) Investment Agreements that are fully collateralized by Permitted Collateral; (vii) Ocean State Investment Pool created pursuant to Section 35-10.2-1 through 35-10.2-11 of the Rhode Island General Laws; (viii) any other investments expressly permitted by State of Rhode Island Law as well as any future amendments to applicable State of Rhode Island Law; (ix) U.S. dollar denominated commercial paper issued or guaranteed by a U.S. or foreign corporation, company, financial institution, trust or other entity, including both unsecured debt and asset-backed programs with minimum ratings of A-1/P-1 (or the equivalent) by at least one nationally recognized Rating Agency; (x) negotiable bank certificates of deposit, deposit notes or other deposit obligations issued by a nationally or state chartered bank, credit union or savings association, or by a federally or state-licensed branch of a foreign bank or financial institution with minimum ratings of A-/A3 (or the equivalent) or A-1/P-1 (or the equivalent) by at least one nationally recognized Rating Agency; (xi) U.S. dollar denominated corporate notes, bonds or other debt obligations issued or guaranteed by a U.S. or foreign corporation, financial institution, non-profit, or other entity with minimum ratings of A-/A3 (or the equivalent) or A-1/P-1 (or the equivalent) by at least one nationally recognized Rating Agency; and (xii) Bankers’ Acceptances issued, drawn on, or guaranteed by a U.S. bank or U.S. branch of a foreign bank with minimum ratings of A-1/P-1 (or the equivalent) by any one Rating Agency.

“Principal Amount” means the original aggregate principal amount of the Loan as evidenced by the Borrower Bonds which shall be an amount equal to the total principal amount shown as payable in the Anticipated Repayment Schedule attached to the Agreement.

“Projects” means “project” as defined in the Corporation Act and the Central Falls School Financing Act and may include costs that are not eligible for reimbursement under Rhode Island General Laws Chapter 16-7.

“Qualified Financial Institution”, means any of the following entities that has an equity capital of at least \$125,000,000 or whose obligations are unconditionally guaranteed by an affiliate or parent having an equity capital of at least \$125,000,000: (i) a securities dealer, the liquidation of which is subject to the Securities Investors Protection Corporation or other similar corporation, and (a) that is on the Federal Reserve Bank of New York list of primary government securities dealers, and (b) whose senior unsecured long term debt is at the time an investment with it is made is rated by at least one nationally recognized Rating Agency no lower than in the second highest rating category, or, in the absence of a rating on long term debt, whose short term debt is rated by at least one nationally recognized Rating Agency no lower than in the highest rating category for such short term debt; provided, however, that no short term rating may be utilized to determine whether an entity qualifies under this paragraph as a Qualified Financial Institution if the same would be inconsistent with the rating criteria of any Rating Agency or credit criteria of an entity that provides a Credit Facility or financial guaranty agreement in connection with Outstanding Bonds; (ii) a bank, a trust company, a national banking association, a corporation subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provisions of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, a savings bank, a savings and loan association, an insurance company or association chartered or organized under the laws of the United States of America, any state of the United States of America or any foreign nation, whose senior unsecured long term debt is at the time an investment with it is made is rated by at least one nationally recognized Rating Agency no lower than in the second highest rating category, or, in the absence of a rating on long term debt, whose short term debt is rated by at least one nationally recognized Rating Agency no lower than in the highest rating category for such short term debt; provided, however, that no short term rating may be utilized to determine whether an entity qualifies under this paragraph as a Qualified Financial Institution if the same would be inconsistent with the rating criteria of any Rating Agency or credit criteria of an entity that provides a Credit Facility or financial guaranty agreement in connection with Outstanding Bonds; (iii) a corporation affiliated with or which is a subsidiary of any entity described in (i) or (ii) above or which is affiliated with or a subsidiary of a corporation which controls or wholly owns any such entity, whose senior unsecured long term debt is at the time an investment with it is made is rated by at least one nationally recognized Rating Agency no lower than in the second highest rating category, or, in the absence of a rating on long term debt, whose short term debt is rated by at least one nationally recognized Rating Agency no lower than in the highest rating category for such short term debt; provided, however, that no short term rating may be utilized to determine whether an entity qualifies under this paragraph as a Qualified Financial Institution if the same would be inconsistent with the rating criteria of any Rating Agency or credit criteria of an entity that provides a Credit Facility or financial guaranty agreement in connection with Outstanding Bonds; (iv) the Government National Mortgage Association or any successor thereto, the Federal National Mortgage Association or any successor thereto, or any other federal agency or instrumentality approved by the Corporation; or (v) a corporation whose obligations, including any investments of any moneys held under the Indenture purchased from such corporation, are insured by an insurer that meet the applicable rating requirements set forth above.

“Rating Agency” means each of Moody’s, S&P and Fitch in each case, which has assigned a rating on a Series of Bonds at the request of the Corporation and who continues to apply a rating on such Bonds at the time in question, or their respective successors and assigns and any other rating agency nationally recognized for skill and expertise in rating the credit of obligations such as the Bonds.

“Record Date” means, unless the Series Indenture relating to the Series of Bonds provides otherwise, the fifteenth (15th) day (whether or not a Business Day) preceding an Interest Payment Date.

“Redemption Price”, when used with respect to a Bond, means the principal amount of such Bond plus the applicable premium, if any, payable upon redemption prior to maturity thereof pursuant to the Indenture or to the Series Indenture.

“Refunded Bonds or Notes” means all or a portion of the Existing Indebtedness, if any, which is to be refunded with the proceeds of the Corporation Bonds, as set forth in Exhibit B to the Agreement.

“Refunding Bonds” means all Bonds, whether issued in one or more Series of Bonds, authenticated and delivered on original issuance pursuant to the Indenture, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to the Indenture.

“Revenues” means (i) the Basic Debt Service Payment paid by a Borrower pursuant to the Agreement.

“S&P” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Corporation, or its successors and assigns.

“Serial Bonds” means, with respect to Bonds of a Series, the Bonds so designated in a Series Indenture.

“Series” means all of the Bonds authenticated and delivered on original issuance and pursuant to the Indenture and to the Applicable Series Indenture authorizing such Bonds as a separate Series of Bonds, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to the Indenture, regardless of variations in maturity, interest rate, Sinking Fund Installments or other provisions.

“Series Indenture” means an indenture between the Corporation and the Trustee providing for the issuance of a Series of Bonds entered into pursuant to the Indenture.

“Sinking Fund Installment” means, as of any date of calculation, when used with respect to any Bonds of a Series, so long as any such Bonds are Outstanding, the amount of money required by the Indenture or by the Series Indenture pursuant to which such Bonds were issued, to be paid on a single future May 15 or November 15 for the retirement of any Outstanding Bonds of said Series which mature after said future May 15 or November 15, but does not include any amount payable by the Corporation by reason only of the maturity of a Bond, and said future May 15 or November 15 is deemed to be the date when a Sinking Fund Installment is payable and the date of such Sinking Fund Installment and said Outstanding Bonds are deemed to be Bonds entitled to such Sinking Fund Installment.

“Special Obligation Pledge” means the pledge of monies to the extent they become legally available by appropriation by the Borrower or otherwise, and which does not constitute a pledge of the full faith and credit and taxing power of the Borrower, made by a Borrower to the Corporation pursuant to an Agreement to secure the Borrower’s obligations under such Agreement.

“State” means the State of Rhode Island.

“State Fiscal Year” means the fiscal year of the State consisting of a twelve (12) month period ending on the last day of June in each year, as the same may be lawfully modified from time to time.

“State Approvals” means the approval of the Council on Elementary and Secondary Education, or its successor, of the Project.

“Supplemental Indenture” means any indenture of the Corporation amending or supplementing the Indenture, any Series Indenture or any Supplemental Indenture executed, delivered and becoming effective in accordance with the terms and provisions of the Indenture.

“Tax-Exempt Securities” means a certificate of indebtedness issued by the United States Treasury pursuant to the Demand Deposit State and Local Government Series program described in 31 CFR part 344 and any municipal bond (other than a qualified private activity bond), the interest on which is excluded from federal gross income.

“Term Bonds” means, with respect to Bonds of a Series, the Bonds so designated in an Applicable Series Indenture and payable from Sinking Fund Installments.

“Trust Estate” means the proceeds from the sale of a Series of Bonds, the Revenues, and all funds authorized by the Indenture and established pursuant to a Series Indenture, other than the Arbitrage Rebate Fund and the Administrative Fund, all as pledged and assigned to the Trustee pursuant to the Indenture.

“Trustee” means the bank or trust company appointed in the capacity as Trustee for the Bonds pursuant to the Indenture or any Supplemental Indenture and having the duties, responsibilities and rights provided for therein, and its successor or successors any other bank or trust company which may at any time be substituted in its place pursuant thereto; and in the case of the Series 2025 Bonds, U.S. Bank Trust Company, National Association.

“Underwriter” means the underwriter or underwriters that have contracted to purchase the Corporation Bonds upon initial issuance and in the case of the Series 2025 Bonds, Raymond James & Associates.

SUMMARY OF CERTAIN PROVISIONS OF THE TRUST INDENTURE AND THE SERIES INDENTURE

The following is a brief summary of certain provisions of the Trust Indenture (the “Indenture”) and the Series Indenture. Such summary does not purport to be complete and reference is made to the Indenture for full and complete statements of such provisions. Defined terms used herein have the meanings ascribed to them in APPENDIX C or the body of this Official Statement.

Authorization of Bonds.

The Bonds of the Corporation are authorized pursuant to the Indenture and each Series shall be issued as provided therein. The Bonds of each Series shall be special obligations of the Corporation payable solely from the Revenues pledged for the payment thereof and all funds and accounts (excluding the Arbitrage Fund and the Administrative Fund) authorized by the Indenture and established by the Series Indenture, all in the manner more particularly provided in the Indenture. The aggregate principal amount of Bonds of a Series which may be executed, authenticated, and delivered is not limited except as provided in the Indenture and the Series Indenture.

Other than as set forth in an Agreement, the Bonds of each Series of the Corporation shall not be a debt of the State, nor shall the State be liable thereon, nor shall the Bonds be payable out of any funds other than those of the Corporation pledged by the Indenture to the payment of the principal, Sinking Fund Installments, if any, and Redemption Price of and interest on such Series of Bonds.

The Bonds may, if and when authorized by the Corporation pursuant to the Indenture and to one or more Series Indentures, be issued in one or more Series and the Bonds of each Series shall contain an appropriate Series designation.

Nothing contained in the Indenture shall be deemed to preclude or restrict the consolidation pursuant to a Series Indenture of any Bonds of any two or more separate Series authorized pursuant to the Indenture and to any such Series Indenture to be issued pursuant to any of the provisions of Sections 2.03 and 2.04 of the Indenture into a single Series of Bonds for purposes of sale and issuance; provided, however, that each of the tests, conditions and other requirements contained in Sections 2.02; 2.03 and 2.04 of the Indenture as applicable to each such separate Series shall be met and complied with. Except as otherwise provided in this Section or in such Series Indenture, such a consolidated Series shall be treated as a single Series of Bonds for all purposes hereof. **(Section 2.01)**

Additional Obligations.

The Corporation reserves the right to issue bonds, notes or any other obligations or otherwise incur indebtedness pursuant to other and separate indentures or agreements of the Corporation, so long as such bonds, notes or other obligations are not, or such other indebtedness is not entitled to a charge, lien or right prior or equal to the charge or lien created by the Indenture and pursuant to a Series Indenture, or prior or equal to the rights of the Corporation and Holders of a Series of Bonds provided by the Indenture or with respect to the moneys pledged thereunder or pursuant to a Series Indenture. **(Section 2.05)**

Authorization of Redemption.

If provided with the Notice specified in Section 3.3 of the Agreement, Bonds subject to redemption prior to maturity pursuant to the Indenture or to a Series Indenture shall be redeemable, in accordance with the Indenture, at such times, at such Redemption Prices and upon such terms as may otherwise be specified therein or in the Series Indenture authorizing such Series. **(Section 4.01)**

Redemption at the Election or Direction of the Corporation.

In the case of any redemption of Bonds other than as provided in Section 4.03 of the Indenture, the Corporation shall give written notice to the Trustee of the Borrower’s election pursuant to the Agreement and its direction to redeem, of the Series and of the principal amounts of the Bonds of each maturity of such Series to be redeemed. The Series, maturities and principal amounts thereof to be redeemed at the election or direction of the Corporation shall be determined by the Corporation in its sole discretion, subject to any limitations with respect thereto contained in the Indenture or in the Series Indenture authorizing such Series. Such notice shall be given to the Trustee at least sixty (60) days prior to the date on which such Bonds are to be redeemed, or such lesser number of days as shall be acceptable to the Trustee. **(Section 4.02)**

Selection of Bonds to Be Redeemed.

Unless otherwise provided in the Series Indenture authorizing the issuance of Bonds of a Series, in the event of redemption of less than all of the Outstanding Bonds of like Series, maturity and tenor, the Trustee shall assign to each Outstanding Bond of the Series, maturity and tenor to be redeemed a distinctive number for each unit of the principal amount of such Bond equal to the lowest denomination in which the Bonds of such Series are authorized to be issued and shall select by lot, using such method of selection as it shall deem proper in its discretion, from the numbers assigned to such Bonds as many numbers as, at such unit amount equal to the lowest denomination in which the Bonds of such Series are authorized to be issued for each number, shall equal the principal amount of such Bonds to be redeemed. In making such selections the Trustee may draw the Bonds by lot (i) individually or (ii) by one or more groups, the grouping for the purpose of such drawing to be by serial numbers (or, in the case of Bonds of a denomination of more than the lowest denomination in which the Bonds of such Series are authorized to be issued, by the numbers assigned thereto as provided in Section 4.04 of Indenture) which end in the same digit or in the same two digits. In case, upon any drawing by groups, the total principal amount of Bonds drawn shall exceed the amount to be redeemed, the excess may be deducted from any group or groups so drawn in such manner as the Trustee may determine. The Trustee may in its discretion assign numbers to aliquot portions of Bonds and select part of any Bond for redemption. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected; provided, however, that only so much of the principal amount of each such Bond of a denomination of more than the lowest denomination in which the Bonds of such Series are authorized to be issued shall be redeemed as shall equal the lowest denomination in which the Bonds of such Series are authorized to be issued for each number assigned to it and so selected. **(Section 4.04)**

Notice of Redemption.

Whenever Bonds are to be redeemed, the Trustee shall give notice of the redemption of the Bonds in the name of the Corporation which notice shall specify: (i) the Bonds to be redeemed which shall be identified by the designation of the Bonds given in accordance with Section 2.01 of the Indenture, the maturity dates and interest rates of the Bonds to be redeemed and the date such Bonds were issued; (ii) the numbers and other distinguishing marks of the Bonds to be redeemed, including CUSIP numbers; (iii) the redemption date; (iv) the Redemption Price; (v) with respect to each such Bond, the principal amount thereof to be redeemed; (vi) the date of publication, if any, of the notice of redemption; (vii) the name and telephone number of a representative of the Trustee to whom inquiries may be directed; and (viii) that no representation is made as to the correctness of the CUSIP number either as printed on the Bonds or as contained in such notice and that an error in a CUSIP number as printed on a Bond or as contained in such notice shall not affect the validity of the proceedings for redemption. Any notice of redemption, unless moneys shall be received by the Trustee prior to giving such notice sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed, may state that such redemption shall be conditional upon the receipt of such moneys by the Trustee by 1:00 P.M. (New York time) on the date fixed for redemption. If such moneys shall not have been so received said notice shall be of no force and effect, the Corporation shall not redeem such Bonds and the Trustee shall give notice, in the manner in which the notice of redemption was given, that such moneys were not so received. Such notice shall further state that on such date there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, together with interest accrued and unpaid thereon to the redemption date, and that, from and after such date, payment having been made or provided for, interest thereon shall cease to accrue. Such notice, unless the Bonds are Book-Entry Bonds, shall be given by mailing a copy of such notice not less than thirty (30) days nor more than sixty (60) days prior to the redemption date. Such notice, unless the Bonds are Book-Entry Bonds, shall be sent by first class mail, postage prepaid, to the registered owners of the Bonds which are to be redeemed, at their last known addresses, if any, appearing on the registration books not more than ten (10) Business Days prior to the date such notice is given. Upon giving such notice, the Trustee shall promptly certify to the Corporation and the Borrower that it has mailed or caused to be mailed such notice to the Holders of the Bonds to be redeemed in the manner provided in the Indenture. Such certificate shall be conclusive evidence that such notice was given in the manner required by the Indenture. The failure of any Holder of a Bond to be redeemed to receive such notice shall not affect the validity of the proceedings for the redemption of the Bonds.

