



Maine Municipal Bond Bank

2022 Series B Bonds

Rating Presentation
September 2022

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Financing Team

- **Maine Municipal Bond Bank**
 - Terry Hayes, Executive Director
 - Toni Reed, Program Officer
 - Makenzie Carlow, Program Assistant
 - Leanna Prime, Program Assistant
 - Jill Pierce, Accountant
- **General Counsel**
 - Mitchell and Davis
- **Municipal Advisor**
 - HilltopSecurities
- **Bond Counsel**
 - Hawkins Delafield & Wood
- **Senior Book-Running Manager**
 - Morgan Stanley
- **Underwriters' Counsel**
 - Preti Flaherty Beliveau & Pachios
- **Trustee**
 - US Bank

General Resolution Program

Program Overview

- The Maine Municipal Bond Bank (“MMBB”) provides financial assistance to Maine municipalities, school systems, water and sewer districts and other governmental entities for approved acquisition, construction and capital improvement projects
- Borrowers benefit from MMBB’s strong credit rating and market access and achieve a lower cost of capital as a result of
 - The advantageous pricing of the highly-rated MMBB General Resolution pool
 - The efficiencies and economies of scale gained by participating in a larger transaction
- Borrower payments are due twice a year, May (interest), and November (principal and interest), prior to the debt service payments
 - Since 2011, borrower payments are due 30 days in advance
 - Borrower payments for outstanding loans issued prior to 2011, are due 5 days in advance
- MMBB’s outstanding portfolio contains 267 governmental units and 542 loans
- MMBB has provided loans to 607 different governmental units for a total of 2,001 loans
 - Loan terms are between 5 and 30 years and may not exceed the useful life of the financed asset
 - Loans are not prepayable
- Cybersecurity – IT audit of internal infrastructure and management completed in 2019
 - Internal & external team has addressed and implemented audit findings
 - No breach has occurred to date
- COVID-19 – Business continuity plan implemented immediately following the Governor’s initial Executive Order in March 2020
 - Bank has been available to clients throughout the pandemic



Diversification of Pool

- Loans are geographically distributed throughout the State
- Eighteen of the twenty largest borrowers are school districts
 - Debt service payments on school construction projects are subsidized by the State of Maine
- Shown prior to issuance of 2022 Series B Bonds
- Largest borrower accounts for 12.64% of the total pool
- Top ten borrowers account for 44.55% of the total pool

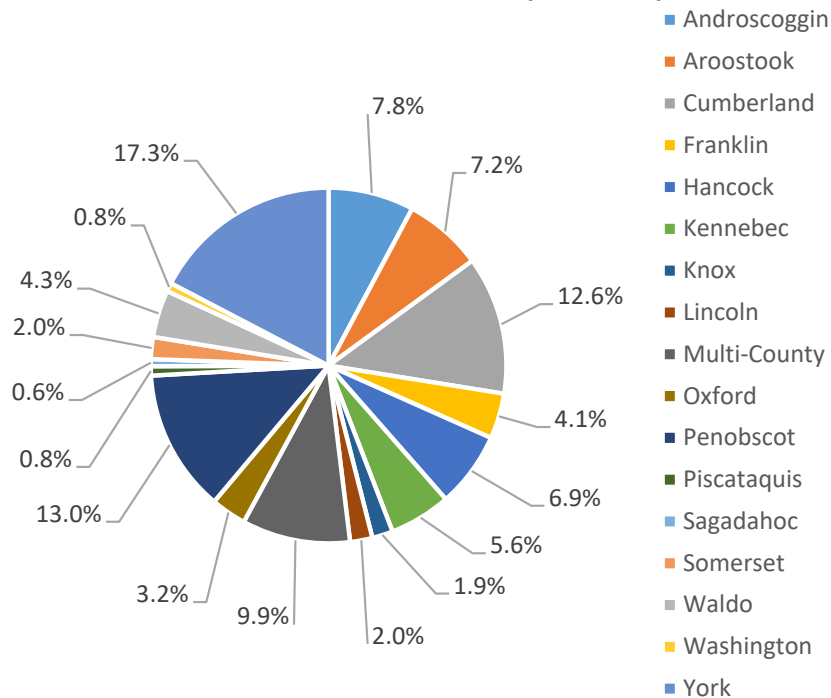
Top 20 Borrowers By Principal Outstanding

