

# BLOCK ISLAND UTILITY DISTRICT



Block Island Utility District employees and contractors have dedicated most of April and May of this year to performing make-ready work for the Town's fiber project. Crews are wrapping up their work this week. This pole replacement on Chapel Street was one of the more complicated pole replacements.

## BOARD OF COMMISSIONERS MEETING

**MAY 29, 2021**

**9:00 AM**



**Block Island Utility District  
Regular Meeting of Board of Commissioners  
May 29, 2021 @ 9:00 AM**

***Meeting Held Remotely by Zoom due to Corona-19  
Town of New Shoreham Emergency Order***

1. Public Input
2. Review and Act Upon Commissioner's Report
3. Approve Minutes:
  - a. April 24, 2021 Regular Meeting
4. Review and Act Upon Treasurer's Report
  - a. Approve 2020 Audit
5. Receive and Act on President's Report
  - a. So/Transmission and DSM Filing Update
  - b. TNS Fiber Project Update
  - c. Legislative Update
  - d. Open Discussion
6. Review and Act Upon CFC Loan Documents for Housing Project
7. Review and Discuss Net Metering Tariff
8. Review and Act Upon Annual Meeting Notice and Election Schedule/Process

Posted: May 26, 2021 7:00 AM

**Join Zoom Meeting**

<https://us02web.zoom.us/j/2505454073>

**Meeting ID: 250 545 4073**

**One tap mobile 1-312-626-6799**

Individuals requesting services for the deaf and hard of hearing must call (401) 466-5851 forty- eight hours in advance of the meeting date. TTY: 711 Posted: January 7, 2020



**AGENDA ITEM 1**  
**PUBLIC INPUT**

(THIS PAGE INCLUDED FOR NOTES)



**AGENDA ITEM 2**  
**COMMISSIONER'S REPORT**



**AGENDA ITEM 3**  
**APPROVE MINUTES FROM APRIL 24, 2021 REGULAR MEETING**



**Block Island Utility District**  
**April 24, 2021**  
**11:00 AM**

HELD REMOTELY VIA ZOOM DUE TO COVID-19 AND TOWN OF NEW SHOREHAM  
EMERGENCY ORDER

**DRAFT Minutes**

Participating BOD Members Present via ZOOM: Barbara MacMullan, Everett Shorey, Mary Jane Balser and Elliot Taubman. Bill Penn was absent due to a family commitment.

Also Present: President Jeffery Wright, Kyle Conners from Marcum, Renee Myers of the BI Times, David Lewis and Chris Warfel.

Board Chair Barbara MacMullan called the meeting to order at 11:00 AM.

**1. Public Input**

- There was no public input.

**2. Correspondence**

- The Board of Commissioners acknowledged this correspondence and accepted it for consideration.

**3. Commissioner's Report**

- Chair Barbara MacMullan had nothing to report.

**4. Approve Meeting Minutes from the March 27, 2021 meeting.**

- Mary Jane Balser moved to approve the minutes as presented. The motion was seconded by Elliot Taubman and was passed unanimously.

**5. Receive Treasurer's Report**

- The Treasurer's Report consisted of a presentation (on record) of the 2020 audit (also on record and posted to the website) provided by Kyle Conner of Marcum.
- There were several questions asked by Commissioners pertaining to the presentation and financial statements that were answered by Mr. Conner.
- The Board of Commissioners chose not to act upon approval due to the way the agenda was worded but authorized President Jeffery Wright to send the audit to CFC before the April 30<sup>th</sup> deadline. The BOD will formally approve the audit in the next meeting.

**6. Receive and Act on President's Report**

- President Jeffery Wright presented an update on the SO/Transmission rates and asked for BOD approval of the new rates that were negotiated with the DPUC as part of a settlement agreement. Barbara MacMullan moved to approve the rates



and terms of the settlement agreement. Everett Shorey seconded the motion and was passed unanimously.

- Jeffery Wright presented the remainder of his report (on record).
- Elliot Taubman moved to approve the minutes as presented. The motion was seconded by Mary Jane Balser and was passed unanimously.

**7. Discuss and Act Upon Hiring Lobbyist**

- Barbara MacMullan and Jeffery Wright presented the short term (3 months) contract terms that were negotiated with the Mayforth Group to help with the net metering bill and other legislative activities.
- Elliot Taubman moved to approve hiring the Mayforth Group for a period of three months. The motion was seconded by Mary Jane Balser and was passed unanimously.

**8. Receive and Act Upon Update on Net Metering Tariff**

- Jeffery Wright presented an overview of the net metering tariff status, he gave a legislative update and reviewed the PUC approval process.
- He included the new net metering tariff that was approved in the February 28, 2020 meeting for reference.
- Mr. Wright informed the BOD of the feedback from members and solar developers regarding the dual meter system being too much of a financial burden for smaller projects. He asked the BOD their thoughts on BIUD exempting projects smaller than 7 kW.
  - i. He proposed using a single meter system, without remote disconnect, which would allow the member to “self-use” their own generation.
  - ii. He proposed that generation delivered to BIUD be credited an avoided rate instead of being used to “net” against the bill total.
  - iii. He explained how each tariff would be billed; the existing tariff, the dual meter proposal and single meter proposal.
- Barbara MacMullan and Everett Shorey asked for a copy of the net meter list to help determine if 7 kW is the right size to use as a threshold for the dual meter system.
- Chris Warfel gave feedback that he felt 7 kW was too big to exempt from the dual meter system and suggested a size closer to 4 kW. He suggested that we do the analysis to determine the “cost” of this new proposal.
- Mr. Wright committed to doing the analysis and to provide a list of existing net metering systems to give the BOD some context for use in their discussions.

**9. Discuss and Act Upon Performance and Salary Review for Jeffery M. Wright**

- Board Chair Barbara MacMullan asked President Jeffery Wright if he objected to this agenda item being discussed in Executive Session. He did not object.
- Barbara MacMullan moved to go into closed session for purposes of discussing the performance and salary review for Jeffery M. Wright. Mary Jane Balser



seconded the motion. The motion passed unanimously.

- The BOD went into closed session.
- The BOD exited closed session with nothing to report.

Barbara MacMullan moved to adjourn the meeting at 1:40 PM, seconded by Eliot Taubman. The motion passed unanimously, and the meeting was adjourned.

APPROVED:

POSTED:



**AGENDA ITEM 4**  
**RECEIVE AND ACT UPON TREASURE'S REPORT**  
**AND APPROVE 2020 AUDIT**



**Block Island Utility District**  
**Balance Sheet**  
**March 31, 2021**

**ASSETS**

	March 31, 2021	March 31, 2020
<b><u>Property and Equipment</u></b>		
Land	\$ 867,685.78	\$ 867,685.78
Buildings	604,167.64	550,224.70
Machinery & Equipment	1,923,142.83	1,593,257.83
Distribution System	3,095,568.63	2,514,676.63
Office System, Furniture & Fixture	288,964.68	288,964.68
Transportation Equipment	47,104.63	19,945.60
Construction Work in Progress-Distribution	642,087.59	435,959.70
Total Property and Equipment	7,468,721.78	6,270,714.92
Total Accumulated Depreciation	<571,689.28>	<266,440.62>
<i>Net Utilities Plant</i>	6,897,032.50	6,004,274.30
<b><u>Current Assets</u></b>		
Cash - Main Checking	190,299.85	315,807.26
Cash - Sweep Acct	16,268.36	3,035.89
Accounts Receivable Elect	39,415.61	32,156.51
Allowance For Bad Debt	(9,251.56)	(19,587.93)
Accounts Receivable-Other	1,805.04	983.50
AR-Cash due from BIPCo	0.00	16,090.16
AR-Blackrock Acct due from BIPCo	0.00	0.00
Unbilled Revenue	271,937.49	229,867.38
Plant Material & Operation	352,729.06	234,093.07
Fuel Inventory	46,122.55	45,439.02
Prepaid Expenses	48,295.05	18,547.68
Total Current Assets	957,621.45	876,432.54
<b><u>Deferred Assets</u></b>		
Def. Regulatory Asset-retiremt	168,991.79	202,750.88
Def. Regulatory Asset-Eng.Res	0.00	0.00
Def. Regulatory Asset-RateCase	119,610.56	106,838.77
Def.Regulatory Asset-Interconnection	88,274.43	135,826.12
Total Deferred Assets	376,876.78	445,415.77
Total Assets	\$ 8,231,530.73	\$ 7,326,122.61



**Block Island Utility District**  
**Balance Sheet**  
**March 31, 2021**

**LIABILITIES AND CAPITAL**

	March 31, 2021	March 31, 2020
<b><i>Current Liabilities</i></b>		
Accounts Payable Trade	\$ 177,810.37	\$ 132,390.62
RI Renewable Fund Payable	2,775.87	0.00
A/P - Customer Deposits	97,129.13	75,147.92
Accrued Purchase Power Expenses	142,458.73	315,763.36
Accrued Other Expenses	42,148.89	27,045.39
DSI Surcharge Payable	0.00	11,744.80
Capital Fund	0.00	0.00
PPP Loan	0.00	0.00
Accrued Payroll and Withholdings	0.00	34,575.75
Total Current Liabilities	462,322.99	596,667.84
<b><i>Deferred Credits</i></b>		
Deferred Revenue	372,956.55	(7,125.92)
SOLAR RESTRICTED ACCOUNT	3,777.39	0.00
VOLTAGE CONVERSION RESTRICTED	74,963.40	0.00
SCR & Engine Maint Reserve	0.00	0.00
Total Deferred Credits	451,697.34	<7,125.92>
<b><i>Long-Term Liabilities</i></b>		
Line of Credit	0.00	350,000.00
Retirement Obligations	168,991.79	202,750.88
CFC Acquisition LOAN	5,642,297.67	5,748,387.21
Total Long-Term Liabilities	5,811,289.46	6,301,138.09
Total Liabilities	6,725,309.79	6,890,680.01
<b><i>Capital</i></b>		
Retained Earnings	1,561,782.00	815,649.00
Net Income	(55,561.06)	(380,206.40)
Total Capital	1,506,220.94	435,442.60
Total Liabilities & Capital	\$ 8,231,530.73	\$ 7,326,122.61



Block Island Utility District  
Income Statement  
For the Three Months Ending March 31, 2021

	Current Month Actual	Current Month Prior Year	Year to Date Actual	Year to Date Budget
<b>Revenues</b>				
<u>Revenue from Rates</u>				
Residential Sales	\$ 36,805.62	\$ 21,329.03	\$ 118,296.00	\$ 70,793.00
Commercial Sales	3,661.33	6,364.46	18,220.18	29,266.00
Demand Electric	28,498.34	37,436.97	87,434.50	95,423.00
Public Authority	-	7,006.17	-	-
Street Lighting	584.03	584.03	1,752.09	1,752.09
Customer Charge	22,808.00	26,412.44	68,504.00	71,394.00
Demand - All Rates	27,250.00	6,183.14	81,640.00	84,471.00
Efficiency Charges	-	-	-	-
System Charge	-	-	-	-
RI Renewable Fund	241.00	-	776.00	-
<u>Other Revenue from Operations</u>	-	-	-	-
Grant Revenue-Solar Project	-	-	-	-
Grant. Income (PPP Loan forgiveness)	149,837.00		149,837.00	
Billor Penalty (Interest on Delinquent Accts)	-	1,181.24	-	21,378.00
Rent - Antennas	18,891.68	18,891.68	56,675.04	56,674.44
Rent - Tower	800.00	800.00	2,400.00	2,400.00
Rent - Property	2,400.00	2,400.00	7,200.00	7,200.00
Misc. Income (Misc., Interest & Connections)	40.00	6,231.03	2,368.00	956.75
<b>Total Revenues</b>	<b>291,817.00</b>	<b>134,820.19</b>	<b>595,102.81</b>	<b>441,708.28</b>
<b>Expenses</b>				
Total Generation-Operating Expense	7,323.89	18,886.56	22,577.14	55,792.50
Total Generation-Maintenance Expense	13,029.30	4,012.35	18,931.54	43,675.00
Total Distribution-Operating Expense	24,238.00	9,332.62	56,292.49	85,567.75
Total Distribution-Maintenance Expense	26,832.00	48,638.07	116,309.30	90,848.75
Total Customer Accounts/Customer Service	9,101.87	6,100.52	18,456.70	16,688.50
Total Administrative/General Expenses	103,961.89	101,503.50	278,300.22	266,921.75
Total Depreciation Expenses	24,807.83	22,203.00	74,423.49	
Total Interest Exp on Line & Long- term debt	48,329.79	49,226.01	48,329.79	46,113.75
Total Miscellaneous Expense	-	262.62	240.00	30,669.00
Total Taxes	6,286.63	6,155.23	16,803.64	15,095.75
<b>Total Expenses</b>	<b>263,911.20</b>	<b>266,320.48</b>	<b>650,664.31</b>	<b>651,372.75</b>
<b>Net Profit Before Fuel Rev./Exp.</b>	<b>27,905.80</b>	<b>(131,500.29)</b>	<b>(55,561.50)</b>	<b>(209,664.47)</b>
<u>Fuel Expenses/(Revenue)</u>				
Fuel/Standard Offer/Transmission income	(151,999.10)	(117,144.84)	(490,108.60)	(473,255.63)
Purchase Power Expenses	165,149.80	157,279.97	495,541.09	507,634.32
Net SO/TC due to ratepayers	(13,150.70)	(40,135.13)	(5,432.49)	(34,378.69)
<b>Net Fuel Expense/(Revenue)</b>	<b>(0.00)</b>	<b>-</b>	<b>0.00</b>	<b>(0.00)</b>
<b>Net Income</b>	<b>\$ 27,905.80</b>	<b>\$ (131,500.29)</b>	<b>\$ (55,561.50)</b>	<b>\$ (209,664.47)</b>
<u>Reserves Expenditures</u>				
Remove Depreciation Adj (A)	(24,807.83)	(22,203.00)	(74,423.49)	-
Debt Service Principal (includes CAT)	26,885.84	25,923.92	26,885.84	28,401.00
Inventory Purchased	-	-	13,347.51	23,250.00
Proceeds from Solar fund Utilized for Capital	-		0.00	
Capital Exp - Work In Progress	338,543.00	115,845.00	549,657.48	92,360.25
Capital Exp - Distrib Work	-	-	-	-
Capital Exp - Other Assets	-	-	-	-
<b>Total Reserve for Exp.</b>	<b>340,621.01</b>	<b>119,565.92</b>	<b>515,467.34</b>	<b>144,011.25</b>
<b>Net Income Cash Budgetary Basis</b>	<b>\$ (312,715.21)</b>	<b>\$ (251,066.21)</b>	<b>\$ (571,028.84)</b>	<b>\$ (353,675.72)</b>



Block Island Utility District  
Supplemental Information Statement  
For the Three Months Ending March 31, 2021

	March 2021	March 2020	YTD March 2021	YTD March 2020
<b>Rate Revenues</b>				
Residential Sales	\$ 36,805.62	\$ 21,329.03	\$ 118,296.00	\$ 62,485.60
Commercial Sales	3,661.33	6,364.46	18,220.18	19,448.99
Demand Electric	28,498.34	37,436.97	87,434.50	109,298.84
Public Authority	-	7,006.17	-	20,494.30
Street Lighting	584.03	584.03	1,752.09	1,752.09
Customer Charge	22,808.00	26,412.44	68,504.00	79,219.47
Demand - All Rates	27,250.00	6,183.14	81,640.00	27,801.17
System Charge	-	-	-	-
<b>Total Revenues</b>	<b>119,607.32</b>	<b>105,316.24</b>	<b>375,846.77</b>	<b>320,500.46</b>
	13.57%		17.27%	
<b>Rate Revenues -KWH Usage</b>				
Residential Sales	411,236	234,385	1,321,748	686,655
Commercial Sales	11,018	52,813	83,482	161,959
Demand Electric	355,708	343,460	1,090,844	1,002,742
Public Authority	-	69,967	-	213,122
<b>Total Revenues</b>	<b>777,962</b>	<b>700,625</b>	<b>2,496,074</b>	<b>2,064,478</b>
	11.04%		20.91%	
<b>Rate Revenues -Customer Counts</b>				
Residential Sales	1,612	1,292	4,844	3,884
Commercial Sales	192	293	576	883
Demand Electric	149	322	447	961
Public Authority	-	31	-	91
<b>Total Revenues</b>	<b>1,953</b>	<b>1,938</b>	<b>5,867</b>	<b>5,819</b>

	March 2021	March 2020	YTD March 2021	YTD March 2020
<b>Payroll</b>				
<b>Capital Exp - Work In Progress</b>				
Capitalized Labor	\$ 14,517.41	\$ 16,047.60	\$ 43,557.95	\$ 50,787.33
<b>Generation-Maintenance Expense</b>				
Inside Maintenance	-	-	-	-
Maint of Station Equipment	6,148.32	12,414.72	17,015.04	43,207.08
<b>Distribution-Operating Expense</b>				
Overhead lines	5,948.24	233.70	12,227.48	6,123.96
<b>Distribution-Maintenance Expense</b>				
Overhead Lines	14,644.15	9,507.32	37,634.97	23,017.29
tree trimming	-	-	-	2,115.43
<b>Customer Accounts/Customer Service</b>				
Records & Collections	5,082.00	5,173.00	15,176.70	19,376.00
<b>Administrative/General Expenses</b>				
Vacation Pay	1,798.72	2,005.18	2,198.08	13,915.50
Holidays worked	-	-	6,569.12	8,357.76
Holidays not worked	-	-	-	-
Sick Leave	-	399.63	1,162.56	3,800.62
Personal time	246.40	363.84	2,485.28	2,011.71
CEO Salary	12,122.60	12,122.60	36,367.80	39,398.45
<b>Total</b>	<b>\$ 60,507.84</b>	<b>\$ 58,267.59</b>	<b>\$ 174,394.98</b>	<b>\$ 212,111.13</b>



**AGENDA ITEM 5**  
**RECEIVE AND ACT UPON PRESIDENT'S REPORT**



## PRESIDENT'S UPDATE

### MAY 29, 2021

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#### Power Supply Service/Transmission Rate Filing Update

On Wednesday May 26, 2021, in Docket 5141, the Public Utilities Commission unanimously approved our procurement plan and then also unanimously approved our latest rate filing, effective June 1, 2021.

