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March 3, 2016

Ms. Luly Massaro, Clerk
Rhode Island Division of
Public Utilities and Carriers
89 Jefferson Boulevard
Warwick, RI 02888

RE: Narragansett Bay Commission Application For Borrowing Authority

Dear Ms. Massaro:

On behalf of the Narragansett Bay Commission ("NBC"), enclosed you will find an original and four copies of an Application for Borrowing Authority. In its application, NBC seeks authority to obtain financing not to exceed twenty-three million dollars (\$23,000,000) through the Rhode Island Infrastructure Bank. The proceeds will be used to fund NBC's capital improvement plan. Included in the application package is a copy of the proposed notice to be published in the Providence Journal.

Thank you for your attention to these matters.

Sincerely,



Joseph A. Keough, Jr.

Enclosures

cc: RI Attorney General's Office

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
DIVISION OF PUBLIC UTILITIES AND CARRIERS**

IN RE: THE NARRAGANSETT BAY COMMISSION:

Docket No. D-15-

**APPLICATION FOR BORROWING AUTHORITY
NOTICE OF FILING AND PUBLIC HEARING**

Notice is hereby given that on March 3, 2016, pursuant to Rhode Island General Laws §39-3-15, §39-3-17, §39-3-18 and Section 14 of the Rhode Island Division of Public Utilities and Carriers' Rules of Practice and Procedure, the Narragansett Bay Commission ("NBC") filed with the Division of Public Utilities and Carriers ("Division") an Application For Borrowing Authority to obtain financing, payable more than twelve (12) months from the date of issue, in an amount not to exceed twenty-three million dollars (\$23,000,000).

NBC seeks to borrow an amount not to exceed twenty-three million dollars (\$23,000,000) through the Rhode Island Infrastructure Bank. These proceeds will be used to fund NBC's capital improvement plan.

A hearing on the proposal will be held at the Division of Public Utilities and Carriers, 89 Jefferson Boulevard, Warwick, Rhode Island on March 3, 2016 at _____ a.m. The hearing may continue thereafter from day to day and time to time as required. At this hearing, the Division will consider the propriety of NBC's Application For Borrowing Authority. Please note that the Division is accessible to the handicapped, and that individuals requesting interpreter services for the hearing impaired must contact the Clerk seventy-two hours in advance of the hearing.

A copy of the application is on file for examination at the NBC, One Service Road, Providence, Rhode Island and at the offices of the Division of Public Utilities and Carriers, 89 Jefferson Boulevard, Warwick, Rhode Island. A copy of the filing was also provided to the Rhode Island Attorney General's Department, Consumer Division.

Reference is made to Chapters 39-1, 39-3 and 42-35 of the Rhode Island General Laws; specifically Sections 39-1-7, 39-1-8, 39-1-11, 39-1-12, 39-1-16, 39-1-18, 39-1-20, 42-35-8, and 42-35-10.

Thomas F. Ahern, Administrator

CERTIFICATE OF SERVICE

I, Karen L. Giebink, hereby certify that I have, this 3rd day of March, 2016 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 **PRE-FILED DIRECT TESTIMONY**

3 **OF KAREN L. GIEBINK**

4

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

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

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

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

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

12 A. I have been employed in this position since April 1997. I began my employment with the NBC in
13 1989 and have held the positions of Policy Associate and Senior Environmental Planner. The
14 three years prior to my employment with the NBC I worked as an analyst for the City of San
15 Diego Water Utilities Department.

16

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

18 A. Yes. I provided testimony in previous NBC requests for approval to enter into long-term debt. I
19 have also provided testimony in dockets 1968, 2216, 3651, 3797, 3905, 4305, and 4478 before
20 the Public Utilities Commission (PUC).

21

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

23 A. To provide supplemental information regarding NBC's request.

24

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

26 A. The NBC is requesting Division approval to enter into long-term debt and issue revenue bonds
27 for an amount not to exceed \$23,000,000 million that will be used to support borrowings from
28 the Rhode Island Infrastructure Bank (the "RIIB") which was formally known as the Rhode Island
29 Clean Water Finance Agency. The loan proceeds will be used to fund NBC's capital improvement
30 program.

1 **Q. Has the Division approved other loans to NBC from RIIB?**

2 A. Yes. The Division has approved numerous applications from NBC to enter into long-term debt
3 and effectuate borrowings through the RIIB. Subsequent to these approvals, the NBC has
4 borrowed a total of \$595,673,209 from the RIIB.

5

6 **Q. Are there any differences in the structure of this loan compared to prior loans?**

7 A. This loan is similar in structure to nearly all of the loans through the SRF program, and will be
8 structured with a traditional 20 year amortization. NBC anticipates that this loan will be at the
9 traditional subsidy of 1/3 of the market rate and there are no principal forgiveness components
10 to this loan.

11

12 **Q. What projects does the NBC plan on funding with the proceeds of this loan?**

13 A. The loan proceeds will be used for a number of capital projects including: design of the CSO
14 Phase III Facilities, Improvements to the Field's Point Wastewater Treatment Facility Final
15 Clarifiers, the Moshassuck Valley Interceptor Replacement, Bucklin Point Wastewater Treatment
16 Facility Flood Protection, the Blackstone Valley Interceptor (BVI) Interceptor Easements and
17 Phase II of the Field's Point Wastewater Treatment Facility Blower Improvements. Funds may
18 also be used to finance NBC Interceptor Easements and Improvements to CSO Interceptors and
19 other studies. All projects are included on the RI DEM's 2016 Project Priority List. In addition,
20 proceeds will be used to pay RIIB fees and bond issuance costs.

