

Maine Municipal Bond Bank  
Grant Anticipation Bonds  
(Maine Department of Transportation)  
2022 Series A Bonds

Rating Presentation  
October 2022

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# Financing Team

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- **Maine Municipal Bond Bank**
  - Terry Hayes, Executive Director
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  - Leanna Prime, Program Assistant
  - Erryl Parker, Accountant
- **Maine Department of Transportation**
  - Karen Doyle, Director, Finance and Administration
- **General Counsel**
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- **Municipal Advisor**
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- **Bond Counsel**
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- **Senior Book-Running Manager**
  - BofA Securities, Inc.
- **Underwriters' Counsel**
  - Preti Flaherty Beliveau & Pachios, LLP
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  - US Bank National Association



# GARVEE Bond Financing Program

# Program Overview

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- Working in cooperation with the Maine Department of Transportation (“MaineDOT”), the Maine Municipal Bond Bank (the “Bank” or “MMBB”) issues revenue bonds the principal and interest of which are repaid with revenues paid to the State by the Federal Highway Administration
- Bond proceeds from the sale of Grant Anticipation Revenue Vehicle (“GARVEE”) bonds are used at the direction of MaineDOT to pay for eligible projects around the State

# Authorization & Legal Framework

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- **Enabling Legislation**

- Under the Bond Bank Act, the Program Act, and the 2021 Authorizing Act, the Bond Bank is authorized to issue up to \$50 million for the 2022 Projects
- Pursuant to the Program Act, GARVEE bonds must be secured pursuant to a pledge and certificate issued by MaineDOT, which pledges the receipt of future Federal Transportation Funds to secure the payment of the GARVEE bonds, and approved by the Maine State Budget Officer
- The Bank may issue from time to time GARVEE bonds for qualified transportation projects and qualified transportation project costs in such amounts as are authorized by the Legislature by a 2/3 vote in each House of the Legislature, as long as the rolling, 3-year average ratio of GARVEE bond debt service payments to federal funds does not exceed 15%, except that sufficient debt service capacity must be assumed to be reserved under the 15% level necessary to issue a \$25 million GARVEE bond for extraordinary, unprogrammed needs

- **Memorandum of Agreement (“MOA”)**

- MaineDOT has entered into certain Federal Aid Agreements with the Federal Highway Administration, including an Amended and Restated MOA
  - Documents the procedures for programming and authorizing projects
  - Outlines distribution, billing and payment of debt service and other Bond related costs

- **Payment Agreement**

- The State Department of Administrative and Financial Services, Office of State Controller, the MaineDOT and the Bank entered into a Payment Agreement, dated December 1, 2004
  - Documents budgetary procedures for anticipated Federal Transportation Funds to be received by the State for the benefit of the MaineDOT

- **MaineDOT Pledge Agreement**

- Documents the pledge of federal transportation funds between MaineDOT and the Bank and the State Budget Offices and contains various covenants and procedures

# Resolution and Pledge Agreement Highlights

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- Special and limited obligation of the Bank payable from and secured solely by all present and future Federal Transportation Funds
- Covenant of MaineDOT to obligate for GARVEE debt service first in each federal fiscal year
- Covenant of MaineDOT to de-obligate or seek other sources of funds should new Obligation Authority be unavailable
- Pledged funds defined to include all Federal Transportation Funds which:
  - (i) are paid to the Bank or Trustee and available in accordance with Title 23, a Federal Aid Agreement, the Act or any Additional Program Act and
  - (ii) have been allocated by the State for payment of the Bond Payments as a permitted use, together with the right of the Bank to receive such funds
- Additional Bonds Test (“ABT”): must demonstrate Federal Transportation Funds anticipated to be received in the current federal fiscal year (“FFY”), or received in either of the prior two FFYs, was equal to at least
  - (i) 1.50x of the Maximum Annual Debt Service (“MADS”) for each FFY in current Federal Aid Authorization; and
  - (ii) 3.00x MADS in each FFY after the expiration of the current Federal Aid Authorization
- ABT Calculation:  $\$271.15 \text{ million} / \$24.71 \text{ million} = 10.97x \text{ coverage}$
- No Debt Service Reserve Fund

# Apportionments, Obligation Authority & Reimbursements

- Obligation Authority is apportioned to states on an annual basis and sets the upper limit on the federal government's commitment to pay, through reimbursements, its share of eligible expenditures on approved projects
- Although not a direct representation of reimbursements to be received, Obligation Authority levels will determine over time the amount of reimbursements to be received