The term Standard Offer is now discontinued, replaced by Last Resort. We are allowed to use the label Power Supply Service on our bills which we believe is easier for our members to understand. The new rates are shown below. The DSI has also been discontinued so there will be an additional \$0.01 reduction in rates in June, July, August and September. Also worth noting is that the BIPCO interconnection will be fully written off.

	OLD RATE	RATES EFFECTIVE JUNE 1, 2021	REDUCTION
POWER SUPPLY SERVICE	\$0.1000	\$0.0852	(\$0.0148)
TRANSMISSION	\$0.0896	\$0.0740	(\$0.0156)
TOTAL	\$0.1896	\$0.1593	(\$0.0303)

Additionally, in Docket 5013, the Commission unanimously approved our Demand Side Management (energy efficiency) plan with one exception. They disallowed the \$40,000 rollover from last year. They said that if it turns out that we need the funding, we can always come back in for an increase, but they felt that at this time, we really did not have a good handle on what the demand for our DSM programs really was. The new DSM rates, which reflect an approximately 60% reduction, are shown below:

	MAY	JUN	JUL	AUG	SEP	OCT
2020 RATE	\$0.00395	\$0.00395	\$0.01000	\$0.01000	\$0.00395	\$0.00395
NEW RATE EFFECTIVE JUNE 1, 2021	\$0.00395	\$0.00132	\$0.00333	\$0.00333	\$0.00132	\$0.00132
REDUCTION	\$0.00000	(\$0.00263)	(\$0.00667)	(\$0.00667)	(\$0.00263)	(\$0.00263)
PERCENTAGE		66.58%	66.70%	66.70%	66.58%	66.58%

#### TNS Fiber Project Update

We have been working full time on make ready for the Town fiber project. Although we don't have all of the results of the Verizon surveys we believe that all of the BIUD work has been completed. We have billed the town \$389,036 through May 15<sup>th</sup>. We have two weeks of invoices remaining. The contract line crews are fully demobilizing today (May 28<sup>th</sup>).



#### Legislative Update

The Net Metering bill is still being held in the House Committee on Corporations. The Mayforth Group has been actively engaging the Committee Chair and Speaker of the House. They are confident that the bill will move out of committee and be presented to the full House and will eventually become law. Barbara and I are communicating with the Mayforth group often.

#### PUC/DPUC Visit to BIUD

We were visited by representatives of the Commission and Division yesterday. All three Commissioners and Division Administrator Linda George joined the group. Mike McElroy, Dave Bebyn and Leah Donaldson also joined us. They toured the BIUD facilities and visited the SE Light to view the wind turbines. The day was successful and I will elaborate more in our meeting.



**AGENDA ITEM 6**  
**REVIEW AND ACT UPON CFC LOAN DOCUMENTS**  
**FOR HOUSING PROJECT**



## CERTIFICATE OF RESOLUTIONS AND INCUMBENCY

I, **Elliot Taubman**, do hereby certify that (i) I am the Secretary of BLOCK ISLAND UTILITY DISTRICT (hereinafter called the "District"); (ii) the following are true and correct copies of resolutions duly adopted by the board of commissioners of the District at a meeting held on **Saturday May 29, 2021**; (iii) the meeting was duly and regularly called and held in accordance with the State of Rhode Island General Laws and the bylaws of the District; (iv) the District is duly organized, validly existing and in good standing under the laws of the state of its organization and there is no pending or contemplated proceeding for the merger, consolidation, sale of assets or business or dissolution of the District; (v) forms of the loan documents were submitted to the meeting and were authorized by the board of commissioners to be executed; (vi) none of the following resolutions has been rescinded or modified as of this date; and (vii) the persons authorized below have been duly elected or appointed to their respective positions and occupied such positions on the date of actual execution of the loan documents:

RESOLVED, that the District borrow from National Rural Utilities Cooperative Finance Corporation (CFC), from time to time as determined by the officers or proper persons designated by the board of commissioners of the District, an aggregate amount not to exceed \$600,000.00, as set forth in the loan agreement with CFC governing such loan, substantially in the form of the loan agreement presented to this meeting (the "Loan Agreement"); and

RESOLVED, that the proceeds of this loan be used for the purposes set forth in the Loan Agreement; and

RESOLVED, that the individuals listed below are hereby authorized to execute and to deliver to CFC the following documents (including as many counterparts as may be required):

- a) the Loan Agreement;
- b) one or more secured promissory notes payable to the order of CFC, which in the aggregate shall not exceed the principal amount of \$600,000.00, substantially in the form of the note presented to this meeting; and
- c) if required by CFC, a mortgage and security agreement with CFC as mortgagee, for purposes of securing the loan provided for herein, in such form as the individuals authorized herein may negotiate with CFC.



RESOLVED, that each of the following individuals is hereby authorized in the name and on behalf of the District to execute and to deliver all such other documents and instruments as may be necessary or appropriate, to execute any future amendments to said Loan Agreement as such individual may deem appropriate within the amount of the promissory notes so authorized herein and to do all such other acts as in the opinion of such authorized individual acting may be necessary or appropriate in order to carry out the purposes and intent of the foregoing resolutions:

<u>Office or Title</u>	<u>Name (typed or printed)</u>
<u>President</u>	<u>Jeffery M. Wright</u>
<u>Board Chair</u>	<u>Barbara A. MacMullan</u>
<u>Treasurer</u>	<u>William J. Penn</u>

IN WITNESS WHEREOF I have hereunto set my hand and affixed the seal of the Cooperative this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Secretary

(SEAL)



**SECURED PROMISSORY NOTE**

\$600,000.00

dated as of \_\_\_\_\_

BLOCK ISLAND UTILITY DISTRICT, a quasi-municipal corporation organized and existing under the laws of the State of Rhode Island (the "Borrower"), for value received, hereby promises to pay, without setoff, deduction, recoupment or counterclaim, to the order of NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION (the "Payee"), at its office in Dulles, Virginia or such other location as the Payee may designate to the Borrower, in lawful money of the United States, the principal sum of SIX HUNDRED THOUSAND AND 00/100 U.S. DOLLARS (\$600,000.00), or such lesser sum of the aggregate unpaid principal amount of all advances made by the Payee pursuant to that certain Loan Agreement dated as of even date herewith between the Borrower and the Payee, as it may be amended from time to time (herein called the "Loan Agreement") on the dates and in the principal amounts provided in the Loan Agreement, and to pay interest on all amounts remaining unpaid hereunder from the date of each advance in like money, at said office, at the rates, in amounts and on the dates provided in the Loan Agreement together with any other amount payable under the Loan Agreement. If not sooner paid, any balance of the principal amount and interest accrued thereon shall be due and payable thirty-three (33) years from the date of the Loan Agreement (such date herein called the "Maturity Date") *provided, however*, that if such date is not a Payment Date (as defined in the Loan Agreement), then the Maturity Date shall be the Payment Date immediately preceding such date.

This Note is secured under a Mortgage and Security Agreement dated as of August 15, 2019, between the Borrower and the Payee, as it may have been or shall be supplemented, amended, consolidated or restated from time to time, including by First Supplement to Mortgage and Security Agreement dated as of August 21, 2019 ("Mortgage"). This Note is one of the Notes referred to in, and has been executed and delivered pursuant to, the Loan Agreement.

The principal hereof and interest accrued thereon and any other amount due under the Loan Agreement may be declared to be forthwith due and payable in the manner, upon the conditions, and with the effect provided in the Mortgage or the Loan Agreement.

The Borrower waives demand, presentment for payment, notice of dishonor, protest, notice of protest, and notice of non-payment of this Note.

IN WITNESS WHEREOF the Borrower has caused this Note to be signed in its corporate name and its corporate seal to be hereunto affixed and to be attested by its duly authorized officers, all as of the day and year first above written.

BLOCK ISLAND UTILITY DISTRICT

(SEAL)

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

Title: \_\_\_\_\_

Attest: \_\_\_\_\_

Secretary

Loan No. RI001-A-9004

CFC NOTE  
RI001-A-9004(ELGINB)  
238406-1



## **LOAN AGREEMENT**

**LOAN AGREEMENT** (this "Agreement") dated as of \_\_\_\_\_, between BLOCK ISLAND UTILITY DISTRICT ("Borrower"), a quasi-municipal corporation organized and existing under the laws of the State of Rhode Island and NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION ("CFC"), a cooperative association organized and existing under the laws of the District of Columbia.

### **RECITALS**

**WHEREAS**, the Borrower has applied to CFC for a loan for the purposes set forth in Schedule 1 hereto, and CFC is willing to make such a loan to the Borrower on the terms and conditions stated herein; and

**WHEREAS**, the Borrower has agreed to execute one or more secured promissory notes to evidence an indebtedness in the aggregate principal amount of the CFC Commitment (as hereinafter defined).

**NOW, THEREFORE**, for and in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto agree and bind themselves as follows:

### **ARTICLE I**

#### **DEFINITIONS**

**Section 1.01** For purposes of this Agreement, the following capitalized terms shall have the following meanings (such definitions to be equally applicable to the singular and the plural form thereof). Capitalized terms that are not defined herein shall have the meanings as set forth in the Mortgage.

**"Accounting Requirements"** shall mean any system of accounts prescribed by a federal regulatory authority having jurisdiction over the Borrower or, in the absence thereof, the requirements of GAAP applicable to businesses similar to that of the Borrower.

**"Advance"** shall mean each advance of funds by CFC to the Borrower pursuant to the terms and conditions of this Agreement.

**"Amortization Basis Date"** shall mean the first calendar day of the month following the end of the Billing Cycle in which the Advance occurs, provided, however, that if the Advance is made on the first day of a Billing Cycle, and such day is a Business Day, then the Amortization Basis Date shall be the date of the Advance.

**"Average DSC Ratio"** shall mean the average of the Borrower's two highest annual DSC Ratios during the most recent three calendar years.

**"Billing Cycle"** shall mean any 3-month period ending on, and including, a Payment Date.

**"Business Day"** shall mean any day that both CFC and the depository institution CFC utilizes for funds transfers hereunder are open for business.



**"CFC Commitment"** shall have the meaning ascribed to it in Schedule 1 hereto.

**"CFC Fixed Rate"** shall mean (i) such fixed rate as is then available for loans similarly classified pursuant to CFC's policies and procedures then in effect, or (ii) such other fixed rate as may be agreed to by the parties and reflected on the written requisition for funds in the form attached as Exhibit A hereto.

**"CFC Fixed Rate Term"** shall mean the specific period of time that a CFC Fixed Rate is in effect for an Advance.

**"CFC Variable Rate"** shall mean (i) the rate established by CFC for variable interest rate long-term loans similarly classified pursuant to the long-term loan programs established by CFC from time to time, or (ii) such other variable rate as may be agreed to by the parties on the written requisition for funds in the form attached as Exhibit A hereto.

**"Capital Certificate"** shall mean a certificate, or book entry form of account, evidencing the Borrower's purchase of subordinated debt instruments issued by CFC from time to time. Such instruments may be denoted by CFC as "Loan Capital Term Certificates", "Member Capital Securities", "Subordinated Term Certificates", or other like designations.

**"Conversion Request"** shall mean a written request to CFC from any duly authorized officer or other employee of the Borrower requesting an interest rate conversion available pursuant to the terms of this Agreement.

**"Debt Service Coverage ("DSC") Ratio"** shall mean the ratio determined as follows: for any calendar year add (i) Operating Margins, (ii) Non-Operating Margins—Interest, (iii) Interest Expense, (iv) Depreciation and Amortization Expense, and (v) cash received in respect of generation and transmission and other capital credits, and divide the sum so obtained by the sum of all payments of Principal and Interest Expense required to be made during such calendar year; provided, however, that in the event that any amount of Long-Term Debt has been refinanced during such year, the payments of Principal and Interest Expense required to be made during such year on account of such refinanced amount of Long-Term Debt shall be based (in lieu of actual payments required to be made on such refinanced amount of Long-Term Debt) upon the larger of (a) an annualization of the payments required to be made with respect to the refinancing debt during the portion of such year such refinancing debt is outstanding or (b) the payment of Principal and Interest Expense required to be made during the following year on account of such refinancing debt.

**"Default Rate"** shall mean a rate per annum equal to the interest rate in effect for an Advance plus two hundred (200) basis points.

**"Depreciation and Amortization Expense"** shall mean an amount constituting the depreciation and amortization of the Borrower computed pursuant to Accounting Requirements.

**"Distributions"** shall mean, with respect to the Borrower, any dividend, patronage refund, patronage capital retirement or cash distribution to its members, or consumers (including but not limited to any general cancellation or abatement of charges for electric energy or services furnished by the Borrower). The term "Distribution" shall *not* include (a) a distribution by the Borrower to the estate of a deceased patron, (b) repayment by the Borrower of a membership fee



upon termination of a membership, or (c) any rebate to a patron resulting from a cost abatement received by the Borrower, such as a reduction of wholesale power cost previously incurred.

**"Draw Period"** shall have the meaning ascribed to it in Schedule 1 hereto.

**"Environmental Laws"** shall mean all laws, rules and regulations promulgated by any Governmental Authority, with which the Borrower is required to comply, regarding the use, treatment, discharge, storage, management, handling, manufacture, generation, processing, recycling, distribution, transport, release of or exposure to any Hazardous Material.

**"Equity"** shall mean the aggregate of the Borrower's equities and margins computed pursuant to Accounting Requirements.

**"Event of Default"** shall have the meaning as described in Article VI hereof.

**"GAAP"** shall mean generally accepted accounting principles in the United States of America as in effect from time to time.

**"Governmental Authority"** shall mean the government of the United States of America, any other nation or government, any state or other political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

**"Hazardous Material"** shall mean any (a) petroleum or petroleum products, radioactive materials, asbestos-containing materials, polychlorinated biphenyls, lead and radon gas, and (b) any other substance designated as hazardous or toxic or as a pollutant or contaminant under any Environmental Law.

**"Interest Expense"** shall mean an amount constituting the interest expense with respect to Long-Term Debt of the Borrower computed pursuant to Accounting Requirements. In computing Interest Expense, there shall be added, to the extent not otherwise included, an amount equal to 33-1/3% of the excess of Restricted Rentals paid by the Borrower over 2% of the Borrower's Equity.

**"Interest Rate Reset Date"** shall mean, with respect to any Advance, the first day following the expiration of the CFC Fixed Rate Term for such Advance.

**"Lien"** shall mean any statutory or common law consensual or non-consensual mortgage, pledge, security interest, encumbrance, lien, right of set off, claim or charge of any kind, including, without limitation, any conditional sale or other title retention transaction, any lease transaction in the nature thereof and any secured transaction under the Uniform Commercial Code.

**"Loan Documents"** shall mean this Agreement, the Note, the Mortgage and all other documents or instruments executed, delivered or executed and delivered by the Borrower and evidencing, securing, governing or otherwise pertaining to the loan made by CFC to the Borrower, pursuant to this Agreement.



**"Long-Term Debt"** shall mean an amount constituting the long-term debt of the Borrower computed pursuant to Accounting Requirements.

**"Make-Whole Premium"** shall mean, with respect to any principal sum of a CFC Fixed Rate Advance paid prior to the expiration of the CFC Fixed Rate Term applicable thereto (the "Prepaid Principal Amount"), an amount calculated as set forth below. The Make-Whole Premium represents CFC's reinvestment loss resulting from making a fixed rate loan.

(1) Compute the amount of interest ("Loan Interest") that would have been due on the Prepaid Principal Amount at the applicable CFC Fixed Rate for the period from the prepayment date through the end of the CFC Fixed Rate Term (such period is hereinafter referred to as the "Remaining Term"), calculated on the basis of a 30-day month/360-day year, adjusted to include any amortization of principal in accordance with the amortization schedule that would have been in effect for the Prepaid Principal Amount.

(2) Compute the amount of interest ("Investment Interest") that would be earned on the Prepaid Principal Amount (adjusted to include any applicable amortization) if invested in a United States government security with a term equivalent to the Remaining Term, calculated on the basis of a 30-day month/360-day year. The yield used to determine the amount of Investment Interest shall be based upon United States government security yields dated no more than two Business Days prior to the prepayment date in Federal Reserve statistical release H.15 (519), under the caption "U.S. Government Securities/Treasury Constant Maturities". If there is no such United States government security under said caption with a term equivalent to the Remaining Term, then the yield shall be determined by interpolating between the terms of whole years nearest to the Remaining Term.

(3) Subtract the amount of Investment Interest from the amount of Loan Interest. If the difference is zero or less, then the Make-Whole Premium is zero. If the difference is greater than zero, then the Make-Whole Premium is a sum equal to the present value of the difference, applying as the present value discount a rate equal to the yield utilized to determine Investment Interest.

**"Maturity Date"** with respect to each Note shall have the meaning ascribed to it therein.

**"Mortgage"** shall have the meaning as described in Schedule 1 hereto.

**"Mortgaged Property"** shall have the meaning ascribed to it in the Mortgage.

**"Non-Operating Margins-Interest"** shall mean the amount representing the interest component of non-operating margins of the Borrower computed pursuant to Accounting Requirements.

**"Note" or "Notes"** shall mean each secured promissory note, payable to the order of CFC, executed by the Borrower, dated as of even date herewith, pursuant to this Agreement as identified on Schedule 1 hereto, and shall include all substitute, amended or replacement promissory notes.



**"Obligations"** shall mean any and all liabilities, obligations or indebtedness owing by the Borrower to CFC, of any kind or description, irrespective of whether for the payment of money, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising.

**"Operating Margins"** shall mean the amount of patronage capital and operating margins of the Borrower computed pursuant to Accounting Requirements.

**"Payment Date"** shall mean the last day of each of the months referred to in Schedule 1.

**"Permitted Encumbrances"** shall have the meaning ascribed to it in the Mortgage.

**"Person"** shall mean natural persons, sole proprietorships, cooperatives, corporations, limited liability companies, limited partnerships, general partnerships, limited liability partnerships, joint ventures, associations, companies, trusts or other organizations, irrespective of whether they are legal entities, and Governmental Authorities.