21

22 **Q. Does NBC have sufficient coverage for this bond issuance?**

23 A. No. NBC's existing rates do not generate sufficient revenues to meet the debt service and debt
24 service coverage requirements associated with this borrowing. NBC has filed an application with
25 the Rhode Island Public Utilities Commission (PUC) for new rates effective July 1, 2016 that will
26 ensure sufficient revenues to meet NBC's coverage requirements. Sufficient coverage is
27 achieved with the proposed revenue requirement as filed (see Exhibit KG-1). The PUC hearing is

1 scheduled for April 4, 2016. Therefore NBC is requesting Division approval subject to the PUC's
2 approval of NBC's tariff filing.

3

4 **Q. Other than approval from the Division, has the NBC met all of the requirements needed to**
5 **close on this loan?**

6 A. Yes. In response to a request from the RIIB, NBC submitted the original loan application to the
7 RIIB for the traditional annual borrowing on April 2, 2015. NBC's Board of Commissioners passed
8 the Authorizing Resolution for the borrowing of an amount not to exceed \$36,000,000 at their
9 December 15, 2015 Board meeting (See Exhibit KG-2). NBC received a commitment letter from
10 the RIIB dated January 15, 2016 indicating that that the NBC's loan request was approved by the
11 Board of Directors of the Rhode Island Infrastructure Bank (see Exhibit KG-3). The RIIB has
12 indicated that NBC will not be required to complete a credit review prior to the issuance of the
13 Bonds.

14

15 **Q. Why is the proposed borrowing less than the RIIB approved amount?**

16 A. NBC submitted its loan application nearly a year ago on April 2, 2015 which was prior to the
17 completion of the revaluation of the CSO Phase III program and the selection of an alternative.
18 The selected alternative for Phase III of the CSO program will be completed over a longer period
19 of time and therefore the program's costs have shifted outward. Based upon the updated cash
20 draw schedules, the demonstrated need for the 24 months following the debt issuance was
21 lower, reducing the amount of NBC's loan request to \$23 million.

22

23 **Q. Has NBC included the anticipated loan agreements as part of this application?**

24 A. Yes. NBC has included draft loan agreements which are representative of the loan agreements
25 that will be executed as part of this transaction; however, additional review will take place prior
26 to the closing of the loans.

27

1 Q. **Does the proposed transaction have any unusual features which may have significant impact**
2 **on the Division's ability to regulate the utility?**

3 A. No it does not.

4

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

6 A. Yes.

**Narragansett Bay Commission
Debt Service Coverage**

Exhibit KG-1

Fiscal Year	Available for Debt Service	Current Debt Service	RIIB Refunding Savings Credit	Total Debt	Debt Service Coverage	Planned SRF 19	Total Debt Service	Debt Service Coverage
2016	\$ 59,769,709	\$ 43,893,102	-	\$ 43,893,102	1.36	-	\$ 43,893,102	1.36
2017	59,769,709	45,056,105	(59,745)	44,996,360	1.33	54,062	45,050,422	1.33
2018	59,769,709	46,631,962	(75,433)	46,556,528	1.28	351,559	46,908,088	1.27
2019	59,769,709	46,355,345	(74,324)	46,281,021	1.29	1,534,745	47,815,767	1.25
2020	59,769,709	45,789,181	(73,836)	45,715,344	1.31	1,534,351	47,249,695	1.26
2021	59,769,709	45,852,900	(73,694)	45,779,205	1.31	1,534,471	47,313,676	1.26
2022	59,769,709	45,779,812	(71,798)	45,708,014	1.31	1,533,092	47,241,106	1.27
2023	59,769,709	42,617,155	(71,925)	42,545,230	1.40	1,532,149	44,077,379	1.36
2024	59,769,709	41,139,596	(68,405)	41,071,192	1.46	1,531,606	42,602,798	1.40
2025	59,769,709	40,153,510	(67,403)	40,086,107	1.49	1,530,430	41,616,537	1.44
2026	59,769,709	40,151,328	(66,269)	40,085,058	1.49	1,529,692	41,614,750	1.44
2027	59,769,709	39,465,932	(29,424)	39,436,508	1.52	1,528,810	40,965,319	1.46
2028	59,769,709	39,154,473		39,154,473	1.53	1,526,522	40,680,995	1.47
2029	59,769,709	38,993,159		38,993,159	1.53	1,526,224	40,519,383	1.48
2030	59,769,709	37,982,678		37,982,678	1.57	1,525,880	39,508,558	1.51
2031	59,769,709	37,697,485		37,697,485	1.59	1,524,562	39,222,046	1.52
2032	59,769,709	32,508,350		32,508,350	1.84	1,523,407	34,031,758	1.76
2033	59,769,709	30,021,389		30,021,389	1.99	1,522,435	31,543,824	1.89
2034	59,769,709	31,527,525		31,527,525	1.90	1,521,670	33,049,195	1.81
2035	59,769,709	24,071,407		24,071,407	2.48	1,520,027	25,591,434	2.34
2036	59,769,709	16,379,005		16,379,005	3.65	1,519,408	17,898,413	3.34
2037	59,769,709	17,073,374		17,073,374	3.50	1,518,834	18,592,208	3.21
2038	59,769,709	11,882,004		11,882,004	5.03	1,515,032	13,397,036	4.46
2039	59,769,709	11,885,495		11,885,495	5.03	-	11,885,495	5.03
2040	59,769,709	11,881,201		11,881,201	5.03	-	11,881,201	5.03
2041	59,769,709	11,880,886		11,880,886	5.03	-	11,880,886	5.03
2042	59,769,709	11,883,043		11,883,043	5.03	-	11,883,043	5.03
2043	59,769,709	11,880,108		11,880,108	5.03	-	11,880,108	5.03
2044	59,769,709	11,878,525		11,878,525	5.03	-	11,878,525	5.03
2045	59,769,709	2,229,005		2,229,005	26.81	-	2,229,005	26.81
		<u>\$ 913,695,038</u>	<u>\$ (732,258)</u>	<u>\$ 912,962,780</u>		<u>30,938,970</u>	<u>\$ 943,901,750</u>	

