

In the opinion of Hinckley, Allen & Snyder LLP, Bond Counsel, based upon an analysis of existing law and assuming, among other matters, compliance with certain covenants, interest on the Series 2020 A Bonds is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Series 2020 A Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Under existing law, the Series 2020 A Bonds and the income therefrom, including any profit made on the sale thereof, are exempt from taxation by and within the State of Rhode Island, although the Series 2020 A Bonds, their transfer and the income therefrom, including any profit made on the sale thereof, may be included in the measure of Rhode Island estate taxes and certain Rhode Island corporate and business taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2020 A Bonds. See "TAX EXEMPTION" herein.

\$13,970,000



RHODE ISLAND INFRASTRUCTURE BANK
Efficient Buildings Fund Revenue Bonds
Series 2020 A (Green Bonds)

Dated: Date of Delivery**Due: October 1, as described below**

The Rhode Island Infrastructure Bank Efficient Buildings Fund Revenue Bonds, Series 2020 A (Green Bonds) (the "Series 2020 A Bonds") will be issued as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, to which principal and interest payments on the Series 2020 A Bonds will be made so long as Cede & Co. is the registered owner of the Series 2020 A Bonds. Individual purchases of the Series 2020 A Bonds will be made only in book-entry form, in denominations of \$5,000, or any multiple in excess thereof.

The Series 2020 A Bonds bear interest from the date of delivery of the Series 2020 A Bonds, payable on April 1 and October 1 of each year, commencing April 1, 2021. The Series 2020 A Bonds are subject to redemption prior to maturity as described herein.

The Series 2020 A Bonds are being issued by Rhode Island Infrastructure Bank (the "Bank") for the purpose of: (i) funding loans to certain of the cities and towns within the State more particularly described herein to finance, refinance or reimburse the cost of certain energy efficiency upgrades to public buildings and infrastructure and (ii) paying certain costs associated with issuing the Series 2020 A Bonds.

The Series 2020 A Bonds are being issued pursuant to an Indenture of Trust dated as of November 1, 2018 (as amended from time to time, the "Master Indenture"), by and between the Bank and U.S. Bank National Association, as trustee (the "Trustee"), as supplemented, including by a Second Supplemental Indenture of Trust dated as of October 1, 2020 (the "Second Supplemental Indenture"), by and between the Bank and the Trustee (the Master Indenture, as so supplemented, is hereafter referred to as the "Indenture"). The Bank's outstanding Efficient Buildings Fund Revenue Bonds (Green Bonds) listed under the heading "THE BANK – Outstanding Senior Bonds" herein, the Series 2020 A Bonds and any additional bonds that may be issued in the future on a parity therewith pursuant to the Indenture (the "Additional Senior Bonds") are collectively referred to herein as the "Senior Bonds." The Senior Bonds are payable solely from the funds pledged therefor pursuant to the Indenture, including but not limited to (i) the loan repayments to the Bank from cities and towns receiving loans under the Master Indenture (each referred to herein as a "Borrower" and collectively as the "Borrowers") and (ii) investment earnings on moneys in certain funds and accounts under the Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR SENIOR BONDS" herein. The Borrowers' loan repayments are secured by certain bonds of the Borrowers ("Borrower Bonds") delivered to the Bank and assigned to the Trustee as described herein.

In addition to the Senior Bonds, the Bank, pursuant to the Master Indenture, may issue bonds which are, by their terms, subordinate to the Senior Bonds (the "Subordinated Bonds"). The Senior Bonds and the Subordinated Bonds are collectively referred to herein as the "Bonds". The Series 2020 A Bonds are the second Series of Senior Bonds to be issued under the Master Indenture. No Subordinated Bonds are currently outstanding pursuant to the Master Indenture.

The Series 2020 A Bonds are special obligations of the Bank and do not constitute a pledge of the full faith and credit of the Bank. The Bank has no taxing power. Neither the State of Rhode Island nor any political subdivision thereof shall be obligated to pay the Series 2020 A Bonds, and neither the faith and credit nor the taxing power of the State of Rhode Island or any political subdivision thereof is pledged to the payment of the Series 2020 A Bonds.

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP No.</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP No.</u>
2021	\$605,000	4.00%	0.29%	76223KAR7	2030	\$ 790,000	4.00%	1.33%	76223KBA3
2022	625,000	4.00	0.33	76223KAS5	2031	605,000	4.00	1.52*	76223KBB1
2023	640,000	4.00	0.36	76223KAT3	2032	625,000	4.00	1.62*	76223KBC9
2024	660,000	4.00	0.42	76223KAU0	2033	760,000	4.00	1.75*	76223KBD7
2025	545,000	4.00	0.52	76223KAV8	2034	775,000	4.00	1.83*	76223KBE5
2026	560,000	4.00	0.69	76223KAW6	2035	740,000	4.00	1.90*	76223KBF2
2027	575,000	4.00	0.85	76223KAX4	2037	1,555,000	3.00	2.14*	76223KBG0
2028	680,000	4.00	1.04	76223KAY2	2040	2,485,000	3.00	2.29*	76223KBH8
2029	745,000	4.00	1.21	76223KAZ9					

* Priced at the stated yield to the October 1, 2030 optional redemption date at a redemption price of 100%.

The Series 2020 A Bonds are offered, subject to prior sale, when, as and if issued by the Bank and accepted by the Underwriter, subject to approval as to legal matters by Hinckley, Allen & Snyder LLP, Providence, Rhode Island, Bond Counsel, and to certain other conditions. Certain legal matters will be passed upon for the Bank by its counsel, Harrington & Vitale, Ltd., Providence, Rhode Island, and for the Underwriter by its counsel, Adler Pollock & Sheehan P.C., Providence, Rhode Island. Hilltop Securities Inc., is serving as Municipal Advisor to the Bank in connection with the issuance of the Series 2020 A Bonds. It is expected that the Series 2020 A Bonds will be available for delivery to DTC in New York, New York on or about October 29, 2020.

Morgan Stanley

CUSIP data herein has been provided by CUSIP Global Services, managed by S&P Capital IP on behalf of the American Bankers Association. The CUSIP numbers have been assigned by an independent company not affiliated with the Bank and are included solely for the convenience of the holders of the Series 2020 A Bonds. Neither the Underwriter nor the Bank is responsible for the selection or use of the CUSIP numbers, and no representation is made as to their correctness on the Series 2020 A Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2020 A Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as to the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2020 A Bonds. CUSIP is a registered trademark of the American Bankers Association.

No dealer, broker, salesman or other person has been authorized by the Bank or the Underwriter of the Series 2020 A Bonds to give any information or to make any representation other than those contained in this Official Statement and, if given or made, such other information or representation must not be relied upon as having been authorized by either of the foregoing. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby by any person in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation. The information contained in this Official Statement has been obtained from the Bank, the Borrowers and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness by, and it is not to be construed as a representation by, the Underwriter or, as to information from other sources, the Bank. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Bank or the Borrowers since the date hereof.

The Underwriter intends to offer the Series 2020 A Bonds to the public initially at the offering prices or yields shown on the front cover page hereof, which prices or yields may change subsequently without any requirement or prior notice. The Underwriter may offer and sell the Series 2020 A Bonds to certain dealers (including dealers depositing such Series 2020 A Bonds into investment trusts) at prices lower than the public offering prices shown on the front cover hereof.

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

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

IN CONNECTION WITH THIS OFFERING THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2020 A BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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

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OFFICIAL STATEMENT

\$13,970,000

**RHODE ISLAND INFRASTRUCTURE BANK
EFFICIENT BUILDINGS FUND REVENUE BONDS
SERIES 2020 A (Green Bonds)**

This Official Statement, including the cover page and the appendices hereto, provides information concerning the sale by Rhode Island Infrastructure Bank (the “Bank”), a body politic and corporate and public instrumentality of the State of Rhode Island (the “State”), of its \$13,970,000 Efficient Buildings Fund Revenue Bonds, Series 2020 A (Green Bonds) (the “Series 2020 A Bonds”).

The Series 2020 A Bonds constitute a duly authorized series of bonds of the Bank, issued under and pursuant to the Constitution and laws of the State, particularly the Rhode Island Infrastructure Bank Act, Chapter 12.2 of Title 46 of the Rhode Island General Laws (1956), as amended (together with any rules and regulations promulgated thereunder, the “Act”), and under and pursuant to resolutions adopted by the Bank on September 21, 2020.

The Series 2020 A Bonds are being issued pursuant to an Indenture of Trust dated as of November 1, 2018 (as amended from time to time, the “Master Indenture”), by and between the Bank and U.S. Bank National Association, as trustee (the “Trustee”), as supplemented, including by a Second Supplemental Indenture of Trust dated as of October 1, 2020 (the “Second Supplemental Indenture”), by and between the Bank and the Trustee (the Master Indenture, as so supplemented, is hereafter referred to as the “Indenture”). Unless otherwise defined herein, capitalized terms used in this Official Statement shall have the meanings specified in APPENDIX A-1 - “Summary of Certain Provisions of the Indenture” attached hereto. Terms not otherwise defined in this Official Statement have the meanings provided in the specific documents.

The Series 2020 A Bonds are being issued by the Bank for the purpose of: (i) funding loans (the “Loans”) to certain of the cities and towns within the State more particularly described herein to finance, refinance or reimburse the cost of certain energy efficiency upgrades to public buildings and infrastructure and (ii) paying certain costs associated with issuing the Series 2020 A Bonds.

The cities and towns receiving loans under the Master Indenture are each referred to herein as a “Borrower” and collectively as the “Borrowers.” The Bank will make the Loans to the Borrowers pursuant to the terms of loan agreements between the Bank and the Borrowers (each such agreement, as amended or supplemented, is hereinafter referred to as a “Loan Agreement” and collectively as the “Loan Agreements”). The Borrowers’ loan repayments to the Bank are secured by certain bonds of the Borrowers (“Borrower Bonds”) delivered to the Bank and assigned to the Trustee, as more particularly described herein. The Loan Agreements and the Borrower Bonds are collectively referred to herein as the “Borrower Agreements.” The Borrowers’ payments under the Borrower Bonds are referred to herein as the “Borrower Bond Payments.”

The Series 2020 A Bonds are payable solely from the funds pledged therefor pursuant to the Indenture, including but not limited to: (i) the Borrower Bond Payments as described herein and (ii) investment earnings on moneys in certain funds and accounts under the Indenture. See “SECURITY AND SOURCES OF PAYMENT FOR SENIOR BONDS” herein.

The Bank’s outstanding Efficient Buildings Fund Revenue Bonds (Green Bonds) listed under the heading “THE BANK – Outstanding Senior Bonds” herein, the Series 2020 A Bonds and any additional bonds that may be issued in the future on a parity therewith pursuant to the Indenture (the “Additional Senior Bonds”) are collectively referred to herein as the “Senior Bonds.” In addition to Senior Bonds, the Bank, pursuant to the Master Indenture, may issue bonds which are, by their terms, subordinate to the Senior Bonds (the “Subordinated Bonds”). The Senior Bonds and the Subordinated Bonds are collectively referred to herein as the “Bonds.” The Series 2020 A Bonds are the second Series of Senior Bonds to be issued under the Master Indenture. No Subordinated Bonds are currently outstanding pursuant to the Master Indenture.

INTRODUCTION

The Bank's Efficient Buildings Fund program (the "Efficient Buildings Fund" or "EBF") was established pursuant to the Act as a revolving loan fund to provide loans and other financial assistance to Borrowers for energy efficiency and renewable energy upgrades to public buildings and infrastructure, including municipally-owned buildings and school facilities as well as quasi-governmental agency buildings. Each Borrower is responsible for the ownership and/or operation of its energy efficiency or renewable energy project. The goal of the Efficient Buildings Fund program is for the annual energy savings achieved by the project to exceed the Borrowers' annual Borrower Bond Payments. In the event such energy savings are not achieved, however, each Borrower will remain liable for its Borrower Bond Payments. A Borrower's obligation to pay its Borrower Bond Payments evidencing such Loan may be a general obligation or limited obligation, subject to appropriation of funds by the Borrower. See "INVESTMENT CONSIDERATIONS - Borrower Bond Payments subject to Annual Appropriation" herein. The Bank makes no representation concerning the credit worthiness of any particular Borrower or its ability to make payments upon its Borrower Bonds to the Bank.

The Bank issues Bonds under the EBF by means of the Master Indenture. In connection with the issuance of Bonds under the Master Indenture, the Bank will make Loans to the Borrowers from the following sources of funds: (i) a portion of the proceeds of Bonds; (ii) Regional Greenhouse Gas Initiative Funds ("RGGI Funds") and System Benefit Charges ("SBCs") allocated to the Bank for use in connection with the Efficient Buildings Fund; and (iii) other available funds of the Bank. Such Loans will, in the aggregate, exceed the aggregate principal amount of the Bonds outstanding from time to time.

As set forth in each Loan Agreement, the Bank has determined the interest rate (the "Interest Rate") for each Borrower, that is, the true interest rate that obligations of each individual Borrower would bear, as determined jointly by the Bank and the Borrower, as if such Borrower had issued a series of its own bonds of similar maturity under similar market conditions and with such Borrower's credit rating. The Bank has also set the subsidized interest rate (the "Subsidized Interest Rate") for all Loans to the Borrowers, which has ranged between 80% to 85% of the applicable Interest Rate. See "SECURITY AND SOURCES OF PAYMENT FOR SENIOR BONDS – Loans Made by the Bank" and "APPENDIX A-2 – Summary of Certain Provisions of the Loan Agreement" herein.

Loans made with the proceeds of Senior Bonds are referred to herein as "Bank Loans." Loans made with RGGI Funds, SBCs or other moneys provided by the Bank which, by law, administrative regulation, rule, court order, or otherwise, contain a restriction as to use under the EBF ("Restricted Funds") are referred to herein as "Restricted Loans." RGGI Funds consist of the proceeds generated by the State's Department of Environmental Management from the auction or sale of carbon allowances pursuant to Chapter 23-82 of the Rhode Island General Laws, a portion of which has been allocated to the Bank for use in financing energy efficiency and renewable energy projects under the Efficient Buildings Fund. SBCs consist of nonbypassable charges collected by electric distribution companies (currently National Grid) to support energy efficiency and renewable energy programs in Rhode Island. SBCs are allocated annually pursuant to the Annual Energy Efficiency Plan submitted by National Grid and approved by the Rhode Island Public Utilities Commission. Due to the restrictions placed on the use of SBCs allocated to the Bank, SBCs may only be used to support energy efficiency projects under the Efficient Buildings Fund. Loans made with moneys provided by the Bank which do not contain such a restriction as to use ("Unrestricted Funds"), including, but not limited to, funds appropriated by the State for use in connection with the EBF, are referred to herein as "Unrestricted Loans." Restricted Loans and Unrestricted Loans are collectively referred to herein as "Surplus Loans." Under the Master Indenture, the Bank is authorized to make Loans using any combination of the foregoing. "APPENDIX A-1 – Summary of Certain Provisions of the Indenture – Project Fund - Borrower Bonds Evidencing Combination of Bank Loans and Surplus Loans" herein.

Since the inception of the EBF, the Bank has received Restricted Funds in the amount of \$28.1 million consisting of \$22.1 million in SBCs and \$6.0 million in RGGI Funds. Of this amount, the Bank has used \$10.7 million in SBCs and \$4.2 million in RGGI Funds to make Restricted Loans to Borrowers, which Restricted Loans were outstanding in the aggregate principal amount of \$9.0 million (consisting of \$7.1 million of SBC-funded Restricted Loans and \$1.9 million of RGGI Funds-funded Restricted Loans) as of June 30, 2020. The Bank will also use \$8.2 million and \$3.2 million in SBCs to make Restricted Loans to the City of East Providence ("East Providence") and to the City of Warwick ("Warwick"), respectively, on the date of delivery of the Series 2020 A Bonds. See

“ESTIMATED SOURCES AND USES OF FUNDS” herein. See “PLEDGED LOANS – Program Data for Loan Program” herein.

In the past, the Bank has used Unrestricted Funds, consisting of the proceeds of bond anticipation notes issued outside of the Indenture, to make direct loans outside of the Indenture to Local Governmental Units under the EBF. Such bond anticipation notes were refunded either with proceeds of the Series 2018 A Bonds (as more particularly described under the heading “THE BANK - Outstanding Senior Bonds” herein) or a combination of Restricted Funds and proceeds of the Series 2018 A Bonds. In connection with the issuance of the Series 2018 A Bonds, the Bank pledged the Loan Agreements, Borrower Bonds and Borrower Bond Payments with respect to such direct loans to the Trustee pursuant to a Supplemental Indenture as security for the Senior Bonds. Such direct loans refinanced with proceeds of the Series 2018 A Bonds were thereafter deemed Bank Loans and such direct loans refinanced with Restricted Funds were thereafter deemed pledged Restricted Loans. Otherwise, no Unrestricted Loans have been made to date and no Unrestricted Loans are being made in connection with the issuance of the Series 2020 A Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS” herein. See “PLEDGED LOANS – Program Data for Loan Program” herein.

Senior Bonds, including the Series 2020 A Bonds, are secured equally and ratably by the Bank’s pledge and assignment to the Trustee pursuant to the Master Indenture of the Loan repayments from all Borrowers receiving Bank Loans on the date of delivery of a Series of Senior Bonds and from time to time thereafter. Also, as of the date of delivery of the Series 2020 A Bonds, the Bank will have assigned and pledged to the Trustee the Loan repayments on all outstanding Restricted Loans (including the Restricted Loans to be made on the date of delivery of the Series 2020 A Bonds) pursuant to Supplemental Indentures as security for the Senior Bonds, including but not limited to the Series 2020 A Bonds. See “PLEDGED LOANS – Summary of Program Loans” and “SECURITY AND SOURCES OF PAYMENT FOR SENIOR BONDS – “Loans Made with Proceeds of Senior Bonds (Bank Loans),” and “— Surplus Loans” herein.

For a description of the Loans made to date by the Bank, and the Loans to be made to Borrowers on the date of delivery of the Series 2020 A Bonds, each by funding source, see “PLEDGED LOANS – Project Data for Series 2020 A Loan Program” herein.

Loans are expected to be made to the following Borrowers in connection with the issuance of the Series 2020 A Bonds: East Providence and Warwick, as more particularly described herein under the heading “PLEDGED LOANS – Project Data for Loan Program” in connection with the issuance of the Series 2020 A Bonds. Loans are expected to be made to other Borrowers not described in this Official Statement from time to time in the future with the proceeds of Additional Senior Bonds, Restricted Funds or Unrestricted Funds. Each Borrower is responsible for the repayment of its Loan and is not responsible for the default of any other Borrower’s payments. Notwithstanding the foregoing, in the event of a default by any Borrower in making Borrower Bond Payments, a default by one Borrower may require all Borrowers to pay up to the stated Interest Rate on their Borrower Bonds and not the Subsidized Interest Rate. See “SECURITY AND SOURCES OF PAYMENT FOR SENIOR BONDS -- Loans Made with Proceeds of Senior Bonds (Bank Loans),” “INVESTMENT CONSIDERATIONS” and “APPENDIX A-2 -- Summary of Certain Provisions of the Loan Agreements” herein.

This Official Statement contains descriptions of and information regarding the application of the proceeds of the Series 2020 A Bonds, the security and sources of payment therefor, the Bank and the Efficient Buildings Fund program. APPENDIX A contains a summary of certain provisions of the Indenture and Loan Agreements. The audited financial statements of the Bank are included as APPENDIX B. APPENDIX C contains certain information regarding the Town of West Warwick and APPENDIX D contains certain information regarding East Providence. See “PLEDGED LOANS – Town of West Warwick” and “– City of East Providence” and “CONTINUING DISCLOSURE” herein. The proposed form of approving opinion of Bond Counsel is included as APPENDIX E. The proposed forms of Bank Continuing Disclosure Certificate, Town of West Warwick Continuing Disclosure Certificate and City of East Providence Continuing Disclosure Certificate are included as APPENDIX F. Certain information regarding the book-entry-only system used in connection with the Series 2020 A Bonds is included as APPENDIX G.

Descriptions and information contained in this Official Statement do not purport to be comprehensive and the descriptions of documents contained herein are qualified in their entirety by reference to such documents. Copies

of the Indenture and the forms of the Borrower Agreements herein described may be obtained from the Bank. Copies of such documents will be available for inspection at the principal corporate trust office of the Trustee upon the initial delivery of the Series 2020 A Bonds.

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

The global outbreak of the novel coronavirus COVID-19 (“COVID-19”) and measures taken by federal, state and local governments in response thereto are affecting individuals and businesses in a manner that, to an unknown extent, will have a negative impact on economic activity across the country and the State. For a description of certain of these measures, and the potential impact on the Bank and the Borrowers, see “INVESTMENT CONSIDERATIONS – Impact of COVID-19” herein.

THE SENIOR BONDS ARE SPECIAL OBLIGATIONS OF THE BANK PAYABLE SOLELY FROM, AND SECURED BY, A PLEDGE OF REVENUES GENERATED BY CERTAIN BORROWER BONDS AND THE LOANS EVIDENCED THEREBY AND OTHER MONEYS AND SECURITIES HELD IN CERTAIN FUNDS ESTABLISHED PURSUANT TO THE INDENTURE.

THE BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE STATE OR ANY OF ITS SUBDIVISIONS OR AN INDEBTEDNESS FOR WHICH THE FAITH AND CREDIT OF THE STATE OR ANY OF ITS SUBDIVISIONS OR ANY OF ITS REVENUES ARE PLEDGED. THE BANK HAS NO TAXING POWER.

THE BANK

The Bank was created as a body politic and corporate and public instrumentality of the State. In addition to the Efficient Buildings Fund, the Bank administers the Clean Water State Revolving Fund created under Title VI of the Federal Clean Water Act and the Drinking Water State Revolving Fund created under the Federal Safe Drinking Water Act, each as amended. These programs provide financial assistance principally through the issuance of bonds for municipal or community wastewater and drinking water infrastructure projects. For wastewater and drinking water projects which are not eligible for financial assistance from the revolving funds, the Bank is authorized to issue its bonds as a conduit issuer to provide funding for these projects. See “THE BANK – Certain Other Bank Programs and Indebtedness” herein, for more information about the Bank’s lending programs.

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

Directors and Officers

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

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

Merrill W. Sherman, Chair (Gubernatorial appointment; term expires March 1, 2021). Ms. Sherman, a resident of Jamestown, Rhode Island, is a co-founder of Bank Rhode Island and the former President and CEO of three community banks and two publicly traded bank holding companies. In addition to her public agency presence, she serves on the Board of Directors of Brookline Bancorp, Inc. and its subsidiary, Brookline Bank and Blue Cross/Blue Shield of Rhode Island (Finance Committee Chair), and the Rhode Island Public Broadcast System

Foundation. She also serves on the Board of Trustees of Johnson & Wales University (Investment Committee Chair). Ms. Sherman graduated from Mount Holyoke College and the University of Denver, College of Law.

Scott D. Lajoie, Vice Chair (Gubernatorial appointment; term expired March 1, 2020). Mr. Lajoie, a resident of Warwick, Rhode Island, is a Vice President in the business banking group at Bank Rhode Island. Mr. Lajoie was formerly a Vice President in the Commercial Real Estate Group at The Washington Trust Company and Vice President in Commercial Lending of First Bank & Trust Company. Mr. Lajoie serves on the City of Warwick Retirement Board as well as the Board of Junior Achievement of Rhode Island.

Seth Magaziner, Treasurer (Rhode Island General Treasurer, serves ex-officio). Mr. Magaziner is the current General Treasurer of the State of Rhode Island. Prior to his election as General Treasurer, Mr. Magaziner was Vice President at Trillium Asset Management, a socially responsible investment firm, where he oversaw the firm's investment strategy for energy, banking and diversified financial industries. Previously, he worked as a schoolteacher with Teach for America in rural Louisiana in the aftermath of Hurricane Katrina. Mr. Magaziner currently serves on the board of directors of Crossroads Rhode Island, and previously served on the boards of Common Cause of Rhode Island, Serve Rhode Island, Marriage Equality Rhode Island and the Bristol 4th of July Committee. Mr. Magaziner is a graduate of Brown University and the Yale School of Management.

Joshua Celeste, Secretary (Gubernatorial appointment; term expired March 1, 2020). Mr. Celeste, a resident of Saunderstown, Rhode Island, is a partner at Duffy & Sweeney, LTD. Mr. Celeste received a Bachelor of Science from the University of Rhode Island in 1997 and a juris doctorate from the Roger Williams University School of Law in 2000.

Lisa Ferrara, Assistant Secretary (Gubernatorial appointment; term expires March 1, 2021). Ms. Ferrara, a resident of Cranston, Rhode Island, is a retired Partner with GMO LLC. Ms. Ferrara was formerly a Senior Vice President of Putnam Investments. Prior to that, she served as a Vice President with Morgan Stanley Asset Management and a Vice President with State Street Bank.

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

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

The Executive Director of the Bank is Jeffrey R. Diehl, who was unanimously appointed by the Board of Directors on March 21, 2016. Mr. Diehl brings over three decades of experience in multinational banking, capital market strategy and public-sector finance to his role at the Bank. Most recently, Mr. Diehl served as the Managing Partner of Strategic Sovereign Advisors, a financial consulting firm. Prior to his role at Strategic Sovereign Advisors, Mr. Diehl held leadership positions at London-based HSBC, a global bank. During his tenure at HSBC, he served as Vice Chairman of the US Public Sector, Global Head of Public Sector Banking and Global Head of Public Sector Capital Markets. Prior to HSBC, Mr. Diehl held progressively senior positions in capital markets, public finance and asset and liability management with a number of top tier international financial institutions. Mr. Diehl holds both a Bachelor of Arts and a Master of Business Administration from the University of Michigan.

The Chief Operating and Financial Officer is David A. Birkins, who joined the Bank on February 6, 2017. Mr. Birkins brings over three decades of experience in financial services, including regional community banks and financial technology firms. Before joining the Bank, Mr. Birkins served as the Executive Managing Director of the NBS Group, a boutique bank consulting firm. Past roles include Chief Operating Officer and Chief Financial Officer of two fintech insurance companies. Mr. Birkins also held progressively senior positions in various capacities within community banking including serving as Chief Operating Officer and Chief Financial Officer of Claremont Savings Bank and Union Savings Bank, respectively. Mr. Birkins is a graduate of the University of Connecticut where he majored in economics and finance.

The office of the Bank is located at 235 Promenade Street, Suite 119, Providence, Rhode Island 02908. Its telephone number is (401) 453-4430. Web address: www.riib.org. In addition, information of interest to investors may be found on the Bank's investor website at www.riibbonds.com. None of the information posted on the Bank's investor website is incorporated by reference herein.

Outstanding Senior Bonds

The Series 2020 A Bonds represent the second issuance of Senior Bonds under the Master Indenture. As of October 1, 2020, the Bank had \$16.1 million of Senior Bonds outstanding under the Master Indenture, as shown in the following table. No Subordinated Bonds are currently outstanding under the Master Indenture.

<u>Senior Bonds</u>	<u>Final Maturity</u>	<u>Original Issuance</u>	<u>Outstanding Principal (October 1, 2020)</u>
Series 2018 A Bonds	October 1, 2033	\$18,310,000	\$16,110,000

Certain Other Bank Programs and Indebtedness

As noted above, the Bank administers the Clean Water State Revolving Fund through the Water Pollution Control Revolving Fund (the “WPCRF”) established pursuant to Chapter 12.2 of Title 46 of the Rhode Island General Laws (1956) and, as noted above, Title VI of the Federal Clean Water Act of 1972, each as amended. The WPCRF provides subsidized loans to certain Local Governmental Units to finance or refinance the cost of construction or rehabilitation of water pollution abatement projects. As of June 30, 2020, loans outstanding in the WPCRF amounted to \$680.9 million. As of June 30, 2020, the Bank had \$402.5 million and \$24.7 million of senior and subordinate bonds outstanding, respectively, under the WPCRF. All of the bonds issued under the WPCRF have been issued under a separate indenture and the loan repayments securing such bonds are not pledged as security for the Bonds.

The Bank also administers the Rhode Island Water Pollution Control Revolving Fund (the “State Program”) and, as part of the State Program, the Facility Plan Loan Program. The State Program is a direct loan program established to finance water pollution abatement projects which are not financed through the WPCRF. The State Program is also used to make loans to municipalities and wastewater service providers for the update of long-term capital infrastructure improvements planning (“Facility Plans”) as part of the Facility Plan Loan Program. Within the State Program, the Bank has also established the Clean Water and Stormwater Infrastructure Fund (the “CWSIF”). These programs are funded through capitalization grants from State general obligation bond issues and other funds which the Bank may deposit into the State Program from time to time. To the extent not otherwise restricted, repayments of the direct loans from the State Program may be: (i) recycled into new direct loans from the CWSIF or other State Program account or (ii) deposited into the WPCRF and used to make direct loans, at the discretion of the Bank. As of June 30, 2020, the unpaid principal balance of loans outstanding in the State Program amounted to \$8.5 million. Repayments under the State Program are not pledged as security for the Bonds.

The Bank administers a leveraged revenue bond program under the Drinking Water State Revolving Fund (“DWSRF”) established pursuant to Chapter 12.8 of Title 46 of the Rhode Island General Laws (1956) and the federal Safe Drinking Water Act, each as amended. The DWSRF provides subsidized loans to public and private drinking water suppliers for approved safe drinking water projects. As of June 30, 2020, the unpaid principal balance of loans outstanding in the DWSRF amounted to \$373.5 million. As of June 30, 2020, the Bank had \$178.6 million and \$21.4 million of senior and subordinate bonds outstanding, respectively, under the DWSRF. All of the bonds issued under the DWSRF have been issued under a separate indenture and the loan repayments securing such bonds are not pledged as security for the Bonds.

The Bank has established a Community Septic System Loan Program (“CSSLP”) through which communities may borrow funds to address non-point source wastewater pollution abatement issues. The CSSLP gives communities the ability to provide their residents whose septic systems are failing, have failed or are substandard with low-interest cost funds for repair or replacement. Projects to close cesspools and install septic systems are also eligible for CSSLP financing. De-allocated funds under the WPCRF provide the money for this direct loan program. As of June 30, 2020, the unpaid principal balance of loans outstanding in the CSSLP amounted to \$9.6 million. Repayments under the CSSLP are not pledged as security for the Bonds.

The Bank has also established a Sewer Tie-In Loan Fund (“STILF”) under the State Program through which communities may borrow funds to address non-point source wastewater pollution abatement issues. The STILF gives communities the ability to provide their residents low cost financing for sewer connections (pipe linking a house to a street collector). State Program funds provide the money for this direct loan program. As of June 30, 2020, the unpaid

principal balance of loans outstanding in the STILF amounted to \$565,000. Repayments under the STILF are not pledged as security for the Bonds.

The Bank has also established another leveraged revenue bond program, its Municipal Road and Bridge Revolving Fund (the “MRBRF”), pursuant to Chapter 12.2 of Title 46 of the Rhode Island General Laws (1956) and the Municipal Road and Bridge Revolving Fund Act, Chapter 18 of Title 24 of the Rhode Island General Laws (1956), each as amended. The purpose of the MRBRF is to provide low interest loans to borrowers identified by the Rhode Island Department of Transportation for road and bridge infrastructure. The Bank has made 34 MRBRF loans totaling \$107.2 million as of June 30, 2020. As of June 30, 2020, the Bank had \$41.0 million of senior bonds outstanding under the MRBRF. All of the bonds issued under the MRBRF have been issued under a separate indenture and are not pledged as security for the Bonds.

In addition to the above programs, the Bank also administers the State’s Property Assessed Clean Energy (“PACE”) program, coordinating financial assistance (either directly from the Bank or through outside financial institutions) to residential and commercial property owners for energy efficiency or renewable energy projects, which the property owners would repay in conjunction with their property tax payments. In 2016, the Bank established a Commercial PACE program, with the initial Commercial PACE loans closing in March 2017. The Bank is in the process of establishing a similar program for residential property owners.

The Bank also has been designated as the State’s administrator for brownfields revolving loan funds, providing financial assistance to municipalities and private entities for remediation and development of brownfields sites. The Bank was awarded an \$820,000 grant from EPA to capitalize a revolving fund for Brownfields site remediation projects.

As of June 30, 2020, the Bank had \$62.9 million in other long-term indebtedness outstanding in connection with bonds issued to fund loans to (i) the City of Cranston to refinance the indebtedness of the privatization of its water treatment facility (\$19.6 million); (ii) Warwick to finance sewer projects (\$2.8 million); (iii) the City of Pawtucket to refinance the indebtedness of certain drinking water projects (\$24.3 million); (iv) the City of Newport to finance and refinance the indebtedness related to certain drinking water projects (\$5.7 million), and refinance the indebtedness of certain sewer projects (\$3.8 million); and (v) the Town of Coventry to refinance the indebtedness of certain sewer projects (\$6.7 million). These loans are not pledged as security for the Bonds.

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

In addition, across its other programs and subject to market conditions, the Bank expects to issue other bonds for the purposes of (i) funding loans or (ii) finance either a current or advance refunding of certain of the Bank’s outstanding bonds.

Transfer to the State General Fund

The State’s budget for fiscal year 2020 included transfers to the State of more than \$13.0 million in the aggregate from five (5) quasi-public State agencies, including \$4.0 million from the Bank payable on or before June 30, 2020. The Supplemental Budget for fiscal year 2020, which was approved by the Rhode Island General Assembly (the “General Assembly”) on June 18, 2020, included an additional transfer of \$9.0 million from the Bank and \$12.8 million from the MRBRF, which occurred on June 30, 2020.

In addition, the Governor’s proposed budget for fiscal year 2021 includes transfers to the State of more than \$16.0 million in the aggregate from six (6) quasi-public State agencies, including \$5.0 million from the Bank payable on or before June 30, 2021. It is anticipated that the General Assembly will approve the budget for fiscal year 2021 late in 2020 or early in 2021. It is unknown whether the proposed \$5.0 million transfer will be included in the final fiscal year 2021 budget.

THE SERIES 2020 A BONDS

General

The Series 2020 A Bonds are dated as of their date of delivery, are scheduled to mature as set forth on the front cover of this Official Statement and bear interest from their date at the rates set forth on the cover of this Official Statement, which interest is payable on April 1 and October 1 of each year commencing April 1, 2021 (each April 1 and October 1, commencing April 1, 2021, being hereinafter referred to as an “Interest Payment Date”). Interest shall be calculated on the basis of a 360-day year, consisting of twelve 30-day months.

Book-Entry-Only System

The Series 2020 A Bonds are issuable only as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), to which principal and interest payments on the Series 2020 A Bonds will be made so long as DTC or its nominee is the registered owner of the Series 2020 A Bonds. The Series 2020 A Bonds will be issued in denominations of \$5,000 or any multiple thereof. Individual purchasers of the Series 2020 A Bonds will not receive physical delivery of certificates representing their ownership interests in the Series 2020 A Bonds, except in the event that use of the book-entry system for the Series 2020 A Bonds is discontinued. Transfers of the Series 2020 A Bonds and principal and interest payments on the Series 2020 A Bonds will be made as described in APPENDIX G. Beneficial owners of the Series 2020 A Bonds should make appropriate arrangements with their broker or dealer to receive notices (including notices of redemption) and other information regarding the Series 2020 A Bonds that may be conveyed by DTC to its participants. SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE SERIES 2020 A BONDS, ALL REFERENCES HEREIN TO THE BONDHOLDERS OR THE REGISTERED OWNERS OF THE SERIES 2020 A BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2020 A BONDS EXCEPT AS PROVIDED IN APPENDIX G HERETO. See “APPENDIX G – Book-Entry-Only System” herein.

Redemption Prior to Maturity

Optional Redemption: The Series 2020 A Bonds maturing on and before October 1, 2030 are not subject to optional redemption prior to their stated dates of maturity. The Series 2020 A Bonds maturing on or after October 1, 2031 are subject to redemption prior to maturity, in whole or in part at any time, and if in part, by lot within a maturity, at the option of the Bank, from any moneys available therefor, on and after October 1, 2030 in such order of maturity as shall be determined by the Bank, at par, together with accrued and unpaid interest to the date fixed for redemption.

Partial Redemption: In the event of redemption of less than all of the Series 2020 A Bonds, the particular maturities of the Series 2020 A Bonds to be redeemed shall be selected by the Bank in its discretion. In the event of redemption of less than all of the Series 2020 A Bonds of like maturity, the Trustee shall assign to each Series 2020 A Bond of the maturity to be redeemed a distinctive number for each unit of the principal amount of such Series 2020 A Bond equal to the lowest denomination in which the Series 2020 A Bonds 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 Series 2020 A Bonds as many numbers as, at such unit amount equal to the lowest denomination in which the Series 2020 A Bonds are authorized to be issued for each number, shall equal the principal amount of such Series 2020 A Bonds to be redeemed. Notwithstanding the foregoing, in the event of redemption of less than all of a Series 2020 A Bond that is a Term Bond, the Trustee shall, at the written direction of the Bank, redeem, in the authorized denominations for the Series 2020 A Bonds, either: (i) a portion of each Sinking Fund Installment of such Term Bond on a pro rata basis or (ii) all or a portion of one or more Sinking Fund Installments of such Term Bond.

Notwithstanding the foregoing, so long as DTC or its nominee is the sole registered owner of such Series 2020 A Bonds, the particular Series 2020 A Bonds, or portions thereof, to be redeemed within a maturity shall be selected by lot by DTC in such manner as DTC shall determine. See “APPENDIX G – Book-Entry-Only System” herein.

Notice of Redemption

As long as the Series 2020 A Bonds to be redeemed are registered in the name of Cede & Co. (or a successor entity) in the book-entry system, the Trustee shall give notice of the call for any redemption not less than thirty (30) days nor more than sixty (60) days prior to the redemption date to Cede & Co. (or a successor entity) as the registered owner of each such Series 2020 A Bond or portion of a Series 2020 A Bond to be redeemed at the address appearing on the registration books maintained by the Trustee as Registrar. At such time as the Series 2020 A Bonds to be redeemed are no longer held by Cede & Co. (or a successor entity), the Trustee shall give notice of the call for any redemption by mailing a copy of such notice not less than thirty (30) days nor more than sixty (60) days prior to the redemption date by first-class mail, postage prepaid, to the registered owner of such Series 2020 A Bonds at such Owner's address as it appears on the registration books maintained by the Trustee as bond registrar not more than ten (10) Business Days prior to the date such notice is given. The Series 2020 A Bonds so called for redemption will cease to bear interest on the specified redemption date and shall no longer be secured by the Indenture, provided that funds for such redemption are on deposit at the time with the Trustee.

In the case of an optional redemption, the notice may state: (a) that it is conditioned upon the deposit of moneys, in an amount equal to the amount necessary to effect the redemption, with the Trustee no later than the redemption date and/or (b) that the Bank retains the right to rescind such notice on or prior to the scheduled redemption date (in either case, a "Conditional Redemption"), and such notice and optional redemption shall be of no effect if such moneys are not so deposited or if the notice is rescinded as described below.

Any Conditional Redemption may be rescinded in whole or in part at any time prior to the redemption date upon written notice from the Bank to the Trustee instructing the Trustee to rescind the redemption notice. The Trustee shall give prompt notice of such rescission to the affected Bondowners. Any Series 2020 A Bonds subject to Conditional Redemption where redemption has been rescinded shall remain Outstanding, and the rescission shall not constitute an Event of Default. Further, in the case of a Conditional Redemption, the failure of the Bank to make funds available in part or in whole on or before the redemption date shall not constitute an Event of Default, and the Trustee shall give immediate notice to the DTC or the affected Bondowners that the redemption did not occur and that the Series 2020 A Bonds called for redemption and not so paid remain Outstanding.

The Trustee, so long as a book-entry system with DTC is used for determining beneficial ownership of the Series 2020 A Bonds, shall send any notice of redemption to DTC, or its nominee, as registered owner of the Series 2020 A Bonds (see "APPENDIX G – Book-Entry-Only System" herein). Transfer of such notice to DTC's Participants is the sole responsibility of DTC. Transfer of such notice to Beneficial Owners by Participants is the responsibility of the Participants and other nominees of Beneficial Owners of the Series 2020 A Bonds. Any failure of DTC to mail such notice to any Participant will not affect the validity of the redemption of the Series 2020 A Bonds. The Trustee can make no assurances that DTC, the Participants or other nominees of the Beneficial Owners of the Series 2020 A Bonds will distribute such redemption notices to the Beneficial Owners of the Series 2020 A Bonds, or that they will do so on a timely basis, or that DTC will act as described in its Official Statement.

ESTIMATED SOURCES AND USES OF FUNDS

The projected sources and uses of funds, including proceeds of the Series 2020 A Bonds, are as follows:

Sources of Funds:

Series 2020 A Bonds	\$13,970,000.00
Original Issue Premium	2,063,589.10
Restricted Funds – SBCs	<u>11,440,105.00</u>
Total	\$27,473,694.10

Uses of Funds:

Bank Loans	\$15,759,895.00
Restricted Loans	11,440,105.00
Costs of Issuance ⁽¹⁾	<u>273,694.10</u>
Total	\$27,473,694.10

⁽¹⁾ This amount includes: (i) costs of issuance of the Series 2020 A Bonds, including Underwriter's discount, and (ii) the rounding amount.

THE EFFICIENT BUILDINGS FUND PROGRAM AND THE OFFICE OF ENERGY RESOURCES

The Rhode Island Office of Energy Resources (the "OER") was created as a department within the Executive Branch of the State pursuant to Chapter 42-140 of the Rhode Island General Laws (the "Energy Resources Act"). The Commissioner of the OER is the head of the OER and is appointed by the Governor of the State with the advice and consent of the State Senate.

Under the Energy Resources Act, OER is given broad powers to develop and put into effect plans and programs to promote, encourage, and assist the efficient and productive use of energy resources in Rhode Island, and to coordinate energy programs for natural gas, electricity, and heating oil to maximize the aggregate benefits of conservation and efficiency of investments. Additionally, under the Act, the OER is charged with establishing the criteria for determining those energy efficiency and renewable energy projects to be approved for financial assistance under the Efficient Buildings Fund (including a priority determination system); the specification of the eligible costs of such projects; and compliance procedures for projects constructed in whole or in part with funds made available under the Act.

The OER has agreed to assume programmatic responsibilities for the Efficient Buildings Fund and the Bank has agreed to assume the financial and operational responsibilities for the Efficient Buildings Fund including the determination of the type of financial assistance to be provided to Borrowers. The OER has promulgated regulations establishing a project priority list for the Efficient Buildings Fund (the "Project Priority List") and the criteria used by OER to determine project eligibility. The Bank has promulgated regulations establishing the process through which a Borrower may apply for a Loan or other financial assistance to the Bank.

Projects eligible for Efficient Buildings Fund financing include any measures that will conserve energy or produce clean energy, as set forth in regulations promulgated by the OER; provided, that such projects are "cost-effective," meaning that the lifetime savings exceed the lifetime cost of the project (including financing costs). The Project Priority List specifies, among other things, the estimated costs of projects that are eligible for Loans or other financial assistance and other terms and conditions relating to the construction and operation of the projects. For a project to be eligible for financing, it must be scored and ranked on the Project Priority List by the OER, which may include a technical audit or other technical analysis as approved by the OER. No project is eligible for financing by the Bank until the OER has placed it on the Project Priority List, which is updated at least annually.

Applications must include: (1) a description of the project(s) to be financed with the projected construction and completion schedule and in case of a refinancing, a description of the completed project and the terms and source of previous financing; (2) a description of the source of repayment (i.e. projected energy savings, general revenues of the Borrower, appropriation obligation or other dedicated source revenue of the Borrower; (3) a description of the

overall operations of the Borrower with an emphasis on legal structure, management, sources of revenues, operating expenses, operating surpluses or deficits, actual results versus budget, and sources of financial liquidity; (4) legal authority or authorities to construct, finance and operate the project; (5) audited financial statements for the past five fiscal years prepared in accordance with Generally Accepted Government Accounting Standards; and (6) financial and demographic information.

Borrowers may also submit an application to refinance a previously installed project; provided, that the project meets the requirements of OER. Applications submitted for refinancing, however, receive the lowest ranking on the Project Priority List. Otherwise, only new equipment can be financed through the Efficient Buildings Fund.

The OER's Technical Review Committee reviews the applications from Borrowers requesting financing in connection with the Efficient Buildings Fund to determine whether the project is eligible to be listed on the Project Priority List. The OER uses the following evaluation criteria when ranking projects on the Project Priority List:

- A. For renewable energy projects involving solar or wind energy, OER will consider: (1) energy output of the installed system (kWh); (2) installed price per watt of the installation; (3) any environmental initiatives; (4) timeliness and readiness of the project.
- B. For energy efficiency projects, OER will consider: (1) energy savings and comprehensiveness; (2) any environmental initiatives; (3) timeliness and readiness of the project.

OER will also consider the additional criteria of distressed community status in evaluating an application.

The Bank reviews and approves all applications for projects to be financed through the Efficient Buildings Fund and uses the Project Priority List to determine the order in which Loans or other financial assistance will be awarded. After OER places a project on the Project Priority List, the Bank conducts a financial analysis of each application, upon which the Bank will determine whether to approve an application. If an application is approved for funding from the Efficient Buildings Fund, then the Bank will issue a commitment letter to the Borrower for its acceptance.

Renewable energy projects eligible for financing under the Efficient Buildings Fund, alone or in combination with eligible energy efficiency measures, include: (a) solar electric (photovoltaic) systems (including battery back-up systems); provided, that only electric (PV) projects are eligible and the project must include the components necessary to result in a functional system; and (b) wind energy; provided, that only systems which are 100kW or greater with a direct drive nacelle are eligible. Projects for other renewable energy technologies, as described in Section 39-26-5 of the Rhode Island General Laws, may be deemed eligible by OER on a periodic or case-by-case basis.

All Borrowers are required to comply with OER's data and reporting requests for at least five (5) years following project completion, including, but not limited to, the following requirements: (1) actual number of full time equivalent jobs for the project; (2) job types; (3) entity-wide energy consumption compared to baseline consumption that was submitted in the Borrower's application; (4) for energy efficiency projects, comparison of actual units of energy (e.g., kWh, therms, gallons) saved versus estimated units of energy saved based on the Borrower's application; and (5) for renewable energy projects, accessibility to the project production dash boards.

See the Office of Energy Resources website at www.energy.ri.gov and the Bank's website at www.riib.org for a more detailed list of eligibility criteria and program terms and conditions.

GREEN BONDS DESIGNATION

The Bank is a signatory to the Green Bond Pledge of March 2018, a joint initiative developed and designed by international climate finance and environmental groups including the Climate Bonds Initiative, Mission 2020, CDP, Ceres, Citizens Climate Lobby, California Governor's Office, California Treasurer's Office, Global Optimism, NRDC, and The Climate Group. The Green Bond Pledge calls on signatories to incorporate resilient and sustainable solutions when planning, designing and building/rehabilitating infrastructure assets. In that regard, the Bank is committed to financing projects that directly account for environmental impacts and climate risk.

In furtherance of the foregoing, the Bank has designated the Series 2020 A Bonds as “Green Bonds,” based on the intended use of the proceeds of the Series 2020 A Bonds to finance an environmentally beneficial energy efficiency project, in alignment with the Green Bond Principles 2018 (the “Green Bond Principles”) established by the International Capital Market Association (the “ICMA”). See “*Use of Bond Proceeds – The Project*” below. The purpose of labeling the Series 2020 A Bonds as Green Bonds is to allow investors to invest directly in bonds that finance such environmentally beneficial projects. See <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/> for a complete listing of the Green Bond Principles 2018. The Bank also designated the Series 2018 A Bonds, as well as certain series of bonds outstanding under the CWSRF and the DWSRF, as Green Bonds.

By reference to the ICMA’s Green Bond Principles, the Bank has determined that the Bank’s Green Bonds designation reflects the use of the proceeds of the Series 2020 A Bonds in a manner that is consistent with “Goal 4: Quality Education,” “Goal 7: Affordable and Clean Energy” and “Goal 13: Climate Action” of the United Nations 17 Sustainable Development Goals (referred to as “UNSDGs” generally and, “SDG 4,” “SDG 7” and “SDG 13” specifically). According to the United Nations, the UNSDGs were adopted by the United Nations General Assembly in September 2015 as part of its 2030 Agenda for Sustainable Development. According to the United Nations, SDG 4 is focused on providing quality education as the foundation to improving people’s lives and sustainable development. SDG 7 is focused on ensuring access to affordable, sustainable and clean energy. SDG 13 is focused on addressing the global challenge of climate change.

The Series 2020 A Bonds are secured equally and ratably with the other Senior Bonds issued under the Indenture. The term Green Bonds is used herein for identification purposes only. The holders of the Series 2020 A Bonds do not assume any specific project risk or economic benefit related to any of the funded projects as a result of the Green Bonds designation.

Use of Bond Proceeds – The Project. Below is a brief description of the project expected to be financed with the proceeds of the Series 2020 A Bonds. See “PLEDGED LOANS - Project Data for Loan Program” herein.

East Providence: The East Providence project involves energy efficiency improvements in the construction of East Providence’s new high school.

Process for Project Evaluation and Selection - Please refer to “THE EFFICIENT BUILDINGS FUND PROGRAM AND THE OFFICE OF ENERGY RESOURCES” herein for details on the process for project evaluation and selection.

Management of Proceeds - The proceeds of the Bonds will be tracked by the Bank and deposited in a segregated account for East Providence. A chart identifying (a) the project expected to be financed with the proceeds of the Series 2020 A Bonds, (b) the amount of such loan expected to be provided for the project and (c) the percent of the loan disbursed by the Bank for the project is attached as APPENDIX H to this Official Statement. The satisfactory completion of the project, modifications to the project and other factors may cause: (i) the loan amount to vary, (ii) other environmentally beneficial projects to be added, or (iii) the identity of the Borrower to change. Accordingly, the information included in APPENDIX H is subject to change. The Bank reserves the right to modify the projects included in APPENDIX H and to substitute one or more Borrowers provided that the substituted projects of such Borrowers are deemed by the Bank to be environmentally beneficial.

Reporting - The Bank plans to voluntarily post annual updates on the use of the proceeds of the Series 2020 A Bonds in the form of updates to APPENDIX H to be included in its annual reports posted on www.riib.org.

PLEDGED LOANS

Project Data for Loan Program

The following is a list of the Borrowers receiving Loans in connection with the issuance of the Series 2020 A Bonds, including the amount and source of each Loan and the type of pledge given by each Borrower as security for its Borrower Bonds:

<u>Borrower</u>	<u>Amount</u>	<u>Loan Source</u> ¹	<u>Loan Pledge</u> ²	<u>Indenture Pledge</u> ³
East Providence	\$24,000,000	BL/RL-SBCs	GO	YES
Warwick	3,200,000	RL-SBCs	APP	YES

¹ BL: Bank Loan funded with proceeds of Series 2020 A Bonds

RL-SBCs: Restricted Loan funded with SBCs

² APP: Loan Subject to Appropriation

GO: General Obligation

³ Bank will pledge and assign to the Trustee the Borrower Agreements and the Borrower Bond Payments in respect to such Loans as security for the Senior Bonds.

The Borrower Bonds of East Providence are a general obligation of East Providence, for the payment of which the full faith and credit, *ad valorem* taxes and general fund revenues of East Providence are pledged. The Borrower Bonds of Warwick are an appropriation obligation of Warwick. For a discussion of the risks associated with appropriation obligations, see “INVESTMENT CONSIDERATIONS - Borrower Bond Payments subject to Annual Appropriation” below.

The Bank expects to make loans to East Providence and Warwick in the principal amounts listed above, but the satisfactory completion of the projects, modification of projects and other factors may cause the loan amounts to vary and the identity of such Borrowers to change. Accordingly, the Borrowers participating in the EBF from time to time, and the principal amount of a Borrower’s Loan are subject to change and cannot be assured by the Bank.

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Summary of Program Loans

The following is a list of the Borrowers that have received Loans to date under the EBF, including the amount and source of each Loan and the type of pledge given by each Borrower as security for its Borrower Bonds, the Loan repayments of which have been assigned and pledged to the Trustee as security for the Senior Bonds, including but not limited to the Series 2020 A Bonds. To date, no Borrower has defaulted on its Borrower Bonds under the EBF.

Summary of Program Loans

As of September 2, 2020

Borrower	Loan Amount Outstanding	Loans to be Funded ⁽¹⁾	Loan Pledge	Loan Sources	Total EBF Program Loans	% of EBF Loans
Barrington	\$ 2,206,000	-	GO	RL/SBC	\$ 2,206,000	4.01 %
Cranston	1,834,000	-	GO	BL/BP	1,834,000	3.33
Cumberland	1,092,000	-	Appropriation	RL/RGGI	1,092,000	1.98
East Providence	2,090,000	-	Appropriation	RL/SBC	2,090,000	3.79
East Providence (GO)	-	\$ 24,000,000	GO	RL/SBC, BL/BP	24,000,000	43.58
Hopkinton	159,000	-	Appropriation	RL/RGGI	159,000	0.29
Newport	885,000	-	GO	BL/BP	885,000	1.61
North Kingstown	762,000	-	Appropriation	BL/BP	762,000	1.38
Pascoag UD ⁽²⁾	1,354,045	-	Appropriation	RL/RGGI	1,354,045	2.46
Pawtucket ⁽³⁾	3,610,000	-	GO	RL/SBC	3,610,000	6.55
Providence	963,000	-	GO	RL/SBC, BL/BP	963,000	1.75
Warren	446,000	-	Appropriation	RL/RGGI	446,000	0.81
Warwick	-	3,200,000	Appropriation	RL/SBC	3,200,000	5.81
West Warwick	11,168,000	-	GO	BL/BP	11,168,000	20.28
Westerly	1,306,000	-	GO	BL/BP, RL/SBC	1,306,000	2.37
	<u>\$ 27,875,045</u>	<u>\$ 27,200,000</u>			<u>\$ 55,075,045</u>	<u>100.00 %</u>

¹ Loans to be funded by the Bank and pledged to the Trustee concurrently with the issuance of the Series 2020 A Bonds.

² Loan to be pledged to the Trustee concurrently with the issuance of the Series 2020 A Bonds.

³ Bank Loan portion pledged to the Trustee concurrently with the issuance of the Series 2018 A Bonds. Restricted Loan portion to be pledged to the Trustee concurrently with the issuance of the Series 2020 A Bonds.

Town of West Warwick

As noted above, upon the issuance of the Series 2020 A Bonds, the Town of West Warwick (“West Warwick”) will be the Bank’s second-largest Borrower under the Efficient Buildings Fund. Certain information regarding West Warwick is contained in APPENDIX C-1 to this Official Statement. The audited financial statements of West Warwick for the fiscal year ended June 30, 2019 are incorporated by reference in APPENDIX C-2 of this Official Statement. The financial statements of West Warwick for the fiscal year ended June 30, 2019 have been audited by Blum, Shapiro & Company, P.C. (“Blum Shapiro”). Blum Shapiro has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Blum Shapiro also has not performed any procedures relating to this Official Statement. The Borrower Bonds of West Warwick are general obligations of West Warwick, for the payment of which the full faith and credit, *ad valorem* taxes and general fund revenues of West Warwick are pledged.

West Warwick will agree in connection with the issuance of the Series 2020 A Bonds, to provide as part of its continuing disclosure obligations certain annual financial information and operating data of West Warwick. See APPENDIX F-2 – “FORM OF WEST WARWICK CONTINUING DISCLOSURE CERTIFICATE.”

City of East Providence

As noted above, upon the issuance of the Series 2020 A Bonds, East Providence will be the Bank's largest Borrower under the Efficient Buildings Fund. Certain information regarding East Providence is contained in APPENDIX D-1 to this Official Statement. The audited financial statements of East Providence for the fiscal year ended October 31, 2018 and the unaudited financial statements of East Providence for the fiscal year ended October 31, 2019 are incorporated by reference in APPENDIX D-2 of this Official Statement. The financial statements of East Providence for the fiscal year ended October 31, 2018 have been audited by Blum Shapiro. Blum Shapiro has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Blum Shapiro also has not performed any procedures relating to this Official Statement.

It is anticipated that the audited financial statements of East Providence for the fiscal year ended October 31, 2019 will be released by East Providence and filed on the Municipal Securities Rulemaking Board's ("MSRB") Electronic Municipal Market Access ("EMMA") system by the end of October, 2020. At this time, East Providence does not anticipate any material changes to the information presented in its unaudited financial statements for the fiscal year ended October 31, 2019, as incorporated by reference in APPENDIX D-2 of this Official Statement, and its audited financial statements for the fiscal year ended October 31, 2019.

The Borrower Bonds of East Providence allocable to the Series 2020 A Bonds are general obligations of East Providence, for the payment of which the full faith and credit, *ad valorem* taxes and general fund revenues of East Providence are pledged. East Providence also has Borrower Bonds outstanding in the principal amount of \$2,090,000 which are appropriation obligations, the repayment of which is subject to and dependent upon annual appropriation of funds by the East Providence City Council for such purpose. For a discussion of the risks associated with appropriation obligations, see "INVESTMENT CONSIDERATIONS - Borrower Bond Payments subject to Annual Appropriation" below.

East Providence will agree in connection with the issuance of the Series 2020 A Bonds, to provide as part of its continuing disclosure obligations certain annual financial information and operating data of East Providence. See APPENDIX F-3 – "FORM OF EAST PROVIDENCE CONTINUING DISCLOSURE CERTIFICATE."

DEBT SERVICE COVERAGE

The payment of debt service on the Series 2020 A Bonds is dependent on Borrowers making timely Borrower Bond Payments. It is possible that a Borrower will be unable to make a timely Borrower Bond Payment. Although the Bonds and the Efficient Buildings Fund have been structured so as to minimize the risk that a default by a Borrower on its Borrower Bonds would cause a default on the Bonds, there can be no assurance that such a default would not occur. The structure of the Efficient Buildings Fund provides debt service coverage in excess of debt service on the Bonds.

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Debt Service Coverage Schedule

The following Projected Debt Service Coverage Schedule illustrates on an annual basis (a) the projected Revenues (but excluding moneys and securities in the Surplus Fund) for the current and each future Bond Year, and (b) the Maximum Annual Debt Service for the Bonds, for the current and each future Bond Year in which the Bonds shall be Outstanding. All of these revenue and debt service numbers are estimates, subject to change, and are based upon various assumptions concerning the amounts, timing, interest rates and repayment schedule of Loans, the amounts available for investment and the interest earnings on invested funds and timely payment by all Borrowers, among other assumptions. The Projected Debt Service Coverage Schedule also assumes that the Series 2018 A Bonds and the Series 2020 A Bonds are the only Series of Bonds outstanding under the Indenture.