Borrower	Total		Total Principal Outstanding	Percent Of Portfolio	Maximum Maturity
	Outstanding Loans	Pledge			
Sanford	11	GO	\$138,826,971	12.64%	11/01/2040
MSAD #75	2	GO	53,930,774	4.91%	11/01/2039
RSU #19	3	GO	50,988,638	4.64%	11/01/2039
RSU #39	2	GO	45,539,200	4.15%	11/01/2039
RSU #24	4	GO	43,981,159	4.00%	11/01/2042
Brunswick & Topsham Water District	7	REV	38,906,216	3.54%	11/01/2042
Lewiston	2	GO	35,777,115	3.26%	11/01/2037
RSU #09	3	GO	34,574,551	3.15%	11/01/2031
RSU #02	2	GO	23,465,096	2.14%	11/01/2038
MSAD #22	1	GO	23,456,321	2.14%	11/01/2031
Brewer	18	GO	22,827,527	2.08%	11/01/2036
Westbrook	5	GO	18,934,000	1.72%	11/01/2047
RSU #64	1	GO	18,152,257	1.65%	11/01/2035
Ellsworth	1	GO	14,718,368	1.34%	11/01/2029
MSAD #72	1	GO	14,506,319	1.32%	11/01/2036
Lisbon	10	GO	13,652,073	1.24%	11/01/2037
MSAD #03	1	GO	11,856,342	1.08%	11/01/2027
RSU #18	2	GO	11,182,667	1.02%	11/01/2037
Belfast	4	GO	10,380,041	0.94%	11/01/2047
MSAD #46	1	GO	9,876,680	0.90%	11/01/2028
Total	75		\$635,532,315	57.85%	

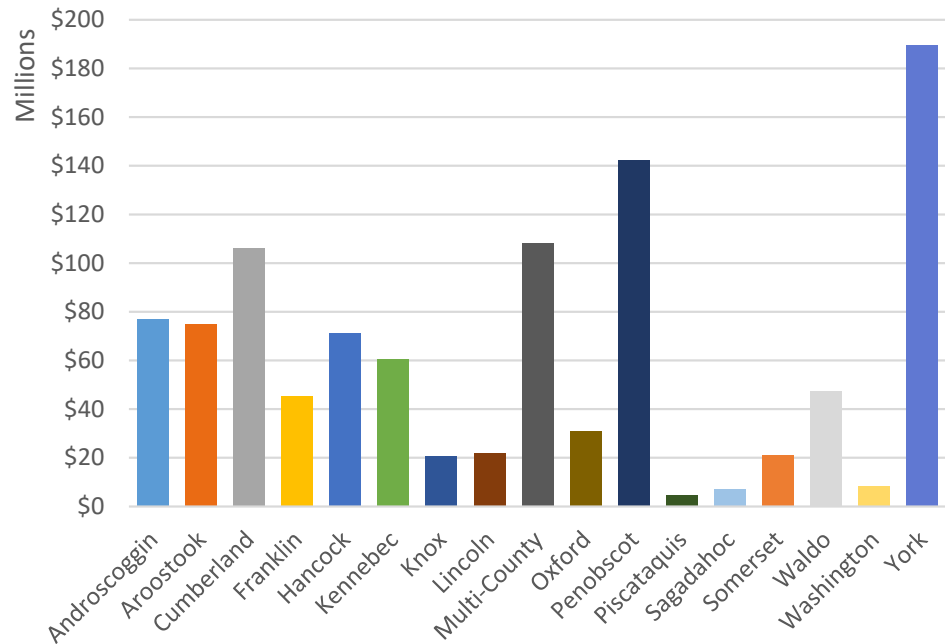
Diversification of Pool (continued)

- Concentration of credits in Androscoggin, Cumberland, Penobscot and York Counties (the counties with the highest per capita income, highest property valuations and largest populations) account for 50.68% of loans

