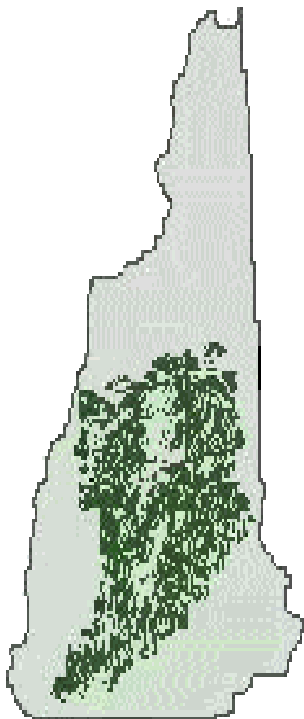


A POOLED MUNICIPAL BONDING PROGRAM



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New Hampshire Municipal Bond Bank
25 Triangle Park Drive
Concord, New Hampshire 03301
Email: info@nhmhb.com
Web-site Address: www.nhmhb.org

The mission of the New Hampshire Municipal Bond Bank is to provide professional services to assist qualified New Hampshire entities to obtain financing for eligible purposes.

To meet its mission, the New Hampshire Municipal Bond Bank is committed to:

- ! Financial stability
- ! Strong client relations
- ! Low issuance costs
- ! Obtaining the lowest possible borrowing rates
- ! An efficient application process
- ! Maintaining strong credit ratings and financial market access
- ! A well trained team of professional staff & consultants
- ! Support best possible public finance practices
- ! Meeting the requirements of all applicable state and federal laws, particularly RSA:35-A

“On a number of occasions, I have included the Bond Bank in my requests for proposals, which included the major private banking institutions doing business in New Hampshire at the time. After careful analysis, you have always been chosen due to the Bond Bank’s reasonable fee structure, ease of use and excellent customer service standards.

The Bond Bank has seen me through the construction of a number of large projects which include a wastewater treatment facility and a new high school, as well as many others of a smaller magnitude. I look forward to working with the Bond Bank in the future.”

Peter A. Chamberlin/Director of Finance, Town of Wolfeboro

"The New Hampshire Municipal Bond Bank has proven itself to be a worthy partner in helping the City of Lebanon with borrowing funds. The NHMBB's considerable expertise and professionalism have greatly facilitated the borrowing process, thus enabling the City to better serve the citizens of Lebanon."

Len Jarvi, Treasurer/Finance Director, City of Lebanon

"The New Hampshire Bond Bank excels as a lending institution. It is always a pleasure to deal with the competent staff who can meet the high financial expectations of our community. The Town of Hopkinton will continue in the future to utilize the Bond Bank for its borrowing needs."

Robert Blanchette, Finance Director, Town of Hopkinton

“The Town of East Kingston has worked closely with the NHMBB in acquiring bonds for conservation easements and to build a new police station. The borrowing process went very smoothly thanks to the expertise of the bond bank staff. We truly enjoyed working with them and would highly recommend the NHMBB to all municipalities.”

Deborah G. Gallant, Administrative Assistant, Town of East Kingston

NEW HAMPSHIRE MUNICIPAL BOND BANK

PROGRAM OVERVIEW

The New Hampshire Municipal Bond Bank

The New Hampshire Municipal Bond Bank was established by the state legislature in 1977 as an independent unit of state government administered by a board of directors, with a mission of providing access to low-cost tax-exempt financing for New Hampshire municipalities.

Since its inception, the Bond Bank has provided cities, towns, counties, school districts, and other local governmental units in New Hampshire with \$2.15 billion of financing, including \$78 million in 2009 and \$151 million in 2010. The Bond Bank has made 1,096 loans in its 95 bond issues to over 230 different governmental units statewide, many of which have borrowed from the Bond Bank several times.

We are rated 'AA-' by Fitch Ratings, 'Aa3' by Moody's Investors Service, and 'AA' by Standard & Poors.

Program Purpose

The Bond Bank's pooled tax-exempt bond program provides local governmental units with low cost funds and access to the national capital markets through our highly rated issues.

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 proceeds of the sale are used to make loans to participating governmental units at competitive interest rates. Participants benefit from low interest rates, the Bond Bank's credit ratings, sharing of issuance expenses and the considerably reduced administrative burden of issuance.

