



NARRAGANSETT BAY COMMISSION

ONE SERVICE ROAD, PROVIDENCE, RI 02905

**Approval to Enter Into Long-Term Debt and Issuance of Revenue
Bonds Not to Exceed \$90,000,000**

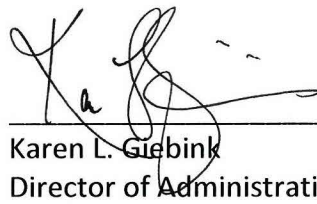
October 11, 2013

Vincent Mesoletta, Jr.
Chairman

Raymond J. Marshall
Executive Director

CERTIFICATE OF SERVICE

I, Karen L. Giebink, hereby certify that I have, this 11th day of October, 2013 caused a copy of the within application filed under Section 39-3-15 for the Narragansett Bay Commission to be served on all parties designed on the official service list in this proceeding.



Karen L. Giebink
Director of Administration and Finance

1 **NARRAGANSETT BAY COMMISSION**

2
3 **PRE-FILED DIRECT TESTIMONY**

4 **OF KAREN L. GIEBINK**

5
6 **Q. Please state your name and address.**

7 A. Karen L. Giebink. My business address is the Narragansett Bay Commission, One Service
8 Road, Providence, Rhode Island 02905.

9

10 **Q. For whom are you employed and what is your position?**

11 A. I am employed by the Narragansett Bay Commission (NBC) as its Director of
12 Administration and Finance.

13

14 **Q. For how long have you been so employed?**

15 A. I have been employed in this position since April 1997. I began my employment with
16 the NBC in 1989 and have held the positions of Policy Associate and Senior
17 Environmental Planner. The three years prior to my employment with the NBC, I
18 worked as an analyst for the City of San Diego Water Utilities Department.

19

20 **Q. Have you previously testified before the Division of Public Utilities and Carriers
21 (Division)?**

22 A. Yes. I provided testimony in previous NBC requests for approval to enter into long-term
23 debt. I have also provided testimony in dockets 1968, 2216, 3651, 3797, 3905, 4305,
24 4352 and 4364 before the Public Utilities Commission (PUC).

25

1 **Q. What is the purpose of your testimony?**

2 A. To provide supplemental information regarding NBC's request for Division approval to
3 issue long-term debt.

4

5 **Q. What is the NBC requesting from the Division?**

6 A. The NBC is requesting Division approval to enter into long-term debt and issue revenue
7 bonds in an amount not to exceed \$90 million.

8

9 **Q. Is this proposal different than NBC's last approval requested from the Division?**

10 A. This application is similar to NBC's request for Division approval filed on February 7,
11 2013. That application included a request for the approval of both a loan from the
12 Rhode Island Clean Water Finance Agency (RICWFA) and an open market revenue bond
13 issue. The NBC is in a similar situation at this point in time with contractual
14 commitments well in excess of the \$25 million that RICWFA has indicated it likely can
15 provide to NBC this fiscal year. Further, due to timing considerations and the fact that
16 NBC will not have access to the RICWFA funds until April 2014 at the earliest, alternative
17 funding sources must be secured to ensure continuous funding between now and the
18 time that RICWFA funding becomes available.

19

20 I would like to point out one difference between this request and NBC's last request. In
21 this application NBC is contemplating two separate revenue bond issues in addition to
22 the borrowing from the RICWFA. The issue planned for this November is a fixed rate
23 issue, which will enable NBC to take advantage of relatively low long-term interest rates.
24 A second issue is planned for this spring and would be variable rate demand bonds
25 (VRDBs) issued in short term rate mode. NBC's ratepayers have benefitted significantly
26 from the low short-term interest rates under NBC's existing VRDB program. In addition,
27 the structure of variable rate bonds is flexible and would enable NBC to adjust the
28 amortization if additional funds became available from the RICWFA or if the PUC
29 authorized NBC to use future surplus restricted funds to pay down debt.

1 Lastly, it should be noted that this financing plan also contemplates a modification to
2 the existing amortization of NBC's outstanding 2008 Series A VRDBs. Shifting the
3 amortization to slightly defer principal, frees up capacity in the early years and will allow
4 NBC to wrap new debt service around the fixed 20 year amortizations of all RICWFA
5 loans. As a result, no additional rate increases will be required to support the issuances
6 in this application. Please see the testimony of William Fazioli for additional discussion
7 of the structure.

8

9 **Q. Is there anything else that you would like to add regarding the total amount of the**
10 **debt that NBC plans to issue under this application?**

11 A. Yes. NBC has worked with its financial advisor to size the bond issues so that NBC can
12 meet its contractual commitments for the CSO Phase II Facilities, Nitrogen Removal,
13 estimated costs of the Regulatory Compliance Building, the CSO Phase III Reassessment
14 and other projects in process or to be initiated through June 30, 2015. Additional
15 funding will be required for the other unfunded components of NBC's Capital
16 Improvement Program and will be addressed by NBC once those projects costs and
17 schedules are more certain.

18

19 **Q. Can you provide any additional information regarding the factors that NBC must take**
20 **into consideration as part of the capital financing strategy?**

21 A. There are several factors that must be taken into consideration as follows:
22 1. NBC must complete certain capital improvements to meet permitting requirements
23 and comply with Consent Agreements.
24 2. NBC must ensure that it can meet its contractual commitments and we understand
25 that the RICWFA does not have sufficient capacity to meet NBC's capital needs.
26 3. There is a significant financial benefit to NBC ratepayers from maximizing debt
27 issuance at historic low interest rates.
28 4. Not all of NBC's capital projects are eligible for RICWFA funding.
29 5. There is a financial benefit to NBC ratepayers from accessing the market for a fixed
30 rate issue prior to the November 28, 2013 (see market considerations addressed in
31 the testimony of William Fazioli).

1 6. NBC must not exceed the debt service and debt service coverage allowances
2 authorized by the PUC.

3

4 **Q. What are the debt issuances contemplated in this application?**

5 A. This application is for the approval to 1) issue up to \$65 million in open market revenue
6 bonds in one or more series and 2) issue revenue bonds up to \$25 million as part of a
7 borrowing from the RICWFA.

8

9 **Q. Can you provide an update on NBC's capital needs and financing plan?**

10 A. Yes. NBC has updated the capital cash flows and I have compared these to the figures in
11 the long-term debt model included in NBC's recently completed general rate case. The
12 following table shows that NBC projects it will need approximately \$27.3 million less in
13 fiscal years 2013 and 2014 than was projected one year ago. FY 2015 costs are
14 projected to be \$8.6 million lower. Overall, however, capital needs remain high at more
15 than \$147 million over the balance of FY 2014 and the FY 2015 period.

16

	Updated	Docket 4364
FY 2013	\$ 103.0	\$ 126.9
FY 2014 YTD	23.8	
	87.4	114.6
FY 2014	111.2	114.6
FY 2015	60.2	68.8
Total	\$ 274.4	\$ 310.3

*Actual through 9/30/13

17

18

19 **Q. Can you provide updated figures regarding funds available for capital projects?**

20 A. Yes. The following table has been updated to reflect activity through September 30,
21 2013 and shows available capital funds of \$49.4 million which includes \$0.6 million
22 remaining from the 2013 Series A Revenue Bonds and \$24.6 million from the 2013
23 Series B RICWFA issue.

Bond & Loan Proceeds	Available Balance	Net Capital	Available Balance
	7/1/13	Expenditures	9/30/13
2013 Series A	\$ 23,629,350	\$ (23,028,438)	\$ 600,912
2013 Series B -SRF 16	24,730,750	(114,466)	24,616,284
Restricted	17,161,826	7,019,335	24,181,161
Total	\$ 65,521,925	\$ (16,123,568)	\$ 49,398,357

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Q. Given these updated figures, can you provide an update as to how much capital NBC needs to raise over the next 21 months?

A. Yes. The following chart shows unfunded cash flow needs from October 1, 2013 through June 30, 2015 of \$108.2 million. Assuming that the RICWFA will have the capacity to loan NBC \$25 million in FY 2014, it is estimated that NBC will need to issue approximately \$60 million in open market revenue bonds to meet committed funding needs through the end of FY 15. The actual issue sizes will depend upon the structure, interest rates, cash flows, cost of issuance and whether or not the NBC must fund a debt service reserve.

<i>Total 10/1/13 - 6/30/15</i>	
Capital Cash Balance	\$ 49.4
Restricted Fund Reserve	(10.0)
Expenditures - Commitments	(121.4)
Expenditures - Unfunded	<u>(26.2)</u>
Unfunded Capital Need through 6/30/13	\$ (108.2)
Potential Funding Sources	
New RICWFA Loan	24.8
Open Market	<u>57.2</u>
Total Funded	82.0
Unfunded	<u>26.2</u>
Total	\$ 108.2

12
13

Q. On what projects will the NBC spend the bond issuance proceeds?

A. The authorizing resolutions provide that the proceeds of this loan may be used for “financing the acquisition, design, evaluation, inspection, construction, improvement, installation, cleaning, rehabilitation, furnishing and equipping of: the Phase I Combined Sewer Overflow (CSO) Facilities, the Phase II CSO Facilities, the Phase III CSO Facilities, the Field's Point Wastewater Treatment Facility Nitrogen Removal Facilities, Bucklin Point Biogas Reuse, Field's Point Wind Turbines, the upgrade of the Field's Point

1 Operations Building and other miscellaneous improvements at various locations, the
2 Bucklin Point Wastewater Treatment Facility Nitrogen Removal Facilities, the Bucklin
3 Point Wastewater Treatment Facility Improvements, Floatables Control Facilities, the
4 Regulatory Compliance Building, Fire Code Compliance, New Interceptor Maintenance
5 (IM) Facilities, System-Wide Facilities Plan, River Model Development, Field's Point
6 Tunnel Pump Station Improvements, Receiving Water Quality Study, The Providence
7 River Siphon Replacement and Field's Point Utility Reliability Enhancement and
8 Commission Interceptors and Interceptor Easements and other projects of the
9 Commission, capitalized Interest and Financing Costs, the Funding of an Account in the
10 Debt Service Reserve Fund.

11

12 **Q. What projects does NBC plan to fund with the bond proceeds from the proposed**
13 **borrowings/debt issuances?**

14 A. Preliminary projections show that of the total proceeds, 64% will be used to finance
15 construction of the CSO Phase II Facilities, 9% for the Biological Nutrient Removal
16 projects at Field's Point and Bucklin Point, 15% for the Regulatory Compliance Building
17 and 12% for the CSO Phase III Reevaluation.

18

19 **Q. Can you identify the status of the requirements necessary to close on the open market**
20 **revenue bond issue?**

21 A. Yes. NBC's Board of Commissioners passed the Authorizing Resolution for the Issuance
22 of up to \$80,000,000 in Revenue Obligations at their June 25, 2013 Board meeting. (See
23 Exhibit KG-1). NBC made its credit review presentation to Standard and Poor's on
24 October 9, 2013. NBC has requested the credit rating by November 8, 2013. The POS is
25 currently being finalized in anticipation of mailing on November 14, 2013.

26

27 **Q. Does NBC have sufficient coverage to meet the debt service and debt service coverage**
28 **requirements for the proposed open market issues?**

29 A. Yes, NBC has sufficient coverage based upon the rates approved by the Public Utilities
30 Commission on June 13, 2013 (see Exhibit KG-2). Please note that the coverage is

1 predicated upon the modification of the amortization of the 2008 Series A Issue (see
2 also the testimony of William Fazioli).

3

4 **Q. Can you identify the status of the requirements necessary to close on the [\$25 million]**
5 **borrowing from the RICWFA?**

6 A. Yes. NBC applied to the RICWFA for the loan in a letter dated April 17, 2013. At a
7 meeting with RICWFA on September 20, 2013, NBC was informed that it would receive a
8 loan for an amount up to \$25 million. The Authorizing Resolution for the [\$25,000,000]
9 borrowing from the RICWFA will be presented to the Board of Commissioners for their
10 review and approval at their October 29, 2013 meeting (see Exhibit KG-3). To date NBC
11 has not been formally notified by the RICWFA that that the NBC's loan request is
12 approved. NBC has also requested Division approval for the loan in this application.

13

14 **Q. Has NBC provided a draft loan agreement as part of this application?**

15 A. Yes. NBC has included a draft loan agreement which is representative of the loan
16 agreement that will be executed as part of this transaction; however, the language may
17 be revised prior to the closing of the loan.

18

19 **Q. Does NBC have sufficient coverage to meet the debt service and debt service coverage**
20 **requirements for the [\$25] million borrowing from the RICWFA?**

21 A. Yes, NBC has sufficient coverage based upon the rates approved by the Public Utilities
22 Commission on June 13, 2013 (see Exhibit KG-2). Again, this assumes modification of the
23 2008 Series A Issue.