The Narragansett Bay Commission
One Service Road
Providence, RI 02905

(401) 461-8848
(401) 461-6540 FAX

Vincent J. Mesoletta
Chairman

Raymond J. Marshall, P.E.
Executive Director



RESOLUTION NO. 2015:25

RESOLUTION AUTHORIZING THE NARRAGANSETT BAY COMMISSION TO BORROW AN AMOUNT NOT TO EXCEED \$36,000,000 FROM THE RHODE ISLAND INFRASTRUCTURE BANK FOR THE PURPOSE OF FINANCING THE PLANNING, ACQUISITION, DESIGN, EVALUATION, INSPECTION, CONSTRUCTION, IMPROVEMENT, INSTALLATION, CLEANING, REHABILITATION, FURNISHING AND EQUIPPING OF THE PHASE III COMBINED SEWER OVERFLOW (“CSO”) FACILITIES, THE BUCKLIN POINT BIOGAS REUSE, THE BUCKLIN POINT SOLAR ENERGY, THE FIELD’S POINT WASTEWATER TREATMENT FACILITY (“FPWWTF”) BLOWER IMPROVEMENTS, THE FPWWTF FINAL CLARIFIER IMPROVEMENTS, THE FPWWTF OPERATIONS BUILDING AND LABORATORY FACILITIES UPGRADES AND REUTILIZATION, THE FPWWTF IMPROVEMENTS, THE BUCKLIN POINT WASTEWATER TREATMENT FACILITY IMPROVEMENTS, UPGRADES AND FACILITIES REUTILIZATION, THE NEW INTERCEPTOR MAINTENANCE FACILITIES, THE PROVIDENCE RIVER SIPHON REPLACEMENT, THE BUCKLIN POINT FLOOD PROTECTION IMPROVEMENTS, THE INSPECTION, REPLACEMENT, IMPROVEMENT AND REHABILITATION OF THE LOUISQUISSET PIKE INTERCEPTOR, THE MOSHASSUCK VALLEY INTERCEPTOR, THE DOUGLAS/BRANCH AVENUE INTERCEPTOR, AND OTHER COMMISSION INTERCEPTORS, INTERCEPTOR EASEMENT RESTORATION, THE SYSTEM-WIDE FACILITIES PLAN, THE SYSTEM-WIDE INFLOW REDUCTION, THE RECEIVING WATER QUALITY STUDY, THE MUNICIPAL LATERAL SEWER ACQUISITION IMPACT STUDY, AND OTHER PROJECTS OF THE COMMISSION

WHEREAS, the Narragansett Bay Commission (the “Commission”) desires to borrow an amount not to exceed Thirty-Six Million Dollars (\$36,000,000) from the Rhode Island Infrastructure Bank (the “Bank”) 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 planning, acquisition, design, evaluation, inspection, construction, improvement, installation, cleaning,

rehabilitation, furnishing and equipping of the Phase III Combined Sewer Overflow (“CSO”) Facilities, the Bucklin Point Biogas Reuse, the Bucklin Point Solar Energy, the Field’s Point Wastewater Treatment Facility (“FPWWTF”) Blower Improvements, the FPWWTF Final Clarifier Improvements, the FPWWTF Operations Building and Laboratory Facilities Upgrades and Reutilization, the FPWWTF Improvements, the Bucklin Point Wastewater Treatment Facility Improvements, Upgrades and Facilities Reutilization, the New Interceptor Maintenance Facilities, the Providence River Siphon Replacement, the Bucklin Point Flood Protection Improvements, the inspection, replacement, improvement and rehabilitation of the Louisquisset Pike Interceptor, the Moshassuck Valley Interceptor, the Douglas/Branch Avenue Interceptor, and other commission interceptors, Interceptor Easement Restoration, the System-wide Facilities Plan, the System-wide Inflow Reduction, the Receiving Water Quality Study, the Municipal Lateral Sewer Acquisition Impact Study, 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 Thirty-Six Million Dollars (\$36,000,000) interest bearing revenue bonds for the purpose of evidencing the borrowing described above; 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 Thirty-Six Million Dollars (\$36,000,000) from the Bank 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 Bank 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 Bank 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 Thirty-Six Million Dollars (\$36,000,000) 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 Thirty-Six Million Dollars (\$36,000,000) 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 Bank. 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 Bank 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 of Rhode Island and Providence Plantations (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.

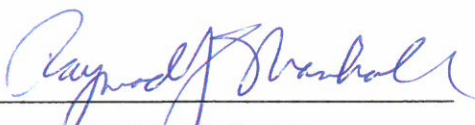
This Resolution constitutes the Commission's declaration of official intent pursuant to the Treasury Regulation Section 1.150-2 to reimburse the Commission's Operation and Maintenance Fund or other funds and accounts for certain capital expenditures for the Projects paid on or after the date which is 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 \$36,000,000 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 passage.