Eligibility

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

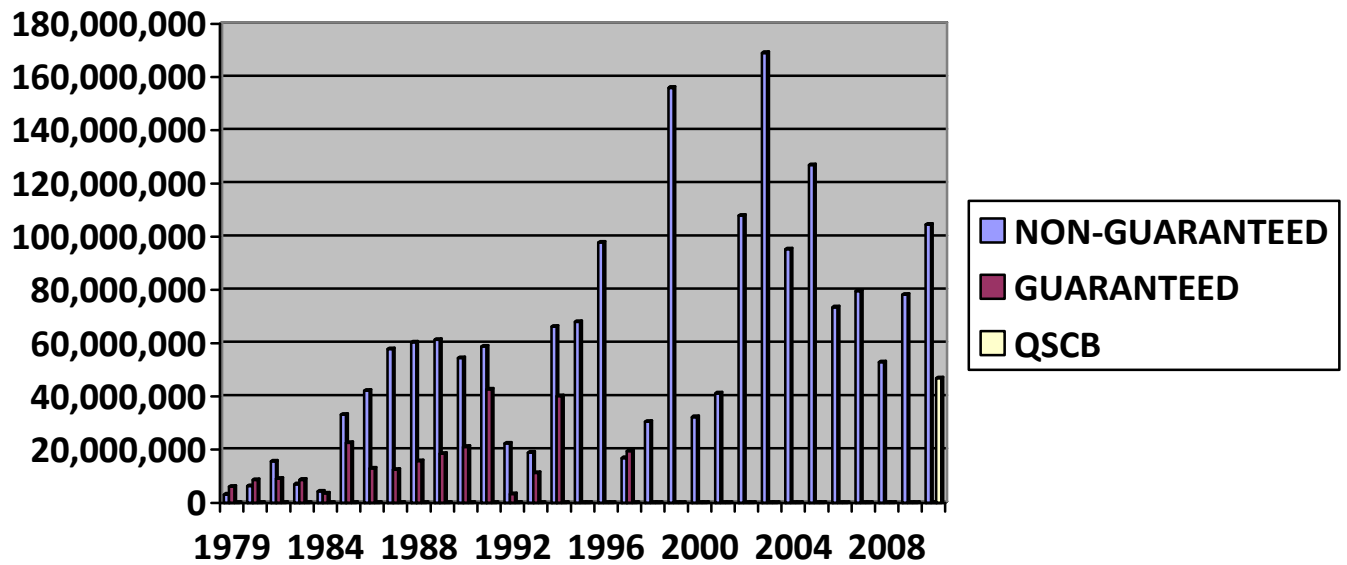
Benefits For Municipal Governments

The Bond Bank program provides many benefits to participating local governments, including:

- Low interest rates created by the Bond Bank's highly rated bond issues and national bond market recognition and access.
- Streamlined borrowing process that allows local governments to obtain funds without the considerable expense or burden of arranging their own financing or preparing their own official statement.
- Local governments are not required to obtain and pay for bond insurance or their own bond rating.

Over the years, the Bond Bank's role in New Hampshire municipal finance has grown. The annual volume of Bond Bank loans to communities has grown from \$7.8 million in 1978 to **\$78 million in 2009** and **\$151 million in 2010**. The Bond Bank is a non-profit agency devoted full-time to financing public improvements. The vast majority of New Hampshire communities turn to us repeatedly for their borrowing needs.

Financing Provided By
The New Hampshire Municipal Bond Bank



local communities since the passage of tax reform in 1986, issuing **\$2.15 billion of loans to local** governments since 1987. The passage of the federal Tax Reform Act of 1986 has complicated local governments' ability to finance infrastructure and public works projects by imposing strict reporting requirements and regulations on community financings and reducing municipal bonds' attractiveness to many investors.

Rather than face these administrative and legal complexities on their own through a local public bond sale, communities are turning to the Bond Bank's streamlined loan application process for their reliable source of capital funds. With an experienced Board of Directors, skilled and dedicated staff and professional financial advisor, the Bond Bank is well-positioned to structure financings which minimize the adverse impact of tax reform and are attractive to the national capital markets, as well as to local bond purchasers.

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 following is the Bond Bank's history of refunding bond issues:

<u>Year</u>	<u>Amount Refunded</u>	<u>Approximate Savings</u>
1986	\$37,000,000	\$2,000,000
1992	33,500,000	1,000,000
1993	100,000,000	3,000,000
1996	41,000,000	1,000,000
1998	28,000,000	640,000
2002	92,000,000	2,930,000
2003	73,000,000	5,120,000
2004	74,000,000	1,700,000
2005	34,000,000	1,500,000
2007	40,200,000	1,300,000
2009	22,000,000	1,200,000
2010	98,975,000	5,037,000

Membership and Staff. Governed by a five member Board of Directors which includes the State Treasurer, municipal government and banking community representatives, the New Hampshire Municipal Bond Bank has a two-person full-time staff **and one part-time** led by its Executive Director. The staff provides ongoing financial advice and technical assistance to local governments borrowing through the Bond Bank, including assistance with the loan application process.

