

RHODE ISLAND CLEAN WATER FINANCE AGENCY

LOAN POLICIES AND PROCEDURES

Loan Policies and Procedures established to govern the lending activities of the Water Pollution Control Revolving Fund and the Rhode Island Water Pollution Control Revolving Fund.

Revised September, 2001

AUTHORITY: Policies and Procedures adopted in accordance to Title VI of the Federal Clean Water Act and Chapter 46-12.2 of the General Laws of Rhode Island.

RHODE ISLAND CLEAN WATER FINANCE AGENCY

LOAN POLICIES AND PROCEDURES

- I. PURPOSE:** The within Loan Policies and Procedures of the Rhode Island Clean Water Finance Agency (Agency) have been established to govern the lending activities of the Water Pollution Control Revolving Fund and the Rhode Island Water Pollution Control Revolving Fund in accordance with Title VI of the federal Clean Water Act and Chapter 46-12.2 of the General Laws of Rhode Island.
- II. DEFINITIONS:** The words and phrases used within these Loan Policies and Regulations have the same meaning as the words and phrases have in Chapter 46-12.2 of the General Laws of Rhode Island.
- III. FINANCIAL ASSISTANCE:** The objective of these Policies and Procedures is to provide financial assistance to local governmental units for water pollution abatement projects in the form of loans with below market interest rates or interest rate subsidies which reduce the cost of financing these projects by at least 33%. Financially distressed local governmental units may receive financial assistance greater than 33% as long as these loans do not have an adverse effect on other participants in the loan programs of the Agency; bond holders; other creditors of the Agency; or the finances of the Agency.
- IV. LOAN APPLICATION:** Requests for financing should be submitted in writing by the Chief Executive Officer of the local governmental unit to the Executive Director of the Agency. The written request must include:
 - 1) A description of the project to be financed with the projected construction and completion schedule. In the case of a refinancing, a description of the completed project and the terms and source of previous financing.
 - 2) A description of the dedicated source of loan repayment, i.e., general revenues of cities and towns that have not issued wastewater system revenue bonds, or wastewater system revenues from user fees of Sewer Commissions, Wastewater Management Districts or cities and towns that have chosen to issue wastewater system revenue bonds to the Agency upon terms and conditions acceptable to the Agency. The source of repayment will determine whether the loan is structured as a general obligation bond and/or a revenue bond.
 - 3) A description of the overall operations of the local governmental unit with an emphasis on (a) legal structure; (b) management; (c) sources of revenues; (d) operating expenses; (e) operating surpluses or deficits; (f) actual results versus budget; and (g) sources of financial liquidity.
 - 4) Legal authority or authorities to construct, finance and operate the project.

- 5) The past five years Audited Financial Statements in accordance with Generally Accepted Government Accounting Standards.
- 6) Financial and demographic information in accordance with Attachment A.
- 7) For Revenue Bonds, Financial Projections over the life of the financing showing sources of revenues, operating expenses, capital replacement reserves, user fee impact analysis, and cash available for debt service.

V. LOAN APPROVAL PROCESS: Loan approvals are subject to the issuance and terms of a Certificate of Approval by the Department of Environmental Management (DEM) or its successor. The Agency will conduct a financial capability analysis for each loan application which will take into consideration:

- 1) sources of revenue and financial liquidity
- 2) historical and projected financial operating results
- 3) present and future debt service requirements
- 4) impact of dedicated user fees and/or general revenues
- 5) cost of the project and completion schedule
- 6) long term capital replacement planning
- 7) socioeconomic conditions and trends
- 8) management qualifications and experience
- 9) effects of legal structure and any regulator control

If this analysis indicates that the applicant has the capacity to repay the loan, the Board of Directors of the Agency will vote to approve the application identifying the Name of Borrower, Project Description, Project Cost, Term of the Loan and any other Conditions of the Loan. Based on the Board of Directors' approval, a Commitment Letter will be issued to the Applicant for their acceptance. Once the Commitment Letter has been executed, the Agency will meet with the applicant to structure the Loan Agreement as to interest rate, amortization schedule, source of repayment, security, and loan covenants.