24

25 **Q Does this conclude your pre-filed testimony?**

26 A. Yes.

The Narragansett Bay Commission
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Providence, RI 02905

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Vincent J. Mesolella
Chairman

Raymond J. Marshall, P.E.
Executive Director



RESOLUTION NO. 2013-29

NARRAGANSETT BAY COMMISSION

AMENDED AND RESTATED RESOLUTION FOR THE PURPOSE OF AUTHORIZING THE NARRAGANSETT BAY COMMISSION TO ISSUE REVENUE OBLIGATIONS IN AN AMOUNT NOT TO EXCEED \$80,000,000 FOR THE FINANCING OF THE ACQUISITION, DESIGN, EVALUATION, INSPECTION, CONSTRUCTION, IMPROVEMENT, INSTALLATION, CLEANING, REHABILITATION, FURNISHING AND EQUIPPING OF THE PHASE I COMBINED SEWER OVERFLOW (CSO) FACILITIES, THE PHASE II CSO FACILITIES, THE PHASE III CSO FACILITIES, THE FIELD'S POINT WASTEWATER TREATMENT FACILITY NITROGEN REMOVAL FACILITIES, BUCKLIN POINT BIOGAS REUSE, FIELD'S POINT WIND TURBINES, THE UPGRADE OF THE FIELD'S POINT OPERATIONS BUILDING AND OTHER MISCELLANEOUS IMPROVEMENTS AT VARIOUS LOCATIONS, THE BUCKLIN POINT WASTEWATER TREATMENT FACILITY NITROGEN REMOVAL FACILITIES, THE BUCKLIN POINT WASTEWATER TREATMENT FACILITY IMPROVEMENTS, FLOATABLES CONTROL FACILITIES, THE REGULATORY COMPLIANCE BUILDING, FIRE CODE COMPLIANCE, NEW INTERCEPTOR MAINTENANCE (IM) FACILITIES, SYSTEM-WIDE FACILITIES PLAN, RIVER MODEL DEVELOPMENT, FIELD'S POINT TUNNEL PUMP STATION IMPROVEMENTS; RECEIVING WATER QUALITY STUDY; THE PROVIDENCE RIVER SIPHON REPLACEMENT; FIELD'S POINT UTILITY AND RELIABILITY ENHANCEMENT AND COMMISSION INTERCEPTORS AND INTERCEPTOR EASEMENTS AND OTHER PROJECTS OF THE COMMISSION, AND OTHER PROJECTS OF THE COMMISSION, CAPITALIZED INTEREST AND FINANCING COSTS, THE FUNDING OF AN ACCOUNT IN THE DEBT SERVICE RESERVE FUND FOR THE REVENUE OBLIGATIONS AND AUTHORIZING AND APPROVING THE EXECUTION AND DELIVERY OF A SUPPLEMENTAL INDENTURE AND OTHER MATTERS

WHEREAS, the Narragansett Bay Commission (the "Commission") desires to issue revenue obligations in an amount which will generate proceeds, inclusive of original issue premium, if any, of not to exceed Eighty Million Dollars (\$80,000,000) pursuant to

Section 46-25-58 of the Rhode Island General Laws, for the purpose of financing the acquisition, design, evaluation, inspection, construction, improvement, installation, cleaning, rehabilitation, furnishing and equipping of the Phase I Combined Sewer Overflow (CSO) Facilities, the Phase II CSO Facilities, the Phase III CSO Facilities, the Field's Point Wastewater Treatment Facility Nitrogen Removal Facilities, Bucklin Point Biogas Reuse, Field's Point Wind Turbines, the upgrade of the Field's Point Operations Building and other miscellaneous improvements at various locations, the Bucklin Point Wastewater Treatment Facility Nitrogen Removal Facilities, the Bucklin Point Wastewater Treatment Facility improvements, floatables control facilities, the regulatory compliance building, fire code compliance, new interceptor maintenance (IM) facilities, system-wide facilities plan, river model development, Field's Point Tunnel Pump Station improvements; receiving water quality study; the Providence River Siphon replacement; Field's Point Utility And Reliability Enhancement And Commission interceptors and interceptor easements and other projects of the Commission (hereinafter referred to as the "Projects"); and

WHEREAS, prior to the issuance of the revenue bonds, the Commission may desire to issue temporary notes in anticipation of the issuance of its revenue bonds.

NOW, THEREFORE, THE COMMISSION RESOLVES AS FOLLOWS:

1. Obligations Authorized. The Chairman and the Executive Director, on behalf of the Commission, are authorized to issue revenue bonds at one time, or from time to time (the "Bonds") in an amount which will generate proceeds inclusive of original issue premium, if any, of not to exceed Eighty Million Dollars (\$80,000,000) for the purpose of financing the Projects, capitalized interest, financing costs and the funding of a debt service reserve. The said officers from time to time may issue interest bearing or discounted notes at one time, or from time to time (the "Notes") in anticipation of said Bonds. The Bonds and Notes (collectively, the "Obligations") shall have such

security provisions as to parity or subordination and shall be in such series and designated as set forth in the Trust Indenture dated as of April 15, 2004 by and between the Commission and J.P. Morgan Trust Company, National Association as initial trustee thereunder (the current successor trustee now being U.S. Bank National Association) (as amended and supplemented, the "Trust Indenture") and the next numerically sequential supplemental indenture (referred to herein for purposes of this Resolution as the Supplemental Indenture regardless of its actual sequential number, to be subsequently determined). The Obligations shall not be deemed to constitute a debt or pledge of the faith and credit of the State or any municipality. Neither the State nor any municipality shall be obligated to pay the Obligations or the interest thereon, and neither the faith and credit nor the taxing power of the State or any municipality is pledged to such payment. The Commission may issue additional revenue obligations on a parity with these Obligations.

2. Agreements. For the purpose of financing the Projects, the Chairman and the Executive Director, are hereby authorized to execute and deliver (i) one or more Supplemental Indentures (the "Supplemental Indentures") to be entered into by the Commission and U.S. Bank National Association as trustee (the "Trustee"); (ii) one or more Preliminary Official Statements and final Official Statements relating to the Obligations; (iii) one or more purchase agreements, placement agreements, or bid awards documenting the purchase and sale of the Obligations; and (iv) all other documents and instruments described in the Trust Indenture and the Supplemental Indentures necessary or convenient in connection therewith, in such forms acceptable to such officers, with such changes, omissions, insertions and revisions as shall be determined advisable by the person executing the same, and such authorized person's execution thereof shall be conclusive as to such determination. The Commission hereby authorizes the Chairman or Executive Director to

deem the Preliminary Official Statement "final as of its date" pursuant to Rule 15c2-12 of the Securities and Exchange Commission.

3. Sale of the Obligations. The Obligations shall be sold by means of a competitive sale, a negotiated sale, or by private placement, with a purchaser or purchasers to be approved by the Chairman and the Executive Director. The rates of interest per annum to be borne by any fixed rate Obligations shall be determined by the Chairman or Executive Director of the Commission which rates shall not exceed 8% per annum. The rates of interest per annum for any Obligations sold with variable rates of interest shall be determined pursuant to the Trust Indenture and the Supplemental Indentures, which rates shall not exceed 13% per annum. Notwithstanding the foregoing, the Obligations may bear a default rate which shall not exceed the highest rate permitted by law.

The Chairman or the Executive Director are hereby authorized to sign and deliver to the purchaser or purchasers of the Obligations the Preliminary Official Statement and the final Official Statement in forms acceptable to such member of the Commission with such changes, omissions, insertions and revisions as such authorized person shall have deemed necessary or advisable and all actions heretofore taken by the aforementioned persons and their agents in furtherance of such actions are hereby ratified. The Obligations shall be executed with the manual or facsimile signatures of the Chairman and Executive Director, and shall have the Commission's seal imprinted thereon. The Chairman and the Executive Director are hereby authorized and directed to deliver the Obligations or cause them to be delivered to the purchaser or purchasers thereof.

4. Details of the Obligations. The Chairman or the Executive Director of the Commission are hereby authorized to reduce the total principal amount of the Obligations to be sold, to sell the Obligations financing the Projects, to select the dated date or dates of the Obligations, the maturity, redemption and other terms of the Obligations as set forth in the Trust Indenture and the

Supplemental Indentures. The Chairman and Executive Director are hereby authorized to execute and deliver such other documents and take such other actions, including the purchase of insurance and the procurement of a liquidity or credit facility for the Obligations, as may be necessary, desirable or advisable to effectuate the issuance of the Obligations.

5. Appointment of Trustee and Paying Agent. U.S. Bank National Association is hereby appointed, designated, and approved as trustee and paying agent for the Obligations. This appointment of the trustee and paying agent shall be evidenced by execution of the Supplemental Indentures.

6. Compliance with Code. If the Obligations are issued on a tax-exempt basis, the Commission agrees to take all lawful action necessary to ensure that the interest on the Obligations will remain exempt from federal income taxation to the extent provided in Section 103 of the Internal Revenue Code of 1986, as amended, and it agrees not to take any action which will cause interest on the Obligations to lose the benefit of the exclusion from gross income.

7. Additional Documents. From and after the execution and delivery of the documents hereinabove authorized, the proper officers, directors, agents and employees of the Commission are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of said documents as executed and such officers, directors, agents and employees are further authorized to take any and all further actions and to execute and deliver any and all other documents as may be necessary in connection with the issuance of the Obligations and in the execution, delivery and performance of the Trust Indenture and Supplemental Indentures, and to amend, modify or supplement the documents hereinabove authorized as such officers deem necessary, desirable or advisable.

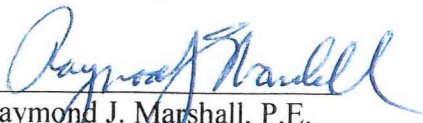
8. Disclosure Agreements. The Chairman and the Executive Director are authorized to execute and deliver one or more disclosure agreements (the “Disclosure Agreement”) in connection with the Obligations in such form as shall be deemed advisable by the Chairman and the Executive Director. The Commission hereby covenants and agrees that it will comply with and carry out all of the provisions of such Disclosure Agreement, as it may be amended from time to time. Notwithstanding any other provision of this Resolution or the Obligations, failure of the Commission to comply with the Disclosure Agreement shall not be considered an event of default; however, any holder of the Obligations may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Commission to comply with its obligations under this Resolution and under the Disclosure Agreement.

9. Reimbursements. This Resolution is an affirmative action of the Commission toward the issuance of the Obligations in accordance with the purposes of the laws of the State. This Resolution constitutes the Commission's declaration of official intent pursuant to the Treasury Regulation Section 1.150-2 to reimburse the Narragansett Bay Water Quality Management District Commission Fund for certain capital expenditures for the projects paid on or after the date which is sixty (60) days prior to the date of this Resolution, but prior to the issuance of the Obligations. Such amounts to be reimbursed shall not exceed \$80,000,000 and shall be reimbursed not later than eighteen (18) months after (a) the date on which the expenditure is paid, or (b) the date the applicable project is placed in service or abandoned but in no event later than three (3) years after the date the expenditure is paid.

10. Authority to Act. Any action to be taken by the Chairman or Executive Director pursuant to this Resolution may be taken by the Vice Chairman and Director of Administration and Finance, respectively.

11. Effectiveness. This Resolution amends and restates Resolution 2013:17 adopted on May 21, 2013 and shall take effect upon its passage.