Efficient Buildings Fund			
Fiscal Year			Debt Service
Ending	Loan	Bond	Coverage
June 30	Repayments	Debt Service	on the
			Bonds (x)
2021	\$ 3,053,517	\$ 2,152,880	1.42
2022	4,907,221	3,046,950	1.61
2023	4,896,409	3,040,350	1.61
2024	4,885,725	3,034,800	1.61
2025	4,871,179	3,025,175	1.61
2026	4,649,556	2,888,950	1.61
2027	4,636,101	2,880,975	1.61
2028	4,622,008	2,873,525	1.61
2029	4,025,591	2,501,175	1.61
2030	3,762,384	2,339,100	1.61
2031	3,633,385	2,260,000	1.61
2032	3,295,803	2,048,800	1.61
2033	3,285,641	2,044,100	1.61
2034	2,420,538	1,502,700	1.61
2035	1,515,735	941,300	1.61
2036	1,407,120	876,000	1.61
2037	186,110	121,200	1.54
2038	2,655,549	1,652,875	1.61
2039	120,115	74,550	1.61
2040	119,384	74,550	1.60
2041	4,062,009	2,522,275	1.61
Total	\$ 67,011,080	\$ 41,902,230	

SECURITY AND SOURCES OF PAYMENT FOR SENIOR BONDS

Special Obligations

The Senior Bonds are special obligations of the Bank payable solely from, and secured by a pledge of, revenues generated by Borrower Bonds evidencing Bank Loans, Borrower Bonds evidencing Surplus Loans that the

Bank has, at its option, assigned and pledged to the repayment of Senior Bonds, and other moneys and securities held in certain funds established pursuant to the Indenture. The Senior Bonds do not constitute an indebtedness of the State or any of its subdivisions or an indebtedness for which the faith and credit of the State or any of its subdivisions or any of its revenues are pledged. The Bank has no taxing power.

Pledge of Revenues and other Property

Pursuant to the Master Indenture, the Bank has assigned and pledged to the Trustee for the benefit of the Owners of the Senior Bonds: (a) the Borrower Agreements for the Bank Loans; (b) the Revenues consisting of: (i) all Borrower Bond Payments and any other income, revenues, receipts, and other moneys payable to the Bank pursuant to Borrower Agreements for the Bank Loans; (ii) all accounts, general intangibles and contract or other rights to receive the Revenues described in clause (b)(i); and (iii) all earnings (other than interest earnings to the extent necessary to comply with the Tax Requirements) on the investment of any moneys held in the Funds, Accounts and Subaccounts under the Master Indenture or any Supplemental Indenture (other than the Borrower Restricted Loan Non-Pledged Account and the Borrower Unrestricted Loan Non-Pledged Account of the Project Fund, the Surplus Fund and the Cross-Investment Fund); (c) all moneys, securities and Reserve Deposits in all Funds, Accounts and Subaccounts (other than the Borrower Restricted Loan Non-Pledged Account and the Borrower Unrestricted Loan Non-Pledged Account of the Project Fund, the Surplus Fund and the Cross-Investment Fund) established by or pursuant to the Master Indenture or any Supplemental Indenture for the payment of Senior Bonds and/or Subordinate Bonds; and (d) all proceeds of any of the foregoing.

In addition, the Bank may assign and pledge to the Trustee from time to time by Supplemental Indenture or Officer's Certificate for the benefit of the Owners of the Senior Bonds: (a) the Borrower Agreements for the Restricted Loans and/or the Unrestricted Loans; (b) the Revenues consisting of: (i) all Borrower Bond Payments and any other income, revenues, receipts, and other moneys payable to the Bank pursuant to the Borrower Agreements for the Restricted Loans and/or the Unrestricted Loans described in paragraph (a) above; (ii) all accounts, general intangibles and contract or other rights to receive the Revenues described in clause (b)(i); (iii) Hedge Agreement Payments and Termination Payments received by the Bank; (iv) moneys received by the Bank, or by any Borrower and pledged to the Bank or the Trustee, from the United States, the State, or any agency, instrumentality or political subdivision of the United States or the State, which moneys may be used for or on account of the Efficient Buildings Fund or any Additional Program; and (v) any and all other moneys and securities furnished from time to time to the Trustee by the Bank or on behalf of the Bank or by any other persons to be held by the Trustee under the terms of the Indenture; and (c) any and all other property of every kind and nature from time to time, by Supplemental Indenture, conveyed, pledged, assigned or transferred by the Bank to the Trustee for such purpose.

In furtherance of the foregoing, as of the date of delivery of the Series 2020 A Bonds, the Bank will have assigned and pledged to the Trustee the Borrower Agreements for, and the Revenues described above in respect to, all outstanding Restricted Loans (including the Restricted Loans to be made on the date of delivery of the Series 2020 A Bonds) pursuant to Supplemental Indentures as security for the Senior Bonds, including but not limited to the Series 2020 A Bonds. No Unrestricted Loans have been made to date and no Unrestricted Loans are being made in connection with the issuance of the Series 2020 A Bonds. See "INTRODUCTION" herein.

To date, the Bank has **not** pledged to the Trustee any Hedge Agreement Payments or Termination Payments, moneys received from the United States or the State, or any other moneys, securities or property as additional security for the Senior Bonds pursuant to the Indenture.

For a detailed description of pledge of the Revenues and other property securing the Senior Bonds under the Indenture, see "Loans Made with Proceeds of Senior Bonds (Bank Loans)" and "Surplus Loans" below.

Defaults and Remedies under the Master Indenture

The Master Indenture includes the following "Events of Default" in respect to the Bonds: (i) the failure to pay any installment of interest in respect of any Bond as the same shall become due and payable, or (ii) principal, sinking fund installments, if any, or redemption price of, and interest on the Bonds of such Series when due and payable either at maturity, upon redemption, by declaration or otherwise; or (iii) failure on the part of the Bank to

observe and perform any other of the covenants or agreements on the part of the Bank contained in the Indenture or in the Bonds for a period of thirty (30) days after the date on which written notice specifying such failure, requiring the Bank to remedy the same shall have been given to the Bank by the Trustee, provided that, if such failure cannot be corrected within such thirty (30) day period, it shall not constitute an Event of Default if corrective action is instituted by the Bank within such period and is diligently pursued until the failure is corrected. ***In no event, however, may any “event of default” cause an acceleration of any Bonds issued under the Master Indenture.***

Upon the occurrence and continuance of any Event of Default under the Master Indenture, the Trustee in its discretion may, and upon the written request of the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Senior Bonds then Outstanding, or if no Senior Bonds are then Outstanding, then not less than twenty-five percent (25%) in aggregate principal amount of the Subordinated Bonds then Outstanding, and receipt of indemnity to its satisfaction, shall, by suit, action or special proceeding, enforce and require the Bank or each Borrower to perform its or their duties under the Act, the Indenture, the Bonds, the Borrower Agreements pledged to the Trustee under any of the provisions of the Master Indenture or of the Bonds, together with any and all costs and expenses of collection and of all proceedings under the Master Indenture and under the Bonds, without prejudice to any other right or remedy of the Trustee or of the Owners of such Bonds.

Debt Service Reserve Fund

Common Reserve Account and Series Reserve Account

The Master Indenture establishes a Common Reserve Account in the Debt Service Reserve Fund. Pursuant to a Supplemental Indenture authorizing a Series of Senior Bonds, the Bank may designate such Series of Senior Bonds as “Common Reserve Bonds” and deposit in the Common Reserve Account an amount equal to the Reserve Requirement for the Common Reserve Bonds, as described in the Master Indenture. All moneys in the Common Reserve Account will secure the repayment of all Senior Bonds designated as Common Reserve Bonds in the event that moneys in the Debt Service Fund are insufficient for such purpose, on a pro rata basis if the moneys in the Common Reserve Account are insufficient to make up such deficiency.

In addition, the Bank may direct the Trustee to establish one or more Series Reserve Accounts within the Debt Service Reserve Fund pursuant to a Supplemental Indenture, with each Series Reserve Account securing one or more Series of Senior Bonds. In connection with the issuance of a Series of Senior Bonds, the Trustee will deposit in the Series Reserve Account established for such Series of Bonds an amount equal to the Reserve Requirement for such Series of Senior Bonds, as described in the applicable Supplemental Indenture. All moneys in a Series Reserve Account will secure the repayment of the Series of Senior Bonds secured by such Series Reserve Account in the event that moneys in the Debt Service Fund are insufficient for such purpose, on a pro rata basis if more than one Series of Senior Bonds is so secured and such moneys in the Series Reserve Account are insufficient to make up such deficiency.

None of the Debt Service Reserve Fund, Common Reserve Account nor any Series Reserve Account therein shall secure the payment of the principal and Redemption Price of, and interest on, any Series of Subordinated Bonds.

Unless otherwise specified in a Supplemental Indenture or Officer’s Certificate, the Bank shall not be required to establish any Reserve Requirement for any or all Series of Senior Bonds issued under the Indenture and the Bank makes no covenant to the Owners of the Senior Bonds or any other party that funds or other assets will be available in the Debt Service Reserve Fund in the event of a deficiency in the Debt Service Fund.

Series 2020 A Bonds Secured by Common Reserve Account

The Series 2020 A Bonds shall constitute Common Reserve Bonds secured by the Common Reserve Account of the Debt Service Reserve Fund established pursuant to the Master Indenture. The Series 2020 A Bonds shall be equally and ratably secured with respect to the Common Reserve Account with the Series 2018 A Bonds and any other Series of Senior Bonds designated by the Bank as Common Reserve Bonds pursuant to a Supplemental Indenture, without preference, priority or distinction of any Common Reserve Bonds over any other Common Reserve Bonds. Subject to the provisions of the following paragraph, as of the date of delivery of the Series 2020 A Bonds, the Reserve

Requirement for the Common Reserve Bonds held in the Common Reserve Account will be \$2,600,000, which amount was determined by the Bank with the receipt of a Rating Confirmation.

Notwithstanding the foregoing or anything to the contrary in the Indenture, the Bank may reduce the Reserve Requirement for the Common Reserve Bonds at any time, including to an amount equal to zero, and direct the Trustee to release the excess amount then on deposit in the Common Reserve Account to the Bank, free and clear of the lien of the Indenture, subject to the receipt of a Rating Confirmation and an opinion of Bond Counsel to the effect that such reduction of the Reserve Requirement and release of such amount will not affect the exclusion from gross income for federal income tax purposes of interest on the Common Reserve Bonds.

Investment earnings on any Investment Securities held in the Debt Service Reserve Fund will be deposited on the first Business Day of each month in the Debt Service Fund.

Release of Borrower Agreements from Pledge of the Indenture

The Bank may at any time release specified Borrower Agreements and the Revenues related thereto that are pledged and assigned to the Trustee pursuant to the Indenture from the lien of the Indenture, and, in its discretion, pledge and assign substitute Borrower Agreements and the Revenues related thereto to the Trustee, upon satisfaction of certain conditions set forth in the Master Indenture, including, but not limited to, the delivery of a certificate of a Qualified Independent Consultant stating: (a) that after the release of any such Borrower Agreements from the lien of the Indenture, and taking into account the payments which the Bank reasonably expects will be received under the Borrower Agreements which are to be substituted therefor upon such release, if any, and the other Revenues available for the payment of the Outstanding Bonds, the resulting Revenues are reasonably expected to be sufficient to pay the principal of and interest due on the Outstanding Bonds; and (b) that the Projected Debt Service Coverage Ratio for each subsequent Bond Year is not less than 1.20:1.00, taking into account the proposed release or substitution, as applicable.

Parity Reimbursement Obligations

The Bank may obtain or cause to be obtained one or more Credit Facilities, Liquidity Facilities or Hedge Agreements in connection with the issuance of a Series of Bonds. The Bank may in an agreement with the Provider of such Credit Facility or Liquidity Facility or the Counterparty to a Hedge Agreement agree to directly reimburse the Provider for amounts paid by it pursuant to the Credit Facility or Liquidity Facility, together with interest thereon, or to make Hedge Agreement Payments to the Counterparty (collectively, the “Reimbursement Obligation”). In the discretion of the Bank, any Reimbursement Obligation may be secured by a pledge of and a lien on the Trust Estate on a parity with the lien created by the Indenture for the Bonds to which they relate (a “Parity Reimbursement Obligation”), except that, in the case of a Hedge Agreement, only the obligation to make Hedge Agreement Payments, but not Termination Payments, may be secured by a lien on the Trust Estate that is on a parity with the lien created by the Indenture. A Parity Reimbursement Obligation will be deemed to be a part of the Series of Bonds to which the Credit Facility, Liquidity Facility or Hedge Agreement which gave rise to such Parity Reimbursement Obligation relates.

The Bank does not intend to obtain any Credit Facilities, Liquidity Facilities or Hedge Agreements in connection with the issuance of the Series 2020 A Bonds.

Loans Made by the Bank

The Bank identifies Borrowers and determines the terms and source of funding of the Loans at or prior to the time a Series of Senior Bonds is issued. All or some of the Loans so identified, however, may not actually be made at such time, and the Bank reserves the right to make Loans in amounts other than initially identified and to Borrowers other than those Borrowers initially identified. The Bank has executed a loan commitment with the City of East Providence to receive a Bank Loan and a loan commitment with the City of Warwick to receive a Restricted Loan in connection with the issuance of the Series 2020 A Bonds.

If a Borrower defaults on its Borrower Bonds, the Bank may require all Borrowers to pay up to the stated Interest Rate on their Borrower Bonds and not the Subsidized Interest Rate. EVEN IF ALL BORROWERS ARE

REQUIRED TO PAY INTEREST ON BORROWER BONDS AT THE INTEREST RATE, BORROWER BOND PAYMENTS MAY NOT EQUAL DEBT SERVICE ON THE BONDS, INCLUDING THE SERIES 2020 A BONDS. THE LIABILITY OF THE BANK UNDER THE SERIES 2020 A BONDS SHALL BE ENFORCEABLE ONLY TO THE EXTENT PROVIDED IN THE INDENTURE, AND THE SERIES 2020 A BONDS SHALL BE PAYABLE SOLELY FROM PAYMENTS TO BE MADE BY EACH BORROWER TO THE TRUSTEE AND ANY OTHER FUNDS HELD BY THE TRUSTEE UNDER THE INDENTURE AND AVAILABLE FOR SUCH PAYMENT.

Any reduction in the amount of a Loan occasioned by undisbursed loan proceeds in accordance with a Loan Agreement will be amortized equally over the remaining installments of principal in order to maintain a weighted average life of the Loan, substantially equal to the weighted average life immediately prior to such reduction.

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

Upon an event of default under the Loan Agreement or the applicable Borrower Bond, including a failure to comply with any covenant, term or condition therein, the Bank or the Trustee may exercise any remedy available at law or in equity in order to cause the Borrower to comply with the provisions of the Loan Agreement and such Borrower's Borrower Bonds. See "APPENDIX A-2 -- Summary of Certain Provisions of the Loan Agreements" herein.

Loans Made with Proceeds of Senior Bonds (Bank Loans)

Proceeds of Senior Bonds (including the Series 2020 A Bonds), after deposit to the Cost of Issuance Fund, will be deposited in the applicable Borrower Proceeds Subaccount of the applicable Series Account of the Project Fund for the purpose of making Bank Loans to Borrowers. Senior Bonds, including the Series 2020 A Bonds, are secured equally and ratably by the Bank's pledge and assignment to the Trustee pursuant to the Master Indenture of the Loan repayments from all Borrowers receiving Bank Loans on the date of delivery of a Series of Senior Bonds and from time to time thereafter. Borrower Bond Payments evidencing Bank Loans are deposited into the Revenue Fund.

Surplus Loans

In addition to Bank Loans, the Bank may make Restricted Loans using Restricted Funds and Unrestricted Loans using Unrestricted Funds, which are collectively referred to herein as the "Surplus Loans."

Since the inception of the EBF, the Bank has received Restricted Funds in the amount of \$28.1 million consisting of \$22.1 million in SBCs and \$6.0 million in RGGI Funds. Of this amount, the Bank has used \$10.7 million in SBCs and \$4.2 million in RGGI Funds to make Restricted Loans to Borrowers, which Restricted Loans were outstanding in the aggregate principal amount of \$9.0 million (consisting of \$7.1 million of SBC-funded Restricted Loans and \$1.9 million of RGGI Funds-funded Restricted Loans) as of June 30, 2020. The Bank will also use \$8.2 million and \$3.2 million in SBCs to make Restricted Loans to East Providence and Warwick, respectively, on the date of delivery of the Series 2020 A Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" herein. See "PLEDGED LOANS – Program Data for Loan Program" herein.

In the past, the Bank has used Unrestricted Funds, consisting of the proceeds of bond anticipation notes issued outside of the Indenture, to make direct loans outside of the Indenture to Local Governmental Units under the EBF. Such bond anticipation notes were refunded either with proceeds of the Series 2018 A Bonds (as more particularly described under the heading "THE BANK - Outstanding Senior Bonds" herein) or a combination of Restricted Funds and proceeds of the Series 2018 A Bonds. In connection with the issuance of the Series 2018 A Bonds, the Bank pledged the Loan Agreements, Borrower Bonds and Borrower Bond Payments in respect to such direct loans to the Trustee pursuant to a Supplemental Indenture as security for the Senior Bonds. Such direct loans refinanced with proceeds of the Series 2018 A Bonds were thereafter deemed Bank Loans and such direct loans refinanced with

Restricted Funds were thereafter deemed pledged Restricted Loans. Otherwise, no Unrestricted Loans have been made to date and no Unrestricted Loans are being made in connection with the issuance of the Series 2020 A Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS” herein. See “PLEDGED LOANS – Program Data for Loan Program” herein.

As of the date of delivery of the Series 2020 A Bonds, the Bank will have assigned and pledged to the Trustee the Loan repayments on all outstanding Restricted Loans (including the Restricted Loans to be made on the date of delivery of the Series 2020 A Bonds) pursuant to Supplemental Indentures as security for the Senior Bonds, including but not limited to the Series 2020 A Bonds. Pursuant to a Supplemental Indenture, the Bank may, in its sole discretion, pledge and assign to the Trustee the Borrower Agreements and the Borrower Bond Payments in respect to future Surplus Loans from time to time as security for the Senior Bonds.

The Bank may make Surplus Loans from time to time pursuant to the Indenture and choose to pledge them as security for the Senior Bonds. To the extent that such pledged Surplus Loans are Restricted Loans, they will be made from the applicable Borrower Restricted Loan Pledged Account of the Project Fund. To the extent that such pledged Surplus Loans are Unrestricted Loans, they will be made from the applicable Borrower Unrestricted Loan Pledged Account of the Project Fund.

The Bank may make Surplus Loans from time to time pursuant to the Indenture and choose not to pledge them as security for the Senior Bonds. To the extent that such non-pledged Surplus Loans are Restricted Loans, they will be made from the applicable Borrower Restricted Loan Non-Pledged Account of the Project Fund. To the extent that such Surplus Loans are Unrestricted Loans, they will be made from the applicable Borrower Unrestricted Loan Non-Pledged Account of the Project Fund.

Each Borrower Restricted Loan Pledged Account, Borrower Restricted Loan Non-Pledged Account, Borrower Unrestricted Loan Pledged Account and Borrower Unrestricted Loan Non-Pledged Account is collectively referred to herein as the “Borrower Surplus Accounts.” As of the date of issuance of the Series 2020 A Bonds, no non-pledged Surplus Loans are being made or will be outstanding under the Indenture.

Borrower Bond Payments

Borrower Bond Payments consisting of interest in respect to pledged Restricted Loans and Borrower Bond Payments in respect to pledged Unrestricted Loans are deposited in the Revenue Fund, to be used to pay principal of and interest on the Senior Bonds. Borrower Bond Payments in respect to non-pledged Restricted Loans are deposited in the Restricted Account of the Surplus Fund, to be used by the Bank to make additional pledged or non-pledged Restricted Loans. Borrower Bond Payments in respect to non-pledged Unrestricted Loans are deposited in the Surplus Fund, to be used by the Bank: (i) to make pledged or non-pledged Unrestricted Loans; (ii) for deposit to the Cross-Investment Fund, for the purpose of providing funds for investment into an Additional Program Indenture; (iii) for repayment of any moneys invested in the Cross-Investment Fund from an Additional Program Indenture; (iv) for any lawful purpose of the MRBRF; or (v) subject to receipt of a Rating Confirmation, for such other purpose of the Bank under federal law or State law, as provided in the Master Indenture. Borrower Bond Payments in respect to principal on pledged Restricted Loans are deposited in the Restricted Loan Principal Repayment Account of the Project Fund. Amounts on deposit in the Restricted Loan Principal Repayment Account are available to: (i) cure deficiencies in the Debt Service Reserve Fund in perpetuity or (ii) make additional pledged or non-pledged Restricted Loans to Borrowers. See “FLOW OF FUNDS UNDER THE MASTER INDENTURE – Flow of Borrower Bond Payments” herein.

Additional Programs

The Bank may, by Supplemental Indenture, make Loans to Borrowers for the purpose of financing projects under financing programs of the Bank other than energy efficiency and renewable energy upgrades to public buildings and infrastructure under the Efficient Buildings Fund (an “Additional Program” and collectively with the Efficient Buildings Fund, the “Programs”). As a condition precedent to financing such projects under the Indenture, the Bank must obtain confirmation from each Rating Agency then rating the Bonds that the addition of such projects under the Indenture will not cause such Rating Agency’s rating on the Bonds to be withdrawn, suspended or reduced as a consequence thereof. Such additional projects may include capital improvements to public roads, bridges, and

appurtenances thereto and the remediation and/or development of a site within the State defined as a brownfield site pursuant to Section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended.

The Bank may amend the Master Indenture from time to time without Bondowner consent in order to establish one or more additional Funds, Accounts or Subaccounts, as well as modify the flow of funds to the existing Funds, Accounts and Subaccounts, as the Bank determines to be necessary or convenient in connection with such Additional Programs. See “APPENDIX A-1 – Summary of Certain Provisions of the Indenture - Supplemental Indentures effective upon filing with the Trustee” herein.

Cross-Investment Feature

If the Trustee notifies the Bank that insufficient funds are available, after the making of all Debt Service Fund deposits called for by the Indenture to meet a scheduled payment, then due, of the interest on and/or principal of a Series of Senior Bonds, then the Bank may direct the deposit of funds under indentures of trust for any Additional Program, to the extent such additional indentures of trust provide for such cross-investment and such funds are available for such purpose, into the Cross-Investment Fund (and then to the Debt Service Fund) as a temporary investment to cure such deficiency. Any such Cross-Investment (hereinafter defined) shall be evidenced by a promissory note of the Bank which shall be subordinate in all respects to any Series of Senior Bonds or Series of Subordinated Bonds, whether then Outstanding or thereafter to be issued, under the Master Indenture.

Likewise, if a trustee under an indenture of trust governing an Additional Program notifies the Bank that insufficient funds are available, after the making of all debt service fund deposits called for by such indenture of trust to meet a scheduled payment, then due, of the interest on and/or principal of a series of senior-lien bonds issued thereunder, then the Bank may direct the deposit of funds held in the Cross-Investment Fund established under the Indenture, to the extent any funds are available therefor, into such other indenture of trust as a temporary investment to cure such deficiency. Any such Cross-Investment shall be evidenced by a promissory note of the Bank which shall be subordinate in all respects to any series of senior bonds or series of subordinated bonds, whether then outstanding or thereafter to be issued, under the Additional Program Indenture.

Any investment of moneys from an indenture of trust governing an Additional Program to the Indenture in order to cure a shortfall under the Indenture, and vice versa, will constitute an investment by the Bank (hereinafter referred to as a “Cross-Investment”). Currently, only the Indenture and the Indenture of Trust dated as of June 1, 2018, by and between the Bank and U.S. Bank National Association, as trustee, governing the MRBRF program contain this cross-investment feature.

Cross-Investments shall be repaid as soon as is reasonably practicable after the Bank cures the payment-related default which caused the deficiency under the Master Indenture or the indenture of trust governing an Additional Program receiving the Cross-Investment, as applicable. Such Cross-Investments will bear such rate of interest as such funds would otherwise have earned had such funds not been used in such manner, as is reasonably determined by the Bank. Interest will accrue from the date of the making of any Cross-Investment, to and including the date such Cross-Investment is repaid.

Additional Loans

The Bank may amend any of the provisions of the Master Indenture from time to time without Bondowner consent in order to provide financial assistance to Borrowers under any Program other than Bank Loans or Surplus Loans. See “APPENDIX A-1 – Summary of Certain Provisions of the Indenture - Supplemental Indentures effective upon filing with the Trustee” herein. In such event, the Bank may or may not pledge the underlying agreements and Borrower obligations in respect to such financial assistance as security for the Senior Bonds under the Indenture.

FLOW OF FUNDS UNDER THE MASTER INDENTURE

The Master Indenture provides for an Administrative Fees Fund, Cost of Issuance Fund, Project Fund, Revenue Fund, Debt Service Fund, Redemption Fund and Debt Service Reserve Fund. The Indenture also provides

for a Subordinated Debt Service Fund that secures Subordinated Bonds. Subordinated Bonds are not payable from or secured by amounts on deposit in any fund, account or subaccount established under the Indenture other than the amounts expressly pledged therefor and held in the Subordinated Debt Service Fund, which pledge is expressly junior and subordinate to the prior pledge of such amounts to the payment of the Senior Bonds. The Indenture also provides for a Surplus Fund and a Cross-Investment Fund, but the Surplus Fund and the Cross-Investment Fund and the amounts deposited therein are **expressly excluded** from the pledge of the funds and accounts under the Indenture.

The Master Indenture provides a mechanism for the Bank to make Restricted Loans and/or Unrestricted Loans, the repayment of which is not pledged as security for the Senior Bonds. Such Loans are made from the applicable Borrower Restricted Loan Non-Pledged Account or the applicable Borrower Unrestricted Loan Non-Pledged Account of the Project Fund. Like the Surplus Fund, such Non-Pledged Accounts within the Project Fund and the amounts deposited therein are **expressly excluded** from the pledge of the funds and accounts under the Master Indenture.

The following is a brief overview of the flow of funds to the Revenue Fund and the Debt Service Fund under the Master Indenture, which funds are available to pay the principal of and interest on the Senior Bonds. For a detailed description of the flow of funds, see “APPENDIX A-1 -- Summary of Certain Provisions of the Indenture -- Administrative Fees Fund; Cost of Issuance Fund; Project Fund; Revenue Fund; Debt Service Fund; Redemption Fund; Debt Service Reserve Fund; Subordinated Debt Service Fund; Surplus Fund; and Cross-Investment Fund” herein.

Flow of Borrower Bond Payments

All Borrower Bond Payments in respect to Bank Loans will be deposited in the Revenue Fund. All Borrower Bond Payments in respect to interest on Restricted Loans will be deposited in the Revenue Fund, to the extent such Borrower Bond Payments are pledged as security for the Senior Bonds. All Borrower Bond Payments in respect to principal on such Restricted Loans will be deposited in the Restricted Loan Principal Repayment Account of the Project Fund. Such principal repayments will be available for deposit in the Debt Service Fund in the event of any deficiencies therein and, on or after the final date in any Fiscal Year on which any principal or interest payment is due on the Senior Bonds, the Bank may use such principal repayments to make additional Restricted Loans. Otherwise, all Borrower Bond Payments on Restricted Loans will be deposited in the Restricted Account of the Surplus Fund, to the extent such Borrower Bond Payments are **not** pledged as security for the Senior Bonds, to be used to make additional Restricted Loans. All Borrower Bond Payments in respect to Unrestricted Loans will be deposited in the Revenue Fund, to the extent such Borrower Bond Payments are pledged as security for the Senior Bonds. Otherwise, all Borrower Bond Payments in respect to Unrestricted Loans will be deposited in the Surplus Fund, to the extent such Borrower Bond Payments are **not** pledged as security for the Senior Bonds, to be used by the Bank: (i) to make pledged or non-pledged Unrestricted Loans; (ii) for deposit to the Cross-Investment Fund, for the purpose of providing funds for investment into an Additional Program Indenture; (iii) for repayment of any moneys invested in the Cross-Investment Fund from an Additional Program Indenture; (iv) for any lawful purpose of the EBF; or (v) subject to receipt of a Rating Confirmation, for such other purpose of the Bank under federal law or State law, as provided in the Master Indenture.

Cost of Issuance Fund

The Bank may apply excess proceeds in the Cost of Issuance Fund to: (i) make additional Bank Loans, Restricted Loans or Unrestricted Loans to Borrowers (depending on the source of funds (Bond proceeds, Restricted Funds or Unrestricted Funds)), (ii) pay principal payments on Senior Bonds (if the source of funds is Senior Bond proceeds), (iii) pay principal payments on Subordinated Bonds (if the source of funds is Subordinated Bonds), or (iv) the Surplus Fund: (1) for deposit to the Cross-Investment Fund, for the purpose of providing funds for investment into an Additional Program Indenture; (2) for repayment of any moneys invested in the Cross-Investment Fund from an Additional Program Indenture; (3) for any lawful purpose of the EBF; or (4) subject to receipt of a Rating Confirmation, for such other purpose of the Bank under federal law or State law, as provided in the Master Indenture (if the source of the funds is Unrestricted Funds). See “APPENDIX A-1 -- Summary of Certain Provisions of the Indenture -- Cost of Issuance Fund” herein.

Project Fund

Upon the completion of a project or a Borrower's determination that such project has been or should be abandoned or delayed and that no further amounts or significantly reduced amounts are required therefor: (a) the Bank may use the remaining Bank Loan proceeds to make principal payments on the applicable Series of Senior Bonds or Subordinated Bonds (depending on the source of funds (proceeds of Senior Bonds or Subordinated Bonds)), to redeem the applicable Series of Senior Bonds or Subordinated Bonds or to make additional Bank Loans; (b) the Bank may use the remaining Restricted Loan proceeds to make additional Restricted Loans; and (c) the Bank may: (i) use the remaining Unrestricted Loan proceeds to make additional Unrestricted Loans or (ii) deposit such Unrestricted Loan proceeds in the Surplus Fund.

Revenue Fund

Funds deposited in the Revenue Fund will be available for deposit to the Debt Service Fund first to pay interest on, and second to pay principal of, the Senior Bonds and Parity Reimbursement Obligations on the dates such payments are due under the Indenture.

Debt Service Fund

Upon receipt by the Trustee of an Officer's Certificate showing that the amount on deposit in the Debt Service Fund exceeds the sum in respect to Senior Bonds remaining to be paid therefrom during the then current Fiscal Year, the Bank may use such excess amount first to fund any deficiencies in the Common Reserve Account and the Series Reserve Account, if any, on a pro rata basis in accordance with the level of such deficiency and second to redeem Senior Bonds or for deposit in the Surplus Fund for the purposes thereof.

Debt Service Reserve Fund

For a description of how the Common Reserve Account and a Series Reserve Account of the Debt Service Reserve Fund are established and funded, see "SECURITY AND SOURCES OF PAYMENT FOR SENIOR BONDS – Debt Service Reserve Fund" herein. If insufficient moneys are available in the Debt Service Fund on the date upon which a payment in respect to the Senior Bonds is due, the Trustee will immediately transfer moneys from either the Common Reserve Account or the Series Reserve Account to the Debt Service Fund to make up such deficiency; provided, however, that amounts in the Common Reserve Account will be used solely for the payment of the Common Reserve Bonds and amounts in the Series Reserve Account will be used solely for the payment of the Series of Senior Bonds secured by such Series Reserve Account.

Subject to the requirements of the Master Indenture, the Bank may apply amounts in the Common Reserve Account or a Series Reserve Account in excess of the applicable Reserve Requirement, for the purpose of making debt service payments on, or redeeming, the Common Reserve Bonds or such Series of Senior Bonds secured by such Series Reserve Account, as applicable. Notwithstanding the foregoing, if such excess amount is derived from Restricted Funds or Unrestricted Funds, then such excess amount may be deposited to the Surplus Fund for the purposes thereof.

Subordinated Debt Service Fund

The Bank may deposit excess amounts from the Subordinated Debt Service Fund in the Subordinated Bonds Redemption Account of the Redemption Fund for the purpose of redeeming Subordinated Bonds or to the Surplus Fund, for the purposes thereof.

Surplus Fund

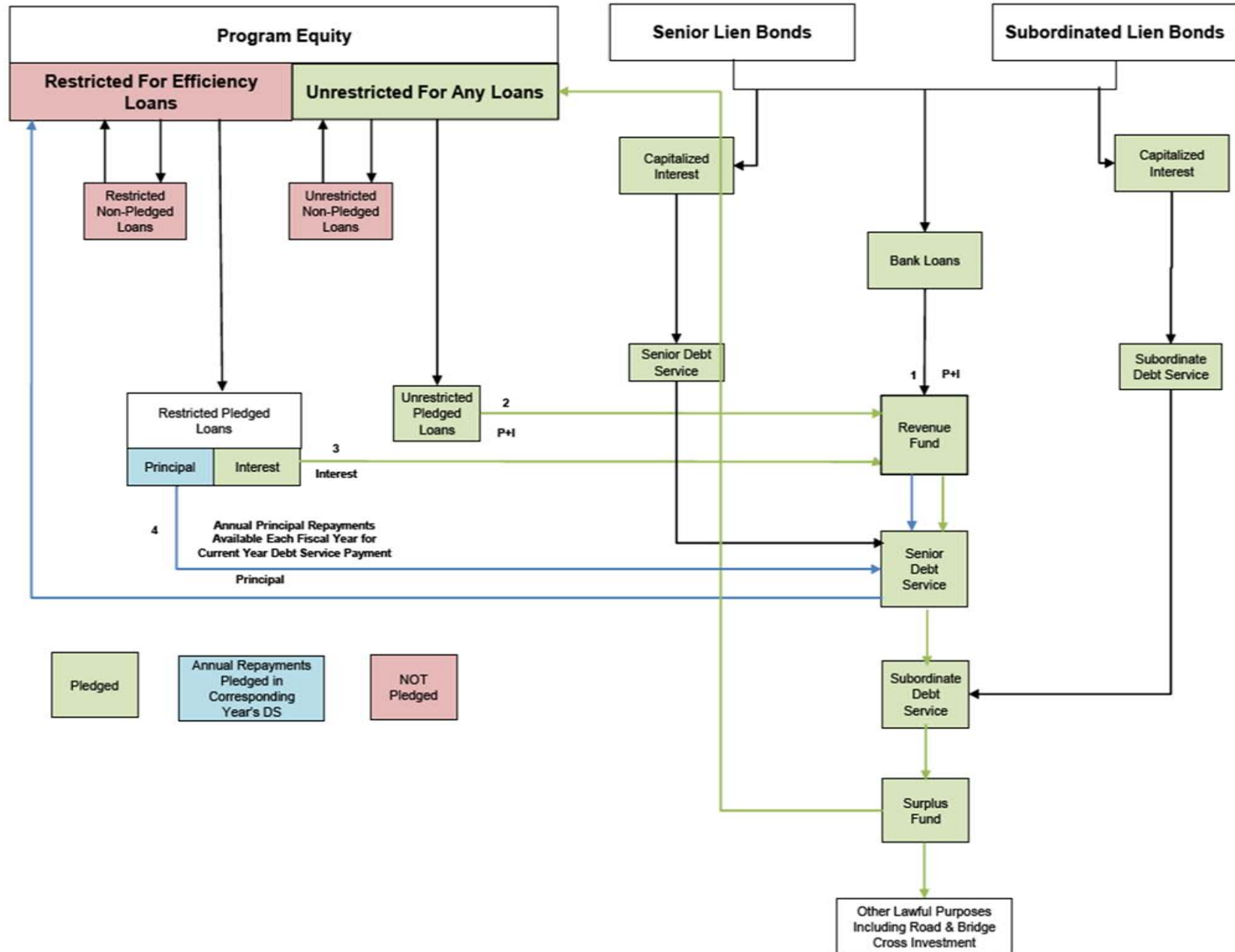
The Bank will apply moneys in the Restricted Account of the Surplus Fund to make additional Restricted Loans. The Bank will apply moneys otherwise deposited in the Surplus Fund: (i) to make pledged or non-pledged Unrestricted Loans; (ii) for deposit to the Cross-Investment Fund, for the purpose of providing funds for investment into an Additional Program Indenture; (iii) for repayment of any moneys invested in the Cross-Investment Fund from

an Additional Program Indenture; (iv) for any lawful purpose of the EBF; or (v) subject to receipt of a Rating Confirmation, for such other purpose of the Bank under federal law or State law, as provided in the Master Indenture.

The following is a chart of the flow of funds to and from the various funds and accounts under the Indenture. The references to “P+I” in the chart mean the principal and interest repayments on the applicable Loans. The chart assumes that no excess proceeds will remain in the funds and accounts after the application of the proceeds to their originally-intended purposes under the Master Indenture. For a description of how excess proceeds in the various funds and accounts would be applied under the Master Indenture, see “APPENDIX A-1 -- Summary of Certain Provisions of the Indenture – Administrative Fees Fund; Cost of Issuance Fund; Project Fund; Revenue Fund; Debt Service Fund; Redemption Fund; Debt Service Reserve Fund; Subordinated Debt Service Fund; Surplus Fund; and Cross-Investment Fund” herein.

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Flow of Funds
Efficient Buildings Fund Indenture



ADDITIONAL BONDS

Senior Bonds

The Master Indenture permits the issuance of Additional Senior Bonds if certain documents including opinions of counsel, are received by the Trustee. Among the required documents is a certificate of an Independent Qualified Consultant stating that either (i) the Projected Debt Service Coverage Ratio for each subsequent Bond Year is not less than 1.20:1.00 taking into account all Senior Bonds then Outstanding and secured by the Indenture and the Series of Additional Senior Bonds proposed to be issued or (ii) the Projected Debt Service Coverage Ratio for each subsequent Bond Year would be higher taking into account all Senior Bonds then Outstanding and secured by the Indenture and the Series of Additional Senior Bonds proposed to be issued, than the Projected Debt Service Coverage Ratio for each subsequent Bond Year if no Additional Senior Bonds were issued.

The Master Indenture provides that any Additional Senior Bonds will be secured on a parity with the outstanding Senior Bonds by a lien on the revenues and funds pledged under the Indenture. For additional information relating to the terms and conditions for the issuance of Additional Senior Bonds, see “APPENDIX A-1 -- Summary of Certain Provisions of the Indenture – Authorization and Issuance of Bonds; and General Terms and Conditions of Bonds; Security for Bonds – Pledge and Assignment Effected by Indenture; Bonds of same priority of lien equally and ratably secured; option of Bank to assign certain further rights and remedies to Trustee” herein.

Subordinated Bonds

The Master Indenture permits the issuance of Subordinated Bonds (which may be on a parity with other outstanding Subordinated Bonds) if certain documents, including opinions of counsel, are received by the Trustee. Among the required documents, unless otherwise provided in a Supplemental Indenture authorizing the issuance of such Subordinated Bonds, is a certificate of an Independent Qualified Consultant showing that the Projected Debt Service Coverage Ratio for each subsequent Bond Year is not less than 1.10:1.00 taking into account all Subordinated Bonds then Outstanding and secured by the Indenture and the Series of Subordinated Bonds proposed to be issued. In all events the liability of the Bank under the Subordinated Bonds is subordinate to the liability of the Bank under the Senior Bonds, including the Series 2020 A Bonds. The Master Indenture pledges to the payment of the Subordinated Bonds certain excess revenues from the Revenue Fund under the Master Indenture, subject to the prior pledge of such revenues with respect to the Senior Bonds. There are no reserve funds pledged as security for the payment of the Subordinated Bonds. For additional information relating to the terms and conditions for the issuance of Subordinated Bonds, see “APPENDIX A-1 -- Summary of Certain Provisions of the Indenture - Issuance of Bonds” and “- Subordinated Debt Service Fund” herein. As of the date of issuance of the Series 2020 A Bonds, no Subordinated Bonds will have been issued under the Indenture.

INVESTMENT CONSIDERATIONS

Borrower Bond Payments as Primary Source of Repayment for Bonds

The Bank expects to pay the principal of and interest on the Series 2020 A Bonds and each Series of Bonds issued in the future from the Borrower Bond Payments in respect to the Bank Loans and, to the extent pledged by the Bank to the Trustee pursuant to a Supplemental Indenture, the Borrower Bond Payments in respect to Surplus Loans, together with amounts from time to time on deposit in certain Funds and Accounts established by the Indenture (other than the Borrower Restricted Loan Non-Pledged Account and the Borrower Unrestricted Loan Non-Pledged Account of the Project Fund and the Surplus Fund). Such amounts will be pledged by the Bank to the Trustee pursuant to the Indenture as security for the Series 2020 A Bonds and each Series of Bonds issued in the future, as described in “APPENDIX A-1 -- Summary of Certain Provisions of the Indenture.”

The Bank’s ability to pay debt service on the Bonds and the continued operation of the Efficient Buildings Fund will be dependent upon the receipt of Revenues consisting of Borrower Bond Payments, and on the investment earnings on amounts from time to time on deposit in the funds and accounts established by the Indenture (other than the Borrower Restricted Loan Non-Pledged Account and the Borrower Unrestricted Loan Non-Pledged Account of the Project Fund and the Surplus Fund) in an amount sufficient to pay the principal of and interest on the Bonds. The ability of the Bank to generate such Revenues will depend upon a number of factors, including the payment performance of the Borrowers participating in the Efficient Buildings Fund from time to time.

Amounts on deposit in the Funds and Accounts under the Indenture may be invested in various investments to the extent permitted under the Master Indenture. For a listing of the types of investments permitted by the Master Indenture, see the definition of “Investment Securities” in “APPENDIX A-1-Summary of Certain Provisions of the Indenture”. Investments will be valued monthly by the Trustee at the market value thereof, plus accrued interest to the date of valuation. Investment earnings are a necessary source of funds for the payment of the Senior Bonds, including the Series 2020 A Bonds, because, among other things, the Borrower Bonds bear interest at below market rates and the Borrower Bond Payments may be insufficient by themselves to pay the debt service on the Bonds.

Since the Bank may make additional Loans and issue Additional Senior Bonds and Subordinated Bonds, and since Loans will be repaid and may be prepaid in certain circumstances, the composition of the pool of Loans will vary from time to time, both with respect to the identity of the Borrowers and with respect to amounts due from any particular Borrower in the aggregate and as a percentage of the total pool of Loans. The Borrowers have various credit characteristics. The Act, however, allows the Bank to decline to award any financial assistance to a Borrower that the Bank determines will have a substantial adverse effect on the interests of the holders of the Bonds or other indebtedness of the Bank or the interests of other participants in the Efficient Buildings Fund program, or for good and sufficient cause affecting the finances of the Bank. Some Borrowers need not have ratings or obtain ratings on their Loans in order to qualify for the Efficient Buildings Fund program. The failure of any particular Borrower or group of Borrowers to pay debt service when due on its Loan could adversely affect the Bank’s ability to pay debt service when due on the Bonds. Each Borrower is responsible for the repayment of its Loan and is not responsible for the default of any other Borrower’s payments. Notwithstanding the foregoing, in the event of a default by any Borrower in making Borrower Bond Payments, a default by one Borrower may require all Borrowers to pay up to the stated Interest Rate on their Borrower Bonds and not the Subsidized Interest Rate.

Event of Taxability

If the Borrowers do not comply with certain covenants contained in tax certificates delivered contemporaneously with their Borrower Bonds, or if certain representations made by the Borrower in such tax certificates or certain other certificates of the Borrowers are false or misleading, the interest payable on the Series 2020 A Bonds may become subject to federal income taxation retroactive to the date of issuance of the Series 2020 A Bonds, regardless of the date on which noncompliance or misrepresentation is ascertained. In the event that interest on the Series 2020 A Bonds should become subject to federal income taxation, the Master Indenture does not provide for the redemption of the Series 2020 A Bonds, the acceleration of the payment of debt service on the Series 2020 A Bonds, or an increase in interest paid on the Series 2020 A Bonds.

Default by the Borrowers or the Bank

No representations or assurances can be given that the Borrowers or the Bank will not default in performing their respective obligations under the Master Indenture, any Supplemental Indenture, the Borrower Agreements or any of the other financing documents. In certain circumstances, if an “event of default” occurs under the Master Indenture, then the Trustee in its discretion may, and upon the written request of the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Senior Bonds then Outstanding, or if no Senior Bonds are then Outstanding, then not less than twenty-five percent (25%) in aggregate principal amount of the Subordinated Bonds then Outstanding, and receipt of indemnity to its satisfaction, shall pursue such suits, actions or special proceedings in equity or at law as the Trustee shall deem most effectual to protect and enforce its rights and the rights of the Bondholders. **Notwithstanding the foregoing, the Trustee is not empowered to accelerate the maturity of the Bonds upon the occurrence and continuation of an event of default under the Master Indenture.** See “SECURITY AND SOURCES OF PAYMENT FOR SENIOR BONDS – Defaults and Remedies under the Master Indenture” and APPENDIX A-1 – “Summary of Certain Provisions of the Indenture” herein.

Certain Borrower Bond Payments subject to Annual Appropriation

Certain Borrowers have received, and Warwick will receive, Loans from the Bank that are and will be evidenced by Borrower Bonds pledged under the Indenture. The Borrower Bonds evidencing such Loans are appropriation obligations of such Borrowers. The obligation of such Borrowers to make Borrower Bond Payments is subject to and dependent on amounts being lawfully appropriated from time to time by the governing bodies of such Borrowers for that purpose. Such Borrowers are not legally obligated to appropriate the funds necessary to make the Borrower Bond Payments. In the event of non-appropriation of funds by such Borrowers, the Bank may not be held liable for the payment of principal of and interest on the Bonds following the last Fiscal Year in which funds to make Borrower Bond Payments were appropriated by the Borrowers. In the event of non-appropriation, moneys already on deposit in the Debt Service Fund will be used for the payment of principal of and interest payments on the Bonds but

these moneys may not be sufficient to pay the Bonds in full. In the future, the Bank may make additional Loans to these Borrowers, as well as Loans to other Borrowers, and receive Borrower Bonds evidencing the same that are appropriation obligations of such Borrowers. In contrast, the Borrower Bonds evidencing Loans to certain other Borrowers, including East Providence, are general obligations of such Borrowers, for the payment of which the full faith and credit, *ad valorem* taxes and general fund revenues of such Borrowers are pledged. See “PLEDGED LOANS” herein.

Impact of COVID-19

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has spread globally, including throughout the United States and the State and has been declared a pandemic by the World Health Organization. In response to the outbreak, federal, state and local governments, including the State, have declared states of emergency in order to provide greater administrative flexibility in responding to the outbreak as well as make available additional resources. Federal, state and local governments, including the State and the local governments and utilities that make up the borrower pool for the Bank’s existing loan programs (including the Borrowers under the EBF), as well as private and public entities, have also implemented numerous measures to mitigate the spread and effects of COVID-19, including the imposition of travel bans, closure of non-essential businesses, limitations on gatherings, stay at home advisories and a number of other social distancing measures.

The continued spread of COVID-19, and the various measures taken over time to mitigate the spread and effects of COVID-19, are expected to continue to have adverse impacts on the economy and, consequently, the financial condition of the Bank’s borrower pool and the State. In addition, the outbreak and resulting mitigation measures are severely disrupting financial markets and causing significant volatility in the U.S. and global stock and bond markets.

The Bank continues to closely monitor the COVID-19 pandemic in coordination with guidance from the Centers for Disease Control and Prevention, the Rhode Island Department of Health, and the Rhode Island Emergency Management Agency. The Bank anticipates that additional national, state and local actions may be taken to further mitigate the spread and effects of COVID-19. It is expected that the information received through these monitoring efforts will help guide the Bank in making appropriate and timely decisions relative to its operating activities. It is unclear whether and the extent to which these legislative, regulatory or other governmental actions will have the positive effect intended. Information regarding the measures taken by the State listed above are available at the State’s COVID-19 website: www.health.ri.gov/covid/. The link to the State’s COVID-19 website is provided for informational purposes only and none of the information posted on the website is incorporated by reference herein.

The COVID-19 outbreak has affected and is expected to continue to affect travel, commerce and financial markets globally and in the State, and is widely expected to affect economic growth worldwide. Although the ultimate impact and cost to the Bank of the economic effects of COVID-19 cannot be determined at this time, the outbreak is expected to have a significant adverse impact on the State and the Bank’s borrower pool and their economies. The impact on the borrower pool and its ability to make timely repayments on outstanding Bank loans cannot be predicted due to the dynamic nature of the outbreak, including: (i) uncertainties relating to the duration and severity of the outbreak; (ii) the extent to which the borrower pool will incur additional costs as a result; (iii) the extent to which the borrower pool will experience a reduction in revenues, including property taxes, local meals and room taxes, motor vehicle excise taxes, water and sewer user fees and other fees and charges; and (iv) the extent to which state aid for the borrower pool will be affected due to the fiscal impact of the epidemic on the State.

The Bank remains in regular communication with its borrower pool, and continues to assess with them any potential financial impact that may result from the COVID-19 pandemic. To date, the Bank has experienced no non-payment issues with respect to its existing loan programs. No assurances can be given, however, that the continued spread of COVID-19 will not materially impact the national, State and local economies. The repayment of outstanding bonds and other indebtedness under the Bank’s various programs, including the EBF, is dependent on the timely receipt of loan repayments from its borrower pool, including the Borrowers. Accordingly, the potential loss to local governments and utilities of tax and other revenues resulting from COVID-19 mitigation efforts could materially adversely impact such loan repayments, including the receipt of Borrower Bond Payments, which are the Bank’s primary source of repayment of the Bonds.

SUMMARY OF THE INDENTURE

The Series 2020 A Bonds will be issued under and secured by the Indenture. Reference is made to the Indenture for the complete details of the terms thereof. See APPENDIX A-1 – “Summary of Certain Provisions of the Indenture” for a brief summary of certain provisions of the Indenture, which should not be considered a full statement thereof.

FINANCIAL STATEMENTS

The financial statements of the Bank for the fiscal year ended June 30, 2020 are incorporated by reference in APPENDIX B and have been audited by Blum, Shapiro & Company, P.C., independent auditors.

TAX EXEMPTION

In the opinion of Hinckley, Allen & Snyder LLP, Bond Counsel to the Bank (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Series 2020 A 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 2020 A Bonds is not a specific preference item for purposes of the federal alternative minimum tax. 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 2020 A 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 2020 A Bonds. Failure to comply with these requirements may result in interest on the Series 2020 A Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2020 A Bonds. The Bank and the Borrower have covenanted to comply with such requirements to ensure that interest on the Series 2020 A Bonds will not be included in federal gross income. The opinion of Bond Counsel assumes compliance with these covenants.

Bond Counsel is also of the opinion that, under existing law, interest on the Series 2020 A Bonds and the income therefrom, including any profit made on the sale thereof, are exempt from taxation by and within the State, although the Series 2020 A Bonds, their transfer and the income therefrom, including any profit made on the sale thereof, may be included in the measure of Rhode Island estate taxes and certain Rhode Island corporate and business taxes. Bond Counsel has not opined as to other State of Rhode Island tax consequences arising with respect to the Series 2020 A Bonds. Bond Counsel expresses no opinion as to the taxability of the Series 2020 A Bonds or the income therefrom under the laws of any state other than the State of Rhode Island. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX E hereto.

To the extent the issue price of any maturity of the Series 2020 A Bonds is less than the amount to be paid at maturity of such Series 2020 A Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series 2020 A 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 2020 A Bonds which is excluded from gross income for federal income tax purposes and is exempt from State of Rhode Island personal income taxes. In general, the issue price of a particular maturity of the Series 2020 A Bonds is the first price at which a substantial amount of such maturity of the Series 2020 A Bonds is sold to the public. The original issue discount with respect to any maturity of the Series 2020 A Bonds accrues daily over the term to maturity of such Series 2020 A 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 2020 A Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Series 2020 A Bonds. Bondholders should consult their own tax advisors with respect to the tax consequences of ownership of Series 2020 A Bonds with original issue discount, including the treatment of purchasers who do not purchase such Series 2020 A Bonds in the original offering to the public at the issue price established therefor.

Series 2020 A 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 2020 A Bonds, or, in some cases, at the earlier redemption date of such Series 2020 A Bonds (“Premium Bonds”), will be treated as having amortizable bond premium for federal income tax purposes and State of Rhode Island income tax purposes. No deduction is allowable for the amortizable bond premium in the case of obligations, such as the Premium Bonds, the interest on which is excluded from gross

income for federal income tax purposes. However, a Bondholder's basis in a Premium Bond will be reduced by the amount of amortizable bond premium properly allocable to such Bondholder. Holders of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Prospective Bondholders should be aware that certain requirements and procedures contained or referred to in the Series 2020 A Indenture, the Loan Agreements and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Series 2020 A Bonds) maybe taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Series 2020 A Bonds may adversely affect the value of, or the tax status of interest on, the Series 2020 A Bonds.

On December 22, 2017, H.R. 1 (Public Law 115-97), commonly referred to as the Tax Cuts and Jobs Act (the "2017 Tax Act"), was enacted into law. The 2017 Tax Act does not adversely affect the exclusion from gross income of interest on the Series 2020 A Bonds. Among other things, however, Section 13532 of the 2017 Tax Act amends Section 149(d)(1) of the Code to provide that nothing in federal law shall be construed to provide an exemption from federal income tax for any bond issued after December 31, 2017 to advance refund another bond. The 2017 Tax Act also contains provisions lowering the income tax rates applicable to many corporations and individuals and repealing the alternative minimum tax on corporations for their tax years beginning after December 31, 2017.

Prospective Bondholders should be aware that from time to time legislation, apart from the 2017 Tax Act, is or may be proposed which, if enacted into law, could result in interest on the Series 2020 A Bonds being subject directly or indirectly to federal income taxation, or otherwise prevent Bondholders from realizing the full benefit provided under current federal tax law of the exclusion of interest on the Series 2020 A Bonds from gross income. To date, no such legislation has been enacted into law. However, it is not possible to predict whether any such legislation will be enacted into law. Further, no assurance can be given that any pending or future legislation, including amendments to the Code, if enacted into law, or any proposed legislation, including amendments to the Code, or any future judicial, regulatory or administrative interpretation or development with respect to existing law, will not adversely affect the market value and marketability of, or the tax status of interest on, the Series 2020 A Bonds. Prospective Bondholders are urged to consult their own tax advisors with respect to any such legislation, interpretation or development.

Although Bond Counsel is of the opinion that interest on the Series 2020 A Bonds is excluded from gross income for federal income tax purposes and is exempt from taxation by and within the State of Rhode Island, the ownership or disposition of, or the accrual or receipt of interest on, the Series 2020 A Bonds may otherwise affect the federal or state tax liability of a Bondholder. The nature and extent of these other tax consequences will depend upon the particular tax status of the Bondholder or the Bondholder's other items of income, deduction or exclusion. Bond Counsel expresses no opinion regarding any such other consequences, and Bondholders should consult with their own tax advisors with respect to such consequences.

CONTINUING DISCLOSURE

In order to assist the Underwriter in compliance with Rule 15(c)2-12 (the "Rule"), promulgated by the Securities and Exchange Commission, under the Securities Exchange Act of 1934, as amended, the Bank and each obligated person with respect to the Bonds issued pursuant to the Indenture shall enter into a Continuing Disclosure Certificate with respect to the Series 2020 A Bonds, for the benefit of the beneficial owners of the Series 2020 A Bonds, substantially in the forms included in APPENDIX F to this Official Statement. Pursuant to the Continuing Disclosure Certificate to be executed by the Bank (the "Bank Continuing Disclosure Certificate"), the Bank shall agree to provide or cause to be provided, in accordance with the requirements of the Rule: (i) certain annual financial information and operating data, (ii) timely notice not in excess of ten (10) business days after the occurrence thereof of certain events with respect to the Series 2020 A Bonds, and (iii) timely notice of the failure by the Bank or any obligated person with respect to the Series 2020 A Bonds to provide as required, annual financial information, operating data and certain other events required by the Rule on or before the date specified in the Bank Continuing Disclosure Certificate.

For purposes of the Bank's undertaking, an obligated person is any entity who, as a result of outstanding Loans from the Bank under the Efficient Buildings Fund, is obligated by contract or otherwise to repay at least twenty

(20%) percent of the outstanding debt service on all outstanding Bonds of the Bank issued under the Indenture. Each obligated person shall enter into a separate Continuing Disclosure Certificate with respect to the Bonds issued pursuant to the Indenture, for the benefit of the beneficial owners of the Series 2020 A Bonds, substantially in the form included in APPENDIX F to this Official Statement (the “Borrower Continuing Disclosure Certificate”), pursuant to which each of such Borrowers will agree to provide or cause to be provided in accordance with the requirements of the Rule (i) certain annual financial information and operating data, and (ii) timely notice in accordance with the Rule of the failure by such Borrower to provide the required annual financial information and operating data on or before the date specified in the Borrower Continuing Disclosure Certificate for such Borrower. As of the date of issuance of the Series 2020 A Bonds, there are no Borrowers obligated by contract or otherwise to pay at least twenty (20%) percent of the outstanding debt service on all outstanding Bonds (including the Series 2020 A Bonds) of the Bank issued under the Indenture other than West Warwick and East Providence. The Bank’s Loan Agreement with each Borrower also provides that to the extent a Borrower becomes an obligated person within the meaning of the Rule, each such Borrower will provide the Bank with the information necessary for the Bank’s compliance with the Rule.

The Underwriter’s obligations to purchase the Series 2020 A Bonds will be conditioned upon their receiving, at or prior the delivery of the Series 2020 A Bonds, executed copies of the Bank Continuing Disclosure Certificate from the Bank substantially in the form included in APPENDIX F-1, the Borrower Continuing Disclosure Certificate from West Warwick substantially in the form included in APPENDIX F-2 and the Borrower Continuing Disclosure Certificate from East Providence substantially in the form included in APPENDIX F-3.

Based on a review of its past continuing disclosure practices, the Bank notes the following. The annual financial information of certain obligated persons, although filed on a timely basis on the MSRB’s EMMA system, was not linked to the Bank’s CUSIP numbers with respect to the Bank’s outstanding Water Pollution Control Revolving Fund Revenue Bonds and Safe Drinking Water Revolving Fund Revenue Bonds. In addition, the Bank is required to file, or cause to be filed, the annual financial information for the City of Pawtucket, Rhode Island (“Pawtucket”), formerly an obligated person with respect to the Bank’s outstanding Safe Drinking Water Revolving Fund Revenue Bonds, no later than March 26th under the continuing disclosure agreements for certain of the Safe Drinking Water Bonds and March 31st under the continuing disclosure agreements for certain other of the Safe Drinking Water Bonds. Pawtucket’s annual financial information for the fiscal year ended June 30, 2015, however, was filed on April 7, 2016, together with a notice of late filing. The Bank plans to regularly review the effectiveness of its procedures for the timely filing of such information and the linking of such information to the Bank’s CUSIP numbers on a going forward basis, and to take prompt action to remedy any deficiencies of which it becomes aware.

West Warwick has previously entered into undertakings to provide continuing disclosure with respect to other debt and within the last five years has complied in all material respects with such undertakings.