State of Maine			
History of Apportionments, Obligation Authority and Reimbursements			
Federal Fiscal Year Ending Sept. 30th	Apportionments	Obligation Authority	Federal Reimbursements Actual Receipts
2004	\$163,362,759	\$159,753,186	\$178,026,054
2005	\$154,057,393	\$140,498,973	\$174,988,696
2006	\$195,127,211	\$170,887,526	\$173,347,546
2007	\$192,726,337	\$164,412,220	\$168,499,410
2008	\$184,209,842	\$185,793,681	\$146,454,018
2009	\$167,855,384	\$178,242,925	\$147,529,905
2010	\$228,485,362	\$217,999,749	\$150,868,354
2011	\$185,098,394	\$191,590,899	\$186,449,740
2012	\$183,958,134	\$179,603,858	\$206,827,702
2013	\$182,124,362	\$199,633,280	\$223,076,007
2014	\$178,669,606	\$180,630,284	\$210,869,519
2015	\$182,193,172	\$169,107,280	\$203,075,624
2016	\$187,412,714	\$189,814,449	\$207,408,741
2017	\$187,439,540	\$191,038,234	\$209,143,737
2018	\$191,358,099	\$188,726,939	\$210,362,253
2019	\$215,910,207	\$187,636,143	\$208,546,370
2020	\$244,063,186	\$209,908,673	\$249,343,854
2021	\$282,102,235	\$199,910,717	\$240,400,926
2022	\$370,311,809	\$231,122,940	\$271,145,683

# Annual Debt Service

- Principal, interest and total debt service requirements for the Offered Bonds and the prior GARVEE Bonds

Payment Date	Prior GARVEE	Total Offered	Total Debt Service	State Fiscal Year	Federal Fiscal Year
	Bonds	Bonds		Total Debt Service <sup>(1)</sup>	Total Debt Service <sup>(2)</sup>
	Debt Service	Debt Service			
3/1/2023	\$ 3,437,316	\$ 707,240	\$ 4,144,556	\$ 4,144,556	\$ -
9/1/2023	20,197,316	4,006,875	24,204,191	-	28,348,747
3/1/2024	3,018,316	1,075,375	4,093,691	28,297,882	-
9/1/2024	20,623,316	4,085,375	24,708,691	-	28,802,382
3/1/2025	2,578,191	1,000,125	3,578,316	28,287,007	-
9/1/2025	21,073,191	4,160,125	25,233,316	-	28,811,632
3/1/2026	2,115,816	921,125	3,036,941	28,270,257	-
9/1/2026	21,550,816	4,246,125	25,796,941	-	28,833,882
3/1/2027	1,700,291	838,000	2,538,291	28,335,232	-
9/1/2027	16,955,291	4,333,000	21,288,291	-	23,826,582
3/1/2028	1,318,916	750,625	2,069,541	23,357,832	-
9/1/2028	17,343,916	4,425,625	21,769,541	-	23,839,082
3/1/2029	930,700	658,750	1,589,450	23,358,991	-
9/1/2029	12,830,700	4,518,750	17,349,450	-	18,938,900
3/1/2030	633,200	562,250	1,195,450	18,544,900	-
9/1/2030	13,148,200	4,622,250	17,770,450	-	18,965,900
3/1/2031	321,250	460,750	782,000	18,552,450	-
9/1/2031	6,586,250	4,730,750	11,317,000	-	12,099,000
3/1/2032	164,625	354,000	518,625	11,835,625	-
9/1/2032	6,749,625	4,839,000	11,588,625	-	12,107,250
3/1/2033		241,875	241,875	11,830,500	-
9/1/2033		4,956,875	4,956,875	-	5,198,750
3/1/2034		124,000	124,000	5,080,875	-
9/1/2034		5,084,000	5,084,000	5,084,000	5,208,000
	<b>\$ 173,277,237</b>	<b>\$ 61,702,865</b>	<b>\$ 234,980,107</b>	<b>\$ 234,980,107</b>	<b>\$ 234,980,107</b>

Note: Totals may not add due to rounding.

(1) Currently, State Fiscal Year ends each June 30.

(2) Currently, Federal Fiscal Year ends each September 30.

