

## OFFICIAL STATEMENT DATED FEBRUARY 26, 2015

Ratings: See "Ratings" herein.  
Standard & Poor's Ratings Services: AA  
Moody's Investors Service: Aa3

### 2015 Series A Refunding Bonds

In the opinion of Locke Lord LLP (as successor by merger to Edwards Wildman Palmer LLP), Bond Counsel, based upon an analysis of existing law and assuming, among other matters, compliance with certain covenants, interest on the 2015 Series Refunding A Bonds is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986 (the "Code"). Interest on the 2015 Series A Refunding Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Under existing law, interest on the 2015 Series A Refunding Bonds is exempt from the New Hampshire personal income tax on interest and dividends. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or accrual or receipt of interest on, the 2015 Series A Refunding Bonds. See "Tax Exemption" herein.

## NEW HAMPSHIRE MUNICIPAL BOND BANK

### \$81,470,000 2015 Series A Refunding Bonds

**Dated: Date of Delivery**

**Due: as shown on the inside cover**

The 2015 Series A Refunding Bonds (the "Bonds") will be issued by means of a book-entry only system evidencing ownership and transfer of the Bonds on the records of The Depository Trust Company ("DTC"), New York, New York (the "Securities Depository"), and its participants. Purchases of the Bonds will be made in book-entry form, in denominations of \$5,000 or any integral multiple thereof. See "THE BONDS - Book-Entry Only" herein. The principal of and semi-annual interest on the Bonds are payable by People's United Bank, N.A., Bridgeport, Connecticut, as Trustee and Paying Agent, to the Securities Depository.

Interest on the Bonds will be payable semi-annually on each February 15 and August 15 until maturity, commencing August 15, 2015.

The Bonds are subject to redemption prior to their stated dates of maturity as set forth herein.

The Bonds are offered, when, as and if issued by the New Hampshire Municipal Bond Bank (the "Bank") and accepted by the Underwriters, as hereinafter defined, subject to prior sale, to withdrawal or modification of the offer without notice and to approval as to legality by Locke Lord LLP (as successor by merger to Edwards Wildman Palmer LLP), Boston, Massachusetts, Bond Counsel to the Bank, and certain other conditions. Certain legal matters will be passed upon for the Underwriters by their counsel, Preti, Flaherty, Beliveau & Pachios, LLP, Concord, New Hampshire. First Southwest Company, LLC, Boston, Massachusetts, has acted as Financial Advisor to the Bank with respect to the Bonds. It is expected that the Bonds in definitive form will be available for delivery at DTC or its custodial agent on or about April 2, 2015.

**Raymond James**

**Wells Fargo Securities**

February 26, 2015

**FOR NEW HAMPSHIRE RESIDENTS: THE BONDS DESCRIBED IN THIS OFFICIAL STATEMENT HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

**NEW HAMPSHIRE MUNICIPAL BOND BANK**

**\$81,470,000 2015 Series A Refunding Bonds**

<u>Due August 15</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Cusip # 64465P</u>
2015	\$ 200,000	3.00	% 0.24 %	B23
2017	3,360,000	4.00	0.65	B31
2018	6,595,000	4.00	1.02	B49
2019	6,685,000	5.00	1.24	B56
2020	6,790,000	5.00	1.48	B64
2021	6,890,000	5.00	1.72	B72
2022	6,180,000	5.00	2.01	B80
2023	6,080,000	5.00	2.18	B98
2024	6,215,000	5.00	2.35	C22
2025	6,325,000	5.00	2.46	C30
2026	9,770,000	5.00	2.61 *	C48
2027	3,420,000	5.00	2.75 *	C55
2028	1,055,000	3.00	3.11	C63
2029	1,090,000	3.00	3.14	C71
2030	1,125,000	3.125	3.22	C89
2031	1,160,000	3.125	3.25	C97
2032	1,190,000	3.125	3.27	D21
2033	1,230,000	3.25	3.33	D39
2034	3,380,000	4.00	3.35 *	D47
2035	1,330,000	4.00	3.40 *	D54
2036	1,400,000	4.00	3.45 *	D62

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**\*Priced at the stated yield to the August 15, 2025 optional redemption date at a redemption price of 100%.**

No dealer, broker, salesperson or other person has been authorized by the New Hampshire Municipal Bond Bank, the Underwriters, or the Financial Advisor to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The Underwriters may offer and sell the Bonds to certain dealers and others at prices lower (or yields higher) than the offering prices (or yields) stated on the inside cover page hereof. The offering prices may be changed from time to time by the Underwriters.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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The information and expressions of opinion in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds shall, under any circumstances, create any implication that there has been no material change in the affairs of the Bank since the date of this Official Statement.

## SUMMARY STATEMENT

The information set forth below is qualified in its entirety by the information and financial statements appearing elsewhere in this Official Statement.

### THE BONDS

<b>The Issue</b>	\$81,470,000 2015 Series A Refunding Bonds (the "2015 Series A Refunding Bonds" or the "Bonds") offered by the New Hampshire Municipal Bond Bank (the "Bank") through a negotiated sale.
<b>Security for the Bonds</b>	<p>The Bonds are valid, general obligations of the Bank and the full faith and credit of the Bank are pledged for the punctual payment of the principal of, premium, if any, and interest thereon. The Bonds, and the other bonds ranking on a parity therewith which may be issued pursuant to the 2005 Resolution will be further secured by the pledge of the Municipal Bonds purchased by the Bank with the proceeds of the bonds previously issued pursuant to the 2005 Resolution and all funds and accounts established by the 2005 Resolution. The 2005 Resolution creates a continuing pledge and lien to secure the full and final payment of the principal of, premium, if any, and interest on all of the bonds issued pursuant to the 2005 Resolution, including a pledge of the Municipal Bonds purchased by the Bank from the Governmental Units. The Bonds are further secured by the moneys in the Bank's Reserve Fund established under the 2005 Resolution which requires that the Reserve Fund be maintained in an amount equal, in the case of the Bonds, as of any date of calculation, to the least of (i) 10% of the aggregate original net proceeds of such Series of Bonds, (ii) 125% of the average annual aggregate Debt Service on such Bonds, or (iii) the maximum aggregate amount of Debt Service due on such Bonds in any succeeding bond year. The Bank may in its sole discretion, establish, change, reduce or increase the Required Debt Service Reserve with respect to a Series of Bonds, from time to time by adoption of a Series Resolution, provided, however, that the Bank may only reduce the Required Debt Service Reserve after the Bank has made at least one hundred (100) Loans and no one Governmental Unit is responsible for the repayment of Loans with an aggregate principal amount in excess of 25% of the aggregate principal amount of the Outstanding Bonds, and in no event may the Bank reduce this amount below the greater of (a) the Required Debt Service Reserve established with respect to the first Series of Bonds to be issued pursuant to the Resolution and (b) one-half of the maximum annual Debt Service with respect to all Bonds Outstanding in the then current or any succeeding Fiscal Year.</p> <p>The Bonds are not guaranteed by the State of New Hampshire (the "State") and the State is not obligated to pay the principal of or interest on the Bonds issued pursuant to the 2005 Resolution, and neither the full faith and credit nor the taxing power of the State is pledged to the payment of the principal of or the interest on the Bonds.</p>
<b>Interest Payment Dates</b>	Interest on the Bonds will be payable semi-annually on each February 15 and August 15 until maturity, commencing August 15, 2015.
<b>Record Date</b>	The record date for each payment of interest on the Bonds is the last business day of the month preceding the applicable interest payment date.
<b>Maturities</b>	The Bonds mature in the amounts and on the dates shown on the inside cover page of this Official Statement.
<b>Redemption</b>	The Bonds are subject to redemption prior to their stated dates of maturity as described herein.
<b>Application of Proceeds</b>	Proceeds from the sale of the Bonds will be used (i) to refund certain outstanding bonds of the Bank issued pursuant to the 2005 Resolution, (ii) to provide for the Required Debt Service Reserve, and (iii) to pay certain costs of issuance with respect thereto. See "PLAN OF REFUNDING – Application of Proceeds" and "Appendix F – Summary of Bonds Refunded" herein.
<b>Tax Exemption</b>	Under existing law and assuming continued compliance with the Internal Revenue Code of 1986, as amended, the interest on the Bonds is not included in gross income for federal income tax purposes, and is not an item of tax preference for the purpose of computing the alternative minimum tax imposed on individuals and corporations. However, interest on the Bonds will be taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed upon certain corporations. The Bonds and the interest thereon are exempt from taxation imposed by the State of New Hampshire except for transfer, inheritance and estate taxes. For federal income tax purposes, interest includes original issue discount. See "Tax Exemption" and "Appendix C - Proposed Form of Legal Opinion" herein.

## **THE NEW HAMPSHIRE MUNICIPAL BOND BANK**

<b>Creation</b>	The New Hampshire Municipal Bond Bank was created in 1977 by Chapter 35-A of the New Hampshire Revised Statutes Annotated as a public body corporate and politic and an instrumentality exercising essential governmental functions of the State.
<b>Purposes</b>	To provide adequate markets and facilities for the borrowing of money by Governmental Units for their public improvements and other municipal purposes through the direct purchase by the Bank of the Governmental Units' Municipal Bonds with the proceeds of the sale of the Bank's bonds.
<b>Membership and Staff</b>	The Bank consists of five directors, including the New Hampshire State Treasurer, who is a director ex officio, and four directors appointed by the Governor and Council. The Bank's staff is managed by an Executive Director, who also serves as Secretary of the Bank.
<b>Financial Position</b>	The Bonds are the ninth issue of Bonds under the 2005 Resolution and are secured separately from bonds of the Bank previously issued pursuant to its 1978 Resolution and its 1979 Resolution, each as hereafter defined. The Bank has previously issued bonds on parity with the Bonds in an aggregate amount of \$295,571,000 of which \$165,130,000 is currently outstanding as of the date hereof. The balance in the Bank's Reserve Fund established pursuant to the 2005 Resolution has at all times been equal to or greater than the Reserve Fund requirement.

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**OFFICIAL STATEMENT**  
**of the**  
**NEW HAMPSHIRE MUNICIPAL BOND BANK**  
**Relating to**  
**\$81,470,000 2015 Series A Refunding Bonds**  
**INTRODUCTION**

This Official Statement is provided for the purpose of presenting information concerning the New Hampshire Municipal Bond Bank (the "Bank") in connection with the sale of \$81,470,000 2015 Series A Refunding Bonds (the "2015 Series A Refunding Bonds" or the "Bonds"). The Bonds are issued pursuant to the New Hampshire Municipal Bond Bank Law, as amended, being Chapter 35-A of the New Hampshire Revised Statutes Annotated (the "Act").

**The Bonds**

The Bonds are to be issued under and are to be secured pursuant to the Bank's General Bond Resolution adopted July 14, 2005, as the same may be amended or supplemented from time to time (the "2005 Resolution"), and its 2015 Series A Series Resolution (the "2015 Series A Resolution" or the "Series Resolution") to be dated as of the sale date of the Bonds. The 2005 Resolution and the 2015 Series A Series Resolution are sometimes collectively referred to herein as the "Resolutions". The Bonds are the ninth issue of bonds under and pursuant to the 2005 Resolution. Additional series of bonds may be issued by the Bank on a parity with the Bonds provided that each additional series will be authorized and secured pursuant to a series resolution adopted in accordance with and under the provisions of the 2005 Resolution and the Act. The currently outstanding bonds, the Bonds and any additional bonds issued under the 2005 Resolution (referred to collectively herein as the "2005 Resolution Bonds" or the "bonds"), constitute general obligations of the Bank, and the full faith and credit of the Bank are pledged to the payment of principal, premium, if any, and interest thereon.

The Bonds are not guaranteed by the State of New Hampshire (the "State") and the State is not obligated to pay the principal of or interest on the Bonds, and neither the full faith and credit nor the taxing power of the State is pledged to the payment of the principal of or the interest on the Bonds. Attention is directed to Appendix A, which contains definitions of certain terms used in this Official Statement.

**PLAN OF REFUNDING**

Proceeds of the Bonds will be used to: (i) make a deposit into an escrow account established for the refunding of certain bonds issued by the Bank pursuant to the 2005 Resolution, (ii) provide for the Required Debt Service Reserve, and (iii) pay certain costs of issuance with respect thereto. The bonds of the Bank to be refunded with proceeds of the Bonds are set forth in "Appendix F- Summary of Bonds Refunded".

**Refunding of Refunded Bonds**

Upon delivery of the Bonds, the Bank will enter into a Refunding Escrow Agreement with People's United Bank, N.A., Bridgeport, Connecticut, as Trustee (the "Trustee"), to provide for the refunding of certain outstanding bonds of the Bank (the "Refunded Bonds") as set forth in "Appendix F – Summary of Bonds Refunded". Upon receipt, the Trustee will deposit a portion of the proceeds of the Bonds into an escrow fund (the "Escrow Fund") established by the Refunding Escrow Agreement; which proceeds will be invested in Defeasance Obligations maturing in amounts and bearing interest at rates sufficient, without reinvestment, to pay, when due, interest on, and upon redemption or maturity, the outstanding principal of and redemption premium, if any, on the Refunded Bonds. The Escrow Fund, including the interest earnings on the Defeasance Obligations, is pledged solely for the benefit of holders of the Refunded Bonds and is not available to pay the Bonds offered herein.

## Application of Proceeds

The proceeds of the sale of the Bonds are expected to be applied as follows:

	2015 Series A Refunding Bonds
<b>SOURCES OF FUNDS</b>	
Par Amount of Bonds	\$ 81,470,000.00
Net Original Issue Premium	13,000,616.75
Total Sources	<u>\$ 94,470,616.75</u>
<b>USES OF FUNDS</b>	
Deposit to Reserve Fund	\$ 6,213,609.31
Deposit to Escrow Fund	87,652,016.91
Underwriters' Discount	328,425.00
Cost of Issuance and Qualified Administrative Expenses	276,565.53
Total Uses	<u>\$ 94,470,616.75</u>

In accordance with the provisions of the 2005 Resolution, the amount on deposit in the Reserve Fund with respect to the Bonds will be at least equal, as of any date of calculation, to the least of (i) 10% of the aggregate original net proceeds of the Bonds, (ii) 125% of the average annual aggregate Debt Service on the Bonds, or (iii) the maximum aggregate amount of Debt Service due on the Bonds in any succeeding bond year.

## THE BONDS

### Description

The Bonds are dated as of their delivery date and will mature on the dates and in the years and principal amounts, and bear interest at the rates per annum as set forth on the inside cover page of this Official Statement. Each of the Bonds shall bear interest from its date. Interest on the Bonds will be payable semi-annually on each February 15 and August 15 until maturity or prior redemption, commencing August 15, 2015.

The Bonds are issuable only in fully registered form without coupons, and, when issued will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof, and purchasers will not receive certificates representing their interests in Bonds purchased. So long as Cede & Co. is the Bondowner, as nominee of DTC, references herein to the Bondowners or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. (See "Book-Entry Only System" herein.)

### Redemption

#### Optional Redemption

The Bonds maturing on and before August 15, 2025 are not subject to optional redemption prior to their stated dates of maturity. The Bonds maturing on and after August 15, 2026 are subject to redemption prior to their stated dates of maturity on and after August 15, 2025 at the option of the Bank, in whole or in part at any time, and if in part, by lot within a maturity at the par amount of the Bonds to be redeemed plus accrued interest to the redemption date.

#### Notice of Redemption

Notice of any redemption of the Bonds prior to their stated maturities, specifying the Bonds (or the portions thereof) to be redeemed and the place of payment shall be mailed to each registered owner of the Bonds to be redeemed not more than 60 days nor less than 30 days prior to the redemption date. Any failure on the part of DTC to notify the DTC Participants of the redemption or failure on the part of the DTC Participants or Indirect Participants to notify the Beneficial Owners shall not affect the validity of the redemption.



## **Book-Entry Only System**

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of securities held by DTC must be made by or through Direct Participants, which will receive a credit for such securities on DTC's records. The ownership interest of each actual purchaser of each security held by DTC ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmations from DTC of their purchases. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in securities held by DTC are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in securities held by DTC, except in the event that use of the book-entry system for such securities is discontinued.

To facilitate subsequent transfers, all securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the securities deposited with it; DTC's records reflect only the identity of the Direct Participants to whose accounts such securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of a maturity is being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to securities deposited with it unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer of such securities as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on securities held by DTC will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the issuer of such securities or its paying agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the issuer of such securities or its paying agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the issuer of such securities or its paying agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to securities held by it at any time by giving reasonable notice to the issuer of such securities or its paying agent. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered to Beneficial Owners.

The Bank may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, physical certificates will be printed and delivered to Beneficial Owners.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Bank believes to be reliable, but the Bank takes no responsibility for the accuracy thereof.

## **SECURITY FOR THE BONDS**

### **General Obligations of the Bank**

In the opinion of Bond Counsel, the Bonds will constitute general obligations of the Bank, and the full faith and credit of the Bank are pledged for the payment of principal, redemption price, if any, and interest thereon. The Bonds and other bonds ranking on a parity therewith, which are outstanding or which may be issued under the 2005 Resolution (i.e. the "2005 Resolution Bonds"), will be further secured by the pledge of the Municipal Bonds purchased by the Bank from the proceeds of the Bank's bonds previously issued in accordance with the 2005 Resolution and the amount paid or required to be paid by the Governmental Units to the Bank pursuant to the Loan Agreements for principal and interest on such Municipal Bonds (the "Municipal Bonds Payments") and the investments thereof and the proceeds of such investments, if any, and all funds and accounts established by the 2005 Resolution.

Additional series of bonds may be authorized and issued by the Bank pursuant to the 2005 Resolution on a parity with the Bonds. The State is not obligated to pay the principal, premium, if any, or interest on any Bonds and neither the faith and credit nor the taxing power of the State is pledged to the payment of the principal of, premium, if any, or the interest on any of the Bonds.

### **Pledge of Municipal Bonds and Municipal Bonds Payments**

To secure the payment of the principal of, premium, if any, and interest on the Bonds, the Bank pledges the Municipal Bonds Payments for the benefit of the holders of the Bonds. The respective Municipal Bonds and the respective Municipal Bonds Payments, the investments thereof and the proceeds of such investments, if any, and all funds and accounts established by the 2005 Resolution are pledged for the payment of the principal of, premium, if any, and interest on the Bonds in accordance with the terms and provisions of the 2005 Resolution. The pledge of such Municipal Bonds and Municipal Bonds Payments shall be valid and binding from and after the date of adoption of the 2005 Resolution, and such Municipal Bonds and Municipal Bonds Payments and all other monies and securities in the funds and accounts established by the 2005 Resolution thereby pledged shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Bank, irrespective of whether such parties have notice thereof.

The State has pledged and agreed with the holders of the bonds or notes of the Bank pursuant to the Act that it will not limit or restrict the rights vested in the Bank by the Act to purchase, acquire, hold, sell or dispose of Municipal Bonds or other investments or to make Loans to Governmental Units or to establish and collect such fees or other

charges as may be convenient or necessary to produce sufficient revenues to meet the expenses of operation of the Bank, and to fulfill the term of any agreements made with the holders of the Bank's bonds or notes or in any way impair the rights or remedies of the holders of such bonds or notes until the bonds and notes, together with interest thereon, and interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceedings by or on behalf of such holders are fully met, paid and discharged.