East Providence has previously entered into undertakings to provide continuing disclosure with respect to other debt and and notes the following with respect to such undertakings:

- East Providence is required to file its audited financial statements on the MSRB’s EMMA system no later than nine (9) months after the end of its fiscal year. The audited financial statements for East Providence for the 2015 through 2019 fiscal years have not been available by such filing deadline. As permitted by its prior undertakings, East Providence filed its unaudited financial statements on the EMMA system for fiscal years 2015 and 2016 by the filing deadline; however, certain information and notes were either missing or incomplete. For fiscal years 2017, 2018 and 2019, East Providence filed a summary of account balances that make up its general fund, but not its unaudited financial statements. East Providence filed its audited financial statements for fiscal years 2015, 2016, 2017 and 2018 on February 15, 2017, May 1, 2018, February 26, 2019 and December 19, 2019, respectively and its unaudited financial statements for fiscal year 2019 on October 7, 2020. East Providence anticipates the release of its audited financial statements for the fiscal year ended October 31, 2019 and the filing thereof on the EMMA system by the end of October, 2020.
- East Providence issued its \$2,255,000 General Obligation Refunding Bonds, 2020 Series A on March 17, 2020 (the “Closing Date”) and used the proceeds thereof to economically defease on the Closing Date and redeem on May 15, 2020, its outstanding General Obligation Bonds dated May 27, 2010 (the “Refunded Bonds”). East Providence caused a notice of redemption of the Refunded Bonds to be filed on the EMMA system on April 13, 2020. However, East Providence did not file or cause to be filed a

notice of the economic defeasance of the Series 2010 Bonds within ten business days of the Closing Date.

East Providence is now current on all of its required filings and is in the process of instituting procedures to ensure the timely and complete filing of such information in the future.

RATING

S&P Global Ratings has assigned its municipal bond rating of “AA” to the Series 2020 A Bonds.

Such rating reflects only the view of such organization and an explanation of the significance of such rating may be obtained from the rating agency furnishing the same. The above rating is not a recommendation to buy, sell or own the Series 2020 A Bonds, and there is no assurance that such rating will continue for any given period of time or that it will not be revised or withdrawn entirely by such rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Series 2020 A Bonds.

UNDERWRITING

Morgan Stanley & Co. LLC (the “Underwriter”) has agreed, subject to certain conditions, to purchase the Series 2020 A Bonds from the Bank pursuant to a Bond Purchase Agreement at a price equal to the principal amount of the Series 2020 A Bonds plus original issue premium of \$2,063,589.10 and less an underwriting discount of \$89,438.05. The Underwriter is committed to take and pay for all of the Series 2020 A Bonds if any are taken. The Underwriter intends to offer the Series 2020 A Bonds to the public at the offering prices appearing on the front cover page of this Official Statement. After the initial public offering, the public offering prices may be varied from time to time by the Underwriter. No guarantee can be made that a secondary market for the Series 2020 A Bonds will develop or be maintained by the Underwriter or others.

Morgan Stanley, parent company of the Underwriter, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, the Underwriter may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, the Underwriter may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Series 2020 A Bonds.

LITIGATION

There are no proceedings now pending or, to the knowledge of the Bank, threatened in any agency, court or tribunal restraining or enjoining or seeking to restrain or enjoin the issuance, sale, execution or delivery of any of the Series 2020 A Bonds, in any way questioning or affecting the validity of any provision of the Series 2020 A Bonds, the Indenture and any other related documents, in any way questioning or affecting the validity of any of the proceedings of the Bank relating to the authorization, sale, execution or delivery of the Series 2020 A Bonds, or of any provision, program or transactions made or authorized for their payment, or questioning or affecting the organization or existence of the Bank or the title of any of its officers to their respective offices.

MUNICIPAL ADVISOR

Hilltop Securities Inc., Lincoln, Rhode Island, is acting as Municipal Advisor (the “Municipal Advisor”) to the Bank in connection with the issuance of the Bonds. The 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 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 Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies or rating agencies. The Municipal Advisor’s fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds, and receipt by the Bank of payment therefor. The Bank may engage the Municipal Advisor to perform other services, including without limitation, providing certain investment services with regard to the investment of Bond proceeds. The participation of Hilltop Securities Inc. should not be seen as a recommendation to buy or sell the Bonds and investors should seek the advice of their accountants, lawyers and

registered representatives for advice as appropriate. Hilltop Securities Inc. is also the municipal advisor to a number of the Borrowers.

CERTAIN LEGAL MATTERS

The approving opinion of Hinckley, Allen & Snyder LLP, Providence, Rhode Island, Bond Counsel, in substantially the form attached to this Official Statement as APPENDIX E will be delivered upon the issuance of the Series 2020 A Bonds. Certain legal matters will be passed upon for the Bank by its General Counsel, Harrington & Vitale, Ltd., Providence, Rhode Island and for the Underwriter by Adler Pollock & Sheehan P.C., Providence, Rhode Island.

MISCELLANEOUS

The discussions of the Act the Indenture and the Loan Agreements set forth above are subject to all of the provisions of the Act and the subject documents, and these discussions do not purport to be complete statements of such documents. For more information, please refer to APPENDIX A, the Act, and the subject documents. A copy of the Indenture and the form of Loan Agreement may be examined at the office of the Bank and, after the issuance and delivery of the Series 2020 A Bonds, at the principal corporate trust office of the Trustee.

The agreements of the Bank with holders of the Series 2020 A Bonds are fully set forth in the Indenture. This Official Statement is not to be construed as a contract with the purchasers of the Series 2020 A Bonds. Any statements herein involving matters of opinion or estimates, whether or not expressly so stated, are intended merely as such and not as representations of fact.

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

RHODE ISLAND INFRASTRUCTURE BANK

By: /s/ Scott Lajoie
Vice Chair

October 14, 2020

APPENDIX A

Document Summaries

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APPENDIX A-1

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

Definitions; Rules of Construction; Liability under Bonds

[Section 1.01]

Definitions. The following definitions apply to the summary of the Indenture of Trust hereinafter set forth and to the terms not otherwise defined in the Preliminary Official Statement.

Account or Accounts shall mean each of the accounts established by the Master Indenture or any Supplemental Indenture.

Accreted Value shall mean with respect to any Capital Appreciation Bond: (i) as of any Valuation Date, the amount set forth for such date in the Supplemental Indenture authorizing such Capital Appreciation Bond and (ii) as of any date other than a Valuation Date, the sum of (a) the Accreted Value on the immediately preceding Valuation Date and (b) the product of (1) a fraction, the numerator of which is the number of days having elapsed from the preceding Valuation Date and the denominator of which is the number of days from such preceding Valuation Date to the next succeeding Valuation Date, calculated based on the assumption that Accreted Value accrues during any semiannual period in equal daily amounts on the basis of a year of twelve (12) thirty-day months, and (2) the difference between the Accreted Values for such Valuation Dates.

Act shall mean, (i) in respect to the EBF program, collectively, the Rhode Island Infrastructure Bank Act, constituting Chapter 12.2 of Title 46 of the Rhode Island General Laws, as from time to time amended and supplemented, and (ii) in respect to any Additional Program, any other State law applicable to such Additional Program, as from time to time amended and supplemented.

Additional Program shall mean a financing program of the Bank other than the EBF, whether now existing or hereafter established pursuant to the Act, which is identified by the Bank in a Supplemental Indenture as an “Additional Program.”

Additional Program Indenture shall mean an indenture of trust securing loans or other financial assistance to Borrowers for costs of Approved Projects that are eligible for financing under Additional Programs.

Additional Program Trustee shall mean the trustee under an Additional Program Indenture.

Administrative Fees Fund shall mean the Fund of that name established by the Master Indenture.

Aggregate Senior Bonds Debt Service shall mean for any Fiscal Year, as of any date of calculation, the sum of the Debt Service for all Senior Bonds Outstanding during such Fiscal Year.

Aggregate Subordinated Bonds Debt Service shall mean for any Fiscal Year, as of any date of calculation, the sum of the Debt Service for all Subordinated Bonds Outstanding during such Fiscal Year.

Aggregate Debt Service shall mean for any Fiscal Year, as of any date of calculation, the sum of the Aggregate Senior Bonds Debt Service and the Aggregate Subordinated Bonds Debt Service.

Appreciated Value shall mean with respect to any Deferred Income Bond: (i) as of any Valuation Date, the amount set forth for such date in the Supplemental Indenture authorizing such Deferred Income Bond and (ii) as of any date other than a Valuation Date, the sum of (a) the Appreciated Value on the immediately preceding Valuation Date and (b) the product of (1) a fraction, the numerator of which is the number of days having elapsed from the preceding Valuation Date and the denominator of which is the number of days from such preceding Valuation Date to the next succeeding Valuation Date, calculated based on the assumption that Appreciated Value accrues during any semiannual period in equal daily amounts on the basis of a year of twelve (12) thirty-day months, and (2) the

difference between the Appreciated Values for such Valuation Dates, and (iii) as of any date of calculation on and after the Interest Commencement Date, the Appreciated Value on the Interest Commencement Date.

Approved Project shall have the meaning ascribed to such term in the Act.

Authorized Officer shall mean the Chair, Executive Director, Chief Operating Officer or Secretary of the Bank or any other director or officer of the Bank designated to act as an Authorized Officer for purposes of the Indenture by resolution of the Board of Directors of the Bank.

Bank shall mean the Rhode Island Infrastructure Bank, a body politic and corporate, constituting a public instrumentality of the State of Rhode Island.

Bank Loan shall mean a loan made or other financial assistance provided by the Bank to a Borrower to finance Costs of a Project pursuant to a Loan Agreement and the Act, which loan or other financial assistance is evidenced by a Borrower Bond and is made from the proceeds of the applicable Series of Bonds deposited in the applicable Borrower Proceeds Subaccount of the Series Account of the Project Fund pursuant to the Indenture.

Bond Counsel shall mean counsel selected by the Bank and satisfactory to the Trustee and nationally recognized as experienced in matters relating to bonds issued by states and their political subdivisions.

Bond Register shall mean the bond register specified in the Master Indenture.

Bond Year shall mean, for purposes of the Indenture and the tests set forth in the Indenture, each twelve-month period ending on June 30 of any year in which Bonds are Outstanding.

Bonds shall mean any Senior Bonds or Subordinated Bonds authorized and issued pursuant the Act and the Indenture, and, except as expressly limited by the Indenture or otherwise expressly provided in the Indenture, any Parity Reimbursement Obligations of the Bank; provided, however, that a Parity Reimbursement Obligation shall only be considered a Bond for purposes as set forth in the Indenture.

Borrower or *Borrowers* shall mean the Local Government Units (as defined in the Act) receiving financial assistance under the EBF.

Borrower Agreement or *Borrower Agreements* shall mean, individually or collectively, each Loan Agreement and the related Borrower Bonds.

Borrower Bonds shall mean the bonds, notes or other obligations issued by any Borrower which constitute Local Governmental Obligations under the Act and are acquired by the Bank as evidence of a Bank Loan, a Surplus Loan or a combination of a Bank Loan or a Surplus Loan.

Borrower Bond Payments shall mean the amounts payable by a Borrower under each series of Borrower Bonds, including payments of principal of, premium, if any, and interest on such Borrower Bonds.

Borrower Capitalized Interest shall mean, with respect to any Borrower, that portion of the proceeds of such Borrower's Loan, if any, required by an Officer's Certificate to be deposited in the applicable Borrower Capitalized Interest Subaccount in the applicable Borrower Proceeds Subaccount of the applicable Series Account of the Project Fund, or in the applicable Borrower Capitalized Interest Subaccount in the applicable Borrower Surplus Account of the Project Fund, for the purpose of funding the payment of a portion of the Loan Servicing Fees and interest on such Borrower's Borrower Bonds.

Borrower Capitalized Interest Subaccount shall mean a Borrower Capitalized Interest Subaccount established by the Master Indenture.

Borrower Restricted Loan Pledged Account shall mean the Account of that name established by the Master Indenture.

Borrower Restricted Loan Non-Pledged Account shall mean the Account of that name established by the Master Indenture.

Borrower Unrestricted Loan Pledged Account shall mean the Account of that name established by the Master Indenture.

Borrower Unrestricted Loan Non-Pledged Account shall mean the Account of that name established by the Master Indenture.

Borrower Surplus Accounts shall mean, collectively, each Borrower Restricted Loan Pledged Account, each Borrower Restricted Loan Non-Pledged Account, each Borrower Unrestricted Loan Pledged Account and each Borrower Unrestricted Loan Non-Pledged Account of the Project Fund.

Borrower Tax Certificates shall mean the tax certificates delivered by the Borrowers in connection with the delivery of tax-exempt Borrower Bonds.

Business Day shall mean any day which is not a Saturday, Sunday, a day on which the Trustee or banking institutions chartered by the State or the United States of America are legally authorized to close in the State, or a day that is a legal holiday for the State; provided, however, that, with respect to Option Bonds or Variable Interest Rate Bonds of a Series, such term means any day which is not a Saturday, Sunday, a day on which the Trustee, the New York Stock Exchange, banking institutions chartered by the State or the United States of America or the issuer of a Credit Facility or Liquidity Facility for such Bonds are legally authorized to close in the State, or a day that is a legal holiday for the State.

Capital Appreciation Bond shall mean any Bond as to which interest is compounded on each Valuation Date therefor and is payable only at the maturity or prior redemption thereof.

Capitalized Interest shall mean, for any particular Series of Bonds, that portion of the proceeds of the Bonds of such Series, if any, required by an Officer's Certificate to be deposited in a Subaccount established for such Series in the Capitalized Interest Subaccount in the Interest Account of the Debt Service Fund, for the purpose of funding the payment of a portion of the interest on the Bonds of such Series.

Capitalized Interest Subaccount shall mean the Subaccount of that name established by the Master Indenture.

Code shall mean the Internal Revenue Code of 1986, as amended.

Common Reserve Account shall mean the Account of that name established by the Master Indenture.

Common Reserve Bonds shall mean the Senior Bonds of any Series secured by the Common Reserve Account as provided in the applicable Supplemental Indenture providing for the issuance of each such Series of Senior Bonds.

Conditional Redemption shall have the meaning ascribed to that term in the Master Indenture.

Corporate Trust Office shall mean the office of the Trustee at which at any particular time its corporate trust business shall be principally administered, which office at the date hereof is located at One Federal Street, Third Floor, Boston, Massachusetts 02110.

Cost, as applied to any Project, shall mean all or any part of the cost, paid by or on behalf of or reimbursable by the Bank or a Borrower of construction, acquisition, alteration, reconstruction and remodeling of such Project, all lands, real and personal property, rights-of-way, water rights, air rights, franchises, easements and interests necessary or convenient therefor, the cost of any demolitions or relocations necessary in connection therewith, the cost of all machinery and equipment, financing charges, including Costs of Issuance not funded from the proceeds of Bonds, interest on Bonds issued in whole or in part to finance such construction prior to, during and for such period as the Bank shall determine after the period of construction of such Project, architectural, engineering, financial and legal services, plans, specifications, appraisals, surveys, inspections, estimates of costs and revenues, and other expenses necessary or incident to determining the feasibility or practicality of such work, organizational, administrative and other expenses prior to the commencement of and during such work, advance training of operating personnel and other expense, including initial working capital, of completing such work and placing the same in operation, and any other item of cost attributable to the construction, acquisition, alteration, reconstruction and remodeling of such Project and placing the same in operation.

Costs of Issuance shall mean any and all items of expense directly or indirectly payable by or reimbursable to the Bank and related to the authorization, sale and issuance of the Bonds, including, but not limited to, printing costs, costs of reproducing documents, filing and recording fees, initial fees and charges of the Trustee or a Depository, legal fees and charges, professional consultants' fees, costs of credit ratings, fees and charges for execution, transportation and safekeeping of the Bonds, underwriting or placement fees (including, but not limited to, underwriting discount), fees of a Remarketing Agent, fees, and expenses payable in connection with any Credit Facility, Liquidity Facility, Hedge Agreement (including, but not limited to, Termination Payments), or Reserve Deposits, and other costs, charges and fees in connection with the issuance of the Bonds.

Cost of Issuance Fund shall mean the Fund of that name established by the Master Indenture.

Counterparty shall mean any person with which the Bank has entered into a Hedge Agreement, and such person's successors and assigns.

Credit Facility shall mean an irrevocable letter of credit, surety bond, loan agreement, Standby Purchase Agreement or other agreement, facility or insurance or guaranty arrangement pursuant to which the Bank or the Trustee is entitled to obtain money 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 whether or not the Bank is in default under the Master Indenture, which is issued or extended by:

(A) 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;

(B) a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law;

(C) 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;

(D) a savings bank;

(E) a saving and loan association;

(F) an insurance company or association chartered or organized under the laws of any state of the United States of America;

(G) the Government National Mortgage Association or any successor thereto or the Federal National Mortgage Association or any successor thereto;

(H) an entity affiliated with or which is a subsidiary of any entity described above or affiliated with or a subsidiary of any registered securities dealer; or

(I) any other entity approved by the Bank.

Cross-Investment shall mean funds invested in an Additional Program Indenture for the purpose of providing additional security for Bonds issued pursuant to the Indenture and bonds issued pursuant to an Additional Program Indenture.

Cross-Investment Fund shall mean the Cross-Investment Fund established by the Master Indenture.

Date of Issue shall mean October 29, 2020.

Debt Service for any Fiscal Year or part thereof shall mean, as of any date of calculation and with respect to any Series, an amount equal to the sum of (i) interest payable during such Fiscal Year or part thereof on Outstanding Bonds of such Series (except to the extent that such interest is to be paid from amounts representing capitalized interest), including interest payable on Deferred Income Bonds from and after their respective Interest

Commencement Dates and (ii) Principal Installments of the Outstanding Bonds of such Series payable during such Fiscal Year or part thereof. Such interest and Principal Installment for such Series shall be calculated on the assumption that no Bonds of such Series Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment thereof upon stated maturity or upon mandatory redemption by application of Sinking Fund Installments; provided, however, that if the interest at which a Variable Interest Rate Bond will bear interest at any time during such period is not known, the Trustee shall calculate such interest based upon a rate per annum certified to it by the Bank as the rate the Bank has assumed such Variable Interest Rate Bond will bear.

Debt Service Fund shall mean the fund of that name established by the Master Indenture.

Debt Service Reserve Fund shall mean the fund of that name established by the Master Indenture.

Defaulting Borrower shall mean any Borrower which the Bank shall specify, in an Officer's Certificate delivered to the Trustee, as being in default under such Borrower's Borrower Agreement until such time as the Bank shall specify, in an Officer's Certificate delivered to the Trustee, that such Borrower is no longer in default under such Borrower Agreement.

Defeasance Securities shall mean:

(A) a Government Obligation, including the interest component of REFCORP bonds for which the separation of principal and interest is made by request of the Federal Reserve Bank of New York in book-entry form, that is not subject to redemption prior to maturity other than at the option of the holder thereof or that has been irrevocably called for redemption on a stated future date; or

(B) a Municipal Obligation (a) that 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 Municipal Obligation by the obligor thereof to give due notice of redemption and to call such Municipal Obligation for redemption on the date or dates specified in such instructions and such Municipal Obligation is not otherwise subject to redemption prior to such specified date other than at the option of the holder thereof, (b) the timely payment of the principal or redemption price thereof and interest thereon is fully secured by a fund consisting only of cash or obligations described in clause (i) above, which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such Municipal Obligation on the maturity date thereof or the redemption date specified in the irrevocable instructions referred to in clause (a) above, and (c) that at the time an investment therein is made is rated in the highest rating category by at least two Rating Agencies;

provided, however, that such term shall not mean any interest in a unit investment trust or mutual fund or in "CATS," "TIGRS" or "TRS".

Deferred Income Bond shall mean any Bond as to which interest accruing thereon prior to the Interest Commencement Date therefor is compounded on each Valuation Date for such Deferred Income Bond, payable at maturity or earlier redemption, and interest accruing from and after the Interest Commencement Date is payable on the Interest Payment Dates therefor.

Depository shall mean 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 Supplemental Indenture authorizing a Series of Bonds to serve as securities depository for Bonds of such Series.

Disbursement Procedures shall mean with respect to each Loan the procedures and provisions set forth in the applicable Loan Agreement.

Efficient Buildings Fund, or EBF shall mean the efficient buildings fund established by the Bank for the purpose of providing financial assistance to the Borrowers for the purpose of financing Costs of Approved Projects within the meaning of the Act, consisting of energy efficient and renewable energy upgrades to public buildings and infrastructure, including, but not limited to, streetlights.

Event of Default shall mean any event of default specified in the Master Indenture.

First Supplemental Indenture shall mean the First Supplemental Indenture of Trust relating to the issuance of the Series 2018 A Bonds.

Fiscal Year of the Bank shall mean the twelve months ending June 30 or such other period as may be specified, from time to time, in the By-laws of the Bank.

Fitch shall mean Fitch, Inc. and its successors and assigns; provided, however, that references to Fitch shall be effective so long as Fitch is a Rating Agency.

Fund or Funds shall mean each of the funds established by the Master Indenture or any Supplemental Indenture.

Government Obligations shall mean:

(A) a direct obligation of, or an obligation the timely payment of the principal of and interest on which is guaranteed by, the United States of America, the Federal Housing Administration, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Federal Farm Credit System or a Federal Home Loan Bank; and

(B) an obligation of the United States of America which has been stripped by the United States Department of the Treasury itself or by any Federal Reserve Bank (not including “CATS,” “TIGRS” and “TRS” unless the Bank obtains Rating Confirmation with respect thereto).

Hedge Agreement shall mean any financial arrangement entered into by the Bank with another person that (i) is executed in connection with Bonds and is an Interest Rate Exchange Agreement, an interest rate cap or collar or other exchange or rate protection transaction, or (ii) is an agreement for the forward purchase of securities for the investment of money of the Bank in any Fund, Account or Subaccount established by the Master Indenture.

Hedge Agreement Payment shall mean any periodic or regularly scheduled payment required to be made by the Bank pursuant to a Hedge Agreement, but does not include a Termination Payment.

Indenture shall mean the Master Indenture, by and among the Bank and the Trustee, as supplemented from time to time by Supplemental Indentures.

Initial Bonds shall mean the Bonds of the first Series authorized and issued under the Indenture.

Interest Account shall mean the Account of that name established by the Master Indenture.

Interest Commencement Date shall mean, with respect to any particular Deferred Income Bond, the date prior to the maturity date thereof after which interest accruing thereon shall be payable on each Interest Payment Date succeeding such Interest Commencement Date.

Interest Payment Date shall mean the fixed maturity of an installment of interest on any Series of Bonds.

Interest Rate Exchange Agreement shall mean an agreement entered into by the Bank in connection with the issuance of or which relates to any Bonds which provides that during the term of such agreement the Bank is to pay to the Counterparty an amount based on the interest accruing at a fixed or variable rate per annum on a notional amount equal to the principal amount of such Bonds and that the Counterparty is to pay to the Bank an amount based on the interest accruing on such notional amount at a fixed or variable rate, in each case computed according to a formula set forth in such agreement, or that one shall pay to the other any net amount due under such agreement.

Investment Securities shall mean any of the following securities, if and to the extent the same are legal investments for funds of the Bank:

- (A) Defeasance Securities;
- (B) Government Obligations;

(C) demand and time deposits in or certificates of deposit of, or bankers' acceptances issued by, any bank or trust company, savings and loan association or savings bank, payable on demand or on a specified date no more than three months after the date acquired as an investment under the Master Indenture, if such deposits or instruments are at the time an investment therein is made rated by at least two Rating Agencies: "A-1+" if by S&P, "P-1" if by Moody's and "F1" if by Fitch;

(D) Municipal Obligations that at the time an investment therein is made are rated at least in one of the two highest long term rating categories by at least two Rating Agencies, without regard to qualification of such rating by symbols such as "+" or "-" and numerical notation;

(E) commercial or finance company paper (including both non-interest bearing discount obligations and interest bearing obligations) payable on demand or on a specified date not more than two hundred seventy (270) days after the date acquired as an investment under the Master Indenture that is at the time an investment therein is made rated in the highest rating category by at least two Rating Agencies;

(F) repurchase obligations with respect to any security described in clause (i) or (ii) above entered into with (a) a primary dealer, depository institution or trust company (acting as principal) that at the time an investment therein is made is rated by at least two Rating Agencies: "A-1" if by S&P, "P-1" if by Moody's and "F1" if by Fitch (if payable on demand or on a specified date no more than three months after the date acquired as an investment under the Master Indenture) or in one of the two highest long term rating categories by at least two Rating Agencies, or (b) any financial institution or corporation, any insurance company, a registered broker/dealer or domestic commercial bank, in each case whose long term debt obligations are rated "investment grade" by at least two Rating Agencies; provided, however, that (1) a specific written agreement governs the transactions, (2) the securities that are the subject of the repurchase agreement are held free and clear of any lien, by the Trustee or an independent third party acting solely as the agent of the Trustee that is (A) a Federal Reserve Bank or (B) a member of the Federal Deposit Insurance Corporation that has combined surplus and undivided profits of not less than twenty-five million dollars (\$25,000,000), and the Trustee shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for the Trustee, and (3) the agreement provides that the securities that are the subject of the repurchase agreement are required to be repurchased either on demand or within one year after their date of purchase;

(G) securities bearing interest or sold at a discount (in each case payable on demand or on a specified date no more than ninety (90) days after the date acquired as an investment under the Master Indenture) that are issued by any corporation incorporated under the laws of the United States of America or any state thereof and are rated by at least two Rating Agencies: "P-1" if by Moody's, "A-1+" if by S&P and "F1" if by Fitch, at the time of such investment or contractual commitment providing for such investment; provided, however, that securities issued by any such corporation will not be eligible for investment to the extent that investment therein would cause the then outstanding principal amount of securities issued by such corporation and held as investments under the Master Indenture to exceed twenty percent (20%) of the aggregate principal amount of all Investment Securities then held under the Master Indenture;

(H) units of taxable or tax-exempt money market funds which are regulated investment companies and seek to maintain a constant net asset value per share and which at the time an investment therein is made are rated by at least two Rating Agencies: at least "Aa-mf" if by Moody's, "AaM" if by S&P and "AaMmf" if by Fitch, including if so rated any such fund which the Trustee or an affiliate of the Trustee serves as an investment advisor, administrator, shareholder, servicing agent and/or custodian or sub-custodian, notwithstanding that (a) the Trustee or an affiliate of the Trustee charges and collects fees and expenses (not exceeding current income) from such funds for services rendered, (b) the Trustee charges and collects fees and expenses for services rendered pursuant to the Indenture and (c) services performed for such funds and pursuant to the Indenture may converge at any time (the Bank specifically authorizes the Trustee or an affiliate of the Trustee to charge and collect all fees and expenses from such funds for services rendered to such funds, in addition to any fees and expenses the Trustee may charge and collect for services rendered pursuant to the Indenture);

(I) investment agreements or guaranteed investment contracts with any financial institution or corporation, any insurance company, a registered broker/dealer or a domestic commercial bank whose senior long term debt obligations are rated, or guaranteed by a financial institution, whose senior long term debt

obligations are rated, at the time such agreement or contract is entered into, in one of the two highest long term rating categories by at least two Rating Agencies, without regard to qualification of such rating by symbols such as “+” or “-” and numerical notation; provided, however, that in the event that such rating is suspended, withdrawn or reduced below the rating assigned to Outstanding Bonds without regard to any Credit Facility either (a) the Bank has an option to terminate such agreement or contract or (b) such agreement or contract is required to be collateralized by securities described in clause (i) or (ii) above or by obligations of the Government National Mortgage Association or any successor thereto; provided, further, that (1) a specific written agreement governs the transactions, (2) the collateral securities, if any, are held free and clear of any lien, by the Trustee or by a trustee of an independent third party acting solely as the agent of the Trustee that is (A) a Federal Reserve Bank or (B) a member of the Federal Deposit Insurance Corporation that has combined surplus and undivided profits of not less than twenty-five million dollars (\$25,000,000), and the Trustee shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for the Trustee, (3) the agreement has a term of thirty days or less, or either the Trustee, if the Trustee holds the collateral, or a custodian of the collateral or a valuation agent selected by the Bank, will value the collateral securities no less frequently than monthly, will liquidate the collateral securities if any deficiency in the required collateral percentage is not restored within five (5) Business Days of such valuation, and (4) the fair market value of the collateral securities in relation to the amount of the obligation, including principal and interest, is equal to at least one hundred two percent (102%);

(J) other obligations or securities that either (i) under the applicable standards and guidelines of each Rating Agency are investments in which money in a particular Fund, Account or Subaccount under the Indenture may be invested by the Bank or (ii) as to the investment therein for any Fund, Account or Subaccount the Bank has received Rating Confirmation;

(K) investments in the Ocean State Investment Pool (OSIP); and

(L) any other investments as may be legal investments for funds of the State or any State agency.

Liquidity Facility shall mean a letter of credit, surety bond, loan agreement, Standby Purchase Agreement, line of credit or other agreement or arrangement pursuant to which money may 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 hereof and of the Supplemental Indenture authorizing such Bonds, which is issued or provided by:

(A) 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;

(B) a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law;

(C) 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;

(D) a savings bank;

(E) a saving and loan association;

(F) an insurance company or association chartered or organized under the laws of any state of the United States of America;

(G) the Government National Mortgage Association or any successor thereto or the Federal National Mortgage Association or any successor thereto;

(H) an entity affiliated with or which is a subsidiary of any entity described above or affiliated with or a subsidiary of any registered securities dealer; or

- (I) any other entity approved by the Bank.

Loan shall mean any Bank Loan or Surplus Loan.

Loan Agreement or *Loan Agreements* shall mean, individually or collectively, as applicable, the Loan Agreements between the Borrowers and the Bank, as amended and supplemented in accordance with its terms from time to time, pursuant to which the Bank shall make Loans to the Borrowers for the purpose of financing Projects.

Loan Closing Fee shall mean the fee paid to the Bank by each Borrower upon the closing of any Loan as required pursuant to the provisions of such Borrower's Loan Agreement.

Loan Servicing Fee shall mean the annual fees paid to the Bank by each Borrower as required pursuant to the provisions of such Borrower's Loan Agreement.

Master Indenture shall mean the Indenture of Trust, by and between the Bank and the Trustee.

Maximum Annual Debt Service shall mean, as of any particular date of calculation and with respect to any Outstanding Bonds, an amount equal to the greatest amount required in the then current or any future Fiscal Year to pay the Debt Service on such Bonds during such Fiscal Year; provided, however, that for purposes of this definition:

(i) the Accreted Value of a Capital Appreciation Bond and the Appreciated Value of a Deferred Income Bond becoming due at maturity or through a mandatory Sinking Fund Installment shall be included in the calculations of the interest and Principal Installments payable during the Fiscal Year in which such Capital Appreciation Bond or Deferred Income Bond matures or in which such Sinking Fund Installment is due;

(ii) the Principal Installments of an Option Bond Outstanding during any Fiscal Year shall be included only in the years and in the respective Principal Installments due on the dates on which Sinking Fund Installments are due and on the stated maturity date thereof;

(iii) it shall be assumed that a Variable Interest Rate Bond, prior to its conversion to bear interest at a fixed rate to its maturity, bears interest during any Fiscal Year at the lesser of:

(1) a fixed rate of interest determined in the sole judgment of an Authorized Officer, on a Business Day not more than five (5) days prior to the date of calculation as the fixed rate at which such Variable Interest Rate Bond would have had to bear to be marketed at par on such date as a fixed rate obligation; and

(2) if the Bank has in connection with such Variable Interest Rate Bond entered into (A) an Interest Rate Exchange Agreement which provides that the Bank is to pay to another person an amount determined based upon a fixed rate of interest on the principal amount of the Outstanding Variable Interest Rate Bonds to which such agreement relates and the Counterparty pays with respect to a like principal amount a variable rate expected to be reasonably equivalent to the variable rate of interest on such Bonds, or (B) a Hedge Agreement in the nature of an interest rate cap or collar, then either the interest fixed rate set forth in or determined in accordance with such Interest Rate Exchange Agreement or the maximum rate set forth in such Hedge Agreement, as applicable; and

(iv) the Principal Installments and Sinking Fund Installments of and interest on Bonds paid or Bonds deemed to be paid as provided in the Master Indenture shall be excluded from such calculation.

Maximum Interest Rate shall mean, with respect to any particular Variable Interest Rate Bond, the numerical rate of interest, if any, established as the maximum rate at which such Variable Interest Rate Bond may bear interest at any time.

Minimum Interest Rate shall mean, with respect to any particular Variable Interest Rate Bond, a numerical rate of interest, if any, established as the minimum rate at which such Variable Interest Rate Bond may bear interest at any time.

Moody's shall mean Moody's Investors Service and its successors and assigns; provided, however, that references in the Master Indenture to Moody's shall be effective so long as Moody's is a Rating Agency.

Municipal Obligation shall mean 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.

Officer's Certificate shall mean a certificate signed by an Authorized Officer, as may be required under the Master Indenture, in the form attached as Exhibit A to the Master Indenture, with such changes as are necessary or appropriate from time to time in the sole discretion of such Authorized Officer in connection with delivery of such Officer's Certificate.

Option Bond shall mean any Bond which by its terms may be tendered by and at the option of the Owner thereof for purchase or redemption by the Bank prior to the stated maturity thereof, or the maturity of which may be extended by and at the option of the Owner thereof.

Outstanding, when used with reference to Bonds, shall mean, as of any particular date, the aggregate of all Bonds authenticated and delivered under the Indenture and all Parity Reimbursement Obligations, except:

- (a) Bonds cancelled by the Trustee or delivered to the Trustee for cancellation at or prior to such date;
- (b) Bonds for the payment or redemption of which money in the necessary amount has been theretofore deposited with the Trustee or any Paying Agent in trust for the Owners of such Bonds, provided that if such Bonds are to be redeemed, notice of such redemption has been duly given pursuant to the Indenture or provision therefor satisfactory to the Trustee has been made;
- (c) Bonds paid or Bonds deemed to be paid as provided in the Master Indenture;
- (d) Bonds paid or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to the Master Indenture, unless proof satisfactory to the Trustee shall be presented that any such Bond shall be held by a bona fide purchaser (as such term is defined in the Uniform Commercial Code of the State);
- (e) Option Bonds tendered or deemed tendered in accordance with the provisions of the Supplemental 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 Supplemental Indenture authorizing such Bonds; and
- (f) Parity Reimbursement Obligations arising out of a Credit Facility or Liquidity Facility if and to the extent that such Parity Reimbursement Obligations are evidenced by Bonds to which the Credit Facility or Liquidity Facility relates and such Bonds are registered in the name of the Provider thereof or its nominee;

provided, however, that in determining whether the Owners of the requisite principal amount of Bonds Outstanding have given any request, demand, authorization, direction, notice, consent or waiver under the Master Indenture, Bonds owned by or for the account of a Borrower shall be disregarded and deemed not to be Outstanding, except that in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds which a Responsible Officer of the Trustee knows to be so owned shall be so disregarded. Bonds so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right to act with respect to such Bonds and that the pledgee is not a Borrower and that the pledgee is not holding such Bonds for the account of a Borrower.

Owner or Bondowner shall mean the Registered Owner of any Bond.

Parity Reimbursement Obligation shall mean an obligation of the Bank to: (i) reimburse the Provider of a Credit Facility or Liquidity Facility for money advanced thereunder for the payment of the principal, Redemption Price or purchase price of Bonds, including interest on the money so advanced, or (ii) make Hedge Agreement Payments (other than Termination Payments), whether or not such obligation is evidenced by a note, bond or other evidence of indebtedness, but which is secured by a security interest in, pledge of and lien on the Trust Estate on a parity with the lien created by the Master Indenture and by an applicable Supplemental Indenture for the payment of the Senior Bonds or the Subordinated Bonds to which such Credit Facility, Liquidity Facility, or Hedge Agreement relates.

Paying Agent shall mean any paying agent for the Bonds and any successor or successors as paying agent appointed pursuant to the Master Indenture.

Person shall mean an individual, a corporation, a partnership, an association, a joint stock company, a trust, any unincorporated organization or a government or political subdivision thereof.

Principal Account shall mean the Account of that name established by the Master Indenture.

Principal Installment shall mean, as of any date of calculation, (i) the principal amount of Bonds due on a future date for which no Sinking Fund Installments have been established, or (ii) the unsatisfied balance of any Sinking Fund Installment due on a future date, or (iii) if such future dates coincide, the sum of such principal amount of Bonds and of such Sinking Fund Installment due on such future date; in each case in the amounts and on the dates as provided in the Indenture.

Program shall mean the EBF or any Additional Program.

Project or *Projects* shall mean and include: (i) in respect to the EBF, any energy efficient and renewable energy upgrades to public buildings and infrastructure, including, but not limited to, streetlights, as described in an exhibit to any Loan Agreement, such Project constituting an Approved Project and included on the Project Priority List, all or a portion of the Costs of which are financed with the proceeds of a Loan; or (ii) in respect to any Additional Programs, subject to the receipt of a Rating Confirmation, such other projects which constitute Approved Projects for such Additional Programs, as more particularly described in a Supplemental Indenture, all or a portion of the Costs of which are financed with the proceeds of a Loan.

Project Fund shall mean the Fund of that name established by the Master Indenture.

Project Priority List shall mean the project priority list issued by the State's Department of Energy Resources setting forth the Borrowers and the Approved Projects that are eligible for financing under the Efficient Buildings Fund.

Projected Debt Service Coverage Ratio shall mean:

(a) with respect to the release of Borrower Agreements in respect to Senior Bonds, for any future period, the ratio determined by dividing (a) a numerator equal to the projected Revenues (including expected Revenues to the Bank from the Series of Senior Bonds proposed to be issued but excluding moneys and securities in the Surplus Fund and the Cross-Investment Fund and moneys, securities and Reserve Deposits in any Series Reserve Account of the Debt Service Reserve Fund, to the extent such Series Reserve Account secures less than all of the Senior Bonds issued under the Indenture) for the current and each future Bond Year, and (b) a denominator equal to the Maximum Annual Debt Service for the Senior Bonds then Outstanding and secured by the Indenture and the Series of Senior Bonds proposed to be issued, for the current and each future Bond Year in which such Senior Bonds shall be Outstanding; and

(b) with respect to the release of Borrower Agreements in respect to Subordinated Bonds, for any future period, the ratio determined by dividing (a) a numerator equal to the projected Revenues (including expected Revenues to the Bank from the Series of Subordinated Bonds proposed to be issued) to be available for deposit into the Subordinated Debt Service Fund for the current and each future Bond Year, and (b) a denominator equal to the Maximum Annual Debt Service for the Subordinated Bonds then Outstanding and

secured by the Indenture and the Series of Subordinated Bonds proposed to be issued, for the current and each future Bond Year in which such Subordinated Bonds shall be Outstanding.

Provider shall mean the provider or issuer of a Credit Facility or a Liquidity Facility, and its successors and assigns.

Provider Payments shall mean the amount, certified by a Provider to the Trustee, as payable to such Provider on account of amounts advanced by it under a Credit Facility or a Liquidity Facility, including interest on amounts advanced and fees and charges with respect thereto.

Qualified Independent Consultant shall mean an independent accountant or firm of independent accountants or such other independent consultant or firm of independent consultants which, in any case, shall be of recognized standing and shall have the necessary experience to provide the certificate or other information required by the Master Indenture, selected by the Bank and satisfactory to the Trustee.

Rating Agency shall mean any of Fitch, Moody's, S&P or such other nationally recognized rating agency or agencies.

Rating Confirmation shall mean the written confirmation of each Rating Agency which may, as of such date, have assigned a rating to the Bonds to the effect that the rating assigned, without regard to any Credit Facility, to each of the Bonds rated by such Rating Agency will remain unchanged and will not be withdrawn, suspended or reduced as a consequence of some act or occurrence.

Redemption Fund shall mean the Fund of that name established by the Master Indenture.

Redemption Price shall mean, with respect to any Bond or portion thereof the Outstanding principal amount thereof or of such portion, or such other amount as may be provided in the applicable Supplemental Indenture, plus the premium, if any, payable upon redemption thereof.

Record Date shall have the meaning ascribed to such term in the Master Indenture.

Refunding Bond shall mean any Bond authenticated and delivered on original issuance pursuant to the Master Indenture for the purpose of refunding any Outstanding Bonds, or thereafter authenticated and delivered in lieu of or substitution for such Bond pursuant to the Indenture.

Registered Owner shall mean the person or persons in whose name or names a particular Bond shall be registered on the Bond Register.

Reimbursement Obligations shall have the meaning ascribed to that term in the Master Indenture.

Remarketing Agent shall mean the person appointed by or pursuant to a Supplemental Indenture authorizing the issuance of Option Bonds to remarket such Option Bonds tendered or deemed to have been tendered for purchase in accordance with such Supplemental Indenture.

Reserve Account shall mean either the Common Reserve Account or any Series Reserve Account established pursuant to the Master Indenture, which Account may secure one or more Series of Senior Bonds as set forth in the applicable Supplemental Indenture providing for the issuance of such Series of Senior Bonds.

Reserve Deposits, except as set forth in any Supplemental Indenture, shall mean one or more of the following:

(A) irrevocable, unexpired letters of credit issued by banking institutions the senior long-term debt obligations of which (or of the holding company of such banking institution) have (at the time of issue of such letter of credit), a rating within the two highest rating categories generally available to banking institutions by each Rating Agency rating such debt without regard to any gradations within such categories; or

(B) irrevocable and unconditional policies of insurance in full force and effect issued by municipal bond insurers the obligations insured by which are eligible for a rating at the time of issuance of

such policies within the two highest rating categories available to insurers generally issuing such insurance by each Rating Agency rating such insurance without regard to any gradations within such categories;

in each case providing for the payment of sums for the payment of principal of and interest on Bonds in the manner provided under the Master Indenture.

“Reserve Requirement” shall mean, (a) with respect to the Common Reserve Bonds, subject to subsection (k) under the heading **“Administrative Fees Fund; Cost of Issuance Fund; Project Fund; Revenue Fund; Debt Service Fund; Debt Service Reserve Fund; Subordinated Debt Service Fund; and Surplus Fund – Debt Service Reserve Fund”** herein, as of the date of any calculation, (1) the least of: (i) Maximum Annual Debt Service of such Common Reserve Bonds in any current or future Fiscal Year or other appropriate twelve-month period, (ii) ten percent (10%) of the original aggregate principal amount of the Common Reserve Bonds (excluding Bonds refunded with the proceeds of subsequently-issued Bonds), or (iii) one hundred twenty-five percent (125%) of the average Aggregate Debt Service of such Common Reserve Bonds in any current or future Fiscal Year or other appropriate twelve-month period, or (2) such other amount determined by the Bank subject to the receipt of a Rating Confirmation, and (b) with respect to any Series of Senior Bonds that are not Common Reserve Bonds, such amount, if any, as shall be specified in the Supplemental Indenture authorizing the issuance of such Series of Senior Bonds (including provisions governing the reduction of such Reserve Requirement and/or release of such amount); provided, however, that in no event shall any Reserve Requirement under clause (a) or (b) exceed an amount permitted by the Code and the regulations thereunder.

Responsible Officer shall mean any vice president, assistant vice president or corporate trust officer employed in the Corporate Trust Division of the Trustee.

Restricted Account shall mean the Account of that name established by the Master Indenture.

Restricted Funds shall mean moneys to be provided by the Bank pursuant to the Master Indenture for deposit in the Restricted Account which, by law, administrative regulation, rule, court order, or otherwise, contain a restriction as to use under the EBF or any Additional Program.

Restricted Loan shall mean a loan made or other financial assistance provided by the Bank to a Borrower to finance Costs of a Project pursuant to a Loan Agreement and the Act, which loan or other financial assistance is evidenced by a Borrower Bond and is made from Restricted Funds deposited in the applicable Borrower Restricted Loan Pledged Account or Borrower Restricted Loan Non-Pledged Account of the Project Fund from the Restricted Account of the Surplus Fund pursuant to the Master Indenture and not from the proceeds of Bonds.

Restricted Loan Principal Repayment Account shall mean the Account of that name established by the Master Indenture.

Revenue Fund shall mean the Fund of that name established pursuant to the Master Indenture.

Revenues shall mean and include:

(A) (i) all Borrower Bond Payments and any other income, revenues, receipts, and other moneys payable to the Bank pursuant to the Borrower Agreements for the Bank Loans; (ii) all accounts, general intangibles and contract or other rights to receive the Revenues described in clause (A)(i), whether existing at the effective date of the Master Indenture or thereafter coming into existence and whether held by the Bank at the effective date of the Master Indenture or thereafter acquired, and the proceeds thereof; and (iii) all earnings on the investment of any moneys held in the Funds, Accounts and Subaccounts under the Master Indenture or any Supplemental Indenture (other than the Borrower Restricted Loan Non-Pledged Account and the Borrower Unrestricted Loan Non-Pledged Account of the Project Fund, the Surplus Fund and the Cross-Investment Fund); and

(B) to the extent assigned and pledged by the Bank to the Trustee by Supplemental Indenture or Officer’s Certificate for the benefit of a Series or multiple Series of Senior Bonds and/or Subordinated Bonds: (i) all Borrower Bond Payments and any other income, revenues, receipts, and other moneys payable to the Bank pursuant to the Borrower Agreements for the Restricted Loans and/or the Unrestricted Loans; (ii) all accounts, general intangibles and contract or other rights to receive the Revenues described in clause

(B)(i), whether existing at the effective date of the applicable Supplemental Indenture or thereafter coming into existence and whether held by the Bank at the effective date of the Supplemental Indenture or thereafter acquired, and the proceeds thereof; (iii) Hedge Agreement Payments and Termination Payments received by the Bank; (iv) moneys received by the Bank, or by any Borrower and pledged to the Bank or the Trustee, from the United States, the State, any agency, instrumentality or political subdivision of either thereof, which moneys may be used for or on account of the EBF or any Additional Program; and (v) any and all other moneys and securities furnished from time to time to the Trustee by the Bank or on behalf of the Bank or by any other persons to be held by the Trustee under the terms of the Master Indenture or any Supplemental Indenture.

S&P shall mean S&P Global Ratings and its successors and assigns; provided, however, that references in the Master Indenture to S&P shall be effective so long as S&P is a Rating Agency.

Second Supplemental Indenture shall mean the Second Supplemental Indenture of Trust relating to the issuance of the Series 2020 A Bonds.

Senior Bond or *Senior Bonds* shall mean any Bond or Bonds other than any Bond of a Series which in accordance with its terms is a Subordinated Bond.

Senior Bonds Redemption Account shall mean the Account of that name established by the Master Indenture.

Series or *Series of Bonds* shall mean all of the Bonds authenticated and delivered on original issuance pursuant to the Indenture as a separate Series of Bonds and any Bonds thereafter authenticated and delivered in lieu of or in substitution therefor pursuant to the Indenture regardless of variations in maturity, interest rate or other provisions.

Series of Senior Bonds shall mean all of the Senior Bonds authenticated and delivered on original issuance pursuant to the Indenture as a separate series of Senior Bonds and any Senior Bonds thereafter authenticated and delivered in lieu of or in substitution therefor pursuant to the Indenture regardless of variations in maturity, interest rate, Sinking Fund Installments or other provisions.

Series of Subordinated Bonds shall mean all of the Subordinated Bonds authenticated and delivered on original issuance pursuant to the Indenture as a separate Series of Subordinated Bonds and any Subordinated Bonds thereafter authenticated and delivered in lieu of or in substitution therefor pursuant to the Indenture regardless of variations in maturity, interest rate, Sinking Fund Installments or other provisions.

Series Account shall mean the Account of that name established by the Master Indenture.

Series Reserve Account shall mean the account of that name established by an applicable Supplemental Indenture in the Debt Service Reserve Fund and securing one or more Series of Senior Bonds that are not Common Reserve Bonds.

Sinking Fund Installment, when used in connection with any Bond, shall mean, as of any date of calculation, the amount of money required to be paid on a future date for the retirement of a Term Bond that matures after said future date, but does not include any amount payable by the Bank by reason only of the maturity of such Term Bond.

Standby Purchase Agreement shall mean an agreement by and between the Bank and another person, pursuant to which such person is obligated to purchase an Option Bond tendered for purchase and not remarketed to another purchaser.

State means the State of Rhode Island.

Subaccount or *Subaccounts* shall mean each of the subaccounts established by the Master Indenture or any Supplemental Indenture.

Subordinated Bond or *Subordinated Bonds* shall mean any Bond or Bonds secured in the manner set forth in the Master Indenture or otherwise issued pursuant to the Indenture on terms and conditions that are subordinate in any respect to any other Series of Bonds.

Subordinated Bonds Redemption Account shall mean the Account of that name established by the Master Indenture in the Redemption Fund.

Subordinated Debt Service Fund shall mean the Fund of that name established by the Master Indenture.

Supplemental Indenture shall mean any indenture authorizing the issuance of a Series of Bonds or otherwise supplementary to or amendatory of the Master Indenture now or hereafter duly executed and delivered in accordance with the provisions hereof.

Surplus Fund shall mean the Fund of that name established by the Master Indenture.

Surplus Loan shall mean a Restricted Loan or an Unrestricted Loan.

Tax Certificate shall mean the Tax Certificate as to Arbitrage and the Provisions of Sections 103 and 141-150 of Internal Revenue Code of 1986 of the Bank dated the date of original issuance of each tax-exempt Series of the Bonds.

Tax Requirements shall mean those provisions of the Code and regulations of the United States Treasury Department, which are applicable to the Bonds and which must be complied with in order that the interest on the Bonds not be, and continue not to be, includable in the gross income of the Owners thereof for federal income tax purposes.

Term Bond shall mean a Bond so designated and payable from Sinking Fund Installments.

Termination Payment shall mean any payment required to be made upon and solely as a consequence of the termination of a Hedge Agreement.

Trust Estate shall mean all right, title and interest and claim in, to and under the following described properties, rights, interest and benefits (whether tangible or intangible):

(A) the Borrower Agreements for the Bank Loans, including, without limitation, the present and continuing right to make claim for, collect and receive the payments thereunder and the right to bring actions and proceedings for the enforcement thereof, to make all related waivers and agreements in the name and on behalf of the Bank, as agent and attorney-in-fact, and to perform all other related acts which are necessary and appropriate under such Borrower Agreements;

(B) the Revenues consisting of: (1) all Borrower Bond Payments and any other income, revenues, receipts, and other moneys payable to the Bank pursuant to the Borrower Agreements for the Bank Loans; (2) all accounts, general intangibles and contract or other rights to receive the Revenues described in clause (1) of this paragraph (B), whether existing at the effective date of the Master Indenture or thereafter coming into existence and whether held by the Bank at the effective date of the Master Indenture or thereafter acquired, and the proceeds thereof; and (3) all earnings (other than interest earnings to the extent necessary to comply with the Master Indenture) on the investment of any moneys held in the Funds, Accounts and Subaccounts under the Master Indenture or any Supplemental Indenture (other than the Borrower Restricted Loan Non-Pledged Account and the Borrower Unrestricted Loan Non-Pledged Account of the Project Fund, the Surplus Fund and the Cross-Investment Fund);

(C) to the extent assigned and pledged by the Bank to the Trustee by Supplemental Indenture or Officer's Certificate for the benefit of a Series or multiple Series of Senior Bonds and/or Subordinated Bonds, the Borrower Agreements for the Restricted Loans and/or the Unrestricted Loans, including, without limitation, the present and continuing right to make claim for, collect and receive the payments thereunder and the right to bring actions and proceedings for the enforcement thereof, to make all related waivers and agreements in the name and on behalf of the Bank, as agent and attorney-in-fact, and to perform all other related acts which are necessary and appropriate under such Borrower Agreements;

(D) to the extent assigned and pledged by the Bank to the Trustee by Supplemental Indenture or Officer's Certificate for the benefit of a Series or multiple Series of Senior Bonds and/or Subordinated Bonds, the Revenues consisting of: (1) all Borrower Bond Payments and any other income, revenues,

receipts, and other moneys payable to the Bank pursuant to the Borrower Agreements for the Restricted Loans and/or the Unrestricted Loans described in paragraph (C) above; (2) all accounts, general intangibles and contract or other rights to receive the Revenues described in clause (1) of this paragraph (D), whether existing at the effective date of the Supplemental Indenture or thereafter coming into existence and whether held by the Bank at the effective date of the applicable Supplemental Indenture or thereafter acquired, and the proceeds thereof; (3) Hedge Agreement Payments and Termination Payments received by the Bank; (4) moneys received by the Bank, or by any Borrower and pledged to the Bank or the Trustee, from the United States, the State, or any agency, instrumentality or political subdivision of the United States or the State, which moneys may be used for or on account of the EBF or any Additional Program; and (5) any and all other moneys and securities furnished from time to time to the Trustee by the Bank or on behalf of the Bank or by any other persons to be held by the Trustee under the terms of the Master Indenture or any Supplemental Indenture;

(E) all moneys, securities and Reserve Deposits in all Funds, Accounts and Subaccounts (other than the Borrower Restricted Loan Non-Pledged Account and the Borrower Unrestricted Loan Non-Pledged Account of the Project Fund, the Surplus Fund and the Cross-Investment Fund) established by or pursuant to the Master Indenture or any Supplemental Indenture and available under the terms of the Master Indenture or any Supplemental Indenture for the payment of Senior Bonds and/or Subordinated Bonds;

(F) any and all other property of every kind and nature from time to time hereafter, by Supplemental Indenture, conveyed, pledged, assigned or transferred by the Bank, or by any person on behalf of the Bank, to the Trustee as and for additional security under the Master Indenture or under a Supplemental Indenture, including without limitation the money and securities of the Bank held by the Trustee as security for a Series or multiple Series of Senior Bonds and/or Subordinated Bonds; and

(G) all proceeds of any of the foregoing.

Trustee shall mean U.S. Bank National Association, a national banking association organized and existing under and by virtue of the laws of the United States of America, with a corporate trust office located in Boston, Massachusetts.

Unrestricted Funds shall mean amounts to be provided by the Bank pursuant to the Master Indenture for deposit in the Surplus Fund which are not Restricted Funds.

Unrestricted Loan shall mean a loan made or other financial assistance provided by the Bank to a Borrower to finance Costs of a Project pursuant to a Loan Agreement and the Act, which loan or other financial assistance is evidenced by a Borrower Bond and is made from Unrestricted Funds deposited in the Borrower Unrestricted Loan Pledged Account or Borrower Unrestricted Loan Non-Pledged Account of the Project Fund from the Surplus Fund pursuant to the Master Indenture and not from the proceeds of Bonds.

Valuation Date shall mean: (i) with respect to any Capital Appreciation Bond, the date or dates set forth in the Supplemental Indenture authorizing such Bond on which specific Accreted Values are assigned to such Capital Appreciation Bond, and (ii) with respect to any Deferred Income Bond, the date or dates prior to the Interest Commencement Date set forth in the Supplemental Indenture authorizing such Bond on which specific Appreciated Values are assigned to such Deferred Income Bond.

Variable Interest Rate shall mean the rate or rates of interest to be borne by a Bond which is or may be varied from time to time in accordance with the method of determining such interest rate or rates established for such Bond; provided, however, that such variable interest rate may be subject to a Maximum Interest Rate and a Minimum Interest Rate and that there may be an initial rate specified, in each case as provided in such Supplemental Indenture.

Variable Interest Rate Bond shall mean any Bond that bears a Variable Interest Rate; provided, however, that from and after the date on which the interest rate on such Bond shall have been fixed for the remainder of the term thereof, such Bond shall no longer be a Variable Interest Rate Bond.

[Section 1.03]

Liability under Bonds. The Bonds are not general obligations of the Bank and do not constitute an indebtedness of or a charge against the general credit of the Bank. The liability of the Bank under the Bonds shall be enforceable only to the extent provided in the Indenture, and the Bonds shall be payable solely from the Revenues and any other funds held by the Trustee under the Indenture and available for such payment. The Bonds shall not be a debt of the State or any Borrower and neither the State nor any Borrower shall be liable thereon. No Owner of any Bond shall have the right to demand payment of the principal and Redemption Price of, or interest on, the Bonds out of any funds raised by taxation, except to the extent that the Borrower Bond Payments may be payable out of funds raised by taxation. In the case of Subordinated Bonds, the liability of the Bank shall be enforceable only to the extent provided in the Supplemental Indenture establishing each such Series of Subordinated Bonds, but in all events the liability of the Bank under the Subordinated Bonds shall be subordinate to the liability of the Bank under the Senior Bonds.