Percent Of MMBB Portfolio by County



Total Principal Outstanding Per County



*Shown prior to issuance of 2022 Series B Bonds

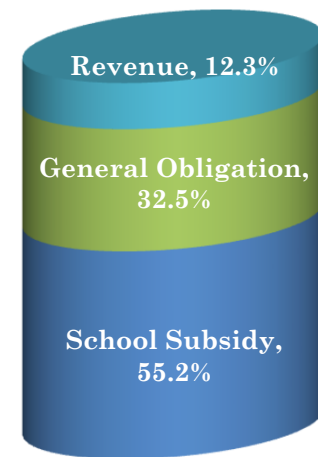
Application Process

- Every borrower submits a credit application
- Applications are reviewed first by staff and again by the full MMBB Board
 - Current membership of Board includes the State Treasurer, the Superintendent of Financial Institutions, a commercial lender, a public finance banker and the City Manager of Bangor, ME
 - MMBB may reject or modify an application that does not meet credit standards
 - Requirements may be imposed upon a borrower before approving a loan
- Conservative credit underwriting is used for review of applications
 - Term of financing may not exceed useful life of asset
 - Source(s) of revenue to repay financing must be provided
 - Borrower must demonstrate history of responsible financial management and willingness to pay obligations
 - Executed authorization documents must be provided
 - If a major construction project, construction bids, or not to exceed contract, prior to the MMBB pricing
- Requirements of borrowers post issuance
 - Submission of annual audited financial statements within 9 months of the end of the borrower's fiscal year
 - Audits are reviewed for key financial and debt statistics
 - Beginning in 2011, borrower payments must be sent 30 days in advance of MMBB debt service dates
 - Prior to 2011, the requirement was 5 days

Bonds / Loan Portfolio

- MMBB has sold over \$5.6 billion in Bonds to date
- \$1.136 billion is currently outstanding
- \$1.6 billion of refunding bonds have been issued for economic savings
- No defaults: bonds or underlying loans
- Approximately 87.7% of MMBB's portfolio is secured by a general obligation pledge of the local government borrower
 - Supported by their full faith and taxing power
- The remaining 12.3% of the portfolio is secured by revenue pledges
 - Revenue pledges are almost exclusively water and sewer
 - Water and sewer revenue bonds are considered secure
 - Essential service with high collection rates
 - Revenue pledge requires that sufficient rates are maintained to cover borrower debt service
- Approximately 55.24% of the portfolio is school project loans, which are supported by State-aid payments paid directly by the State of Maine to the MMBB's Trustee through the State Department of Education

BREAKDOWN OF PAYMENT SOURCE



Combined General
Obligation & School
Subsidy – 87.7%

Bonds / Loan Portfolio (continued)

- Repeat customers confirm MMBB has a good working relationship with clients and strives to maintain and build on those relationships
- 65% of loans are now paying 30 days in advance of the debt payment due date, and the remaining 35% pay 5 days in advance
- There have been no late debt service payments from any existing borrowers in the General Resolution program
- There are no current borrowers on credit watch or considered as distressed
- The Municipal Finance Board, established by state statute, is authorized to step in and take over the finances of any borrower in times of extraordinary financial difficulty, without having to gain legislative approval
- MMBB's portfolio has no variable-rate debt or derivatives
- MMBB is constantly reviewing outstanding bonds for potential refinancing opportunities

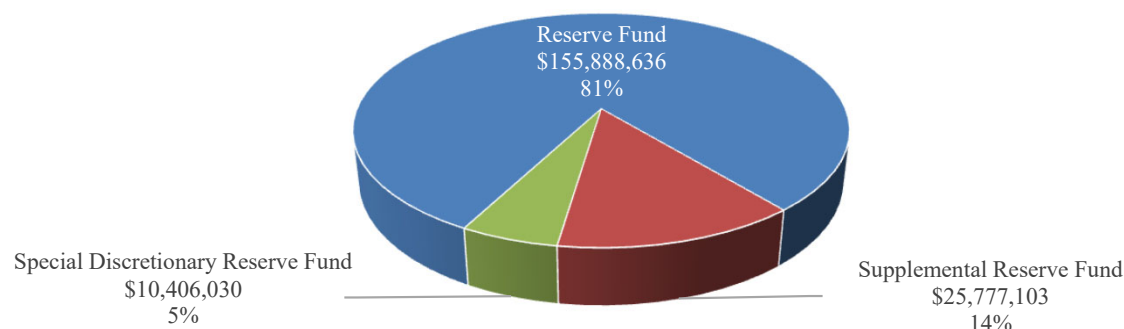
Bank Resources

- The Bank has **three** separate reserve funds which provide a high degree of additional security if a borrower makes a late payment or defaults on a loan payment
 - As of 6/30/2022, the aggregate reserve fund balances totaled \$192.07 million - projected to cover Maximum Annual Debt Service (“MADS”) by a minimum of 1.85x