**"Prepayment Administrative Fee"** shall mean an amount equal to thirty three one-hundredths of one percent (0.33%) of the amount being prepaid.

**"Principal"** shall mean the amount of principal billed on account of Long-Term Debt of the Borrower computed pursuant to Accounting Requirements.

**"Prior Loan Documents"** shall mean, collectively, all long term loan agreements entered into prior to the date hereof by and between CFC and the Borrower, and all promissory notes delivered pursuant thereto secured under the Mortgage, other than loan agreements and notes or bonds representing loans sold, transferred assigned or otherwise endorsed by CFC to a purchaser thereof.

**"Public Organic Record"** shall have the meaning set forth in the Uniform Commercial Code of the jurisdiction of organization of the Borrower.

**"Restricted Rentals"** shall mean all rentals required to be paid under finance leases and charged to income, exclusive of any amounts paid under any such lease (whether or not designated therein as rental or additional rental) for maintenance or repairs, insurance, taxes, assessments, water rates or similar charges. For the purpose of this definition the term "finance lease" shall mean any lease having a rental term (including the term for which such lease may be renewed or extended at the option of the lessee) in excess of three (3) years and covering property having an initial cost in excess of \$250,000 other than automobiles, trucks, trailers, other vehicles (including without limitation aircraft and ships), office, garage and warehouse space and office equipment (including without limitation computers).

**"Subsidiary"** as to any Person, shall mean a corporation, partnership, limited partnership, limited liability company or other entity of which shares of stock or other ownership interests having ordinary voting power (other than stock or such other ownership interests having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of such entity are at the time owned, or the management of which is otherwise controlled, directly or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise qualified, all references to a "Subsidiary" or to "Subsidiaries" in this Agreement shall refer to a Subsidiary or Subsidiaries of the Borrower.



**"Total Assets"** shall mean an amount constituting the total assets of the Borrower computed pursuant to Accounting Requirements.

**"Total Utility Plant"** shall mean the amount constituting the total utility plant of the Borrower computed pursuant to Accounting Requirements.

## **ARTICLE II**

### **REPRESENTATIONS AND WARRANTIES**

**Section 2.01** The Borrower represents and warrants to CFC that as of the date of this Agreement:

**A. Good Standing.** The Borrower is duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization, is duly qualified to do business and is in good standing in those states in which it is required to be qualified to conduct its business. The Borrower is a member in good standing of CFC.

**B. Subsidiaries and Ownership.** Schedule 1 hereto sets forth a complete and accurate list of the Subsidiaries of the Borrower showing the percentage of the Borrower's ownership of the outstanding stock, membership interests or partnership interests, as applicable, of each Subsidiary.

**C. Authority; Validity.** The Borrower has the power and authority to enter into this Agreement, the Note and the Mortgage; to make the borrowing hereunder; to execute and deliver all documents and instruments required hereunder and to incur and perform the obligations provided for herein, in the Note and in the Mortgage, all of which have been duly authorized by all necessary and proper action; and no consent or approval of any Person, including, as applicable and without limitation, members of the Borrower, which has not been obtained is required as a condition to the validity or enforceability hereof or thereof.

Each of this Agreement, the Note and the Mortgage is, and when fully executed and delivered will be, legal, valid and binding upon the Borrower and enforceable against the Borrower in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity.

**D. No Conflicting Agreements.** The execution and delivery of the Loan Documents and performance by the Borrower of the obligations thereunder, and the transactions contemplated hereby or thereby, will not: (i) violate any provision of law, any order, rule or regulation of any court or other Governmental Authority, any award of any arbitrator, the articles of incorporation or by-laws of the Borrower, or any indenture, contract, agreement, mortgage, deed of trust or other instrument to which the Borrower is a party or by which it or any of its property is bound; or (ii) be in conflict with, result in a breach of or constitute (with due notice and/or lapse of time) a default under, any such award, indenture, contract, agreement, mortgage, deed of trust or other instrument, or result in the creation or imposition of any Lien (other than contemplated hereby) upon any of the property or assets of the Borrower.



The Borrower is not in default in any material respect under any agreement or instrument to which it is a party or by which it is bound and no event or condition exists which constitutes a default, or with the giving of notice or lapse of time, or both, would constitute a default under any such agreement or instrument.

**E. Taxes.** The Borrower, and each of its Subsidiaries, has filed or caused to be filed all federal, state and local tax returns which are required to be filed and has paid or caused to be paid all federal, state and local taxes, assessments, and Governmental Authority charges and levies thereon, including interest and penalties to the extent that such taxes, assessments, and Governmental Authority charges and levies have become due, except for such taxes, assessments, and Governmental Authority charges and levies which the Borrower or any Subsidiary is contesting in good faith by appropriate proceedings for which adequate reserves have been set aside.

**F. Licenses and Permits.** The Borrower has duly obtained and now holds all licenses, permits, certifications, approvals and the like necessary to own and operate its property and business that are required by Governmental Authorities and each remains valid and in full force and effect.

**G. Litigation.** There are no outstanding judgments, suits, claims, actions or proceedings pending or, to the knowledge of the Borrower, threatened against or affecting the Borrower, its Subsidiaries or any of their respective properties which, if adversely determined, either individually or collectively, would have a material adverse effect upon the business, operations, prospects, assets, liabilities or financial condition of the Borrower or its Subsidiaries. The Borrower and its Subsidiaries are not, to the Borrower's knowledge, in default or violation with respect to any judgment, order, writ, injunction, decree, rule or regulation of any Governmental Authority which would have a material adverse effect upon the business, operations, prospects, assets, liabilities or financial condition of the Borrower or its Subsidiaries.

**H. Financial Statements.** The balance sheet of the Borrower as at the date identified in Schedule 1 hereto, the statement of operations of the Borrower for the period ending on said date, each included in the Borrower's most recent audited financial statements and the interim financial statements of the Borrower, all heretofore furnished to CFC, are complete and correct. Said balance sheet fairly presents the financial condition of the Borrower as at said date and said statement of operations fairly reflects its operations for the period ending on said date. The Borrower has no contingent obligations or extraordinary forward or long-term commitments except as specifically stated in said balance sheet, elsewhere in the Borrower's most recent audited financial statements or herein. There has been no material adverse change in the financial condition or operations of the Borrower from that set forth in said financial statements except changes disclosed in writing to CFC prior to the date hereof.

**I. Borrower's Legal Status.** Schedule 1 hereto accurately sets forth: (i) the Borrower's name on its Public Organic Record, (ii) the Borrower's organizational type and jurisdiction of organization and, (iii) the Borrower's place of business or, if more than one, its chief executive office as well as the Borrower's mailing address if different.

**J. Required Approvals.** No license, consent or approval of any Governmental Authority is required to enable the Borrower to enter into this Agreement, the Note and the Mortgage, or to perform any of its Obligations provided for in such documents, including without limitation (and if applicable), that of any state public utilities commission, any state public



service commission, and the Federal Energy Regulatory Commission, except as disclosed in Schedule 1 hereto, all of which the Borrower has obtained prior to the date hereof.

**K. Compliance With Laws.** The Borrower and each Subsidiary is in compliance, in all material respects, with all applicable requirements of law and all applicable rules and regulations of each Governmental Authority.

**L. Disclosure.** To the Borrower's knowledge, information and belief, neither this Agreement nor any document, certificate or financial statement furnished to CFC by or on behalf of the Borrower in connection herewith (all such documents, certificates and financial statements, taken as a whole) contains any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements contained herein and therein not misleading.

**M. No Other Liens.** As to property which is presently included in the description of Mortgaged Property, the Borrower has not, without the prior written approval of CFC, executed or authenticated any security agreement or mortgage, or filed or authorized any financing statement to be filed with respect to assets owned by it, other than security agreements, mortgages and financing statements in favor of CFC, except as disclosed in writing to CFC prior to the date hereof or relating to Permitted Encumbrances.

**N. Environmental Matters.** Except as to matters which individually or in the aggregate would not have a material adverse effect upon the business or financial condition of the Borrower or its Subsidiaries, (i) the Borrower is in compliance with all Environmental Laws (including, but not limited to, having any required permits and licenses), (ii) there have been no releases (other than releases remediated in compliance with Environmental Laws) from any underground or aboveground storage tanks (or piping associated therewith) that are or were present at the Mortgaged Property, (iii) the Borrower has not received written notice or claim of any violation of any Environmental Law, (iv) there is no pending investigation of the Borrower in regard to any Environmental Law, and (v) to the best of the Borrower's knowledge, there has not been any release or contamination (other than releases or contamination remediated in compliance with Environmental Laws) resulting from the presence of Hazardous Materials on property owned, leased or operated by the Borrower.

### **ARTICLE III**

#### **LOAN**

**Section 3.01 Advances.** The Borrower shall submit its request for an Advance to CFC in writing (which may be submitted by facsimile) no later than 12:00 noon local time at CFC's offices in Dulles, Virginia on the Business Day prior to the Business Day the Borrower seeks to have funds advanced.

At the end of the Draw Period, CFC shall have no further obligation to make Advances. The obligation of the Borrower to repay the Advances shall be evidenced by one or more Notes.

**Section 3.02 Interest Rate and Payment.** Notes shall be payable and bear interest as follows:

#### **A. Payments; Maturity; Amortization.**



(i) Each Note shall have a Maturity Date that is not more than thirty-three (33) years from the date hereof, *provided, however*, that if such date is not a Payment Date, then the Maturity Date shall be the Payment Date immediately preceding such date.

(ii) Prior to or at the time of each Advance, the Borrower shall elect, with respect to such Advance, (1) an amortization method for principal, or (2) not to amortize principal. If no election is made, then the Advance shall amortize over a period ending on the earlier of the date that is thirty (30) years from the date of such Advance and the Maturity Date.

(a) *Amortizing Advances*: Each Advance that the Borrower elects to amortize shall amortize over a period elected by the Borrower, *provided, however*, that such period shall not (i) exceed thirty (30) years from the date of such Advance and (ii) extend beyond the Maturity Date. For each Advance, the Borrower shall promptly pay interest in the amount invoiced on each Payment Date until the first Payment Date of the Billing Cycle in which the Amortization Basis Date occurs. On such Payment Date, and on each Payment Date thereafter, the Borrower shall promptly pay interest and principal in the amounts invoiced. If not sooner paid, any amount due on account of the unpaid principal, interest accrued thereon and fees, if any, shall be due and payable on the Maturity Date. The amortization method for each Advance shall be as stated on Schedule 1 or, if not so stated, then as stated on the written requisition for such Advance submitted by the Borrower to CFC pursuant to the terms hereof.

(b) *Non-Amortizing Advances*: Each Advance that the Borrower elects not to amortize shall be repaid within thirty (30) years from the date of such Advance, or the Maturity Date, whichever is earlier. On each Payment Date, the Borrower shall promptly pay interest only until the final Payment Date corresponding to the term of such Advance, or the Maturity Date (whichever is applicable), upon which date all unpaid principal, interest accrued thereon and fees, if any, shall be due and payable. If the term of a non-amortizing Advance ends on a date that is not a Payment Date, then the repayment of such Advance shall be due and payable on the Payment Date immediately preceding such date.

(iii) CFC will invoice the Borrower at least ten (10) days before each Payment Date, *provided, however*, that CFC's failure to send an invoice shall not constitute a waiver by CFC or be deemed to relieve the Borrower of its obligation to make payments as and when due as provided for herein.

(iv) No provision of this Agreement or of any Note shall require the payment, or permit the collection, of interest in excess of the highest rate permitted by applicable law.

**B. Application of Payments.** Each payment shall be applied to the Obligations as follows: (i) first, to any fees, costs, expenses or charges due other than interest or principal, (ii) second, to interest accrued and unpaid, and (iii) third, the balance, if any, to the outstanding principal balance of the Obligations.

**C. Selection of Interest Rate and Interest Rate Computation.** Prior to each Advance on a Note, the Borrower must select in writing either a CFC Fixed Rate or the CFC Variable Rate, as follows:

(i) CFC Fixed Rate. If the Borrower selects a CFC Fixed Rate for an Advance, then such rate shall be in effect for the CFC Fixed Rate Term selected by the Borrower. CFC shall



provide the Borrower with at least sixty (60) days prior written or electronic notice of the Interest Rate Reset Date for such Advance. The Borrower may then select any available interest rate option for such Advance pursuant to CFC's policies of general application. The Advance shall bear interest according to the interest rate option so selected beginning on the Interest Rate Reset Date. If the Borrower does not select an interest rate in writing prior to the Interest Rate Reset Date, then beginning on the Interest Rate Reset Date the Advance shall bear interest at, the CFC Variable Rate. CFC agrees that its long-term loan policies will include a fixed interest rate option until the Maturity Date. For any Advance, the Borrower may not select a CFC Fixed Rate with a CFC Fixed Rate Term that extends beyond the Maturity Date. Interest on amortizing Advances bearing interest at a CFC Fixed Rate shall be computed for the actual number of days elapsed on the basis of a year of 365 days, until the first day of the Billing Cycle in which the Amortization Basis Date occurs; interest shall then be computed on the basis of a 30-day month and 360-day year. Interest on non-amortizing Advances bearing interest at a CFC Fixed Rate shall be computed for the actual number of days elapsed on the basis of a year of 365 days.

(ii) **CFC Variable Rate.** If the Borrower selects the CFC Variable Rate for an Advance, then such CFC Variable Rate shall apply until the Maturity Date, unless the Borrower elects to convert to a CFC Fixed Rate pursuant to the terms hereof. Interest on Advances bearing interest at the CFC Variable Rate shall be computed for the actual number of days elapsed on the basis of a year of 365 days.

**Section 3.03 Conversion of Interest Rates.** The Borrower may at any time exercise any or all of the following interest rate conversion options by submitting a Conversion Request. The effective date of the interest rate conversion shall be determined by CFC pursuant to its policies of general application.

**A. CFC Variable Rate to a CFC Fixed Rate.** The Borrower may convert the interest rate on an outstanding Advance from the CFC Variable Rate to a CFC Fixed Rate without a fee. Upon such conversion, the new interest rate shall be the CFC Fixed Rate in effect on the date of the Conversion Request for the CFC Fixed Rate Term selected by the Borrower.

**B. CFC Fixed Rate to CFC Variable Rate.** The Borrower may convert the interest rate on an outstanding Advance from a CFC Fixed Rate to the CFC Variable Rate, provided that the Borrower promptly pays the invoiced amount for any applicable conversion fee calculated pursuant to CFC's long-term loan policies as established from time to time for similarly classified long-term loans. Upon such conversion, the new interest rate shall be the CFC Variable Rate in effect on the date of the Conversion Request.

**C. A CFC Fixed Rate to Another CFC Fixed Rate.** The Borrower may convert the interest rate on an outstanding Advance from a CFC Fixed Rate to a different CFC Fixed Rate by selecting a different CFC Fixed Rate Term, provided that the Borrower promptly pays the invoiced amount for any applicable conversion fee calculated pursuant to CFC's long-term loan policies as established from time to time for similarly classified long-term loans. Upon such conversion, the new interest rate shall be the CFC Fixed Rate in effect on the date of the Conversion Request for the new CFC Fixed Rate Term selected by the Borrower.

**Section 3.04 Optional Prepayment.** The Borrower may at any time, on not less than thirty (30) days prior written notice to CFC, prepay any Advance, in whole or in part. In the event the Borrower prepays all or any part of an Advance (regardless of the source of such



prepayment and whether voluntary, by acceleration or otherwise), the Borrower shall pay any Prepayment Administrative Fee and/or Make-Whole Premium as CFC may prescribe pursuant to the terms of this Section 3.04. All prepayments shall be accompanied by payment of accrued and unpaid interest on the amount of and to the date of the repayment. All prepayments shall be applied (i) first to any fees, costs, expenses or charges due hereunder other than interest or principal, (ii) second, to the payment of accrued and unpaid interest, and (iii) third, the balance, if any, to the outstanding principal balance of the applicable Advance.

If the Advance bears interest at the CFC Variable Rate, then the Borrower may on any Business Day prepay the Advance or any portion thereof, provided that the Borrower pays together therewith the Prepayment Administrative Fee. If the Advance bears interest at a CFC Fixed Rate, then the Borrower may prepay the Advance on (a) the Business Day before an Interest Rate Reset Date, provided that the Borrower pays together therewith the Prepayment Administrative Fee, or (b) any other Business Day, provided that the Borrower pays together therewith the Prepayment Administrative Fee and any applicable Make-Whole Premium.

**Section 3.05 Mandatory Prepayment.** If there is a change in the Borrower's corporate structure (including without limitation by merger, consolidation, conversion or acquisition), then upon the effective date of such change, (a) the Borrower shall no longer have the ability to request, and CFC shall have no obligation to make, Advances hereunder and (b) the Borrower shall prepay the outstanding principal balance of all Obligations, together with any accrued but unpaid interest thereon, any unpaid costs or expenses provided for herein, and a prepayment premium as set forth in any agreement between the Borrower and CFC with respect to any such Obligation or, if not specified therein, as prescribed by CFC pursuant to its policies of general application in effect from time to time.

Notwithstanding the foregoing, if after giving effect to such change in the Borrower's corporate structure, Borrower, or its successor in interest, is engaged in the furnishing of electric utility services to its members and patrons for their use as ultimate consumers and is organized as a cooperative, nonprofit corporation, public utility district, municipality, or other public governmental body, Borrower shall retain the ability to request, and CFC shall retain the obligation to make, Advances hereunder and no prepayment shall be required under this Section 3.05.

**Section 3.06 Default Rate.** If the Borrower defaults on its obligation to make a payment due hereunder by the applicable Payment Date, and such default continues for thirty days thereafter, then beginning on the thirty-first day after the Payment Date and for so long as such default continues, Advances shall bear interest at the Default Rate.