Board of Directors

Matthew D. Boucher
Chairman

Steve S. Panagoulis
Vice Chairman

Katherine E.L. Chambers
Treasurer

Catherine A. Provencher
Director

Robert T. Levan
Director

Sheila M. St. Germain
Executive Director

Financial Advisor
First Southwest Company

Bond Counsel
Edwards Angell Palmer & Dodge LLP

Trustee
People's United Bank

Audit Firm
Baker, Newman & Noyes

TAX-EXEMPT FINANCING PROGRAM

\$2.15 Billion Program. Since 1977, the Bond Bank has made almost \$2.15 billion in loans to New Hampshire's local governments at low tax-exempt interest rates, reflecting New Hampshire's support for the Bond Bank's financing programs and the attractiveness of its frequent bond issues to the national capital markets. Approximately \$255 million has been provided by the Bond Bank for projects supported by the State of New Hampshire's guarantee program and an additional \$1.895 billion for other local projects.

Loan Process. In its Tax-Exempt Financing Program, the Bond Bank issues its bonds to investors and uses the bond proceeds to make loans to participating New Hampshire cities and towns, counties, schools, fire, water and sewer districts. Each governmental unit requesting a loan from the Bond Bank completes a standard application form and complies with its normal local government bond approval process. Once approved for a loan by our board of directors, the local governmental unit executes a loan agreement with the Bond Bank and issues its bond, accompanied by the opinion of the local government's bond counsel, to the Bond Bank in exchange for the Bond Bank's loan to the governmental unit.

Reserve Fund. Each Bond Bank issue is supported by a reserve fund, which enhances the bond security by providing funds for payment of debt service in the event that any one of the participating governmental units defaults in its payments. Although the Bond Bank's bonds are not guaranteed by the State, the law provides a procedure for the Bank to request an advance of State funds, at no interest cost, to maintain this legally required debt service reserve in the event that the reserve fund is needed to make-up for any unpaid amounts from a governmental borrower.

Its relationship with the State has permitted the Bond Bank to make loans to local governments at rates reflecting the State's high credit quality. Unlike private bond insurers, the Bond Bank does not charge communities a premium for this valuable credit enhancement.

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 debt service, level principal and capital appreciation bonds (zero coupon bonds). Bond Bank loans are available in a variety of maturities designed to meet each local government's specific needs, ranging from 1 to 30 years.

Ongoing Technical Assistance. As part of its service to local New Hampshire governments, 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. The Bond Bank provides each participating community with final financing schedules after interest rates have been determined by the sale.

Bond Bank staff frequently assists local governments with the technical review of projects for compliance with federal and state tax and financing laws and also handle all credit ratings agency relations for participating communities. Communities participating in the Bond Bank programs do not need to obtain their own bond rating or insurance, or incur bond printing costs or Official Statement printing and mailing expenses.

Frequent Issuance. Historically, the Bond Bank issues its bonds to make loans to local governments twice each year, with more frequent issues if community demand exists. See page 8 for the Bond Bank's Spring 2011 financing schedule.

OTHER BOND BANK PROGRAMS

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.

Bond Anticipation Notes (BANs). The Bond Bank implemented this program in 1988. BANs are generally issued for periods up to one year and are renewable, and the Bond Bank will assist communities in issuing them. BANs can be issued when a community needs to finance a project in advance of the Bond Bank's next scheduled sale. 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 work with a community and its bond counsel to assemble the necessary disclosure for a BAN issue. We then distribute the disclosure to a list of firms nationwide and arrange a sale date. Bids are taken at the Bond Bank. We then work with the winning bidder and the community to close the loan.

The Bond Bank will help communities in planning BAN issues. For more information regarding BAN's, our fees, or current interest rates, please contact the Bond Bank at (603) 271-2595, or toll-free at (800) 393-NHBB (6422) or visit our website at www.nhmbb.org.

BENEFITS TO PARTICIPATING COMMUNITIES

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:

- **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. Our current fee schedule ranges from \$1,500 to \$25,000, depending on the size of the loan. 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. Participating local governmental units who borrow through the Bond Bank do not need to print their own bonds or prepare or mail any Official Statements. Also, there are no annual fees or charges for the Bond Bank's cost of administration or trustee and paying agent fees.
- **Competitive Interest Rates.** By reaching the national capital markets, the Bond Bank has been able to obtain competitive interest rates on its Bonds and Notes since its initial issue in 1978 and has passed those competitive rates on to communities through the loan rates charged by the Bond Bank.
- **Streamlined Disclosure and Borrowing Process.** Currently, the only disclosure requirements for communities borrowing from the Bond Bank are those contained in the Bond Bank's application form. Participating communities do not have to prepare or print their own Official Statements or obtain their own bond ratings or bond insurance. The Securities Exchange Commission has implemented rules regarding annual municipal disclosure. Bond Bank participants benefit from continued participation in Bond Bank sales compared with issuing bonds on their own because most will not be required to provide annual disclosure unless they have a certain amount of debt issued outside of the Bond Bank.
- **Technical Assistance and Bond Rating.** The Bond Bank also offers communities ongoing assistance in the review of planned maturity schedules, preparation of debt service estimates and the updating of such estimates as bond market conditions change. The Bond Bank staff, Board of Directors, and professional financial advisor and bond counsel also review Bond Bank financing for compliance with tax reform.

Participating in a Bond Bank financing eliminates the need for a community to obtain a bond rating or bond insurance. Each community simply fills out its loan application and follows the process for obtaining local approval of debt prescribed by state law. Participants benefit from the Bond Bank's own high ratings of AA-/Aa3/AA in recognition of the Bond Bank's high credit quality and diverse loan portfolio.

These benefits are some of the reasons that more than 75 New Hampshire communities and districts have borrowed more than once from the Bond Bank.

LOAN APPLICATION AND FINANCING PROCESS

Loan Application Form. Communities interested in obtaining a loan from the Bond Bank work together with the Bond Bank staff to complete a loan application form. The application form 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 levy and assessments, collection history, and a schedule of existing debt. Audited financial statements are required of all participants.

Board Approval. In considering loan requests by governmental units, the Bond Bank Directors rely on the information contained in the applications, as well as additional relevant information. The information considered by the Bond Bank includes, among other items: the amount of debt of each Governmental Unit, the amount by which such debt will be increased by the proposed purchase of the Governmental Unit's Municipal Bonds, the state and local valuation, tax levy and taxes receivable, the largest taxpayers, the largest employers in the locality, population trends, and the economic outlook for the community. On the basis of such review, 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.

(Tentative) SPRING 2011 BOND SALE DETAILED SCHEDULE

April 15, 2011	Deadline for all applications to be Returned to the Bond Bank
April 15, 2011	Notify Bond Councils of identity of governmental units and amount and purposes of municipal bonds
April 21, 2011	Set maximum loan rates
April 25, 2011	Mail loan agreements to governmental units
May 16, 2011	Bond Councils send Preliminary Opinion to Rating Agencies and the Bond Bank
May 27, 2011	Loan agreements returned
June 8, 2011	Preliminary Official Statement mailed
June 15, 2011	Sale
June 17, 2011	Mail bonds to governmental units
July 1, 2011	Bonds returned
July 8, 2011	Bonds sent to Edwards, Angell, Palmer & Dodge
July 20-21, 2011	Pre-closing and Closing
July 21, 2011	Date of NHMBB Bonds and interest start date
February 15, 2012	First interest payment due
August 15, 2012	First principal and second interest payment due

APRIL 2011						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	<u>15</u>	16
17	18	19	20	<u>21</u>	22	23
24	<u>25</u>	26	27	28	29	30

MAY 2011						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	<u>13</u>	14
15	<u>16</u>	17	18	19	20	21
22	23	24	25	26	<u>27</u>	28
29	30	31				

JUNE 2011						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	<u>8</u>	9	10	11
12	13	14	<u>15</u>	16	<u>17</u>	18
19	20	21	22	23	24	25
26	27	28	29	30		

JULY 2011						
S	M	T	W	T	F	S
					<u>1</u>	2
3	4	5	6	7	<u>8</u>	9
10	11	12	13	14	15	16
17	18	19	<u>20</u>	<u>21</u>	22	23
24	25	26	27	28	29	30
31						

HIGHLIGHTS OF SPRING 2011 FINANCING SCHEDULE

Loan Applications. The Bond Bank's Spring 2011 borrowing schedule calls for submission of loan applications by **April 15, 2011**.

Loan Agreements. After reviewing loan applications, the Bond Bank will set maximum loan rates for the communities borrowing and mail loan agreements to the appropriate Bond Counsel and the government units for approval and signature by **April 25, 2011**.

Sale of Bonds. **June 15, 2011**, the Bond Bank will sell its bonds to raise the funds to make loans to the participating communities and local governmental units.

Availability of Funds. Local governments will have funds available on **July 21, 2011**.

CONTACT

The Bond Bank staff is always willing to meet with community officials or committees, either at our office in Concord or at any location convenient to the community for day or evening meetings. To schedule a meeting, or for details on our schedule, fees, or current interest rates, or for any additional information, please contact the Bond Bank:

New Hampshire Municipal Bond Bank

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