VI. TERMS AND CONDITIONS:

- 1) Interest - Chapter 55 of the 2000 Public Laws, as approved by the voters in the form of Referendum Question #2 at the 2000 general election, provided the Agency with \$57,000,000 to provide loans at a subsidized interest rate of zero percent. To administer loans in accordance with this Act, the Agency has caused there to be created a fund known as the Rhode Island Zero Interest Loan Fund (the "RIZILF"). To maximize the number of Loans made utilizing the RIZILF, the Agency has determined that $\frac{1}{2}$ of the Loan will be at zero percent interest and $\frac{1}{2}$ of the Loan will be at the subsidized interest cost (the "Subsidized Interest Cost"). The RIZILF will be used to pay the difference between the Subsidized Interest Cost and the zero subsidized interest cost (the "Zero Subsidized Interest Cost"). The Subsidized Interest Cost will be $66 \frac{2}{3}$ % of the Borrower's Market Rate. The Zero Subsidized Interest Cost will be 50% of the Subsidized Interest Cost. The Zero Subsidized Interest Cost is calculated based on the Agency's provision of $\frac{1}{2}$ of the Loan at zero percent interest and $\frac{1}{2}$ of the Loan at the

Subsidized Interest Cost. Notwithstanding the above, the Zero Subsidized Interest Cost for non-investment grade Borrowers will be zero percent (0%) interest. Non-investment grade Borrowers, including those Borrowers which were non-investment grade within the twelve months prior to filing a Loan application with the Agency, may receive 100% of their Loan (up to \$25,000,000) at zero percent interest. The Agency will provide Loans at the Zero Subsidized Interest Cost for as long as funds are available. Interest is to be calculated on the basis of a 360 day year and twelve 30 day months on the outstanding loan balance, paid semi-annually on March 1st and September 1st, and may be capitalized during construction. Borrowers will be contractually liable for the Market Rate on the Loan but will be billed only for the Zero Subsidized Interest Cost as long as funds are available in the RIZILF. In the event the RIZILF is wholly or partially depleted, the Agency may require the Borrower to pay up to the Subsidized Interest Cost. In the event of a default by the Borrower or other Borrowers, the Agency may bill the Borrower for the Market Rate.

- 2) Loan Fees - The Agency will charge an Origination Fee of 1.0% of the face amount of the loan at closing with a minimum of \$1,000. All out of pocket closing costs, i.e. Borrowers Cost of Issuance, Agency Cost of Issuance, Agency Underwriting Cost, and other closing costs, will be paid by the borrower. The Agency will also charge an annual Service Fee of .50% of the outstanding principal payable semi-annually at each interest payment date. A late payment fee will be charged for every 15 days that a payment is late of 5.0% of the amount of the payment.
- 3) Amortization - Amortization will begin within one year after completion of construction and one year after closing for a refinancing. Principal payments will be made annually on September 1st and the schedule of payments will be structured to meet the debt service and financial assistance needs of the borrower.
- 4) Final Maturity - Loans funded from the Water Pollution Control Revolving Fund may mature up to twenty years after the completion of a project and loans funded from the Rhode Island Water Pollution Revolving Fund may mature up to thirty years after the completion of a project. The final maturity of a loan will be a factor in determining the level of financial assistance to a borrower.
- 5) Prepayments - The loan may be prepaid by the borrower at any time but may be subject to a prepayment penalty based on the cost of reinvesting the prepayment, the cost of prepaying outstanding bonds of the Agency or any other negative financial impact to the Agency.
- 6) Security - Loans will have a pledge of (a) general revenues and/or wastewater system revenues; and (b) may be secured by any other assets and upon such other terms and conditions as the Agency deems appropriate to protect the interests of the other participants in the loan programs of the Agency; bondholders; other creditors of the Agency; or the finances of the Agency.
- 7) Construction Progress Payments - Progress payments for each construction project will be made through the Construction Proceeds Fund (CPF). Loan proceeds will be