The Bonds constitute the ninth issue of bonds under and pursuant to the 2005 Resolution. To date, the Bank has issued bonds in the aggregate amount of \$295,571,000 pursuant to the 2005 Resolution, of which \$165,130,000 is currently outstanding.

All bonds issued under the 2005 Resolution (including the Bonds) are secured separately from bonds issued under the Bank's General Bond Resolution adopted December 1, 1978 (the "1978 Resolution") and from bonds issued under the Bank's State Guaranteed Municipal Bonds Issue Resolution adopted December 20, 1979 (the "1979 Resolution"). Bonds issued under the 1978 Resolution are secured by Municipal Bonds, the payments of which are not guaranteed by the State of New Hampshire. Pursuant to the 1978 Resolution, the Bank has issued bonds in the amount of \$2,714,600,000 of which \$675,530,000 is presently outstanding. Bonds issued under the 1979 Resolution are secured by Municipal Bonds, the payment of which is unconditionally guaranteed by the State of New Hampshire. Pursuant to the 1979 Resolution, the Bank has issued bonds in the amount of \$437,212,516 of which \$1,190,000 is presently outstanding.

All bonds issued under the 2005 Resolution (including the Bonds) are also secured separately from bonds issued under the Bank's General Bond Resolution adopted June 2, 2010 authorizing the issuance of New Hampshire Municipal Bond Bank Bonds (Qualified School Construction Bonds Issue) (the "QSCB Resolution"). Bonds issued under the QSCB Resolution are secured by Municipal Bonds that have been designated as "Qualified School Construction Bonds", within the meaning of Section 54F of the Internal Revenue Code of 1986, the payments of which are unconditionally guaranteed by the State of New Hampshire. Pursuant to the QSCB Resolution, the Bank has issued bonds in the amount of \$46,812,349, of which \$35,025,000 is currently outstanding.

## **Reserve Funds**

Pursuant to the Act and the 2005 Resolution, the Bank created and established a special bond reserve fund to secure all 2005 Resolution Bonds (the "Reserve Fund"). The Act provides that there shall be deposited in the Reserve Fund:

- (i) All moneys appropriated and made available by the State for the purpose of the Reserve Fund;
- (ii) All proceeds of notes or bonds to the extent provided in the 2005 Resolution authorizing the issuance thereof; and
- (iii) Any other moneys which may be available to the Bank for the purpose of the Reserve Fund from any other source.

Moneys in the Reserve Fund shall be held and applied solely to the payment of the interest on, premium, if any, and principal of the 2005 Resolution Bonds as the same become due and payable and for the retirement of such bonds. Moneys may not be withdrawn if such withdrawal reduces the amount in the Reserve Fund to an amount less than the Required Debt Service Reserve, except for payment when due of principal, premium, if any, and interest with respect to 2005 Resolution Bonds for the payment of which other moneys of the Bank are not available. The Required Debt Service Reserve for 2005 Resolution Bonds, as of any date of calculation, means the amount required to be on deposit in the Reserve Fund (which amount may be provided through proceeds of bonds issued from time to time, the provision of a Credit Facility or Credit Facilities, which such Credit Facilities shall be rated in the highest rating category by Moody's and Standard & Poor's and if such provider is rated by A.M. Best & Company, it shall also be rated in the highest applicable A.M. Best & Company rating category), which amount shall equal, in the case of any series of bonds currently outstanding, the least of (i) 10% of the aggregate original net proceeds of such series of bonds, (ii) 125% of the average annual aggregate Debt Service on such bonds, or (iii) the maximum aggregate amount of Debt Service due on such bonds in any succeeding bond year. Subject to the proviso below, for all other series of bonds issued after the 2015 Series A Refunding Bonds, the required Debt Service Reserve shall equal an amount determined from time to time by the Bank as a reasonable reserve for the payment of principal and interest on each series of bonds outstanding. The Bank may in its sole discretion, establish, change, reduce or increase the Required Debt Service Reserve with respect to a series of bonds, from time to time by adoption of a series resolution, provided, however, that the Bank may only reduce the Required Debt Service Reserve after the Bank has made at least one hundred (100) Loans and no one Governmental Unit is responsible for the repayment of Loans with an

aggregate principal amount in excess of 25% of the aggregate principal amount of the Outstanding 2005 Resolution Bonds, and in no event may the Bank reduce this amount below the greater of (a) the Required Debt Service Reserve established with respect to the first series of bonds to be issued pursuant to the 2005 Resolution and (b) one-half of the maximum annual Debt Service with respect to all 2005 Resolution Bonds Outstanding in the then current or any succeeding Fiscal Year. So long as the Required Debt Service Reserve is satisfied, the Bank may elect, from time to time, to deposit cash in place of any Credit Facility held as part of the Reserve Fund, or to replace cash held as part of the Reserve Fund with a Credit Facility.

### Debt Service Reserve Fund Surety Policies

In accordance with the 2005 Resolution, the Bank may determine to satisfy the Required Debt Service Reserve with either proceeds of 2005 Resolution Bonds issued from time to time, the provision of a Credit Facility or Credit Facilities, or any combination of the foregoing. The provider of any Credit Facility, at the time of its purchase by the Bank, shall be rated in the highest rating category by Moody's and Standard & Poor's, and if such provider is rated by A.M. Best & Company, it shall also be rated in the highest applicable A.M. Best & Company rating category. The 2005 Resolution does not require the replacement of a Credit Facility in the event of a provider downgrade. The Bank has satisfied the Required Debt Service Reserve for each series of bonds issued prior to December 2008 under the 2005 Resolution with Credit Facilities provided by various providers, some of which have been downgraded since original purchase. The table below sets forth the name of the provider of each of the Bank's Credit Facilities, the amount of each such Credit Facility, and the current ratings of each provider assigned by Moody's Investors Service, Inc. ("Moody's"), Standard & Poor's ("S&P") and Fitch Ratings ("Fitch").

Provider	Amount	Moody's	S&P	Fitch
National Public Finance (formerly MBIA)	\$ 3,423,250	A3	AA-	Ratings Withdrawn
National Public Finance (formerly FGIC)*	5,024,134	A3	AA-	Ratings Withdrawn
National Public Finance (formerly FGIC)*	1,758,791	A3	AA-	Ratings Withdrawn
National Public Finance (formerly MBIA)*	4,824,180	A3	AA-	Ratings Withdrawn
Assured Guaranty Municipal (formerly FSA)*	699,604	A2	AA	Ratings Withdrawn
Assured Guaranty Municipal (formerly FSA)	2,720,665	A2	AA	Ratings Withdrawn

The ratings set forth above are as of the date of this Official Statement and are subject to change, suspension or withdrawal at any time by each respective rating agency.

\*This Credit Facility will terminate in accordance with its terms in connection with the refunding of the Refunded Bonds.

### Moral Obligation to Replenish Debt Service Reserve Fund

Section 12 of the Act provides that in order to assure the continued operation and solvency of the Bank for carrying out its corporate purposes, the Chairman of the Bank shall, not later than 10 days following the failure of a Governmental Unit to make a scheduled payment of principal of or interest on its Municipal Bond or Municipal Bonds held by the Bank, which failure causes the amount in the Reserve Fund to fall below the Required Debt Service Reserve for the Reserve Fund, submit to the Chairman of the House Finance Committee a written request for an appropriation for the sum, if any, required to ensure that the amount on deposit in the Reserve Fund equals the Required Debt Service Reserve for the Reserve Fund. The Chairman of the House Finance Committee shall process the request for legislative action. The Bank has covenanted in the 2005 Resolution to comply with this provision of the Act relating to the making and delivery by the Chairman of the Bank of such written request and to deposit all moneys received pursuant to such request in the Reserve Fund. While Section 12 of the Act requires the Chairman of the House Finance Committee to process such request for legislative action, it does not bind or obligate the State legislature or the State to appropriate and pay such moneys to the Bank. Bond Counsel to the Bank is of the opinion that such provisions of the Act are constitutional and any funds appropriated thereunder would be appropriated for a proper public purpose and may be validly applied as provided in the 2005 Resolution. All amounts thus paid to the Bank by the State pursuant to Section 12 of the Act shall constitute and be accounted for as advances by the State to the Bank and, subject to the rights of the holders of any bonds or notes of the Bank, shall be repaid to the State without interest from all available operating revenues of the Bank in excess of amounts required for the payment of obligations of the Bank, maintenance of the Required Debt Service Reserve and payment of operating expenses.

## **State Aid Intercept**

The Act provides that upon any failure by a Governmental Unit to make a scheduled payment of principal or interest on its Municipal Bond or Municipal Bonds held by the Bank, the chairman or vice chairman of the Bank shall certify the failure of such Governmental Unit to make such scheduled payment to the State Treasurer. The chairman or vice chairman of the Bank shall also certify the amount of the overdue payment and the name of the Bank's trustee at which such Municipal Bond is payable, to the State Treasurer. Within three days after receipt of the certification of any Governmental Unit's overdue payment from the chairman or vice chairman of the Bank, the State Treasurer shall pay to the Bank's trustee at which such unpaid Municipal Bond is payable, the amount of such certified overdue payment, to the extent amounts are appropriated from the general fund or the education trust fund of the State and are payable by the State to such Governmental Unit during the remainder of the fiscal year, together with any federal funds payable to such Governmental Unit on account of such unpaid Municipal Bond. If any portion of such certified overdue payment has not been paid at the close of the fiscal year, the State Treasurer shall pay the same as soon as practicable in the next fiscal year to the extent of amounts otherwise then appropriated by the State and payable by the State to such Governmental Unit during that fiscal year, together with any federal funds then payable to such Governmental Unit on account of such unpaid Municipal Bond.

## **Enforcement of Municipal Bonds**

The 2005 Resolution provides that the Bank shall diligently enforce and take all reasonable action and proceedings necessary for the enforcement of all terms, covenants and conditions of all Loan Agreements, as more fully described below, and the Municipal Bonds evidencing Loans made by the Bank. These actions include the prompt collection of payments due to the Bank and the giving of notice to the State Treasurer of any failure or default of any Governmental Unit in the payment of its Municipal Bonds or of its Fees and Charges.

Section 30 of the Act provides that upon the sale and issuance of any Municipal Bonds to the Bank by any Governmental Unit such Governmental Unit shall be held and be deemed to have agreed that in the event such Governmental Unit fails to pay as and when due and payable the interest on or the principal of any such Municipal Bonds owned or held by the Bank, such Governmental Unit shall have waived all and any defenses to such nonpayment, and, upon demand, if funds are not available in its treasury to pay the same, the governing body of such Governmental Unit shall forthwith assess a tax upon the assessment roll of such Governmental Unit sufficient to pay the same with 12% interest thereon, and cause the same to be collected within 60 days and notwithstanding the provisions of any other law to the contrary, the Bank upon such nonpayment may avail itself of all other applicable rights, remedies and provisions of law.

## **THE NEW HAMPSHIRE MUNICIPAL BOND BANK**

The New Hampshire Municipal Bond Bank was created in 1977 by the Act as a public body corporate and politic and is constituted as an instrumentality exercising public and essential governmental functions of the State. The Bank and its corporate existence shall continue until terminated by law, provided, however, that no such law shall take effect so long as the Bank shall have bonds, notes or other obligations outstanding, unless adequate provision has been made for the payment thereof. Upon termination of the existence of the Bank, all its rights and properties shall pass to and be vested in the State.

### **Purposes, Powers and Procedures of the Bank**

The Act declares that it is the policy of the State to foster and promote by all reasonable means the provision of adequate markets and facilities for the borrowing of money by Governmental Units for their public improvements and other municipal purposes. In furtherance of this policy, the Bank is empowered to issue its bonds to make funds available to such Governmental Units through the purchase by the Bank of their Municipal Bonds. The purchase of Municipal Bonds by the Bank is administered by its municipal division.

Pursuant to the 2005 Resolution, the Bank is authorized to issue bonds for the purpose of providing funds to make loans to Governmental Units having the power to levy taxes. Such loans are made through the direct purchase by the Bank from such Governmental Units of their Municipal Bonds. Municipal Bonds purchased from the proceeds of bonds issued pursuant to the Resolutions shall be general obligations of the Governmental Units, but each Governmental Unit shall be obligated only with respect to its own Municipal Bonds and not as to any other Governmental Unit's Municipal Bonds.

Under current procedures adopted by the Bank, each Governmental Unit requesting the Bank to purchase its Municipal Bonds is required to complete an application form containing certain information concerning the Governmental Unit and the Municipal Bonds proposed to be purchased. The directors of the Bank, in consultation with the executive director, discuss and accept or reject each application in an open meeting. If its application is approved, the Governmental Unit enters into a Loan Agreement with the Bank pursuant to which the Governmental Unit issues Municipal Bonds, each payment of principal and interest on which is equal to the annual amount of principal and interest required to be paid on that portion of the Bonds issued by the Bank for the purpose of purchasing the Municipal Bonds (the "Loan Obligations").

In considering requests by Governmental Units, the directors rely on the information contained in the applications, as well as any additional information deemed relevant. The information considered by the directors 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, the population trends, and the economic outlook for the community. On the basis of such review, the Bank believes that each Governmental Unit whose Municipal Bonds the Bank has purchased has the ability to service such Municipal Bonds by the levy of ad valorem taxes. The directors of the Bank intend to follow similar procedures with respect to applications relating to Municipal Bonds purchased with future series of bonds issued by the Bank. Reference is made to the section entitled "LOAN AGREEMENTS AND MUNICIPAL BONDS PAYMENTS" below.

Under the Act the Bank's powers include the following:

(1) To fix and prescribe any form of application or procedure to be required of a Governmental Unit for the purpose of any loan or the purchase of its Municipal Bonds, and to fix the terms and conditions of any such loan or purchase and to enter into agreements with Governmental Units with respect to any such loan or purchase;

(2) To purchase or hold Municipal Bonds at such prices and in such manner as the Bank shall deem advisable, and to sell Municipal Bonds acquired or held by it at such prices without relation to cost and in such manner as the Bank shall deem advisable;

(3) To borrow money and to issue its negotiable bonds or notes and to provide for and secure the payment thereof, and to provide for the rights of the holders thereof, and to purchase, hold and dispose of any of its bonds or notes;

(4) To the extent permitted under its contracts with the holders of bonds or notes of the Bank, to consent to any modification with respect to rate of interest, time and payment of any installment of principal or interest, security or any other term of bond or note, contract or agreement of any kind to which the Bank is a party;

(5) To invest any funds or moneys of the Bank not then required for loan to Governmental Units and for the purchase of Municipal Bonds, in the same manner as permitted for investment of funds belonging to the State or held in the State Treasury, except as otherwise permitted or provided by the Act (however, the 2005 Resolution limits investments as hereinafter set forth);

(6) To fix and revise from time to time and charge and collect fees and charges for the use of its services or facilities;

(7) To make, enter into and enforce all contracts or agreements necessary, convenient or desirable for the purposes of the Bank or pertaining to any loan to a Governmental Unit or any purchase or sale of Municipal Bonds or other investments or to the performance of its duties and execution or carrying out of any of its powers under the Act; and

(8) To do all acts and things necessary, convenient or desirable to carry out the powers expressly granted or necessarily implied in the Act.

### **Organization and Membership of the Bank**

The membership of the Bank consists of five directors: the State Treasurer, who is a director ex officio, and four directors appointed by the Governor and Council, two of whom shall have a background in public finance and one of whom is a designee of the New Hampshire Municipal Association. The four directors appointed by the Governor and Council serve for terms of five years except that vacancies shall be filled for the unexpired term. Each director shall hold office until his or her successor has been appointed and qualified.

The directors annually elect one of their number as Chairman and another as Vice-Chairman. The directors also elect a Secretary, a Treasurer, and a full-time Executive Director, who need not be directors. The same person may be elected to serve both as Secretary and Treasurer. The powers of the Bank are vested in the directors, three of whom constitute a quorum. Action may be taken and motions and resolutions adopted at any meeting of the Bank by the affirmative vote of at least three directors. A vacancy in the directorship of the Bank does not impair the right of a quorum to exercise all the powers and perform all the duties of the Bank.

The Bank's membership is as follows:

#### **MATTHEW D. BOUCHER, CHAIRMAN; TERM EXPIRES JULY 1, 2019.**

Mr. Boucher, a resident of Manchester, New Hampshire is Vice President at Airmar Technology Corporation, responsible for production, purchasing, and finance. For ten years prior, he was a Vice President in the Investment Management Division of Goldman Sachs where he specialized in credit analysis and trading of investment grade and high yield corporate bonds and credit derivatives. Mr. Boucher constructed portfolios and helped to manage over \$50 billion of securities on behalf of mutual funds, pension funds, hedge funds, insurance companies, corporations, and government entities. Mr. Boucher holds a BSE in Civil Engineering and Operations Research from Princeton University.

#### **MARIAN ALESE, VICE-CHAIRMAN; TERM EXPIRES JULY 1, 2017.**

Ms. Alese, a resident of Milford, New Hampshire, brings over two decades of public finance experience to the Bank. In 1997, Ms. Alese started as an Assistant Business Administrator for Contoocook Valley Regional School District and currently serves as the Business Administrator for the School District. In addition, Ms. Alese currently serves as a member of the Executive Board for the New Hampshire Association of School Business Administrators where her tenure includes work in the design and delivery of the curriculum required for those individuals seeking certification as a Business Administrator under the New Hampshire Department of Education's Alternative IV process. Ms. Alese completed undergraduate and graduate work in Business Administration at Southern New Hampshire University and has held Certification as a New Hampshire Business Administrator since 2002.

**TOM SILVIA, TREASURER, TERM EXPIRES JULY 1, 2015.**

Tom Silvia brings over two decades of institutional investment experience to the Bank. In 2009, Mr. Silvia founded Fenix Partners, LLC to invest in distressed components of the capital markets. The majority of the fund was deployed in distressed residential mortgage-backed securities. Prior to starting Fenix Partners, Mr. Silvia was Senior Vice President and Bond Group Leader with Fidelity Investments in which he oversaw the portfolio management, trading and research of over \$200 billion. He performed other roles with Fidelity over 15 years including 7 years as a portfolio manager specializing in mortgage-backed securities. Mr. Silvia began his investment career with trading and research positions at both Donaldson, Lufkin & Jenrette, and LF Rothschild. Currently, he was appointed by Governor John Lynch to serve on the Independent Investment Committee of New Hampshire Retirement System and chairs the Executive Board for the University of Rhode Island Foundation.

**WILLIAM F. DWYER; STATE TREASURER, EX-OFFICIO.**

Mr. Dwyer was elected State Treasurer on December 3, 2014. He previously served as Commissioner of the New Hampshire State Treasury, with responsibility for over \$300 million of daily liquidity, over \$1 billion of general obligation bonding, and all Treasury financial management activities (including the Division of Abandoned Property), as well as participation on several statutory commissions. Mr. Dwyer has been with the State Treasury since 2010 and served as Deputy State Treasurer prior to being appointed Commissioner in March 2014. He has over 30 years of experience in accounting, banking, finance, capital markets, strategic planning and commercial real estate tax consulting. He earned an MBA in finance with a concentration in the management of financial services from Boston University and a BS in accounting and business administration from Atlantic Union College. Mr. Dwyer also serves on the Board of Directors of Nashua Children's Home.