Fund Name	Reserve Fund	Supplemental Reserve Fund	Special Discretionary Reserve Fund
Description	<ul style="list-style-type: none"> Established by the original resolution and funded with bond proceeds Must equal at least MADS on outstanding bonds State law provides a Moral Obligation replenishment provision if the Reserve Fund goes below an amount equal to the MADS requirement 	<ul style="list-style-type: none"> Pledged to resolve deficiencies in the Principal Account, Interest Account and Reserve Fund Comprised of two accounts: <ul style="list-style-type: none"> General Reserve Account Special Reserve Account 	<ul style="list-style-type: none"> Not pledged, however is unrestricted as to use, and is available for repayment of debt In 2020, \$12 million was transferred from the Special Discretionary Reserve Fund into the General Reserve Account
Pledged to Bonds	Yes	Yes	No
Balance (as of 6/30/2022)	\$155,888,636 ⁽¹⁾	\$25,777,103 ⁽²⁾	\$10,406,030

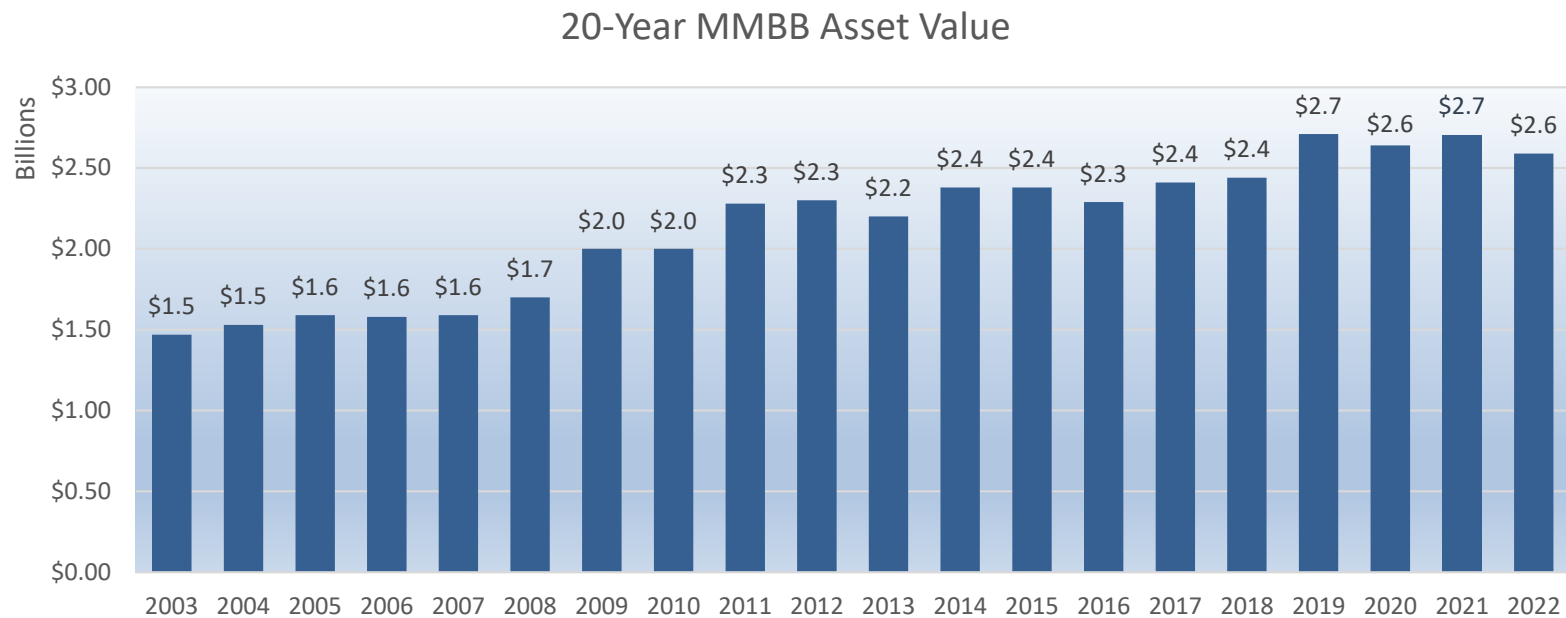
(1) The Reserve Fund requirement as of 6/30/2022 was \$103.86 million, which equates to \$52.03 million excess of value over the requirement

