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October 21, 2013

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

*RE: Pawtucket Water Supply Board, Application For Borrowing Authority*

Dear Ms. Massaro:

On behalf of the Pawtucket Water Supply Board, enclosed you will find an original and four copies of an Application for Borrowing Authority. In its application, the Pawtucket Water Supply Board ("PWSB") seeks authority to obtain financing, payable more than twelve (12) months from the date of issue, to issue Water System Revenue Refunding Bonds to refund Water System Revenue Bonds issued in 2003 (2003 Series A and 2003 Series B). The PWSB seeks to issue Refunding Bonds in an amount sufficient to pay the principal of, interest on, and redemption price of, the 2003 Series A and 2003 Series B Bonds, and to pay cost of issuance of the Refunding Bonds. Included in the application package is a copy of the proposed notice to be published in the Providence Journal.

Thank you for your attention to these matters.

Sincerely,



Joseph A. Keough, Jr.

Enclosures

cc: RI Attorney General's Office

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

**IN RE: THE PAWTUCKET WATER SUPPLY BOARD  
APPLICATION FOR BORROWING AUTHORITY**

**DOCKET NO. D-15-**

**OCTOBER 21, 2015**



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

**IN RE: THE PAWTUCKET WATER SUPPLY BOARD:**

**Docket No. D-15-**

**APPLICATION FOR BORROWING AUTHORITY**

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5. Pre-Filed Testimony of Christopher P.N. Woodcock.
6. Appendix.
  - A. Capitalization Schedule.
  - B. Draft of the Loan Agreement.
  - C. Draft of the Ninth Supplemental Indenture.

***EXHIBIT 1***

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

**IN RE: THE PAWTUCKET WATER SUPPLY BOARD**

**Docket No. D-15-**

**APPLICATION FOR BORROWING AUTHORITY**

The Pawtucket Water Supply Board, hereby applies to the Division of Public Utilities and Carriers for authority pursuant to R.I.G.L. § 39-3-15, et. seq., to issue Water System Refunding Revenue Bonds (the "Refunding Bonds") to refund Water System Revenue Bonds issued in 2003 (2003 Series A and 2003 Series B) in order to take advantage of currently prevailing lower interest rates. In support of this application, the Pawtucket Water Supply Board, by its authorized agent, represents that:

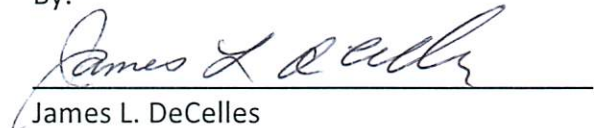
1. The Pawtucket Water Supply Board (the "PWSB"), is an agency of the City of Pawtucket, Rhode Island (the "City"), which owns and operates a Water Supply system (the "System").
2. The PWSB is a regulated utility in the State of Rhode Island.
3. In 2003, the City issued its \$19,340,000 Water Revenue Bonds, 2003 Series A and \$7,655,000 Taxable Water Revenue Bonds, 2003 Series B (collectively the "2003 Bonds") to finance the acquisition of the System from the Pawtucket Public Buildings Authority.
4. The City seeks to refund the 2003 Bonds through the issuance of the Refunding Bonds to take advantage of currently prevailing lower interest rates, which will result in a financial benefit to the City, the PWSB and the ratepayers.
5. The Refunding Bonds issued in connection therewith will be secured by a pledge of the PWSB's revenues.
6. As such, the PWSB seeks to issue evidences of indebtedness, payable more than twelve (12) months from the date of issue, to refund the 2003 Bonds.
7. In accordance with Section 14 of the Division of Public Utilities and Carriers' Rules of Practice and Procedure, written testimony and supporting exhibits are attached hereto, including the written testimony of James L. DeCelles, Maureen E. Gurghigian and Christopher P.N. Woodcock.
8. In accordance with Section 14 of the Division of Public Utilities and Carriers' Rules of Practice and Procedure, a copy of this application has been filed with the Rhode Island

Office of Attorney General.

Wherefore, the Pawtucket Water Supply Board respectfully requests that the Division of Public Utilities and Carriers authorize and consent to the issuance of Refunding Bonds in an amount sufficient to pay the principal of, interest on, and redemption price of, the 2003 Series A and 2003 Series B Bonds, and to pay cost of issuance of the Refunding Bonds. The Pawtucket Water Supply Board further requests that the Division of Public Utilities and Carriers grant all other relief it deem meet and just.

THE PAWTUCKET WATER  
SUPPLY BOARD,

By:



James L. DeCelles

Chief Engineer

85 Branch Street

Pawtucket, RI 02860

STATE OF RHODE ISLAND

COUNTY OF PROVIDENCE

In Pawtucket, RI on the 21st day of October, 2015, before me personally appeared James L. DeCelles to me known and known by me to be the party executing the foregoing instrument, and he acknowledged said instrument, by him executed, to be his free act and deed and the free act and deed of the Pawtucket Water Supply Board.

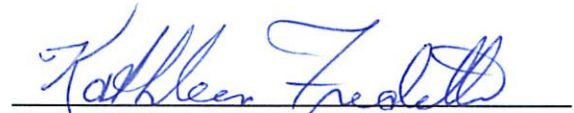


NOTARY PUBLIC

JOSEPH A. KEOUGH JR.  
NOTARY PUBLIC  
STATE OF RHODE ISLAND  
MY COMMISSION EXPIRES 3-19-2019

CERTIFICATION

I, the undersigned, hereby certify that I mailed a true copy of the within to The Office of Rhode Island Attorney General on the 21<sup>st</sup> day of October, 2015.



***EXHIBIT 2***

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

**IN RE: THE PAWTUCKET WATER  
SUPPLY BOARD**

:

**Docket No. D-15-**

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

Notice is hereby given that on October 21, 2015, pursuant to the Rhode Island General Law §39-3-15, §39-3-17, §39-3-18 and Section 14 of the Rhode Island Division of Public Utilities and Carriers' Rules of Practice and Procedure, the Pawtucket Water Supply Board filed with the Division of Public Utilities and Carriers ("Division") an Application For Borrowing Authority to obtain financing, payable more than twelve (12) months from the date of issue to issue Water System Revenue Refunding Bonds to refund Water System Revenue Bonds issued in 2003 (2003 Series A and 2003 Series B) to take advantage of currently prevailing lower interest rates, which will result in a financial benefit to the Pawtucket Water Supply Board and its ratepayers. The borrowing will be secured by a pledge of the Pawtucket Water Supply Board's revenues. The Application seeks authority to issue Refunding Bonds in an amount sufficient to pay the principal of, interest on, and redemption price of, the 2003 Series A and 2003 Series B Bonds, and to pay cost of issuance of the Refunding Bonds.

A hearing on the proposal will be held at the Division of Public Utilities and Carriers, 89 Jefferson Boulevard, Warwick, Rhode Island on November 11, 2015 at 10 a.m. The hearing may continue thereafter from day to day and time to time as required. At this hearing, the Division will consider the propriety of the Pawtucket Water Supply Board's Application For Borrowing Authority. Please note that the Division is accessible to the handicapped, and that individuals requesting interpreter services for the hearing impaired must contact the Clerk seventy-two hours in advance of the hearing.

A copy of the application is on file for examination at the Pawtucket Water Supply Board, 85 Branch Street, Pawtucket, Rhode Island and at the offices of the Division of Public Utilities and Carriers, 89 Jefferson Boulevard, Warwick, Rhode Island. A copy of the filing was also provided to the Rhode Island Attorney General's Department, Consumer Division.

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

Thomas F. Ahern, Administrator



***EXHIBIT 3***



**PREFILED TESTIMONY**

**Of**

**JAMES L. DECELLES  
CHIEF ENGINEER  
PAWTUCKET WATER SUPPLY BOARD**

**For**

**THE PAWTUCKET WATER SUPPLY BOARD**

**APPLICATION FOR BORROWING AUTHORITY**

**RHODE ISLAND DIVISION OF PUBLIC UTILITIES AND CARRIERS**

**Docket NO. D-15-**

1 **Q. Please provide your full name, title and business address for the record.**

2 A. James L. DeCelles, P.E., Chief Engineer, Pawtucket Water Supply Board, 85 Branch  
3 Street, Pawtucket, RI 02860

4

5 **Q. How long have you been employed the Pawtucket Water Supply Board?**

6 A. I was hired as Assistant Chief Engineer on March 14, 2005, I assumed the duties of  
7 Acting Chief Engineer in February 2006, and I became Chief Engineer as of June 20,  
8 2007.

9

10 **Q. What are your responsibilities at the Pawtucket Water Supply Board?**

11 A. I serve as the general manager of the Pawtucket Water Supply Board (PWSB), which  
12 includes water supply, treatment, and distribution systems. The Pawtucket Water  
13 Supply Board serves a population of approximately 99,167 in the City of Pawtucket, the  
14 City of Central Falls, and the Valley Falls section of the Town of Cumberland.

15

16 **Q. Can you provide a brief description of your previous work experience?**

17 A. From May 1988 to February 1990, I worked for the Rhode Island Department of  
18 Environmental Management Division of Water Resources as a Junior Sanitary Engineer  
19 responsible for design review and construction management. From 1990 to 2000 I held  
20 the position of Water and Sewer Superintendant for the Town of North Smithfield. As  
21 the Superintendant, I was responsible for the complete operation and maintenance of  
22 the water and wastewater systems for the Town of North Smithfield. From 2000 to  
23 2005, I was the Utilities Manager for the Town of North Attleboro, Massachusetts, and  
24 was responsible for the management of the water and wastewater systems for the  
25 Town.

26

27 **Q. What is your educational background?**

28 A. I hold a Masters Degree in Civil Engineering from Worcester Polytechnic Institute and  
29 a BS in Environmental Engineering Technology from Norwich University.

1    **Q. Do you have any professional affiliations?**

2    A. I am a registered professional engineer in the State of Rhode Island and a member of  
3    the Rhode Island Water Works Association, American Water Works Association, the  
4    New England Water Works Association, and American Public Works Association. For the  
5    New England Water Works Association, I am a member of the Financial Management  
6    Committee and a member of the Program and Legislative Committees, as well as the  
7    Executive Board for the Rhode Island Water Works Association. I am also a member of  
8    the American Society of Civil Engineers.

9

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

11   A. To support the Pawtucket Water Supply Board's Application For Borrowing Authority  
12   to issue Water System Refunding Revenue Bonds (the "Refunding Bonds") through the  
13   Rhode Island Infrastructure Bank, the successor agency to the Rhode Island Clean Water  
14   Finance Agency to refund Water System Revenue Bonds issued in 2003 (2003 Series A  
15   and 2003 Series B) to take advantage of currently prevailing lower interest rates. The  
16   PWSB seeks authority for the issuance of the Refunding Bonds in an amount sufficient to  
17   pay the principal of, interest on, and redemption price of, the 2003 Series A and 2003  
18   Series B Bonds, and to pay cost of issuance of the Refunding Bonds

19

20   **Q. Please describe this refunding borrowing in greater detail.**

21   A. In 2003, the City of Pawtucket issued \$19,340,000 in Water Revenue Bonds (2003  
22   Series A), and \$7,655,000 in Taxable Water Revenue Bonds (2003 Series B) (collectively  
23   the "2003 Bonds"). The 2003 Bonds were issued in conjunction with the PWSB's  
24   financing of its new water treatment plant and distribution system rehabilitation. The  
25   PBA held title to many of the PWSB's assets, and the PWSB had to acquire title to the  
26   assets and defease the PBA's debt before it could obtain funding for the new treatment  
27   plant and distribution system rehabilitation

28

1 The PWSB seeks to “refinance” the 2003 Bonds with the Refunding Bonds that have  
2 lower interest rates. This is the same concept as refinancing a mortgage whereby one  
3 repayment stream is replaced with another, lower cost, repayment stream. It is my  
4 understanding that the PWSB will save approximately \$3.7million dollars in total, with  
5 net present value savings of approximately \$2.37 million. These savings will result in a  
6 financial benefit to the PWSB and its ratepayers. Maureen Gurghigian provides greater  
7 detail about this refunding borrowing in her testimony.

8  
9 **Q. Do these borrowings have any unusual features that may have a significant impact**  
10 **on the Division’s ability to regulate the PWSB?**

11 A. No, to my knowledge there are not. It is also my understanding that the Division has  
12 approved similar applications filed by other utilities seeking authority to refund existing  
13 debt.

14  
15 **Q. Does this complete your testimony?**

16 A. Yes, it does.

***EXHIBIT 4***

**RHODE ISLAND DIVISION OF PUBLIC UTILITIES AND CARRIERS**

**Docket NO. D-15-**

**PREFILED TESTIMONY**

**Of**

**Maureen E. Gurghigian  
Managing Director  
First Southwest Company**

**For**

**The Pawtucket Water Supply Board  
Application For Borrowing Authority**

**PRE-FILED TESTIMONY OF**  
**MAUREEN E. GURGHIGIAN**

**Q: Please state your name and business address.**

A: My name is Maureen E. Gurghigian, and I am a Managing Director at First Southwest Company's Lincoln, Rhode Island office.

**Q: Please describe your education and experience.**

A: I hold a Masters Degree in business administration from the University of Rhode Island. I am a registered Municipal Principal with the Municipal Securities Rulemaking Board, holding the following licenses: Series 52, Series 53 and Series 63. Prior to joining First Southwest in 2001, I worked in public finance for Fleet Bank and/or Fleet Securities for sixteen years. From 1993 through 2000, I served as Manager of New England Investment Banking at Fleet Securities, Inc. Before joining Fleet, I spent eight years in Rhode Island State Government, including four years as Director of the Governor's Policy Office under then Governor J. Joseph Garrahy.