**MARK DECOTEAU; TERM EXPIRES OCTOBER 9, 2015.**

Mr. Decoteau, a resident of Thornton, New Hampshire, brings over 20 years of experience in municipal finance and administration to the Bank. In 1995, Mr. Decoteau began his municipal career in New Hampshire as the Town Administrator for the Town of Farmington, New Hampshire. He was the Finance Director for the City of Rochester, New Hampshire, for three years and since December 2001 has served as the Town Manager for the Town of Waterville Valley, New Hampshire. In addition, Mr. Decoteau currently serves as a member of the Executive Committee and the Training Committee for the New Hampshire Government Finance Officers Association (NHGFOA). He is also a past president of the NHGFOA. Mr. Decoteau holds a Bachelor of Science in Engineering from the United States Military Academy, West Point, New York and a Masters in Public Administration from John Jay College, New York City.

**SHEILA M. ST. GERMAIN, EXECUTIVE DIRECTOR AND SECRETARY**

Ms. St. Germain, a resident of Concord, has been with the Bank since 1988. During this time, she has worked closely with dozens of New Hampshire communities in the issuance of their bonds, bond anticipation notes and tax anticipation notes. Prior to this, she was employed by the New Hampshire Municipal Association and the Cities of Dover, Rochester and Somersworth. Ms. St. Germain received her Bachelor of Science in Accounting from Bentley College, Waltham, Massachusetts.

**Revenue Bond Programs of the Bank**

Effective September 4, 1979, the State Legislature enacted the "New Hampshire Public Utility Bond Financing Chapter," the stated purpose of which is to encourage and assist the State's public utilities in the financing of facilities for the manufacture and generation of energy and the furnishing of water by making funds available at reduced interest costs. Such chapter authorizes the Bank to lend money to public utilities through the purchase by the Bank of utility bonds. The Bank, pursuant to its by-laws, has established a separate division to administer its public utilities program. The Bank, through its public utilities division, has issued public utility bonds in the aggregate amount of \$6,200,000 of which none is currently outstanding.

Effective August 29, 1981, the State Legislature enacted the "New Hampshire Municipal Bond Bank Small Scale Power Facility Act," to encourage municipalities to pursue their independent development of small scale power facilities for the production of electric power by assisting them in the financing of such facilities including those which produce electrical energy solely by the use, as a primary energy source, of biomass, waste, geothermal energy, and renewable resources including but not limited to the flow of water, or any combination thereof and which have a rated



capacity of not more than 80 megawatts. The act authorized the Bank to lend money to municipalities (counties, cities, towns and village districts) through the purchase by the Bank of municipal small scale power facility general obligation or revenue bonds. The act also established a separate small scale power facility division. To date, the Bank has taken no action pursuant to such act.

Effective February 19, 1982, the State Legislature enacted the "New Hampshire Municipal Bond Bank Educational Institutions Bond Financing Act," to assist certain elementary or secondary education institutions to finance the construction and improvement of their facilities. The act provides that the Bank may assist any public or other nonprofit institution within the State that is approved by the State Board of Education as a public academy and empowered to provide a program of education at the elementary or secondary level to students whose tuition costs are paid by the municipalities or school districts in which such students reside, or any other institution that provides a program of education within the state that is preparatory for secondary, post-secondary or higher education. The Bank is authorized to issue bonds for the purpose of making loans to such education institutions through the purchase by the Bank of education institution bonds. The act established a separate education institutions division. The Bank, through its educational institutions division, has previously issued educational institution bonds in the aggregate amount of \$52,420,000, of which none is currently outstanding.

The acts described in the preceding paragraphs provide that bonds or notes issued by the Bank under those acts to finance public utility projects, small scale power facilities or educational facilities must be secured separately from the Bonds or any bonds or notes issued under the Resolutions, and, in each case, from any bonds or notes issued through the separate divisions established for the other programs.

In addition, the Bank has the authority to issue bond anticipation notes under the Act pursuant to a series of special note resolutions. The proceeds of bond anticipation notes issued by the Bank are used to purchase the general obligation bond anticipation notes of individual Governmental Units. Bond anticipation notes issued by the Bank are not general obligations of the Bank and do not constitute a pledge of the faith and credit or the taxing power of the State of New Hampshire. The Bank is obligated to pay the principal of and interest on such notes solely from the revenues pledged for their payment in accordance with the respective special note resolutions and loan agreements pursuant to which they were issued. Currently, there are no such notes outstanding.

#### **LOAN AGREEMENTS AND MUNICIPAL BONDS PAYMENTS**

Each Loan Agreement, under which a Loan is to be made to a Governmental Unit, must comply with certain terms and conditions, including the following:

- (i) The Governmental Unit that is a party to such Loan Agreement must be a Governmental Unit as defined by the Resolutions and the Loan Agreement must be executed in accordance with existing laws;
- (ii) The Governmental Unit, prior to or simultaneously with the issuance of corresponding Loan Obligations by the Bank, shall issue Municipal Bonds that are valid general obligations of the Governmental Unit;
- (iii) The Municipal Bonds Interest Payments to be made by the Governmental Unit under such Loan Agreement shall not be less than the amount of interest the Bank is required to pay on the Loan Obligations and shall be scheduled by the Bank in such manner and at such times (notwithstanding the dates of payment as stated in the Municipal Bonds) as to provide funds sufficient to pay interest on the corresponding Loan Obligations as the same become due and shall be paid to the Bank at least five business days prior to the due date;
- (iv) The Municipal Bonds Principal Payments to be made by the Governmental Unit under such Loan Agreement shall be scheduled by the Bank in such manner and at such times (notwithstanding the dates of payment as stated in the Municipal Bonds) as to provide funds sufficient to pay the principal of the corresponding Loan Obligations as the same mature and shall be paid to the Bank at least five business days prior to the due date;
- (v) The Governmental Unit shall be obligated to pay Fees and Charges to the Bank;
- (vi) The Governmental Unit shall be obligated to make the Municipal Bonds Principal and Interest Payments scheduled by the Bank on such annual or semiannual basis or upon such other basis as the Bank shall determine; and

- (vii) The Loan Agreement prohibits the sale or redemption of Municipal Bonds except under certain conditions (see "SUMMARY OF CERTAIN PROVISIONS OF THE 2005 RESOLUTION - MISCELLANEOUS RESOLUTION PROVISIONS - Sale of Municipal Bonds by Bank") and states that no sale or redemption of Municipal Bonds shall be effected without the prior written agreement and consent of the parties to the Loan Agreement.

### **SUMMARY OF CERTAIN PROVISIONS OF THE 2005 RESOLUTION**

The following is a summary of certain provisions of the 2005 Resolution, reference to which is made for the full and complete text of its provisions.

#### **Funds and Accounts**

The 2005 Resolution establishes the following special Funds and Accounts held by the Trustee:

- (1) General Fund - comprised of the:
  - (a) General Account
  - (b) Operating Account
  - (c) Debt Service Account
  - (e) Redemption Account
- (2) Reserve Fund

The General Fund (and the Accounts within such General Fund) and the Reserve Fund established under the 2005 Resolution are separate and distinct and are segregated by the Trustee from the General Funds (and the Accounts within such General Funds) and the Reserve Funds established under the 1978 Resolution and the 1979 Resolution.

#### **General Fund**

General Account - The 2005 Resolution provides for the deposit to the General Account of: (i) any income or interest earned by the Reserve Fund due to the investment thereof (provided a transfer will not reduce the amount of such Reserve Fund below the applicable Required Debt Service Reserve); (ii) the balance of moneys remaining in the Redemption Account when the Trustee is able to purchase principal amounts of Bonds at the purchase price less than an amount equal to the proceeds from the sale or redemption of Municipal Bonds; and (iii) the excess of proceeds resulting from a Governmental Unit's redemption of its Municipal Bonds.

The 2005 Resolution provides for the following withdrawals to be made from the General Account, for the following purposes:

- (i) On or before each interest payment date and each principal payment date for any Series of Bonds, the Trustee shall withdraw from the General Account and deposit in the Debt Service Account an amount that, when added to the amount then on deposit in the Debt Service Account and after giving effect to all other deposits made therein pursuant to the 2005 Resolution, will on such interest payment date or principal payment date be equal to all amounts necessary to pay the interest, if any, and principal then falling due on such Bonds.
- (ii) After providing for the payment to the Debt Service Account, the Trustee shall withdraw from the General Account and deposit in the Operating Account the aggregate of the amount requisitioned by the Bank for the purposes of paying its Administrative Expenses and the fees and expenses of the Trustee.
- (iii) After providing for the aforementioned withdrawals and as of the last day of each Fiscal Year, the Trustee shall withdraw from the balance of the moneys so remaining in the General Account and deposit to the credit of the Reserve Fund such amount (or the balance of the moneys so remaining in the General Account if less than the required amount) as shall be required to bring the Reserve Fund up to the Required Debt Service Reserve.
- (iv) After providing for all the aforementioned payments required to have been made during such Fiscal Year and as of the last day of each Fiscal Year, the Trustee shall, upon the written direction of the Bank, not later than the twentieth day of the succeeding Fiscal Year withdraw from the General Account and pay to

the Bank for any of its lawfully authorized purposes the balance of the moneys remaining in the General Account, provided, however, that the Bank, in its absolute discretion may direct the Trustee to deposit any or all of such balance to be withdrawn from the General Account to the credit of the Redemption Account and the payment to the Bank of such balance shall be reduced accordingly.

Operating Account - The 2005 Resolution provides that all Fees and Charges received by the Bank shall be deposited upon receipt in the Operating Account. Such Fees and Charges collected from Governmental Units shall be used, together with the deposits made to the Operating Account from the General Account, as described above, and any other moneys that may be made available to the Trustee by the Bank for the purposes of the Operating Account from any source or sources, including the amount received as a premium over the principal amount of a series of Bonds, to pay: (i) Administrative Expenses of the Bank and the fees and expenses of the Trustee and paying agents, and (ii) financing costs with respect to a series of Bonds. Moneys at any time held for the credit of the Operating Account shall be used for and applied solely to such purposes. The 2005 Resolution further provides that payments from the Operating Account shall be made by the Trustee upon receipt of a requisition signed by an authorized officer of the Bank, specifying that such amounts are to be used for lawful purposes of the Bank.

Debt Service Account – The 2005 Resolution provides that the Trustee shall credit to the Debt Service Account all Municipal Bonds Payments. In addition, accrued interest received from the proceeds of the sale of Bonds shall be deposited to the Debt Service Account. The moneys in the Debt Service Account shall be used solely for the purposes of paying the principal of, Sinking Fund Installments, if any, and interest on the Bonds.

The 2005 Resolution further provides that in the event there shall be, on any interest payment date, a deficiency in the Debt Service Account, the Trustee shall make up any such deficiency from the Reserve Fund by the withdrawal of moneys therefrom for that purpose.

Redemption Account – The 2005 Resolution provides that the Trustee shall, upon the written direction of the Bank, establish in the Redemption Account a separate sub-account for the Bonds of each series outstanding. Moneys held in each such separate sub-account by the Trustee shall be applied to the purpose of retirement of the Bonds of the series in respect of which such sub-account was created. Moneys for the redemption of Bonds may be deposited in the Redemption Account from the General Account at the direction of the Bank as provided above in Paragraph (iv), under the caption "General Account," and, if at any time upon the payment or retirement of Bonds at maturity or upon the purchase or redemption of Bonds, the moneys and securities in the Reserve Fund are in excess of the Required Debt Service Reserve and the use or transfer of such excess is not otherwise provided for in the 2005 Resolution, the Trustee, upon the request of the Bank, shall transfer such excess to the applicable sub-account in the Redemption Account. In the event Municipal Bonds or other obligations securing a Loan shall be sold by the Bank in accordance with the terms of the applicable Loan Agreement, or redeemed by the Governmental Unit, the Bank shall deposit the proceeds from such sale or redemption, except an amount therefore equal to the cost and expenses of the Bank in effectuating the redemption of the Bonds to be redeemed upon such sale by the Bank or redemption by the Governmental Unit, into the applicable sub-account in the Redemption Account; and the Trustee, upon the written request of the Bank signed by an Authorized Officer, further shall, in connection with each such event, withdraw from the Reserve Fund and deposit in the applicable sub-account in the Redemption Account an amount of moneys equal to the amount of the reduction of the Required Debt Service Reserve that would result upon the redemption of such Bonds upon the next succeeding redemption date.

If at any time the moneys on deposit to the credit of the Reserve Fund, or the investments thereof, are less than the Required Debt Service Reserve, and there are then moneys on deposit in any sub-account in the Redemption Account resulting from moneys credited thereto from the General Account at the direction of the Bank or from excess moneys that have been previously transferred from the Reserve Fund to the Redemption Account resulting from the retirement of Bonds, there shall be withdrawn from such sub-accounts and deposited to the credit of the Reserve Fund an amount sufficient (or all of the moneys in said sub-accounts if less than the amount sufficient) to make up such deficiency.

## **Reserve Fund**

The 2005 Resolution establishes a Reserve Fund, which shall be held by the Trustee. The Bank shall pay into the Reserve Fund: (i) such portion of the moneys appropriated and made available by the State and paid to the Bank for the purposes of the Reserve Fund; (ii) all moneys paid to the Bank pursuant to the Act for the purpose of restoring the Reserve Fund to the amount of the Required Debt Service Reserve; (iii) such portion of the proceeds of the sale of Bonds, if any, as shall be provided by the Series Resolution authorizing the issuance thereof; (iv) such portion of the

proceeds of the sale of notes, if any, as shall be provided by the resolution of the Bank authorizing the issuance thereof; and (v) any other moneys that may be made available to the Bank for the purposes of the Reserve Fund from any other source or sources. The Trustee shall deposit in and credit to the Reserve Fund all moneys transferred from the General Account and all moneys transferred from the Redemption Account as above provided.

Moneys and securities held for the credit of the Reserve Fund shall be transferred by the Trustee to the Debt Service Account at the times and in the amounts required in the event there shall be, on any interest payment date or principal payment date, a deficiency therein. On or before each principal payment date of the Bonds, the Trustee shall transfer from the Reserve Fund to the Debt Service Account an amount equal to the principal amount of the Bonds representing Reserve Fund Obligations falling due on such principal payment date. Any income or interest earned by the Reserve Fund due to the investment thereof shall be transferred by the Trustee promptly to the General Account, but only to the extent that any such transfer will not reduce the amount of such Reserve Fund below the Required Debt Service Reserve. If, at any time upon the payment or retirement of Bonds at maturity or upon purchase or redemption, the moneys and securities in the Reserve Fund are in excess of the Required Debt Service Reserve, and the use or transfer of such excess is not otherwise provided for in the 2005 Resolution or under any Series Resolution adopted in connection therewith, the Trustee, upon the written request of the Bank signed by an authorized officer, shall transfer such excess to and deposit the same in such account of the General Fund as the Bank shall direct. Whenever the Bank shall sell, or whenever a Governmental Unit shall redeem, Municipal Bonds requiring the purchase or redemption of bonds that would result in the reduction of the Required Debt Service Reserve upon the purchase or redemption of such Bonds, the Trustee, upon the written request of the Bank signed by an authorized officer, shall, in connection with each such event, withdraw from the Reserve Fund and deposit in the applicable sub-account in the Redemption Account an amount of moneys equal to the amount of the reduction of the Required Debt Service Reserve that would result upon the redemption of such Bonds upon the next succeeding redemption date.

### **Investment of Funds**

Moneys in the Funds and Accounts held by the Trustee shall be invested upon the direction of the Bank in Investment Securities the maturity or redemption date at the option of the holder of which shall coincide as nearly as practicable with the times at which moneys in such Funds and Accounts will be required for the purposes provided in the 2005 Resolution.

### **Additional Bonds**

The 2005 Resolution provides that the Bank shall not hereafter create or permit the creating of or issue any obligations or create any additional indebtedness that will be secured by a charge or lien on the Municipal Bonds and the Municipal Bonds Payments or that will be payable from the General Fund or Reserve Fund, except that additional series of Bonds may be issued from time to time pursuant to a series resolution secured by an equal charge and lien on the Municipal Bonds and the Municipal Bonds Payments, and payable equally and ratably from the General Fund and Reserve Fund for the purposes of (i) making Loans to Governmental Units, (ii) making payments into the Debt Service Account, Operating Account or Reserve Fund, (iii) the funding of notes theretofore issued by the Bank to provide funds to make Loans, and (iv) subject to the provisions and limitations on the issuance of bonds, the refunding of any bonds then Outstanding, under the conditions and subject to the limitations stated below.

No additional series of bonds shall be issued under the 2005 Resolution unless:

(i) the principal amount of the additional (i) bonds then to be issued, together with the principal amount of the bonds and notes of the Bank theretofore issued, will not exceed in the aggregate principal amount, any limitation thereon imposed by law;

(ii) there is at the time of the issuance of (ii) such additional bonds no deficiency in the amounts required by the 2005 Resolution or any applicable series resolution to be paid into the General Fund and into the Reserve Fund;

(iii) the amount of the Reserve Fund, upon the issuance and delivery of such additional bonds and the deposit in such Reserve Fund of any amount provided therefor in the series resolution authorizing the issuance of such additional bonds, shall not be less than the Required Debt Service Reserve;

(iv) the provisions of Section 12 of the Act providing for the maintenance of the Reserve Fund in an amount equal to the Required Debt Service Reserve by the appropriation and payment of moneys by the State for such purpose shall not have been repealed or amended to the detriment of bondholders; and

(v) the maturities of the additional bonds then being issued representing Loan Obligations, unless such additional bonds are being issued to refund Outstanding Bonds, shall be not less than the scheduled Municipal Bonds Principal Payments to be made in respect of the Loans with respect to which such additional Bonds are to be issued.

The Bank expressly reserves the right to adopt one or more other general bond resolutions and reserves the right to issue notes and any other obligations as long as the same are not a charge or lien on the Municipal Bonds, the Municipal Bonds Payments and the Fees and Charges, or payable from the General Fund created pursuant to the 2005 Resolution.

### **Refunding Bonds**

All or part of one or more series of refunding bonds may be issued to refund all Outstanding 2005 Resolution Bonds or all or any part of one or more series of Outstanding 2005 Resolution Bonds. Refunding bonds may be authenticated and delivered only upon receipt by the Trustee of, among other things, irrevocable instructions to give notice of the redemption and either (i) moneys sufficient to effect payment at the applicable redemption price of the bonds to be refunded, together with interest accrued to the Redemption Date, or (ii) Defeasance Obligations that by their terms will comply with the provisions of the 2005 Resolution relative to defeasance of bonds together with any other moneys, if required. Any surplus that might result upon and after the issuance of refunding bonds shall be disposed of in the manner specified in the series resolution authorizing such refunding bonds.