(2) The Supplementary Reserve Fund is comprised of the General Reserve Account (\$22.36 million) and the Special Reserve Account (\$3.42 million)



Bank Resources (continued)

- MMBB's assets have grown from \$1.5 billion in 2003 to its current level of \$2.59 billion as of June 30, 2022

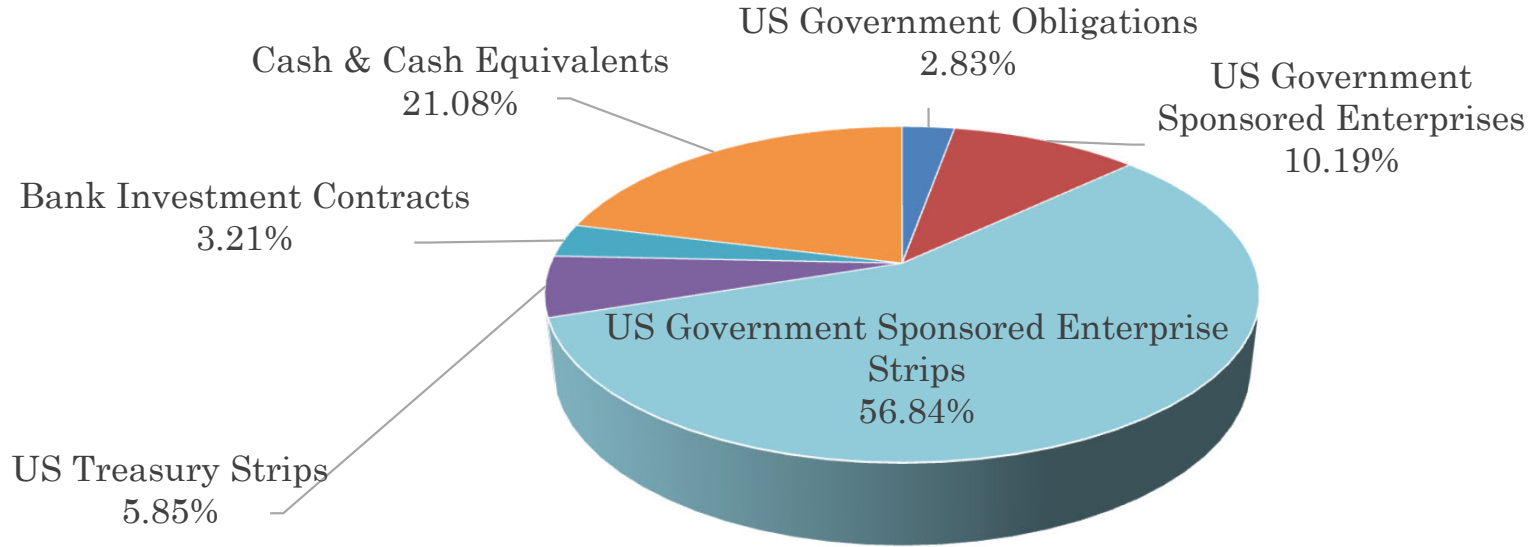


State Intercept Provides Additional Security

- MMBB benefits from a State intercept should a borrower fail to make its debt service payment
 - Title 30-A, Section 6014 provides the State Treasurer can, at any time after written notice from MMBB, withhold payment of funds to a MMBB borrower until the amount of principal or interest owed has been paid to MMBB by the borrower, or the State Treasurer has been advised that arrangements have been made for repayment that are satisfactory to MMBB
 - MMBB's enabling act provides that the State Treasurer shall pay MMBB any money in the Treasurer's control which, by the terms of any applicable grant or law, is required to be paid to MMBB upon default of a municipal security held by MMBB
- MMBB has never made a request to the State Treasurer to intercept funding
- Currently 65% of loans pay 30 days in advance of the MMBB bond debt service payment date, with all newly originated loans following this new policy
 - Remaining 35% of borrower loans, that were issued prior to 2011, pay 5 days in advance
 - Allows MMBB to utilize the intercept, if necessary, pre-default
 - Until such time as 100% of the borrowers are paying 30 days in advance, MMBB has multiple reserves to make debt service payments and the intercepted funds can replenish the reserves

Investments as of June 30, 2022

General Resolution Fund by Investment Type



	COST	MARKET VALUE	% OF MV
US Government Obligations	\$5,195,822	\$5,128,139	2.83%
US Government Sponsored Enterprises	19,484,586	18,468,471	10.19%
US Government Sponsored Enterprises Strips	83,668,709	102,970,475	56.84%
US Treasury Strips	6,188,826	10,591,611	5.85%
Bank Investment Contracts	5,810,335	5,810,335	3.21%
Cash & Cash Equivalents	38,192,734	38,192,734	21.08%
Total Investments - Tax Exempt	\$158,541,012	\$181,161,765	100.00%

2022 Series B Financing

2022 Series B New Money

- 2022 Series B has 8 governmental units requesting 9 loans for a total of \$10.3 million with terms between 6 and 30 years
- There is one new borrower to the General Resolution Program, and two borrowers that are revisiting the program after not participating in recent years:
 - Town of Howland revisiting the General Resolution Program for the first time since 2013