Adopted on: 6/25/13

Signed: 
Raymond J. Marshall, P.E.
Executive Director

AM 19392259.3

Narragansett Bay Commission
DS Coverage - 2008 Restructure

Fiscal Year	Net Revenue Available for Debt Service	Open Market Fixed				Open Market Variable				RICWFA					
		Current Debt Service*	Debt Service Coverage	Open Market Fixed	Total Debt Service	Debt Service Coverage	Open Market Variable	Total Debt Service	Debt Service Coverage	RICWFA	Total Debt Service	Debt Service Coverage	RICWFA	Total Debt Service	Debt Service Coverage
2014	\$ 56,117,913	\$ 38,650,622	1.45	\$ 445,833	\$ 39,096,455	1.44	\$ -	\$ 39,096,455	1.44	\$ -	\$ 39,096,455	1.44	\$ -	\$ 39,096,455	1.44
2015	56,117,913	40,117,940	1.40	1,500,000	41,617,940	1.35	858,069	42,476,009	1.32	814,549	43,290,558	1.32	814,549	43,290,558	1.30
2016	56,117,913	40,011,041	1.40	1,500,000	41,511,041	1.35	936,075	42,447,116	1.32	936,075	44,205,110	1.32	1,757,994	44,205,110	1.27
2017	56,117,913	39,978,984	1.40	1,500,000	41,478,984	1.35	936,075	42,415,059	1.32	936,075	44,173,778	1.32	1,758,719	44,173,778	1.27
2018	56,117,913	40,140,908	1.40	1,500,000	41,640,908	1.35	936,075	42,576,983	1.32	936,075	44,334,015	1.32	1,757,032	44,334,015	1.27
2019	56,117,913	39,864,724	1.41	1,500,000	41,364,724	1.36	936,075	42,300,799	1.33	936,075	44,058,214	1.33	1,757,415	44,058,214	1.27
2020	56,117,913	39,297,935	1.43	1,500,000	40,797,935	1.38	936,075	41,734,010	1.34	936,075	43,493,475	1.34	1,759,465	43,493,475	1.29
2021	56,117,913	38,826,908	1.45	1,500,000	40,326,908	1.39	936,075	41,262,983	1.36	936,075	43,021,446	1.36	1,758,463	43,021,446	1.30
2022	56,117,913	37,500,198	1.50	2,528,625	40,028,823	1.40	936,075	40,964,898	1.37	936,075	42,724,430	1.37	1,759,532	42,724,430	1.31
2023	56,117,913	34,396,388	1.63	2,529,500	36,925,888	1.52	2,085,600	39,011,488	1.44	2,085,600	40,769,308	1.44	1,757,821	40,769,308	1.38
2024	56,117,913	34,113,896	1.65	2,527,625	36,641,521	1.53	2,088,863	38,730,384	1.45	2,088,863	40,488,973	1.45	1,758,590	40,488,973	1.39
2025	56,117,913	32,837,809	1.71	2,527,875	35,365,684	1.59	2,085,638	37,451,322	1.50	2,085,638	39,208,048	1.50	1,756,726	39,208,048	1.43
2026	56,117,913	31,994,098	1.75	2,525,125	34,519,223	1.63	2,085,925	36,605,148	1.53	2,085,925	38,362,323	1.53	1,757,175	38,362,323	1.46
2027	56,117,913	31,838,318	1.76	2,529,125	34,367,443	1.63	2,089,550	36,456,993	1.54	2,089,550	38,216,785	1.54	1,759,792	38,216,785	1.47
2028	56,117,913	31,689,020	1.77	2,529,625	34,218,645	1.64	2,086,513	36,305,158	1.55	2,086,513	38,064,619	1.55	1,759,461	38,064,619	1.47
2029	56,117,913	31,522,714	1.78	2,526,625	34,049,339	1.65	2,086,813	36,136,151	1.55	2,086,813	37,897,409	1.55	1,761,258	37,897,409	1.48
2030	56,117,913	29,702,848	1.89	2,525,000	32,227,848	1.74	2,090,275	34,318,123	1.64	2,090,275	36,078,193	1.64	1,760,071	36,078,193	1.56
2031	56,117,913	29,456,767	1.91	2,529,375	31,986,142	1.75	2,086,900	34,073,042	1.65	2,086,900	35,833,837	1.65	1,760,795	35,833,837	1.57
2032	56,117,913	24,285,145	2.31	2,524,625	26,809,770	2.09	2,086,688	28,896,457	1.94	2,086,688	30,652,880	1.94	1,756,423	30,652,880	1.83
2033	56,117,913	22,189,332	2.53	2,525,625	24,714,957	2.27	2,089,463	26,804,420	2.09	2,089,463	28,562,045	2.09	1,757,625	28,562,045	1.96
2034	56,117,913	20,934,908	2.68	2,527,000	23,461,908	2.39	2,085,225	25,547,133	2.20	2,085,225	27,308,331	2.20	1,761,198	27,308,331	2.05
2035	56,117,913	19,096,475	2.94	2,528,500	21,624,975	2.60	2,088,888	23,713,862	2.37	2,088,888	25,474,915	2.37	1,761,053	25,474,915	2.20
2036	56,117,913	15,104,338	3.72	2,525,000	17,629,338	3.18	2,085,363	19,714,700	2.85	2,085,363	19,714,700	2.85	-	19,714,700	2.85
2037	56,117,913	15,103,013	3.72	2,526,250	17,629,263	3.18	2,089,563	19,718,825	2.85	2,089,563	19,718,825	2.85	-	19,718,825	2.85
2038	56,117,913	9,648,150	5.82	2,526,875	12,175,025	4.61	2,086,400	14,261,425	3.93	2,086,400	14,261,425	3.93	-	14,261,425	3.93
2039	56,117,913	9,652,150	5.81	2,526,625	12,178,775	4.61	2,085,875	14,264,650	3.93	2,085,875	14,264,650	3.93	-	14,264,650	3.93
2040	56,117,913	9,648,200	5.82	-	9,648,200	5.82	-	9,648,200	5.82	-	9,648,200	5.82	-	9,648,200	5.82
2041	56,117,913	9,649,200	5.82	-	9,649,200	5.82	-	9,649,200	5.82	-	9,649,200	5.82	-	9,649,200	5.82
2042	56,117,913	9,651,700	5.81	-	9,651,700	5.81	-	9,651,700	5.81	-	9,651,700	5.81	-	9,651,700	5.81
2043	56,117,913	9,650,200	5.82	-	9,650,200	5.82	-	9,650,200	5.82	-	9,650,200	5.82	-	9,650,200	5.82
2044	56,117,913	9,649,200	5.82	-	9,649,200	5.82	-	9,649,200	5.82	-	9,649,200	5.82	-	9,649,200	5.82
		\$ 826,203,127		\$ 56,434,833	\$ 882,637,961		\$ 42,894,131	\$ 925,532,092		\$ 35,991,155	\$ 961,523,246		\$ 35,991,155	\$ 961,523,246	

* Current Debt Service includes Restructuring of the 2008 Bonds

RESOLUTION NO. 2013 – [30]

RESOLUTION AUTHORIZING THE NARRAGANSETT BAY COMMISSION TO BORROW AN AMOUNT NOT TO EXCEED \$25,000,000 FROM THE RHODE ISLAND CLEAN WATER FINANCE AGENCY FOR THE PURPOSE OF FINANCING THE ACQUISITION, DESIGN, EVALUATION, INSPECTION, CONSTRUCTION, IMPROVEMENT, INSTALLATION, CLEANING, REHABILITATION, FURNISHING AND EQUIPPING OF THE PHASE I COMBINED SEWER OVERFLOW (CSO) FACILITIES, THE PHASE II CSO FACILITIES, THE PHASE III CSO FACILITIES, THE FIELD'S POINT WASTEWATER TREATMENT FACILITY NITROGEN REMOVAL FACILITIES, BUCKLIN POINT BIOGAS REUSE, FIELD'S POINT WIND TURBINES, THE UPGRADE OF THE FIELD'S POINT OPERATIONS BUILDING AND OTHER MISCELLANEOUS IMPROVEMENTS AT VARIOUS LOCATIONS, THE BUCKLIN POINT WASTEWATER TREATMENT FACILITY NITROGEN REMOVAL FACILITIES, THE BUCKLIN POINT WASTEWATER TREATMENT FACILITY IMPROVEMENTS, FLOATABLES CONTROL FACILITIES, THE REGULATORY COMPLIANCE BUILDING, FIRE CODE COMPLIANCE, NEW INTERCEPTOR MAINTENANCE (IM) FACILITIES, SYSTEM-WIDE FACILITIES PLAN, RIVER MODEL DEVELOPMENT, FIELD'S POINT TUNNEL PUMP STATION IMPROVEMENTS; RECEIVING WATER QUALITY STUDY; THE PROVIDENCE RIVER SIPHON REPLACEMENT; FIELD'S POINT UTILITY AND RELIABILITY ENHANCEMENT AND COMMISSION INTERCEPTORS AND INTERCEPTOR EASEMENTS, AND OTHER PROJECTS OF THE COMMISSION, AND AUTHORIZING THE COMMISSION TO ISSUE AN AMOUNT NOT TO EXCEED \$25,000,000 REVENUE BONDS

WHEREAS, the Narragansett Bay Commission (the "Commission") desires to borrow an amount not to exceed Twenty-Five Million Dollars (\$25,000,000) from the Rhode Island Clean Water Finance Agency (the "Agency") in accordance with Title VI of the Federal Clean Water Act and Title 46-12.2 of the Rhode Island General Laws, for the purpose of financing the acquisition, design, evaluation, inspection, construction, improvement, installation, cleaning, rehabilitation, furnishing and equipping of acquisition, design, evaluation, inspection, construction, improvement, installation, cleaning, rehabilitation, furnishing and equipping of the Phase I Combined Sewer Overflow (CSO) Facilities, the Phase II CSO Facilities, the Phase III CSO Facilities, the Field's Point Wastewater Treatment Facility Nitrogen Removal Facilities, Bucklin Point Biogas Reuse, the Field's Point Wind Turbines, the upgrade of the Field's Point

Operations Building and other miscellaneous improvements at various locations, the Bucklin Point Wastewater Treatment Facility Nitrogen Removal Facilities, the Bucklin Point Wastewater Treatment Facility improvements, floatables control facilities, the regulatory compliance building, fire code compliance, new interceptor maintenance (IM) facilities, system-wide facilities plan, river model development, Field's Point Tunnel Pump Station improvements; receiving water quality study; the Providence River Siphon replacement; Field's Point utility and reliability enhancement and Commission interceptors and interceptor easements, and other "projects" of the Commission as defined in R.I. General Laws § 46-25-3(10), collectively, hereinafter referred to as the "Projects";

WHEREAS, the Commission desires to issue an amount not to exceed Twenty-Five Million Dollars (\$25,000,000) interest bearing revenue bonds for the purpose of evidencing the borrowing described above;

WHEREAS, prior to the issuance of the revenue bonds, the Commission will request that the Division of Public Utilities and Carriers approve the Commission's borrowing of an amount not to exceed \$25,000,000 and the Commission's issuance of an amount not to exceed \$25,000,000 in revenue bonds to evidence said borrowing; and

WHEREAS, the Commission may desire to issue temporary revenue notes in anticipation of the issuance of its revenue bonds.

NOW, THEREFORE, THE COMMISSION RESOLVES AS FOLLOWS:

1. The Chairman and the Executive Director are authorized to borrow, on behalf of the Commission, an amount not exceeding Twenty-Five Million Dollars (\$25,000,000) from the Agency in accordance with Title VI of the Federal Clean Water Act and Title 46-12.2 of the Rhode Island General Laws, in order to finance the Projects. The Chairman and the Executive Director are also authorized, empowered and directed,

on behalf of the Commission, to: (i) execute, acknowledge and deliver a loan agreement to the Agency representing such borrowing (the “Loan Agreement”), the next numerically sequential supplemental indenture (referred to herein for purposes of this Resolution as the “Supplemental Indenture” regardless of its actual sequential number, to be subsequently determined) amending and supplementing the trust indenture dated as of April 15, 2004 by and between the Commission and J.P. Morgan Trust Company, National Association, as initial trustee thereunder (the current successor trustee now being U.S. Bank National Association), as amended and supplemented (the “Trust Indenture”), relating to the issuance of the Bonds or Notes (each defined below) and any and all other documents, certificates or instruments necessary to effectuate such borrowing and issuance; (ii) to fix the terms, conditions and details of the Loan Agreement and the Supplemental Indenture; (iii) to comply with any requirements, restrictions or covenants not contrary to applicable local, state or federal law, pursuant to the Loan Agreement, the Trust Indenture and the Supplemental Indenture, or as requested by one or more insurance companies or financial institutions providing credit enhancement and/or liquidity facility support, if any, for the Bonds and Notes as hereinafter defined or any bonds or notes of the Agency in connection with the Projects; (iv) to amend, modify or supplement the Loan Agreement, Trust Indenture or Supplemental Indenture and any and all other documents, certificates or instruments at any time and from time to time, in such manner and for such purpose as such officers shall deem necessary, desirable or advisable; (v) to execute, acknowledge and deliver any and all exhibits or other instruments as may be required by the Loan Agreement, Trust Indenture or Supplemental Indenture or required for the issuance of the Bonds or Notes as hereinafter defined; and (vi) to do and perform all such other acts and things deemed

by such officers to be necessary, desirable or advisable with respect to any matters contemplated by this resolution in order to effectuate said borrowing and the intent hereof.

2. Pursuant to Titles 46-12.2 and 46-25 of the Rhode Island General Laws and this Resolution, the Commission hereby authorizes the Chairman and the Executive Director, on behalf of the Commission, to issue an amount not to exceed Twenty-Five Million Dollars (\$25,000,000) interest bearing revenue bonds for the purpose of evidencing the Loan in order to finance the Projects (the "Bonds").

3. The said officers from time to time may issue and refund not exceeding Twenty-Five Million Dollars (\$25,000,000) interest bearing or discounted bond anticipation notes (the "Notes") in anticipation of the issuance of said Bonds.