### **Miscellaneous Resolution Provisions**

Modification of Loan Agreement Terms - The Bank shall not consent to the modification of, or modify, the rate or rates of interest of, or the amount or time of payment of any installment of principal or interest of any Municipal Bonds evidencing a Loan, or the amount or time of payment of any Fees and Charges payable with respect to such Loans, or the security for or any terms or provisions of such Loan or the Municipal Bonds evidencing the same, in a manner that adversely affects or diminishes the rights of the bondholders; provided, however, that, in the event the Loan Obligations are being or have been refunded and the bonds therefor are in a principal amount in excess of or less than the principal amount of the bonds refunded, the Bank may consent to the modification of and modify the Loan Agreement relating to such Loan and the Municipal Bonds evidencing the same, and the Municipal Bonds Payments to be made thereunder so long as such Municipal Bonds Payments are sufficient in amount and payable at the times required for the payment of the principal of and interest on such bonds.

Sale of Municipal Bonds by Bank - The Bank shall not sell any Municipal Bonds prior to the date on which all Outstanding Bonds issued with respect to the applicable Loan are redeemable, and shall not after such date sell any such Municipal Bonds unless the sales price thereof received by the Bank shall not be less than the aggregate of (i) the principal amount of the Loan Obligation so to be redeemed, (ii) the interest to accrue on the Loan Obligation so to be redeemed to the next redemption date thereof not previously paid, (iii) the applicable premium, if any, payable on the Loan Obligation so to be redeemed, (iv) the costs and expenses of the Bank in effecting the redemption of the Loan Obligation so to be redeemed, if any, and (v) at the direction of the Bank, an amount equal to the proportionate amount of Reserve Fund Obligations so to be redeemed, if any, which were issued by the Bank with respect to such Loan Obligation, less the amount of moneys or investments available for withdrawal from the Reserve Fund and for application to the redemption of such bonds in accordance with the terms and provisions of the 2005 Resolution, as determined by the Bank; provided, however, that, in the event the Loan Obligation has been refunded and the Bonds therefor were issued in a principal amount in excess of or less than the Loan Obligation remaining unpaid at the date of issuance of such bonds, the required amount to be included in such sales price under item (i) above shall be the principal amount of such Bonds Outstanding. In the event the Loan Obligation has been refunded and the interest the Bank is required to pay on the bonds thereafter is less than the interest the Bank was required to pay on the Loan Obligation, the required amount to be included in such sales price in item (ii) above shall be the amount of interest to accrue on such Bonds Outstanding. Each Loan Agreement states that no sale or redemption of Municipal Bonds shall be effected without the prior written agreement and consent of the parties to such Loan Agreement.

## Certain Other Covenants

Certain other covenants made by the Bank in the 2005 Resolution are those related to the following matters:

Accounts and Reports - The Bank shall keep, or cause to be kept, proper books of record and account in which complete and correct entries shall be made of its transactions relating to all Municipal Bonds Payments, Municipal Bonds, the Fees and Charges and all Funds and Accounts established by the 2005 Resolution, which shall at all reasonable times be subject to the inspection of the Trustee and the holders of an aggregate of not less than five per centum (5%) in principal amount of Bonds then outstanding under the 2005 Resolution or their representatives duly authorized in writing.

The Bank shall annually, on or before the last day of December in each year, file with the Trustee a copy of its annual report for the preceding Fiscal Year, accompanied by its audited financial statements for the preceding Fiscal Year.

Personnel and Servicing of Programs - The Bank shall at all times appoint, retain and employ competent personnel for the purposes of carrying out its respective programs and shall establish and enforce reasonable rules, regulations, tests and standards governing the employment of such personnel at reasonable compensation, salaries, fees and charges and all persons employed by the Bank shall be qualified for their respective positions.

The Bank may pay to the respective State agency, municipality or political subdivision of the State from the applicable Operating Account such amounts as are necessary to reimburse the respective State agency, municipality or political subdivision of the State for the reasonable costs of any services performed for the Bank.

## Defaults and Remedies

Defaults - The Trustee shall be and by the 2005 Resolution is vested with all of the rights, powers and duties of a trustee appointed by bondholders pursuant to Section 15 of the Act, and the right of bondholders to appoint a trustee pursuant to subsection II of Section 5 of the Act is abrogated in accordance with the provisions of subsection XVIII of Section 15 of the Act.

The 2005 Resolution declares each of the following events an "event of default":

(i) if the Bank shall default in the payment of the principal or Redemption Price of, or Sinking Fund Installment for, or interest on, any 2005 Resolution Bond when and as the same shall become due, whether at maturity or upon such call for redemption, and such default shall continue for a period of thirty (30) days; or,

(ii) if the Bank shall fail or refuse to comply with the provisions of Section 12 of the Act, or such amounts as shall be requested by the Chairman of the Bank to the Chairman of the House Appropriations Committee of the General Court pursuant to such provisions of the Act shall not be appropriated and paid to the Bank prior to the termination of the then current State fiscal year; or,

(iii) if the Bank shall fail or refuse to comply with the provisions of the Act, other than as provided in (ii) above, or shall default in the performance or observance of any other of the covenants, agreements or conditions on its part in the 2005 Resolution, any related series resolution, any related supplemental resolution, or contained in the applicable 2005 Resolution Bonds, and such failure, refusal or default shall continue for a period of forty-five (45) days after written notice thereof by the Trustee or the holders of not less than five per centum (5%) in principal amount of the Outstanding Bonds under the 2005 Resolution; provided, however, that an event of default shall not be deemed to exist under the provisions of this clause (iii) upon the failure of the Bank to make and collect Fees and Charges required to be made and collected by the provisions of the 2005 Resolution or upon the failure of the Bank to enforce any obligation undertaken by a Governmental Unit pursuant to a Loan Agreement including the making of the stipulated Municipal Bonds Payments so long as the Bank may be otherwise directed by law and so long as the Bank shall be provided with moneys from the State or otherwise, other than withdrawals from or reimbursements of the Reserve Fund, sufficient in amount to pay the principal of and interest on all 2005 Resolution Bonds as the same shall become due during the period for which the Bank shall be directed by law to abstain from making and collecting such Fees and Charges and from enforcing the obligations of a Governmental Unit under the applicable Loan Agreement.

An event of default under the 2005 Resolution does not constitute an event of default under the 1978 Resolution or under the 1979 Resolution and vice versa.

Remedies - Upon the happening and continuance of any event of default specified in paragraph (i) above, the Trustee shall proceed, or upon the happening and continuance of any event of default specified in paragraphs (ii) and (iii) above, the Trustee may proceed, and upon the written request of the holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds under the 2005 Resolution with respect to which such event of default has occurred shall proceed, in its own name, to protect and enforce its right and the rights of the bondholders under the 2005 Resolution by such of the following remedies, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights:

(i) by mandamus or other suit, action or proceedings at law or in equity, enforce all rights of such bondholders, including the right to require the Bank to make and collect Fees and Charges and Municipal Bonds Payments adequate to carry out the covenants and agreements as to, and pledge of, such Fees and Charges and Municipal Bonds Payments, and other properties and to require the Bank to carry out any other covenant or agreement with bondholders and to perform its duties under the Act;

(ii) by bringing suit upon such bonds;

(iii) by action or suit, to require the Bank to account as if it were the trustee of the express trust for the holders of such bonds;

(iv) by action or suit in equity, enjoin any acts or things that may be unlawful or in violation of the rights of the holders of such bonds; and,

(v) in accordance with the provisions of the Act, declare, upon the occurrence of an event of default under paragraph (i) above, all such bonds due and payable, and if all defaults shall be made good, then, with the written consent of the holders of not less than twenty-five per centum (25%) in principal amount of such Outstanding bonds, to annul such declaration and its consequences, provided, however, that as required by subsection V of Section 5 of the Act, before declaring the principal of the bonds due and payable, the Trustee shall first give thirty (30) days' notice in writing to the Governor, to the Bank, to the State Treasurer and to the Attorney General of the State.

In the enforcement of any remedy under the 2005 Resolution, the Trustee shall be entitled to sue for, enforce payment on and receive any and all amounts then or during any default becoming, and any time remaining, due from the Bank for principal, redemption price, interest or otherwise, under any provision of the 2005 Resolution or a series resolution or of the bonds, and unpaid, with interest on overdue payments at the rate or rates of interest specified in such bonds, together with any and all costs and expenses of collection and of all proceedings thereunder and under such bonds, without prejudice to any other right or remedy of the Trustee or of the bondholders, and to recover and enforce a judgment or decree against the Bank for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect from any moneys available for such purpose, in any manner provided by law, the moneys adjudged or decreed to be payable.

Priority of Payments after Default - In the event that the funds held by the Trustee and paying agents shall be insufficient for the payment of interest and principal or redemption price then due on the bonds, such funds (other than funds held for the payment or redemption of particular bonds or coupons that have theretofore become due at maturity or by call for redemption) and any other moneys received or collected by the Trustee acting pursuant to the Act, after making provision for the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the holders of the bonds, and for the payment of the charges and expenses and liabilities incurred and advances made by the Trustee or any paying agent in the performance of their respective duties under the 2005 Resolution, shall be applied as follows:

(i) Unless the principal of all of the bonds issued under the 2005 Resolution shall have become or have been declared due and payable,

First: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference; and,

Second: to the payment to the persons entitled thereto of the unpaid principal or redemption price of any 2005 Resolution Bonds that shall have become due, whether at maturity or by call for redemption, in the order of their due dates and, if the amounts available shall not be sufficient to pay in full all the bonds due on any date, then to the

payment thereof ratably, according to the amounts of principal or redemption price due on such bonds to the persons entitled thereto, without any discrimination or preference.

(ii) If the principal of all the 2005 Resolution Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon such bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any bond over any other bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the bonds.

### **Modifications of Resolutions and Outstanding Bonds**

The 2005 Resolution provides procedures whereby the Bank may amend the 2005 Resolution or a Series Resolution by adoption of a supplemental resolution. The Bank may adopt at any time or from time to time Series Resolutions or Supplemental Resolutions for any one or more of the following purposes, and any such Series Resolution or supplemental resolution shall become effective in accordance with its terms upon the filing with the Trustee of a copy thereof certified by an Authorized Officer:

(1) To close the Resolution against, or provide limitations and restrictions in addition to the limitations and restrictions contained in the Resolution on, the authentication and delivery of Bonds;

(2) To add to the covenants and agreements of the Bank in the Resolution other covenants and agreements to be observed by the Bank that are not contrary to or inconsistent with the Resolution as theretofore in effect including any covenants necessary for compliance with the Internal Revenue Code of 1986, as amended from time to time, including without limitation, Section 148(f) thereof or regulations promulgated thereunder;

(3) To add to the limitations and restrictions in the Resolution other limitations and restrictions to be observed by the Bank that are not contrary to or inconsistent with the Resolution as theretofore in effect;

(4) To surrender any right, power or privilege reserved to or conferred upon the Bank by the terms of the Resolution, but only if the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Bank contained in the Resolution;

(5) To provide for the issuance of a Series of Bonds pursuant to the provisions of the Resolution and to specify and determine such matters and things referred to in Article II of the Resolution and to prescribe the terms and conditions pursuant to which such Bonds may be issued, paid or redeemed;

(6) To confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, the Resolution, of any moneys, securities or funds;

(7) To modify, amend, or supplement the Resolution in such manner as to permit the qualification of the Resolution under the Trust Indenture Act of 1939 or any federal statute hereinafter in effect, and similarly to add to the Resolution such other terms, conditions, and provisions as may be permitted or required by such Trust Indenture Act of 1939 or any similar federal statute;

(8) To make any modification or amendment of the Resolution required in order to make any Bonds eligible for acceptance by The Depository Trust Company or any similar holding institution or to permit the issuance of any Bonds or interests therein in book-entry form;

(9) To modify the Resolution to permit the qualification of any Bonds for offer or sale under the securities laws of any state in the United States of America;

(10) To modify the Resolution to provide for the issuance of parity Bonds or subordinated Bonds, and such modification may deal with any subjects and make any provisions that the Bank deems necessary or desirable for that purpose;

(11) To modify any of the provisions of the Resolution in any respect (other than a modification of the type requiring written consent of the Holders of Bonds); provided that for any Bonds that are secured by Credit



Facilities providing for the payment of the full amount of the principal and interest to be paid thereon, each issuer of a Credit Facility with respect to such Bonds shall have consented in writing to such modification;

(12) To modify any of the provisions of the Resolution in any respect whatsoever, provided that (i) such modification shall be, and be expressed to be, effective only after all Bonds or subordinated Bonds of any Series affected by the amendment Outstanding at the date of the adoption of such Supplemental Resolution shall cease to be Outstanding, and (ii) such Supplemental Resolution shall be specifically referred to in the text of all Bonds or subordinated bonds of any Series authenticated and delivered after the date of the adoption of such Supplemental Resolution and of Bonds or subordinated Bonds issued in exchange therefore or in place thereof;

(13) To modify the range of investments permitted for funds in the General Fund (and each of the Accounts therein) and the Reserve Fund as described in Section 701 thereof, provided that the Bank shall have provided evidence to the Trustee that the details of such modification have been provided in writing to each Rating Agency then assigning a rating on Outstanding Bonds and that each such Rating Agency has either (i) confirmed in writing that such modification will not adversely affect such ratings or (ii) issued a rating on a Series of Bonds to be issued that is not lower than the rating assigned by such Rating Agency to Outstanding Bonds prior to such modification, or any other evidence satisfactory to the Trustee that modification will not adversely affect the then current ratings, if any, assigned to the Bonds by any Rating Agency;

(14) To modify or add to the provisions of the Resolution to provide for the issuance of Bonds bearing interest on a variable rate, auction rate or any other similar basis;

(15) To modify or add to the provisions of the Resolution so as to permit, to the extent permitted by law, the use of a swap rate agreement, basis swap, forward rate agreement, rate cap agreement, rate floor agreement, rate collar agreement or any other similar agreements by the Bank in connection with a Series of Bonds issued pursuant to this Resolution.

(16) To subject to the lien of the Resolution additional revenues, security or collateral;

(17) With the consent of the Trustee, to cure any ambiguity or defect or inconsistent provision in the Resolution or to insert such provisions clarifying matters or questions arising under the Resolution as are necessary or desirable in the event any such modifications are not contrary to or inconsistent with the Resolution as theretofore in effect and not materially adverse to the interests of the Bondholders; or

(18) Any Supplemental Resolution of the Bank may modify the provisions of the Resolution in such a manner, and to such extent and containing such provisions, as the Bank may deem necessary or desirable to effect any of the purposes stated above. As used in this section of the Resolution, the term "modify" shall mean "modify, amend, or supplement" and the term "modification" shall mean "modification, amendment, or supplement."

Amendments of the respective rights and obligations of the Bank and the bondholders may be made with the written consent of the holders of not less than a majority in principal amount of the Outstanding Bonds to which the amendment applies; but no such amendment shall permit a change in the term of redemption or maturity of the principal of any Bond or of any installment of interest thereon or Sinking Fund Installment therefore, or a reduction in the principal amount or redemption price thereof, or the rate of interest thereon or reduce the percentages or otherwise affect the classes of Bonds the consent of the holders of which is required to effect such amendment.

Amendments may be made in any respect with the written consent of the holders of all of the Bonds then Outstanding.

### **Defeasance**

If the Bank shall pay or cause to be paid to the holders of all Outstanding 2005 Resolution Bonds, the principal or redemption price, if any, and interest to become due thereon, at the times and in the manner stipulated therein and in the 2005 Resolution, then, at the option of the Bank, expressed in an instrument in writing signed by an authorized officer of the Bank and delivered to the Trustee, the covenants, agreements and other obligations of the Bank to the bondholders under the 2005 Resolution shall be discharged and satisfied. In such event, the Trustee shall, upon the

request of the Bank, execute and deliver to the Bank all such instruments as may be desirable to evidence such discharge and satisfaction and the Trustee shall pay over or deliver to the Bank all money, securities and funds held by them pursuant to the 2005 Resolution that are not required for the payment or redemption of any Bonds not theretofore surrendered for such payment or redemption.

Bonds or interest installments for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Trustee (through deposit by the Bank of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in paragraph one above. All Outstanding 2005 Resolution Bonds of any Series shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in paragraph one above if (a) in case any of said bonds are to be redeemed on any date prior to their maturity, the Bank shall have given to the Trustee in form satisfactory to it irrevocable instructions to notify the registered holders of such bonds by first class mail notice of redemption on said date of such bonds, (b) there shall have been deposited with the Trustee either moneys in an amount that shall be sufficient, or Defeasance Obligations, the principal of and the interest on which when due will provide moneys, which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on said bonds on and prior to the redemption date or maturity date thereof; as the case may be, and (c) in the event said bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Bank shall have given the Trustee in form satisfactory to it irrevocable instructions to mail notice to the registered holders of such bonds that the deposit required by (b) above has been made with the Trustee and that said bonds are deemed to have been paid in accordance with the 2005 Resolution and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price, if applicable, on said bonds. Neither Defeasance Obligations nor moneys deposited with the Trustee pursuant to the 2005 Resolution nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for the payment of the principal or redemption price, if applicable, and interest on said bonds; provided that, any cash received from such principal or interest payments on such Defeasance Obligations deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Defeasance Obligations maturing at times and in amounts sufficient to pay when due the principal or redemption price, if applicable, and interest to become due on said bonds on and prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestment shall be paid over to the Bank, as received by the Trustee, free and clear of any trust, lien or pledge.

Anything in the 2005 Resolution to the contrary notwithstanding, any moneys held by the Trustee in trust of the payment and discharge of any of the bonds that remain unclaimed for six years after the date when such bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Trustee at such date, or for six years after the date of deposit of such moneys if deposited with the Trustee after the date when such bonds become due and payable, shall, at the written request of the Bank, be repaid by the Trustee to the Bank, as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the bondholders shall look only to the Bank for the payment of such bonds.

#### **CONTINUING DISCLOSURE**

Rule 15c2-12 under the Securities and Exchange Act of 1934, as amended, and officially interpreted from time to time (the "Rule"), provides that an underwriter may not purchase or sell municipal securities unless the issuer of the municipal securities or another obligated person undertakes to provide continuing disclosure with respect to those securities, subject to certain exemptions. The Bank has covenanted to provide continuing disclosure consistent with the terms of the Rule. Other than the Bank, there are no obligated persons with respect to the Bonds within the meaning of the Rule, as provided in a Continuing Disclosure Certificate to be dated as of the date of the Bonds. A proposed form of Continuing Disclosure Certificate is attached hereto as Appendix E.

The Bank is not aware of any failure to comply in the past five years, in any material respect, with any prior undertaking to provide continuing disclosure in accordance with the Rule. It should be noted, however, that with respect to the bonds issued under the 1979 Resolution (the "1979 Resolution Bonds"), as of August 2011, due to scheduled amortization of the 1979 Resolution Bonds, the outstanding debt of one Governmental Unit became more than 20% of the total outstanding debt issued pursuant to the 1979 Resolution, and accordingly, such Governmental Unit became an obligated person with respect to the 1979 Resolution Bonds. Annual financial information with respect to this Governmental Unit was not included in the Bank's annual continuing disclosure filing until March 2014, the first filing after the Bank discovered this event. Such filing included the annual reports and audited financial statements of this Governmental Unit dating back to the year ended December 31, 2010.

## TAX EXEMPTION

In the opinion of Locke Lord LLP (as successor by merger to Edwards Wildman Palmer LLP), Bond Counsel to the Bank (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”). Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, however, such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other federal tax consequences arising with respect to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

The Code imposes various requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. Failure to comply with these requirements may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The Bank has covenanted to comply with such requirements to ensure that interest on the Bonds will not be included in federal gross income. The opinion of Bond Counsel assumes compliance with these covenants.