Authorization and Issuance of Bonds

[Section 2.03]

Issuance of Bonds. The Bonds shall be executed by the Bank and delivered to the Trustee for authentication and thereupon the Bonds shall be authenticated by the Trustee and shall be delivered to or upon the written order of an Authorized Officer described in the Master Indenture, but only upon the receipt by the Trustee of the proceeds (including accrued interest) of the sale of the Bonds, of which certain amounts will be deposited in accordance with such written order. Prior to, or simultaneously with, the authentication and delivery of the Bonds, the Trustee shall also receive the following:

- (a) A copy of the resolutions adopted by the Bank authorizing the execution and delivery of the applicable Supplemental Indenture, and the applicable Loan Agreements and the issuance, sale, execution and delivery of the Bonds, certified by the Secretary of the Bank to have been duly adopted by the Bank and to be in full force and effect on the date of such certification;
- (b) An original executed counterpart or a copy of the applicable Borrower Agreements, Borrower Tax Certificates and the applicable Supplemental Indenture;
- (c) A copy of an opinion of nationally recognized bond counsel to each Borrower to the effect that the Borrower Bonds issued by such Borrower delivered pursuant to the applicable Loan Agreement have been duly authorized, executed and delivered and issued, together with a letter to the effect that the Trustee may rely on such opinion as if it were addressed to it;
- (d) An opinion of Bond Counsel to the effect that the Bonds have been duly authorized and that all conditions precedent to the issuance thereof have been fulfilled, together with a letter to the effect that the Trustee may rely on such opinion as if it were addressed to it;
- (e) A written order and authorization to the Trustee on behalf of the Bank, signed by an Authorized Officer, directing the Trustee to authenticate and deliver the Bonds to or upon the order of the purchaser or purchasers therein identified upon payment to the Trustee of the purchase price (including accrued interest, if any) of the Bonds;
- (f) If not otherwise provided in the applicable Supplemental Indenture, an Officer's Certificate:
 - (i) stating the name of each Borrower to which a Loan is to be made and specifying whether such Loan is a Bank Loan, a Restricted Loan, an Unrestricted Loan or a combination thereof; and
 - (ii) stating the amount of each Loan to each Borrower and the amount thereof, if any, constituting Borrower Capitalized Interest;
 - (iii) designating the Funds and Accounts into which the proceeds of the Bonds or other available moneys shall be deposited;

(iv) containing, if applicable, the written direction to establish the Borrower Capitalized Interest Subaccount for each Borrower and deposit therein the Borrower Capitalized Interest of each Borrower;

(v) stating the amount of moneys or Reserve Deposits in a stated amount such that following the issuance of such Series of Bonds and application of the proceeds thereof, the amounts on deposit in and the aggregate stated and unpaid amount of all Reserve Deposits held as part of the Debt Service Reserve Fund shall equal the Reserve Requirement, if any; provided, however, that the applicable Supplemental Indenture may provide that the Reserve Requirement, if any, attributable to any Series of Bonds may be funded in substantially equal monthly installments over a period of time after issuance as specified in the applicable Supplemental Indenture (which period shall not exceed twenty-four (24) months); and

(vi) stating the amount of Restricted Funds or Unrestricted Funds, if any, to be deposited into the Surplus Fund and containing instructions for making Surplus Loans from such amounts in accordance with the Master Indenture;

(vii) in the case of any Series of Bonds for which Capitalized Interest will be provided, directing the Trustee to: (i) establish the Subaccount for such Series in the Capitalized Interest Subaccount of the Interest Account of the Debt Service Fund and (ii) deposit the applicable amount of the proceeds of such Series therein;

(g) Except in the case of the Initial Bonds and any Subordinated Bonds, a Certificate of an Qualified Independent Consultant stating that either (i) the Projected Debt Service Coverage Ratio for each subsequent Bond Year is not less than 1.20:1.00 taking into account all Senior Bonds then Outstanding and secured by the Indenture and the Series of Senior Bonds proposed to be issued or (ii) the Projected Debt Service Coverage Ratio for each subsequent Bond Year would be higher taking into account all Senior Bonds then Outstanding and secured by the Indenture and the Series of Senior Bonds proposed to be issued, than the Projected Debt Service Coverage Ratio for each subsequent Bond Year if no additional Series of Senior Bonds were issued;

(h) Except in the case of the Initial Bonds and in the case of Refunding Bonds issued pursuant to the Master Indenture, an Officer's Certificate stating that the Bank is not in default in the performance of any of the covenants, conditions, agreements or provisions of the Master Indenture;

(i) Except in the case of the Initial Bonds and in the case of Refunding Bonds issued pursuant to the heading "**Authorization and Issuance of Bonds** – Issuance of Refunding Bonds", an Officer's Certificate stating that the Bonds then have, and, after giving effect to the Series of Bonds being issued, will have a rating designated as investment grade by any Rating Agency which may, as of such date, have assigned a rating to the Bonds;

(j) The Officer's Certificates contemplated by the Master Indenture, if any;

(k) Such further documents and moneys as are required by the provisions of the Master Indenture or any Supplemental Indenture adopted pursuant to the Master Indenture; and

(l) In the case of any Series of Subordinated Bonds, unless otherwise provided in a Supplemental Indenture authorizing the issuance of such Series of Subordinated Bonds, a Certificate of a Qualified Independent Consultant showing that the Projected Debt Service Coverage Ratio for each subsequent Bond Year is not less than 1.10:1.00 taking into account all Subordinated Bonds then Outstanding and secured by the Indenture and the Series of Subordinated Bonds proposed to be issued.

[Section 2.04]

Issuance of Refunding Bonds.

(a) One or more Series of Refunding Bonds may be issued pursuant to the Master Indenture at any time to refund any Outstanding Bonds, provided that either: (i) the Debt Service on such Series of Refunding Bonds in each Fiscal Year in which such Series of Refunding Bonds will be Outstanding shall not exceed the Debt Service on the Bonds to be refunded in each Fiscal Year in which such Series of Refunding Bonds otherwise would be

Outstanding but for the issuance of such Series of Refunding Bonds, as shown in a certificate of a Qualified Independent Consultant delivered to the Trustee prior to the authentication and delivery of such Series of Refunding Bonds; or (ii) if such Series of Refunding Bonds are issued as Senior Bonds, the Projected Debt Service Coverage Ratio for each subsequent Bond Year is not less than 1.20:1.00 taking into account: (1) all Senior Bonds then Outstanding and secured by the Indenture (other than the Series of Bonds to be refunded) and (2) the Series of Refunding Bonds proposed to be issued, or (iii) if such Series of Refunding Bonds are issued as Subordinated Bonds, the Projected Debt Service Coverage Ratio for each subsequent Bond Year is not less than 1.10:1.00 taking into account: (1) all Subordinated Bonds then Outstanding and secured by the Indenture (other than the Series of Bonds to be refunded) and (2) the Series of Refunding Bonds proposed to be issued, in each case as shown in a certificate of a Qualified Independent Consultant delivered to the Trustee prior to the authentication and delivery of such Series of Refunding Bonds. Refunding Bonds shall be issued in a principal amount sufficient, together with other moneys available therefor, to accomplish such refunding and to make the deposits in the Funds and Accounts required by the provisions of the Supplemental Indenture authorizing such Refunding Bonds.

(b) All Refunding Bonds of a Series issued under the Master Indenture shall be executed by the Bank and delivered to the Trustee and thereupon shall be authenticated by the Trustee and delivered to the Bank or upon its order, but only upon the receipt by the Trustee (in addition to the documents required by subsections (a), (b), (d), (e), (f)(v), (g), (j) and (l) under the heading “**Authorization and Issuance of Bonds** – Issuance of Bonds” herein and subsection (a) above) of:

(i) irrevocable instructions to the Trustee, satisfactory to it, to give due notice of redemption of all the Bonds to be redeemed on a redemption date or dates specified in such instructions;

(ii) if the Bonds to be refunded are not to be redeemed within the next succeeding sixty (60) days, irrevocable instructions to the Trustee, satisfactory to it, to give due notice of any refunding of such Bonds on a specified date prior to their maturity, as provided in the Master Indenture;

(iii) Either (A) moneys (which may include all or a portion of the proceeds of the Refunding Bonds to be issued) in an amount sufficient to effect payment of the principal amount and the applicable Redemption Price, if any, of the Bonds to be refunded, together with accrued interest on such Bonds to the maturity or redemption date thereof, as the case may be, or (B) Defeasance Securities (which may be purchased with all or a portion of the proceeds of the Refunding Bonds to be issued) in such principal amounts, of such maturities, bearing such interest and otherwise having such terms and qualifications and any moneys, as shall be necessary to comply with the provisions set forth under the heading “Defeasance” herein, which Defeasance Securities and moneys shall be held in trust and used only as provided under the heading “Defeasance” herein; and

(iv) such further documents and moneys as are required by the provisions of the Master Indenture or the applicable Supplemental Indenture.

General Terms and Conditions of Bonds; Security for Bonds

[Section 3.03]

Pledge and assignment effected by Indenture; Bonds of same priority of lien equally and ratably secured; option of Bank to assign certain further rights and remedies to Trustee.

(a) The Bank, to secure the payment of the principal and Redemption Price of, and interest on, the Bonds and performance and observance of all of the covenants and conditions contained in the Indenture, has by the Granting Clause hereof, conveyed, granted, assigned, transferred, pledged, set over and confirmed and granted a security interest in and does convey, grant, assign, transfer, pledge, set over and confirm and grant a security interest in, unto the Trustee, its successor or successors and its or their assigns forever, with power of sale, the Trust Estate, all in accordance with the provisions hereof. For the avoidance of doubt, moneys and securities in: (i) the Borrower Restricted Loan Non-Pledged Account and the Borrower Unrestricted Loan Non-Pledged Account of the Project

Fund; (ii) the Surplus Fund and (iii) the Cross-Investment Fund are not pledged to the payment of Outstanding Bonds under the Master Indenture.

(b) The pledge and assignment of the Trust Estate effected by the Master Indenture and the applicable Supplemental Indenture shall be valid and binding from the date of execution and delivery of the Master Indenture and the applicable Supplemental Indenture against all parties having claims of any kind in tort, contract, or otherwise, whether or not the parties have notice thereof, and shall be deemed continuously perfected from such date. The Revenues so pledged and assigned and hereafter received by the Bank shall be subject to the lien of such pledge and assignment without delivery or segregation thereof.

(c) (1) All Senior Bonds issued and to be issued under the Indenture are, and are to be, to the extent provided in the Indenture, equally and ratably secured by the Indenture without preference, priority or distinction on account of the actual time or times of the authentication or delivery or maturity or redemption of the Senior Bonds or any of them, so that, subject to the provisions of the Master Indenture, all Senior Bonds at any time Outstanding under the Indenture shall have the same right, lien and preference under and by virtue of the Indenture and shall all be equally and ratably secured by the Indenture with like effect as if they had all been executed, authenticated and delivered simultaneously on the date hereof. The aggregate principal amount of Senior Bonds which may be executed and delivered by the Bank and authenticated by the Trustee and secured by the Indenture is not limited except as is or may hereafter be provided in the Indenture or as may be limited by law.

(2) All Subordinated Bonds issued and to be issued under the Indenture are, and are to be, to the extent provided in the Master Indenture, secured in accordance with the Indenture and the liability of the Bank thereto shall be enforceable only to the extent provided therein; in all events, however, the liability of the Bank under the Subordinated Bonds shall be subordinate to the liability of the Bank under the Senior Bonds. The aggregate principal amount of Subordinated Bonds which may be executed and delivered by the Bank and authenticated by the Trustee and secured by the Indenture is not limited except as is or may hereafter be provided in the Indenture or as may be limited by law. Funds on deposit in the Debt Service Reserve Fund shall be excluded from the Trust Estate pledged for the benefit of such Subordinated Bonds and shall not be applied to the payment of principal or Redemption Price of, or interest on, such Subordinated Bonds. The Supplemental Indenture with respect to any Subordinated Bonds may establish separate reserves for the benefit of such Subordinated Bonds (which are specifically excluded from the Trust Estate pledged for the benefit of the Senior Bonds), shall specify the terms and conditions applicable to such Subordinated Bonds, and shall make such amendments to the Master Indenture as are certified by an Authorized Officer to be necessary to effect the subordination of payments with respect to such Subordinated Bonds to payments due on the Senior Bonds.

(d) In the event the Bank elects to pledge and assign to the Trustee any of its rights in and to the Borrower Agreements for the Restricted Loans and/or the Unrestricted Loans and the Revenues related thereto pursuant to a Supplemental Indenture, the Trustee shall accept such pledge and assignment pursuant to such Supplemental Indenture.

(e) All Bonds of a particular Series or subseries shall in all respects be equally and ratably secured and shall have the same right, lien and preference under the Master Indenture established for the benefit of such Series or subseries of Bonds; provided that nothing in the Master Indenture shall be construed to preclude the creation or application of separate Borrower Agreements, Credit Facilities, Hedge Agreements, Liquidity Facilities, Reserve Accounts or Reserve Deposits for any Series or subseries of Bonds, which may or may not be pledge toward the payment or application of other Series or subseries of Bonds.

Borrower Agreements

[Section 4.03]

Amendments to Borrower Agreements not requiring consent of Bondowners. The Bank may, with prior written notice to the Trustee, but without the consent of or notice to the Bondowners, consent to any amendment or modification of any provision of any Borrower Agreement pledged and assigned to the Trustee pursuant to the Indenture which: (i) is required for the purpose of curing any ambiguity or formal defect or omission in such Borrower

Agreement or (ii) will not adversely affect the Bonds then Outstanding, as determined in accordance with the next succeeding paragraph.

The Bonds shall be deemed to be affected by a modification or amendment of such Borrower Agreement if the same adversely affects or diminishes the rights of the Owners of the Bonds, which rights were granted pursuant to such Borrower Agreement, in any material respect. The Bank may in its discretion determine whether or not, in accordance with the foregoing provisions, Bonds would be affected by any modification or amendment of any such Borrower Agreement and any such determination shall be binding and conclusive on the Trustee and all Owners of the Bonds. The Bank may receive an opinion of Bond Counsel as conclusive evidence of the extent, if any, to which such modification or amendment so affects the rights of any Owners of Bonds then Outstanding.

[Section 4.04]

Amendments to Borrower Agreements requiring consent of Bondowners. Except for amendments or modifications pursuant to the Master Indenture, the Bank shall not enter into any amendment or modification of any Borrower Agreement pledged and assigned to the Trustee pursuant to the Indenture without providing notice to the Trustee and obtaining the written consent of the Owners of a majority in aggregate principal amount of the Senior Bonds then Outstanding, or if no Senior Bonds are then Outstanding, then a majority in aggregate principal amount of the Subordinated Bonds then Outstanding.

Such consent of Bondowners shall be given and procured in the same manner as provided in the Master Indenture with respect to Supplemental Indentures.

Notwithstanding anything to the contrary contained in the Indenture or any Borrower Agreement, the Bank shall not agree to any amendment, change or modification of, or any waiver, discharge or termination of, any of the provisions of any Borrower Agreement pledged and assigned to the Trustee pursuant to the Indenture which would adversely affect the exclusion from gross income for federal income tax purposes of interest on any of the Bonds. The Bank shall be entitled to rely upon an opinion of Bond Counsel with respect to the extent, if any, as to which any amendment, change or modification of, or any waiver, discharge or termination of, any of the provisions of any Borrower Agreement which would adversely affect the exclusion from gross income for federal income tax purposes of interest on any of the Bonds.

Notwithstanding anything to the contrary contained in the Indenture or any Borrower Agreement, the Bank shall not change or modify the amount or rate of any Loan Servicing Fee provided in any Borrower Agreement pledged and assigned to the Trustee pursuant to the Indenture, unless such change or modification shall not have an adverse effect on the ability of the Bank to make timely payments of principal and Redemption Price of, and interest on, the Bonds.

Administrative Fees Fund; Cost of Issuance Fund; Project Fund; Revenue Fund; Debt Service Fund; Debt Service Reserve Fund; Subordinated Debt Service Fund; and Surplus Fund.

[Section 5.01]

Creation and custody of Funds and Accounts.

(a) The following Funds and Accounts are established by the Master Indenture and shall be held by the Trustee:

- (i) Administrative Fees Fund
- (ii) Cost of Issuance Fund
 - (A) Series Account
- (iii) Project Fund
 - (A) Series Account
 - a. Borrower Proceeds Subaccount

- (B) Borrower Restricted Loan Pledged Account
 - (C) Borrower Restricted Loan Non-Pledged Account
 - (D) Borrower Unrestricted Loan Pledged Account
 - (E) Borrower Unrestricted Loan Non-Pledged Account
 - (F) Restricted Loan Principal Repayment Account
- (iv) Revenue Fund
- (v) Debt Service Fund
 - (A) Interest Account
 - a. Capitalized Interest Subaccount
 - (B) Principal Account
- (vi) Redemption Fund
 - (A) Senior Bonds Redemption Account
 - (B) Subordinated Bonds Redemption Account
- (vii) Debt Service Reserve Fund
 - (A) Common Reserve Account
- (viii) Subordinated Debt Service Fund
 - (A) Interest Account
 - a. Capitalized Interest Subaccount
 - (B) Principal Account
- (ix) Surplus Fund
 - (A) Restricted Account
- (x) Cross-Investment Fund

(b) Pursuant to the Master Indenture, the Trustee shall establish in the Cost of Issuance Fund an Account relating to each Series of Bonds, each of which shall be designated as the “_____” Account thereof with the name of the related Series of Bonds being inserted in the blank which shall be referred to as a “Series Account.”

(c) Pursuant to the Master Indenture, the Trustee shall establish in the Project Fund the following Accounts:

- (i) an Account relating to each Series of Bonds, each of which shall be designated as the “_____” Account thereof with the name of the related Series of Bonds being inserted in the blank, which shall be referred to as a “Series Account.” In each Series Account there is also established a Subaccount relating to each Borrower, as applicable, receiving a Bank Loan from the proceeds of a Series of Bonds pursuant to the Master Indenture, each of which shall be designated as the “_____” Proceeds Subaccount thereof, with the name of the related Borrower being

inserted in the blank, and which shall be referred to as a “Borrower Proceeds Subaccount” as the case may be.

(ii) an Account relating to each Borrower receiving a Restricted Loan funded with Restricted Funds from the Surplus Fund, as provided in the Master Indenture, each of which shall be designated as the “_____” Restricted Loan Pledged Account thereof, with the name of the related Borrower being inserted in the blank, and which shall be referred to as a “Borrower Restricted Loan Pledged Account” as the case may be. The Bank will make Restricted Loans to the Borrowers from the applicable Borrower Restricted Loan Pledged Account pursuant to the Master Indenture, and pledge and assign to the Trustee the Borrower Agreements and Borrower Bond Payments related thereto as security for the Bonds pursuant to a Supplemental Indenture.

(iii) an Account relating to each Borrower receiving a Restricted Loan funded with Restricted Funds from the Surplus Fund, as provided in the Master Indenture, each of which shall be designated as the “_____” Restricted Loan Non-Pledged Account thereof, with the name of the related Borrower being inserted in the blank, and which shall be referred to as a “Borrower Restricted Loan Non-Pledged Account,” as the case may be. The Bank will make Restricted Loans to the Borrowers from the applicable Borrower Restricted Loan Non-Pledged Account pursuant to the Master Indenture, the Borrower Agreements and Borrower Bond Payments of which will not be pledged as security for the Bonds.

(iv) an Account relating to each Borrower receiving an Unrestricted Loan funded with Unrestricted Funds from the Surplus Fund, as provided in the Master Indenture, each of which shall be designated as the “_____” Unrestricted Loan Pledged Account thereof, with the name of the related Borrower being inserted in the blank, and which shall be referred to as a “Borrower Unrestricted Loan Pledged Account” as the case may be. The Bank will make Unrestricted Loans to the Borrowers from the applicable Borrower Unrestricted Loan Pledged Account pursuant to the Master Indenture, and pledge and assign to the Trustee the Borrower Agreements and Borrower Bond Payments related thereto as security for the Bonds pursuant to a Supplemental Indenture.

(v) an Account relating to each Borrower receiving an Unrestricted Loan funded with Unrestricted Funds from the Surplus Fund, as provided in the Master Indenture, each of which shall be designated as the “_____” Unrestricted Loan Non-Pledged Account thereof, with the name of the related Borrower being inserted in the blank, and which shall be referred to as a “Borrower Unrestricted Loan Non-Pledged Account,” as the case may be. The Bank will make Unrestricted Loans to the Borrowers from the applicable Borrower Unrestricted Loan Non-Pledged Account pursuant to the Master Indenture, the Borrower Agreements and Borrower Bond Payments of which will not be pledged as security for the Bonds.

(d) The Trustee shall, upon receipt of an Officer’s Certificate, establish, in the Capitalized Interest Subaccount of the Debt Service Fund and the Subordinated Debt Service Fund, a further Subaccount for each Series of Bonds for which Capitalized Interest has been provided.

(e) In addition to the foregoing Funds and Accounts, the Bank may, by Supplemental Indenture or by Officer’s Certificate, establish one or more additional Funds, Accounts or Subaccounts with the Trustee and determine the extent to which the moneys and securities therein are pledged as additional security for the Bonds, including, but not limited to, such additional Funds, Accounts or Subaccounts relating to one or more Additional Programs, to the extent that any Series of Bonds is issued for the purpose of financing Costs of Projects under such Additional Programs.

(f) All moneys, securities and Reserve Deposits in the Funds, Accounts and Subaccounts established pursuant to the Master Indenture and, to the extent applicable, subsection (e) under this heading, other than the Borrower Restricted Loan Non-Pledged Account and the Borrower Unrestricted Loan Non-Pledged Account of the Project Fund, the Surplus Fund and the Cross-Investment Fund, except interest earnings to the extent necessary to comply with the Master Indenture, shall be available for and pledged for the payment of Senior Bonds, but shall nevertheless be disbursed, allocated and applied solely for the uses and purposes provided in the Master Indenture. Notwithstanding the foregoing, (i) a Supplemental Indenture establishing a Series of Bonds may establish a Fund, Account or Subaccount and pledge the moneys, securities and Reserve Deposits therein as additional security for the

payment of Bonds or solely to the payment of Bonds of such Series and (ii) the moneys derived from the remarketing of Option Bonds tendered or deemed to have been tendered for purchase or redemption in accordance with the Supplemental Indenture authorizing the issuance of such Bonds or derived from a Liquidity Facility or a Credit Facility relating to such Bonds, and the moneys in any Fund, Account or Subaccount established by or pursuant to such Supplemental Indenture for the payment of the purchase price or Redemption Price of Option Bonds so tendered or deemed to have been tendered, shall not be held in trust for the benefit of the Owners of Bonds other than the Owners of such Option Bonds, and such moneys are pledged by the Master Indenture for the payment of the purchase price or Redemption Price of such Option Bonds. In the event of a default by any Defaulting Borrower in making Borrower Bond Payments, amounts on deposit in the Restricted Loan Principal Repayment Account of the Project Fund and the Common Reserve Account of the Debt Service Reserve Fund, if any, shall be available for the payment of debt service on Senior Bonds.

(g) (1) The Subordinated Debt Service Fund is also established by the Master Indenture, and within the Subordinated Debt Service Fund, an Interest Account and a Principal Account, and such other Accounts and Subaccounts that the Bank may from time to time, by Supplemental Indenture or Officer's Certificate, establish. The Subordinated Debt Service Fund and each Account and Subaccount established thereunder shall be held by the Trustee.

(2) Any amounts on deposit in the Subordinated Debt Service Fund established as set forth under this subsection, except interest earnings to the extent necessary to comply with the provisions under the heading "Tax Covenants", shall be available for and pledged for the payment of each Series of Subordinated Bonds secured as set forth under this subsection. In the event of a default by any Defaulting Borrower in making Borrower Bond Payments, no amounts on deposit in any other Fund, Account or Subaccount established pursuant to subsections (a) through (d) and, to the extent applicable, subsection (e) of this section, other than the Subordinated Debt Service Fund and the Subordinated Bonds Redemption Account of the Redemption Fund, shall be available to the Owners of any Subordinated Bond secured pursuant to this subsection.

(3) Subordinated Bonds secured pursuant to this subsection shall at all times remain subordinate to all Senior Bonds secured pursuant to subsection (f).

(4) A Series of Subordinated Bonds may be issued on a parity with or subordinate to Outstanding Subordinated Bonds and may be secured pursuant to this subsection.

[Section 5.02]

Administrative Fees Fund.

(a) The Trustee, pursuant to the Master Indenture, shall promptly deposit in the Administrative Fees Fund the following amounts:

- (i) an amount equal to the Loan Closing Fee of each Borrower;
- (ii) an amount equal to any Loan Servicing Fee paid by any Borrower from the proceeds of Bonds;
- (iii) an amount equal to any Loan Servicing Fee required to be transferred to the Administrative Fees Fund pursuant to the Master Indenture; and
- (iv) any other amounts required to be paid to the Administrative Fees Fund or otherwise made available for deposit therein.

(b) Upon requisition of the Bank, amounts on deposit in the Administrative Fees Fund shall be paid by the Trustee to the Bank from time to time, for its own account, to pay for administrative costs and expenses incurred by the Bank in carrying out and administering its powers, duties and functions with respect to the EBF or any Additional Programs.

[Section 5.03]

Cost of Issuance Fund. The Trustee shall deposit in the applicable Series Account of the Cost of Issuance Fund such amounts as shall be stated in a corresponding Supplemental Indenture or in an Officer's Certificate. Moneys in the applicable Series Account of the Cost of Issuance Fund shall be expended and disbursed by the Trustee solely for the payment of the Costs of Issuance in accordance with the instructions set forth in the corresponding Supplemental Indenture or requisition of the Bank. Any balance (including investment earnings) remaining from such deposit in the Cost of Issuance Fund on the one hundred eightieth (180th) day following the issuance of the applicable Series of Bonds (or, if sooner, after the payment of all Costs of Issuance relating to such Series of Bonds) shall be transferred at the written direction of the Bank from the Cost of Issuance Fund to:

- (a) one or more Borrower Proceeds Subaccounts in the applicable Series Account of the Project Fund, to the extent such deposit was made with Bond proceeds, to make additional Bank Loans in the amounts and to the Borrowers described in an Officer's Certificate, in accordance with the procedure for making Bank Loans set forth in the Master Indenture;
- (b) the Principal Account of the Debt Service Fund, to the extent such deposit was made with proceeds of a Series of Senior Bonds;
- (c) the Principal Account of the Subordinated Debt Service Fund, to the extent such deposit was made with the proceeds of a Series of Subordinated Bonds;
- (d) the Restricted Account of the Surplus Fund, to the extent such deposit was made with Restricted Funds, to make Restricted Loans in the amounts and to the Borrowers described in an Officer's Certificate, in accordance with the procedure for making Restricted Loans set forth in the Master Indenture; or
- (e) the Surplus Fund, to the extent such deposit was made with Unrestricted Funds, (i) to make Unrestricted Loans in the amounts and to the Borrowers described in an Officer's Certificate, in accordance with the procedure for making Unrestricted Loans set forth in the Master Indenture, or (ii) for such other purpose as defined in the Master Indenture.

[Section 5.04]

Project Fund.

(a) Bank Loans from Borrower Proceeds Subaccount of Series Account of Project Fund. From the proceeds of the applicable Series of Bonds, an amount set forth in the Officer's Certificate pursuant to the Master Indenture shall be deposited in the applicable Series Account of the Project Fund, and the Trustee shall use such moneys to make Bank Loans to the applicable Borrowers to finance the Costs of any Project as follows:

- (i) The Trustee, in accordance with the Master Indenture, shall establish in the Project Fund the applicable Series Account, and within such Series Account, the applicable Subaccount for the benefit of each Borrower and shall deposit therein the amount of the Bank Loan to be made to such Borrower from the proceeds of the such Series of Bonds, as set forth in such Officer's Certificate, to pay the Costs of the Projects financed in whole or in part by such Bank Loan, in exchange for which the Bank shall receive the Borrower Agreements of such Borrower. The Trustee shall promptly deposit and hold the Borrower Agreements governing such Bank Loans in the applicable Series Account of the Project Fund.
- (ii) All Borrower Bond Payments in respect to such Bank Loans shall be collected by the Bank and transferred to the Trustee for deposit in the Revenue Fund in accordance with the Master Indenture.
- (iii) The Trustee shall disburse amounts in the applicable Borrower Subaccount of the Series Account of the Project Fund to the applicable Borrower, to be applied to the Cost of the Projects financed in whole or in part by such Series of Bonds, upon the written direction of an Authorized Officer stating that such Borrower has complied with the Disbursement Procedures and setting forth the amount of such disbursement.

(b) Borrower Capitalized Interest Subaccount in Borrower Proceeds Subaccount. The Trustee shall establish, in accordance with the Master Indenture, a further Subaccount for each Borrower in the Borrower Proceeds Subaccount of the Series Account of the Project Fund established for such Borrower pursuant to the Master Indenture, to be designated as the Borrower Capitalized Interest Subaccount of such Borrower. The Trustee shall promptly deposit in such Borrower's Capitalized Interest Subaccount any Borrower Capitalized Interest required to be deposited therein in accordance with the Master Indenture. On any date that payment of interest on such Borrower's Borrower Bonds evidencing a Bank Loan made pursuant to the Master Indenture is due, the Trustee, upon the written direction of an Authorized Officer, shall withdraw from the Borrower Capitalized Interest Subaccount of such Borrower and transfer to the Funds and Accounts set forth below the following amounts in the following order of priority: (i) to the Administrative Fees Fund, an amount equal to any Loan Servicing Fee then owed by such Borrower and (ii) to the Interest Account of the Debt Service Fund (to the extent such deposit was made with proceeds of a Series of Senior Bonds) or the Interest Account of the Subordinated Debt Service Fund (to the extent such deposit was made with proceeds of a Series of Subordinated Bonds), an amount equal to the Borrower Bond Payment (or portion thereof) then due and owing by such Borrower. If the funds on deposit in the Borrower Capitalized Interest Subaccount of such Borrower are insufficient to satisfy any deficiency in such Borrower's Loan Servicing Fee payment or Borrower Bond Payment on any date that such payment is due, then such Borrower shall be obligated to pay the deficiency to the Bank as a Borrower Bond Payment pursuant to the Borrower Agreements, and such deficiency shall be collected by the Bank as set forth in the Master Indenture.

(c) Application of Excess Bank Loan Proceeds in Borrower Proceeds Subaccount of Series Account. Upon receipt by the Bank of written notice from a Borrower of: (i) the completion of a Project, or (ii) such Borrower's determination that a Project undertaken or to be undertaken has been or should be abandoned or delayed and that no further amounts or significantly reduced amounts are required therefor from the applicable Borrower Proceeds Subaccount of the applicable Series Account of the Project Fund, then such Borrower's Bank Loan shall be adjusted accordingly and the Bank may direct the Trustee in writing to withdraw any Bank Loan proceeds remaining in the applicable Borrower Proceeds Subaccount, including the investment earnings on such proceeds: (A) for deposit in: (i) the Principal Account of the Debt Service Fund, to the extent such Bank Loan was financed with proceeds of a Series of Senior Bonds or (ii) the Principal Account of the Subordinated Debt Service Fund, to the extent such Bank Loan was financed with the proceeds of a Series of Subordinated Bonds; (B) for deposit in: (i) the Senior Bonds Redemption Account for the purpose of redeeming the applicable Series of Senior Bonds related to such Bank Loan or (ii) the Subordinated Bonds Redemption Account for the purpose of redeeming the applicable Series of Subordinated Bonds related to such Bank Loan; or (C) for deposit in one or more Borrower Proceeds Subaccounts within any Series Account, to make additional Bank Loans in the amounts and to the Borrowers described in an Officer's Certificate, in accordance with the procedures for making Bank Loans set forth in the Master Indenture, upon receipt of an opinion of Bond Counsel to the effect that the application of such moneys to make additional Bank Loans will not affect the exclusion from gross income for federal income tax purposes of interest on the related Series of Bonds.

(d) Restricted Loans from Borrower Restricted Loan Pledged Account or Borrower Restricted Loan Non-Pledged Account of Project Fund. From Restricted Funds in the Restricted Account of the Surplus Fund, the amount set forth in the Officer's Certificate described in the Master Indenture shall be deposited in the applicable Borrower Restricted Loan Pledged Account or Borrower Restricted Loan Non-Pledged Account of the Project Fund and the Trustee shall use such moneys to make Restricted Loans to the applicable Borrowers to finance the Costs of any Project as follows:

(i) The Trustee, in accordance with the Master Indenture, shall establish in the Project Fund the applicable Borrower Restricted Loan Pledged Account and Borrower Restricted Loan Non-Pledged Account and shall deposit therein the amount of the Restricted Loan to be made to such Borrower, as set forth in such Officer's Certificate, to pay Costs of Projects financed in whole or in part by such Restricted Loan, in exchange for which the Bank shall receive the Borrower Agreements of such Borrower. The Trustee shall promptly deposit and hold the Borrower Agreements governing such Restricted Loans in the applicable Borrower Restricted Loan Pledged Account or Borrower Restricted Loan Non-Pledged Account of the Project Fund.

(ii) All Borrower Bond Payments in respect to such Restricted Loans shall be collected by the Bank for deposit under the Master Indenture as follows:

(A) to the extent such Borrower Bond Payments are pledged by the Bank to the Trustee pursuant to a Supplemental Indenture:

a. the principal payments shall be transferred to the Trustee for deposit into the Restricted Loan Principal Repayment Account in accordance with the Master Indenture; and

b. the interest payments shall be transferred to the Trustee for deposit in the Revenue Fund in accordance with the Master Indenture and

(B) to the extent such Borrower Bond Payments are not pledged by the Bank to the Trustee pursuant to a Supplemental Indenture, such Borrower Bond Payments shall be transferred to the Trustee for deposit in the Restricted Account of the Surplus Fund in accordance with the Master Indenture.

(iii) If the Bank shall determine to pledge and assign to the Trustee pursuant to a Supplemental Indenture the Borrower Agreements for the Restricted Loans made from the Borrower Restricted Loan Non-Pledged Account of the Project Fund, and the Revenues related thereto, then the Trustee shall, at the written direction of the Bank:

(A) establish a Borrower Restricted Loan Pledged Account for such Restricted Loan;

(B) deposit any unspent Restricted Loan proceeds from the applicable Borrower Restricted Loan Non-Pledged Account to such Borrower Restricted Loan Pledged Account;

(C) deposit and hold the applicable Borrower Agreements in the Borrower Restricted Loan Pledged Account; and

(D) transfer the Borrower Bond Payments related thereto consisting of principal payments to the Trustee for deposit in the Restricted Loan Principal Repayment Account in accordance with the Master Indenture and (ii) transfer the Borrower Bond Payments related thereto consisting of interest payments to the Trustee for deposit in the Revenue Fund in accordance with the Master Indenture.

(iv) The Trustee shall disburse amounts in the applicable Borrower Restricted Loan Pledged Account or Borrower Restricted Loan Non-Pledged Account of the Project Fund to the applicable Borrower, to be applied to the Cost of the Projects, upon the written direction of an Authorized Officer stating that such Borrower has complied with the Disbursement Procedures and setting forth the amount of such disbursement.

(e) Restricted Loan Principal Repayment Account. In accordance with the Master Indenture, payments of principal on Borrower Bonds pledged by the Bank to the Trustee pursuant to the Indenture and evidencing Restricted Loans shall be deposited in the Restricted Loan Principal Repayment Account. By 12:00 noon on the date on which any Principal Installment or payment of interest on the Senior Bonds is due, the Trustee shall transfer from the Restricted Loan Principal Repayment Account, for deposit in the Debt Service Fund, any amounts due on such payment date but as yet unavailable because of the failure of any Borrower to make full and timely payment of such amounts under such Borrower Bonds. Except as otherwise provided in any Supplemental Indenture, upon the written direction of an Authorized Officer, the Trustee shall transfer amounts from the Restricted Loan Principal Repayment Account to the Restricted Account of the Surplus Fund, to be used to make Restricted Loans to Borrowers.

(f) Unrestricted Loans from Borrower Unrestricted Loan Pledged Account or Borrower Unrestricted Loan Non-Pledged Account of Project Fund. From Unrestricted Funds in the Surplus Fund, the amount set forth in the Officer's Certificate described in the Master Indenture shall be deposited in the applicable Borrower Unrestricted Loan Pledged Account or Borrower Unrestricted Loan Non-Pledged Account of the Project Fund, and the Trustee shall use such moneys to make Unrestricted Loans to the applicable Borrowers to finance the Costs of any Project as follows:

(i) The Trustee, in accordance with the Master Indenture, shall establish in the Project Fund the applicable Borrower Unrestricted Loan Pledged Account and Borrower

Unrestricted Loan Non-Pledged Account and shall deposit therein the amount of the Unrestricted Loan to be made to such Borrower, as set forth in such Officer's Certificate, to pay Costs of Projects financed in whole or in part by such Unrestricted Loan, in exchange for which the Bank shall receive the Borrower Agreements of such Borrower. The Trustee shall promptly deposit and hold the Borrower Agreements governing such Unrestricted Loans in the applicable Borrower Unrestricted Loan Pledged Account or Borrower Unrestricted Loan Non-Pledged Account of the Project Fund.

(ii) All Borrower Bond Payments in respect to such Unrestricted Loans shall be collected by the Bank for deposit under the Master Indenture as follows:

(A) to the extent such Borrower Bond Payments are pledged by the Bank to the Trustee pursuant to a Supplemental Indenture, such Borrower Bond Payments shall be transferred to the Trustee for deposit in the Revenue Fund in accordance with the Master Indenture and

(B) to the extent such Borrower Bond Payments are not pledged by the Bank to the Trustee pursuant to a Supplemental Indenture, such Borrower Bond Payments shall be transferred to the Trustee for deposit in the Surplus Fund in accordance with the Master Indenture.

(iii) If the Bank shall determine to pledge and assign to the Trustee pursuant to a Supplemental Indenture the Borrower Agreements for the Unrestricted Loans made from the Borrower Unrestricted Loan Non-Pledged Account of the Project Fund, and the Revenues related thereto, then the Trustee shall, at the written direction of the Bank:

(A) establish a Borrower Unrestricted Loan Pledged Account for such Unrestricted Loan;

(B) deposit any unspent Unrestricted Loan proceeds from the applicable Borrower Unrestricted Loan Non-Pledged Account to such Borrower Unrestricted Loan Pledged Account;

(C) deposit and hold the applicable Borrower Agreements in the Borrower Unrestricted Loan Pledged Account; and

(D) transfer the Borrower Bond Payments related thereto to the Trustee for deposit in the Revenue Fund in accordance with the Master Indenture.

(iv) The Trustee shall disburse amounts in the applicable Borrower Unrestricted Loan Pledged Account or Borrower Unrestricted Loan Non-Pledged Account of the Project Fund to the applicable Borrower, to be applied to the Cost of the Projects, upon the written direction of an Authorized Officer stating that such Borrower has complied with the Disbursement Procedures and setting forth the amount of such disbursement.

(g) Borrower Capitalized Interest Subaccount in Borrower Surplus Accounts. The Trustee shall establish, in accordance with the Master Indenture, a further Subaccount for each Borrower in the applicable Borrower Surplus Account of the Project Fund established for such Borrower pursuant to the Master Indenture, to be designated as the Borrower Capitalized Interest Subaccount of such Borrower. The Trustee shall promptly deposit in such Borrower's Capitalized Interest Subaccount any Borrower Capitalized Interest required to be deposited therein in accordance with the Master Indenture. On any date that payment of interest on such Borrower's Borrower Bonds evidencing the applicable Restricted Loan or Unrestricted Loan made pursuant to the Master Indenture is due, the Trustee, upon the written direction of an Authorized Officer, shall withdraw from the applicable Borrower Capitalized Interest Subaccount of such Borrower and transfer to the Funds and Accounts set forth below the following amounts in the following order of priority:

(i) to the Administrative Fees Fund, an amount equal to any Loan Servicing Fee then owed by such Borrower;

(ii) with respect to a Restricted Loan made from a Borrower Restricted Loan Pledged Account or an Unrestricted Loan made from a Borrower Unrestricted Loan Pledged Account, to the Interest Account of the Debt Service Fund, an amount equal to the Borrower Bond Payment (or portion thereof) then due and owing by such Borrower;

(iii) with respect to a Restricted Loan made from a Borrower Restricted Loan Non-Pledged Account, to the Restricted Account of the Surplus Fund, an amount equal to the Borrower Bond Payment (or portion thereof) in respect to interest then due and owing by such Borrower; and

(iv) with respect to an Unrestricted Loan made from a Borrower Unrestricted Loan Non-Pledged Account, to the Surplus Fund, an amount equal to the Borrower Bond Payment (or portion thereof) in respect to interest then due and owing by such Borrower.

If the funds on deposit in the Borrower Capitalized Interest Subaccount of such Borrower are insufficient to satisfy any deficiency in such Borrower's Loan Servicing Fee payment or Borrower Bond Payment on any date that such payment is due, then such Borrower shall be obligated to pay the deficiency to the Bank as a Borrower Bond Payment pursuant to the Borrower Agreements, and such deficiency shall be collected by the Bank as set forth in the Master Indenture, as applicable.

(h) Application of Excess Restricted Loan Proceeds in Borrower Restricted Loan Pledged Account and Borrower Restricted Loan Non-Pledged Account. Upon receipt by the Bank of written notice from a Borrower of: (i) the completion of a Project, or (ii) such Borrower's determination that a Project undertaken or to be undertaken has been or should be abandoned or delayed and that no further amounts or significantly reduced amounts are required therefor from the applicable Borrower Restricted Loan Pledged Account or Borrower Restricted Loan Non-Pledged Account, then such Borrower's Restricted Loan shall be adjusted accordingly and the Bank may direct the Trustee in writing to withdraw any Restricted Loan proceeds remaining in the applicable Borrower Restricted Loan Pledged Account or Borrower Restricted Loan Non-Pledged Account, including the investment earnings on such proceeds for deposit in one or more Borrower Restricted Loan Pledged Accounts (to the extent that the proceeds are derived from a Borrower Restricted Loan Pledged Account) or Borrower Restricted Loan Non-Pledged Accounts (to the extent that the proceeds are derived from a Borrower Restricted Loan Non-Pledged Account), to make Restricted Loans in the amounts and to the Borrowers described in an Officer's Certificate, in accordance with the procedures for making Restricted Loans set forth in the Master Indenture.

(i) Application of Excess Unrestricted Loan Proceeds in Borrower Unrestricted Loan Pledged Account and Borrower Unrestricted Loan Non-Pledged Account. Upon receipt by the Bank of written notice from a Borrower of: (i) the completion of a Project, or (ii) such Borrower's determination that a Project undertaken or to be undertaken has been or should be abandoned or delayed and that no further amounts or significantly reduced amounts are required therefor from the applicable Borrower Unrestricted Loan Pledged Account or Borrower Unrestricted Loan Non-Pledged Account, then such Borrower's Unrestricted Loan shall be adjusted accordingly and the Bank may direct the Trustee in writing to withdraw any Unrestricted Loan proceeds remaining in the applicable Borrower Unrestricted Loan Pledged Account or Borrower Unrestricted Loan Non-Pledged Account, including the investment earnings on such proceeds: (A) for deposit in one or more Borrower Unrestricted Loan Pledged Accounts (to the extent that the proceeds are derived from a Borrower Unrestricted Loan Pledged Account) or Borrower Unrestricted Loan Non-Pledged Accounts (to the extent that the proceeds are derived from a Borrower Unrestricted Loan Non-Pledged Account), to make Unrestricted Loans in the amounts and to the Borrowers described in an Officer's Certificate, in accordance with the procedures for making Unrestricted Loans set forth in the Master Indenture, or (B) for deposit in the Surplus Fund.

(j) Borrower Bonds Evidencing Combination of Bank Loans and Surplus Loans. In the event that a Borrower Bond evidences a combination of a Bank Loan and a Surplus Loan, Borrower Bond Payments on such Borrower Bond shall be allocated proportionately between such Bank Loan and such Surplus Loan. Borrower Bond Payments in respect of the Bank Loan shall be applied in accordance with the Master Indenture, and Borrower Bond Payments in respect of the Surplus Loan shall be applied in accordance with the Master Indenture.

[Section 5.05]

Revenue Fund

(a) The Trustee shall promptly deposit the following Revenues in the Revenue Fund:

(i) all Borrower Bond Payments that are collected by the Bank and transferred to the Trustee for deposit in the Revenue Fund pursuant to the Master Indenture; and

(ii) any other amounts constituting Revenues that are required to be paid to the Revenue Fund or otherwise made available by the Bank pursuant to a Supplemental Indenture or an Officer's Certificate for deposit therein.

(b) No later than the date any Principal Installment or payment of interest on the Bonds is due, the Trustee shall withdraw from the Revenue Fund and deposit in the Funds and Accounts set forth below the following amounts in the following order of priority:

(i) To the Interest Account in the Debt Service Fund the amount, if any, required so that the balance in such Interest Account shall equal the amount of interest due on the Bonds and Parity Reimbursement Obligations due on each Interest Payment Date;

(ii) To the Principal Account in the Debt Service Fund the amount, if any, required so that the balance in such Principal Account shall equal the amount of the principal and Sinking Fund Installments of the Senior Bonds and principal or other amount of any Parity Reimbursement Obligations due on each payment date;

(iii) To the Restricted Loan Principal Repayment Account of the Project Fund to reimburse such Account in the amount of any draws thereon due to a Borrower Bond Payment default of a Defaulting Borrower pursuant to the Master Indenture;

(iv) To the Common Reserve Account and the Series Reserve Account, if any, of the Debt Service Reserve Fund, on a pro rata basis in accordance with the level of deficiency therein, an amount which, together with the amounts on deposit therein, will equal the Reserve Requirement;

(v) To the Interest Account in the Subordinated Debt Service Fund the amount, if any, required so that the balance in such Interest Account shall equal the amount of interest due on each Series of Subordinated Bonds secured pursuant to the Master Indenture on the applicable Interest Payment Date;

(vi) To the Principal Account in the Subordinated Debt Service Fund the amount, if any, required so that the balance in such Principal Account shall equal the amount of the principal and Sinking Fund Installments of the Subordinated Bonds due on each Series of Subordinated Bonds secured pursuant to the Master Indenture on such date;

(vii) To such other Funds, Accounts or Subaccounts as shall be required by any Supplemental Indenture;

(viii) To the Surplus Fund; and

(ix) To the Cross-Investment Fund.

[Section 5.06]

Debt Service Fund.

(a) The Trustee shall promptly deposit the following receipts in the Debt Service Fund:

(i) the amount, if any, of the proceeds of any Series of Senior Bonds constituting Capitalized Interest, set forth in the Officer's Certificate required by the Master Indenture to be deposited in the Subaccount for such Series of Senior Bonds in the Capitalized Interest Subaccount of the Interest Account;

(ii) all amounts required to be transferred to the Interest Account from the Revenue Fund pursuant to the Master Indenture, which shall be deposited in the Interest Account;

(iii) all amounts required to be transferred to the Principal Account from the Revenue Fund pursuant to the Master Indenture, which shall be deposited in the Principal Account;

(iv) any amounts required to be transferred to the Debt Service Fund from the Restricted Loan Principal Repayment Account of the Project Fund pursuant to the Master Indenture, which shall be deposited first in the Interest Account and second in the Principal Account; and

(v) any amounts required to be transferred to the Debt Service Fund from the Debt Service Reserve Fund pursuant to the Master Indenture, which shall be deposited first in the Interest Account and second in the Principal Account; and

(vi) any amounts required to be transferred to the Debt Service Fund from the Surplus Fund, which shall be deposited first in the Interest Account and second in the Principal Account;

(vii) any amounts available in the Cross-Investment Fund, to the extent necessary to meet a scheduled payment then due of the interest on and/or the principal of any Series of Senior Bonds, after the making of the foregoing deposits; and

(viii) any other amounts required to be paid to the Interest Account or Principal Account or otherwise made available for deposit therein as directed by an Authorized Officer.

(b) The Trustee shall pay out of the Interest Account of the Debt Service Fund, including the moneys credited to the Subaccount, if any, established for a Series of Bonds in the Capitalized Interest Subaccount, to any Paying Agents for the Bonds, the Provider or the Counterparty, as applicable: (i) on each Interest Payment Date, or the date on which the interest on Parity Reimbursement Obligations is due, the amount required for the payment of interest on the Bonds or the payment of interest on Parity Reimbursement Obligations due on such date, and (ii) on any redemption date, the amount required for the payment of accrued interest on the Bonds redeemed unless the payment of such accrued interest shall be otherwise provided for, and such amounts shall be applied by the Paying Agents to such payment. The Trustee shall also pay out of the Interest Account the accrued interest included in the purchase price of the Bonds purchased for retirement pursuant to subsection (d) below.

(c) The Trustee shall pay out of the Principal Account of the Debt Service Fund to any Paying Agents for the Bonds, the Provider or the Counterparty, as applicable: (i) on each date on which principal of the Senior Bonds or the principal or other amount of any Parity Reimbursement Obligation is due, the amounts required for the payment of such principal of the Senior Bonds or the principal or other amount of any Parity Reimbursement Obligation due on such date, and (ii) and on each date set for redemption of the Senior Bonds, the Redemption Price due on such redemption date, and such amounts shall be applied by the Paying Agents to such payments.

(d) Amounts made available by the Bank for the purchase of Senior Bonds that are Term Bonds of the maturity that are subject to mandatory sinking fund redemption shall be applied by the Trustee prior to the forty-fifth (45th) day preceding any mandatory sinking fund redemption date to such purpose, at prices (including any brokerage and other charges) not exceeding the Redemption Price payable for such Term Bonds pursuant to such sinking fund redemption plus unpaid interest accrued to the date of purchase. Upon such purchase of any such Term Bond, the Trustee shall then credit an amount equal to the principal of the Term Bond so purchased toward the next succeeding Sinking Fund Installment for such Term Bond.

(e) As soon as practicable after the forty-fifth (45th) day preceding the date of any such sinking fund redemption, the Trustee shall proceed pursuant to the Master Indenture to call for redemption on such redemption date Term Bonds of the maturity for which mandatory sinking fund redemption is required in such amount as shall be necessary to complete the retirement of the principal amount specified for such mandatory sinking fund redemption of the Term Bonds. The Trustee shall so call such Term Bonds for redemption whether or not it then has moneys in the Principal Account sufficient to pay the applicable Redemption Price thereof and moneys in the Interest Account sufficient to pay interest thereon to the redemption date. The Trustee shall pay out of the Principal Account to the appropriate Paying Agents, on each such redemption date, the Redemption Price of the Term Bonds so called for redemption, and such amount shall be applied by such Paying Agents to such redemption.

(f) Upon receipt by the Trustee of an Officer's Certificate showing that the amount on deposit in the Debt Service Fund exceeds the sum of the Debt Service and Parity Reimbursement Obligations in respect to Senior Bonds remaining to be paid therefrom during the then current Fiscal Year, the Trustee shall, at the written direction of an Authorized Officer, transfer such excess amount first to the Debt Service Reserve Fund, in the amount necessary to meet any deficiency in the Common Reserve Account and the Series Reserve Account, if any, on a pro rata basis in accordance with the level of such deficiency, and second to the Senior Bonds Redemption Account of the Redemption Fund or to the Surplus Fund, for the purposes thereof.

[Section 5.07]

Redemption Fund.

(a) There shall be deposited in the Senior Bonds Redemption Account and the Subordinated Bonds Redemption Account, respectively, (i) proceeds of Refunding Bonds, to the extent provided in the Supplemental Indenture authorizing the issuance of such Refunding Bonds, allocated to the payment of the principal and Redemption Price of, and interest on, the Series of Senior Bonds or Series of Subordinated Bonds, respectively, to be refunded, funded or retired through the issuance of such Refunding Bonds; (ii) amounts to be transferred to: (a) the Senior Bonds Redemption Account from: (1) the Project Fund pursuant to the Master Indenture, (2) the Debt Service Fund pursuant to the Master Indenture or (3) the Debt Service Reserve Fund pursuant to the Master Indenture or (b) the Subordinated Bonds Redemption Account from: (1) the Project Fund pursuant to the Master Indenture or (2) the Subordinated Debt Service Fund pursuant to the Master Indenture; and (iii) any other moneys, including Revenues, made available by the Bank for the purposes of the Redemption Fund and not otherwise required by the Indenture to be deposited or applied elsewhere.

(b) Subject to subsection (e) below, amounts in the Senior Bonds Redemption Account may be applied by the Bank to the redemption of Senior Bonds in accordance with the Master Indenture and the applicable Supplemental Indenture or, in lieu thereof, to the purchase for cancellation of Senior Bonds in accordance with the Master Indenture at prices not exceeding the applicable Redemption Prices (plus accrued interest) had such Senior Bonds been redeemed (or, if not then subject to redemption, at the applicable Redemption Prices when next subject to redemption), such purchases to be made by the Trustee at such times and in such manner as directed in writing by the Bank. Notwithstanding the foregoing, the amounts transferred to the Senior Bonds Redemption Account from the Common Reserve Account pursuant to the Master Indenture shall be applied to the redemption of Common Reserve Bonds, on a pro rata basis and (ii) amounts transferred to the Senior Bonds Redemption Account from the applicable Series Reserve Account pursuant to the Master Indenture shall be applied to the redemption of the Series of Senior Bonds secured by such Series Reserve Account, on a pro rata basis if more than one Series of Senior Bonds is so secured.

(c) Subject to subsection (f) below, amounts in the Subordinated Bonds Redemption Account may be applied by the Bank to the redemption of Subordinated Bonds in accordance with the Master Indenture and the applicable Supplemental Indenture or, in lieu thereof, to the purchase of Senior Bonds in accordance with the Master Indenture at prices not exceeding the applicable Redemption Prices (plus accrued interest) had such Subordinated Bonds been redeemed (or, if not then subject to redemption, at the applicable Redemption Prices when next subject to redemption), such purchases to be made by the Trustee at such times and in such manner as directed in writing by the Bank.

(d) From moneys in the Redemption Fund, the Trustee shall disburse such amounts at such times as are required for the redemption or purchase for cancellation of Bonds. Any amounts in the Senior Bonds Redemption Account so committed but not required for such purposes may be transferred to the Debt Service Fund or the Debt Service Reserve Fund, and any amounts in the Subordinated Bonds Redemption Account so committed but not required for such purposes may be transferred to the Subordinated Debt Service Fund, for the purposes thereof, in each case upon the written direction of an Authorized Officer.

(e) If at any time the amount on deposit and available therefor in the Debt Service Fund is insufficient to pay the principal and Redemption Price of, and interest on, and Parity Reimbursement Obligations in respect to, the Senior Bonds then due, the Trustee shall withdraw from the Senior Bonds Redemption Account and deposit in the Debt Service Fund the amount necessary to meet the deficiency (other than amounts held therein for the redemption of Senior Bonds for which a notice of redemption shall have already been given by the Trustee); provided, however,

that amounts transferred to the Senior Bonds Redemption Account from a Series Reserve Account pursuant to the Master Indenture shall be used to meet such deficiency solely in respect to the Series of Senior Bonds secured by such Series Reserve Account.

(f) If at any time the amount on deposit and available therefor in the Subordinated Debt Service Fund is insufficient to pay the principal of, and interest on, and Parity Reimbursement Obligations in respect to, the Subordinated Bonds then due, the Trustee shall withdraw from the Subordinated Bonds Redemption Account and deposit in the Subordinated Debt Service Fund the amount necessary to meet the deficiency (other than amounts held therein for the redemption of Subordinated Bonds for which a notice of redemption shall have already been given by the Trustee).

[Section 5.08]

Debt Service Reserve Fund.

(a) Pursuant to the Master Indenture, within the Debt Service Reserve Fund, the Trustee shall establish and maintain a separate Account designated as the Common Reserve Account. In the event that the Reserve Requirement for the Common Reserve Account is funded with the proceeds of Common Reserve Bonds, the Trustee may also establish and maintain, from time to time, one or more Subaccounts within the Common Reserve Account corresponding to such Common Reserve Bonds, as set forth in the Supplemental Indenture providing for the funding of such Subaccount. The Trustee may also establish and maintain, from time to time, one or more Series Reserve Accounts and Subaccounts within the Debt Service Reserve Fund, with each such Series Reserve Account or Subaccount securing one or more Series of Senior Bonds as set forth in the Supplemental Indenture authorizing the issuance thereof. In connection with the issuance of a Series of Senior Bonds, the Trustee shall deposit in the Common Reserve Account or the Series Reserve Account established and/or maintained for such Series of Bonds, as applicable, an amount equal to the Reserve Requirement required to be deposited therein, as provided in the Supplemental Indenture authorizing the issuance thereof; provided, however, that the applicable Supplemental Indenture may provide that the Reserve Requirement, if any, attributable to any Series of Senior Bonds may be funded in substantially equal monthly installments over a period of time after issuance as specified in the applicable Supplemental Indenture (which period shall not exceed twenty-four (24) months).

(b) All moneys in the Common Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal and Redemption Price of, and interest on, and Parity Reimbursement Obligations in respect to, Common Reserve Bonds, in the event of a deficiency in the Principal Account or the Interest Account of the Debt Service Fund, on a pro rata basis if such moneys are insufficient to make up such deficiency. All moneys in a Series Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal and Redemption Price of, and interest on, and Parity Reimbursement Obligations in respect to, the applicable Series of Senior Bonds secured by such Series Reserve Account, in the event of a deficiency in the Principal Account or the Interest Account of the Debt Service Fund, on a pro rata basis if more than one Series of Senior Bonds is so secured and such moneys are insufficient to make up such deficiency.

(c) If insufficient moneys are available in the Debt Service Fund on the date upon which the payment of the principal or Redemption Price of, or interest on, and Parity Reimbursement Obligations in respect to, any Series of Senior Bonds secured by the Debt Service Reserve Fund is due, the Trustee, without necessity for any order by the Bank, shall immediately, and after taking into account any transfers pursuant to the provisions of the Master Indenture, transfer moneys from the Common Reserve Account or the applicable Series Reserve Account, to the Debt Service Fund to make up such deficiency; provided, however that: (i) all amounts in the Debt Service Reserve Fund shall be used, together with other amounts available for such purpose under the Master Indenture, to provide for payment of the related Series of Senior Bonds when the aggregate of such amounts is sufficient for such purpose; (ii) amounts in the Common Reserve Account shall be used solely for the payment of the Common Reserve Bonds; (iii) amounts in the Series Reserve Account shall be used solely for the payment of the Series of Senior Bonds secured by such Series Reserve Account; and (iv) if so provided in a Supplemental Indenture, upon the issuance of a Series of Refunding Bonds to advance refund a portion of a Series of Outstanding Senior Bonds, amounts in the Common Reserve Account or Series Reserve Account securing such Outstanding Senior Bonds may be pledged to the unrefunded Series of Outstanding Senior Bonds and such Series of Refunding Bonds.

(d) The Trustee shall deposit in the Common Reserve Account or the Series Reserve Account, as applicable: (i) all amounts required to be transferred to the Debt Service Reserve Fund from the Revenue Fund

pursuant to the Master Indenture; (ii) any amounts made available by a Defaulting Borrower in order to reimburse the Debt Service Reserve Fund for transfers to the Debt Service Fund; and (iv) such other funds, securities, or other property made available by the Bank for deposit therein.

(e) The Bank may from time to time provide Reserve Deposits to satisfy the Reserve Requirement. If on the last Business Day of any month or on any day when a new Reserve Deposit is deposited in the Debt Service Reserve Fund, the amount on deposit in the Debt Service Reserve Fund is in excess of the Reserve Requirement (calculated as of the first day of the next succeeding month) the Trustee shall promptly notify the Bank and, upon the written direction of an Authorized Officer, to the extent of such excess, either: (i) transfer cash and Investment Securities to any Fund or Account established under the Master Indenture or (ii) consent to the reduction of the stated amount of any Reserve Deposit or (iii) any combination of the foregoing.

(f) Notwithstanding anything to the contrary in the Indenture, if a cash withdrawal is made from the Debt Service Reserve Fund pursuant to the Master Indenture, six (6) monthly deposits shall be made to the Debt Service Reserve Fund pursuant to the Master Indenture in an amount equal to one-sixth (1/6) of the amount of such withdrawal. In the event that the Reserve Requirement is satisfied in whole or in part by a Reserve Deposit, the Trustee shall deplete all cash balances before drawing on the Reserve Deposit. If there shall have been a draw on such Reserve Deposit, the Bank shall: (i) restore the Reserve Deposit within six months of such draw or (ii) deposit cash in the Debt Service Reserve Fund to replenish the Reserve Requirement in accordance with the schedule set forth in the prior sentence. Unless and until the requirements of the preceding three sentences are not met, the difference between the amount of such withdrawals or draws and the amount redeposited or restored to the Debt Service Reserve Fund on account of such withdrawal or draws pursuant to the preceding sentences shall be deemed to be on deposit in the Debt Service Reserve Fund for purposes of calculating compliance with the Reserve Requirement. Deposits pursuant to 5.05(b)(3) shall be used first to restore the Reserve Deposit, thereby reinstating the Reserve Deposit, and second to replenish the cash in the Debt Service Reserve Fund.

(g) Unless otherwise specified in a Supplemental Indenture or Officer's Certificate, the Bank shall not be required to establish any Reserve Requirement for any or all Series of Senior Bonds issued under the Indenture and the Bank makes no covenant to the Owners of the Senior Bonds or any other party that funds or other assets will be available in the Debt Service Reserve Fund in the event of a deficiency in the Debt Service Fund on any date upon which the payment of the principal and Redemption Price of, and interest on, any Series of Senior Bonds is due.

