



# Maine Municipal Bond Bank

## 2023 Series B Bonds

Rating Presentation  
September 2023

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# Financing Team

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- **Maine Municipal Bond Bank**
  - Terry Hayes, Executive Director
  - Toni Reed, Program Officer
  - Makenzie Carlow, Program Assistant
  - Beth Christopher, 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

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- The Maine Municipal Bond Bank (“MMBB”) provides financial assistance to Maine municipalities, school systems, water and sewer districts, public waste disposal corporations 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 loan payments are due twice a year, May (interest), and November (principal and interest), prior to the debt service payments
  - Since 2011, borrower loan 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 261 governmental units and 542 loans
- MMBB has provided loans to 607 different governmental units for a total of 2,023 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 – Portions of the MMBB IT infrastructure are audited annually; any findings are resolved before the next year’s audit. Further protections include:
  - User education through security awareness training and testing with simulated phishing emails
  - Annual external network penetration testing and weekly internal vulnerability scanning
  - Backup storage following recommended 3-2-1 rule with onsite, offsite and cloud backups
  - Utilizing secure email gateway software to protect from known risks, advance threats and provider email filtering
  - Annual review and update to IT policy documents including our Business Continuity Plan with a disaster recovery exercise

# Diversification of Pool

- Loans are geographically distributed throughout the State of Maine (the “State”)
- Fifteen of the twenty largest borrowers have school construction projects with debt service payments subsidized by the State
- Largest borrower accounts for 12.47% of the total pool
- Top ten borrowers account for 45.70%<sup>(1)</sup> of the total pool

**Top 20 Borrowers By Principal Outstanding**

Borrower	Total Outstanding		Total Principal Outstanding <sup>(1)</sup>	Percent Of Portfolio <sup>(1)</sup>		Maximum Maturity
	Loans	Pledge				
Sanford	12	GO	\$129,783,069	12.47%	11/01/2040	
MSAD #75	3	GO	59,868,619	5.75	11/01/2039	
RSU #19	3	GO	47,850,290	4.60	11/01/2039	
RSU #39	2	GO	42,902,300	4.12	11/01/2039	
RSU #24	4	GO	41,906,439	4.03	11/01/2042	
Brunswick & Topsham Water District	8	REV	40,356,127	3.88	11/01/2043	
Lewiston	2	GO	33,541,045	3.22	11/01/2037	
RSU #09	3	GO	31,036,266	2.98	11/01/2031	
Westbrook	6	GO	26,111,000	2.51	11/01/2048	
Brewer	19	GO	22,114,678	2.13	11/01/2043	
RSU #02	2	GO	22,037,094	2.12	11/01/2038	
MSAD #22	1	GO	21,110,688	2.03	11/01/2031	
RSU #64	1	GO	16,855,667	1.62	11/01/2035	
Ellsworth	2	GO	16,326,663	1.57	11/01/2043	
Lisbon	11	GO	13,578,704	1.31	11/01/2037	
MSAD #72	1	GO	13,539,231	1.30	11/01/2036	
RSU #18	2	GO	10,475,133	1.01	11/01/2037	
Standish	10	GO	10,122,462	0.97	11/01/2032	
MSAD #03	1	GO	9,880,285	0.95	11/01/2027	
Belfast	3	GO	9,867,126	0.95	11/01/2047	
<b>Total</b>	<b>96</b>		<b>\$619,262,895</b>	<b>59.52%</b>		