ADOPTED ON: 12/15/15

SIGNED: 
Raymond J. Marshall, P.E.
Executive Director & Secretary _____

RHODE ISLAND INFRASTRUCTURE BANK
CLEAN WATER STATE REVOLVING FUND
LOAN AGREEMENT

This AGREEMENT is entered into as of the ___th day of May, 2016 between the Rhode Island Infrastructure Bank (the "Bank") and the Narragansett Bay Commission (the "Borrower") in accordance with Title VI of the Federal Clean Water Act, 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 Bank agrees to and does hereby loan to the Borrower, and the Borrower agrees to and does hereby borrow from the Bank, in accordance with the terms of this Agreement, the principal sum of Twenty-three Million Dollars (\$23,000,000) (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 Bank 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 Bank 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 Bank. 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 March 21, 2012, an Eighteenth Supplemental Indenture dated as of June 6, 2013, a Nineteenth Supplemental Indenture dated December 12, 2013, a Twentieth Supplemental Indenture dated March 6, 2014, a Twenty-First Supplemental

Indenture dated October 28, 2014, a Twenty-Second Supplemental Indenture dated May 5, 2015 a Twenty-Third Supplemental Indenture dated July 30, 2015, and a Twenty-fourth Supplemental Indenture dated May __, 2016 (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 Bank shall issue its Water Pollution Control Revolving Fund Revenue Bonds, Series 2016A (Pooled Loan Issue) (the "Bank 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 Bank 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 November 1, 2012, a Twenty-fourth Supplemental Indenture dated as of June 1, 2013, a Twenty-fifth Supplemental Indenture dated as of March 1, 2014, a Twenty-sixth Supplemental Indenture dated as of July 1, 2015, and a Twenty-seventh Supplemental Indenture dated as of May __, 2016 (the Indenture of Trust as supplemented is hereinafter referred to as the "Indenture") and the issuance of the Bank Bonds shall constitute a condition precedent to the obligations of the Bank under this Agreement. The Revenue Bond and this Agreement will be pledged and assigned to the Trustee as security for the Bank Bonds. If for any reason the Bank Bonds are not issued on or before May __, 2016, the Borrower may by written notice delivered to the Bank 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 Bank Bonds and other funds of the Bank 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 Bank, in its sole discretion, shall determine which funds available to the Bank 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 Bank 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 Bank's Loan Servicing Fee may be adjusted from time to time subject to the Bank 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 Bank 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 Bank in response to a Borrower's requisition made in accordance with Article VI hereof. The Bank 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 Bank at the time of the making of the Loan, the Borrower shall pay to the Bank, as billed, all amounts reasonably incurred by the Bank 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. 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.

2.4. 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.

2.5. 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 Bank Bonds and the Borrower shall receive credit against principal or interest requirements on the Revenue Bond for payments of principal or interest on the Bank 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 Bank 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 Bank 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 Bank, 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 Bank 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.

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

2.7. The Revenue Bond, when delivered to the Bank shall be in fully marketable form accompanied by documentation in form and substance satisfactory to the Bank including an opinion of nationally recognized bond counsel acceptable to the Bank 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 Bank 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 Bank 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 Bank Bonds and which the Bank will use to pay the difference between the interest rate on Bank 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 Bank may restore the LIST and cover its debt service obligations on the Bank 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 Bank 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 Bank 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 Bank shall again bill the Borrower only at the Subsidized Interest Rate. The Bank 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 Bank or a penalty of any kind or nature. Such obligation constitutes solely a matching of funds available to the Bank for interest rate subsidies to the interest rate requirement on the Bank 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 Bank funds payable to the Borrower may be set off against and applied in payment of any obligations that are due hereunder. In the event of 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 Bank 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 Bank 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 Bank 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 Bank 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 Bank shall not be paid in full when and as due, and provided that the Bank 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 Bank. 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 Bank 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 Bank, 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) 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;

(vi) there is no fact that the Borrower has not disclosed to the Bank 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;

(vii) 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;

(viii) 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 Bank 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 Bank a Certificate of Approval from DEM.

6.2. No more frequently than bi-weekly, Borrower may submit to the Bank 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 Bank 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 Bank has reviewed any requisition and found it to be complete and proper, or has, in its sole discretion, waived any non-compliance, the Bank shall cause the Trustee under the Indenture to transfer the amount of such requisition to the Bank for the Borrower's account therewith. The Bank 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 Bank 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 Bank 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 Bank.

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 Bank 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 Bank 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 Bank 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 Bank's loan program, no requisition shall be approved.

6.4. Notwithstanding Section 1.3 hereof, prior to the time that the proceeds of Bank Bonds are available to the Bank to make disbursements to the Borrower, the Bank 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 Bank 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 Bank to make any disbursement prior to the issuance of Bank 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 Bank.

7.3. Upon the occurrence and continuation of an Event of Default, the Bank 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 Bank 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, including amendments to Title VI in the Water Resources Reform and Development Act (WRRDA) (Public Law 113-121)
- (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) To the extent applicable, requirements regarding the use of American iron and steel under the Water Resources Reform Development Act;
- (iv) Title 40, CFR Part 34, New Restrictions on Lobbying, including the submission of certification and disclosure forms accordingly;
- (v) 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;

(vi) The Water Resources Reform and Development Act (WRRDA) of 2014; including the execution of the certification attached hereto as Exhibit K related to a Fiscal Sustainability Plan;

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

(viii) the Act; and

(ix) 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 Bank, on a timely basis, such reports and other information as the Bank 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 Bank 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 Bank 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 Bank; and

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

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

- other material notices or determinations with respect to the tax status of the 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 Bank 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 Bank, 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.

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 Bank.

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 Bank against and hold the

* 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.

Bank 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 Bank or its officers and except for claims arising from the issuance and marketing of the Bank 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 Bank for the benefit and security of the holders of bonds of the Bank, 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 - _____, 2016.

RHODE ISLAND
INFRASTRUCTURE BANK

By: _____
Executive Director

NARRAGANSETT BAY COMMISSION

By: _____
Chairman

By: _____
Executive Director

EXHIBIT A

DESCRIPTION OF THE PROJECT

I. NARRATIVE STATEMENT DESCRIBING THE PROJECT(S):

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:	\$

III. ESTIMATED COMPLETION DATE FOR THE PROJECT:

EXHIBIT B

NARRAGANSETT BAY COMMISSION TRUST INDENTURE

EXHIBIT C
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 Bank (the “Bank”) executed in connection with the issuance by the Bank 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 Bank 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 Bank 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

EXHIBIT J
FORM OF REQUISITION

EXHIBIT K

FISCAL SUSTAINABILITY PLAN CERTIFICATION

Pursuant to the WRRDA, effective October 1, 2014, all loan recipients proposing to repair, replace, or expand their treatment works are required to develop and implement a Fiscal Sustainability Plan (FSP).

