

In the opinion of Bond Counsel, under existing law and assuming compliance with the tax covenants described herein, and the accuracy of certain representations and certifications made by the Bank and the Borrowers described herein, interest on the Series 2018 A Bonds is excluded from gross income for Federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code. Bond Counsel is further of the opinion that the Series 2018 A Bonds, their transfer and the income therefrom, including any profit made on the sale thereof, are exempt from taxation by and within the State of Rhode Island (the "State"); although the Series 2018 A Bonds, their transfer and the income therefrom, including any profit made on the sale thereof, may be included in the measure of State estate taxes and certain State corporate and business taxes. See "TAX EXEMPTION" herein regarding certain other tax considerations.



\$18,310,000
RHODE ISLAND INFRASTRUCTURE BANK
Efficient Buildings Fund Revenue Bonds
Series 2018 A (Green Bonds)

Dated: Date of Delivery

Due: October 1, as described below

The Rhode Island Infrastructure Bank Efficient Buildings Fund Revenue Bonds, Series 2018 A (Green Bonds) (the "Series 2018 A Bonds") will be issued as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, to which principal and interest payments on the Series 2018 A Bonds will be made so long as Cede & Co. is the registered owner of the Series 2018 A Bonds. Individual purchases of the Series 2018 A Bonds will be made only in book-entry form, in denominations of \$5,000, or any multiple in excess thereof.

The Series 2018 A Bonds bear interest from the date of delivery of the Series 2018 A Bonds, payable on April 1 and October 1 of each year, commencing April 1, 2019. The Series 2018 A Bonds are subject to redemption prior to maturity as described herein.

The Series 2018 A Bonds are being issued by the Rhode Island Infrastructure Bank (the "Bank") for the purpose of: (i) refunding a portion of the Bank's \$17,345,000 Efficient Buildings Fund Revenue Bond Anticipation Notes, 2016 Series A (the "2016 Series A Notes") on the date of delivery of the Series 2018 A Bonds; (ii) refunding the Bank's \$6,000,000 Efficient Buildings Fund Revenue Bond Anticipation Notes, 2017 Series A (the "2017 Series A Notes") on the date of delivery of the Series 2018 A Bonds; (iii) funding a loan to the Town of North Kingstown, a Local Governmental Unit (as defined in the Act; such Local Governmental Units are each referred to herein as a "Borrower" and collectively as the "Borrowers") to finance, refinance or reimburse the cost of certain energy efficiency and renewable energy upgrades to public buildings and infrastructure; and (iv) paying the costs of issuing the Series 2018 A Bonds. The remaining portion of the 2016 Series A Notes will be refunded on the date of delivery of the Series 2018 A Bonds using moneys provided by the Bank which, by law, administrative regulation, rule, court order, or otherwise, contain a restriction as to use under the EBF ("Restricted Funds"), as more particularly described herein.

The Series 2018 A Bonds are being issued pursuant to an Indenture of Trust dated as of November 1, 2018 (as amended from time to time, the "Master Indenture"), by and between the Bank and U.S. Bank National Association, as trustee (the "Trustee"), as supplemented by a First Supplemental Indenture of Trust dated as of November 1, 2018 (the "First Supplemental Indenture"), by and between the Bank and the Trustee (the Master Indenture, as so supplemented, is hereafter referred to as the "Indenture"). The Series 2018 A Bonds and any additional bonds that may be issued in the future on a parity with the Series 2018 A Bonds pursuant to the Indenture (the "Additional Senior Bonds") are collectively referred to herein as the "Senior Bonds". The Senior Bonds are payable solely from the funds pledged therefor pursuant to the Indenture, including but not limited to (i) the Borrowers' loan repayments to the Bank as described herein, and (ii) investment earnings on moneys in certain funds and accounts under the Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR SENIOR BONDS" herein. The Borrowers' loan repayments are secured by certain bonds of the Borrowers delivered to the Bank and assigned to the Trustee as described herein.

In addition to the Senior Bonds, the Bank, pursuant to the Master Indenture, may issue bonds which are, by their terms, subordinate to the Senior Bonds (the "Subordinated Bonds"). The Senior Bonds and the Subordinated Bonds are collectively referred to herein as the "Bonds". The Series 2018 A Bonds are the first Series of Senior Bonds to be issued under the Master Indenture. No other Bonds are currently outstanding pursuant to the Master Indenture.

The Series 2018 A Bonds are special obligations of the Bank and do not constitute a pledge of the full faith and credit of the Bank. The Bank has no taxing power. Neither the State of Rhode Island nor any political subdivision thereof shall be obligated to pay the Series 2018 A Bonds, and neither the faith and credit nor the taxing power of the State of Rhode Island or any political subdivision thereof is pledged to the payment of the Series 2018 A Bonds.

Year	Principal Amount	Interest Rate	Yield	CUSIP No.	Year	Principal Amount	Interest Rate	Yield	CUSIP No.
2019	\$1,045,000	3.00%	2.00%	76223KAA4	2027	\$1,635,000	5.00%	2.85%	76223KAJ5
2020	1,155,000	4.00	2.14	76223KAB2	2028	1,255,000	5.00	2.96	76223KAK2
2021	1,210,000	5.00	2.24	76223KAC0	2029	1,110,000	4.00	3.13	76223KAL0
2022	1,270,000	5.00	2.33	76223KAD8	2030	1,060,000	4.00	3.25*	76223KAM8
2023	1,340,000	5.00	2.43	76223KAE6	2031	1,105,000	4.00	3.35*	76223KAN6
2024	1,405,000	5.00	2.53	76223KAF3	2032	1,150,000	4.00	3.44*	76223KAP1
2025	1,480,000	5.00	2.63	76223KAG1	2033	535,000	4.00	3.54*	76223KAQ9
2026	1,555,000	5.00	2.74	76223KAH9					

* Priced at the stated yield to the October 1, 2029 optional redemption date at a redemption price of 100%.

The Series 2018 A Bonds are offered, subject to prior sale, when, as and if issued by the Bank and accepted by the Underwriter, subject to approval as to legal matters by Nixon Peabody LLP, Providence, Rhode Island, Bond Counsel, and to certain other conditions. Certain legal matters will be passed upon for the Bank by its counsel, Harrington & Vitale, Ltd., Providence, Rhode Island, and for the Underwriter by its counsel, Partridge Snow & Hahn LLP, Providence, Rhode Island. Hilltop Securities Inc., is serving as Municipal Advisor to the Bank in connection with the issuance of the Series 2018 A Bonds. It is expected that the Series 2018 A Bonds will be available for delivery to DTC in New York, New York on or about November 29, 2018.

Morgan Stanley

CUSIP data herein has been provided by CUSIP Global Services, managed by S&P Capital IP on behalf of the American Bankers Association. The CUSIP numbers have been assigned by an independent company not affiliated with the Bank and are included solely for the convenience of the holders of the Series 2018 A Bonds. Neither the Underwriter nor the Bank is responsible for the selection or use of the CUSIP numbers, and no representation is made as to their correctness on the Series 2018 A Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2018 A Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as to the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2018 A Bonds. CUSIP is a registered trademark of the American Bankers Association.

No dealer, broker, salesman or other person has been authorized by the Bank or the Underwriter of the Series 2018 A Bonds to give any information or to make any representation other than those contained in this Official Statement and, if given or made, such other information or representation must not be relied upon as having been authorized by either of the foregoing. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby by any person in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation. The information contained in this Official Statement has been obtained from the Bank, the Borrowers and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness by, and it is not to be construed as a representation by, the Underwriter or, as to information from other sources, the Bank. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Bank or the Borrowers since the date hereof.

The Underwriter intends to offer the Series 2018 A Bonds to the public initially at the offering prices or yields shown on the front cover page hereof, which prices or yields may change subsequently without any requirement or prior notice. The Underwriter may offer and sell the Series 2018 A Bonds to certain dealers (including dealers depositing such Series 2018 A Bonds into investment trusts) at prices lower than the public offering prices shown on the front cover hereof.

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

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

IN CONNECTION WITH THIS OFFERING THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2018 A BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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

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OFFICIAL STATEMENT

\$18,310,000

**RHODE ISLAND INFRASTRUCTURE BANK
EFFICIENT BUILDINGS FUND REVENUE BONDS
SERIES 2018 A (**Green Bonds**)**

This Official Statement, including the cover page and the appendices hereto, provides information concerning the sale by the Rhode Island Infrastructure Bank (the “Bank”), a body politic and corporate and public instrumentality of the State of Rhode Island and Providence Plantations (the “State”), of its \$18,310,000 Efficient Buildings Fund Revenue Bonds, Series 2018 A (**Green Bonds**) (the “Series 2018 A Bonds”).

The Series 2018 A Bonds constitute a duly authorized series of bonds of the Bank, issued under and pursuant to the Constitution and laws of the State, particularly the Rhode Island Infrastructure Bank Act, Chapter 12.2 of Title 46 of the Rhode Island General Laws (1956), as amended (together with any rules and regulations promulgated thereunder, the “Act”), and under and pursuant to resolutions adopted by the Bank on October 15, 2018. The Series 2018 A Bonds are being issued pursuant to an Indenture of Trust dated as of November 1, 2018 (as amended from time to time, the “Master Indenture”), by and between the Bank and U.S. Bank National Association, as trustee (the “Trustee”), as supplemented by a First Supplemental Indenture of Trust dated as of November 1, 2018 (the “First Supplemental Indenture”), by and between the Bank and the Trustee (the Master Indenture, as so supplemented, is hereafter referred to as the “Indenture”). Unless otherwise defined herein, capitalized terms used in this Official Statement shall have the meanings specified in APPENDIX A-1 - “Summary of Certain Provisions of the Indenture” attached hereto. Terms not otherwise defined in this Official Statement have the meanings provided in the specific documents.

The Series 2018 A Bonds are being issued by the Bank for the purpose of: (i) refunding a portion of the Bank’s \$17,345,000 Efficient Buildings Fund Revenue Bond Anticipation Notes, 2016 Series A (the “2016 Series A Notes”) on the date of delivery of the Series 2018 A Bonds; (ii) refunding the Bank’s \$6,000,000 Efficient Buildings Fund Revenue Bond Anticipation Notes, 2017 Series A (the “2017 Series A Notes”) on the date of delivery of the Series 2018 A Bonds; (iii) funding a Loan to the Town of North Kingstown, a Local Governmental Unit (as defined in the Act; such Local Governmental Units are each referred to herein as a “Borrower” and collectively as the “Borrowers”) to finance, refinance or reimburse the cost of certain energy efficiency and renewable energy upgrades to public buildings and infrastructure; and (iv) paying the costs of issuing the Series 2018 A Bonds. The remaining portion of the 2016 Series A Notes will be refunded on the date of delivery of the Series 2018 A Bonds using Restricted Funds consisting of SBCs (as such terms are hereinafter defined) and other available monies of the Bank.

As provided in the Indenture, the Bank will make Loans to Borrowers, including the Town of North Kingstown, pursuant to the terms of loan agreements between the Bank and the Borrowers (each such agreement, together with each existing loan agreement assigned and pledged to the Trustee as described in the next succeeding paragraph, as amended or supplemented, is hereinafter referred to as a “Loan Agreement”). The Borrowers’ loan repayments to the Bank are secured by certain bonds of the Borrowers (such bonds, together with the existing bonds of Borrowers assigned and pledged to the Trustee as described in the next succeeding paragraph, are hereinafter referred to as “Borrower Bonds”) delivered to the Bank and assigned to the Trustee, as more particularly described herein. The Loan Agreements and the Borrower Bonds are collectively referred to herein as the “Borrower Agreements.” The Borrowers’ payments under the Borrower Bonds are referred to herein as the “Borrower Bond Payments.”

The 2016 Series A Notes and 2017 Series A Notes were issued by the Bank for the purpose of funding loans to certain Local Governmental Units to finance or refinance the cost of certain energy efficiency and renewable energy projects and were sold in private placement transactions to Webster Bank, N.A., and Webster Public Finance Corporation, respectively. The Bank will use a portion of the proceeds of the Series 2018 A Bonds to redeem the 2016 Series A Notes and 2017 Series A Notes in full on the date of delivery of the Series 2018 A Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS” herein. The 2016 Series A Notes and 2017 Series A Notes were **not** issued under the Master Indenture. As security for the Senior Bonds, including but not limited to the Series 2018 A Bonds, the Bank will also assign and pledge to the Trustee pursuant to the First Supplemental Indenture the Loan Agreements, Borrower Bonds and Borrower Bond Payments in respect to the Bank’s direct loans made to date outside

of the Indenture to Local Governmental Units under the EBF using: (i) Unrestricted Funds (hereinafter defined) consisting of the proceeds of the 2016 Series A Notes, which are being refunded with Restricted Funds consisting of SBCs and a portion of the proceeds of the Series 2018 A Bonds, and the 2017 Series A Notes, which are being refunded with a portion of the proceeds of the Series 2018 A Bonds, and (ii) Restricted Funds. Such direct loans are outstanding in the aggregate principal amount of \$29,076,000 as of November 1, 2018. Such direct loans refinanced with a portion of the proceeds of the Series 2018 A Bonds will thereafter be deemed Bank Loans and such direct loans financed and refinanced with Restricted Funds will thereafter be deemed pledged Restricted Loans. For a description of such direct loans, see “INTRODUCTION”, “PLEDGED LOANS – Project Data for Loan Program” and “SECURITY AND SOURCES OF PAYMENT FOR SENIOR BONDS – Pledge of Revenues and other Property” herein.

The Series 2018 A Bonds are payable solely from the funds pledged therefor pursuant to the Indenture, including but not limited to: (i) the Borrower Bond Payments as described herein and (ii) investment earnings on moneys in certain funds and accounts under the Indenture. See “SECURITY AND SOURCES OF PAYMENT FOR SENIOR BONDS” herein. The Series 2018 A Bonds and any additional bonds that may be issued in the future on a parity with the Series 2018 A Bonds (the “Additional Senior Bonds”) are collectively referred to herein as the “Senior Bonds.” In addition to Senior Bonds, the Bank, pursuant to the Master Indenture, may issue bonds which are, by their terms, subordinate to the Senior Bonds (the “Subordinated Bonds”). The Senior Bonds and the Subordinated Bonds are collectively referred to herein as the “Bonds”. The Series 2018 A Bonds are the first Series of Senior Bonds to be issued under the Master Indenture. No other Bonds are currently outstanding pursuant to the Master Indenture.

INTRODUCTION

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

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

RGGI Funds consist of the proceeds generated by the State’s Department of Environmental Management from the auction or sale of carbon allowances pursuant to Chapter 23-82 of the Rhode Island General Laws, a portion of which has been allocated to the Bank for use in financing energy efficiency and renewable energy projects under the Efficient Buildings Fund. As of November 1, 2018, the Bank has received \$5,000,000 of RGGI Funds for use under the Efficient Buildings Fund.

SBCs consist of nonbypassable charges collected by electric distribution companies (currently National Grid) to support energy efficiency and renewable energy programs in Rhode Island. SBCs are allocated annually pursuant to the Annual Energy Efficiency Plan submitted by National Grid and approved by the Rhode Island Public Utilities Commission. Due to the restrictions placed on the use of SBCs allocated to the Bank, SBCs may only be used to support energy efficiency projects under the Efficient Buildings Fund. As of November 1, 2018, the Bank has received \$11,870,447 of SBCs for use under the Efficient Buildings Fund.

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

Loans made with the proceeds of Bonds are referred to herein as “Bank Loans.” Loans made with RGGI Funds, SBCs or other moneys provided by the Bank which, by law, administrative regulation, rule, court order, or otherwise, contain a restriction as to use under the EBF (“Restricted Funds”) are referred to herein as “Restricted Loans.” For example, RGGI Funds will only be used to finance Restricted Loans for energy efficiency and renewable energy projects and SBCs will only be used to finance Restricted Loans for energy efficiency projects under the EBF. Loans made with moneys provided by the Bank which do not contain such a restriction as to use (“Unrestricted Funds”), including, but not limited to, funds appropriated by the State for use in connection with the EBF, are referred to herein as “Unrestricted Loans.” Restricted Loans and Unrestricted Loans are collectively referred to herein as “Surplus Loans.” See “SECURITY AND SOURCES OF PAYMENT FOR SENIOR BONDS – “Loans Made with Proceeds of Senior Bonds (Bank Loans),” and “— Surplus Loans” herein. The Bank is authorized to make loans using any combination of the foregoing. “APPENDIX A-1 – Summary of Certain Provisions of the Indenture – Project Fund - Borrower Bonds Evidencing Combination of Bank Loans and Surplus Loans” herein.

To date, the Bank has received Restricted Funds in the amount of \$16,870,447 consisting of \$11,870,447 in SBCs and \$5,000,000 in RGGI Funds. Of this amount, the Bank has used \$5,120,000 in SBCs and \$2,068,000 in RGGI Funds to make direct loans outside of the Indenture to Local Governmental Units under the EBF, which direct loans were outstanding in the aggregate principal amount of \$7,153,000 (consisting of \$5,105,000 of SBC-funded direct loans and \$2,048,000 of RGGI Funds-funded direct loans) as of November 1, 2018. The Bank is also using \$4,485,033 in SBCs, together with a portion of the proceeds of the Series 2018 A Bonds, to refund the 2016 Series A Notes on the date of delivery of the Series 2018 A Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS” herein. The Bank has also used Unrestricted Funds in the amount of \$23,140,000, consisting of a portion of the proceeds of the 2016 Series A Notes and the 2017 Series A Notes, to make direct loans outside of the Indenture to Local Governmental Units under the EBF, which direct loans were outstanding in the aggregate principal amount of \$21,923,000 as of November 1, 2018. As security for the Senior Bonds, including but not limited to the Series 2018 A Bonds, the Bank will assign and pledge to the Trustee pursuant to the First Supplemental Indenture the Loan Agreements, Borrower Bonds and Borrower Bond Payments in respect to all such direct loans made to date outside of the Indenture to Local Governmental Units under the EBF using Restricted Funds and Unrestricted Funds, including the loans made to the Local Governmental Units funded with the proceeds of the 2016 Series A Notes, which are being refunded with Restricted Funds and a portion of the proceeds of the Series 2018 A Bonds, and the 2017 Series A Notes, which are being refunded with a portion of the proceeds of the Series 2018 A Bonds. Such direct loans refinanced with a portion of the proceeds of the Series 2018 A Bonds will thereafter be deemed Bank Loans and such direct loans financed and refinanced with Restricted Funds will thereafter be deemed pledged Restricted Loans. See “PLEDGED LOANS – Program Data for Loan Program” herein.

Senior Bonds, including the Series 2018 A Bonds, are secured equally and ratably by the Bank’s pledge and assignment to the Trustee of the Loan repayments from all Borrowers receiving Bank Loans from time to time pursuant to the Master Indenture (including, but not limited to, the Bank Loans financed and refinanced with the proceeds of the Series 2018 A Bonds). The Senior Bonds, including the Series 2018 A Bonds, are also secured equally and ratably by the Bank’s pledge and assignment to the Trustee pursuant to the First Supplemental Indenture of the loan repayments from the Borrowers that have received direct loans funded with Restricted Funds to date, as described in the preceding paragraph. See “SECURITY AND SOURCES OF PAYMENT FOR SENIOR BONDS -- Loans Made with Proceeds of Senior Bonds (Bank Loans) and - Surplus Loans” herein.

A Bank Loan is expected to be made to the Town of North Kingstown as described under the heading “PLEDGED LOANS – Project Data for Loan Program” in connection with the issuance of the Series 2018 A Bonds. Loans are expected to be made to other Borrowers not described in this Official Statement from time to time in the future with the proceeds of Additional Senior Bonds or Subordinated Bonds, Restricted Funds or Unrestricted Funds. Each Borrower is responsible for the repayment of its Loan and is not responsible for the default of any other

Borrower's payments. Notwithstanding the foregoing, in the event of a default by any Borrower in making Borrower Bond Payments, a default by one Borrower may require all Borrowers to pay up to the stated Interest Rate on their Borrower Bonds and not the Subsidized Interest Rate. See "SECURITY AND SOURCES OF PAYMENT FOR SENIOR BONDS -- Loans Made with Proceeds of Senior Bonds (Bank Loans);" "INVESTMENT CONSIDERATIONS" and "APPENDIX A-2 -- Summary of Certain Provisions of the Loan Agreements" herein.

This Official Statement contains descriptions of and information regarding the application of the proceeds of the Series 2018 A Bonds, the security and sources of payment therefor, the Bank and the Efficient Buildings Fund program. APPENDIX A contains a summary of certain provisions of the Indenture and Loan Agreements. The audited financial statements of the Bank are included as APPENDIX B. APPENDIX C contains certain information regarding the Town of West Warwick. See "PLEDGED LOANS -- Town of West Warwick" and "CONTINUING DISCLOSURE" herein. The proposed form of approving opinion of Bond Counsel is included as APPENDIX D. The proposed forms of Bank Continuing Disclosure Certificate and Town of West Warwick Continuing Disclosure Certificate are included as APPENDIX E. Certain information regarding the book-entry-only system used in connection with the Series 2018 A Bonds is included as APPENDIX F.

Descriptions and information contained in this Official Statement do not purport to be comprehensive and the descriptions of documents contained herein are qualified in their entirety by reference to such documents. Copies of the Indenture and the forms of the Borrower Agreements herein described may be obtained from the Bank. Copies of such documents will be available for inspection at the principal corporate trust office of the Trustee upon the initial delivery of the Series 2018 A Bonds.

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

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

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

THE BANK

The Bank was created as a body politic and corporate and public instrumentality of the State. In addition to the Efficient Buildings Fund, the Bank administers certain federal and State programs relating to the provision of financial assistance, principally through the issuance of its bonds for municipal or community wastewater and drinking water infrastructure projects and improvements to municipally-owned roads and bridges. The Bank administers the Clean Water State Revolving Fund created under Title VI of the Federal Clean Water Act and its State counterpart. The Bank also administers the Drinking Water State Revolving Fund created under the Federal Safe Drinking Water Act, as amended. For wastewater and drinking water projects which are not eligible for financial assistance from the revolving funds, the Bank is authorized to issue its bonds as a conduit issuer to provide funding for these projects. The Bank also established a Community Septic System Loan Program to provide low interest financing for upgrading or replacement of failed or failing septic systems, and a Sewer Tie-In Loan Program to provide low interest financing for connections to a public sewer system. The Bank is also empowered to provide financial assistance to municipalities and private entities for storm water management projects.

In addition to its wastewater and drinking water programs, the Bank also provides low interest loans to municipalities in Rhode Island through its Municipal Road and Bridge Revolving Fund ("MRBRF") for infrastructure improvements to municipally owned roads and bridges. The Bank also administers the State's Property Assessed Clean Energy ("PACE") program, coordinating financial assistance (either directly from the Bank or through outside financial institutions) to residential and commercial property owners for energy efficiency or renewable energy

projects, which the property owners would repay in conjunction with their property tax payments. In 2016, the Bank established a Commercial PACE program, with the initial Commercial PACE loans closing in March, 2017. The Bank is in the process of establishing a similar program for residential property owners. The Bank also has been designated as the State's administrator for brownfields revolving loan funds, providing financial assistance to municipalities and private entities for remediation and development of brownfields sites. The Bank was awarded an \$890,000 grant from EPA to capitalize a revolving fund for Brownfields site remediation projects.

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

Directors and Officers

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

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

Merrill W. Sherman, Chair (Gubernatorial appointment; term expires March 1, 2019; serves until a successor is appointed). Ms. Sherman, a resident of Jamestown, Rhode Island, is a co-founder of Bank Rhode Island and the former President and CEO of three community banks and two publicly-traded bank holding companies. In addition to her public agency presence, she serves on the Board of Directors of Brookline Bancorp, Inc. and its subsidiary, Brookline Bank. She also serves on the Board of Trustees of Blue Cross/Blue Shield of Rhode Island (Finance Committee Chair) and Johnson & Wales University (Investment Committee Chair). Ms. Sherman graduated from Mount Holyoke College and the University of Denver, College of Law.

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

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

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

Lisa Ferrara, Assistant Secretary (Gubernatorial appointment; term expires March 1, 2019; serves until a successor is appointed). Ms. Ferrara, a resident of Cranston, Rhode Island, is a retired Partner with GMO LLC. Ms. Ferrara was formerly a Senior Vice President of Putnam Investments. Prior to that, she served as a Vice President with Morgan Stanley Asset Management and a Vice President with State Street Bank.

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

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

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

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

The office of the Bank is located at 235 Promenade Street, Suite 119, Providence, Rhode Island 02908. Its telephone number is (401) 453-4430. Web address: www.riib.org.

Certain Other Bank Programs and Indebtedness

The Bank administers a leveraged revenue bond program under the Water Pollution Control Revolving Fund (the “WPCRF”) established pursuant to Chapter 12.2 of Title 46 of the Rhode Island General Laws (1956) and Title VI of the Federal Clean Water Act of 1972, each as amended. The WPCRF provides subsidized loans to certain Local Governmental Units to finance or refinance the cost of construction or rehabilitation of water pollution abatement projects. The Bank has made WPCRF loans totaling \$1,315,174,000 through June 30, 2018. As of June 30, 2018, the Bank had \$436,870,000 of senior bonds outstanding under the WPCRF. As of June 30, 2018, the Bank had \$55,860,000 of subordinate bonds outstanding under the WPCRF. The Bank issued its Water Pollution Control Revolving Fund Revenue Bonds Series 2018 A (Green Bonds) on April 25, 2018, in the amount of \$17,715,000. All of the bonds issued under the WPCRF have been issued under a separate indenture and are not pledged as security for the Bonds.

The Bank also administers the Rhode Island Water Pollution Control Revolving Fund (the “State Program”) and, as part of the State Program, the Facility Plan Loan Program. The State Program is a direct loan program established to finance water pollution abatement projects that do not qualify for the WPCRF. The State Program is also used to make loans to municipalities and wastewater service providers for the update of long-term capital infrastructure improvements planning (“Facility Plans”) as part of the Facility Plan Loan Program. These programs are funded through capitalization grants from State general obligation bond issues. Repayments of the direct loans from the State Program may be: (i) recycled into new direct loans; (ii) deposited into the WPCRF and used to make direct loans; or (iii) used to fund the Local Interest Subsidy Trust Fund of the WPCRF, at the discretion of the Bank. The financial subsidy offered to the borrowers from the State Program is similar to the WPCRF. To date, the Bank has made one loan under the State Program to the Town of South Kingstown for \$920,000, which has been fully repaid. The Facility Plan Loan Program provides loans at 1% interest per annum payable over three years. To date, the Bank has made four (4) loans under the Facility Loan Program totaling \$375,000.

The Bank administers a leveraged revenue bond program under the Drinking Water State Revolving Fund (“DWSRF”) established pursuant to Chapter 12.8 of Title 46 of the Rhode Island General Laws (1956) and the federal Safe Drinking Water Act, each as amended. The DWSRF provides subsidized loans to public and private drinking

water suppliers for approved safe drinking water projects. The Bank has made DWSRF loans totaling \$467,983,000 through June 30, 2018. As of June 30, 2018, the Bank had \$161,110,000 outstanding of senior bonds and \$23,785,000 outstanding subordinate bonds under the DWSRF. The Bank issued its \$5,000,000 Safe Drinking Water Revolving Fund Revenue Bonds, Series 2018 A, in a direct placement transaction in June of 2018. All of the bonds issued under the DWSRF have been issued under a separate indenture and are not pledged as security for the Bonds.