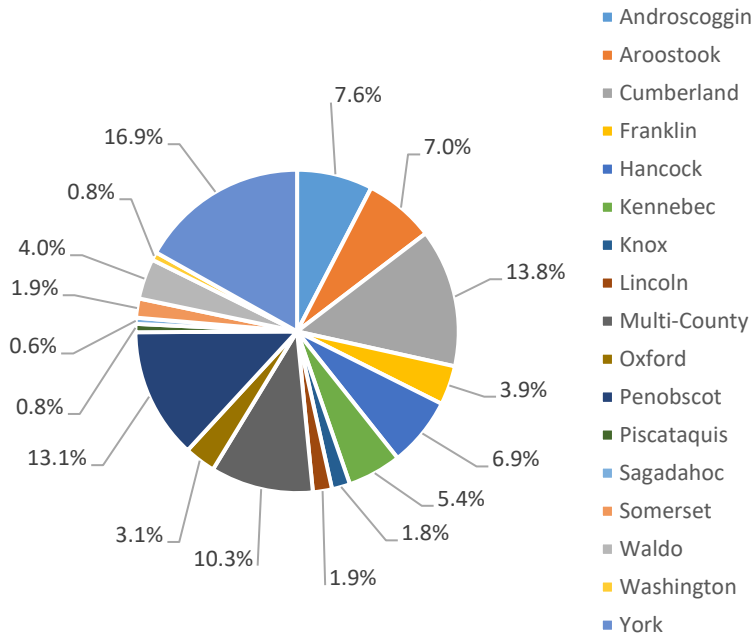


(1) Totals may not add up due to rounding  
 \*Shown prior to issuance of 2023 Series B Bonds

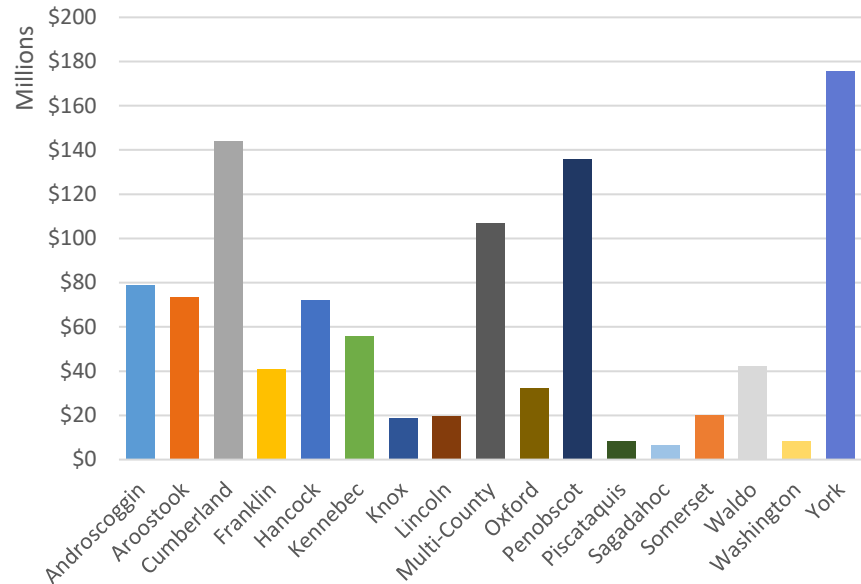
# Diversification of Pool (continued)

- 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 51.37% of loans

Percent Of MMBB Portfolio by County



Total Principal Outstanding Per County



\*Shown prior to issuance of 2023 Series B Bonds

# Application Process

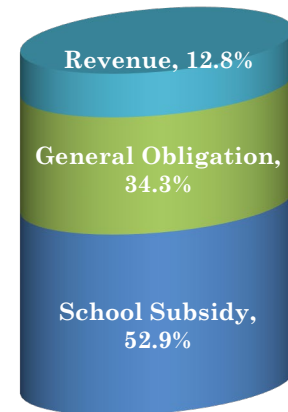
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- Every borrower submits a credit application
- Applications are reviewed first by staff and again by the full MMBB Board
  - Current membership of Board includes the State Treasurer, the Superintendent of Financial Institutions, a commercial lender, a public finance banker and a business banking segment leader
  - 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 guaranteed maximum price contract, must be provided 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 \$5.72 billion in Bonds to date
- \$1.086 billion is currently outstanding
- \$1.6 billion of refunding bonds have been issued for economic savings
- No defaults under bonds or underlying loans
- Approximately 87.2% 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 12.76% of the portfolio is secured by revenue pledges
  - Revenue pledges are almost exclusively water and sewer (however, the loan to be made to Aroostook Waste Solutions is payable from rates and charges for waste disposal)
  - 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 52.90% of the portfolio is school project loans, which are supported by State-aid payments paid directly by the State to the MMBB's Trustee through the State Department of Education