As stated in section 603(d)(1)(E) of the Federal Water Pollution Control Act, as amended:

“(E) for a treatment works proposed for repair, replacement, or expansion, and eligible for assistance under subsection (c)(1), the recipient of a loan shall –

- (i) develop and implement a fiscal sustainability plan that includes –
 - (I) an inventory of critical assets that are part of the treatment works;
 - (II) an evaluation of the conditions and performance of inventoried assets or asset groupings;
 - (III) a certification that the recipient has evaluated and will be implementing water and energy conservation efforts as part of the plan; and
 - (IV) a plan for maintaining, repairing, and, as necessary, replacing the treatment works and a plan for funding such activities; or
- (ii) certify that the recipient has developed and implemented a plan that meets requirements under clause (i);”

Recipients of a CWSRF loan are required to certify that they have met these statutory requirements for critical assets within the FSP plan area and developed an FSP that includes, at a minimum, the specific criteria set forth in this Exhibit. If, prior to closing, the Borrower has not developed an FSP meeting the minimum requirements, the Borrower shall certify that it will develop and implement the FSP. The Department of Environmental Management, with input from the Borrower, has determined that the planning area for the FSP is (i.e. the sewers within sub-basin X, all of the sewer system, all of the pumping stations, the wastewater treatment facility, or all of the wastewater collection and treatment system)(the “Planning Area”). The FSP shall be made available to the Department staff for inspection at the Borrower’s office upon request.

I (name), _____, (title/position) _____, of (organization) _____ hereby certify that to the Borrower shall develop and implement the FSP for the Planning Area in accordance with all statutory requirements. The FSP for the Planning Area shall be developed and implemented by _____, 20__ (date to be set – but will be prior to final disbursement of loan funds).

Authorized Official

Date

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, Director with Public Financial Management, Inc. (PFM).
8

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

10 A. I hold a Master of Public Administration degree from the Rockefeller College at the University of
11 New York - Albany and two Bachelor of Arts degrees from Rhode Island College. With over 25
12 years of public finance experience, I have served as financial advisor to governmental issuers in
13 Rhode Island and throughout New England. A sample of communities that I have served during
14 my career as a financial advisor include the cities of Newport and Cranston, as well as the
15 Hartford Metropolitan District Commission and the City of New Haven in Connecticut. In
16 addition, I have extensive experience assisting borrowers through the Rhode Island Clean Water
17 Finance Agency State Revolving Fund Program. I have also served in the public sector as City
18 Manager of East Providence, Treasurer for the Town of Charlestown, and Finance Director for
19 the Town of North Providence. Also since 2009 I have served as the Acting Chairman of the East
20 Providence Waterfront Redevelopment Commission.
21

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

24 A. Over the past 40 years, PFM has provided independent financial advisory services to public
25 entities. PFM has grown into a national firm with over 500 employees in 32 offices across the
26 United States. For the 17th consecutive year, PFM has maintained its position as the number one
27 financial advisor in the industry, providing financial advisory services in more than 783
28 transactions for a total par amount in excess of \$74.9 billion in 2015. In terms of wastewater
29 issuers, PFM has been the top ranked financial advisor in this sector for several years as well
30 while representing other large wastewater operators including the Massachusetts Water
31 Resources Authority and the DC Water and Sewer District.

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

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

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

7 A. Yes. I have provided testimony in NBC's Docket 4364 and I also provided testimony in support
8 of the NBC's applications for Division approval to enter into long-term debt filed on February 7,
9 2013, October 11, 2013, August 8, 2014, and May 22, 2015. I have also provided testimony in
10 support of NBC's applications for Division approval to Enter Long-Term Debt and Issue Revenue
11 Bonds to Effectuate the Refunding of two of NBC's Wastewater System Revenue Bond Issues.
12

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

14 A. I was asked to provide testimony in support of NBC's application for Division approval to issue
15 long-term debt as part of the planned \$23 million borrowing through the Rhode Island
16 Infrastructure Bank (the "RIIB") formerly known as the Rhode Island Clean Water Finance
17 Agency.
18