# Prior GARVEE Bonds

- The MMBB has heretofore issued \$352,420,000 aggregate principal amount of its Prior GARVEE Bonds.
- Prior GARVEE Bonds in the aggregate principal amount of \$140,840,000 are outstanding

Series of Prior GARVEE Bonds	Principal Amount of Prior GARVEE Bonds Issued	Outstanding Principal Amount	Final Maturity (September 1)
Series 2004A	\$ 48,395,000	\$ -	2015
Series 2008A <sup>(1)</sup>	50,000,000	-	2020
Series 2010A	25,915,000	-	2017
Series 2010B	24,085,000		2022
Series 2014A	44,810,000	18,165,000	2026
Series 2016A	44,105,000	25,235,000	2028
Series 2018A	44,310,000	44,310,000	2030
Series 2018B	9,875,000	-	2020
Series 2020A	60,925,000	53,130,000	2032
	<b>\$ 352,420,000</b>	<b>\$ 140,840,000</b>	

(1) \$9.94 million of the Series 2008A Bonds were refunded with the proceeds of the Series 2018B Refunding Bonds

# FAST Act

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- The Fixing America’s Surface Transportation Act (“FAST Act”) was enacted December 4, 2015 and reauthorized the Federal Aid Highway Program (“FAHP”) through September 30, 2020
- The FAST Act authorized:
  - A \$500 million annual increase for the National Highway Performance Program
  - A first year increase of \$1 billion for the Surface Transportation Program
  - Approximately \$200 million annually thereafter for such program
  - Created a new National Highway Freight Program funded with approximately \$1.2 billion annually
- The FAST Act, over the life of the legislation, increased overall highway funding by 15% and transit funding by 18%
- In addition to the new programs created, the FAST Act provided continued funding for the programs previously funded by MAP-21 and three short-term authorizations enacted after MAP-21
- The Continuing Appropriations Act 2021 signed into law on September 30, 2020 included a one-year reauthorization of the FAST Act

# Infrastructure Investment and Jobs Act (IIJA)

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- On November 15, 2021, President Biden signed the Infrastructure Investment and Jobs Act (IIJA), also known as the “Bipartisan Infrastructure Law”) into law
  - Provides \$550 billion over fiscal years 2022 through 2026 in new Federal investment in infrastructure, including in roads, bridges, and mass transit, water infrastructure, resilience, and broadband
- The U.S. Department of Transportation’s Federal Highway Administration (FHWA) announced it is providing \$52.5 billion in funding in FFY 2022 under the Bipartisan Infrastructure Law
- The \$52.5 billion in apportioned funding for Fiscal Year 2022 represents an increase of more than 20% as compared to Fiscal Year 2021 for Federal-aid Highway Program apportionments
  - Funding is distributed annually by FHWA for the Federal-aid Highway Program based on a statutory formula contained in the Bipartisan Infrastructure Law
- In implementing the Bipartisan Infrastructure Law, the U.S. Department of Transportation (USDOT) and FHWA believe the Federal-aid Highway Program apportionments, as well as additional formula funding under the Highway Infrastructure Program and discretionary funding to be made available through new and existing program grants, will address long-overdue needs hampering the safety and performance of America’s roads, bridges and highways
- “We are committed to delivering on the promise of the Bipartisan Infrastructure Law, and putting people to work modernizing our infrastructure and making it safer, more sustainable, and more efficient,” ---Secretary of Transportation Pete Buttigieg.