The Trustee shall (i) if any of the Bonds to be redeemed are Book-Entry Bonds, mail a copy of the notice of redemption to the Depository for such Book-Entry Bonds not less than thirty-five (35) days prior to the redemption, but, if notice of redemption is to be published as aforesaid, in no event later than five (5) Business Days prior to the date of publication, and (ii) mail a copy of the notice of redemption to Kenny Information Systems Notification Service and to Standard & Poor's Called Bond Record, in each case at the most recent address therefor, or to any successor thereof. Such copies shall be sent by certified mail, return receipt requested, but mailing such copies shall not be a condition precedent to such redemption and failure to so mail or of a person to which such copies were mailed to receive such copy shall not affect the validity of the proceedings for the redemption of the Bonds. **(Section 4.05)**

Payment of Redeemed Bonds.

Notice having been given by mail in the manner provided in the Indenture, the Bonds or portions thereof so called for redemption shall become due and payable on the redemption date so designated at the Redemption Price, plus interest accrued and unpaid to the redemption date, upon presentation and surrender of such Bonds, other than a Book-Entry Bond which has been called for redemption in part and shall be paid at the Redemption Price plus interest accrued and unpaid to the redemption date. Payment of the Redemption Price shall be made, upon the request of the registered owner of one million dollars (\$1,000,000) or more in principal amount of Bonds to be redeemed, by wire transfer to such registered owner at the wire transfer address to which such registered owner has, at the time such Bonds are surrendered to the Trustee, directed in writing the Trustee to wire such Redemption Price. If there shall be drawn for redemption less than all of the principal amount of a registered Bond, the Corporation shall execute and the Trustee shall authenticate and deliver, without charge to the owner thereof, for the unredeemed balance of the principal amount of the registered Bond so surrendered, Bonds of like Series, maturity and tenor in any of the authorized denominations. If, on the redemption date, moneys for the redemption of all Bonds or portions thereof of any like Series, maturity and tenor to be redeemed, together with interest accrued and unpaid thereon to the redemption date, shall be held by the Trustee and Paying Agents so as to be available therefor on such date and if notice of redemption shall have been mailed as aforesaid, then, from and after the redemption date, interest on the Bonds or portions thereof so called for redemption shall cease to accrue and such Bonds shall no longer be considered to be Outstanding under the Indenture. If such moneys shall not be so available on the redemption date, such Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption. **(Section 4.06)**

Pledge of Revenues.

The proceeds from the sale of a Series of Bonds, the Revenues and all funds authorized hereby and established pursuant to the Series Indenture, other than the Arbitrage Rebate Fund and the Administrative Fund, are hereby, subject to the provisions of the Series Indenture, pledged and assigned to the Trustee as security for the payment of the principal, Sinking Fund Installments, if any, and Redemption Price of and interest on the Series of Bonds and as security for the performance of any other obligation of the Corporation hereunder and under the Series Indenture with respect to such Series, all in accordance with the provisions hereof and thereof. The pledge made hereby, unless otherwise specified in a Series Indenture, shall relate only to the Bonds of a Series authorized by such Series Indenture and no other Series of Bonds and such pledge shall not secure any such other Series of Bonds. The pledge made hereby is valid, binding and perfected from the time when the pledge attaches and the proceeds from the sale of the Series of Bonds, the Revenues, and all funds and accounts established hereby and pursuant to the Series Indenture which are pledged hereby and pursuant to the Series Indenture shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge shall be valid, binding and perfected as against all parties having claims of any kind in tort, contract or otherwise against the Corporation irrespective of whether such parties have notice thereof. No instrument by which such pledge is created, nor any financing statement need be recorded or filed. The Bonds of each Series shall be special obligations of the Corporation payable solely from and secured by a pledge of the proceeds from the sale of such Series of Bonds, the Revenues, and the funds established hereby and pursuant to the Series Indenture, which pledge shall constitute a first lien thereon. **(Section 5.01)**

Establishment of Funds.

Unless otherwise provided by the Series Indenture, the following funds are authorized to be established, held and maintained for each Series by the Trustee under the Series Indenture separate from any other funds established and maintained pursuant to any other Series Indenture:

Construction Fund;
Debt Service Fund;
Arbitrage Rebate Fund; and
Administrative Fund.

Accounts and sub-accounts within each of the foregoing funds may from time to time be established in accordance with the Series Indenture or upon the direction of the Corporation. In addition, the Series Indenture may provide for the establishment of additional funds. All moneys at any time deposited in any fund created by the Indenture, other than the Arbitrage Rebate Fund and the Administrative Fund, shall be held in trust for the benefit of the Holders of the Series of Bonds, but shall nevertheless be disbursed, allocated and applied solely in connection with a Series of Bonds for the uses and purposes provided therein. **(Section 5.02)**

Application of Bond Proceeds and Allocation Thereof.

Upon the receipt of proceeds from the sale of a Series of Bonds, the Corporation shall apply such proceeds as specified in the Indenture and in the Series Indenture authorizing such Series. Accrued interest, if any, received upon the delivery of a Series of Bonds shall be deposited in the Debt Service Fund unless all or any portion of such amount is to be otherwise applied as specified in the Series Indenture authorizing such Series. **(Section 5.03)**

Application of Moneys in the Construction Fund.

A separate Construction Account in the Construction Fund shall be established by each Series Indenture. As soon as practicable after the delivery of each Series of Bonds, there shall be deposited in each Construction Account the amount required to be deposited therein pursuant to the Series Indenture authorizing such Series. In addition, the Corporation shall deposit in the Construction Account any moneys paid to the Corporation pursuant to Section 7.08 hereof.

Except as otherwise provided in Article V of the Indenture and in any Series Indenture, moneys deposited in the Construction Account shall be used only to pay the Borrower's costs of issuance of the Bonds and the Costs of the Projects.

Consistent with the provisions of the Agreement, payments from the Construction Account shall be made by the Corporation upon the filing in the records of the Corporation of, and in accordance with, a requisition signed by an Authorized Officer of the Borrower and the City and acknowledged by an Authorized Officer of the Corporation, stating with respect to each payment to be made (i) the names of the payees, (ii) the purpose for which payment is to be made in terms sufficient for identification, (iii) the respective amount of each such payment and (iv) that such purpose constitutes a proper purpose for which moneys in the Construction Account may be applied and has not been the basis of any previous withdrawal from the Construction Account. Notwithstanding the provisions of this subdivision: (x) moneys in the Construction Account to be applied to pay interest on Bonds shall be transferred from the Construction Account to the Debt Service Fund at such times and in such amounts as shall be determined by an Authorized Officer of the Corporation; and (y) if permitted by the Agreement, be paid to the City for deposit in an account established by the City.

A Project shall be deemed to be complete (a) upon delivery to the Corporation and the Trustee of a certificate signed by an Authorized Officer of the Borrower and the City which certificate shall be delivered as soon as practicable after the date of completion of such Project or (b) upon delivery to the Borrower, the City and the Trustee of a certificate of the Corporation which certificate may be delivered at any time after completion of such Project. Each such certificate shall state that such Project has been completed substantially in accordance with the plans and specifications, if any, applicable to such Project and that such Project is ready for occupancy, and, in the case of (a) above, such certificate shall specify the date of completion.

Upon receipt by the Trustee of the certificate required pursuant to this subdivision, the moneys, if any, then remaining in the Construction Account, after making provision in accordance with the direction of the Corporation for the payment of any costs of issuance of the Series of Bonds and Costs of a Project then unpaid, shall be paid by the Trustee as follows and in the following order of priority:

First: To the Arbitrage Rebate Fund, the amount determined by the Corporation to be required to be deposited therein, and;

Second: To the Debt Service Account of the Debt Service Fund, to be applied in accordance with Section 5.07 hereof, any balance remaining. **(Section 5.04)**

Deposit of Revenues and Allocation Thereof.

The Revenues and any other moneys which, by any of the provisions of the Agreement, are required to be deposited in the Debt Service Fund, shall upon receipt by the Trustee be deposited to the credit of the Debt Service Fund. In the event that the Trustee has not received a Basic Debt Service Payment fifteen (15) days prior to any Interest Payment Date, the Trustee shall, within two (2) Business Days, give notice of such non-payment to the Corporation, and the Corporation shall take all further action required under the Agreement to assure payment of such deficiency.

To the extent not required to pay (a) the interest becoming due on Outstanding Bonds of the Series on the next succeeding Interest Payment Date of such Bonds; (b) the principal and Sinking Fund Installments becoming due on the Series of

Outstanding Bonds on Interest Payment Date; and (c) moneys which are required or have been set aside for the redemption of Bonds of the Series, moneys in the Debt Service Fund shall be paid by the Trustee on or before the business day preceding each Interest Payment Date to the Corporation to the extent necessary to pay the fees and expenses described in the following sentence. Unless such expenditures are otherwise paid, such amounts as are payable to the Corporation relating to such Series for: (i) any expenditures of the Corporation for fees and expenses of auditing, and fees and expenses of the Trustee and Paying Agents, all as required hereby, (ii) all other expenditures reasonably and necessarily incurred by the Corporation in connection with the financing of the Projects, including expenses incurred by the Corporation to compel full and punctual performance of all the provisions of the Agreement in accordance with the terms thereof, and (iii) any fees of the Corporation, but only upon receipt by the Trustee of a certificate of the Corporation, stating in reasonable detail the amounts payable to the Corporation pursuant to this clause (iii).

After making the payments required by subdivision 1 of this Section, on June 15 of each year, the Trustee shall hold the amount permitted by the Borrower and City Tax Certificate in the Debt Service Fund and shall pay any balance remaining in the Debt Service Fund, including investment earnings, to the Borrower, in such amounts, free and clear of any pledge, lien, encumbrance or security interest created hereby or by any of the Agreements, provided that the Trustee shall not pay any such money to the Borrower if the Borrower is in default in the payment of its Basic Debt Service Payment other than from an Event of Non-Appropriation. **(Section 5.05)**

Debt Service Fund.

Separate Debt Service Accounts shall be established by each Series Indenture. The Trustee shall on or before the Business Day preceding each Interest Payment Date pay to itself and any other Paying Agent out of the Debt Service Fund:

- (a) the interest due and payable on all Outstanding Bonds of the Series on such Interest Payment Date;
 - (b) the principal amount due and payable on all Outstanding Bonds of the Series on such Interest Payment Date;
- and
- (c) the Sinking Fund Installments or other amounts related to a mandatory redemption, if any, due and payable on all Outstanding Bonds of the Series on such Interest Payment Date.

The amounts paid out pursuant to this Section shall be irrevocably pledged to and applied to such payments.

After making the payments required by subdivision 1 of this Section, any balance remaining in the Debt Service Account less amounts permitted by the Borrower and City Tax Certificate shall be paid by the Trustee to the Borrower, free and clear of any pledge, lien, encumbrance or security interest created hereby or by any of the Agreements; provided that the Trustee shall not pay any such money to the Borrower in the event that Borrower is in default in the payment of its Basic Debt Service.

Moneys in the Debt Service Fund in excess of the amount required to pay the principal and Sinking Fund Installments of Outstanding Bonds of the Series payable during the next succeeding Bond Year, the interest on Outstanding Bonds of the Series payable on and prior to the next succeeding Interest Payment Date, and the purchase price or Redemption Price of Outstanding Bonds theretofore contracted to be purchased or called for redemption, plus accrued interest thereon to the date of purchase or redemption, shall be paid or applied by the Trustee in accordance with the direction of an Authorized Officer of the Corporation (i) to the purchase of Outstanding Bonds of the Series at purchase prices not exceeding the Redemption Price applicable on the next Interest Payment Date on which such Bonds are redeemable, plus accrued and unpaid interest to such date, at such times, at such purchase prices and in such manner as an Authorized Officer of the Corporation shall direct or (ii) to the redemption of Bonds of the Series as provided in Article IV hereof; at the Redemption Prices specified in the Series Indenture authorizing the issuance of the Bonds to be redeemed.

Notwithstanding the provisions of subdivision 1 of this Section, the Corporation may, at any time subsequent to the first day of any Bond Year but in no event less than forty-five (45) days prior to the succeeding date on which a Sinking Fund Installment is scheduled to be due, direct the Trustee to purchase, with moneys on deposit in the Debt Service Fund, at a price not in excess of par plus interest accrued and unpaid to the date of such purchase, Term Bonds of the Series to be redeemed from such Sinking Fund Installment. Any Term Bond so purchased shall be cancelled and evidence of such cancellation shall be given to the Corporation. The principal amount of each Term Bond so cancelled shall be credited against the Sinking Fund Installment due on such date; provided, however, that such Term Bond is cancelled by the Trustee prior to the date on which notice of redemption is given. **(Section 5.07)**

Administrative Fund.

Amounts on deposit in the Administrative Fund shall be available for use by the Corporation for Administrative Expenses and for any other lawful purpose. Amounts in the Administrative Fund shall not be pledged to Bondholders. **(Section 5.08)**

Arbitrage Rebate Fund.

The Arbitrage Rebate Fund shall be maintained by the Trustee as a fund separate from any other fund established and maintained under the Indenture. The Trustee shall deposit to the Arbitrage Rebate Fund any moneys delivered to it for deposit therein and, notwithstanding any other provisions of the Indenture, shall transfer to the Arbitrage Rebate Fund, in accordance with the directions of an Authorized Officer of the Corporation, moneys on deposit in any other funds held by the Trustee under the Indenture at such times and in such amounts as shall be set forth in such directions. Within the Arbitrage Rebate Fund, the Trustee shall maintain such accounts as shall be required by the Corporation in order to comply with the terms and requirements of the Borrower and City Tax Certificate. All money at any time deposited in the Arbitrage Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement (as defined in the Borrower and City Tax Certificate), for payment to the Treasury Department of the United States of America, and the Corporation or the owner of any Bonds shall not have any rights in or claim to such money. All amounts deposited into or on deposit in the Arbitrage Rebate fund shall be governed by the Indenture and by the Borrower and the City Tax Certificate. The Trustee shall be deemed conclusively to have complied with the requirements of the Indenture and with such provisions of the Borrower and City Tax Certificate if it follows the directions of an Authorized Officer of the Corporation including supplying all necessary written information in the manner provided in the Borrower and City Tax Certificate and shall have no liability or responsibility for compliance (except as specifically set forth in the Indenture or in the Borrower and City Tax Certificate) or to enforce compliance by the Corporation with the terms of the Tax Certificate.

Upon the written direction of the Corporation, the Trustee shall deposit in the Arbitrage Rebate Fund funds received from the Corporation, so that the balance of the amount on deposit thereto shall be equal to the Rebate Requirement. Computations of the Rebate Requirement shall be furnished by or on behalf of the Corporation in accordance with the Borrower and City Tax Certificate.

The Trustee shall have no obligation to rebate any amounts required to be rebated pursuant to the Indenture, other than from moneys held in the funds and accounts created under the Indenture or from other moneys provided to it by the Corporation.

The Trustee shall invest all amounts held in the Arbitrage Rebate Fund as provided in written directions of the Corporation. The Corporation, in issuing such directions, shall comply with the restrictions and instructions set forth in the Borrower and City Tax Certificate. Moneys may only be applied from the Arbitrage Rebate Fund as provided in the Indenture.