**Q. Can you describe First Southwest Company and the types of services that it provides?**

A. Since 1946, First Southwest Company has served as financial advisor to many municipal issuers such as schools, cities, airports, hospitals, sports complexes, water and wastewater authorities and districts and toll roads. Currently the firm serves more than 2,000 municipalities and agencies, including more than 400 in New England.

**Q: Can you please describe your duties at First Southwest Company.**

A: I provide financial advisory services to issuers of municipal debt, primarily in the State of Rhode Island. Annually, I am involved in more than 20 publicly offered



1 bond issues. In addition, I have supervisory responsibility for First Southwest's  
2 involvement with borrowings by the State of Rhode Island, numerous public  
3 agencies and approximately 30 Rhode Island municipalities. Our office assists  
4 clients with the origination of more than \$800 million in public financing issues on  
5 average each year.

6  
7 **Q: Have you previously testified before the Public Utilities Commission and Division**  
8 **of Public Utilities And Carriers on rate related matters?**

9 A: Yes, I have provided testimony before the Public Utilities Commission and the  
10 Division of Public Utilities and Carriers ("Division") on behalf of the Narragansett  
11 Bay Commission, Woonsocket Water Division, Pawtucket Water Supply Board and  
12 the City of Newport, Water Division.

13  
14 **Q: Please describe your role in this proceeding.**

15 A: I am providing assistance to the Pawtucket Water Supply Board ("PWSB") and its  
16 financing team for the proposed debt issuance through the Rhode Island  
17 Infrastructure Bank ("RIIB") formerly the Rhode Island Clean Water Finance  
18 Agency. The PWSB asked me to provide information on the debt service  
19 requirements for its proposed borrowing, and to respond to questions related to  
20 its Application for Borrowing Authority.

21  
22 **Q: Please discuss the PWSB's financing plans.**

23 A. PWSB is proposing to refinance the outstanding principal of its Series 2003 A&B  
24 bonds (the "2003 Bonds") with a refunding bond issue (the "Refunding" or  
25 "Refunding Bonds") to take advantage of lower interest rates and lower debt  
26 service requirements. I have been asked to provide detail concerning the PWSB's  
27 proposed refunding bond issue. First Southwest Company has performed  
28 preliminary analysis to determine the estimated debt service required to repay the  
29 issue and projected savings resulting from the Refunding.

1 **Q. Can you explain how the financing will work for the proposed Refunding Bonds?**

2 A. Yes. The 2003 Bonds were not eligible for the State Revolving Fund subsidized  
3 interest rates and were issued on a conduit basis by the Rhode Island Clean Water  
4 Finance Agency. The 2003 Series B bonds were taxable. Further, the 2003 bonds  
5 were amortized from years 21 to 30 to wrap their debt service around the PWSB's  
6 20 year subsidized debt to smooth out debt service. The Refunding bonds will have  
7 a similar amortization and a portion will be taxable. The Rhode Island  
8 Infrastructure Bank, the successor agency to the Rhode Island Clean Water Finance  
9 Agency, will issue the Refunding Bonds on behalf of PWSB on a conduit basis.

10  
11 Currently the Refunding is projected to refinance approximately \$19,340,000 of  
12 the remaining principal of the 2003 Series A Bonds and approximately \$7,655,000  
13 of the remaining principal of the 2003 Series B Bonds for a total of \$26,995,000.  
14 The average interest rate on the 2003 Bonds is approximately 5.28%.

15  
16 In the current market the Refunding bond par amount would total approximately  
17 \$24,795,000 based upon a market premium of approximately \$2,947,903 and  
18 transfer of the Debt Service Reserve Fund Deposits from both 2003 Bond issues of  
19 approximately \$2,569,230 resulting in total projected sources of funds of  
20 approximately \$30,307,141.

21  
22 Currently the projected use of bond proceeds is broken down as follows:

23	<b><i>Deposit to Refunding Escrow Funds</i></b>	<b><i>\$27,351,575</i></b>
24	<b><i>Estimated Costs of Issuance</i></b>	<b><i>\$350,000</i></b>
25	<b><i>Debt Service Reserve Fund</i></b>	<b><i>\$2,479,500</i></b>
26	<b><i>Projected Underwriters Discount</i></b>	<b><i>\$126,066</i></b>
27	<b><i>Total</i></b>	<b><i>\$30,307,141</i></b>

1 The deposit to the Escrow Fund will be invested in U.S. Government Securities to  
2 pay the cost of redeeming the 2003 Bonds approximately 30 days after closing.  
3 It should be noted that current market rates and expected difference between  
4 coupons or stated interest rates and investor yields would result in payment of a  
5 premium to the PWSB. Therefore, the Refunding is currently projected to be  
6 slightly lower in par value than we would expect under different market  
7 conditions. Bond premiums occur when investors pay a purchase price for bonds  
8 that is higher than the face amount. It is purely market driven and the result is  
9 that a lower par amount (or principal amount) needs to be borrowed. Since that  
10 variable could change, it is recommended that the maximum par amount  
11 authorized be \$27,000,000.

12

13 **Q: What interest rate assumptions have been made in determining this sizing?**

14 A: Market Rates for municipal bonds as of September 21, 2015 have been assumed  
15 for the current analysis. These rates ranged from coupons of 2.00% to 5.50% and  
16 yields of 0.70% to 5.445% for bonds maturing from 2025 to 2035. The all in True  
17 Interest Cost ("TIC"), after consideration of a premium paid by investors is  
18 currently projected at approximately 4.47%. This compares to an average  
19 interest cost of 5.28% on the 2003 Bonds. To permit a refinancing to move  
20 forward should market conditions change, the maximum TIC we would  
21 recommend the Division approve is 4.6%.

22

23 **Q: What is the expected debt service on these bonds?**

24 A: Approximate annual debt service would range from \$1.33 to \$2.995 million in  
25 the current market based upon the original principal amortization. This  
26 compares to a range of \$1.42 to \$3.23 million on the 2003 Bonds. Total savings  
27 are projected at approximately \$3.7 million over the life of the issue, which  
28 represents about \$2.37 million in net present value savings or more than 8% of  
29 the refunded principal. The State of Rhode Island and many municipal issuers

1 use a minimum threshold of 3% net present value savings for advance refundings  
2 because tax laws limit issuers to one advance refunding for each issue of tax  
3 exempt debt. Although this financing is a current refunding rather than an  
4 advance refunding, that threshold is still a good standard to apply.  
5

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

7 A: This borrowing is expected to price in November and close in December 2015.  
8 RICWFA requires that all borrower approvals be in place prior to pricing loans. The  
9 expected pricing date is on or about November 16, 2015. Therefore, Division  
10 approval in early November would put the PWSB in position to meet the RI  
11 Infrastructure Bank schedule.  
12

13 **Q. Have any other documents been enclosed in this filing?**

14 A. Yes. Attached to my testimony are the projected debt service schedules (MG-1).

15 Enclosed in the appendix to this filing are the following documents:

- 16 1. PWSB's Capitalization Schedule;  
17 2. A draft of the Loan Agreement with the RI Infrastructure Bank; and,  
18 3. A draft of the Ninth Supplemental Indenture.  
19

20 **Q: Please describe the rate impact of the financing.**

21 A: As set forth in the testimony of Christopher Woodcock, the Refunding is projected  
22 to lower debt service, and PWSB's current rates appear to be sufficient to provide  
23 for payment and coverage on this borrowing.  
24

25 **Q: Are there any unusual features of the borrowing that may have a significant  
26 impact upon the Division's ability to regulate the utility?**

27 A: No, to the best of my knowledge, there are not.  
28  
29

1    **Q:    Does this complete your testimony?**

2    A:    Yes it does.

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## SOURCES AND USES OF FUNDS

City of Pawtucket, RI  
Revenue Refunding Bonds, Series 2015 A&B  
Exhibit MG-1  
'A' Current Market Rates are as of 9/21/2015 + 50bps  
Preliminary/Subject to Change

Dated Date                    12/02/2015  
Delivery Date                12/02/2015

Sources:	Revenue Refunding Bonds, Series 2015A (Tax-Exempt)	Revenue Refunding Bonds, Series 2015B (Taxable)	Total
<b>Bond Proceeds:</b>			
Par Amount	17,160,000.00	7,635,000.00	24,795,000.00
Premium	<u>2,947,903.80</u>		<u>2,947,903.80</u>
	20,107,903.80	7,635,000.00	27,742,903.80
<b>Other Sources of Funds:</b>			
2003A DSRF	1,798,737.22		1,798,737.22
2003B DSRF		<u>765,500.00</u>	<u>765,500.00</u>
	<u>1,798,737.22</u>	765,500.00	2,564,237.22
	21,906,641.02	8,400,500.00	30,307,141.02
<b>Uses:</b>	Revenue Refunding Bonds, Series 2015A (Tax-Exempt)	Revenue Refunding Bonds, Series 2015B (Taxable)	Total
<b>Refunding Escrow Deposits:</b>			
Cash Deposit	19,581,750.00	7,769,825.00	27,351,575.00
<b>Other Fund Deposits:</b>			
Debt Service Reserve Fund	1,996,545.07	482,954.93	2,479,500.00
<b>Delivery Date Expenses:</b>			
Cost of Issuance	242,226.26	107,773.74	350,000.00
Underwriter's Discount	<u>85,800.00</u>	<u>38,175.00</u>	<u>123,975.00</u>
	328,026.26	145,948.74	473,975.00
<b>Other Uses of Funds:</b>			
Additional Proceeds	319.69	1,771.33	2,091.02
	21,906,641.02	8,400,500.00	30,307,141.02

## SAVINGS

City of Pawtucket, RI  
Revenue Refunding Bonds, Series 2015 A&B  
Exhibit MG-1  
'A' Current Market Rates are as of 9/21/2015 + 50bps  
Preliminary/Subject to Change

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 12/02/2015 @ 4.3160202%
06/30/2016	713,150.00	440,482.96	272,667.04	268,845.36
06/30/2017	1,426,300.00	1,332,553.50	93,746.50	89,524.33
06/30/2018	1,426,300.00	1,332,553.50	93,746.50	85,782.01
06/30/2019	1,426,300.00	1,332,553.50	93,746.50	82,196.13
06/30/2020	1,426,300.00	1,332,553.50	93,746.50	78,760.15
06/30/2021	1,426,300.00	1,332,553.50	93,746.50	75,467.80
06/30/2022	1,426,300.00	1,332,553.50	93,746.50	72,313.07
06/30/2023	1,426,300.00	1,332,553.50	93,746.50	69,290.22
06/30/2024	1,426,300.00	1,332,553.50	93,746.50	66,393.74
06/30/2025	1,426,300.00	1,332,553.50	93,746.50	63,618.33
06/30/2026	3,237,275.00	2,993,983.00	243,292.00	159,315.12
06/30/2027	3,231,700.00	2,989,099.50	242,600.50	152,289.61
06/30/2028	3,235,675.00	2,993,297.75	242,377.25	145,852.41
06/30/2029	3,233,800.00	2,991,298.00	242,502.00	139,887.29
06/30/2030	3,235,800.00	2,992,824.50	242,975.50	134,356.28
06/30/2031	3,236,275.00	2,992,615.50	243,659.50	129,155.45
06/30/2032	3,234,975.00	2,994,233.50	240,741.50	122,307.01
06/30/2033	3,236,500.00	2,997,263.50	239,236.50	116,494.40
06/30/2034	3,240,300.00	2,997,756.50	242,543.50	113,202.92
06/30/2035	3,236,100.00	2,995,437.50	240,662.50	107,661.69
06/30/2036	3,238,500.00	2,994,895.50	243,604.50	104,455.34
	49,146,750.00	45,366,169.21	3,780,580.79	2,377,168.63

Savings Summary

PV of savings from cash flow	2,377,168.63
Less: Prior funds on hand	-2,564,237.22
Plus: Refunding funds on hand	2,481,591.02
Net PV Savings	2,294,522.43



## NET DEBT SERVICE

City of Pawtucket, RI  
Revenue Refunding Bonds, Series 2015 A&B  
Exhibit MG-1  
'A' Current Market Rates are as of 9/21/2015 + 50bps  
Preliminary/Subject to Change

Period Ending	Principal	Interest	Total Debt Service	Debt Service Reserve Fund	Net Debt Service
06/30/2016		440,482.96	440,482.96		440,482.96
06/30/2017		1,332,553.50	1,332,553.50		1,332,553.50
06/30/2018		1,332,553.50	1,332,553.50		1,332,553.50
06/30/2019		1,332,553.50	1,332,553.50		1,332,553.50
06/30/2020		1,332,553.50	1,332,553.50		1,332,553.50
06/30/2021		1,332,553.50	1,332,553.50		1,332,553.50
06/30/2022		1,332,553.50	1,332,553.50		1,332,553.50
06/30/2023		1,332,553.50	1,332,553.50		1,332,553.50
06/30/2024		1,332,553.50	1,332,553.50		1,332,553.50
06/30/2025		1,332,553.50	1,332,553.50		1,332,553.50
06/30/2026	1,705,000	1,288,983.00	2,993,983.00		2,993,983.00
06/30/2027	1,790,000	1,199,099.50	2,989,099.50		2,989,099.50
06/30/2028	1,890,000	1,103,297.75	2,993,297.75		2,993,297.75
06/30/2029	1,990,000	1,001,298.00	2,991,298.00		2,991,298.00
06/30/2030	2,100,000	892,824.50	2,992,824.50		2,992,824.50
06/30/2031	2,215,000	777,615.50	2,992,615.50		2,992,615.50
06/30/2032	2,340,000	654,233.50	2,994,233.50		2,994,233.50
06/30/2033	2,475,000	522,263.50	2,997,263.50		2,997,263.50
06/30/2034	2,615,000	382,756.50	2,997,756.50		2,997,756.50
06/30/2035	2,760,000	235,437.50	2,995,437.50		2,995,437.50
06/30/2036	2,915,000	79,895.50	2,994,895.50	2,479,500	515,395.50
	24,795,000	20,571,169.21	45,366,169.21	2,479,500	42,886,669.21