 - Calais School District revisiting the General Resolution Program for the first time since 2004
 - Town of Sebago is entering the General Resolution Program as a new borrower
- The security pledges for this issue are
 - General Obligation at 89.94% for approximately \$9.3 million
 - Revenue Pledge at 10.06% for approximately \$1.0 million

2022 Series B New Money (continued)

Governmental Unit	Loan Amount	Term (Years)	Pledge	Environmental Benefits	Social Benefits	Project Description
Calais School District	2,000,000	30	GO		X	Addition to elementary school
Greater Portland Transit District	166,500	10	REV	X		Purchase four new diesel transit buses to replace aging fleet
Portland Water District	575,000	20	REV	X		Upgrades to sewer pump station, serving approximately 3,000 residents
Town of Chebeague Island	250,000	6	GO	X		Dredging project for ferry service path, serving an estimated 1,000+ residents
Town of Chebeague Island	300,000	20	REV		X	Broadband project serving an estimated 500+ residents
Town of Howland	3,400,000	30	GO		X	Construction of a new public works/municipal building
Town of Lubec	279,604	10	GO		X	Purchase a new town excavator
Town of Sebago	\$1,300,000	10	GO		X	Design and build new public safety building
Town of Standish	2,077,695	10	GO	X	X	Road improvements, culvert replacement, fire tanker truck purchase, new rescue vehicle, LED lighting upgrades
Total	\$10,348,799					

ESG Overview

- The Bank administers a best-efforts program to evaluate the impact of the Bank's activities and actively encourages borrowers and potential borrowers to promote green performance initiatives
- The Bank itself has a platinum certification under the Green Business Bureau designation as shown on its website at www.mmbb.com
- The estimated impacts of the projects anticipated to be financed through the issuance of the 2022 Series B Bonds include:
 - New municipal public safety building
 - Four new diesel transit buses to replace aging fleet
 - Sewer upgrades to pump station estimated to serve 3,000 residents
 - Dredging project to improve and continue with ferry services potentially service over 1,000 residents
 - Addition of an elementary school
 - Broadband project which is anticipated to serve at least 500 residents
 - Road improvements including culvert replacements
 - New fire tanker truck and rescue truck
 - LED lighting upgrades

2022 Series B Financing

2022 Series B Fall Sale Schedule	
Tuesday, September 20	Receive Ratings
Wednesday, September 21	Post Preliminary Official Statement
Week of October 3	Pricing
Week of October 31	Closing