

NINTH SUPPLEMENTAL INDENTURE

between

NARRAGANSETT BAY COMMISSION

and

WELLS FARGO BANK, N.A., AS TRUSTEE
(as successor trustee to The Bank of New York Trust Company, N.A., as
successor trustee in interest to J.P. Morgan Trust Company, National Association)

To Effect an Amendment of the Trust Indenture
Pursuant to Section 903 of the Trust Indenture

Dated as of July 1, 2008

NINTH SUPPLEMENTAL INDENTURE

THIS NINTH SUPPLEMENTAL INDENTURE (the "Ninth Supplemental Indenture") dated as of July 1, 2008 is made by and between the NARRAGANSETT BAY COMMISSION (the "Commission"), a public corporation organized and existing under the laws of the State of Rhode Island, and WELLS FARGO BANK, N.A. (the "Trustee", as successor trustee to The Bank of New York Trust Company, N.A., as successor trustee in interest to J.P. Morgan Trust Company, National Association), a national association duly organized and validly existing under the laws of the United States of America authorized to exercise corporate trust powers:

WITNESSETH:

WHEREAS, the Commission and the Trustee have entered into a Trust Indenture dated as of April 15, 2004, as amended by a First Supplemental Indenture dated as of April 15, 2004 pursuant to which the Commission issued its \$70,000,000 Wastewater System Revenue Bonds, 2004 Series A (the "2004 Series A Bonds"), a Second Supplemental Indenture dated as of December 30, 2004 pursuant to which the Commission issued its \$40,000,000 Wastewater System Revenue Bonds, 2004 Series B (the "2004 Series B Bonds"), a Third Supplemental Indenture dated as of August 4, 2005 pursuant to which the Commission issued its \$45,000,000 Wastewater System Revenue Bonds, 2005 Series A (the "2005 Series A Bonds"), a Fourth Supplemental Indenture dated as of December 15, 2005 pursuant to which the Commission issued its \$30,000,000 Wastewater System Revenue Bonds, 2005 Series B (the "2005 Series B Bonds"), a Fifth Supplemental Indenture dated as of December 21, 2006 pursuant to which the Commission issued its \$30,000,000 Wastewater System Revenue Bonds, 2006 Series A (the "2006 Series A Bonds"), a Sixth Supplemental Indenture dated as of February 8, 2007 pursuant to which the Commission issued its \$42,500,000 Wastewater System Revenue Bonds, 2007 Series A (the "2007 Series A Bonds"), a Seventh Supplemental Indenture dated as of October 15, 2007 pursuant to which the Commission amended the Trust Indenture, and an Eighth Supplemental Indenture dated as of December 12, 2007 pursuant to which the Commission issued its \$25,000,000 Wastewater System Revenue Bonds, 2007 Series B (the "2007 Series B Bonds") (such Indenture as heretofore supplemented and amended, including by this Ninth Supplemental Indenture, the "Indenture"); and

WHEREAS, pursuant to Section 502 of the Indenture, the Commission has determined herein to amend the Indenture to provide for the establishment of an operating reserve for revenue stability fund (the "Operating Reserve for Revenue Stability Fund") pursuant to an order of the PUC to be held for the benefit of one or more Series of Bonds or Subordinated Bonds; and

WHEREAS, within the limitations of and in compliance with Sections 903, 1003 and 1004 of the Indenture, the Commission and the Trustee may, with the consent of or on behalf of Bondholders, execute and deliver a Supplemental Indenture amending or supplementing the Indenture; and

WHEREAS, such amendment is being effected pursuant to this Ninth Supplemental Indenture.

NOW, THEREFORE, THIS NINTH SUPPLEMENTAL INDENTURE FURTHER WITNESSETH: That the Commission does hereby covenant and agree with the Trustee and for the benefit of the various Bondholders and others under the terms of the Indenture, as follows:

1. Definitions. Unless otherwise defined herein, all capitalized terms used herein shall have the identical meanings assigned to such terms in the Indenture.

2. Amendments to Indenture.

(a) Section 101 is hereby amended by inserting the following definition in proper alphabetical order:

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

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

(b) Section 502. Establishment of Funds and Accounts. is hereby amended by inserting the following beneath (xi) Unrestricted Fund:

“(xii) Operating Reserve for Revenue Stability Fund”

(c) Section 504. Revenue Fund. is hereby amended by deleting Section 504(2)(xii) and (xiii) and inserting the following in lieu thereof:

“(xii) Subject to Section 510, to the Operating Reserve for Revenue Stability Fund, an amount necessary for such Fund to equal the Operating Reserve for Revenue Stability Requirement as of such day;

(xiii) To such other funds or accounts as shall be required by any Supplemental Indenture; and

(xiv) To such other funds or accounts established by the Commission in compliance with applicable law or as required by any order of the PUC, including, but not limited to, transfers to an Operating Capital Account in accordance with Section 503(5) hereof.”

(d) Section 510. Reserved is hereby deleted in its entirety and replaced with the following:

“Section 510. Operating Reserve for Revenue Stability Fund. (1) In compliance with Order No. [] of the PUC, the Commission hereby establishes an Operating Reserve for Revenue Stability Fund (the “Operating Reserve for Revenue Stability Fund”) and may deposit in the Operating Reserve for Revenue Stability Fund any moneys, including Revenues, not otherwise required by the Indenture to be deposited or applied elsewhere in an amount sufficient to meet the

Operating Reserve for Revenue Stability Fund Requirement, as may be determined by the Commission.