(h) Subject to the provisions of subsection (e) under this heading, the Trustee shall determine the amount of cash and Investment Securities on deposit in the Common Reserve Account on: (i) each Interest Payment Date; (ii) each date on which principal or other amount of any Senior Bonds or Parity Reimbursement Obligations is due; or (iii) each date on which any Senior Bonds are redeemed or defeased in accordance with the Indenture. Whenever the Trustee shall determine that the cash and Investment Securities on deposit in the Common Reserve Account, together with all other funds available for such purpose, is in excess of the Reserve Requirement for the Common Reserve Bonds, then the Trustee, at the written direction of an Authorized Officer, shall transfer such excess amount to the Debt Service Fund or the Senior Bonds Redemption Account of the Redemption Fund, for the purpose of paying or redeeming the Common Reserve Bonds, as applicable; provided, however, that if such excess amount is the result of a redemption or defeasance of Senior Bonds, then, at the written direction of an Authorized Officer, such excess amount may be applied to the redemption or defeasance of such Senior Bonds or transferred to the Surplus Fund. Notwithstanding the foregoing, to the extent such excess amount consists of cash from, or Investment Securities purchased with, Restricted Funds or Unrestricted Funds, the Trustee, at the written direction of an Authorized Officer, shall transfer such excess amount to the Surplus Fund.

(i) Subject to the provisions of subsection (e) under this heading, the Trustee shall determine the amount of cash and Investment Securities on deposit in each Series Reserve Account on each Interest Payment Date and each date on which principal or other amount of any Senior Bonds or Parity Reimbursement Obligations is due. Whenever the Trustee shall determine that the cash and Investment Securities on deposit in each Series Reserve Account, together with all other funds available for such purpose, is in excess of the Reserve Requirement for the Series of Senior Bonds secured by such Series Reserve Account, then the Trustee, at the written direction of an Authorized Officer, shall transfer such excess amount to the Debt Service Fund or the Senior Bonds Redemption Account of the Redemption Fund, for the purpose of paying or redeeming such Series of Senior Bonds, as applicable; provided, however, that if such excess amount is the result of a redemption or defeasance of Senior Bonds, then, at the written direction of an Authorized Officer, such excess amount may be applied to the redemption or defeasance of such Senior Bonds or transferred to the Surplus Fund. Notwithstanding the foregoing, to the extent such excess

amount consists of cash from, or Investment Securities purchased with, Restricted Funds or Unrestricted Funds, the Trustee, at the written direction of an Authorized Officer, shall transfer such excess amount to the Surplus Fund.

(j) To the extent that any Subaccounts are established in the Common Reserve Account pursuant to Section 5.08(a), deposits to and withdrawals from the Common Reserve Account and such Subaccounts pursuant to this Section 5.08 shall be made on a pro rata basis. To the extent that any Subaccounts are established in a Series Reserve Account pursuant to Section 5.08(a), deposits to and withdrawals from such Series Reserve Account and such Subaccounts pursuant to this Section 5.08 shall be made on a pro rata basis.

(k) Notwithstanding anything to the contrary in the Indenture, the Bank may reduce the Reserve Requirement for the Common Reserve Bonds at any time, including to an amount equal to zero, and direct the Trustee to release the excess amount then on deposit in the Common Reserve Account to the Bank, free and clear of the lien of the Indenture, subject to the receipt of a Rating Confirmation and an opinion of Bond Counsel to the effect that such reduction of the Reserve Requirement and release of such amount will not affect the exclusion from gross income for federal income tax purposes of interest on the Common Reserve Bonds. Notwithstanding the foregoing, if the amount in the Common Reserve Account subject to release pursuant to this Section 5.08(j) is funded with the proceeds of a Series of Common Reserve Bonds, then such amount shall be used solely for the purpose of either repaying such Series of Common Reserve Bonds or funding new Bank Loans to Borrowers.

(l) For the avoidance of doubt, neither the Debt Service Reserve Fund nor any Series Account therein shall secure the payment of the principal and Redemption Price of, and interest on, any Series of Subordinated Bonds.

[Section 5.09]

Subordinated Debt Service Fund

(a) The Trustee shall promptly deposit the following receipts in the Subordinated Debt Service Fund:

(i) the amount, if any, of the proceeds of any Series of Subordinated Bonds constituting Capitalized Interest, set forth in the Officer's Certificate required by the Master Indenture to be deposited in the Subaccount for such Series of Subordinated Bonds in the Capitalized Interest Subaccount of the Interest Account;

(ii) all amounts required to be transferred to the Interest Account of the Subordinated Debt Service Fund from the Revenue Fund pursuant to the Master Indenture, which shall be deposited in the Interest Account;

(iii) all amounts required to be transferred to the Principal Account of the Subordinated Debt Service Fund from the Revenue Fund pursuant to the Master Indenture, which shall be deposited in the Principal Account; and

(iv) any other amounts required to be paid to the Interest Account or Principal Account of the Subordinated Debt Service Fund or otherwise made available for deposit by the Bank.

(b) The Trustee shall pay out of the Interest Account of the Subordinated Debt Service Fund, including the moneys credited to the Subaccount, if any, established for a Series of Bonds in the Capitalized Interest Subaccount, to any Paying Agents for each Series of Subordinated Bonds, the Provider or the Counterparty, as applicable, (i) on each Interest Payment Date or the date on which the interest on Parity Reimbursement Obligations is due, the amount required for the payment of interest on such Subordinated Bonds or the payment of interest on Parity Reimbursement Obligations due on such payment date and (ii) on any redemption date, the amount required for the payment of accrued interest on such Subordinated Bonds redeemed unless the payment of such accrued interest shall be otherwise provided for, and such amounts shall be applied by the Payment Agents to such payment. The Trustee shall also pay out of the Interest Account the accrued interest included in the purchase price of such Subordinated Bonds purchased for retirement pursuant to subsection (d) below.

(c) The Trustee shall pay out of the Principal Account of the Subordinated Debt Service Fund to any Paying Agents for the Bonds, the Provider or the Counterparty, as applicable: (i) on each date on which principal of

the Subordinated Bonds or the principal or other amount of any Parity Reimbursement Obligation is due, the amounts required for the payment of such principal of the Senior Bonds or the principal or other amount of any Parity Reimbursement Obligation due on such date, and (ii) and on each date set for redemption of the Subordinated Bonds, the Redemption Price due on such redemption date, and such amounts shall be applied by the Paying Agents to such payments.

(d) Amounts made available by the Bank for such purpose shall be applied by the Trustee prior to the forty-fifth (45th) day preceding any mandatory sinking fund redemption date to the purchase of Subordinated Bonds that are Term Bonds secured as set forth above of the maturity that are subject to such mandatory sinking fund redemption, at prices (including any brokerage and other charges) not exceeding the Redemption Price payable for such Term Bonds secured as set forth above pursuant to such sinking fund redemption plus unpaid interest accrued to the date of purchase. Upon such purchase of any such Term Bond secured as set forth above, the Trustee shall then credit an amount equal to the principal of such Term Bond so purchased toward the next succeeding Sinking Fund Installment for such Term Bond secured as set forth above.

(e) As soon as practicable after the forty-fifth (45th) day preceding the date of any such sinking fund redemption, the Trustee shall proceed pursuant to the Master Indenture to call for redemption on such redemption date the Term Bonds secured as set forth above of the maturity for which mandatory sinking fund redemption is required in such amount as shall be necessary to complete the retirement of the principal amount specified for such mandatory sinking fund redemption of such Term Bonds secured as set forth above. The Trustee shall so call such Term Bonds secured as set forth above for redemption whether or not it then has moneys in the Principal Account of the Subordinated Debt Service Fund sufficient to pay the applicable Redemption Price thereof and moneys in the Interest Account of the Subordinated Debt Service Fund sufficient to pay interest thereon to the redemption date. The Trustee shall pay out of the Principal Account of the Subordinated Debt Service Fund to the appropriate Paying Agents, on each such redemption date, the Redemption Price of such Term Bonds secured as set forth above so called for redemption, and such amount shall be applied by such Paying Agents to such redemption.

(f) Upon receipt by the Trustee of an Officer's Certificate showing that the amount on deposit in the Subordinated Debt Service Fund exceeds the sum of the Debt Service and Parity Reimbursement Obligations in respect to Subordinated Bonds remaining to be paid therefrom during the then current Fiscal Year, the Trustee shall, at the written direction of an Authorized Officer, transfer such excess amount to the Subordinated Bonds Redemption Account of the Redemption Fund or to the Surplus Fund, for the purposes thereof.

[Section 5.10]

Surplus Fund

(a) The Trustee shall deposit in the Surplus Fund: (i) all amounts required to be transferred to the Surplus Fund (other than the Restricted Account) pursuant to the Master Indenture, including, but not limited to, amounts from the Cost of Issuance Fund pursuant to the Master Indenture, the Project Fund pursuant to the Master Indenture, the Revenue Fund pursuant to the Master Indenture, the Debt Service Fund pursuant to the Master Indenture, and the Debt Service Reserve Fund pursuant to the Master Indenture; and (ii) Unrestricted Funds made available by the Bank from time to time for deposit therein.

(b) The Trustee shall deposit in the Restricted Account of the Surplus Fund: (i) all amounts required to be transferred to the Restricted Account pursuant to the Master Indenture, including, but not limited to, amounts from the Cost of Issuance Fund pursuant to the Master Indenture, the Project Fund pursuant to the Master Indenture and the Revenue Fund pursuant to the Master Indenture and (ii) any Restricted Funds made available by the Bank from time to time for deposit therein.

(c) Notwithstanding subsection (a) and (b) under this heading, the Bank shall not be required to maintain any minimum balance in the Surplus Fund.

(d) At the written direction of the Bank, the Trustee shall transfer moneys in the Restricted Account of the Surplus Fund to the Borrower Restricted Loan Pledged Account or the Borrower Restricted Loan Non-Pledged Account of the Project Fund established by the terms of subsection (a) under this heading, for the purpose of making Restricted Loans in the amounts and to the Borrowers set forth in an Officer's Certificate, which Officer's Certificate shall also: (i) provide the amount of such Restricted Loan, if any, constituting Borrower Capitalized Interest; (ii)

contain, if applicable, the written direction to establish the Borrower Capitalized Interest Subaccount in the Borrower Restricted Loan Pledged Account or Borrower Restricted Loan Non-Pledged Account of the Project Fund for each Borrower and deposit therein the Borrower Capitalized Interest of each Borrower, all in accordance with the Master Indenture; and (iii) determine the extent to which the Borrower Agreements and the Borrower Bond Payments related to such Restricted Loans are pledged as additional security for the Bonds.

(e) At the written direction of the Bank, the Trustee shall transfer moneys in the Surplus Fund (other than the Restricted Account):

(i) for deposit in the applicable Borrower Unrestricted Loan Pledged Account or Borrower Unrestricted Loan Non-Pledged Account of the Project Fund established pursuant to the Master Indenture, to be used by the Bank for the purpose of making Unrestricted Loans in the amounts and to the Borrowers set forth in an Officer's Certificate, which Officer's Certificate shall also: (i) provide the amount of such Unrestricted Loan, if any, constituting Borrower Capitalized Interest; (ii) contain, if applicable, the written direction to establish the Borrower Capitalized Interest Subaccount in the Borrower Unrestricted Loan Pledged Account or Borrower Unrestricted Loan Non-Pledged Account of the Project Fund for each Borrower and deposit therein the Borrower Capitalized Interest of each Borrower, all in accordance with the Master Indenture; and (iii) determine the extent to which the Borrower Agreements and the Borrower Bond Payments related to such Unrestricted Loans are pledged as additional security for the Bonds; or

(ii) to the Cross-Investment Fund, for the purpose of providing funds for investment into an Additional Program Indenture, in accordance with the Master Indenture; or

(iii) for repayment of any moneys invested in the Cross-Investment Fund from an Additional Program Indenture, in accordance with the Master Indenture; or

(iv) to the Bank to be used for any other lawful purpose of the EBF, as set forth in an Officer's Certificate, including, but not limited to, the funding of an escrow in connection with the issuance of a Series of Refunding Bonds; or

(v) subject to the receipt of the Rating Confirmation, to the Bank to be used for any other lawful purpose of the Bank under federal law or State law, as set forth in an Officer's Certificate.

[Section 5.11]

Cross-Investment Fund.

(a) If at any time the Trustee shall notify the Bank that insufficient funds are available, after the making of all Debt Service Fund deposits called for in the Master Indenture, inclusive, to meet a scheduled payment, then due, of the interest on and/or principal of a Series of Senior Bonds, then the Bank may, in its sole discretion, direct the Additional Program Trustee to make a Cross-Investment of funds held under and pursuant to the terms of an Additional Program Indenture, to the extent of any funds available for such Cross-Investment, into the Cross-Investment Fund to cure any such deficiency. Any such Cross-Investment shall be evidenced by a promissory note of the Bank which shall be subordinate in all respects to any Series of Senior Bonds or Series of Subordinated Bonds, whether then Outstanding or thereafter to be issued, under the Master Indenture. Any such Cross-Investment shall be made by the Additional Program Trustee within two (2) Business Days following the receipt of such direction from the Bank. The amount of funds held under an Additional Program Indenture and available for such Cross-Investment into the Cross-Investment Fund shall be limited to the amount lawfully available under the Additional Program Indenture for such purpose, and shall be further limited to the amount specified by the Bank in writing to the Additional Program Trustee. Any Cross-Investment of funds from an Additional Program Indenture into the Cross-Investment Fund shall be deposited into the Debt Service Fund and applied to the payment of any Senior Bonds then due and payable.

(b) Upon the Cross-Investment of funds from an Additional Program Indenture into the Cross-Investment Fund, the Trustee shall immediately transfer such funds to the Debt Service Fund to meet such scheduled payment, then due, of the interest on and/or the principal of any Series of Senior Bonds. In accordance with the Master Indenture, upon the written direction of the Bank, the Trustee shall repay the amount of any Cross-Investment of funds

from an Additional Program Indenture to the Cross-Investment Fund using any amounts held under the Indenture and available for such purpose.

(c) If at any time the Additional Program Trustee shall notify the Bank that insufficient funds are available, after the making of all debt service fund deposits called for in an Approved Program Indenture to meet a scheduled payment, then due, of the interest on and/or principal of a series of senior-lien bonds issued pursuant to such Additional Program Indenture, the Bank may, in its sole discretion, direct the Trustee to make a Cross-Investment of funds held under the Cross-Investment Fund, to the extent of any funds available therefor, into such Approved Program Indenture to cure any such deficiency. Any such Cross-Investment shall be evidenced by a promissory note of the Bank which shall be subordinate in all respects to any series of senior bonds or series of subordinated bonds, whether then outstanding or thereafter to be issued, under the Additional Program Indenture. Any such Cross-Investment shall be made by the Trustee within two (2) Business Days following the receipt of such direction from the Bank. The amount of funds held in the Cross-Investment Fund and available for such Cross-Investment into an Additional Program Indenture shall be limited to the amount lawfully available in the Cross-Investment Fund for such purpose, and shall be further limited to the amount specified by the Bank in writing to the Trustee. Any Cross-Investment of funds from the Cross-Investment Fund into an Additional Program Indenture shall be deposited into such Additional Program Indenture and applied to the payment of any senior-lien bonds issued pursuant to such Additional Program Indenture then due and payable.

(d) Upon the Cross-Investment of funds from the Cross-Investment Fund into an Additional Program Indenture, the Additional Program Trustee shall immediately transfer such funds to the debt service fund established under such Additional Program Indenture to meet such scheduled payment, then due, of the interest on and/or the principal of any series of senior-lien bonds issued pursuant to such Additional Program Indenture. In accordance with the Additional Program Indenture, upon the written direction of the Bank, the Additional Program Trustee shall repay the amount of any Cross-Investment of funds from the Cross-Investment Fund to the Additional Program Indenture using any amounts held under the Additional Program Indenture and available for such purpose.

(e) Cross-Investments shall be repaid as soon as is reasonably practicable after the Bank cures the payment-related default which caused the deficiency under the Master Indenture or the Additional Program Indenture receiving the Cross-Investment, as applicable. Cross-Investments shall bear such rate of interest as such funds would otherwise have earned had such funds not been used in such manner, as shall be reasonably determined by an Authorized Officer of the Bank. Any interest rate determination for Cross-Investment shall be contained in an Officer's Certificate delivered to the Trustee or the Additional Program Trustee, as applicable. Interest shall accrue from the date of the making of any Cross-Investment, to and including the date such Cross-Investment is repaid.

(f) The provisions summarized under this heading shall have no force and effect until the execution and delivery of an Additional Program Indenture incorporating reciprocal Cross-Investment provisions substantially the same as the terms summarized under this heading.

Tax Covenants

[Section 6.01]

Covenant to comply with Tax Requirement, rebate payment.

(a) The Bank covenants with the Bondowners that it will comply with the Tax Requirements, including, without limitation, those set forth in the applicable Tax Certificate for each tax-exempt Series of Bonds. The Authorized Officers, and each of them without the others, are authorized to execute all certificates, agreements and other documents necessary or desirable to evidence compliance with such covenant, and are authorized and directed to make all investments of moneys under the Indenture in accordance with such certificates and agreements, required thereby.

(b) In order to enable the Bank to satisfy the Tax Requirements, the Bank shall direct the Trustee to acquire and sell or otherwise dispose of all Investment Securities in accordance with the "market price rules" contained in Treasury Regulations Section 1.148-5(d) and 1.148-6(c) or any successor or other applicable regulations promulgated by the United States Treasury Department and in a manner that does not cause any Bonds to be federally guaranteed within the meaning of Section 149(b) of the Code. In addition, the Trustee shall maintain accurate books and records setting forth the dates of purchase and sale of any such Investment Securities, the purchase price of such

Investment Securities, and the proceeds received with respect to such Investment Securities including any proceeds received upon a sale or other disposition thereof. Such books and records shall also separately record the amount of any brokerage commissions and similar amounts paid in connection with the purchase or sale of any such Investment Securities. Books and records maintained by the Trustee with respect to the applicable tax-exempt Series of Bonds shall be retained by the Trustee until the sixth anniversary of the date on which the last of such Series of Bonds is redeemed or otherwise retired or as otherwise provided in the applicable Supplemental Indenture for such Series of Bonds.

(c) The Authorized Officers, and each of them without the others, are authorized and directed to pay to the United States Treasury Department at such time or times in such amounts as shall be required by the Treasury Department all amounts required under Section 148 of the Code to be rebated, as described in the applicable Tax Certificate for each tax-exempt Series of Bonds. Each such payment shall be, accompanied by Internal Revenue Service Form 8038-T (or any successor or other applicable form).

(d) The terms summarized under this heading shall survive the defeasance of the Bonds pursuant to the Master Indenture.

Security for and Investment of Moneys

[Section 7.02]

Uninvested moneys held by the Trustee. All moneys received by the Trustee under the Master Indenture and not invested by the Trustee pursuant to the provisions of the Master Indenture, to the extent not insured by the Federal Deposit Insurance Corporation or other federal agency, shall be deposited with the Trustee or with a national or state bank or a trust company which (i) has a combined capital and surplus aggregating not less than \$50,000,000 and (ii) the long-term and short-term certificates of deposit of which are rated in the highest rating category by at least two Rating Agencies.

[Section 7.03]

Investment of, and payment of interest on, moneys.

(a) Money held under the Master Indenture, if permitted by law, shall, as nearly as may be practicable, be invested by the Trustee in any Investment Securities, upon the direction of an Authorized Officer, which direction shall specify the particular investment to be made. Each such investment shall have maturity dates, or shall be subject to redemption or tender at the option of the Trustee, on the respective dates specified by an Authorized Officer, which dates shall be on or prior to the respective dates on which the moneys invested therein are payable for the purposes of such funds. Notwithstanding the foregoing, investments of moneys on deposit to the Project Fund may have maturity dates, or be subject to redemption or tender at the option of the Trustee, on dates after which such moneys are payable for the purposes of the Project Fund. The Investment Securities purchased with the moneys in each Fund and Account under the Indenture shall be held by or under the control of the Trustee and shall be deemed a part of such Fund or Account. Subject to compliance with the provisions of the Master Indenture, investment earnings, including any realized increment on securities purchased at a discount, received on all such Investment Securities in any Fund or Account shall be deposited by the Trustee to the credit of such Fund or Account; provided, however, that: (i) investment earnings on any Investment Securities held in the Project Fund shall be applied as provided in the Master Indenture; (ii) investment earnings on any Investment Securities held in the Cost of Issuance Fund shall be applied as provided in the Master Indenture; and (iii) investment earnings on any Investment Securities held in the Debt Service Reserve Fund shall be deposited on the first Business Day of each month in the Debt Service Fund. Losses, if any, realized on securities held in any Fund or Account shall be debited to such Fund or Account. Neither the Trustee nor any Depository Bank shall be liable or responsible for any loss resulting from any such investment or resulting from the redemption, sale or maturity of any such investment as authorized in the Master Indenture. If at any time it shall become necessary that some or all of the securities purchased with the moneys in any such Fund, Account or Subaccount be redeemed or sold in order to raise the moneys necessary to comply with the provisions of the Indenture, the Trustee shall effect such redemption or sale, employing in the case of a sale any commercially reasonable method of effecting such sale.

(b) Subject to the foregoing requirements, whenever money in any Fund or Account established under the Master Indenture is to be paid in accordance herewith to another such Fund or Account, such payment may be made, in whole or in part, by transferring to such other Fund or Account Investment Securities held as part of the Fund or Account from which such payment is to be made, whose value, together with the money, if any, to be transferred, is at least equal to the amount of the payment then to be made.

(c) In computing the amount in any Fund or Account under the Master Indenture for any purpose, Investment Securities shall be valued at the market value thereof, plus accrued interest to the date of valuation.

(d) Notwithstanding anything to the contrary in the Master Indenture, the Trustee, upon the written direction of an Authorized Officer, shall sell, present for redemption or exchange any investment held pursuant to, and the proceeds thereof may be reinvested as provided in, the Master Indenture. Except as otherwise provided in the Master Indenture, such investments shall be sold at the best price obtainable by it, or presented for redemption or exchange, whenever it shall be necessary in order to provide money to meet any payment or transfer from the Fund, Account or Subaccount in which such investment is held. The Trustee shall make available to the Bank, on or before the fifteenth (15th) day of each calendar month, the amounts then on deposit in each Fund and Account under the Master Indenture, including a statement of the value of the Investment Securities held for the credit of each Fund and Account in its custody under the provisions hereof as of the end of the preceding month. The details of such Investment Securities 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 make available to the Bank a description of all withdrawals, substitutions and other transactions occurring in each such Fund, Account and Subaccount in the previous month.

(e) Any direction to invest moneys given orally under the terms of the Indenture shall be confirmed in a writing signed by an Authorized Officer which shall specify that any investment designated in such direction is of a type permitted by the Master Indenture.

Particular Covenants

[Section 9.02]

Payment of principal of and interest and redemption premium on Bonds. The Bank will promptly pay from the Revenues held by the Trustee and available therefor the principal and Redemption Price of, and interest on, every Bond issued under and secured by the Indenture and any Sinking Fund Installments provided in the Indenture, at the places, on the dates and in the manner specified in the Indenture and in said Bonds according to the true intent and meaning thereof, subject, however, the provisions set forth under **“Definitions; Rules of Construction; Liability under Bonds – Liability Under Bonds”**.

[Section 9.03]

Performance of Covenants. The Bank will faithfully perform at all times all covenants, undertakings, stipulations and provisions contained in the Indenture, the Loan Agreements, in any and every Bond and in all proceedings of the Bank pertaining thereto.

[Section 9.06]

No Extension of Time of Payment of Bonds. The Bank shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or claims for interest by the purchase or funding of such Bonds or claims for interest or by any other arrangement and, in case the maturity of any of such Bonds or the time for payment of any such claims for interest shall be extended, such Bonds, or claims for interest shall not be entitled, in case of any default under the Master Indenture, to the benefit hereof or of any Supplemental Indenture or to any payment out of any assets of the Bank or the funds (except funds held in trust for the payment of particular Bonds or claims for interest pursuant to the Master Indenture and to any Supplemental Indenture) held by the Trustee, except subject to the prior payment of the principal of all Outstanding Bonds the maturity of which has not been extended and of such portion of the interest on such Bonds as shall not be represented by such extended claims for interest. Nothing in the Master Indenture shall be deemed to limit the right of the Bank to issue Option Bonds or Refunding Bonds and such issuance shall not be deemed to constitute an extension of the maturity of the Bonds.

[Section 9.09]

Enforcement of Borrower Agreements. The Bank shall diligently enforce, and take all reasonable steps, actions and proceedings necessary for the enforcement of all terms, covenants and conditions of the Borrower Agreements pledged to the Trustee pursuant to a Supplemental Indenture. The Bank shall file a duly executed counterpart of such Borrower Agreement with the Trustee, and reference is made to the same for a detailed statement of the covenants and obligations of each Borrower and the rights of the Bank thereunder. The Bank agrees that the Trustee may enforce all rights of the Bank and all obligations of each Borrower under such Borrower Agreement.

Defaults and Remedies

[Section 10.01]

Events of Default. If any one or more of the following events shall occur and be continuing, it is defined as and declared to constitute an “Event of Default”:

- (a) default in the payment of any installment of interest in respect of any Bond as the same shall become due and payable; or
- (b) default in the payment of the principal, Sinking Fund Installment or Redemption Price of any Bond as the same shall become due and payable either at maturity, upon redemption, by declaration or otherwise; or
- (c) failure on the part of the Bank duly to observe or perform any other of the covenants or agreements on the part of the Bank contained in the Indenture or in any Bond for a period of thirty (30) days after the date on which written notice of such failure, requiring the Bank to remedy the same, shall have been given to the Bank by the Trustee; provided that, if such failure cannot be corrected within such thirty (30) day period, it shall not constitute an Event of Default if corrective action is instituted by the Bank within such period and is diligently pursued until the failure is corrected.

[Section 10.02]

Judicial proceedings by Trustee Upon the occurrence and continuance of any Event of Default, then, subject to the provisions of any Supplemental Indenture, and in every such case, the Trustee in its discretion may, and upon the written request of the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Senior Bonds then Outstanding, or if no Senior Bonds are then Outstanding, then not less than twenty-five percent (25%) in aggregate principal amount of the Subordinated Bonds then Outstanding, and receipt of indemnity to its satisfaction shall:

- (a) by suit, action or special proceeding, enforce all rights of the Bondowners and require the Bank or each Borrower to perform its or their duties under the Act, the Indenture, the Bonds and the Borrower Agreements pledged to the Trustee pursuant to the Master Indenture or a Supplemental Indenture;
- (b) bring suit upon the Bonds and any Borrower Bonds securing such Bonds which may be in default;
- (c) by action or suit in equity require the Bank to account as if it were the trustee of an express trust for the Bondowners; or
- (d) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Bondowners.

[Section 10.05]

Power of Bondowners to direct proceedings. Anything in the Indenture to the contrary notwithstanding, the Owners of a majority in aggregate principal amount of the Senior Bonds then Outstanding, or if no Senior Bonds are then Outstanding, then a majority in aggregate principal amount of the Subordinated Bonds then Outstanding, shall have the right, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of

conducting all remedial proceedings to be taken by the Trustee under the Master Indenture, subject, however, to the provisions of the Master Indenture, and provided, however, such direction shall not be in conflict with any rule of law or with any provision of the Indenture and shall not unduly prejudice the rights of the Bondowners who are not in such majority and shall not involve the Trustee in liabilities for which it does not reasonably expect reimbursement. The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of a majority in aggregate principal amount of the Senior Bonds then Outstanding, or if no Senior Bonds are then Outstanding, then a majority in aggregate principal amount of the Subordinated Bonds then Outstanding.

[Section 10.06]

Limitation on actions by Bondowners. No Owner of any of the Bonds shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of any trust under the Master Indenture, or any other remedy under the Master Indenture or under the Bonds, unless such Owner previously shall have given to the Trustee written notice of an Event of Default as hereinabove provided and unless also the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Senior Bonds then Outstanding, or if no Senior Bonds are then Outstanding, then not less than twenty-five percent (25%) in aggregate principal amount of the Subordinated Bonds then Outstanding, shall have made written request of the Trustee so to do after the right to exercise such powers or rights 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 hereinabove granted, or to institute such action, suit or proceeding in its or their name; nor unless there also shall have been offered to the Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall not have complied with such request within a reasonable time; and 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 trusts of the Master Indenture or for any other remedy under the Master Indenture; it being understood and intended that no one or more Owners of the Bonds secured shall have any right in any manner whatever by its or their action to affect, disturb or prejudice the security of the Indenture, or to enforce any right under the Master Indenture or under the Bonds, except in the manner provided in the Master Indenture, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner provided in the Master Indenture and for the equal benefit of all Owners of Outstanding Senior Bonds, in accordance with their rights under the Master Indenture, and all the Owners of Outstanding Subordinated Bonds in accordance with their rights under the Master Indenture, subject, however, to the provisions of the Master Indenture. Nothing in the Indenture or in the Bonds contained shall affect or impair the right of action, which is also absolute and unconditional, of any Owner of any Bond to enforce payment of the principal and Redemption Price of, and interest on, its Bond at the respective dates of maturity of each of the foregoing and at the places therein expressed.

[Section 10.10]

Application of moneys received by trustee upon Event of Default. Any moneys received by the Trustee or by any receiver upon an Event of Default, shall, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of any fees, charges, expenses and indemnities owed to the Trustee, any Paying Agent or their agents in connection with services rendered under the Indenture, be applied, together with any other moneys held by the Trustee under the Indenture, in the following order of priority:

(i) To the payment to the Persons entitled thereto of all installments of interest on the Senior Bonds, and all installments of interest on any Parity Reimbursement Obligations related to such Senior Bonds which shall become due, including (to the extent provided with respect to such Senior Bonds or such Parity Reimbursement Obligations and permitted by law) interest on overdue installments of interest at the rate borne by such Senior Bonds or Parity Reimbursement Obligations, as applicable, on which such interest shall then be due, and, if the amount available shall not be sufficient to pay in full any particular installment or installments, then to the payment ratably, according to the amounts due on such installment or installments, to the Persons entitled thereto, without any discrimination or preference; and

(ii) To the payment to the Persons entitled thereto of any principal or Redemption Price of any of the Senior Bonds, and any principal or other amount of any Parity Reimbursement Obligations related to such Senior Bonds, which shall become due (other than Senior Bonds called for redemption or purchase for the payment of which moneys are held pursuant to the provisions of the Indenture) in the order of their due dates, with interest at the rate borne by such Senior Bonds

or such Parity Reimbursement Obligations, as applicable, from the respective dates, upon which they become due and, if the amount available shall not be sufficient to pay such amounts in full, then to the payment ratably, according to the amount of principal due on such date, to the Persons entitled thereto without any discrimination or preference.

(iii) To the payment to the Persons entitled thereto of all installments of interest on the Subordinated Bonds, all installments of interest on any Parity Reimbursement Obligations related to such Subordinated Bonds which shall become due, including (to the extent provided with respect to such Subordinated Bonds or such Parity Reimbursement Obligations and permitted by law) interest on overdue installments of interest at the rate borne by such Subordinated Bonds or such Parity Reimbursement Obligations, as applicable, on which such interest shall then be due, and, if the amount available shall not be sufficient to pay in full any particular installment or installments, then to the payment ratably, according to the amounts due on such installment or installments, to the Persons entitled thereto, without any discrimination or preference;

(iv) To the payment to the Persons entitled thereto of any principal or Redemption Price of any of the Subordinated Bonds, and any principal or other amount of any Parity Reimbursement Obligations related to such Subordinated Bonds, which shall become due (other than Subordinated Bonds called for redemption or purchase for the payment of which moneys are held pursuant to the provisions of the Indenture) in the order of their due dates, with interest at the rate borne by such Subordinated Bonds or such Parity Reimbursement Obligations, as applicable, from the respective dates, upon which they become due and, if the amount available shall not be sufficient to pay such amounts in full, then to the payment ratably, according to the amount of principal due on such date, to the Persons entitled thereto without any discrimination or preference;

(v) To the Bank to the extent of any amounts owed to it under the Borrower Agreements pledged to the Trustee pursuant to the Master Indenture or a Supplemental Indenture, which amounts shall be set forth in an Officer's Certificate; and

(vi) The balance to the Bank for deposit to the Surplus Fund.

Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date any interest on the amounts of principal to be paid on such dates shall cease to accrue. The Trustee shall give notice to the Bank and all Owners, in the manner required by the Master Indenture of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Owner of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Concerning the Trustee and Paying Agent

[Section 11.05]

Right to rely. The Trustee shall be protected and shall incur no liability in acting or proceeding in good faith upon any resolution, notice, telegram, request, consent, waiver, certificate, statement, affidavit, voucher, bond, requisition or other paper or document which it shall in good faith believe to be genuine and to have been authorized or signed by the proper Person or to have been prepared and furnished pursuant to any of the provisions of the Indenture, and the Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. Any action taken by the Trustee upon the request or consent of any Person who at the time of making such request or giving such consent is the Owner of any Bond shall be conclusive and binding upon all subsequent Owners of such Bond or any Bond issued on registration of transfer thereof.

[Section 11.08]

Right to Resign Trust. The Trustee, or any successor thereof, may at any time resign and be discharged of its duties and obligations under the Master Indenture and under each Supplemental Indenture by giving not less than sixty (60) days written notice to the Bank and each Provider. Written notice of such resignation shall be given by the Trustee to the Register Owners of the Bonds within ten (10) days after notice is given to the Bank. Such notice shall be sent by first class mail, postage prepaid, to the Register Owners of the Bonds, at their last known addresses, if any, appearing on the registration books. Such resignation shall take effect upon the date specified in such notice; provided, however, that such resignation shall not take effect until a successor Trustee has been appointed and has accepted such appointment pursuant to the terms under the heading “**Concerning the Trustee and Paying Agent - Successor Trustee**”.

[Section 11.09]

Removal of Trustee. The Trustee, or any successor thereof, may be removed at any time by the Owners of a majority in aggregate principal amount of the Senior Bonds then Outstanding, or if no Senior Bonds are then Outstanding, of Subordinated Bonds then Outstanding, excluding any Bonds held by or for the account of the Bank, by an instrument or concurrent instruments in writing signed and acknowledged by such Bondowners or by their attorneys-in-fact duly authorized and delivered to the Bank. The Trustee, or any successor thereof, may also be removed at any time for cause or any breach of trust or for acting or proceeding in violation of, or failing to act or proceed in accordance with, any provisions hereof or of any Supplemental Indenture with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon application by the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Senior Bonds then Outstanding, or if no Senior Bonds are then Outstanding, then not less than twenty-five percent (25%) in aggregate principal amount of the Subordinated Bonds then Outstanding. The Trustee may also be removed at any time, other than during the continuance of an Event of Default under the Master Indenture, by the Bank, by an instrument in writing signed and acknowledged by an Authorized Officer. No removal under the Master Indenture shall take effect until a successor Trustee has been appointed and has accepted such appointment pursuant to the Master Indenture. A copy of each instrument or order providing for the removal of the Trustee, or any successor thereof, shall be delivered by the Bank to the predecessor Trustee and each Provider.

[Section 11.10]

Successor Trustee. In case the Trustee, or any successor thereof, shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee or of its property shall be appointed, or if any public officer shall take charge or control of the Trustee or of its property or affairs, the Bank shall forthwith appoint a Trustee to act as Trustee. Copies of any resolution of the Bank providing for any such appointment shall be delivered by the Bank to the Trustee so appointed and the predecessor Trustee. The Bank shall give notice of any such appointment to each Owner of a Bond. Such notice shall be sent not later than thirty (30) days after such appointment, by first class mail, postage prepaid, to each Owner at its last known address, if any appearing on the registration books of the Bank.

[Section 11.11]

Qualifications of Successor Trustee. Every successor in the trust under the Master Indenture appointed pursuant to the foregoing provision shall be a bank or trust company with trust powers, organized and doing business under the laws of the United States or any state or territory thereof which has a combined capital and surplus of at least \$50,000,000.

[Section 11.12]

Court Appointment of Successor Trustee. In case at any time the Trustee shall resign and no appointment of a successor Trustee shall be made within forty-five (45) days of the giving of written notice of resignation or after the occurrence of any other event requiring or authorizing such appointment, each Borrower, the Owner of any Senior Bond, or if no Senior Bonds are then Outstanding, the Owner of any Subordinated Bond, or the retiring Trustee may apply, at the expense of the Bank, to any court of competent jurisdiction for the appointment of a successor Trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, appoint a successor Trustee.

[Section 11.13]

Acceptance of appointment by, and transfer of trust estate to, successor Trustee. Any successor appointed under the provisions of the Master Indenture shall execute, acknowledge and deliver to its predecessor, and also to the Bank, an instrument accepting such appointment, and thereupon such successor, without any further act, deed or conveyance shall become fully vested with all money, estates, properties, rights, powers, duties and obligations of its predecessor under the Master Indenture and under each Supplemental Indenture, with like effect as if originally appointed as Trustee. However, the Trustee then ceasing to act shall nevertheless, on request by the Bank or of such successor, and upon payment of all amounts owed to it under the Master Indenture, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor all the right, title and interest of such Trustee in and to any property held by it under the Master Indenture, and shall pay over, assign and deliver to such successor any moneys or other properties subject to the trusts and conditions set forth in the Master Indenture. Should any deed, conveyance or instrument in writing from the Bank be required by such successor for more fully and certainly vesting in and confirming to it any such money, estates, properties, rights, powers, duties or obligations, any and all such deeds, conveyances and instruments in writing shall, upon request, and so far as may be authorized by law, be executed, acknowledged and delivered by the Bank.

[Section 11.14]

Successor Trustee by Merger or Consolidation. Any corporation into which any Trustee under the Master Indenture may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which any Trustee under the Master Indenture shall be a party, or any corporation to which any Trustee under the Master Indenture may transfer substantially all of its corporate trust business, shall be the successor under the Master Indenture, without the execution or filing of any paper or any further act on the part of the parties to the Indenture anything in the Master Indenture to the contrary notwithstanding.

Indentures Supplemental to the Master Indenture

[Section 13.01]

Supplemental indentures effective upon filing with the Trustee. For any one or more of the following purposes, and at any time or from time to time, the Bank may execute and deliver a Supplemental Indenture which, upon the filing with the Trustee of a copy thereof certified by an Authorized Officer, shall be fully effective in accordance with its terms:

- (i) to close the Master Indenture against or provide limitations and restrictions in addition to the limitations and restrictions contained in the Master Indenture, on the authentication and delivery of Bonds or the issuance of other evidences of indebtedness;
- (ii) to add to the covenants and agreements of the Bank in the Master Indenture other covenants and agreements to be observed by the Bank which are not contrary to or inconsistent with the Master Indenture as theretofore in effect;
- (iii) to add to the limitations and restrictions in the Master Indenture other limitations and restrictions to be observed by the Bank which are not contrary to or inconsistent with the Master Indenture as theretofore in effect;
- (iv) to surrender any right, power or privilege reserved to or conferred upon the Bank by the terms of the Master Indenture, but only if the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Bank contained in the Master Indenture;
- (v) to authorize Bonds of a Series pursuant to the provisions hereof, including, without limitation, any modifications or amendments to grant to or otherwise secure for the Owners of such Bonds a parity interest in the security granted to the Owners of any then Outstanding Senior Bonds or Subordinated Bonds, as applicable, in accordance with the provisions of the Master

Indenture, and to prescribe the terms and conditions pursuant to which such Series of Bonds may be issued, paid or redeemed;

(vi) to subject to the provisions of the Indenture additional revenues, properties or collateral or to confirm, as further assurance, any pledge under and the subjection to any lien or pledge created or to be created by, the Indenture of any moneys, securities or funds;

(vii) to modify any of the provisions of the Master Indenture in order to provide loans or other financial assistance to Borrowers under any Program other than Bank Loans or Surplus Loans;

(viii) to modify any of provisions of the Master Indenture in order to facilitate or eliminate Cross-Investments from and to the Cross-Investment Fund;

(ix) to establish one or more additional Funds, Accounts or Subaccounts, including, without limitation, (A) the establishment of Funds, Accounts or Subaccounts relating to one or more Additional Programs, and any modifications to the flow of funds to the existing Funds, Accounts and Subaccounts under the Master Indenture, as the Bank determines to be necessary or convenient in connection therewith; (B) the establishment of such Funds, Accounts or Subaccounts for the purpose of providing loans or other financial assistance to Borrowers under any Program other than Bank Loans or Surplus Loans; or (C) the establishment of such Accounts or Subaccounts of the Debt Service Reserve Fund as the Bank determines to be necessary or convenient for securing a Series of Senior Bonds under the Common Reserve Account or an applicable Series Reserve Account, and any modifications to the Master Indenture in order to fund such Accounts or Subaccounts in the amount of the Reserve Requirement;

(x) to modify any of the provisions of the Master Indenture in order to obtain or maintain any ratings on any Bonds from any Rating Agency;

(xi) to modify any of the provisions of the Master Indenture to permit compliance with any amendment to Section 103 or Sections 141 through 150 of the Code if, in the opinion of Bond Counsel, failure to so modify the Master Indenture would adversely affect the ability of the Bank to issue Bonds the interest on which is exempt from federal income taxation; or

(xii) to modify any of the provisions of the Master Indenture in any respect whatsoever, provided that (i) such modification shall be, and be expressed to be effective only after all Bonds of any Series Outstanding at the date of the adoption of such Supplemental Indenture shall cease to be Outstanding, and (ii) such modification shall be specifically referred to in the text of all Bonds of any Series authenticated and delivered after the date of the adoption of such Supplemental Indenture and of Bonds issued in exchange therefor or in place thereof.

[Section 13.02]

Supplemental Indentures effective upon consent of Trustee.

(a) For any one or more of the following purposes, and at any time or from time to time, the Bank may execute and deliver a Supplemental Indenture which, upon (i) the filing with the Trustee of a copy thereof certified by an Authorized Officer and (ii) the filing with the Bank of an instrument in writing made by the Trustee consenting thereto, shall be fully effective in accordance with its terms:

(i) to cure any ambiguity, supply any omission or cure or correct any defect or inconsistent provision in the Master Indenture;

(ii) to insert such provisions clarifying matters or questions arising under the Master Indenture as are necessary or desirable and are not contrary to or inconsistent with the Master Indenture as theretofore in effect;

(iii) to provide for additional duties of the Trustee; or

(iv) to modify any of the provisions hereof in any other respect, provided that such modification shall not adversely affect the interests of the Bondowners in any material respect; provided that in making such determination the Trustee shall be entitled to rely on an opinion of counsel in accordance with the Master Indenture.

(b) Any such Supplemental Indenture may also contain one or more of the purposes specified in the Master Indenture and in that event the consent of the Trustee required by the Master Indenture shall be applicable only to those provisions of such Supplemental Indenture as shall contain one or more of the purposes set forth in the Master Indenture.

[Section 13.03]

Supplemental Indentures requiring consent of Bondowners. Except as otherwise provided in the Master Indenture, any modification or amendment of the Master Indenture may be made only with the consent of the Owners of a majority in aggregate principal amount of the Senior Bonds then Outstanding, or if no Senior Bonds are then Outstanding, then a majority in aggregate principal amount of the Subordinated Bonds then Outstanding. No such modification or amendment shall be made which will reduce the percentages of aggregate principal amount of Bonds, the consent of the Owners of which is required for any such modification or amendment, or permit the creation by the Bank of any lien prior to or on a parity with the lien of the Indenture upon the Trust Estate (other than parity liens securing additional Series of Senior Bonds pursuant to the Indenture), or which will affect the times, amounts and currency of payment of the principal (including Sinking Fund Installments, if any) and Redemption Price of, and interest on, the Bonds without the consent of the Owners of all Bonds then Outstanding and affected thereby.

For the purposes of the Master Indenture, Bonds shall be deemed to be affected by a modification or amendment of the Master Indenture if the same adversely affects or diminishes the rights of the Owners of the Bonds in any material respect. The Trustee may in its discretion determine whether or not, in accordance with the foregoing provisions, Bonds would be affected by any modification or amendment of the Master Indenture and any such determination shall be binding and conclusive on the Bank and all Owners of the Bonds. The Trustee may receive an opinion of counsel, including an opinion of Bond Counsel, as conclusive evidence of the extent, if any, to which such modification or amendment so affects the rights under the Master Indenture of any Owners of Bonds then Outstanding.

If at any time the Bank shall request the consent of Bondowners to the execution of any such Supplemental Indenture for any of the purposes of the Master Indenture, the Trustee shall, upon being satisfactorily indemnified with respect to expenses cause notice of the proposed execution of such Supplemental Indenture to be given to Bondowners in the manner provided in the Master Indenture. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file at the Corporate Trust Office of the Trustee for inspection by all Bondowners. If, within sixty (60) days or such longer period as shall be prescribed by the Bank following the giving of such notice, the required consent and approval of Bondowners is obtained, no Owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Bank or the Trustee from executing the same or restrain the Bank or the Trustee from taking any action pursuant to the provisions thereof. 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 Master Indenture. A certificate or certificates of the Trustee that it has examined such proof and that such proof is sufficient in accordance with the Master Indenture shall be conclusive proof that the consents have been given by the Owners of the Bonds described in such certificate or certificates of the Trustee. At any time after the Owners of the required percentages of Bonds shall have filed their consents to the Supplemental Indenture, the Trustee shall file with the Bank a written statement that such Owners 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 adopted by the Bank on a stated date, a copy of which is on file with the Trustee) has been consented to by the Owners of the required percentages of Bonds and will be effective as provided in the Master Indenture, shall be given to the Bondowners by the Bank by mailing such notice to the Bondowners. The Bank shall file with the Trustee proof of the mailing of such notice. Such Supplemental Indenture making such amendment or modification shall be deemed conclusively binding upon the Bank, the Trustee and the Owners of all Bonds upon the filing with the Trustee of proof of the mailing of such notice. Upon the execution of any such Supplemental Indenture and the filing of the certificates and notices provided in the Master Indenture, the Master Indenture shall be and be deemed to be modified and amended in accordance therewith.

For the purposes of the Master Indenture, the purchasers of the Bonds of a Series, whether purchasing: (i) as underwriters upon their initial issuance, (ii) as remarketing agents for resale upon a remarketing or reoffering of such Bonds, (iii) as investors from such underwriters or such remarketing agents, (iv) as a lender in connection with a direct placement transaction, or (v) otherwise, upon such purchase may consent to, and, in the case of investors described in clause (iii) of this paragraph, shall be deemed to have consented to, an amendment, change, modification, termination or waiver permitted by the Master Indenture, either as, or with the same effect as, the Owner of such Bonds; provided, however, that, in connection with a primary offering, remarketing or reoffering of such Bonds of a Series through an underwriter or remarketing agent, 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 such primary offering, remarketing or reoffering of the Bonds of such Series by the Bank.

[Section 13.05]

Execution by Trustee. A copy of every Supplemental Indenture, when filed with the Trustee, shall be accompanied by an opinion of Bond Counsel stating that such Supplemental Indenture has been duly and lawfully adopted in accordance with the provisions hereof, is authorized or permitted by the Master Indenture and is valid and binding upon the Bank and enforceable in accordance with its terms. The Trustee shall execute any Supplemental Indenture executed and delivered in accordance with the Master Indenture; provided that if, in the opinion of the Trustee, any such Supplemental Indenture adversely affects the rights, duties, immunities or obligations of the Trustee under the Master Indenture or otherwise, the Trustee may in its discretion resign in accordance with the provisions of the Master Indenture, and upon giving notice of such resignation the Trustee, in accordance with the Master Indenture, shall have no obligation to execute such Supplemental Indenture.

Defeasance

[Section 14.01]

Defeasance

(a) If at any time:

(1) there shall have been delivered to the Trustee for cancellation any or all of the Bonds, or

(2) with respect to any or all of the Bonds not theretofore delivered to the Trustee for cancellation, the whole amount of the principal, Redemption Price and interest due and payable or to become due and payable on such Bond or Bonds then Outstanding shall be paid or deemed to be paid as set forth in paragraph (b) below, and provision shall also be made for paying all other sums payable under the Master Indenture, including the Bank's, Trustee's and Paying Agents' fees and expenses and the Provider Payments with respect to such Bonds, then the Trustee, in such case, on demand of the Bank, shall: (i) release the lien of the Indenture with respect to such Bond or Bonds; (ii) turn over to or at the direction of the Bank the Borrower Bonds relating to such Bond or Bonds or, if such Bonds constitute less than all of the Bonds, exchange the Borrower Bonds corresponding to such Bonds for Borrower Bonds having the same terms except that the principal amount thereof shall be equal to the principal amount of the Bonds relating to such Borrower Bonds outstanding after giving effect to such payment (or provision therefor) or cancellation; (iii) execute such documents as may be reasonably required by the Bank to evidence such release; and (iv) in the case of such release in respect of all Bonds issued under the Indenture, turn over any balances remaining in any Fund created under the Indenture, other than moneys and Defeasance Securities retained for the redemption or payment of Bonds, first, to each Provider to pay the Provider Payments then unpaid, on a pro rata basis, and second, to the Bank; otherwise, the Indenture shall be, continue and remain in full force and effect.

(b) Bonds shall be deemed to be paid whenever: (i) there shall have been deposited with or otherwise furnished to the Trustee (whether upon or prior to the maturity or the redemption date of such Bonds): (A) either moneys in an amount which shall be sufficient to, or Defeasance Securities certified by an independent accounting firm of national reputation to be of such maturities and have such Interest Payment Dates and bear such interest as will, without the necessity of further investment or reinvestment of either the principal amount thereof or interest therefrom, 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 of, and interest

due and to become due on, all such Bonds on and prior to the redemption date or maturity date thereof, as the case may be; (B) an opinion of Bond Counsel to the effect that, after giving effect to the aforesaid deposit and the Master Indenture, the Bonds shall no longer be entitled to the security of the Indenture; and (C) if redeemed prior to maturity, an irrevocable instruction to mail the redemption notice as provided in the Master Indenture, and (ii) the Trustee shall have given notice to the Owners of such Bonds in the manner provided in the Master Indenture that a deposit meeting the requirements of this subsection has been made 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 of, and interest on, such Bonds.

(c) The Bank shall give written notice to the Trustee of its selection of the Series of Bonds and maturity for which payment shall be made in accordance with the Master Indenture. The Trustee shall select the particular Bonds of like Series and maturity for which payment shall be made in accordance with the Master Indenture. Neither the Defeasance Securities nor moneys deposited with the Trustee pursuant to the Master Indenture 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 each Provider to pay the Provider Payments then unpaid, on a pro rata basis, and second, to the Bank. The moneys so paid by the Trustee shall be released of any trust, pledge, lien, encumbrance or security interest created by the Master Indenture.

(d) For purposes of determining whether Variable Interest Rate Bonds shall be deemed to have been paid prior to the maturity or redemption date thereof, as the case may be, by the deposit of moneys and/or Defeasance Securities in accordance with the Master Indenture, the interest to come due on such Variable Interest Rate Bonds on or prior to the maturity date or redemption date thereof, as the case may be, shall be calculated at the Maximum Interest Rate permitted by the terms thereof; provided, however, that if on any date, as a result of such Variable Interest Rate Bonds having borne interest at less than such Maximum Interest Rate for any period, the total amount of moneys and Defeasance Securities on deposit with the Trustee for the payment of interest on such Variable Interest Rate Bonds is in excess of the total amount which would have been required to be deposited with the Trustee on such date in respect of such Variable Interest Rate Bonds in order to satisfy clause (i)(A) of subsection (b) under this heading, the Trustee shall pay the amount of such excess as follows: first, to each Provider to pay the Provider Payments then unpaid, on a pro rata basis, and second, to the Bank. The moneys so paid by the Trustee shall be released of any trust, pledge, lien, encumbrance or security interest created by the Master Indenture.

(e) Option Bonds shall be deemed to have been paid in accordance with clause (i)(A) of subsection (b) under this heading only if, there shall have been deposited with the Trustee moneys in an amount which shall be sufficient to pay when due the maximum amount of principal and Redemption Price of, and interest on, such Bonds which could become payable to the Owners of such Bonds upon the exercise of any options provided to the Owners of such Bonds; provided, however, that if, at the time a deposit is made with the Trustee pursuant to clause (i)(A) of subsection (b) under this heading, the options originally exercisable by the Owner of an Option Bond are no longer exercisable, such Bond shall not be considered an Option Bond for purposes of this subsection (e). If any portion of the moneys deposited with the Trustee for the payment of the principal and Redemption Price of, and interest on, Option Bonds is not required for such purpose, the Trustee shall, if requested by the Bank, pay the amount of such excess as follows: first, to each Provider to pay the Provider Payments then unpaid, on a pro rata basis, and second, to the Bank. The moneys so paid by the Trustee shall be released of any trust, pledge, lien, encumbrance or security interest created by the Master Indenture or by an applicable Supplemental Indenture.

(f) Anything in the Master Indenture to the contrary notwithstanding, any moneys held by the Trustee 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 at such date, or for one (1) year after the date of deposit of such moneys if deposited with the Trustee after said date when such Bonds become

due and payable, shall, at the written request of the Bank, be repaid by the Trustee to the Bank as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners of Bonds shall look only to the Bank for the payment of such Bonds; provided, however, that before being required to make any such payment to the Bank, the Trustee shall, at the expense of the Bank, cause to be mailed to the Owners of all Bonds Outstanding a notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall not be less than thirty (30) days after the date of mailing of such notice, the balance of such moneys then unclaimed will be returned promptly to the Bank.

(g) Notwithstanding the foregoing, the Trustee shall not release any funds held pursuant to the provisions described under this heading to the Bank until it shall have received an opinion of Bond Counsel to the effect that such funds may be transferred to the Bank without adversely affecting the exclusion of interest on the Bonds from gross income for federal income tax purposes.

Miscellaneous

[Section 15.03]

No Individual Liability. No covenant or agreement contained in the Bonds or in the Indenture shall be deemed to be the covenant or agreement of any director, officer, agent, or employee of the Bank in its individual capacity, and neither the directors of the Bank nor any official executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

[Second Supplemental Indenture]

Establishment of the Series 2020 A Account

Pursuant to the Second Supplemental Indenture, the Bank directs the Trustee to establish a Series 2020 A Account within the Cost of Issuance Fund. Such account shall be used for the purpose of paying Costs of Issuance relative to the Series 2020 A Bonds.

Covenant to Pay

In connection with, and in furtherance of, the covenant contained under the heading “**Tax Covenants – Covenant to comply with Tax Requirements; Rebate Payments**”, the Authorized Officers, and each of them without the others, are authorized and directed to pay to the United States Treasury Department at such time or times and in such amounts as shall be required by the Treasury Department all amounts required under Section 148 of the Code to be rebated with respect to the Series 2020 A Bonds including, without limitation, (a) as of and within 60 days after the fifth, tenth, fifteenth and twentieth anniversaries of the Date of Issue, an amount equal to the amount required under Section 148 of the Code to be rebated on such dates with respect to the Series 2020 A Bonds, and (b) as of and within 60 days after the date on which all of the Series 2020 A Bonds have been retired, an amount equal to the balance of all rebatable amounts with respect to such Series of bonds. Such payments shall be made to the Internal Revenue Service at the Internal Revenue Service Center, Ogden, Utah 84201 or such other address designated by the Internal Revenue Service. Each such payment shall be accompanied by Internal Revenue Service Form 8038-T (or any successor or other applicable form). The provisions of this section shall survive the termination or defeasance of the Master Indenture and the Second Supplemental Indenture.

APPENDIX A-2

SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENTS

The following is a brief summary of certain provisions of the Loan Agreements entered into between the Bank and each Borrower receiving proceeds of the Series 2020 A Bonds with respect to each separate Loan made to that Borrower. Such summary does not purport to be a complete summary of the Loan Agreements and each Loan Agreement may contain certain additional terms or may vary in form from the other Loan Agreements in respects not summarized herein. Reference is made to the full Loan Agreements, available at the offices of the Bank, for a full and complete statement of all of the provisions of each.

Pursuant to each Loan Agreement the Bank agrees to make a loan (the "Loan") to the Borrower, which shall equal the aggregate principal amount of all sums disbursed or deemed disbursed by the Bank to the Borrower from time to time, and the Borrower shall repay the Loan, with interest thereon, in annual installments as provided in the Loan Agreement and in the Borrower Bond, described below. A portion of the proceeds of the Series 2020 A Bonds will be deposited in an account for the benefit of the Borrower in the Project Fund held by the Trustee under the Indenture (the "Bank Loan"). Such deposit or deposits, less, in each case, a loan closing fee (the "Loan Closing Fee"), shall constitute the Loan.

Each Loan will be represented by a bond or note (the "Borrower Bond") which will bear an Interest Rate determined as set forth in "SECURITY AND SOURCE OF PAYMENT FOR SENIOR BONDS - Loans Made with Proceeds of the Senior Bonds" above. The Borrower Bond will state the Borrower's market interest rate (the "Market Interest Rate") but the Borrower will be obligated to pay only the Subsidized Interest Rate, except in special circumstances as set forth below. That portion of the Loan which is applicable to the Loan Closing Fee shall be deemed to be advanced to the Borrower as of the delivery of the Bonds; the balance of the Loan will be deemed advanced to the Borrower when the Trustee shall have transferred money for the Borrower's account out of the Project Fund to the Bank in response to a Borrower's requisition.

Annual payments by the Borrower of the principal of the Loan will be made in accordance with the terms of the Borrower Bond. Principal payments are, in general, scheduled to begin within one year after the estimated date of completion of construction of the Project, or in the case of a project completed prior to the issuance of the Borrower Bond, within one year after the Borrower Bond is issued. Principal payments will be made annually on September 1 and the schedule of payments will be shown in the form of the Borrower Bond.

Interest shall be paid by the Borrower semi-annually each March 1 and September 1 commencing not later than nine months after the date of the Borrower Bond and may be capitalized during construction of the Borrower's project. To the extent that the Borrower Bond is in the form of bond anticipation notes, interest shall be paid at the maturity of each bond anticipation note and may be paid from Loan proceeds as represented by the principal amount of the Borrower Bond (which may be in the form of one or more additional bond anticipation notes) issued to refund or renew such bond anticipation notes.

If any portion of the Project which is separately identified is not commenced or if, having been commenced, is abandoned or completed without the full amount of the Loan applicable thereto having been disbursed, the balance of the undisbursed Loan applicable to such portion shall be deemed disbursed and the Borrower shall be responsible for the payment of interest thereon. If, in accordance with the terms of the Indenture, such undisbursed balance is available to make loans to other borrowers, such balance shall not be deemed to be disbursed and the Bank shall recompute the initial and adjusted annual debt service installments of each Loan to reflect the amount of the Loan actually advanced to the Borrower.

A Loan may be prepaid by the Borrower at any time with the reasonable consent of the Bank but as a condition to giving such consent the Bank may require a prepayment penalty based on the cost of reinvesting the prepayment, the cost of prepaying outstanding bonds of the Bank or any other reasonable negative financial impact to the Bank.