## SUMMARY OF REFUNDING RESULTS

City of Pawtucket, RI  
Revenue Refunding Bonds, Series 2015 A&B  
Exhibit MG-1  
'A' Current Market Rates are as of 9/21/2015 + 50bps  
Preliminary/Subject to Change

Dated Date	12/02/2015
Delivery Date	12/02/2015
Arbitrage yield	4.316020%
Escrow yield	0.000000%
Value of Negative Arbitrage	
Bond Par Amount	24,795,000.00
True Interest Cost	4.358174%
Net Interest Cost	4.657596%
All-In TIC	4.478535%
Average Coupon	5.398710%
Average Life	15.368
Weighted Average Maturity	15.369
Par amount of refunded bonds	26,995,000.00
Average coupon of refunded bonds	5.284937%
Average life of refunded bonds	15.358
Remaining weighted average maturity of refunded bonds	15.354
PV of prior debt to 12/02/2015 @ 4.316020%	30,120,072.43
Net PV Savings	2,294,522.43
Percentage savings of refunded bonds	8.499805%

## BOND SUMMARY STATISTICS

City of Pawtucket, RI  
Revenue Refunding Bonds, Series 2015 A&B  
Exhibit MG-1  
'A' Current Market Rates are as of 9/21/2015 + 50bps  
Preliminary/Subject to Change

Dated Date	12/02/2015
Delivery Date	12/02/2015
First Coupon	04/01/2016
Last Maturity	10/01/2035
Arbitrage Yield	4.316020%
True Interest Cost (TIC)	4.358174%
Net Interest Cost (NIC)	4.657596%
All-In TIC	4.478535%
Average Coupon	5.398710%
Average Life (years)	15.368
Duration of Issue (years)	10.849
Par Amount	24,795,000.00
Bond Proceeds	27,742,903.80
Total Interest	20,571,169.21
Net Interest	17,747,240.41
Bond Years from Dated Date	381,038,625.00
Bond Years from Delivery Date	381,038,625.00
Total Debt Service	45,366,169.21
Maximum Annual Debt Service	2,997,756.50
Average Annual Debt Service	2,287,690.28
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	5.000000
Total Underwriter's Discount	5.000000
Bid Price	111.389106

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Series B (Taxable)	3,625,000.00	100.000	4.742%	12.472	3,372.45
Series A (Tax-Exempt)	17,160,000.00	117.179	5.500%	15.378	21,438.90
Term Bond 2035	4,010,000.00	100.000	5.440%	17.939	4,812.00
	24,795,000.00			15.368	29,623.35

	TIC	All-In TIC	Arbitrage Yield
Par Value	24,795,000.00	24,795,000.00	24,795,000.00
+ Accrued Interest			
+ Premium (Discount)	2,947,903.80	2,947,903.80	2,947,903.80
- Underwriter's Discount	-123,975.00	-123,975.00	
- Cost of Issuance Expense		-350,000.00	
- Other Amounts			
Target Value	27,618,928.80	27,268,928.80	27,742,903.80
Target Date	12/02/2015	12/02/2015	12/02/2015
Yield	4.358174%	4.478535%	4.316020%

## BOND PRICING

City of Pawtucket, RI  
Revenue Refunding Bonds, Series 2015 A&B  
Exhibit MG-1  
'A' Current Market Rates are as of 9/21/2015 + 50bps  
Preliminary/Subject to Change

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Premium (-Discount)
<b>Series A (Tax-Exempt):</b>						
	10/01/2025	1,170,000	5.500%	3.470%	116.781	196,337.70
	10/01/2026	1,230,000	5.500%	3.590%	117.008	209,198.40
	10/01/2027	1,305,000	5.500%	3.680%	117.324	226,078.20
	10/01/2028	1,375,000	5.500%	3.770%	117.465	240,143.75
	10/01/2029	1,450,000	5.500%	3.860%	117.442	252,909.00
	10/01/2030	1,535,000	5.500%	3.950%	117.265	265,017.75
	10/01/2031	1,625,000	5.500%	4.020%	117.203	279,548.75
	10/01/2032	1,715,000	5.500%	4.080%	117.161	294,311.15
	10/01/2033	1,815,000	5.500%	4.130%	117.162	311,490.30
	10/01/2034	1,915,000	5.500%	4.180%	117.082	327,120.30
	10/01/2035	2,025,000	5.500%	4.220%	117.074	345,748.50
		<u>17,160,000</u>				<u>2,947,903.80</u>
<b>Series B (Taxable):</b>						
	10/01/2025	535,000	4.260%	4.260%	100.000	
	10/01/2026	560,000	4.460%	4.460%	100.000	
	10/01/2027	585,000	4.650%	4.650%	100.000	
	10/01/2028	615,000	4.780%	4.780%	100.000	
	10/01/2029	650,000	4.950%	4.950%	100.000	
	10/01/2030	680,000	5.010%	5.010%	100.000	
		<u>3,625,000</u>				
<b>Term Bond 2035:</b>						
	10/01/2031	715,000	5.440%	5.440%	100.000	
	10/01/2032	760,000	5.440%	5.440%	100.000	
	10/01/2033	800,000	5.440%	5.440%	100.000	
	10/01/2034	845,000	5.440%	5.440%	100.000	
	10/01/2035	890,000	5.440%	5.440%	100.000	
		<u>4,010,000</u>				
		<u>24,795,000</u>				<u>2,947,903.80</u>

Dated Date	12/02/2015	
Delivery Date	12/02/2015	
First Coupon	04/01/2016	
Par Amount	24,795,000.00	
Premium	2,947,903.80	
Production	27,742,903.80	111.889106%
Underwriter's Discount	-123,975.00	-0.500000%
Purchase Price	27,618,928.80	111.389106%
Accrued Interest		
Net Proceeds	27,618,928.80	

**SOURCES AND USES OF FUNDS**

**City of Pawtucket, RI  
Revenue Refunding Bonds, Series 2015A (Tax-Exempt)  
Exhibit MG-1**

Rates are estimates and are subject to change with market movement  
Preliminary/Subject to Change

Dated Date	12/02/2015
Delivery Date	12/02/2015

**Sources:**

<b>Bond Proceeds:</b>	
Par Amount	17,160,000.00
Premium	2,947,903.80
	<u>20,107,903.80</u>
<b>Other Sources of Funds:</b>	
2003A DSRF	1,798,737.22
	<u>21,906,641.02</u>

**Uses:**

<b>Refunding Escrow Deposits:</b>	
Cash Deposit	19,581,750.00
<b>Other Fund Deposits:</b>	
Debt Service Reserve Fund	1,996,545.07
<b>Delivery Date Expenses:</b>	
Cost of Issuance	242,226.26
Underwriter's Discount	85,800.00
	<u>328,026.26</u>
<b>Other Uses of Funds:</b>	
Additional Proceeds	319.69
	<u>21,906,641.02</u>

## SAVINGS

City of Pawtucket, RI  
Revenue Refunding Bonds, Series 2015A (Tax-Exempt)  
Exhibit MG-1

Rates are estimates and are subject to change with market movement  
Preliminary/Subject to Change

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 12/02/2015 @ 4.3160202%
06/30/2016	483,500.00	311,978.33	171,521.67	169,117.63
06/30/2017	967,000.00	943,800.00	23,200.00	22,155.11
06/30/2018	967,000.00	943,800.00	23,200.00	21,228.98
06/30/2019	967,000.00	943,800.00	23,200.00	20,341.56
06/30/2020	967,000.00	943,800.00	23,200.00	19,491.24
06/30/2021	967,000.00	943,800.00	23,200.00	18,676.46
06/30/2022	967,000.00	943,800.00	23,200.00	17,895.74
06/30/2023	967,000.00	943,800.00	23,200.00	17,147.66
06/30/2024	967,000.00	943,800.00	23,200.00	16,430.85
06/30/2025	967,000.00	943,800.00	23,200.00	15,744.00
06/30/2026	2,288,125.00	2,081,625.00	206,500.00	135,573.20
06/30/2027	2,283,750.00	2,075,625.00	208,125.00	130,951.51
06/30/2028	2,285,875.00	2,080,912.50	204,962.50	123,588.16
06/30/2029	2,284,250.00	2,077,212.50	207,037.50	119,639.17
06/30/2030	2,283,750.00	2,074,525.00	209,225.00	115,865.96
06/30/2031	2,284,125.00	2,077,437.50	206,687.50	109,688.51
06/30/2032	2,285,125.00	2,080,537.50	204,587.50	104,045.18
06/30/2033	2,286,500.00	2,078,687.50	207,812.50	101,276.33
06/30/2034	2,288,000.00	2,081,612.50	206,387.50	96,383.04
06/30/2035	2,284,500.00	2,079,037.50	205,462.50	91,943.27
06/30/2036	2,285,750.00	2,080,687.50	205,062.50	87,928.89
	34,326,250.00	31,674,078.33	2,652,171.67	1,555,112.46

Savings Summary

PV of savings from cash flow	1,555,112.46
Less: Prior funds on hand	-1,798,737.22
Plus: Refunding funds on hand	1,996,864.76
Net PV Savings	1,753,240.00

**SUMMARY OF REFUNDING RESULTS**

**City of Pawtucket, RI  
Revenue Refunding Bonds, Series 2015A (Tax-Exempt)  
Exhibit MG-1**

Rates are estimates and are subject to change with market movement  
Preliminary/Subject to Change

Dated Date	12/02/2015
Delivery Date	12/02/2015
Arbitrage yield	4.316020%
Escrow yield	0.000000%
Value of Negative Arbitrage	
Bond Par Amount	17,160,000.00
True Interest Cost	4.021888%
Net Interest Cost	4.415427%
All-In TIC	4.135948%
Average Coupon	5.500000%
Average Life	15.378
Weighted Average Maturity	15.378
Par amount of refunded bonds	19,340,000.00
Average coupon of refunded bonds	5.000000%
Average life of refunded bonds	15.328
Remaining weighted average maturity of refunded bonds	15.324
PV of prior debt to 12/02/2015 @ 4.316020%	20,960,344.45
Net PV Savings	1,753,240.00
Percentage savings of refunded bonds	9.065357%

## BOND SUMMARY STATISTICS

City of Pawtucket, RI  
Revenue Refunding Bonds, Series 2015A (Tax-Exempt)  
Exhibit MG-1

Rates are estimates and are subject to change with market movement  
Preliminary/Subject to Change

Dated Date	12/02/2015
Delivery Date	12/02/2015
First Coupon	04/01/2016
Last Maturity	10/01/2035
Arbitrage Yield	4.316020%
True Interest Cost (TIC)	4.021888%
Net Interest Cost (NIC)	4.415427%
All-In TIC	4.135948%
Average Coupon	5.500000%
Average Life (years)	15.378
Duration of Issue (years)	10.907
Par Amount	17,160,000.00
Bond Proceeds	20,107,903.80
Total Interest	14,514,078.33
Net Interest	11,651,974.53
Bond Years from Dated Date	263,892,333.33
Bond Years from Delivery Date	263,892,333.33
Total Debt Service	31,674,078.33
Maximum Annual Debt Service	2,081,625.00
Average Annual Debt Service	1,597,236.06
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	5.000000
Total Underwriter's Discount	5.000000
Bid Price	116.678927

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Series A (Tax-Exempt)	17,160,000.00	117.179	5.500%	15.378	21,438.90
	17,160,000.00			15.378	21,438.90

	TIC	All-In TIC	Arbitrage Yield
Par Value	17,160,000.00	17,160,000.00	17,160,000.00
+ Accrued Interest			
+ Premium (Discount)	2,947,903.80	2,947,903.80	2,947,903.80
- Underwriter's Discount	-85,800.00	-85,800.00	
- Cost of Issuance Expense		-242,226.26	
- Other Amounts			
Target Value	20,022,103.80	19,779,877.54	20,107,903.80
Target Date	12/02/2015	12/02/2015	12/02/2015
Yield	4.021888%	4.135948%	4.316020%



## BOND PRICING

**City of Pawtucket, RI  
Revenue Refunding Bonds, Series 2015A (Tax-Exempt)  
Exhibit MG-1**

**Rates are estimates and are subject to change with market movement  
Preliminary/Subject to Change**

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Premium (-Discount)
Series A (Tax-Exempt):						
	10/01/2025	1,170,000	5.500%	3.470%	116.781	196,337.70
	10/01/2026	1,230,000	5.500%	3.590%	117.008	209,198.40
	10/01/2027	1,305,000	5.500%	3.680%	117.324	226,078.20
	10/01/2028	1,375,000	5.500%	3.770%	117.465	240,143.75
	10/01/2029	1,450,000	5.500%	3.860%	117.442	252,909.00
	10/01/2030	1,535,000	5.500%	3.950%	117.265	265,017.75
	10/01/2031	1,625,000	5.500%	4.020%	117.203	279,548.75
	10/01/2032	1,715,000	5.500%	4.080%	117.161	294,311.15
	10/01/2033	1,815,000	5.500%	4.130%	117.162	311,490.30
	10/01/2034	1,915,000	5.500%	4.180%	117.082	327,120.30
	10/01/2035	2,025,000	5.500%	4.220%	117.074	345,748.50
		17,160,000				2,947,903.80