The Trustee, upon the receipt of written instructions and certification of the Rebate Requirement from an Authorized Officer of the Corporation, shall pay the amount of such Rebate Requirement to the Treasury Department of the United States of America, out of amounts in the Arbitrage Rebate Fund, as so directed.

Notwithstanding any other provisions of the Indenture, the obligation to remit the Rebate Requirement to the United States of America and to comply with all other requirements of the Indenture and the Borrower and City Tax Certificate shall survive the defeasance or payment in full of the Bonds. **(Section 5.09)**

Application of Moneys in Certain Funds for Retirement of Bonds.

Notwithstanding any other provisions of the Indenture, if at any time the amounts held in the Debt Service Fund, are sufficient to pay the principal or Redemption Price of all Outstanding Bonds of the Series and the interest accrued and unpaid and to accrue on such Bonds to the next date of redemption when all such Bonds are redeemable, or to make provision pursuant to the Indenture for the payment of the Outstanding Bonds at the maturity or redemption dates thereof, the Corporation may (i) direct the Trustee to redeem, all such Outstanding Bonds, whereupon the Trustee shall proceed to redeem or provide for the redemption of such Outstanding Bonds in the manner provided for redemption of such Bonds by the Indenture and by each Series Indenture as provided in the Indenture, or (ii) give the Trustee irrevocable instructions in accordance with the Indenture and make provision for the payment of the Outstanding Bonds at the maturity or redemption dates thereof in accordance therewith. **(Section 5.10)**

Transfer of Investments.

Whenever moneys in any fund or account established under the Series Indenture are to be paid in accordance with the Indenture to another such fund or account, such payment may be made, in whole or in part, by transferring to such other fund or account investments held as part of the fund or account from which such payment is to be made, whose value, together with the moneys, if any, to be transferred, is at least equal to the amount of the payment then to be made; provided, however, that no such transfer of investments would result in a violation of any investment standard or guideline applicable to such fund. **(Section 5.11)**

Security for Deposits.

All money held by the Trustee or the Paying Agent under the Indenture in excess of the amount guaranteed by the Federal Deposit Insurance Corporation or other federal agency shall, unless the unsecured general obligations of the Trustee or Paying Agent holding the money are rated in either of the two highest rating categories (without regard to subcategories) by each Rating Agency, be continuously secured by the Trustee, for the benefit of the Corporation and the Holders of the Series of Bonds in any manner as may then be required or permitted by applicable state or federal laws and regulations regarding the security for, or granting a preference in the case of, the deposit of trust funds; provided, however, that it shall not be necessary for the Trustee or Paying Agent to give security for the deposit of any moneys with them under the provisions of the Indenture and held in trust for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price of or interest on any Bonds, or for the Trustee to give security for any money which shall be represented by Permitted Investments purchased under the provisions of the Indenture as an investment of such money. Any banking account (other than a Permitted Investment) to which money credited to the Debt Service Fund is credited shall be (1) maintained in the name of the Trustee and (2) either (a) maintained with a federal or state-chartered depository institution or trust company that has an S&P short-term debt rating of at least "A-2" (or, if no short-term debt rating, a long-term debt rating of "BBB+") or (b) maintained with the corporate trust department of a federal depository institution or state-chartered depository institution subject to regulations regarding fiduciary funds on deposit similar to Title 12 of the U.S. Code of Federal Regulation Section 9.10(b), which in either case described in this clause (b), has corporate trust powers. In the event that any such account no longer satisfies Clause (2) of the preceding sentence, the Trustee shall promptly (and, in any case within not more than 30 calendar days) move the balance of such account to another account with another financial institution that satisfies such Clause (2). **(Section 6.01)**

Investment of Funds and Accounts Held by the Trustee.

Moneys held under the Indenture by the Trustee in accounts in the Construction Fund and the Debt Service Fund shall, as nearly as may be practicable, be invested by the Trustee, upon direction of the Borrower given or confirmed in writing, signed by an Authorized Officer of the Borrower. Moneys held under the Indenture by the Trustee in the Arbitrage Rebate Fund and the Administrative Fund shall, as nearly as practicable, be invested by the Trustee upon the direction of the Corporation given or confirmed in writing, signed by an Authorized Officer of the Corporation. Moneys held under the Indenture shall be invested in Government Obligations, Federal Agency Obligations, Exempt Obligations, and any other Permitted Investment; provided, however, that each such investment shall permit the moneys so deposited or invested to be available for use at the times at which the Borrower or the Corporation, as applicable, reasonably believes such moneys will be required for the purposes of the Indenture; provided, further, that (x) any Permitted Collateral required to secure any Permitted Investment shall have a market value, determined by the Trustee or its agent periodically, but no less frequently than weekly, at least equal to 102% of the amount deposited or invested including interest accrued thereon, (y) the Permitted Collateral shall be deposited with and held by the Trustee or an agent of the Trustee approved by an Authorized Officer of the Corporation, and (z) the Permitted Collateral shall be free and clear of claims of any other person. The Trustee may request an opinion of counsel to the effect that the Permitted Collateral being delivered to or held by the Trustee satisfies the conditions set forth in the Indenture.

Permitted Investments purchased as an investment of moneys in any fund or account held by the Trustee under the provisions of the Indenture shall be deemed at all times to be a part of such fund or account and the income or interest earned, profits realized, or losses suffered by a fund or account due to the investment thereof shall be retained in, credited or charged, as the case may be, to such fund or account.

In computing the amount in any fund or account held by the Trustee under the provisions of the Indenture, each Permitted Investment shall be valued at par or the market value thereof, plus accrued interest, whichever is lower.

Notwithstanding anything to the contrary in the Indenture, the Corporation with respect to the Administrative Fund and the Arbitrage Rebate Fund or the Borrower, with respect to the Construction Fund and the Debt Service Fund in its discretion, may direct in writing the Trustee to, and the Trustee shall, sell, present for redemption, or exchange any investment held by the Trustee pursuant to the Indenture and the proceeds thereof may be reinvested as provided in the Indenture. Except as otherwise provided in the Indenture, the Trustee shall sell or present for redemption or exchange, any investment held by it pursuant thereto whenever it shall be necessary in order to provide moneys to meet any payment or transfer from the fund or account in which such investment is held. The Trustee shall advise the Corporation, and, upon the written request of a Facility Provider, such Facility Provider, on or before the fifteenth (15th) day of each calendar month, of the amounts required to be on deposit in each fund and account under the Indenture and of the details of all investments held for the credit of each fund and account in its custody under the provisions thereof as of the end of the preceding month and as to whether such investments comply with the provisions of the Indenture. The details of such investments shall include the par value, if any, the cost and the current market value of such investments as of the end of the preceding month. The Trustee shall also describe all withdrawals, substitutions and other transactions occurring in each such fund and account in the previous month.

No part of the proceeds of any Series of Bonds or any other funds of the Corporation shall be used directly or indirectly to acquire any securities or investments the acquisition of which would cause any Corporation Bond to be an “arbitrage bond” within the meaning of Section 148(a) of the Code. **(Section 6.02)**

Payment of Principal and Interest.

The Corporation shall pay or cause to be paid the principal, Sinking Fund Installments, if any, or Redemption Price of and interest on every Bond of each Series on the date and at the places and in the manner provided in the Bonds according to the true intent and meaning thereof. **(Section 7.01)**

Accounts and Audits.

The Corporation shall keep proper books of record and accounts (separate from all other records and accounts), which may be kept on behalf of the Corporation by the Trustee, in which complete and correct entries shall be made of its transactions relating to each Series of Bonds, which books and accounts, at reasonable hours and subject to the reasonable rules and regulations of the Corporation, shall be subject to the inspection of the Borrower, the City, the Trustee or of any Holder of a Bond of the Series or his representative duly authorized in writing. The Trustee shall annually prepare a report which shall be furnished to the Corporation, each Facility Provider, the City, and the Borrowers. Such report shall include at least a statement of all funds and accounts (including investments thereof) held by the Trustee and the Corporation pursuant to the provisions of the Indenture and of each Series Indenture, a statement of the Revenues collected in connection therewith and with each Series Indenture; and complete and correct entries of all transactions relating to a Series of Bonds. A copy of such report, shall, upon receipt of a written request therefor, and payment of any reasonable fee or charge made in connection therewith, be furnished to the registered owner of a Bond of the Series or any beneficial owner of a Book-Entry Bond of the Series requesting the same. **(Section 7.05)**

Creation of Liens.

Except as consented to by the Borrower and as permitted hereby, the Corporation shall not create or cause to be created any lien or charge prior or equal to that of the Bonds of a Series on the proceeds from the sale of such Bonds, the Revenues, or the funds and accounts established hereby and pursuant to the Series Indenture which are pledged hereby; provided, however, that nothing contained in the Indenture shall prevent the Corporation from issuing bonds, notes or other obligations under another and separate indenture so long as the charge or the lien created by such indenture is not prior or equal to the charge or lien created hereby. **(Section 7.06)**

Enforcement of Obligations of the Borrower.

Pursuant to the Agreement, the Corporation shall take all legally available action to cause the Borrower to perform fully its obligation to pay the Basic Debt Service Payment and other amounts which under the Agreement are to be paid to the Trustee, in the manner and at the times provided in the Agreement provided, however, that the Corporation may delay, defer or waive enforcement of one or more provisions of said Agreement (other than provisions requiring the payment of moneys to the Trustee for deposit to any fund or account established under the Indenture) if the Corporation determines such delay, deferment or waiver will not materially adversely affect the interests of the Holders of the Bonds of a Series. **(Section 7.07)**

Amendment, Change, Modification or Waiver of Agreement.

The Agreement may not be amended, changed, modified, altered or terminated so as to materially adversely affect the interest of the Holders of the Outstanding Bonds of the Series without the prior written consent of and Authorized Officer of the Borrower and the Holders of at least a majority in aggregate principal amount of such Bonds then Outstanding; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any Series remain Outstanding, the 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 of the Series under this Section; provided, further, that no such amendment, change, modification, alteration or termination will reduce the percentage of the aggregate principal amount of Outstanding Bonds of such Series the consent of the Holders of which is a requirement for any such amendment, change, modification, alteration or termination, or decrease the amount of any payment required to be made by the Borrower under the Agreement that is to be deposited with the Trustee or extend the time of payment thereof. Except as otherwise provided in this Section, the Agreement may be amended, changed, modified or altered with the consent of the Borrower, but without the consent of the Holders of Outstanding Bonds of the Series or the Trustee. Specifically, and without limiting the generality of the foregoing, the Agreement may be amended, changed, modified or altered without the consent of the Trustee and the Holders of Outstanding Bonds of such Series (i) to provide changes in connection with the acquisition, construction, reconstruction, rehabilitation, renovation and improvement or otherwise, the providing, furnishing and equipping of any facilities constituting a part of the Projects or which may be added to such Projects; (ii) to provide for the issuance of Bonds of a Series; or (iii) to cure any ambiguity or correct or supplement any provisions contained in the Agreement, which may be defective or inconsistent with any other provisions contained in the Indenture or in such Agreement.

A Series shall be deemed to be adversely affected by an amendment, change, modification, or alteration of the Agreement if the same adversely affects or diminishes the rights of the Holders of the Bonds of such Series in any material respect. The Trustee may in its discretion determine whether or not, in accordance with the foregoing provisions, Bonds of a Series would be adversely affected in any material respect by any amendment, change, modification or alteration, and any such determination shall be binding and conclusive on the Corporation and all Holders of such Bonds.

The purchasers of the Bonds of a Series, whether purchasing as underwriters, for resale or otherwise, upon such purchase from the Corporation, may consent to an amendment, change, modification, termination, or waiver permitted by this Section with the same effect as a consent given by the Holder of such Bonds.

The Trustee shall be entitled to conclusively rely upon an opinion of counsel, including an opinion of Bond Counsel, with respect to whether any amendment, change, modification, or alteration adversely affects the interests of any Holders of Bonds of the Series then Outstanding in any material respect. **(Section 7.10)**

Notice as to Agreement Default.

The Corporation shall notify the Trustee in writing that an “Event of Default” under the Agreement, as such term is defined in the Agreement, has occurred and is continuing, or that which notice shall be given within five (5) days after the Corporation has obtained actual knowledge thereof. **(Section 7.11)**

Basic Debt Service Payment.

The Agreement shall provide for the payment of Basic Debt Service Payments which shall be sufficient at all times to pay the principal and Sinking Fund Installments of and interest on Outstanding Bonds of the Series as the same become due and payable. **(Section 7.12)**

Modification and Amendment without Consent.

The Corporation may execute and deliver at any time or from time-to-time Supplemental Indentures for any one or more of the following purposes:

(a) To add additional covenants and agreements of the Corporation for the purpose of further securing the payment of the Bonds of a Series, provided such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the Corporation contained in the Indenture;

(b) To prescribe further limitations and restrictions upon the issuance of Bonds of a Series and the incurring of indebtedness by the Corporation which are not contrary to or inconsistent with the limitations and restrictions thereon theretofore in effect;

(c) To surrender any right, power or privilege reserved to or conferred upon the Corporation by the terms of the Indenture, provided that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Corporation contained in the Indenture;

(d) To confirm, as further assurance, any pledge under the Indenture or under the Series Indenture, and the submission to any lien, claim or pledge created or to be created by the provisions of the Indenture, of the Revenues, or any pledge of any other moneys, investments thereof or funds;

(e) To modify any of the provisions of the Indenture or of any previously existing Series Indenture or Supplemental Indenture in any other respects, provided that such modifications shall not be effective until after all Bonds of a Series of Bonds Outstanding as of the date of such Supplemental Indenture shall cease to be Outstanding, and all Bonds of a Series issued under a Series Indenture shall contain a specific reference to the modifications contained in such subsequent indentures; or

(f) With the consent of the Trustee, to cure any ambiguity or defect or inconsistent provision in the Indenture or to insert such provisions clarifying matters or questions arising under the Indenture as are necessary or desirable, provided that any such modifications are not contrary to or inconsistent with the Indenture as theretofore in effect, or to modify any of the provisions of the Indenture or of any previously executed Series Indenture or Supplemental Indenture in any other respect, provided that such modification shall not adversely affect the interests of the Bondholders of the Series in any material respect. **(Section 9.02)**

Supplemental Indentures Effective with Consent of Bondholders.

The provisions of the Indenture and of a Series Indenture may also be modified or amended at any time or from time to time by a Supplemental Indenture, subject to the consent of the Bondholders in accordance with and subject to the provisions of the Indenture. **(Section 9.03)**

General Provisions Relating to Series Indentures and Supplemental Indentures.

The Indenture shall not be modified or amended in any respect except in accordance with and subject to the provisions thereof. Nothing contained in the Indenture shall affect or limit the rights or obligations of the Corporation to authorize, make, do, execute or deliver any indenture, act or other instrument pursuant to the provisions of the Indenture or the right or obligation of the Corporation to execute and deliver to the Trustee or any Paying Agent any instrument elsewhere therein provided or permitted to be delivered to the Trustee or any Paying Agent.

A copy of every Series Indenture and Supplemental Indenture executed and delivered by the Corporation, when filed with the Trustee, shall be accompanied by an opinion of Bond Counsel stating that such Series Indenture or Supplemental Indenture has been duly and lawfully executed and delivered in accordance with the provisions of the Indenture, is authorized or permitted thereby and is valid and binding upon the Corporation and enforceable in accordance with its terms.

The Trustee is authorized to execute and deliver any Series Indenture or Supplemental Indenture permitted or authorized pursuant to the provisions of the Indenture and to make all further agreements and stipulations which may be contained therein, and, in taking such action, the Trustee shall be fully protected in relying on the opinion of Bond Counsel that such Series Indenture or Supplemental Indenture is authorized or permitted by the provisions of the Indenture.

No Series Indenture or Supplemental Indenture changing, amending or modifying any of the rights or obligations of the Trustee or of any Paying Agent shall become effective without the written consent of the Trustee or Paying Agent affected thereby. **(Section 9.04)**

Powers of Amendment.