## ARTICLE IV

### CONDITIONS OF LENDING

**Section 4.01 Conditions Precedent to Closing.** The obligation of CFC to make Advances hereunder shall not become effective until the date on which the following conditions precedent have been satisfied:



**A. Legal Matters.** All legal matters incident to the consummation of the transactions hereby contemplated shall be satisfactory to counsel for CFC.

**B. Representations and Warranties.** The representations and warranties contained in Article II shall be true on the date hereof.

**C. Closing Deliverables.** CFC shall have been furnished with the following, in form and substance satisfactory to CFC:

(I) **Documents.** (a) the executed Loan Documents, (b) certified copies of all such organizational documents and proceedings of the Borrower authorizing the transactions hereby contemplated as CFC shall require, (c) an opinion of counsel for the Borrower addressing such legal matters as CFC shall reasonably require, and (d) all other such documents as CFC may reasonably request.

(II) **Government Approvals.** True and correct copies of all certificates, authorizations, consents, permits and licenses from Governmental Authorities necessary for the execution or delivery of the Loan Documents or performance by the Borrower of the obligations thereunder.

**D. Mortgage Recordation.** The Mortgage (and any amendments, supplements or restatements as CFC may require from time to time) shall have been duly filed, recorded or indexed in all jurisdictions necessary (and in any other jurisdiction that CFC shall have reasonably requested) to provide CFC a Lien, subject to Permitted Encumbrances, on all of the Borrower's real property, all in accordance with all applicable laws, rules and regulations, and the Borrower shall have paid all applicable taxes, recording and filing fees and caused satisfactory evidence thereof to be furnished to CFC.

**E. UCC Filings.** Uniform Commercial Code financing statements (and any continuation statements and other amendments thereto that CFC shall require from time to time) shall have been duly filed, recorded or indexed in all jurisdictions necessary (and in any other jurisdiction that CFC shall have reasonably requested) to provide CFC a perfected security interest, subject to Permitted Encumbrances, in the Mortgaged Property which may be perfected by the filing of a financing statement, all in accordance with all applicable laws, rules and regulations, and the Borrower shall have paid all applicable taxes, recording and filing fees and caused satisfactory evidence thereof to be furnished to CFC.

**F. Special Conditions of Closing.** CFC shall be fully satisfied that the Borrower has complied with all special conditions of closing identified in Schedule 1 hereto.

**Section 4.02 Conditions to Advances.** The obligation of CFC to make each Advance hereunder is additionally subject to satisfaction of the following conditions:

**A. Requisitions.** The Borrower will requisition each Advance by submitting its written requisition to CFC, in form and substance satisfactory to CFC. Requisitions for Advances shall be made only for the purposes set forth in Schedule 1 hereto.

**B. Representations and Warranties; Default.** The representations and warranties contained in Article II shall be true on the date of the making of each Advance



hereunder with the same effect as though such representations and warranties had been made on such date; no Event of Default and no event which, with the lapse of time or the notice and lapse of time would become such an Event of Default, shall have occurred and be continuing or will have occurred after giving effect to each Advance on the books of the Borrower; there shall have occurred no material adverse change in the business or condition, financial or otherwise, of the Borrower; and nothing shall have occurred which in the opinion of CFC materially and adversely affects the Borrower's ability to perform its obligations hereunder.

**C. Other Information.** The Borrower shall have furnished such other information as CFC may reasonably require, including but not limited to (i) information regarding the specific purpose for an Advance and the use thereof, (ii) feasibility studies, cash flow projections, financial analyses and pro forma financial statements sufficient to demonstrate to CFC's reasonable satisfaction that after giving effect to the Advance requested, the Borrower shall continue to achieve the DSC ratio set forth in Section 5.01.A herein, to meet all of its debt service obligations, and otherwise to perform and to comply with all other covenants and conditions set forth in this Agreement, and (iii) any other information as CFC may reasonably request.

**D. Special Conditions of Advances.** CFC shall be fully satisfied that the Borrower has complied with all special conditions to advance identified in Schedule 1 hereto.

## **ARTICLE V**

### **COVENANTS**

**Section 5.01 Affirmative Covenants.** The Borrower covenants and agrees with CFC that until payment in full of the Note and performance of all obligations of the Borrower hereunder:

**A. Financial Ratios; Design of Rates.** The Borrower shall achieve an Average DSC Ratio of not less than 1.35. The Borrower shall not decrease its rates for electric service if it has failed to achieve a DSC Ratio of 1.35 for the calendar year prior to such reduction subject only to an order from a Governmental Authority properly exercising jurisdiction over the Borrower.

**B. Loan Proceeds.** The Borrower shall use the proceeds of this loan solely for the purposes identified on Schedule 1 hereto.

**C. Notice.** The Borrower shall promptly notify CFC in writing of:

- (i) any material adverse change in the business, operations, prospects, assets, liabilities or financial condition of the Borrower;
- (ii) the institution or threat of any litigation or administrative proceeding of any nature involving the Borrower which could materially affect the business, operations, prospects, assets, liabilities or financial condition of the Borrower; and
- (iii) the occurrence of an Event of Default hereunder, or any event that, with the giving of notice or lapse of time, or both, would constitute an Event of Default.



**D. Default Notices.** Upon receipt of any notices with respect to a default by the Borrower under the terms of any evidence of any indebtedness with parties other than CFC or of any loan agreement, mortgage or other agreement relating thereto, the Borrower shall deliver copies of such notice to CFC.

**E. Annual Certificates.**

(i) Within one hundred twenty (120) days after the close of each calendar year, commencing with the year in which the initial Advance hereunder shall have been made, the Borrower will deliver to CFC a written statement, in form and substance satisfactory to CFC, either (a) signed by the Borrower's General Manager or Chief Executive Officer, or (b) submitted electronically through means made available to the Borrower by CFC, stating that during such year, and to the best of said person's knowledge, the Borrower has fulfilled all of its obligations under this Agreement, the Note, and the Mortgage throughout such year or, if there has been a default in the fulfillment of any such obligations, specifying each such default known to said person and the nature and status thereof.

(ii) If requested by CFC, the Borrower shall deliver to CFC within one hundred twenty (120) days after the close of each calendar year, a certification, in form and substance satisfactory to CFC, regarding the condition of the Mortgaged Property prepared by a professional engineer satisfactory to CFC. The Borrower shall also deliver to CFC such other information as CFC may reasonably request from time to time.

**F. RESERVED**

**G. Financial Books; Financial Reports; Right of Inspection.** The Borrower will at all times keep, and safely preserve, proper books, records and accounts in which full and true entries will be made of all of the dealings, business and affairs of the Borrower, in accordance with Accounting Requirements. Within one hundred twenty (120) days of the end of each calendar year during the term hereof, the Borrower shall furnish to CFC a full and complete report of its financial condition and statement of its operations as of the end of such calendar year, in form and substance satisfactory to CFC. In addition, within one hundred twenty (120) days of the end of each of the Borrower's fiscal years during the term hereof, the Borrower shall furnish to CFC a full and complete consolidated and consolidating report of its financial condition and statement of its operations as of the end of such fiscal year, audited and certified by independent certified public accountants nationally recognized or otherwise satisfactory to CFC and accompanied by a report of such audit in form and substance satisfactory to CFC, including without limitation a consolidated and consolidating balance sheet and the related consolidated and consolidating statements of income and cash flow. When requested by CFC, the Borrower will prepare and furnish CFC from time to time, additional periodic financial and statistical reports on its condition and operations. All of such reports shall be in such form and include such information as may be specified by CFC. CFC, through its representatives, shall at all times during reasonable business hours and upon prior notice have access to, and the right to inspect and make copies of, any or all books, records and accounts, and any or all invoices, contracts, leases, payrolls, canceled checks, statements and other documents and papers of every kind belonging to or in the possession of the Borrower or in any way pertaining to its property or business.



**H. Notice of Additional Secured Debt.** The Borrower will notify CFC promptly in writing if it incurs any additional secured indebtedness other than indebtedness to CFC or indebtedness otherwise provided for in the Mortgage.

**I. Funds Requisition.** The Borrower agrees (i) that CFC may rely conclusively upon the interest rate option, interest rate term and other written instructions submitted to CFC in the Borrower's written request for an Advance hereunder, (ii) that such instructions shall constitute a covenant under this Agreement to repay the Advance in accordance with such instructions, the applicable Note, the Mortgage and this Agreement, and (iii) to request Advances only for the purposes set forth in Schedule 1 hereto.

**J. Compliance With Laws.** The Borrower and each Subsidiary shall remain in compliance, in all material respects, with all applicable requirements of law and applicable rules and regulations of each Governmental Authority.

**K. Taxes.** The Borrower shall pay, or cause to be paid, all taxes, assessments or Governmental Authority charges lawfully levied or imposed on or against it and its properties prior to the time they become delinquent, except for any taxes, assessments or charges that are being contested in good faith and with respect to which adequate reserves as determined in good faith by the Borrower have been established and are being maintained.

**L. Further Assurances.** The Borrower shall execute any and all further documents, financing statements, agreements and instruments, and take all such further actions (including the filing and recording of financing statements, fixture filings, mortgages, deeds of trust and other documents), which may be required under any applicable law, rule or regulation, or which CFC may reasonably request, to effectuate the transactions contemplated by the Loan Documents or to grant, preserve, protect or perfect the Liens created or intended to be created thereby. The Borrower also agrees to provide to CFC, from time to time upon request, evidence reasonably satisfactory to CFC as to the perfection and priority of the Liens created or intended to be created by the Loan Documents.

**M. Environmental Covenants.** The Borrower shall:

- (i) at its own cost, comply in all material respects with all applicable Environmental Laws, including, but not limited to, any required remediation; and
- (ii) if it receives any written communication alleging the Borrower's violation of any Environmental Law, provide CFC with a copy thereof within ten (10) Business Days after receipt, and promptly take appropriate action to remedy, cure, defend, or otherwise affirmatively respond to the matter.

**N. Limitations on Loans, Investments and Other Obligations.** The aggregate amount of all purchases, investments, loans, guarantees, commitments and other obligations described in Section 5.02.D(i) of this Agreement shall at all times be less than fifteen percent (15%) of Total Utility Plant or fifty percent (50%) of Equity, whichever is greater.

**O. Special Covenants.** The Borrower agrees that it will comply with any special covenants identified in Schedule 1 hereto.



**Section 5.02 Negative Covenants.** The Borrower covenants and agrees with CFC that until payment in full of the Note and performance of all obligations of the Borrower hereunder, the Borrower will not, directly or indirectly, without CFC's prior written consent:

**A. Limitations on Mergers.** Consolidate with, merge, or sell all or substantially all of its business or assets, or enter into an agreement for such consolidation, merger or sale, to another entity or person unless such action is either approved, as is evidenced by the prior written consent of CFC, or the purchaser, successor or resulting corporation is or becomes a member in good standing of CFC and assumes the due and punctual payment of the Note and the due and punctual performance of the covenants contained in the Mortgage and this Agreement.

**B. Limitations on Sale, Lease or Transfer of Capital Assets; Application of Proceeds.** Sell, lease or transfer (or enter into an agreement to sell, lease or transfer) any capital asset, except in accordance with this Section 5.02.B. If no Event of Default (and no event which with notice or lapse of time and notice would become an Event of Default) shall have occurred and be continuing, the Borrower may, without the prior written consent of CFC, sell, lease or transfer (or enter into an agreement to sell, lease or transfer) any capital asset in exchange for fair market value consideration paid to the Borrower if the value of such capital asset is less than five percent (5%) of Total Utility Plant and the aggregate value of capital assets sold, leased or transferred in any 12-month period is less than ten percent (10%) of Total Utility Plant. If the Borrower does sell, lease or transfer any capital assets, then the proceeds thereof (less ordinary and reasonable expenses incident to such transaction) shall immediately (i) be applied as a prepayment of the Note, to such installments as may be designated by CFC at the time of any such prepayment; (ii) in the case of dispositions of equipment, material or scrap, applied to the purchase of other property useful in the Borrower's business, although not necessarily of the same kind as the property disposed of, which shall forthwith become subject to the Lien of the Mortgage; or (iii) applied to the acquisition or construction of other property or in reimbursement of the costs of such property.

**C. RESERVED**

**D. Limitations on Loans, Investments and Other Obligations.**

(i) (a) Purchase, or make any commitment to purchase, any stock, bonds, notes, debentures, or other securities or obligations of or beneficial interests in, (b) make, or enter into a commitment to make, any other investment, monetary or otherwise, in, (c) make, or enter into a commitment to make, any loan to, or (d) guarantee, assume, or otherwise become liable for, or enter into a commitment to guarantee, assume, or otherwise become liable for, any obligation of any Person if, after giving effect to such purchase, investment, loan, guarantee or commitment, the aggregate amount thereof would exceed the greater of fifteen percent (15%) of Total Utility Plant or fifty percent (50%) of Equity.

(ii) The following shall not be included in the limitation of purchases, investments, loans and guarantees in (i) above: (a) bonds, notes, debentures, stock, or other securities or obligations issued by or guaranteed by the United States or any agency or instrumentality thereof; (b) bonds, notes, debentures, stock, commercial paper, subordinated capital certificates, or any other security or obligation issued by CFC or by institutions whose senior unsecured debt obligations are rated by at least two nationally recognized rating organizations in either of their two highest categories; (c) investments incidental to loans made by CFC; (d) any deposit that is fully insured by the United States; (e) loans and grants made by any Governmental Authority to the Borrower



under any rural economic development program, but only to the extent that such loans and grants are non-recourse to the Borrower; and (f) unretired patronage capital allocated to the Borrower by CFC, a cooperative from which the Borrower purchases electric power, or a statewide cooperative association of which the Borrower is a member.

(iii) In no event may the Borrower take any action pursuant to subsection (i) if an Event of Default under this Agreement has occurred and is continuing,

**E. Organizational Change.** Change its type of organization or other legal structure, except as permitted by Section 5.02.A. hereof, in which case the Borrower shall provide at least thirty (30) days prior written notice to CFC together with all documentation reflecting such change as CFC may reasonably require.

**F. Notice of Change in Borrower Information.** Change its (i) state of incorporation, (ii) legal name, or (iii) mailing address, unless the Borrower provides written notice to CFC at least thirty (30) days prior to the effective date of any such change together with all documentation reflecting any such change as CFC may reasonably require.

## **ARTICLE VI**

### **EVENTS OF DEFAULT**

**Section 6.01** The following shall be "Events of Default" under this Agreement:

**A. Representations and Warranties.** Any representation or warranty made by the Borrower herein, or in any of the other Loan Documents, or in any certificate or financial statement furnished to CFC hereunder or under any of the other Loan Documents shall prove to be false or misleading in any material respect.

**B. Payment.** The Borrower shall fail to pay (whether upon stated maturity, by acceleration, or otherwise) any principal, interest, premium (if any) or other amount payable under the Note and the Loan Documents within five (5) Business Days after the due date thereof.

**C. Other Covenants.**

**(I) No Grace Period.** Failure of the Borrower to observe or perform any covenant or agreement contained in Sections 5.01.A, 5.01.B, 5.01.D, 5.01.E, 5.01.G, 5.01.I, 5.01.N or 5.02 of this Agreement.

**(II) Thirty Day Grace Period.** Failure of the Borrower to observe or perform any other covenant or agreement contained in this Agreement or any of the other Loan Documents, which shall remain unremedied for thirty (30) calendar days after written notice thereof shall have been given to the Borrower by CFC.

**D. Legal Existence, Permits and Licenses.** The Borrower shall forfeit or otherwise be deprived of (i) its authority to conduct business in the jurisdiction in which it is organized or in any other jurisdiction where such authority is required in order for the Borrower to conduct its business in such jurisdiction or (ii) permits, easements, consents or licenses required to carry on any material portion of its business.



**E. Other CFC Obligations.** The Borrower shall be in breach or default of any Obligation, which breach or default continues uncured beyond the expiration of any applicable grace period.

**F. Other Obligations.** The Borrower shall (i) fail to make any payment of any principal, premium or any other amount due or interest on any indebtedness with parties other than CFC which shall remain unpaid beyond the expiration of any applicable grace period, or (ii) be in breach or default with respect to any other term of any evidence of any other indebtedness with parties other than CFC or of any loan agreement, mortgage or other agreement relating thereto which breach or default continues uncured beyond the expiration of any applicable grace period, if the effect of such failure, default or breach is to cause the holder or holders of that indebtedness to cause that indebtedness to become or be declared due prior to its stated maturity (upon the giving or receiving of notice, lapse of time, both or otherwise).

**G. Involuntary Bankruptcy.** An involuntary case or other proceeding shall be commenced against the Borrower seeking liquidation, reorganization or other relief with respect to it or its debts under bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property and such involuntary case or other proceeding shall continue without dismissal or stay for a period of sixty (60) consecutive days; or an order for relief shall be entered against the Borrower under the federal bankruptcy laws or applicable state law as now or hereafter in effect.

**H. Insolvency.** The Borrower shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall admit in writing its inability to, or be generally unable to, pay its debts as they become due, or shall take any action to authorize any of the foregoing.

**I. Dissolution or Liquidation.** Other than as provided in subsection H. above, the dissolution or liquidation of the Borrower, or failure by the Borrower promptly to forestall or remove any execution, garnishment or attachment of such consequence as will impair its ability to continue its business or fulfill its obligations and such execution, garnishment or attachment shall not be vacated within sixty (60) consecutive days. The term "dissolution or liquidation of the Borrower", as used in this subsection, shall not be construed to include the cessation of the corporate existence of the Borrower resulting either from a merger or consolidation of the Borrower into or with another corporation following a transfer of all or substantially all its assets as an entirety, under the conditions set forth in Section 5.02.A.

**J. Material Adverse Change.** Any material adverse change in the business or condition, financial or otherwise, of the Borrower.

**K. Monetary Judgment.** The Borrower shall suffer any money judgment not covered by insurance, writ or warrant of attachment or similar process involving an amount in



excess of \$100,000 and shall not discharge, vacate, bond or stay the same within a period of sixty (60) days.