## BREAKDOWN OF PAYMENT SOURCE



Combined General  
Obligation & School  
Subsidy – 87.2%

# Bonds / Loan Portfolio (continued)

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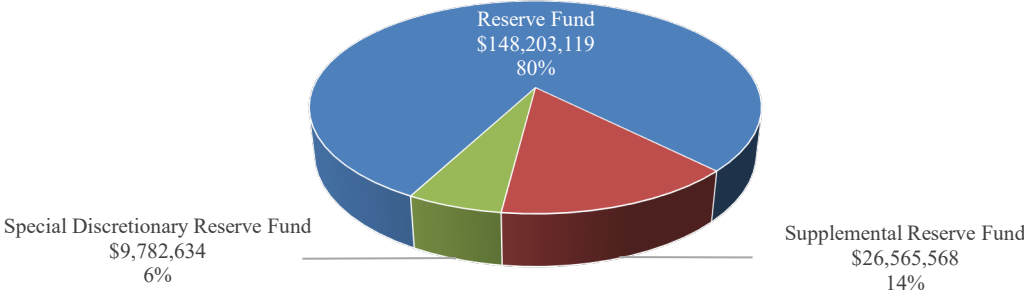
- Repeat customers confirm MMBB has a good working relationship with clients and strives to maintain and build on those relationships
- 69% of loans are now paying 30 days in advance of the debt payment due date, and the remaining 31% pay 5 days in advance
- There have been no late debt service payments 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 6/30/2023, the aggregate reserve fund balances totaled \$184.55 million - projected to cover Maximum Annual Debt Service (“MADS”) by a minimum of 1.48x

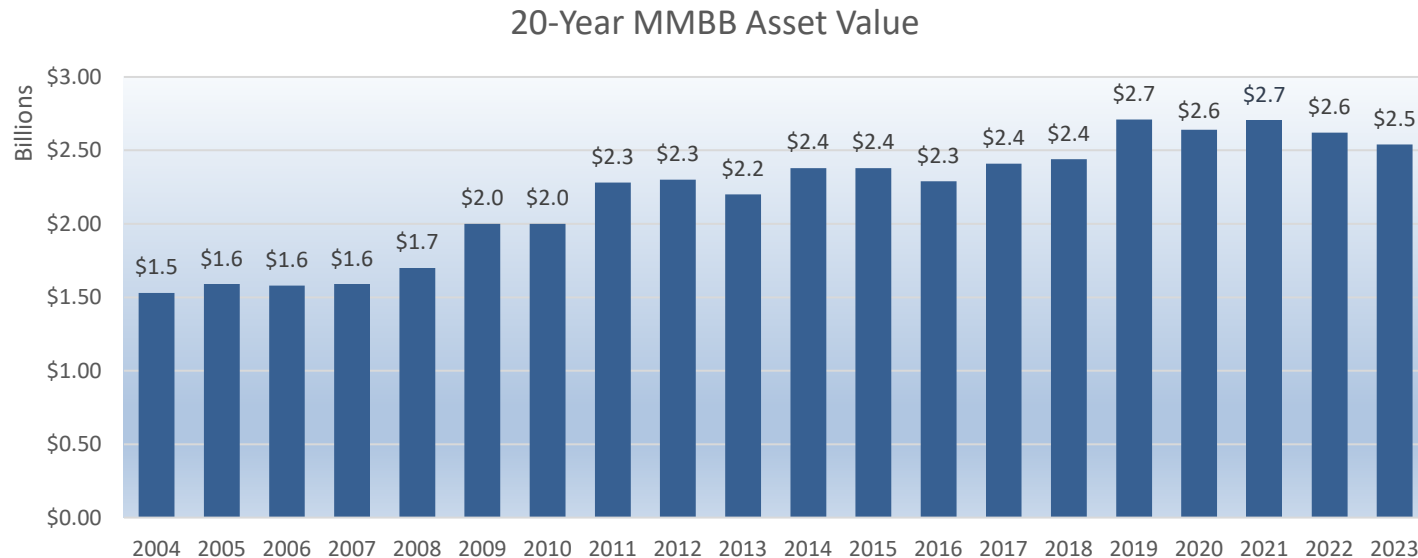
Fund Name	Reserve Fund	Supplemental Reserve Fund	Special Discretionary Reserve Fund
Description	<ul style="list-style-type: none"> <li>Established by the original resolution and funded with bond proceeds with each bond issuance</li> <li>Must equal at least MADS on outstanding bonds</li> <li>State law provides a Moral Obligation replenishment provision if the Reserve Fund goes below an amount equal to the MADS requirement</li> </ul>	<ul style="list-style-type: none"> <li>Pledged to resolve deficiencies in the Principal Account, Interest Account and Reserve Fund, subject to MMBB direction</li> <li>Comprised of two accounts:                             <ul style="list-style-type: none"> <li>General Reserve Account</li> <li>Special Reserve Account</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Not pledged, however is unrestricted as to use, and is available for repayment of debt</li> <li>In 2020, \$12 million was transferred from the Special Discretionary Reserve Fund into the General Reserve Account</li> </ul>
Pledged to Bonds	Yes	Yes	No
Balance (as of 6/30/2023)	\$148,203,119 <sup>(1)</sup>	\$26,565,568	\$9,782,634