Any modification or amendment of the Indenture and of the rights and obligations of the Corporation which shall affect a Series of Bonds and of the Holders of the such Series of Bonds under the Indenture, in any particular, may be made by a

Supplemental Indenture, with the written consent given as provided in the Indenture, (i) of the Holders of at least a majority in principal amount of the Bonds of such Series Outstanding at the time such consent is given, or (ii) in case the modification or amendment changes the amount or date of any Sinking Fund Installment, of the Holders of at least a majority in principal amount of the Bonds of the Series, maturity and interest rate entitled to such Sinking Fund Installment, 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 like Series, maturity and tenor remain Outstanding, the 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 described under this heading. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment. A Series shall be deemed to be affected by a modification or amendment of the Indenture if the same adversely affects or diminishes the rights of the Holders of Bonds of such Series in any material respect. The Trustee may in its discretion determine whether or not, in accordance with the foregoing provisions, the Bonds of any particular Series or maturity would be affected by any modification or amendment of the Indenture and any such determination shall be binding and conclusive on the Corporation and all Holders of Bonds. The Trustee may receive an opinion of counsel, including an opinion of Bond Counsel, as conclusive evidence as to whether the Bonds of any particular Series or maturity would be so affected by any such modification or amendment of the Indenture. **(Section 10.01)**

Consent of Bondholders.

The Corporation may at any time execute and deliver a Supplemental Indenture making a modification or amendment permitted by the provisions of the Indenture to take effect when and as provided in the Indenture. A copy of such Supplemental Indenture (or brief summary thereof or reference thereto in form approved by the Trustee) together with a request to the Bondholders for their consent thereto in form satisfactory to the Trustee, shall promptly be mailed by the Corporation to the Bondholders (but failure to mail such copy and request to any particular Bondholder shall not affect the validity of the Supplemental Indenture when consented to as provided in the Indenture). Such Supplemental Indenture shall not be effective unless and until (i) there shall have been filed with the Trustee (a) the written consent of the Holders of the percentages of Outstanding Bonds specified in the Indenture, and (b) an opinion of Bond Counsel stating that such Supplemental Indenture has been duly and lawfully authorized, executed and delivered and filed by the Corporation in accordance with the provisions of the Indenture, is authorized or permitted thereby, and is valid and binding upon the Corporation and enforceable in accordance with its terms, and (ii) a notice shall have been mailed as provided in the Indenture. Each such consent shall be effective only if accompanied by proof of the holding or owning at the date of such consent of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by the Indenture. A certificate or certificates by the Trustee filed with the Trustee that it has examined such proof and that such proof is sufficient in accordance with the Indenture shall be conclusive proof that the consents have been given by the Holders of the Bonds described in the certificate or certificates of the Trustee. Any consent given by a Bondholder shall be binding upon the Bondholder giving such consent and, anything in the Indenture to the contrary notwithstanding, upon any subsequent Holder of such Bond and of any Bonds issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof); unless such consent is revoked in writing by the Bondholder giving such consent or a subsequent Holder thereof by filing such revocation with the Trustee, prior to the time when the written statement of the Trustee is filed. The fact that a consent has not been revoked may likewise be proved by a certificate of the Trustee filed with the Trustee to the effect that no revocation thereof is on file with the Trustee. At any time after the Holders of the required percentages of Bonds shall have filed their consents to the Supplemental Indenture, the Trustee shall make and file with the Corporation and the Trustee a written statement that such Holders of such required percentages of Bonds have filed such consents. Such written statement shall be conclusive that such consents have been so filed. At any time thereafter notice, stating in substance that the Supplemental Indenture (which may be referred to as a Supplemental Indenture executed and delivered by the Corporation on a stated date, a copy of which is on file with the Trustee) has been consented to by the Holders of the required percentages of Bonds and will be effective as provided in the Indenture, shall be given to the Bondholders by the Corporation by mailing such notice to the Bondholders and, at the discretion of the Corporation, by publishing the same at least once not more than ninety (90) days after the Holders of the required percentages of Bonds shall have filed their consents to the Supplemental Indenture and the written statement of the Trustee hereinabove provided for is filed (but failure to publish such notice shall not prevent such Supplemental Indenture from becoming effective and binding as provided in the Indenture). The Corporation shall file with the Trustee proof of the mailing of such notices and, if the same shall have been published, of the publication thereof. A transcript, consisting of the papers required or permitted to be filed with the Trustee, shall be proof of the matters therein stated. Such Supplemental Indenture making such amendment or modification shall be deemed conclusively binding upon the Corporation, the Trustee, each Paying Agent and the Holders of all Bonds upon the filing with the Trustee of proof of the mailing of such notice or at the expiration of thirty (30) days after the filing with the Trustee of the proof of the first publication of such

last mentioned notice, if such notice is published, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Indenture in a legal action or equitable proceeding for such purpose commenced within such thirty (30) day period; provided, however, that the Corporation, the Trustee and any Paying Agent during such thirty (30) day period and any such further period during which any such action or proceeding may be pending shall be entitled in their reasonable discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Indenture as they may deem expedient.

For the purposes of the Indenture, the purchasers of the Bonds of a Series, whether purchasing as underwriters, for resale or otherwise, upon such purchase from the Corporation, may consent to a modification or amendment permitted by the Indenture in the manner provided therein, except that no proof of ownership shall be required, and with the same effect as a consent given by the Holder of such Bonds; provided, however, that, if such consent is given by a purchaser who is purchasing as an underwriter or for resale, the nature of the modification or amendment and the provisions for the purchaser consenting thereto shall be described in the official statement, prospectus, offering memorandum or other offering document prepared in connection with the primary offering of the Bonds of such Series by the Corporation. **(Section 10.02)**

Modifications by Unanimous Consent.

The terms and provisions of the Indenture and the rights and obligations of the Corporation and of the Holders of the Bonds of a Series may be modified or amended in any respect upon the execution, delivery and filing with the Trustee by the Corporation of a copy of a Supplemental Indenture and the consent of the Holders of all of the Bonds then Outstanding, such consent to be given as provided in the Indenture, except what no notice to the Bondholders either by mailing or publication shall be required. **(Section 10.03)**

Consent of Facility Provider.

Whenever by the terms of the Indenture the consent of any of the Holders of the Bonds to a modification or amendment of the Indenture made by a Series Indenture or Supplemental Indenture is required, such modification or amendment shall not become effective until the written consent of each Facility Provider has been obtained; provided, however, that the consent of a Facility Provider which has provided a Credit Facility or a Liquidity Facility shall not be required unless the modification or amendment requires the consent of the Holders of any percentage in principal amount of Outstanding Bonds or of the Holders of any percentage in principal amount of the Bonds of the Series in connection with which such Credit Facility or Liquidity Facility was provided. No modification or amendment of the Indenture which adversely affects a Facility Provider shall be made without the written consent thereto of the Facility Provider affected thereby. Notice of the execution and delivery of any such Series Indenture or Supplemental Indenture and of the effectiveness of the modification or amendment made thereby shall be given to each Facility Provider by mail at the times and in the manner provided in the Indenture with respect to notices thereof required to be given to the Holders of the Bonds. Notice thereof shall also be given to the Rating Agency as soon as practical after execution and delivery of such Supplemental Indenture and of the effectiveness thereof. **(Section 10.04)**

Events of Default.

An event of default shall exist under the Indenture and under a Series Indenture (an “event of default”) if: (a) with respect to a Series of Bonds, other than as a result of an Event of Non-Appropriation, payment of the principal, Sinking Fund Installments or Redemption Price of any such Bond shall not be made by the Corporation when the same shall become due and payable, either at maturity or by proceedings for redemption or otherwise; (b) with respect to a Series of Bonds, other than as a result of an Event of Non-Appropriation, payment of an installment of interest on any such Bond shall not be made by the Corporation when the same shall become due and payable; (c) with respect to a Series of Bonds, the Corporation shall default in the due and punctual performance of any covenants, if any, contained in the Series Indenture authorizing the issuance thereof to the effect that the Corporation shall comply with the provisions of the Code applicable, to such Bonds necessary to maintain the exclusion of interest thereon from gross income under Section 103 of the Code and shall not take any action which would adversely affect the exclusion of interest on such Bonds from gross income under Section 103 of the Code and, as a result thereof, the interest on the Bonds of such Series shall no longer be excludable from gross income under Section 103 of the Code; (d) with respect to a Series of Bonds, the Corporation shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Indenture or in the Bonds of the Series or in the Series Indenture on the part of the Corporation to be performed and such default shall continue for thirty (30) days after written notice specifying such default and requiring same to be remedied shall have been given to the Corporation by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the Holders of not less than twenty-five per centum (25%) in principal amount of such Outstanding Bonds, unless, if such default is not capable of being cured within thirty

(30) days, the Corporation has commenced to cure such default within said thirty (30) days and diligently prosecutes the cure thereof.

An Event of Default under the Indenture in respect of a Series of Bonds shall not in and of itself be or constitute an Event of Default in respect of any other Series of Bonds. **(Section 11.02)**

Enforcement of Remedies.

Upon the happening and continuance of any event of default specified in the Indenture, then and in every such case, the Trustee may proceed, and upon the written request of the Facility Provider or the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds of the Series shall proceed (in either case with the written consent of the Facility Provider for such Series) or, in the case of a happening and continuance of an event of default specified in the Indenture, upon the written request of the Facility Provider or the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds of the Series with the written consent of the Facility Provider, for such Series, shall proceed (subject to the provisions of the Indenture), to protect and enforce its rights and the rights of the Bondholders or of such Facility Provider under the Indenture or under the Series Indenture or under the laws of the State by such suits, actions or special proceedings in equity or at law, either for the specific performance of any covenant contained under the Indenture or under the Series Indenture or in aid or execution of any power therein granted, or for an accounting against the Corporation as if the Corporation were the trustee of an express trust, or for the enforcement of any proper legal or equitable remedy as the Trustee shall deem most effectual to protect and enforce such rights.

In the enforcement of any remedy under the Indenture and under the Series Indenture the Trustee shall be entitled to sue for, enforce payment of, and receive any and all amounts then, or during any default becoming, and at any time remaining, due from the Corporation for principal or interest or otherwise under any of the provisions of the Indenture or of the Series Indenture or of the Bonds, with interest on overdue payments of the principal of or interest on the Bonds at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings under the Indenture and under the Series Indenture and under such Bonds, without prejudice to any other right or remedy of the Trustee or of the Holders of such Bonds, and to recover and enforce judgment or decree against the Corporation but solely as provided in the Indenture, in the Applicable Series Indenture and in such Bonds, for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect in any manner provided by law, the moneys adjudged or decreed to be payable. **(Section 11.04)**

Limitation of Rights of Individual Bondholders.

No Holder of any of the Bonds shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust under the Indenture, or for any other remedy thereunder unless such Holder previously shall have given to the Trustee written notice of the event of default on account of which such suit, action or proceeding is to be instituted, and unless also the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds of the Series or, in the case of an event of default specified in the Indenture, the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds of the Series, shall have made written request to the Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted by the Indenture or to institute such action, suit or proceeding in its or their name, and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses, and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time. Such notification, request and offer of indemnity are declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of the Indenture or for any other remedy thereunder and in equity or at law. It is understood and intended that no one or more Holders of the Bonds secured by the Indenture shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Indenture or to enforce any right under the Indenture except in the manner provided in the Indenture, and that all proceedings at law or in equity shall be instituted and maintained for the benefit of all Holders of the Outstanding Bonds of the Series. Notwithstanding any other provision of the Indenture, the Holder of any Bond shall have the right which is absolute and unconditional to receive payment of the principal of (and premium, if any) and interest on such Bond on the stated maturity expressed in such Bond (or, in the case of redemption, on the redemption date) and to institute suit for the enforcement of any such payment, and such right shall not be impaired without the consent of such Holder. **(Section 11.08)**

Defeasance.

If the Corporation shall pay or cause to be paid to the Holders of Bonds of a Series the principal Sinking Fund Installments, if any, or Redemption Price of and interest thereon, at the times and in the manner stipulated therein, in the Indenture, and in the Series Indenture, then the pledge of the Revenues or other moneys and securities pledged to such Bonds and all other rights granted hereby to such Bonds shall be discharged and satisfied. In such event, the Trustee shall, upon the request of the Corporation, execute and deliver such documents to evidence such discharge and satisfaction as may be reasonably required by the Corporation, and all moneys or investments thereof held by it pursuant hereto and to the Series Indenture which are not required for the payment or redemption of Bonds of such Series shall be paid or delivered by the Trustee as follows: first, to the Arbitrage Rebate Fund, the amount required to be deposited therein in accordance with the direction of an Authorized Officer of the Corporation; second, to the Administrative Fund, the amount certified by an Authorized Officer of the Corporation to be then due or past due pursuant to any Agreement for fees and expenses of the Corporation or pursuant to any indemnity related to such Series of Bonds; and, then, the balance thereof to the Borrower. Such moneys or investments thereof so paid or delivered shall be released from any trust, pledge, lien, encumbrance, or security interest created hereby.

Notwithstanding any provision of the Indenture to the contrary, if the Borrower shall have prepaid the amounts due under its Agreement and in accordance therewith shall pay or cause to be paid the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, and interest on the Bonds or portions thereof applicable to such Agreement at the times and in the manner stipulated therein, in the Indenture, and in the Series Indenture, then the pledge of the Revenues or other moneys and securities pledged with respect to such Agreement or any portion thereof and all other rights granted under such Agreement shall be discharged and satisfied. In such event, the Trustee shall, upon the request of the Corporation, execute and deliver such documents to evidence such discharge and satisfaction as may be reasonably required by the Borrower, and the Corporation, and all moneys or other securities held by it pursuant hereto and to a Series Indenture which are not required for the payment or redemption of the Bonds of such Series to be defeased or any portion thereof not theretofore surrendered for such payment or redemption shall be paid or delivered by the Trustee as follows: first, to the Arbitrage Rebate Fund, the amount required to be deposited therein in accordance with the direction of the Corporation; second, to the Administrative Fund the amount certified by the Corporation to be then due or past due pursuant to the Agreement to be prepaid for fees and expenses of the Corporation or pursuant to any indemnity; and, then, the balance thereof to the Borrower. Such moneys or investments so paid or delivered shall be released from any trust, pledge, lien, encumbrance, or security interest created hereby, by a Series Indenture or by such Agreement.

Bonds for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Trustee (through deposit of moneys for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in subdivision 1 of this Section. All Outstanding Bonds of any Series or any maturity within a Series or a portion of a maturity within 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 subdivision 1 of this Section if (a) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Corporation shall have given to the Trustee, in form satisfactory to it, irrevocable instructions to give as provided in Article IV hereof notice of redemption on said date of such Bonds, (b) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Securities 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 same time, shall be sufficient to pay when due the principal, Sinking Fund Installments, if any, 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, (c) the Trustee shall have received the written consent of each Facility Provider which has given written notice to the Trustee and the Corporation that amounts advanced under a Credit Facility or Liquidity Facility issued by it or the interest thereon have not been repaid to such Facility Provider, and (d) in the event said Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Corporation shall have given the Trustee, in form satisfactory to it, irrevocable instructions to give, as soon as practicable, by first class mail, postage prepaid, to the Holders of said Bonds at their last known addresses appearing on the registration books, a notice to the Holders of such Bonds that the deposit required by (b) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this Section and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on said Bonds. The Corporation shall give written notice to the Trustee of its selection of the Series and maturity payment of which shall be made in accordance with this Section. The Trustee shall select the Bonds of like Series and maturity payment of which shall be made in accordance with this Section in the manner provided in Section 4.04 hereof. Neither the Defeasance Securities nor moneys deposited with the Trustee pursuant to this Section nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on said Bonds; provided,

however, that any moneys received from such principal or interest payments on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Defeasance Securities maturing at times and in amounts sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest to become due on said Bonds on and prior to such redemption date or maturity date hereof, as the case may be. Any income or interest earned by, or increment to, the investment of any such moneys so deposited, shall, to the extent certified by the Trustee to be in excess of the amounts required hereinabove to pay the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on such Bonds, as realized, be paid by the Trustee as follows: first, to the Arbitrage Rebate Fund, the amount required to be deposited therein in accordance with the direction of an Authorized Officer of the Corporation; second, to each Facility Provider the payments owed to it which have not been repaid, pro rata, based upon the respective amounts then unpaid to each Facility Provider; third, to the Administrative Fund the amount certified by an Authorized Officer of the Corporation to be then due or past due pursuant to the Agreement for fees and expenses of the Corporation or pursuant to any indemnity; and, then, the balance thereof to the Borrower. The moneys so paid by the Trustee shall be released of any trust, pledge, lien, encumbrance, or security interest created hereby.