Bond Counsel is also of the opinion that, under existing law, interest on the Bonds is exempt from the New Hampshire personal income tax on interest and dividends. Bond Counsel expresses no opinion regarding any other New Hampshire tax consequences arising with respect to the Bonds. Bond Counsel has not opined as to the taxability of the Bonds or the income therefrom under the laws of any state other than New Hampshire. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix C hereto.

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes and is exempt from the New Hampshire personal income tax on interest and dividends. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Bondholders should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount greater than the stated principal amount to be paid at maturity of such Bonds, or, in some cases, at the earlier redemption date of such Bonds (“Premium Bonds”), will be treated as having amortizable bond premium for federal income tax purposes and for purposes of the New Hampshire personal income tax on interest and dividends. No deduction is allowable for the amortizable bond premium in the case of obligations, such as the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, a Bondholder’s basis in a Premium Bond will be reduced by the amount of amortizable bond premium properly allocable to such Bondholder. Holders of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Prospective Bondholders should be aware that certain requirements and procedures contained or referred to in the Resolutions and other relevant documents may be changed and certain actions (including, without limitation, defeasance of Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds.

Prospective Bondholders should be aware that from time to time legislation is or may be proposed which, if enacted into law, could result in interest on the Bonds being subject directly or indirectly to federal income taxation, or otherwise prevent Bondholders from realizing the full benefit provided under current federal tax law of the exclusion of interest on the Bonds from gross income. To date, no such legislation has been enacted into law. However, it is not possible to predict whether any such legislation will be enacted into law. Further, no assurance can be given that any pending or future legislation, including amendments to the Code, if enacted into law, or any proposed legislation, including amendments to the Code, or any future judicial, regulatory or administrative interpretation or development with respect to existing law, will not adversely affect the market value and marketability of, or the tax status of interest on, the Bonds. Prospective Bondholders are urged to consult their own tax advisors with respect to any such legislation, interpretation or development.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from the New Hampshire personal income tax on interest and dividends, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect a Bondholder's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the Bondholder or the Bondholder's other items of income, deduction, or exclusion. Bond Counsel expresses no opinion regarding any such other tax consequences, and Bondholders should consult with their own tax advisors with respect to such consequences.

### **RATINGS**

Standard and Poor's Ratings Services and Moody's Investors Service, Inc. have assigned ratings of AA and Aa3, respectively, to on the Bonds. Such ratings only reflect the respective rating agency's views and will be subject to revision or withdrawal, which could affect the market price of the Bonds.

### **BONDS AS LEGAL INVESTMENTS**

Under the provisions of Section 19 of the Act, the Bonds are made securities in which the State and all public officers, Governmental Units and agencies thereof, all banks, trust companies, savings banks and institutions, building and loan associations, investment companies, and other persons carrying on a banking business, all insurance companies, insurance associations, and other persons carrying on an insurance business, and all executors, administrators, guardians, trustees and other fiduciaries, may legally invest any sinking funds, moneys or other funds belonging to them or within their control. Bonds or notes of the Bank are authorized security for any and all public deposits in the State of New Hampshire.

### **UNDERWRITING**

Raymond James & Associates, Inc. and Wells Fargo Bank, National Association (collectively, the "Underwriters"), have jointly agreed, subject to certain conditions, to purchase from the Bank the Bonds described in this Official Statement at a purchase price, of \$94,142,191.75 and to reoffer the Bonds at no greater than the initial public offering prices, or to produce yields no less than the initial yields, set forth on the inside cover page hereof, reflecting an Underwriters' discount of \$328,425.00 including expenses. The Bonds may be offered and sold to certain dealers (including dealers depositing the Bonds into investment trusts) and other investors at prices lower than such public offering prices, and such prices may be changed from time to time, by the Underwriters. The Underwriters will be obligated to purchase all of the Bonds if any such Bonds are purchased.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association.

Wells Fargo Bank, National Association ("WFBNA"), one of the underwriters of the Bonds, has entered into an agreement (the "Distribution Agreement") with its affiliate, Wells Fargo Advisors, LLC ("WFA"), for the distribution of certain municipal securities offerings, including the Bonds. Pursuant to the Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Bonds with WFA. WFBNA also utilizes the distribution capabilities of its affiliates, Wells Fargo Securities, LLC ("WFSLLC") and Wells Fargo Institutional Securities, LLC ("WFIS"), for the distribution of municipal securities offerings, including the Bonds. In connection with utilizing the distribution capabilities of WFSLLC, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, WFIS, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

## LITIGATION

There is no controversy or litigation of any nature now pending against the Bank, or to the knowledge of the Bank, threatened, restraining or enjoining the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any proceeding of the Bank taken with respect to the issuance or sale thereof, or the pledge or application of any moneys or security for the payment of the Bonds or the existence or powers of the Bank.

## VERIFICATION OF MATHEMATICAL COMPUTATIONS

The accuracy of the mathematical computations of (i) the adequacy of the maturing principal of and interest earned on the escrow securities together with other available funds held in the escrow account, to provide for the payment of the Refunded Bonds; and (ii) the "yield" on the escrow securities and on the Bonds, prepared by the Underwriters, will be verified by Grant Thornton LLP, a firm of independent certified public accountants.

These computations will be based upon information and assumptions supplied by the Underwriters on behalf of the Bank. Grant Thornton LLP has restricted its procedures to recalculating the computations provided by the Underwriters and has not evaluated or examined the assumptions or information used in the computations.

## APPROVAL OF LEGALITY

Legal matters incident to the authorization, issuance, sale and delivery of the Bonds are subject to the approval of Locke Lord LLP (as successor by merger to Edwards Wildman Palmer LLP), Boston, Massachusetts, Bond Counsel.

## MISCELLANEOUS

The Bank's offices are located at 25 Triangle Park Drive, Suite 102, Concord, NH 03301, telephone (603) 271-2595. The financial statements of the Bank's municipal division for the year ended June 30, 2014 are included in "APPENDIX D - Audited Financial Statements of the Bank".

All quotations from, and summaries and explanations of, the Act, the 2005 Resolution and the Loan Agreements contained herein do not purport to be complete and reference is made to said Act, the 2005 Resolution and Loan Agreements for full and complete statements of their provisions. The Appendices attached hereto are part of this Official Statement. Copies, in reasonable quantity, of the Act, the 2005 Resolution and the Loan Agreements, and the loan applications and supplemental material furnished to the Bank by the Governmental Units, may be obtained upon request directed to the Bank.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Bank and the purchasers or holders of any of the Bonds.

First Southwest Company, LLC, Boston, Massachusetts has acted as Financial Advisor to the Bank with respect to the issuance of the Bonds.

The distribution of this Official Statement and its execution have been duly authorized by the Bank.

NEW HAMPSHIRE MUNICIPAL BOND BANK

By: /s/ Matthew D. Boucher  
Matthew D. Boucher, Chairman

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## DEFINITIONS

The following are definitions of certain of the terms that are used in either the Act and/or the 2005 General Resolution and used in this Official Statement (but not otherwise defined herein) and have the following meanings unless the context shall clearly indicate some other meaning. In all instances, reference is made to the original documents, and definitions and usage contained therein.

“Act” shall mean the New Hampshire Municipal Bond Bank Law, being Chapter 35-A of the New Hampshire Revised Statutes Annotated, as amended to the date of adoption of the 2005 General Resolution.

“Administrative Expenses” shall mean the Bank’s expenses of carrying out and administering its powers, duties and functions, as authorized by the Act, and shall include, without limiting the generality of the foregoing: administrative and operating expenses, legal, accounting and consultant’s services and expenses, payments to pension, retirement, health and hospitalization funds, and any other expenses required or permitted to be paid by the Bank under the provisions of the Act or the 2005 General Resolution or otherwise.

“Aggregate Debt Service” for any period shall mean, as of any date of calculation and with respect to all Bonds, the sum of the amounts of Debt Service for such period.

“Aggregate Interest” for any period shall mean, as of any date of calculation, an amount equal to interest accruing during such period on all Bonds of any one or more Series. Such interest shall be calculated on the assumption that no Bonds Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment of the principal amount of such Bonds on the due date thereof.

“Authorized Officer” shall mean the Chairman, Vice Chairman or Executive Director of the Bank and any other director, officer or employee of the Bank authorized by resolution of the Bank to perform the act or sign the document in question.

“Bank” shall mean the New Hampshire Municipal Bond Bank, a public body corporate and politic constituted as an instrumentality of the State of New Hampshire exercising public and essential governmental functions and created by the Act, or any body, agency or instrumentality of the State which shall hereafter succeed to the powers, duties and functions of the Bank.

“Bond” or “Bonds” shall mean any New Hampshire Municipal Bond Bank Bond or Bonds, as the case may be, authenticated and delivered under the 2005 General Resolution pursuant to a Series Resolution.

“Bondholders” or “Holder of Bonds” or “Holder” (when used with reference to Bonds) or any similar term, shall mean any person or party who shall be the registered owner of any Outstanding Bond or Bonds.

“Credit Facility” shall mean a letter of credit, revolving credit agreement, standby purchase agreement, surety bond, insurance policy or similar obligation, arrangement or instrument issued by a bank, insurance company or other financial institution which provides for payment of all or a portion of the principal of and or interest due on any Bonds or provides funds for (i) the direct payment of the principal of and interest on all or any portion of such Bonds when due or (ii) the payment of the principal of and interest on all or any portion of such Bonds in the event amounts otherwise pledged to the payment thereof are not available when due.

“Counsel’s Opinion” shall mean an opinion signed by an attorney or firm of attorneys selected by or satisfactory to the Bank (who may be counsel to the Bank); provided, however, that for the purposes of Article II of the 2005 General Resolution such term shall mean an opinion signed by an attorney or firm of attorneys of recognized standing in the field of law relating to municipal bonds selected by the Bank, and provided, further, that for the purposes of Article V of the 2005 General Resolution such term when used with respect to Municipal Bonds shall mean an opinion signed by an attorney or firm of attorneys of recognized standing in the field of municipal law whose opinions have been and are accepted by purchasers of like municipal bonds, selected by the Governmental Unit and approved by the Bank.

“Debt Service Account” shall mean the account by that name established pursuant to Section 603 of the 2005 General Resolution.

“Debt Service” for any period shall mean, as of any date of calculation and with respect to any Series, an amount equal to the sum of (i) interest accruing during such period on Bonds of such Series, and (ii) that portion of Principal Installment for such Series which would accrue during such period if such Principal Installment were deemed to accrue daily in equal amounts from the next preceding Principal Installment due date for such Series (or, if there shall be no such preceding Principal Installment due date, from a date one year preceding the due date of such Principal Installment or from the date of delivery of such Series of Bonds if such date occurred less than one year prior to the due date of such Principal Installment). Such interest and Principal Installments for such Series shall be calculated on the assumption that no Bonds of such Series Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment of each Principal Installment on the due date thereof.

“Defeasance Obligations” shall mean the obligations described in clause (a), (b), (c) or (g) of the definition of Investment Securities; provided that such obligations shall not be redeemable prior to the maturity date or stated redemption date relied upon in satisfying the conditions of Section 1401 of the Resolution.

“Fees and Charges” shall mean all fees and charges authorized to be charged by the Bank pursuant to Subsection (VIII) of Section 6 and Subsection (II) of Section 27 of the Act and charged by the Bank to Governmental Units pursuant to the terms and provisions of Loan Agreements.

“Fiduciary” or “Fiduciaries” shall mean the Trustee, any Paying Agent, or any or all of them, as may be appropriate.

“Fiscal Year” shall mean any twelve (12) consecutive calendar months commencing with the first day of July and ending on the last day of the following June.

“Fitch” shall mean FitchRatings, Inc.

“General Fund” shall mean the fund by that name established by Section 602 of the 2005 General Resolution.

“General Account” shall mean the account by that name established by paragraph (1) of Section 603 of the 2005 General Resolution.

“Governmental Unit” shall mean any governmental unit, as defined by the Act, which issues general obligation Municipal Bonds payable ultimately from ad valorem taxes.

“Governmental Unit’s Allocable Proportion” shall mean the proportionate amount of the total requirement in respect of which the term is used determined by the ratio that the Loan then outstanding bears to the total of all Loans then Outstanding.

“Investment Securities” shall mean to the extent permitted by law:

- (a) Government Obligations.
- (b) Obligations of the following federal agencies so long as such obligations are backed by the full faith and credit of the United States of America:

- U.S. Export-Import Bank (Eximbank)
- Rural Economic Community Development Administration
- Federal Financing Bank
- General Services Administration
- U.S. Maritime Administration
- U.S. Department of Housing and Urban Development (PHAs)
- Small Business Administration
- Government National Mortgage Association (GNMA)
- Federal Housing Administration
- Farm Credit System Financial Assistance Corporation



- (c) Direct obligations of any of the following federal entities which obligations are not fully guaranteed by the full faith and credit of the United States of America:

Senior debt obligations rated in the highest long-term rating category by at least two nationally recognized rating agencies issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC).

Senior debt obligations of the Federal Home Loan Bank System.

- (d) U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks which either (a) have a rating on their short-term certificates of deposit on the date of purchase in the highest short-term rating category of at least two nationally recognized rating agencies, (b) are insured at all times by the Federal Deposit Insurance Corporation, or (c) are collateralized with direct obligations of the United States of America at 102% valued daily. All such certificates must mature no more than 360 days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank).
- (e) Commercial paper which is rated at the time of purchase in the highest short-term rating category of at least two nationally recognized rating agencies and which matures not more than 270 days after the date of purchase.
- (f) Investments in (a) money market funds subject to SEC Rule 2a-7 and rated in the highest short-term rating category of at least two nationally recognized rating agencies and (b) public sector investment pools operated pursuant to SEC Rule 2a-7 in which the Bank's deposit shall not exceed 5% of the aggregate pool balance at anytime and such pool is rated in one of the two highest short-term rating categories of at least two nationally recognized rating agencies.
- (g) Pre-refunded municipal obligations defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice: and, which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest long-term rating category of at least two nationally recognized rating agencies; or (A) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or direct obligations of the United States of America, which escrow maybe applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (B) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate.
- (h) General obligations of states with a short-term rating in one of the two highest rating categories and a long-term rating in one of the two highest rating categories of at least two nationally recognized rating agencies. In the event such obligations are variable rate obligations, the interest rate on such obligations must be reset not less frequently than annually.
- (i) Investment agreements with providers rated at least AA- or Aa3 by S&P or Moody's, as the case may be.
- (j) Collateralized investment agreements (including repurchase agreements) with providers rated at least A- or A3 by S&P and Moody's, respectively.

"Loan" shall mean a loan heretofore or hereafter made by the Bank to a Governmental Unit pursuant to the Act and more particularly described in the applicable Series Resolution.

"Loan Agreement" shall mean an agreement heretofore or hereafter entered into between the Bank and a Governmental Unit setting forth the terms and conditions of a Loan.

“Loan Obligation” shall mean that amount of Bonds issued by the Bank which shall be equal to the principal amount of Municipal Bonds outstanding of a Governmental Unit, as certified to the Trustee by the Bank pursuant to Section 608 of the 2005 General Resolution.

“Moody’s” shall mean Moody’s Investors Service, Inc.

“Municipal Bonds” shall mean the bonds or other evidence of debt issued by any Governmental Unit and authorized pursuant to the Act and other laws of the State and which have heretofore been or will hereafter be acquired by the Bank as evidence of indebtedness of a Loan to the Governmental Unit pursuant to the Act.

“Municipal Bonds Interest Payment” shall mean that portion of a Municipal Bonds Payment made or required to be made by a Governmental Unit to the Bank which represents the interest due or to become due on the Governmental Unit’s Municipal Bonds.

“Municipal Bonds Payment” shall mean the amounts paid or required to be paid, from time to time, for principal and interest by a Governmental Unit to the Bank on its Municipal Bonds.

“Municipal Bonds Principal Payment” shall mean that portion of a Municipal Bonds Payment made or required to be made by a Governmental Unit to the Bank which represents the principal due or to become due on the Governmental Unit’s Municipal Bonds.

“Notes” shall mean any obligations referred to herein issued by the Bank other than Bonds.

“Operating Account” shall mean the account by that name established by paragraph (1) of Section 603 of the 2005 General Resolution.

“Outstanding,” when used with reference to Bonds, other than Bonds referred to in Section 1105 of the 2005 General Resolution, shall mean, as of any date, Bonds theretofore or then being delivered under the provisions of the 2005 General Resolution, except: (i) any Bonds cancelled by the Trustee or any Paying Agent at or prior to such date, (ii) any Bonds for the payment or redemption of which moneys equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption date, shall be held by the Trustee or any Paying Agent in trust (whether at or prior to the maturity or redemption date), provided that if such Bonds are to be redeemed, notice of such redemption shall have been given as provided in Article IV of the 2005 General Resolution or provision satisfactory to the Trustee shall have been made for the giving of such notice, (iii) any Bonds in lieu of or in substitution for which other Bonds shall have been delivered pursuant to Article III or Section 406 or Section 1106 of the 2005 General Resolution, and (iv) Bonds deemed to have been paid as provided in subsection 2 of Section 1401 of the 2005 General Resolution.

“Paying Agent” for the Bonds of any Series shall mean the bank or trust company and its successor or successors, appointed pursuant to the provisions of the Resolution and a Series Resolution or any other resolution of the Bank adopted prior to authentication and delivery of the Series of Bonds for which such Paying Agent or Paying Agents shall be so appointed.

“Principal Installment” shall mean, as of the date of calculation and with respect to any Series, so long as any Bonds thereof are Outstanding, (i) the principal amount of Bonds of such Series due on a future date for which no Sinking Fund Installments have been established, or (ii) the Sinking Fund Installment due on a future date for Bonds of such Series, or (iii) if such future dates coincide, the sum of such principal amount of Bonds and of such Sinking Fund Installment due on such future date; in each case in the amounts and on the dates as provided in the Series Resolution authorizing such Series of Bonds.

“Rating Agency” shall mean Fitch, Moody’s or Standard & Poor’s, or such other nationally recognized rating agency which may, as of such date, have assigned a rating to the Bonds at the request of the Bank.

“Redemption Account” shall mean the account by that name established by paragraph (1) of Section 603 of the 2005 General Resolution.

“Redemption Price” shall mean, with respect to any Bond, the principal amount thereof, plus the applicable premium, if any, payable upon redemption thereof pursuant to the 2005 General Resolution and the Series Resolution pursuant to which the same was issued.

“Refunding Bonds” shall mean all Bonds constituting the whole or a part of a Series of Bonds delivered on original issuance pursuant to Section 203 of the 2005 General Resolution.