As of June 30, 2018, the Bank had \$74,154,000 in other long-term indebtedness outstanding in connection with bonds issued to fund (i) loans to the City of Cranston to refinance the indebtedness of the privatization of its water treatment facility (\$27,630,000); (ii) loans to the City of Warwick to finance sewer projects (\$4,174,000); (iii) loans to Pawtucket to refinance the indebtedness of certain drinking water projects (\$24,265,000); (iv) loans to the City of Newport to finance and refinance the indebtedness related to certain drinking water projects (\$4,575,000), and refinance the indebtedness of certain sewer projects (\$7,005,000); and (v) a loan to the Town of Coventry to refinance the indebtedness of certain sewer projects (\$6,505,000). These loans are not pledged as security for the Bonds.

The Bank has established a Community Septic System Loan Program (“CSSLP”) through which communities may borrow funds to address non-point source wastewater pollution abatement issues. The CSSLP gives communities the ability to provide their residents whose septic systems are failing, have failed or are substandard with low-interest cost funds for repair or replacement. Projects to close cesspools and install septic systems are also eligible for CSSLP financing. De-allocated funds under the WPCRF provide the money for this direct loan program. The Bank has made fifty-five CSSLP direct loans totaling \$17,600,000 through June 30, 2018. Repayments under the CSSLP are not pledged as security for the Bonds.

The Bank has also established a Sewer Tie-In Loan Fund (“STILF”) under the State Act through which communities may borrow funds to address non-point source wastewater pollution abatement issues. The STILF gives communities the ability to provide their residents low cost financing for sewer connections (pipe linking a house to a street collector). State Program funds provide the money for this direct loan program. The Bank has made four STILF direct loans totaling \$750,000 through June 30, 2018. Repayments under the STILF are not pledged as security for the Bonds.

The Bank has also established the MRBRF in accordance with legislation enacted by the General Assembly. The purpose of the MRBRF is to provide low interest loans to borrowers identified by the Rhode Island Department of Transportation for road and bridge infrastructure. The Bank has made 25 MRBRF loans totaling \$50,693,515 as of June 30, 2018. The Bank issued its Municipal Road and Bridge Revolving Fund Revenue Bonds, Series 2018 A, its first issuance of bonds under the MRBRF, on June 20, 2018, in the amount of \$13,965,000. Such bonds were, and future bonds issued under the MRBRF will be, issued under a separate indenture and are not pledged as security for the Bonds .

In July of 2016, the Bank issued the 2016 Series A Notes for the purpose of funding loans to certain Local Governmental Units to finance or refinance the cost of certain energy efficiency and renewable energy projects. The 2016 Series A Notes were not issued under the Master Indenture and are being refunded in full with a portion of the proceeds of the Series 2018 A Bonds on the date of issuance thereof.

In December of 2017, the Bank issued the 2017 A Series A Notes in a private placement sale to Webster Public Finance Corporation for the purpose of funding loans to certain Local Governmental Units to finance or refinance the cost of certain energy efficiency and renewable energy projects. The 2017 Series A Notes were not issued under the Master Indenture and are being refunded in full with a portion of the proceeds of the Series 2018 A Bonds on the date of issuance thereof.

In addition to the above programs, the Bank also administers the State’s PACE program, coordinating financial assistance (either directly from the Bank or through outside financial institutions) to residential and commercial property owners for energy efficiency or renewable energy projects, which the property owners would repay in conjunction with their property tax payments. In 2016, the Bank established a Commercial PACE program, with the initial Commercial PACE loans closing in March, 2017. The Bank is in the process of establishing a similar program for residential property owners. The Bank also has been designated as the State’s administrator for brownfields revolving loan funds, providing financial assistance to municipalities and private entities for remediation

and development of brownfields sites. The Bank was awarded an \$890,000 grant from EPA to capitalize a revolving fund for Brownfields site remediation projects.

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

THE SERIES 2018 A BONDS

General

The Series 2018 A Bonds are dated as of their date of delivery, are scheduled to mature as set forth on the front cover of this Official Statement and bear interest from their date at the rates set forth on the cover of this Official Statement, which interest is payable on April 1 and October 1 of each year commencing April 1, 2019 (each April 1 and October 1, commencing April 1, 2019, being hereinafter referred to as an “Interest Payment Date”). Interest shall be calculated on the basis of a 360-day year, consisting of twelve 30-day months.

Book-Entry-Only System

The Series 2018 A Bonds are issuable only as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), to which principal and interest payments on the Series 2018 A Bonds will be made so long as DTC or its nominee is the registered owner of the Series 2018 A Bonds. The Series 2018 A Bonds will be issued in denominations of \$5,000 or any multiple thereof. Individual purchasers of the Series 2018 A Bonds will not receive physical delivery of certificates representing their ownership interests in the Series 2018 A Bonds, except in the event that use of the book-entry system for the Series 2018 A Bonds is discontinued. Transfers of the Series 2018 A Bonds and principal and interest payments on the Series 2018 A Bonds will be made as described in APPENDIX F. Beneficial owners of the Series 2018 A Bonds should make appropriate arrangements with their broker or dealer to receive notices (including notices of redemption) and other information regarding the Series 2018 A Bonds that may be conveyed by DTC to its participants. SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE SERIES 2018 A BONDS, ALL REFERENCES HEREIN TO THE BONDHOLDERS OR THE REGISTERED OWNERS OF THE SERIES 2018 A BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2018 A BONDS EXCEPT AS PROVIDED IN APPENDIX F HERETO. See “APPENDIX F – Book-Entry-Only System” herein.

Redemption Prior to Maturity

Optional Redemption: The Series 2018 A Bonds maturing on and before October 1, 2029 are not subject to optional redemption prior to their stated dates of maturity. The Series 2018 A Bonds maturing on or after October 1, 2030 are subject to redemption prior to maturity, in whole or in part at any time, and if in part, by lot within a maturity, at the option of the Bank, from any moneys available therefor, on and after October 1, 2029 in such order of maturity as shall be determined by the Bank at the redemption price (expressed as a percentage of the principal amount of such Series 2018 A Bonds or portions thereof to be redeemed) set forth below, together with accrued and unpaid interest to the date fixed for redemption:

<u>Redemption Period</u>	<u>Redemption Price</u>
October 1, 2029 and thereafter	100%

Partial Redemption: In the event of redemption of less than all of the Series 2018 A Bonds, the particular maturities of the Series 2018 A Bonds to be redeemed shall be selected by the Bank in its discretion. In the event of redemption of less than all of the Series 2018 A Bonds of like maturity, the Trustee shall assign to each Series 2018 A Bond of the maturity to be redeemed a distinctive number for each unit of the principal amount of such Series 2018 A Bond equal to the lowest denomination in which the Series 2018 A Bonds are authorized to be issued and shall select by lot, using such method of selection as it shall deem proper in its discretion, from the numbers assigned to such Series 2018 A Bonds as many numbers as, at such unit amount equal to the lowest denomination in which the Series 2018 A Bonds are authorized to be issued for each number, shall equal the principal amount of such Series 2018 A Bonds to be redeemed. Notwithstanding the foregoing, in the event of redemption of less than all of a Series

2018 A Bond that is a Term Bond, the Trustee shall, at the written direction of the Bank, redeem, in the authorized denominations for the Series 2018 A Bonds, either: (i) a portion of each Sinking Fund Installment of such Term Bond on a pro rata basis or (ii) all or a portion of one or more Sinking Fund Installments of such Term Bond.

Notwithstanding the foregoing, so long as DTC or its nominee is the sole registered owner of such Series 2018 A Bonds, the particular Series 2018 A Bonds, or portions thereof, to be redeemed within a maturity shall be selected by lot by DTC in such manner as DTC shall determine. See “APPENDIX F – Book-Entry-Only System” herein.

Notice of Redemption

As long as the Series 2018 A Bonds to be redeemed are registered in the name of Cede & Co. (or a successor entity) in the book-entry system, the Trustee shall give notice of the call for any redemption not less than thirty (30) days nor more than sixty (60) days prior to the redemption date to Cede & Co. (or a successor entity) as the registered owner of each such Series 2018 A Bond or portion of a Series 2018 A Bond to be redeemed at the address appearing on the registration books maintained by the Trustee as Registrar. At such time as the Series 2018 A Bonds to be redeemed are no longer held by Cede & Co. (or a successor entity), the Trustee shall give notice of the call for any redemption by mailing a copy of such notice not less than thirty (30) days nor more than sixty (60) days prior to the redemption date by first-class mail, postage prepaid, to the registered owner of such Series 2018 A Bonds at such Owner’s address as it appears on the registration books maintained by the Trustee as bond registrar not more than ten (10) Business Days prior to the date such notice is given. The Series 2018 A Bonds so called for redemption will cease to bear interest on the specified redemption date and shall no longer be secured by the Indenture, provided that funds for such redemption are on deposit at the time with the Trustee.

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

Any Conditional Redemption may be rescinded in whole or in part at any time prior to the redemption date upon written notice from the Bank to the Trustee instructing the Trustee to rescind the redemption notice. The Trustee shall give prompt notice of such rescission to the affected Bondowners. Any Series 2018 A Bonds subject to Conditional Redemption where redemption has been rescinded shall remain Outstanding, and the rescission shall not constitute an Event of Default. Further, in the case of a Conditional Redemption, the failure of the Bank to make funds available in part or in whole on or before the redemption date shall not constitute an Event of Default, and the Trustee shall give immediate notice to the DTC or the affected Bondowners that the redemption did not occur and that the Series 2018 A Bonds called for redemption and not so paid remain Outstanding.

The Trustee, so long as a book-entry system with DTC is used for determining beneficial ownership of the Series 2018 A Bonds, shall send any notice of redemption to DTC, or its nominee, as registered owner of the Series 2018 A Bonds (see “APPENDIX F – Book-Entry-Only System” herein). Transfer of such notice to DTC’s Participants is the sole responsibility of DTC. Transfer of such notice to Beneficial Owners by Participants is the responsibility of the Participants and other nominees of Beneficial Owners of the Series 2018 A Bonds. Any failure of DTC to mail such notice to any Participant will not affect the validity of the redemption of the Series 2018 A Bonds. The Trustee can make no assurances that DTC, the Participants or other nominees of the Beneficial Owners of the Series 2018 A Bonds will distribute such redemption notices to the Beneficial Owners of the Series 2018 A Bonds, or that they will do so on a timely basis, or that DTC will act as described in its Official Statement.

ESTIMATED SOURCES AND USES OF FUNDS

The projected sources and uses of funds, including proceeds of the Series 2018 A Bonds, are as follows:

Sources of Funds:

Series 2018 A Bonds	\$	18,310,000.00
Original Issue Premium		1,865,028.00
Restricted Funds - SBCs		5,130,100.00
Other Available Funds of the Bank		2,127,705.67
Total	\$	<u>27,432,833.67</u>

Uses of Funds:

Deposit to Redeem 2016 Series A Notes and 2017 Series A Notes Principal (Series 2018 A Bond proceeds)	\$	18,859,967.00
Deposit to Redeem 2016 Series A Notes Principal (Restricted Funds - SBCs)		4,485,033.00
Deposit to Redeem 2016 Series A Notes and 2017 Series A Notes Interest (Other Available Funds)		172,772.67
Bank Loan		935,000.00
Deposit to Common Reserve Account of Debt Service Reserve Fund		2,600,000.00
Costs of Issuance ⁽¹⁾		380,061.00
Total	\$	<u>27,432,833.67</u>

- (1) This amount includes: (i) costs of issuance of the Series 2018 A Bonds, including Underwriter's discount, and (ii) the rounding amount.

THE EFFICIENT BUILDINGS FUND PROGRAM AND THE OFFICE OF ENERGY RESOURCES

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

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

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

Projects eligible for Efficient Buildings Fund financing include any measures that will conserve energy or produce clean energy, as set forth in regulations promulgated by the OER. The Project Priority List specifies, among other things, the estimated costs of projects that are eligible for Loans or other financial assistance and other terms

and conditions relating to the construction and operation of the projects. For a project to be eligible for financing, it must be scored and ranked on the Project Priority List by the OER, which may include a technical audit or other technical analysis as approved by the OER. No project is eligible for financing by the Bank until the OER has placed it on the Project Priority List, which is updated at least annually.

Applications must include: (1) a description of the project(s) to be financed with the projected construction and completion schedule and in case of a refinancing, a description of the completed project and the terms and source of previous financing; (2) a description of the source of repayment (i.e. projected energy savings, general revenues of the Borrower, appropriation obligation or other dedicated source revenue of the Borrower; (3) a description of the overall operations of the Borrower with an emphasis on legal structure, management, sources of revenues, operating expenses, operating surpluses or deficits, actual results versus budget, and sources of financial liquidity; (4) legal authority or authorities to construct, finance and operate the project; (5) audited financial statements for the past five fiscal years prepared in accordance with Generally Accepted Government Accounting Standards; and (6) financial and demographic information.

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

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

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

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

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

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

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

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

GREEN BONDS DESIGNATION

The Bank has designated the Series 2018 A Bonds as “Green Bonds” based on the intended use of the proceeds of the Series 2018 A Bonds to finance environmentally beneficial energy efficiency and renewable energy projects as described below, and in alignment with the Green Bond Principles 2018 established by the International Capital Market Association. See <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/> for a complete listing of the Green Bond Principles 2018.

The purpose of labeling the Series 2018 A Bonds as Green Bonds is to allow investors to invest directly in bonds that finance such environmentally beneficial projects. The Series 2018 A Bonds are secured equally and ratably with the other Senior Bonds issued under the Indenture. The term Green Bonds is used herein for identification purposes only. The holders of the Series 2018 A Bonds do not assume any specific project risk or economic benefit related to any of the funded projects as a result of the “Green Bonds” designation.

Use of Bond Proceeds – The Projects. Below are brief descriptions of the projects expected to be financed or refinanced with proceeds of the Series 2018 A Bonds.

City of Cranston: The Cranston project involves the installation of new hot water heating boilers, a new air-cooled chiller, upgraded LED lighting, an energy management system, fan coil units, motors and drives, variable air volume system, energy recovery ventilators, hot water/old water pumps, and unit heaters at Edgewood Highland Elementary School.

City of Newport: The Newport project involves the installation of ground-mounted, roof-mounted, and carport Solar PV systems and roof enhancements at the Newport Water Pollution Control Facility.

Town of North Kingstown: The North Kingstown project involves the conversion of the Town’s streetlights to highly-efficient LED lights.

City of Providence: The Providence project involves the installation of a replacement boiler, domestic hot water system improvements, wi-fi programmable thermostats, replacement door seals, and the conversion of existing lighting to highly-efficient LED lighting at the Atwells Avenue Fire Station; the installation of a replacement boiler, domestic hot water system improvements, wi-fi programmable thermostats, replacement door seals, and the conversion of existing lighting to highly-efficient LED lighting at the Broad Street Fire Station; the installation of condensing boilers, a domestic hot water heater, a BAC system, the conversion of existing lighting to highly-efficient LED lighting, and fuel conversion from oil to natural gas at the Branch Avenue Fire Station; the installation of replacement exterior doors, the conversion of existing lighting to highly-efficient LED lighting, and fuel conversion from oil to natural gas at the Dexter Street Fire Department Garage; and the installation of a new boiler, a domestic hot water heater, roof insulation, and the conversion of existing lighting to highly-efficient LED lighting, fuel conversion from oil to natural gas, and sealing doors and windows at the Providence Police Academy.

Town of West Warwick: The West Warwick project involves the conversion of the Town’s streetlights to highly-efficient LED lights; the installation of pipe and building insulation, the conversion of existing lighting to LED lighting, and fuel conversion from oil to natural gas at the West Warwick Public Works facility; and the installation of building insulation and variable speed motors and drives; and the conversion of existing lighting to highly-efficient LED lighting at the West Warwick Civic Center. The project also involves the installation of two 1.5-megawatt onshore wind turbines.

Town of Westerly: The Westerly project involves the conversion of the Town’s streetlights to highly-efficient LED lights; the installation of attic insulation, dual temperature motor replacements with VFDs, a replacement domestic hot water heater, replacement boiler, insulation to pipes and valves, a temperature setback, weatherization measures, and lighting fixture retrofits, and the conversion of existing lighting to highly-efficient LED lighting at Westerly Town Hall; the conversion of existing lighting to LED lighting at the Westerly Highway Garage; the conversion of existing lighting to highly-efficient LED lighting at the Westerly Police Station; and the installation of a roof-mounted Solar PV system at the Westerly Highway Garage.

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

Management of Proceeds - The proceeds of the Bonds will be tracked by the Bank and deposited in segregated accounts for each Borrower. A chart identifying (a) the projects expected to be financed with the proceeds of the Series 2018 A Bonds, (b) the amounts of such loans expected to be provided for each project and (c) the percent of loans disbursed by the Bank for each such project is attached as APPENDIX G to this Official Statement. The satisfactory completion of the projects, modifications of the projects and other factors may cause: (i) loan amounts to vary, (ii) other environmentally beneficial projects to be added, or (iii) the identity of Borrowers to change. Accordingly, the information included in APPENDIX G is subject to change. The Bank reserves the right to modify the projects included in APPENDIX G and to substitute one or more Borrowers provided that the substituted projects of such Borrowers are deemed by the Bank to be environmentally beneficial.

Reporting - The Bank plans to voluntarily post annual updates on the use of the proceeds of the Series 2018 A Bonds in the form of updates to APPENDIX G to be included its annual reports posted on www.riib.org.

External Review - The Bank engaged S&P Global Ratings to provide a Green Evaluation score pursuant to S&P Global Ratings Green Evaluation criteria and an opinion regarding alignment of the Series 2018 A Bonds with the Green Bond Principles 2018. The Green Evaluation report gives the Bank’s Series 2018 A Bonds an overall score of E1/85, and concludes the Series 2018 A Bonds are aligned with the Green Bond Principles 2018. A copy of the Green Evaluation report is included in APPENDIX H.

PLEDGED LOANS

Project Data for Loan Program

The Town of North Kingstown is the Borrower receiving a Bank Loan in connection with the issuance of the Series 2018 A Bonds. The principal amount and the type of pledge given by such Borrower as security for its Borrower Bonds are set forth below:

<u>Borrower</u>	<u>Amount</u>	<u>Loan Source</u> ¹	<u>Loan Pledge</u> ²
North Kingstown	\$935,000	BL/BP	APP

¹ BL/BP: Bank Loan funded with proceeds of Series 2018 A Bonds

² APP: Loan Subject to Appropriation

The Bank will pledge and assign to the Trustee the Borrower Agreements and the Borrower Bond Payments in respect to such Bank Loan pursuant to the First Supplemental Indenture as security for the Senior Bonds.

Certain Local Governmental Units have received to date direct loans from the Bank using Unrestricted Funds consisting of the proceeds of the 2016 Series A Notes and the 2017 Series A Notes and Restricted Funds, which direct loans were made under the EBF but outside of the Indenture. On the date of delivery of the Series 2018 A Bonds, the Bank is refunding the 2016 Series A Notes using Restricted Funds and a portion of the proceeds of the Series 2018 A Bonds and the Bank is refunding the 2017 Series A Notes using a portion of the proceeds of the Series 2018 A Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS” above. In connection with the issuance of the Series 2018 A Bonds, the Bank will pledge the Loan Agreements, Borrower Bonds and Borrower Bond Payments in respect to such direct loans to the Trustee pursuant to the First Supplemental Indenture as security for the Senior Bonds, including but not limited to the Series 2018 A Bonds. Such direct loans refinanced with a portion of the proceeds of the Series 2018 A Bonds will thereafter be deemed Bank Loans and such direct loans financed and refinanced with Restricted Funds will thereafter be deemed pledged Restricted Loans. See “SECURITY AND SOURCES OF PAYMENT FOR SENIOR BONDS - Pledge of Revenues and other Property” below. The following is a list of the Local Governmental Units receiving such direct loans, including the outstanding principal amount as of November 1, 2018, the source of each direct loan and the type of pledge given by each Borrower as security for its Borrower Bonds:

<u>Borrower</u>	<u>Amount</u>	<u>Loan Source</u> ¹	<u>Loan Pledge</u> ²	<u>Indenture Pledge</u> ³
Barrington	\$2,500,000	RL/SBC	GO	YES
Cranston	2,106,000	BL/BP	GO	YES
Cumberland	1,343,000	RL/RGGI	APP	YES
East Providence	2,370,000	RL/SBC	APP	YES
Hopkinton	201,000	RL/RGGI	APP	YES
Newport	1,124,000	BL/BP	GO	YES
Pawtucket	3,550,000	RL/SBC	GO	YES
Providence	1,157,000	RL/SBC, BL/BP	GO	YES
Warren	504,000	RL/RGGI	APP	YES
West Warwick	12,718,000	BL/BP	GO	YES
Westerly	<u>1,503,000</u>	BL/BP, RL/SBC	GO	YES
TOTAL	\$29,076,000			

¹ BL/BP: Bank Loan funded with proceeds of either 2016 Series A Notes or 2017 Series A Notes refunded with proceeds of Series 2018 A Bonds

RL/SBC: Restricted Loan funded with Restricted Funds consisting of System Benefit Charges

RL/RGGI: Restricted Loan funded with Restricted Funds consisting of Regional Greenhouse Gas Initiative Funds

² APP: Loan Subject to Appropriation

GO: General Obligation

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

The Borrower Bonds of the Towns of Barrington, West Warwick and Westerly and the Cities of Cranston, Newport, Pawtucket and Providence are general obligations of the respective municipality, for the payment of which the full faith and credit, *ad valorem* taxes and general fund revenues of such municipality are pledged. The Borrower Bonds of the Town of North Kingstown, and the remaining Borrower Bonds evidencing the direct loans described above, are appropriation obligations of such Borrower. For a discussion of the risks associated with appropriation obligations, see “INVESTMENT CONSIDERATIONS - Borrower Bond Payments subject to Annual Appropriation” below.

The Bank expects to make Loans to Borrowers from time to time pursuant to the Master Indenture, but the satisfactory completion of such Borrowers’ projects, modification of projects and other factors may cause loan amounts to vary and the identity of Borrowers to change. Accordingly, the Borrowers participating in the Efficient Buildings Fund program from time to time, and the principal amount of a Borrower’s Loan are subject to change and cannot be assured by the Bank.

Town of West Warwick

As noted above, upon the issuance of the Series 2018 A Bonds, the Town of West Warwick (“West Warwick”) will be the Bank’s largest Borrower under the Efficient Buildings Fund. Certain information regarding West Warwick is contained in APPENDIX C-1 to this Official Statement. The audited financial statements of West Warwick for the fiscal year ending June 30, 2017 are incorporated by reference in APPENDIX C-2 of this Official Statement. The financial statements of West Warwick for the fiscal year ending June 30, 2017 have been audited by Marcum LLP, independent accountants. Marcum LLP, independent accountants. Marcum LLP has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Marcum LLP also has not performed any procedures relating to this Official Statement. The Borrower Bonds of West Warwick issued in connection with direct loans made by the Bank under the Efficient Buildings Fund to date are general obligations of West Warwick, for the payment of which the full faith and credit, *ad valorem* taxes and general fund revenues of West Warwick are pledged.

West Warwick will agree in connection with the issuance of the Series 2018 A Bonds, to provide as part of its continuing disclosure obligations certain annual financial information and operating data of West Warwick. See APPENDIX E-2 – “FORM OF WEST WARWICK CONTINUING DISCLOSURE CERTIFICATE.”

DEBT SERVICE COVERAGE

The payment of debt service on the Series 2018 A Bonds is dependent on Borrowers making timely Borrower Bond Payments. It is possible that a Borrower will be unable to make a timely Borrower Bond Payment. Although the Bonds and the Efficient Buildings Fund have been structured so as to minimize the risk that a default by a Borrower on its Borrower Bonds would cause a default on the Bonds, there can be no assurance that such a default would not occur. The structure of the Efficient Buildings Fund provides debt service coverage in excess of debt service on the Bonds.

Debt Service Coverage

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

Projected Cash Flow Schedule

Fiscal Year Ending June 30	Loan Repayments	Bond Debt Service	Projected Debt Service Coverage on the Bonds
2019	\$ 1,636,972	\$ 282,447	5.80 x
2020	2,432,118	1,862,775	1.31
2021	2,527,692	1,934,000	1.31
2022	2,523,954	1,935,650	1.30
2023	2,525,322	1,933,650	1.31
2024	2,529,450	1,938,400	1.30
2025	2,527,968	1,934,775	1.31
2026	2,526,384	1,937,650	1.30
2027	2,526,910	1,936,775	1.30
2028	2,527,081	1,937,025	1.30
2029	1,940,047	1,484,775	1.31
2030	1,675,841	1,286,200	1.30
2031	1,556,804	1,192,800	1.31
2032	1,559,237	1,194,500	1.31
2033	1,558,895	1,194,400	1.31
2034	710,030	545,700	1.30
Total	<u>\$ 33,284,705</u>	<u>\$ 24,531,522</u>	

SECURITY AND SOURCES OF PAYMENT FOR SENIOR BONDS

Special Obligations

The Senior Bonds are special obligations of the Bank payable solely from, and secured by a pledge of, revenues generated by Borrower Bonds evidencing Bank Loans, Borrower Bonds evidencing Surplus Loans that the Bank has, at its option, assigned and pledged to the repayment of Senior Bonds, and other moneys and securities held

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

Pledge of Revenues and other Property

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

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

In furtherance of the foregoing, pursuant to the First Supplemental Indenture, the Bank will assign and pledge to the Trustee as security for the Senior Bonds, including but not limited to the Series 2018 A Bonds, (i) the Loan Agreements, Borrower Bonds and Borrower Bond Payments in respect to the Bank's direct loans made to date outside of the Indenture to Local Government Units under the EBF using: (i) Unrestricted Funds consisting of the proceeds of the 2016 Series A Notes and the 2017 Series A Notes and (ii) Restricted Funds. Such prior loans are outstanding in the aggregate principal amount of \$29,076,000 as of November 1, 2018. The 2016 Series A Notes are being refunded in full using Restricted Funds and a portion of the proceeds of the Series 2018 A Bonds and the 2017 Series A Notes are being refunded in full using a portion of the proceeds of the Series 2018 A Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" herein.

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

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

Defaults and Remedies under the Master Indenture

The Master Indenture includes the following "Events of Default" in respect to the Bonds: (i) the failure to pay any installment of interest in respect of any Bond as the same shall become due and payable, or (ii) principal,

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

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

Debt Service Reserve Fund

Common Reserve Account and Series Reserve Account

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

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

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

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

Series 2018 A Bonds Secured by Common Reserve Account

The Series 2018 A Bonds shall constitute Common Reserve Bonds secured by the Common Reserve Account of the Debt Service Reserve Fund established pursuant to the Master Indenture. Subject to the provisions of the following paragraph, the Reserve Requirement with respect to the Series 2018 A Bonds deposited into the Common Reserve Account will be \$2,600,000, which amount was determined by the Bank with the receipt of a Rating Confirmation. Such deposit will be funded with available moneys of the Bank and not from proceeds of the Series

2018 A Bonds. The Series 2018 A Bonds shall be equally and ratably secured with respect to the Common Reserve Account with any other Series of Senior Bonds designated by the Bank as Common Reserve Bonds pursuant to a Supplemental Indenture, without preference, priority or distinction of any Common Reserve Bonds over any other Common Reserve Bonds.

