

The New Hampshire Municipal Bond Bank was established by the NH State Legislature in 1977 as an independent unit of state government administered by a Board of Directors that includes the State Treasurer, municipal government, and banking community representatives that are appointed by the Governor. The New Hampshire Municipal Bond Bank has a three person full-time staff led by its Executive Director. The staff, along with professional consultants, provide ongoing advice, administrative and loan application process assistance to local governments borrowing through the Bond Bank.

BOARD OF DIRECTORS

Keith Quinton, *Chairman*
James Gerry, *Vice-Chairman*
Mark Decoteau, *Treasurer*
Monica Mezzapelle, *State Treasurer,
Ex-Officio Director*
Paul Mansour, *Director*
Tammy J. St. Gelais, *Executive Director/
Secretary*

Hilltop Securities Inc., *Financial Advisor*
Locke Lord LLP, *Bond Counsel*
US Bank, *Trustee*
Baker Newman Noyes, *Financial Auditors*

Since its inception, the Bond Bank has provided cities, towns, counties, school districts, and other local governmental units in New Hampshire with \$2.703 billion in tax-exempt bonds. The Bond Bank has made 1,293 loans in its 115 bond issues to over 338 different governmental units statewide, many of which have borrowed from the Bond Bank several times.

PROGRAM DESCRIPTION

The Bond Bank, acting on behalf of cities, towns, counties, school districts, and other local governmental units, sells its highly rated bonds, which are insured or backed by a reserve fund. The Bond Bank issues its bonds to investors and uses the bond proceeds to make loans to participating communities. Participants benefit from low interest rates, the Bond Bank's high investment grade ratings, reduced issuance and post issuance costs, and the considerably reduced administrative burden of issuance.

ELIGIBILITY

All local governmental entities, including cities, towns, counties, school districts, fire districts, water districts, sewer districts and village districts, are eligible for participation.

BENEFITS TO MUNICIPAL GOVERNMENTS

Compared to a traditional public bond sale by a local governmental unit, the Bond Bank's Tax-Exempt Financing Program offers communities and districts several advantages, including:

- **Competitive Interest Rates** – Low interest rates created by the Bond Bank's highly rated bond issues, national bond market recognition, and ease of access.
- **Credit Enhancement and Security** – As of the date of this report, the Bond Bank is currently rated Aa2 by Moody's Investors Service and AA+ by S&P Global.
- **Reduced Time Requirements** – The local government does not have to manage its own public sale of bonds. Instead, the Bond Bank obtains funds for the community's loan by its own issuance of bonds.
- **Low Cost of Issuance** – By participating in the Bond Bank program, a local government is, in effect, pooling its borrowing with that of many other New Hampshire local governments. The Bond Bank includes the cost of issuance in its bonds. Since many costs of borrowing are fixed, this pooling spreads fixed costs of issuance across all participating community loans, thereby reducing the costs paid by each individual borrower. The only out-of-pocket costs the municipalities have to pay is to local bond counsel.
- **Fixed Interest Rates** - Bonds are issued with fixed interest rates and borrowers are protected against having their interest rates increased due to a changing market. If interest rates decline by a significant amount, the Bond Bank can refund the existing bonds and pass savings on to the borrower.
- **Administrative Assistance** – The Bond Bank provides assistance by explaining the bond process, assists with the completion of the bond application, and offers communities ongoing assistance in the review of planned maturity schedules. The Bond Bank is able to provide participating communities with detailed financing schedules showing the estimated repayment schedule reflecting current market interest rates and total debt service on the community's loans.
- **Streamlined Borrowing Process** – Once the application is approved, all the municipality has to do is sign several loan documents prepared by their bond counsel and wait for the bond proceeds. Local governments obtain their funds without the considerable expense or burden of arranging their own financing.
- **Disclosure Requirements** – Currently, the only disclosure requirements for communities borrowing from the Bond Bank are those contained in the Bond Bank's application. Participating communities do not have to prepare or print their own official statements or obtain their own bond ratings or bond insurance. Federal regulations require ongoing disclosure of each bond issuer. Because the Bond Bank is the issuer, it is the Bank's responsibility to meet the annual disclosure requirements, not the municipal borrower.

ISSUANCE FREQUENCY

Historically, the Bond Bank issues its bonds to make loans to local governments twice each year, in January and June, with more frequent issues if community demand exists.

FLEXIBLE MATURITY SCHEDULES

The Bond Bank offers communities significant flexibility in loan terms and amortization of principal, within the requirements of RSA 33:2, including level principal and level debt service. Bond Bank loans are available in a variety of maturities designed to meet each local government's specific needs, ranging from 2 to 30 years.