Anything in the Indenture to the contrary notwithstanding, to the extent allowed by applicable law, any moneys held by the Trustee or a Paying Agent in trust for the payment and discharge of any of the Bonds of a Series or the interest thereon which remain unclaimed for one (1) year after the date when all of the Bonds of such Series have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Trustee or Paying Agent at such date, or for one (1) year after the date of deposit of such moneys if deposited with the Trustee or Paying Agent after said date when all of the Bonds of such Series become due and payable, or one (1) year after the date when the principal or Redemption Price of or interest on the Bonds for which said moneys is held was due and payable, shall, at the written request of the Corporation, be repaid by the Trustee or Paying Agent to the Borrower as its absolute property and free from trust, and the Trustee or Paying Agent shall thereupon be released and discharged with respect thereto and the Holders of Bonds shall look only to the Corporation for the payment of such Bonds.

Upon the defeasance of any of the Bonds pursuant to a refunding, the Corporation or the Trustee shall be entitled to rely upon any verification report or opinion of counsel which may be provided. **(Section 12.01)**

No Recourse under Indenture or on the Bonds.

All covenants, stipulations, promises, agreements and obligations of the Corporation contained in the Indenture shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Corporation and not of any member, officer or employee of the Corporation in his individual capacity, and no recourse shall be had for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price of or interest on the Bonds or for any claims based thereon, on the Indenture or on the Series Indenture against any member, officer or employee of the Corporation or any person executing the Bonds, all such liability, if any, being expressly waived and released by every Holder of Bonds by the acceptance of the Bonds. **(Section 14.04)**

APPENDIX C

Summary of the Financing Agreement

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APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE FINANCING AGREEMENT

The following is a brief summary of certain provisions of the Financing Agreement (the “Agreement”) to be executed by the Borrower. The summary reflects the provisions of a single Agreement although a separate Agreement will be executed by each Borrower. Such summary does not purport to be complete and reference is made to the Agreement for full and complete statements of such provisions. Defined terms used herein have the meanings ascribed to them in APPENDIX B or the body of this Official Statement.

Loan Clauses.

(A) Loan Consummation. Subject to the conditions and in accordance with the terms of the Agreement, the Corporation agrees to make the Loan and the Borrower agrees to accept and repay the Loan, subject to annual appropriation therefor. The definitive terms of the Loan shall be as set forth in the Notice of Terms (a form of which is attached as Exhibit H to the Agreement) delivered by the municipal advisor for the Corporation to the Borrower.

(B) Payment to Trustee. After undertaking the procedure set forth in (D) below, on the dates set forth in Exhibit H to the Agreement, the Borrower shall pay, to the Trustee for deposit in the Series 2023 Debt Service Account the full amount of the principal, including mandatory Sinking Fund Installments, and interest due on the Bonds on such dates.

(C) Pledge and Acknowledgment. The Borrower has made its Special Obligation Pledge as defined in the Trust Indenture to the Corporation. The Borrower’s obligations under the Financing Agreement are subject to annual appropriation therefore by the General Assembly of the State of Rhode Island.

(D) (i) Request for Payment and Recommendation to General Assembly. Beginning with the budget submission process for State Fiscal Year 2024, and for each State Fiscal Year thereafter in which any of the Corporation Bonds remain Outstanding, the Corporation, in consultation with the Director of the Department of Administration shall submit a request (the “Appropriation Request”) to the State Budget Officer, with a recommendation to the Governor for inclusion in the Governor’s proposed budget for such State Fiscal Year. The Budget Officer shall make such request to the Governor for inclusion in the Governor’s proposed budget. The Appropriation Request shall reflect the gross amount necessary to pay debt service on the Corporation Bonds for such State Fiscal Year.

(ii) Appropriation in State Budget. The Governor hereby covenants and agrees to include in the Governor’s proposed budget of revenues and appropriations submitted to the General Assembly for the State Fiscal Year 2024, and for each State Fiscal Year thereafter during which any Series 2023 Bonds remain Outstanding, an amount equal to the Appropriation Request. If the General Assembly enacts a budget for a State Fiscal Year which fails to include the Appropriation Request, the Governor hereby covenants and agrees to submit a supplemental budget to the General Assembly requesting appropriation of the omitted Appropriation Request.

(iii) Disbursements by Controller. Beginning on the date hereof, and thereafter, for State Fiscal Year 2024 and in each subsequent State Fiscal Year in which any of the Series 2023 Bonds are Outstanding, upon enactment into law of a State budget including Appropriated Funds being available to pay debt service on the Corporation Bonds, the Director of the Department of Administration shall submit vouchers (each an “Appropriated Funds Request”) to the Controller requesting the payment of the Appropriated Funds to the Trustee for deposit in the Series 2023 Debt Service Fund. Appropriated Funds Requests shall be submitted by the Director of the Department of Administration to the Controller thirty (30) days preceding each principal, Sinking Fund Installment or Interest Payment Date in any amount necessary to make the amounts on deposit in the Series 2023 Debt Service Fund sufficient to make the next principal, Sinking Fund Installment or Interest Payment. Upon receipt of an Appropriated Funds Request and within ten (10) days, the Controller shall forthwith issue directions in the proper form and duly authenticated to the Treasurer directing the Treasurer to transfer, in immediately available funds, to the Trustee for deposit in the Debt Service Fund, the amount set forth in the Appropriated Funds Request. Upon receipt of each such voucher from the Controller duly authenticated, the Treasurer shall, in accordance with the laws of the State, on the dates set forth in Exhibit H to the Agreement, transfer the amount set forth in the Appropriated Funds Request to the Trustee. The amount transferred pursuant to the Appropriated Funds Request may be reduced by any funds on hand in the applicable account of the Debt Service Fund, fifteen days prior to the applicable debt service payment date.

(iv) Prohibition on Other Uses. It is hereby recognized and agreed by all the parties hereto that, subject to annual appropriation by the State General Assembly, the Appropriated Funds shall not be diverted from transfer to the Trustee for deposit under the Trust Indenture, and shall not be available for use for any other State purposes, following such transfer to the Trustee. **(Section 3.1)**

Other Amounts Payable by Borrower.

The Borrower expressly agrees to pay from Bond proceeds:

(A) Issuance and Administrative Expenses. (i) Upon the issuance and sale of the Corporation Bonds, the Administrative Fee (as defined in the Series Indenture) in an amount set forth in Exhibit C of the Agreement, [the SBA Statutory Fee] and the costs and expenses of the Corporation in the preparation, sale and delivery of the Corporation Bonds, the preparation and delivery of any legal instruments and documents necessary in connection herewith and therewith and their filing and recording, if required, and all taxes and charges payable in connection with any of the foregoing, all as specified in the Notice of Terms. Such costs shall be payable from proceeds of the Corporation Bonds and shall be in the amount specified in the Notice of Terms

(ii) When due, from proceeds of the Corporation Bonds, other costs of issuance payable to consultants and attorneys utilized by the Borrower, if any, as set forth in the Notice of Terms; and

(iii) As such expenses are incurred, subject to appropriation by the Borrower, the amount of any Corporation expenses (including but not limited to investment losses and the reasonable fees and expenses of the Corporation, the Trustee, the owners of Corporation Bonds, and attorneys representing any of the foregoing) incurred as a result of the Borrower's failure to make any payment on the Loan when due or failure to otherwise comply with the terms of the Agreement other than by reason of an Event of Non-Appropriation.

(B) Indemnification of the Corporation. To the extent permitted by law, the Borrower agrees to indemnify, defend and hold harmless the Corporation and each member, officer and employee of the Corporation against any and all liabilities, losses, costs, damages or claims, and shall pay any and all judgments or expenses of any and all kinds or nature and however arising, imposed by law, including interest thereon, which it or any of them may sustain, be subject to or be caused to incur by reason of any claim, action, suit, charge or proceeding arising from or out of (1) the Agreement, the Loan and the Project financed or refinanced thereby based on information furnished by the Borrower or actions or inactions of the Borrower in connection therewith, or (2) any allegation that an official statement, prospectus, placement memorandum or other offering document prepared in connection with the sale and issuance of the Corporation Bonds contained an untrue or misleading statement of a material fact obtained from the Borrower relating to the Borrower or the Project, or omitted to state a material fact relating to the Borrower or the Project necessary in order to make the statements made therein in light of the circumstances under which they were made not misleading; provided, however, that neither the Corporation nor a member, officer or employee of the Corporation shall be released, indemnified or held harmless from any claim for damages, liability, loss, cost, damage, judgment or expense arising out of the gross negligence or willful misconduct of the Corporation, such member, officer or employee.

The Corporation agrees to give the Borrower prompt notice in writing of the assertion of any claim or the institution of each such suit, action or proceeding described above and to cooperate with the Borrower in the investigation of such claim and the defense, adjustment, settlement, or compromise of any such action or proceeding. The Corporation shall not settle any such suit, action or proceeding without the prior written consent of the Borrower.

Except as provided in the following paragraph, the Borrower, at its own cost and expense, shall defend any and all suits, actions or proceedings which may be brought or asserted against the Corporation, its members, officers or employees for which the Borrower is required to indemnify the Corporation or hold the Corporation harmless pursuant to the first paragraph, but this provision shall not be deemed to relieve any insurance company which has issued a policy of insurance as may be provided for in the Agreement from its obligation to defend the Borrower, the Corporation and any other insured named in such policy of insurance in connection with claims, suits or actions covered by such policy.

The Corporation and each member, officer or employee thereof shall, at the cost and expense of the Borrower, be entitled to employ separate counsel in any action or proceeding arising out of any alleged act or omission which occurred or is alleged to have occurred while the member, officer or employee was acting within the scope of his or her employment or duties in connection with the financing or refinancing or use of the Project, and to conduct the defense thereof, in which (i) the counsel to the Borrower determines, based on his or her investigation and review of the facts and circumstances of the case, that the interests of such person and the interests of the Borrower are in conflict, or in the event such counsel determines that no conflict exists, a court of competent jurisdiction subsequently determines that such person is entitled to employ separate counsel, or (ii) such person may have an available defense which cannot as a matter of law be asserted on behalf of such person by the Borrower or by counsel employed by it, or (iii) such person may be subject to criminal liability, penalty or forfeiture, or (iv) the Borrower has consented to the employment of separate counsel or the counsel retained by the Borrower pursuant to this paragraph B is not reasonably acceptable to the Corporation, provided, however, that the Borrower shall not be liable for attorneys' fees of separate counsel so retained or any other expenses incurred in connection with the defense of an action or proceeding described in clause (iii) of this paragraph, unless the member, officer or employee shall have prevailed on the merits or such action or proceeding was dismissed or withdrawn, or an adverse judgment was reversed upon appeal, and such action or proceeding may not be recommenced. Attorney's fees of separate counsel retained in accordance with this paragraph shall be paid only upon the audit by an appropriate Borrower officer.

The indemnity of the Corporation shall remain operative and in full force and effect and shall survive the date of the closing for the Corporation Bonds. **(Section 3.2)**

Prepayment of Loan.

(A) **Prepayment Provisions.** The Loan may be prepaid at such times and in such amounts in order to effectuate and provide funds for the redemption of the Corporation Bonds in accordance with the redemption provisions set forth in Exhibit C of the Agreement and in the Notice of Terms. The Borrower shall not, without the prior written consent of the Corporation prepay the Loan prior to the date on which any corresponding outstanding Corporation Bonds are redeemable.

The Borrower shall give notice of its intention to cause a redemption of the Corporation Bonds and prepay the Loan in accordance with the provisions set forth in Exhibit C to the Agreement and in the Notice of Terms.

(B) **Application of Excess Proceeds.** The Borrower expressly acknowledges and agrees that, pursuant to the Indenture, with respect to any unspent proceeds remaining in a Construction Account established for the Borrower and the City after completion of the Projects, that such moneys shall be paid by the Trustee first, to the Arbitrage Rebate Account established for the Borrower to the extent required by Section 148 of the Code and any remainder to the Series 2023 Debt Service Account established for the Borrower as set forth in Section 5.04(4) of the Indenture.

(C) **Costs.** The Borrower shall pay all costs and expenses of the Corporation in effecting the redemption of any Corporation Bonds prior to maturity that are so redeemed due to the prepayment of the Loan, including any difference in the amount of interest due on the Loan and the amount of interest due on the Corporation Bonds. **(Section 3.3)**

Application of Loan Proceeds.

(A) To the extent the proceeds of the Loan are to be used to pay Costs of the Project or costs of issuance of Corporation Bonds or any amounts payable to the Corporation under the Agreement, the portion of the proceeds to be so used shall be held on deposit with the Trustee for the account of the Borrower and the City. Amounts deposited shall be invested and disbursed at the direction of the Borrower in accordance with the Indenture.

Investment earnings on such amounts shall accrue to the benefit of the Borrower and shall be transferred semi-annually on each interest payment date for the Corporation Bonds, commencing on [November 15] or [May 15] following the issuance of the Corporation Bonds, to the Series 2023 Debt Service Account established for the Borrower. **(Section 3.4)**

Effective Date and Term.

The date of the Agreement is for reference purposes only and the Agreement shall become effective upon the date of execution and delivery of the Agreement by the parties thereto, shall remain in full force and effect from such date and shall expire on such date as all Corporation Bonds shall be discharged and satisfied in accordance with the provisions thereof and, except in the case of an Event of Non-Appropriation, all obligations of the Borrower to the Corporation thereunder are satisfied. (Section 3.5)

Trustee; Investment of Loan Proceeds.

The Borrower authorizes the Trustee to invest, in accordance with instructions of the Corporation and laws governing the investments of the Corporation and the Borrower, amounts that are held by the Trustee for the account of the Borrower in accordance with the provisions of the Indenture. The Borrower acknowledges that the Corporation and the Trustee shall not be liable or responsible for any loss, direct or indirect, resulting from any investment authorized by the Indenture and the Agreement or from the redemption, sale or maturity of any such investment as therein authorized or from any depreciation in value of any such investment. Interest earnings shall be applied in accordance with Section 3.3(B), 3.4(A), and 3.10 of the Agreement to the extent applicable. (Section 3.7)

Authorization to Acquire Investments under Escrow Agreement, if any.

The Borrower authorizes the Corporation to acquire the investments required by and to be held by the escrow agent under the Escrow Agreement, if any, including forward purchase contracts. Such investments shall be permitted investments pursuant to Rhode Island General Laws Section 45-12-5.2 or any other applicable general or special law. (Section 3.9)

Application of Interest Earnings.

The Corporation agrees that it will cause to be deposited in the 2023 Debt Service Account, the interest earned and paid, if any, on the investment of moneys in the Debt Service Fund and the Construction Fund. Pursuant to the Indenture, the Corporation agrees that, so long as no event of default or Event of Non-Appropriation has occurred under the Agreement, the Corporation shall direct the Trustee to pay to the Borrower the excess amounts (as determined by the Corporation) in the Series 2023 Debt Service Account in the Debt Service Fund described in the Indenture. (Section 3.10).

Compliance with Laws and Agreements.