transferred monthly from the CPF for each borrower based upon approved Requisition Forms submitted to the Agency, (Attachment B). Upon receipt of the Requisition Form, the Agency will verify a) that a Certificate of Approval has been issued by RIDEM; b) the vendor is identified in the contract; and c) there is sufficient availability in the CPF to make the payment. Payments will be made directly to the vendor and/or the Borrower for reimbursements by the Agency, and a "paid" stamped copy of the Requisition Form will be sent to the Borrower and RIDEM. RIDEM will perform periodic project inspections to a) monitor construction progress; b) verify eligibility of construction cost under the program; and c) insure construction is in conformity with Plans and Specifications. RIDEM will provide a copy of the inspection report to the Agency. Any adverse conditions will be reported to the Agency who will suspend further payments until the adverse conditions have been rectified. RIDEM will perform a final project inspection before the final payment is made by the Agency.

VII. REPORTING REQUIREMENTS: Borrowers will be required to provide information to the Agency during the life of the loan. These are:

- 1) A copy of its Annual Audited Financial Statements in accordance with Generally Accepted Government Accounting Standards, annually within 180 days of end of fiscal year.
- 2) An annual analysis of Operating Revenues and Expenses with an emphasis on the status of the dedicated Wastewater System Revenues and/or general revenues securing the Borrower Bond and operating expenses in excess of budget, annually within 180 days of the end of fiscal year if the Borrower Bond is not a general obligation Bond. Or, if the Borrower Bond is a general obligation bond, paid from ad valorem property taxes, unless included as a part of the annual budget, an analysis of municipal operating revenues and expenses and a comparison for the respective period, annually within 180 days of the end of the fiscal year.
- 3) A copy of the annual budget of the Borrower, within fifteen days of its adoption.
- 4) An annual schedule of current and projected short term and long term debt service.
- 5) An annual schedule of Capital Replacement Reserves.
- 6) Copies of reports submitted to RIDEM, the Environmental Protection Agency (EPA) and any other regulatory agency relating to the projects financed and the operation of the total pollution control facility.
- 7) During the construction period, an accounting of the monthly disbursements relating to the project.
- 8) Other information or reports that the Agency deems appropriate.

- VIII. LOAN AGREEMENTS:** There will be a Loan Agreement for each application outlining the terms and conditions of the loan. The Loan will be evidenced by a general obligation pledge, pledge of wastewater system revenues, note(s) and/or bond(s) in "fully marketable form" or some other source of security deemed appropriate by the Agency.
- IX. COMPLIANCE WITH STATE AND FEDERAL LAW:** Recipients of loans must comply with all applicable state laws and regulations. Recipients of loans from the Water Pollution Control Revolving Loan Fund must also comply with all requirements of Title VI of the Federal Clean Water Act and regulations issued thereunder in addition to any other applicable federal laws and regulations.
- X. MODIFICATIONS:** Where deemed appropriate by the Agency, waiver or variation of any provisions herein may be made or additional requirements may be added.
- XI. LOAN PORTFOLIO MANAGEMENT AND SERVICING:** The Agency will manage and service its loan portfolio to insure there will be no substantial adverse effect on other participants in the loan programs of the Agency; bond holders; other creditors of the Agency; or the finances of the Agency. In this regard, the Agency will:
- 1) Maintain its books and records to comply with the EPA and State regulations and annual review process.
 - 2) Conduct its loan underwriting, documentation and collection activities to meet the standards of Bond Rating Agencies and Bond Insurers.
 - 3) Limit the loans to "high risk" borrowers to a level which is covered by adequate Debt Service Reserves, Credit Insurance or other forms of Credit Enhancements.
 - 4) Utilize an automated loan management system to (a) insure timely billing and receipt of loan payments; (b) generate aging of late and/or delinquent payments; (c) issue late payment notifications and collect late payment fees; (d) monitor default notifications and actions; and (e) initiate collection procedures which are appropriate.