4. The Bonds and Notes shall be issued by the Commission under its corporate name and seal or a facsimile of such seal. The Bonds and Notes shall be signed by the manual or facsimile signatures of the Chairman and the Executive Director. The manner of sale, denominations, maturities, interest rate or rates or method of determining the interest rate or rates, medium of payment and other terms, conditions, and details of the Bonds and Notes authorized herein shall be fixed by the Chairman and the Executive Director as set forth in the Supplemental Indenture. The Bonds and Notes shall be privately placed with the Agency. The Chairman and Executive Director are hereby authorized to execute and deliver such other documents and take such other actions, as may be necessary, desirable or advisable to effectuate the issuance of the Bonds and Notes, including, without limitation, such documents as may be necessary or convenient in connection with obtaining credit enhancement and/or liquidity facility support for the Bonds and Notes or any bonds or notes of the Agency in connection with the Projects.

5. The Commission hereby pledges its full faith and credit or such security as required under the Loan Agreement for the payment of the principal amount of the Bonds and Notes and the interest thereon. The Bonds and Notes shall have such security provisions as to parity or subordination and shall be in such series and designated as set forth in the Trust Indenture and the Supplemental Indenture. The Bonds and Notes shall not be deemed to constitute a debt or pledge of the faith and credit of the State or any municipality. Neither the State nor any municipality shall be obligated to pay the Bonds and Notes or the interest thereon, and neither the faith and credit nor the taxing power of the State or any municipality is pledged to such payment. The Commission may issue revenue bonds on a parity with these Bonds.

6. If required, the Chairman and the Executive Director are authorized to execute and deliver one or more Disclosure Agreements in connection with the Bonds and Notes in such form as shall be deemed advisable by the Chairman and the Executive Director. The Commission hereby covenants and agrees that it will comply with and carry out all of the provisions of each Disclosure Agreement, as it may be amended from time to time. Notwithstanding any other provision of this Resolution or the Bonds or Notes, failure of the Commission to comply with the Disclosure Agreement shall not be considered an event of default; however, any bondholder or noteholder may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Commission to comply with its obligations under this Resolution and under the Disclosure Agreement.

7. This Resolution is an affirmative action of the Commission toward the issuance of the Bonds and Notes in accordance with the purposes of the laws of the State. This Resolution constitutes the Commission's declaration of official intent pursuant to

the Treasury Regulation Section 1.150-2 to reimburse the Commission's Operation and Maintenance Fund or other funds and accounts for certain capital expenditures for the Projects paid on or after the date which is sixty (60) days prior to the date this Resolution is adopted, but prior to the issuance of the Bonds or Notes. Such amounts to be reimbursed shall not exceed \$25,000,000 and shall be reimbursed not later than eighteen (18) months after the later of (a) the date on which the expenditure is paid, or (b) the date the applicable project is placed in service or abandoned but in no event later than three (3) years after the date the expenditure is paid.

8. If the Bonds or Notes are issued on a tax-exempt basis, the Commission agrees to take all lawful action necessary to ensure that the interest on the Bonds and Notes will remain exempt from federal income taxation to the extent provided in Section 103 of the Internal Revenue Code of 1986, as amended, and it agrees not to take any action which will cause interest on the Bonds and Notes to lose the benefit of the exclusion from gross income.

9. Any action to be taken by the Chairman or Executive Director pursuant to this Resolution may be taken by the Vice Chairman and Director of Administration and Finance, respectively.

10. This Resolution shall take effect upon its passage.

1 **NARRAGANSETT BAY COMMISSION**

2
3 **PRE-FILED DIRECT TESTIMONY**

4 **OF WILLIAM FAZIOLI**

5
6 **Q. Please state your name and title.**

7 A. My name is William J. Fazioli, Senior Managing Consultant with Public Financial
8 Management, Inc. (PFM).
9

10 **Q. Could you please describe your educational and employment background?**

11 A. I hold a Master of Public Administration degree from the Rockefeller College at the State
12 University of New York - Albany and two Bachelor of Arts degrees from Rhode Island
13 College. With over 24 years of public finance experience, I have served as financial
14 advisor to governmental issuers in Rhode Island and throughout New England. A
15 sample of communities that I have served during my career as a financial advisor include
16 the cities of Newport and Warwick, as well as the Hartford Metropolitan District
17 Commission and the City of New Haven in Connecticut. In addition, I have extensive
18 experience assisting borrowers through the Rhode Island Clean Water Finance Agency
19 State Revolving Fund Program. I have also served in the public sector as City Manager of
20 East Providence, Treasurer for the Town of Charlestown, and Finance Director for the
21 Town of North Providence.
22

23 **Q. Can you describe the organization of Public Financial Management (PFM) and the**
24 **types of services that it provides?**

25 A. Over the past 37 years, PFM has provided independent financial advisory services to
26 public entities. PFM has grown into a national firm with over 500 employees in 34
27 offices across the United States. For the 15th consecutive year, PFM has maintained its
28 position as the number one financial advisor in the industry, providing financial advisory
29 services in more than 900 transactions for a total par amount in excess of \$56.8 billion
30 in 2012. In terms of wastewater issuers, PFM has been the top ranked financial advisor
31 in this sector for several years as well while representing other large wastewater

1 operators including the Massachusetts Water Resources Authority and the DC Water
2 and Sewer District.

3

4 **Q. What is your relationship with the Narragansett Bay Commission (NBC)?**

5 A. PFM was appointed in 2012 to serve as Financial Advisor to the NBC by its Board of
6 Commissioners. I, as well as two of my colleagues at PFM, have experience working
7 with the NBC and we are familiar with NBC's borrowing history and capital needs.

8

9 **Q. Have you testified previously before the Rhode Island Public Utilities Commission
10 (RIPUC)?**

11 A. Yes. I have provided testimony in NBC's Docket 4364 and I also provided testimony in
12 support of the NBC's application for Division approval to enter into long-term debt filed
13 on February 7, 2013.

14

15 **Q. What is the purpose of your testimony?**

16 A. I was asked to provide testimony in support of NBC's application for Division approval to
17 enter into long-term debt and issue revenue bonds for an amount not to exceed \$90
18 million for the funding of NBC's Capital Improvement Program (CIP) as well as address
19 the current interest rate environment and other matters related to this application.

20

21 **Q. Can you discuss NBC's long-term financing plan?**

22 A. NBC's lowest cost of borrowing has traditionally been through the Rhode Island Clean
23 Water Finance Agency (RICWFA) and NBC has used the subsidized loans from RICWFA to
24 finance its CIP to the extent that funds were available. NBC's long-term financing model
25 has historically been based on loan capacity figures from the RICWFA which indicate
26 that NBC may receive \$12 million each year from the RICWFA; however, this is lower
27 than the amount that RICWFA has actually been able to loan to NBC. Regardless, the
28 RICWFA loan amounts are insufficient to meet NBC's capital funding needs for the next
29 few years. As a result, NBC must issue open market revenue bonds to fund the gap.

30

31

32

1 **Q. Are there any other considerations with respect to the RICWFA funding?**

2 A. Yes. The timing of the RICWFA loans is also a concern as their funding schedule
3 sometimes shifts out several months and, in the last two fiscal years, the NBC's loans did
4 not close until the last month of the fiscal year. Based upon a review of cash flows, NBC
5 has determined that it will need additional capital funds as early as November 2013,
6 well before the RICWFA transaction, which we understand, is currently scheduled to
7 close in the first quarter of 2014.

8
9 **Q. Can you provide any additional information on NBC's capital financing plan to meet
10 the funding gap?**

11 A. As of mid-October 2013, NBC will have expended the proceeds of its \$71.48 million 2013
12 Series A bond issue. NBC also projects that the proceeds of its \$25.0 million 2013 Series
13 B loan will be fully expended in November, 2013. The RICWFA has indicated that they
14 expect to be able to loan NBC a total of \$25 million in FY 14 but these funds will not be
15 available until the first quarter of next year at the earliest. As a result, NBC must
16 supplement the funding of ongoing capital commitments through the issuance of open
17 market revenue bonds. Based upon NBC's recently updated capital cash flows and
18 funding sources, NBC estimates that it will need additional deposits into its project fund
19 of approximately \$60 million to meet capital needs through June 30, 2015 (see the
20 testimony of Ms. Giebink).

21
22 **Q. How did NBC arrive at the financing strategy proposed in this application?**

23 A. As NBC's financial advisor, we evaluated NBC's funding options and determined that
24 even though the marginal interest rate advantage of the RICWFA traditional subsidized
25 rate program is significantly smaller now than during a high interest rate period, there is
26 still a measureable savings. As a result, NBC is seeking to borrow the full amount
27 available through the RICWFA and at the same time maximize the issuance of open
28 market revenue bonds within the constraints of the PUC's allowance for debt service
29 and debt service coverage.

30
31 NBC must also issue revenue bonds on its own and is taking a two-pronged approach to
32 the open market issues. First, NBC is a strong credit and therefore is in a good position

1 to take advantage of relatively low interest rates through the issuance of fixed rate
2 revenue bonds. In addition, NBC's variable rate demand bonds (VRDBs) have performed
3 extremely well since their issuance in 2004 and the flexibility of the variable rate
4 program is advantageous to NBC. NBC now has additional variable rate debt capacity
5 and can increase the amount of variable rate debt it carries while remaining within
6 NBC's policy constraints that limit outstanding long-term maturity variable rate bonds to
7 less than 25% of its total long-term fixed rate debt. Splitting the open market issues
8 allows NBC to take advantage of both short-term and long-term interest rates. Each of
9 these issues will likely be structured with 30 year maturities to wrap around the 20 year
10 maturity debt issued by the RICWFA.

11

12 **Q. Are you proposing any other changes to NBC's debt?**

13 A. Yes. In order to mitigate rate impacts we examined ways for NBC to level out its debt
14 service. The assets that NBC's finances through its capital program typically have a
15 useful life of 30-50 years. The RICWFA structures its loans with level debt service for a
16 term no longer than 20 years. As a result, NBC's debt is "front-loaded" and assets do
17 not necessarily match up with liabilities. NBC has historically issued its revenue bonds
18 with 30 year maturities and an amortization that "wrapped" around the shorter
19 maturity loans from the RICWFA to address this issue; however, the existing variable
20 rate demand bonds were structured as level debt. We are therefore proposing to
21 modify the amortization schedule of the 2008 Series A variable rate refunding bonds
22 (see Exhibit WJF-1). With this modification, NBC can issue all of the debt proposed in
23 this application within approved rates.

24

25 **Q. Is there anything else that you would like to mention regarding the open market**
26 **issues?**

27 A. Yes. To date NBC has not needed to fund a debt service reserve fund on any of its
28 revenue bond issues. The municipal bond market has been such that this did not
29 adversely impact pricing, as was the case with NBC's March 21, 2013 Series A Issue.
30 Since that time, however, we have received feedback through NBC's investment bankers
31 that investors are now penalizing bonds issued without debt service reserve funds by
32 requiring higher interest rates. Based upon our assessment, the pricing advantage

1 associated with a debt service reserve fund will outweigh the negative carry of the debt
2 service reserve fund. This requirement will only apply to the fixed rate open market
3 issue, and not to the open market VRDB or the bonds issued to the RICWFA.
4

5 **Q. Would you please address interest rate assumptions of the open market revenue**
6 **bond issues?**

7 A. Yes. Draft debt service schedules are attached to my testimony as Exhibit WJF-2. The
8 actual debt service schedules will depend on the final structure and then-current market
9 conditions and therefore will likely differ somewhat.
10

11 **Q. Would you please address the structure and interest rate assumptions of the RICWFA**
12 **borrowing?**

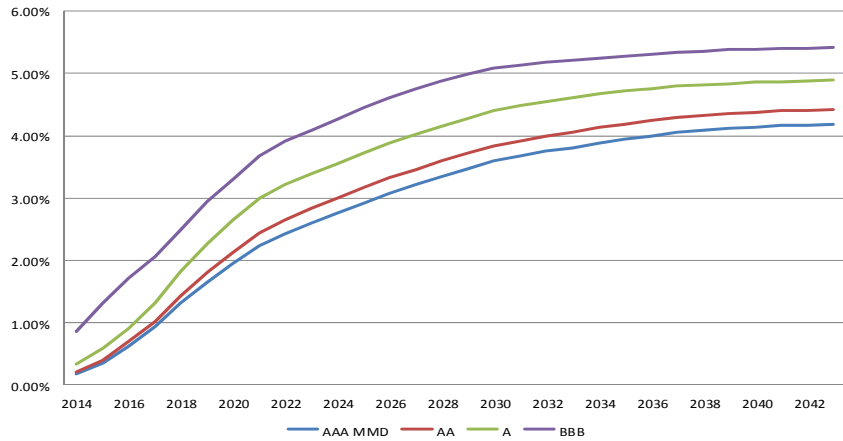
13 Yes. The revenue bonds are amortized over 20 years (upon completion of the project)
14 with the final maturity in or about 2034 and will be structured as level debt with the
15 traditional RICWFA subsidy of 1/3 of the market rate. A draft debt service schedule is
16 attached to my testimony as Exhibit WJF-3. The actual debt service schedules will
17 depend on market conditions and may differ slightly.
18

19 **Q. Can you provide an update on current market rates, the yield curve, NBC's credit**
20 **rating and how these factors influence NBC's options?**

21 A. Market rates remain relatively low and the credit spreads remain narrow for high credit
22 quality issuers with the yield curve for a "AA" credit rating only about 19 basis points
23 higher than a "AAA" credit rating as of October 10, 2013. The value of a "AA-" credit
24 rating is tangible and will result in cost savings for ratepayers compared to a lower
25 quality credit. In addition, while the yield curve has steepened in recent months, the
26 yield curve remains extremely flat at the long end of the curve with the spread between
27 20- and 30-year interest rates at about 24 basis points for a "AA" credit.
28
29
30
31

1

Yield Curve as of October 10, 2013



2

3

4 **Q. What is your expert recommendation with the respect to the timing of this issue and**
5 **interest rate risk?**

6 A. Long-term interest rates remain relatively low and it is a good time for borrowers like
7 NBC that are strong credits and have large CIPs to access the market. It is difficult to say
8 with certainty when or to what extent interest rates will rise but at some point they will
9 move upward. In terms of the open market revenue bond issue, it is to NBC's advantage
10 to price its bonds prior to November 28, 2013, prior to the traditional year-end surge of
11 bond issuances in the public markets.