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

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

Unless otherwise noted, the Borrower Bond shall constitute (i) a general obligation debt of the Borrower, payable from ad valorem taxes which may be levied without limit as to rate or amount on all of the taxable property within the Borrower, or (ii) a limited obligation of the Borrower (subject to and dependent on annual appropriation of funds by the Borrower). In connection with Loans being made from the proceeds of the Bonds, the Bank has not required any other assets to be pledged as security.

In the event of non-payment of any installment of any principal of or interest on a Borrower Bond, any Bank funds payable to the Borrower may be set off against and applied in payment of any obligations that are due hereunder. In the event of set off, the Bank shall notify the Borrower of said set off and said funds will be applied to the annual payment due.

No delay or omission on the part of the Bank in exercising any right under the Borrower Bond or the Loan Agreement shall operate as a waiver of such right or of any other right under the Borrower Bond or hereunder. A waiver on any one occasion shall not be construed as a bar to or waiver of any right or remedy on any future occasion.

The Borrower will pay, subject to appropriation of funds (for limited obligations), all costs of collection, legal expenses, and reasonable attorney's fees incurred or paid by the Bank in collecting or enforcing the Borrower Bonds or the Loan Agreement, except to the extent that a court of competent jurisdiction has determined that such costs, expenses and fees were not reasonably incurred.

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

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

Each Borrower makes representations and warranties as to its legal existence, powers to participate in the Bank's program and make the Loan, issue the Borrower Bond and undertake the Project. Each Borrower also makes representations as to the disclosure of facts that materially adversely affect the properties, activities, financial condition or economic outlook of the Borrower or its ability to undertake the Project or repay the Loan, including the existence of litigation or other proceedings, pending or threatened, against or affecting the Borrower, in any court or before any government agency that, if decided adversely to the Borrower, would materially adversely affect the properties, activities, financial condition or economic outlook of the Borrower or its ability to undertake the Project or repay the Loan.

The Loan Agreements provide that construction progress payments and reimbursements will be made to the Borrower or on its order from an account established for the Borrower within the Project Fund held under the Indenture. Payments and reimbursements will be made only on account of those portions of the Project for which have been approved by the Bank and the OER. In general, the Bank is required to honor every requisition unless:

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

In the event that the Borrower shall fail to make any payment (for which funds have been appropriated, for limited obligations) of the principal of, the premium, if any, and interest on all or a portion of the Loan when and as the same shall become due and payable, in accordance with the terms hereof, such failure shall constitute an Event of Default, without notice or demand of any kind whatsoever.

In the event that the Borrower shall fail to observe or comply with any obligation or covenant under the Loan Agreement (other than non-payment due to an event of non-appropriation, for limited obligations), or if any other representation or warranty of the Borrower under the Loan Agreement shall at any time prove to have been false or misleading in any material respect when made or given, such failure or such occurrence shall constitute an Event of Default if the same shall continue for a period of thirty (30) days after written notice thereof given to the Borrower by or on behalf of the Bank; provided, however, that if (a) the failure is not one which may be cured by the payment of money, (b) the curing of such failure cannot be accomplished with due diligence within said thirty (30) days, (c) Borrower commences to cure such failure within said thirty days and thereafter diligently and continuously prosecutes the cure of such failure, and (d) the extension of the period for effecting a cure will not result in any material adverse effect of the interests of the holders of the Bank Obligations, if any, then such period of thirty (30) days shall be extended for such period, not in excess of six (6) months, as is reasonably necessary for Borrower so acting to cure such failure.

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

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

* As noted in the Rule, this event is considered to occur when any of the following occur: (i) the appointment of a receiver, fiscal agent or similar officer for the 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

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

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

Each Borrower agrees to comply with all State and Federal requirements with respect to carrying out the Project and to make regular reports showing such compliance and other financial and economic information, including but not limited to complying with all OER data and reporting requests for a minimum period of five (5) years following completion of the Project, including, but not limited to:

- (1) Actual number of full time equivalent jobs associated with the Project;
- (2) Job types;
- (3) Borrower wide energy consumption compared to baseline consumption that was submitted to OER in the Borrower EBF Project Priority List application;
- (4) For any portion of the Project consisting of energy efficiency projects, comparison of actual units of energy (e.g. kWh, therms, gallons) saved versus estimated units of energy saved based on the Borrower EBF Project Priority List application submitted to OER; and
- (5) For any portion of the Project consisting of renewable energy projects, accessibility to the project production dash boards (e.g. Locus, Solectria).

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.

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

APPENDIX B

Bank Audited Financial Statements

The Bank has filed its audited financial statements for the fiscal year ended June 30, 2020 (the “Bank Audited Financial Statements”) with the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access System. The Bank Audited Financial Statements are hereby incorporated by reference into this Official Statement as part of APPENDIX B. Copies of the Bank Audited Financial Statements may be accessed online at emma.msrb.org. Copies of the Bank Audited Financial Statements are also available by contacting the Bank at 235 Promenade Street, Suite 119, Providence, Rhode Island 02908, telephone: (401) 453-4430, fax: (401) 453-4094.

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APPENDIX C

Town of West Warwick

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APPENDIX C-1

Certain Information Regarding the Town of West Warwick

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THE TOWN OF WEST WARWICK

General

West Warwick is located in Kent County, Rhode Island. The Town was incorporated in 1913. West Warwick has a population of 29,191 as of the 2010 census, ranking 10th out of 39 cities and towns in Rhode Island. It has fewer than 8 square miles of land, mainly in the Pawtuxet River valley. It is located approximately eleven miles south of the City of Providence and is bounded by the City of Cranston on the north, the City of Warwick on the east, the Town of East Greenwich on the south and the Town of Coventry on the west.

The Town was the site of some of the State's earliest textile mills, which centered on the Pawtuxet River, some of which still exist today. The mills of West Warwick produced textiles for clothing and once employed many people, making West Warwick a desirable place to live and a thriving business district. In the 19th and 20th centuries many people of diverse backgrounds came to West Warwick to work in the mills.

Government

In February, 1994, the Town adopted a Home Rule Charter that provides for a Council/Town Manager form of government with the Town Manager as head of the administrative branch of government. The Town Manager is appointed by action of the Town Council. The Charter grants to the Town Council all powers to enact, amend or repeal ordinances relating to the Town's property, affairs and government including: the power to create offices, departments or agencies of the Town; preserving the public peace, health and safety; establishing personnel policies; authorizing the issuance of Bonds; and providing for an annual audit of the Town's accounts. The Charter grants to the Town Manager, subject to the approval of the Town Council, the authority to appoint or remove all officers or employees of the Town, to prepare and submit to the Town Council the annual budget and annual report of the Town, to recommend to the Town Council pay schedules for Town employees and to recommend to the Town Council the adoption of such measures as the Town Manager may deem necessary for the health, safety or welfare of the Town.

The Town retains the Financial Town Meeting with such powers as are prescribed by State law and not inconsistent with the Town's Charter, including the adoption of the annual budget and ordering a tax to be levied and assessed on the ratable property of the Town for the payment of the Town debts and interest, support of schools, charges and expenses arising within the Town for which the Town may legally appropriate money, and the transaction of such other business as may legally come before it at a legal meeting of the electors of the Town. The Financial Town Meeting is held on the third Tuesday in May.

Ernest Zmyslinski became Town Manager in October 2017. Prior to becoming Town Manager, Mr. Zmyslinski was the Finance Director of the City of Warwick, Rhode Island for 18 years. He previously worked for the Town of Westerly (Rhode Island) and the City of Norwich (Connecticut) as chief administrative officer. Mr. Zmyslinski holds a bachelor's degree in political science, a master's degree in political science and a master's degree in public administration. Mr. Zmyslinski's contract expired on October 9, 2020. With his decision not to renew his contract, the Town Council is currently seeking a new Town Manager.

Kristen Benoit was appointed Director of Finance by the Town Council on November 7, 2017 and took office on November 13, 2017. Ms. Benoit was previously the Finance Director for the Town of East Greenwich, Rhode Island from 2014 until 2017 and Deputy Finance Director of the Town of East Greenwich, Rhode Island from 2006 until her appointment as Finance Director in 2014.

Public Education

The general administration of the Town's school system is directed by a five-member School Committee. The School Committee determines and controls all policies affecting the administration, maintenance and operations of the public schools in the Town, appoints a superintendent of schools as its chief administrative agent, and appoints and removes all school employees upon recommendation of the superintendent of schools, except as may be provided otherwise by the laws of the State. The School Committee annually prepares and submits estimates and recommendations of funds necessary for the support of the public schools to be approved at the Financial Town Meeting.

The Town's school system presently consists of four elementary schools, one middle school and one senior high school. In addition, renovations have been made at all existing elementary and secondary schools to provide adequate space for specialized programs such as special education, limited English proficiency, art, music, library, and computer studies; to provide accessibility for handicapped students and citizens; and to provide more adequate and efficient administrative facilities with improved meeting, storage, and personnel space.

The following table sets forth public school enrollment information for the Town from 2016 through 2020 as well as projected student enrollment for the years 2021 through 2024.

ACTUAL ENROLLMENT

Kindergarten - Grade 12

<u>Year</u>	<u>Elementary</u>	<u>Secondary</u>	<u>Total</u>
2015-2016	1,412	2,003	3,415
2016-2017	1,402	2,016	3,418
2017-2018	1,432	2,075	3,507
2018-2019	1,411	2,101	3,512
2019-2020	1,397	2,156	3,553

PROJECTED ENROLLMENT

2020-2021	1,438	2,170	3,608
2021-2022	1,424	2,262	3,686
2022-2023	1,361	2,315	3,676
2023-2024	1,344	2,319	3,663

Government Services

In addition to its schools the Town provides major public services, certain of which are described below:

Public Safety

The Town's Police Department consists of 52 sworn officers and 14 other personnel and the Department's equipment includes 50 police vehicles. For the fiscal year ended June 30, 2019, the Police Department expended \$7,216,415 and for the fiscal year ended June 30, 2020, an unaudited amount of \$7,499,886.

The Town's Fire Department has 73 personnel and there are four stations in the Town. For fiscal year ended June 30, 2019 the Fire Department expended \$8,889,558 and for the fiscal year ended June 30, 2020, an unaudited amount of \$9,478,411.

Sanitation

The Town provides weekly collection of solid waste which is deposited with the Rhode Island Resource Recovery Corporation in a land fill area in the Town of Johnston, Rhode Island. The Town is currently paying \$47 per ton for refuse disposal and participates in the Rhode Island Resource Recovery Corporation's statewide recycling program.

Water

The Kent County Water Authority services the Town and other municipalities within the area. The water facilities of the Authority have a capacity of 11.6 million gallons per day. In addition water is available through the Kent County Water Authority from the City of Providence water supply system. The Kent County Water Authority was created by Act of the Rhode Island General Assembly (Chapter 1740 of the Public Laws of 1946, as amended) and is the governing body of the Kent County Water District, a political subdivision coterminous with Kent County.

Sewer System

The West Warwick Sewer Commission (the "Commission"), created pursuant to the Town's Home Rule Charter and Chapter 70 of the Public Laws of 1995, provides sewage treatment services to the Town, and portions of the communities of Coventry, West Greenwich, Scituate, Cranston and Warwick. The Commission establishes both

assessments and user fees to meet its operating and debt service costs. The Commission is governed by a five-member Board composed of members serving on the West Warwick Town Council.

Since 1968, the Town electorate has authorized significant renovations and expansions of the sewer system and treatment facilities. In 1972, the Town completed construction of a new treatment plant, replacement of a main sewer interceptor line and an upgraded pumping station. In the 1980s, the Town modernized and upgraded its facilities to provide secondary (biological) wastewater treatment. The cost of these projects was funded in large part through State and federal grants. In addition, the local costs were shared by the communities participating in the regional sewer system according to the percentage of "reserve" plant capacity each community has retained through Intermunicipal Agreements. The percentage of sewage flow reserved by each participating community is as follows: 73.15% for West Warwick; 21.38% for Coventry; 2.40% for Warwick; 1.27% for West Greenwich; 1.06% for Cranston; and 0.74% for Scituate.

The Town has completed a \$12,500,000 upgrade to the treatment facility for phosphorus removal. To finance sewer debt service costs, the Commission assesses property owners that have access to the system. For total wastewater revenue debt of the system, see "TOWN DEBT – Outstanding Debt" herein.

Operating costs and revenues for the sewer system are accounted for through the Sewer Enterprise Fund. The Town charges sewer assessments and uses the revenue to pay debt service on its water revenue bonds. Any variance between sewer assessments and the debt service is supplemented by Sewer Use revenues. The Sewer Enterprise Fund ended fiscal year 2019 with sewer revenues of \$7,510,372, which includes operating revenues and non-operating revenues consisting of other contributions and investment income. The Sewer Enterprise Fund had operating expenses of \$6,345,416, net of depreciation, in fiscal year 2019 for positive operating income of \$1,164,956. The unaudited fiscal year 2020 sewer revenues were \$7,557,827 and operating expenses were \$5,888,059 net of depreciation.

Risk Management

Climate Change

Changing climate patterns globally and in Rhode Island will worsen the effects of natural hazards and affect future planning and mitigation efforts. Changes are already being observed and documented. Long-term climate change is likely to cause the following impacts on the Town:

- Heavier, more frequent precipitation events, which may cause more riverine flooding and flash flooding events.
- Longer periods of drought which may affect water availability and increase the threat for wildfires.
- Increasing air and water temperatures.
- More frequent high heat days and heat waves.

How rapidly these changes will be felt is uncertain. The Town aims to become more adaptable and resilient to these changing conditions. Through the exercise of creating a Hazard Mitigation Plan ("HMP") in 2019, the Town is exploring ways to reduce its long- and short-term risks to a variety of hazards. Storms on the eastern seaboard will likely impact the Town. As climate conditions intensify, the Hazard Mitigation Committee will be prepared to update the HMP accordingly.

The HMP has a FEMA 5 Year Approval from November 12, 2019 through November 11, 2024. The HMP includes the following mitigation measures related to climate changes:

- Reduce street flooding Town-wide.
 - a. Purchase a vacuum truck.
 - b. Clear storm drains more frequently in flood prone areas.
- Brayton Street area flooding.
 - a. Secure funding to construct a flood water holding basin in the Brayton Industrial area.

- Flood prone areas in proximity to Pawtuxet River.
 - a. Remove existing structures from vulnerable flood hazard areas.
 - b. Create a voluntary acquisition program for flood-prone properties in the River Street/Natick Industrial Area.
 - c. Acquire property to create a retention pond in the River Street/Natick Industrial Area.
- Wastewater Treatment Facility.
 - a. Floodproof wastewater treatment facilities in flood hazard areas.
 - b. Champion for a USGS river gauge in Town.

Cyber Security

The Town, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As recipient and provider of personal, private or sensitive information, the Town may be subject to cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems.

Entities or individuals may attempt to gain unauthorized access to the Town's digital systems for the purposes of misappropriating assets or information or causing operational disruption and damage. The Town has implemented policies and procedures to protect against malicious activity targeting critical technology infrastructure, including firewalls and anti-virus and spam software, regular staff training and testing, and a multi-tiered back-up strategy for critical systems and data to mitigate the risk of losing data in a cyber attack. No assurances can be given that the Town's efforts to manage cyber threats and attacks will be successful or that any such attack will not materially impact the operations or finances of the Town.

Coronavirus (COVID-19) Disclosure

COVID-19 (Coronavirus Disease 2019) is a new respiratory disease caused by a novel coronavirus that has not previously been seen in humans. On March 9, 2020, the Governor of the State declared a state of emergency to support the State's response to the outbreak of the virus. On March 11, 2020 the World Health Organization declared COVID-19 a pandemic. On March 13, 2020, the President declared a national emergency due to the outbreak, which has enabled disaster funds to be made available to states to fight the pandemic. The Town, in consultation with the Rhode Island Department of Health, is actively monitoring the spread of the virus. The Town temporarily closed Town Hall in an effort to reduce the spread of the virus, and encouraged non-essential employees to work remotely. The Town Hall is currently open to the public by appointment only and is expecting to open to the public in the fall of 2020 as part of its strategic phased re-opening plan. The Town adhered to these actions by strictly following the Governor's orders and recommendations of social distancing guidelines and limiting public gatherings. Town recreational facilities have recently reopened with limited access and strict sanitation protocols. The Town continues to and expects to operate and provide all necessary and essential services, including public safety, public works, release of public information and all necessary financial transactions, among others. The Town administration has issued communications regarding the Coronavirus and has implemented plans to share health information, updates, and guidance with Town employees and the public. The Town does not expect that Town services will be materially impacted. The Town has also advised Town employees and residents to review standard sanitary protocols which help minimize transmission of contagious conditions generally.

The virus and the resulting actions by national, state and local governments is altering the behavior of businesses and people in a manner that will have negative impacts on global and local economies. There can be no assurances regarding the extent to which COVID-19 will impact the national and State economies and, accordingly, how it may adversely impact municipalities, including the Town. These negative impacts are likely to include reduced collections of property taxes and other revenues, including meals and room tax revenue, motor vehicle excise taxes, school housing aid, school operations aid and other fees and charges collected by the Town.

The Town continues to monitor daily cash flow, but does not foresee liquidity problems at this time. Property tax collections have been stable and COVID-19-related expenses have been manageable at an estimated \$75,000 for municipal government and approximately \$70,000 for the school department. The Town expects that some COVID-19 expenses will be reimbursed from federal or state aid. In addition, stock markets in the U.S. and globally have seen

volatility that have been attributed to Coronavirus concerns and may impact the ability of many state and local governments, including the Town, to fund municipal pension liabilities in accordance with current funding schedules. While any impact on the local economy is currently uncertain, the Town is monitoring the impact of COVID-19 and will address such impact as necessary.

The Town has taken numerous steps to preserve the financial well-being of the Town and its residents during these uncertain times. Due to the delay in the passage of the State's fiscal year 2021 budget, the Town postponed the issuance of its motor vehicle tax bills until the end of September 2020.

Employee Relations

The current status of union contracts for municipal and school employees is:

Police Officers: 2 year contract expires June 30, 2021

Public Works/Municipal Employees: 2 year contract expires June 30, 2021

Teachers: 5 year contract expires August 31, 2023

Firefighters: 2 year contract expires June 30, 2021

Retirement Plans

The Town provides, as a condition of employment, pension benefits to substantially all municipal employees under two separate plans. One plan is through participation in a contributory retirement system for school teachers administered under State law by the State Retirement System of the State and the second plan for all other municipal employees, including certain School Department employees, is a Town-administered pension fund utilizing a professional trustee.

Municipal Employees' Plan

There are 727 persons participating in this pension plan, consisting of 321 active employees; 356 retirees, beneficiaries and disabled participants; and 50 terminated vested and inactive members. As a result of the July 1, 2014 union contracts, the employee contributions increased to 10-11% of annual base earnings for fiscal year 2016, depending on the union, and increase further over a two-to-three-year period, to as high as 13% of annual base earnings. Periodic employer contributions to the pension plan are determined on an actuarial basis using the frozen initial liability actuarial cost method. Normal cost is funded on a current basis. The unfunded actuarial accrued liability is amortized over a 25-year period. Periodic contributions for both normal cost and the amortization of the unfunded actuarial accrued liability are based on the level percentage of payroll method. The funding strategy for normal cost and the unfunded actuarial accrued liability is expected to provide sufficient resources to pay employee pension benefits on a timely basis. The latest actuarial report, prepared by Nyhart, is dated December 6, 2019 and provides a valuation as of July 1, 2019.

The Town Council approved a Pension Funding Improvement Plan, in accordance with Rhode Island General Laws Section 45-65-6, that includes pension plan changes as a result of new 5-year union contracts with the Police, Fire, and Municipal Unions. In addition to the pension changes, the Pension Funding Improvement Plan calls for increases to the funding of the system to 100% of the Annual Required Contribution ("ARC") for fiscal years 2015 through 2019. Beginning in fiscal year 2020, contributions will increase to 100.3% and then to 100.5% of the ARC according to the Pension Funding Improvement Plan. This is in order to meet the requirement of emerging from critical status by fiscal year ending June 30, 2033. The amortization was reset as of July 1, 2014 to a 25-year level percent of pay amortization. This is a closed period amortization and payments will increase by 3.50% annually to reflect anticipated pay increases.

The Town contributed \$9,805,598 to the pension plan in fiscal year 2019. As of July 1, 2019 the Town has a total unfunded actuarial accrued liability of \$128,800,566, resulting in the plan's funded ratio of 24.5% on an actuarial basis. The unaudited contribution for fiscal year 2020 was \$10,037,846, which was 100.3% of the required amount, as included in the Pension Funding Improvement Plan. More information on the Town's pension plan can be found on the Town's website at the following address:

https://www.westwarwickri.org/vertical/sites/%7B7B7C7E47-F7C1-4511-8CF3-EA8EBAF7D539%7D/uploads/2019_Town_of_West_Warwick_Valuation_Report.pdf.

Beginning in fiscal year 2017, the Town's actuarial report was prepared in time for the Town to include the exact contribution in its budget to avoid the budget including a projection, which is why the fiscal year 2015 and 2016 contributions were just under 100% of the required contribution. The Library's contribution was budgeted at a lower amount in fiscal year 2018, resulting in less than a 100% contribution, but this was addressed with a catch-up payment in fiscal year 2019. Going forward, the Town can budget the exact amount of the required contribution, or more as planned for fiscal year 2020 onward. Over the past five years, contributions have been as follows:

Fiscal Year Ended June 30	Annual Recommended Contribution	Percentage Contributed	Actual Contribution
2019	\$ 9,620,720	101.92 %	\$ 9,805,598
2018	9,257,300	99.89	9,247,549
2017	8,739,745	100.00	8,739,745
2016	8,309,706	98.44	8,179,980
2015	8,103,839	99.49	8,062,234

The Teachers' Plan

The Town provides retirement benefits to its public school teachers through its participation in the Employees' Retirement System of Rhode Island ("ERSRI" or the "Teachers' Plan a statutory, mandatory, statewide, cost-sharing multi-employer defined benefit plan, which first covered State teachers on July 1, 1949. ERSRI is administered as a unified statewide system by the State Retirement Board, the composition of which is set forth in the pertinent State statute. The assets are held in the custody of the State Treasurer as an undivided single fund.

Rhode Island General Law currently sets the defined benefit contribution rates of participating employees at 3.75% of salary. Annual required contributions by both employers and the State on behalf of those employees are determined by actuaries and assessed as a percentage of participants' payroll. The required contributions include (a) normal costs; (b) payments to amortize the unfunded frozen actuarial accrued liability as of June 30, 1999 over 30 years initially, but in conjunction with the implementation of RIRSA the amortization period was reset to 25 years as of June 30, 2010; and (c) interest on the unfunded frozen actuarial liability

As prescribed by Rhode Island General Law, the State pays the entire portion of the defined benefit annual recommended contribution attributable to the costs of contributions deferred by the State in prior years, plus 40% of contributions assessed to employers on payroll not reimbursable through federal programs.

Effective with the June 30, 2011 actuarial valuation, the funding method was changed to the Individual Entry Age Cost Method in order to be consistent with the Act and GASB statement No. 27 standards. The ERSRI does not maintain separate data for each of its participants. The ERSRI's website contains additional information (www.ersri.org).

The actuarial valuation prepared by Gabriel, Roeder, Smith & Company uses the Entry Age Normal (EAN) actuarial cost method. Valuations under this method assume a valuation date of June 30th of each plan year. This is the date as of which both the actuarial present value of future benefits and the actuarial value of assets are determined. The valuation assumes an annual salary increase on a scale of age/service. In addition, other actuarial assumptions are made for post-retirement increases and other contingencies as set forth in the published annual reports of the State Retirement Board.

The following are comparative highlights for 2015 through 2019 for ERSRI as a whole:

	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Active Participants	\$ 13,511	\$ 13,297	\$ 13,310	\$ 13,206	\$ 13,272
Pensioners & Beneficiaries	11,196	11,320	11,211	11,087	10,902
Inactive Participants	3,888	3,643	3,501	3,313	3,185
Market Value of Assets	\$ 3,829,895,134	\$ 3,781,560,920	\$ 3,696,400,551	\$ 3,733,025,598	\$ 3,730,047,183
Employer Contributions	\$ 249,634,988	\$ 239,092,095	\$ 233,828,518	\$ 225,569,556	\$ 217,902,736
Member & Other Misc. Contributions	51,057,446	50,768,637	50,960,566	50,458,325	37,487,177
Total Contributions	\$ 300,692,434	\$ 289,860,732	\$ 284,789,084	\$ 276,027,881	\$ 255,389,913
Investment Income	233,855,078	282,535,405	391,115,013	(8,252,029)	81,477,012
Total Income Available for Benefit Payments	\$ 534,547,512	\$ 572,396,137	\$ 675,904,097	\$ 267,775,852	\$ 336,866,925
Benefit Payment	\$ (378,292,374)	\$ (374,217,984)	\$ (375,527,331)	\$ (490,467,141)	\$ (478,553,346)
Transfer and other Adjustments	\$ 364,683	\$ (416,770)	\$ 427,703	\$ 252,229	\$ 145,190
Excess of Income Over Expenses	\$ 156,619,821	\$ 197,761,383	\$ 300,804,469	\$ (222,439,060)	\$ (141,541,231)
Funded Ratio	55.3%	54.9%	54.8%	58.3%	58.8%

Compiled from Employees' Retirement System of Rhode Island - Actuarial Valuation Report as of June 30, 2019

Actuarial costs and liabilities, as shown in the summary presentation, are determined in the aggregate for the ERSRI. Accordingly, employer contributions are first determined in the aggregate for all participating employers in this multi-employer system and are then expressed as a percentage of the aggregate participating payroll. For fiscal year 2019, the Town applied 60 percent of this factor to its participating payroll (the remaining 40 percent of the employer cost is contributed by the State as well as the full cost of deferred contributions by the State).

With respect to the ERSRI, Gabriel, Roeder, Smith & Company, independent actuaries advising the State Retirement Board have calculated the pension plan to be fully funded by 2029.

According to the statutory funding schedule, the combined contributions required each year by the Town and the State will remain relatively level as a percent of payroll as the ERSRI moves toward funding the full actuarial liability. Ultimately, however, because the actuarial funding results in the accumulation of reserves that are invested, the required appropriation will be significantly less than would be required if the ERSRI were on a pay-as-you-go basis.

The actuarial costs of the retirement benefits are partially funded by employee contributions of 9.50% of the actuarial costs of the retirement benefits effective July 1, 2003. The actuary determines the net employer actuarial costs annually and as provided by the State Retirement Board to the Department of Administration. Contributions are reported as a percent of payroll, payable in part by the State and in part by the Town. The split between State and the Town is specified in State statute. For fiscal year 2019, the State paid 40 percent and the Town paid 60 percent.

The Town's fiscal year 2019 contribution was \$3,707,854 and the unaudited fiscal year 2020 contribution was \$4,158,782. Over the past five years, the Town has made the following required contributions:

Employees' Retirement System of Rhode Island (Teachers)			
Fiscal Years	Required	Actual	Percentage
Ending	Contribution	Contribution	Contributed
2019	\$ 3,707,854	\$ 3,707,854	100 %
2018	3,525,678	3,525,678	100
2017	3,461,000	3,461,000	100
2016	3,227,832	3,227,832	100
2015	3,053,734	3,053,734	100

Hybrid Plan for ERSRI Participants

In November 2011, the State enacted the Rhode Island Retirement Security Act of 2011 ("RIRSA"), which made broad changes effective July 1, 2012 to the Municipal Employees' Retirement System, in which the Town does not participate, and ERSRI.

The most significant changes include (i) changing the structure of the retirement program from a traditional defined benefit plan to a hybrid plan designed with a smaller defined benefit plan and a supplemental defined contribution plan; (ii) changing the automatic cost of living adjustment ("COLA") from a CPI- related formula to a formula contingent on the actual investment performance over time; (iii) suspension/reduction of the COLA during

times when the funded ratio is lower than targeted 80% levels; and (iv) the re-amortization of the Unfunded Actuarial Accrued Liability (UAAL) to 25 years from the 19-year schedule as of June 30, 2010. For ERSRI, teachers not covered by Social Security will participate in additional defined contribution allocations equal to 2% member plus 2% employer. Included within these significant changes are certain rules for transitioning from the defined benefit structure to the smaller defined benefit plan going forward. The changes in the defined benefit plan instituted by RIRSA have been fully reflected in the actuarial valuation beginning with June 30, 2012. These changes resulting from RIRSA are the subject of ongoing litigation which has been settled by most parties. See also “Pension Reform and Related Litigation” herein.

RIRSA changed the MERS and ERSRI defined benefit plans to hybrid plans which include a defined contribution plan. The State selected TIAA-CREF to administer the plan. All employees in MERS and ERSRI are required to participate. MERS and ERSRI employees contribute 5% of their annual salary into the defined contribution plan, with an additional 2% contribution for those employees that do not participate in Social Security, and the City must contribute 1% of salary. Participants have a selection of investments options chosen by the State and provided by TIAA-CREF.

Pension Reform and Related Litigation

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, only 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 State and ERSRI filed motions to dismiss which were heard on December 13, 2019. A decision on the motions is pending.

Other Post-Employment Benefits

As of June 30, 2019, which is the most recent actuarial valuation, 869 retirees receive post-retirement health care benefits. The Town pays 100% of the amount of medical and hospitalization costs incurred by the retirees and their dependents, which amounted to \$4,045,470 for the year ended June 30, 2019. The Town’s current unfunded actuarial accrued liability is \$60,506,900. The Town’s Five-Year Plan established an Other Post-Employment Benefit (“OPEB”) Trust in fiscal year 2015 with an initial deposit of \$240,000. In addition to paying the current benefits of \$4,045,470 in fiscal year 2019, the Town deposited an additional \$324,680 into the OPEB Trust. The Town’s total contributions in fiscal years 2019 and 2020 were \$4,370,150 (audited) and \$4,296,927 (unaudited), respectively.

ECONOMIC CHARACTERISTICS

Population

Ranked tenth in population among the thirty-nine cities and towns in State, the Town's 2010 population was 29,191, according to the U.S. census of that year.

	<u>Town</u>	<u>% Change</u>	<u>State</u>	<u>% Change</u>
	<u>Population</u>		<u>Population</u>	
2010	29,191	(1.30)%	1,051,511	0.0%
2000	29,581	1.1	1,048,319	4.5
1990	29,268	7.7	1,003,464	5.6
1980	27,026	10.0	947,154	(0.3)
1970	24,323	12.0	949,723	9.5
1960	21,414	10.8	859,488	7.9
1950	19,096	4.8	791,896	10.0
1940	18,188	2.7	713,346	3.6
1930	17,696	12.6	687,497	12.1

Source: U.S. Bureau of the Census, 2010

Unemployment

The most recent labor market information summary indicates that annualized unemployment for the years indicated was as shown in the following table:

	Annualized				
	2015	2016	2017	2018	2019
West Warwick	6.2 %	5.3 %	4.6 %	4.1 %	3.7 %
Rhode Island	6.0	5.2	4.4	4.0	3.6
United States	5.3	4.9	4.4	3.9	3.7

Source: RI Department of Labor & Training
Not Seasonally Adjusted

	Monthly 2020							
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
West Warwick	4.5 %	4.3 %	5.5 %	20.1 %	18.0 %	12.9 %	12.1 %	13.3 %
Rhode Island	4.1	4.0	5.0	17.9	16.2	12.3	11.5	13.0
United States	4.0	3.8	4.5	14.4	13.0	11.2	10.5	8.5

Source: RI Department of Labor & Training
Not Seasonally Adjusted

Type of Employment and Payrolls

Through the year ended June 30, 2019, the Town had 586 private business and industrial firms subject to the payment of employment security taxes. During that period, the payrolls for those firms totaled \$331,398,130 and the average number of persons employed in total was 6,787.

	Total Wage	# of Units	Avg. Empmnt.	% of Covered Emp.
Agriculture, Forestry, Fishing & Hunting	*	1	*	0.00
Utilities	*	1	*	0.00
Construction	\$ 19,599,454	67	396	5.83
Manufacturing	74,924,995	27	1,318	19.42
Wholesale Trade	25,195,454	26	343	5.05
Retail Trade	44,151,505	84	995	14.66
Transportation & Warehousing	21,072,488	12	384	5.66
Information	56,324,275	13	716	10.55
Finance & Insurance	5,700,485	19	83	1.22
Real Estate & Rental & Leasing	2,391,222	22	64	0.94
Professional & Technical Services	13,386,343	59	210	3.09
Management of Companies and Enterprises	*	3	*	0.00
Administrative & Waste Services	8,863,597	41	280	4.13
Educational Services	668,647	6	32	0.47
Health Care & Social Assistance	34,885,371	61	895	13.19
Arts, Entertainment & Recreation	669,210	8	23	0.34
Accommodations & Food Services	13,282,765	61	724	10.67
Other Service Except Public Admin	10,282,319	75	324	4.77
TOTAL	\$ 331,398,130	586	6,787	100.00 %

*Data not shown due to the possibility of identifying data of a specific employer

Source: Rhode Island Department of Labor and Training.

Data compiled May 2020 (2019 Annual Data)

Income Levels

The following table lists the per capita and median family income according to the 2014-2018 American Community Survey.

	Per Capita	Median Family
West Warwick	\$ 29,633	\$ 72,659
Rhode Island	34,619	81,822
United States	33,831	76,401

Source: American Community Survey 2014-2018

Housing and Building Permits

The total number of housing units in the Town of West Warwick according to the 2018 American Community Survey ("ACS") is 13,865. This represents a decrease of 205 units from the 2017 ACS data. Of the 13,865 units, 989 were vacant, showing a decrease of 284 vacant units from the 2017 ACS data. The median selling price of an existing home was \$229,900 compared to \$285,000 statewide in 2019.

Building permits issued by the Town's Building Inspector for the fiscal years indicated and the declared value of construction are as follows:

Fiscal Year	Permits Issued	Value
2019	620	\$ 12,464,616
2018	696	16,707,549
2017	565	7,327,382
2016	785	12,610,586
2015	588	17,123,246
2014	618	12,186,664
2013	540	6,331,989
2012	558	7,377,592
2011	603	6,643,733

Source: Town Records

PROPERTY TAXES

General

Under State law, State municipalities, including the Town, are restricted from levying general taxes except *ad valorem* taxes upon real and personal property and an excise tax on motor vehicles. The Town's fiscal year begins July 1st. Taxes are payable in full in July, or quarterly in July, October, January and April and are based on the prior December 31st assessment.

Tax Limitations

Rhode Island General Laws Section 44-5-2 limits the amount by which a city or town may increase its tax levy unless it qualifies for certain exemptions relating to loss of non-property tax revenue, emergencies, payment of debt service and substantial increase in the tax base necessitating significant expenditures. For fiscal year 2013 and thereafter, the maximum amount by which a city or town can increase its tax levy is 4%.

The amount levied by a city or town may exceed the tax levy cap described above if the city or town qualifies under one or more of the following provisions: (1) the city or town forecasts or experiences a loss in total non-property

tax revenues and the loss is certified by the State Department of Revenue; (2) the city or town experiences or anticipates an emergency situation, which causes or will cause the levy to exceed the tax levy cap described above; (3) a city or town forecasts or experiences debt services expenditures which exceed the prior year's debt service expenditures by an amount greater than the percentage increase as specified above and which are the result of bonded debt issued in a manner consistent with State general law or a special act; or (4) the city or town experiences substantial growth in its tax base as the result of major new construction which necessitates either significant infrastructure or school housing expenditures by the city or town or a significant increase in the need for essential municipal services.

Any levy pursuant to Section 44-5-2 in excess of the percentage increase as specified in the immediately preceding paragraph shall be approved by the affirmative vote of at least four-fifths (4/5) of the full membership of the governing body of the city or town and, in the case of a town with a financial town meeting, the majority of electors present and voting at the financial town meeting shall also approve the excess.

Section 44-5-2 provides that nothing therein in that Section constrains the payment of obligations as described by Section 45-12-1 of the Rhode Island General Laws, which provides that the outstanding notes, bonds and contracts of cities and towns shall be paid and be fulfilled according to their tenor, the power and obligation of each city and town to pay its general obligation bonds and notes shall be unlimited and each city and town shall levy ad valorem taxes upon all taxable property within the city or town for the payment of such bonds and notes and interest thereon, without limitation as to rate or amount, except as otherwise provided by or pursuant to law.

Analysis of Taxable Property

The following table shows an analysis of taxable real and personal property in the Town and in the State by class as assessed on December 31, 2017 for:

	% of Total Assessed Valuation	
	Town	State
Residential	69.33 %	75.50 %
Commercial/Industrial	20.36	16.84
Tangible	4.94	3.87
Motor Vehicles	5.36	3.79
Total	100.00 %	100.00 %

Source: RI Department of Administration

Property Revaluation

Rhode Island law provides for statistical revaluations every 3 years and a full revaluation every 9 years. The Town had a full revaluation completed as of December 31, 2012. The next full revaluation is planned for December 31, 2021.

Assessed Valuations

The following table indicates assessed valuations of taxable real, personal property and motor vehicles as of December 31, 2015 through December 31, 2019 for fiscal years 2017 through 2021.

Calendar YR, 12/31 FYE, 6/30	<u>2015</u> <u>2017</u>	<u>2016</u> <u>2018</u>	<u>2017</u> <u>2019</u>	<u>2018</u> <u>2020</u>	<u>2019</u> <u>2021</u>
Real Estate	\$ 1,853,817,530	\$ 1,859,722,610	\$ 1,878,260,620	\$ 2,318,262,120	\$ 2,321,589,220
Motor Vehicles	228,306,440	231,921,269	248,348,340	-	255,065,228
Tangible Personal Property	149,556,300	141,656,670	127,957,110	124,931,240	120,904,430
Total Assessed Valuation	\$ 2,231,680,270	\$ 2,233,300,549	\$ 2,254,566,070	\$ 2,443,193,360	\$ 2,697,558,878
Less: Exemption	(61,495,736)	(67,159,100)	(120,700,796)	(53,212,092)	(196,532,508)
Net Real & Tangible Personal Property	\$ 2,170,184,534	\$ 2,166,141,449	\$ 2,133,865,274	\$ 2,389,981,268	\$ 2,501,026,370

Motor Vehicle Tax Exemption

Prior to fiscal year 2018, State legislation required cities and town to exempt a minimum of \$500 on all motor vehicles subject to taxation. With adoption of the fiscal year 2018 State Budget the State directed implementation of a five-year phase-out of municipal authority to tax motor vehicles. The State will reimburse cities and towns for lost revenue resulting from the close out of this municipal tax program. The Town's approved budget for fiscal year 2021 includes an exemption of \$4,000. Due to the impact of COVID-19, the Town postponed the issuance of motor vehicle tax bills until the end of September 2020.

Tax Rate, Levy and Collection Record

The Town has semi-annual tax sales for prior year delinquent real property taxes and sewer assessments and sewer use. Delinquent automobile excise taxes are collected in cooperation with the Rhode Island Registry of Motor Vehicles and collection attorneys. If automobile taxes have not been paid, information is supplied to the Registry of Motor Vehicles and motor vehicles may not be re-registered until taxes are paid in full. Other delinquent personal property taxes are collected through a series of delinquent notices, personal contact, payment plans and lawsuits by the Town's Legal Department when necessary. The Town assesses an interest charge of 18% per annum on delinquent accounts.

Set forth below is the Town's tax collection record and yearly collection ratio after the fourth quarter taxes are due.

Fiscal Year	Tax Year	Tax Rate \$1,000⁽¹⁾	Levy	Net Abatements & Additions	Net Levy	Collections End of Fiscal Year	% of Net Levy End of Fiscal Year	Total Tax Collections at Fiscal YE	% of Net Levy at Fiscal YE
2021 ⁽²⁾	2020	\$ 23.00	\$ 67,404,538	\$ (224)	\$ 67,404,314	\$ 19,014,865	28.21 %	\$ 19,025,068	28.23 %
	2020	22.57	66,999,238	(183,656)	66,815,582	65,581,739	98.15	66,696,562	99.55
	2019	27.18	65,382,727	(105,144)	65,277,583	62,583,950	95.87	65,224,514	99.92
	2018	26.31	64,507,995	(574,245)	63,933,750	62,389,100	97.58	63,852,621	99.87
	2017	25.84	61,832,020	(214,525)	61,617,495	59,515,098	96.59	61,223,220	99.36

(1) Residential Tax Rate

(2) Year-to-date as of 9/17/2020

Principal Taxpayers

The following table sets forth the principal taxpayers in the Town and assessed valuation of property held by such taxpayers as of December 31, 2018.

<u>Name</u>	<u>Assessed Valuation</u>	<u>Type of Business</u>
Cox Communications	\$ 47,628,442	Communications
National Grid	42,973,606	Utility
JC Royal Mill LLC	31,261,308	Apartments
Greenwich Place LLC	17,618,892	Condo
SRH Tanglewood LLC	13,803,034	Realty
Sanrose Realty Associates	13,341,576	Realty
Brookwood Warwick Investors LLC	13,127,760	Finance
Westcott Terrace	12,789,175	Apartments
Amtrol Water Technology	10,808,327	Commercial
Arpin Van Lines Inc.	8,696,109	Moving Services

Source: The Town's Tax Assessor's Office.

TOWN FINANCES

Basis of Accounting and Budgetary Procedures

The financial statements of the General Fund are prepared on a modified accrual basis, reflecting assets, liabilities, and financial activities not recorded in separate fund groups. Receivables for property taxes are recorded as assets in the balance sheet with the tax receivables fully offset by reserve accounts. In accordance with generally accepted accounting principles tax revenues are recorded when they become both measurable and available; expenditures and transfers out are recorded when the related liability is incurred. The Town's audit report for the year ended June 30, 2019 is set forth in APPENDIX C-2 of this Official Statement. The Town's auditor for the fiscal year ended June 30, 2019 was Blum Shapiro. Blum Shapiro has not been engaged to perform, and has not performed, since the date of its report included herein, procedures on the financial statements addressed in that report. Blum Shapiro also has not performed any procedures relating to this official statement.

Budgetary Data

In accordance with the Town's Home Rule Charter, the Town has formally established budgetary accounting control for its General Fund and the School Unrestricted Fund, which is a Special Revenue Fund. The General Fund is subject to an annual operating budget adopted by the Town Council. The School Unrestricted Fund is subject to an annual operating budget approved by the School Committee and adopted by the Town Council. The annual operating budgets' appropriation amounts are supported by revenue estimates and take into account the elimination of accumulated deficits and the reappropriation of accumulated surpluses to the extent necessary. The General Fund and School Unrestricted Fund's annual operating budgets are in conformity with generally accepted accounting principles and the budget-to-actual presentation in the financial statement reflects the same basis of accounting.

Set forth below is a summary of the Town's budget for the fiscal years 2019, 2020, and 2021.

	FY 2019	FY 2020	FY 2021
Revenue:			
Local Property Taxes - Current Year	\$ 63,172,470	\$ 64,853,804	\$ 65,247,137
Local Property Taxes - Prior Years	1,700,000	1,500,000	1,500,000
Non-local Property	3,136,867	3,091,373	3,708,136
Federal and State	29,005,545	31,212,838	31,296,240
Total Revenues	<u>\$ 97,014,882</u>	<u>\$ 100,658,015</u>	<u>\$ 101,751,513</u>
Expenditures:			
Education	\$ 56,712,796	\$ 58,600,847	\$ 59,366,631
General Financial Administration	3,195,227	3,187,846	3,341,970
Public Works	4,619,640	4,602,660	4,513,971
Police Protection	7,287,514	7,382,168	8,065,551
Fire Protection	8,872,730	9,246,894	9,726,945
Parks	345,805	376,891	519,500
Debt Service General Fund	3,238,812	3,369,564	3,443,664
General Government	11,625,873	12,725,641	11,774,215
West Warwick Senior Center	213,000	223,000	223,000
Libraries	717,245	750,592	776,066
Capital	186,240	191,912	-
Total Expenditures	<u>\$ 97,014,882</u>	<u>\$ 100,658,015</u>	<u>\$ 101,751,513</u>

Reporting Requirements of Municipalities and School Districts

In June 2003, the Rhode Island General Assembly passed new financial reporting requirements for municipalities in order to ensure that municipalities and school districts monitor their financial operations on an ongoing basis and to prevent potential budget deficits (Rhode Island General Laws § 45-12-22.1 et seq. (the "Financial Reporting Act")).

Reporting

- The chief financial officer of the municipality must submit monthly reports to the municipality's chief executive officer, each member of the city or town council, and school district committee certifying the status of the municipal budget, including the school department budget or regional school budget.
- The chief financial officer of the municipality must also submit quarterly reports to the State Division of Municipal Finance, the Commissioner of Education, and the Auditor General certifying the status of the municipal budget. The chief financial officer of the school department or school district shall certify the status of the school district's budget and shall assist in the preparation of these reports.
- If any reports project a year-end deficit, the chief financial officer of the municipality must submit a corrective action plan, providing for the avoidance of a year-end deficit, to the State Division of Municipal Finance, the Commissioner of Education, and the Auditor General on or before the last day of the month succeeding the close of the fiscal quarter.
- If, at the end of the fiscal year, the chief financial officer determines that it is likely that the city or town's general fund or combined general fund and unrestricted school special revenue fund will incur a deficit, the municipality must immediately develop a plan to eliminate the accumulated year-end deficit by annual appropriation over no more than five (5) years, in equal or diminishing amounts. This plan must be submitted to the State Auditor General for approval.

Restrictions and Requirements

- Except as provided in Chapter 45-9 of the Rhode Island General Laws, no municipality can sell long-term bonds in order to fund a deficit without prior approval by the Rhode Island Auditor General and the Director of the Rhode Island Department of Revenue.
- No municipality can incur expenditures or obligate the municipality to expend unbudgeted amounts in excess of \$100,000 without first notifying the city or town council of the proposed expenditure and identifying the source of funding. Any such expenditure must be included in the chief financial officer's monthly report.
- No school committee or school department can incur accumulated unbudgeted expenditures in excess of \$100,000 without notifying the chief financial officer of the municipality of the proposed expenditure and identifying the source of funding. Any such expenditure must be included in the chief financial officer's monthly report.
- School committees, boards or regional school districts that are independent government entities within a municipality must cooperate in providing to the chief financial officer all information needed to formulate his or her reports and the deficit elimination plan.

Remedies

- If a municipality does not comply with the requirements of the Financial Reporting Act, the State Auditor General or State Division of Municipal Finance, through the Director of Revenue, may elect any or all of the following remedies:
 - Petition the Superior Court for mandatory injunctive relief seeking compliance with the provisions of the Financial Reporting Act;
 - In the event a municipality fails to provide a year-end deficit elimination plan, implement a financial review commission pursuant to Rhode Island General Laws Section 45-9-3; or
 - Withhold State aid.
- If a school committee or board fails to cooperate with the municipality or provide all information requested by the chief financial officer needed to formulate a plan:

-The Auditor General or the Director of Administration may petition the Superior Court to order the school committee or board to cooperate; and

-The Director of Administration may also direct the Rhode Island Controller and General Treasurer to withhold State Aid from a school committee until the school committee or board cooperates in the formulation of the plan.

The Town has not been advised by the Auditor General or State's Director of Revenue (the "Director of Revenue") that it is not presently in compliance with the Financial Reporting Act.

State Oversight

On June 11, 2010, the Rhode Island General Assembly enacted "An Act Relating to Cities and Towns—Providing Financial Stability" the purpose of which is to provide a mechanism for the State to work with cities and towns undergoing financial distress that threatens the fiscal well-being, public safety and welfare of such cities and towns, or welfare of other cities and towns or the State in order to preserve the safety and welfare of the citizens of the State and their property and the access of the State and its municipalities to capital markets.

The Financial Stability Act prohibits municipalities from filing for judicial receivership and clarifies that the Superior Court has no jurisdiction to hear such matters.

The Financial Stability Act gives the State, acting primarily through the Department of Revenue, the power to exercise varying levels of support and control depending on the circumstances. It creates three levels of State oversight and control: Level I--Fiscal Overseer, Level II-- Budget Commission, and Level III -- Receiver. The State Director of Revenue, in consultation with the Auditor General, may skip fiscal overseer and budget commission by appointing a receiver in a fiscal emergency.

During fiscal years ended June 30, 2014 and June 30, 2015 the Town of West Warwick requested assistance from the Department of Revenue on a voluntary basis, but has never been placed under State oversight under the Fiscal Stability Act.

Fiscal Overseer (Level I)

A fiscal overseer may be appointed by (1) request of the municipality, which request is approved by the State's Division of Municipal Finance and the Auditor General; or (2) the State Director of Revenue, if (i) the Director of Revenue, in consultation with the Auditor General, finds that any two or more of the following events have occurred; or (ii) the Director of Revenue finds, in his or her sole discretion, that any two of the following events have occurred which are of such a magnitude that they threaten the fiscal wellbeing of the city or town, or diminish the city's or town's ability to provide for the public safety or welfare of its citizens:

- The city or town projects a deficit in the municipal budget in the current fiscal year and again in the upcoming fiscal year
- The city or town has not filed its audits with the auditor general by the deadlines required by law for two (2) successive fiscal years (not including extensions authorized by the Auditor General)
- The city or town has been downgraded by one of the nationally recognized statistical rating organizations
- The city or town otherwise unable to obtain access to credit markets on reasonable terms
- The city or town does not promptly respond to requests made by the Director of Revenue, or the Auditor General, or the chairpersons of the house or senate finance committees for financial information

The Director of Revenue may also appoint a fiscal overseer for failure to comply with the financial reporting and action plan requirements relating to budget deficits. A fiscal overseer acts in an advisory capacity to municipal officials, approves budgets and reports to State officials regarding progress.

Budget Commission (Level II)

A budget commission may be established by request of a municipality or without such a request, if the fiscal overseer reports to the State Director of Revenue that the city or town is unable to present a balanced municipal budget, faces a fiscal crisis that poses an imminent danger to the safety of the citizens of the city or town or their property, will not achieve fiscal stability without the assistance of a budget commission, the tax levy should not be approved, or otherwise determines that a budget commission should be established. A budget commission is composed of five (5) members: three (3) designees of the Director of Revenue, the elected chief executive officer of the city, and the president of the city or town council (or in cities or towns in which the elected chief executive officer is the president of the city or town council, then the appointed city or town manager). A budget commission has more significant powers over financial matters, including but not limited to the power to:

- Amend, formulate and execute annual and supplemental municipal budgets and capital budgets;
- Reorganize, consolidate or abolish municipal departments, commissions, authorities, boards, offices or functions;
- Issue bonds, notes or certificates of indebtedness to fund a deficit of the city or town, to fund cash flow and to finance capital projects.

Receiver (Level III)

The State Director of Revenue may appoint a receiver if the budget commission recommends appointment of a receiver after concluding that its powers are insufficient to restore fiscal stability to the city or town. A receiver may exercise any function or power of any municipal officer, employee, board or commission and has the power to file on behalf of a city or town for bankruptcy in federal bankruptcy court

The Town is not currently subject to the Financial Stability Act.

State Aid

State School Operations Aid

Pursuant to Rhode Island General Laws Sections 16-7-15 to 16-7-34 et seq., as amended, the State provides school operations assistance aid (also known as “Basic Education Aid”) to each municipality and school district in the State, subject to annual appropriation by the General Assembly. The General Assembly substantially changed the funding formula for school operations beginning in fiscal year 2012. The statutes provide for reimbursement of school expenditures based on a formula which adjusts the reimbursement ratio based on the relative equalized valuation of property and median family income relative to the State as a whole. There are no assurances, however, that the General Assembly will continue this program or appropriate sufficient funds for its implementation. Basic Education Aid is subject to pro-rata reduction in accordance with State law. Under this program the Town’s School Department received \$26,130,629 in fiscal year 2019 and an unaudited amount of \$26,047,766 in fiscal year 2020. The legislation authorizing Basic Education Aid is subject to further change.

In 2012, the General Assembly amended the General Laws to provide that Basic Education Aid may be intercepted to pay debt service on bonds issued by the Rhode Island Health and Educational Building Corporation (“RIHEBC”) for the benefit of a municipality in the event the municipality fails to make timely payments of debt service on school construction bonds issued for the municipality through RIHEBC.

State School Construction Aid

Pursuant to Rhode Island General Laws Sections 16-7-35 to 16-7-47, as amended, the State provides construction aid to Rhode Island municipalities for the cost of building or renovating public schools. All buildings constructed or renovated since July 1, 1949 are eligible for assistance of a minimum of 40% (for school housing projects completed after June 30, 2010 that received approval from the State Board of Regents for Elementary and Secondary Education (now the Board of Education) prior to June 30, 2012) or 35% (for school housing projects that received approval from the Board of Education after June 30, 2012) of the full cost of such buildings. Such assistance level may be further increased by a formula which takes into account the equalized assessed valuation and debt service burden of the particular municipality. State aid reimbursement for school construction projects is based on the share ratio established for that year by the State Department of Education. The Town’s reimbursement rate for projects

completed in fiscal year 2020 was 66%. This ratio can vary from year to year and from project to project depending on its completion date.

For projects approved by the voters after June 30, 2003, the cost of interest on any bond will be reimbursed as an eligible project cost only if the bonds for these projects are issued through RIHEBC. School construction aid attributable to projects financed through RIHEBC bonds is paid by the State directly to the RIHEBC trustee for such RIHEBC bonds and is not directly available to the City for other purposes. Furthermore, if the City defaults in making any payment due to the RIHEBC trustee in support of any RIHEBC bond, any State aid in respect of other school housing projects may be redirected by the State to the trustee for the RIHEBC bond. School housing costs subject to State aid reimbursement shall not include bond issuance costs and demolition costs for buildings, facilities, or sites deemed surplus by the school committee. The legislation authorizing State School Construction Aid is subject to future change and all State aid is subject to annual appropriation by the Rhode Island General Assembly. The Town received \$786,743 in school construction aid for fiscal year 2019 and an unaudited amount of \$1,275,174 in school construction aid for fiscal year 2020.

Other State Aid

In addition to school operations aid, municipalities in the State receive State Aid to Cities and Towns through various programs. In fiscal year ended June 30, 2019 the Town received \$2,611,467 through these programs. This does not include pass-through revenue from the State such as the meals tax or the hotel tax, but rather only includes aid from the State. The unaudited receipts for fiscal year ended June 30, 2020 was \$3,169,637.

TOWN DEBT

There are three statutory mechanisms for municipalities in Rhode Island to obtain legal authority to issue general obligation debt: 1) Section 45-12-2 of the General Laws (the “3% Debt Limit Statute”), 2) special acts of the General Assembly, and 3) ministerial approval by the State’s Auditor General. The Town Council may authorize borrowing under the Rhode Island General Laws through a Financial Town Meeting.

The 3% Debt Limit Statute was enacted in 1896 as a limitation on the amount of debt municipalities could incur. The 3% Debt Limit Statute provides that except as explained below, municipalities may not, without special statutory authorization, or ministerial approval by the Auditor General of the State (described below), incur any debt, which would increase its aggregate indebtedness not otherwise excepted by law to an amount greater than 3% of the full assessed value of the taxable property within the municipality. Deducted from the computation of aggregated indebtedness is the amount of any borrowing in anticipation of taxes authorized by law and the amount of any fund held on account to pay such indebtedness maintained by the Town. In computing the value of taxable property, motor vehicles and trailers are valued at full value without regard to assessed value reductions provided for in other sections of the general laws.

The 3% debt limit of the Town as of June 30, 2019 is \$64,015,958 based on assessed valuations of taxable property as of December 31, 2017 of \$2,133,865,274. As of June 30, 2019, the Town had \$40,682,515 in general obligation bonds outstanding of which \$35,017,515 was issued subject to the 3% Debt Limit Statute. The unaudited 3% debt limit of the Town as of June 30, 2020 is \$71,699,438 based on assessed valuations of taxable property as of December 31, 2018 of \$2,389,981,268. As of June 30, 2020, the Town had outstanding general obligation debt in the unaudited amount of \$37,937,515 of which \$33,192,515 was issued subject to the 3% Debt Limit Statute.

In July 2007, the Rhode Island State Legislature enacted legislation effective January 1, 2008 allowing for ministerial approval by the State’s Auditor General of debt outside of the 3% debt limit for communities with an “A” rating or better, if the community also satisfies certain requirements. The Town has no debt outstanding under the ministerial approval process.

In addition to debt authorized pursuant to the 3% Debt Limit Statute, ministerial approved debt and debt authorized by special act of the General Assembly, Rhode Island General Laws Section 45-12-11 authorizes the State Director of Revenue, upon petition by a city or town, to authorize such city or town to incur indebtedness in excess of the 3% debt limit whenever the State Director of Revenue shall determine that the sums appropriated by the municipality or its funds available are insufficient to pay the necessary expenses of the city or town. The Town has not requested the State Director of Revenue to authorize indebtedness of the City under Section 45-12-11.

Under Rhode Island General Laws Section 45-12-4.4 a city or town may authorize the issuance of bonds, notes, or other evidences of indebtedness without voter approval to pay the uninsured portion of any court judgment or settlement, except any court judgment or settlement arising out of any pension obligation of a city or town; provided however, that the outstanding principal amount, in aggregate, shall not exceed five percent (5%) of the total amount of the city or town's most recently adopted municipal budget. As of June 30, 2020, the Town did not have any bonds outstanding issued pursuant to Rhode Island General Laws Section 45-12-4.4.

Outstanding Debt

The outstanding debt of the Town for fiscal years 2015 through 2019 was as follows:

For the Fiscal Years Ended June 30,					
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Governmental Activities					
General Obligation Bonds	\$ 23,118,000	\$ 27,437,515	\$ 30,126,015	\$ 43,036,515	\$ 40,682,515 *
Business Type Activities					
RIIB Loans Payable	\$ 23,150,000	\$ 28,222,000	\$ 26,005,000	\$ 23,765,000	\$ 21,503,000
Total Debt Outstanding	\$ 46,268,000	\$ 55,659,515	\$ 56,131,015	\$ 66,801,515	\$ 62,185,515

* \$2,996,500 has been deposited into the 2005 QZAB sinking fund, but remains outstanding.

Actual Bonded Debt Service Requirements

The following table sets forth a schedule of debt service for the Town's publicly offered General Obligation debt.

General Obligation Debt Service			
Fiscal Year	Principal	Interest	Total Debt Service
June 30,			
2020	\$ 1,040,000	\$ 652,012	\$ 1,692,012
2021	1,040,000	622,539	1,662,539
2022	4,743,000	598,005	5,341,005
2023	1,060,000	517,288	1,577,288
2024	1,120,000	487,850	1,607,850
2025-2029	5,365,000	1,965,437	7,330,437
2030-2034	2,850,000	1,331,375	4,181,375
2035-2038	4,979,000	369,592	5,348,592
Total	\$ 22,197,000	\$ 6,544,098	\$ 28,741,098

The following table shows debt service for directly placed debt. Governmental Activities debt is General Obligation debt placed directly with a financial institution and the Business-Type Activities is wastewater revenue debt placed with the State Revolving Fund through the Rhode Island Infrastructure Bank.