(A) Compliance. The City and the Board of Trustees agree that the Projects shall at all times during the term of any Loan be in compliance, in all material respects, with applicable federal and State laws and regulations. The City and the Board of Trustees, as applicable, will at all times construct and operate (or cause to be constructed and operated) the Projects, in material compliance with all applicable federal, State and local laws, ordinances, rules, regulations and the Agreement, and with all other applicable laws and regulations to the extent necessary to ensure the availability of the Projects for its intended purposes and to ensure the safety of the public in connection with the Projects.

(B) State Aid Intercept. The Corporation, the Borrower, the City and the Board of Trustees acknowledge that payments of State Housing Aid [and State Basic Education Aid] by the State are not applicable to these Projects. The Corporation, the Borrower, the City and the Board of Trustees acknowledge that payments of other state aid is subject to the annual appropriation of funds by the State for such purpose and that the Borrower is required to pay the full amount of the Loan without regard to the receipt of such other state aid.

No Warranty Regarding Condition, Suitability or Cost of Projects.

The Corporation and the Borrower make no warranty, either express or implied, as to the Projects, their condition or that they will be suitable for the City's or the Board of Trustees purposes or needs, or that the proceeds of the Loan will be sufficient to pay or refinance the costs of the Projects. Nothing in the Agreement shall relieve the City or the Board of Trustees, as appropriate, of their responsibility to properly plan, design, build and effectively operate and maintain the Project as required by laws, regulations and permits. The City and the Board of Trustees

acknowledge and agree that neither the Corporation nor its representatives are responsible for increased costs resulting from defects in the plans, design drawings and specifications or other Project documents. Nothing in this section prohibits the City and the Board of Trustees from requiring more assurances, guarantees, or indemnity or other contractual requirements from any party performing work on the Projects. **(Section 4.2)**

Construction of Project.

(A) **Construction.** To the extent, if any, that the Projects are not yet complete, the City and the Board of Trustees agree to diligently pursue the expeditious completion of the Projects.

(B) **Completion Certificate.** To the extent, if any, that the Projects are not yet complete as of the date of the Agreement, the City and the Board of Trustees shall deliver to the Corporation a certificate of the City and the Board of Trustees stating that the Projects have been completed in accordance with the Agreement within seven (7) Business Days following such completion. **(Section 4.3)**

Application of Loan Proceeds.

The Borrower and the City shall apply the proceeds of the Loan solely to finance or refinance Project costs or to refund the Refunded Bonds or Notes, if any, as provided in the Escrow Agreement, if any, and to pay costs of issuance as set forth in Schedule A to Exhibit H of the Agreement. **(Section 5.1)**

Tax Covenant.

The Borrower, the City, and the Board of Trustees covenant that they shall not take any action or inaction, nor fail to take any action or permit any action to be taken, with respect to the Project or the portion of the proceeds of the Corporation Bonds made available to it as part of the Loan including amounts treated as proceeds of the Corporation Bonds for any purpose of Section 103 of the Code, if any such action or inaction would adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Corporation Bonds under Section 103 of the Code. This provision shall control in case of conflict or ambiguity with any other provision of the Agreement. Without limiting the generality of the foregoing, the Borrower, the City and the Board of Trustees covenant that they will comply with the instructions and requirements of the Borrower and City Tax Certificate. The Borrower, the City and the Board of Trustees (or any related party within the meaning of Treasury Regulation Section 1.1501(b)) shall not, pursuant to an arrangement, formal or informal, purchase Corporation Bonds in an amount related to the amount of any obligation to be acquired from the Borrower by the Corporation. The Borrower, the City and the Board of Trustees, as applicable, will, on a timely basis, provide the Corporation with all necessary information to enable the Corporation to comply with the arbitrage and rebate requirements of the Code. **(Section 5.2)**

Payment of Loan.

The Borrower covenants and agrees that it shall duly and punctually pay, subject to appropriation therefor, or cause to be paid the Loan at the dates and places and in the manner stated in accordance with Section 3.1 hereof and that such obligation shall not be subject to any defense (other than actual payment or an Event of Non-Appropriation) or any rights of setoff, recoupment, abatement, counterclaim or deduction and shall be without any rights of suspension, deferment, diminution or reduction it might otherwise have against the Corporation, the Trustee or the owner of any Corporation Bond. **(Section 5.4)**

Actions Regarding State Housing Aid and Basic Education Aid and State Basic Education Aid.

The Borrower and City covenant and agree that they shall submit to the State all documentation required by the State as a condition to the payment of any State Housing Aid (for all other bonds eligible for State Housing Aid) and, if applicable, State Basic Education Aid. The Borrower and City covenant and agree to comply with all legal and regulatory requirements to maintain State Housing Aid and State Basic Education Aid for such other Bonds during the term of the Agreement. **(Section 5.5)**

Defaults.

An “event of default” or a “default” under the Agreement means any one or more of the following events: (a) except due to an Event of Non-Appropriation, failure by the Borrower to pay or cause to be paid under the Agreement for the Loan; (b) except due to an Event of Non-Appropriation, failure by the Borrower to pay or to cause to be paid when due any other payment required to be made under the Agreement which failure continues for a period of thirty (30) days after payment thereof was due, provided that written notice thereof shall have been given to the Borrower not less than thirty (30) days prior to the due date thereof; (c) failure by the Borrower, the City and the Board of Trustees to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in subparagraphs (a) and (b) of this Section, which failure shall continue for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, is given to the Borrower, the City and the Board of Trustees or by the Corporation or such longer period, as is required to cure such default, if by reason of the nature of such failure the same cannot be remedied within such thirty (30) day period and the Borrower, the City and the Board of Trustees has within such thirty (30) day period commenced to take appropriate actions to remedy such failure and is diligently pursuing such actions; or (d) any representation or warranty of the Borrower, the City and the Board of Trustees contained in the Agreement shall have been at the time it was made untrue in any material respect. **(Section 6.1)**

Remedies.

Whenever any event of default referred to in Section 6.1 of the Agreement shall have happened and be continuing, the Corporation may take whatever action at law or in equity may appear necessary or desirable to collect the payments then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Borrower under the Agreement, the exercise of any remedy authorized by the Rhode Island General Laws and any other administrative enforcement action and actions for breach of contract. **(Section 7.1)**

No Remedy Exclusive.

No remedy is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Agreement, now, or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Corporation to exercise any remedy reserved to it under the Agreement, it shall not be necessary to give any notice, other than such notice as may be expressly required. **(Section 7.2)**

Waiver and Non-Waiver.

In the event any agreement contained in the Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach under the Agreement. No delay or omission by the Corporation to exercise any right or power accruing upon default shall impair any right or power or shall be construed to be a waiver of any such default or acquiescence therein. **(Section 7.3)**

Amendments, Supplements and Modifications.

The Agreement shall not be amended, supplemented, or modified except by a written instrument executed by the Corporation, the Borrowers, the City, and the Board of Trustees upon the Corporation’s compliance with the provisions of the Indenture and upon the consent of the Credit Facility Provider, if any. **(Section 8.4)**

Further Assurances; Disclosure of Financial Information, Operating Data and Other Information.

(A) The Borrower shall, at the request of the Corporation, authorize, execute, acknowledge and deliver such further resolutions, conveyances, transfers, assurances, financing statements and other instruments as may be deemed necessary or desirable by the Corporation, in its sole discretion, for better assuring, conveying, granting, assigning and confirming the rights, security interests and agreements granted or intended to be granted by the

Agreement. The Borrower also agrees to furnish to the Corporation such additional information concerning the financial condition of the Borrower as the Corporation may from time-to-time reasonably request.

(B) Without limiting the generality of the foregoing, the Borrower agrees to comply with the terms of the Continuing Disclosure Agreement.

(C) If and so long as the offering of the Corporation Bonds continues (a) the Borrower will furnish such information with respect to itself as the Underwriter may from time to time reasonably request and (b) if any event relating to the Borrower shall occur as a result of which it is necessary, in the opinion of Bond Counsel to the Corporation, General Counsel of the Corporation or counsel for such Underwriter, to amend or supplement the Official Statement of the Corporation used in connection with the offering of the Corporation Bonds in order to make such information not misleading in light of the circumstances then existing, the Borrower will forthwith prepare and furnish to the Corporation and the Underwriter such information relating to the Borrower as may be necessary to permit the preparation of an amendment of or supplement to such Official Statement (in form and substance satisfactory to the Bond Counsel to the Corporation and counsel for the Underwriter) which will amend or supplement such Official Statement so that it will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make statements therein, in light of the circumstances then existing, not misleading. Unless the Borrower shall have been notified to the contrary in writing by the Corporation or the Underwriter, the Borrower shall be entitled to presume that the offering by the Corporation and that its obligations under this paragraph shall have ceased twenty-five (25) days after the date of delivery of the Corporation Bonds. **(Section 8.9)**

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APPENDIX D

Schedule of Indebtedness of the Rhode Island Health and Educational Building Corporation

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RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION
SCHEDULE OF INDEBTEDNESS
JUNE 30, 2024

<u>HEALTHCARE</u>	<u>PRINCIPAL AMOUNT ISSUED</u>	<u>PRINCIPAL AMOUNT OUTSTANDING</u>
NRI Community Services, Inc., Series 2007 Dated June 19, 2007	\$ 3,200,000	\$ 1,940,000
Thundermist Health Center, Series 2010 A Dated August 2, 2010	4,135,000	1,274,958
The Providence Community Health Centers, Inc., Series 2010 A Dated December 23, 2010	12,115,000	7,279,213
Blackstone Valley Community Health Care, Inc., Series 2011 A Dated August 2, 2011	6,450,000	4,741,456
Scandinavian Home, Series 2013 Dated April 1, 2013	4,069,033	2,994,669
Newport Hospital, Series 2014 Dated November 5, 2014	20,390,000	9,117,000
South County Hospital Healthcare System, Series 2015 Dated August 12, 2015	45,545,000	25,015,000
Tamarisk, Inc., Series 2015 Dated September 30, 2015	9,360,000	6,913,007
Saint Elizabeth Home - East Greenwich, Series 2015 Dated December 17, 2015	13,900,000	11,288,950
Lifespan Obligated Group, Series 2016 Dated August 11, 2016	265,470,000	150,880,000
Care New England Health System, Series 2016 B Dated September 28, 2016	138,265,000	108,020,000
The Frassati Residence, Series 2016 Dated September 29, 2016	6,717,000	3,041,322
Ocean State Assisted Living, Series 2018 Dated October 2, 2018	8,901,000	6,131,000
South County Hospital Healthcare System, Series 2018 Dated December 27, 2018	10,100,000	5,681,250
HopeHealth Hospice & Palliative Care, Series 2019 Dated November 1, 2019	11,000,000	9,903,966
Lifespan Obligated Group, Series 2024 Dated January 31, 2024	300,000,000	300,000,000
Child & Family Services of Newport County Dated March 15, 2024	3,565,713	3,555,288
TOTALS	\$ 863,182,746	\$ 657,777,079

RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION
SCHEDULE OF INDEBTEDNESS
JUNE 30, 2024

<u>EDUCATION</u>	<u>PRINCIPAL AMOUNT ISSUED</u>	<u>PRINCIPAL AMOUNT OUTSTANDING</u>
International Institute of RI, Inc., Series 2003 Dated August 22, 2003	\$ 2,600,000	\$ 1,015,000
Brown University, Series 2003 A & B Dated November 13, 2003	91,425,000	37,290,000
Meeting Street Center, Series 2005 Dated May 26, 2005	17,000,000	2,555,000
Brown University, Series 2005 A Dated October 4, 2005	85,500,000	85,500,000
CVS-Highlander Charter School, Series 2007 Dated September 20, 2007	7,000,000	2,560,000
Bryant University, Series 2008 Dated April 24, 2008	50,420,000	36,130,000
Roger Williams University, Series 2008 A Dated July 3, 2008	22,935,000	1,765,000
New England Institute of Technology, Series 2008 Dated July 30, 2008	16,120,000	4,670,000
Roger Williams University, Series 2008 B Dated August 28, 2008	38,000,000	25,660,000
Board of Governors for Higher Education, Series 2008 B Dated November 20, 2008	3,830,000	3,830,000
Board of Governors for Higher Education, Series 2009 B Dated June 30, 2009	18,205,000	8,490,000
Board of Governors for Higher Education, Series 2010 A Dated February 17, 2010	24,005,000	16,885,000
Roger Williams University, Series 2011 Dated June 2, 2011	26,410,000	5,958,916
The Compass School, Series 2011 A & C Dated June 28, 2011	2,000,000	435,001
Roger Williams University, Series 2011 B Dated November 8, 2011	12,025,000	4,910,000
Salve Regina University, Series 2011 Dated December 19, 2011	32,980,000	9,465,000
Immaculate Conception Catholic Regional School, Series 2012 Dated March 16, 2012	6,500,000	2,518,750
Rhode Island School of Design, Series 2012 B Dated August 29, 2012	51,815,000	2,410,000
Providence College, Series 2012 B Dated November 20, 2012	35,040,000	4,670,000
Board of Education, Series 2013 C Dated June 18, 2103	51,405,000	2,485,000
Roger Williams University, Series 2014 Dated October 24, 2014	15,667,000	9,881,429
Salve Regina University, Series 2015 A, B & C Dated May 7, 2015	27,500,000	20,673,122
Mercymount Country Day School, Series 2015 Dated May 14, 2015	3,560,000	1,780,285

<u>EDUCATION - CONTINUED</u>	PRINCIPAL AMOUNT ISSUED	PRINCIPAL AMOUNT OUTSTANDING
Providence College, Series 2015 Dated July 16, 2015	\$ 46,910,000	\$ 29,555,000
New England Institute of Technology, Series 2015 Dated August 31, 2015	60,000,000	47,113,124
Saint Philomena School, Series 2015 Dated September 16, 2015	1,884,000	1,161,194
Johnson & Wales University, Series 2015 Dated September 22, 2015	30,000,000	14,534,118
Brown University, Series 2015 Dated October 21, 2015	45,000,000	34,730,000
Moses Brown School, Series 2016 A & B Dated June 15, 2016	27,000,000	16,970,139
Council on Postsecondary Education, Series 2016 A, B & C Dated October 18, 2016	90,800,000	66,925,000
Roger Williams University, Series 2016 A & B Dated October 18, 2016	7,300,000	4,146,090
New England Institute of Technology, Series 2017 Dated March 9, 2017	36,450,000	27,716,147
Providence College, Series 2017 Dated March 29, 2017	46,415,000	46,415,000
Brown University, Series 2017 A Dated July 19, 2017	141,125,000	138,865,000
Council on Postsecondary Education, Series 2017 A, B, C & D Dated October 17, 2017	123,215,000	116,180,000
Meeting Street, Series 2017 A Dated December 22, 2017	15,000,000	13,747,684
Rhode Island School of Design, Series 2018 Dated September 25, 2018	54,950,000	52,920,000
St. Andrew's School, Series 2018 A & B Dated October 31, 2018	20,000,000	18,606,571
Council on Postsecondary Education, Series 2018 A & B Dated December 12, 2018	19,800,000	16,440,000
Meeting Street, Series 2018 Dated December 31, 2018	5,000,000	4,491,982
Blackstone Valley Prep, Series 2019 Dated April 26, 2019	16,000,000	14,510,509
Mount Saint Charles Academy, Series 2019 Dated May 1, 2019	3,700,000	3,178,943
Brown University, Series 2019 A Dated July 18, 2019	54,560,000	54,560,000
Kingston Hill Academy, Series 2019 Dated August 21, 2019	6,200,000	5,897,820
The Compass School, Series 2019 Dated October 4, 2019	3,850,000	3,423,040
Roger Williams University, Series 2019 Dated November 27, 2019	14,518,500	7,541,801
Bryant University, Series 2019 Dated December 6, 2019	17,300,000	11,290,787
Portsmouth Abbey School, Series 2020 A, B, C & D Dated June 1, 2020	17,990,000	14,908,892
Rhode Island School of Design, Series 2020 Dated December 16, 2020	52,905,000	51,350,000
Blackstone Valley Prep, Series 2021 A & B Dated March 5, 2021	15,955,000	14,893,344
Providence College, Series 2021 A Dated August 3, 2021	19,585,000	19,585,000