12

13 **Q. When does the NBC need Division approval?**

14 A. It is NBC's best interest to price the bond issue prior to November 28, 2013. In order to
15 accomplish this goal, Division approval is needed by November 13, 2013. The POS can
16 then be mailed to investors on November 14, 2013. In the meantime, NBC anticipates
17 the receipt of the bond rating and the working group will finish the preparation of the
18 bond documents. Ideally the bonds would be priced on November 21, 2013 with the
19 closing on or about December 5, 2013.

20

21 **Q. Does this conclude your pre-filed testimony?**

22 A. Yes.

BOND DEBT SERVICE

Narragansett Bay Commission
2008 Variable Rate Bonds
NOVEMBER 2013 RESTRUCTURE

Period Ending	Principal	Coupon	Interest	Debt Service
06/30/2009			1,711,539.89	1,711,539.89
06/30/2010			1,962,275.04	1,962,275.04
06/30/2011			1,962,275.04	1,962,275.04
06/30/2012			1,962,275.04	1,962,275.04
06/30/2013			1,962,275.04	1,962,275.04
06/30/2014			1,962,275.04	1,962,275.04
06/30/2015			1,962,275.04	1,962,275.04
06/30/2016			1,962,275.04	1,962,275.04
06/30/2017			1,962,275.04	1,962,275.04
06/30/2018			1,962,275.04	1,962,275.04
06/30/2019			1,962,275.04	1,962,275.04
06/30/2020			1,962,275.04	1,962,275.04
06/30/2021			1,962,275.04	1,962,275.04
06/30/2022			1,962,275.04	1,962,275.04
06/30/2023	1,000,000	3.500%	1,936,025.01	2,936,025.01
06/30/2024	4,500,000	3.500%	1,809,150.00	6,309,150.00
06/30/2025	4,500,000	3.500%	1,651,650.00	6,151,650.00
06/30/2026	4,500,000	3.500%	1,494,150.00	5,994,150.00
06/30/2027	4,500,000	3.500%	1,336,650.00	5,836,650.00
06/30/2028	4,500,000	3.500%	1,179,150.00	5,679,150.00
06/30/2029	4,500,000	3.500%	1,021,650.00	5,521,650.00
06/30/2030	4,500,000	3.500%	864,150.00	5,364,150.00
06/30/2031	4,500,000	3.500%	706,650.00	5,206,650.00
06/30/2032	4,500,000	3.500%	549,150.00	5,049,150.00
06/30/2033	4,500,000	3.500%	391,650.00	4,891,650.00
06/30/2034	5,065,000	3.500%	219,318.72	5,284,318.72
06/30/2035	5,000,000	3.500%	43,749.99	5,043,749.99
	56,065,000		40,424,209.13	96,489,209.13

SOURCES AND USES OF FUNDS

Narragansett Bay Commission
Wastewater System Revenue Bonds
2013 Series B
Fixed Rate Revenue Bonds

Sources:

Bond Proceeds:	
Par Amount	30,000,000.00
Premium	3,389,578.45
	33,389,578.45
	33,389,578.45

Uses:

Project Fund Deposits:	
Project Fund	30,600,000.00
Other Fund Deposits:	
Reserve/Capitalized Interest Fund	2,529,625.00
Delivery Date Expenses:	
Cost of Issuance	105,000.00
Underwriter's Discount	150,000.00
	255,000.00
Other Uses of Funds:	
Additional Proceeds	4,953.45
	33,389,578.45
	33,389,578.45

BOND DEBT SERVICE

Narragansett Bay Commission
Wastewater System Revenue Bonds
2013 Series B
Fixed Rate Revenue Bonds

Period Ending	Principal	Coupon	Interest	Debt Service
06/30/2014			445,833.33	445,833.33
06/30/2015			1,500,000.00	1,500,000.00
06/30/2016			1,500,000.00	1,500,000.00
06/30/2017			1,500,000.00	1,500,000.00
06/30/2018			1,500,000.00	1,500,000.00
06/30/2019			1,500,000.00	1,500,000.00
06/30/2020			1,500,000.00	1,500,000.00
06/30/2021			1,500,000.00	1,500,000.00
06/30/2022	1,055,000	5.000%	1,473,625.00	2,528,625.00
06/30/2023	1,110,000	5.000%	1,419,500.00	2,529,500.00
06/30/2024	1,165,000	5.000%	1,362,625.00	2,527,625.00
06/30/2025	1,225,000	5.000%	1,302,875.00	2,527,875.00
06/30/2026	1,285,000	5.000%	1,240,125.00	2,525,125.00
06/30/2027	1,355,000	5.000%	1,174,125.00	2,529,125.00
06/30/2028	1,425,000	5.000%	1,104,625.00	2,529,625.00
06/30/2029	1,495,000	5.000%	1,031,625.00	2,526,625.00
06/30/2030	1,570,000	5.000%	955,000.00	2,525,000.00
06/30/2031	1,655,000	5.000%	874,375.00	2,529,375.00
06/30/2032	1,735,000	5.000%	789,625.00	2,524,625.00
06/30/2033	1,825,000	5.000%	700,625.00	2,525,625.00
06/30/2034	1,920,000	5.000%	607,000.00	2,527,000.00
06/30/2035	2,020,000	5.000%	508,500.00	2,528,500.00
06/30/2036	2,120,000	5.000%	405,000.00	2,525,000.00
06/30/2037	2,230,000	5.000%	296,250.00	2,526,250.00
06/30/2038	2,345,000	5.000%	181,875.00	2,526,875.00
06/30/2039	2,465,000	5.000%	61,625.00	2,526,625.00
	30,000,000		26,434,833.33	56,434,833.33

SOURCES AND USES OF FUNDS

Narragansett Bay Commission
Wastewater System Revenue Bonds
2014 Series A
Variable Rate Issue

Sources:

Bond Proceeds:	
Par Amount	26,745,000.00
	<hr/>
	26,745,000.00

Uses:

Project Fund Deposits:	
Project Fund	26,560,196.00
Delivery Date Expenses:	
Cost of Issuance	100,000.00
Underwriter's Discount	<hr/>
	80,235.00
	180,235.00
Other Uses of Funds:	
Additional Proceeds	4,569.00
	<hr/>
	26,745,000.00

BOND DEBT SERVICE

Narragansett Bay Commission
Wastewater System Revenue Bonds
2014 Series A
Variable Rate Issue

Period Ending	Principal	Coupon	Interest	Debt Service
06/30/2015			858,068.75	858,068.75
06/30/2016			936,075.00	936,075.00
06/30/2017			936,075.00	936,075.00
06/30/2018			936,075.00	936,075.00
06/30/2019			936,075.00	936,075.00
06/30/2020			936,075.00	936,075.00
06/30/2021			936,075.00	936,075.00
06/30/2022			936,075.00	936,075.00
06/30/2023	1,170,000	3.500%	915,600.00	2,085,600.00
06/30/2024	1,215,000	3.500%	873,862.50	2,088,862.50
06/30/2025	1,255,000	3.500%	830,637.50	2,085,637.50
06/30/2026	1,300,000	3.500%	785,925.00	2,085,925.00
06/30/2027	1,350,000	3.500%	739,550.00	2,089,550.00
06/30/2028	1,395,000	3.500%	691,512.50	2,086,512.50
06/30/2029	1,445,000	3.500%	641,812.50	2,086,812.50
06/30/2030	1,500,000	3.500%	590,275.00	2,090,275.00
06/30/2031	1,550,000	3.500%	536,900.00	2,086,900.00
06/30/2032	1,605,000	3.500%	481,687.50	2,086,687.50
06/30/2033	1,665,000	3.500%	424,462.50	2,089,462.50
06/30/2034	1,720,000	3.500%	365,225.00	2,085,225.00
06/30/2035	1,785,000	3.500%	303,887.50	2,088,887.50
06/30/2036	1,845,000	3.500%	240,362.50	2,085,362.50
06/30/2037	1,915,000	3.500%	174,562.50	2,089,562.50
06/30/2038	1,980,000	3.500%	106,400.00	2,086,400.00
06/30/2039	2,050,000	3.500%	35,875.00	2,085,875.00
	26,745,000		16,149,131.25	42,894,131.25

Bond Debt Service
 Narragansett Bay Commission
 2014 RICWFA Loan
 SRF Indicative Rates (as of 10.8.13) - Current Market + 0.50%
 Rate Includes 0.50% RICWFA Fee

Period Ending	Principal	Coupon	Interest	Debt Service
6/30/2015			814,549.00	814,549.00
6/30/2016	950,000	1.380%	807,994.00	1,757,994.00
6/30/2017	965,000	1.600%	793,719.00	1,758,719.00
6/30/2018	980,000	1.830%	777,032.00	1,757,032.00
6/30/2019	1,000,000	2.130%	757,415.00	1,757,415.00
6/30/2020	1,025,000	2.400%	734,465.00	1,759,465.00
6/30/2021	1,050,000	2.610%	708,462.50	1,758,462.50
6/30/2022	1,080,000	2.820%	679,532.00	1,759,532.00
6/30/2023	1,110,000	2.970%	647,820.50	1,757,820.50
6/30/2024	1,145,000	3.100%	613,589.50	1,758,589.50
6/30/2025	1,180,000	3.240%	576,726.00	1,756,726.00
6/30/2026	1,220,000	3.350%	537,175.00	1,757,175.00
6/30/2027	1,265,000	3.470%	494,792.25	1,759,792.25
6/30/2028	1,310,000	3.570%	449,461.00	1,759,461.00
6/30/2029	1,360,000	3.650%	401,257.50	1,761,257.50
6/30/2030	1,410,000	3.740%	350,070.50	1,760,070.50
6/30/2031	1,465,000	3.810%	295,795.25	1,760,795.25
6/30/2032	1,520,000	4.140%	236,423.00	1,756,423.00
6/30/2033	1,585,000	4.080%	172,625.00	1,757,625.00
6/30/2034	1,655,000	4.120%	106,198.00	1,761,198.00
6/30/2035	1,725,000	4.180%	36,052.50	1,761,052.50
	25,000,000		10,991,154.50	35,991,154.50

NARRAGANSETT BAY COMMISSION
STATEMENT OF NET POSITION
SEP-14

CURRENT ASSETS	
Cash and cash equivalents	\$14,269,528.01
Accounts receivable sewer use (net of allowance)	11,902,013.99
Accounts receivable sewer use unbilled	3,821,109.54
Accounts receivable Series 2013B (PL 16)	24,616,284.23
Receivables, other	62,218.99
Prepaid expense	737,701.51
Total Current Assets	<u>55,408,856.27</u>
NONCURRENT ASSETS	
Restricted assets	
Cash, environmental enforcement	66,869.79
Cash and cash equivalents, restricted	5,423,254.51
Cash and cash equivalents, restricted for the acquisition and construction of capital assets	32,824,038.29
Total Restricted Assets	<u>38,314,162.59</u>
Capital Assets	
Land	2,754,407.48
Plant and Equipment	84,481,627.58
Capital projects completed	598,301,337.18
Construction in Progress	336,044,332.34
	<u>1,021,581,704.58</u>
Less accumulated depreciation	<u>(155,679,958.87)</u>
Net Capital Assets	<u>865,901,745.71</u>
Other Assets	
Organization costs (net of accumulated depreciation)	10,125.35
Bond and loan issuance costs (net of accumulated amortization)	6,145,036.14
Total Other Assets	<u>6,155,161.49</u>
Total Noncurrent Assets	<u>910,371,069.79</u>
TOTAL ASSETS	<u>\$965,779,926.06</u>
CURRENT LIABILITIES	
Accounts and Contracts Payable	\$8,165,452.32
Accrued interest payable	1,650,734.21
Other accrued expenses	3,056,022.90
Unearned revenue	269,746.25
Total Current Liabilities	<u>13,141,955.68</u>
NONCURRENT LIABILITIES	
Long-term loans payable, net	324,160,324.91
Long-term leases payable, net	585,680.05
Long-term debt	223,414,097.03
Total Noncurrent Liabilities	<u>548,160,101.99</u>
TOTAL LIABILITIES	<u>561,302,057.67</u>
NET POSITION	
Net Investment in capital assets	342,315,989.11
Restricted, environmental enforcement	66,869.79
Unrestricted	62,095,009.49
TOTAL NET POSITION	<u><u>\$404,477,868.39</u></u>