(1) The Reserve Fund requirement as of 6/30/2023 was \$124.7 million, which equates to \$23.5 million in excess over the requirement



# Bank Resources (continued)

- MMBB's assets have grown from \$1.5 billion in 2004 to its current level of \$2.54 billion as of June 30, 2023



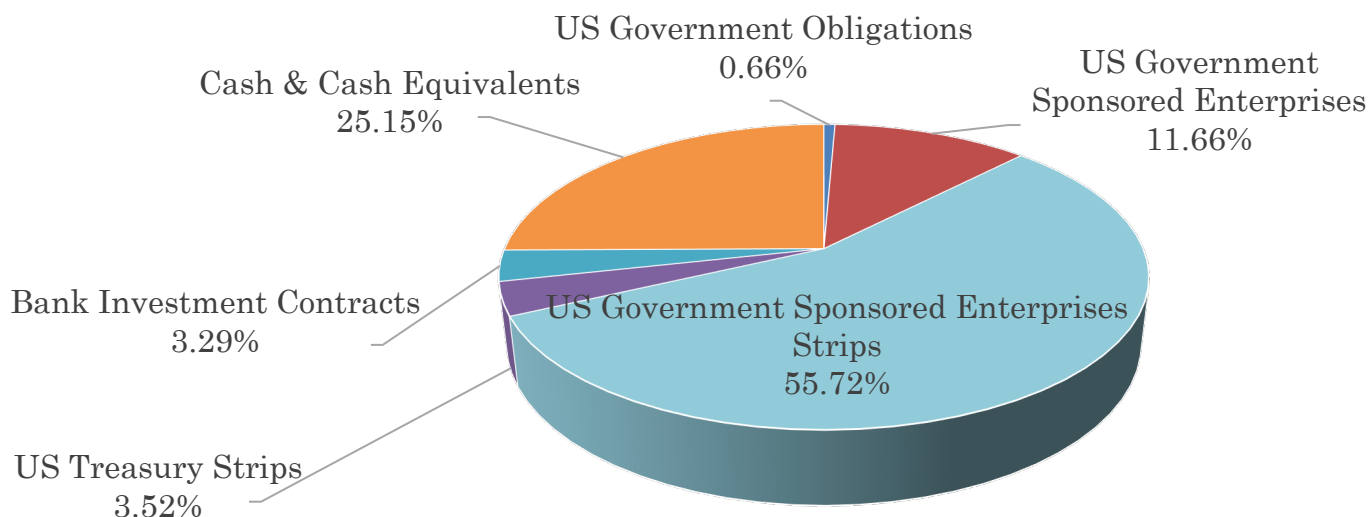
# State Intercept Provides Additional Security

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- 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 69% of loans pay 30 days in advance of the MMBB bond debt service payment date, with all newly originated loans issued since 2011 following this new policy
  - Remaining 31% of borrower loans, that were issued prior to 2011, pay 5 days in advance
  - Allows MMBB to utilize the State intercept, if necessary, prior to a bond 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, 2023