<u>EDUCATION - CONTINUED</u>	<u>PRINCIPAL AMOUNT ISSUED</u>	<u>PRINCIPAL AMOUNT OUTSTANDING</u>
Providence College, Series 2021 B Dated August 3, 2021	\$ 25,265,000	\$ 23,680,000
St. George's School, Series 2021 Dated August 24, 2021	44,300,000	44,300,000
Rhode Island School of Design, Series 2021 A Dated September 1, 2021	75,030,000	69,484,000
Roger Williams University, Series 2022 Dated March 15, 2022	8,700,000	8,700,000
Achievement First Rhode Island, Inc., Series 2022 A, B & C Dated April 7, 2022	70,950,569	56,575,677 *
Brown University, Series 2022 A Dated July 27, 2022	87,220,000	86,340,000
Blackstone Valley Prep, Series 2022 Dated October 26, 2022	12,760,000	12,488,197
Paul Cuffee School, Series 2022 Dated November 15, 2022	3,100,000	2,963,475 *
Providence College, Series 2023 Dated April 26, 2023	112,435,000	112,435,000
The Learning Community Charter School, Series 2023 Dated May 19, 2023	2,774,000	2,584,968
University of Rhode Island, Series 2023 Dated June 15, 2023	15,440,000	15,440,000
Brown University, Series 2023 Dated July 27, 2023	96,535,000	96,535,000
State Annual Appropriation Bonds (Central Falls Public Schools) Dated August 17, 2023	93,520,000	89,630,000
Rhode Island Nurses Institute Middle College Charter High School Dated January 19, 2024	19,042,000	18,972,965
Portsmouth Abbey School Dated March 22, 2024	8,000,000	8,000,000
Bryant University Dated April 16, 2024	132,795,000	132,795,000
Trinity Academy for the Performing Arts Dated June 12, 2024	10,000,000	104,532 *
TOTALS	\$ 2,453,221,069	\$ 1,924,223,502

* Drawdown Bond, principal amount not fully drawn

RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION
SCHEDULE OF OUTSTANDING PUBLIC SCHOOLS REVENUE BOND FINANCING PROGRAM REVENUE BONDS
JUNE 30, 2024

<u>Financing/Borrower</u>	<u>Principal Amount Issued</u>		<u>Principal Amount Outstanding</u>	
	<u>Each Borrower</u>	<u>Total Financing</u>	<u>Each Borrower</u>	<u>Total Financing</u>
Public Schools Revenue Bond, Series 2007 A Dated May 16, 2007				
Bristol-Warren Regional School District	\$ 8,900,000		\$ -	
Town of Glocester	750,000		105,000	
Foster-Glocester Regional School District	26,000,000		-	
Town of Little Compton	550,000		-	
Town of Portsmouth	2,250,000	\$ 38,450,000	-	\$ 105,000
Public Schools Revenue Bond, Series 2007 B Dated August 15, 2007				
Town of Barrington	\$ 735,000.00		\$ -	
City of Central Falls	1,300,000		315,000	
Town of North Kingstown	7,000,000		-	
Town of Tiverton	10,580,000	\$ 19,615,000.00	-	\$ 315,000
Public Schools Revenue Bond, Series 2007 D Dated December 19, 2007				
City of Pawtucket	\$ 4,760,000	\$ 4,760,000	\$ 1,300,000	\$ 1,300,000
Providence Public Schools Revenue Bond, Series 2009 A Dated December 30, 2009				
Providence Public Buildings Authority	\$ 22,320,000	\$ 22,320,000	\$ 1,520,000	\$ 1,520,000
Public Schools Revenue Bond, Series 2010 A Dated June 15, 2010				
Chariho Regional School District	\$ 4,812,000		\$ 4,812,000	
Town of Westerly	3,855,000		3,855,000	
City of Warwick	3,908,000	\$ 12,575,000	3,908,000	\$ 12,575,000
Public Schools Revenue Bond, Series 2010 C Dated September 2, 2010				
Town of North Smithfield	\$ 3,550,000	\$ 3,550,000	\$ 780,000	\$ 780,000
Public Schools Revenue Bond, Series 2010 D Dated October 5, 2010				
City of East Providence	\$ 3,955,000	\$ 3,955,000	\$ 270,000	\$ 270,000
Public Schools Revenue Bond, Series 2010 E Dated November 3, 2010				
City of East Providence	\$ 7,777,000	\$ 7,777,000	\$ 530,000	\$ 530,000
Public Schools Revenue Bond, Series 2010 F & G Dated December 2, 2010				
Town of East Greenwich	\$ 10,635,000		\$ 10,635,000	
Chariho Regional School District	3,757,000		3,757,000	
Town of Westerly	5,496,000		5,496,000	
City of Warwick	4,212,000	\$ 24,100,000	4,212,000	\$ 24,100,000
Providence Public Schools Revenue Bond, Series 2010 A & B Dated December 7, 2010				
Providence Public Buildings Authority	\$ 21,945,000	\$ 21,945,000	\$ 21,945,000	\$ 21,945,000
Public Schools Revenue Bond, Series 2012 B Dated October 4, 2012				
City of East Providence	\$ 15,000,000	\$ 15,000,000	\$ 7,455,000	\$ 7,455,000

<u>Financing/Borrower</u>	<u>Principal Amount Issued</u>		<u>Principal Amount Outstanding</u>	
	<u>Each Borrower</u>	<u>Total Financing</u>	<u>Each Borrower</u>	<u>Total Financing</u>
Public Schools Revenue Bond, Series 2013 B Dated April 23, 2013 Town of Coventry	\$ 12,520,000	\$ 12,520,000	\$ 4,005,000	\$ 4,005,000
Public Schools Revenue Bond, Series 2013 D Dated June 20, 2013 City of Warwick	\$ 4,295,000	\$ 4,295,000	\$ 1,930,000	\$ 1,930,000
Public Schools Revenue Bond, Series 2013 E Dated August 28, 2013 Town of Portsmouth	\$ 1,100,000	\$ 1,100,000	\$ 200,000	\$ 200,000
Public Schools Revenue Bond, Series 2013 H Dated December 10, 2013 Town of Little Compton	\$ 11,310,000	\$ 11,310,000	\$ 6,825,000	\$ 6,825,000
Public Schools Revenue Bond, Series 2014 A Dated July 10, 2014 Town of West Warwick	\$ 9,780,000	\$ 9,780,000	\$ 2,435,000	\$ 2,435,000
Public Schools Revenue Bond, Series 2014 B Dated August 6, 2014 City of Warwick	\$ 3,370,000	\$ 3,370,000	\$ 1,935,000	\$ 1,935,000
Public Schools Revenue Bond, Series 2014 C Dated November 19, 2014 City of Pawtucket	\$ 8,000,000	\$ 8,000,000	\$ 4,725,000	\$ 4,725,000
Providence Public Schools Revenue Bond, Series 2015 A Dated May 14, 2015 Providence Public Buildings Authority	\$ 146,325,000	\$ 146,325,000	\$ 56,575,000	\$ 56,575,000
Public Schools Revenue Bond, Series 2015 B Dated September 10, 2015 City of Cranston	\$ 4,565,000	\$ 4,565,000	\$ 3,115,000	\$ 3,115,000
Providence Public Schools Revenue Bond, Series 2015 B Dated December 16, 2015 Providence Public Buildings Authority	\$ 10,000,000	\$ 10,000,000	\$ 6,580,000	\$ 6,580,000
Public Schools Revenue Bond, Series 2015 C, D & E Dated December 22, 2015				
Town of Burrillville, 2015 C	\$ 3,380,000		\$ 660,000	
Town of Portsmouth, 2015 C	1,575,000		310,000	
Town of Portsmouth, 2015 C	605,000		-	
Town of North Kingstown, 2015 C	4,030,000		1,415,000	
Town of Smithfield, 2015 C	4,375,000		3,600,000	
Town of Tiverton, 2015 D	8,025,000		2,480,000	
Town of Smithfield, 2015 E	1,525,000	\$ 23,515,000	-	\$ 8,465,000
Public Schools Revenue Bond, Series 2016 A Dated August 10, 2016				
Bristol-Warren Regional School District	\$ 12,540,000		\$ 4,950,000	
City of Cranston	4,335,000		2,215,000	
Town of Cumberland	17,230,000		7,790,000	
Exeter-West Greenwich Regional School District	3,200,000		1,405,000	
Foster-Glocester Regional School District	26,305,000		11,005,000	
Town of North Smithfield	17,115,000		7,725,000	
Town of Tiverton	5,705,000	\$ 86,430,000	2,595,000	\$ 37,685,000

<u>Financing/Borrower</u>	<u>Principal Amount Issued</u>		<u>Principal Amount Outstanding</u>	
	<u>Each Borrower</u>	<u>Total Financing</u>	<u>Each Borrower</u>	<u>Total Financing</u>
Public Schools Revenue Bond, Series 2016 B & C Dated August 17, 2016				
City of Warwick, 2016 B	\$ 4,755,000		\$ 3,280,000	
City of Newport, 2016 C	2,865,000	\$ 7,620,000	680,000	\$ 3,960,000
Public Schools Revenue Bond, Series 2017 A Dated March 21, 2017				
City of Woonsocket	\$ 58,965,000	\$ 58,965,000	\$ 42,840,000	\$ 42,840,000
Public Schools Revenue Bond, Series 2017 B Dated April 11, 2017				
Town of Narragansett	\$ 12,029,000		\$ 6,660,000	
Town of Scituate	2,346,000	\$ 14,375,000	1,295,000	\$ 7,955,000
Public Schools Revenue Bond, Series 2017 C Dated April 20, 2017				
Town of Barrington	\$ 63,480,000	\$ 63,480,000	\$ 52,130,000	\$ 52,130,000
Public Schools Revenue Bond, Series 2017 D Dated May 16, 2017				
Town of Middletown	\$ 9,750,000	\$ 9,750,000	\$ 7,010,000	\$ 7,010,000
Public Schools Revenue Bond, Series 2017 E Dated June 13, 2017				
City of Pawtucket	\$ 23,615,000	\$ 23,615,000	\$ 15,555,000	\$ 15,555,000
Public Schools Revenue Bond, Series 2017 F Dated June 22, 2017				
Town of Tiverton	\$ 19,835,000	\$ 19,835,000	\$ 14,150,000	\$ 14,150,000
Public Schools Revenue Bond, Series 2017 G Dated August 3, 2017				
Town of North Providence	\$ 36,655,000	\$ 36,655,000	\$ 28,435,000	\$ 28,435,000
Public Schools Revenue Bond, Series 2017 H Dated August 10, 2017				
City of Cranston	\$ 5,000,000	\$ 5,000,000	\$ 3,945,000	\$ 3,945,000
Public Schools Revenue Bond, Series 2017 I & J Dated November 16, 2017				
City of Warwick, 2017 I	\$ 4,460,000		\$ 2,750,000	
Chariho Regional School District, 2017 J-1	4,975,000		1,900,000	
Chariho Regional School District, 2017 J-2	6,345,000	\$ 15,780,000	4,735,000	\$ 9,385,000
Public Schools Revenue Bond, Series 2018 A Dated May 30, 2018				
Town of Scituate	\$ 4,740,000	\$ 4,740,000	\$ 3,695,000	\$ 3,695,000
Public Schools Revenue Bond, Series 2018 B Dated June 13, 2018				
City of Pawtucket	\$ 18,690,000	\$ 18,690,000	\$ 15,140,000	\$ 15,140,000
Public Schools Revenue Bond, Series 2019 A Dated April 11, 2019				
City of Cranston	\$ 11,335,000		\$ 9,850,000	
Town of North Providence	30,045,000	\$ 41,380,000	26,340,000	\$ 36,190,000
Public Schools Revenue Bond, Series 2019 B Dated June 11, 2019				
City of Pawtucket	\$ 17,975,000	\$ 17,975,000	\$ 15,130,000	\$ 15,130,000

<u>Financing/Borrower</u>	Principal Amount Issued		Principal Amount Outstanding	
	Each Borrower	Total Financing	Each Borrower	Total Financing
Providence Public Schools Revenue Bond, Series 2019 A Dated June 27, 2019 Providence Public Buildings Authority	\$ 20,000,000	\$ 20,000,000	\$ 16,520,000	\$ 16,520,000
Public Schools Revenue Bond, Series 2019 C Dated September 17, 2019 Town of Jamestown	\$ 5,070,000	\$ 5,070,000	\$ 4,305,000	\$ 4,305,000
Public Schools Revenue Bond, Series 2019 D Dated September 24, 2019 City of Warwick	\$ 5,445,000	\$ 5,445,000	\$ 4,795,000	\$ 4,795,000
Public Schools Revenue Bond, Series 2020 A Dated May 12, 2020 Town of South Kingstown	\$ 3,875,000	\$ 3,875,000	\$ 3,100,000	\$ 3,100,000
Public Schools Revenue Bond, Series 2020 B Dated June 17, 2020 Town of Lincoln	\$ 57,450,000	\$ 57,450,000	\$ 51,235,000	\$ 51,235,000
Public Schools Revenue Bond, Series 2020 C Dated August 4, 2020 City of Warwick	\$ 6,400,000	\$ 6,400,000	\$ 5,660,000	\$ 5,660,000
Public Schools Revenue Bond, Series 2020 D Dated October 22, 2020 Town of East Greenwich	\$ 29,655,000	\$ 29,655,000	\$ 23,590,000	\$ 23,590,000
Public Schools Revenue Bond, Series 2021 A & B Dated March 22, 2021 Town of North Kingstown, 2021 A Town of North Kingstown, 2021 B	\$ 8,340,000 4,500,000	\$ 12,840,000	\$ 7,500,000 3,540,000	\$ 11,040,000
Public Schools Revenue Bond, Series 2021 C Dated May 12, 2021 City of Newport	\$ 17,920,000	\$ 17,920,000	\$ 14,275,000	\$ 14,275,000
Public Schools Revenue Bond, Series 2021 D Dated May 27, 2021 City of Providence	\$ 100,690,000	\$ 100,690,000	\$ 97,000,000	\$ 97,000,000
Public Schools Revenue Bond, Series 2021 F Dated June 16, 2021 City of East Providence	\$ 124,470,000	\$ 124,470,000	\$ 115,465,000	\$ 115,465,000
Public Schools Revenue Bond, Series 2021 E Dated June 22, 2021 Town of Westerly	\$ 11,205,000	\$ 11,205,000	\$ 7,705,000	\$ 7,705,000
Public Schools Revenue Bond, Series 2021 G Dated August 10, 2021 Exeter-West Greenwich Regional School District	\$ 8,980,000	\$ 8,980,000	\$ 8,660,000	\$ 8,660,000
Public Schools Revenue Bond, Series 2021 H Dated September 30, 2021 Town of Smithfield	\$ 35,985,000	\$ 35,985,000	\$ 33,625,000	\$ 33,625,000
Public Schools Revenue Bond, Series 2022 A Dated January 7, 2022 City of Pawtucket	\$ 30,235,000	\$ 30,235,000	\$ 30,235,000	\$ 30,235,000