Dated Date	12/02/2015	
Delivery Date	12/02/2015	
First Coupon	04/01/2016	
Par Amount	17,160,000.00	
Premium	2,947,903.80	
Production	20,107,903.80	117.178927%
Underwriter's Discount	-85,800.00	-0.500000%
Purchase Price	20,022,103.80	116.678927%
Accrued Interest		
Net Proceeds	20,022,103.80	

**SOURCES AND USES OF FUNDS**

**City of Pawtucket, RI  
Revenue Refunding Bonds, Series 2015B (Taxable)  
Exhibit MG-1**

Rates are estimates and are subject to change with market movement  
Preliminary/Subject to Change

Dated Date	12/02/2015
Delivery Date	12/02/2015

**Sources:**

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<b>Bond Proceeds:</b>	
Par Amount	7,635,000.00
<b>Other Sources of Funds:</b>	
2003B DSRF	765,500.00
	<hr/> 8,400,500.00

**Uses:**

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<b>Refunding Escrow Deposits:</b>	
Cash Deposit	7,769,825.00
<b>Other Fund Deposits:</b>	
Debt Service Reserve Fund	482,954.93
<b>Delivery Date Expenses:</b>	
Cost of Issuance	107,773.74
Underwriter's Discount	<hr/> 38,175.00
	145,948.74
<b>Other Uses of Funds:</b>	
Additional Proceeds	1,771.33
	<hr/> 8,400,500.00

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## SAVINGS

City of Pawtucket, RI  
Revenue Refunding Bonds, Series 2015B (Taxable)  
Exhibit MG-1

Rates are estimates and are subject to change with market movement  
Preliminary/Subject to Change

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 12/02/2015 @ 4.3160202%
06/30/2016	229,650.00	128,504.63	101,145.37	99,727.72
06/30/2017	459,300.00	388,753.50	70,546.50	67,369.21
06/30/2018	459,300.00	388,753.50	70,546.50	64,553.03
06/30/2019	459,300.00	388,753.50	70,546.50	61,854.57
06/30/2020	459,300.00	388,753.50	70,546.50	59,268.91
06/30/2021	459,300.00	388,753.50	70,546.50	56,791.34
06/30/2022	459,300.00	388,753.50	70,546.50	54,417.33
06/30/2023	459,300.00	388,753.50	70,546.50	52,142.56
06/30/2024	459,300.00	388,753.50	70,546.50	49,962.89
06/30/2025	459,300.00	388,753.50	70,546.50	47,874.33
06/30/2026	949,150.00	912,358.00	36,792.00	23,741.93
06/30/2027	947,950.00	913,474.50	34,475.50	21,338.09
06/30/2028	949,800.00	912,385.25	37,414.75	22,264.25
06/30/2029	949,550.00	914,085.50	35,464.50	20,248.12
06/30/2030	952,050.00	918,299.50	33,750.50	18,490.32
06/30/2031	952,150.00	915,178.00	36,972.00	19,466.94
06/30/2032	949,850.00	913,696.00	36,154.00	18,261.83
06/30/2033	950,000.00	918,576.00	31,424.00	15,218.07
06/30/2034	952,300.00	916,144.00	36,156.00	16,819.87
06/30/2035	951,600.00	916,400.00	35,200.00	15,718.41
06/30/2036	952,750.00	914,208.00	38,542.00	16,526.45
	14,820,500.00	13,692,090.88	1,128,409.12	822,056.17

Savings Summary

PV of savings from cash flow	822,056.17
Less: Prior funds on hand	-765,500.00
Plus: Refunding funds on hand	484,726.26
Net PV Savings	541,282.43

**SUMMARY OF REFUNDING RESULTS**

**City of Pawtucket, RI  
Revenue Refunding Bonds, Series 2015B (Taxable)  
Exhibit MG-1**

Rates are estimates and are subject to change with market movement  
Preliminary/Subject to Change

Dated Date	12/02/2015
Delivery Date	12/02/2015
Arbitrage yield	4.316020%
Escrow yield	0.000000%
Value of Negative Arbitrage	
Bond Par Amount	7,635,000.00
True Interest Cost	5.195386%
Net Interest Cost	5.203123%
All-In TIC	5.332722%
Average Coupon	5.170536%
Average Life	15.343
Weighted Average Maturity	15.343
Par amount of refunded bonds	7,655,000.00
Average coupon of refunded bonds	6.000000%
Average life of refunded bonds	15.431
Remaining weighted average maturity of refunded bonds	15.431
PV of prior debt to 12/02/2015 @ 4.316020%	9,159,727.98
Net PV Savings	541,282.43
Percentage savings of refunded bonds	7.070966%

## BOND SUMMARY STATISTICS

City of Pawtucket, RI  
Revenue Refunding Bonds, Series 2015B (Taxable)  
Exhibit MG-1

Rates are estimates and are subject to change with market movement  
Preliminary/Subject to Change

Dated Date	12/02/2015
Delivery Date	12/02/2015
First Coupon	04/01/2016
Last Maturity	10/01/2035
Arbitrage Yield	4.316020%
True Interest Cost (TIC)	5.195386%
Net Interest Cost (NIC)	5.203123%
All-In TIC	5.332722%
Average Coupon	5.170536%
Average Life (years)	15.343
Duration of Issue (years)	10.699
Par Amount	7,635,000.00
Bond Proceeds	7,635,000.00
Total Interest	6,057,090.88
Net Interest	6,095,265.88
Bond Years from Dated Date	117,146,291.67
Bond Years from Delivery Date	117,146,291.67
Total Debt Service	13,692,090.88
Maximum Annual Debt Service	918,576.00
Average Annual Debt Service	690,454.23
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	5.000000
Total Underwriter's Discount	5.000000
Bid Price	99.500000

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Series B (Taxable)	3,625,000.00	100.000	4.742%	12.472	3,372.45
Term Bond 2035	4,010,000.00	100.000	5.440%	17.939	4,812.00
	7,635,000.00			15.343	8,184.45

	TIC	All-In TIC	Arbitrage Yield
Par Value	7,635,000.00	7,635,000.00	7,635,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount	-38,175.00	-38,175.00	
- Cost of Issuance Expense		-107,773.74	
- Other Amounts			
Target Value	7,596,825.00	7,489,051.26	7,635,000.00
Target Date	12/02/2015	12/02/2015	12/02/2015
Yield	5.195386%	5.332722%	4.316020%

**BOND PRICING**

**City of Pawtucket, RI**  
**Revenue Refunding Bonds, Series 2015B (Taxable)**  
**Exhibit MG-1**

Rates are estimates and are subject to change with market movement  
Preliminary/Subject to Change

Bond Component	Maturity Date	Amount	Rate	Yield	Price
<b>Series B (Taxable):</b>					
	10/01/2025	535,000	4.260%	4.260%	100.000
	10/01/2026	560,000	4.460%	4.460%	100.000
	10/01/2027	585,000	4.650%	4.650%	100.000
	10/01/2028	615,000	4.780%	4.780%	100.000
	10/01/2029	650,000	4.950%	4.950%	100.000
	10/01/2030	680,000	5.010%	5.010%	100.000
		<u>3,625,000</u>			
<b>Term Bond 2035:</b>					
	10/01/2031	715,000	5.440%	5.440%	100.000
	10/01/2032	760,000	5.440%	5.440%	100.000
	10/01/2033	800,000	5.440%	5.440%	100.000
	10/01/2034	845,000	5.440%	5.440%	100.000
	10/01/2035	890,000	5.440%	5.440%	100.000
		<u>4,010,000</u>			
		<u>7,635,000</u>			

Dated Date	12/02/2015	
Delivery Date	12/02/2015	
First Coupon	04/01/2016	
Par Amount	7,635,000.00	
Original Issue Discount		
Production	7,635,000.00	100.000000%
Underwriter's Discount	-38,175.00	-0.500000%
Purchase Price	7,596,825.00	99.500000%
Accrued Interest		
Net Proceeds	7,596,825.00	

***EXHIBIT 5***



**PREFILED TESTIMONY**

**Of**

**CHRISTOPHER P.N. WOODCOCK**

**For**

**THE PAWTUCKET WATER SUPPLY BOARD**

**APPLICATION FOR BORROWING AUTHORITY**

**RHODE ISLAND DIVISION OF PUBLIC UTILITIES AND  
CARRIERS**

**Docket NO. D-15-**



1 **Introduction**

2 **Q: Please state your name and business address?**

3 A: My name is Christopher P.N. Woodcock and my business address is 18 Increase  
4 Ward Drive, Northborough, Massachusetts 01532.

5  
6 **Q: By whom are you employed and in what capacity?**

7 A: I am the President of Woodcock & Associates, Inc. a consulting firm specializing in  
8 water and wastewater rate and financial studies.

9  
10 **Prior Experience**

11 **Q: Please describe your qualifications and experience.**

12 A: I have undergraduate degrees in Economics and in Civil Engineering from Tufts  
13 University in Medford, Massachusetts. After graduating in 1974, I was employed by  
14 the environmental consulting firm of Camp, Dresser, and McKee Inc. (now CDM-  
15 Smith). For approximately 18 months I worked in the firm's environmental  
16 engineering group performing such tasks as designing water mains, sewer  
17 collection and interception systems, pumping facilities and portions of a wastewater  
18 treatment facility. From approximately January 1976, I worked in the firm's  
19 management and financial consulting services group, gaining increasing  
20 responsibility. At the time of my resignation, I was a corporate Vice President and  
21 appointed the leader of the group overseeing all rate and financial studies. In my  
22 career, I have worked on approximately 500 water and wastewater rate and  
23 financial studies, primarily in the United States, but also for government agencies  
24 overseas. I also have worked on a number of engineering and financial feasibility  
25 studies in support of revenue bond issues, I have drafted and reviewed revenue  
26 bond indentures, and I worked on several valuation studies, capital improvement  
27 financing analyses, and management audits of public works agencies. In addition to  
28 my professional experience I have held elected and appointed positions on  
29 municipal boards overseeing public works functions.

30  
31 **Q: Have you previously testified before state regulatory commissions or courts  
32 on rate related matters?**

33 A: Yes, in addition to testimony in support of water rates submitted to the Rhode Island  
34 Public Utilities Commission, I have provided testimony on rate related matters

1 before utility commissions in Massachusetts, Maine, Connecticut, New York, New  
2 Hampshire, Maryland, Texas, and Alberta, Canada. I have also been retained as an  
3 expert witness on utility rate related matters in proceedings in state courts in  
4 Massachusetts, Michigan, California, Arkansas, Florida, New Jersey, Maryland,  
5 Ohio, Virginia, and Pennsylvania, as well as the Federal Court in Michigan. I have  
6 been selected to several arbitration panels related to disputes over water rates and  
7 charges, I have provided testimony on rate related matters to the Michigan and  
8 Massachusetts legislatures, and I have provided testimony at administrative  
9 hearings on a number of occasions.

10  
11 **Q: Do you belong to any professional organizations or committees?**

12 A: Yes, I am a member of the Water Environment Federation, the Rhode Island Water  
13 Works Association, the Massachusetts Water Works Association, the New England  
14 Water Works Association, and the American Water Works Association. For the  
15 Water Environment Federation, I was a member of the committee that prepared the  
16 manual on Wastewater Rates and Financing. I am past chairman and a current  
17 member of the New England Water Works Association's Financial Management  
18 Committee. In my capacity as Past President of the New England Water Works  
19 Association I also sat on the Board of Directors as well as chairing and sitting on a  
20 number of other administrative committees. For the American Water Works  
21 Association, I am past chairman of the Financial Management Committee and the  
22 Rates and Charges Committee that has prepared the manuals on Revenue  
23 Requirements, Water Rates, Alternative Rate Structures, and Water Rates and  
24 Related Charges. I have been reappointed to and am currently the longest standing  
25 member of the AWWA Rates & Charges Committee. I am currently leading the  
26 preparation of the 7<sup>th</sup> Edition of AWWA's M1 Manual on Water Rates.

27  
28 **Q: Are you the same Christopher Woodcock that has prefiled testimony on**  
29 **behalf of the Pawtucket Water Supply Board in other rate filings?**

30 A: Yes I am.

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**Purpose of Filing**

**Q: Please describe your role in this proceeding.**

A: I am testifying in support of the Application For Borrowing Authority filed with the Division of Public Utilities and Carriers by the Pawtucket Water Supply Board (“PWSB”).

**Q. The Pawtucket Water Supply Board seeks to refund Water System Revenue Bonds issued in 2003. Will this borrowing have any adverse ratepayer impact?**

A. No, in fact the borrowing will save money for the PWSB’s ratepayers.

**Q. Does the PWSB currently have sufficient rates to service this debt?**

A. Yes. The proposed borrowing “refinances” the PWSB’s 2003 Series A and Series B Bonds with Refunding Bonds that have lower interest rates, so the PWSB’s current rates are sufficient to cover the refunding payments.