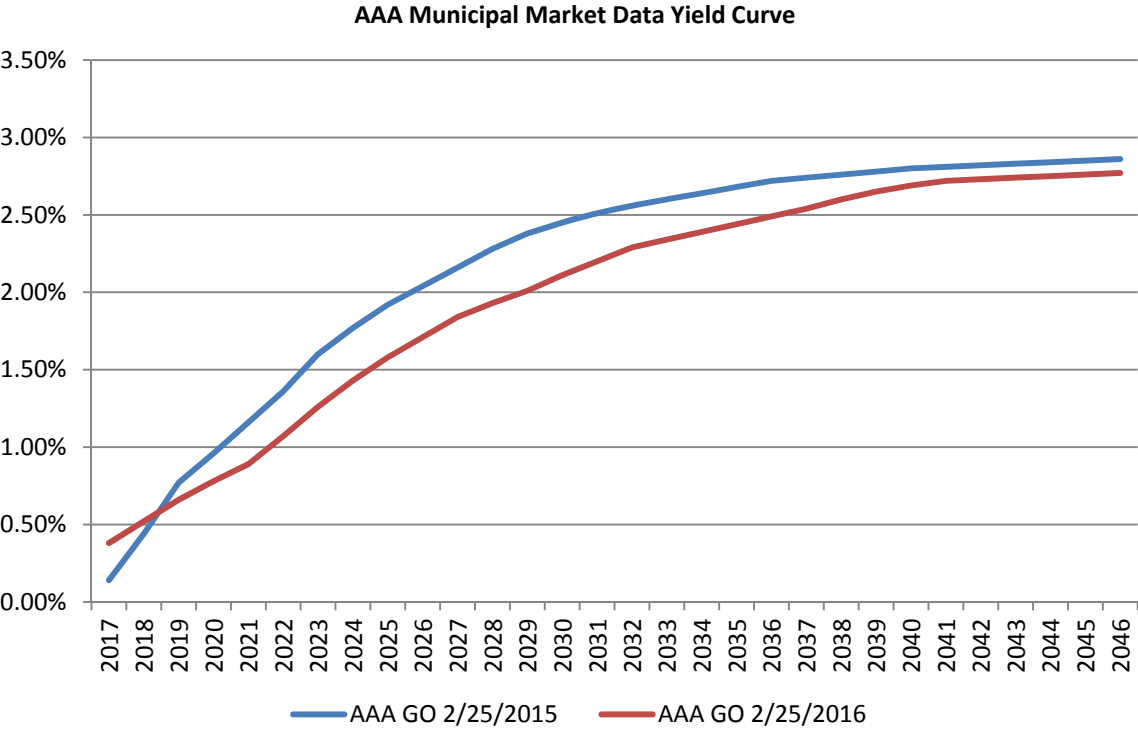
19 **Q. Would you please address the structure and interest rate assumptions of the RIIB borrowing?**

20 The revenue bonds are amortized over 20 years with the final maturity on or about 2037 and
21 will be structured as level debt with the traditional RIIB subsidy of 1/3 of the market rate. On an
22 aggregate basis, it is anticipated that the borrowing will not exceed a market rate of 4.208%,
23 which would result in a projected effective subsidized yield of approximately 2.475% (see Exhibit
24 WJF-1).
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Q. Can you provide an update on current market rates, the yield curve, NBC’s credit rating and how these factors influence NBC’s options?

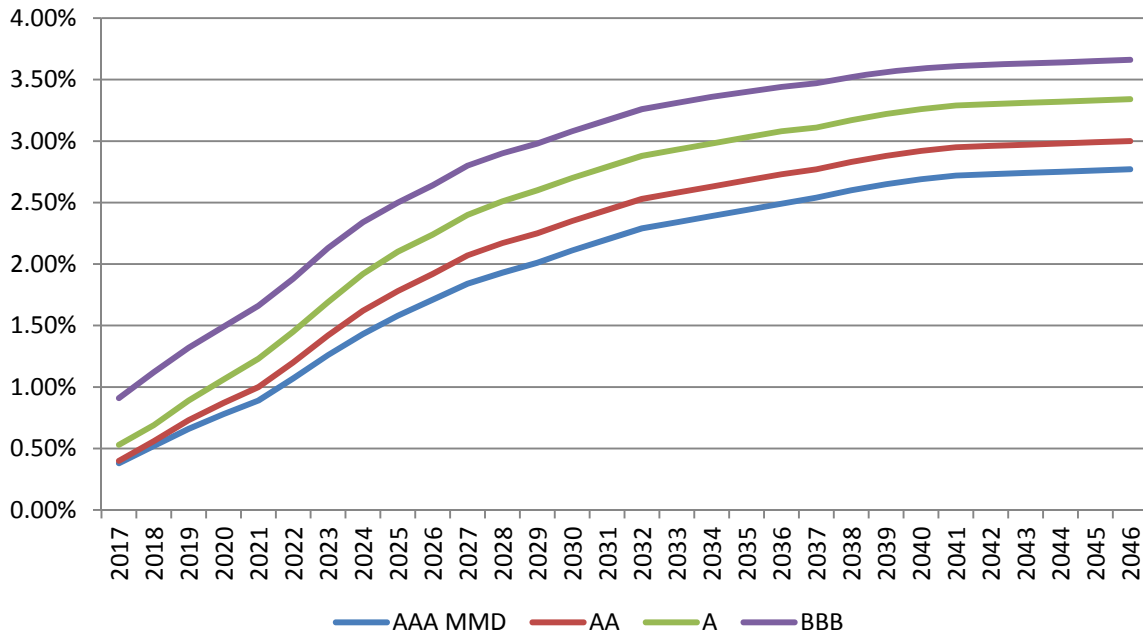
A. Current market interest rates remain at near historic lows enabling governmental issuers to borrow at favorable rates. The following chart compares the current AAA Municipal Market Data Index to interest rates from one year ago. Despite the recent increase in short-term rates, long-term market rates remain relatively low and are lower than a year ago.



The chart on the following page compares the current Municipal Market Data Index for investment grade credits. Credit spreads remain narrow for high credit quality issuers. The yield curve for an “AA” credit rating ranges from only approximately 2 to 23 basis points higher than an “AAA” credit rating as of February 25, 2016. The value of an “AA-” credit rating is tangible and will result in cost savings for ratepayers compared to a lower quality credit. In addition, the yield curve remains relatively flat in the long term with the spread between 10 and 20 year interest rates at about 22 basis points for an “AA” credit.

1
2
3

Yield Curve as of February 25, 2016



4
5

6 **Q. What are the applicable schedules and deadlines for this financing?**

7 A. The bonds to be issued by RIIB are scheduled to be priced in April 2016. RIIB plans to mail its
8 Preliminary Official Statement to prospective investors approximately one week prior to pricing
9 and prefers that borrower approvals are in place prior to the mailing of the Preliminary Official
10 Statement. Therefore, NBC respectfully requests a decision by the Division prior to April 14,
11 2016, if possible.