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

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

Release of Borrower Agreements from Pledge of the Indenture

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

Parity Reimbursement Obligations

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

The Bank does not intend to obtain any Credit Facilities, Liquidity Facilities or Hedge Agreements in connection with the issuance of the Series 2018 A Bonds.

Loans Made by the Bank

The Bank identifies Borrowers and determines the terms and source of funding of the Loans at or prior to the time a Series of Senior Bonds is issued. All or some of the Loans so identified, however, may not actually be made at such time, and the Bank reserves the right to make Loans in amounts other than initially identified and to Borrowers other than those Borrowers initially identified. The Bank has executed a loan commitment with the Town of North Kingstown, which is expected to receive a Bank Loan in connection with the issuance of the Series 2018 A Bonds.

If a Borrower defaults on its Borrower Bonds, the Bank may require all Borrowers to pay up to the stated Interest Rate on their Borrower Bonds and not the Subsidized Interest Rate. EVEN IF ALL BORROWERS ARE REQUIRED TO PAY INTEREST ON BORROWER BONDS AT THE INTEREST RATE, BORROWER BOND PAYMENTS MAY NOT EQUAL DEBT SERVICE ON THE BONDS, INCLUDING THE SERIES 2018 A BONDS. THE LIABILITY OF THE BANK UNDER THE SERIES 2018 A BONDS SHALL BE ENFORCEABLE ONLY TO THE EXTENT PROVIDED IN THE INDENTURE, AND THE SERIES 2018 A BONDS SHALL BE PAYABLE SOLELY FROM PAYMENTS TO BE MADE BY EACH BORROWER TO THE TRUSTEE AND ANY OTHER FUNDS HELD BY THE TRUSTEE UNDER THE INDENTURE AND AVAILABLE FOR SUCH PAYMENT.

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

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

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

Loans Made with Proceeds of Senior Bonds (Bank Loans)

Proceeds of Senior Bonds (including the portion of the proceeds of the Series 2018 A Bonds allocated to make the Bank Loan to the Town of North Kingstown), after deposit to the Cost of Issuance Fund, will be deposited in the applicable Borrower Proceeds Subaccount of the applicable Series Account of the Project Fund for the purpose of making Bank Loans to Borrowers. The Borrower Agreements evidencing Bank Loans are pledged as security for the Senior Bonds. Borrower Bond Payments evidencing Bank Loans are deposited into the Revenue Fund.

Surplus Loans

In addition to Bank Loans, the Bank may make Restricted Loans using Restricted Funds and Unrestricted Loans using Unrestricted Funds, which are collectively referred to herein as the "Surplus Loans." To date, the Bank has received Restricted Funds in the amount of \$16,870,447 consisting of \$11,870,447 in SBCs and \$5,000,000 in RGGI Funds. Of this amount, the Bank has used \$5,120,000 in SBCs and \$2,068,000 in RGGI Funds to make direct loans outside of the Indenture to Local Governmental Units under the EBF, which direct loans were outstanding in the aggregate principal amount of \$7,153,000 (consisting of \$5,105,000 of SBC-funded direct loans and \$2,048,000 of RGGI Funds-funded direct loans) as of November 1, 2018. The Bank is also using \$4,485,033 in SBCs, together with a portion of the proceeds of the Series 2018 A Bonds, to refund the 2016 Series A Notes on the date of delivery of the Series 2018 A Bonds. The Bank has also used Unrestricted Funds in the amount of \$23,140,000, consisting of a portion of the proceeds of the 2016 Series A Notes and the 2017 Series A Notes, to make direct loans outside of the Indenture to Local Governmental Units under the EBF, which direct loans were outstanding in the aggregate principal amount of \$21,923,000 as of November 1, 2018. As security for the Senior Bonds, including but not limited to the Series 2018 A Bonds, the Bank will assign and pledge to the Trustee pursuant to the First Supplemental Indenture the Loan Agreements, Borrower Bonds and Borrower Bond Payments in respect to all such direct loans made to date outside of the Indenture to Local Governmental Units under the EBF using Restricted Funds and Unrestricted Funds, including the loans made to the Local Governmental Units funded with the proceeds of the 2016 Series A Notes, which are being refunded with Restricted Funds and a portion of the proceeds of the Series 2018 A Bonds, and the 2017 Series A Notes, which are being refunded with a portion of the proceeds of the Series 2018 A Bonds. Such direct loans refinanced with a portion of the proceeds of the Series 2018 A Bonds will thereafter be deemed Bank Loans and such direct loans financed and refinanced with Restricted Funds will thereafter be deemed pledged Restricted Loans. Pursuant to a Supplemental Indenture, the Bank may, in its sole discretion, pledge and assign to the

Trustee the Borrower Agreements and the Borrower Bond Payments in respect to future Surplus Loans from time to time as security for the Senior Bonds.

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

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

Each Borrower Restricted Loan Pledged Account, Borrower Restricted Loan Non-Pledged Account, Borrower Unrestricted Loan Pledged Account and Borrower Unrestricted Loan Non-Pledged Account is collectively referred to herein as the “Borrower Surplus Accounts.” As of the date of issuance of the Series 2018 A Bonds, no non-pledged Surplus Loans are being made or will be outstanding under the Indenture.

Borrower Bond Payments

Borrower Bond Payments consisting of interest in respect to pledged Restricted Loans and Borrower Bond Payments in respect to pledged Unrestricted Loans are deposited in the Revenue Fund, to be used to pay principal of and interest on the Senior Bonds. Borrower Bond Payments in respect to non-pledged Restricted Loans are deposited in the Restricted Account of the Surplus Fund, to be used by the Bank to make additional pledged or non-pledged Restricted Loans. Borrower Bond Payments in respect to non-pledged Unrestricted Loans are deposited in the Surplus Fund, to be used by the Bank: (i) to make pledged or non-pledged Unrestricted Loans; (ii) for deposit to the Cross-Investment Fund, for the purpose of providing funds for investment into an Additional Program Indenture; (iii) for repayment of any moneys invested in the Cross-Investment Fund from an Additional Program Indenture; (iv) for any lawful purpose of the MRBRF; or (v) subject to receipt of a Ratings Confirmation, for such other purpose of the Bank under federal law or State law, as provided in the Master Indenture.

Borrower Bond Payments in respect to principal on pledged Restricted Loans are deposited in the Restricted Loan Principal Repayment Account of the Project Fund. Amounts on deposit in the Restricted Loan Principal Repayment Account are available to cure deficiencies in the Debt Service Fund on the date on which any payment of principal or interest on the Senior Bonds is due. However, National Grid’s existing Energy Efficiency Program Plans, which govern the use of Restricted Funds consisting of SBCs, include language restricting the perpetual use of the principal payments on Borrower Bonds evidencing Restricted Loans funded with SBCs to cure deficiencies in the Debt Service Fund. The Bank is in the process of working with National Grid to remove this restriction. Until this restriction is lifted, principal payments on Borrower Bonds pledged by the Bank to the Trustee pursuant to the Indenture and evidencing Restricted Loans funded with SBCs will be deposited in a Subaccount within the Restricted Loan Principal Repayment Account. Such amounts will be transferred annually to the Restricted Account of the Surplus Fund, on or after the final date in any Fiscal Year on which any payment of principal or interest on the Senior Bonds is due, to make additional pledged or non-pledged Restricted Loans to Borrowers; provided, that: (i) such principal or interest payment on the Senior Bonds has been made; (ii) no Borrower shall then be a Defaulting Borrower; and (iii) any withdrawals from the Restricted Loan Principal Repayment Account have been restored. Upon the Trustee’s receipt from the Bank of an Officer’s Certificate to the effect that such restriction has been lifted, such amounts will be deposited in the Restricted Loan Principal Repayment Account and the Bank may use such amounts to: (i) cure deficiencies in the Debt Service Reserve Fund in perpetuity or (ii) make additional pledged or non-pledged Restricted Loans to Borrowers.

Additional Programs

The Bank may, by Supplemental Indenture, make Loans to Borrowers for the purpose of financing projects under financing programs of the Bank other than energy efficiency and renewable energy upgrades to public buildings

and infrastructure under the Efficient Buildings Fund (an “Additional Program” and collectively with the Efficient Buildings Fund, the “Programs”). As a condition precedent to financing such projects under the Indenture, the Bank must obtain confirmation from each Rating Agency then rating the Bonds that the addition of such projects under the Indenture will not cause such Rating Agency’s rating on the Bonds to be withdrawn, suspended or reduced as a consequence thereof. Such additional projects may include capital improvements to public roads, bridges, and appurtenances thereto and the remediation and/or development of a site within the State defined as a brownfield site pursuant to Section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended.

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

Cross-Investment Feature

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

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

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

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

Additional Loans

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

FLOW OF FUNDS UNDER THE MASTER INDENTURE

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

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

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

Flow of Borrower Bond Payments

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

Cost of Issuance Fund

The Bank may apply excess proceeds in the Cost of Issuance Fund to: (i) make additional Bank Loans, Restricted Loans or Unrestricted Loans to Borrowers (depending on the source of funds (Bond proceeds, Restricted Funds or Unrestricted Funds)), (ii) pay principal payments on Senior Bonds (if the source of funds is Senior Bond proceeds), (iii) pay principal payments on Subordinated Bonds (if the source of funds is Subordinated Bonds), or (iv) the Surplus Fund: (1) for deposit to the Cross-Investment Fund, for the purpose of providing funds for investment into an Additional Program Indenture; (2) for repayment of any moneys invested in the Cross-Investment Fund from an Additional Program Indenture; (3) for any lawful purpose of the EBF; or (4) subject to receipt of a Ratings

Confirmation, for such other purpose of the Bank under federal law or State law, as provided in the Master Indenture (if the source of the funds is Unrestricted Funds). See “APPENDIX A-1 -- Summary of Certain Provisions of the Indenture -- Cost of Issuance Fund” herein.

Project Fund

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

Revenue Fund

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

Debt Service Fund

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

Debt Service Reserve Fund

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

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

Subordinated Debt Service Fund

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

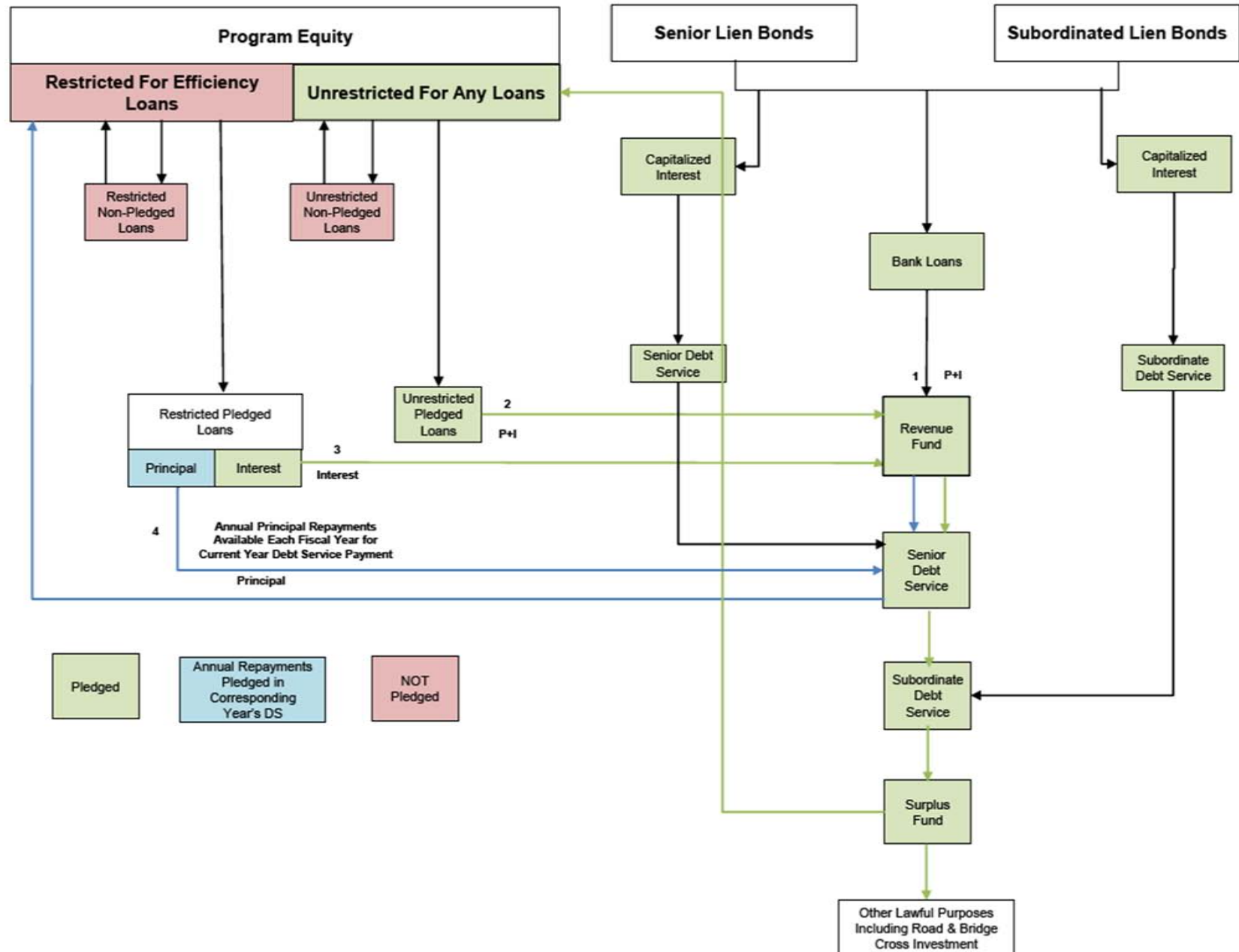
Surplus Fund

The Bank will apply moneys in the Restricted Account of the Surplus Fund to make additional Restricted Loans. The Bank will apply moneys otherwise deposited in the Surplus Fund: (i) to make pledged or non-pledged Unrestricted Loans; (ii) for deposit to the Cross-Investment Fund, for the purpose of providing funds for investment into an Additional Program Indenture; (iii) for repayment of any moneys invested in the Cross-Investment Fund from an Additional Program Indenture; (iv) for any lawful purpose of the EBF; or (v) subject to receipt of a Ratings Confirmation, for such other purpose of the Bank under federal law or State law, as provided in the Master Indenture.

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

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FLOW OF FUNDS **EFFICIENT BUILDINGS FUND INDENTURE**



ADDITIONAL BONDS

Senior Bonds

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

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

Subordinated Bonds

The Master Indenture permits the issuance of Subordinated Bonds (which may be on a parity with other outstanding Subordinated Bonds) if certain documents, including opinions of counsel, are received by the Trustee. Among the required documents, unless otherwise provided in a Supplemental Indenture authorizing the issuance of such Subordinated Bonds, is a certificate of an Independent Qualified Consultant showing that the Projected Debt Service Coverage Ratio for each subsequent Bond Year is not less than 1.10:1.00 taking into account all Subordinated Bonds then Outstanding and secured by the Indenture and the Series of Subordinated Bonds proposed to be issued. In all events the liability of the Bank under the Subordinated Bonds is subordinate to the liability of the Bank under the Senior Bonds, including the Series 2018 A Bonds. The Master Indenture pledges to the payment of the Subordinated Bonds certain excess revenues from the Revenue Fund under the Master Indenture, subject to the prior pledge of such revenues with respect to the Senior Bonds. There are no reserve funds pledged as security for the payment of the Subordinated Bonds. For additional information relating to the terms and conditions for the issuance of Subordinated Bonds, see “APPENDIX A-1 -- Summary of Certain Provisions of the Indenture - Issuance of Bonds” and “-Subordinated Debt Service Fund” herein. As of the date of issuance of the Series 2018 A Bonds, no Subordinated Bonds will have been issued under the Indenture.

INVESTMENT CONSIDERATIONS

Borrower Bond Payments as Primary Source of Repayment for Bonds

The Bank expects to pay the principal of and interest on the Series 2018 A Bonds and each Series of Bonds issued in the future from the Borrower Bond Payments in respect to the Bank Loans and, to the extent pledged by the Bank to the Trustee pursuant to a Supplemental Indenture, the Borrower Bond Payments in respect to Surplus Loans, together with amounts from time to time on deposit in certain Funds and Accounts established by the Indenture (other than the Borrower Restricted Loan Non-Pledged Account and the Borrower Unrestricted Loan Non-Pledged Account of the Project Fund and the Surplus Fund). Such amounts will be pledged by the Bank to the Trustee pursuant to the Indenture as security for the Series 2018 A Bonds and each Series of Bonds issued in the future, as described in “APPENDIX A-1 -- Summary of Certain Provisions of the Indenture.”

The Bank’s ability to pay debt service on the Bonds and the continued operation of the Efficient Buildings Fund will be dependent upon the receipt of Revenues consisting of Borrower Bond Payments, and on the investment earnings on amounts from time to time on deposit in the funds and accounts established by the Indenture (other than the Borrower Restricted Loan Non-Pledged Account and the Borrower Unrestricted Loan Non-Pledged Account of

the Project Fund and the Surplus Fund) in an amount sufficient to pay the principal of and interest on the Bonds. The ability of the Bank to generate such Revenues will depend upon a number of factors, including the payment performance of the Borrowers participating in the Efficient Buildings Fund from time to time.

Amounts on deposit in the Funds and Accounts under the Indenture may be invested in various investments to the extent permitted under the Master Indenture. For a listing of the types of investments permitted by the Master Indenture, see the definition of “Investment Securities” in “APPENDIX A-1-Summary of Certain Provisions of the Indenture”. Investments will be valued monthly by the Trustee at the market value thereof, plus accrued interest to the date of valuation. Investment earnings are a necessary source of funds for the payment of the Senior Bonds, including the Series 2018 A Bonds, because, among other things, the Borrower Bonds bear interest at below market rates and the Borrower Bond Payments may be insufficient by themselves to pay the debt service on the Bonds.

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

Event of Taxability

If the Borrowers do not comply with certain covenants contained in tax certificates delivered contemporaneously with their Borrower Bonds, or if certain representations made by the Borrower in such tax certificates or certain other certificates of the Borrowers are false or misleading, the interest payable on the Series 2018 A Bonds may become subject to federal income taxation retroactive to the date of issuance of the Series 2018 A Bonds, regardless of the date on which noncompliance or misrepresentation is ascertained. In the event that interest on the Series 2018 A Bonds should become subject to federal income taxation, the Master Indenture does not provide for the redemption of the Series 2018 A Bonds, the acceleration of the payment of debt service on the Series 2018 A Bonds, or an increase in interest paid on the Series 2018 A Bonds.

Default by the Borrowers or the Bank

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

Borrower Bond Payments subject to Annual Appropriation

The Borrower Bonds of certain existing and future Borrowers receiving Loans under the EBF pursuant to the Indenture are appropriation obligations of such Borrowers. See “PLEDGED LOANS – Project Data for Loan

Program” herein. The obligation of such Borrowers to make Borrower Bond Payments is subject to and dependent on amounts being lawfully appropriated from time to time by the governing bodies of such Borrowers for that purpose. Such Borrowers are not legally obligated to appropriate the funds necessary to make the Borrower Bond Payments. In the event of non-appropriation of funds by such Borrowers, the Bank may not be held liable for the payment of principal of and interest on the Bonds following the last Fiscal Year in which funds to make Borrower Bond Payments were appropriated by the Borrowers. In the event of non-appropriation, moneys already on deposit in the Debt Service Fund will be used for the payment of principal of and interest payments on the Bonds but these moneys may not be sufficient to pay the Bonds in full.

SUMMARY OF THE INDENTURE

The Series 2018 A Bonds will be issued under and secured by the Indenture. Reference is made to the Indenture for the complete details of the terms thereof. See APPENDIX A-1 – “Summary of Certain Provisions of the Indenture” for a brief summary of certain provisions of the Indenture, which should not be considered a full statement thereof.

FINANCIAL STATEMENTS

The financial statements of the Bank for the fiscal year ended June 30, 2018 are incorporated by reference in APPENDIX B and have been audited by RSM, LLP, independent auditors.

TAX EXEMPTION

Federal Income Taxes

The Internal Revenue Code of 1986, as amended (the “Code”), imposes certain requirements that must be met subsequent to the issuance and delivery of the Series 2018 A Bonds for interest thereon to be and remain excluded from gross income for Federal income tax purposes. Noncompliance with such requirements could cause the interest on the Series 2018 A Bonds to be included in gross income for Federal income tax purposes retroactive to the date of issue of the Series 2018 A Bonds. Pursuant to the Indenture, the Loan Agreements and a Tax Certificate as to Arbitrage and the Provisions of Sections 103 and 141-150 of the Internal Revenue Code of 1986 (the “Tax Certificate”), the Bank and the Borrowers have covenanted to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the Series 2018 A Bonds from gross income for Federal income tax purposes pursuant to Section 103 of the Code. In addition, the Bank and the Borrowers have made certain representations and certifications in the Indenture, the Loan Agreements and the Tax Certificate. Bond Counsel will not independently verify the accuracy of those representations and certifications.

In the opinion of Nixon Peabody LLP, Bond Counsel, under existing law and assuming compliance with the aforementioned covenant, and the accuracy of certain representations and certifications made by the Bank and the Borrowers described above, interest on the Series 2018 A Bonds is excluded from gross income for Federal income tax purposes under Section 103 of the Code. Bond Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code. However, it is noted that solely for taxable years beginning before January 1, 2018, interest on the Series 2018 A Bonds is included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations under the Code.

State Taxes

Bond Counsel is also of the opinion that the Series 2018 A Bonds, their transfer and the income therefrom, including any profit made on the sale thereof, are exempt from taxation by and within the State; although the Series 2018 A Bonds, their transfer and the income therefrom, including any profit made on the sale thereof, may be included in the measure of State estate taxes and certain State corporate and business taxes. Bond Counsel expresses no opinion as to other State or local tax consequences arising with respect to the Series 2018 A Bonds nor as to the taxability of the Series 2018 A Bonds or the income therefrom under the laws of any state other than the State.

Original Issue Discount

Bond Counsel is further of the opinion that the excess of the principal amount of a maturity of the Series 2018 A Bonds over its issue price (i.e., the first price at which price a substantial amount of such maturity of the Series 2018 A Bonds was sold to the public, excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) (each, a “Discount Bond” and collectively the “Discount Bonds”) constitutes original issue discount which is excluded from gross income for federal income tax purposes to the same extent as interest on the Series 2018 A Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each Discount Bond and the basis of each Discount Bond acquired at such issue price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. The accrual of original issue discount may be taken into account as an increase in the amount of tax-exempt income for purposes of determining various other tax consequences of owning the Discount Bonds, even though there will not be a corresponding cash payment. Owners of the Discount Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Discount Bonds.

Original Issue Premium

Series 2018 A Bonds sold at prices in excess of their principal amounts are “Premium Bonds”. An initial purchaser with an initial adjusted basis in a Premium Bond in excess of its principal amount will have amortizable bond premium which is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each Premium Bond based on the purchaser’s yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, over the period to the call date, based on the purchaser’s yield to the call date and giving effect to any call premium). For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, an initial purchaser who acquires such obligation with an amortizable bond premium is required to decrease such purchaser’s adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Series 2018 A Bonds. Owners of the Premium Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Premium Bonds.

Ancillary Tax Matters

Ownership of the Series 2018 A Bonds may result in other federal tax consequences to certain taxpayers, including, without limitation, certain S corporations, foreign corporations with branches in the United States, property and casualty insurance companies, individuals receiving Social Security or Railroad Retirement benefits, and individuals seeking to claim the earned income credit. Ownership of the Series 2018 A Bonds may also result in other federal tax consequences to taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Series 2018 A Bonds. Prospective investors are advised to consult their own tax advisors regarding these rules.

Interest paid on tax-exempt obligations such as the Series 2018 A Bonds is subject to information reporting to the Internal Revenue Service (the “IRS”) in a manner similar to interest paid on taxable obligations. In addition, interest on the Series 2018 A Bonds may be subject to backup withholding if such interest is paid to a registered owner that (a) fails to provide certain identifying information (such as the registered owner’s taxpayer identification number) in the manner required by the IRS, or (b) has been identified by the IRS as being subject to backup withholding.

Bond Counsel is not rendering any opinion as to any Federal tax matters other than those described in the opinion attached as APPENDIX D. Prospective investors, particularly those who may be subject to special rules described above, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Series 2018 A Bonds, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

Changes in Law and Post Issuance Events

Legislative or administrative actions and court decisions, at either the federal or state level, could have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the Series 2018 A Bonds for Federal or state income tax purposes, and thus on the value or marketability of the Series 2018 A Bonds. This could result from changes to Federal or state income tax rates, changes in the structure of Federal or state income taxes (including replacement with another type of tax), repeal of the exclusion of the interest on the Series 2018 A Bonds from gross income for Federal or state income tax purposes, or otherwise. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or state income tax treatment of holders of the Series 2018 A Bonds may occur. Prospective purchasers of the Series 2018 A Bonds should consult their own tax advisors regarding the impact of any changes in law on the Series 2018 A Bonds.

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance and delivery of the Series 2018 A Bonds may affect the tax status of interest on the Series 2018 A Bonds. Bond Counsel expresses no opinion as to any Federal, state or local tax law consequences with respect to the Series 2018 A Bonds, or the interest thereon, if any action is taken with respect to the Series 2018 A Bonds or the proceeds thereof upon the advice or approval of other counsel.

CONTINUING DISCLOSURE

In order to assist the Underwriter in compliance with Rule 15(c)2-12 (the “Rule”), promulgated by the Securities and Exchange Commission, under the Securities Exchange Act of 1934, as amended, the Bank and each obligated person with respect to the Bonds issued pursuant to the Indenture shall enter into a Continuing Disclosure Certificate with respect to the Series 2018 A Bonds, for the benefit of the beneficial owners of the Series 2018 A Bonds, substantially in the forms included in APPENDIX E to this Official Statement. Pursuant to the Continuing Disclosure Certificate to be executed by the Bank (the “Bank Continuing Disclosure Certificate”), the Bank shall agree to provide or cause to be provided, in accordance with the requirements of the Rule (i) certain annual financial information and operating data, (ii) timely notice not in excess of ten (10) business days after the occurrence thereof of certain events with respect to the Series 2018 A Bonds, and (iii) timely notice of the failure by the Bank or any obligated person with respect to the Series 2018 A Bonds to provide as required, annual financial information, operating data and certain other events required by the Rule on or before the date specified in the Bank Continuing Disclosure Certificate.

For purposes of the Bank’s undertaking, an obligated person is any entity who, as a result of outstanding Loans from the Bank under the Efficient Buildings Fund, is obligated by contract or otherwise to repay at least twenty (20%) percent of the outstanding debt service on all outstanding Bonds of the Bank issued under the Indenture. Each obligated person shall enter into a separate Continuing Disclosure Certificate with respect to the Bonds issued pursuant to the Indenture, for the benefit of the beneficial owners of the Series 2018 A Bonds, substantially in the form included in APPENDIX E to this Official Statement (the “Borrower Continuing Disclosure Certificate”), pursuant to which each of such Borrowers will agree to provide or cause to be provided in accordance with the requirements of the Rule (i) certain annual financial information and operating data, and (ii) timely notice in accordance with the Rule of the failure by such Borrower to provide the required annual financial information and operating data on or before the date specified in the Borrower Continuing Disclosure Certificate for such Borrower. As of the date of issuance of the Series 2018 A Bonds, there are no Borrowers obligated by contract or otherwise to pay at least twenty (20%) percent of the outstanding debt service on all outstanding Bonds (including the Series 2018 A Bonds) of the Bank issued under the Indenture other than the Town of West Warwick. The Bank’s Loan Agreement with each Borrower also provides that to the extent a Borrower becomes an obligated person within the meaning of the Rule, each such Borrower will provide the Bank with the information necessary for the Bank’s compliance with the Rule.