# Projected Debt Service

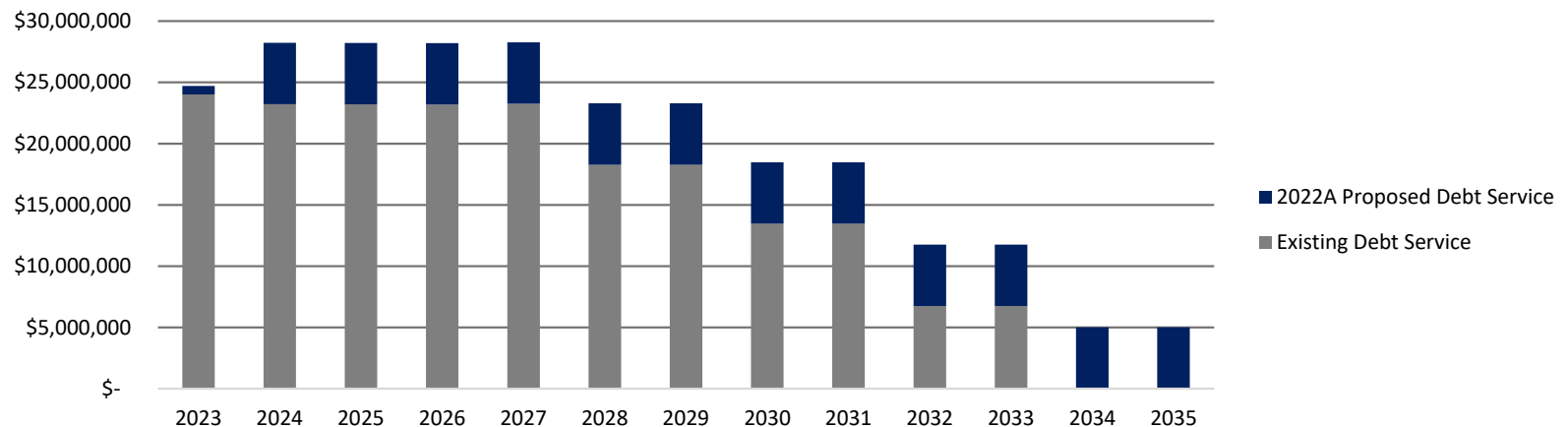
## Sources and Uses

Sources	
<b>2022 Series A Bonds</b>	
Par Amount	\$ 45,875,000.00
Premium	4,620,422.80
	<b>\$ 50,495,422.80</b>
Uses	
<b>2022 Series A Bonds</b>	
Project Fund	\$ 50,000,000.00
COI & UW Discount	495,422.80
	<b>\$ 50,495,422.80</b>

## Debt Service Coverage

Year	Debt Service	Coverage Levels at Different Assumed Reimbursement Levels		
		@\$271.15 MM	20% Reduction	30% Reduction
2023	\$ 24,717,640.24	10.97x	8.78x	7.68x
2024	28,297,881.26	9.58x	7.67x	6.71x
2025	28,287,006.26	9.59x	7.67x	6.71x
2026	28,270,256.26	9.59x	7.67x	6.71x
2027	28,335,231.26	9.57x	7.66x	6.70x
2028	23,357,831.26	11.61x	9.29x	8.13x
2029	23,358,990.63	11.61x	9.29x	8.13x
2030	18,544,900.00	14.62x	11.70x	10.23x
2031	18,552,450.00	14.62x	11.69x	10.23x
2032	11,835,625.00	22.91x	18.33x	16.04x
2033	11,830,500.00	22.92x	18.34x	16.04x
2034	5,080,875.00	53.37x	42.69x	37.36x
2035	5,084,000.00	53.33x	42.67x	37.33x

## Projected Debt Service Schedule



# Credit Strengths

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- Aggregate debt service coverage ratios remain healthy
- Current authorizing legislation restricted to \$50 million
- Traditional 3.00x ABT intentions despite ability to consider lower coverage of 1.50x in current Authorization Period
- Conservative level debt service solution
- Strong history of using Obligation Authority annually
- Pledge Agreement requires annual reserve of first available Obligation Authority for debt service

# 2022 Series A Financing

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# 2022 Series A Bonds

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## Series 2022 A Projects

- The proceeds of the Series 2022 A Bonds will pay a portion of the costs of 9 projects totaling \$50 million consisting of:
  - 5 highway construction/reconstruction projects
    - 19.2 miles from Houlton to Dyer Brook on I-95
    - 9.8 miles from Columbia to Jonesboro on Route 1
    - 2.9 miles from Lyman to Gorham on Route 202
    - 6.6 miles from Machias to East Machias on Route 1
    - 15.9 miles from Pittsfield to Fairfield on I-95
  - 4 bridge projects
    - Tuttle Road Bridge over I-295 in Cumberland
    - Route 100 Bridge over I-95 in Palmyra
    - Middle Bridge over the Eastern River in Dresden
    - Ramp SP4 Bridge over I-295 and Route 1 in South Portland

# 2022 Series A Schedule

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2022 Series A Schedule	
Thursday, October 13, 2022	Receive Ratings
Friday, October 14, 2022	Post Preliminary Official Statement
Week of October 17	Investor Outreach
Week of October 24	Pricing
Week of November 7	Closing

# MMBB General Information

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# General Information

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- MMBB is not a conduit but an active lender
- MMBB has sold over \$5.6 billion in Bonds of its 1973 General Resolution to date
- \$1.14 billion of bonds under its 1973 General Resolution are currently outstanding
- \$1.60 billion of refunding bonds under its 1973 General Resolution have been issued for economic savings
- Never defaulted on its bonds or underlying loans
- 49-year operating history spanning six recessions
- MMBB has formal policies for the following:
  - Investment Procedures
  - Long-Term Planning
  - Records Retention
  - Debt Issuance Compliance
  - Loan Application Approval
  - Delinquency Procedures