(2) If at any time the amounts on deposit and available therefor in the Debt Service Fund, Redemption Fund and Debt Service Reserve Fund, Renewal and Replacement Reserve Fund, Operating Capital Accounts and Operation and Maintenance Reserve Fund are insufficient to pay the Principal Installments and Redemption Price of and interest on the Bonds then due, the Trustee shall withdraw from the Operating Reserve for Revenue Stability Fund and deposit in the Debt Service Fund the amount necessary to meet the deficiency.

(3) If at any time, the amount on deposit in the Operating Reserve for Revenue Stability Fund as determined on the last day of the prior Fiscal Year is in excess of the Operating Reserve for Revenue Stability Requirement, as such Operating Reserve for Revenue Stability Requirement may be determined by the Commission, the Trustee, at the direction of the Commission expressed in a certificate of an Authorized Officer, shall withdraw such excess and deposit it in the Revenue Fund for use during the subsequent Fiscal Year.

(4) Notwithstanding Section 514 of the Indenture, all or any portion of income earned on investment of moneys allocable to the Operating Reserve for Revenue Stability Fund as determined on the last day of the prior Fiscal Year may be transferred by the Trustee to the Revenue Fund or the Operation and Maintenance Fund for use during the subsequent Fiscal Year at the direction of the Commission expressed in a certificate of an Authorized Officer.”

(e) Section 608. Annual Operating Budget. is hereby amended by inserting the following Paragraph 3 at the end thereof:

“(3) For purposes of Section 504(2), the Operating Reserve for Revenue Stability Requirement shall mean, commencing with the Fiscal Year beginning July 1, 2008, an amount equal to two percent (2%) of the amount of Revenues collected in the prior fiscal year, and in each Fiscal Year thereafter, increasing by an additional two percent (2%) of the amount of Revenues collected during the prior Fiscal Year (e.g., increasing from 2%, to 4%, to 6%, etc.) until such amount equals twenty-five percent (25%) of budgeted Operating Expenses for the prior Fiscal Year.

In addition to withdrawals pursuant to Section 510(2) above, if amounts available in the Revenue Fund are insufficient to make the deposits required by Section 504(2), the Trustee shall withdraw from the Operating Reserve for Revenue Stability Fund and transfer to the Revenue Fund the amount necessary to meet the deficiency.

3. Successors and Assigns. The rights and obligations of the parties to this Ninth Supplemental Indenture shall inure to their respective successors and assigns.

4. Ninth Supplemental Indenture Not for the Benefit of Other Parties. This Ninth Supplemental Indenture is not intended for the benefit of and shall not be construed to create rights in parties other than the Commission, the Trustee, the Bondholders, the Bond Insurer and the Liquidity Provider.

5. Reaffirmation. The Indenture, as amended by this Ninth Supplemental Indenture, is, in all respects, ratified and confirmed, so that all of the rights, terms, conditions, covenants, and agreements thereof and therein shall apply and remain in full force and effect.

6. Severability. In the event that any provision of this Ninth Supplemental Indenture shall be held to be invalid under any circumstances, such invalidity shall not affect any other provisions or circumstances.

7. Counterparts. This Ninth Supplemental Indenture may be executed in any number of counterparts, each of which when so executed shall be an original; but such counterparts shall together constitute but one and the same instrument.

8. Captions. The captions and table of contents of this Ninth Supplemental Indenture are for convenience only and shall not affect the construction hereof.

9. Governing Law. This Ninth Supplemental Indenture shall be governed by, and construed in accordance with, that laws of the State of Rhode Island and Providence Plantations.

10. Effectiveness. Pursuant to Section 1003 of the Indenture, this Ninth Supplemental Indenture shall take effect upon (a) its execution and delivery by the parties, (b) the filing by the Commission with the Trustee of the written consents of MBIA Insurance Corporation, as Bond Insurer of the outstanding 2004 Series A Bonds, 2005 Series A Bonds and 2007 Series A Bonds, on behalf of the Holders of such 2004 Series A Bonds, 2005 Series A Bonds and 2007 Series A Bonds, the Rhode Island Clean Water Finance Agency as Holder of the outstanding 2004 Series B, 2005 Series B, 2006 Series A and 2007 Series B Bonds and the Liquidity Provider, (c) delivery of notice to the Bondholders that the Ninth Supplemental Indenture has been consented to by the Holders of the required percentages of Bonds and will be effective pursuant to Section 1003 of the Indenture, (d) the filing by the Commission with the Trustee of proof of mailing such notice, and (e) the expiration of sixty (60) days from the date of filing with the Trustee proof of mailing such notice, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding commenced for such purpose within such sixty day period.

Signatures on Next Page

IN WITNESS WHEREOF, the Commission and the Trustee have caused this Ninth Supplemental Indenture to be executed in their respective corporate names by their duly authorized officers, which has been determined by the evidence all as of the date first above written.

NARRAGANSETT BAY COMMISSION

By: _____
Chairperson

By: _____
Executive Director

WELLS FARGO BANK, N.A., as Trustee (as successor trustee to The Bank of New York Trust Company, N.A., as successor trustee in interest to J.P. Morgan Trust Company, National Association)

By: _____
Vice President

Consented to:

MBIA INSURANCE CORPORATION,
as Bond Insurer, on behalf of the 2004 Series A,
2005 Series A and 2007 Series A Bondholders

By: _____
Authorized Officer

RHODE ISLAND CLEAN WATER FINANCE
AGENCY, as 2004 Series B, 2005 Series B,
2006 Series A and 2007 Series B Bondholder

By: _____
Authorized Officer

DEXIA CRÉDIT LOCAL, Acting through its
New York Agency

By: _____
Authorized Officer