12 **Q. Does the NBC anticipate the issuance of any other long-term debt this fiscal year?**

13 A. No.

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

15 A. Yes.

Rhode Island Infrastructure Bank
Clean Water SRF Program - Series 2016A
Rates as of 12/22/2015 Plus 50 BP - Preliminary Subject to Change

Loan Debt Service

NBC - \$23.0M CWSRF Multiple Sources (AA Rated, Revenue Pledge)

Date	Principal	Loan Rate	(1) Interest	Net Fees @ 0.500%	Total Fees & Interest	Capitalized Interest	Net Fees, Capl, & Interest	Total Net Debt Service	Annual Net Debt Service & Fees
03/16/16									-
09/01/16	-	0.690%	6,249.59	1,401.25	7,650.84	-	7,650.84	7,650.84	7,650.84
03/01/17	-	-	37,910.69	8,500.15	46,410.84	-	46,410.84	46,410.84	-
09/01/17	-	0.920%	97,660.84	21,897.91	119,558.75	-	119,558.75	119,558.75	165,969.59
03/01/18	-	-	189,509.06	42,491.68	232,000.74	-	232,000.74	232,000.74	-
09/01/18	914,000.00	1.100%	256,528.70	57,500.00	314,028.70	-	314,028.70	1,228,028.70	1,460,029.44
03/01/19	-	-	251,501.70	55,215.00	306,716.70	-	306,716.70	306,716.70	-
09/01/19	929,000.00	1.240%	251,501.70	55,215.00	306,716.70	-	306,716.70	1,235,716.70	1,542,433.40
03/01/20	-	-	245,741.90	52,892.50	298,634.40	-	298,634.40	298,634.40	-
09/01/20	946,000.00	1.360%	245,741.90	52,892.50	298,634.40	-	298,634.40	1,244,634.40	1,543,268.80
03/01/21	-	-	239,309.10	50,527.50	289,836.60	-	289,836.60	289,836.60	-
09/01/21	963,000.00	1.490%	239,309.10	50,527.50	289,836.60	-	289,836.60	1,252,836.60	1,542,673.20
03/01/22	-	-	232,134.75	48,120.00	280,254.75	-	280,254.75	280,254.75	-
09/01/22	982,000.00	1.610%	232,134.75	48,120.00	280,254.75	-	280,254.75	1,262,254.75	1,542,509.50
03/01/23	-	-	224,229.65	45,665.00	269,894.65	-	269,894.65	269,894.65	-
09/01/23	1,003,000.00	1.730%	224,229.65	45,665.00	269,894.65	-	269,894.65	1,272,894.65	1,542,789.30
03/01/24	-	-	215,553.70	43,157.50	258,711.20	-	258,711.20	258,711.20	-
09/01/24	1,025,000.00	1.840%	215,553.70	43,157.50	258,711.20	-	258,711.20	1,283,711.20	1,542,422.40
03/01/25	-	-	206,123.70	40,595.00	246,718.70	-	246,718.70	246,718.70	-
09/01/25	1,049,000.00	1.930%	206,123.70	40,595.00	246,718.70	-	246,718.70	1,295,718.70	1,542,437.40
03/01/26	-	-	196,000.85	37,972.50	233,973.35	-	233,973.35	233,973.35	-
09/01/26	1,075,000.00	2.130%	196,000.85	37,972.50	233,973.35	-	233,973.35	1,308,973.35	1,542,946.70
03/01/27	-	-	184,552.10	35,285.00	219,837.10	-	219,837.10	219,837.10	-
09/01/27	1,102,000.00	2.250%	184,552.10	35,285.00	219,837.10	-	219,837.10	1,321,837.10	1,541,674.20
03/01/28	-	-	172,154.60	32,530.00	204,684.60	-	204,684.60	204,684.60	-
09/01/28	1,133,000.00	2.350%	172,154.60	32,530.00	204,684.60	-	204,684.60	1,337,684.60	1,542,369.20
03/01/29	-	-	158,841.85	29,697.50	188,539.35	-	188,539.35	188,539.35	-
09/01/29	1,166,000.00	2.450%	158,841.85	29,697.50	188,539.35	-	188,539.35	1,354,539.35	1,543,078.70
03/01/30	-	-	144,558.35	26,782.50	171,340.85	-	171,340.85	171,340.85	-
09/01/30	1,200,000.00	2.520%	144,558.35	26,782.50	171,340.85	-	171,340.85	1,371,340.85	1,542,681.70
03/01/31	-	-	129,438.35	23,782.50	153,220.85	-	153,220.85	153,220.85	-
09/01/31	1,236,000.00	2.580%	129,438.35	23,782.50	153,220.85	-	153,220.85	1,389,220.85	1,542,441.70
03/01/32	-	-	113,493.95	20,692.50	134,186.45	-	134,186.45	134,186.45	-
09/01/32	1,274,000.00	2.630%	113,493.95	20,692.50	134,186.45	-	134,186.45	1,408,186.45	1,542,372.90
03/01/33	-	-	96,740.85	17,507.50	114,248.35	-	114,248.35	114,248.35	-
09/01/33	1,314,000.00	2.670%	96,740.85	17,507.50	114,248.35	-	114,248.35	1,428,248.35	1,542,496.70
03/01/34	-	-	79,198.95	14,222.50	93,421.45	-	93,421.45	93,421.45	-
09/01/34	1,355,000.00	2.720%	79,198.95	14,222.50	93,421.45	-	93,421.45	1,448,421.45	1,541,842.90
03/01/35	-	-	60,770.95	10,835.00	71,605.95	-	71,605.95	71,605.95	-
09/01/35	1,399,000.00	2.760%	60,770.95	10,835.00	71,605.95	-	71,605.95	1,470,605.95	1,542,211.90
03/01/36	-	-	41,464.75	7,337.50	48,802.25	-	48,802.25	48,802.25	-
09/01/36	1,445,000.00	2.790%	41,464.75	7,337.50	48,802.25	-	48,802.25	1,493,802.25	1,542,604.50
03/01/37	-	-	21,307.00	3,725.00	25,032.00	-	25,032.00	25,032.00	-
09/01/37	1,490,000.00	2.860%	21,307.00	3,725.00	25,032.00	-	25,032.00	1,515,032.00	1,540,064.00
	<u>23,000,000.00</u>		<u>6,614,092.98</u>	<u>1,324,875.99</u>	<u>7,938,968.97</u>	<u>-</u>	<u>7,938,968.97</u>	<u>30,938,968.97</u>	<u>30,938,968.97</u>