The Underwriter’s obligations to purchase the Series 2018 A Bonds will be conditioned upon their receiving, at or prior the delivery of the Series 2018 A Bonds, executed copies of the Bank Continuing Disclosure Certificate from the Bank substantially in the form included in APPENDIX E-1 and the Borrower Continuing Disclosure Certificate from the Town of West Warwick substantially in the form included in APPENDIX E-2.

Based on a review of its past continuing disclosure practices, the Bank notes the following. The annual financial information of certain obligated persons, although filed on a timely basis on EMMA, was not linked to the

Bank's CUSIP numbers with respect to the Bank's outstanding Water Pollution Control Revolving Fund Revenue Bonds and the Bank's outstanding Safe Drinking Water Revolving Fund Revenue Bonds (the "Safe Drinking Water Bonds"). In addition, the Bank is required to file, or cause to be filed, the annual financial information for the City of Pawtucket, Rhode Island (the "City"), an obligated person with respect to the Bank's outstanding Safe Drinking Water Bonds, no later than March 26th under the continuing disclosure agreements for certain of the Safe Drinking Water Bonds and March 31st under the continuing disclosure agreements for certain other of the Safe Drinking Water Bonds. The City's annual financial information for the fiscal year ended June 30, 2015, however, was filed on April 7, 2016, together with a notice of late filing. The Bank plans to regularly review the effectiveness of its procedures for the timely filing of such information and the linking of such information to the Bank's CUSIP numbers on a going forward basis, and to take prompt action to remedy any deficiencies of which it becomes aware. Also, in certain instances, the Bank inadvertently failed to file notices of changes in the financial strength ratings issued by the rating agencies during the period from 2008 through 2014 for those national bond insurers that have provided bond insurance on certain of the Bank's bonds. At this time, information as to such ratings has been filed. The Bank plans to regularly review the effectiveness of its procedures relative to event filings and take prompt action to remedy any deficiencies of which it becomes aware.

The Town of West Warwick will enter into undertakings to provide continuing disclosure with respect to the Series 2018 A Bonds and other debt and notes the following with respect to certain other undertakings:

- The Town's Comprehensive Annual Financial Report, which contains the information required by the Town's previous undertakings, for the fiscal years ended June 30, 2013 and June 30, 2014 were filed three and sixteen days late, respectively, due to an administrative oversight.
- The Town has instituted procedures to ensure timely compliance in the future.

RATING

S&P Global Ratings has assigned its municipal bond rating of "AA" to the Series 2018 A Bonds.

Such rating reflects only the view of such organization and an explanation of the significance of such rating may be obtained from the rating agency furnishing the same. The above rating is not a recommendation to buy, sell or own the Series 2018 A Bonds, and there is no assurance that such rating will continue for any given period of time or that it will not be revised or withdrawn entirely by such rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Series 2018 A Bonds.

UNDERWRITING

Morgan Stanley & Co. LLC (the "Underwriter"), has agreed, subject to certain conditions, to purchase the Series 2018 A Bonds from the Bank pursuant to a Bond Purchase Agreement at a price equal to the principal amount of the Series 2018 A Bonds plus original issue premium of \$1,865,028.00 and less an underwriting discount of \$104,595.84. The Underwriter is committed to take and pay for all of the Series 2018 A Bonds if any are taken. The Underwriter intends to offer the Series 2018 A Bonds to the public at the offering prices appearing on the front cover page of this Official Statement. After the initial public offering, the public offering prices may be varied from time to time by the Underwriter. No guarantee can be made that a secondary market for the Series 2018 A Bonds will develop or be maintained by the Underwriter or others.

Morgan Stanley, parent company of Morgan Stanley & Co. LLC, an underwriter of the Series 2018 A Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Series 2018 A Bonds.

LITIGATION

There are no proceedings now pending or, to the knowledge of the Bank, threatened in any agency, court or tribunal restraining or enjoining or seeking to restrain or enjoin the issuance, sale, execution or delivery of any of the Series 2018 A Bonds, in any way questioning or affecting the validity of any provision of the Series 2018 A Bonds, the Indenture and any other related documents, in any way questioning or affecting the validity of any of the proceedings of the Bank relating to the authorization, sale, execution or delivery of the Series 2018 A Bonds, or of any provision, program or transactions made or authorized for their payment, or questioning or affecting the organization or existence of the Bank or the title of any of its officers to their respective offices.

MUNICIPAL ADVISOR

Hilltop Securities Inc., Lincoln, Rhode Island, is acting as Municipal Advisor (the “Municipal Advisor”) to the Bank in connection with the issuance of the Bonds. The Municipal Advisor has not independently verified any of the information contained in this Official Statement and makes no guarantee as to its completeness or accuracy. In addition, the Municipal Advisor has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies or rating agencies. The Municipal Advisor’s fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds, and receipt by the Bank of payment therefor. The Bank may engage the Municipal Advisor to perform other services, including without limitation, providing certain investment services with regard to the investment of Bond proceeds. The participation of Hilltop Securities Inc. should not be seen as a recommendation to buy or sell the Bonds and investors should seek the advice of their accountants, lawyers and registered representatives for advice as appropriate. Hilltop Securities Inc. is also the municipal advisor to a number of the Borrowers.

CERTAIN LEGAL MATTERS

The approving opinion of Nixon Peabody LLP, Providence, Rhode Island, Bond Counsel, in substantially the form attached to this Official Statement as APPENDIX D will be delivered upon the issuance of the Series 2018 A Bonds. Certain legal matters will be passed upon for the Bank by its General Counsel, Harrington & Vitale, Ltd., Providence, Rhode Island and for the Underwriter by Partridge Snow & Hahn LLP, Providence, Rhode Island.

MISCELLANEOUS

The discussions of the Act the Indenture and the Loan Agreements set forth above are subject to all of the provisions of the Act and the subject documents, and these discussions do not purport to be complete statements of such documents. For more information, please refer to APPENDIX A, the Act, and the subject documents. A copy of the Indenture and the form of Loan Agreement may be examined at the office of the Bank and, after the issuance and delivery of the Series 2018 A Bonds, at the principal corporate trust office of the Trustee.

The agreements of the Bank with holders of the Series 2018 A Bonds are fully set forth in the Indenture. This Official Statement is not to be construed as a contract with the purchasers of the Series 2018 A Bonds. Any statements herein involving matters of opinion or estimates, whether or not expressly so stated, are intended merely as such and not as representations of fact.

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

RHODE ISLAND INFRASTRUCTURE BANK

By: /s/ Merrill W. Sherman
Chair

November 15, 2018

APPENDIX A

Document Summaries

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SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

Definitions; Rules of Construction; Liability under Bonds

[Section 1.01]

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Credit Facility shall mean an irrevocable letter of credit, surety bond, loan agreement, Standby Purchase Agreement or other agreement, facility or insurance or guaranty arrangement pursuant to which the Bank or the Trustee is entitled to obtain money to pay the principal, purchase price or Redemption Price of Bonds due in accordance with their terms or tendered for purchase or redemption, plus accrued interest thereon to the date of payment, purchase or redemption thereof whether or not the Bank is in default under the Master Indenture, which is issued or extended by:

(A) a bank, a trust company, a national banking association, an organization subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provisions of law;

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

(C) a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America;

(D) a savings bank;

(E) a saving and loan association;

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

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

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

(I) any other entity approved by the Bank.

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

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

Date of Issue shall mean November 29, 2018.

Debt Service for any Fiscal Year or part thereof shall mean, as of any date of calculation and with respect to any Series, an amount equal to the sum of (i) interest payable during such Fiscal Year or part thereof on Outstanding Bonds of such Series (except to the extent that such interest is to be paid from amounts representing capitalized interest), including interest payable on Deferred Income Bonds from and after their respective Interest Commencement Dates and (ii) Principal Installments of the Outstanding Bonds of such Series payable during such Fiscal Year or part thereof. Such interest and Principal Installment for such Series shall be calculated on the assumption that no Bonds of such Series Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment thereof upon stated maturity or upon mandatory redemption by application of Sinking Fund Installments; provided, however, that if the interest at which a Variable Interest Rate Bond will bear interest at any time during such period is not known, the Trustee shall calculate such interest based upon a rate per annum certified to it by the Bank as the rate the Bank has assumed such Variable Interest Rate Bond will bear.

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

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

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

Defeasance Securities shall mean:

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

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

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

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

Depository shall mean The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State, or its nominee, or any other person, firm, association or corporation designated in the Supplemental Indenture authorizing a Series of Bonds to serve as securities depository for Bonds of such Series.

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

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

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

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

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

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

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

Government Obligations shall mean:

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

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

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

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

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

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

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

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

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

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

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

(A) Defeasance Securities;

(B) Government Obligations;

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

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

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

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

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

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

and collects fees and expenses for services rendered pursuant to the Indenture and (c) services performed for such funds and pursuant to the Indenture may converge at any time (the Bank specifically authorizes the Trustee or an affiliate of the Trustee to charge and collect all fees and expenses from such funds for services rendered to such funds, in addition to any fees and expenses the Trustee may charge and collect for services rendered pursuant to the Indenture);

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

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

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

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

Liquidity Facility shall mean a letter of credit, surety bond, loan agreement, Standby Purchase Agreement, line of credit or other agreement or arrangement pursuant to which money may be obtained upon the terms and conditions contained therein for the purchase or redemption of Option Bonds tendered for purchase or redemption in accordance with the terms hereof and of the Supplemental Indenture authorizing such Bonds, which is issued or provided by:

(A) a bank, a trust company, a national banking association, an organization subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provisions of law;

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

(C) a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America;

(D) a savings bank;

(E) a saving and loan association;

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

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

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

(I) any other entity approved by the Bank.

Loan shall mean any Bank Loan or Surplus Loan.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Municipal Obligation shall mean an obligation of any state or territory of the United States of America, any political subdivision of any state or territory of the United States of America, or any agency, authority, public benefit corporation or instrumentality of such state, territory or political subdivision.

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

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

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

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

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

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

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

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

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

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

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

Program shall mean the EBF or any Additional Program.

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

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

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

Projected Debt Service Coverage Ratio shall mean:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(B) irrevocable and unconditional policies of insurance in full force and effect issued by municipal bond insurers the obligations insured by which are eligible for a rating at the time of issuance of such policies within the two highest rating categories available to insurers generally issuing such insurance by each Rating Agency rating such insurance without regard to any gradations within such categories;

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

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

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

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

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

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

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

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

Revenues shall mean and include:

(A) (i) all Borrower Bond Payments and any other income, revenues, receipts, and other moneys payable to the Bank pursuant to the Borrower Agreements for the Bank Loans; (ii) all accounts, general intangibles and contract or other rights to receive the Revenues described in clause (A)(i), whether existing at the effective date of the Master Indenture or thereafter coming into existence and whether held by the Bank at the effective date of the Master Indenture or thereafter acquired, and the proceeds thereof;

and (iii) all earnings on the investment of any moneys held in the Funds, Accounts and Subaccounts under the Master Indenture or any Supplemental Indenture (other than the Borrower Restricted Loan Non-Pledged Account and the Borrower Unrestricted Loan Non-Pledged Account of the Project Fund, the Surplus Fund and the Cross-Investment Fund); and

(B) to the extent assigned and pledged by the Bank to the Trustee by Supplemental Indenture or Officer's Certificate for the benefit of a Series or multiple Series of Senior Bonds and/or Subordinated Bonds: (i) all Borrower Bond Payments and any other income, revenues, receipts, and other moneys payable to the Bank pursuant to the Borrower Agreements for the Restricted Loans and/or the Unrestricted Loans; (ii) all accounts, general intangibles and contract or other rights to receive the Revenues described in clause (B)(i), whether existing at the effective date of the applicable Supplemental Indenture or thereafter coming into existence and whether held by the Bank at the effective date of the Supplemental Indenture or thereafter acquired, and the proceeds thereof; (iii) Hedge Agreement Payments and Termination Payments received by the Bank; (iv) moneys received by the Bank, or by any Borrower and pledged to the Bank or the Trustee, from the United States, the State, any agency, instrumentality or political subdivision of either thereof, which moneys may be used for or on account of the EBF or any Additional Program; and (v) any and all other moneys and securities furnished from time to time to the Trustee by the Bank or on behalf of the Bank or by any other persons to be held by the Trustee under the terms of the Master Indenture or any Supplemental Indenture.

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

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

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

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

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

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

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

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

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

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

State means the State of Rhode Island.

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

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

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

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

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

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

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

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

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

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

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

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

(A) the Borrower Agreements for the Bank Loans, including, without limitation, the present and continuing right to make claim for, collect and receive the payments thereunder and the right to bring

actions and proceedings for the enforcement thereof, to make all related waivers and agreements in the name and on behalf of the Bank, as agent and attorney-in-fact, and to perform all other related acts which are necessary and appropriate under such Borrower Agreements;

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

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

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

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

(F) any and all other property of every kind and nature from time to time hereafter, by Supplemental Indenture, conveyed, pledged, assigned or transferred by the Bank, or by any person on behalf of the Bank, to the Trustee as and for additional security under the Master Indenture or under a

Supplemental Indenture, including without limitation the money and securities of the Bank held by the Trustee as security for a Series or multiple Series of Senior Bonds and/or Subordinated Bonds; and

(G) all proceeds of any of the foregoing.

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

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

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

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

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

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

[Section 1.03]

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

Authorization and Issuance of Bonds

[Section 2.03]

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

(a) A copy of the resolutions adopted by the Bank authorizing the execution and delivery of the applicable Supplemental Indenture, and the applicable Loan Agreements and the issuance, sale, execution and delivery of the Bonds, certified by the Secretary of the Bank to have been duly adopted by the Bank and to be in full force and effect on the date of such certification;

(b) An original executed counterpart or a copy of the applicable Borrower Agreements, Borrower Tax Certificates and the applicable Supplemental Indenture;

(c) A copy of an opinion of nationally recognized bond counsel to each Borrower to the effect that the Borrower Bonds issued by such Borrower delivered pursuant to the applicable Loan Agreement have been duly authorized, executed and delivered and issued, together with a letter to the effect that the Trustee may rely on such opinion as if it were addressed to it;

(d) An opinion of Bond Counsel to the effect that the Bonds have been duly authorized and that all conditions precedent to the issuance thereof have been fulfilled, together with a letter to the effect that the Trustee may rely on such opinion as if it were addressed to it;

(e) A written order and authorization to the Trustee on behalf of the Bank, signed by an Authorized Officer, directing the Trustee to authenticate and deliver the Bonds to or upon the order of the purchaser or purchasers therein identified upon payment to the Trustee of the purchase price (including accrued interest, if any) of the Bonds;

(f) If not otherwise provided in the applicable Supplemental Indenture, an Officer's Certificate:

(i) stating the name of each Borrower to which a Loan is to be made and specifying whether such Loan is a Bank Loan, a Restricted Loan, an Unrestricted Loan or a combination thereof; and

(ii) stating the amount of each Loan to each Borrower and the amount thereof, if any, constituting Borrower Capitalized Interest;

(iii) designating the Funds and Accounts into which the proceeds of the Bonds or other available moneys shall be deposited;

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

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

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

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

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

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

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

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

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

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

[Section 2.04]

Issuance of Refunding Bonds.

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

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

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

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

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

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

General Terms and Conditions of Bonds; Security for Bonds

[Section 3.03]

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

(a) The Bank, to secure the payment of the principal and Redemption Price of, and interest on, the Bonds and performance and observance of all of the covenants and conditions contained in the Indenture, has by the Granting Clause of the Master Indenture, conveyed, granted, assigned, transferred, pledged, set over and confirmed and granted a security interest in and does convey, grant, assign, transfer, pledge, set over and confirm and grant a security interest in, unto the Trustee, its successor or successors and its or their assigns forever, with power of sale, the Trust Estate, all in accordance with the provisions hereof. For the avoidance of doubt, moneys and securities in: (i) the Borrower Restricted Loan Non-Pledged Account and the Borrower Unrestricted Loan Non-Pledged Account of the Project Fund; (ii) the Surplus Fund and (iii) the Cross-Investment Fund are not pledged to the payment of Outstanding Bonds under the Master Indenture.

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

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

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

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

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

Borrower Agreements

[Section 4.03]

Amendments to Borrower Agreements not requiring consent of Bondowners. The Bank may, with prior written notice to the Trustee, but without the consent of or notice to the Bondowners, consent to any amendment or modification of any provision of any Borrower Agreement pledged and assigned to the Trustee pursuant to the Indenture which: (i) is required for the purpose of curing any ambiguity or formal defect or omission in such Borrower Agreement or (ii) will not adversely affect the Bonds then Outstanding, as determined in accordance with the next succeeding paragraph.

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

[Section 4.04]

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

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

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

any amendment, change or modification of, or any waiver, discharge or termination of, any of the provisions of any Borrower Agreement which would adversely affect the exclusion from gross income for federal income tax purposes of interest on any of the Bonds.

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

Administrative Fees Fund; Cost of Issuance Fund; Project Fund; Revenue Fund; Debt Service Fund; Redemption Fund, Debt Service Reserve Fund; Subordinated Debt Service Fund; Surplus Fund and Cross-Investment Fund.

[Section 5.01]

Creation and custody of Funds and Accounts.

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

- (i) Administrative Fees Fund
- (ii) Cost of Issuance Fund
 - (A) Series Account
- (iii) Project Fund
 - (A) Series Account
 - a. Borrower Proceeds Subaccount
 - (B) Borrower Restricted Loan Pledged Account
 - (C) Borrower Restricted Loan Non-Pledged Account
 - (D) Borrower Unrestricted Loan Pledged Account
 - (E) Borrower Unrestricted Loan Non-Pledged Account
 - (F) Restricted Loan Principal Repayment Account
- (iv) Revenue Fund
- (v) Debt Service Fund
 - (A) Interest Account
 - a. Capitalized Interest Subaccount

- (B) Principal Account
- (vi) Redemption Fund
 - (A) Senior Bonds Redemption Account
 - (B) Subordinated Bonds Redemption Account
- (vii) Debt Service Reserve Fund
 - (A) Common Reserve Account
- (viii) Subordinated Debt Service Fund
 - (A) Interest Account
 - a. Capitalized Interest Subaccount
 - (B) Principal Account
- (ix) Surplus Fund
 - (A) Restricted Account
- (x) Cross-Investment Fund

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

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

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

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

Master Indenture, and pledge and assign to the Trustee the Borrower Agreements and Borrower Bond Payments related thereto as security for the Bonds pursuant to a Supplemental Indenture.

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

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

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

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

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

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

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

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

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

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

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

[Section 5.02]

Administrative Fees Fund.

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

- (i) an amount equal to the Loan Closing Fee of each Borrower;
- (ii) an amount equal to any Loan Servicing Fee paid by any Borrower from the proceeds of Bonds;
- (iii) an amount equal to any Loan Servicing Fee required to be transferred to the Administrative Fees Fund pursuant to the Master Indenture; and

(iv) any other amounts required to be paid to the Administrative Fees Fund or otherwise made available for deposit therein.

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

[Section 5.03]

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

(a) one or more Borrower Proceeds Subaccounts in the applicable Series Account of the Project Fund, to the extent such deposit was made with Bond proceeds, to make additional Bank Loans in the amounts and to the Borrowers described in an Officer's Certificate, in accordance with the procedure for making Bank Loans set forth in the Master Indenture;

(b) the Principal Account of the Debt Service Fund, to the extent such deposit was made with proceeds of a Series of Senior Bonds;

(c) the Principal Account of the Subordinated Debt Service Fund, to the extent such deposit was made with the proceeds of a Series of Subordinated Bonds;

(d) the Restricted Account of the Surplus Fund, to the extent such deposit was made with Restricted Funds, to make Restricted Loans in the amounts and to the Borrowers described in an Officer's Certificate, in accordance with the procedure for making Restricted Loans set forth in the Master Indenture; or

(e) the Surplus Fund, to the extent such deposit was made with Unrestricted Funds, (i) to make Unrestricted Loans in the amounts and to the Borrowers described in an Officer's Certificate, in accordance with the procedure for making Unrestricted Loans set forth in the Master Indenture, or (ii) for such other purpose as defined in the Master Indenture.

[Section 5.04]

Project Fund.

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

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

(ii) All Borrower Bond Payments in respect to such Bank Loans shall be collected by the Bank and transferred to the Trustee for deposit in the Revenue Fund in accordance with the Master Indenture.

(iii) The Trustee shall disburse amounts in the applicable Borrower Subaccount of the Series Account of the Project Fund to the applicable Borrower, to be applied to the Cost of the Projects financed in whole or in part by such Series of Bonds, upon the written direction of an Authorized Officer stating that such Borrower has complied with the Disbursement Procedures and setting forth the amount of such disbursement.

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

(c) Application of Excess Bank Loan Proceeds in Borrower Proceeds Subaccount of Series Account. Upon receipt by the Bank of written notice from a Borrower of: (i) the completion of a Project, or (ii) such Borrower's determination that a Project undertaken or to be undertaken has been or should be abandoned or delayed and that no further amounts or significantly reduced amounts are required therefor from the applicable Borrower Proceeds Subaccount of the applicable Series Account of the Project Fund, then such Borrower's Bank Loan shall be adjusted accordingly and the Bank may direct the Trustee in writing to withdraw any Bank Loan proceeds remaining in the applicable Borrower Proceeds Subaccount, including the investment earnings on such proceeds: (A) for deposit in: (i) the Principal Account of the Debt Service Fund, to the extent such Bank Loan was financed with proceeds of a Series of Senior Bonds or (ii) the Principal Account of the Subordinated Debt Service Fund, to the extent such Bank Loan was financed with the proceeds of a Series of Subordinated Bonds; (B) for deposit in: (i) the Senior Bonds Redemption Account for the purpose of redeeming the applicable Series of Senior Bonds related to such Bank Loan or (ii) the Subordinated Bonds Redemption Account for the purpose of redeeming the applicable

Series of Subordinated Bonds related to such Bank Loan; or (C) for deposit in one or more Borrower Proceeds Subaccounts within any Series Account, to make additional Bank Loans in the amounts and to the Borrowers described in an Officer's Certificate, in accordance with the procedures for making Bank Loans set forth in the Master Indenture, upon receipt of an opinion of Bond Counsel to the effect that the application of such moneys to make additional Bank Loans will not affect the exclusion from gross income for federal income tax purposes of interest on the related Series of Bonds.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(ii) with respect to a Restricted Loan made from a Borrower Restricted Loan Pledged Account or an Unrestricted Loan made from a Borrower Unrestricted Loan Pledged

Account, to the Interest Account of the Debt Service Fund, an amount equal to the Borrower Bond Payment (or portion thereof) then due and owing by such Borrower;

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

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

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

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

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

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

Payments in respect of the Bank Loan shall be applied in accordance with the Master Indenture, and Borrower Bond Payments in respect of the Surplus Loan shall be applied in accordance with the Master Indenture.

[Section 5.05]

Revenue Fund

- (a) The Trustee shall promptly deposit the following Revenues in the Revenue Fund:
 - (i) all Borrower Bond Payments that are collected by the Bank and transferred to the Trustee for deposit in the Revenue Fund pursuant to the Master Indenture; and
 - (ii) any other amounts constituting Revenues that are required to be paid to the Revenue Fund or otherwise made available by the Bank pursuant to a Supplemental Indenture or an Officer's Certificate for deposit therein.
- (b) No later than the date any Principal Installment or payment of interest on the Bonds is due, the Trustee shall withdraw from the Revenue Fund and deposit in the Funds and Accounts set forth below the following amounts in the following order of priority:
 - (i) To the Interest Account in the Debt Service Fund the amount, if any, required so that the balance in such Interest Account shall equal the amount of interest due on the Bonds and Parity Reimbursement Obligations due on each Interest Payment Date;
 - (ii) To the Principal Account in the Debt Service Fund the amount, if any, required so that the balance in such Principal Account shall equal the amount of the principal and Sinking Fund Installments of the Senior Bonds and principal or other amount of any Parity Reimbursement Obligations due on each payment date;
 - (iii) To the Restricted Loan Principal Repayment Account of the Project Fund to reimburse such Account in the amount of any draws thereon due to a Borrower Bond Payment default of a Defaulting Borrower pursuant to the Master Indenture;
 - (iv) To the Common Reserve Account and the Series Reserve Account, if any, of the Debt Service Reserve Fund, on a pro rata basis in accordance with the level of deficiency therein, an amount which, together with the amounts on deposit therein, will equal the Reserve Requirement;
 - (v) To the Interest Account in the Subordinated Debt Service Fund the amount, if any, required so that the balance in such Interest Account shall equal the amount of interest due on each Series of Subordinated Bonds secured pursuant to the Master Indenture on the applicable Interest Payment Date;
 - (vi) To the Principal Account in the Subordinated Debt Service Fund the amount, if any, required so that the balance in such Principal Account shall equal the amount of the principal and Sinking Fund Installments of the Subordinated Bonds due on each Series of Subordinated Bonds secured pursuant to the Master Indenture on such date;
 - (vii) To such other Funds, Accounts or Subaccounts as shall be required by any Supplemental Indenture;

- (viii) To the Surplus Fund; and
- (ix) To the Cross-Investment Fund.

[Section 5.06]

Debt Service Fund.

- (a) The Trustee shall promptly deposit the following receipts in the Debt Service Fund:
 - (i) the amount, if any, of the proceeds of any Series of Senior Bonds constituting Capitalized Interest, set forth in the Officer's Certificate required by the Master Indenture to be deposited in the Subaccount for such Series of Senior Bonds in the Capitalized Interest Subaccount of the Interest Account;
 - (ii) all amounts required to be transferred to the Interest Account from the Revenue Fund pursuant to the Master Indenture, which shall be deposited in the Interest Account;
 - (iii) all amounts required to be transferred to the Principal Account from the Revenue Fund pursuant to the Master Indenture, which shall be deposited in the Principal Account;
 - (iv) any amounts required to be transferred to the Debt Service Fund from the Restricted Loan Principal Repayment Account of the Project Fund pursuant to the Master Indenture, which shall be deposited first in the Interest Account and second in the Principal Account; and
 - (v) any amounts required to be transferred to the Debt Service Fund from the Debt Service Reserve Fund pursuant to the Master Indenture, which shall be deposited first in the Interest Account and second in the Principal Account; and
 - (vi) any amounts required to be transferred to the Debt Service Fund from the Surplus Fund, which shall be deposited first in the Interest Account and second in the Principal Account;
 - (vii) any amounts available in the Cross-Investment Fund, to the extent necessary to meet a scheduled payment then due of the interest on and/or the principal of any Series of Senior Bonds, after the making of the foregoing deposits; and
 - (viii) any other amounts required to be paid to the Interest Account or Principal Account or otherwise made available for deposit therein as directed by an Authorized Officer.
- (b) The Trustee shall pay out of the Interest Account of the Debt Service Fund, including the moneys credited to the Subaccount, if any, established for a Series of Bonds in the Capitalized Interest Subaccount, to any Paying Agents for the Bonds, the Provider or the Counterparty, as applicable: (i) on each Interest Payment Date, or the date on which the interest on Parity Reimbursement Obligations is due, the amount required for the payment of interest on the Bonds or the payment of interest on Parity Reimbursement Obligations due on such date, and (ii) on any redemption date, the amount required for the payment of accrued interest on the Bonds redeemed unless the payment of such accrued interest shall be otherwise provided for, and such amounts shall be applied by the Paying

Agents to such payment. The Trustee shall also pay out of the Interest Account the accrued interest included in the purchase price of the Bonds purchased for retirement pursuant to subsection (d) below.