Anthony B. Simeone, Executive Director

Public Notice Date: August 18, 2001

Public Hearing Date: August 27, 2001

Filed With Secretary of State: September 26, 2001

Effective Date: October 17, 2001

ATTACHMENT A

SELECTED FINANCIAL INFORMATION

to be

PROVIDED BY THE BORROWER

SAMPLE

RHODE ISLAND CLEAN WATER FINANCE AGENCY **TOWN OF MIDDLETOWN**

Based on FY 2000 Audited Financial Statements

I. INTRODUCTION

The Town of Middletown is located thirty miles southeast of Providence on Aquidneck Island in Newport County. The published US Census figure for the 2000 population is 17,334, showing an 7.3% decrease since the 1990 census. The period from 1980 to 1990 shows an 8% increase and the period from 1970 to 1980 shows a 41% decrease in the Town's population due to the US Navy's removal of its cruiser-destroyer fleet from the Newport Navy Base located in Middletown. The Town was established in 1639, incorporated in 1743 and fully established a Home Rule Charter in 1974. The powers of the Town are incorporated in the seven member Town Council and appointed Town Manager.

Middletown provides retirement benefits for most of its municipal employees through various retirement funds. During the past several years, the Town has not made employer contributions to its pension plan, although the funds were set aside in a restricted investment account. In FY 2000, the Town remitted employer contributions totaling \$5,958,927 to the newly created town Pension trust Fund. as of June 30, 2000 the Town's net pension obligation was \$1,506,900; however, in FY 2001 the Town remitted employer contributions totaling \$3.3 million in transferring stock owned by the Town to the Pension Trust Fund consequently eliminating the net pension obligation that existed as of June 30, 2000. This implementation will result in a reduction in pension cost due to greater diversification of pension assets.

The Town was a party to a judgment regarding the propriety of sewer use fees assessed in 1997 and prior years. The courts decision was that the Town will have to rebate the prohibited costs to all sewer users. An estimate of the total rebates required by these rulings has been accrued on the Town's sewer Enterprise Fund in the amount of \$1,315,048. During the ordinary course of it operations, the Town is a party to various claims, legal actions, and complaints, in the opinion of the Town's management and legal counsel, these matters are not anticipated to have a material financial impact on the Town.

II. DEBT ANALYSIS

A. Outstanding Debt:

On June 29, 1994, the Town entered into an loan agreement with the Agency in the amount of \$1,996,000. The City includes its Series 94 loan as part of its Sewer Enterprise and as of June 30, 2000, \$1,575,790 is reflected as a loans payable and \$1,008,831 is reflected as due from State in the Sewer Enterprise Fund. The amount due from the State represents loan proceeds not drawn down at June 30, 2000 which are still available for projects. The Town intends to borrow up to \$1,000,000 for the purpose of financing the construction of sewers and sewer systems. The Town is rated A1 by Moody's Investors Service..

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Table I
Outstanding Debt

Type of Debt	Outstanding at 6/30/2000	SRF Loan	Total
General Debt	\$8,118,206	\$0	\$8,118,206
Enterprise Debt	183,308	1,470,737	1,654,045
Total	\$8,301,514	\$1,470,737	\$9,772,251

General Debt includes Loan Payable \$4,510,000; Capital Lease Payable \$392,005; Loans Payable \$117,213; Legal Settlements Payable \$91,481; Net Pension Obligation \$1,439,981; and Accrued Compensated Absences \$1,567,526.

B. Debt Service Schedule:

Middletown's Debt Service Requirements over the next few years show a decreasing trend as can be seen by Table II below. Middletown is in compliance with RI General Laws 45-12-2 which places a 3% cap on the ratio of a Town's maximum aggregate indebtedness, excluding enterprise fund debt to taxable property. For illustrative purposes, existing SRF debt is added to show the total community indebtedness.

Table II
Debt Service Schedule

Year	General Debt	Enterprise Fund	Proforma SRF Debt	Total
2001	\$631,252	\$242,538		\$873,790
2002	608,392	154,663	88,659	851,714
2003	589,892	150,988	86,763	827,643
2004	565,518	147,313	84,867	797,698
2005	545,570	143,639	82,970	772,179
2006-2021	3,065,572	1,234,266	1,017,015	5,316,853
Total	\$6,006,196	\$2,073,407	\$1,360,274	\$9,439,877

* Reflects Principal & Interest

C. Debt Ratios:

The Town of Middletown's Direct Net Debt Per Capita based on December, 2000 assessed value figures is \$468.34, compared to Moody's 1997 median for a town of this size of \$811. The Ratio of Debt to Estimated Full Value for 12/2000 is .59% in comparison to Moody's 1997 Median of 1.7% for a community of this size. Moody's has not published Medians since 1997.