NARRAGANSETT BAY COMMISSION
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
FOR THE PERIOD ENDING SEP-14

OPERATING REVENUE	
User fees, residential	\$13,130,516.72
User fees, commercial and industrial	9,899,454.05
Sewer connection fees	32,211.00
Pretreatment fees	281,459.56
Environmental enforcement fees	6,677.98
Septage income	80,274.95
Miscellaneous	1,680.00
Total Operating Revenues	<u>23,432,274.26</u>
OPERATING EXPENSES	
Personnel services	5,533,742.13
Operating and maintenance	1,669,482.83
Utilities	960,313.09
Supplies	356,411.68
Professional services	651,424.11
Depreciation and amortization	2,889,478.26
Miscellaneous	162,242.32
Total Operating Expenses	<u>12,223,094.42</u>
OPERATING INCOME	<u>11,209,179.84</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	1,062.45
Interest expense	(3,855,988.19)
Late charge penalty	246,538.69
Miscellaneous nonoperating revenue	45,452.01
Bond and note fees	(30,020.00)
Total Nonoperating Revenue (Expenses)	<u>(3,592,955.04)</u>
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	7,616,224.80
Capital Contribution	0.00
CHANGE IN NET POSITION	<u>7,616,224.80</u>
TOTAL NET POSITION, BEGINNING	<u>396,861,643.59</u>
TOTAL NET POSITION, ENDING	<u><u>\$404,477,868.39</u></u>

RHODE ISLAND CLEAN WATER FINANCE AGENCY
CLEAN WATER STATE REVOLVING FUND
LOAN AGREEMENT

This AGREEMENT is entered into as of the ___th day of _____, 2014 between the Rhode Island Clean Water Finance Agency (the "Agency") and the Narragansett Bay Commission (the "Borrower") in accordance with Title VI of the Federal Clean Water Act, Public Law 112-74, Title 46-25 of the Rhode Island General Laws (the "Borrower Act"), and Title 46-12.2 of the Rhode Island General Laws (the "Act") in order to finance, to the extent of the aggregate amount of the loans made hereunder, a Water Pollution Abatement Project (the "Project") now being undertaken by the Borrower. The Project is described in Exhibit A.

ARTICLE I
THE LOAN

1.1. The Agency agrees to and does hereby loan to the Borrower, and the Borrower agrees to and does hereby borrow from the Agency, in accordance with the terms of this Agreement, the principal sum of [] (\$[]) (the "Loan"), the proceeds of which shall be used to finance the project or projects identified on Exhibit A attached hereto. The Borrower shall repay the Loan, with interest thereon, in annual installments as provided in this Agreement and in the form of the Revenue Bond, described below. The proceeds of the Loan shall be disbursed hereunder by the Agency to the Borrower, or on its order, on a periodic basis, as requested by the Borrower, but not more frequently than bi-weekly, subject to the approval of the amount of each disbursement by the Agency and based on the DEM's periodic inspection and approval of construction completed to date.

1.2. The Loan shall be represented by a bond of the Borrower (the "Revenue Bond") issued under and in accordance with the applicable provisions of the Rhode Island General Laws, the Borrower Act and the Act and each disbursement shall be noted thereon or otherwise recorded in the records of the Agency. The Revenue Bond shall be issued in accordance with the Trust Indenture between the Narragansett Bay Commission and U.S. Bank National Association (as successor trustee to Wells Fargo Bank, N.A., as successor trustee to The Bank of New York Trust Company, N.A., as successor trustee to J.P. Morgan Trust Company, National Association), as Trustee (the "Borrower Trustee"), dated as of April 15, 2004, a First Supplemental Indenture thereto, dated April 15, 2004, a Second Supplemental Indenture thereto dated December 30, 2004, a Third Supplemental Indenture thereto dated August 4, 2005, a Fourth Supplemental Indenture dated December 15, 2005, a Fifth Supplemental Indenture dated as of December 21, 2006, a Sixth Supplemental Indenture dated as of February 8, 2007, a Seventh Supplemental Indenture dated as of October 15, 2007, an Eighth Supplemental Indenture dated as of December 12, 2007, a Ninth Supplemental Indenture dated as of July 1, 2008, a Tenth Supplemental Indenture dated as of November 1, 2008, an Eleventh Supplemental Indenture dated as of October 6, 2009, a Twelfth Supplemental Indenture dated as of February 12, 2010, a Thirteenth Supplemental Indenture dated as of June 24, 2010, a Fourteenth Supplemental Indenture dated as of March 29, 2011, a Fifteenth Supplemental Indenture dated as of June 28, 2012, a Sixteenth Supplemental Indenture dated as of November 28, 2012, a Seventeenth Supplemental Indenture dated as of March 21, 2012, and an Eighteenth Supplemental Indenture dated as of June 6, 2013, Nineteenth Supplemental Indenture dated as of November __, 2013, and a Twentieth Supplemental Indenture dated as of _____, 2014, (collectively, the "Narragansett Bay Commission Trust Indenture") which is incorporated herein

and attached as Exhibit B hereto. The Revenue Bond shall be substantially in the form of Exhibit C hereto.

1.3. To fund all or a portion of the Loan, and other loans made to the Borrower or other borrowers, the Agency shall issue its Water Pollution Control Revolving Fund Revenue Bonds, Series 2014A (Pooled Loan Issue) (the "Agency Bonds") in one or more series, from time to time, under and pursuant to an Indenture of Trust (the "Indenture of Trust"), dated as of February 15, 1992, between the Agency and U.S. Bank National Association, (successor to State Street Bank and Trust Company successor to Rhode Island Hospital Trust National Bank), as Trustee (the "Trustee") as supplemented by a First Supplemental Indenture dated as of February 15, 1993, a Second Supplemental Indenture dated as of June 1, 1994, a Third Supplemental Indenture dated as of December 20, 1995, a Fourth Supplemental Indenture dated as of March 1, 1997, a Fifth Supplemental Indenture dated as of January 1, 1999, a Sixth Supplemental Indenture dated as of January 1, 1999, a Seventh Supplemental Indenture dated as of August 1, 1999, an Eighth Supplemental Indenture dated as of October 1, 2000, a Ninth Supplemental Indenture dated as of April 1, 2002, a Tenth Supplemental Indenture dated as of October 1, 2002, an Eleventh Supplemental Indenture dated as of May 1, 2003, a Twelfth Supplemental Indenture dated as of November 1, 2003, a Thirteenth Supplemental Indenture dated as of December 1, 2004, a Fourteenth Supplemental Indenture dated as of December 1, 2004, a Fifteenth Supplemental Indenture dated as of December 15, 2005, a Sixteenth Supplemental Indenture dated as of December 1, 2006, a Seventeenth Supplemental Indenture dated as of December 1, 2007, an Eighteenth Supplemental Indenture dated as of October 1, 2009, a Nineteenth Supplemental Indenture dated as of May 1, 2010, a Twentieth Supplemental Indenture dated as of June 1, 2010, a Twenty-first Supplemental Indenture dated as of March 1, 2011, a Twenty-

second Supplemental Indenture dated as of June 1, 2012, a Twenty-third Supplemental Indenture dated as of June 1, 2013, and a Twenty-fourth Supplemental Indenture dated as of _____, 2014 (the Indenture of Trust as supplemented is hereinafter referred to as the "Indenture") and the issuance of the Agency Bonds shall constitute a condition precedent to the obligations of the Agency under this Agreement. The Revenue Bond and this Agreement will be pledged and assigned to the Trustee as security for the Agency Bonds. If for any reason the Agency Bonds are not issued on or before _____, 2014, the Borrower may by written notice delivered to the Agency cancel its obligation to borrow funds, accept the Loan or issue the Revenue Bond hereunder, except to the extent that it may have already done so.

1.4. A portion of the proceeds of the Agency Bonds and other funds of the Agency equal to the principal amount of the Loan, less, in each case, a loan closing fee (the "Loan Closing Fee") equal to (i) the Borrower's cost of issuance with respect to the issuance of the Revenue Bond plus (ii) one percent of the Loan, will be deposited in an account or accounts for the benefit of the Borrower in the Construction Proceeds Fund held by the Trustee under the Indenture (which Fund and accounts may be referred to in certain other documents collectively as the "Construction Proceeds Investment Fund"). Such deposit or deposits, together with the Loan Closing Fee, shall constitute the Loan. The Agency, in its sole discretion, shall determine which funds available to the Agency shall be allocated to the Loan.

ARTICLE II THE REVENUE BOND

2.1. Payment of principal and interest shall be made by the Borrower as stated in Exhibit G attached hereto. The Subsidized Interest Rate is calculated based on a 33 1/3% interest subsidy from the Borrower's Market Rate. The Borrower will be obligated by the

Revenue Bond to pay the Market Rate stated thereon but will be billed only for the Subsidized Interest Rate, except in special circumstances as set forth below in Article III. The Borrower shall also pay to the Agency a loan servicing fee (the "Loan Servicing Fee") in the amount of one-half of one percent of the aggregate amounts disbursed prior to such date less aggregate prior principal payments by the Borrower (the "Outstanding Disbursements") as stated in Exhibit F. The Agency's Loan Servicing Fee may be adjusted from time to time subject to the Agency Indenture, but no such adjustment shall have any effect on either the Subsidized Interest Rate or the Market Rate on the Revenue Bond.

2.2. Interest will be charged only on the amount of the Loan proceeds which has been disbursed or deemed disbursed to the Borrower and is to be calculated on the basis of a 360-day year of twelve thirty-day months. That portion of the Loan which is applicable to the Loan Closing Fee shall be deemed to be disbursed to the Borrower as of the delivery of the Agency Bonds; the balance of the Loan will be deemed disbursed to the Borrower when the Trustee shall have transferred money for the Borrower's account out of the Construction Proceeds Fund to the Agency in response to a Borrower's requisition made in accordance with Article VI hereof. The Agency shall furnish to the Borrower a monthly statement of Loan activity showing all amounts which have been disbursed or deemed disbursed pursuant to the terms of this Agreement. Notwithstanding the foregoing, in the event that the Borrower fails, for any reason whatsoever, to draw funds from the Construction Proceeds Fund to pay costs of its Project in accordance with the construction draw schedule provided by the Borrower to the Agency at the time of the making of the Loan, the Borrower shall pay to the Agency, as billed, all amounts reasonably incurred by the Agency on account of such failure to draw such funds in accordance with its established construction draw schedule, provided, however, in no event shall the amount billed

exceed the amount the Borrower would have paid in interest at the Subsidized Interest Rate as defined in Section 2.1 herein on the Loan had the Borrower drawn the funds in accordance with its established construction draw schedule; and further provided that the Borrower will not be billed in the event that the Borrower draws funds more quickly than set forth in the construction draw schedule.

2.3 [Reserved]

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

2.5. 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 Revenue Bond. To the extent that the Revenue 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 Revenue Bond (which may be in the form of one or more additional bond anticipation notes) issued to refund or renew such bond anticipation notes.

2.6. The annual installments of principal and interest on the Loan shall be arranged so that the last payment of principal and interest is no later than twenty (20) years from the

scheduled completion date of the Project as estimated at the time the Loan is made. If any portion of the Project which is separately identified on Exhibit A is not commenced or if, having been commenced, is abandoned or completed without the full amount of the Loan applicable thereto having been disbursed, as of the scheduled completion date set forth in Exhibit A hereto, the balance of the undisbursed proceeds applicable to such portion shall be deemed disbursed as of such date and the Borrower shall be responsible for the payment of interest thereon. Notwithstanding that such balance is deemed disbursed, it shall be retained by the Trustee and held under the Indenture in a separate account for the benefit of the Borrower and the balance and all earnings thereon shall be applied in accordance with the terms of the Indenture. The Borrower shall be responsible for any shortfall in the earnings on the investment of such funds as compared to the interest due on the respective Agency Bonds and the Borrower shall receive credit against principal or interest requirements on the Revenue Bond for payments of principal or interest on the Agency Bonds from the principal of or interest earnings on, respectively, such invested funds. 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, but the obligation of the Agency to make disbursements in that amount and the obligation of the Borrower to repay the Loan in that amount shall lapse and be without effect. In the case of such a lapse, the Agency shall re-compute the initial and adjusted annual debt service installments of each Loan to reflect the amount of proceeds actually disbursed to the Borrower, if less than the full principal amount of the Loan, and to make the appropriate notations on the Revenue Bond or otherwise in the records of the Agency, provided that failure to make such a notation or any error made in such a notation with respect to any Loan shall not limit the Borrower's payment obligations under this Agreement and the Revenue Bond. Such re-computation shall be as a pro-

rata reduction of the debt service on the Revenue Bond. The Agency shall use its best efforts, consistent with the requirements of the Act, to identify other borrowers and to use the aforesaid undisbursed balance for the purpose of making other loans to such other borrowers.