LOAN APPLICATION AND FINANCING PROCESS

To be eligible to participate in our pooled bond issue, each applicant must obtain voter approval as required by NH State Statutes, legal opinion from a Bond Bank approved bond counsel firm, and three years of financial audits completed by an independent CPA firm.

The Bond Sale Process

The NH Municipal Bond Bank combines all approved borrowers into a single pooled bond issue when it is ready to enter the national bond market. Bond documents are submitted and reviewed by the rating agencies. The official statement is compiled, printed, and submitted to several investment firms who respond with competitive bids on sale day. On the day of closing, the bond proceeds are deposited and made available to the participating municipalities. The Bond Bank provides each participating community with final financing schedules after interest rates have been determined by the sale.

Loan Application

Communities interested in obtaining a loan from the Bond Bank work together with the Bond Bank staff to complete a loan application. The application requests basic financial information on the proposed loan, including the purpose of the loan, total project cost, funding sources and project status. In addition, the application requests financial background information similar to that provided by a community for an annual report, including governmental employment, tax rate, levy and assessments, tax collection history, and a schedule of existing debt. Audited financial statements are required of all borrowers.

Application Approval Process

In considering loan requests by governmental units, the application is reviewed and summarized by the Bond Bank staff and a recommendation is presented to the Board of Directors for their approval. The Bond Bank generally approves loans if it believes that the local government, whose municipal bonds the Bond Bank is purchasing, has the ability to repay its loan from the Bond Bank on a timely basis by the levy of ad valorem taxes. Once approved for a loan by our Board of Directors, the local governmental unit executes a loan agreement with the Bond Bank accompanied by the opinion of the local government's bond counsel.

OTHER BOND BANK PROGRAMS

Bond Anticipation Note (BANs)

Prior to the bond sale, municipalities can use interim financing from local banks in the form of a Bond Anticipation Note (BAN) to fund the project's cash flow. BANs are generally issued for periods up to one year and the Bond Bank can assist communities in issuing them. BANs can also be issued if a community needs financing for a project in stages, but wants to issue the permanent financing once. The Bond Bank will send out a request for proposal to local banks in NH and arrange a sale date. When the bids are received at the Bond Bank, we then work with the winning bidder and the community to close the loan.

Revenue Bond Programs

In addition to its municipal finance programs, the Bond Bank administers tax-exempt revenue bond programs for New Hampshire public utilities, small-scale power facilities, certain private schools, and educational institutions offering elementary or secondary education programs whose tuitions are paid by municipalities or school districts in which the students live.

Refundings

The Bond Bank has also played an effective role in refunding its debt in times of falling interest rates and returning substantial savings to its participants. The Bond Bank and its financial advisors constantly monitor the capital markets for refunding opportunities. When interest rates are low enough to achieve a threshold level of savings, the Bond Bank refunds its bonds and returns savings to its participants. The Bond Bank has refinanced \$1.1 Billion in bonds with over \$70.7 million of the refinanced savings rebated back to borrowers.

July 2022
Sale Schedule

MAY

S	M	T	W	T	F	S
					29	30
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		

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						

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			

NHMBB New Hampshire
Municipal Bond Bank

Friday, April 29 th	All Applications Due
Friday, May 6 th	Determine Maximum Loan Rates
Friday, May 6 th	Notify Bond Counsels of Identity of Governmental Units and Amount and Purposes of Municipal Bonds
Friday, May 6 th	Notify State Treasurer if Interested in State of NH Bond for Reserve Fund
Tuesday, May 10 th	All Legal Information from Participants Due to Their Bond Counsel
Tuesday, May 17 th	Bond Bank Board Reviews Applications and Mails Loan Agreements to Bond Counsels
Friday, May 20 th	Bond Counsels Mail Loan Agreements to Governmental Units and Clear Debt Schedules with the Bond Bank
Friday, May 20 th	Bond Counsels Send Preliminary Opinions to Ratings Agencies and the Bond Bank
June 6 – 10 th	Calls with Ratings Agencies
Friday, June 17 th	Deadline for Meeting of the Participants Governing Board for the Certificate of Vote
Monday, June 20 th	Loan Agreements Returned to Bond Bank
Wednesday, June 29 th	Preliminary Official Statements Mailed
Tuesday, July 13 th	Sale
Friday, July 15 th	Bond Counsels Mail Bonds to Governmental Units
Tuesday, July 26 th	Participants Return Bonds to Bond Counsel
Friday, July 29 th	Bond Counsels Mail Bonds to Locke Lord, LLC
August 9 – 10 th	Pre-Closing and Closing – Bond Proceeds Wired to Participants on August 10, 2022
Wednesday, August 10 th	Date of NHMBB Bonds and Interest Start Date
February 15, 2023	First Interest Payment
August 15, 2023	First Principal and Interest Payment

*Red Indicates Holidays