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**Table III
Debt Ratios**

Year End 12/30	Popu- lation	Assessed Value	Ratio of Assmt.	Bonded Debt & Bans	Estimated Full Value	Debt Per Capita	Ratio Debt to F.V.
2000	17,334	\$1,375,094,424	100%	8,118,206	\$1,375,094,424	\$468.34	0.59%
1999	18,600	\$1,368,114,150	98%	13,145,396	\$1,395,390,490	\$706.74	0.94%
1998	18,600	\$1,360,813,394	98%	11,672,831	\$1,387,866,220	\$627.57	0.84%
1997	18,600	\$1,357,049,075	98%	\$7,387,244	\$1,384,370,000	\$397.16	0.53%
1996	18,600	\$1,329,938,915	98%	\$8,020,104	\$1,358,550,750	\$431.19	0.59%

III. Operating Performance:

A. Income Statement Trends - General Fund:

The Town of Middletown's Ending General Fund Balance has shown healthy year-end positive balances for the last five fiscal years as can be seen in Table IV. In 2000, the ending General Fund balance was \$3,074,830.

**Table IV
Income Statement Trends - General Fund**

Revenues/Expenditures	1996	1997	1998	1999	2000
Carry over Balance	\$474,992	\$1,031,023	1,322,598	1,086,305	587,416
Prior Period Adjustment	0	0	2,004,966	(49,591)	(191,558)
Beginning G.F. Balance	474,992	1,031,023	3,327,564	1,036,714	395,858
Revenues & Transfers	20,979,316	21,765,896	11,247,793	25,203,105	28,658,028
Expenditures & Transfers	20,428,642	21,458,055	9,841,176	23,535,725	29,971,044
Excess(Deficiency) of Revenues over Exp.	550,674	307,841	1,406,617	1,667,380	(1,313,016)
Increase/Decrease in reserves	5,357	(16,266)	(3,647,876)	(2,116,678)	3,991,988
Ending General Fund Balance	\$1,031,023	\$1,322,598	\$1,086,305	\$587,416	\$3,074,830

B. Current Budget/Actual:

As can be seen from Table V, the Town's revenues exceed budget by \$3,085,307 and expenses were overbudget by \$4,367,593. Some items in the expenditure were overbudget including Support and information Services \$273,376; Legal Settlements \$130,725 and Debt Service 59,739. The Other category is comprised of recurring pension expenses.

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Table V
Combined Statement of Revenues, Transfers and Expenditures

	Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
Revenues:			
Property Taxes	\$23,371,495	\$23,834,694	\$463,199
Intergovernmental and Grant	1,157,845	1,383,233	225,388
License, Fees and Departmental	618,294	865,550	247,256
Interest on Investments	177,529	759,744	582,215
Other Revenue	56,000	1,623,249	1,567,249
Prior Year Budgeted Surplus	191,558	191,558	0
Total Revenues	\$25,572,721	\$28,658,028	\$3,085,307
Expenditures			
Legislative, Judicial, & Gen. Adm.	871,660	787,785	83,875
Financial Administration	438,861	452,130	(13,269)
Public Safety	5,997,549	5,114,112	883,437
Public Works & Sanitation Services	1,439,901	1,082,035	357,866
Planning and Inspection	250,145	282,373	(32,228)
Middletown Public Library	558,800	558,269	531
Support & information Services	333,329	606,705	(273,376)
Education	0	0	0
Debt Service	355,439	415,178	(59,739)
Legal Settlements	0	130,725	(130,725)
Miscellaneous Board and Services	11,800	17,988	(6,188)
Other	760,247	5,938,024	(5,177,777)
Total Expenditures	\$11,017,731	\$15,385,324	(\$4,367,593)
Excess of revenues over (under) expenditures before other financing sources (uses).	14,554,990	13,272,704	1,282,286
Other financing sources			
Proceeds from Capital Leases	0	388,409	388,409
Other Transfers from other funds	0	0	0
Other Transfers to other funds	(14,563,862)	(14,974,129)	(410,267)
Total other financing sources	(14,563,862)	(14,585,720)	(21,858)
Excess of revenues and other sources over (under) expenditures and other uses	(\$8,872)	(\$1,313,016)	\$1,304,144
Prior Year Budgeted Surplus		(191,558)	
Decrease in Reserves		3,991,988	
Net Change in Unreserved fund balance for the Year		2,487,414	
Fund Balance Unreserved July 1, 1999		587,416	
Adjustments To Prior Yrs		0	
Restated Fund Balance		587,416	
Fund Balance Unreserved: June 30,2000		\$3,074,830	