**Q. Does this conclude your testimony?**

A. Yes it does.

***EXHIBIT 6***

*EXHIBIT A*

PAWTUCKET WATER SUPPLY BOARD  
CAPITALIZATION AS OF 4/30/2015

Long Term Debt:	Due:	Interest Rate:	Actual Outstanding 6/30/2014 (1)	Principal Paid thru 04/30/15	Actual Outstanding as of 04/30/15	Pro-forma Amount
General Obligation Bonds	7/1/2018	4.25% - 5%	149,800	40,000	109,800	109,800
General Obligation Bonds	7/1/2021	4% - 5%	203,089	19,600	183,489	183,489
RICWFA Series 2003A	9/1/2035	5%	19,340,000	0	19,340,000	19,340,000
RICWFA Series 2003B	9/1/2035	6%	7,655,000	0	7,655,000	7,655,000
RICWFA Series 2004A	9/1/2024	0.72% - 3.17%	28,235,000	2,185,000	26,050,000	26,050,000
RICWFA Series 2005A	9/1/2027	1.99% - 3.30%	24,384,000	1,386,000	22,998,000	22,998,000
RICWFA Series 2009A	9/1/2030	0.65% - 3.54%	5,264,000	233,000	5,031,000	5,031,000
RICWFA 2012 Direct Loan	9/1/2031	1.12% - 3.71%	6,904,000	297,000	6,607,000	6,607,000
RICWFA Series 2012A	9/1/2032	0.53% - 3.33%	1,877,000	78,000	1,799,000	1,799,000
RICWFA Series 2013A	9/1/2034	0.37% - 2.83%	8,644,000	1,000	8,643,000	8,643,000
Proposed RICWFA Loan						5,907,000
TOTAL CAPITALIZATION			102,655,889	4,239,600	98,416,289	104,323,289
Total Assets (1)			182,662,262		180,757,948	188,569,262
Debt/Total Assets			56.20%		54.45%	55.32%
Net Utility Plant (1)			152,485,020		143,677,816	152,485,020
Debt/Net Utility Plant			67.32%		68.50%	68.42%

(1) From Audited Balance Sheet amounts from the year ended 6/30/2014.



**EXHIBIT B**

## RHODE ISLAND INFRASTRUCTURE BANK

### LOAN AGREEMENT

This AGREEMENT is entered into on the \_\_\_th day of December, 2015, between the Rhode Island Infrastructure Bank (the "Bank") and the City of Pawtucket, Rhode Island, acting on behalf of itself and its Pawtucket Water Supply Board (the "Borrower") in accordance with an act or acts of the General Assembly of the State of Rhode Island and Providence Plantations and local authorizations (the "Local Bond Act"), more fully described in Exhibit A hereto, and Titles 46-12.2 and 46-12.8 of the Rhode Island General Laws (the "Act") in order to finance, to the extent of the aggregate amount of the loans made hereunder, an approved project (the "Project") described in Exhibit B.

### ARTICLE I THE LOAN

1.1. The Bank agrees to and does hereby loan to the Borrower, and the Borrower agrees to and does hereby borrow from the Bank, in accordance with the terms of this Agreement, the principal sum of [Twenty Seven] Million Dollars [(\$27,000,000)] (the "Loan"), and the Borrower shall repay the Loan, with interest thereon, in annual installments as provided in this Agreement and in the form of the Revenue Bonds, described below. A portion of the proceeds of the Loan shall be disbursed by the Bank to the Borrower, or on its order, on the date hereof in order to finance a project consisting of the repayment of a loan from the Bank to the Borrower (the "Series 2003 Loan") of the proceeds of the Bank's City of Pawtucket, Rhode Island Conduit Issue Water Revenue Bonds, Series 2003 A and City of Pawtucket, Rhode Island Conduit Issue Water Revenue Bonds, Series 2003 B (Federally Taxable), each dated December 30, 2003 (the "Refunded Bank Bonds"), which Series 2003 Loan is evidenced by the Borrower's outstanding Water Revenue Bonds, Series 2003 A and Water Revenue Bonds, Series 2003 B, each dated December 30, 2003 (collectively, the "Refunded Borrower Bonds"). The repayment of the Series 2003 Loan will also effectuate the redemption of the Refunded Borrower Bonds. The Bank, in turn, will use the proceeds of the Borrower's repayment of the Series 2003 Loan to defease and then redeem the Refunded Bank Bonds. The remaining proceeds of the Loan shall be disbursed by the Bank to the Borrower, or on its order, on the date hereof to fund a debt service reserve fund under the City of Pawtucket Trust Indenture (hereinafter defined) (the "Debt Service Reserve Fund") and to pay certain costs of issuance described below. The foregoing uses of the Loan are collectively referred to herein as the "Project." The Project is further described in Exhibit B attached hereto.

1.2. The Loan shall be represented by a bond or bonds of the Borrower (in either case, referred to herein as the "Revenue Bonds") issued under and in accordance with the applicable provisions of the Rhode Island General Laws, the applicable Local Bond Act and the Act and each disbursement shall be noted thereon or otherwise recorded in the records of the Bank. The



Revenue Bonds shall be issued in accordance with the Trust Indenture between the City of Pawtucket and The Bank of New York Mellon Trust Company, N.A., as Successor Trustee (the "City Trustee"), dated December 30, 2003, a First Supplemental Indenture thereto, dated December 30, 2003, a Second Supplemental Indenture thereto, dated March 31, 2004, a Third Supplemental Indenture thereto, dated March 23, 2005, a Fourth Supplemental Indenture thereto, dated November 19, 2009, a Fifth Supplemental Indenture thereto, dated November 4, 2011, a Sixth Supplemental Indenture thereto, dated June 14, 2012, a Seventh Supplemental Indenture thereto, dated May 14, 2013, and an Eighth Supplemental Indenture thereto, dated December \_\_, 2015 (collectively, the "City of Pawtucket Trust Indenture"), which is incorporated herein and attached as Exhibit C hereto. The Revenue Bonds shall be substantially in the form of Exhibit D hereto.

1.3. To fund the Loan, the Bank shall issue its City of Pawtucket, Rhode Island Conduit Issue Refunding Water Revenue Bonds, Series 2015 (the "Bank Bonds") under and pursuant to the City of Pawtucket, Rhode Island Conduit Issue General Bond Resolution adopted December 15, 2003, as supplemented by a First Supplemental Resolution adopted December 15, 2003 (the "Bond Resolution") and to be supplemented by a Second Supplemental Resolution to be adopted on November \_\_, 2015 (the "Second Supplemental Resolution") and together with the Bond Resolution, the "Resolutions") The Revenue Bonds will be pledged and assigned to the Trustee as security for the Bank Bonds. If for any reason the Bank Bonds are not issued on or before December \_\_, 2015, the Borrower may by written notice delivered to the Bank cancel its obligation to borrow funds, accept the Loan or issue the Revenue Bonds hereunder, except to the extent that it may have already done so. Capitalized terms used herein and not otherwise defined shall have the meanings set forth in Exhibit A or in the Resolutions.

1.4. Pursuant to the Resolutions, proceeds of the Bank Bonds equal to the principal amount of the Loan, less: (i) a loan origination fee of one quarter of one percent of the principal amount of the Loan; (ii) the funding of the Debt Service Fund under the City of Pawtucket Trust Indenture; and (iii) payment of certain costs of issuance (collectively, (i), (ii) and (iii) shall constitute the "Loan Closing Fee"), will be delivered to U.S. Bank National Association, in its capacity as trustee for the Bank Bonds and as trustee for the Refunded Bank Bonds (the "Bank Trustee"), pursuant to a Refunding Trust Agreement dated the date hereof, by and between the Bank and the Bank Trustee, for deposit into a Refunding Trust Account (as defined in the Refunding Trust Agreement) for the purpose of repaying the Series 2003 Loan, redeeming the Refunded Borrower Bonds and redeeming the Refunded Bank Bonds. Such deposit or deposits shall constitute the Loan.

## **ARTICLE II THE REVENUE BONDS**

2.1. Payment of principal of and interest on the Loan shall be made by the Borrower in accordance with the terms of the Revenue Bonds and as shown on Exhibit H attached hereto. The Borrower shall also pay to the Bank, as stated in Exhibit H attached hereto, a loan servicing fee (the

“Loan Servicing Fee”) in the amount of one eighth of one percent. The Bank's Loan Servicing Fee may be adjusted from time to time subject to the Resolutions, to reflect additional costs allocable to the administration of the Loan.

2.2. Interest will be calculated on the basis of a 360 day year for the actual number of days elapsed.

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

2.4. Interest shall be paid by the Borrower semi-annually each March 1 and September 1 commencing not later than March 1, 2016.

2.5. The annual installments of principal and interest on the Loan shall be arranged so that the last payment of principal and interest is no later than \_\_\_\_\_.

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

2.7. The Revenue Bonds, when delivered to the Bank shall be in fully marketable form accompanied by documentation in form and substance satisfactory to the Bank including an opinion acceptable in form to the Bank of nationally recognized bond counsel as to the valid authorization, execution, delivery and enforceability of the Revenue Bonds and this Agreement. Said opinion shall include an opinion that the Revenue Bonds are not a private activity bond within the meaning of Section 141 of the Internal Revenue Code of 1986 (as amended), that interest on the Revenue Bond is not included in gross income for federal income taxation purposes, and that interest on the Revenue Bond is not included in gross income for federal income taxation purposes and interest on the Revenue Bond is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income, together with a reliance letter in favor of the Bondholder.

### ARTICLE III PLEDGE AND DEFAULT

3.1. The Revenue Bonds shall constitute a limited obligation of the Borrower, payable

only from Revenues, as that term is defined in the City of Pawtucket Trust Indenture.

3.2. In the event of a default in the prompt and full payment when due of any installment of principal of or interest on a Revenue Bond issued under this Agreement, any Bank funds payable to the Borrower for the Project may be held and treated as collateral security for the payment of the obligations hereunder. Any such funds applied or held shall be treated as additional principal advances under the Loan. In the event of set off, the Bank shall notify the Borrower of said set off and said funds will be applied to the annual payment due.

3.3. No delay or omission on the part of the Bank in exercising any right under the Revenue Bonds or hereunder shall operate as a waiver of such right or of any other right under the Revenue Bonds 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.

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

3.5. If any payment due from the Borrower to the Bank shall not be paid in full when and as due, and provided that the Bank shall have given written notice of or a bill for such payment not earlier than 45 days and not later than 30 days before the same is due, additional interest charges shall be made as a late payment fee which will be charged to the Borrower and due to the Bank. The late payment fee shall be five percent (5%) of the amount of the payment or portion thereof, which is late and will be charged every fifteen days, until the payment in question is received, or such lesser amount as shall be the maximum additional interest permitted by state law. The late payment fee shall not constitute a penalty or liquidated damages but shall constitute interest due on the Revenue Bonds and is intended to compensate the Bank for the costs and expenses incurred by it on account of each late payment, including but not limited to interest costs and accounting expenses.

#### ARTICLE IV REPRESENTATIONS, WARRANTIES AND AGREEMENTS

4.1. The Borrower, as consideration for the making of the Loan by the Bank represents and warrants as follows:

- (i) it is a political subdivision of the State of Rhode Island;
- (ii) it is authorized to enter into this Agreement, to make the loan, to issue the Revenue Bonds and to undertake the Project;
- (iii) the Revenue Bonds have been approved by the division of public utilities, as

required by Rhode Island General Laws §39-3-15;

(iv) the public utilities commission has approved user fees, charges, rates, or assessments which will be sufficient to meet the rate covenant contained in the City Indenture;

(v) the Loan, the Revenue Bonds, this Agreement, and the City of Pawtucket Trust Indenture have each been duly authorized by the appropriate bodies of the Borrower and, when delivered at or prior to the time the Loan is made, will constitute valid and binding obligations, enforceable in accordance with their terms;

(vi) there is no fact that the Borrower has not disclosed to the Bank and the Bondholder in its application for the Loan or otherwise that materially adversely affects the properties, activities, financial condition or economic outlook of the Borrower or its ability to undertake the Project or repay the Loan;

(vii) except as to matters detailed in Exhibit G attached hereto, there is no litigation or other proceedings, pending or threatened, against or affecting the Borrower, in any court or before any government agency that, if decided adversely to the Borrower, would materially adversely affect the properties, activities, financial condition or economic outlook of the Borrower or its ability to undertake the Project or repay the Loan.

(viii) the Borrower is in compliance in all material respects with all laws, ordinances, rules and regulations affecting or relating to the Project.

(ix) the Borrower will use all Loan proceeds disbursed to pay the costs of the Project.

(x) all representations and covenants made in any certificate furnished in connection with the delivery of the Revenue Bonds, including certificates relating to disclosure of material information in connection with the sale of the Bank Bonds and to the tax-exempt nature of interest on the Revenue Bonds are true and correct.

(xi) the Borrower, having made reasonable investigation, represents that it has not taken any action (or failure to take any action) that would: (1) cause the interest payable on the Revenue Bond to be includable in gross income for Federal income tax purposes under the Internal Revenue Code of 1986 (the "Code"); or (2) cause the Revenue Bond to be a "private activity bond," as defined in Section 141 of the Code.

(xii) the Borrower agrees that neither it nor any related party (as defined in Treas. Reg. § 1.150-1(b)) to the Borrower will purchase any Bank Bonds.

## ARTICLE V DISBURSEMENT

5.1. Disbursement of the proceeds of the Bank Bonds shall be made in accordance with Section 1.4 of this Agreement.

## ARTICLE VI EVENTS OF DEFAULT

6.1 In the event that: (i) the Borrower shall fail to make any payment of the principal of, the premium, if any, and interest on all or a portion of the Loan when and as the same shall become due and payable, in accordance with the terms hereof; or (ii) an Event of Default shall occur under the terms of the City of Pawtucket Trust Indenture, such failure or such occurrence shall constitute an Event of Default, without notice or demand of any kind whatsoever.