<u>Financing/Borrower</u>	<u>Principal Amount Issued</u>		<u>Principal Amount Outstanding</u>	
	<u>Each Borrower</u>	<u>Total Financing</u>	<u>Each Borrower</u>	<u>Total Financing</u>
Public Schools Revenue Bond, Series 2022 B Dated March 9, 2022 City of Warwick	\$ 23,830,000	\$ 23,830,000	\$ 22,345,000	\$ 22,345,000
Public Schools Revenue Bond, Series 2022 C Dated March 25, 2022 City of Newport	\$ 98,500,000	\$ 98,500,000	\$ 98,500,000	\$ 98,500,000
Public Schools Revenue Bond, Series 2022 D Dated June 15, 2022 Town of Burrillville	\$ 5,950,000	\$ 5,950,000	\$ 5,450,000	\$ 5,450,000
Public Schools Revenue Bond, Series 2022 E Dated June 28, 2022 Town of Portsmouth	\$ 19,510,000	\$ 19,510,000	\$ 19,510,000	\$ 19,510,000
Public Schools Revenue Bonds, Series 2022 F Dated September 29, 2022 Town of Johnston	\$ 85,000,000	\$ 85,000,000	\$ 85,000,000	\$ 85,000,000
Public Schools Revenue Bonds, Series 2023 A Dated July 27, 2023 Town of Cumberland	\$ 74,125,000	\$ 74,125,000	\$ 74,125,000	\$ 74,125,000
Public Schools Revenue Bonds, Series 2023 B Dated August 22, 2023 Exeter-West Greenwich Regional School District	\$ 5,540,000	\$ 5,540,000	\$ 5,540,000	\$ 5,540,000
Public Schools Revenue Bonds, Series 2023 C Dated September 13, 2023 City of Warwick	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000
Public Schools Revenue Bonds, Series 2024 A Dated March 28, 2024 City of East Providence	\$ 76,805,000	\$ 76,805,000	\$ 76,805,000	\$ 76,805,000
TOTALS	\$ 1,712,597,000	\$ 1,712,597,000	\$ 1,295,375,000	\$ 1,295,375,000

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APPENDIX E

Form of Approving Opinion of Bond Counsel

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[Date of Delivery]

Rhode Island Health and Educational
Building Corporation
33 Broad Street, Suite 200
Providence, Rhode Island 02903

\$50,480,000*

RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION
STATE APPROPRIATION-BACKED REVENUE BONDS
(CENTRAL FALLS PUBLIC SCHOOL PROJECTS) SERIES 2025

We have acted as bond counsel to the Rhode Island Health and Educational Building Corporation (the “Corporation”) in connection with the issuance by the Corporation of the above-referenced bonds (the “Series 2025 Bonds”). In such capacity, we have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion, including the Trust Indenture dated the date hereof (the “Indenture”), as further amended by that certain Series Indenture dated the date hereof (the “Series Indenture” and together with the Trust Indenture, the “Indenture”), between the Corporation and U. S. Bank Trust Company, National Association, as trustee (the “Trustee”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

As to questions of fact material to our opinion, we have relied upon representations and covenants of the Corporation contained in the Indenture and in the certified proceedings and other certifications of public officials furnished to us, and certifications of officials of the Borrower and others, without undertaking to verify the same by independent investigation.

The Series 2025 Bonds are issued under and pursuant to the Rhode Island Health and Educational Building Corporation Act, being Chapter 38.1 of Title 45 of the General Laws of Rhode Island, 1956, as amended (the “Act”), Local Act 106/107 of 2021 as amended by Local Act 34/35 of 2023, entitled “An Act Relating To School Construction And Financing In The City Of Central Falls And Authorizing The City Of Central Falls To Issue Not To Exceed \$5,760,000 General Obligation Bonds, Notes And Other Evidence Of Indebtedness To Finance The Construction, Renovation, Improvement, Alteration, Repair, Furnishing And Equipping Of

* Preliminary, subject to change

Schools And School Facilities In The City” (the “Central Falls School Financing Act”) and the Indenture. With respect to the Series 2025 Bonds, the Corporation has entered into a Financing Agreement dated [], 2025 (the “Financing Agreement”), with the State of Rhode Island (the “Borrower”), the City of Central Falls (the “City”) and the Board of Trustees of the Central Falls School District (the “Board of Trustees”) providing, among other things, for a loan to the Borrower for the purposes permitted thereby and by the Trust Indenture and the Series Indenture. Pursuant to the Financing Agreement, the Borrower is required to make payments, subject to annual appropriation of funds by the Rhode Island General Assembly, scheduled to be sufficient to pay the principal, Sinking Fund Installments, if any, and redemption price of and interest on the Series 2025 Bonds as the same become due, which payments have been pledged by the Corporation to the Trustee for the benefit of the holders of the Series 2025 Bonds. Pursuant to the Indenture, the Series 2025 Bonds are payable solely from funds to be provided under the Financing Agreement by the Borrower. Such payments and other moneys payable to the Trustee under the Indenture, including proceeds derived from any security provided thereunder (collectively, the “Revenues”), and the rights of the Corporation under the Indenture to receive the same (excluding, however, certain administrative fees, indemnification, and reimbursements), are pledged and assigned by the Corporation as security for the Series 2025 Bonds. The Series 2025 Bonds are payable from the Revenues.

We express no opinion herein with respect to compliance by the Borrower, the City and the Board of Trustees with applicable legal requirements in connection with the construction or operation of the Projects (as defined in the Indenture) being financed by the Series 2025 Bonds.

In such connection, we have reviewed the Indenture, the Financing Agreement, the Tax Certificate of the Corporation dated as of the date hereof (the “Corporation Tax Certificate”), the Tax Certificate of the Borrower and City dated as of the date hereof (the “Borrower and City Tax Certificate”), opinions of counsel to the Corporation, the City, the Board of Trustees, the Trustee and the Borrower, certificates of the Corporation, the City, the Board of Trustees, the Trustee, the Borrower, and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

Based on our examination, we are of the opinion, under existing law, as follows:

- (1) The Corporation is a duly created and validly existing body corporate and politic and a public instrumentality of the State of Rhode Island with the power to enter into and perform the Indenture and the Financing Agreement and to issue the Series 2025 Bonds.
- (2) The Indenture and the Financing Agreement have been duly authorized, executed and delivered by the Corporation and, assuming due authorization, execution, and delivery by the other respective parties thereto, are valid and binding obligations of the Corporation enforceable against the Corporation. As provided in the Act and



the Central Falls School Financing Act, the Indenture creates a valid lien on the Revenues, the other funds pledged by the Indenture as security for the Series 2025 Bonds, and on the rights of the Corporation or the Trustee on behalf of the Corporation to receive Revenues under the Indenture (subject to certain rights with respect to indemnification, reimbursements and fees).

- (3) The Series 2025 Bonds have been duly authorized, executed and delivered by the Corporation and are valid and binding special obligations of the Corporation, enforceable in accordance with their terms, payable solely from the Revenues and other funds provided therefor in the Indenture.
- (4) Interest on the Series 2025 Bonds is excluded from the gross income of the owners of the Series 2025 Bonds for federal income tax purposes. Interest on the Series 2025 Bonds is not a specific preference item for purposes of the federal alternative minimum tax, although such interest will be taken into account in computing the alternative minimum tax imposed on certain corporations.

In rendering the opinions set forth in this paragraph, we have assumed compliance by the Corporation, the Borrower, and the Beneficiary with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2025 Bonds in order that interest thereon be, and continue to be, excluded from gross income for federal income tax purposes. The Borrower, the City and the Board of Trustees have covenanted in the Financing Agreement and the Borrower and City Tax Certificate and, to the extent necessary, the Corporation has covenanted in the Indenture and the Corporation Tax Certificate to comply with all such requirements. Failure by the Corporation, the Borrower, the City or the Board of Trustees to comply with certain of such requirements may cause interest on the Series 2025 Bonds to become included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2025 Bonds. We express no opinion regarding any other federal tax consequences arising with respect to the Series 2025 Bonds.

- (5) The Series 2025 Bonds, their transfer, and the income therefrom, including any profit made on the sale thereof, are exempt from taxation by the State of Rhode Island and by the municipalities and all other political subdivisions thereof. We express no opinion regarding any other Rhode Island tax consequences arising with respect to the Series 2025 Bonds or any tax consequences arising with respect to the Series 2025 Bonds under the laws of any state other than Rhode Island.

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.

The rights of the holders of the Series 2025 Bonds and the enforceability of the Series 2025 Bonds and the Indenture 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.

APPENDIX F

Form of Continuing Disclosure Agreement

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APPENDIX F

FORM OF CONTINUING DISCLOSURE CERTIFICATE

THIS CERTIFICATE, dated July __, 2025 (the “Certificate”), is executed and delivered by the State of Rhode Island (the “State” or “Borrower”), as defined below.

In order to permit the Underwriters to comply with the provisions of Rule 15c2-12 in connection with the public offering of the Series 2025 Bonds (defined below), the Borrower hereby agrees for the sole and exclusive benefit of the Holders as follows:

1. Capitalized terms used but not defined herein as follows shall have the meaning ascribed to them in the Indenture.

“Certificate” shall mean this Continuing Disclosure Certificate as the same from time to time may be amended and supplemented in accordance with the terms hereof.

“Corporation” shall mean the Rhode Island Health and Educational Building Corporation, a public body corporate and agency of the State of Rhode Island and the issuer of the Series 2025 Bonds, and any successor thereto.

“DTC” shall mean The Depository Trust Company, New York, New York, which is acting as the Depository for the Bonds within the meaning of the Indenture.

“GAAP” shall mean generally accepted accounting principles as in effect from time to time in the United States.

“GAAS” shall mean generally accepted auditing standards as in effect from time to time in the United States.

“Holder” shall mean any registered owner of the Series 2025 Bonds and for the purpose of Section 5 of this Certificate only, if registered in the name of DTC (or a nominee thereof) or in the name of any other entity (or a nominee thereof) that acts as a “clearing corporation” within the meaning of the Rhode Island Uniform Commercial Code and is a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended, any beneficial owner of Series 2025 Bonds.

“Indenture” shall mean the Trust Indenture between the Corporation and the Trustee dated August 1, 2023, together with the Series Indenture executed and delivered thereunder authorizing the issuance of the Series 2025 Bonds, each by and between the Corporation and the Trustee.

“MSRB” shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor thereto or to the functions, the MSRB contemplated by this Certificate. Filing information relating to the MSRB is set forth in the Exhibit A attached hereto.

“Rating Agency” shall mean S&P Global Ratings and Moody's Investors Service, Inc. or any other nationally recognized rating service which has assigned a rating to the Series 2025 Bonds.

“Rule 15c2-12” or “SEC Rule” shall mean Rule 15c2-12 under the Securities Exchange Act of 1934, as amended through the date of this Certificate.

“Series 2025 Bonds” shall mean the Rhode Island Health and Educational Building Corporation State Appropriation-Backed Revenue Bonds (Central Falls Public School Projects) Series 2025.

“Trustee” shall mean U.S. Bank Trust Company, National Association, a national banking association organized and existing under the laws of the United States.

“Underwriter” shall mean the underwriter or underwriters that have contracted to purchase the Bonds from the Corporation upon initial issuance.

2. The Borrower hereby covenants, agrees and undertakes for the benefit of the Holders of the Series 2025 Bonds, as follows:

- a. not later than the end of each calendar year, commencing with December 31, 2025 the Borrower shall provide to the MSRB, financial information and operating data relating to the State for the preceding fiscal year, of the type presented in Appendix A of the Official Statement prepared in connection with the Series 2025 Bonds regarding (i) revenues and expenditures relating to operating budgets, (ii) capital expenditures, (iii) fund balances, (iv) tax information, (v) outstanding direct and indirect indebtedness, (vi) pension obligations, and (vii) other financial information and operating data; and
- b. promptly upon their public release, the State shall provide to the MSRB the audited financial statements of the State for the most recently ended fiscal year, to the extent any such statements have been commissioned, prepared in accordance with generally accepted accounting principles, with certain exceptions permitted by Rhode Island law.

The Borrower reserves the right to modify from time to time the specific types of information provided under subparagraph (a) above or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the State, provided that any such modification will be done in a manner consistent with the SEC Rule.

3. The Borrower will provide, within ten (10) business days after the occurrence thereof, to the MSRB notice of the occurrence of any of the following events with respect to the Series 2025 Bonds:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults of the Borrower, 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, the 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 Series 2025 Bonds or other material events affecting the tax status of the Series 2025 Bonds;
- (g) modification to rights of Holders of the Series 2025 Bonds, if material;
- (h) bond calls, if material and tender offers;
- (i) defeasances;
- (j) release, substitution, or sale of property securing repayment of the Series 2025 Bonds, if material;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar event of the Borrower¹;
- (m) 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;
- (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 affect the Holders of the Bonds, if material²; and

¹ As noted in Rule 15c2-12, 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.

² For purposes of events listed as (o) and (p) in Section 3 of this Disclosure Certificate, 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” excludes municipal securities for which a final official statement has been provided to the MSRB consistent with Rule 15c2-12.

- (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.²

(It should be noted, however, as of the date of this Official Statement, events of the types listed in clauses (c), (d), (e) and (j) are not applicable to the Series 2025 Bonds.)

The State 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 State, such other event is material with respect to the Series 2025 Bonds, but the State does not undertake to commit to provide any such notice of the occurrence of any event except those listed above.

4. The State will provide, in a timely manner, to the MSRB in electronic format notice of a failure to satisfy the requirements of Sections 2 or 3 herein.

5. The provisions of this Continuing Disclosure Certificate may be amended by the State without the consent of, or notice to, any beneficial owners of the Series 2025 Bonds, (a) to comply with or conform to the provisions of the SEC Rule or any amendments thereto or authoritative interpretations thereof by the Securities and Exchange Commission 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 State for the benefit of the beneficial owners of Bonds, (d) to modify the content, 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 any applicable state legislation responding to the requirements of the SEC 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 SEC Rule at the time of the offering of the Series 2025 Bonds, after taking into account any amendments or authoritative interpretations of the SEC Rule, as well as any change in circumstances, and (ii) the amendment does not materially impair the interests of the beneficial owners of the Series 2025 Bonds, as determined either by a party unaffiliated with the State (such as special counsel), or by the vote or consent of beneficial owners of a majority in outstanding principal amount of the Series 2025 Bonds affected thereby at or prior to the time of such amendment. Furthermore, to the extent that the SEC Rule, as in effect from time to time, no longer requires the issuers such as the State to provide all or any portion of the information the State has agreed to provide pursuant to this Continuing Disclosure Certificate with respect to securities such as the Series 2025 Bonds, the obligation of the State to provide such information also shall cease immediately.

6. The purpose of the State's undertaking is to conform to the requirements of the SEC Rule and, except for creating the right on the part of the beneficial owners of the Series 2025 Bonds, from time to time, to specifically enforce the State's obligations hereunder, not to create new contractual or other rights for the original purchasers of the Series 2025 Bonds, any registered owner or beneficial owner of the Series 2025 Bonds, any municipal securities broker or dealer, any potential purchaser of the Series 2025 Bonds, the Securities and Exchange Commission or any other person. The sole remedy in the event of any actual or alleged failure

by the State to comply with any provision herein shall be an action for the specific performance of the State's obligations hereunder and not for money damages in any amount. Any failure by the State to comply with any provision of such undertaking shall not constitute an event of default with respect to the Series 2025 Bonds.

7. The Borrower has engaged Digital Assurance Certification, LLC as dissemination agent to assist it in carrying out its obligations under this Continuing Disclosure Certificate. The State may discharge such dissemination agent, with or without appointing a successor dissemination agent. The dissemination agent shall not be responsible for the content of any notice or report prepared by the State pursuant to this Continuing Disclosure Certificate.

8. The State Budget Officer, or such official's designee from time to time, shall be the contact person on behalf of the State from whom the foregoing information, data and notices may be obtained. The name, address and telephone number of the initial contact person is Joseph Codega, Jr., State Budget Officer, State Administration Building, One Capitol Hill, Providence, Rhode Island 02908, telephone (401) 222-6300.

IN WITNESS WHEREOF, the undersigned have duly authorized, executed and delivered this Certificate.

STATE OF RHODE ISLAND

By: _____
Joseph Codega, Jr.
State Budget Officer

Dated: July __, 2025

EXHIBIT A

Filing information relating to the Municipal Securities Rulemaking Board is as follows:

Municipal Securities Rulemaking Board

<http://emma.msrb.org>