SAMPLE

C. Sources of Revenues:

Eighty-three percent of Middletown's revenues for fiscal year ending 2000, \$23.8 million of a total of \$28.6 million, were from property tax collections. Taxes are collected in September, December, March and June. Other sources of revenue include intergovernmental transfers, licenses and fees, and interest on investments.

IV. Socioeconomic Conditions and Trends:

From 1970 to 1980, Middletown's population decreased by 41 %, due to the withdrawal of Navy personnel from the area; however, the period from 1980 to 1990 does show a slight increase in population, but the period from 1990 to 2000 shows a 3% decrease. Tourism in Middletown emanates from two sources: major attractions in nearby Newport and accompanying motel/ hotel and restaurant promotions; the Norman Bird Sanctuary; Sachuest Point Wildlife Refuge; and Second and Third Beaches located in Middletown.

Table VI
Population Trends

Year	Population
1990	18,600
1980	17,216
1970	29,290
1960	12,675

Middletown's have been generally consistent with the state average for the past five years as can be seen by the Table below. Manufacturing, retail and service industries continue to make up the bulk of employers within the Town. According to the Rhode Island Economic Development Corporation, the largest employer in the Town is the Newport Creamery which employs 750.

Table VII
Unemployment Rates and Trends

Unemployment Rates	1995	1996	1997	1998	1999	2000
Middletown	7.0%	4.9%	5.0%	4.9%	3.6%	3.4%
Rhode Island	7.0%	4.8%	5.3%	4.9%	4.4%	4.1%

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Table VIII
Principal Employers, Town of Middletown

Employer	Type of Business	Number of Employees
The Newport Creamery Inc.	Restaurants	750
IBM Core Point	Call Center Technology	400
Analysis & Technology	Systems Engineering	350
Aquidneck Management Assoc.	Systems Engineerings	300
Advanced Financial Services	Mortgage Lender	265
The Stop & Shop Co.	Supermarket	225

The Town's Tax Rate as illustrated in Table IX has remained relatively constant over the last five fiscal years with a rate of \$19.40 per thousand of assessed value in FY 2000. The percentage of levy collected has also remained relatively constant over the years with 94.93% of the levy being collected in FY 2000.

Table IX
Tax Rate, Net Levy and Percent of Levy Collected

Balance At June 30	Tax Rate	Net Levy	Collections	% of Levy Collected
2000	\$19.40	\$23,885,626	\$22,675,365	94.93%
1999	\$16.60	\$22,710,696	\$21,416,978	94.30%
1998	\$16.05	\$21,754,352	\$21,062,714	96.82%
1997	\$15.25	\$20,433,465	\$19,699,209	96.41%
1996	\$14.60	\$19,494,211	\$18,696,076	95.91%

Prepared by: A. Coelho
Reviewed by: A. Simeone
August 02, 2001

ATTACHMENT B

SAMPLE CONSTRUCTION REQUISITION FORM

Sample

Rhode Island Clean Water Finance Agency
235 Promenade Street, Suite 119
Providence, RI 02908

Attention: Executive Director

Re: City/Town
Project Name & Number
Requisition for Approved Project Costs

Ladies and Gentlemen:

Pursuant to Article VI of the Loan Agreement dated as of _____, _____ between the Rhode Island Clean Water Finance Agency (the "Agency") and _____, (the "Borrower"), we hereby request disbursement in the amount of \$_____ for project costs. In connection with this requisition, we hereby represent and certify the following:

1. This is requisition number _____.
2. Payments aggregating \$_____ have been incurred by the Borrower for projects costs for the period from _____ to _____ as set forth in Exhibit A hereto. As set forth in Exhibit B hereto, are true copies of vendor, contractor or supplier invoices, or such other documentation, satisfactory to the Agency, identifying the payee, and purposes for which such expenditures were incurred.
3. The aggregate amounts of payments on account of project costs are within the project definition.
4. The Certificates of Approval from the Department of Environmental Management ("DEM"), together with all other applicable DEM approvals have been obtained on account of the project.
5. The amount requested hereby, together with all prior requisitions, does not exceed the amount of the loan.
6. In the case of a requisition for the reimbursement of project costs paid in the first instance by the Borrower, all of such costs are within all applicable guidelines for reimbursement financing, and none of such costs have been the subject of any prior requisition.
7. Except as set forth in Exhibit C hereof, all representations and covenants made in the Arbitrage and Use of Proceeds Certificate furnished by the Borrower to the Agency in connection with the initial delivery of the Borrower Bonds to the Agency are true, correct, and complete as of the date hereof.

8. The representations and warranties contained in clauses (i), (ii) and (iii) of Section 5.1 of the Loan Agreement were true and correct as of the date of the Loan Agreement and were true and correct as of the date hereof, with the same effect as if made on this date.
9. In accordance with Section 5.2 and Section 8.1 of the Loan Agreement with the Borrower represents and warrants as follows:
- (i) it is in compliance in all material respects with all laws, ordinances and rules and regulations affecting or relating to the Project;
 - (ii) it has used all previously disbursed loan proceeds and will use all loan proceeds to be disbursed to pay a portion of the costs of the Project or to reimburse itself for costs of the Project which it has paid and which have not been the subject of any prior disbursement;
 - (iii) it is not in default hereunder, or under the Borrower Bonds;
 - (iv) except as set forth in Exhibit D hereof, the representations and warranties made in clauses (iv) and (v) of Section 5.1 of the loan agreement are true and correct as of the date hereof; and
 - (v) except as set forth in Exhibit E hereof, all representations and covenants made in any certificate furnished in connection with the delivery of the Borrower Bonds, including certificates relating to disclosure of material information in connection with the sale of the Agency Bonds and to the tax-exempt nature of interest on the Borrower Bonds are true and correct as of the date hereof.

By: Duly Authorized Officer

SAMPLE

EXHIBIT A

**RHODE ISLAND STATE REVOLVING FUND ("SRF") PROGRAM
PROJECT PAYMENT REQUISITION FORM**

DATE: _____

APPLICANT: _____

PROJECT NAME/NUMBER: _____

PERIOD COVERED: _____

TASK	TOTAL REQUEST (BORROWER)	TOTAL APPROVED FOR PAYMENT (Agency)	COMMENTS
A. Administrative/ Legal Expenses			
B. Planning/Design A/E Fees			
C. Basic A/E Fees			
D. Other A/E Fees			
E. Project Inspections			
F. Construction Costs			
G. Miscellaneous			
H. Total Cost			
I. Amount Due this Request			
J. Percent Complete			
CERTIFICATION: I certify that to the best of my knowledge and belief the billed disbursement costs are in accordance with the terms of the project; that the reimbursement represents expenses for which requisitions have not previously been made in accordance with approved project costs.	For the Borrower:	Signature – Authorized Official:	Date:
		Typed Name & Title:	Telephone:
	A/E Representative Certifying Line H:	Signature – A/E Representative:	Date:
		Typed Name & Title:	Telephone:

EXHIBIT B

Attached hereto are true and complete copies of vendor, contractor or supplier invoices, or such other documentation satisfactory to the Agency, identifying the payee and purposes for which such expenditures were incurred.

EXHIBIT C

[Description of extent to which representations and covenants made in the Arbitrage and Use of Proceeds Certificate furnished by the Borrower are no longer true and correct.]

EXHIBIT D

[Description of extent to which representations and warranties of clauses (____) and (____) of Section ____ of the Loan Agreement are no longer true and correct as of the date of this requisition.]

EXHIBIT E

[Description of extent to which representations and covenants made in any certificate furnished in connection with the delivery of the Borrower Bonds is no longer true and correct as of the date of this requisition.]