6.2 In the event that the Borrower shall fail to observe or comply with any other obligation or covenant under this Agreement, or if any other representation or warranty of the Borrower under this 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 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 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 Bonds or the undertaking of the Bank's programs, then such period of thirty days shall be extended for such period, not in excess of six months, as is reasonably necessary for Borrower so acting to cure such failure.

6.3. Upon the occurrence and continuation of an Event of Default, the Bank may take any and all action, at law or in equity, as it may deem appropriate to enforce this Agreement and the Revenue Bonds. In addition and not in limitation of all other rights which it may from time to time have, including, but not limited to, the rights set forth in Section 3.5 of this Agreement, the Bank may, if an Event of Default under Section 6.1 or Section 6.2 has occurred, to the extent permitted by law, declare the entire principal of the Revenue Bond immediately due and payable and exercise its rights under Article III hereof.

## ARTICLE VII COMPLIANCE AND REPORTS

7.1. The Borrower agrees to comply with all State and Federal Requirements with respect to carrying out the Project, including those requirements contained in:

- (i) Federal Safe Drinking Water Act of 1974, including the Safe Drinking Water Act

Amendments of 1996, as amended and supplemented from time to time;

- (ii) 33 U.S.C. 1372, which requires, inter alia, providing in all contracts with contractors and subcontractors funded directly by or assisted in whole or in part with the funding provided under a federal capitalization grant shall pay laborers and mechanics at rates not less than those prevailing on projects of a character similar in the locality as determined by the Secretary of the United States Department of Labor (“DOL”) in accordance with subchapter IV of Chapter 31 of Title 40, United States Code, and as further stated in Exhibit L attached hereto. The Borrower shall include such terms and conditions in any subcontract and lower-tiered transactions, requiring that contractors and subcontractors obtain wage determinations from DOL and comply with DOL guidance and regulations implementing these wage rate requirements;
- (iii) Title 40, CFR Part 34, New Restrictions on Lobbying, including the submission of certification and disclosure forms accordingly;
- (iv) To the extent applicable, the Borrower agrees to be bound by and to comply with, the provisions and requirements of the federal Single Audit Act of 1984 (Pub. L.98-502) Office of Management and Budget (OMB) Circular No. A-133, and updates or revisions, thereto. See Exhibit E for the amount of federal funds allocated to the Loan;
- (v) other Federal legislation or administrative rules applying to activities supported with Federal funds, including those listed in Exhibit F;
- (vi) the Act; and
- (vii) those sections of the Governor's Executive Order 85.4 relating to Minority Business Enterprises and Women's Business Enterprises.

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

7.2. The Borrower will provide the following information to the Bank during the life of the Loan:

- (i) a copy of the annual audited financial statements of the Borrower's water system in accordance with Generally Accepted Government Accounting Standards, annually within 270 days of end of fiscal year.
- (ii) unless included as a part of the annual budget furnished pursuant to item
- (iii) or the audited financial statements furnished pursuant to item (i), an analysis

of operating revenues and expenses, including without limitation, a description of the status of all revenues securing the Revenue Bond and of any operating expenses in excess of budget, annually within 270 days of the end of fiscal year.

(iii) a copy of the annual budget of the Borrower's water system, within fifteen days of its adoption.

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

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

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

(vii) on September 1 of each year, a certification to demonstrate compliance with Section 5.1 (vi) hereof, in the form set forth as Exhibit J or such other form as reasonably determined by the Bank.

(viii) such other information or reports as and when the Bank may reasonably require.

7.3. (i) At the time the Loan is made, the Borrower will be required to make certifications for federal tax purposes as to the ultimate use of Revenue Bond proceeds and the timing of expenditures. In addition, the Borrower Bond may not be a "private activity bond", as defined in Section 141 of the the Code. Borrowers may be required to rebate certain investment profits to the federal government. The Borrower should review these issues with bond counsel in advance of any Loan.

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

7.4 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 Pawtucket Water Supply Board 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 the audited financial statements of the Pawtucket Water Supply Board 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 Revenue 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 Revenue 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 Revenue Bonds.

\* 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.



The Borrower will provide, in a timely manner, to the Bank, notice of a failure to satisfy the requirements of this Section.

The intent of the Borrower undertaking pursuant to this Section is to facilitate the Bank's ability to comply with the requirements of the Rule. Accordingly, the Borrower agrees to provide the Bank with any additional information the Bank may reasonably require in order to comply with the requirements of the Rule, as in effect from time to time.

## ARTICLE VIII MISCELLANEOUS

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

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

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

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

8.5 This Agreement, which may be executed in a number of counterparts, each of which shall be deemed an original, constitutes the entire agreement and understanding between the parties, and supersedes all prior agreements and understandings relating hereto.

RHODE ISLAND  
INFRASTRUCTURE BANK

By: \_\_\_\_\_  
Joseph Dewhirst  
Executive Director

CITY OF PAWTUCKET,  
RHODE ISLAND

By: \_\_\_\_\_  
Name: Donald R. Grebien  
Title: Mayor

By: \_\_\_\_\_  
Name: Joanna L'Heureux  
Title: Director of Finance

Acknowledged by:

PAWTUCKET WATER SUPPLY BOARD

By: \_\_\_\_\_  
Name: James L. DeCelles, P.E.  
Its: General Manager/Chief Engineer

EXHIBIT A  
List of Local Bond Acts

Title

Authorized Amount

## EXHIBIT B

### DESCRIPTION OF THE PROJECT

#### I. NARRATIVE STATEMENT DESCRIBING THE PROJECT.

1. The repayment of the Series 2003 Loan, which is evidenced by the Refunded Borrower Bonds. The repayment of the Series 2003 Loan will also effectuate the redemption of the Refunded Borrower Bonds. The Bank, in turn, will use the proceeds of the Borrower's repayment of the Series 2003 Loan to defease and then redeem the Refunded Bank Bonds.
2. The funding of a debt service reserve fund under the City of Pawtucket Trust Indenture.
3. Payment of certain costs of issuance.

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

- |    |                            |    |
|----|----------------------------|----|
| 1. | Reimbursement:             | \$ |
| 2. | Construction Costs:        | \$ |
| 3. | Costs of Issuance:         | \$ |
| 4. | Capitalized Interest:      | \$ |
| 5. | Refunding                  | \$ |
| 6. | Loan Origination Fee:      | \$ |
| 7. | Debt Service Reserve Fund: | \$ |

#### III. ESTIMATED COMPLETION DATE FOR THE PROJECT: December \_\_, 2015

EXHIBIT C

CITY OF PAWTUCKET TRUST INDENTURE

EXHIBIT D

FORM OF REVENUE BOND

EXHIBIT E  
SOURCE OF LOAN

1. Amount of Direct Loan: \$0
2. Amount of Bonded Loan: \$

SECURITY

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

Revenue Pledge.

## EXHIBIT F

### FEDERAL LAWS AND ADMINISTRATIVE REQUIREMENTS

#### I. Statutes

Age Discrimination Act, Public Law 94-135

Archeological and Historical Preservation Act of 1974, Public Law 93-291

Civil Rights Act of 1964, Public Law 88-352, as amended

Clean Air Act, 42 U.S.C. Sections 306 and 7506(c)

Clean Water Act, 33 U.S.C. 1250, et seq.

Costal Barrier Resources Act, 16 U.S.C. 3501, et seq.

Coastal Zone Management Act of 1972, Public Law 92-583, as amended

Demonstration Cities and Metropolitan Development Act of 1966,  
Public Law 89-754, as amended

Endangered Species Act, 16 U.S.C. 1531, et seq.

Farmland Protection Policy Act, 7 U.S.C. 4201, et seq.

Federal Water Pollution Control Act, Public Law 92-500, as amended

Fish and Wildlife Coordination Act, Public Law 85-624, as amended

National Historic Preservation Act of 1986, Public Law 89-665, as amended

Rehabilitation Act of 1973, Public Law 93-112, as amended

Safe Drinking Water Act, Public Law 92-523, as amended

Uniform Relocation and Real Property Acquisition Policies Act of 1970, Public Law 91-646, as amended



Wild and Scenic Rivers Act, Public Law 90-542, as amended

## II. Executive Orders

E.O. #11246 (Equal Employment Opportunity)

E.O. #11250 (Rehabilitation)

E.O. #1 1593 (Protection and Enhancement of the Cultural Environment)

E.O. #11625 (Women's and Minority Business Enterprise)

E.O. #1 1738 (Administration of the Clean Air Act and the Federal Water Pollution Control Act with Respect to Federal Contracts, Grants or Loans)

E.O. #11914 (Rehabilitation)

E.O. #1 1988 (Floodplain Management)

E.O. #1 1990 (Protection of Wetlands)

E.O. #12138 (Women's and Minority Business Enterprise)

E.O. #12549 (Debarment and Suspension)

## EXHIBIT G

Disclosure of Potential Liability  
and Possibility of Litigation or Other Claims

**EXHIBIT H**

**BORROWER DEBT SERVICE AND FEE SCHEDULE**

## EXHIBIT I

### FORM OF POST-ISSUANCE COMPLIANCE CERTIFICATE

The undersigned is an authorized official of \_\_\_\_\_ (the "Borrower") is a borrower under a loan agreement dated as of \_\_\_\_\_ (the "Loan Agreement") between the Borrower and the Rhode Island Infrastructure Bank (the "Bank"). The loan under the Loan Agreement is represented by a serial bond of the Borrower (the "Revenue/Borrower Bond"). The Loan Agreement and the Revenue/Borrower Bond may be pledged as additional security for certain of the Bank's tax-exempt bonds (the "Bank Bonds").

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

In order for the Bank to determine whether it is in compliance with the provisions of the Code that apply for interest on the Bank Bonds to remain excludable from gross income for Federal tax purposes, the Bank is requesting that the Borrower confirm that it is in compliance with the Federal Tax Requirements.

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

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

Dated:

[BORROWER]

By: \_\_\_\_\_

Name:

Title:

*EXHIBIT C*

NINTH SUPPLEMENTAL INDENTURE

between

CITY OF PAWTUCKET, RHODE ISLAND

and

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., AS  
SUCCESSOR TRUSTEE

Governing the Issuance of

[\$27,000,000] WATER SYSTEM REFUNDING REVENUE BONDS, 2015 SERIES B

Dated: November \_\_, 2015

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## NINTH SUPPLEMENTAL INDENTURE

THIS NINTH SUPPLEMENTAL INDENTURE (the “Indenture”) dated November \_\_, 2015 is made by and between the CITY OF PAWTUCKET, RHODE ISLAND (the “Issuer” or the “City”), a municipal corporation organized and existing under the laws of the State of Rhode Island, THE PAWTUCKET WATER SUPPLY BOARD, an instrumentality of the City, and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as successor trustee (the “Trustee”), a trust company duly organized and validly existing under the laws of the United States of America authorized to exercise corporate trust powers:

### W I T N E S S E T H :

WHEREAS, the Issuer and the Trustee, as successor to J.P. Morgan Trust Company, National Association, have entered into a Trust Indenture dated December 30, 2003 (the “Indenture”); and

WHEREAS, the Issuer and the Trustee, as successor to J.P. Morgan Trust Company, National Association, have entered into a First Supplemental Indenture dated December 30, 2003 (the “First Supplemental Indenture”) pursuant to which the Issuer issued its \$19,340,000 Water Revenue Bonds, 2003 Series A and its \$7,655,000 Water Taxable Revenue Bonds, 2003 Series B (collectively, the “2003 Series Bonds”); and

WHEREAS, the Issuer and the Trustee, as successor to J.P. Morgan Trust Company, National Association, have entered into a Second Supplemental Indenture dated March 31, 2004 (the “Second Supplemental Indenture”) pursuant to which the Issuer issued its \$41,875,000 Water Revenue Bonds, 2004 Series A (the “2004 Series Bonds”); and

WHEREAS, the Issuer and the Trustee, as successor to J.P. Morgan Trust Company, National Association, have entered into a Third Supplemental Indenture dated March 23, 2005 (the “Third Supplemental Indenture”) pursuant to which the Issuer issued its \$31,909,000 Water Revenue Bonds, 2005 Series A (the “2005 Series Bonds”); and

WHEREAS, the Issuer and the Trustee have entered into a Fourth Supplemental Indenture dated November 19, 2009 (the “Fourth Supplemental Indenture”) pursuant to which the Issuer issued its \$5,935,000 Water Revenue Bonds, 2009 Series A (the “2009 Series Bonds”); and

WHEREAS, the Issuer and the Trustee have entered into a Fifth Supplemental Indenture dated November 4, 2011 (the “Fifth Supplemental Indenture”) pursuant to which the Issuer issued its \$7,485,000 Water Revenue Bonds, 2011 Series A (the “2011 Series A Bonds”); and

WHEREAS, the Issuer and the Trustee have entered into a Sixth Supplemental Indenture dated June 14, 2012 (the “Sixth Supplemental Indenture”) pursuant to which the Issuer issued its \$1,955,000 Water System Revenue Bonds, 2012 Series A dated June 14, 2012 (the “2012 Series A Bonds”); and



WHEREAS, the Issuer and the Trustee have entered into a Seventh Supplemental Indenture dated May 14, 2013 (the "Seventh Supplemental Indenture") pursuant to which the Issuer issued its \$8,645,000 Water System Revenue Bonds, 2013 Series A (the "2013 Series A Bonds"); and