## General Resolution Fund by Investment Type



	COST	MARKET VALUE	% OF MV
US Government Obligations	\$1,189,516	\$1,158,215	0.66%
US Government Sponsored Enterprises	22,139,372	20,565,035	11.66%
US Government Sponsored Enterprises Strips	83,009,085	98,234,966	55.72%
US Treasury Strips	4,107,790	6,198,918	3.52%
Bank Investment Contracts	5,803,620	5,803,620	3.29%
Cash & Cash Equivalents	44,343,596	44,343,596	25.15%
<b>Total Investments - Tax Exempt</b>	<b>\$160,592,979</b>	<b>\$176,304,350</b>	<b>100.00%</b>

# 2023 Series B Financing

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# 2023 Series B New Money

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- 2023 Series B has 16 governmental units requesting 17 loans for a total of \$83.2 million with terms between 5 and 20 years
- There are three new borrowers in this sale:
  - Aroostook Waste Solutions: \$7,000,000 construction of six acres of lined landfill, which will create approximately 500,000 cubic feet of disposal capacity for waste generated primarily in Northern Maine
  - Town of Andover: Road work and paving projects
  - Town of Anson: Purchase of a new fire truck
- The security pledges for this issue are:
  - General Obligation at 90.73% for approximately \$75.45 million
  - Revenue Pledge at 9.27% for approximately \$7.71 million

# 2023 Series B New Money – Project Details

Governmental Unit	Loan Amount	Term (Years)	Environmental Benefits	Social Benefits	Project Description
Brewer High School District Trustees	\$3,500,000	20		X	Finance improvements to the athletic complex
Portland Water District	710,000	20	X		Upgrades to Stroudwater Wastewater Pump Station located in Portland
Maine School Administrative District #54	60,000,000	20		X	New Elementary School Consolidation
Town of North Berwick	1,000,000	10	X		Public road improvement projects
Town of North Berwick	265,000	10	X		SCBA fire equipment
City of Sanford	881,000	5		X	Phase three (final stage) of the municipal airport road construction project
Town of Enfield	1,000,000	8	X		Municipal roadway projects, culvert replacement, road extension, paving
Town of Liberty	100,000	10	X		Installation of heat pumps and solar panels on municipal buildings
City of Westbrook	1,166,724	20	X		Boiler replacement at schools, fire/smoke barriers at high school, new flooring in library, canal groundwork and drainage
Town of Andover	900,000	10	X		Road work and paving project
Town of Southwest Harbor	2,601,844	20	X		Paving Main Street and sidewalk and drainage, water and sewer infrastructure improvement project
Town of Standish	738,000	10		X	Squad 6, extrication equipment, thermal imaging cameras, CPR devices, truck w/ plow, planning and engineering of Public Works facility, garage lifts
Town of Readfield	348,057	10		X	Purchase of fire truck
Maine School Administrative District #19	495,000	10		X	School roof membrane replacement
Town of Naples	1,734,902	10	X		Fire suppression water tanks, various public improvement projects
Aroostook Waste Solutions	7,000,000	10	X		Construction of lined landfill cells at Tri-Community Landfill
Town of Anson	717,571	6		X	Purchase of a fire truck
<b>Total</b>	<b>\$83,158,098</b>				

# ESG Overview

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- 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](http://www.mmbb.com)
- The estimated impacts of the projects anticipated to be financed through the issuance of the 2023 Series B Bonds include:
  - New Elementary School consolidation-combining three schools into one which allows the school administrative district to repurpose the original school grounds for other district uses
    - The new building is expected to house 850 students and 100 staff teachers, ed techs, custodial, kitchen and staff
  - Municipal airport road construction
  - Sewer upgrades to pump station
  - Renovations and improvements to school athletic complex
  - Solar panels and heat pumps installation at municipal buildings
  - Multiple road improvement projects
  - Municipal vehicle purchases to help assist in public safety
  - School roof repairs on an elementary school that houses 95 students and 30 staff members

# 2023 Series B Financing

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2023 Series B Fall Sale Schedule	
By Tuesday, September 19	Receive Ratings
Wednesday, September 20	Post Preliminary Official Statement
Week of October 2	Pricing
Week of October 30	Closing