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

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

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

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

[Section 5.07]

Redemption Fund.

(a) There shall be deposited in the Senior Bonds Redemption Account and the Subordinated Bonds Redemption Account, respectively, (i) proceeds of Refunding Bonds, to the extent provided in the Supplemental Indenture authorizing the issuance of such Refunding Bonds, allocated to the payment of the principal and Redemption Price of, and interest on, the Series of Senior Bonds or Series of Subordinated Bonds, respectively, to be refunded, funded or retired through the issuance of such Refunding Bonds; (ii) amounts to be transferred to: (a) the Senior Bonds Redemption Account from: (1) the Project Fund pursuant to the Master Indenture, (2) the Debt Service Fund pursuant to the Master Indenture or (3) the Debt Service Reserve Fund pursuant to the Master Indenture or (b) the Subordinated Bonds Redemption Account from: (1) the Project Fund pursuant to the Master Indenture or (2) the Subordinated Debt Service Fund pursuant to the Master Indenture; and (iii) any other moneys,

including Revenues, made available by the Bank for the purposes of the Redemption Fund and not otherwise required by the Indenture to be deposited or applied elsewhere.

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

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

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

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

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

[Section 5.08]

Debt Service Reserve Fund.

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

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

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

(d) The Trustee shall deposit in the Common Reserve Account or the Series Reserve Account, as applicable: (i) all amounts required to be transferred to the Debt Service Reserve Fund from the Revenue Fund pursuant to the Master Indenture; (ii) any amounts made available by a Defaulting Borrower in order to reimburse the Debt Service Reserve Fund for transfers to the Debt Service Fund; and (iv) such other funds, securities, or other property made available by the Bank for deposit therein.

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

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

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

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

(i) Subject to the provisions of subsection (e) under this heading, the Trustee shall determine the amount of cash and Investment Securities on deposit in each Series Reserve Account on each Interest Payment Date and each date on which principal or other amount of any Senior Bonds or Parity Reimbursement Obligations is due. Whenever the Trustee shall determine that the cash and Investment Securities on deposit in each Series Reserve Account, together with all other funds available for such purpose, is in excess of the Reserve Requirement for the Series of Senior Bonds secured by such Series Reserve Account, then the Trustee, at the written direction of an

Authorized Officer, shall transfer such excess amount to the Debt Service Fund or the Senior Bonds Redemption Account of the Redemption Fund, for the purpose of paying or redeeming such Series of Senior Bonds, as applicable; provided, however, that if such excess amount is the result of a redemption or defeasance of Senior Bonds, then, at the written direction of an Authorized Officer, such excess amount may be applied to the redemption or defeasance of such Senior Bonds or transferred to the Surplus Fund. Notwithstanding the foregoing, to the extent such excess amount consists of cash from, or Investment Securities purchased with, Restricted Funds or Unrestricted Funds, the Trustee, at the written direction of an Authorized Officer, shall transfer such excess amount to the Surplus Fund.

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

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

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

[Section 5.09]

Subordinated Debt Service Fund

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

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

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

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

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

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

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

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

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

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

[Section 5.10]

Surplus Fund

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

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

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

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

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

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

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

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

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

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

[Section 5.11]

Cross-Investment Fund.

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

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

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

shall be deposited into such Additional Program Indenture and applied to the payment of any senior-lien bonds issued pursuant to such Additional Program Indenture then due and payable.

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

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

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

Tax Covenants

[Section 6.01]

Covenant to comply with Tax Requirement, rebate payment.

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

(b) In order to enable the Bank to satisfy the Tax Requirements, the Bank shall direct the Trustee to acquire and sell or otherwise dispose of all Investment Securities in accordance with the "market price rules" contained in Treasury Regulations Section 1.148-5(d) and 1.148-6(c) or any successor or other applicable regulations promulgated by the United States Treasury Department and in a manner that does not cause any Bonds to be federally guaranteed within the meaning of Section 149(b) of the Code. In addition, the Trustee shall maintain accurate books and records setting forth the dates of purchase and sale of any such Investment Securities, the purchase price of such Investment Securities, and the proceeds received with respect to such Investment Securities including any proceeds received upon a sale or other disposition thereof. Such books and records shall also separately record the amount of any brokerage commissions and similar amounts paid in connection with the purchase or sale of any such Investment Securities. Books and records maintained by the Trustee with respect to the applicable tax-exempt Series of Bonds shall be retained by the Trustee until the sixth anniversary of the date on which the last of such Series of Bonds is redeemed or otherwise retired or as otherwise provided in the applicable Supplemental Indenture for such Series of Bonds.

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

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

Security for and Investment of Moneys

[Section 7.02]

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

[Section 7.03]

Investment of, and payment of interest on, moneys.

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

(b) Subject to the foregoing requirements, whenever money in any Fund or Account established under the Master Indenture is to be paid in accordance herewith to another such Fund or Account, such payment may be

made, in whole or in part, by transferring to such other Fund or Account Investment Securities held as part of the Fund or Account from which such payment is to be made, whose value, together with the money, if any, to be transferred, is at least equal to the amount of the payment then to be made.

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

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

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

Particular Covenants

[Section 9.02]

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

[Section 9.03]

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

[Section 9.06]

No Extension of Time of Payment of Bonds. The Bank shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or claims for interest by the purchase or funding of such Bonds or claims for interest or by any other arrangement and, in case the maturity of any of such Bonds or the time for payment of any such claims for interest shall be extended, such Bonds, or claims for interest shall not be entitled, in case of any default under the Master Indenture, to the benefit hereof or of any Supplemental Indenture or to any payment out of any assets of the Bank or the funds (except funds held in trust for the payment of particular Bonds or

claims for interest pursuant to the Master Indenture and to any Supplemental Indenture) held by the Trustee, except subject to the prior payment of the principal of all Outstanding Bonds the maturity of which has not been extended and of such portion of the interest on such Bonds as shall not be represented by such extended claims for interest. Nothing in the Master Indenture shall be deemed to limit the right of the Bank to issue Option Bonds or Refunding Bonds and such issuance shall not be deemed to constitute an extension of the maturity of the Bonds.

[Section 9.09]

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

Defaults and Remedies

[Section 10.01]

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

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

[Section 10.02]

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

- (a) by suit, action or special proceeding, enforce all rights of the Bondowners and require the Bank or each Borrower to perform its or their duties under the Act, the Indenture, the Bonds and the Borrower Agreements pledged to the Trustee pursuant to the Master Indenture or a Supplemental Indenture;
- (b) bring suit upon the Bonds and any Borrower Bonds securing such Bonds which may be in default;

(c) by action or suit in equity require the Bank to account as if it were the trustee of an express trust for the Bondowners; or

(d) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Bondowners.

[Section 10.05]

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

[Section 10.06]

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

[Section 10.10]

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

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

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

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

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

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

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

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

Concerning the Trustee and Paying Agent

[Section 11.05]

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

[Section 11.08]

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

[Section 11.09]

Removal of Trustee. The Trustee, or any successor thereof, may be removed at any time by the Owners of a majority in aggregate principal amount of the Senior Bonds then Outstanding, or if no Senior Bonds are then Outstanding, of Subordinated Bonds then Outstanding, excluding any Bonds held by or for the account of the Bank, by an instrument or concurrent instruments in writing signed and acknowledged by such Bondowners or by their

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

[Section 11.10]

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

[Section 11.11]

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

[Section 11.12]

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

[Section 11.13]

Acceptance of appointment by, and transfer of trust estate to, successor Trustee. Any successor appointed under the provisions of the Master Indenture shall execute, acknowledge and deliver to its predecessor, and also to the Bank, an instrument accepting such appointment, and thereupon such successor, without any further act, deed or conveyance shall become fully vested with all money, estates, properties, rights, powers, duties and obligations of its predecessor under the Master Indenture and under each Supplemental Indenture, with like effect as if originally appointed as Trustee. However, the Trustee then ceasing to act shall nevertheless, on request by the Bank or of such successor, and upon payment of all amounts owed to it under the Master Indenture, execute, acknowledge and

deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor all the right, title and interest of such Trustee in and to any property held by it under the Master Indenture, and shall pay over, assign and deliver to such successor any moneys or other properties subject to the trusts and conditions set forth in the Master Indenture. Should any deed, conveyance or instrument in writing from the Bank be required by such successor for more fully and certainly vesting in and confirming to it any such money, estates, properties, rights, powers, duties or obligations, any and all such deeds, conveyances and instruments in writing shall, upon request, and so far as may be authorized by law, be executed, acknowledged and delivered by the Bank.

[Section 11.14]

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

Indentures Supplemental to the Master Indenture

[Section 13.01]

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

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

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

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

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

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

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

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

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

[Section 13.02]

Supplemental Indentures effective upon consent of Trustee.

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

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

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

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

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

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

[Section 13.03]

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

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

If at any time the Bank shall request the consent of Bondowners to the execution of any such Supplemental Indenture for any of the purposes of the Master Indenture, the Trustee shall, upon being satisfactorily indemnified with respect to expenses cause notice of the proposed execution of such Supplemental Indenture to be given to Bondowners in the manner provided in the Master Indenture. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file at the Corporate Trust Office of the Trustee for inspection by all Bondowners. If, within sixty (60) days or such longer period as shall be prescribed by the Bank following the giving of such notice, the required consent and approval of Bondowners is obtained, no Owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Bank or the Trustee from executing the same or restrain the Bank or the Trustee from taking any action pursuant to the provisions thereof. Each such consent shall be effective only if accompanied by proof of the holding or owning at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is

permitted by the Master Indenture. A certificate or certificates of the Trustee that it has examined such proof and that such proof is sufficient in accordance with the Master Indenture shall be conclusive proof that the consents have been given by the Owners of the Bonds described in such certificate or certificates of the Trustee. At any time after the Owners of the required percentages of Bonds shall have filed their consents to the Supplemental Indenture, the Trustee shall file with the Bank a written statement that such Owners of such required percentages of Bonds have filed such consents. Such written statement shall be conclusive that such consents have been so filed. At any time thereafter notice, stating in substance that the Supplemental Indenture (which may be referred to as a Supplemental Indenture adopted by the Bank on a stated date, a copy of which is on file with the Trustee) has been consented to by the Owners of the required percentages of Bonds and will be effective as provided in the Master Indenture, shall be given to the Bondowners by the Bank by mailing such notice to the Bondowners. The Bank shall file with the Trustee proof of the mailing of such notice. Such Supplemental Indenture making such amendment or modification shall be deemed conclusively binding upon the Bank, the Trustee and the Owners of all Bonds upon the filing with the Trustee of proof of the mailing of such notice. Upon the execution of any such Supplemental Indenture and the filing of the certificates and notices provided in the Master Indenture, the Master Indenture shall be and be deemed to be modified and amended in accordance therewith.

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

[Section 13.05]

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

Defeasance

[Section 14.01]

Defeasance

(a) If at any time:

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

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

(b) Bonds shall be deemed to be paid whenever: (i) there shall have been deposited with or otherwise furnished to the Trustee (whether upon or prior to the maturity or the redemption date of such Bonds): (A) either moneys in an amount which shall be sufficient to, or Defeasance Securities certified by an independent accounting firm of national reputation to be of such maturities and have such Interest Payment Dates and bear such interest as will, without the necessity of further investment or reinvestment of either the principal amount thereof or interest therefrom, provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price of, and interest due and to become due on, all such Bonds on and prior to the redemption date or maturity date thereof, as the case may be; (B) an opinion of Bond Counsel to the effect that, after giving effect to the aforesaid deposit and the Master Indenture, the Bonds shall no longer be entitled to the security of the Indenture; and (C) if redeemed prior to maturity, an irrevocable instruction to mail the redemption notice as provided in the Master Indenture, and (ii) the Trustee shall have given notice to the Owners of such Bonds in the manner provided in the Master Indenture that a deposit meeting the requirements of this subsection has been made and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price of, and interest on, such Bonds.

(c) The Bank shall give written notice to the Trustee of its selection of the Series of Bonds and maturity for which payment shall be made in accordance with the Master Indenture. The Trustee shall select the particular Bonds of like Series and maturity for which payment shall be made in accordance with the Master Indenture. Neither the Defeasance Securities nor moneys deposited with the Trustee pursuant to the Master Indenture nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on said Bonds; provided, however, that any moneys received from such principal or interest payments on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Defeasance Securities maturing at times and in amounts sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest to become due on said Bonds on and prior to such redemption date or maturity date hereof, as the case may be. Any income or interest earned by, or increment to, the investment of any such moneys so deposited, shall, to the extent certified by the Trustee to be in excess of the amounts required hereinabove to pay the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on such Bonds, as realized, be paid by the Trustee as follows: first, to each Provider to pay the Provider Payments then unpaid, on a pro rata basis, and second, to the Bank. The moneys so paid by the Trustee shall be released of any trust, pledge, lien, encumbrance or security interest created by the Master Indenture.

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

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

(f) Anything in the Master Indenture to the contrary notwithstanding, any moneys held by the Trustee in trust for the payment and discharge of any of the Bonds of a Series or the interest thereon which remain unclaimed for one (1) year after the date when all of the Bonds of such Series have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Trustee at such date, or for one (1) year after the date of deposit of such moneys if deposited with the Trustee after said date when such Bonds become due and payable, shall, at the written request of the Bank, be repaid by the Trustee to the Bank as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners of Bonds shall look only to the Bank for the payment of such Bonds; provided, however, that before being required to make any such payment to the Bank, the Trustee shall, at the expense of the Bank, cause to be mailed to the Owners of all Bonds Outstanding a notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall not be less than thirty (30) days after the date of mailing of such notice, the balance of such moneys then unclaimed will be returned promptly to the Bank.

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

Miscellaneous

[Section 15.03]

No Individual Liability. No covenant or agreement contained in the Bonds or in the Indenture shall be deemed to be the covenant or agreement of any director, officer, agent, or employee of the Bank in its individual

capacity, and neither the directors of the Bank nor any official executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

[First Supplemental Indenture]

Establishment of the Series 2018 A Account

Pursuant to the First Supplemental Indenture, the Bank directs the Trustee to establish a Series 2018 A Account within the Cost of Issuance Fund. Such account shall be used for the purpose of paying Costs of Issuance relative to the Series 2018 A Bonds.

Covenant to Pay

In connection with, and in furtherance of, the covenant contained under the heading “**Tax Covenants – Covenant to comply with Tax Requirements; Rebate Payments**”, the Authorized Officers, and each of them without the others, are authorized and directed to pay to the United States Treasury Department at such time or times and in such amounts as shall be required by the Treasury Department all amounts required under Section 148 of the Code to be rebated with respect to the Series 2018 A Bonds including, without limitation, (a) as of and within 60 days after the fifth, tenth, fifteenth and twentieth anniversaries of the Date of Issue, an amount equal to the amount required under Section 148 of the Code to be rebated on such dates with respect to the Series 2018 A Bonds, and (b) as of and within 60 days after the date on which all of the Series 2018 A Bonds have been retired, an amount equal to the balance of all rebatable amounts with respect to such Series of bonds. Such payments shall be made to the Internal Revenue Service at the Internal Revenue Service Center, Ogden, Utah 84201 or such other address designated by the Internal Revenue Service. Each such payment shall be accompanied by Internal Revenue Service Form 8038-T (or any successor or other applicable form). The provisions of this section shall survive the termination or defeasance of the Master Indenture and this First Supplemental Indenture.

Temporary Restrictions on Transfers from Restricted Loan Principal Repayment Account

The National Grid Energy Efficiency Program Plans in effect as of the Date of Issue contain restrictions on the Bank’s ability to use principal payments on Borrower Bonds evidencing Restricted Loans funded with SBCs to cure deficiencies in the Debt Service Fund. In accordance with the Master Indenture, prior to the Trustee’s receipt of an Officer’s Certificate certifying that such restrictions are no longer in effect, the following paragraph shall govern transfers of principal payments on Borrower Bonds pledged by the Bank to the Trustee pursuant to the Indenture and evidencing Restricted Loans funded with SBCs from the Restricted Loan Principal Repayment Account to the Debt Service Fund and the Restricted Account of the Surplus Fund.

Pursuant to the Master Indenture, the Bank hereby directs the Trustee to establish a Subaccount within the Restricted Loan Principal Repayment Account for the purpose of depositing principal payments on Borrower Bonds pledged by the Bank to the Trustee pursuant to the Indenture and evidencing Restricted Loans funded with SBCs. By 12:00 noon on the date on which any Principal Installment or payment of interest on the Senior Bonds is due, the Trustee shall transfer from such Subaccount, for deposit in the Debt Service Fund, any amounts due on such payment date but as yet unavailable because of the failure of any Borrower to make full and timely payment of such amounts under such Borrower Bonds. On or after the final date in any Fiscal Year on which any Principal Installment or payment of interest on the Senior Bonds is due, the Trustee shall transfer amounts from such Subaccount to the Restricted Account of the Surplus Fund, to be used to make Restricted Loans to Borrowers; provided, that: (i) such Principal Installment or payment of interest on the Senior Bonds has been made; (ii) no Borrower shall then be a Defaulting Borrower; and (iii) any withdrawals from the Restricted Loan Principal Repayment Account pursuant to the Master Indenture shall have been restored.

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**SUMMARY OF CERTAIN PROVISIONS
OF
THE LOAN AGREEMENTS**

The following is a brief summary of certain provisions of the Loan Agreements entered into between the Bank and each Borrower receiving proceeds of the Series 2018 A Bonds with respect to each separate Loan made to that Borrower. Such summary does not purport to be a complete summary of the Loan Agreements and each Loan Agreement may contain certain additional terms or may vary in form from the other Loan Agreements in respects not summarized herein. Reference is made to the full Loan Agreements, available at the offices of the Bank, for a full and complete statement of all of the provisions of each.

Pursuant to each Loan Agreement the Bank agrees to make a loan (the "Loan") to the Borrower, which shall equal the aggregate principal amount of all sums disbursed or deemed disbursed by the Bank to the Borrower from time to time, and the Borrower shall repay the Loan, with interest thereon, in annual installments as provided in the Loan Agreement and in the Borrower Bond, described below. A portion of the proceeds of the Series 2018 A Bonds will be deposited in an account for the benefit of the Borrower in the Project Fund held by the Trustee under the Indenture (the "Bank Loan"). Such deposit or deposits, less, in each case, a loan closing fee (the "Loan Closing Fee"), shall constitute the Loan.

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

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

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

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

not be deemed to be disbursed and the Bank shall re-compute the initial and adjusted annual debt service installments of each Loan to reflect the amount of the Loan actually advanced to the Borrower.

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

Each Borrower Bond shall be in fully marketable form accompanied by documentation in form and substance satisfactory to the Bank including an opinion of the Borrower's bond counsel as to the valid authorization, execution, delivery and enforceability of the Borrower Bond and the Loan Agreement. Said opinion shall include an opinion that interest on the Borrower Bond is not included in gross income for federal income taxation purposes and interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax.

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

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

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

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

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

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

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

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

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

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

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

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

The Loan Agreements provide that, to the extent permitted by law, so long as the Borrower shall constitute an obligated person (an "Obligated Person") with respect to the Bank Bonds within the meaning of S.E.C. Rule 15c2-12 (the "Rule") as in effect from time to time, the Borrower agrees to furnish to the Bank (1) such financial information and operating data with respect to the Borrower at such times and in such forms as the Bank shall reasonably request in order to comply with the provisions of the Rule, (2) when and if available,

the Borrower agrees promptly to provide the Bank with its audited financial statements for each fiscal year, and (3) the Borrower agrees to provide or cause to be provided to the Bank, within ten (10) business days after the occurrence thereof, notice of the occurrence of any of the following events with respect to the Borrower Bonds:

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

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

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

- (1) Actual number of full time equivalent jobs associated with the Project;
- (2) Job types;

*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 Obligated Person in a proceeding under the U. S. Bankruptcy Code or in any proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority or (ii) the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

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

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APPENDIX B

Bank Audited Financial Statements

The Bank has filed its audited financial statements for the fiscal year ended June 30, 2018 (the “Bank Audited Financial Statements”) with the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access System. The Bank Audited Financial Statements are hereby incorporated by reference into this Official Statement as part of APPENDIX B. Copies of the Bank Audited Financial Statements may be accessed online at emma.msrb.org. Copies of the Bank Audited Financial Statements are also available by contacting the Bank at 235 Promenade Street, Suite 119, Providence, Rhode Island 02908, telephone: (401) 453-4430, fax: (401) 453-4094.

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APPENDIX C

Town of West Warwick

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THE TOWN OF WEST WARWICK

General

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

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

Government

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

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

Ernest Zmyslinski became Town Manager in October 2017. Prior to becoming Town Manager, Mr. Zmyslinski was the Finance Director of the City of Warwick, Rhode Island for 18 years. He previously worked for the Town of Westerly (Rhode Island) and the City of Norwich (Connecticut) as chief administrative officer. Mr. Zmyslinski holds a bachelor's degree in political science, a master's degree in political science and a master's degree in public administration.

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

Public Education

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

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

The following table sets forth public school enrollment information for the Town for the fiscal years ended from 2014 to 2018 as well as projected student enrollment for the years 2019 through 2022.

ACTUAL ENROLLMENT

Kindergarten - Grade 12

<u>Year</u>	<u>Elementary</u>	<u>Secondary</u>	<u>Total</u>
2013-2014	1,613	2,159	3,772
2014-2015	1,446	1,995	3,441
2015-2016	1,412	2,003	3,415
2016-2017	1,402	2,016	3,418
2017-2018	1,432	2,075	3,507

PROJECTED ENROLLMENT

2018-2019	1,298	2,115	3,413
2019-2020	1,460	2,113	3,573
2020-2021	1,438	2,170	3,608
2021-2022	1,424	2,262	3,686

Government Services

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

Public Safety

The Town's Police Department consists of 52 sworn officers and 14 other personnel and the Department's equipment includes 50 police vehicles. For the fiscal year ended June 30, 2017, the Police Department expended \$6,983,233 and for the fiscal year ended June 30, 2018, an unaudited amount of \$7,003,931.55.

The Town's Fire Department has 73 personnel and there are four stations in the Town. For fiscal year ended June 30, 2017 the Fire Department expended \$8,540,061 and for the fiscal year ended June 30, 2018, an unaudited amount of \$8,883,263.28.

Sanitation

The Town provides weekly collection of solid waste which is deposited with the Rhode Island Resource Recovery Corporation in a land fill area in the Town of Johnston, Rhode Island. The Town is currently paying \$32 per ton for refuse disposal and participates in the Corporation's statewide recycling program.

Water

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

Sewer System

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

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

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

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

Operating costs and revenues for the sewer system are accounted for through the Sewer Enterprise Fund. The variance between sewer assessments and the debt service is supplemented by Sewer Use revenues. The Sewer Enterprise Fund ended fiscal year 2017 with sewer revenues of \$7,893,652 and operating expenses of \$7,662,911. The unaudited fiscal year 2018 sewer revenues were \$7,731,170.01 and operating expenses were \$8,429,104.58.

Employee Relations

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

Police Officers—5 year contract expires June 30, 2019

Public Works/Municipal Employees—5 year contract expires June 30, 2019

Teachers—5 year contract expires June 30, 2019

Firefighters—5 year contract expires June 30, 2019

Retirement Plans

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

Municipal Employees' Plan

There are 684 persons participating in this pension plan, consisting of 307 active employees; 342 retirees, beneficiaries and disabled participants; and 35 terminated vested and inactive members. As a result of the July 1, 2014 union contracts, the employee contributions increased to 10-11% of annual base earnings for fiscal year 2016, depending on the union, and increase further over a two-to-three-year period, to as high as 13% of annual base earnings. Periodic employer contributions to the pension plan are determined on an actuarial basis using the frozen initial liability actuarial cost method. Normal cost is funded on a current basis. The unfunded actuarial accrued liability is amortized over a 25-year period. Periodic contributions for both normal cost and the amortization of the unfunded actuarial accrued liability are based on the level percentage of payroll method. The funding strategy for normal cost and the unfunded actuarial accrued liability is expected to provide sufficient resources to pay employee pension benefits on a timely basis. The latest actuarial report, prepared by Nyhart, is dated November 18, 2016 and provides a valuation as of July 1, 2016.

The Town Council approved a Pension Funding Improvement Plan, in accordance with Rhode Island General Laws Section 45-65-6, that includes pension plan changes as a result of new 5-year union contracts with the Police, Fire, and Municipal Unions. In addition to the pension changes, the Pension Funding Improvement Plan calls for increases to the funding of the system to 100% of the Annual Required Contribution ("ARC") for fiscal years 2015 - 2019. Beginning in fiscal year 2020, contributions will increase to 100.5% of the ARC. The planned contribution was increased from 100.0% to 100.5% of the ARC starting in fiscal year 2020 in order to meet the requirement of emerging from critical status by fiscal year ending June 30, 2033. The amortization was reset as of July 1, 2014 to a 25-year level

percent of pay amortization. This is a closed period amortization and payments will increase by 3.50% annually to reflect anticipated pay increases.