(1) Interest during construction is calculated based on the timing of expected draws and the overall weighted average loan rate of 2.230%.

(2) Minimum principal amortization is required before Construction Fund is completely drawn.

NARRAGANSETT BAY COMMISSION
STATEMENT OF NET POSITION
JANUARY 31, 2016

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	\$15,415,109.92
Accounts receivable sewer use (net of allowance)	11,922,416.02
Accounts receivable sewer use unbilled	4,819,849.02
Accounts Receivable Series 2015A (PL18)	36,135,241.30
Receivables, other	37,474.14
Prepaid expense	474,704.96
Total Current Assets	<u>68,804,795.36</u>
NON-CURRENT ASSETS	
Restricted assets	
Cash and cash equivalents, environmental enforcement	51,907.51
Cash and cash equivalents, restricted for debt service	18,508,693.35
Cash and cash equivalents , restricted for operating reserve for revenue stability fund	4,500,900.72
Cash and cash equivalents, restricted stabilization	9,290,763.33
Cash and cash equivalents, restricted for debt service reserve fund	3,497,699.97
Cash and cash equivalents, restricted for the acquisition and construction of capital assets	35,119,484.28
Total Restricted Assets	<u>70,969,449.16</u>
Capital Assets	
Land	2,754,407.48
Plant and Equipment	90,912,034.95
Capital projects completed	708,550,881.81
Construction in Progress	341,509,788.03
	<u>1,143,727,112.27</u>
Less accumulated depreciation	<u>(185,167,014.71)</u>
Net Capital Assets	<u>958,560,097.56</u>
Total Non-current Assets	<u>1,029,529,546.72</u>
TOTAL ASSETS	<u>1,098,334,342.08</u>
DEFERRED OUTFLOWS OF RESOURCES	
Loss on refunding of debt	2,196,681.27
ERSRI pension contributions paid subsequent to measurement date	1,329,983.00
Non-Union pension change in assumptions	1,560,180.00
Non-Union pension difference between expected and actual experience	210,013.00
Non-Union pension difference between projected and actual earnings	261,924.00
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>5,558,781.27</u>

NARRAGANSETT BAY COMMISSION
STATEMENT OF NET POSITION
JANUARY 31, 2016

LIABILITIES	
CURRENT LIABILITIES	
Accounts and Contracts Payable	3,281,599.58
Accrued interest payable	7,209,690.17
Other accrued expenses	3,611,329.13
Total Current Liabilities	<u>14,102,618.88</u>
NON-CURRENT LIABILITIES	
Net pension liability - ERSRI	15,554,087.00
Net pension liability - Non-Union Pension	4,864,294.00
Long-term loans payable, net	362,089,110.96
Long-term leases payable, net	121,197.47
Long-term debt	262,604,183.60
Total Non-current Liabilities	<u>645,232,873.03</u>
TOTAL LIABILITIES	<u>659,335,491.91</u>
DEFERRED INFLOWS OF RESOURCES	
Unearned revenue billed in advance	444,698.00
Gain on Refunding Debt	188,075.50
ERSRI pension change in assumptions	168,936.00
ERSRI pension difference between projected and actual earnings	1,193,124.00
Non-Union pension difference between expected and actual experience	150,858.00
Non-Union pension difference between projected and actual earnings	371,353.00
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>2,517,044.50</u>
NET POSITION	
Net Investment in capital assets	369,485,647.11
Restricted, environmental enforcement	51,907.51
Unrestricted	72,503,032.32
TOTAL NET POSITION	<u><u>\$442,040,586.94</u></u>

NARRAGANSETT BAY COMMISSION
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
For the Period ending January 31, 2016

OPERATING REVENUE	
User fees, residential	\$33,248,580.93
User fees, commercial and industrial	24,360,791.48
Sewer connection fees	76,647.00
Pretreatment fees	644,947.80
Septage income	223,949.24
Miscellaneous	234,238.20
Late charge penalty	540,583.33
Total Operating Revenues	<u>59,329,737.98</u>
OPERATING EXPENSES	
Personnel services	13,914,363.94
Operating and maintenance	4,696,213.79
Utilities	2,194,589.16
Supplies	962,098.19
Professional services	738,593.84
Depreciation and amortization	8,040,042.93
Miscellaneous	454,687.11
Total Operating Expenses	<u>31,000,588.96</u>
OPERATING INCOME	<u>28,329,149.02</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest income	14,400.76
Grant revenue	4,910.00
Interest expense	(10,111,743.71)
Miscellaneous nonoperating revenue	112,167.73
Bond and note fees	(529,710.00)
Total Non-operating Revenue (Expenses)	<u>(10,509,975.22)</u>
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	17,819,173.80
Capital Contribution	512,070.00
CHANGE IN NET POSITION	<u>18,331,243.80</u>
TOTAL NET POSITION, BEGINNING	<u>423,709,343.14</u>
TOTAL NET POSITION, ENDING	<u><u>\$442,040,586.94</u></u>