WHEREAS, the Issuer and the Trustee have entered into an Eighth Supplemental Indenture dated August 6, 2015 (the "Eighth Supplemental Indenture") pursuant to which the Issuer issued its \$5,907,000 Water System Revenue Bonds, 2015 Series A (the "2015 Series A Bonds"); and

WHEREAS, within the limitations of and in compliance with Articles II and IX of the Indenture, the Issuer is authorized to issue one or more Series of Bonds secured on a parity with the 2003 Series Bonds, the 2004 Series Bonds, the 2005 Series Bonds, the 2009 Series Bonds, the 2011 Series A Bonds, the 2012 Series A Bonds, the 2013 Series A Bonds and the 2015 Series A Bonds by the pledge of the Trust Estate (as defined in Article I of the Indenture) pursuant to a Supplemental Indenture; and

WHEREAS, the Issuer has determined to issue its [\$27,000,000] Water System Refunding Revenue Bonds, 2015 Series B (the "2015 Series B Bonds"), the proceeds of which shall be used to (i) refund, on a current basis, all or a portion of the Series 2003 Bonds, (ii) provide for any principal of and redemption premium and interest on the Series 2003 Bonds coming due on or prior to the date on which the Prior Bonds are to be redeemed ((i) and (ii) collectively, the "2015 Series B Project"), (iii) the funding of an account in the Debt Service Reserve Fund for the 2015 Series B Bonds, and (iv) payment of certain Costs of Issuance; and

WHEREAS, the Indenture provides at Section 205 that, in connection with the issuance of a Series of Bonds, the Issuer and the Trustee shall execute a Supplemental Indenture governing the issuance of the Series of Bonds and setting forth the provisions thereof; and

WHEREAS, Section 206 of the Indenture sets forth special conditions precedent to the delivery of Refunding Bonds, which conditions have been met;

WHEREAS, the Issuer has taken all necessary action to make the 2015 Series B Bonds, when authenticated by the Authenticating Agent (as defined in the Indenture) and issued by the Issuer, valid and binding obligations of the Issuer and to constitute this NINTH SUPPLEMENTAL INDENTURE a valid and binding instrument for the authorization of and security for the 2015 Series B Bonds;

NOW, THEREFORE, THIS NINTH SUPPLEMENTAL INDENTURE FURTHER WITNESSETH: That the Issuer does hereby covenant and agree with the Trustee and with the respective Holders, from time to time, of the Outstanding 2015 Series B Bonds, as follows:

ARTICLE I  
DEFINITIONS AND AUTHORITY

Section 101. Definitions. (1) Except as provided in subsection (2) of this Section, all terms used herein shall have the same meanings in this Ninth Supplemental Indenture as are given such terms in Section 101 of the Indenture.

(2) In this Ninth Supplemental Indenture unless a different meaning clearly appears from the context:

“Agency” means the Rhode Island Infrastructure Bank established pursuant to Chapters 12.2 and 12.8 of Title 46 of the General Laws of Rhode Island (1956) as amended;

“Agency Indenture of Trust” shall mean the Indenture of Trust dated as of February 23, 2004 between the Agency and U.S. Bank National Association, as agency trustee (the “Agency Trustee”), as amended and supplemented in accordance with its terms.

“Agency Trustee” shall mean the trustee under the Agency Indenture of Trust, defined herein.

“Code” means the Internal Revenue Code of 1986 as amended from time to time and the regulations thereunder and under the Internal Revenue Code of 1954 to the extent applicable.

“Interest Payment Date” shall have the meaning set forth in Section 201(5).

“Loan Agreement” shall mean the Loan Agreement between the Agency and the Issuer dated November \_\_, 2015 pursuant to which the Issuer will issue to the Agency and the Agency will purchase from the Issuer the 2015 Series B Bonds.

“Record Date” shall have the meaning specified in Section 201(5) of this Ninth Supplemental Indenture.

“Refunded Bonds” means the City’s outstanding Series 2003 Bonds as defined in the second WHEREAS clause of this Ninth Supplemental Indenture.

“Refunding Trust Agreement” shall mean the Refunding Trust Agreement among the Agency, the City and The Bank of New York Mellon Trust Company, N.A., as refunding trustee dated November \_\_, 2015.

“Required Debt Service Deposits” with respect to the 2015 Series B Bonds shall mean the payments on the dates and in the amounts set forth on Exhibit B hereto as such Exhibit may be revised from time to time by operation of Article III or Article IV of the Loan Agreement and which may take into account amounts held by the Agency Trustee in a capitalized interest account established for the Issuer pursuant to the Agency Indenture of Trust.

“2015 Series B Bonds” shall mean the City’s [\$27,000,000] Water System Refunding Revenue Bonds, 2015 Series B, as authorized by Section 201 of this Ninth Supplemental Indenture.

“2015 Series B Project” shall mean the project described in the eleventh WHEREAS clause of this Ninth Supplemental Indenture.

“2015 Series B Project Account” shall mean the account in the Project Fund so designated and created by Section 301 of this Ninth Supplemental Indenture.

“Tax Certificate” shall mean the Tax Certificate of the Issuer delivered in connection with the 2015 Series B Bonds.

Section 102. Authority. This Ninth Supplemental Indenture is authorized pursuant to the Indenture.

## ARTICLE II DETAILS AND FORM OF 2015 SERIES B BONDS

Section 201. 2015 Series B Bonds. (1) A Series of Fixed Rate Bonds, designated “Water System Refunding Revenue Bonds, 2015 Series B” is hereby authorized to be issued pursuant to Section 203 of the Indenture in the aggregate Principal Amount of [\$27,000,000].

(2) The purposes for which the 2015 Series B Bonds are issued are (a) to provide funds to pay all or a portion of the Cost of the 2015 Series B Project, (b) to provide funds for deposit in an account for the 2015 Series B Bonds in the Debt Service Reserve Fund, and (c) to provide for all or a portion of the Cost of Issuance of the 2015 Series B Bonds, subject in all cases to the limitations and provisions provided in Article V of the Indenture and in the amounts determined by or pursuant to Article III hereof.

(3) The 2015 Series B Bonds shall be issued in denominations of \$1,000 or any whole multiple thereof, and shall be lettered and numbered separately from one (1) consecutively upward in order of maturity preceded by the letter “R” and with such further or alternate designation as the Trustee shall determine with the approval of the Issuer. In accordance with Section 303 of the Indenture, the 2015 Series B Bonds shall be authenticated prior to delivery by the Trustee, who is hereby appointed Authenticating Agent for the 2015 Series B Bonds. The Trustee is also hereby appointed registrar for the 2015 Series B Bonds.

(4) All 2015 Series B Bonds shall be dated November \_\_, 2015 and shall bear interest on amounts as shall have been advanced from time to time under the Loan Agreement, with interest meantime, payable from the date of the first advance to the City pursuant to the Loan Agreement on the Outstanding balance. Interest shall be payable [September 1, 2016] and each March 1 and September 1 thereafter until the full Principal Amount has been repaid and is no longer Outstanding (each herein referred to as an “Interest Payment Date”). If any Interest Payment Date or Principal Payment Date is not a Business Day, interest or principal shall be paid on the next succeeding Business Day with no additional interest accruing. Principal of or sinking fund

installments on the 2015 Series B Bonds shall be payable on the dates, in the amounts, at the stated rates shown below, which are the Issuer's market interest rates (the "Market Rate") but with subsidized interest rates which are 75% of the respective Market Rate (the "Subsidized Interest Rate"):

<u>September</u>	<u>Principal Amount</u>	<u>Market Interest Rate</u>	<u>Subsidized Interest Rate</u>	<u>Net Principal Amount</u>
------------------	-----------------------------	---------------------------------	-------------------------------------	---------------------------------

Interest on the 2015 Series B Bonds shall be calculated on the basis of a numerator using 30 days and a denominator using a 360-day year.

(5) The Principal Amount of, Redemption Price of and interest on the 2015 Series B Bonds shall be payable by the Paying Agent (as defined in the Indenture) for the 2015 Series B Bonds by check or draft drawn upon the Trustee and mailed to the address of the registered owner thereof as it appears on the registry books of the Issuer determined as of the close of business on the applicable record date, provided, however, that payments of interest to any registered owner of \$1,000,000 or more aggregate principal amount of 2015 Series B Bonds may be paid at the election of the registered owner by wire transfer to the account number of such registered owner on file with the Trustee or to another account number of which the registered owner shall give notice to the Trustee in writing at least five days prior to the Interest Payment Date. The record date for payment of interest on the 2015 Series B Bonds shall be the fifteenth day next preceding the date on which the interest is to be paid, or, if such fifteenth day is not a Business Day, the next preceding Business Day, provided that, with respect to overdue interest or interest payable on redemption of such 2015 Series B Bonds other than on an Interest Payment Date or interest on any overdue amount, the Trustee may establish a special record date (the record date for payment of interest and the special record date shall each be a "Record Date"). The special record date may be not more than twenty (20) days before the date set for payment. The Trustee shall give notice of a special record date by mailing a copy of such notice to the registered owners of all 2015 Series B Bonds Outstanding in the manner provided in Section 1001 of the Indenture at least ten (10) days before the special record date or in such other time and manner as the Trustee may deem appropriate. The Principal Amount and Redemption Price of, and interest on the 2015 Series B Bonds shall also be payable at any other place which may be provided for such payment by the appointment of any other Paying Agent or Paying Agents as permitted by the Indenture.

Section 202. [Reserved].

Section 203. Prepayment. 2015 Series B Bonds are subject to prepayment at any time with the consent of the Agency, subject to the terms of the Loan Agreement.

Section 204. Form of 2015 Series B Bonds. Subject to the provisions of the Indenture, the form and tenor of the 2015 Series B Bonds shall be substantially as follows, with such insertions, omissions, and variations as may be required or permitted by the Indenture.

CITY OF PAWTUCKET, RHODE ISLAND  
WATER SYSTEM REFUNDING REVENUE BONDS, 2015 SERIES B

Original Issue Date: November \_\_, 2015

The City of Pawtucket, Rhode Island (herein called the “Issuer”), for value received, hereby promises to pay to the Rhode Island Infrastructure Bank (the “Agency”), or registered assigns, the Principal Amount or such lesser amount as shall have been advanced from time to time under and pursuant to a Loan Agreement by and between the Issuer and the Agency relating to the Loan, as defined therein, which this Bond represents, in installments on September 1 of each of the years set forth below with interest meantime, payable from the date of the first advance to the Issuer pursuant to the Loan Agreement at the Interest Rate Per Annum on such Principal Amount, or such lesser amount as shall have been advanced pursuant to the Loan Agreement, from the most recent September 1 or March 1 (each an “Interest Payment Date”) to which interest has been paid or provided for or, if no interest has been paid, from the Original Issue Date, payable on [September 1, 2016], and semi-annually thereafter on the first day of each subsequent September and March until payment of such Principal Amount. Interest will be calculated on the basis of a 360-day year of twelve 30-day months.

<u>September</u>	<u>Principal Amount</u>	<u>Market Interest Rate</u>	<u>Subsidized Interest Rate</u>	<u>Net Principal Amount</u>
------------------	-----------------------------	---------------------------------	-------------------------------------	---------------------------------

The principal or redemption price of and interest on this bond are payable in any coin or currency of the United States of America which at the time of payment is legal tender for public and private debts. The principal of, redemption price of and interest on this bond is payable by check or draft drawn on The Bank of New York Mellon Trust Company, N.A., in the City of Providence, Rhode Island, successor trustee under the Indenture hereinafter mentioned, or its successor (the “Trustee”) and to the Registered Owner at its address appearing on the registration books of the Issuer kept for that purpose at the principal office of the Trustee, determined as of the close of business on the applicable record date, provided that payments of interest to any Registered Owner of \$1,000,000 or more aggregate principal amount of 2015 Series B Bonds may be paid at the election of the Registered Owner by wire transfer to the account number of such Registered Owner on file

with the Trustee or to another account number of which the Registered Owner shall give notice to the Trustee in writing at least five days prior to the Interest Payment Date. The record date for payment of interest is the fifteenth day preceding the date on which the interest is to be paid or, if such last day is not a Business Day, the next preceding Business Day, provided that, with respect to overdue interest or interest payable on redemption of this bond other than on an Interest Payment Date or interest on any overdue amount, the Trustee may establish a special record date. The special record date may not be more than twenty (20) days before the date set for payment.

THE PRINCIPAL OF OR REDEMPTION PRICE AND INTEREST ON THE 2015 SERIES B BONDS ARE PAYABLE ONLY FROM THE REVENUES OR ASSETS OF THE ISSUER PLEDGED THEREFOR AND NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION OF THE STATE SHALL BE OBLIGATED TO PAY THIS BOND. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION OF THE STATE IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THIS BOND.

This bond is one of a duly authorized issue of bonds of the Issuer (herein called the “Bonds”), issued and to be issued pursuant to Chapters 12.2 and 12.8 of Title 46 of the General Laws of the State of Rhode Island, 1956 (2007 Reenactment) as amended (the “Act”) and under and pursuant to a Trust Indenture by and between the Issuer and the Trustee dated December 30, 2003, as amended and supplemented, including by an Ninth Supplemental Indenture thereto dated November \_\_, 2015 (the “Indenture”). As provided in the Indenture, Bonds may be issued from time to time in one or more series in various principal amounts, may mature at different times, may bear interest at different rates, and may otherwise vary as provided in the Indenture. Except as provided in the Indenture, the aggregate principal amount of Bonds which may be issued thereunder is not limited and all Bonds issued and to be issued under said Indenture are and will be equally secured by the pledge and covenants provided therein.