**L. Nonmonetary Judgment.** One or more nonmonetary judgments or orders (including, without limitation, injunctions, writs or warrants of attachment, garnishment, execution, distraint, replevin or similar process) shall be rendered against the Borrower that, either individually or in the aggregate, could reasonably be expected to have a material adverse effect upon the business, operations, prospects, assets, liabilities or financial condition of the Borrower.

## **ARTICLE VII**

### **REMEDIES**

**Section 7.01** If any Event of Default shall occur after the date of this Agreement and shall not have been remedied within the applicable grace period therefor, then in every such event (other than an event described in Section 6.01.G, 6.01.H or 6.01.I) and at any time during the continuance of such event, CFC may:

- (i) Cease making Advances hereunder;
- (ii) Declare all unpaid principal outstanding on the Note, all accrued and unpaid interest thereon, and all other Obligations to be immediately due and payable and the same shall thereupon become immediately due and payable without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived;
- (iii) Exercise rights of setoff or recoupment and apply any and all amounts held, or hereafter held, by CFC or owed to the Borrower or for the credit or account of the Borrower against any and all of the Obligations of the Borrower now or hereafter existing hereunder or under the Note, including, but not limited to, patronage capital allocations and retirements, money due to the Borrower from equity certificates purchased from CFC, and any membership or other fees that would otherwise be returned to the Borrower. The rights of CFC under this section are in addition to any other rights and remedies (including other rights of setoff or recoupment) which CFC may have. The Borrower waives all rights of setoff, deduction, recoupment or counterclaim;
- (iv) Pursue all rights and remedies available to CFC that are contemplated by the Mortgage and the other Loan Documents in the manner, upon the conditions, and with the effect provided in the Mortgage and the other Loan Documents, including, but not limited to, a suit for specific performance, injunctive relief or damages; and
- (v) Pursue any other rights and remedies available to CFC at law or in equity.

If any Event of Default described in Section 6.01.G, 6.01.H or 6.01.I shall occur after the date of this Agreement, then CFC's commitment to make Advances hereunder shall automatically terminate and the unpaid principal outstanding on the Note, all accrued and unpaid interest thereon, and all other Obligations shall thereupon become immediately due and payable without



presentment, demand, protest or notice of any kind, all of which are hereby expressly waived. In addition, CFC may pursue all rights and remedies available to CFC that are contemplated by the Mortgage and the other Loan Documents in the manner, upon the conditions, and with the effect provided in the Mortgage and the other Loan Documents, including, but not limited to, a suit for specific performance, injunctive relief or damages and any other rights and remedies available to CFC at law or in equity.

Nothing herein shall limit the right of CFC to pursue all rights and remedies available to a creditor following the occurrence of an Event of Default. Each right, power and remedy of CFC shall be cumulative and concurrent, and recourse to one or more rights or remedies shall not constitute a waiver of any other right, power or remedy.

## **ARTICLE VIII**

### **MISCELLANEOUS**

**Section 8.01 Notices.** All notices, requests and other communications provided for herein including, without limitation, any modifications of, or waivers, requests or consents under, this Agreement shall be given or made in writing (including, without limitation, by facsimile) and delivered to the intended recipient at the "Address for Notices" specified below; or, as to any party, at such other address as shall be designated by such party in a notice to each other party. All such communications shall be deemed to have been duly given (i) when personally delivered including, without limitation, by overnight mail or courier service, (ii) in the case of notice by United States mail, certified or registered, postage prepaid, return receipt requested, upon receipt thereof, or (iii) in the case of notice by facsimile, upon transmission thereof, provided such transmission is promptly confirmed by either of the methods set forth in clauses (i) or (ii) above in each case given or addressed as provided for herein. The Address for Notices of each of the respective parties is as follows:

The Borrower:

CFC:

The address set forth in  
Schedule 1 hereto

National Rural Utilities Cooperative Finance Corporation  
20701 Cooperative Way  
Dulles, Virginia 20166  
Attention: General Counsel  
Fax # 866-230-5635

**Section 8.02 Expenses.** The Borrower shall reimburse CFC for any reasonable costs and out-of-pocket expenses paid or incurred by CFC (including, without limitation, reasonable fees and expenses of outside attorneys, paralegals and consultants) for all actions CFC takes, (a) to enforce the payment of any Obligation, to effect collection of any Mortgaged Property, or in preparation for such enforcement or collection, (b) to institute, maintain, preserve, enforce and foreclose on CFC's security interest in or Lien on any of the Mortgaged Property, whether through judicial proceedings or otherwise, (c) to restructure any of the Obligations, (d) to review, approve or grant any consents or waivers hereunder, (e) to prepare, negotiate, execute, deliver, review, amend or modify this Agreement, and (f) to prepare, negotiate, execute, deliver, review, amend or modify any other agreements, documents and instruments deemed necessary or appropriate by CFC in connection with any of the foregoing.



The amount of all such expenses identified in this Section 8.02 shall be secured by the Mortgage and shall be payable upon demand, and if not paid, shall accrue interest at the then prevailing CFC Variable Rate plus two hundred (200) basis points.

**Section 8.03 Late Payments.** If payment of any amount due hereunder or under the Note is not received at CFC's office in Dulles, Virginia or such other location as CFC may designate to the Borrower within five (5) Business Days after the applicable due date thereof, the Borrower will pay to CFC, in addition to all other amounts due under the terms of the Loan Documents, any late payment charge as may be fixed by CFC from time to time pursuant to its policies of general application as in effect from time to time.

**Section 8.04 Non-Business Day Payments.** If any payment to be made by the Borrower hereunder shall become due on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day and such extension of time shall be included in computing any interest in respect of such payment.

**Section 8.05 Filing Fees.** To the extent permitted by law, the Borrower agrees to pay all expenses of CFC (including the reasonable fees and expenses of its counsel) in connection with the filing, registration, recordation or perfection of the Mortgage and any other security instruments as may be required by CFC in connection with this Agreement, including, without limitation, all documentary stamps, recordation and transfer taxes and other costs and taxes incident to execution, filing, registration or recordation of any document or instrument in connection herewith. The Borrower agrees to save harmless and indemnify CFC from and against any liability resulting from the failure to pay any required documentary stamps, recordation and transfer taxes, recording costs, or any other expenses incurred by CFC in connection with this Agreement. The provisions of this subsection shall survive the execution and delivery of this Agreement and the payment of all other amounts due under the Loan Documents.

**Section 8.06 Waiver; Modification.** No failure on the part of CFC to exercise, and no delay in exercising, any right or power hereunder or under the other Loan Documents shall operate as a waiver thereof, nor shall any single or partial exercise by CFC of any right hereunder, or any abandonment or discontinuance of steps to enforce such right or power, preclude any other or further exercise thereof or the exercise of any other right or power. No modification or waiver of any provision of this Agreement, the Note or the other Loan Documents and no consent to any departure by the Borrower therefrom shall in any event be effective unless the same shall be in writing by the party granting such modification, waiver or consent, and then such modification, waiver or consent shall be effective only in the specific instance and for the purpose for which given.

#### **SECTION 8.07 GOVERNING LAW; SUBMISSION TO JURISDICTION; WAIVER OF JURY TRIAL.**

(A) THE PERFORMANCE AND CONSTRUCTION OF THIS AGREEMENT AND THE NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE COMMONWEALTH OF VIRGINIA.

(B) THE BORROWER HEREBY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF THE UNITED STATES COURTS LOCATED IN VIRGINIA AND OF ANY STATE COURT SO LOCATED FOR PURPOSES OF ALL LEGAL PROCEEDINGS ARISING OUT OF OR



RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. THE BORROWER IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTIONS THAT IT MAY NOW OR HEREAFTER HAVE TO THE ESTABLISHING OF THE VENUE OF ANY SUCH PROCEEDINGS BROUGHT IN SUCH A COURT AND ANY CLAIM THAT ANY SUCH PROCEEDING HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

(C) THE BORROWER AND CFC EACH HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

**SECTION 8.08 INDEMNIFICATION.** THE BORROWER HEREBY INDEMNIFIES AND AGREES TO HOLD HARMLESS, AND DEFEND CFC AND ITS MEMBERS, DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, ATTORNEYS AND REPRESENTATIVES (EACH AN "INDEMNITEE") FOR, FROM, AND AGAINST ALL CLAIMS, DAMAGES, LOSSES, LIABILITIES, COSTS, AND EXPENSES (INCLUDING, WITHOUT LIMITATION, COSTS AND EXPENSES OF LITIGATION AND REASONABLE ATTORNEYS' FEES) ARISING FROM ANY CLAIM OR DEMAND IN RESPECT OF THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS, THE MORTGAGED PROPERTY, OR THE TRANSACTIONS DESCRIBED IN THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS AND ARISING AT ANY TIME, WHETHER BEFORE OR AFTER PAYMENT AND PERFORMANCE OF ALL OBLIGATIONS UNDER THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS IN FULL, EXCEPTING ANY SUCH MATTERS ARISING SOLELY FROM THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF CFC OR ANY INDEMNITEE. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN SECTION 8.10 HEREOF, THE OBLIGATIONS IMPOSED UPON THE BORROWER BY THIS SECTION SHALL SURVIVE THE REPAYMENT OF THE NOTE, THE TERMINATION OF THIS AGREEMENT AND THE TERMINATION OR RELEASE OF THE LIEN OF THE MORTGAGE.

**Section 8.09 Complete Agreement.** This Agreement, together with the schedules to this Agreement, the Note and the other Loan Documents, and the other agreements and matters referred to herein or by their terms referring hereto, is intended by the parties as a final expression of their agreement and is intended as a complete statement of the terms and conditions of their agreement. In the event of any conflict in the terms and provisions of this Agreement and any other Loan Documents, the terms and provisions of this Agreement shall control.

**Section 8.10 Survival; Successors and Assigns.** All covenants, agreements, representations and warranties of the Borrower which are contained in this Agreement shall survive the execution and delivery to CFC of the Loan Documents and the making of the Advances hereunder and shall continue in full force and effect until all of the obligations under the Loan Documents have been paid in full. All covenants, agreements, representations and warranties of the Borrower which are contained in this Agreement shall inure to the benefit of the successors and assigns of CFC. The Borrower shall not have the right to assign its rights or obligations under this Agreement without the prior written consent of CFC, except as provided in Section 5.02.A hereof.

**Section 8.11 Use of Terms.** The use of the singular herein shall also refer to the plural, and vice versa.



**Section 8.12 Headings.** The headings and sub-headings contained in this Agreement are intended to be used for convenience only and do not constitute part of this Agreement.

**Section 8.13 Severability.** If any term, provision or condition, or any part thereof, of this Agreement, the Note or the other Loan Documents shall for any reason be found or held invalid or unenforceable by any Governmental Authority or court of competent jurisdiction, such invalidity or unenforceability shall not affect the remainder of such term, provision or condition nor any other term, provision or condition, and this Agreement, the Note and the other Loan Documents shall survive and be construed as if such invalid or unenforceable term, provision or condition had not been contained therein.

**Section 8.14 Prior Loan Documents.** It is understood and agreed that the covenants set forth in this Agreement under the Article entitled "COVENANTS" shall restate and supersede all of the covenants set forth in the corresponding Article or Articles of each Prior Loan Document dealing with covenants, regardless of the specific title or titles thereof, *except for (a) the LCTC Purchase Provisions, and (b) any special covenant or other specific term set forth on Schedule 1 to any Prior Loan Document, unless otherwise explicitly agreed to in writing by CFC, or superseded by explicit reference thereto in this Agreement.* For purposes of the foregoing, this Section 8.14 shall be deemed to amend all Prior Loan Documents, and notwithstanding termination of this Agreement for any reason, this Section 8.14 shall nevertheless survive and shall continue to amend each Prior Loan Document for as long as the respective Prior Loan Document is in effect, but only with respect to the matters set forth in this Section 8.14.

**Section 8.15 Binding Effect.** This Agreement shall become effective when it shall have been executed by both the Borrower and CFC and thereafter shall be binding upon and inure to the benefit of the Borrower and CFC and their respective successors and permitted assigns.

**Section 8.16 Counterparts.** This Agreement may be executed in one or more counterparts, each of which will be deemed an original and all of which together will constitute one and the same document. Signature pages may be detached from the counterparts and attached to a single copy of this Agreement to physically form one document.

**Section 8.17 RESERVED**

**Section 8.18 Schedule 1.** Schedule 1 attached hereto is an integral part of this Agreement.



**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

BLOCK ISLAND UTILITY DISTRICT

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

Title: \_\_\_\_\_

Attest: \_\_\_\_\_  
Secretary

NATIONAL RURAL UTILITIES  
COOPERATIVE FINANCE CORPORATION

By: \_\_\_\_\_  
Assistant Secretary-Treasurer

Attest: \_\_\_\_\_  
Assistant Secretary-Treasurer



### SCHEDULE 1

1. The purpose of this loan is to finance the construction of a new home for the Borrower's Chief Executive Officer which will be located on the existing property of Borrower.
2. The aggregate CFC Commitment is \$600,000.00. Within this aggregate amount, the Borrower may, at its discretion, execute one or more Notes, each Note representing a separate loan with CFC and containing a face amount and Maturity Date in accordance with the terms, conditions and provisions of this Agreement.
3. Draw Period shall mean the period beginning on the date hereof and ending on the date that is three (3) years thereafter.
4. The Mortgage shall mean the Mortgage and Security Agreement dated as of August 15, 2019 and First Supplement to Mortgage and Security Agreement dated as of August 21, 2019 between the Borrower and CFC, as it may have been supplemented, amended, consolidated, or restated from time to time.
5. The Notes executed pursuant hereto and the amortization method for such Notes are as follows:

LOAN NUMBER	AMOUNT	AMORTIZATION METHOD	MATURITY DATE
RI001-A-9004	\$600,000.00	As selected by Borrower in a written funds requisition at the time of Advance	Thirty-three (33) years from the date hereof

6. The Payment Date months are March, June, September and December.
7. The Subsidiaries of the Borrower referred to in Section 2.01.B are:
 

<u>Name of Subsidiary</u>	<u>% of Borrower's ownership</u>
N/A	
8. The date of the Borrower's balance sheet referred to in Section 2.01.H is December 31, 2020.
9. The Borrower's exact legal name is: Block Island Utility District
10. The Borrower's organizational type is: quasi-municipal corporation
11. The Borrower is organized under the laws of the state of: Rhode Island
12. The place of business or, if more than one, the chief executive office of the Borrower referred to in Section 2.01.I is 100 Ocean Avenue, Block Island, RI 02807.



13. The Governmental Authority referred to in Section 2.01.J is: Rhode Island Public Utilities Commission
14. The special conditions of closing referred to in Section 4.01.F are as follows: None
15. The special conditions of advance referred to in Section 4.02.D are as follows:
  - (a) Prior to and as a condition of the first Advance, the Borrower shall provide CFC with an updated financial forecast in form and substance satisfactory to CFC.
16. The special covenant(s) referred to in Section 5.01.O is (are) as follows:
  - (a) The Borrower shall not make any Distribution.
17. The address for notices to the Borrower referred to in Section 8.01 is:
 

If by personal delivery (including overnight mail or courier service):

Block Island Utility District  
 100 Ocean Avenue  
 Block Island, RI 02807  
 Attention: General Manager

If by United States mail:

Block Island Utility District  
 P.O. Box 518  
 Block Island, RI 02807  
 Attention: General Manager

If by facsimile:  
 Fax: (401) 466-5851





## Funds Requisition Statement

<b>Borrower Name</b>		<b>Borrower ID #</b>	<b>Requested Funding Date</b>
<b>Banking Information/Distribution of Proceeds</b>			
<b>Bank Name</b>			
<b>Bank Account #</b>		<b>Routing #</b>	
<b>Other Instructions</b>			
<b>Certification</b>			
<i>I hereby certify that as of the date below: (1) I am duly authorized to make this certification and to request funds on behalf of the Borrower (each such request, an "Advance") in accordance with the loan agreement governing the Advance (the "Loan Agreement"); (2) no Event of Default (as defined in the Loan Agreement) has occurred and is continuing; (3) I know of no other event that has occurred which, with the lapse of time and/or notification to CFC of such event, or after giving effect to the Advance, would become such an Event of Default; (4) all of the representations and warranties made in the Loan Agreement are true; (5) the Borrower has satisfied each other condition to the Advance as set forth in the Loan Agreement; and (6) the proceeds of the Advance will be used only for the purposes permitted by the Loan Agreement. I hereby authorize CFC to make Advances on the following terms, and hereby agree that such terms shall be binding upon Borrower under the provisions of the Loan Agreement.</i>			

Facility Number	Amount	Repayment Term	Interest Rate Type (Fixed/Variable)	Interest Rate Term (If Fixed Rate)	Amortization Method

**Advance Purpose(s) By Dollar Amount** –please only select one purpose per line; if the advance is for multiple purposes, list each amount on a separate line and select the appropriate purpose

Facility #	Amount	Purpose					
		<input type="checkbox"/> Distribution/Transmission Plant*	<input type="checkbox"/> HQ Facility	<input type="checkbox"/> Other Purposes**	<input type="checkbox"/> Generation	<input type="checkbox"/> Non-Electric Operations	<input type="checkbox"/> Refinance Other Lender
		<input type="checkbox"/> Distribution/Transmission Plant*	<input type="checkbox"/> HQ Facility	<input type="checkbox"/> Other Purposes**	<input type="checkbox"/> Generation	<input type="checkbox"/> Non-Electric Operations	<input type="checkbox"/> Refinance Other Lender
		<input type="checkbox"/> Distribution/Transmission Plant*	<input type="checkbox"/> HQ Facility	<input type="checkbox"/> Other Purposes**	<input type="checkbox"/> Generation	<input type="checkbox"/> Non-Electric Operations	<input type="checkbox"/> Refinance Other Lender
		<input type="checkbox"/> Distribution/Transmission Plant*	<input type="checkbox"/> HQ Facility	<input type="checkbox"/> Other Purposes**	<input type="checkbox"/> Generation	<input type="checkbox"/> Non-Electric Operations	<input type="checkbox"/> Refinance Other Lender

\*Only includes capitalized costs for New Line Construction, Line System Upgrades and Replacements, Substations, and Rural Distribution and Transmission Acquisitions.