Direct Borrowing Debt						
Fiscal Year June 30,	Governmental Activities		Business-Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 1,705,000	\$ 529,171	\$ 2,287,000	\$ 613,665	\$ 3,992,000	\$ 1,142,836
2021	1,733,000	495,346	2,311,000	550,301	4,044,000	1,045,647
2022	1,791,000	429,117	2,340,000	484,884	4,131,000	914,001
2023	1,019,000	391,625	2,370,000	417,381	3,389,000	809,006
2024	1,040,000	364,462	2,422,000	347,641	3,462,000	712,103
2025-2029	5,497,515	1,391,059	5,080,000	1,169,198	10,577,515	2,560,257
2030-2034	5,700,000	492,028	3,845,000	500,674	9,545,000	992,702
2035-2038	-	-	848,000	14,835	-	14,835
Total	\$ 18,485,515	\$ 4,092,808	\$ 21,503,000	\$ 4,098,579	\$ 39,140,515	\$ 8,191,387

Outstanding Lease Purchase Obligations

The following table shows the Town's debt service on outstanding lease purchase obligations.

Lease Purchase Obligations						
Fiscal Year June 30,	Governmental Activities		Business-Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 345,736	\$ 21,553	\$ 26,352	\$ 1,970	\$ 372,088	\$ 23,523
2021	353,527	13,763	26,992	1,329	380,519	15,092
2022	197,014	5,796	27,649	672	224,663	6,468
2023	45,146	1,107	-	-	45,146	1,107
Total	\$ 941,423	\$ 42,219	\$ 80,993	\$ 3,971	\$ 1,022,416	\$ 46,190

Authorized But Unissued Debt

The following table sets forth the amounts, purposes and statutorily authorized but unissued general obligation debt of the Town.

Chapter/ Section or Ordinance No.	Year	Description	Total Authority	Notes Issued	Bonds Issued	Included in This Issue	Unissued
616	1987	Open Space	\$ 2,000,000	\$ -	\$ 850,000	\$ -	\$ 1,150,000
11	1990	Sewer	2,500,000	-	-	-	2,500,000
6	2014	Schools	6,400,000	-	4,000,000	-	2,400,000
2015-11	2015	Senior Center	1,000,000	-	900,000	-	100,000
			<u>\$ 11,900,000</u>	<u>\$ -</u>	<u>\$ 5,750,000</u>	<u>\$ -</u>	<u>\$ 6,150,000</u>

Tax Anticipation Notes

Under Rhode Island law the Town may borrow in each fiscal year, in anticipation of the receipt of the proceeds of the property tax due in such fiscal year, an amount which shall not exceed the total tax levy of the then current fiscal year, or, if no tax levy has yet been made, which does not exceed the tax levy of the next preceding fiscal year. Tax anticipation notes must be payable not later than one year from their date, but notes issued for less than one year may be renewed, provided such renewal notes are payable within one year of the date of the original notes. The Town has not issued tax anticipation notes since 1995.

Debt Ratios and Debt Per Capita

Set forth in the table below are the Town's General Obligation Debt Ratios and Debt Per Capita for the years 2015-2019.

Fiscal Year	Population*	Assessed Valuation	Gross Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Per Capita
2019	29,191	\$ 2,170,184,534	\$ 40,682,515	1.87 %	1,393.67
2018	29,191	2,166,141,449	43,036,515	1.99	1,474.31
2017	29,191	2,170,184,534	30,126,015	1.39	1,032.03
2016	29,191	2,079,307,596	27,438,000	1.32	939.95
2015	29,191	2,061,023,812	23,118,000	1.12	791.96

*Based on 2000 U.S. Census

Overlapping Debt

The Kent County Water Authority (the “Authority”) provides drinking water to approximately 8,250 customers in the Town of West Warwick. Of the Authority’s total customer base, approximately 31% are in the Town of West Warwick. The Authority had \$16,875,000 of outstanding debt as of June 30, 2019 and an unaudited amount of \$13,430,000 as of June 30, 2020.

Capital Improvement Plan

The most recent 10-year Capital Improvement Plan was prepared in late fiscal year 2017 for the fiscal year 2018 budget.

LITIGATION

The Town, its officers and employees are defendants in several lawsuits. In the opinion of Town officials, none of such litigation is likely to result either individually or in the aggregate in final judgments against the Town which would materially affect its ability to meet its debt service obligations.

TOWN OF WEST WARWICK, RHODE ISLAND

By: /s/ Kristen Benoit
Director of Finance

APPENDIX C-2

Financial Statements of the Town of West Warwick

The Town of West Warwick has filed its audited financial statements for the fiscal year ended June 30, 2019 (the “Town Audited Financial Statements”) with the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access System. The Town Audited Financial Statements are hereby incorporated by reference into this Official Statement as part of APPENDIX C. Copies of the Town Audited Financial Statements may be accessed online at www.emma.msrb.org. Copies of the Town Audited Financial Statements are also available by contacting the Bank at 235 Promenade Street, Suite 119, Providence, Rhode Island 02908, telephone: (401) 453-4430, fax: (401) 453-4094.

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APPENDIX D

City of East Providence

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APPENDIX D-1

Certain Information Regarding the City of East Providence

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THE CITY OF EAST PROVIDENCE

General

The City of East Providence (the “City”), established in 1812 as part of Seekonk, Massachusetts, was incorporated as a Rhode Island town in 1862 when it was annexed from Massachusetts. It was incorporated as a city on December 1, 1958. The City is the fifth largest municipality in the State with a population of 47,037, according to the 2010 census. This was a decrease of 3.4 percent since 2000. According to the 2013-2017 American Community Survey there were 21,167 housing units in the City, a decrease of 1.3 percent since the 2010 Census. The City is a key wholesale and distribution center for southern New England. The City accounts for five percent of the total population and two percent of the total land area of the Providence-Pawtucket-Warwick Metropolitan Area.

Government

The City operates under a Home Rule Charter which was adopted in November of 1954 providing for a Mayor/Council form of government with a five-member Council elected one from each of the four wards and one elected at large for a term of four years.

The Mayor is the Chief Executive and Administrative Officer of the City and is responsible for the administration and management of all offices, departments and agencies of the City.

All legislative powers of the City are vested in the City Council. These powers include the adoption of the City budget, the provision for an independent audit and authorization of the issuance of bonds.

The City’s fiscal year begins on November 1 and ends on October 31 of each year.

The Mayor of the City is Roberto DaSilva. Mayor DaSilva was elected on November 6, 2018 and sworn into office on January 8, 2019. Prior to his election as Mayor, Mayor DaSilva served as a State Representative from 2009 until 2013. He is a former Police Captain with the City of Pawtucket Police Department.

The Director of Finance of the City is Malcolm Moore. Mr. Moore has served as the Director of Finance since 2012. He formerly served as the Director of Finance and the Acting Town Manager of the Town of West Warwick, Rhode Island between 2000 and 2012 and as the School Business Manager in Johnston, Rhode Island from 1998 to 2000 as well as in the Foster, Rhode Island School Department for seven years.

Government Services

The City provides general governmental services within its boundaries including police and fire protection, collection and disposal of garbage and rubbish, public education in grades kindergarten through 12, water and sewer services, public works and highway services and a rescue service which is staffed by emergency medical technicians.

Public Schools

The public school system of the City consists of 8 elementary schools, one early learning center, two middle schools, a senior high school and a vocational high school. The school system has 686 full-time employees including administrative and teaching personnel. Per pupil costs in the City in fiscal year 2019 was \$17,086 and the student-teacher ratio was 19 to 1. The approved budget for the fiscal year beginning November 1, 2019 is \$84,996,107 compared to unaudited expenditures of \$85,658,993 during the fiscal year ended October 31, 2019. Actual and projected student enrollment is as shown in the following table:

<u>School Year</u>	<u>Enrollment in K-12</u>
<i>Actual</i>	
2015-16	5,238
2016-17	5,208
2017-18	5,241
2018-19	5,284
2019-20	5,198
<i>Projected</i>	
2020-21	5,305
2021-22	5,305
2022-23	5,305
2023-24	5,336
2024-25	5,336

Source of Projections: East Providence School
Department

Risk Management

Climate Change

The City is currently taking numerous steps to address the impacts of climate change. The City has experienced four Federal disaster declarations since the start of 2010. The City's eastern boundary is along the Runnins River in Riverside and the Ten Mile River in Rumford. There are two dams in the City that are categorized as "High Hazard Dams": the City-owned Turner Reservoir Dam and the Bucklin Point Dam, both in Rumford. There are a number of neighborhoods that were built on land with a high ground water table and experience frequent street and basement flooding during intense wet weather events. More frequent and severe storms related to climate change will intensify the risks and hazards related to this. Sea level rise could threaten shoreline properties, as the western boundary of the city is along the Seekonk and Providence Rivers and upper Narragansett Bay.

The Rose Larisa Park Living Shoreline Project, in partnership with the City, the Nature Conservancy and RI Coastal Resources Management Council, is applying new materials and techniques for erosion control methods, utilizing nature based infrastructure, at this public waterfront park in the Riverside section of the city to evaluate bluff erosion mitigation practices and improve habitat. The project includes two phases using different hybrid shoreline treatments, and is part of a larger regional project in New England coastal states designed to analyze different nature-based infrastructure used for erosion control. Phase I of the project is fully funded through the NOAA coastal Resiliency Fund and project partners are currently seeking funding for Phase II.

The East Providence Wastewater Treatment Facility (WWTF) is located on Crest Avenue in East Providence and resides along a tidally-influenced stretch of the Providence River. The facility is owned by East Providence and operated by Suez. The East Providence WWTF received a \$52 million upgrade in 2012 including a new odor control system. Almost half of the supporting pump stations are less than 10 years old. The facility and pump stations are identified in the East Providence Hazard Mitigation Plan as high and medium risk categories in terms of their vulnerability to natural hazard weather events. A coastal flood hazard modeling analysis was conducted in 2016 by Woodard & Curran for RIDEM, and their assessment is outlined in the report "Implications of Climate Change for RI Wastewater Collection & Treatment Infrastructure."

The city, working with The Trust for Public Land, is utilizing geographic information systems (GIS) planning to prepare for a climate-resilient future. By using the trust's Climate-Smart Cities program, the city is able to facilitate conversation with experts who will research, design, and develop infrastructure that will make the city more resilient to climate change.

The City, largely the Department of Public Works, is undertaking a number of other ongoing projects to mitigate coastal erosion, manage stormwater runoff, and reduce impacts of natural disasters, including:

- The Department of Public Works completes ongoing maintenance of drainage infrastructure and public catch basins to reduce impacts from flooding.
- A new truck was acquired to aid in citywide efforts to trim tree limbs around powerlines and utilities to prevent damage and power outages during intense storm events.
- An inventory of bridges with utilities was completed and is available in the City's GIS Database.
- An inventory of all commercial and industrial buildings currently located in a floodplain was completed.
- An inventory of all long-term care and child care facilities along with emergency contacts was completed.
- Education programs for residents regarding the purpose and use of mapped evacuation routes and coordination with neighboring towns.
- Continued public outreach efforts to inform City residents of natural hazard impacts through hazard mitigation plan meetings and/or workshops.
- Provide natural disaster information to commercial business that includes the East Providence Chamber of Commerce, realtor groups and other business organizations.
- Upgrade and strengthen infrastructure at school facilities.
- Increase emergency shelter capacity.

There are also a number of projects in the City's Capital Improvement Program related to drainage improvements, stormwater management, flood mitigation, and channel improvements:

- Runnins River Channel Improvements: Work in the State Street neighborhood to reduce flooding and remove invasive species has been ongoing over the last few years. The channel improvements are a necessary continuation of this work and have been identified as the highest priority item from the City Engineer. Future improvements include construction of overflow culverts at the Warren Avenue crossing.
- Taunton Avenue Drainage Improvements: Drainage improvements are needed to provide an overflow relief and reduce flooding along Commercial Way near Taunton Avenue. At times the road floods and access to the businesses can be affected for multiple days. Improvements include the installation of 400 feet of drainage pipe, pre-treatment unit and manholes to help eliminate the flooding. Scope of work also includes permitting this work through RIDEM and RIDOT.
- Southeast Drainage Area Improvements: Mitigate frequent street and basement flooding in area; implementation of plans from Southeast Drainage Area Studies
- Grosvenor/Roma Storm Drainage Improvements: Construct new overflow discharge and expand existing drainage swale to mitigate chronic flooding at Roma Street
- Sea View Ave Drain Pipe Replacement: existing corrugated metal pipe is rotted

Ongoing and New Planning Efforts

The East Providence Local Hazard Mitigation Plan, adopted by the East Providence City Council in 2017, provides valuable data and historical information on natural hazards impacting our community, such as flooding, coastal erosion, hurricanes, severe storms, extreme heat, and dam breaches. The Plan identifies a number of strategies to reduce impacts on our residents and infrastructure from coastal and riverine flooding, reduce the vulnerability of our residences, businesses, and government to natural disasters, and increase public outreach on disaster preparedness, response and recovery. The city completed its initial Hazard Mitigation Plan in 2004 (adopted by City Council in 2005), and performed an extensive update to the Plan in 2010 (adopted by City Council and approved by FEMA in 2011). The 2017 Plan update utilizes a new Rhode Island Local Hazard Mitigation Template developed by RIEMA and incorporates substantial updates to the Natural Hazard Profile of recent events, the Risk Assessment Matrix, and Action Items. The Plan incorporates integration with other local plans including the City's Comprehensive Plan and Emergency Operations Plan, among others. The five-year operational time frame is current through 2022, and plan implementation is ongoing.

The City will update its Comprehensive Plan beginning in the fall 2020 with extensive public participation that will identify natural hazards and climate change trends that are likely to impact the City. Specifically, the Comprehensive

Plan will identify areas of the City that could be exposed to flooding, including riverine and coastal flooding, sea level rise, and coastal storm surges, as well as actions to be undertaken by the City to minimize the effects that natural hazards pose to life, infrastructure, and property. In response to a survey of city residents conducted in 2014, slightly over half of survey respondents were of the opinion that the City should pro-actively engage in planning for climate change and sea-level rise with regard to City infrastructure and coastal erosion measures. The remaining respondents were closely split between a negative response to the question and no opinion.

The Waterfront Special Development District Plan, adopted in 2003, guides the development of available parcels in the district and offers expedited project review and permitting. The East Providence Waterfront Commission provides the planning process for the District, and works with City officials and State agencies to ensure structural and environmental compliance. The Commission strives for responsible economic development that does not put people at unnecessary risk to natural hazards. The East Providence Chapter 19 Zoning Ordinance, Article IX Waterfront Special Development Districts, requires that properties adjacent to the waterfront shall include setbacks for public waterfront access and buffer zones to protect and restore natural habitat areas and environmental resources. The ordinance refers developers to consult with CRMC staff to identify coastal features and address setback, hazard mitigation, shoreline protection, storm water run-off and other requirements for projects within the coastal zone requiring an assent. The Waterfront District is generally well protected from sea level rise because of the industrial legacy of these parcels. Properties are not located along low-lying harbors like Warren, Bristol and Wickford. Most of the former industrial waterfront is bulkheaded with minimal natural shoreline.

The Capital Improvement Program (CIP) is a multi-year schedule of physical improvements and purchases that specifies all of the planning, design, construction, maintenance, upgrade and replacement of buildings, land, and equipment. The CIP prioritizes projects by department and/or division among competing, worthwhile interests; and serves as important documentation of the City's infrastructure needs now and in the near future, as determined by City staff who understand what those needs are. The CIP serves as documentation of projects that may be eligible for City funding in the future, and also increases the chance of success in receiving funding from outside sources including grants. The East Providence FY 2020-2024 Capital Improvement Program includes a number of projects within the Department of Public Works, Engineering Division, related to drainage improvements, stormwater management, flood mitigation, and channel improvements.

Lastly, the City will be applying for grants from the Resilient Rhody Municipal Resilience Program, (MRP), through the Rhode Island Infrastructure Bank. Results from the MRP process will better inform the City's planning efforts by incorporating climate resilience strategies into the City's implementation activities in a strategic and comprehensive way. The wealth of data, maps, environmental information, and community input gathered through the MRP process will serve as an invaluable resource for these other planning efforts. The resulting summary report and action plan will provide specific action steps and priority projects that can be adopted into the Capital Improvement Program, Comprehensive Plan, and Hazard Mitigation Plan. Projects that have already been identified through the existing plans and Capital Improvement Program can be discussed through the MRP process on how to build capacity and identify funding sources to get them over the finish line. The dialogue and big picture planning with a diverse set of stakeholders will shed new light on solutions to climate change, create new or stronger partnerships, expand political will, and catalyze action.

Cyber Security

The City, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As recipient and provider of personal, private or sensitive information, the City may be subject to cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems.

Entities or individuals may attempt to gain unauthorized access to the City's digital systems for the purposes of misappropriating assets or information or causing operational disruption and damage. The City has implemented policies and procedures to protect against malicious activity targeting critical technology infrastructure, including firewalls and anti-virus and spam software, regular staff training and testing, and a multi-tiered back-up strategy for critical systems and data to mitigate the risk of losing data in a cyber attack. To date, the City has not experienced a cyber attack resulting in any compromised or permanently lost data, however, no assurances can be given that the

City's efforts to manage cyber threats and attacks will be successful or that any such attack will not materially impact the operations or finances of the City in the future.

Coronavirus (COVID-19) Disclosure

COVID-19 (Coronavirus Disease 2019) is a new respiratory disease caused by a novel coronavirus that has not previously been seen in humans. On March 9, 2020, the Governor of the State declared a state of emergency to support the State's response to the outbreak of the virus. On March 11, 2020 the World Health Organization declared COVID-19 a pandemic. On March 13, 2020, the President declared a national emergency due to the outbreak, which has enabled disaster funds to be made available to states to fight the pandemic. The City, in consultation with the Rhode Island Department of Health, is actively monitoring the spread of the virus. The City temporarily closed City Hall in an effort to reduce the spread of the virus, and encouraged non-essential employees to work remotely. The City has since re-opened City Hall as part of its strategic phased re-opening plan. The City adhered to these actions by strictly following the Governor's orders and recommendations of social distancing guidelines and limiting public gatherings. City recreational facilities have recently reopened with limited access and strict sanitation protocols. The City continues to and expects to operate and provide all necessary and essential services, including public safety, public works, release of public information and all necessary financial transactions, among others. The City administration has issued communications regarding the Coronavirus and has implemented plans to share health information, updates, and guidance with City employees and the public. The City does not expect that City services will be materially impacted. The City has also advised City employees and residents to review standard sanitary protocols which help minimize transmission of contagious conditions generally.

The virus and the resulting actions by national, state and local governments is altering the behavior of businesses and people in a manner that will have negative impacts on global and local economies. There can be no assurances regarding the extent to which COVID-19 will impact the national and State economies and, accordingly, how it may adversely impact municipalities, including the City. These negative impacts are likely to include reduced collections of property taxes and other revenues, meals and room tax revenue, motor vehicle excise taxes, school housing aid, school operations aid and other fees and charges collected by the City. In addition, the City is experiencing expenditure variances both positive and negative, including increased costs for health safety supplies and disinfection services and decreased expenditures due to the closing of the Senior Center, as well as the cancellation of Parks and Recreation programs. The City is also closely monitoring guidance from the State and the Rhode Island Department of Education regarding the 2020-2021 school year and anticipates additional operating expenses in order to comply with any State guidance. The City plans to address the revenue and expenditure variances through a series of measures that include conservative spending and furloughs. The City took advantage of the State's workshare program, whereby employees would be furloughed two days a week from July 13th to September 4th, saving the city almost \$400,000. During that same timeframe, employees were able to collect unemployment and the \$600 weekly federal unemployment benefit included in the CARES Act. As of August 15, 2020, the City had submitted \$744,414.48 to FEMA for reimbursement of COVID related expenses. The City continues to monitor daily cash flow, but does not foresee liquidity problems at this time. In addition, stock markets in the U.S. and globally have seen volatility that have been attributed to Coronavirus concerns and may impact the ability of many state and local governments, including the City, to fund municipal pension liabilities in accordance with current funding schedules. While any impact on the local economy is currently uncertain, the City is monitoring the impact of COVID-19 and will address such impact as necessary.

The City has taken numerous steps to preserve the financial well-being of the City and its residents during these uncertain times. The City has also stopped charging interest on water and sewer bill for the past few months.

Employee Relations

The current status of union contracts for municipal and school employees is:

- Police Officers - 5 year contract expires October 31, 2022 – 5 years
- Public Works and Municipal Employees: (U.S. Steelworkers Local 15509) - 3 year contract expires October 31, 2020*
- Teachers – 3 year contract expires October 31, 2020*

Firefighters (IAFF) - 5 year contract expires October 31, 2022 - 5 years
 Secretaries – EPESA – 3 year contract expires October 31, 2020*
 Teachers’ Assistants – EPTAA – 3 year contract expires October 31, 2020*
 Custodians/Maintenance – Council 94 – 3 year contract expires October 31, 2020*

* The City has begun negotiations for new contracts beginning November 1, 2020.

Retirement Programs

The City provides pension benefits to substantially all municipal employees under three separate plans. Two plans, one for municipal employees (the “Municipal Plan”) other than employees of the Police and Fire Departments and one for school teachers (the “Teachers’ Plan”), are through participation in the State of Rhode Island’s multiple employer defined benefit pension plan. A pension plan for Police and Fire Department employees is administered by the City.

Municipal Employees’ Retirement System (“MERS”)

MERS is a cost sharing multi-employer public employee system administered by the State Retirement Board. Effective July 1, 2012 RIRSA took effect and retirement eligibility became based on one of four schedules for municipal units and one of three schedules for the police and fire unit, depending on retirement eligibility status as of June 30, 2012. In addition, COLA provisions have changed for members who retire after June 30, 2012. The plan also provides pre-retirement benefits under the Retirement Formula for non-occupational disabilities after 5 years of service, and at 67% of salary for occupational disabilities regardless of service. Surviving spouses are also eligible for both pre- and post-retirement death benefits.

Rhode Island General Law sets contributions of participating employees. Effective July 1, 2012, General employees contribute 1% of their salary per year, and police officers and firefighters contribute 7% to the defined benefit plan, and if the municipality has elected one of the optional cost-of-living provisions, an additional member contribution of 1% of salary is required.

Annual required contributions are actuarially determined for each separate employer and are assessed to each as a percentage of their participating employees’ payroll. The annual required contribution covers normal costs and, where applicable, a payment to amortize the unfunded actuarial accrued liability as of June 30, 2010 over a closed period of 25 years (with 16 years remaining as of June 30, 2019). The State makes no contributions to the Municipal Plan on behalf of the City nor does it assume any liability for funding pension benefits for the City’s participants. The City contributed an unaudited amount of \$4,572,393 in the fiscal year ended October 31, 2019, which was equal to its required contribution.

Over the past five years, the City has made the following required contributions:

General Municipal Employees' Plan (MERS)					
Fiscal	Annual	Actual	Percent	Unfunded	Funded
<u>Year</u>	<u>Pension Cost</u>	<u>Contribution</u>	<u>Contributed</u>	<u>Liability</u>	<u>Ratio</u>
2019	\$ 4,572,393	\$ 4,572,393	100 %	\$ 48,163,502	58 %
2018	4,593,670	4,593,670	100	48,484,342	58
2017	4,600,763	4,600,763	100	46,529,608	58
2016	4,362,613	4,362,613	100	40,803,559	61
2015	3,537,324	3,537,324	100	40,577,060	60

Additional information on MERS is available at www.ersri.org.

School Teachers' Retirement Plan

The City provides retirement benefits to its public school teachers through its participation in the Employees' Retirement System of Rhode Island ("ERSRI" or the "Teachers' Retirement System"), a statutory, mandatory, statewide, cost-sharing multi-employer defined benefit plan, which first covered State teachers on July 1, 1949. ERSRI is administered as a unified statewide system by the State Retirement Board, the composition of which is set forth in the pertinent State statute. The assets are held in the custody of the State Treasurer as an undivided single fund.

Rhode Island General Law currently sets the defined benefit contribution rates of participating employees at 3.75% of salary. Annual required contributions by both employers and the State on behalf of those employees are determined by actuaries and assessed as a percentage of participants' payroll. The required contributions include (a) normal costs; (b) payments to amortize the unfunded frozen actuarial accrued liability as of June 30, 1999 over 30 years initially, but in conjunction with the implementation of RIRSA the amortization period was reset to 25 years as of June 30, 2010; and (c) interest on the unfunded frozen actuarial liability

As prescribed by Rhode Island General Law, the State pays the entire portion of the defined benefit annual recommended contribution attributable to the costs of contributions deferred by the State in prior years, plus 40% of contributions assessed to employers on payroll not reimbursable through federal programs.

Effective with the June 30, 2011 actuarial valuation, the funding method was changed to the Individual Entry Age Cost Method in order to be consistent with the Act and GASB statement No. 27 standards. The ERSRI does not maintain separate data for each of its participants. The ERSRI's website contains additional information (www.ersri.org).

The actuarial valuation prepared by Gabriel, Roeder, Smith & Company uses the Entry Age Normal (EAN) actuarial cost method. Valuations under this method assume a valuation date of June 30th of each plan year. This is the date as of which both the actuarial present value of future benefits and the actuarial value of assets are determined. The valuation assumes an annual salary increase on a scale of age/service. In addition, other actuarial assumptions are made for post-retirement increases and other contingencies as set forth in the published annual reports of the State Retirement Board.

The following are comparative highlights for 2015 through 2019 for ERSRI as a whole:

	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Active Participants	\$ 13,511	\$ 13,297	\$ 13,310	\$ 13,206	\$ 13,272
Pensioners & Beneficiaries	11,196	11,320	11,211	11,087	10,902
Inactive Participants	3,888	3,643	3,501	3,313	3,185
Market Value of Assets	\$ 3,829,895,134	\$ 3,781,560,920	\$ 3,696,400,551	\$ 3,733,025,598	\$ 3,730,047,183
Employer Contributions	\$ 249,634,988	\$ 239,092,095	\$ 233,828,518	\$ 225,569,556	\$ 217,902,736
Member & Other Misc. Contributions	51,057,446	50,768,637	50,960,566	50,458,325	37,487,177
Total Contributions	\$ 300,692,434	\$ 289,860,732	\$ 284,789,084	\$ 276,027,881	\$ 255,389,913
Investment Income	233,855,078	282,535,405	391,115,013	(8,252,029)	81,477,012
Total Income Available for Benefit Payments	\$ 534,547,512	\$ 572,396,137	\$ 675,904,097	\$ 267,775,852	\$ 336,866,925
Benefit Payment	\$ (378,292,374)	\$ (374,217,984)	\$ (375,527,331)	\$ (490,467,141)	\$ (478,553,346)
Transfer and other Adjustments	\$ 364,683	\$ (416,770)	\$ 427,703	\$ 252,229	\$ 145,190
Excess of Income Over Expenses	\$ 156,619,821	\$ 197,761,383	\$ 300,804,469	\$ (222,439,060)	\$ (141,541,231)
Funded Ratio	55.3%	54.9%	54.8%	58.3%	58.8%

Compiled from Employees' Retirement System of Rhode Island - Actuarial Valuation Report as of June 30, 2019

Actuarial costs and liabilities, as shown in the summary presentation, are determined in the aggregate for the ERSRI. Accordingly, employer contributions are first determined in the aggregate for all participating employers in this multi-employer system and are then expressed as a percentage of the aggregate participating payroll. For fiscal year 2017, the City applied 60 percent of this factor to its participating payroll (the remaining 40 percent of the employer cost is contributed by the State as well as the full cost of deferred contributions by the State).

With respect to the ERSRI, Gabriel, Roeder, Smith & Company, independent actuaries advising the State Retirement Board have calculated the pension plan to be fully funded by 2029.

According to the statutory funding schedule, the combined contributions required each year by the City and the State will remain relatively level as a percent of payroll as the ERSRI moves toward funding the full actuarial liability. Ultimately, however, because the actuarial funding results in the accumulation of reserves that are invested, the required appropriation will be significantly less than would be required if the ERSRI were on a pay-as-you-go basis.

The actuarial costs of the retirement benefits are partially funded by employee contributions of 9.50% of the actuarial costs of the retirement benefits effective July 1, 2003. The actuary determines the net employer actuarial costs annually and as provided by the State Retirement Board to the Department of Administration. Contributions are reported as a percent of payroll, payable in part by the State and in part by the City. The split between State and the City is specified in State statute. For fiscal year 2016, the State paid 40% and the City paid 60%.

The rates were 9.89% and 13.24% of annual covered payroll for the ERSRI fiscal year ended June 30, 2018 for the State and City, respectively. Over the past five years, the City made 100% of its required contributions. The unaudited contribution for fiscal year ended October 31, 2019 was \$5,715,223.

<u>Employees' Retirement System of Rhode Island (Teachers)</u>			
<u>Fiscal Year</u>	<u>Annual</u>		<u>Percent</u>
	<u>Required Pension Cost</u>	<u>Actual Contribution</u>	
2019	\$ 5,715,223	\$ 5,715,223	100 %
2018	4,691,848	4,691,878	100
2017	4,515,281	4,515,281	100
2016	4,391,865	4,391,865	100
2015	4,495,710	4,495,710	100

Hybrid Plan for MERS and ERSRI Participants

In November 2011, the State enacted the Rhode Island Retirement Security Act of 2011 (“RIRSA”), which made broad changes effective July 1, 2012 to the Municipal Employees’ Retirement System, in which the Town does not participate, and ERSRI.

The most significant changes include (i) changing the structure of the retirement program from a traditional defined benefit plan to a hybrid plan designed with a smaller defined benefit plan and a supplemental defined contribution plan; (ii) changing the automatic cost of living adjustment (“COLA”) from a CPI- related formula to a formula contingent on the actual investment performance over time; (iii) suspension/reduction of the COLA during times when the funded ratio is lower than targeted 80% levels; and (iv) the re-amortization of the Unfunded Actuarial Accrued Liability (UAAL) to 25 years from the 19-year schedule as of June 30, 2010. For ERSRI, teachers not covered by Social Security will participate in additional defined contribution allocations equal to 2% member plus 2% employer. Included within these significant changes are certain rules for transitioning from the defined benefit structure to the smaller defined benefit plan going forward. The changes in the defined benefit plan instituted by RIRSA have been fully reflected in the actuarial valuation beginning with June 30, 2012. These changes resulting from RIRSA are the subject of ongoing litigation which has been settled by most parties. See also “Pension Reform and Related Litigation” herein.

RIRSA changed the MERS and ERSRI defined benefit plans to hybrid plans which include a defined contribution plan. The State selected TIAA-CREF to administer the plan. All employees in MERS and ERSRI are required to participate. MERS and ERSRI employees contribute 5% of their annual salary into the defined contribution plan, with an additional 2% contribution for those employees that do not participate in Social Security, and the City must contribute 1% of salary. Participants have a selection of investments options chosen by the State and provided by TIAA-CREF.

Police and Fire Employee Plan

The Police and Firefighters Pension Plan of the City (the “Police and Fire Plan”) is a contributory, single-employer, defined benefit plan that was established on November 1, 1961 under Chapter 357 of the City Ordinances. It is directed and operated by a Board of Trustees consisting of the Mayor, the Director of Finance, and one representative each from the Fire Department, Police Department, City Council, Retiree from the Police or Fire Departments, and the general public. Bank of America is trustee of the Police and Fire Plan’s investment funds that are managed by Wainwright Investment Counsel. Wainwright Investment Counsel manages and maintains custody of the plan’s portfolio. Bank of America is responsible for the maintenance of the primary accounting functions.

All members of the Police and Fire Departments of the City are covered by the Police and Fire Plan. The City’s payroll for employees covered by the Police and Fire Plan for the year ended October 31, 2019 was \$15,219,499. As of October 31, 2019, 464 persons participated in this plan including 187 active members and 277 retirees and beneficiaries.

The benefit provisions of the Police and Fire Plan were established and may be amended by City Ordinance. Participants may take normal retirement at the earlier of attaining age 60 and completing 10 years of credited service or upon completing 20 years of credited service. Annual benefits under the first alternative are based on 2% of salary for each year of credited service to a maximum of 70% of salary. Annual benefits under the second alternative are based on 2 1/2% of salary for each of the first 24 years of credited service, plus 2% of salary for each additional year of credited service for years 25 to 28, plus 1% of salary for years 29 and 30, to a maximum of 70% salary. Effective November 1, 2008, members who retire receive one percent (1%) more in their retirement annuity. Members will be entitled to a 3% compounded cost-of-living increase on each anniversary date of their retirement. Active participants that are disabled by a service related act are eligible for disability retirement. If participant is disabled by a non-service related act and has 10 years of credited service, he or she is also eligible for disability retirement. Any member withdrawing from service prior to being eligible for normal service retirement, but having completed at least 10 years of credited service, is entitled to a deferred annual benefit beginning at age 55. Those who terminate service prior to satisfying the vesting requirements will be entitled to a return of their contributions without interest. The plan also provides death benefits.

Effective January 1, 2014, all new fire hires can retire at age 55 with 25 years of service, with a maximum benefits of 70%. Members will be entitled to a 2.25% non-compounded cost-of-living increase on each anniversary date of their retirement.

The contribution requirements were established and may be amended by City Ordinance. City Ordinance requires that the City contribute the normal cost plus a payment towards the unfunded actuarial accrued liability. Police officers and firefighters contribute to the Police and Fire Plan in accordance with their union contracts. Police officers currently contribute 9% of compensation and firefighters currently contribute 9.25% of compensation. The City made contributions in fiscal year 2019 of \$7,764,971 (unaudited).

Over the past five years, the City has made the following required contributions:

Police and Fire Plan					
Fiscal Year	Annual Required Pension Cost	Actual Contribution	Percent Contributed	Unfunded Liability	Funded Ratio
2019	\$ 7,470,844	\$ 7,764,971	104 %	\$103,593,949	57 %
2018	7,019,897	7,610,501	108	92,710,000	59
2017	7,019,872	6,327,364	90	91,004,469	59
2016	6,379,884	6,379,884	100	95,357,213	55
2015	5,985,449	5,985,449	100	75,800,844	60

Pension Reform and Related Litigation

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, only 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 State and ERSRI filed motions to dismiss which were heard on December 13, 2019. A decision on the motions is pending.

Other Post-Employment Benefits

The City administers a single-employer, defined benefit post-employment pension plan (the “OPEB Plan”). The OPEB Plan provides medical, dental, and life insurance for eligible retirees and their dependents through the City’s group health and life insurance plans, which cover both active and retired members. Benefit provisions are established and amended by the union contracts through negotiations between the City and the respective unions. Police and fire employees are eligible for OPEB benefits with at least 10 years of service at age 60 or with 20 years of service regardless of age. Teachers with ten years of service by June 30, 2005 are eligible with 10 or more years of service at age 60 or with 28 years of service regardless of age. Teachers with ten years of service after June 30, 2005 are eligible with 10 or more years of service at age 65, with 20 years of service at age 62, or with 29 years of service regardless of age. General employees are eligible with 10 years of service at age 58, with 20 years of service at age 50, or with 30 years of service at any age. Certain benefits are provided to eligible employees on disability and to surviving spouses.

The OPEB Plan provides medical and prescription drug benefits and group life insurance of \$5,000 to eligible police, fire and general employees until age 65 or 3 years after retirement, whichever is later. The OPEB Plan provides medical and prescription drug benefits, dental benefits, and group life insurance of \$25,000 to eligible teachers and school general employees until age 65 for medical, prescription, and dental benefits. Life insurance benefits cease upon attainment of age 70 (teachers, teachers assistants, principals and administrators), age 75 (custodians), or age 80 (secretaries).

Effective November 1, 2012, health insurance will be paid by the City for all retiring members, except police and fire, for one year after retirement under the same terms as active members.

All firefighters hired after November 1, 2015, upon retirement shall contribute a 20% co-share towards the cost of the health care premium.

Contributions are negotiated between the City and the respective unions. The City is required to contribute the cost of medical and life insurance benefits. Firefighters currently contribute 2% of compensation. For the year ended October 31, 2014, benefits were paid on a pay-as-you-go basis. During fiscal year ended October 31, 2015 the City established an OPEB Trust for both City and School employees. Transfers into the Trust Fund included \$5.3 million previously reserved in the City’s general fund balance and \$1.4 million previously reserved in the School’s fund balance. The City and School made unaudited contributions to their respective Trusts annually as shown below. The City has an actuarial valuation prepared every other year. Following are the results from the two most recent actuarial valuations, which included the unaudited contributions from fiscal year 2019.

Other Post Employment Benefits (City)					
Fiscal Year	Annual Required Cost	Actual Contribution	Percent Contributed	Unfunded Liability	Funded Ratio
2019	\$4,100,211	\$ 4,698,812	115 %	\$17,549,779	54 %
2018	3,945,974	4,445,961	113	26,984,929	39
2017	4,100,391	5,216,989	127	26,911,297	37

Other Post Employment Benefits (School)

Fiscal Year	Annual Required Cost	Actual Contribution	Percent Contributed	Unfunded Liability	Funded Ratio
2019	\$ 1,039,308	\$ 932,534	89.7 %	4,178,068	41.4 %
2018	1,266,859	1,266,859	100.0	4,389,399	37.4
2017	1,350,666	2,157,091	159.7	5,321,724	32.8

ECONOMIC CHARACTERISTICS

Population

Ranked fifth in population among the thirty-nine cities and towns in Rhode Island in 2010, East Providence experienced a decrease in population of 1,651, or 3.4% from 2000 to 2010. Set forth below is a table of population in the City for various years from 1920 to 2010.

<u>Year</u>	<u>Population</u>
2010	47,037
2000	48,688
1990	50,380
1980	50,980
1970	48,207
1960	41,955
1950	35,871
1940	32,165
1930	29,995
1920	21,793

Source: U.S. Bureau of the Census

Unemployment

The most recent labor market information summary indicates that annualized and monthly unemployment for the years indicated was as shown in the following tables:

	<u>Annualized</u>				
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
East Providence	6.3 %	5.4 %	4.8 %	4.2 %	3.8 %
Rhode Island	6.0	5.2	4.4	4.0	3.6
United States	5.3	4.9	4.4	3.9	3.7

Source: Rhode Island Department of Labor & Training
Not Seasonally Adjusted

	<u>Monthly 2020</u>							
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>
East Providence	4.5 %	4.3 %	5.4 %	18.5 %	16.4 %	12.5 %	11.5 %	13.3 %
Rhode Island	4.1	4.0	5.0	17.9	16.2	12.3	11.4	13.0
United States	4.0	3.8	4.5	14.4	13.0	11.2	10.5	8.5

Source: Rhode Island Department of Labor & Training
Not Seasonally Adjusted

Employment

The following is a listing of the various types of industry in the City covered by the Department of Labor and Training:

	Total Wage	# of Units	Average Employment	% of Covered Emp.
Agriculture, Forestry, Fishing & Hunting	\$ *	1	*	0.00 %
Construction	57,302,124	182	856	4.24
Manufacturing	122,168,497	85	2,254	11.18
Wholesale Trade	68,678,500	91	1,133	5.62
Retail Trade	71,366,782	128	1,769	8.77
Transportation & Warehousing	13,481,289	32	386	1.91
Information	23,011,158	16	334	1.66
Finance & Insurance	179,841,368	99	2,658	13.18
Real Estate & Rental & Leasing	10,656,764	43	213	1.06
Professional & Technical Services	79,316,223	209	1,158	5.74
Management of Companies and Enterprises	4,994,996	11	61	0.30
Administrative & Waste Services	38,021,879	118	1,088	5.39
Educational Services	16,237,788	25	405	2.01
Health Care & Social Assistance	202,508,280	172	4,760	23.60
Arts, Entertainment, & Recreation	12,911,471	32	635	3.15
Accommodations & Food Services	32,942,517	120	1,767	8.76
Other Service Except Public Admin	24,273,532	136	691	3.43
TOTAL	\$ 957,713,168	1,500	20,168	100.00 %

* Data not shown due to the possibility of identifying data of a specific employer.

Source: Rhode Island Department of Labor and Training.

Data compiled May 2020 (2019 Annual Data)

Largest Employers

The following is a list of the largest private sector employers in the City.

<u>Employer Name</u>	<u>No. of Employees</u>
Bradley Hospital	815
Bank of America Call Center	750
Santander Bank	550
Citizens Bank Operations Center	350
Hasbro	350
Igus	250
Nordson EFD	250
University Othopedics	250
Interplex Engineered Products	215
Eaton Corporation	185

Source: City of East Providence

Income Levels

The following table represents the per capita and median family income according to the 2014-2018 American Community Survey (“ACS”):

	<u>Per Capita</u>	<u>Median Family</u>
East Providence	\$31,844	\$73,907
Rhode Island	34,619	81,822
<u>United States</u>	<u>32,621</u>	<u>73,965</u>

Source: American Community Survey 2014-2018

Housing

The total number of housing units in the City of East Providence according to the 2018 ACS is 20,712. This represents a decrease of 455 units from the 2017 ACS data. Of the 20,712 units, 1,044 were vacant, showing a decrease of 210 vacant units from the 2017 ACS data. The median selling price of an existing home was \$245,000 compared to \$285,000 statewide in 2019.

Building Permits

The following table lists the number of building permits issued by the City’s Building Inspector for each of the following fiscal years, ending October 31:

<u>Fiscal</u>	<u>No. of</u>
<u>Year</u>	<u>Permits</u>
2019	1,343
2018	1,361
2017	1,040
2016	1,499
2015	1,042
2014	964
2013	940

PROPERTY TAXES

General

The City's fiscal year begins November 1, and the tax levy is based on the current December 31 assessment. Taxes are payable in full on July 1, or quarterly thereafter. The City therefore receives only two quarterly installments of the current tax levy in its current operating year. The first installment is due eight months after the start of the fiscal year. This non-alignment of collection and fiscal years necessitates the issuance of Tax Anticipation Notes (see “Tax Anticipation Notes” herein). Uncollected property taxes are stated at the amounts originally assessed and do not include interest or penalties which may be assessed at the time of collection. All unpaid taxes as of the end of the fiscal year are recorded as receivable. Those not collected within 60 days are recorded as deferred revenue. Deferred revenues are those where asset recognition criteria have been met but for which revenue criteria have not been met. Tax sale properties are stated at acquisition cost (to include prior tax receivables) plus subsequent property tax assessments.

Tax Limitations

Rhode Island General Laws Section 44-5-2 limits the amount by which a city or town may increase its tax levy unless it qualifies for certain exemptions relating to loss of non-property tax revenue, emergencies, payment of debt service and substantial increase in the tax base necessitating significant expenditures. For fiscal year 2013 and thereafter, the maximum amount by which a city or town can increase its tax levy is 4%.

The amount levied by a city or town may exceed the tax levy cap described above if the city or town qualifies under one or more of the following provisions: (1) the city or town forecasts or experiences a loss in total non-property tax revenues and the loss is certified by the State Department of Revenue; (2) the city or town experiences or anticipates an emergency situation, which causes or will cause the levy to exceed the tax levy cap described above; (3) a city or town forecasts or experiences debt services expenditures which exceed the prior year's debt service expenditures by an amount greater than the percentage increase as specified above and which are the result of bonded debt issued in a manner consistent with State general law or a special act; or (4) the city or town experiences substantial growth in its tax base as the result of major new construction which necessitates either significant infrastructure or school housing expenditures by the city or town or a significant increase in the need for essential municipal services.

Any levy pursuant to Section 44-5-2 in excess of the percentage increase as specified in the immediately preceding paragraph shall be approved by the affirmative vote of at least four-fifths (4/5) of the full membership of the governing body of the city or town and, in the case of a city with a financial city meeting, the majority of electors present and voting at the financial city meeting shall also approve the excess.

Section 44-5-2 makes it clear that nothing contained in that Section constrains the payment of obligations as described by Section 45-12-1 of the Rhode Island General Laws, which provides that the outstanding notes, bonds and contracts of cities and towns shall be paid and be fulfilled according to their tenor, the power and obligation of each city and town to pay its general obligation bonds and notes shall be unlimited and each city and town shall levy ad valorem taxes upon all taxable property within the city or town for the payment of such bonds and notes and interest thereon, without limitation as to rate or amount, except as otherwise provided by or pursuant to law.

Analysis of Taxable Property

The following table shows an analysis of taxable real and personal property in the City for Fiscal Year 2019 and in the State for Fiscal Year 2020, assessed as of December 31, 2018. The mismatched years are due to East Providence's fiscal year end of October 31:

<u>Class</u>	<u>% of Total Assessed Valuation</u>	
	<u>City</u>	<u>State</u>
Residential	62.42 %	75.50 %
Commercial/Industrial	26.33	16.84
Tangible	5.92	3.87
Motor Vehicles	5.32	3.79
Total	100.00 %	100.00 %

Source: Rhode Island Department of Administration

Property Revaluation

Rhode Island law provides for statistical revaluations every 3 years and a full revaluation every 9 years. The City had a full revaluation completed as of December 31, 2018.

Assessed Valuations

The following table sets forth the assessed valuation of real and personal property in the City as of December 31, for the calendar years 2015 - 2019:

	As of December 31,				
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018*</u>	<u>2019</u>
	(000s)	(000s)	(000s)	(000s)	(000s)
Assessed Valuations:					
Real Property	\$ 3,836,401	\$ 3,829,851	\$ 3,865,897	\$ 4,414,136	\$ 4,423,816
Tangible Personal Property	265,477	268,390	263,009	272,003	280,819
Total Assessed Valuations	\$ 4,101,878	\$ 4,098,241	\$ 4,128,906	\$ 4,686,139	\$ 4,704,635
Less Exemptions	373,171	374,948	376,496	439,016	442,972
Net Assessed Valuations of Taxable Real & Tangible Personal Property	\$ 3,728,707	\$ 3,723,293	\$ 3,752,410	\$ 4,247,123	\$ 4,261,663

*Full revaluation

Motor Vehicle Tax Exemption

Prior to fiscal year 2018, State legislation required cities and towns to exempt a minimum of \$500 on all motor vehicles subject to taxation. With adoption of the fiscal year 2018 State Budget the State directed implementation of a five-year phase-out of municipal authority to tax motor vehicles. The State will reimburse cities and towns for all lost revenue resulting from the close out of this municipal tax program. The City's approved budget for fiscal year 2020 includes an exemption of \$3,000.

Schedule of Property Tax Levy and Collections

The following table sets forth the annualized tax collections for each of the past five fiscal years.

Annualized Collections	
<u>Fiscal Year</u>	<u>% Collected</u>
2019	97.04 %
2018	97.30
2017	96.32
2016	96.81
2015	96.56

Principal Taxpayers

The following table sets forth the principal taxpayers of the City and the assessed valuation of property (non-certified) held by such taxpayer as of December 31, 2019.

<u>Name</u>	<u>Assessed Valuation</u>
New England Gas Company	\$ 55,800,760
Citizens Bank	44,453,020
Mobil Oil	39,390,000
GAIA Real Estate	33,655,000
Rumford Apartments	21,613,500
Wampanoag LLC	21,163,800
Narragansett Electric Company	20,088,000
Hasbro, Inc.	19,790,940
Kettle Point Apartments LLC	17,399,500
Citizens Savings Bank	15,838,100

Source: Tax Assessor

CITY FINANCES

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements and relates to the timing of the measurements made, regardless of the measurement focus applied. All Governmental funds and Expendable Trust Funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available and expenses are recognized when liabilities are incurred. The Proprietary Fund is accounted for using the accrual basis of accounting. Its revenues are recognized when they are earned, and its expenses are recognized when they are incurred. The City's audit report for the year ended October 31, 2018 is set forth in APPENDIX D-2 of this Official Statement. The City's auditor for the fiscal year ended October 31, 2018 was Blum Shapiro. Blum Shapiro has not been engaged to perform, and has not performed, since the date of its report included herein, procedures on the financial statements addressed in that report. Blum Shapiro also has not performed any procedures relating to this official statement. The City's audit report for the year ended October 31, 2019 is expected in October 2020.

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CITY OF EAST PROVIDENCE, RHODE ISLAND

Balance Sheet

General Fund

For the Fiscal Years Ended October 31,

	2015	2016	2017	2018	Unaudited 2019
ASSETS					
Cash & Cash Equivalents	\$ 36,848,137	\$ 50,764,850	\$ 48,658,540	\$ 48,445,852	\$ 38,427,691
Investments	-	-	-	-	-
Accounts Receivable:					
Real Estate & Personal Property Taxes (net)	28,235,140	28,509,011	28,191,491	24,494,319	25,426,741
Due from Other Governments	140,415	-	-	-	-
Other Receivables	2,310	-	-	87,531	90,259
Internal Balances	8,421,643	4,815,883	-	-	-
Due From Other Funds	-	-	1,110,064	2,331,995	13,164,037
Inventory	24,653	-	43,070	33,430	88,792
Other Assets	20,000	20,000	-	-	-
Prepaid Items	614,872	611,222	682,383	3,713	3,131
Total Assets	\$ 74,307,170	\$ 84,720,966	\$ 78,685,548	\$ 75,396,840	\$ 77,200,651
LIABILITIES					
Accounts Payable & Accrued Expenditures	\$ 3,981,733	\$ 5,300,062	\$ 235,551	\$ 1,303,945	\$ 483,423
Accounts Payroll and Related Liabilities	-	-	3,783,732	3,201,735	2,135,036
Unearned Revenue	-	-	162,741	4,641	1,131,958
Due to Other Funds	-	-	14,027,804	30,066,652	31,770,134
Other Liabilities	-	-	91,157	214,672	369,444
Internal Balances	13,333,114	20,826,022	-	-	-
Deferred Revenue:					
Deferred Revenue	-	-	-	-	-
Unavailable Revenue - Taxes	-	-	28,191,491	24,494,319	25,426,741
Unearned Revenue:					
Other	165,932	144,232	-	-	-
Total Liabilities	\$ 17,480,779	\$ 26,270,316	\$ 46,492,476	\$ 59,285,964	\$ 61,316,736
DEFERRED INFLOW OF RESOURCES					
Unearned Tax Revenue	\$ 28,235,140	\$ 28,509,011	\$ -	\$ -	\$ -
FUND BALANCES					
Nonspendable Fund Balances	\$ 639,525	\$ 611,222	\$ 725,453	\$ 37,143	\$ 91,923
Assigned Fund Balances	13,626,148	14,486,836	1,500,000	1,939,233	-
Unassigned, Reported in:					
General Fund	14,325,578	14,843,581	29,967,619	14,134,500	15,791,992
Total Fund Balances	\$ 28,591,251	\$ 29,941,639	\$ 32,193,072	\$ 16,110,876	\$ 15,883,915
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES & FUND BALANCES	\$ 74,307,170	\$ 84,720,966	\$ 78,685,548	\$ 75,396,840	\$ 77,200,651

TOWN OF EAST PROVIDENCE, RHODE ISLAND
Statement of Revenues, Expenditures and Changes in Fund Balances
General Fund
For the Fiscal Years Ended October 31,

	2015	2016	2017	2018	Unaudited 2019
REVENUES					
General Property Tax	\$ 102,800,454	\$ 102,383,748	\$ 104,687,397	\$ 107,037,352	\$ 107,504,557
Intergovernmental	6,464,321	6,117,922	5,181,816	4,951,382	6,127,676
Charges for Services	5,066,831	4,731,127	6,062,092	6,091,602	6,717,127
Licenses & Permits	-	-	1,302,288	1,352,364	1,139,012
Fines & Penalties	1,580,454	1,875,168	429,861	310,152	213,433
Investment & Interest Income	1,149,042	933,923	124,043	235,406	353,220
Contributions & Private Grants	1,773	-	-	-	-
Other Revenue	5,786	-	-	-	-
Total Revenues	\$ 117,068,661	\$ 116,041,888	\$ 117,787,497	\$ 119,978,258	\$ 122,055,025
EXPENDITURES					
Current:					
General Government	\$ 6,276,742	\$ 6,813,719	\$ 6,271,025	\$ 6,037,318	\$ 6,283,829
Public Safety	34,303,074	34,447,533	35,938,080	36,976,605	38,640,672
Public Works	7,340,337	7,669,185	8,056,636	8,054,822	8,139,192
Parks & Recreation	770,785	928,137	949,710	1,059,151	999,280
Sanitation	2,557,293	2,603,651	2,699,827	2,889,845	2,803,836
Public Libraries	1,966,841	2,141,016	2,194,096	2,194,755	2,180,111
Benefits & Other Miscellaneous	10,949,939	11,501,735	7,079,740	5,529,416	5,745,904
Capital Outlay	-	-	962,047	3,368,948	-
Debt Service	4,290,171	4,772,184	5,004,048	4,687,650	4,844,125
Total Expenditures	\$ 68,455,182	\$ 70,877,160	\$ 69,155,209	\$ 70,798,510	\$ 69,636,949
Excess of Revenues Over (Under)					
Expenditures Before Other Financing Sources (Uses)	\$ 48,613,479	\$ 45,164,728	\$ 48,632,288	\$ 49,179,748	\$ 52,418,076
Other Financing Sources (Uses):					
Transfers From Other Funds	\$ -	\$ 233,157	\$ 139,342	\$ -	\$ 1,939,233
Transfers to Other Funds	(43,197,809)	(44,047,497)	(46,520,197)	(65,261,944)	(54,584,270)
Total Other Financing Sources (Uses)	\$ (43,197,809)	\$ (43,814,340)	\$ (46,380,855)	\$ (65,261,944)	\$ (52,645,037)
Net Changes in Fund Balances	\$ 5,415,670	\$ 1,350,388	\$ 2,251,433	\$ (16,082,196)	\$ (226,961)
Fund Balances (deficits), Beginning of Year	\$ 23,175,581	\$ 28,591,251	\$ 29,941,639	\$ 32,193,072	\$ 16,110,876
Fund Balances (deficits), End of Year	\$ 28,591,251	\$ 29,941,639	\$ 32,193,072	\$ 16,110,876	\$ 15,883,915

City Budget

The City's adopts budgets for the General, Proprietary and certain Special Revenue Funds on the modified accrual basis except that encumbrances are treated as budgeted expenditures in the year of incurrence of the commitment to purchase.

The actual expenditures in the Combined Statement of Revenue and Expenditures—Budget and Actual—General, Special Revenue and Proprietary Fund Types are presented on the budgetary basis which includes the net effect of encumbrances and the effect of not budgeting for certain other items. Thus, these actual expenditures differ from those in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances—All Governmental Fund Types and the Combined Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Balances—All Proprietary Fund Types and similar accounting principles. In addition, the actual expenditures in the Combined Statement of Revenues and Expenditures—Budget and Actual—General, Special Revenue and Proprietary Fund Types, Budgetary Basis includes the effect of budgeting for additions to property and equipment and repayments of long-term debt, and the effect of not budgeting for depreciation expense in the budgetary expenses in the Proprietary Funds. All Governmental Fund Types are presented in accordance with generally accepted accounting principles.

The Special Revenue Funds as presented in the Combined Statement of Revenues and Expenditures—Budget and Actual—General and Special Revenue Fund Types only includes the Federal Revenue Sharing, Unrestricted School Fund and two Restricted School Funds, P.L. 94-142 Handicapped Aid Grant and Section IV State Disadvantaged. All other Special Revenue Funds are excluded as they have no budgets.

Encumbrances accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General and Special Revenue Funds. Encumbrances outstanding at year end are reported as reservations of fund balances since they do not constitute expenditures or liabilities.

The City's actual budget results for the fiscal year ended October 31, 2018, the unaudited results for fiscal year ended October 31, 2019, and the adopted budget for the fiscal year ended October 31, 2020 are shown in the following table:

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	Actual 2018	Unaudited 2019	Adopted Budget 2020
REVENUES:			
Tax Collection	\$ 107,425,029	\$ 107,986,711	\$ 111,145,103
School - State Aid	34,906,373	35,947,776	36,222,919
City - State Aid	5,540,891	7,258,293	7,012,960
City - Department Revenue	7,301,769	7,333,701	7,107,271
School - Department Revenue	1,504,803	-	1,590,000
Other	221,783	2,272,648	1,689,603
Total Revenue	\$ 156,900,648	\$ 160,799,129	\$ 164,767,856

	Actual 2018	Unaudited 2019	Adopted Budget 2020
EXPENSES:			
City Council	\$ 29,667	\$ 27,137	\$ 180,412
City Mayor	-	366,579	463,290
City Manager	292,489	34,556	-
Senior Services	424,974	392,768	323,378
IT	1,022,472	916,754	866,724
City Clerk	710,834	677,035	668,171
Finance	850,930	789,711	730,595
Tax Collection	619,886	714,366	563,121
Tax Assessment	576,459	592,488	472,407
Planning	585,448	599,389	780,527
Law	338,033	332,134	376,852
Human Resources	367,356	611,735	707,997
Canvassing Authority	222,765	229,167	270,103
Library	2,194,754	2,180,111	2,486,343
Public Works	279,521	282,049	278,471
Building Inspection	828,337	827,412	845,718
Engineering	700,910	679,000	724,042
Highway	4,411,412	4,499,366	4,840,879
Streetlights	678,891	657,133	600,000
Refuse Disposal	2,889,844	2,803,836	2,854,969
Public Buildings	1,235,223	1,216,918	1,201,714
Central Garage	748,864	807,213	818,537
Police	16,271,035	16,585,250	16,633,870
Animal Shelter	339,116	327,499	321,964
Harbor Master	53,535	50,708	50,652
Fire	19,484,584	20,887,623	21,618,819
Recreation	890,943	843,436	541,633
Pierce Stadium	32,520	21,603	76,500
Carousel	135,684	135,601	163,477
Misc/General Gov't	5,791,852	5,724,370	6,628,256
Debt Service	4,687,651	4,844,137	6,049,841
Capital	3,368,947	4,235,520	3,690,897
School Department	82,193,538	83,681,250	87,937,696
Total Expenses	\$ 153,258,474	\$ 157,573,854	\$ 164,767,856

Surplus(Deficit) \$ 3,642,174 \$ 3,225,275

Financial Statements

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The accounting methods and procedures adopted by the City conform to generally accepted accounting principles as applied to governmental entities.

Reporting Requirements of Municipalities and School Districts

The City is subject to the financial reporting requirements of the Financial Reporting Act codified in Rhode Island General Laws § 45-12-22.1 et seq. This Act was passed in order to ensure that municipalities and school districts monitor their financial operations on an ongoing basis and to prevent potential budget deficits.