“Required Debt Service Reserve” shall mean, as of any date of calculation, the amount required to be on deposit in the Reserve Fund, which may be satisfied through proceeds of Bonds issued from time to time, the provision of a Credit Facility or Credit Facilities, or any combination of the foregoing (the provider of any such Credit Facilities shall be rated in the highest rating category by Moody’s and Standard & Poor’s, and if such provider is rated by A.M. Best & Company, it shall also be rated in the highest applicable A.M. Best & Company rating category), and which shall equal, in the case of the first Series of Bonds to be issued pursuant to the Resolution, the least of (i) 10% of the aggregate original net proceeds of such Series of Bonds, (ii) 125% of the average annual aggregate Debt Service on such Bonds, or (iii) the maximum aggregate amount of Debt Service due on such Bonds in any succeeding bond year. Thereafter, subject to the proviso below, the Required Debt Service Reserve shall equal an amount determined from time to time by the Bank as a reasonable reserve for the payment of principal of and interest on each Series of Bonds then Outstanding. The Bank may, in its sole discretion, establish, change, reduce or increase the Required Debt Service Reserve with respect to a Series of Bonds, from time to time by adoption of a Series Resolution, provided, however, that the Bank may only reduce the Required Debt Service Reserve after the Bank has made at least one hundred (100) Loans and no one Governmental Unit is responsible for the repayment of Loans with an aggregate principal amount in excess of 25% of the aggregate principal amount of the Outstanding Bonds, and in no event may the Bank reduce this amount below the greater of (a) the Required Debt Service Reserve established with respect to the first Series of Bonds to be issued pursuant to the Resolution and (b) one-half of the maximum annual Debt Service with respect to all Bonds Outstanding in the then current or any succeeding Fiscal Year. So long as the Required Debt Service Reserve is satisfied, the Bank may elect, from time to time, to deposit cash in place of any Credit Facility held as part of the Reserve Fund, or to replace cash held as part of the Reserve Fund with a Credit Facility. For purposes of this definition, “net proceeds” of a Series of Bonds shall mean the face amount of such Series minus original issue discount plus any premium received on the sale of such Series.

“Reserve Fund” shall mean the New Hampshire Municipal Bond Bank Reserve Fund by that name established by Section 602 of the 2005 General Resolution.

“Reserve Fund Obligations” shall mean the proportionate amount of Bonds issued by the Bank to obtain funds with which to establish and maintain the Reserve Fund, as certified to the Trustee by the Bank pursuant to Section 608 of the 2005 General Resolution.

“Resolution” shall mean the 2005 General Resolution as from time to time amended or supplemented by Supplemental Resolutions or Series Resolutions in accordance with the terms and provisions hereof.

“Series of Bonds” or “Bonds of a Series” or words of similar meaning shall mean the Series of Bonds authorized by a Series Resolution.

“Series Resolution” shall mean a resolution of the Bank authorizing the issuance of a Series of Bonds in accordance with the terms and provisions hereof adopted by the Bank in accordance with Article X of the 2005 General Resolution.

“Sinking Fund Installment” shall mean an amount so designated which is established pursuant to paragraph (h) of subsection 1 of Section 202 of the 2005 General Resolution.

“Standard & Poor’s” shall mean Standard & Poor’s Ratings Services, Inc.

“State” shall mean the State of New Hampshire.

“Supplemental Resolution” shall mean a resolution supplemental to or amendatory of this Resolution, adopted by the Bank in accordance with Article X of the 2005 General Resolution.

“Trustee” shall mean the bank or trust company appointed pursuant to Section 801 to act as trustee hereunder, and its successor or successors and any other bank or trust company at any time substituted in its place pursuant to the 2005 General Resolution.

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**GOVERNMENTAL UNITS AND THEIR MUNICIPAL BONDS**

**APPENDIX B**

Loan agreements pertaining to Municipal Bonds named in Part A - 2006 SERIES A through 2009 SERIES E - were executed by the Governmental Unit and the Bank.

<u>GOVERNMENTAL UNIT</u>	<u>PRINCIPAL AMOUNT</u>	<u>BALANCE OUTSTANDING 4/2/2015</u>	<u>BONDS YEARS INCLUSIVE</u>	
<b>PART A - Non State Guaranteed Issues:</b>				
2006 SERIES A - ISSUED ON JULY 20, 2006 (Due August 15 and February 15)				
Mason, Town of	292,000	55,000	2010-2016	1
Strafford County	1,168,110	230,000	2010-2016	1
Jaffrey-Rindge Coop. School District	9,247,684	4,305,000	2010-2021	1
Somersworth, City of	3,426,127	1,590,000	2010-2021	1
Brookline, Town of	492,842	290,000	2010-2026	1
East Kingston, Town of	2,343,970	1,380,000	2010-2026	1
Emerald Lake Village District	690,032	410,000	2010-2026	1
Francestown, Town of	985,745	585,000	2010-2026	1
Greenfield, Town of	118,582	60,000	2010-2026	1
Kearsarge Reg. School District	24,450,150	11,587,267	2010-2026	1
Lebanon, City of	6,511,829	3,920,000	2010-2026	1
Milford, Town of	1,095,881	615,000	2010-2026	1
Newfields, Town of	1,281,427	760,000	2010-2026	1
Spofford Fire Precinct	1,525,621	900,000	2010-2026	1
	<u>53,630,000</u>	<u>26,687,267</u>		
2006 SERIES B - ISSUED ON DECEMBER 21, 2006 (Due January 15)				
Rye, Town of	946,400	190,000	2010-2017	1
Brookline, Town of	291,900	175,000	2010-2027	1
Dresden School District	2,526,000	1,255,756	2010-2026	1
East Kingston, Town of	680,900	405,000	2010-2027	1
Profile School District	12,948,800	7,750,000	2010-2027	1
	<u>17,394,000</u>	<u>9,775,756</u>		
2007 SERIES B - ISSUED ON JULY 19, 2007 (Due August 15 and February 15)				
Bedford School District	2,681,350	795,000	2010-2017	1
Candia, Town of	1,481,500	435,000	2010-2017	1
Westmoreland School District	435,000	120,000	2010-2017	1
Bow, Town of	880,600	465,000	2010-2022	1
Merrimack, Town of	1,677,300	1,040,000	2010-2022	1
Atkinson, Town of	1,714,500	1,105,000	2010-2027	1
Brentwood, Town of	237,800	135,000	2010-2027	1
Chesterfield, Town of	2,224,450	1,430,000	2010-2027	1
City of Claremont	7,661,000	6,100,000	2010-2027	1
East Kingston, Town of	461,700	290,000	2010-2027	1
Lebanon, City of	8,947,000	5,765,000	2010-2027	1
Mont Vernon, Town of	1,482,500	960,000	2010-2027	1
Newport School District	10,156,100	6,590,000	2010-2027	1
North Hampton, Town of	741,800	550,000	2010-2027	1
Sawyer Lake Village District	266,800	165,000	2010-2027	1
Wolfeboro, Town of	4,701,600	3,055,000	2010-2027	1
Laconia, City of	22,644,000	13,837,582	2010-2036	1
	<u>68,395,000</u>	<u>42,837,582</u>		

## 2007 SERIES C - ISSUED ON DECEMBER 20, 2007

(Due January 15)

East Kingston, Town of	455,000	285,000	2010-2028	1
Milford School District	4,393,500	2,855,000	2010-2028	1
Pillsbury Lake Village District	388,100	250,000	2010-2028	1
Somersworth, City of	1,843,500	1,180,000	2010-2028	1
North Hampton, Town of	2,254,000	1,955,000	2010-2037	1
Plymouth Village Water & Sewer District	604,400	440,000	2010-2037	1
	<u>9,938,500</u>	<u>6,965,000</u>		

## 2008 SERIES A - ISSUED ON JULY 17, 2008

(Due August 15 and February 15)

Laconia, City of	976,270	380,000	2010-2019	1
Marlborough, Town of	185,940	65,000	2010-2019	1
Somersworth, City of	1,338,545	530,000	2010-2019	1
Windham School District	3,735,620	1,490,000	2010-2019	1
New Durham, Town of	594,895	405,000	2010-2024	1
Sunrise Lake Village District	540,495	315,000	2010-2024	1
Amherst School District	3,883,620	2,715,000	2010-2029	1
Bow, Town of	2,212,020	1,540,000	2010-2029	1
Brentwood, Town of	947,045	650,000	2010-2029	1
Kensington, Town of	754,195	515,000	2010-2029	1
Lebanon, City of	4,427,015	2,830,000	2010-2029	1
Lyme, Town of	899,420	630,000	2010-2029	1
Marlborough School District	10,754,220	6,304,166	2010-2029	1
Rochester, City of	692,995	485,000	2010-2029	1
Sandown, Town of	970,970	675,000	2010-2029	1
Wolfeboro, Town of	2,776,845	1,940,000	2010-2029	1
Seabrook, Town of	5,997,345	4,930,000	2010-2039	1
	<u>41,687,455</u>	<u>26,399,166</u>		

## 2009 SERIES C - ISSUED ON JULY 16, 2009

(Due August 15)

Town of New Castle	1,070,325	525,000	2010-2019	1
Town of Rye	973,055	475,000	2010-2019	1
Town of Wolfeboro	637,560	310,000	2010-2019	1
Town of Exeter	2,138,600	1,590,000	2010-2029	1
City of Laconia	1,799,800	1,085,000	2010-2029	1
City of Lebanon	5,207,000	3,010,000	2010-2029	1
Mason School District	4,975,910	3,710,000	2010-2029	1
Strafford County	4,182,025	3,135,000	2010-2029	1
	<u>20,984,275</u>	<u>13,840,000</u>		

## 2009 SERIES E - ISSUED ON DECEMBER 16, 2009

(Due January 15)

Sullivan County	6,574,000	3,275,000	2011-2020	1
Town of Wolfeboro	793,000	395,000	2011-2020	1
City of Laconia	760,000	560,000	2011-2030	1
City of Somersworth	18,953,000	12,595,956	2011-2030	1
	<u>27,080,000</u>	<u>16,825,956</u>		

Total Non State Guaranteed Issues	<u>\$ 286,614,230</u>	<u>\$ 143,330,728</u>		71
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**NEW HAMPSHIRE MUNICIPAL BOND BANK**  
**NON-GUARANTEED 2005 RESOLUTION**  
**OUTSTANDING DEBT BY GOVERNMENTAL UNIT**

Borrower	Balance Outstanding at 4/2/2015	Percent of Total Outstanding Debt: (includes Reserve Bonds) \$165,130,000	Percent of Outstanding Muni Debt: \$143,330,728
SOMERSWORTH, CITY	\$15,895,956	9.626%	11.090%
LACONIA, CITY	15,862,582	9.606%	11.067%
LEBANON, CITY	15,525,000	9.402%	10.832%
KEARSARGE REG. SCHOOL DIST	11,587,267	7.017%	8.084%
PROFILE SCHOOL DISTRICT	7,750,000	4.693%	5.407%
NEWPORT SCHOOL DISTRICT	6,590,000	3.991%	4.598%
MARLBOROUGH SCHOOL DISTRICT	6,304,166	3.818%	4.398%
CLAREMONT, CITY	6,100,000	3.694%	4.256%
WOLFEBORO, TOWN	5,700,000	3.452%	3.977%
SEABROOK, TOWN	4,930,000	2.986%	3.440%
JAFFREY-RINDGE COOP SCHOOL	4,305,000	2.607%	3.004%
MASON SCHOOL DISTRICT	3,710,000	2.247%	2.588%
STRAFFORD COUNTY	3,365,000	2.038%	2.348%
SULLIVAN COUNTY	3,275,000	1.983%	2.285%
MILFORD SCHOOL DISTRICT	2,855,000	1.729%	1.992%
AMHERST SCHOOL DISTRICT	2,715,000	1.644%	1.894%
NORTH HAMPTON, TOWN	2,505,000	1.517%	1.748%
EAST KINGSTON, TOWN	2,360,000	1.429%	1.647%
BOW, TOWN	2,005,000	1.214%	1.399%
EXETER, TOWN	1,590,000	0.963%	1.109%
WINDHAM SCHOOL DISTRICT	1,490,000	0.902%	1.040%
CHESTERFIELD, TOWN	1,430,000	0.866%	0.998%
DRESDEN SCHOOL DISTRICT	1,255,756	0.760%	0.876%
ATKINSON, TOWN	1,105,000	0.669%	0.771%
MERRIMACK, TOWN	1,040,000	0.630%	0.726%
MONT VERNON, TOWN	960,000	0.581%	0.670%
SPOFFORD FIRE DISTRICT	900,000	0.545%	0.628%
BEDFORD SCHOOL DISTRICT	795,000	0.481%	0.555%
BRENTWOOD, TOWN	785,000	0.475%	0.548%
NEWFIELDS, TOWN	760,000	0.460%	0.530%
SANDOWN, TOWN	675,000	0.409%	0.471%
RYE, TOWN	665,000	0.403%	0.464%
LYME, TOWN	630,000	0.382%	0.440%
MILFORD, TOWN	615,000	0.372%	0.429%
FRANCESTOWN, TOWN	585,000	0.354%	0.408%
NEW CASTLE, TOWN	525,000	0.318%	0.366%
KENSINGTON, TOWN	515,000	0.312%	0.359%
ROCHESTER, CITY OF	485,000	0.294%	0.338%
BROOKLINE, TOWN	465,000	0.282%	0.324%
PLYMOUTH VILLAGE WATER & SEWER	440,000	0.266%	0.307%
CANDIA, TOWN	435,000	0.263%	0.303%
EMERALD LAKE VILLAGE DISTRICT	410,000	0.248%	0.286%
NEW DURHAM, TOWN	405,000	0.245%	0.283%
SUNRISE LAKE VILLAGE DISTRICT	315,000	0.191%	0.220%
PILLSBURY LAKE VILLAGE DISTRICT	250,000	0.151%	0.174%
SAWYER LAKE VILLAGE DISTRICT	165,000	0.100%	0.115%
WESTMORELAND SCHOOL DISTRICT	120,000	0.073%	0.084%
MARLBOROUGH, TOWN	65,000	0.039%	0.045%
GREENFIELD, TOWN	60,000	0.036%	0.042%
MASON, TOWN	55,000	0.033%	0.038%
Totals	<u>\$143,330,728</u>	<u>87%</u>	<u>100%</u>

**New Hampshire Municipal Bond Bank  
2005 Resolution  
Outstanding Principal Balance as of April 2, 2015**

Series	NHMBB Total Bonds	Bond Bank Bonds Issued to make Municipal Loans	Bond Bank Bonds Issued to Fund Reserve	Bonds Needed to Size Refundings	Total Muni Loans, Reserve Bonds & Bonds Needed to Size Refundings	Partially refunded by the refunding series listed below:
2006A	\$ 5,730,000	\$ 32,435,000		\$ -	\$ 32,435,000	2015 A
2006B	1,825,000	10,310,000			10,310,000	2015 A
2007B	9,060,000	48,960,000			48,960,000	2015 A
2007C	1,305,000	6,965,000			6,965,000	2015 A
2008A	28,630,000	28,630,000			28,630,000	
2009C	15,690,000	13,840,000	1,850,000		15,690,000	
2009E	22,140,000	19,735,000	2,405,000		22,140,000	
<b>2015 A Refunding expect close 4-2-15</b>	81,470,000		5,410,000	(4,690,000)	720,000	
<b>Total Outstanding</b>	<b>\$ 165,850,000</b>	<b>\$ 160,875,000</b>	<b>\$ 9,665,000</b>	<b>\$ (4,690,000)</b>	<b>\$ 165,850,000</b>	

**Municipal Loans With Capital Appreciation Bond Structure Mirroring NH Municipal Bond Bank Level Debt Structure**

Series	Municipal Loans - CABs Outstanding at 4/2/15			Bond Bank Level Debt Outstanding at 4/2/15			Variance Municipal CAB Principal vs BB Level Debt Principal
	Principal	Interest	Total	Principal	Interest	Total	
2006 A	\$ 26,687,267	\$ 14,595,767	\$ 41,283,035	\$ 32,435,000	\$ 8,848,035	\$ 41,283,035	\$ (5,747,733)
2006 B	9,775,756	3,306,144	13,081,901	10,310,000	2,771,900	13,081,900	(534,244)
2007 B	42,837,582	27,569,768	70,407,350	48,960,000	21,447,350	70,407,350	(6,122,418)
2008 A	26,399,166	11,970,388	38,369,553	28,630,000	9,739,553	38,369,553	(2,230,834)
2009 E	16,825,956	9,558,539	26,384,495	19,735,000	6,649,495	26,384,495	(2,909,044)
<b>Totals</b>	<b>\$ 122,525,728</b>	<b>\$ 67,000,606</b>	<b>\$ 189,526,334</b>	<b>\$ 140,070,000</b>	<b>\$ 49,456,333</b>	<b>\$ 189,526,333</b>	<b>\$ (17,544,272)</b>

Note: The municipal loans listed above were issued to the New Hampshire Municipal Bond Bank (NHMBB) as Capital Appreciation Bonds (CABs). The NHMBB issued bonds in the market with a level debt structure to match the total debt service of the CAB loans.

**Reconciliation of Municipal Loans Outstanding:**

Outstanding Debt By Borrower (Appendix B Subtotal)	\$ 143,330,728
Variance between Muni CAB and Bond Bank LD	17,544,272
Total Municipal Loans Bond Bank Structure	<u>\$ 160,875,000</u>



**APPENDIX C**

**PROPOSED FORM OF LEGAL OPINION**

(Date of Delivery)

New Hampshire Municipal Bond Bank  
25 Triangle Park Drive, Suite 102  
Concord, New Hampshire 03301

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of \$81,470,000 2015 Series A Refunding Bonds (the “Bonds”) of the New Hampshire Municipal Bond Bank (herein called the “Bank”), a public body corporate and politic, constituted as an instrumentality of the State of New Hampshire (the “State”).

The Bonds are dated as of their date of delivery, if authenticated prior to the first interest payment date, and otherwise shall be dated as provided in the Series Resolution, as hereinafter defined. The Bonds will mature and pay interest on February 15 and August 15 in each year until maturity, commencing August 15, 2015.

The Bonds are issued under and pursuant to the Act (as hereinafter defined) and under and pursuant to the General Bond Resolution of the Bank adopted July 14, 2005, as supplemented by the First Supplemental Resolution adopted June 23, 2006 (the “General Bond Resolution”), and a Series Resolution of the Bank dated February 26, 2015 (the “Series Resolution”). The General Bond Resolution and the Series Resolution are herein sometimes collectively referred to as the “Resolutions.”

The Bonds are subject to redemption as set forth therein.

The Bonds are issued in registered form by means of a book-entry system evidencing ownership and transfer of Bonds on the records of The Depository Trust Company and its participants. The Bonds are lettered AR- and are numbered from one (1) upwards.

Pursuant to the Resolutions, the Bank is authorized to issue additional series of bonds from time to time upon the terms and conditions therein set forth, and any such bonds will be on a parity with the Bonds and all other bonds issued pursuant to the General Bond Resolution.

We are of the opinion that:

1. The Bank has been duly created and validly exists as a public body corporate and politic, constituted as an instrumentality of the State, under and pursuant to the laws of the State (including the New Hampshire Municipal Bond Bank Law, being Chapter 35-A of the New Hampshire Revised Statutes Annotated, as amended (the “Act”)), with the right and power to adopt the Resolutions which have been duly and lawfully adopted by the Bank, are in full force and effect and are valid and binding upon the Bank and enforceable in accordance with their terms and no other authorization for the Resolutions is required.