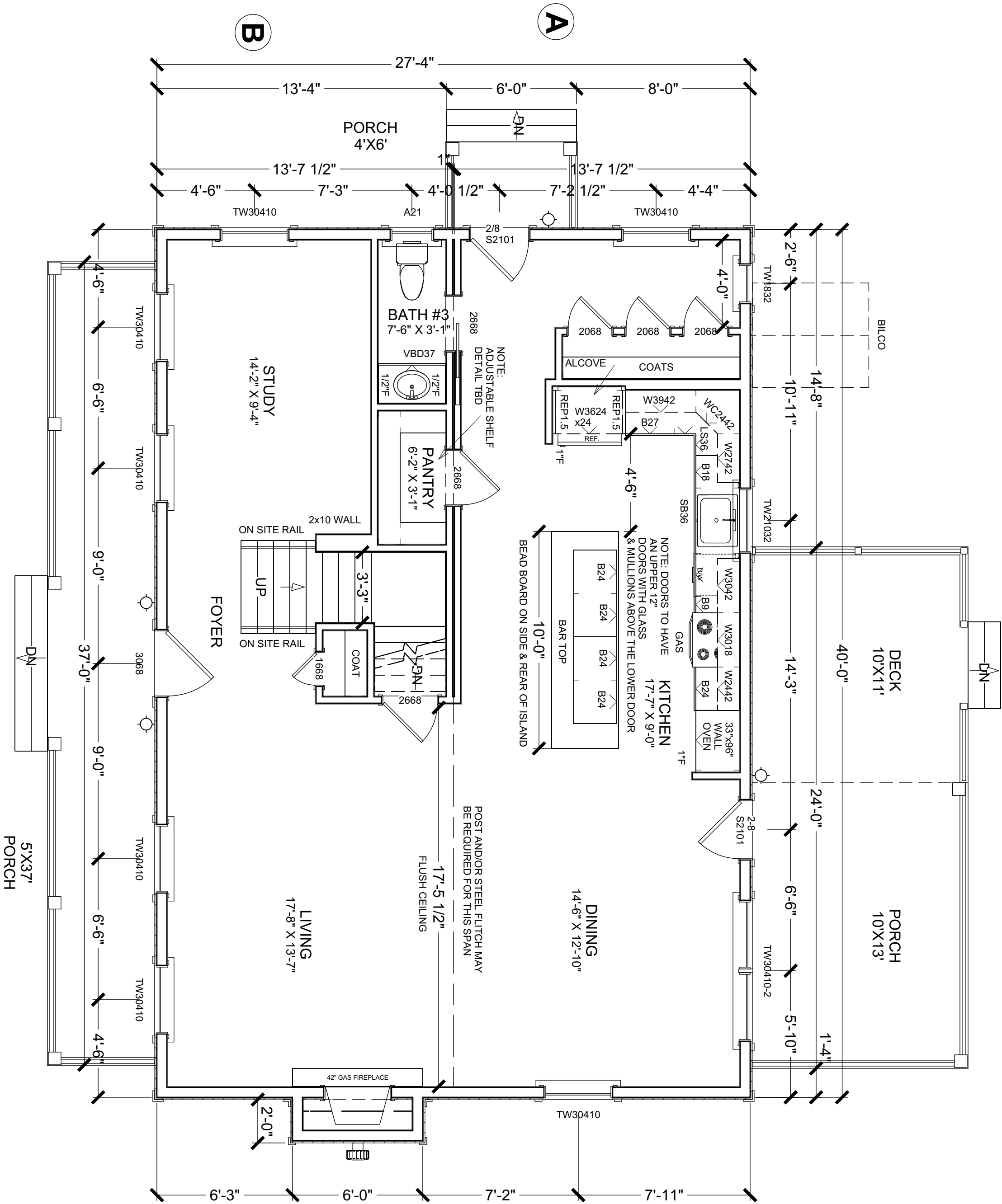
\*\*Includes Operating Expenses, Non-Rural Acquisitions, Equity Purchases, Pension Costs and Other Expenses not noted above.

Certified by: \_\_\_\_\_  
Signature Date Title of Authorized Officer

PLEASE FAX TO 703-467-5652 ATTN: \_\_\_\_\_, Associate Vice President

*****FOR INTERNAL USE ONLY*****	
Recommended By: _____ AVP	Approved By: _____ AVP/PPM





GENERAL NOTES:  
8'-0" CEILING HEIGHT  
WINDOWS HEADER HEIGHT @ 6'-10 1/2" UNLESS NOTED OTHERWISE  
ANDERSEN 400 IMPACT GLASS SERIES DBL HUNG WINDOWS & DP50  
VINYL PLANK FLOORS FOR ENTIRE HOUSE EXCEPT BATH 1+2 ARE TILE

NO.	DESCRIPTION	BY	DATE
06		SDD	05/27/20
07		SDD	08/01/20
08		SDD	08/03/20
09		SDD	02/03/21
10		SDD	05/25/21



DRAWING #  
**200405**

DRAWN BY:  
**SDD**

27'-4" x 40'

**BLOCK ISLAND UTILITY**  
CORNER OF OCEAN RD & BEACH RD  
BLOCK ISLAND , RI

CUSTOMER:

DATE:

04/27/20

MODEL:

TWO STORY

SCALE:

1/4"=1'-0"

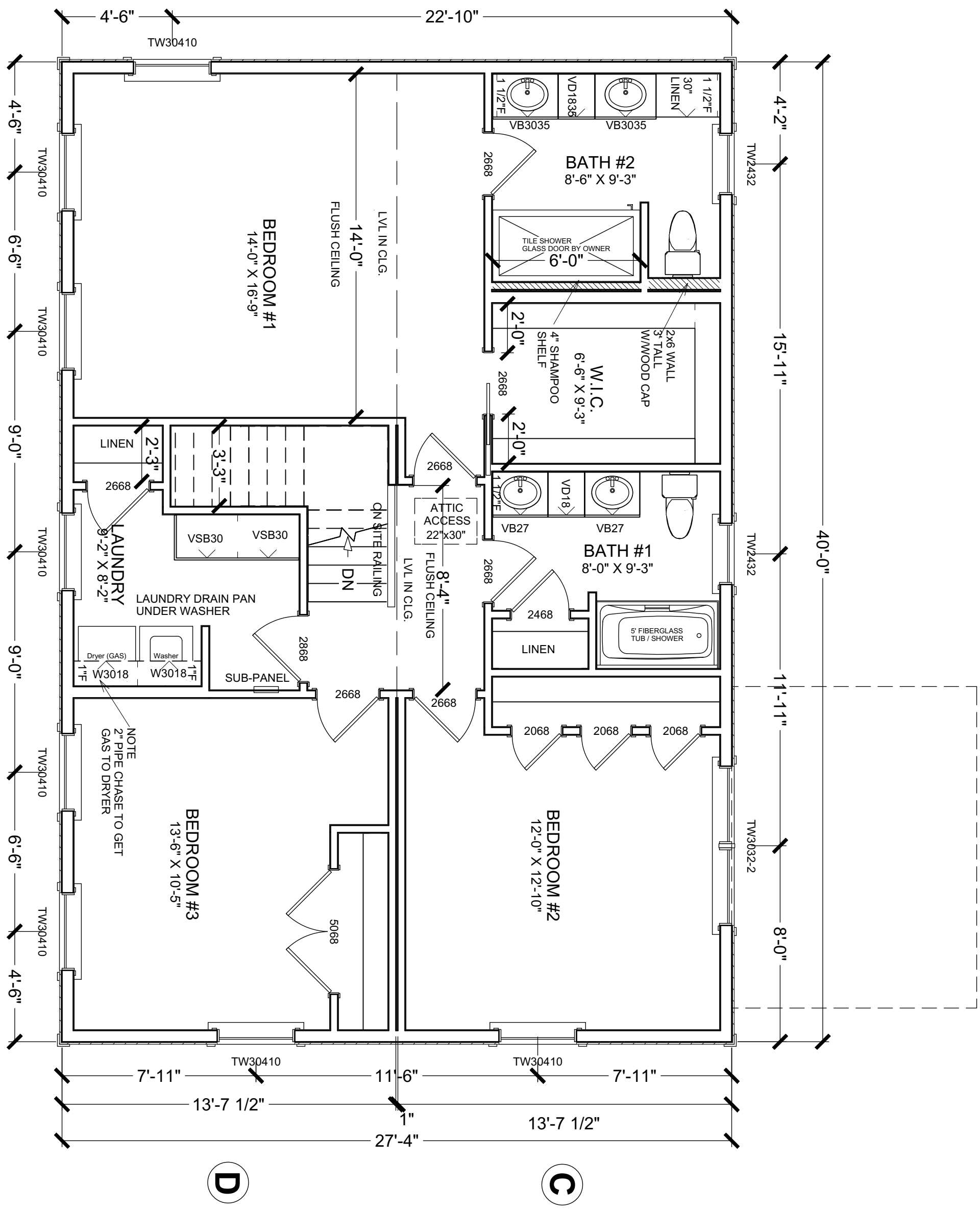
DRAWING:

1ST FLOOR  
PLAN A

SHEET:

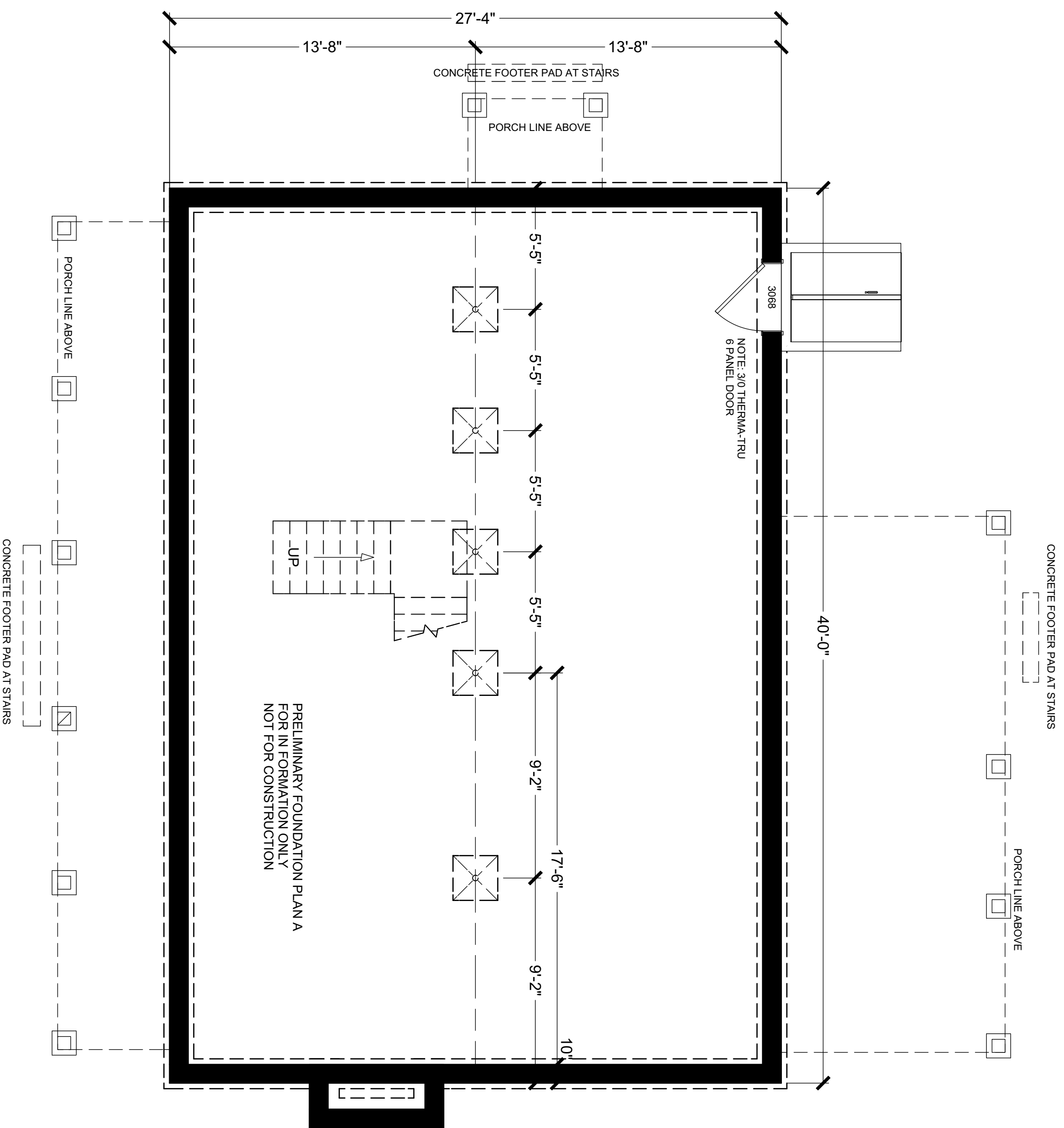
1





GENERAL NOTES:  
8'-0" CEILING HEIGHT  
WINDOWS HEADER HEIGHT @ 6'-10 1/2" UNLESS NOTED OTHERWISE  
ANDERSEN 400 IMPACT GLASS SERIES DBL HUNG WINDOWS & DP50





27'-4" x 40'

**BLOCK ISLAND UTILITY**  
CORNER OF OCEAN RD & BEACH RD  
BLOCK ISLAND , RI

DRAWING #  
**200405**

DRAWN BY:  
**SDD**

**CONNECTICUT VALLEY HOMES**

NO.	DESCRIPTION	BY	DATE
06		SDD	05/27/20
07		SDD	08/01/20
08		SDD	08/03/20
09		SDD	02/03/21
10		SDD	05/25/21

DATE:  
04/27/20

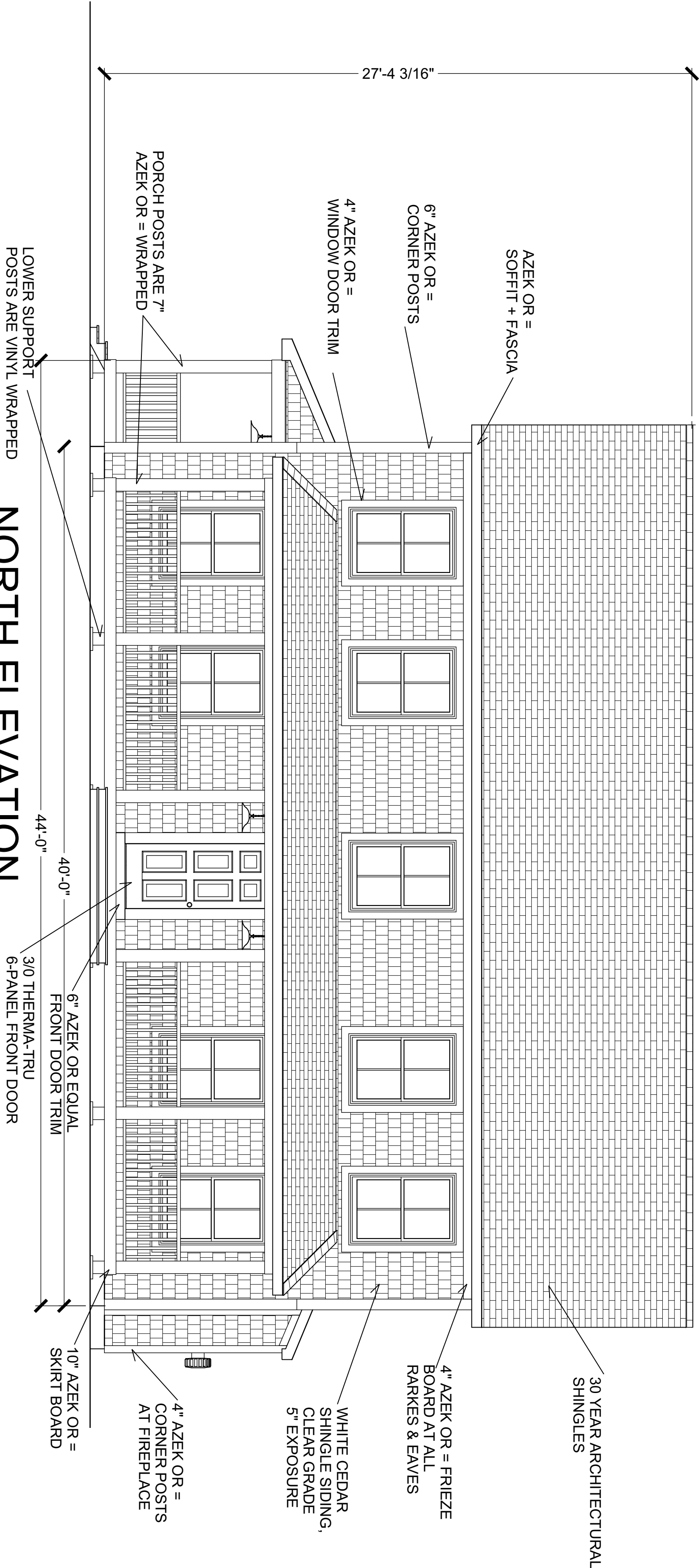
MODEL:  
TWO STORY

SCALE:  
1/4"=1'-0"