2.7. A Loan may be prepaid by the Borrower at any time with the consent of the Agency but in giving such consent the Agency may require a prepayment penalty based on the cost of reinvesting the prepayment, the cost of prepaying outstanding bonds of the Agency or any other negative financial impact reasonably determined by the Agency.

2.8. The Revenue Bond, when delivered to the Agency shall be in fully marketable form accompanied by documentation in form and substance satisfactory to the Agency including an opinion of nationally recognized bond counsel acceptable to the Agency as to the valid authorization, execution, delivery and enforceability of the Revenue Bond and this Agreement. Said opinion shall include an opinion that interest on the Revenue Bond is not included in gross income for federal income taxation purposes and interest on the Revenue Bond is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. The Agency and the Borrower agree to comply with Rule 15c-2-12 of the Securities and Exchange Commission and any other applicable securities laws, if applicable.

ARTICLE III

LOCAL INTEREST SUBSIDY TRUST

3.1. The Agency has caused there to be created under the Indenture a fund known as the Local Interest Subsidy Trust Fund (the "LIST"), which is pledged as security for the Agency Bonds and which the Agency will use to pay the difference between the interest rate on Agency

Bonds and the Subsidized Interest Rate for the Borrower and other borrowers. Pursuant to the Indenture, certain amounts in the LIST are allocated to the Borrower and other borrowers, although such allocation does not make such amount a part of the Loan or of the loans to other borrowers. If the Borrower or other borrowers should default in the timely payment of debt service on the Loan or on the loans made to such other borrowers, the LIST may be wholly or partially depleted and, in addition, the LIST may not generate sufficient income to pay the difference between the stated interest rate and the Subsidized Interest Rate. In the event of a default in payment by the Borrower or any other borrowers, the Agency may restore the LIST and cover its debt service obligations on the Agency Bonds by requiring the defaulting Borrower and/or other borrowers to pay up to the full stated interest rate on the Revenue Bonds or bonds or notes representing the Loan or loans on which default has occurred until all accounts in the LIST are restored. The Indenture requires that certain LIST accounts not allocated to any borrower be exhausted first and that the LIST account allocated to the defaulting borrowers be exhausted second and that the accounts of the other borrowers then be charged on a pro-rata basis. If the payment default by any other borrowers continues beyond the point that the LIST account of the defaulting borrowers is exhausted (or will be exhausted as of the next payment of debt service on the Agency Bonds), the Borrower and other borrowers, each of whom is not in default, may be required to pay up to the full stated interest rate on the Revenue Bond or, in the case of other borrowers, on the notes representing loans to them. Such charge shall never affect the amount of Loan proceeds which may be disbursed pursuant to Article VII, nor shall it affect the amount of principal which must be repaid on the Revenue Bond. The only effect shall be a requirement that the Borrower pay interest in excess of the Subsidized Interest Rate, but not in excess of the full interest rate stated on the Revenue Bond. Such requirement shall be prospective only and shall

apply to payments of interest due after the Agency has given written notice to the Borrower of the circumstances which have caused such requirement to occur.

3.2. At such time as the default in payment referred to in paragraph 3.1. is cured or, through payment of the full stated interest rate the LIST is restored, the Agency shall again bill the Borrower only at the Subsidized Interest Rate. The Agency shall not be required to reimburse or credit the Borrower for any increase paid pursuant to this Article.

The obligation of the Borrower to pay the full stated interest rate upon the occurrence of the events stated in this Article does not constitute, and shall not be deemed to constitute for any purpose, a guarantee by the Borrower of the debt of any other person, or indemnification of the Agency or a penalty of any kind or nature. Such obligation constitutes solely a matching of funds available to the Agency for interest rate subsidies to the interest rate requirement on the Agency Bonds.

ARTICLE IV

PLEDGE AND DEFAULT

4.1. In accordance with the Narragansett Bay Commission Trust Indenture, incorporated herein as Exhibit B, the Revenue Bonds shall be general obligations of the Borrower and the full faith and credit of the Borrower are pledged for the payment of the Principal Amount and Redemption Price and interest in the Revenue Bonds, subject to the provisions of the Narragansett Bay Commission Trust Indenture.

4.2 At any time, any Agency 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 a default in the prompt and full payment when due of any installment of principal of or interest on a Revenue Bond issued under this Agreement, any Agency funds payable to the Borrower for the Project

may be held and treated as collateral security for the payment of the obligations hereunder. Any such funds applied or held shall be treated as additional principal advances under the Loan. In the event of set off, the Agency shall notify the Borrower of said set off and said funds will be applied to the annual payment due.

4.3 No delay or omission on the part of the Agency in exercising any right under the Revenue Bond or hereunder shall operate as a waiver of such right or of any other right under the Revenue 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.

4.4 The Borrower will pay all reasonable costs of collection, legal expenses, and attorney's fees incurred or paid by the Agency in collecting or enforcing the Revenue Bond, this Agreement or any Loan made hereunder on default, except to the extent that a court of competent jurisdiction has determined that such costs, expenses and fees were not reasonably incurred.

4.5 If any payment due from the Borrower to the Agency shall not be paid in full when and as due, and provided that the Agency shall have given the Borrower written notice of or a bill for such payment not earlier than 45 days and not later than 30 days before the same is due, additional interest charges shall be made as a late payment fee which will be charged to the Borrower and due to the Agency. The late payment fee shall be five percent of the amount of the payment or portion thereof, which is late and will be charged every fifteen days, until the payment in question is received, or such lesser amount as shall be the maximum additional interest permitted by state law. The late payment fee shall not constitute a penalty or liquidated damages but shall constitute interest due on the Revenue Bond and is intended to compensate the

Agency for the costs and expenses incurred by it on account of each late payment, including but not limited to interest costs and accounting expenses.

4.6 This Agreement shall constitute a loan agreement within the meaning of Section 46-25-59(b) of the Borrower Act. All money received pursuant to the issuance of the Revenue Bond and as revenues, receipts and income shall be trust funds within the meaning of Section 46-25-61 of the Borrower Act.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

5.1. The Borrower, in consideration for the making of the Loan by the Agency, represents and warrants as follows:

(i) it is a public corporation and is a "local government unit" of the state of Rhode Island as defined in the Act;

(ii) it is authorized to enter into this Agreement, to obtain the Loan and to issue the Revenue Bond and to undertake the Project;

(iii) at the time of or prior to the first disbursement hereunder, the Revenue Bond has been approved by the division of public utilities, as required by Section 46-25-58(m) of the Borrower Act;

(iv) the public utilities commission has approved sewer user fees, charges, rates or assessments which will be sufficient to meet the rate covenant contained in the Borrower Trust Indenture, as projected by the Borrower for the next five fiscal years;

(v) [reserved]

(vi) the Loan, the Revenue Bond, Agreement, and the Narragansett Bay Commission Trust Indenture have each been duly authorized by the Borrower and, when

delivered at or prior to the time the Loan is made, will constitute valid and binding obligations, enforceable in accordance with their terms;

(vii) there is no fact that the Borrower has not disclosed to the Agency that materially adversely affects the properties, activities, financial condition or economic outlook of the Borrower or its ability to undertake the Project or repay the Loan;

(viii) there is no 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;

(ix) the Borrower, having made reasonable investigation, represents that it has not taken any action (or failed to take any action) that would: (1) cause the interest payable

on the Revenue Bond to be includable in gross income for Federal income tax purposes under the Internal Revenue Code of 1986 (the "Code"); or (2) cause the Revenue Bond to be a "private activity bond," as defined in Section 141 of the Code.

5.2. The Borrower shall confirm, as of the date of each construction disbursement made hereunder, the representations and warranties contained in Section 5.1 and in addition at the time of each construction disbursement shall represent and warrant as follows:

(i) it is in compliance in all material respects with all laws, ordinances, rules and regulations affecting or relating to the Project;

(ii) it has used all previously disbursed Loan proceeds and will use all Loan proceeds to be disbursed to pay a portion of the costs of the Project or to reimburse itself

for costs of the Project which it has paid and which have not been the subject of any prior disbursement;

(iii) it is not in material default hereunder, or under the Revenue Bond;

(iv) the extent, if any, to which all representations and covenants made in any certificate furnished in connection with the delivery of the Revenue Bond, including certificates relating to disclosure of material information in connection with the sale of Agency Bonds and to the tax-exempt nature of interest on the Revenue Bond, are no longer true and correct.

ARTICLE VI

DISBURSEMENT

6.1. After the Loan is made pursuant to Section 1.4 of this Agreement, construction progress payments and reimbursements will be made to the Borrower or on its order from the Construction Proceeds Fund held under the Indenture. Payments and reimbursements will be made only on account of those portions of the Project, as identified in Exhibit A, for which the Borrower has received and filed with the Agency a Certificate of Approval from DEM.

6.2. No more frequently than bi-weekly, Borrower may submit to the Agency a requisition, in the form set forth in Exhibit J, for payment from the Construction Proceeds Fund held under the Indenture. Such requisition shall be accompanied by vendor, contractor or supplier invoices, or such other documentation as the Agency shall require, showing that each payee, the purpose and the aggregate amount of payments is within the project definition, all applicable DEM qualifications and approvals and the total amount of the Loan. In the case of a requisition for the reimbursement of project costs paid in the first instance by the Borrower, the

requisition shall additionally state that such costs have not been the subject of any prior requisition and are within all applicable guidelines for reimbursement financing.

6.3. Except as provided below, when the Agency has reviewed any requisition and found it to be complete and proper, or has, in its sole discretion, waived any non-compliance, the Agency shall cause the Trustee under the Indenture to transfer the amount of such requisition to the Agency for the Borrower's account therewith. The Agency review of any requisition shall be completed within five (5) business days of its receipt. Upon receipt of such transfer and in any case within five (5) business days thereof, the Agency shall issue its wire, check, or checks to or on the order of the Borrower, in each case, for payment as specified in the requisition. The Agency shall establish procedures and shall use its best efforts to assure that the Trustee establishes procedures which will cause each duly submitted requisition to be paid within thirty days of its receipt by the Agency. If at the time of any requisition any of the following shall be true:

- (i) there shall then be a continuing Event of Default hereunder;
- (ii) the Agency shall have been notified by DEM that disbursement of the Loan should be suspended as a result of conditions found during a DEM review or inspection of the Project, or any components thereof; or
- (iii) if the representations and warranties contained in Section 5.1 and Section 5.2

shall not be true and correct in all material respects as of the date of the requisition; then the Agency shall have sole discretion as to whether to cause the Trustee to make such transfer and to issue any such check, as aforesaid. If the Agency has not previously been furnished with a copy of the DEM Certificate of Approval for the portion of the Project to which the requisition

relates and for such portion's inclusion in the Agency's loan program, no requisition shall be approved.

6.4. Notwithstanding Section 1.3 hereof, prior to the time that the proceeds of Agency Bonds are available to the Agency to make disbursements to the Borrower, the Agency may, subject to its discretion and the availability of funds, make disbursements to the Borrower as provided in this Article VI, whereupon all of this Agreement shall be in full force and effect with respect to such disbursement as if Agency Bonds had been issued. Section 1.3 shall continue to apply with respect to the undisbursed balance of the Loan and the exercise of discretion by the Agency to make any disbursement prior to the issuance of Agency Bonds shall not operate to require it to make any subsequent disbursement.

ARTICLE VII

EVENTS OF DEFAULT

7.1. In the event that: (i) the Borrower shall fail to make any payment 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; or (ii) an Event of Default shall occur under the terms of the Narragansett Bay Commission Trust Indenture, such failure or such occurrence shall constitute an Event of Default, without notice or demand of any kind whatsoever.

7.2. Failure of the Borrower to observe or comply with any other obligation or covenant under this Agreement shall constitute an Event of Default if the same shall continue for a period of thirty days after written notice thereof given to the Borrower by or on behalf of the Agency.

7.3. Upon the occurrence and continuation of an Event of Default, the Agency may take any and all action, at law or in equity, as it may deem appropriate to enforce this Agreement and the Revenue Bond. In addition and not in limitation of all other rights which it may from time to time have, including, but not limited to, the rights set forth in Section 4.5 of this Agreement, the Agency may, if an Event of Default under Section 7.1 or Section 7.2 of this Agreement has occurred, to the extent permitted by law, declare all or any portion of the Loan immediately due and payable, suspend all further construction progress payments and exercise its rights under Article III hereof.