Reporting

- The chief financial officer of the municipality must submit monthly reports to the municipality's chief executive officer, each member of the city or town council, and school district committee certifying the status of the municipal budget, including the school department budget or regional school budget.
- The chief financial officer of the municipality must also submit quarterly reports to the State Division of Municipal Finance, the Commissioner of Education, and the Auditor General certifying the status of the municipal budget. The chief financial officer of the school department or school district shall certify the status of the school district's budget and shall assist in the preparation of these reports.
- If any reports project a year-end deficit, the chief financial officer of the municipality must submit a corrective action plan, providing for the avoidance of a year-end deficit, to the State Division of Municipal Finance, the Commissioner of Education, and the Auditor General on or before the last day of the month succeeding the close of the fiscal quarter.
- If, at the end of the fiscal year, the chief financial officer determines that it is likely that the city or town's general fund or combined general fund and unrestricted school special revenue fund will incur a deficit, the municipality must immediately develop a plan to eliminate the accumulated year-end deficit by annual appropriation over no more than five (5) years, in equal or diminishing amounts. This plan must be submitted to the State Auditor General for approval.

Restrictions and Requirements

- Except as provided in Chapter 45-9 of the Rhode Island General Laws, no municipality can sell long-term bonds in order to fund a deficit without prior approval by the Rhode Island Auditor General and the Director of the Rhode Island Department of Revenue.
- No municipality can incur expenditures or obligate the municipality to expend unbudgeted amounts in excess of \$100,000 without first notifying the city or town council of the proposed expenditure and identifying the source of funding. Any such expenditure must be included in the chief financial officer's monthly report.
- No school committee or school department can incur accumulated unbudgeted expenditures in excess of \$100,000 without notifying the chief financial officer of the municipality of the proposed expenditure and identifying the source of funding. Any such expenditure must be included in the chief financial officer's monthly report.
- School committees, boards or regional school districts that are independent government entities within a municipality must cooperate in providing to the chief financial officer all information needed to

formulate his or her reports and the deficit elimination plan.

Remedies

- If a municipality does not comply with the requirements of the Financial Reporting Act, the State Auditor General or State Division of Municipal Finance, through the Director of Revenue, may elect any or all of the following remedies:
 - Petition the Superior Court for mandatory injunctive relief seeking compliance with the provisions of the Financial Reporting Act;
 - In the event a municipality fails to provide a year-end deficit elimination plan, implement a financial review commission pursuant to Rhode Island General Laws Section 45-9-3; or
 - Withhold State aid.
- If a school committee or board fails to cooperate with the municipality or provide all information requested by the chief financial officer needed to formulate a plan:
 - The Auditor General or the Director of Administration may petition the Superior Court to order the school committee or board to cooperate; and
 - The Director of Administration may also direct the Rhode Island Controller and General Treasurer to withhold State Aid from a school committee until the school committee or board cooperates in the formulation of the plan.

The City has not been advised by the Auditor General or State's Director of Revenue (the "Director of Revenue") that it is not presently in compliance with the Financial Reporting Act.

State Oversight

On June 11, 2010, the Rhode Island General Assembly enacted "An Act Relating to Cities and Towns—Providing Financial Stability" the purpose of which is to provide a mechanism for the State to work with cities and towns undergoing financial distress that threatens the fiscal well-being, public safety and welfare of such cities and towns, or welfare of other cities and towns or the State in order to preserve the safety and welfare of the citizens of the State and their property and the access of the State and its municipalities to capital markets.

The Financial Stability Act prohibits municipalities from filing for judicial receivership and clarifies that the Superior Court has no jurisdiction to hear such matters.

The Financial Stability Act gives the State, acting primarily through the Department of Revenue, the power to exercise varying levels of support and control depending on the circumstances. It creates three levels of State oversight and control: Level I--Fiscal Overseer, Level II-- Budget Commission, and Level III -- Receiver. The State Director of Revenue, in consultation with the Auditor General, may skip fiscal overseer and budget commission by appointing a receiver in a fiscal emergency.

Fiscal Overseer (Level I)

A fiscal overseer may be appointed by (1) request of the municipality, which request is approved by the State's Division of Municipal Finance and the Auditor General; or (2) the State Director of Revenue, if (i) the Director of Revenue, in consultation with the Auditor General, finds that any two or more of the following events have occurred; or (ii) the Director of Revenue finds, in his or her sole discretion, that any two of the following events have occurred which are of such a magnitude that they threaten the fiscal wellbeing of the city or town, or diminish the city's or town's ability to provide for the public safety or welfare of its citizens:

- The city or town projects a deficit in the municipal budget in the current fiscal year and again in the upcoming fiscal year
- The city or town has not filed its audits with the auditor general by the deadlines required by law for two (2) successive fiscal years (not including extensions authorized by the Auditor General)
- The city or town has been downgraded by one of the nationally recognized statistical rating organizations
- The city or town otherwise unable to obtain access to credit markets on reasonable terms
- The city or town does not promptly respond to requests made by the Director of Revenue, or the Auditor General, or the chairpersons of the house or senate finance committees for financial information

The Director of Revenue may also appoint a fiscal overseer for failure to comply with the financial reporting and action plan requirements relating to budget deficits. A fiscal overseer acts in an advisory capacity to municipal officials, approves budgets and reports to State officials regarding progress.

Budget Commission (Level II)

A budget commission may be established by request of a municipality or without such a request, if the fiscal overseer reports to the State Director of Revenue that the city or town is unable to present a balanced municipal budget, faces a fiscal crisis that poses an imminent danger to the safety of the citizens of the city or town or their property, will not achieve fiscal stability without the assistance of a budget commission, the tax levy should not be approved, or otherwise determines that a budget commission should be established. A budget commission is composed of five (5) members: three (3) designees of the Director of Revenue, the elected chief executive officer of the city, and the president of the city or town council (or in cities or towns in which the elected chief executive officer is the president of the city or town council, then the appointed city or town manager). A budget commission has more significant powers over financial matters, including but not limited to the power to:

- Amend, formulate and execute annual and supplemental municipal budgets and capital budgets;
- Reorganize, consolidate or abolish municipal departments, commissions, authorities, boards, offices or functions;
- Issue bonds, notes or certificates of indebtedness to fund a deficit of the city or town, to fund cash flow and to finance capital projects.

Receiver (Level III)

The State Director of Revenue may appoint a receiver if the budget commission recommends appointment of a receiver after concluding that its powers are insufficient to restore fiscal stability to the city or town. A receiver may exercise any function or power of any municipal officer, employee, board or commission and has the power to file on behalf of a city or town for bankruptcy in federal bankruptcy court.

The City is not currently subject to the Financial Stability Act.

State Aid

State School Operations Aid

Pursuant to Rhode Island General Laws Sections 16-7-15 to 16-7-34 et seq., as amended, the State provides school operations assistance aid (also known as “Basic Education Aid”) to each municipality and school district in the State, subject to annual appropriation by the General Assembly. The General Assembly substantially changed the funding formula for school operations beginning in fiscal year 2012. The statutes provide for reimbursement of school expenditures based on a formula which adjusts the reimbursement ratio based on the relative equalized valuation of property and median family income relative to the State as a whole. There are no assurances, however, that the General Assembly will continue this program or appropriate sufficient funds for its implementation. Basic Education Aid is subject to pro-rata reduction in accordance with State law. Under this program the City’s School Department received

\$34,906,373 in the fiscal year ended October 31, 2018 and an unaudited amount of \$35,215,335 for the fiscal year ending October 31, 2019. The legislation authorizing Basic Education Aid is subject to further change.

In 2012, the General Assembly amended the General Laws to provide that Basic Education Aid may be intercepted to pay debt service on bonds issued by the Rhode Island Health and Educational Building Corporation (“RIHEBC”) for the benefit of a municipality in the event the municipality fails to make timely payments of debt service on school construction bonds issued for the municipality through RIHEBC.

State School Construction Aid

Pursuant to Rhode Island General Laws Sections 16-7-35 to 16-7-47, as amended, the State provides construction aid to Rhode Island municipalities for the cost of building or renovating public schools. All buildings constructed or renovated since July 1, 1949 are eligible for assistance of a minimum of 40% (for school housing projects completed after June 30, 2010 that received approval from the State Board of Regents for Elementary and Secondary Education (now the Board of Education) prior to June 30, 2012) or 35% (for school housing projects that received approval from the Board of Education after June 30, 2012) of the full cost of such buildings. Such assistance level may be further increased by a formula which takes into account the equalized assessed valuation and debt service burden of the particular municipality. State aid reimbursement for school construction projects is based on the share ratio established for that year by the State Department of Education. The City’s reimbursement rate for projects completed in fiscal year 2019 is 53%. This ratio can vary from year to year and from project to project depending on its completion date.

For projects approved by the voters after June 30, 2003, the cost of interest on any bond will be reimbursed as an eligible project cost only if the bonds for these projects are issued through RIHEBC. School construction aid attributable to projects financed through RIHEBC bonds is paid by the State directly to the RIHEBC trustee for such RIHEBC bonds and is not directly available to the City for other purposes. Furthermore, if the City defaults in making any payment due to the RIHEBC trustee in support of any RIHEBC bond, any State aid in respect of other school housing projects may be redirected by the State to the trustee for the RIHEBC bond. School housing costs subject to State aid reimbursement shall not include bond issuance costs and demolition costs for buildings, facilities, or sites deemed surplus by the school committee. The legislation authorizing State School Construction Aid is subject to future change and all State aid is subject to annual appropriation by the Rhode Island General Assembly. The City received \$2,321,077 in State School Construction Aid for the fiscal year ended October 31, 2018 and an unaudited amount of \$3,446,878 for the fiscal year ending October 31, 2019. The City has budgeted \$2,103,472 for fiscal year 2020.

INDEBTEDNESS OF THE CITY

There are three statutory mechanisms for municipalities in Rhode Island to obtain legal authority to issue general obligation debt: 1) Section 45-12-2 of the General Laws (the “3% Debt Limit Statute”), 2) special acts of the General Assembly, and 3) ministerial approval by the State’s Auditor General. The City Council may authorize borrowing under the Rhode Island General Laws; however, with certain exceptions set forth in State Law, the City Charter requires that general obligation bond issues must be approved by the voters at referendum. Examples of such exceptions are refunding bonds (Section 45-12-5.2 of the General Laws) and bonds for judgements (Section 45-12-4.4 of the General Laws).

The 3% Debt Limit Statute was enacted in 1896 as a limitation on the amount of debt municipalities could incur. The 3% Debt Limit Statute provides that except as explained below, municipalities may not, without special statutory authorization, or ministerial approval by the Auditor General of the State (described below), incur any debt, which would increase its aggregate indebtedness not otherwise excepted by law to an amount greater than 3% of the full assessed value of the taxable property within the municipality. Deducted from the computation of aggregated indebtedness is the amount of any borrowing in anticipation of taxes authorized by law and the amount of any fund held on account to pay such indebtedness maintained by the City. In computing the value of taxable property, motor vehicles and trailers are valued at full value without regard to assessed value reductions provided for in other sections of the general laws.

The 3% debt limit of the City as of October 31, 2019 is \$127,413,690 based on net assessed valuations of \$4,247,123,000 as of December 31, 2018 used for the fiscal 2019 tax levy. As of October 31, 2019, the City is under the debt limit by \$124,540,690; the remaining outstanding debt has been authorized by special act of the Rhode Island General Assembly and referenda approved by the City's electorate.

In July 2007, the Rhode Island State Legislature enacted legislation effective January 1, 2008 allowing for ministerial approval by the State's Auditor General of debt outside of the 3% debt limit for communities with an "A" rating or better, if the community also satisfies certain requirements. The City has no debt outstanding under the ministerial approval process.

In addition to debt authorized pursuant to the 3% Debt Limit Statute, ministerial approved debt and debt authorized by special act of the General Assembly, Rhode Island General Laws Section 45-12-11 authorizes the State Director of Revenue, upon petition by a city or town, to authorize such city or town to incur indebtedness in excess of the 3% debt limit whenever the State Director of Revenue shall determine that the sums appropriated by the municipality or its funds available are insufficient to pay the necessary expenses of the city or town. The City has not requested the State Director of Revenue to authorize indebtedness of the City under Section 45-12-11.

Under Rhode Island General Laws Section 45-12-4.4 a city or town may authorize the issuance of bonds, notes, or other evidences of indebtedness without voter approval to pay the uninsured portion of any court judgment or settlement, except any court judgment or settlement arising out of any pension obligation of a city or town; provided however, that the outstanding principal amount, in aggregate, shall not exceed five percent (5%) of the total amount of the city or town's most recently adopted municipal budget. As of October 31, 2018, the City had no bonds outstanding issued pursuant to Rhode Island General Laws Section 45-12-4.4.

Outstanding Debt

As of October 31st, for the years indicated, the outstanding long-term, tax-supported governmental funds indebtedness of the City is as follows:

	Outstanding 10/31/2015	Outstanding 10/31/2016	Outstanding 10/31/2017	Outstanding 10/31/2018	UNAUDITED Outstanding 10/31/2019
Governmental Debt					
General Obligation Debt					
Series 2010	\$ 4,500,000	\$ 4,250,000	\$ 4,000,000	\$ 3,000,000	\$ 2,750,000
RIHEBC Schools Series 2012B	13,780,000	13,150,000	12,510,000	11,850,000	11,170,000
Series 2014 Refunding	12,184,893	10,322,690	7,631,349	6,018,966	4,892,399
RIIB Road & Bridge	1,103,000	991,000	877,000	761,000	642,000
Total General Obligation Debt	\$ 31,567,893	\$ 28,713,690	\$ 25,018,349	\$ 21,629,966	\$ 19,454,399
Appropriation-Backed Debt					
RIIB Energy Efficiency	\$ -	\$ -	\$ -	\$ 2,370,000	\$ 2,231,000
Total Appropriation-Backed Debt	-	-	-	\$ 2,370,000	\$ 2,231,000
Lease-Backed Debt to RIHEBC					
RIHEBC Schools Series 2007C	\$ 800,000	\$ 640,000	\$ -	\$ -	\$ -
RIHEBC Schools Series 2010	3,059,000	2,810,000	2,550,000	2,278,000	1,994,000
RIHEBC Schools Series 2010	6,023,000	5,534,000	5,021,000	4,487,000	3,925,000
Total Lease-Backed Debt to RIHEBC	\$ 9,882,000	\$ 8,984,000	\$ 7,571,000	\$ 6,765,000	\$ 5,919,000
TOTAL TAX-SUPPORTED GOVERNMENTAL DEBT⁽¹⁾	<u>\$ 41,449,893</u>	<u>\$ 37,697,690</u>	<u>\$ 32,589,349</u>	<u>\$ 30,764,966</u>	<u>\$ 27,604,399</u>

⁽¹⁾ Does not include HUD Loan, which matured in 2018

In addition to the above governmental debt, the City has issued Wastewater System Revenue Bonds to the Rhode Island Infrastructure Bank ("RIIB"), formerly known as the Rhode Island Clean Water Finance Agency. The City's Wastewater System Revenue Bonds issued to RIIB are not general obligations of the City, but rather, are special

obligations payable solely from wastewater system revenues. There are no authorized but unissued Wastewater Revenue Bonds. Below is a summary of City Wastewater System Revenue Bonds issued to RIIB.

Original Principal		
Date Issued	Amount	Final Maturity
6/28/2012	\$ 17,500,000	9/1/2033
3/29/2011	23,000,000	9/1/2032
6/24/2010	7,000,000	9/1/2031
10/6/2009	10,000,000	9/1/2030

In addition to the above, the City has issued Water System Revenue Bonds with RIIB. The City's Water System Revenue Bonds issued to RIIB are not general obligations of the City, but rather, are special obligations payable solely from water system revenues. Below is a summary of RIIB Water System Revenue Bonds. The City has \$275,000 of authorized Water System Revenue Bonds that have not been issued.

Original Principal		
Date Issued	Amount	Final Maturity
10/31/2018	\$ 2,000,000	9/1/2028
9/25/2017	1,850,000	9/1/2032
12/18/2014	18,725,000	9/1/2036
11/4/2011	2,000,000	9/1/2031
2/12/2010	561,206	9/1/2030
11/19/2009	6,000,000	9/1/2030

Actual Tax-Supported Governmental Bond Debt Service Requirements

The following table sets forth a schedule of tax-supported government activities debt service for the outstanding bonds of the City for the years ending October 31, 2020 through October 31, 2033.

Year Ending October 31,	Tax-Supported Debt Service		
	Principal	Interest	Total
2020	\$ 3,437,006	\$ 1,045,972	\$ 4,482,978
2021	3,368,545	927,917	4,296,462
2022	3,166,981	798,133	3,965,114
2023	3,232,763	671,689	3,904,452
2024	2,840,104	546,288	3,386,392
2025	2,328,000	429,623	2,757,623
2026	1,256,000	324,664	1,580,664
2027	1,289,000	281,557	1,570,557
2028	1,322,000	237,251	1,559,251
2029	1,361,000	189,363	1,550,363
2030	1,400,000	139,881	1,539,881
2031	1,190,000	88,806	1,278,806
2032	1,229,000	47,560	1,276,560
2033	184,000	4,858	188,858
Total	\$ 27,604,399	\$ 5,733,562	\$ 33,337,961

Lease Purchases

The City had \$1,239,832 in outstanding lease purchases for vehicles and equipment at October 31, 2018. The unaudited amount of lease purchases outstanding at October 31, 2019 was \$991,865.

Debt Ratios and Debt Per Capita

Fiscal Year Ended October 31	Population*	Net Assessed Valuation	Estimated Full Value	Tax Supported Debt Outstanding	Net GO Debt Per Capita	Ratio of Net GO Debt to Estimated Full Value
2019	47,037	\$ 4,247,123,222	\$ 4,993,449,516	\$ 27,604,399	\$ 587	0.55 %
2018	47,037	3,723,293,000	4,440,399,781	30,764,966	654	0.69
2017	47,037	3,728,707,000	4,450,688,405	32,589,649	693	0.73
2016	47,037	3,560,414,000	4,449,026,724	37,697,690	801	0.85
2015	47,037	3,560,135,000	4,452,304,596	41,449,893	881	0.93

* 2010 U.S. Census

Authorized but Unissued General Obligation Debt

The City has the following authorized but unissued debt:

Authorization Chapter	Year	Purpose	Original Total Authority	Bonds Issued	BANs Outstanding	Unissued Authority
214	1998	Sewers/Storm Drains	\$ 6,175,000	\$ 3,175,000	-	\$ 3,000,000 ⁽¹⁾
216	1998	Sanitary Sewers	1,208,000	1,205,000	-	3,000
217	1998	High School	5,097,000	5,095,000	-	2,000
268/344	2002	Community Recreation Complex	5,000,000	-	-	5,000,000
113/146	2018	High School	189,500,000	-	78,000,000	111,500,000 ⁽²⁾
			\$ 206,980,000	\$ 9,475,000	\$ 78,000,000	\$ 119,505,000

(1) The City does not intend to issue the \$3,000,000 authorized for Sewers/Storm Drainage purposes.

(2) The unissued authority will be further reduced by \$24,000,000 as of the settlement of this bond issue.

Special Obligation Tax Increment Bonds—Kettle Point Project

Pursuant to the State's Tax Increment Financing Statute, Title 45, Chapter 33.2 of the Rhode Island General Laws, as amended (the "TIF Act"), the City Council adopted the East Providence Waterfront Special Development District Tax Increment Financing Project Plan (the "Project Plan") which designated the Kettle Point Tax Increment Area (the "Kettle Point Project Area"). Under the Project Plan, the Kettle Point Tax Increment Area is the site of a 34-acre master planned mixed use development consisting of an 88,670 square foot medical office building and 290 residential units.

On January 7, 2017, the City issued \$10,600,000 of Special Obligation Tax Increments Bonds in order to (1) acquire and finance land and improvements including roads, utilities and the development and improvement of recreational areas in the Kettle Point Tax Increment Area, (2) finance the costs associated with issuing such bonds, (3) fund capitalized interest and reserves, including any required debt service reserve fund, in order to secure such bonds, and (4) pay any other expenses related to such project which may be financed under the TIF Act, including the reimbursement of expenses previously paid from other sources incidental to the planning, implementing and financing of such project.

The Special Obligation Tax Increment Bonds are special obligations payable solely from project revenues as defined in the TIF Act, including pledged tax increment payments and special assessments pledged for such repayment and are not a general obligation of the City.

The following table outlines the debt service coverage and projected coverage of the Special Obligation Tax Increment Bonds.

City of East Providence, Rhode Island
Special Obligation Tax Increment Bonds Debt Service Coverage

Bond Year Ending	Annual Debt Service and Administrative Expenses	Net Incremental Property Tax	Surplus (Deficit)	Cumulative Surplus	Debt Service Coverage	
					Pledged TIF Revenues	Total Revenues
15-May-18	0	\$ 60,737	\$ 60,737	\$ 60,737	N/A	N/A
15-May-19	0	537,460	537,460	598,196	N/A	N/A
15-May-20	\$ 850,586	862,353	11,766	609,963	101%	101%
15-May-21	851,223	1,121,694	270,471	880,433	132	132
15-May-22	931,872	1,172,102	240,230	1,120,663	126	126
15-May-23	954,535	1,198,299	243,764	1,364,427	126	126
15-May-24	969,211	1,222,265	253,054	1,617,481	126	126
15-May-25	991,400	1,246,710	255,310	1,872,791	126	126
15-May-26	1,010,103	1,274,399	264,296	2,137,087	126	126
15-May-27	1,035,320	1,299,887	264,567	2,401,654	126	126
15-May-28	1,051,051	1,325,884	274,833	2,676,487	126	126
15-May-29	1,075,047	1,355,156	280,109	2,956,596	126	126
15-May-30	1,095,683	1,382,259	286,576	3,243,172	126	126
15-May-31	1,117,959	1,409,905	291,945	3,535,117	126	126
15-May-32	1,146,501	1,440,857	294,356	3,829,473	126	126
15-May-33	1,165,559	1,469,674	304,116	4,133,589	126	126
15-May-34	1,190,507	1,499,068	308,561	4,442,150	126	126
15-May-35	1,215,597	1,531,804	316,206	4,758,356	126	126
15-May-36	1,240,454	1,562,440	321,985	5,080,341	126	126
15-May-37	1,264,703	1,593,688	328,985	5,409,326	126	126
15-May-38	1,292,970	1,628,317	335,347	5,744,673	126	126
15-May-39	1,319,504	1,660,883	341,379	6,086,051	126	126
15-May-40	1,343,932	1,694,101	350,169	6,436,220	126	126
15-May-41	1,375,878	1,730,737	354,859	6,791,079	126	126
	<u>\$ 24,489,597 *</u>	<u>\$ 31,280,676 *</u>	<u>\$ 6,791,079 *</u>	<u>\$ 77,786,059 *</u>		

*May not total due to rounding

As provided in the Act, the Project Plan and the bond indenture, after October 31, 2020 the City may use the excess of each year's net tax increment over the amount actually applied to debt service on the Special Obligation Tax Increment Bonds in such fiscal year to make a deposit into the City's general fund.

The City has several other TIF projects that in the early stages under consideration.

Tax Anticipation Notes

The City's fiscal year begins November 1, and the tax levy is based on the current December 31 assessment. Taxes are payable in full on July 1, or quarterly thereafter. The City therefore receives only two quarterly installments of the current tax levy in its current operating year. The first installment is due eight months after the start of the fiscal year. Due to the non-alignment of collection and fiscal year, the City granted a 1.5% discount if property taxes were paid in full between June 1 and July 1. This non-alignment of collection and fiscal years also necessitates borrowing of notes in anticipation of taxes.

The City has historically paid all tax anticipation note borrowings before the close of its fiscal year. Set forth below is a summary of the City's tax anticipation note borrowings since fiscal year 2012.

<u>Amount Borrowed</u>	<u>Date Borrowed</u>	<u>Date Due</u>
\$ 17,500,000	March 14, 2019	July 30, 2019
17,500,000	March 28, 2018	July 26, 2018
20,000,000	March 29, 2017	July 27, 2017
20,000,000	March 29, 2017	July 27, 2017
20,000,000	March 2, 2016	July 28, 2016
25,000,000	December 18, 2014	July 30, 2015
12,500,000	February 28, 2014	July 29, 2014
12,500,000	December 20, 2013	July 29, 2014
4,790,000	March 28, 2013	July 31, 2013
5,000,000	February 12, 2013	July 31, 2013
10,000,000	December 21, 2012	July 31, 2013
10,000,000	February 15, 2012	June 29, 2012

Overlapping Debt

The City does not have any overlapping entities (other than the State) with power to incur debt. The City does not have a contingent liability to assume the debt of the State or any such entity.

LITIGATION

The City is a defendant in numerous lawsuits. With respect to any litigation, in the opinion of the City Solicitor, after consultation with the Director of Finance, there is no litigation pending against the City which, either individually or in the aggregate, would result in judgments that would have a material adverse effect on the City's financial position or its ability to meet its debt service obligations.

CITY OF EAST PROVIDENCE

By: /s/ Malcolm Moore
Director of Finance

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APPENDIX D-2

Financial Statements of the City of East Providence

The City of East Providence has filed its audited financial statements for the fiscal year ended October 31, 2018 and its unaudited financial statements for the fiscal year ended October 31, 2019 (collectively, the “City Financial Statements”) with the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access System. The City Financial Statements are hereby incorporated by reference into this Official Statement as part of APPENDIX D. Copies of the City Financial Statements may be accessed online at www.emma.msrb.org. Copies of the City Financial Statements are also available by contacting the Bank at 235 Promenade Street, Suite 119, Providence, Rhode Island 02908, telephone: (401) 453-4430, fax: (401) 453-4094.

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APPENDIX E

Proposed Form of Bond Counsel Opinion

Date of Delivery

Rhode Island Infrastructure Bank
235 Promenade Street, Suite 119
Providence, Rhode Island 02908

\$13,970,000 Rhode Island Infrastructure Bank Efficient Buildings Fund
Revenue Bonds, Series 2020 A (Green Bonds) (the “Bonds”)
Dated their Date of Delivery

We have acted as bond counsel to the Rhode Island Infrastructure Bank (the “Bank”) in connection with the issuance by the Bank of the above-referenced Bonds pursuant to (i) the Rhode Island Infrastructure Bank Act, constituting Chapter 12.2 of Title 46 of the Rhode Island General Laws, as amended, including Section 4.2 thereof which established an efficient buildings fund of the Bank (collectively the “Act”) and (ii) the Indenture of Trust dated as of November 1, 2018, between the Bank and U.S. Bank National Association, as trustee (the “Trustee”), as supplemented by the First Supplemental Indenture of Trust dated as of November 1, 2018, and the Second Supplemental Indenture of Trust dated as of October 1, 2020 (as modified, amended or supplemented, “the Indenture”). In such capacity, we have examined the law and the record of proceedings and other documents as we have deemed necessary to render this opinion, including the Indenture. Capitalized terms used herein shall, unless otherwise specified, have the meanings set forth in the Indenture.

The Bonds are payable, in part, as to principal and interest from and are secured by a lien on and a pledge of the Loan Agreements (the “Loan Agreements”) between the Bank and certain public bodies (the “Borrowers”) and of certain bonds or notes (the “Borrowers Bonds”) issued pursuant to each respective Loan Agreement. Each Borrower Bond has been delivered to the Bank accompanied by an opinion of bond counsel to each respective Borrower relative to the validity and tax exempt status of that Borrower Bond and that Borrower’s obligation under the Loan Agreement relating thereto.

In rendering the opinions set forth herein, we have made a review of such legal proceedings as we have deemed necessary to approve the legality and validity of the Bonds and relied upon representations of the Bank and the Borrowers contained in the Indenture and Loan Agreements, respectively, the certified proceedings and other certifications furnished to us by the Bank of the Borrowers without undertaking to verify the same by independent investigation. In rendering the opinions set forth herein, we have not been requested to examine any document or financial or other information concerning the Bank, the Borrowers, the Borrower Bonds or any Project (each as defined in the applicable Loan Agreement) other than the record of proceedings referred to above and we express no opinion as to the accuracy, adequacy or sufficiency of any financial or other information which has been or will be supplied to purchasers of the Bonds.

Based on our examination, we are of the opinion, under existing law, as follows:

1. The Bank is a body politic and corporate, constituting a public instrumentality, and is duly created and validly existing under the laws of the State of Rhode Island (the “State”), including, particularly, the Act. The Bank has the right and lawful authority to issue the Bonds for the purpose of loaning the proceeds of the Bonds to the Borrowers to finance the costs of the Projects as contemplated by the Loan Agreements and the Indenture, to receive and pledge the revenues and receipts derived from the Borrower Bonds in accordance with the terms of the Loan Agreements and as provided in the Indenture and to secure the Bonds in the manner contemplated by the Indenture.
2. The Bank has the right and power pursuant to the Act to enter into and perform its obligations under the Indenture. The Indenture has been duly authorized, executed and delivered on behalf of the Bank, is in full force and effect and constitutes the valid, binding and enforceable obligation of the bank.
3. The Bank has the right and power pursuant to the Act to enter into and perform its obligations under the Loan Agreements. The Loan Agreements have been duly authorized, executed and delivered on behalf of the Bank, are in full force and effect and constitute valid, binding and enforceable agreements of the Bank.

4. The Bonds have been duly authorized, executed, delivered and issued by the Bank in accordance with the Indenture and the laws of the State. The Bonds are valid and binding special obligations of the Bank, secured by the Indenture (to the extent provided therein), and the Bonds are payable as to principal and interest from, and are secured by a valid lien on and pledge of, the Borrower Bonds and the payments by the Borrowers of principal and interest on the Borrower Bonds and other moneys held by the Trustee under the Indenture and available therefor under the terms of the Indenture, all in the manner provided in the Indenture. The Bonds are enforceable in accordance with their terms and the terms of the Indenture and are entitled to the benefits of the Act and the Indenture.

5. Interest on the Bonds is excluded from the gross income of the Bondowners for federal income tax purposes. In addition, interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes. In rendering the opinions set forth in this paragraph, we have assumed compliance with all applicable requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, and continue to be, excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements may cause interest on the Bonds to become included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. We express no opinion regarding any other federal tax consequences arising with respect to the Bonds.

6. The Bonds, their transfer and the income therefrom, including any profit made on the sale thereof, are exempt from taxation by and within the State; although the Bonds, their transfer and the income therefrom, including any profit made on the sale thereof, may be included in the measure of State estate taxes and certain State corporate and business taxes. We express no opinion as to other State or local tax consequences arising with respect to the Bonds nor as to the taxability of the Bonds or the income therefrom under the laws of any state other than the State.

This opinion is expressed as of the date hereof, and we neither assume nor undertake any obligation to update, revise, supplement or restate this opinion to reflect any action taken or omitted, or any facts or circumstances or changes in law or in the interpretation thereof, that may hereafter arise or occur, or for any other reason. Furthermore, we express no opinion as to any Federal, state or local tax law consequences with respect to the Bonds, or the interest thereon, if any action is taken with respect to the Bonds or the proceeds thereof upon the advice or approval of other counsel.

The rights of the holders of the Bonds, obligations of the Bank and the enforceability of the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

HINCKLEY, ALLEN & SNYDER LLP

APPENDIX F

FORM OF CONTINUING DISCLOSURE CERTIFICATES

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APPENDIX F-1

Form of Bank Continuing Disclosure Certificate

CONTINUING DISCLOSURE CERTIFICATE (Rhode Island Infrastructure Bank)

This Continuing Disclosure Certificate (the “Certificate”) is made as of the ____ day of October, 2020 by the Rhode Island Infrastructure Bank (the “Bank”) acting by its undersigned officer, duly authorized, in connection with the issuance by the Bank of its \$12,765,000 Efficient Buildings Fund Revenue Bonds Series 2020 A (Green Bonds) dated the date of delivery (the “Bonds”), for the benefit of the beneficial owners from time to time of the Bonds.

Section 1. Definitions. For purposes of this Certificate, the following capitalized terms shall have the following meanings:

“EMMA” shall mean the Electronic Municipal Market Access System, the website created by the MSRB and approved by the SEC that is accessible at www.emma.msrb.org where beginning July 1, 2009 municipal issuers and obligated persons were required to file continuing disclosure information under the Rule.

“Final Official Statement” means the official statement of the Bank dated October 14, 2020, prepared in connection with the Bonds.

“Indenture” means the Indenture of Trust dated as of November 1, 2018, between the Bank and U.S. Bank National Association, as Trustee, as amended and supplemented to the date hereof.

“MSRB” means the Municipal Securities Rulemaking Board established under the Securities Act of 1933, as amended, or any successor thereto.

“Obligated Person” means any entity who, as a result of outstanding Loans from the Bank is obligated by contract or otherwise to repay at least twenty (20%) percent of the debt service on all outstanding Bonds issued by the Bank under the Indenture.

“Repository” means any nationally recognized municipal securities information repository recognized by the SEC from time to time, which, as of the date of this Certificate, means only the MSRB through the operation of EMMA.

“Rule” means Rule 15c2-12 under the Securities Exchange Act of 1934, as of the date of this Certificate.

“SEC” means the Securities Exchange Commission of the United States, or any successor thereto.

Capitalized terms used herein and not otherwise defined shall have the meaning as set forth in the Indenture.

Section 2. Annual Financial Information.

(a) The Bank agrees to provide, or cause to be provided, directly or through EMMA, in accordance with the provisions of the Rule and of this Certificate, annual financial information and operating data of each fiscal year as follows:

(1) Audited financial statements of the Bank and any Obligated Person with respect to the Bonds, prepared in accordance with generally accepted accounting principles, with certain exceptions required or permitted by Rhode Island law, commencing with the fiscal year ended June 30, 2021 (October 31, 2020 with respect to the City of East Providence).

(2) To the extent not included in the financial statements described in (1) above, annual financial information and operating data for the type presented in the Final Official Statement prepared in connection with the Bonds and such other financial information and operating data as may be required to comply with the Rule, commencing with the fiscal year ended June 30, 2021 (October 31, 2020 with respect to the City of East Providence); provided, however, that references to the Final Official Statement for the Bonds as a means of identifying such

financial information and operating data shall not prevent the Bank from reorganizing such material in subsequent official statements or annual information reports.

(b) The financial statements and other financial information and operating data described above will be provided on or before nine (9) months after the close of the fiscal year for which such information is being provided. The Bank's fiscal year currently ends on June 30.

(c) Annual financial information and operating data may be provided in whole or in part by cross-reference to other documents previously provided to the Repository through EMMA. If the document to be cross-referenced is a final official statement, it must be available from the Repository through EMMA. All or a portion of the financial information and operating data may be provided in the form of a comprehensive annual financial report or an annual information statement.

Section 3. Reporting of Listed Events.

The Bank agrees to provide or cause to be provided, within ten (10) business days after the occurrence thereof, to the Repository through EMMA, notice of the occurrence of any of the following events with respect to the Bonds:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions or issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
- (g) modifications to rights of holders of the Bonds, if material;
- (h) Bond calls, if material;
- (i) Bond defeasances;
- (j) release, substitution, or sale of property securing repaying of the Bonds, if material;
- (k) rating changes;
- (l) tender offers;
- (m) bankruptcy, insolvency, receivership or similar event of the Bank or the Obligated Person*;
- (n) the consummation of a merger, consolidation, or acquisition involving the Bank or the Obligated Person or the sale of all or substantially all of the assets of the Bank or the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions other than pursuant to its terms, if material;
- (o) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (p) incurrence of a financial obligation of the Bank or Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms

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

- of a financial obligation of the Bank, or Obligated Person, any of which affect security holders, if material^{**}; and
- (q) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the Bank or Obligated Person, any of which reflect financial difficulties^{**}.

The Bank from time to time may choose to provide notice of the occurrence of certain other events, in addition to those listed above, if, in the judgment of the Bank, such other event is material with respect to the Bonds but the Bank does not undertake or commit to provide any such notice of the occurrence of any material event except those listed above.

Section 4. Notice of Failure to Provide Annual Financial Information.

The Bank agrees to provide or cause to be provided, in a timely manner, to the Repository through EMMA, notice of any failure by the Bank or any Obligated Person to provide annual financial information as set forth in Section 2(a) hereof on or before the date set forth in Section 2(b) hereof.

Section 5. Objective Criteria.

(a) The objective criteria for identifying Obligated Persons with respect to the Bonds shall be based upon a determination by the Bank at the time of sale of each issue of bonds pursuant to the Indenture of the level of participation of each Borrower in all outstanding issues of bonds by the Bank under the Indenture. Any Borrower obligated to pay, from time to time, twenty percent (20%) or more of the total outstanding debt service due on all bonds issued by the Bank under the Indenture shall be an Obligated Person with respect to the Bonds as long as such Borrower remains obligated to pay at least twenty (20%) percent of all debt service for bonds issued pursuant to the Indenture. The Bank's Loan Agreement with each Borrower provides that to the extent a Borrower becomes an Obligated Person with respect to the Bonds, it agrees to provide the Bank with the information necessary to enable the Bank to comply with the Rule as in effect from time to time.

(b) The Bank shall use its best efforts to (i) cause each Obligated Person, if any, to enter into a Borrower Continuing Disclosure Certificate in the form set forth in Appendix F-2 and Appendix F-3 of the Final Official Statement, or (ii) otherwise provide the continuing disclosure for such Obligated Person as contemplated hereby and by the Loan Agreement.

Section 6. Use of Agents.

Annual financial information and operating data and notices to be provided pursuant to this Certificate may be provided by the Bank or by any agents which may be employed by the Bank for such purpose from time to time.

Section 7. Termination.

The obligations of the Bank under this Certificate shall terminate upon the earlier of (i) payment at maturity or otherwise, of all of the Bonds, or (ii) such time as the Bank ceases to be an obligated person with respect to the Bonds within the meaning of the Rule.

Section 8. Enforcement.

The purpose of the Bank's undertaking is to conform to the requirements of the Rule and, except for creating the right on the part of the beneficial owner of the Bonds, from time to time, to specifically enforce the Bank's obligations hereunder, not to create new contractual or other rights for the original purchasers of the Bonds, any registered owner or beneficial owner of the Bonds, any municipal securities broker or dealer, any potential purchaser of the Bonds, the SEC or any other person. The sole remedy in the event of any actual or alleged failure by the Bank

^{**} For purposes of the events identified in Sections 3(p) and (q) above, the term "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "financial obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

to comply with any covenant of this Certificate shall be an action for the specific performance of the Bank's obligations hereunder and not for money damages in any amount. Any failure by the Bank to comply with all provisions of this undertaking shall not constitute an event of default with respect to the Bonds.

Section 9. Contact Person.

The Bank's Executive Director, or such official's designee from time to time, shall be the contact person on behalf of the Bank from whom the foregoing information, data and notices may be obtained. The name, address and telephone number of the initial contact person is Jeffrey R. Diehl, 235 Promenade Street, Suite 119, Providence, Rhode Island 02908, Telephone (401) 453-4430.

Section 10. Miscellaneous.

(a) The Bank shall have no obligation to provide any information, data or notices other than as set forth in this Certificate; provided however, nothing in this Certificate shall be construed as prohibiting the Bank from providing such additional information, data or notices from time to time as it deems appropriate in connection with the Bonds. If the Bank elects to provide any such additional information, data or notices, the Bank shall have no obligation under this Certificate to update or continue to provide further additional information, data or notices of the type so provided.

(b) The intent of the Bank's undertaking in this Certificate is to provide on a continuing basis the information described in the Rule. The provisions of the Certificate may be amended by the Bank without the consent of, or notice to, any beneficial owners of the Bonds, (a) to comply with or conform to the provisions of the Rule or any amendments thereto or authoritative interpretations thereof by the SEC or its staff (whether required or optional), (b) to add a dissemination agent for the information required to be provided by such undertakings and to make any necessary or desirable provisions with respect thereto, (c) to add to the covenants of the Bank for the benefit of the beneficial owners of Bonds, (d) to modify the contents, presentation and format of the annual financial information from time to time as a result of a change in circumstances that arises from a change in legal requirements, or (e) to otherwise modify the undertakings in a manner consistent with the provisions of state legislation responding to the requirements of the Rule concerning continuing disclosure; provided, however, that in the case of any amendment pursuant to clause (d) or (e), (i) the undertaking, as amended, would have complied with the requirements of the Rule at the time of the offering of the Bonds, after taking into account any amendments or authoritative interpretations of the Rule, as well as any change in circumstances, and (ii) the amendment does not materially impair the interests of the beneficial owners of the Bonds, as determined either by a party unaffiliated with the Bank (such as bond counsel), or by the vote or consent of beneficial owners of a majority in outstanding principal amount of the Bonds affected thereby at or prior to the time of such amendment. Furthermore, to the extent that the Rule, as in effect from time to time, or any replacement thereof no longer requires the Bank to provide all or any portion of the information the Bank has agreed to provide pursuant to the Certificate, the obligation of the Bank to provide such information also shall cease immediately.

(c) This Certificate shall be governed by the laws of the State of Rhode Island.

(d) This Certificate may be executed in any number of counterparts, each of which shall be deemed an original, but such counterparts, shall together constitute but one and the same instrument.

RHODE ISLAND INFRASTRUCTURE BANK

By: _____
Executive Director

APPENDIX F-2

Form of Town of West Warwick Continuing Disclosure Certificate

CONTINUING DISCLOSURE CERTIFICATE (Town of West Warwick)

This Continuing Disclosure Certificate (the “Certificate”) is made as of the ____ day of October, 2020 by the Town of West Warwick, Rhode Island (the “Borrower”) acting by its undersigned officers, duly authorized, in connection with the issuance by the Rhode Island Infrastructure Bank (the “Bank”) of its \$12,765,000 Efficient Buildings Fund Revenue Bonds, Series 2020 A (Green Bonds) dated the date of delivery (the “Bonds”), for the benefit of the beneficial owners from time to time of the Bonds.

Section 1. Definitions. For purposes of this Certificate, the following capitalized terms shall have the following meanings:

“EMMA” shall mean the Electronic Municipal Market Access System, the website created by the MSRB and approved by the SEC that is accessible at www.emma.msrb.org where beginning July 1, 2009 municipal issuers and obligated persons were required to file continuing disclosure information under the Rule.

“Final Official Statement” means the official statement of the Bank, dated October 14, 2020, prepared in connection with the Bonds.

“Indenture” means the Indenture of Trust dated as of November 1, 2018, between the Bank and U.S. Bank National Association, as Trustee, as amended and supplemented to the date hereof.

“MSRB” means the Municipal Securities Rulemaking Board established under the Securities Act of 1933, as amended, or any successor thereto.

“Objective Criteria” means any Borrower who, as a result of outstanding loans from the Bank under the Municipal Road and Bridge Revolving Fund, is obligated to pay twenty (20%) percent or more of the total outstanding debt service due on all bonds issued by the Bank under the Indenture.

“Repository” means any nationally recognized municipal securities information repository recognized by the SEC from time to time, which, as of the date of this Certificate, means only the MSRB through the operation of EMMA.

“Rule” means Rule 15c2-12 under the Securities Exchange Act of 1934, as of the date of this Certificate.

“SEC” means the Securities Exchange Commission of the United States, or any successor thereto.

Capitalized terms used herein and not otherwise defined shall have the meaning as set forth in the Indenture.

Section 2. Annual Financial Information and Notice regarding Financial Obligations.

(a) The Borrower agrees to provide, or cause to be provided, directly or through the Bank to the Repository through EMMA, in accordance with the provisions of the Rule and of this Certificate, annual financial information and operating data for each fiscal year as follows:

(1) Audited financial statements of the Borrower, prepared in accordance with generally accepted accounting principles, with certain exceptions required or permitted by Rhode Island law, commencing with the fiscal year ended June 30, 2020; provided, however, that if audited financial statements are not then available, unaudited financial statements shall be provided and such audited financial statements shall be filed when they become available.

(2) To the extent not included in the financial statements described in (1) above, annual financial information and operating data for the Borrower of the type presented in the Final Official Statement prepared in connection with the Bonds in APPENDIX C-1 of the Final Official Statement, and such other financial information and operating data as may be required to comply with the Rule, commencing with the fiscal year ended June 30, 2020.

(b) The financial statements and other financial information and operating data described above will be provided on or before nine (9) months after the close of the fiscal year for which such information is being provided. The fiscal year of the Borrower currently ends on June 30.

(c) Annual financial information and operating data may be provided in whole or in part by cross-reference to other documents previously provided to the Repository through EMMA. If the document to be cross-referenced is a final official statement, it must be available from the Repository through EMMA. All or a portion of the financial information and operating data may be provided in the form of a comprehensive annual financial report or an annual information statement.

(d) The Borrower agrees to provide written notice of the following events to: (i) the Bank within five (5) business days after the occurrence thereof or (ii) the Repository through EMMA within ten (10) business days after the occurrence thereof:

(1) Bankruptcy, insolvency, receivership or similar event of the Borrower*;

(2) The consummation of a merger, consolidation, or acquisition involving the Borrower or the sale of all or substantially all of the assets of the Borrower, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions other than pursuant to its terms, if material;

(3) Incurrence of a financial obligation of the Borrower, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Borrower, any of which affect security holders, if material**; and

(4) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the Borrower, any of which reflect financial difficulties**.

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

** For purposes of the events identified in Section 2(d)(3) and (4) above, the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

Section 3. Notice of Failure to Provide Annual Financial Information.

The Borrower agrees to provide or cause to be provided, in a timely manner, to the Repository through EMMA, notice of any failure by it to provide annual financial information as set forth in Section 2(a) hereof on or before the date set forth in Section 2(b) hereof.

Section 4. Use of Agents.

Annual financial information and operating data and notices to be provided pursuant to this Certificate may be provided by the Borrower or by any agents which may be employed for such purpose from time to time.

Section 5. Termination.

The obligations of the Borrower under this Certificate shall terminate upon the earlier of (i) payment at maturity or otherwise, of all of the Bonds, or (ii) such time as the Borrower ceases to be an obligated person meeting the Objective Criteria with respect to the Bonds within the meaning of the Rule and the Bank's Continuing Disclosure Certificate with respect to the Bonds.

Section 6. Enforcement.

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

Section 7. Contact Person.

The Borrower's Director of Finance, or such official's designee from time to time, shall be the contact person on behalf of the Borrower from whom the foregoing information, data and notices may be obtained. The name, address and telephone number of the initial contact person is Kristen Benoit, Finance Director, Town Hall, 1170 Main Street, West Warwick, Rhode Island 02893, Telephone: (401) 822-9200.

Section 8. Miscellaneous.

(a) The Borrower shall have no obligation to provide any information, data or notices other than as set forth in this Certificate; provided however, nothing in this Certificate shall be construed as prohibiting the Borrower from providing such additional information, data or notices from time to time as it deems appropriate in connection with the Bonds. If the Borrower elects to provide any such additional information, data or notices, the Borrower shall have no obligation under this Certificate to update or continue to provide further additional information, data or notices of the type so provided.

(b) The intent of the Borrower's undertaking in this Certificate is to provide on a continuing basis the information described in the Rule. The provisions of the Certificate may be amended by the Borrower without the consent of, or notice to, any beneficial owners of the Bonds, (a) to comply with or conform to the provisions of the Rule or any amendments thereto or authoritative interpretations thereof by the SEC or its staff (whether required or optional), (b) to add a dissemination agent for the information required to be provided by such undertakings and to make any necessary or desirable provisions with respect thereto, (c) to add to the covenants of the Borrower for the benefit of the beneficial owners of Bonds, (d) to modify the contents, presentation and format of the annual financial information from time to time as a result of a change in circumstances that arises from a change in legal requirements, or (e) to otherwise modify the undertakings in a manner consistent with the provisions of state legislation responding to the requirements of the Rule concerning continuing disclosure; provided, however, that in the case of any amendment pursuant to clause (d) or (e), (i) the undertaking, as amended, would have complied

with the requirements of the Rule at the time of the offering of the Bonds, after taking into account any amendments or authoritative interpretations of the Rule, as well as any change in circumstances, and (ii) the amendment does not materially impair the interests of the beneficial owners of the Bonds, as determined either by a party unaffiliated with the Borrower (such as bond counsel), or by the vote or consent of beneficial owners of a majority in outstanding principal amount of the Bonds affected thereby at or prior to the time of such amendment. Furthermore, to the extent that the Rule, as in effect from time to time, or any replacement thereof no longer requires the Borrower to provide all or any portion of the information the Borrower has agreed to provide pursuant to the Certificate, the obligation of the Borrower to provide such information also shall cease immediately.

(c) This Certificate shall be governed by the laws of the State of Rhode Island.

(d) This Certificate may be executed in any number of counterparts, each of which shall be deemed an original, but such counterparts, shall together constitute but one and the same instrument.

TOWN OF WEST WARWICK, RHODE ISLAND

By: _____
Finance Director

APPENDIX F-3

Form of City of East Providence Continuing Disclosure Certificate

CONTINUING DISCLOSURE CERTIFICATE (City of East Providence)

This Continuing Disclosure Certificate (the “Certificate”) is made as of the ___ day of October, 2020 by the City of East Providence, Rhode Island (the “Borrower”) acting by its undersigned officers, duly authorized, in connection with the issuance by the Rhode Island Infrastructure Bank (the “Bank”) of its \$12,765,000 Efficient Buildings Fund Revenue Bonds, Series 2020 A (Green Bonds) dated the date of delivery (the “Bonds”), for the benefit of the beneficial owners from time to time of the Bonds.

Section 1. Definitions. For purposes of this Certificate, the following capitalized terms shall have the following meanings:

“EMMA” shall mean the Electronic Municipal Market Access System, the website created by the MSRB and approved by the SEC that is accessible at www.emma.msrb.org where beginning July 1, 2009 municipal issuers and obligated persons were required to file continuing disclosure information under the Rule.

“Final Official Statement” means the official statement of the Bank, dated October 14, 2020, prepared in connection with the Bonds.

“Indenture” means the Indenture of Trust dated as of November 1, 2018, between the Bank and U.S. Bank National Association, as Trustee, as amended and supplemented to the date hereof.

“MSRB” means the Municipal Securities Rulemaking Board established under the Securities Act of 1933, as amended, or any successor thereto.

“Objective Criteria” means any Borrower who, as a result of outstanding loans from the Bank under the Municipal Road and Bridge Revolving Fund, is obligated to pay twenty (20%) percent or more of the total outstanding debt service due on all bonds issued by the Bank under the Indenture.

“Repository” means any nationally recognized municipal securities information repository recognized by the SEC from time to time, which, as of the date of this Certificate, means only the MSRB through the operation of EMMA.

“Rule” means Rule 15c2-12 under the Securities Exchange Act of 1934, as of the date of this Certificate.

“SEC” means the Securities Exchange Commission of the United States, or any successor thereto.

Capitalized terms used herein and not otherwise defined shall have the meaning as set forth in the Indenture.

Section 2. Annual Financial Information and Notice regarding Financial Obligations.

(a) The Borrower agrees to provide, or cause to be provided, directly or through the Bank to the Repository through EMMA, in accordance with the provisions of the Rule and of this Certificate, annual financial information and operating data for each fiscal year as follows:

(1) Audited financial statements of the Borrower, prepared in accordance with generally accepted accounting principles, with certain exceptions required or permitted by Rhode Island law, commencing with the fiscal year ended October 31, 2020; provided, however, that if audited financial statements are not then available, unaudited financial statements shall be provided and such audited financial statements shall be filed when they become available.

(2) To the extent not included in the financial statements described in (1) above, annual financial information and operating data for the Borrower of the type presented in the Final Official Statement prepared in connection with the Bonds in APPENDIX D-1 of the Final Official Statement, and such other financial information and operating data as may be required to comply with the Rule, commencing with the fiscal year ended October 31, 2020.

(b) The financial statements and other financial information and operating data described above will be provided on or before nine (9) months after the close of the fiscal year for which such information is being provided. The fiscal year of the Borrower currently ends on October 31.

(c) Annual financial information and operating data may be provided in whole or in part by cross-reference to other documents previously provided to the Repository through EMMA. If the document to be cross-referenced is a final official statement, it must be available from the Repository through EMMA. All or a portion of the financial information and operating data may be provided in the form of a comprehensive annual financial report or an annual information statement.

(d) The Borrower agrees to provide written notice of the following events to: (i) the Bank within five (5) business days after the occurrence thereof or (ii) the Repository through EMMA within ten (10) business days after the occurrence thereof:

(2) Bankruptcy, insolvency, receivership or similar event of the Borrower*;

(2) The consummation of a merger, consolidation, or acquisition involving the Borrower or the sale of all or substantially all of the assets of the Borrower, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions other than pursuant to its terms, if material;

(3) Incurrence of a financial obligation of the Borrower, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Borrower, any of which affect security holders, if material**; and

(4) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the Borrower, any of which reflect financial difficulties**.

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

** For purposes of the events identified in Section 2(d)(3) and (4) above, the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

Section 3. Notice of Failure to Provide Annual Financial Information.

The Borrower agrees to provide or cause to be provided, in a timely manner, to the Repository through EMMA, notice of any failure by it to provide annual financial information as set forth in Section 2(a) hereof on or before the date set forth in Section 2(b) hereof.

Section 4. Use of Agents.

Annual financial information and operating data and notices to be provided pursuant to this Certificate may be provided by the Borrower or by any agents which may be employed for such purpose from time to time.

Section 5. Termination.

The obligations of the Borrower under this Certificate shall terminate upon the earlier of (i) payment at maturity or otherwise, of all of the Bonds, or (ii) such time as the Borrower ceases to be an obligated person meeting the Objective Criteria with respect to the Bonds within the meaning of the Rule and the Bank's Continuing Disclosure Certificate with respect to the Bonds.

Section 6. Enforcement.

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

Section 7. Contact Person.

The Borrower's Director of Finance, or such official's designee from time to time, shall be the contact person on behalf of the Borrower from whom the foregoing information, data and notices may be obtained. The name, address and telephone number of the initial contact person is Malcolm Moore, Finance Director, City Hall, 145 Taunton Avenue, East Providence, Rhode Island 02914, Telephone: (401) 435-7500, x11050.

Section 8. Miscellaneous.

(a) The Borrower shall have no obligation to provide any information, data or notices other than as set forth in this Certificate; provided however, nothing in this Certificate shall be construed as prohibiting the Borrower from providing such additional information, data or notices from time to time as it deems appropriate in connection with the Bonds. If the Borrower elects to provide any such additional information, data or notices, the Borrower shall have no obligation under this Certificate to update or continue to provide further additional information, data or notices of the type so provided.

(b) The intent of the Borrower's undertaking in this Certificate is to provide on a continuing basis the information described in the Rule. The provisions of the Certificate may be amended by the Borrower without the consent of, or notice to, any beneficial owners of the Bonds, (a) to comply with or conform to the provisions of the Rule or any amendments thereto or authoritative interpretations thereof by the SEC or its staff (whether required or optional), (b) to add a dissemination agent for the information required to be provided by such undertakings and to make any necessary or desirable provisions with respect thereto, (c) to add to the covenants of the Borrower for the benefit of the beneficial owners of Bonds, (d) to modify the contents, presentation and format of the annual financial information from time to time as a result of a change in circumstances that arises from a change in legal requirements, or (e) to otherwise modify the undertakings in a manner consistent with the provisions of state legislation responding to the requirements of the Rule concerning continuing disclosure; provided, however, that in the case of any amendment pursuant to clause (d) or (e), (i) the undertaking, as amended, would have complied

with the requirements of the Rule at the time of the offering of the Bonds, after taking into account any amendments or authoritative interpretations of the Rule, as well as any change in circumstances, and (ii) the amendment does not materially impair the interests of the beneficial owners of the Bonds, as determined either by a party unaffiliated with the Borrower (such as bond counsel), or by the vote or consent of beneficial owners of a majority in outstanding principal amount of the Bonds affected thereby at or prior to the time of such amendment. Furthermore, to the extent that the Rule, as in effect from time to time, or any replacement thereof no longer requires the Borrower to provide all or any portion of the information the Borrower has agreed to provide pursuant to the Certificate, the obligation of the Borrower to provide such information also shall cease immediately.

(c) This Certificate shall be governed by the laws of the State of Rhode Island.

(d) This Certificate may be executed in any number of counterparts, each of which shall be deemed an original, but such counterparts, shall together constitute but one and the same instrument.

CITY OF EAST PROVIDENCE, RHODE ISLAND

By: _____
Finance Director

APPENDIX G

Book-Entry-Only System

The information under this heading has been furnished by The Depository Trust Company (“DTC”), New York, New York. Neither the Bank nor the Underwriter makes any representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

DTC, New York, New York, will act as securities depository for the Series 2020 A Bonds. The Series 2020 A Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2020 A Bond will be issued for each maturity of Series 2020 A Bonds as shown on the front cover hereof, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2020 A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2020 A Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2020 A Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2020 A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2020 A Bonds, except in the event that use of the book-entry system for the Series 2020 A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2020 A Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2020 A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2020 A Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2020 A Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by

arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2020 A Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Series 2020 A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Series 2020 A Bonds may wish to ascertain that the nominee holding the Series 2020 A Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2020 A Bonds issued are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent to vote with respect to the Series 2020 A Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures DTC mails an Omnibus Proxy to the Bank as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2020 A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2020 A Bonds, and redemption proceeds, will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Bank or the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participants and not of DTC (nor its nominee), the Trustee or the Bank, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such nominee as may be requested by an authorized representative of DTC) is the responsibility of the Bank or the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of the Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2020 A Bonds at any time by giving reasonable notice to the Bank or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, certificated Series 2020 A Bonds are required to be printed and delivered.

The Bank may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, certificated Series 2020 A Bonds will be printed and delivered to DTC.

THE INFORMATION IN THIS APPENDIX G CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE BANK AND THE UNDERWRITER BELIEVE TO BE RELIABLE, BUT THE BANK AND THE UNDERWRITER TAKE NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

THE BANK, THE UNDERWRITER AND THE TRUSTEE WILL HAVE NO RESPONSIBILITY OR OBLIGATION TO SUCH DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEE WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, OR THE INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE SERIES 2020 A BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE SERIES 2020 A BONDOWNERS OR REGISTERED OWNERS OF THE SERIES 2020 A BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2020 A BONDS.

None of the Bank, the Underwriter, or the Trustee shall have any responsibility or obligation with respect to:
(i) the accuracy of the records of DTC or any Participant with respect to any beneficial ownership interests of the

Series 2020 A Bonds; (ii) the delivery to any Participant, Beneficial Owner of the Series 2020 A Bonds or other person, other than DTC, of any notice with respect to the Series 2020 A Bonds; (iii) the payment to any Participant, Beneficial Owner of the Series 2020 A Bonds or other person, other than DTC, of any amount with respect to the principal of, premium, if any, or interest on, the Series 2020 A Bonds; (iv) any consent given by DTC as registered owner; or (v) the selection by DTC or any Participant or any Beneficial Owners to receive payment if the Series 2020 A Bonds are redeemed in part.

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APPENDIX H

Green Bond Project Highlights

Projects to be Financed with Series 2020 A Bond Proceeds

Borrower	Principal Amount of Green Bond Proceeds¹	Project Description	Loan Source²	Percent of Loan Drawn³
City of East Providence	\$15,759,895	Energy efficiency improvements in the construction of the City's new high school	BL	____%

¹ Amount may include costs of issuance.

² BL – Bank Loan funded with proceeds of Series 2020 A Bonds.

³ To be updated annually.

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