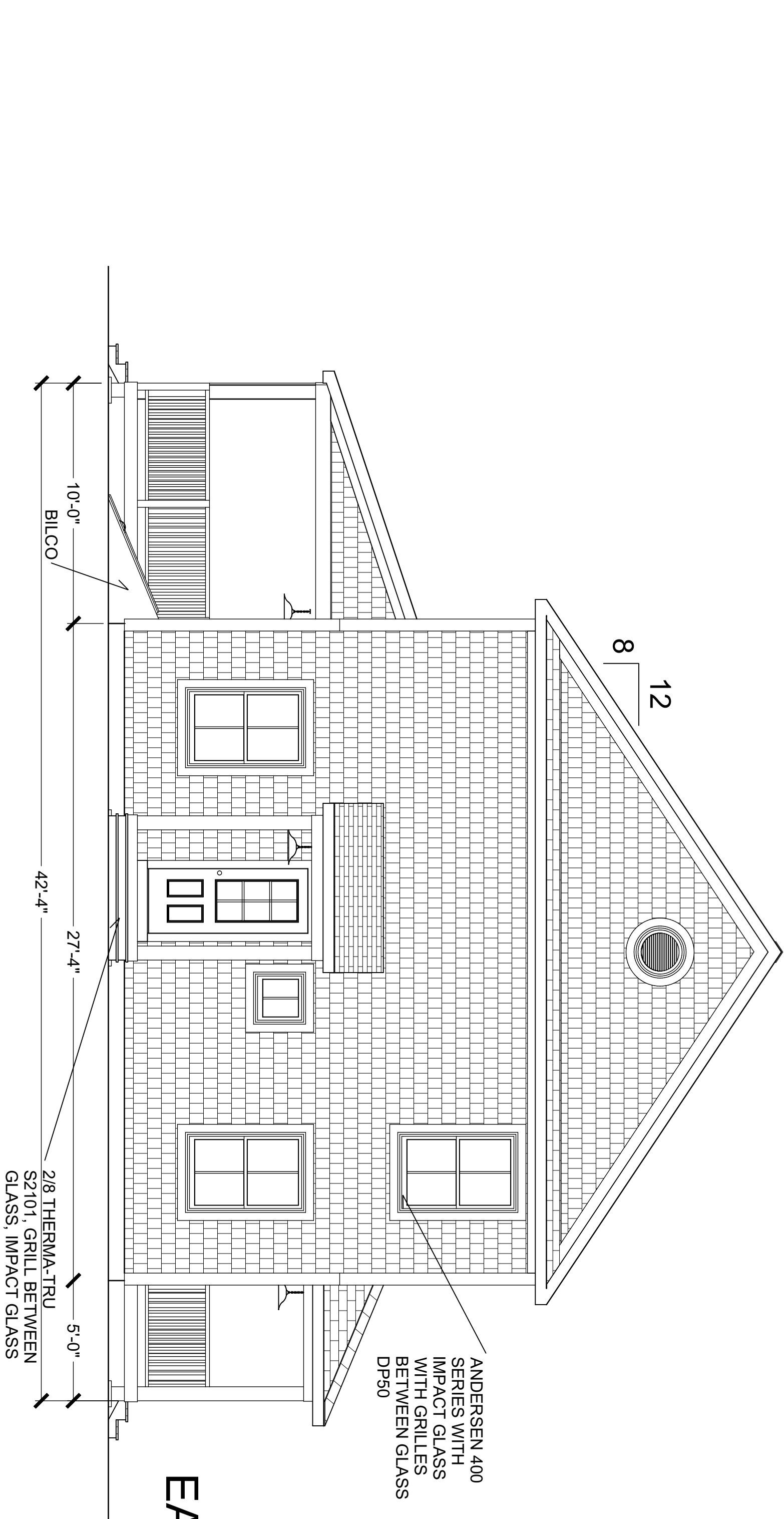
DRAWING:  
**FOUNDATION  
PLAN A**

SHEET:  
**3**





NORTH ELEVATION



EAST ELEVATION

NO.	DESCRIPTION	BY	DATE
06		SDD	05/27/20
07		SDD	08/01/20
08		SDD	08/03/20
09		SDD	02/03/21
10		SDD	05/25/21



DRAWING #	200405
DRAWN BY:	SDD

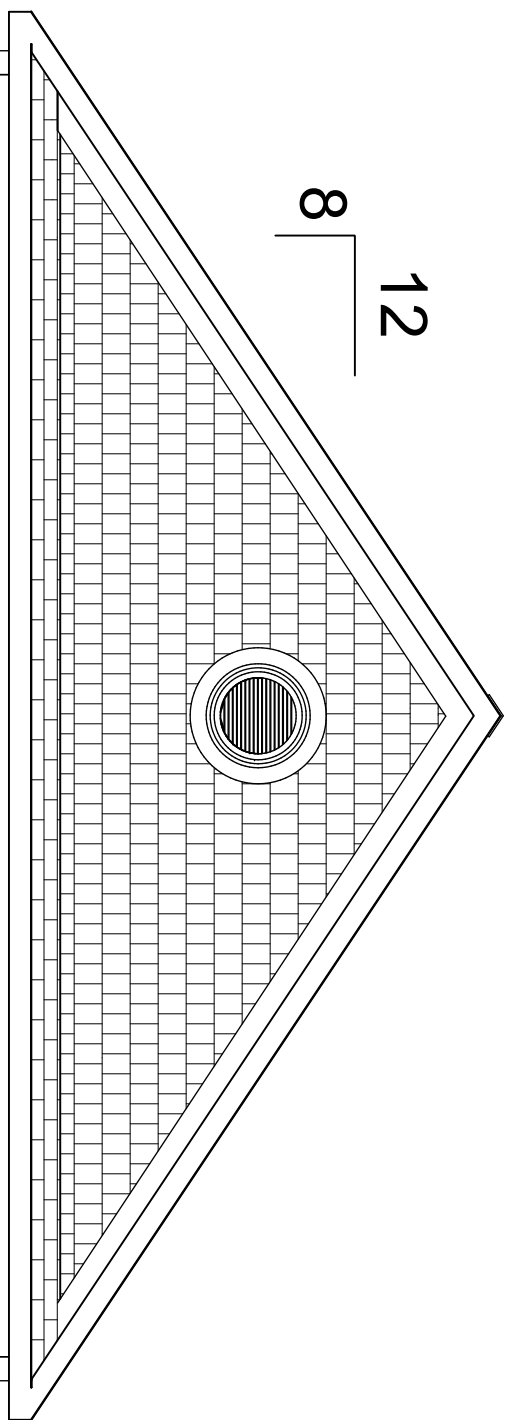
27'-4" x 40'
BLOCK ISLAND UTILITY
CORNER OF OCEAN RD & BEACH RD
BLOCK ISLAND , RI
CUSTOMER:

DATE:	04/27/20
MODEL:	TWO STORY
SCALE:	1/4"=1'-0"
DRAWING:	FRONT/LEFT ELEVATIONS
SHEET:	4

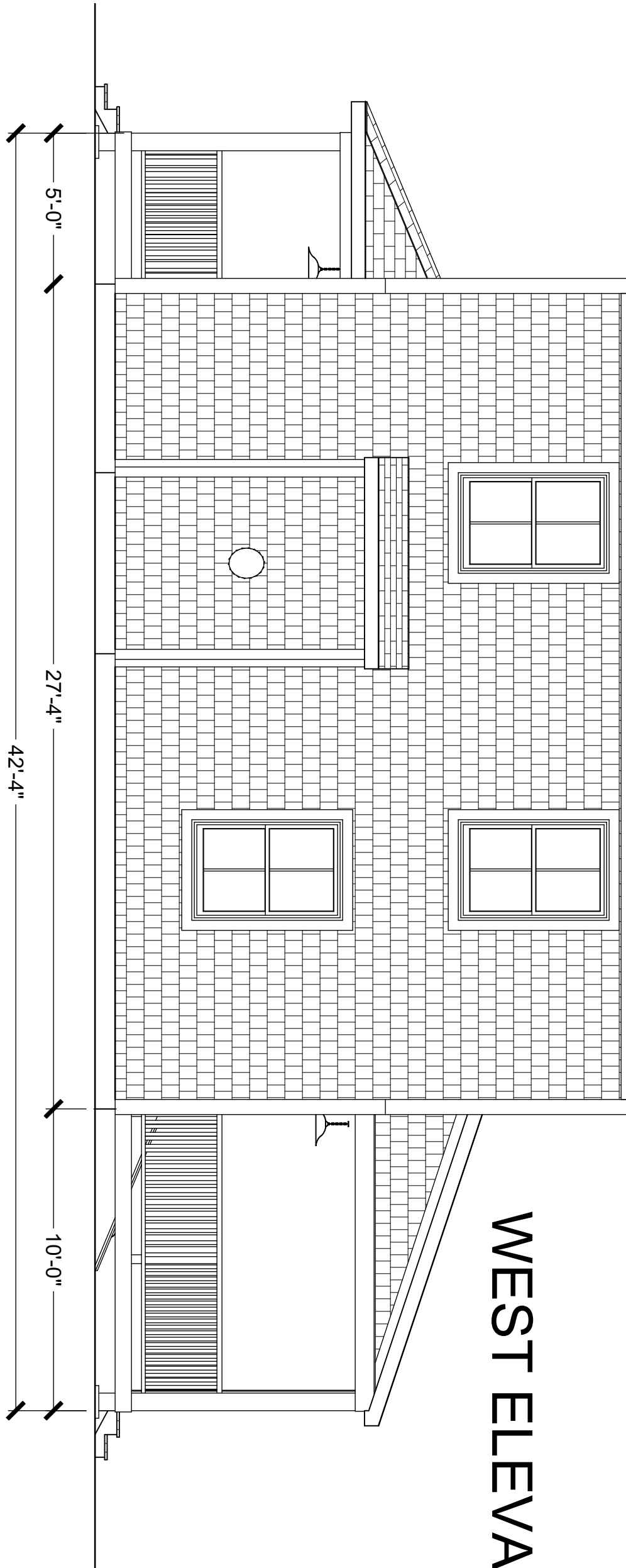




SOUTH ELEVATION



WEST ELEVATION



NO.	DESCRIPTION	BY	DATE
06		SDD	05/27/20
07		SDD	08/01/20
08		SDD	08/03/20
09		SDD	02/03/21
10		SDD	05/25/21



CONNECTICUT VALLEY HOMES

DRAWING #  
200405

DRAWN BY:  
SDD

27'-4" x 40'

BLOCK ISLAND UTILITY  
CORNER OF OCEAN RD & BEACH RD  
BLOCK ISLAND , RI

CUSTOMER :

DATE:

04/27/20

MODEL:

TWO STORY

SCALE:

1/4"=1'-0"

DRAWING:

REAR/RIGHT  
ELEVATIONS

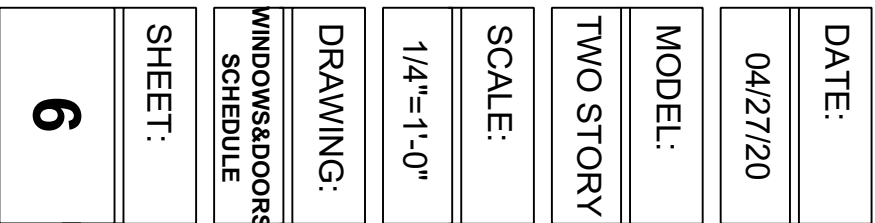
SHEET:



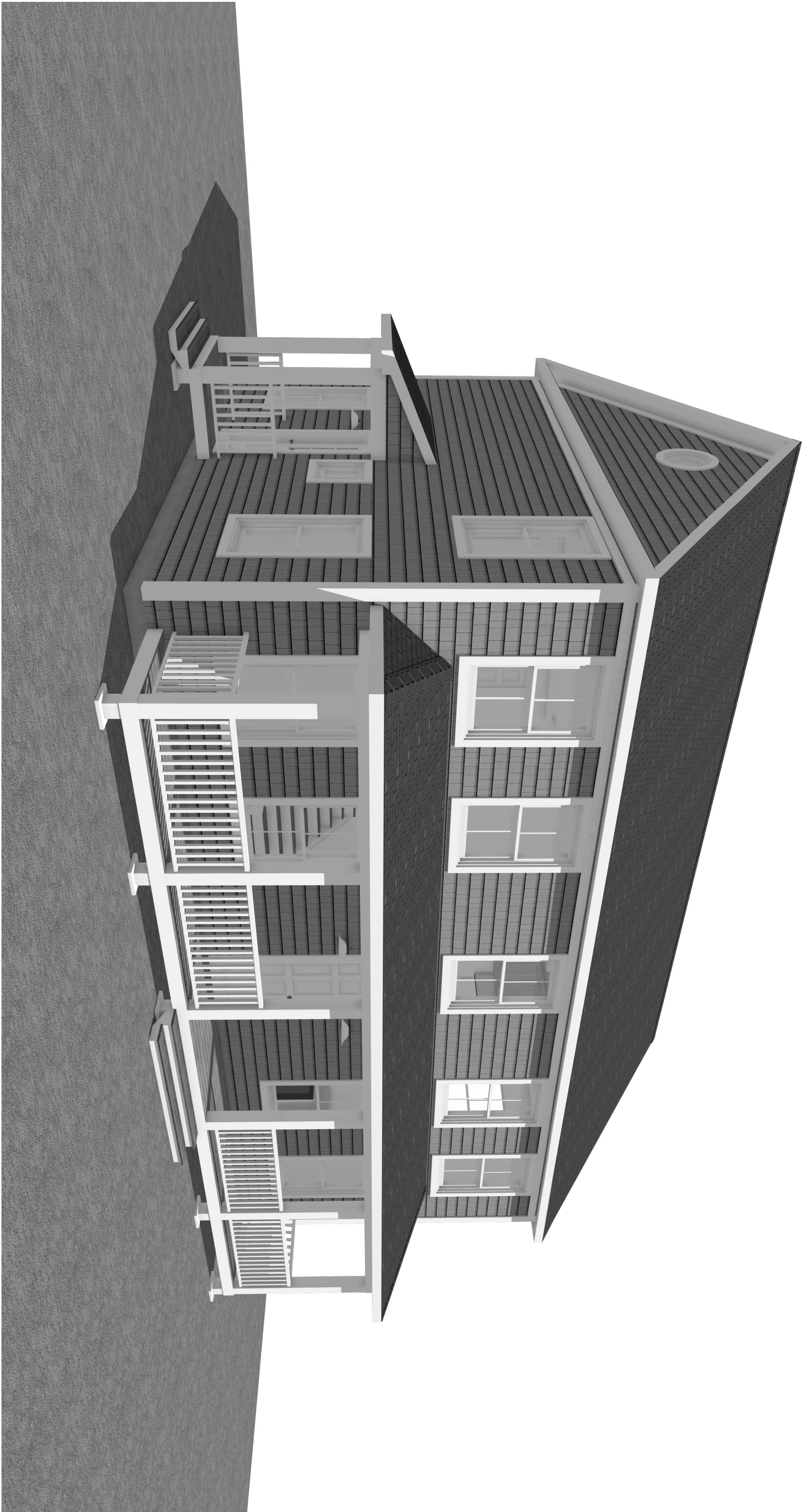
WINDOW SCHEDULE - ANDERSEN 400 - DP50													
MARK	QTY	R.O. SIZE		H.H.	DESCRIPTION	MATERIAL	COLOR		GLASS	GRIDS	U-F	SHGC	
		WIDTH	HEIGHT				INTERIOR	EXTERIOR					
A21	1	2'-0 5/8"	2'-0 5/8"	6'-10 1/2"	AWNING	VINYL	SEE SPEC	SEE SPEC	CLEAR	NO	0.29	TBD	
TW1832	1	1'-10 1/8"	3'-4 7/8"	6'-10 1/2"	DOUBLE HUNG	VINYL	SEE SPEC	SEE SPEC	CLEAR	NO	0.29	TBD	
TW2432	2	2'-6 1/8"	3'-4 7/8"	6'-10 1/2"	DOUBLE HUNG	VINYL	SEE SPEC	SEE SPEC	CLEAR	NO	0.29	TBD	
TW21032	1	3'-0 1/8"	3'-4 7/8"	6'-10 1/2"	DOUBLE HUNG	VINYL	SEE SPEC	SEE SPEC	CLEAR	NO	0.29	TBD	
TW3032-2	1	6'-4 1/4"	3'-4 7/8"	6'-10 1/2"	DBL-DOUBLE HUNG	VINYL	SEE SPEC	SEE SPEC	CLEAR	NO	0.29	TBD	
TW30410	14	3'-2 1/8"	5'-0 7/8"	6'-10 1/2"	DOUBLE HUNG	VINYL	SEE SPEC	SEE SPEC	CLEAR	NO	0.29	TBD	
TW30410-2	1	6'-4 1/4"	5'-0 7/8"	6'-10 1/2"	DBL-DOUBLE HUNG	VINYL	SEE SPEC	SEE SPEC	CLEAR	NO	0.29	TBD	

[illegible]

CUSTOMER	27'-4" x 40'	DRAWING #	200405
	BLOCK ISLAND UTILITY CORNER OF OCEAN RD & BEACH RD BLOCK ISLAND , RI	DRAWN BY:	SDD







27'-4" x 40'

**BLOCK ISLAND UTILITY**  
CORNER OF OCEAN RD & BEACH RD  
BLOCK ISLAND , RI

CUSTOMER:

DRAWING #  
**200405**

DRAWN BY:  
**SDD**



NO.	DESCRIPTION	BY	DATE
06		SDD	05/27/20
07		SDD	08/01/20
08		SDD	08/03/20
09		SDD	02/03/21
10		SDD	05/25/21

DATE:  
04/27/20

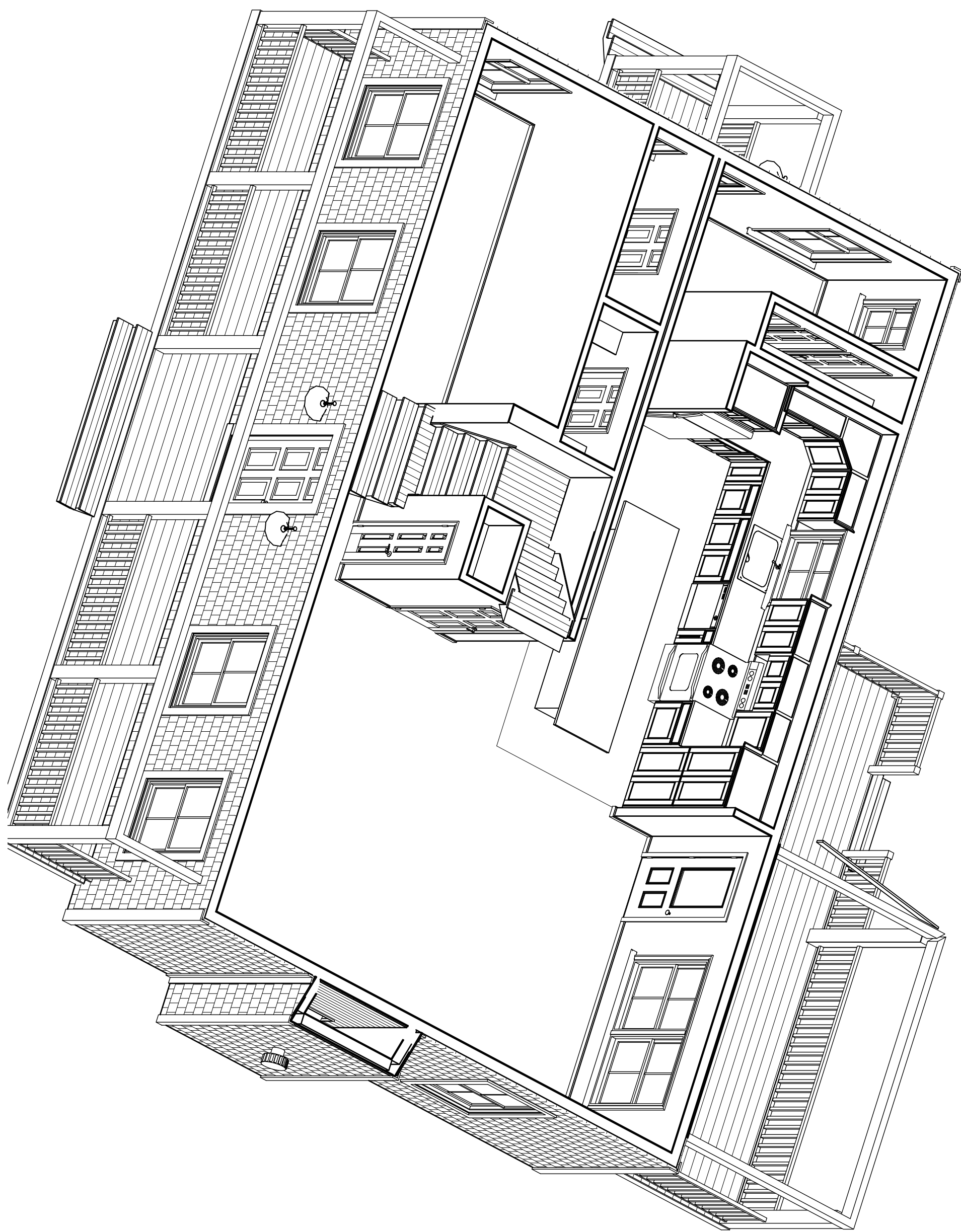
MODEL:  
TWO STORY

SCALE:  
1/4"=1'-0"

DRAWING:  
3D RENDERING

SHEET:  
**7**





27'-4" x 40'

**BLOCK ISLAND UTILITY**  
CORNER OF OCEAN RD & BEACH RD  
BLOCK ISLAND , RI

CUSTOMER :

DRAWING #  
**200405**

DRAWN BY:  
**SDD**



NO.	DESCRIPTION	BY	DATE
06		SDD	05/27/20
07		SDD	08/01/20
08		SDD	08/03/20
09		SDD	02/03/21
10		SDD	05/25/21

DATE:  
04/27/20

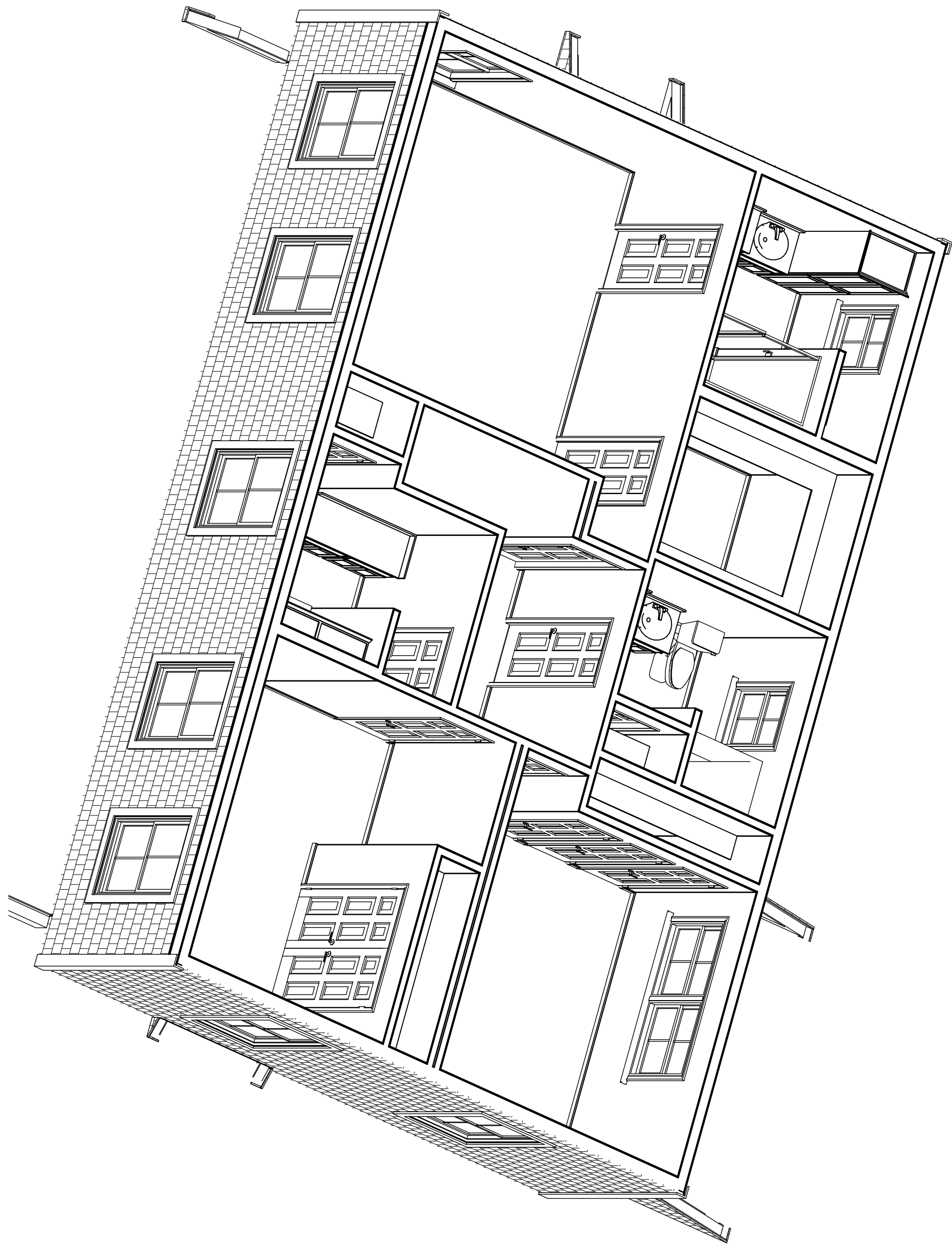
MODEL:  
TWO STORY

SCALE:  
1/4"=1'-0"

DRAWING:  
3D  
INTERIOR

SHEET:  
**8**





DATE:	04/27/20
MODEL:	TWO STORY
SCALE:	1/4"=1'-0"
DRAWING:	3D INTERIOR
SHEET:	9

27'-4" x 40'
BLOCK ISLAND UTILITY
CORNER OF OCEAN RD & BEACH RD
BLOCK ISLAND , RI

DRAWING #	200405
DRAWN BY:	SDD



NO.	DESCRIPTION	BY	DATE
06		SDD	05/27/20
07		SDD	08/01/20
08		SDD	08/03/20
09		SDD	02/03/21
10		SDD	05/25/21



**AGENDA ITEM 7**  
**REVIEW AND DISCUSS NET METERING TARIFF**



**AGENDA ITEM 8**  
**REVIEW AND ACT UPON ANNUAL MEETING NOTICE**  
**AND ELECTION SCHEDULE/PROCESS**



## **Block Island Utility District**

### **By Laws**

#### **ARTICLE I – STATEMENT OF PURPOSE**

Section 1. The Block Island Utility District was created by legislation entitled “The Block Island Utility District Act of 2017” found at chapter 45-67 of the Rhode Island General laws (the “Act”). The Act authorizes the Utility District to provide utility products and services within the Town of New Shoreham.

Section 2. “Utility District” means the Block Island Utility District, a municipal corporation, having a distinct existence from the State of Rhode Island and empowered by the Act to:

1. Fulfill electric utility functions, powers, rights and obligations;
2. Exercise certain powers as an electric distribution company and an emergency power producer; and
3. Provide additional utility services not inconsistent with the duties, powers, and obligations of the Utility District.

#### **ARTICLE II – MEMBERSHIP**

Section 1. A “Qualified Elector” is any person whose name appears on an active account with the Utility District and who is designated by the account holder to be the qualified elector.

Section 2. No active account shall have more than one Qualified Elector, and no Qualified Elector will have more than one vote. Any corporation or other legal entity that holds an active account shall designate in writing an individual officer or other representative to serve as the Qualified Elector for such active account.

Section 3. Annually, on June 1<sup>st</sup>, the Utility District will mail a form to designate the Qualified Elector to all active account holders. The Qualified Elector Designation will be due back to the Utility District by July 1<sup>st</sup>. If no new Qualified Elector is designated, it will remain the last Qualified Elector on record.

Section 4. For any vote by Qualified Electors, the Utility District will make available a list of qualified electors thirty (30) days prior to the date of the vote.

#### **ARTICLE III – POWERS OF THE UTILITY DISTRICT**

Section 1. The Utility District shall have and may exercise all powers granted to it by the Act, subject to the requirements of the Act and applicable law.

#### **ARTICLE IV – BOARD OF COMMISSIONERS**

Section 1. The Board of Commissioners (“Board”) has the responsibility to execute the powers of the Utility District in accordance with the Act.

Section 2. The Board shall consist of five (5) members with no less than three (3) being residents of the Town of New Shoreham.



Section 3. A majority of the Board constitutes a quorum, and unless otherwise expressly required, a majority of the members shall be necessary for all actions to be taken. No vacancy in the membership of the Board shall impair the right of a quorum to exercise all the rights and perform all the duties of the Board.

Section 4. The initial Board consisted of three (3) members of the Board serving four (4) year terms and two (2) members of the Board serving two (2) year terms. Upon the expiration of the term of any member of the Board, such member's successor shall be elected for a four (4) year term. Each member of the Board must be a Qualified Elector. The term of office of any member of the Board expires upon his or her death, disability, resignation, or removal as permitted by these bylaws or applicable law and upon the certification of the election of his or her successor by the secretary of the Utility District in accordance with these bylaws.

Section 5. Board members are elected by mail ballot. Ballots will be mailed to all Qualified Electors five (5) days after the Annual Meeting and must be returned within thirty days (30). Qualified Elector candidates have thirty (30) days prior to the Annual Meeting to submit in writing their declaration of candidacy. The secretary of the Utility District will oversee the tabulation and certification of the results of any election of members to the Board.

Section 6. The Board elects annually from among its members a chairperson; a vice chairperson; a secretary; and a treasurer. Such election shall occur at the first meeting of the Board following the certification of any election by the secretary and, in any year without an election, at the meeting of the Board in the month of September.

Section 7. A Board member who misses four (4) consecutive monthly meetings of the Board may be removed from membership on the Board by a majority vote of the remaining Board members.

Section 8. In the event of a vacancy on the Board, the Board will select an eligible candidate to fill the vacancy until the next Annual Meeting.

Section 9. Board members serve without compensation for attending scheduled and special meetings.

Section 10. Approval of the Board shall be required for all employment contracts with executive employees of the Utility District and the adoption of all employee benefit plans, including fringe benefits, for employees of the Utility District.

Section 11. Annual operating and capital budgets for the Utility District will be approved by the Board and presented at the Annual Meeting.

## **ARTICLE V – MEETINGS**

Section 1. The annual meeting of the Utility District ("Annual Meeting") will be held on a Saturday in August in each year, the specific date to be determined by the Board. Notice of the time and location of the Annual Meeting will be mailed to each Qualified Elector not less than sixty (60) days prior to the Annual Meeting. The meeting time and location will be posted according to the



requirements of Rhode Island law governing meetings of public bodies, including without limitation chapter 42-46 of the Rhode Island General Laws (the “Open Meetings Regulations”), and will also be published in The Block Island Times.

Section 2. A monthly meeting of the Board of the Utility District will be held on dates to be decided during the January Board meeting. The meeting dates will be published on the annual meeting calendar which will be listed on the Secretary of State’s and Utility District’s websites. The time, location and agenda will be posted forty-eight hours prior to the meeting.

Section 3. Special Meetings may be scheduled at the discretion of the Chairperson. The date, time, and location will be posted forty-eight (48) hours prior to the meeting. If an emergency meeting is required, the Board will follow the open meetings regulations for posting such a meeting.

Section 4. All meetings held by the Utility District are subject to the Open Meetings Regulations.

Section 5. On those issues requiring member approval, fifteen (15) Qualified Electors shall constitute a quorum. In the event that a quorum should not be reached at a meeting, the Board of Utility District the meeting will be rescheduled for another vote by the Qualified Electors.

Section 6. A Qualified Elector must present an appropriate form of identification in order to vote at any annual or special meeting.

## **ARTICLE VI – MONEY OF THE UTILITY DISTRICT**

Section 1. All moneys of the Utility District shall be paid to the Office of the Treasurer of the Utility District.

Section 2. Money shall be deposited into separate bank account or accounts established with the approval of the Board.

Section 3. All deposits of money shall be secured by obligations of the United States and/or the State of Rhode Island as required by the Act. The market value of the securities shall not be less than the amount of the deposits.

Section 4. Money in accounts shall be paid out with the approval of the Office of the Treasurer through normal banking practices.

## **ARTICLE VII – CODE OF CONDUCT**

Section 1. No Board member shall directly or indirectly engage or participate in proceeds of any contract or agreement to supply anything of value to or receive anything of value from the Utility District. This prohibition may be waived by a vote of four (4) of the commissioners if, and only if, the Board first obtains an opinion from the attorney general and/or the Rhode Island Ethics Commission based on full disclosure of all relevant facts that the waiver does not contravene state law and is in the best interests of the consumers served by the Utility District.

Section 2. The Board shall adopt a Conflict of Interest Policy. In the event that the Board is to



make a decision that will result in a conflict between the interests of the Utility District and the interests of an individual member of the Board, such member shall inform the Board of such conflict and shall abstain from voting on such decision. The Board may request a ruling from the Attorney General of the State of Rhode Island or RI Ethics Commission on any perceived conflict, and that ruling will be definitive.

### **ARTICLE VIII – INDEMNIFICATION**

Section 1. This Utility District shall indemnify each current and former member of the Board, officer, manager, employee or agent, including, without limitation, members of Board committees who are not Board members, against expenses, including attorneys' fees, judgements, fines, and amounts paid in settlement actually and reasonably incurred, to the fullest extent of Rhode Island law, if:

- a. He or she conducted himself or herself in good faith; and
- b. He or she reasonably believed in the case of conduct in his or her official capacity with the Utility District, that his or her conduct was in its best interests and
- c. In all other cases, that his or her conduct was at least not opposed to its best interests and in the case of any criminal proceeding, he or she had no reasonable cause to believe his or her conduct was unlawful.

Section 2. A director is not indemnified under Section 1 in respect to any proceeding charging improper personal benefit to him or her, whether or not involving action in his or her official capacity, in which he or she has been adjudged to be liable on the basis that personal benefit was improperly received by him or her.

### **ARTICLE IX – BYLAWS**

Section 1. These bylaws may be altered, amended and repealed and new bylaws adopted by the members of the Board at a regular or special meeting of the Board; provided, however, that prior to taking any such action, the Board shall provide notice of its intention to alter, amend, repeal, or adopt new bylaws and schedule a public hearing not less than thirty (30) days prior to adopting any such alteration, amendment, repeal or new adoption to describe the proposed change and take comment from Qualified Electors and members of the Board.

Approved: February 27, 2021



# **BLOCK ISLAND UTILITY DISTRICT BOARD OF COMMISSIONERS CALENDAR - 2021**

April						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

March						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

February						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28						

January						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

August						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

July						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

June						
S	M	T	W	T	F	S
	1	2	3	4	5	
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

May						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

December						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

November						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

October						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

September						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

HOLIDAYS

REGULAR MONTHLY MEETING

ANNUAL MEMBERSHIP MEETING

ELECTION MILESTONES

JUNE 1 - MAIL FORMS TO DESIGNATE QUALIFIED ELECTORS TO ALL ACCOUNT HOLDERS

JULY 1 - QUALIFIED ELECTOR FORMS DUE BACK TO BIUD

AUGUST 30 - MAIL BALLOTS

SEPTEMBER 1 - BALLOTS DUE BACK TO BIUD

OCTOBER 4 - ELECTION RESULTS ANNOUNCED

OCTOBER 23 - TRANSITION OF BOARD SEATS (LAST/FIRST MEETINGS)

SCHEDULED FOR AUGUST 28 @ 4:00 PM

BILL STUFFER ANNOUNCEMENT TO BE SENT ON JUNE 1

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## QUALIFIED ELECTOR DESIGNATION FORM

If you wish to nominate a qualified elector for your account, other than the name(s) on your account, please complete this form.

No qualified elector may vote more than once. If you have multiple accounts and plan to vote for one, then you may appoint someone else to vote for your other accounts. Your representative will also qualify as a board of Utility Commissioners Candidate.

Please provide the following information to designate your representative.

\_\_\_\_\_  
Name(s) on Power Company Bill

\_\_\_\_\_  
Account ID #

\_\_\_\_\_  
Assigned Qualified Elector Name

\_\_\_\_\_  
Phone

\_\_\_\_\_  
Representative's Address

\_\_\_\_\_  
City/Town

\_\_\_\_\_  
State

\_\_\_\_\_  
Zip

**Please return to the Block Island Power Company by July 1, 2021**

Block Island Utility District  
PO Box 518  
Block Island, RI 02807