ARTICLE VIII

COMPLIANCE AND REPORTS

8.1. The Borrower agrees to comply with all State and Federal requirements with respect to carrying out the Project, including, without limitation, those requirements contained in:

- (i) Title VI of the Federal Clean Water Act;
- (ii) 33 U.S.C. 1372, which requires, inter alia, providing in all contracts with contractors and subcontractors funded directly by or assisted in whole or in part with the funding provided under a federal capitalization grant shall pay laborers and mechanics wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the Secretary of the United States Department of Labor (“DOL”) in accordance with subchapter IV of Chapter 31 of Title 40, United States Code, and as further stated in Exhibit I attached hereto;

(iii) Title 40, CFR Part 34, New Restrictions on Lobbying, including the submission of certification and disclosure forms accordingly;

(iv) To the extent applicable, the Borrower agrees to be bound by and to comply with, the provisions and requirements of the federal Single Audit Act of 1984 (Pub. L. 98-502) Office of Management and Budget (OMB) Circular No. A-133, and updates or revisions, thereto. See Exhibit E for the amount of federal funds allocated to the Loan;

(v) other Federal legislation or administrative rules applying to activities supported with Federal funds, including those listed in Exhibit D;

(vi) the Act; and

(vii) those sections of the Governor's Executive Order #85.4 relating to

Minority

Business Enterprises and Women's Business Enterprises.

The Borrower shall, for as long as is required by applicable law, submit to the Agency, on a timely basis, such reports and other information as the Agency may reasonably require to show that the Borrower is in compliance with all such requirements.

8.2. The Borrower will provide the following information to the Agency during the life of the Loan:

(i) a copy of its annual audited financial statements in accordance with Generally Accepted Government Accounting Standards, annually within 180 days of end of fiscal year;

(ii) unless included as a part of the annual budget or audited financial statement and furnished pursuant to item (iii), an analysis of operating revenues and

expenses, including without limitation, a description of the status of all revenues securing the Revenue Bond and of any operating expenses in excess of budget, annually within 180 days of the end of fiscal year;

(iii) a copy of the annual budget of the Borrower, within fifteen days of its adoption;

(iv) unless included as a part of the annual budget or audited financial statements and furnished pursuant to item (iii), a schedule of current and projected short-term and long-term debt service, annually with the aforesaid budget;

(v) unless included as a part of the annual budget or audited financial statements and furnished pursuant to item (iii), a schedule of capital replacement reserves, annually with the aforesaid budget;

(vi) copies of reports submitted to DEM, the federal Environmental Protection Agency ("EPA") and any other regulatory agency relating to any project financed by the Agency or the operation thereof, simultaneously with such submission;

(vii) during the construction period, an accounting of the monthly disbursements relating to the project, monthly within fifteen days;

(viii) on September 1 of each year, a certification to demonstrate compliance with Section 5.1(ix) hereof, in the form set forth as Exhibit H or such other form as reasonably determined by the Agency; and

(ix) such other information or reports as and when the Agency may reasonably require.

8.3 (i) At the time the Loan is made, and at the times provided for in Section 8.2(viii) hereof, the Borrower will be required to make representations and certifications regarding

its actions which may affect the exclusion from gross income of interest on the Revenue Bond for Federal income tax purposes. In addition, the Borrower may be required to rebate certain investment profits to the federal government. The Borrower shall review these issues with its bond counsel.

(ii) The interest on the Borrower Bond is intended to be excludable from gross income under Section 103 of the Code. The Borrower will not take any action (or fail to take any action) that would: (1) cause the interest payable on the Borrower Bond to be includable in gross income for Federal income tax purposes under the Code; or (2) cause the Borrower Bond to be a "private activity bond," as defined in Section 141 of the Code.

8.4 To the extent permitted by law, so long as the Borrower shall constitute an obligated person with respect to the Agency 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 Agency (1) such financial information and operating data with respect to the Borrower at such times and in such forms as the Agency 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 Agency with its audited financial statements for each fiscal year, and (3) the Borrower agrees to provide or cause to be provided to the Agency, within ten (10) business days after the occurrence thereof, notice of the occurrence of any of the following events with respect to the Borrower Bonds:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions or the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TE3) or other material notices or determinations with respect to the tax status of the

- Borrower Bonds or other material events affecting the tax-exempt status of the Borrower Bonds;
- (g) modifications to rights of holders of the Borrower Bonds, if material;
 - (h) Borrower Bond calls, if material;
 - (i) Borrower Bond defeasances;
 - (j) release, substitution, or sale of property securing repayment of the Borrower Bonds, if material;
 - (k) rating changes;
 - (l) tender offers;
 - (m) bankruptcy, insolvency, receivership or similar event of the Borrower*;
 - (n) 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; and
 - (o) appointment of a successor or additional trustee or the change of name of a trustee, if material.

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

ARTICLE IX

MISCELLANEOUS

9.1. The Borrower shall, subject to local zoning ordinances, erect or cause there to be erected at the Project site, or at each principal component thereof if more than one physical site is involved, and shall maintain during the construction of the Project, a sign approved by the Agency, as more completely described in Exhibit F having minimum dimensions of four feet by eight feet, identifying the State Revolving Loan Fund as a principal source of funding for the Project.

* 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 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.

9.2 This Agreement may be amended, waived or discharged only by an instrument in writing signed by the parties hereto and only after approval of such amendment, waiver or discharge by the Agency.

9.3 This Agreement shall be construed in accordance with the laws of the State of Rhode Island, and is binding upon and inures to the benefit of the parties and their respective successors.

9.4 To the extent that a court of competent jurisdiction would enforce such agreement as not contrary to law or public policy, the Borrower shall indemnify the Agency against and hold the Agency harmless from any and all claims arising from or in connection with this Agreement, the Loan and the project financed thereby, except for such claims as may arise from the gross negligence or willful misconduct of the Agency or its officers and except for claims arising from the issuance and marketing of the Agency Bonds unless, and only to the extent, any such claim is based on information furnished by the Borrower for use in connection therewith.

9.5 Except that this Agreement, the Loan and any Revenue Bonds may be assigned by the Agency for the benefit and security of the holders of bonds of the Agency, the parties hereto do not intend to benefit any third parties and this Agreement shall not be construed to confer any such benefit.

9.6 This Agreement, which may be executed in a number of counterparts, each of which shall be deemed an original, constitutes the entire agreement and understanding between the parties, and supersedes all prior agreements and understandings relating hereto. This Agreement shall constitute the loan agreement referred to in the Borrower's resolution adopted on _____, 2013.

RHODE ISLAND CLEAN WATER
FINANCE AGENCY

By: _____
Executive Director

NARRAGANSETT BAY COMMISSION

By: _____
Chairman

By: _____
Executive Director

EXHIBIT A

DESCRIPTION OF THE PROJECT

I. NARRATIVE STATEMENT DESCRIBING THE PROJECT(S):

For the purpose of financing the acquisition, design, evaluation, inspection, construction, improvement, installation, cleaning, rehabilitation, furnishing and equipping of (i) the Phase I Combined Sewer Overflow (CSO) Facilities, (ii) the Phase II CSO Facilities, (iii) the Field's Point Wastewater Treatment Facility Nitrogen Removal Facilities, (iv) Bucklin Point Biogas Reuse, (v) Field's Point Wind Turbines, (vi) the upgrade of the Field's Point Operations Building and other miscellaneous improvements at various locations, (vii) the Bucklin Point Wastewater Treatment Facility Nitrogen Removal Facilities, (viii) the Bucklin Point Wastewater Treatment Facility Improvements, (ix) the Floatables Control Facilities, (x) the Regulatory Compliance Building, (xi) the Fire Code Compliance, (xii) the New Interceptor Maintenance (IM) Facilities, and (xiii) the System-Wide facilities Plan.

II. COSTS TO BE PAID FROM LOAN FOR EACH SEPARATELY IDENTIFIED PORTION OF THE PROJECT:

1. Reimbursement:
2. Construction Costs:
3. Costs of Issuance:
4. Capitalized Interest:
5. Loan Origination Fee:

IV. ESTIMATED COMPLETION DATE FOR THE PROJECT:

EXHIBIT B

NARRAGANSETT BAY COMMISSION TRUST INDENTURE

EXHIBIT C
THE REVENUE BOND FORM

EXHIBIT D

FEDERAL LAWS AND ADMINISTRATIVE REQUIREMENTS

I. Statutes

Age Discrimination Act, Public Law 94-135
Archeological and Historical Preservation Act of 1974, Public Law 93-291
Civil Rights Act of 1964, Public Law 88-352, as amended
Clean Air Act, 42 U.S.C. Sections 306 and 7506(c)
Clean Water Act, 33 U.S.C. 1250, et seq.
Costal Barrier Resources Act, 16 U.S.C. 3501, et seq.
Coastal Zone Management Act of 1972, Public Law 92-583, as amended
Demonstration Cities and Metropolitan Development Act of 1966, Public Law 89-754, as amended
Endangered Species Act, 16 U.S.C. 1531, et seq.
Farmland Protection Policy Act, 7 U.S.C. 4201, et seq.
Federal Water Pollution Control Act, Public Law 92-500, as amended
Fish and Wildlife Coordination Act, Public Law 85-624, as amended
National Historic Preservation Act of 1986, Public Law 89-665, as amended
Rehabilitation Act of 1973, Public Law 93-112, as amended
Safe Drinking Water Act, Public Law 92-523, as amended
Uniform Relocation and Real Property Acquisition Policies Act of 1970, Public Law 91-646, as amended
Wild and Scenic Rivers Act, Public Law 90-542, as amended

II. Executive Orders

E.O. #11246 (Equal Employment Opportunity)
E.O. #11250 (Rehabilitation)
E.O. #11593 (Protection and Enhancement of the Cultural Environment)
E.O. #11625 (Women's and Minority Business Enterprise)
E.O. #11738 (Administration of the Clean Air Act and the Federal Water Pollution Control Act with Respect to Federal Contracts, Grants or Loans)
E.O. #11914 (Rehabilitation)
E.O. #11988 (Floodplain Management)
E.O. #11990 (Protection of Wetlands)
E.O. #12138 (Women's and Minority Business Enterprise)
E.O. #12549 (Debarment and Suspension)

EXHIBIT E
SOURCE OF LOAN

1. Amount of Direct Loan:
2. Amount of Bonded Loan:
3. Amount of Federal Funds:

SECURITY

The following shall constitute security for the prompt performance of the Borrower's obligation under the Agreement, the Revenue Bonds and an account of the Loans:

Revenue Pledge

EXHIBIT F
SPECIFICATION FOR SIGNS

EXHIBIT G

BORROWER DEBT SERVICE AND FEE SCHEDULE

EXHIBIT H

FORM OF POST-ISSUANCE COMPLIANCE CERTIFICATE

The undersigned is an authorized official of _____ (the "Borrower") under a loan agreement dated as of _____ (the "Loan Agreement") between the Borrower and the Rhode Island Clean Water Finance Agency (the "Agency") executed in connection with the issuance by the Agency of its Water Pollution Control Revolving Fund Revenue Bonds, Series _____ (Pooled Loan Issue) (the "Bonds"). The loan under the Loan Agreement is represented by a bond of the Borrower (the "Revenue/Borrower Bond"). The Loan Agreement was funded all or in part with proceeds of the Bonds.

In connection with the execution with the Loan Agreement, the Borrower made certain representations and covenants designed to ensure that the interest on the Revenue Bond and, in turn, the Bonds remain excludable from gross income for Federal income tax purposes. These representations and covenants relate to the requirements under Section 103 of the Internal Revenue Code of 1986 (the "Code"), including the limitations in Section 141 of the Code relating to "private activity bonds" and the limitations in Section 148 of the Code relating to "arbitrage bonds" (collectively, the "Federal Tax Requirements"). The Borrower understands that the Federal Tax Requirements must be complied with during the entire term of the Loan Agreement and the Revenue/Borrower Bond.

In order for the Agency to determine whether it is in compliance with the provisions of the Code that apply for interest on the Bonds to remain excludable from gross income for Federal tax purposes, the Agency is requesting that the Borrower confirm that it is in compliance with the Federal Tax Requirements with respect to the Loan Agreement and the Revenue/Borrower Bond

Accordingly, the Borrower hereby represents that it is in compliance with the Federal Tax Requirements with respect to the Loan Agreement and the Revenue/Borrower Bond.

IN WITNESS WHEREOF, the undersigned has caused this certificate to be executed and delivered in the name of the Borrower as of the date listed below.

Dated:

[BORROWER]

By: _____
Name:
Title:

EXHIBIT I

WAGE RATE REQUIREMENTS UNDER FY14 APPROPRIATIONS

EXHIBIT J
FORM OF REQUISITION