2. The Bank is duly authorized to issue the Bonds, which have been duly and validly authorized and issued in accordance with law, including the Act, and in accordance with the Resolutions, and the Bonds constitute valid, binding general obligations of the Bank as provided in the Resolutions, payable and enforceable in accordance with their terms and the terms of the Resolutions and entitled to the benefits of the Resolutions and of the Act and for the payment of the principal and premium of and interest on which, pursuant to the Resolutions, the full faith and credit of the Bank are pledged.

3. The Bonds are secured by a pledge in the manner and to the extent set forth in the Resolutions. The Resolutions create the valid pledge which they purport to create of the Municipal Bonds and Municipal Bonds Payments, Funds and Accounts established and defined in the Resolutions and other moneys and securities held or set aside thereunder, subject to the purposes and on the conditions permitted by the Resolutions.

4. Obligations of the Bank, including its obligations under the Resolutions and the Bonds are subject to bankruptcy, insolvency and other laws affecting the rights and remedies of creditors.

5. The Bonds are not a debt or liability nor do they constitute a pledge of the faith and credit of the State, nor shall the Bonds be payable out of any revenues or funds other than those of the Bank.

6. The Bank is authorized and under the General Bond Resolution has covenanted and is obligated to cause to be made by its Chairman and delivered to the Chairman of the House Appropriations Committee not later than the twentieth day of each session of the General Court, his or her written request as provided for by the Act, stating the amount, if any, required to restore the Reserve Fund to the amount of the Required Debt Service Reserve established under the Act and the Resolutions.

7. Section 12 of the Act (i) does not bind or obligate the State to appropriate and pay to the Bank in any future year the amount duly certified to the Chairman of the House Appropriations Committee by the Chairman of the Bank as necessary to restore the Reserve Fund to the Required Debt Service Reserve, the language of such Section being permissive only, but there is no constitutional bar to future Legislatures making such appropriations for such

purposes if they elect to do so, and (ii) does not constitute a loan of credit of the State or create an indebtedness on the part of the State and is not otherwise in violation of provisions of the Constitution of the State. Any funds so appropriated would be appropriated for a proper public purpose and may be validly applied as provided in the General Bond Resolution.

8. Interest on the Bonds is excluded from the gross income of the owners of the Bonds for federal income tax purposes. In addition, interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes. However, such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. In rendering the opinions set forth in this paragraph, we have assumed compliance by the Bank and each Governmental Unit (as defined in the Act) with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, and continue to be, excluded from gross income for federal income tax purposes. The Bank and each Governmental Unit have covenanted to comply with all such requirements. Failure by the Bank or a Governmental Unit to comply with certain of such requirements may cause interest on the Bonds to become included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. We express no opinion regarding any other federal tax consequences arising with respect to the Bonds.

9. Under existing New Hampshire statutes, the Bonds and the interest thereon and the income therefrom are exempt from taxation imposed by the State, except for transfer, inheritance and estate taxes.

10. We have examined a photocopy of executed Bond No. AR-1 and, in our opinion, the form of such Bond and its execution are regular and proper.

LOCKE LORD LLP

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**General Purpose  
and  
Combining Financial Statements**

**New Hampshire Municipal Bond Bank**

**YEAR ENDED JUNE 30, 2014  
with REPORT OF INDEPENDENT AUDITORS**

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# **New Hampshire Municipal Bond Bank**

Basic Financial Statements  
and Management's Discussion and Analysis

*Year Ended June 30, 2014*  
*With Independent Auditors' Report*

**NEW HAMPSHIRE MUNICIPAL BOND BANK**  
**BASIC FINANCIAL STATEMENTS AND**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the Year Ended June 30, 2014

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**INDEPENDENT AUDITORS' REPORT**

Board of Directors  
New Hampshire Municipal Bond Bank

We have audited the accompanying financial statements, consisting of the General Operating Fund Group, State Guaranteed Fund Group, Qualified School Construction Fund Group, and Non-State Guaranteed Fund Group of New Hampshire Municipal Bond Bank (the Bond Bank), which comprise the statements of net position as of June 30, 2014, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors  
New Hampshire Municipal Bond Bank

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Hampshire Municipal Bond Bank, as well as the individual fund groups referred to above, as of June 30, 2014, and the changes in net position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in notes 2 and 6, the Bond Bank adopted the provisions of Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*, in 2014. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Manchester, New Hampshire  
October 17, 2014

*Baker Newman & Noyes*  
Limited Liability Company

## NEW HAMPSHIRE MUNICIPAL BOND BANK

### MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014

As financial management of the New Hampshire Municipal Bond Bank (the Bond Bank), we offer readers of these financial statements this narrative, overview and analysis of the financial activities of the Bond Bank for the fiscal year ended June 30, 2014. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities of the Bond Bank and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the basic financial statements as a whole.

#### Financial Highlights

- Revenues for the Bond Bank were \$42,197,154 for fiscal year 2014, an increase of \$677,104 or 1.63% above fiscal year 2013.

#### Increase (decrease) in account balances from fiscal year 2013

Interest on loans receivable from governmental units	\$ (418,967)
Interest income from investments	(569,552)
Net increase in the fair value of investments	1,837,012
Other income	<u>(171,389)</u>
Total net increase	\$ <u>677,104</u>

- Investments are recorded at fair value to comply with the Governmental Accounting Standards Board's rules. The Bond Bank generally holds investments until maturity to pay reserve fund bonds as they become due, so fluctuations in the fair value of the investments have a minimal long-term effect.

Operating income for 2014	\$1,349,760
Add net decrease in the fair value of investments	<u>737,685</u>
Operating income for 2014 (excluding net decrease in fair value of investments)	\$ <u>2,087,445</u>

- Net position of the Bond Bank increased \$1,349,760 in fiscal year 2014. At June 30, 2014, the Bond Bank had a net position of \$18,159,777, an increase of 8.03% from the prior year.
- The Bond Bank's bonds outstanding at June 30, 2014 of \$950,519,700 represents a net decrease of \$39,617,121 from the balance at June 30, 2013. This decrease was the result of the following activity in fiscal year 2014:

Issued 2013 C bonds totaling	\$ 53,390,000
Capitalized premiums	1,611,077
Amortization of premiums	(3,448,405)
2014 principal paid	<u>(91,169,793)</u>
Total net decrease	\$ <u>(39,617,121)</u>

- The Bond Bank provided \$48,225,000 in new loans to local governmental units during fiscal year 2014 resulting in a net decrease of \$12,525,000, which was a 20.6% decrease from the loans provided in fiscal year 2013. Reserve bonds totaling \$5,165,000 were issued as part of the 2013C issue.
- The provisions of Governmental Accounting Standards Board No. 65 were adopted as of July 1, 2013. This resulted in a decrease of \$8,171,375 to the net position, beginning of the year.

## NEW HAMPSHIRE MUNICIPAL BOND BANK

### MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

June 30, 2014

#### Overview of the Bond Bank

The Bond Bank was created in 1977 by an Act of the New Hampshire Legislature, RSA:35-A, is a public body corporate and politic and is constituted as an instrumentality exercising public and essential governmental functions of the State. The Bond Bank was established to issue bonds for the purpose, among other things, of providing funds to enable it to lend money to counties, cities, towns, school districts or other districts (the governmental units) within the State of New Hampshire. The provision of funds is accomplished by the direct purchase from such governmental units of their bonds, notes or evidence of debt payable from taxes, charges for services or assessments.

As the result of the Bond Bank issuing tax-exempt debt, it is required to prepare arbitrage rebate calculations for each series of bonds outstanding and remit payment to the Internal Revenue Service every five years. The Bond Bank's policy is to review the calculations annually for financial statement purposes. The Bond Bank has hired an outside firm to calculate arbitrage rebate liability and required payments.

Since its inception, the Bond Bank has issued bonds for its non-guaranteed program pursuant to a General Resolution adopted on December 1, 1978, as amended from time to time (the 1978 Resolution). On July 14, 2005, the Bond Bank adopted a new General Resolution (the 2005 Resolution). While substantially similar to the 1978 Resolution, the 2005 Resolution contained a number of improvements, including a flexible reserve fund sizing requirement, wholesale changes in permitted investments, the ability to meet its reserve fund requirement with surety bond policies and other credit facilities, and a streamlined approach to calling bonds for early redemption. The Bond Bank has issued eight series of bonds under the terms of the 2005 Resolution, totaling \$295,571,000. Bonds issued under the 2005 Resolution are separately secured from all other bonds of the Bond Bank, including those issued under the 1978 Resolution. The adoption of the 2005 Resolution has not resulted in any substantive change to the Bond Bank's overall program.

The Bond Bank analyzes the cost effectiveness of the 1978 Resolution and the 2005 Resolution whenever a new issue of bonds is being considered. Due to the downgrades of the surety bond providers, this is no longer a viable method of funding the reserve fund. Depending on the structure of the new bonds and the reserve fund requirements, we analyze the best alternative by comparing the availability of investments in the market and the possibility of purchasing State of New Hampshire bonds. In fiscal year 2014, all of the bonds were issued per the 1978 Resolution.

The Bond Bank has purchased surety bond policies to meet the reserve fund requirements for bonds issued under the terms of the 2005 Resolution. Several downgrades of the surety providers occurred between September 2009 and December 2011. There were also a few changes in March and May of 2014. The table below summarizes the surety policies purchased by the Bond Bank:

Surety Provider	Amount of Surety Policies	Ratings as of September 28, 2009			Ratings as of June 30, 2013			Ratings as of June 30, 2014		
		Moody's	S&P	Fitch	Moody's	S&P	Fitch	Moody's	S&P	Fitch
Assured Guaranty Municipal*	\$3,420,269	Aa3	AAA	AA+	A2	AA-	With-drawn	A2	AA	With-drawn
National Public Finance (formerly MBIA Illinois)**	\$8,247,430	Baa1	A	With-drawn	Baa1	A	With-drawn	A3	AA-	With-drawn
FGIC***	\$6,782,925	With-drawn	With-drawn	With-drawn	With-drawn	With-drawn	With-drawn	With-drawn	With-drawn	With-drawn

\* On November 2, 2009, Assured Guaranty announced that FSA will be renamed to Assured Guaranty Municipal.

\*\* On February 18, 2009, MBIA Insurance Corporation (MBIA) separated its operations into two entities with National Public Finance Guaranty Corporation (National) (formerly MBIA Insurance Corp. of Illinois) becoming the public finance sector insurer/surety bond provider.

\*\*\* Policies carried by FGIC are reinsured by National Public Finance Guaranty Corporation.

## **NEW HAMPSHIRE MUNICIPAL BOND BANK**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

June 30, 2014

#### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Bond Bank's financial statements, which is comprised of the basic financial statements and the notes to the financial statements. Since the Bond Bank operates under four separate bond resolutions, the financial statements reflect individual fund activity.

#### **Basic Financial Statements**

The basic financial statements are designed to provide readers with a broad overview of the Bond Bank's finances, in a manner similar to a private-sector business.

The financial statements present information on all of the Bond Bank's assets, deferred outflows of resources and liabilities, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Bond Bank is improving or deteriorating. Net position increases when revenues exceed expenses. Increases to assets without a corresponding increase to liabilities, result in increased net position, which may indicate an improved financial position.

The statements of revenues, expenses, and changes in net position present information showing how the Bond Bank's net position changed during the fiscal year. Changes in net position are generally reported as soon as the underlying event occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods.

#### **Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

#### **Financial Analysis**

Net position may serve, over time, as a useful indicator of a government's financial position. In the case of the Bond Bank, assets and deferred outflows of resources exceeded liabilities by \$18,159,777 at June 30, 2014. This represents an increase of \$1,349,760 or 8.03% from the previous fiscal year.

By far, the largest portion of the Bond Bank's net position is its investment in loans to governmental units plus bond proceeds remaining in investments held by trustee, less any related debt used to acquire those assets.

## NEW HAMPSHIRE MUNICIPAL BOND BANK

### MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

June 30, 2014

The Bond Bank's financial position and operations for the past two years are summarized below based on information included in the financial statements.

<u>ASSETS</u>	<u>2014</u>	<u>2013</u> (as restated)	<u>Percentage</u> <u>Change</u>
Current assets:			
Cash	\$ 107,150	\$ 151,672	(29.35)%
Investments held by trustee, at fair value	20,471,092	36,223,305	(43.49)
Loans receivable from governmental units	70,716,058	69,227,853	2.15
Accrued investment income receivable	775,173	953,840	(18.73)
Accrued interest receivable from governmental units	13,599,586	14,869,473	(8.54)
Unamortized bond insurance costs	64,007	186,587	(65.70)
Other current assets	<u>11,459</u>	<u>2,526</u>	<u>353.64</u>
Total current assets	105,744,525	121,615,256	(13.05)
Noncurrent assets:			
Investments held by trustee, at fair value	84,887,841	82,024,827	3.49
Loans receivable from governmental units	772,926,400	796,266,458	(2.93)
Unamortized bond insurance costs	<u>856,466</u>	<u>811,536</u>	<u>5.54</u>
Total noncurrent assets	<u>858,670,707</u>	<u>879,102,821</u>	<u>(2.32)</u>
Total assets	964,415,232	1,000,718,077	(3.63)
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Unamortized rebates to governmental units	1,889,182	2,330,699	(18.94)
Unamortized deferred loss on refunding	<u>18,426,249</u>	<u>20,651,581</u>	<u>(10.78)</u>
Total deferred outflows of resources	20,315,431	22,982,280	(11.60)
 <u>LIABILITIES AND NET POSITION</u>			
Current liabilities:			
Accounts payable and accrued liabilities	51,945	72,085	(27.94)
Accrued interest payable	15,688,943	16,180,340	(3.04)
Accrued interest rebate payable to U.S. Government	256,772	313,483	(18.09)
Bonds payable	<u>78,096,834</u>	<u>94,047,719</u>	<u>(16.96)</u>
Total current liabilities	94,094,494	110,613,627	(14.93)
Noncurrent liabilities:			
Accrued interest rebate payable to U.S. Government	53,526	187,611	(71.47)
Bonds payable	<u>872,422,866</u>	<u>896,089,102</u>	<u>(2.64)</u>
Total noncurrent liabilities	<u>872,476,392</u>	<u>896,276,713</u>	<u>(2.66)</u>
Total liabilities	<u>966,570,886</u>	<u>1,006,890,340</u>	<u>(4.00)</u>
Total net position	<u>\$ 18,159,777</u>	<u>\$ 16,810,017</u>	<u>8.03%</u>

## NEW HAMPSHIRE MUNICIPAL BOND BANK

### MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

June 30, 2014

Total cash and investments held by trustee decreased \$12,933,721 or 10.92% at June 30, 2014 compared to June 30, 2013. The Bond Bank's investment portfolio is comprised of cash and cash equivalents, U.S. Government obligations (including treasury bills, notes, and bonds), U.S. Treasury strips, U.S. Government sponsored enterprise strips, NH G.O. Capital Improvement Bonds, certificates of deposit and fixed income mutual funds. The Bond Bank's investments are carried at fair value. Unrealized gains and losses (primarily due to fluctuations in market values) are recognized in the statements of revenues, expenses and changes in net position.

The Bond Bank's loans receivable from governmental units decreased \$21,851,853 in fiscal year 2014. The Bond Bank's total new loan originations in 2014 of \$48,225,000 were 20.6% lower than 2013 originations of \$60,750,000. Net bonds payable decreased 4%.

Net position increased 8.03% in fiscal year 2014. The Bond Bank continued to maintain a positive spread of income from investments and loans to governmental units over bond interest and operating expenses.

	<u>2014</u>	2013 (as restated)	<u>Percentage Change</u>
Interest on loans receivable from governmental units	\$38,915,573	\$39,334,540	(1.07)%
Interest income from investments	3,837,177	4,406,729	(12.92)
Net decrease in the fair value of investments	(737,685)	(2,574,697)	(71.35)
Other income	<u>182,089</u>	<u>353,478</u>	<u>(48.49)</u>
Total operating revenues	42,197,154	41,520,050	1.63
Interest expense	40,145,328	41,984,429	(4.38)
Operating expenses	393,274	358,571	9.68
Other expense	<u>308,792</u>	<u>1,422,816</u>	<u>(78.30)</u>
Total operating expenses	<u>40,847,394</u>	<u>43,765,816</u>	<u>(6.67)</u>
Operating income (loss)	1,349,760	(2,245,766)	(160.10)
Net position, beginning of year	<u>24,981,392</u>	<u>25,890,343</u>	<u>(3.51)</u>
Effect of change in accounting principle on beginning of year net position	<u>(8,171,375)</u>	<u>(6,834,560)</u>	<u>19.56</u>
Net position, beginning of year, as restated	<u>16,810,017</u>	<u>19,055,783</u>	<u>(11.79)</u>
Net position, end of year	<u>\$18,159,777</u>	<u>\$16,810,017</u>	<u>8.03%</u>

Operating revenues are generated principally from interest earned on investments and from fees and interest received from governmental units. The Bond Bank's annual operating budget is approved by the Board of Directors.

The net decrease in the fair value of investments in 2014 of \$737,685 (versus a net decrease in the fair value of investments in 2013 of \$2,574,697, which equates to a total change in this account of \$1,837,012) was caused by movements in market interest rates during the year that had a negative impact on the fair value of investments held by the Bond Bank.

## **NEW HAMPSHIRE MUNICIPAL BOND BANK**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

June 30, 2014

The decrease in other income and other expense was mainly due to the fact that one new bond was issued in fiscal year 2014 versus the issuance of three new bonds and two refunding bonds in fiscal year 2013. Even though fewer bonds were issued in fiscal year 2014, it is important to mention the \$53,390,000 2013 Series C issue exceeded the \$17,655,000 2012 Series B issue by \$35,735,000. There were 14 loans in 2013 Series C versus 7 loans in 2012 Series B and the loan amounts were \$48,225,000 and \$16,115,000, respectively. Both series were issued at the same time of year.

#### **Requests for Information**

This financial report is designed to provide a general overview of the Bond Bank's financial statements for all those with an interest in its finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to the Executive Director, New Hampshire Municipal Bond Bank, 25 Triangle Park Drive, Suite 102, Concord, New Hampshire 03301.