# General Information (continued)

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- **Cybersecurity**

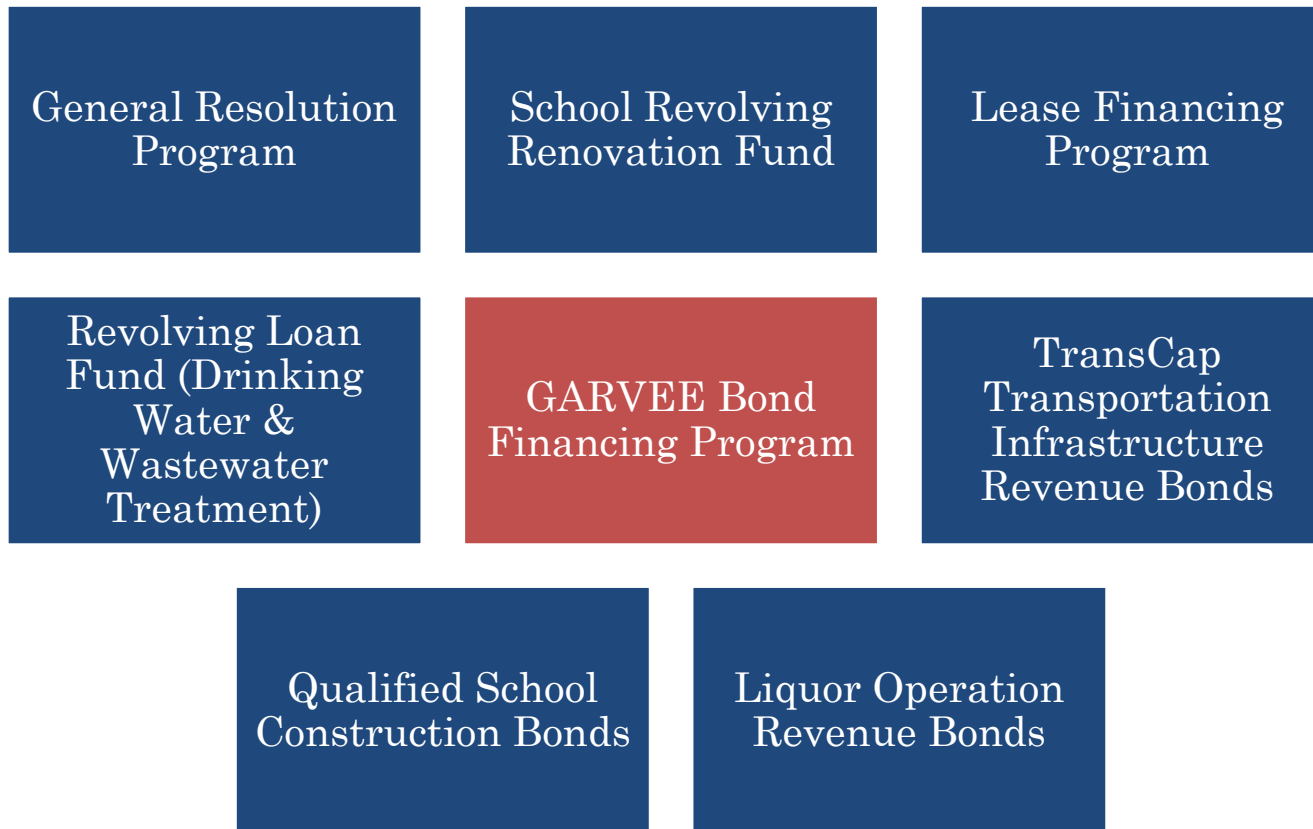
- IT audit of internal infrastructure and management completed in 2019
  - Reviewed network strengths and weaknesses throughout organization
  - Internal & external team has addressed and implemented audit findings
  - No breach has occurred to date
  - Staff training ongoing

- **COVID-19**

- Business continuity plan implemented immediately following the Governor's initial Executive Order in March 2020
- Bank has been open and available to clients throughout the pandemic
- To date all borrowers under its 1973 General Resolution are current with their payments
  - Keeping in constant contact with borrowers under its 1973 General Resolution regarding any financial challenges

# General Information – Programs Offered

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# General Information - Borrowers

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