The Town contributed \$8,739,745 to the pension plan in fiscal year 2017. As of July 1, 2017 the Town has a total unfunded actuarial accrued liability of \$125,647,998, resulting in the plan's funded ratio of 21.8% on an actuarial basis. More information on the Town's pension plan can be found on the Town's website at the following address: [https://www.westwarwickri.org/vertical/sites/%7B7B7C7E47-F7C1-4511-8CF3-EA8EBAF7D539%7D/uploads/2017_Town_of_West_Warwick_Valuation_Report\(1\).pdf](https://www.westwarwickri.org/vertical/sites/%7B7B7C7E47-F7C1-4511-8CF3-EA8EBAF7D539%7D/uploads/2017_Town_of_West_Warwick_Valuation_Report(1).pdf)

The unaudited contribution for fiscal year 2018 was \$9,247,549, which was 100% of the required amount. Beginning in fiscal year 2017, the Town's actuarial report was prepared in time for the Town to include the exact contribution in its budget to avoid the budget including a projection, which is why the fiscal year 2015 and 2016 contributions were just under 100% of the required contribution. Going forward, the Town can budget the exact amount of the required contribution, or more as planned for fiscal year 2020 onward. Over the past five years, contributions have been as follows:

Fiscal Year Ended June 30	Annual Recommended Contribution	Percentage Contributed	Actual Contribution
2017	\$ 8,739,745	100.00 %	\$ 8,739,745
2016	8,309,706	98.44	8,179,980
2015	8,103,839	99.49	8,062,234
2014	10,322,474	58.13	6,000,000
2013	9,264,065	57.22	5,301,352

The Teachers' Plan

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

The actuarial costs of the retirement benefits are partially funded by employee contributions into the defined benefit plan of 3.75% of the actuarial costs of the retirement benefits effective July 1, 2003. As of July 1, 2015, employees with less than 20 years of employment as of June 30, 2012 continued to contribute 3.75% of the actuarial costs of their retirement benefits while employees with 20 or more years of employment no longer contribute to the defined benefit plan. The actuary determines the net employer actuarial costs annually and as provided by the State Retirement Board to the Department of Administration. Contributions are reported as a percent of payroll, payable in part by the State and in part by the Town. The split between State and the Town is specified in State statute. For fiscal year 2017, the State paid 40 percent and the Town paid 60 percent. The Town's fiscal year 2017 contribution was \$3,599,477 and the unaudited fiscal year 2018 contribution was \$3,649,200. Over the past five years, the Town has made the following required contributions:

Employees' Retirement System of Rhode Island (Teachers)			
Fiscal Years Ending	Required Contribution	Actual Contribution	Percentage Contributed
2017	\$ 3,599,477	\$ 3,599,477	100 %
2016	3,228,000	3,228,000	100
2015	3,527,000	3,527,000	100
2014	2,970,000	2,970,000	100
2013	2,714,000	2,714,000	100

The actuarial valuation prepared by Gabriel, Roeder, Smith & Company uses the entry age normal cost. The valuation assumes an annual salary increase on a scale of age/service. In addition, other actuarial assumptions are made for post-retirement increases and other contingencies as set forth in the published annual reports of the State Retirement Board. The ERSRI does not maintain separate data for each of its participants. The ERSRI's website contains additional information (www.ersri.org).

The following are comparative highlights for 2013 through 2017 for ERSRI as a whole:

	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013
Active Participants	\$ 13,310	\$ 13,206	\$ 13,272	\$ 13,266	\$ 13,193
Pensioners & Beneficiaries	11,211	11,087	10,902	10,838	10,776
Inactive Participants	3,501	3,313	3,185	3,040	2,947
Market Value of Assets	\$ 3,696,400,551	\$ 3,733,025,598	\$ 3,730,047,183	\$ 3,875,901,034	\$ 3,601,811,359
Employer Contributions	\$ 233,828,518	\$ 225,569,556	\$ 217,902,736	\$ 196,927,737	\$ 179,244,463
Member & Other Misc. Contributions	50,960,566	50,458,325	37,487,177	37,377,996	36,899,338
Total Contributions	\$ 284,789,084	\$ 276,027,881	\$ 255,389,913	\$ 234,305,733	\$ 216,143,801
Investment Income	391,115,013	(8,252,029)	81,477,012	519,523,894	370,887,631
Total Income Available for Benefit Payments	\$ 675,904,097	\$ 267,775,852	\$ 336,866,925	\$ 753,829,627	\$ 587,031,432
Benefit Payment	\$ (375,527,331)	\$ (490,467,141)	\$ (478,553,346)	\$ (478,700,303)	\$ (480,608,602)
Transfer and other Adjustments	\$ 427,703	\$ 252,229	\$ 145,190	\$ (290,471)	\$ 228,578
Excess of Income Over Expenses	\$ 300,804,469	\$ (222,439,060)	\$ (141,541,231)	\$ 274,838,853	\$ 106,651,408
Funded Ratio	54.8%	58.3%	58.8%	59.6%	58.1%

Fiscal Year 2013 includes results of pension reform.

Compiled from Employees' Retirement System of Rhode Island - Actuarial Valuation Report as of June 30, 2017

Actuarial costs and liabilities, as shown in the summary presentation, are determined in the aggregate for the ERSRI. Accordingly, employer contributions are first determined in the aggregate for all participating employers in this multi-employer system and are then expressed as a percentage of the aggregate participating payroll. For fiscal year 2017, the Town applied 60 percent of this factor to its participating payroll (the remaining 40 percent of the employer cost is contributed by the State as well as the full cost of deferred contributions by the State).

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

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

Hybrid Plan for ERSRI Participants

In November 2011, the State enacted RIRSA, which made broad changes effective July 1, 2012 to ERSRI. A summary of the changes can be found on the website of the Employees' Retirement System of Rhode Island using the following link: <http://content.ersri.org/pension-settlement-information-2015>.

The most significant changes include changing the structure of the retirement program from a traditional defined benefit plan to a hybrid plan designed with a smaller defined benefit plan and a supplemental defined contribution plan; changing the automatic cost of living adjustment (COLA) from a CPI-related formula to a formula contingent on the actual investment performance over time; suspension/reduction of the COLA during times when the funded ratio is lower than targeted 80% levels; and the re-amortization of the Unfunded Actuarial Accrued Liability (UAAL) to 25 years from the 19-year schedule as of June 30, 2010. For ERSRI, teachers not covered by Social Security will participate in additional defined contribution allocations equal to 2% member plus 2% employer. Included within these significant changes are certain rules for transitioning from the defined benefit structure to the smaller defined benefit plan going forward. The changes in the defined benefit plan instituted by RIRSA have been fully reflected in the actuarial valuation beginning with June 30, 2012. These changes resulting from RIRSA are the subject of ongoing litigation which has been settled by most parties. (Please see also "Pension Reform and Related Litigation" herein).

RIRSA changed the ERSRI defined benefit plans to hybrid plans which include a defined contribution plan. The State selected TIAA-CREF to administer the plan. All employees in ERSRI with less than 20 years of service as of June 30, 2012 are required to participate. ERSRI employees contribute 5% of their annual salary into the defined contribution plan, with an additional 2% contribution for those employees that do not participate in Social Security, and the City must contribute 1% of salary. Participants have a selection of investments options chosen by the State and provided by TIAA-CREF. The Town recognized an expense of \$138,277 for contributions to the defined contribution plan for the fiscal year ended June 30, 2017 and an unaudited expense of \$148,058 for contributions to the defined contribution plan for the fiscal year ended June 30, 2018.

Pension Reform and Related Litigation

In recent years the Rhode Island General Assembly made certain reforms to ERSRI and the Municipal Employees' Retirement System ("MERS"). The Town does not participate in any MERS plans. The reforms have resulted in numerous lawsuits against the State brought by current and retired employees, as well as their unions. These lawsuits, some of which are still pending, are described below. The Town understands that the State is vigorously defending any liability in all pending pension reform litigation.

In May of 2010, a number of unions representing State employees and teachers filed a lawsuit in the State's superior court (the "Superior Court") challenging the pension reform legislation enacted by the General Assembly in 2009 and 2010. In June of 2012, certain unions, active employees, retired State employees and associations of retired State and municipal employees who maintained they were current beneficiaries of ERSRI filed five separate lawsuits in Superior Court challenging the RIRSA. In April of 2014, a seventh lawsuit was filed in Superior Court by certain individual retired State workers and teachers. In September of 2014, the Cranston Firefighters, IAFF Local 1363, AFL-CIO and the International Brotherhood of Police Officers, Local 201 (Cranston Police), which had been parties to the 2012 lawsuit challenging RIRSA, withdrew from the original lawsuit and each filed separate lawsuits in Superior Court challenging RIRSA, resulting in nine lawsuits overall. These nine lawsuits were ultimately consolidated.

In March of 2015, the Superior Court entered an order appointing a Special Master, tasking him with certain duties, including "addressing all discovery issues, motions, and assisting the parties in narrowing and/or resolving disputed issues by agreement, subject to further approval by the Court." In April of 2015, the Special Master presented an interim report to the Superior Court stating that a settlement has been reached in five of the nine consolidated pension cases. The Special Master reported that the proposed settlement would impact 58,901 employees. A class action was filed for settlement purposes and in June of 2015, the Superior Court issued its decision approving the proposed settlement. The General Assembly passed legislation to carry out the settlement, which was enacted into law on June 30, 2015 ("New RIRSA"), and the Superior Court entered final judgments in July of 2015. The employees that are members of the unions that brought the non-settled consolidated cases will receive the same benefits afforded to the settling parties.

In July of 2015, the State moved to dismiss three of the remaining six cases – *Cranston Firefighters, IAFF Local 1363, AFL-CIO v. Chafee*; *International Brotherhood of Police Officers, Local 301, AFL-CIO v. Chafee* and *City of Cranston Police Officers, International Brotherhood of Police Officers, Local 301, AFL, CIO v. Chafee* – for lack of justiciability on the grounds that because RIRSA was amended by New RIRSA, the plaintiffs' claims were moot. The Superior Court granted the motion and dismissed the three cases without prejudice.

Nine appeals from two of the July 2015 judgments were filed with the State's Supreme Court (the "Supreme Court"). The appeals do not affect the implementation of New RIRSA. Three of the nine appeals were dismissed by the Supreme Court. The six remaining were argued before the Rhode Island Supreme Court on April 12, 2018 and on May 25, 2018 the Supreme Court issued its decision to deny and dismiss the appeals.

In addition to the foregoing cases, in September 2014, another case challenging RIRSA was commenced by the Rhode Island State Troopers Association and Rhode Island State Troopers Association *ex rel.* Kevin M. Grace and Ernest E. Adams in Superior Court. The State has answered the complaint in that action, which remains pending. In August 2018 the Plaintiffs filed a motion to amend their complaint. A hearing on that motion has not been set.

Other Post-Employment Benefits

As of June 30, 2016, which is the most recent actuarial valuation, 348 retirees receive post-retirement health care benefits. The Town pays 100% of the amount of medical and hospitalization costs incurred by the retirees and their dependents, which amounted to \$2,334,414 for the year ended June 30, 2016. The Town's current unfunded actuarial accrued liability is \$53,684,538. The Town's Five-Year Plan established an Other Post-Employment Benefit ("OPEB") Trust in fiscal year 2015 with an initial deposit of \$240,000. In addition to paying the current benefits in fiscal year 2016, the Town deposited an additional \$920,000 into the OPEB Trust. The Town paid 100% of the required contributions in fiscal years 2017 and 2018, which amounted to \$2,570,351 (audited) and \$2,880,329 (unaudited), respectively.

ECONOMIC CHARACTERISTICS

Population

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

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

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

Income Levels

The following table lists the per capita and median family income according to the 2012-2016 American Community Survey.

	<u>Per Capita</u>	<u>Median</u>
		<u>Family</u>
West Warwick	\$ 27,758	\$ 69,302
Rhode Island	31,904	75,655
United States	29,829	67,871

Source: U.S. Bureau of the Census, 2012-2016 American Community Survey.

Housing and Building Permits

According to the 2010 U.S. Census, there were 13,888 housing units in the Town as compared to 13,186 in 2000. This represents an increase of 702 housing units or 5.3%. In 2016, the median home sales price in the Town was \$185,500 compared to \$239,900 for the State.

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

Fiscal Year	Permits Issued	Value
2017	565	\$ 7,327,382
2016	785	12,610,586
2015	588	17,123,246
2014	618	12,186,664
2013	540	6,331,989
2012	558	7,377,592
2011	603	6,643,733
2010	682	9,162,268
2009	588	4,998,371

Source: Town Records

Unemployment

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

	Annualized				
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
West Warwick	9.7 %	8.1 %	6.2 %	5.4 %	4.7 %
Rhode Island	9.2	7.7	6.0	5.3	4.5
United States	7.4	6.2	5.3	4.9	4.4

Source: RI Department of Labor & Training

Not Seasonally Adjusted

	Monthly 2018							
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>
West Warwick	5.9 %	5.6 %	5.0 %	4.3 %	3.8 %	3.5 %	4.0 %	3.7 %
Rhode Island	5.3	5.3	4.8	4.0	3.8	3.6	4.1	3.8
United States	4.5	4.4	4.1	3.7	3.6	4.2	4.1	3.9

Source: RI Department of Labor & Training

Not Seasonally Adjusted

Largest Employers

The following lists the largest private employers in the Town, as of the most recent report prepared in 2012 by the State of Rhode Island Department of Economic Development, now known as the RI Commerce Corporation.

<u>Name</u>	<u>Type of Business</u>	<u>Number of Employees</u>
Metlife Insurance	Insurance Provider	1,001
Amtrol, Inc.	Water Heater Mfg.	500
Arpin Van Lines	Movers	250
Astro-Med, Inc.	Printing Equipment - Mfg	250
Grass Instrument Co.	Medical Equipment & Supplies	250
Quick Label Systems	Printing Equipment - Mfg	250
Natco Products Corp	General Merchandise - Retail	200
West View Health Care	Nursing Home	175
Advanced Interconnections	Electrical Socket Mfg.	130
Bradford Soap Works	Soap Mfg.	101

Source: RI Department of Economic Development, May 2012

Type of Employment and Payrolls

Through the first quarter ended March 31, 2018, the Town had 571 private business and industrial firms subject to the payment of employment security taxes. During that period, the payrolls for those firms totaled \$89,219,129 and the average number of persons employed in total was 6,658.

	Total Wage	# of Units	Avg. Empmnt.	% of Covered Emp.
Agriculture, Forestry, Fishing & Hunting	\$ 15,782	3	6	0.09
Mining	*	1	*	0.00
Construction	3,233,607	63	292	4.39
Manufacturing	18,949,518	27	1,264	18.98
Wholesale Trade	5,169,386	25	321	4.82
Retail Trade	10,282,742	80	934	14.03
Transportation & Warehousing	5,404,411	14	397	5.96
Information	17,018,715	13	743	11.16
Finance & Insurance	2,057,063	22	106	1.59
Real Estate & Rental & Leasing	508,870	20	63	0.95
Professional & Technical Services	4,127,221	55	241	3.62
Management of Companies and Enterprises	6,927,312	3	143	2.15
Administrative & Waste Services	1,689,606	44	220	3.30
Educational Services	321,915	7	71	1.07
Health Care & Social Assistance	8,217,440	59	895	13.44
Arts, Entertainment & Recreation	92,048	7	15	0.23
Accommodations & Food Services	2,906,454	57	646	9.70
Other Service Except Public Admin	2,297,039	71	307	4.61
TOTAL	\$ 89,219,129	571	6,658	100.00 %

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

Source: Rhode Island Department of Labor and Training.

Compiled August 2018 (1st Quarter 2018 Data)

PROPERTY TAXES

General

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

Tax Limitations

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

The amount levied by a city or town may exceed the tax levy cap described above if the city or town qualifies under one or more of the following provisions: (1) the city or town forecasts or experiences a loss in total non-property tax revenues and the loss is certified by the State Department of Revenue; (2) the city or town experiences or anticipates an emergency situation, which causes or will cause the levy to exceed the tax levy cap described above; (3) a city or town forecasts or experiences debt services expenditures which exceed the prior year's debt service expenditures by an

amount greater than the percentage increase as specified above and which are the result of bonded debt issued in a manner consistent with State general law or a special act; or (4) the city or town experiences substantial growth in its tax base as the result of major new construction which necessitates either significant infrastructure or school housing expenditures by the city or town or a significant increase in the need for essential municipal services.

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

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

Assessed Valuations

The following table indicates assessed valuations of taxable real, personal property and motor vehicles as of December 31, 2013 through December 31, 2017 for fiscal years 2015 through 2019.

Calendar YR, 12/31 FYE, 6/30	<u>2013</u> <u>2015</u>	<u>2014</u> <u>2016</u>	<u>2015</u> <u>2017</u>	<u>2016</u> <u>2018</u>	<u>2017</u> <u>2019</u>
Real Estate	\$ 1,774,387,730	\$ 1,779,854,500	\$ 1,853,817,530	\$ 1,859,722,610	\$ 1,888,260,620
Motor Vehicles	216,816,326	220,777,049	228,306,440	231,921,269	248,348,340
Tangible Personal Property	130,863,240	140,827,700	149,556,300	141,656,670	127,957,110
Total Assessed Valuation	<u>\$ 2,122,067,296</u>	<u>\$ 2,141,459,249</u>	<u>\$ 2,231,680,270</u>	<u>\$ 2,233,300,549</u>	<u>\$ 2,264,566,070</u>
Less: Exemption	(61,043,483)	(62,151,652)	(61,495,736)	(67,159,100)	(120,700,797)
Net Real & Tangible Personal Property	\$ 2,061,023,813	\$ 2,079,307,597	\$ 2,170,184,534	\$ 2,166,141,449	\$ 2,143,865,273

Analysis of Taxable Property

The following table shows an analysis of taxable real and personal property in the Town and in the State by class as assessed on December 31, 2016 for:

	<u>% of Total Assessed Valuation</u>	
	<u>Town</u>	<u>State</u>
Residential	64.29 %	74.25 %
Commercial/Industrial	21.11	16.70
Tangible	6.60	4.07
Motor Vehicles	8.01	4.99
Total	<u>100.00 %</u>	<u>100.00 %</u>

Source: RI Department of Administration

Motor Vehicle Tax Exemption

Prior to fiscal year 2018, State legislation required cities and town to exempt a minimum of \$500 on all motor vehicles subject to taxation. With adoption of the fiscal year 2018 State Budget the State directed implementation of a five-year phase-out of municipal authority to tax motor vehicles. The State will reimburse cities and towns for lost revenue resulting from the close out of this municipal tax program. The Town's budget for fiscal year 2018 included an exemption of \$1,000 and an additional \$1,000 has been included in fiscal year 2019.

Principal Taxpayers

The following table sets forth the principal taxpayers in the Town and assessed valuation of property held by such taxpayers as of December 31, 2017.

<u>Name</u>	<u>Assessed Valuation</u>	<u>Type of Business</u>
Cox Communications	\$ 53,237,750	Communications
National Grid	35,567,130	Utility
JC Royal Mill LLC	30,435,220	Apartments
Arpin Van Lines Inc.	12,905,070	Moving Services
Greenwich Place LLC	13,298,940	Condo
Brookwood Warwick Investors LLC	11,879,400	Finance
Sanrose Realty Associates	11,480,230	Realty
Westcott Terrace	10,571,600	Apartments
Amtrol Water Technology	9,001,710	Commercial
Mitchell PL Holdings	6,901,960	Moving Services

Source: The Town's Tax Assessor's Office.

Tax Rate, Levy and Collection Record

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

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

<u>Fiscal Year</u>	<u>Tax Year</u>	<u>Tax Rate \$1,000⁽¹⁾</u>	<u>Levy</u>	<u>Net Abatements & Additions</u>	<u>Net Levy</u>	<u>Collections End of Fiscal Year</u>	<u>% of Net Levy End of Fiscal Year</u>	<u>Total Tax Collections at Fiscal YE</u>	<u>% of Net Levy at Fiscal YE</u>
2019 ⁽²⁾	2018	\$ 27.18	\$ 65,382,727	\$ (11,889)	\$ 65,370,838	\$ 28,376,719	43.41 %	\$ 28,571,085	43.71 %
	2018	26.31	64,507,995	(574,245)	63,933,750	62,389,100	97.58	63,852,621	99.87
	2017	25.84	61,832,020	(214,525)	61,617,495	59,515,098	96.59	61,223,220	99.36
	2016	25.96	59,184,108	235,166	59,419,274	58,766,427	98.90	59,139,541	99.53
	2015	25.39	56,747,529	(96,044)	56,651,485	54,507,164	96.21	56,401,825	99.56

(1) Residential Tax Rate

(2) Year-to-date as of 9/30/2018

TOWN FINANCES

Basis of Accounting and Budgetary Procedures

The financial statements of the General Fund are prepared on a modified accrual basis, reflecting assets, liabilities, and financial activities not recorded in separate fund groups. Receivables for property taxes are recorded as assets in the balance sheet with the tax receivables fully offset by reserve accounts. In accordance with generally accepted accounting principles tax revenues are recorded when they become both measurable and available; expenditures and transfers out are recorded when the related liability is incurred. The Town's audit report for the year ended June 30, 2017 is set forth in APPENDIX C-2 of this Official Statement. The Town's auditor for the fiscal year ended June 30, 2017 was Marcum LLP. Marcum LLP has not been engaged to perform, and has not performed, since

the date of its report included herein, procedures on the financial statements addressed in that report. Marcum LLP also has not performed any procedures relating to this official statement.

Budgetary Data

In accordance with the Town's Home Rule Charter, the Town has formally established budgetary accounting control for its General Fund and the School Unrestricted Fund, which is a Special Revenue Fund. The General Fund is subject to an annual operating budget adopted by the Town Council. The School Unrestricted Fund is subject to an annual operating budget approved by the School Committee and adopted by the Town Council. The annual operating budgets' appropriation amounts are supported by revenue estimates and take into account the elimination of accumulated deficits and the reappropriation of accumulated surpluses to the extent necessary. The General Fund and School Unrestricted Fund's annual operating budgets are in conformity with generally accepted accounting principles and the budget-to-actual presentation in the financial statement reflects the same basis of accounting.

Set forth below is a summary of the Town's budget for the fiscal years 2017, 2018 and 2019.

	FY 2017	FY 2018	FY 2019
Revenue:			
Local Property Taxes - Current Year	\$ 60,999,427	\$ 62,398,799	\$ 63,179,850
Local Property Taxes - Prior Years	2,400,000	2,200,000	1,700,000
Non-local Property	2,917,749	2,938,749	3,129,487
Federal and State	25,834,611	27,425,433	29,005,545
Total Revenues*	<u>\$ 92,151,787</u>	<u>\$ 94,962,981</u>	<u>\$ 97,014,882</u>
Expenditures:			
Education	\$ 54,384,872	\$ 55,786,224	\$ 56,712,796
General Financial Administration	2,889,080	2,842,941	3,195,227
Public Works	4,295,589	4,513,460	4,619,640
Police Protection	6,918,144	7,075,389	7,287,514
Fire Protection	8,297,096	8,694,648	8,872,730
Parks	330,991	331,979	345,805
Debt Service General Fund	3,342,802	3,706,514	3,238,812
General Government	10,306,319	10,672,552	11,625,873
West Warwick Senior Center	213,000	213,000	213,000
Libraries	696,890	696,890	717,245
Capital	477,003	429,383	186,240
Total Expenditures*	<u>\$ 92,151,786</u>	<u>\$ 94,962,981</u>	<u>\$ 97,014,882</u>

*May not add due to rounding

Reporting Requirements of Municipalities and School Districts

In June 2003, the Rhode Island General Assembly passed new financial reporting requirements for municipalities in order to ensure that municipalities and school districts monitor their financial operations on an ongoing basis and to prevent potential budget deficits (Rhode Island General Laws § 45-12-22.1 et seq. (the "Financial Reporting Act")).

Reporting

- The chief financial officer of the municipality must submit monthly reports to the municipality's chief executive officer, each member of the city or town council, and school district committee certifying the status of the municipal budget, including the school department budget or regional school budget.
- The chief financial officer of the municipality must also submit quarterly reports to the State Division of Municipal Finance, the Commissioner of Education, and the Auditor General certifying the status of the

municipal budget. The chief financial officer of the school department or school district shall certify the status of the school district's budget and shall assist in the preparation of these reports.

- If any reports project a year-end deficit, the chief financial officer of the municipality must submit a corrective action plan, providing for the avoidance of a year-end deficit, to the State Division of Municipal Finance, the Commissioner of Education, and the Auditor General on or before the last day of the month succeeding the close of the fiscal quarter.
- If, at the end of the fiscal year, the chief financial officer determines that it is likely that the city or town's general fund or combined general fund and unrestricted school special revenue fund will incur a deficit, the municipality must immediately develop a plan to eliminate the accumulated year-end deficit by annual appropriation over no more than five (5) years, in equal or diminishing amounts. This plan must be submitted to the State Auditor General for approval.

Restrictions and Requirements

- Except as provided in Chapter 45-9 of the Rhode Island General Laws, no municipality can sell long-term bonds in order to fund a deficit without prior approval by the Rhode Island Auditor General and the Director of the Rhode Island Department of Revenue.
- No municipality can incur expenditures or obligate the municipality to expend unbudgeted amounts in excess of \$100,000 without first notifying the city or town council of the proposed expenditure and identifying the source of funding. Any such expenditure must be included in the chief financial officer's monthly report.
- No school committee or school department can incur accumulated unbudgeted expenditures in excess of \$100,000 without notifying the chief financial officer of the municipality of the proposed expenditure and identifying the source of funding. Any such expenditure must be included in the chief financial officer's monthly report.
- School committees, boards or regional school districts that are independent government entities within a municipality must cooperate in providing to the chief financial officer all information needed to formulate his or her reports and the deficit elimination plan.

Remedies

- If a municipality does not comply with the requirements of the Financial Reporting Act, the State Auditor General or State Division of Municipal Finance, through the Director of Revenue, may elect any or all of the following remedies:
 - Petition the Superior Court for mandatory injunctive relief seeking compliance with the provisions of the Financial Reporting Act;
 - In the event a municipality fails to provide a year-end deficit elimination plan, implement a financial review commission pursuant to Rhode Island General Laws Section 45-9-3; or
 - Withhold State aid.
- If a school committee or board fails to cooperate with the municipality or provide all information requested by the chief financial officer needed to formulate a plan:
 - The Auditor General or the Director of Administration may petition the Superior Court to order the school committee or board to cooperate; and
 - The Director of Administration may also direct the Rhode Island Controller and General Treasurer to withhold State Aid from a school committee until the school committee or board cooperates in the formulation of the plan.

The Town has not been advised by the Auditor General or State's Director of Revenue (the "Director of Revenue") that it is not presently in compliance with the Financial Reporting Act.

State Oversight

On June 11, 2010, the Rhode Island General Assembly enacted "An Act Relating to Cities and Towns—Providing Financial Stability" the purpose of which is to provide a mechanism for the State to work with cities and towns undergoing financial distress that threatens the fiscal well-being, public safety and welfare of such cities and towns, or welfare of other cities and towns or the State in order to preserve the safety and welfare of the citizens of the State and their property and the access of the State and its municipalities to capital markets.

The Financial Stability Act prohibits municipalities from filing for judicial receivership and clarifies that the Superior Court has no jurisdiction to hear such matters.

The Financial Stability Act gives the State, acting primarily through the Department of Revenue, the power to exercise varying levels of support and control depending on the circumstances. It creates three levels of State oversight and control: Level I--Fiscal Overseer, Level II-- Budget Commission, and Level III -- Receiver. The State Director of Revenue, in consultation with the Auditor General, may skip fiscal overseer and budget commission by appointing a receiver in a fiscal emergency.

During fiscal years ended June 30, 2014 and June 30, 2015 the Town of West Warwick requested assistance from the Department of Revenue on a voluntary basis, but has never been placed under State oversight under the Fiscal Stability Act.

Fiscal Overseer (Level I)

A fiscal overseer may be appointed by (1) request of the municipality, which request is approved by the State's Division of Municipal Finance and the Auditor General; or (2) the State Director of Revenue, if (i) the Director of Revenue, in consultation with the Auditor General, finds that any two or more of the following events have occurred; or (ii) the Director of Revenue finds, in his or her sole discretion, that any two of the following events have occurred which are of such a magnitude that they threaten the fiscal wellbeing of the city or town, or diminish the city's or town's ability to provide for the public safety or welfare of its citizens:

- The city or town projects a deficit in the municipal budget in the current fiscal year and again in the upcoming fiscal year
- The city or town has not filed its audits with the auditor general by the deadlines required by law for two (2) successive fiscal years (not including extensions authorized by the Auditor General)
- The city or town has been downgraded by one of the nationally recognized statistical rating organizations
- The city or town otherwise unable to obtain access to credit markets on reasonable terms
- The city or town does not promptly respond to requests made by the Director of Revenue, or the Auditor General, or the chairpersons of the house or senate finance committees for financial information

The Director of Revenue may also appoint a fiscal overseer for failure to comply with the financial reporting and action plan requirements relating to budget deficits. A fiscal overseer acts in an advisory capacity to municipal officials, approves budgets and reports to State officials regarding progress.