This bond is a special obligation of the Issuer. The Issuer has pledged to the payment of the principal and redemption price of and interest on the Bonds, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture, the proceeds of the Bonds, all Revenues of the Issuer (as defined in the Indenture), and all moneys, securities and other amounts in all funds and accounts established by or pursuant to the Indenture, except the Operating Fund and the Rebate Fund and the Unrestricted Fund of the Issuer.

This bond is one of a series of Bonds designated as “Water System Refunding Revenue Bonds, 2015 Series B” (herein called the “2015 Series B Bonds”), issued under the Indenture, and limited to the aggregate principal amount of [\$27,000,000]. Copies of the Indenture are on file at the office of the Issuer and at the principal corporate trust office of the Trustee and reference to the Indenture and any supplements thereto and to the Act is made for a description of the pledge securing the Bonds and covenants relating thereto, the manner of enforcement of the pledge, the rights and remedies of the Registered Owners of the Bonds with respect thereto, the terms and conditions upon which the Bonds are issued and may be issued thereunder, the conditions upon

which the Indenture may be amended with or without the consent of the Registered Owners of the Bonds, and the terms upon which Bonds may no longer be secured by the Indenture.

The Registered Owner of this bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein to take any action with respect to an Event of Default under the Indenture or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

The 2015 Series B Bonds are subject to prepayment at any time with the consent of the Agency, subject to the terms of the Loan Agreement.

This bond is transferable, as provided in the Indenture, only upon the books of the Issuer held by the Bond Registrar by the Registered Owner hereof in person or by his attorney duly authorized in writing, upon surrender hereof together with a written instrument of transfer satisfactory to the Trustee duly executed by the Registered Owner or his duly authorized attorney, and thereupon the Issuer shall issue in the name of the transferee a new registered 2015 Series B Bond or Bonds of the same aggregate principal amount, interest rate and maturity as the surrendered 2015 Series B Bond, as provided in the Indenture, and upon the payment of the charges therein prescribed. This Bond may also be exchanged, alone or with other 2015 Series B Bonds of the same series, interest rate and maturity, at the office of the Trustee in Providence, Rhode Island, for a new 2015 Series B Bond or Bonds of the same aggregate principal amount, interest rate and maturity, without transfer to a new registered owner, as provided in the Indenture and upon the payment of the charges therein prescribed. The 2015 Series B Bonds are issuable only in denominations of \$1,000 or any whole multiple thereof.

The Issuer shall not be obligated to make any transfer or exchange of this bond between a record date and an Interest Payment Date.

No recourse shall be had for the payment of the principal or redemption price of or the interest on the 2015 Series B Bonds or for any claim based thereon or on the Indenture against any member, officer or employee of the Issuer or any person executing the 2015 Series B Bonds.

It is hereby certified and recited that all conditions, acts and things required by the Constitution or statutes of the State or the Indenture to exist, to have happened or to have been performed precedent to or in the issuance of this bond, exist, have happened and have been performed and that the issue of this bond, together with all other indebtedness of the Issuer, is within every debt and other limit prescribed by law.

This bond shall not be entitled to any security, right or benefit under the Indenture or be valid or obligatory for any purpose, unless the certificate of authentication hereon has been duly executed by the Trustee.



IN WITNESS WHEREOF, the City of Pawtucket, Rhode Island has caused this bond to be executed in its name by the manual or facsimile signature of an authorized officer of the Issuer and its corporate seal (or a facsimile thereof) to be affixed, imprinted, engraved or otherwise reproduced hereon and countersigned by the manual or facsimile signature of another authorized officer of the Issuer.

(Seal)

CITY OF PAWTUCKET, RHODE ISLAND

By: \_\_\_\_\_  
Authorized Officer

Attested:

By: \_\_\_\_\_  
Authorized Officer

#### CERTIFICATE OF AUTHENTICATION

This Bond is one of the 2015 Series B Bonds described in the within-mentioned Indenture.

THE BANK OF NEW YORK MELLON  
TRUST COMPANY, N.A., as Successor  
Trustee

By: \_\_\_\_\_  
Authorized Signatory

## CERTIFICATE OF ASSIGNMENT

The Rhode Island Infrastructure Bank, for value received, does assign and pledge the above Bond to U.S. Bank National Association, as Agency Trustee under the Agency Indenture of Trust, dated as of February 23, 2004, as amended and supplemented, between the Agency and such Agency Trustee, to be held as provided therein as security for the performance of the obligations of the Agency thereunder.

IN WITNESS WHEREOF, the Rhode Island Infrastructure Bank has caused this assignment to be signed in its name and behalf by its duly authorized officer, as of the \_\_\_\_ day of November, 2015.

Rhode Island Infrastructure Bank

By: \_\_\_\_\_  
Title: Executive Director

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers this bond to

\_\_\_\_\_

(Name and Address of Assignee)

\_\_\_\_\_

(Social Security or other Identifying Number of Assignee)

\_\_\_\_\_

and irrevocably appoints \_\_\_\_\_

attorney-in-fact to transfer it on the books kept for registration of this bond with full power of substitution.

Dated: \_\_\_\_\_

\_\_\_\_\_  
NOTE: The signature to this assignment must correspond with the name as written on the face of the bond without alteration, enlargement or other change.

Signature Guaranteed:

\_\_\_\_\_  
Participant in a Recognized Signature  
Guaranty Medallion Program

By: \_\_\_\_\_  
Authorized Signature

ARTICLE III  
APPLICATION OF PROCEEDS AND OTHER FUNDS

Section 301. Establishment of Accounts.

(a) In accordance with Section 503 of the Indenture, a 2015 Series B Account is hereby established within each of the Project Fund, the Debt Service Fund and the Rebate Fund. Such accounts shall be established and held by the Trustee in accordance with Article V of the Indenture; and

(b) In accordance with Section 508 of the Indenture, a 2015 Series B Account is hereby established within the Debt Service Reserve Fund. Such account shall be established and held by the Trustee in accordance with said Section 508.

Section 302. Application of 2015 Series B Bond Proceeds. The proceeds of the sale of the 2015 Series B Bonds, net of the loan fee of \$[ ] paid to the Agency, shall be applied or caused to be applied by the Issuer simultaneously with their delivery, as follows:

(a) An amount equal to the Debt Service Reserve Fund Requirement of \$[ ] shall be deposited in the 2015 Series B Account of the Debt Service Reserve Fund;

(b) An amount equal to \$[ ], the estimated costs of issuance which may be paid from the proceeds of the 2015 Series B Bonds, shall be held in the construction proceeds fund established for the Issuer pursuant to the [Agency Depository Agreement]; and

(c) The balance of the proceeds \$[ ], shall be held by The Bank of New York Mellon Trust Company, N.A. as refunding trustee in the refunding trust account under the Refunding Trust Agreement, for payment of the Refunded Bonds.

Section 303. Disbursements from 2015 Series B Project Account. Amounts, if any, in the 2015 Series B Project Account shall be disbursed to or upon the order of the City upon receipt by the Trustee of one or more requisitions in the form annexed to and incorporated into this Ninth Supplemental Indenture as Exhibit A, subject to the requirements of Section 503(3) of the Indenture.

Section 304. Application of 2015 Series B Rebate Account; Tax Covenants. The City covenants to take all actions necessary to comply with the Tax Certificate.

Notwithstanding any provision of the Indenture or this Ninth Supplemental Indenture, the Issuer shall take all lawful action necessary under the Code to ensure that interest on the 2015 Series B Bonds will remain exempt from federal income taxation to the extent provided in Section 103 of said Code and will refrain from taking any action which will cause interest on the 2015 Series B Bonds to lose the benefit of the exclusion from gross income provided by Section 103(a) of the Code. The Issuer shall not use or permit the use of any moneys held by the Issuer or the Trustee under the Indenture in any manner which would result in the 2015 Series B Bonds being classified as

private activity bonds within the meaning of Section 141 of the Code or as arbitrage bonds within the meaning of Section 148 of the Code.

The provisions of this Section 304 shall be complied with by the Issuer in order to meet the requirements of the Code such that interest on the 2015 Series B Bonds shall be and remain exempt from federal income taxes to the extent provided in Section 103 of the Code; provided, however, that the Issuer shall not be required to comply with any such provision with respect to the 2015 Series B Bonds in the event the Issuer receives a Counsel's Opinion that compliance with such provision is no longer required to satisfy the requirements of the Code or that compliance with some other provision in lieu of a provision specified in this Section 304 will satisfy said requirements, in which case compliance with such other provision specified in the Counsel's Opinion shall constitute compliance with the provisions specified in this Section 304. The Issuer shall adopt a Supplemental Trust Indenture reflecting the deletion or substitution of any such provision of this Section 304 in the same manner as provided for Supplemental Trust Indentures authorized in accordance with Section 901 of the Indenture.

#### ARTICLE IV [RESERVED]

#### ARTICLE V MISCELLANEOUS

Section 501. Authorization of Officers. The City Treasurer, the Mayor, the Chief Engineer of the Water Supply Board and the Chief Financial Officer of the Water Supply Board of the Issuer, acting singly, are hereby authorized and directed to do all acts and things and to execute and deliver any and all documents, certificates and other instruments necessary or desirable to effectuate the transactions contemplated by this Ninth Supplemental Indenture and the Indenture. From and after the date of this Supplemental Indenture, the Chief Financial Officer shall be an "Authorized Officer" for purposes of Section 503 and 512 of the Indenture, and also for purposes of signing requisitions to the Agency.

Section 501A. Annual Operating Budget. Prior to an Event of Default, the City Council and the Authorized Officers shall not be required to file its Annual Budget and other reports required by Section 608 of the Indenture with the Trustee, but shall nonetheless prepare its Annual Budget and other reports required by Section 608 and shall provide such items to the Agency to the extent required by Section 7.2 of the Loan Agreement.

Section 502. Notices. Unless otherwise expressly provided, all notices to the Issuer, the Trustee and the Paying Agent shall be in writing and shall be sent by registered or certified mail, postage prepaid, or delivered during business hours as follows: (i) to the Issuer at its office at City Hall, 137 Roosevelt Avenue, Pawtucket, Rhode Island 02860, attention of City Treasurer, and at the office of the Pawtucket Water Supply Board, 85 Branch Street, Pawtucket, Rhode Island 02860, attention of the Chief Engineer, (ii) to the Trustee and Paying Agent, The Bank of New York Mellon Trust Company, N.A., One Financial Plaza, Suite 2200, Providence, Rhode Island 02903 and (iii) to

the Rhode Island Infrastructure Bank, 235 Promenade Street, Suite 119, Providence, Rhode Island 02908, or, as to all of the foregoing, to such other address as the addressees shall have indicated by prior written notice to the one giving notice. If mailed, any notice given under this section shall be deemed given upon mailing, and if delivered, such notice shall be deemed given upon receipt by the party for whom it was intended.

Notice hereunder may be waived prospectively or retrospectively by the person entitled to the notice, but no waiver shall affect any notice requirement as to other persons.

Section 503. Severability. In the event that any provision of this Ninth Supplemental Indenture shall be held to be invalid under any circumstances, such invalidity shall not affect any other provisions or circumstances.

Section 504. Captions. The captions and table of contents, if any, of this Ninth Supplemental Indenture are for convenience only and shall not affect the construction hereof.

**[Remainder of Page Intentionally Left Blank]**

IN WITNESS WHEREOF, the Issuer and the Trustee have caused this Ninth Supplemental Indenture to be executed in their respective corporate names by their duly authorized officers, and the Pawtucket Water Supply Board has caused this Ninth Supplemental Indenture to be acknowledged by its duly authorized officer all as of the date first above written.

CITY OF PAWTUCKET, RHODE ISLAND

By: \_\_\_\_\_  
Mayor

By: \_\_\_\_\_  
City Treasurer

PAWTUCKET WATER SUPPLY BOARD

By: \_\_\_\_\_  
Authorized Officer

THE BANK OF NEW YORK MELLON  
TRUST COMPANY, N.A., as Trustee

By: \_\_\_\_\_  
Vice President

EXHIBIT A

Form of Requisition

REQUISITION NO.

[\$27,000,000] City of Pawtucket, Rhode Island  
Water System Refunding Revenue Bonds, 2015 Series B

To: The Bank of New York Mellon Trust Company, N.A., Successor Trustee under the Trust Indenture dated December 30, 2003, as amended and supplemented, including by the Ninth Supplemental Indenture thereto November \_\_, 2015 (the “Trust Indenture”)

This Requisition is made pursuant to Section 503 of the above Trust Indenture.

The Trustee is directed to pay sums out of the Account of the Project Fund entitled the [Pick one] 2015 Series B Project Account; Infrastructure Replacement Account.

<u>Payee</u>	<u>Purpose of Payment</u>	<u>Amount</u>
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I hereby certify that

(i) each obligation mentioned herein (a) has been properly incurred, (b) is a proper charge against the Account of the Project Fund named above, (c) is currently due and payable, (d) has not been previously paid or reimbursed, (e) has not been the basis of any previous withdrawal and (f) is an item of “Cost” or “Cost of Issuance” (as defined in the Trust Indenture).



(ii) attached hereto are invoices (or, in the event reimbursement is being requested, cancelled checks) for each amount described herein.

PAWTUCKET WATER SUPPLY BOARD

By: \_\_\_\_\_  
Authorized Officer

CITY OF PAWTUCKET, RHODE ISLAND

By: \_\_\_\_\_  
Authorized Officer