Budget Commission (Level II)

A budget commission may be established by request of a municipality or without such a request, if the fiscal overseer reports to the State Director of Revenue that the city or town is unable to present a balanced municipal budget, faces a fiscal crisis that poses an imminent danger to the safety of the citizens of the city or town or their property, will not achieve fiscal stability without the assistance of a budget commission, the tax levy should not be approved, or otherwise determines that a budget commission should be established. A budget commission is composed

of five (5) members: three (3) designees of the Director of Revenue, the elected chief executive officer of the city, and the president of the city or town council (or in cities or towns in which the elected chief executive officer is the president of the city or town council, then the appointed city or town manager). A budget commission has more significant powers over financial matters, including but not limited to the power to:

- Amend, formulate and execute annual and supplemental municipal budgets and capital budgets;
- Reorganize, consolidate or abolish municipal departments, commissions, authorities, boards, offices or functions;
- Issue bonds, notes or certificates of indebtedness to fund a deficit of the city or town, to fund cash flow and to finance capital projects.

Receiver (Level III)

The State Director of Revenue may appoint a receiver if the budget commission recommends appointment of a receiver after concluding that its powers are insufficient to restore fiscal stability to the city or town. A receiver may exercise any function or power of any municipal officer, employee, board or commission and has the power to file on behalf of a city or town for bankruptcy in federal bankruptcy court

State Aid

State School Operations Aid

Pursuant to Rhode Island General Laws Sections 16-7-15 to 16-7-34 et seq., as amended, the State provides school operations assistance aid (also known as “Basic Education Aid”) to each municipality and school district in the State, subject to annual appropriation by the General Assembly. The General Assembly substantially changed the funding formula for school operations beginning in fiscal year 2012. The statutes provide for reimbursement of school expenditures based on a formula which adjusts the reimbursement ratio based on the relative equalized valuation of property and median family income relative to the State as a whole. There are no assurances, however, that the General Assembly will continue this program or appropriate sufficient funds for its implementation. Basic Education Aid is subject to pro-rata reduction in accordance with State law. Under this program the Town’s School Department received \$23,016,375 in fiscal year 2017 and an unaudited amount of \$24,313,144 in fiscal year 2018.

State School Construction Aid

Pursuant to Rhode Island General Laws Sections 16-7-35 to 16-7-47, as amended, the State provides construction aid to Rhode Island municipalities and school districts for the cost of building or renovating public schools (also known as “State Housing Aid”). All buildings constructed or renovated since July 1, 1949 are eligible for assistance of a minimum of 40% (for school housing projects completed after June 30, 2010 that received approval from the State Board of Regents for Elementary and Secondary Education (now the Board of Education) prior to June 30, 2012) or 35% (for school housing projects that received approval from the Board of Education after June 30, 2012) of the full cost of such buildings. Such assistance level may be further increased by a formula which takes into account the equalized assessed valuation and debt service burden of the particular municipality. State aid reimbursement for school construction projects is based on the share ratio established for that year by the State Department of Education. The Town’s reimbursement rate for projects completed in fiscal year 2018 was 66%. This ratio can vary from year to year.

For projects approved by the voters after June 30, 2003, the cost of interest on any bond will be reimbursed as an eligible project cost if the bonds for these projects are issued through the Rhode Island Health and Educational Building Corporation (“RIHEBC”). School construction aid attributable to projects financed through RIHEBC bonds is paid by the State directly to RIHEBC’s trustee for such RIHEBC bonds and is not directly available to the Town for other purposes. Furthermore, if the Town defaults in making any payment due to RIHEBC’s trustee in support of any RIHEBC bond, any State aid in respect of other school housing projects may be redirected by the State to the trustee for RIHEBC’s bond. School housing costs subject to State Housing Aid reimbursement shall not include bond issuance costs incurred by the municipality, demolition costs for buildings, facilities, or sites deemed surplus by the school committee and costs for furniture, fixtures and equipment except in the case of a project to construct a new school or school addition that is supported by a general obligation or lease revenue bond. The legislation authorizing State Housing Aid is subject to future change and all State aid is subject to annual appropriation by the General Assembly.

The Town received \$1,060,331 in school construction aid for fiscal year 2017 and an unaudited amount of \$1,102,974 in school construction aid for fiscal year 2018.

Other State Aid

In addition to school operations aid, municipalities in the State receive State Aid to Cities and Towns through various programs. In fiscal year ended June 30, 2017 the Town received \$3,007,255 through these programs. The unaudited receipts for fiscal year ended June 30, 2018 was \$2,611,467.

TOWN DEBT

There are three statutory mechanisms for municipalities in Rhode Island to obtain legal authority to issue general obligation debt: 1) Section 45-12-2 of the General Laws (the “3% Debt Limit Statute”), 2) special acts of the General Assembly, and 3) ministerial approval by the State’s Auditor General. The Town Council may authorize borrowing under the Rhode Island General Laws through a Financial Town Meeting.

The 3% Debt Limit Statute was enacted in 1896 as a limitation on the amount of debt municipalities could incur. The 3% Debt Limit Statute provides that except as explained below, municipalities may not, without special statutory authorization, or ministerial approval by the Auditor General of the State (described below), incur any debt, which would increase its aggregate indebtedness not otherwise excepted by law to an amount greater than 3% of the full assessed value of the taxable property within the municipality. Deducted from the computation of aggregated indebtedness is the amount of any borrowing in anticipation of taxes authorized by law and the amount of any fund held on account to pay such indebtedness maintained by the Town. In computing the value of taxable property, motor vehicles and trailers are valued at full value without regard to assessed value reductions provided for in other sections of the general laws.

The 3% debt limit of the Town as of June 30, 2018 is \$66,999,016 based on assessed valuations of taxable property as of December 31, 2016 of \$2,233,300,549. As of June 30, 2018, the Town had an unaudited amount of \$43,036,515 in general obligation bonds outstanding of which \$36,471,515 was issued subject to the 3% Debt Limit Statute.

In July 2007, the Rhode Island State Legislature enacted legislation effective January 1, 2008 allowing for ministerial approval by the State’s Auditor General of debt outside of the 3% debt limit for communities with an “A” rating or better, if the community also satisfies certain requirements. The Town has no debt outstanding under the ministerial approval process.

Over time, special acts have displaced the 3% Debt Limit Statute as the primary method for municipalities in the State to obtain authority to issue general obligation debt. On June 30, 2018, the Town had an unaudited amount of \$6,565,000 of debt outstanding that is outside the 3% debt limit.

In addition to debt authorized pursuant to the 3% Debt Limit Statute, ministerial approved debt and debt authorized by special act of the General Assembly, Rhode Island General Laws Section 45-12-11 authorizes the State Director of Revenue, upon petition by a city or town, to authorize such city or town to incur indebtedness in excess of the 3% debt limit whenever the State Director of Revenue shall determine that the sums appropriated by the municipality or its funds available are insufficient to pay the necessary expenses of the city or town. The Town has not requested the State Director of Revenue to authorize indebtedness of the City under Section 45-12-11.

Under Rhode Island General Laws Section 45-12-4.4 a city or town may authorize the issuance of bonds, notes, or other evidences of indebtedness without voter approval to pay the uninsured portion of any court judgment or settlement, except any court judgment or settlement arising out of any pension obligation of a city or town; provided however, that the outstanding principal amount, in aggregate, shall not exceed five percent (5%) of the total amount of the city or town’s most recently adopted municipal budget. As of June 30, 2018, the Town did not have any bonds outstanding issued pursuant to Rhode Island General Laws Section 45-12-4.4.

Outstanding Debt

The outstanding general obligation debt of the Town for fiscal years 2014 through 2018 was as follows:

	For the Fiscal Years Ended June 30,				
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>Unaudited 2018</u>
Governmental Activities					
General Obligation Bonds	\$ 20,653,000	\$ 23,118,000	\$ 27,437,515	\$ 32,661,515	\$ 43,036,515 *
Business Type Activities					
RIIB Loans Payable	<u>\$ 19,386,000</u>	<u>\$ 23,150,000</u>	<u>\$ 28,222,000</u>	<u>\$ 23,765,000</u>	<u>\$ 23,765,000</u>
Total Debt Outstanding	\$ 40,039,000	\$ 46,268,000	\$ 55,659,515	\$ 56,426,515	\$ 66,801,515

* \$2,766,000 has been deposited into the 2005 QZAB sinking fund, but remains outstanding.

Overlapping Debt

The Kent County Water Authority (the “Authority”) provides drinking water to approximately 8,250 customers in the Town of West Warwick. Of the Authority’s total customer base, approximately 31% are in the Town of West Warwick. The Authority had \$23,470,000 of outstanding debt as of June 30, 2017 and an unaudited amount of \$20,200,000 as of June 30, 2018.

Actual Bonded Debt Service Requirements

The following tables set forth a schedule of the Town’s actual bonded General Obligation debt service and revenue bond debt service.

General Obligation Debt Service

<u>Fiscal Year June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2019	\$ 2,354,000	\$ 1,287,880	\$ 3,641,880
2020	2,745,000	1,119,043	3,864,043
2021	2,773,000	1,059,701	3,832,701
2022	6,534,000	945,853	7,479,853
2023	2,079,000	858,840	2,937,840
2024	2,160,000	806,398	2,966,398
2025	2,196,515	751,518	2,948,033
2026	2,221,000	694,663	2,915,663
2027	2,168,000	639,005	2,807,005
2028	2,208,000	582,231	2,790,231
2029	2,069,000	524,159	2,593,159
2030	1,652,000	470,375	2,122,375
2031	1,696,000	416,178	2,112,178
2032	1,752,000	357,104	2,109,104
2033	1,804,000	295,562	2,099,562
2034	1,646,000	233,954	1,879,954
2035	1,387,316	169,948	1,557,264
2036	1,441,477	113,773	1,555,251
2037	1,056,820	64,223	1,121,043
2038	1,093,386	21,649	1,115,035
Total	<u>\$ 43,036,515</u>	<u>\$11,412,056</u>	<u>\$ 54,448,571</u>

Rhode Island Infrastructure Bank Sewer Revenue Bond Debt Service

Fiscal Year			Total
June 30,	Principal	Interest	Debt Service
2019	\$ 2,262,000	\$ 561,697	\$ 2,823,697
2020	2,287,000	511,865	2,798,865
2021	2,311,000	459,997	2,770,997
2022	2,340,000	406,207	2,746,207
2023	2,370,000	350,478	2,720,478
2024	2,422,000	292,719	2,714,719
2025	1,356,000	249,779	1,605,779
2026	1,389,000	221,747	1,610,747
2027	775,000	196,977	971,977
2028	767,000	176,157	943,157
2029	793,000	154,445	947,445
2030	716,000	132,481	848,481
2031	741,000	110,256	851,256
2032	768,000	86,967	854,967
2033	796,000	62,581	858,581
2034	824,000	37,766	861,766
2035	848,000	12,715	860,715
Total	\$ 23,765,000	\$ 4,024,834	\$ 27,789,834

Authorized But Unissued Debt

The following table sets forth the amounts, purposes and statutorily authorized but unissued general obligation debt of the Town.

Chapter/ Section or Ordinance No.	Year	Description	Total Authority	Notes Issued	Bonds Issued	Included in This Issue	Unissued
616	1987	Open Space	\$ 2,000,000	\$ -	\$ 850,000	\$ -	\$ 1,150,000
11	1990	Sewer	2,500,000	-	-	-	2,500,000
6	2014	Schools	6,400,000	-	4,000,000	-	2,400,000
2015-11	2015	Senior Center	1,000,000	-	900,000	-	100,000
			<u>\$ 11,900,000</u>	<u>\$ -</u>	<u>\$ 5,750,000</u>	<u>\$ -</u>	<u>\$ 6,150,000</u>

Tax Anticipation Notes

Under Rhode Island law the Town may borrow in each fiscal year, in anticipation of the receipt of the proceeds of the property tax due in such fiscal year, an amount which shall not exceed the total tax levy of the then current fiscal year, or, if no tax levy has yet been made, which does not exceed the tax levy of the next preceding fiscal year. Tax anticipation notes must be payable not later than one year from their date, but notes issued for less than one year may be renewed, provided such renewal notes are payable within one year of the date of the original notes. The Town has not issued tax anticipation notes since 1995.

Debt Ratios and Debt Per Capita

Set forth in the table below are the Town's General Obligation Debt Ratios and Debt Per Capita for the years 2013-2017.

<u>Fiscal Year</u>	<u>Population*</u>	<u>Assessed Valuation</u>	<u>Gross Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Per Capita</u>
2017	29,191	\$ 2,170,184,534	\$ 30,126,015	1.39 %	\$ 1,032.03
2016	29,191	2,079,307,596	27,438,000	1.32	939.95
2015	29,191	2,061,023,812	23,118,000	1.12	791.96
2014	29,191	2,039,000,000	20,653,000	1.00	707.51
2013	29,191	2,233,202,511	22,369,250	1.00	766.31

*Based on 2000 U.S. Census

Capital Improvement Plan

The most recent 10-year Capital Improvement Plan was prepared in late fiscal year 2017 for the fiscal year 2018 budget.

LITIGATION

The Town, its officers and employees are defendants in several lawsuits. In the opinion of Town officials, none of such litigation is likely to result either individually or in the aggregate in final judgments against the Town which would materially affect its ability to meet its debt service obligations.

TOWN OF WEST WARWICK, RHODE ISLAND

By: /s/ Kristen Benoit
Director of Finance

Dated: November 15, 2018

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APPENDIX C-2

Financial Statements of the Town of West Warwick

The Town of West Warwick has filed its audited financial statements for the fiscal year ended June 30, 2017 (the “Town Audited Financial Statements”) with the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access System. The Town Audited Financial Statements are hereby incorporated by reference into this Official Statement as part of APPENDIX C. Copies of the Town Audited Financial Statements may be accessed online at emma.msrb.org. Copies of the Town Audited Financial Statements are also available by contacting the Bank at 235 Promenade Street, Suite 119, Providence, Rhode Island 02908, telephone: (401) 453-4430, fax: (401) 453-4094.

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APPENDIX D

Proposed Form of Bond Counsel Opinion

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PROPOSED FORM OF BOND COUNSEL OPINION



Date of Delivery

Rhode Island Infrastructure Bank
235 Promenade Street, Suite 119
Providence, Rhode Island 02908

Re: \$18,310,000 Rhode Island Infrastructure Bank Efficient Buildings Fund Revenue Bonds,
Series 2018 A (Green Bonds)

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of the \$18,310,000 Efficient Buildings Fund Revenue Bonds, Series 2018 A (Green Bonds) (the “Bonds”) of the Rhode Island Infrastructure Bank (the “Bank”).

The Bonds are dated November 29, 2018 and bear interest from such date payable on April 1 and October 1 of each year, commencing April 1, 2019. The Bonds are issued by means of a book-entry system evidencing ownership and transfer of the Bonds on the records of The Depository Trust Company and its participants and will mature on the dates and in the principal amounts, will bear interest at the respective rates per annum, and are subject to redemption as set forth in the Bonds.

The Bonds are issued under and pursuant to the Rhode Island Infrastructure Bank Act, constituting Chapter 12.2 of Title 46 of the Rhode Island General Laws, as amended (the “Act”), and under and in accordance with an Indenture of Trust (the “Master Indenture”), dated as of November 1, 2018, between the Bank and U.S. Bank National Association, as trustee (the “Trustee”), as supplemented by the First Supplemental Indenture of Trust dated as of November 1, 2018 (the Master Indenture as so supplemented, is hereinafter referred to as the “Indenture”).

The Bonds are payable, in part, as to principal and interest from and are secured by a lien on and a pledge of the Loan Agreements (the “Loan Agreements”) between the Bank and certain public bodies (the “Borrowers”) and of certain bonds or notes (the “Borrower Bonds”) issued pursuant to each respective Loan Agreement. Each Borrower Bond has been delivered to the Bank accompanied by an opinion of bond counsel to each respective Borrower relative to the validity and tax exempt status of that Borrower Bond and the Borrower’s obligation under the Loan Agreement relating thereto.

In rendering the opinions set forth herein, we have made a review of such legal proceedings as we have deemed necessary to approve the legality and validity of the Bonds and relied upon representations of the Bank and the Borrowers contained in the Indenture and Loan Agreements, respectively, the certified proceedings and other certifications furnished to us by the Bank or the Borrowers without undertaking to verify the same by independent investigation. In rendering the opinions set forth herein, we have not been requested to examine any document or financial or other information concerning the Bank, the Borrowers, the Borrower Bonds or any Project (each as defined in the applicable Loan Agreement) other than the record of proceedings referred to above and we express no opinion as to the accuracy, adequacy or sufficiency of any financial or other information which has been or will be supplied to purchasers of the Bonds. Capitalized terms used herein and not otherwise defined shall have the meanings as set forth in the Indenture.

Based upon the foregoing, it is our opinion that:

1. The Bank is a body politic and corporate, constituting a public instrumentality, and is duly created and validly existing under the laws of the State of Rhode Island and Providence Plantations (the "State"), including, particularly, the Act. The Bank has the right and lawful authority to issue the Bonds for the purpose of loaning the proceeds of the Bonds to the Borrowers to finance the costs of the Projects as contemplated by the Loan Agreements and the Indenture, to receive and pledge the revenues and receipts derived from the Borrower Bonds in accordance with the terms of the Loan Agreements and as provided in the Indenture and to secure the Bonds in the manner contemplated by the Indenture.

2. The Bank has the right and power pursuant to the Act to enter into and perform its obligations under the Indenture. The Indenture has been duly authorized, executed and delivered on behalf of the Bank, is in full force and effect and constitutes the valid, binding and enforceable obligation of the Bank.

3. The Bank has the right and power pursuant to the Act to enter into and perform its obligations under the Loan Agreements. The Loan Agreements have been duly authorized, executed and delivered on behalf of the Bank, are in full force and effect and constitute valid, binding and enforceable agreements of the Bank.

4. The Bonds have been duly authorized, executed, delivered and issued by the Bank in accordance with the Indenture and the laws of the State. The Bonds are valid and binding special obligations of the Bank, secured by the Indenture (to the extent provided therein), and the Bonds are payable as to principal and interest from, and are secured by a valid lien on and pledge of, the Borrower Bonds and the payments by the Borrowers of principal and interest on the Borrower Bonds and other moneys held by the Trustee under the Indenture and available therefor under the terms of the Indenture, all in the manner provided in the Indenture. The Bonds are enforceable in accordance with their terms and the terms of the Indenture and are entitled to the benefits of the Act and the Indenture.

5. We have examined executed Bond No. R-1 and, in our opinion, the form of such Bond and its execution are regular and proper.

6. The Internal Revenue Code of 1986 (the “Code”) sets forth certain requirements which must be met subsequent to the issuance and delivery of the Bonds for interest thereon to be and remain excluded from gross income for Federal income tax purposes. Noncompliance with such requirements could cause the interest on the Bonds to be included in gross income for Federal income tax purposes retroactive to the date of issue of the Bonds. Pursuant to the Indenture, the Loan Agreements and a Tax Certificate as to Arbitrage and the provisions of Sections 103 and 141-150 of the Internal Revenue Code of 1986 (the “Tax Certificate”), the Bank and the Borrowers have covenanted, to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the Bonds from gross income for Federal income tax purposes pursuant to Section 103 of the Code. In addition, the Bank and the Borrowers have made certain representations and certifications in the Indenture, the Loan Agreements and the Tax Certificate. We have not independently verified the accuracy of those representations and certifications.

Under existing law, assuming compliance with the tax covenants described herein and the accuracy of aforementioned representations and certifications, interest on the Bonds is excluded from gross income for Federal income tax purposes under Section 103 of the Code. We are also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code.

The Bonds, their transfer and the income therefrom, including any profit made on the sale thereof, are exempt from taxation by and within the State; although the Bonds, their transfer and the income therefrom, including any profit made on the sale thereof, may be included in the measure of State estate taxes and certain State corporate and business taxes. We express no opinion as to other State or local tax consequences arising with respect to the Bonds nor as to the taxability of the Bonds or the income therefrom under the laws of any state other than the State.

Except as stated in the preceding three paragraphs, we express no opinion as to any other Federal, state or local tax consequences of the ownership or disposition of the Bonds. Furthermore, we express no opinion as to any Federal, state or local tax law consequences with respect to the Bonds, or the interest thereon, if any action is taken with respect to the Bonds or the proceeds thereof upon the advice or approval of other counsel.

Obligations of the Bank, including the Bonds, are subject to bankruptcy, insolvency, reorganization and similar laws affecting the rights and remedies of creditors and the availability of the remedy of specific enforcement or of injunctive relief is subject to the discretion of the court before which any proceedings therefor may be brought.

Very truly yours,

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APPENDIX E

Form of Continuing Disclosure Certificates

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APPENDIX E-1

Form of Bank Continuing Disclosure Certificate

This Continuing Disclosure Certificate (the “Certificate”) is made as of the ____ day of _____, 2018 by the Rhode Island Infrastructure Bank (the “Bank”) acting by its undersigned officer, duly authorized, in connection with the issuance by the Bank of the \$18,310,000 Efficient Buildings Fund Revenue Bonds, Series 2018 A (Green Bonds) dated as of the date of delivery (the “Bonds”), for the benefit of the beneficial owners from time to time of the Bonds.

Section 1. Definitions. For purposes of this Certificate, the following capitalized terms shall have the following meanings:

“**EMMA**” shall mean the Electronic Municipal Market Access System, the web-site created by the MSRB and approved by the SEC that is accessible at www.emma.msrb.org where beginning July 1, 2009 municipal issuers and obligated persons are required to file continuing disclosure information under the Rule.

“**Final Official Statement**” means the official statement of the Bank, dated November 15, 2018, prepared in connection with the Bonds.

“**Indenture**” means the Indenture of Trust dated as of November 1, 2018, between the Bank and U.S. Bank National Association, as Trustee, as supplemented to the date hereof.

“**MSRB**” means the Municipal Securities Rulemaking Board established under the Securities Act of 1933, as amended, or any successor thereto.

“**Obligated Person**” means any entity who, as a result of outstanding Loans from the Bank is obligated by contract or otherwise to repay at least twenty percent (20%) of the debt service on all outstanding Bonds of the Bank issued under the Indenture.

“**Repository**” means any nationally recognized municipal securities information repository recognized by the SEC from time to time, which, as of the date of this Certificate, means only the MSRB through the operation of EMMA.

“**Rule**” means Rule 15c2-12 under the Securities Exchange Act of 1934, as of the date of this Certificate.

“**SEC**” means the Securities Exchange Commission of the United States, or any successor thereto.

Capitalized terms used herein and not otherwise defined shall have the meaning as set forth in the Indenture.

Section 2. Annual Financial Information.

(a) The Bank agrees to provide, or cause to be provided, to the Repository through EMMA, in accordance with the provisions of the Rule and of this Certificate, annual financial information and operating data each fiscal year as follows:

(1) Audited financial statements of the Bank and any Obligated Person with respect to the Bonds, prepared in accordance with generally accepted accounting principles, with certain exceptions required or permitted by Rhode Island law, commencing with the fiscal year ending June 30, 2018.

(2) To the extent not included in the financial statements described in (1) above, annual financial information and operating data of the type presented in the Final Official Statement prepared in connection with the Bonds and such other financial information and operating data as may be required to comply with the Rule, commencing with the fiscal year ending June 30, 2018; provided, however, that references to the Final Official Statement for the Bonds as a means of identifying such financial information and operating data shall not prevent the Bank from reorganizing such material in subsequent official statements or annual information reports.

(b) The financial statements and other financial information and operating data described above will be provided on or before nine (9) months after the close of the fiscal year for which such information is being provided. The Bank's fiscal year currently ends on June 30.

(c) Annual financial information and operating data may be provided in whole or in part by cross-reference to other documents previously provided to the Repository through EMMA. If the document to be cross-referenced is a final official statement, it must be available from the Repository through EMMA. All or a portion of the financial information and operating data may be provided in the form of a comprehensive annual financial report or an annual information statement.

Section 3. Material Events.

The Bank agrees to provide or cause to be provided, within ten (10) business days after the occurrence thereof, to the Repository through EMMA, notice of the occurrence of any of the following events with respect to the Bonds:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions or the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax-exempt status of the Bonds;
- (g) modifications to rights of holders of the Bonds, if material;
- (h) Bond calls, if material;
- (i) Bond defeasances;
- (j) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (k) rating changes;
- (l) tender offers;

(m) bankruptcy, insolvency, receivership or similar event of the Bank or the Obligated Person;*

(n) the consummation of a merger, consolidation, or acquisition involving the Bank or the Obligated Person or the sale of all or substantially all of the assets of the Bank or the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions other than pursuant to its terms, if material; and

(o) appointment of a successor or additional trustee or the change of name of a trustee, if material.

The Bank from time to time may choose to provide notice of the occurrence of certain other events, in addition to those listed above, if, in the judgment of the Bank, such other event is material with respect to the Bonds but the Bank does not undertake or commit to provide any such notice of the occurrence of any material event except those listed above.

Section 4. Notice of Failure to Provide Annual Financial Information.

The Bank agrees to provide or cause to be provided, in a timely manner, to the Repository through EMMA, notice of any failure by the Bank or any Obligated Person to provide annual financial information as set forth in Section 2(a) hereof on or before the date set forth in Section 2(b) hereof.

Section 5. Objective Criteria.

(a) The objective criteria for identifying Obligated Persons with respect to the Bonds shall be based upon a determination by the Bank at the time of sale of each issue of bonds pursuant to the Indenture of the level of participation of each Borrower in all outstanding issues of bonds by the Bank under the Indenture. Any Borrower obligated to pay, from time to time, twenty percent (20%) or more of the total outstanding debt service due on all bonds issued by the Bank under the Indenture shall be an Obligated Person with respect to the Bonds as long as such Borrower remains obligated to pay at least twenty (20%) percent of all debt service for bonds issued pursuant to the Indenture. The Bank's Loan Agreement with each Borrower provides that to the extent a Borrower becomes an Obligated Person with respect to the Bonds, it agrees to provide the Bank with the information necessary to enable the Bank to comply with the Rule as in effect from time to time.

(b) The Bank shall use its best efforts to (i) cause each Obligated Person, if any, to enter into a Borrower Continuing Disclosure Certificate in the form set forth in APPENDIX E of

* 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 Bank or the Obligated Person in a proceeding under the U. S. Bankruptcy Code or in any proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Bank or the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority or (ii) the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Bank or Obligated Person.

the Final Official Statement, or (ii) otherwise provide the continuing disclosure for such Obligated Person as contemplated hereby and by the Loan Agreement.

Section 6. **Use of Agents.**

Annual financial information and operating data and notices to be provided pursuant to this Certificate may be provided by the Bank or by any agents which may be employed by the Bank for such purpose from time to time.

Section 7. **Termination.**

The obligations of the Bank under this Certificate shall terminate upon the earlier of (i) payment at maturity or otherwise, of all of the Bonds, or (ii) such time as the Bank ceases to be an Obligated Person with respect to the Bonds within the meaning of the Rule.

Section 8. **Enforcement.**

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

Section 9. **Contact Person.**

The Bank's Executive Director, or such official's designee from time to time, shall be the contact person on behalf of the Bank from whom the foregoing information, data and notices may be obtained. The name, address and telephone number of the initial contact person is Jeffrey R. Diehl, 235 Promenade Street, Suite 119, Providence, Rhode Island 02908, Telephone (401) 453-4430.

Section 10. **Miscellaneous.**

(a) The Bank shall have no obligation to provide any information, data or notices other than as set forth in this Certificate; provided however, nothing in this Certificate shall be construed as prohibiting the Bank from providing such additional information, data or notices from time to time as it deems appropriate in connection with the Bonds. If the Bank elects to provide any such additional information, data or notices, the Bank shall have no obligation under this Certificate to update or continue to provide further additional information, data or notices of the type so provided.

(b) The intent of the Bank's undertaking in this Certificate is to provide on a continuing basis the information described in the Rule. The provisions of the Certificate may be amended by the Bank without the consent of, or notice to, any beneficial owners of the Bonds, (a) to comply

with or conform to the provisions of the Rule or any amendments thereto or authoritative interpretations thereof by the SEC or its staff (whether required or optional), (b) to add a dissemination agent for the information required to be provided by such undertakings and to make any necessary or desirable provisions with respect thereto, (c) to add to the covenants of the Bank for the benefit of the beneficial owners of Bonds, (d) to modify the contents, presentation and format of the annual financial information from time to time as a result of a change in circumstances that arises from a change in legal requirements, or (e) to otherwise modify the undertakings in a manner consistent with the provisions of state legislation responding to the requirements of the Rule concerning continuing disclosure; provided, however, that in the case of any amendment pursuant to clause (d) or (e), (i) the undertaking, as amended, would have complied with the requirements of the Rule at the time of the offering of the Bonds, after taking into account any amendments or authoritative interpretations of the Rule, as well as any change in circumstances, and (ii) the amendment does not materially impair the interests of the beneficial owners of the Bonds, as determined either by a party unaffiliated with the Bank (such as bond counsel), or by the vote or consent of beneficial owners of a majority in outstanding principal amount of the Bonds affected thereby at or prior to the time of such amendment. Furthermore, to the extent that the Rule, as in effect from time to time, or any replacement thereof no longer requires the Bank to provide all or any portion of the information the Bank has agreed to provide pursuant to the Certificate, the obligation of the Bank to provide such information also shall cease immediately.

(c) This Certificate shall be governed by the laws of the State of Rhode Island.

(d) This Certificate may be executed in any number of counterparts, each of which shall be deemed an original, but such counterparts, shall together constitute but one and the same instrument.

RHODE ISLAND INFRASTRUCTURE BANK

By: _____
Executive Director

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APPENDIX E-2

FORM OF WEST WARWICK CONTINUING DISCLOSURE CERTIFICATE

Borrower Continuing Disclosure Certificate

This Continuing Disclosure Certificate (the “Certificate”) is made as of the ____ day of _____, 2018 by the Town of West Warwick (the “Borrower”) acting by its undersigned officers, duly authorized, in connection with the issuance by the Rhode Island Infrastructure Bank (the “Bank”) of its \$18,310,000 Efficient Buildings Fund Revenue Bonds, Series 2018 A (Green Bonds) dated as of the date of delivery (the “Bonds”), for the benefit of the beneficial owners from time to time of the Bonds.

Section 1. Definitions. For purposes of this Certificate, the following capitalized terms shall have the following meanings:

“**EMMA**” shall mean the Electronic Municipal Market Access System, the web-site created by the MSRB and approved by the SEC that is accessible at www.emma.msrb.org where beginning July 1, 2009 municipal issuers and obligated persons were required to file continuing disclosure information under the Rule.

“**Final Official Statement**” means the official statement of the Bank, dated November 15, 2018, prepared in connection with the Bonds.

“**Indenture**” means the Indenture of Trust dated as of November 1, 2018, between the Bank and U.S. Bank National Association, as Trustee, as supplemented to the date hereof.

“**MSRB**” means the Municipal Securities Rulemaking Board established under the Securities Act of 1933, as amended, or any successor thereto.

“**Objective Criteria**” means any Borrower who, as a result of outstanding loans from the Bank under the Efficient Buildings Fund, is obligated to pay twenty (20%) percent or more of the total outstanding debt service due on all bonds issued by the Bank under the Indenture.

“**Repository**” means any nationally recognized municipal securities information repository recognized by the SEC from time to time, which, as of the date of this Certificate, means only the MSRB through the operation of EMMA.

“**Rule**” means Rule 15c2-12 under the Securities Exchange Act of 1934, as of the date of this Certificate.

“**SEC**” means the Securities Exchange Commission of the United States, or any successor thereto.

Capitalized terms used herein and not otherwise defined shall have the meaning as set forth in the Indenture.

Section 2. Annual Financial Information.

(a) The Borrower agrees to provide, or cause to be provided, directly or through the Bank to the Repository through EMMA, in accordance with the provisions of the Rule and of this Certificate, annual financial information and operating data each fiscal year as follows:

(1) Audited financial statements of the Borrower, prepared in accordance with generally accepted accounting principles, with certain exceptions required or permitted by Rhode Island law, commencing with the fiscal year ending June 30, 2018, provided, however, that if audited financial statements are not then available, unaudited financial statements shall be provided and such audited financial statements shall be filed when they become available.

(2) To the extent not included in the financial statements described in (1) above, annual financial information and operating data for the Borrower of the type presented in the Final Official Statement prepared in connection with the Bonds in APPENDIX C of the Final Official Statement, and such other financial information and operating data as may be required to comply with the Rule, commencing with the fiscal year ending June 30, 2018.

(b) The financial statements and other financial information and operating data described above will be provided on or before nine (9) months after the close of the fiscal year for which such information is being provided. The Borrower's fiscal year currently ends on June 30.

(c) Annual financial information and operating data may be provided in whole or in part by cross-reference to other documents previously provided to the Repository through EMMA. If the document to be cross-referenced is a final official statement, it must be available from the Repository through EMMA. All or a portion of the financial information and operating data may be provided in the form of a comprehensive annual financial report or an annual information statement.

Section 3. Notice of Failure to Provide Annual Financial Information.

The Borrower agrees to provide or cause to be provided, in a timely manner, to the Repository through EMMA, notice of any failure by the Borrower to provide annual financial information as set forth in Section 2(a) hereof on or before the date set forth in Section 2(b) hereof.

Section 4. Use of Agents.

Annual financial information and operating data and notices to be provided pursuant to this Certificate may be provided by the Borrower or by any agents which may be employed by the Borrower for such purpose from time to time.

Section 5. Termination.

The obligations of the Borrower under this Certificate shall terminate upon the earlier of (i) payment at maturity or otherwise, of all of the Bonds, or (ii) such time as the Borrower ceases to be an obligated person meeting the Objective Criteria with respect to the Bonds within the meaning of the Rule and the Bank's Continuing Disclosure Certificate with respect to the Bonds.

Section 6. Enforcement.

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

Section 7. Contact Person.

The Borrower's Director of Finance, or such official's designee from time to time, shall be the contact person on behalf of the Borrower from whom the foregoing information, data and notices may be obtained. The name, address and telephone number of the initial contact person is Kristen Benoit, 1170 Main Street, West Warwick, RI, 02893, Telephone (401) 822-9200.

Section 8. Miscellaneous.

(a) The Borrower shall have no obligation to provide any information, data or notices other than as set forth in this Certificate; provided however, nothing in this Certificate shall be construed as prohibiting the Borrower from providing such additional information, data or notices from time to time as it deems appropriate in connection with the Bonds. If the Borrower elects to provide any such additional information, data or notices, the Borrower shall have no obligation under this Certificate to update or continue to provide further additional information, data or notices of the type so provided.

(b) The intent of the Borrower's undertaking in this Certificate is to provide on a continuing basis the information described in the Rule. The provisions of the Certificate may be amended by the Borrower without the consent of, or notice to, any beneficial owners of the Bonds, (a) to comply with or conform to the provisions of the Rule or any amendments thereto or authoritative interpretations thereof by the SEC or its staff (whether required or optional), (b) to add a dissemination agent for the information required to be provided by such undertakings and to make any necessary or desirable provisions with respect thereto, (c) to add to the covenants of the Borrower for the benefit of the beneficial owners of Bonds, (d) to modify the contents, presentation and format of the annual financial information from time to time as a result of a change in circumstances that arises from a change in legal requirements, or (e) to otherwise modify the undertakings in a manner consistent with the provisions of state legislation responding to the requirements of the Rule concerning continuing disclosure; provided, however, that in the case of any amendment pursuant to clause (d) or (e), (i) the undertaking, as amended, would have complied with the requirements of the Rule at the time of the offering of the Bonds, after taking into account any amendments or authoritative interpretations of the Rule, as well as any change in circumstances, and (ii) the amendment does not materially impair the interests of the beneficial owners of the Bonds, as determined either by a party unaffiliated with the Borrower (such as bond counsel), or by the vote or consent of beneficial owners of a majority in outstanding principal

amount of the Bonds affected thereby at or prior to the time of such amendment. Furthermore, to the extent that the Rule, as in effect from time to time, or any replacement thereof no longer requires the Borrower to provide all or any portion of the information the Borrower has agreed to provide pursuant to this Certificate, the obligation of the Borrower to provide such information also shall cease immediately.

(c) This Certificate shall be governed by the laws of the State of Rhode Island.

(d) This Certificate may be executed in any number of counterparts, each of which shall be deemed an original, but such counterparts, shall together constitute but one and the same instrument.

TOWN OF WEST WARWICK

By: _____
Director of Finance

APPENDIX F

Book-Entry-Only System

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APPENDIX F

BOOK-ENTRY-ONLY SYSTEM

The information under this heading has been furnished by The Depository Trust Company (“DTC”), New York, New York. Neither the Bank nor the Underwriter make any representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

DTC, New York, New York, will act as securities depository for the Series 2018 A Bonds. The Series 2018 A Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2018 Bond will be issued for each maturity of Series 2018 A Bonds as shown on the front cover hereof, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2018 A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2018 A Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2018 A Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2018 A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2018 A Bonds, except in the event that use of the book-entry system for the Series 2018 A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2018 A Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2018 A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2018 A Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2018 A Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by

arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2018 A Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Series 2018 A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Series 2018 A Bonds may wish to ascertain that the nominee holding the Series 2018 A Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2018 A Bonds issued are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent to vote with respect to the Series 2018 A Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures DTC mails an Omnibus Proxy to the Bank as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2018 A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2018 A Bonds, and redemption proceeds, will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Bank or the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participants and not of DTC (nor its nominee), the Trustee or the Bank, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such nominee as may be requested by an authorized representative of DTC) is the responsibility of the Bank or the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of the Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2018 A Bonds at any time by giving reasonable notice to the Bank or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, certificated Series 2018 A Bonds are required to be printed and delivered.

The Bank may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, certificated Series 2018 A Bonds will be printed and delivered to DTC.

THE INFORMATION IN THIS APPENDIX F CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE BANK AND THE UNDERWRITER BELIEVE TO BE RELIABLE, BUT THE BANK AND THE UNDERWRITER TAKE NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

THE BANK, THE UNDERWRITER AND THE BOND TRUSTEE WILL HAVE NO RESPONSIBILITY OR OBLIGATION TO SUCH DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEE WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, OR THE INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS.

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APPENDIX G

Green Bond Project Highlights

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APPENDIX G

Green Bond Project Highlights Projects to be Financed or Refinanced with Series 2018 A Bond Proceeds¹

Borrower	Principal Amount of Green Bond Proceeds ²	Project Description	Loan Source ³	Percent of Loan Drawn ⁴
City of Cranston	\$2,106,000	The Cranston project involves the installation of new hot water heating boilers, a new air-cooled chiller, upgraded LED lighting, an energy management system, fan coil units, motors and drives, variable air volume system, energy recovery ventilators, hot water/old water pumps, and unit heaters at Edgewood Highland Elementary School.	BP	100%
Town of North Kingstown	\$935,000	The North Kingstown project involves the conversion of the Town's streetlights to highly-efficient LED lights.	BP	0%
City of Newport	\$1,124,000	The Newport project involves the installation of ground-mounted, roof-mounted, and carport Solar PV systems and roof enhancements at the Newport Water Pollution Control Facility.	BP	52%
City of Providence	\$772,000	The Providence project involves the installation of a replacement boiler, domestic hot water system improvements, wi-fi programmable thermostats, replacement door seals, and the conversion of existing lighting to highly-efficient LED lighting at the Atwells Avenue Fire Station; the installation of a replacement boiler, domestic hot water system improvements, wi-fi programmable thermostats, replacement door seals, and the conversion of existing lighting to highly-efficient LED lighting at the Broad Street Fire Station; the installation of condensing boilers, a domestic hot water heater, a BAC system, the conversion of existing lighting to highly-efficient LED lighting, and fuel conversion from oil to natural gas at the Branch Avenue Fire Station; the installation of replacement exterior doors, the conversion of existing lighting to highly-efficient LED lighting, and fuel conversion from oil to natural gas at the Dexter Street Fire Department Garage; and the installation of a new boiler, a domestic hot water heater, roof insulation, and the conversion of existing lighting to highly-efficient LED lighting, fuel conversion from oil to natural gas, and sealing doors and windows at the Providence Police Academy.	BP	100%

Borrower	Principal Amount of Green Bond Proceeds²	Project Description	Loan Source³	Percent of Loan Drawn⁴
Town of Westerly	\$1,268,000	The Westerly project involves the conversion of the Town's streetlights to highly-efficient LED lights; the installation of attic insulation, dual temperature motor replacements with VFDs, a replacement domestic hot water heater, replacement boiler, insulation to pipes and valves, a temperature setback, weatherization measures, and lighting fixture retrofits, and the conversion of existing lighting to highly-efficient LED lighting at Westerly Town Hall; the conversion of existing lighting to LED lighting at the Westerly Highway Garage; the conversion of existing lighting to highly-efficient LED lighting at the Westerly Police Station; and the installation of a roof-mounted Solar PV system at the Westerly Highway Garage.	BP	100%
Town of West Warwick	\$6,761,000	The West Warwick project involves the conversion of the Town's streetlights to highly-efficient LED lights; the installation of pipe and building insulation, the conversion of existing lighting to LED lighting, and fuel conversion from oil to natural gas at the West Warwick Public Works facility; and the installation of building insulation and variable speed motors and drives; and the conversion of existing lighting to highly-efficient LED lighting at the West Warwick Civic Center. The project also involves the installation of one 1.5-megawatt onshore wind turbine.	BP	98%
Town of West Warwick	\$5,957,000	The West Warwick project involves the installation of a second 1.5-megawatt onshore wind turbine.	BP	100%

¹ The satisfactory completion of the projects, modifications of the projects and other factors may cause loan amounts to vary and the identity of Borrowers to change. Accordingly, the information contained in APPENDIX G is subject to change.

² Amount may include costs of issuance

³ BP – Bond proceeds

⁴ To be updated annually

APPENDIX H

S&P Global Ratings Green Evaluation

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Green Evaluation

Rhode Island Infrastructure Bank Proposed \$19.8 Million Revenue Bonds Series 2018 A

Transaction Overview

Rhode Island Infrastructure Bank (RIIB) Efficient Buildings Fund is proposing to issue \$19.8 million in Efficient Buildings Fund revenue bonds series 2018 A, green bonds. Our Green Evaluation reflects our view of the RIIB's project and financing allocation and oversight. The bond proceeds will be used to refund the RIIB's previously issued 2016 and 2017 Efficient Building Fund bond anticipation notes (BANs) and fund an additional loan. The series, including the refunding of the BANs, will fund energy saving or clean energy projects for municipalities within Rhode Island. In our opinion, this transaction is aligned with the Green Bond Principles (GBP) 2018.

Entity:	Rhode Island Infrastructure Bank
Subsector:	N.A.
Location (HQ):	Rhode Island, USA
Financing value:	\$19.8 million
Amount evaluated:	100%
Evaluation date:	Oct. 31, 2018
Contact:	Lisa Schroeer +1-434-906-6035 Lisa Schroeer @spglobal.com

Green Evaluation Overview

Transaction's Transparency

- Use of proceeds reporting
- Reporting comprehensiveness

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Transaction's Governance

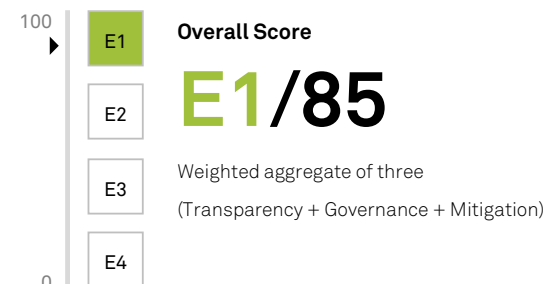
- Management of proceeds
- Impact assessment structure

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Mitigation

Sector	→ Net Benefit Ranking	→ Hierarchy Adjustments
Green Energy	Supplying the grid with low-carbon electricity	Systemic Decarbonization
Green Buildings	Providing energy efficiencies to public buildings	Decarbonization by alleviating emissions in carbon-intensive industries

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Project Description

The proposed Rhode Island Infrastructure Bank's bond issuance will take out BANs and provide an additional loan associated with onshore wind, solar power, HVAC, and LED lighting projects. All funds will finance projects within the state of Rhode Island. After this \$19.8 million issuance, the Efficient Buildings Fund (EBF) will have \$31.8 million in its portfolio of loans to local governments.

The EBF is a result of the work of the Office of Energy Resources (OER) and the RIIB, within the state of Rhode Island. The OER creates plans and programs that support efficient and productive energy use within the state. With these goals, the OER and the Infrastructure Bank have combined efforts to provide loans to support opportunities to conserve energy or produce clean energy through loans to local governmental units. The OER provides programmatic responsibilities, such as evaluating and prioritizing the projects through promulgated regulations that establish a project priority list (PPL) for the EBF. The RIIB provides the financial analysis and mechanism for financing the projects that OER identifies and approves.

After this issuance, the RIIB Efficient Building Fund will have provided loans to 13 local governments, with West Warwick, R.I. receiving the largest loan of about \$13 million. The remaining cities' loans range from less than \$1 million to around \$3.5 million.

We consider all projects funded by series 2018A revenue bonds green technologies under our analysis. Preliminary numbers show the allocation of the for series 2018A funds to be 66% toward green energy projects that supply the grid with low-carbon electricity, with close to 90% of the green energy money focused on onshore wind and the remaining on solar power. The remaining 34% of the portfolio is split among projects that support green building projects for highly efficient HVAC and controls and new LED lighting.

Scoring Summary

This transaction received an E1 Green Evaluation score—the highest on our scale of E1 (highest) to E4 (lowest). The very strong score reflects the excellent Mitigation score of 85, which largely reflects the fact that close to half the proceeds are allocated to green energy projects, with the remaining allocated to green building refurbishment.

The E1 score also reflects the robust Transparency and Governance scores, both of which are strong at 86 and 83, respectively. The Transparency score reflects in part the bank's clear project selection process and required reporting on projects after completion. The separate funds for the project loans and supervision over the allocation of the payments that are carefully tracked for disbursement to the intended renewable or energy saving projects support our Governance score.

Rationale

- The robust Governance score reflects our view of strong oversight of bond proceeds to ensure loans will be used for the pre-approved and pre-identified projects.
- The excellent Transparency assessment reflects both the continued evaluation of the effectiveness of projects for at least five years after the completion of the projects and management's expressed intent to track the effectiveness through the life of the loans, and public disclosure on determining eligibility of projects and selection criteria for proposed projects.
- The very strong Mitigation score demonstrates the selection of projects that rank well within our carbon hierarchy, with a large portion of the proceeds being allocated to green energy, raising the mitigation score that might otherwise be lower if only focused on green building refurbishments.

Key Strengths And Weaknesses

The Rhode Island Infrastructure Bank, EBF series 2018 A are a pool of project loans that the OER has evaluated and selected as priority projects to address energy efficiency within the state.

The pool benefits from an excellent Governance score, reflecting a strong commitment to monitoring the environmental impact of its funded projects. The OER provides a public application for loan requests that outlines the criteria the OER will consider when

evaluating project selection. Projects must be approved by the OER and placed on the PPL prior to the municipal entity requesting a loan. The EBF will not fund projects that the OER has not evaluated. After speaking with management and reviewing guiding documentation, we expect green building projects are compared to industry standards to ensure sufficient efficiency gains. For approved loans, recipients are required to report efficiency measures to the OER for at least five years after completion of the project, though management has expressed the intent to track efficiency through the life of the loans. For the green building projects loan recipients report on the energy saved compared to original baseline energy. Additionally, adding to the loan oversight is the fact that all funds for each project are placed in separate funds, and are allocated only to the identified and approved project, ensuring funds will be spent only on the energy saving or clean energy projects.

The financing also benefits from a very strong Transparency score with proceeds of the loans placed in a separate fund and allocated upon request and after proof of how the money will be spent for the specifically approved projects. Money is tracked until the project is completed at which point the project must undergo a third party inspection of the energy efficiency or the renewable energy project after interconnection. Further enhancing transparency, completed green energy projects must report their energy output while green building projects report energy savings compared to a base line.

The Mitigation score is very strong, however perhaps not quite as strong as might be expected, with roughly 66% of the proceeds allocated to green energy technologies, which are at the top of our carbon mitigation hierarchy. The Mitigation score reflects the mid-range net benefit ranking of solar and wind is lower compared with hydro generation which benefits from a longer asset life and generally higher capacity factors. In addition, the area is considered a mid-range carbon intensity area globally, and therefore the net benefit of additional green energy in the region will not have quite as strong an impact as it would if it were done in a higher carbon-intensive area, though it is still viewed highly favorably. When looking at the energy resource mix of the New England area, which includes Rhode Island,

coal represents a small portion, less than 2%, of the overall energy generation compared with nuclear and renewables, which represent roughly 40%. Nevertheless, the carbon intensity remains mid-range globally since gas still provides the greatest percent of power generation at 48%.

The remaining portion of the issuance is being used for refurbishments of existing government buildings to support upgrades to energy efficient HVAC and LED lighting. We view these projects as supporting decarbonization by alleviating emissions of carbon-intensive industries. We believe refurbishments have less of an impact on carbon reduction than new buildings, in part due to the fact that upgrades--while improving efficiency--are still not as efficient as brand new construction. Additionally, we believe that when the upgrades are completed there may be a rebound consumption effect that offsets some of the efficiency gains.

Second Opinion On Green Bond Principle Alignment

Based on our Transparency score of 86 and Governance score of 83 and that 100% of proceeds have or will be allocated to green projects, we expect this bond to meet the basics of the four pillars of the voluntary GBP given the issuer has committed to:

- Allocating the full amount of the net proceeds of bonds to eligible green projects, as defined by the issuer;
- Using clear “green” criteria (as defined by issuer) to select projects for funding;
- Managing and tracking proceeds (potentially with the use of sub accounts); and
- Committing to regular reporting of environmental impact and use of proceeds.

In our opinion, this transaction is aligned with the Green Bond Principles 2018. A Green Evaluation is a point in time assessment and is not monitored.

Sector level scores

Sector	Location	Technology	Use of Proceeds (mil. US\$)	Use of Proceeds Treatment	Net Benefit Ranking
Green Energy	Rhode Island	Onshore Wind Power Generation	11.6	Actual	60
Green Energy	Rhode Island	Solar Photovoltaic Power Generation	1.5	Actual	40
Green Building	Rhode Island	HVAC	2.4	Actual	80
Green Building	Rhode Island	LED	4.3	Actual	70
			19.8		

Carbon

Green Evaluation Process

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Transparency

83

Governance

85

Mitigation

Weighted aggregate of three
(Transparency + Governance + Mitigation)

E1/85

Overall Score

Technology	Baseline Carbon Intensity	Net Benefit Ranking	→ Carbon Hierarchy Adjustment	Environmental Impact Score	Proceeds (mil. US\$)
<div> <div>High</div> <div></div> <div>Low</div> </div> <div>Rhode Island</div>					
Wind power		60		90	\$11.6
Solar power		40		85	\$1.5
Small hydro					
Large hydro (excluding tropical areas)					
Energy management and control					
Unspecified					
Green transport without fossil fuel combustion					
Green buildings – new build					
Unspecified					
Energy efficient projects (industrial and appliance efficiencies)					
Green transport with fossil fuel combustion					
Green buildings refurbishment		73			
Unspecified					
Nuclear					
Large hydro in tropical areas					
Unspecified					
Coal to natural gas					
Cleaner fuel production					
Cleaner use of coal					
Unspecified					

Increasing Decarbonization Impact

Systemic decarbonization

Significant decarbonization in sectors already aligned with a green economy

Alleviating emissions of existing carbon-intensive industries

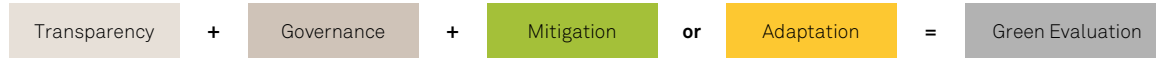
Decarbonization technologies with significant environmental hazards

Improvement of fossil-fueled activities' environmental efficiency

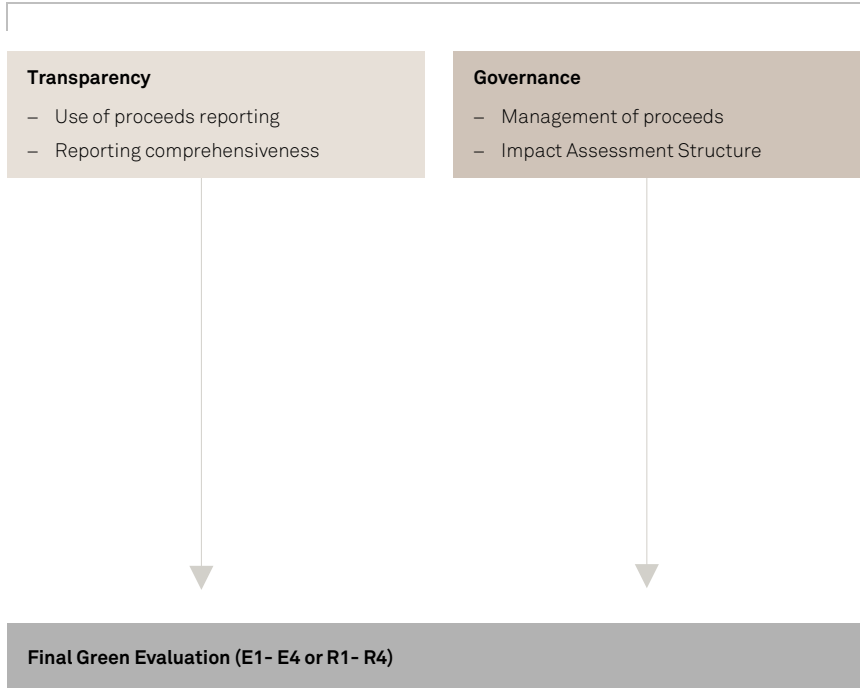
H-5

Our Green Evaluation Approach

Weighted aggregate of three:



Common approach used amongst opinion providers



Unique to S&P Global Ratings



eKPI – Environmental Key Performance Indicator

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