**NEW HAMPSHIRE MUNICIPAL BOND BANK**

STATEMENTS OF NET POSITION

June 30, 2014

	Municipal Division				Total
	General Operating Fund Group	State Guaranteed Fund Group	Qualified School Construction Fund Group	Non-State Guaranteed Fund Group	
<b>ASSETS</b>					
Current assets:					
Cash (note 3)	\$ 107,130	\$ —	\$ 20	\$ —	\$ 107,150
Investments held by trustee, at fair value (note 3):					
Cash equivalents	331,762	3,278	—	11,657,357	11,992,397
Investments	4,220,943	—	—	—	4,220,943
Reserve Fund investments (note 4)	—	360,965	—	3,896,787	4,257,752
Loans receivable from governmental units (note 4)	—	435,058	2,945,000	67,336,000	70,716,058
Accrued investment income receivable	4,399	—	—	770,774	775,173
Accrued interest receivable from governmental units	—	203,513	608,290	12,787,783	13,599,586
Unamortized bond insurance costs	—	—	—	64,007	64,007
Other current assets	<u>11,459</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>11,459</u>
Total current assets	<u>4,675,693</u>	<u>1,002,814</u>	<u>3,553,310</u>	<u>96,512,708</u>	<u>105,744,525</u>
Noncurrent assets:					
Reserve Fund investments held by trustee, at fair value (notes 3 and 4):					
Cash equivalents	—	—	—	3,793,903	3,793,903
Investments	—	416,727	—	80,677,211	81,093,938
Loans receivable from governmental units (note 4)	—	975,000	35,025,000	736,926,400	772,926,400
Unamortized bond insurance costs	—	—	—	856,466	856,466
Total noncurrent assets	<u>—</u>	<u>1,391,727</u>	<u>35,025,000</u>	<u>822,253,980</u>	<u>858,670,707</u>
Total assets	<u>4,675,693</u>	<u>2,394,541</u>	<u>38,578,310</u>	<u>918,766,688</u>	<u>964,415,232</u>
<b>DEFERRED OUTFLOWS OF RESOURCES (NOTES 2 AND 6)</b>					
Unamortized rebates to governmental units	—	75,251	—	1,813,931	1,889,182
Unamortized deferred loss on refundings	—	41,713	—	18,384,536	18,426,249
Total deferred outflows of resources	<u>—</u>	<u>116,964</u>	<u>—</u>	<u>20,198,467</u>	<u>20,315,431</u>

<u>LIABILITIES AND NET POSITION</u>	<u>Municipal Division</u>				<u>Total</u>
	<u>General Operating Fund Group</u>	<u>State Guaranteed Fund Group</u>	<u>Qualified School Construction Fund Group</u>	<u>Non-State Guaranteed Fund Group</u>	
Current liabilities:					
Accounts payable and accrued liabilities	\$ 22,466	\$ —	\$ —	\$ 29,479	\$ 51,945
Accrued interest payable	—	204,635	608,290	14,876,018	15,688,943
Accrued interest rebate payable to U.S. Government	—	20,457	—	236,315	256,772
Bonds payable (note 4)	—	<u>754,378</u>	<u>2,945,000</u>	<u>74,397,456</u>	<u>78,096,834</u>
Total current liabilities	<u>22,466</u>	<u>979,470</u>	<u>3,553,290</u>	<u>89,539,268</u>	<u>94,094,494</u>
Noncurrent liabilities:					
Accrued interest rebate payable to U.S. Government	—	28,614	—	24,912	53,526
Bonds payable (note 4)	—	<u>1,262,949</u>	<u>35,025,000</u>	<u>836,134,917</u>	<u>872,422,866</u>
Total noncurrent liabilities	—	<u>1,291,563</u>	<u>35,025,000</u>	<u>836,159,829</u>	<u>872,476,392</u>
Total liabilities	<u>22,466</u>	<u>2,271,033</u>	<u>38,578,290</u>	<u>925,699,097</u>	<u>966,570,886</u>
Total net position	<u>\$4,653,227</u>	<u>\$ 240,472</u>	<u>\$ 20</u>	<u>\$ 13,266,058</u>	<u>\$ 18,159,777</u>

See accompanying notes to the financial statements.

**NEW HAMPSHIRE MUNICIPAL BOND BANK**

**STATEMENTS OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION**

For the Year Ended June 30, 2014

	Municipal Division				<u>Total</u>
	<u>General Operating Fund Group</u>	<u>State Guaranteed Fund Group</u>	<u>Qualified School Construction Fund Group</u>	<u>Non-State Guaranteed Fund Group</u>	
Operating revenues:					
Interest on loans receivable from governmental units	\$ -	\$ 232,322	\$ 2,078,771	\$ 36,604,480	\$ 38,915,573
Interest income from investments	60,767	25,247	20	3,751,143	3,837,177
Net increase (decrease) in the fair value of investments	29,108	(41,106)	-	(725,687)	(737,685)
Other income	<u>182,084</u>	<u>-</u>	<u>-</u>	<u>5</u>	<u>182,089</u>
Total operating revenues	271,959	216,463	2,078,791	39,629,941	42,197,154
Operating expenses:					
Interest expense	-	301,001	2,078,771	37,765,556	40,145,328
Operating expenses	393,274	-	-	-	393,274
Other expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>308,792</u>	<u>308,792</u>
Total operating expenses	<u>393,274</u>	<u>301,001</u>	<u>2,078,771</u>	<u>38,074,348</u>	<u>40,847,394</u>
Operating (loss) income before operating transfers	(121,315)	(84,538)	20	1,555,593	1,349,760
Operating transfers in (out) (note 1)	<u>20,839</u>	<u>(20,810)</u>	<u>(29)</u>	<u>-</u>	<u>-</u>
Operating (loss) income	(100,476)	(105,348)	(9)	1,555,593	1,349,760
Net position, beginning of year as previously reported	4,753,703	403,334	29	19,824,326	24,981,392
Effect of change in accounting principle on beginning of year net position (note 6)	<u>-</u>	<u>(57,514)</u>	<u>-</u>	<u>(8,113,861)</u>	<u>(8,171,375)</u>
Net position, beginning of year, as restated	<u>4,753,703</u>	<u>345,820</u>	<u>29</u>	<u>11,710,465</u>	<u>16,810,017</u>
Net position, end of year	<u>\$ 4,653,227</u>	<u>\$ 240,472</u>	<u>\$ 20</u>	<u>\$ 13,266,058</u>	<u>\$ 18,159,777</u>

See accompanying notes to the financial statements.

**NEW HAMPSHIRE MUNICIPAL BOND BANK**

**STATEMENTS OF CASH FLOWS**

For the Year Ended June 30, 2014

	Municipal Division				<u>Total</u>
	General Operating Fund Group	State Guaranteed Fund Group	Qualified School Construction Fund Group	Non-State Guaranteed Fund Group	
Operating activities:					
Cash received from govern- mental units	\$ -	\$ 1,044,053	\$ 5,070,951	\$ 104,588,826	\$ 110,703,830
Cash payments to govern- mental units	-	-	-	(48,225,000)	(48,225,000)
Cash received (paid) from other income	182,084	-	-	(41,916)	140,168
Cash paid for operating expenses	(371,493)	-	-	-	(371,493)
Cash payments for bond insurance costs	-	-	-	(308,792)	(308,792)
Cash paid for other assets	(8,933)	-	-	-	(8,933)
Cash received from (paid to) other funds	<u>20,839</u>	<u>(20,810)</u>	<u>(29)</u>	<u>-</u>	<u>-</u>
Net cash (used) provided by operating activities	(177,503)	1,023,243	5,070,922	56,013,118	61,929,780
Investing activities:					
Purchases of investments	(4,200,000)	-	-	(6,434,393)	(10,634,393)
Proceeds from sale and maturities of investments	447,435	378,071	-	21,276,030	22,101,536
Interest received on investments	57,286	48,663	20	4,031,389	4,137,358
Interest rebate paid to U.S. Government	<u>-</u>	<u>(224,189)</u>	<u>-</u>	<u>(88,121)</u>	<u>(312,310)</u>
Net cash (used) provided by investing activities	(3,695,279)	202,545	20	18,784,905	15,292,191
Noncapital financing activities:					
Proceeds from bonds payable	-	-	-	55,001,077	55,001,077
Principal paid on bonds payable	-	(1,079,793)	(2,945,000)	(87,145,000)	(91,169,793)
Interest paid on bonds payable	<u>-</u>	<u>(288,644)</u>	<u>(2,125,951)</u>	<u>(39,367,553)</u>	<u>(41,782,148)</u>
Net cash used by noncapital financing activities	<u>-</u>	<u>(1,368,437)</u>	<u>(5,070,951)</u>	<u>(71,511,476)</u>	<u>(77,950,864)</u>
(Decrease) increase in cash and cash equivalents	(3,872,782)	(142,649)	(9)	3,286,547	(728,893)
Cash and cash equivalents, beginning of year	<u>4,311,674</u>	<u>145,927</u>	<u>29</u>	<u>12,164,713</u>	<u>16,622,343</u>
Cash and cash equivalents, end of year	\$ <u>438,892</u>	\$ <u>3,278</u>	\$ <u>20</u>	\$ <u>15,451,260</u>	\$ <u>15,893,450</u>

**NEW HAMPSHIRE MUNICIPAL BOND BANK**

**STATEMENTS OF CASH FLOWS (CONTINUED)**

For the Year Ended June 30, 2014

	Municipal Division				Total
	General Operating Fund Group	State Guaranteed Fund Group	Qualified School Construction Fund Group	Non-State Guaranteed Fund Group	
Statement of net position classification:					
Cash	\$ 107,130	\$ -	\$ 20	\$ -	\$ 107,150
Cash equivalents – investments held by trustee	331,762	3,278	-	11,657,357	11,992,397
Cash equivalents – reserve fund investments held by trustee	-	-	-	<u>3,793,903</u>	<u>3,793,903</u>
	<u>\$ 438,892</u>	<u>\$ 3,278</u>	<u>\$ 20</u>	<u>\$ 15,451,260</u>	<u>\$ 15,893,450</u>
Reconciliation of operating (loss) income to net cash (used) provided by operating activities:					
Operating (loss) income	\$ (100,476)	\$ (105,348)	\$ (9)	\$ 1,555,593	\$ 1,349,760
Adjustments to reconcile operating (loss) income to net cash (used) provided by operating activities:					
Interest income from investments	(60,767)	(25,247)	(20)	(3,751,143)	(3,837,177)
Net decrease (increase) in the fair value of investments	(29,108)	41,106	-	725,687	737,685
Amortization of rebates to governmental units	-	42,028	-	399,489	441,517
Interest expense on bonds payable	-	301,001	2,078,771	37,765,556	40,145,328
Change in assets and liabilities:					
Loans receivable from governmental units	-	759,793	2,945,000	18,147,060	21,851,853
Accrued interest receivable from governmental units	-	9,910	47,180	1,212,797	1,269,887
Other assets	(8,933)	-	-	-	(8,933)
Accounts payable and accrued liabilities	<u>21,781</u>	<u>-</u>	<u>-</u>	<u>(41,921)</u>	<u>(20,140)</u>
Net cash (used) provided by operating activities	<u>\$ (177,503)</u>	<u>\$ 1,023,243</u>	<u>\$ 5,070,922</u>	<u>\$ 56,013,118</u>	<u>\$ 61,929,780</u>

See accompanying notes to the financial statements.

# NEW HAMPSHIRE MUNICIPAL BOND BANK

## NOTES TO FINANCIAL STATEMENTS

June 30, 2014

### 1. Organization

The New Hampshire Municipal Bond Bank (Bond Bank) was created in 1977 by Chapter 35-A (Act) of the State of New Hampshire (State) Revised Statutes Annotated. The Bond Bank is an instrumentality of the State, but is not a State agency and has no taxing authority. The Bond Bank has separate corporate and sovereign capacity and its board of directors is composed of the State Treasurer (who serves as director ex officio) and four directors appointed by the Governor and Executive Council. The Bond Bank has no oversight authority over any other entity.

Under the Act, the Bond Bank is empowered to issue its bonds to make funds available to governmental units having the power to levy taxes (county, city, town, school district, village district or other body corporate and politic), through the purchase by the Bond Bank of their municipal bonds. The governmental units enter into loan agreements with the Bond Bank pursuant to which they issue municipal bonds. Accordingly, the Bond Bank enables governmental units to issue debt at a lower cost of borrowing and on more favorable terms than would be possible by financing on their own. As discussed below, the Act was amended in 1982 to establish the Educational Institutions Division.

To achieve its purpose, the Bond Bank operates the following divisions and programs:

#### General

**General Operating Fund Group** consists of the operating revenues and expenses incurred by the Bond Bank in administering the resolutions under which it is operating. The resolutions have been grouped into two categories, the Municipal Division and the Educational Institution Division. The General Operating Fund Group was created in July 2011 through transfers from the State Guaranteed Fund Group and the Qualified School Construction Fund Group. No State appropriations are made to the Bond Bank. Fees and charges are received by the Bond Bank for the use of its services or facilities. These fees and charges, along with income from investments, provide for the annual operating costs of the Bond Bank. Prior to the formation of the General Operating Fund Group, the Bond Bank's operating revenues and expenses were included in the revenues and expenses of the State Guaranteed Fund Group, Non-State Guaranteed Fund Group and Coe-Brown Northwood Academy Fund Group.

#### Municipal Division

**State Guaranteed** bonds issued are not a debt of the State of New Hampshire, and the State is not liable on such bonds. However, the municipal bonds issued through the Bond Bank are guaranteed as to payment of principal and interest by a pledge of the full faith and credit of the State of New Hampshire. The Bond Bank has issued bonds for its State Guaranteed program pursuant to a General Resolution adopted on July 19, 1979, as amended from time to time (the "1979 Resolution").

**Qualified School Construction** bonds issued are not a debt of the State of New Hampshire, and the State is not liable on such bonds. However, the municipal bonds issued through the Bond Bank are guaranteed as to 75 percent of principal and interest by a pledge of the full faith and credit of the State of New Hampshire. The Bond Bank has issued bonds for its Qualified School Construction program pursuant to a General Resolution adopted on June 2, 2010 (the QSCB Resolution).

**Non-State Guaranteed** bonds issued are not a debt of the State of New Hampshire, and the State is not liable on such bonds.

**NEW HAMPSHIRE MUNICIPAL BOND BANK**

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

**1. Organization (Continued)**

Since its inception, the Bond Bank has issued bonds for its Non-State Guaranteed program pursuant to a General Resolution adopted on December 1, 1978, as amended from time to time (the 1978 Resolution). On July 14, 2005, the Bond Bank adopted a new General Resolution (the 2005 Resolution). While substantially similar to the 1978 Resolution, the 2005 Resolution contains a number of improvements, including a flexible reserve fund sizing requirement, some changes in permitted investments, the ability to meet its reserve fund requirement with surety bond policies and other credit facilities, and a streamlined approach to calling bonds for early redemption. The adoption of the 2005 Resolution has not resulted in any substantive change to the Bond Bank’s overall program. Total assets and liabilities of the 2005 Resolution, which are reported under the Non-State Guaranteed Fund Group, were approximately \$214,410,000 at June 30, 2014, consisting primarily of loans to governmental units and bonds payable.

Bonds issued under the 2005 Resolution are separately secured from all other bonds of the Bond Bank, including those issued under the 1978 Resolution. Bonds issued under the 2005 Resolution (through 2008) have met the reserve fund requirements through the purchase of surety bond policies. Providers of these policies have been downgraded since their purchase, and in the case of one provider the ratings have been withdrawn. The table below summarizes the surety policies purchased by the Bond Bank:

<u>Surety Provider</u>	<u>Amount of Surety Policies</u>	<u>Ratings as of June 30, 2014</u>		
		<u>Moody’s</u>	<u>S&amp;P</u>	<u>Fitch</u>
Assured Guaranty Municipal National Public Finance Guaranty Corporation	\$3,420,269	A2	AA	Withdrawn
FGIC*	8,247,430	A3	AA-	Withdrawn
	6,782,925	Withdrawn	Withdrawn	Withdrawn

\* Policies carried by FGIC are reinsured by National Public Finance Guaranty Corporation

**2. Significant Accounting Policies**

*Proprietary Fund Accounting*

The Bond Bank is accounted for as an Enterprise Fund. An Enterprise Fund is used to account for an operation where periodic determination, on an accrual basis, of revenues earned, expenses incurred and net income is appropriate. Accordingly, the Bond Bank recognizes revenues in the period earned and expenses in the period incurred (i.e. the accrual basis of accounting).

As discussed below, the Bond Bank complies with Governmental Accounting Standards Board (GASB) statements codified under GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* (GASB 62).

# NEW HAMPSHIRE MUNICIPAL BOND BANK

## NOTES TO FINANCIAL STATEMENTS

June 30, 2014

### 2. Significant Accounting Policies (Continued)

The financial statements are prepared in accordance with GASB Statements No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, No. 37, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus – an amendment of GASB Statement No. 21 and No. 34 and No. 38, Certain Financial Statement Note Disclosures*.

#### Federal Income Taxes

It is the opinion of management that the Bond Bank is exempt from federal income taxes under Internal Revenue Code (IRC) Section 115, and that the Bond Bank has maintained its tax-exempt status and has no uncertain tax positions that require adjustment or disclosure in these financial statements. However, the Bond Bank is subject to the arbitrage rebate requirements of Section 148 of the IRC. Section 148 requires that any arbitrage profit earned on the proceeds of tax-exempt bonds issued after 1985 must be rebated to the federal government at least once every five years, with the balance rebated no later than 60 days after the retirement of the bonds.

Arbitrage rebate expense, which is presented as a reduction in the amount of interest income from investments, for the year ended June 30, 2014 was approximately \$122,000 in total for the State Guaranteed and Non-State Guaranteed Fund Groups.

#### Cash and Cash Equivalents

The Bond Bank considers all checking and savings deposits and highly liquid investments with original maturities of three months or less to be cash equivalents.

#### Investments

Investments are carried at fair value. Changes in fair value are recorded as net increase or decrease in the fair value of investments on the statements of revenues, expenses and changes in net position. Interest earnings on principal-only strips within the State Guaranteed and Non-State Guaranteed Fund Groups have been recorded as interest income from investments. Reserve fund investments that are not expected to be utilized to fund bond principal and interest payments until after June 30, 2015 have been classified as long-term.

#### Bond Discounts, Premiums and Issuance Costs

Costs associated with issuing debt, which are generally paid by means of fees collected from governmental units, are expensed in the year incurred. However, bond insurance costs and original issue discounts or premiums associated with bond issues are deferred and are being amortized to interest expense over the life of the bond issues using the straight-line method. For each refunding, bond discounts (premiums) are presented as a reduction of (increase to) the face amount of bonds payable (note 4), whereas insurance costs are recorded as deferred charges included in unamortized bond insurance costs.



# NEW HAMPSHIRE MUNICIPAL BOND BANK

## NOTES TO FINANCIAL STATEMENTS

June 30, 2014

### 2. Significant Accounting Policies (Continued)

#### Advanced Refundings

All advanced refundings completed subsequent to July 1, 1993 within the Bond Bank's municipal division are accounted for in accordance with the provisions of GASB Statement No. 23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities*. Under GASB Statement No. 23, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense over the remaining life of the old debt, or the life of the new debt, whichever is shorter, using the straight-line method. The unamortized portion of the deferred amount is reported as a deferred outflow of resources. Amortization for the year ended June 30, 2014 was approximately \$58,000 and \$2,168,000 for the State Guaranteed and Non-State Guaranteed Fund Groups, respectively.

The gains, losses and economic benefits of advance refundings completed within the Educational Institution Division inure to the respective institution and not the Bond Bank. The Board of Directors determines what percentage, if any, of the gains, losses and economic benefits of advanced refunding within the Municipal Divisions gets passed on to the respective governmental units. The refunding benefits rebated to governmental units are deferred and amortized over the life of the refunded bonds (which is equivalent to the life of the loans receivable) using a method which approximates the effective interest method.

#### Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Bond Bank to make estimates and assumptions that affect the amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### Total Columns

The "total" columns contain the totals of the similar accounts of the various funds. Since the assets of the funds are restricted, the combination of the accounts, including assets therein, is for convenience only and does not indicate that the combined assets are available in any manner other than that provided for in the separate funds.

#### Recently Issued Accounting Pronouncements

In April 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities* (GASB 65). The objective of this statement is to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources. GASB 65 requires that bond issuance costs be immediately expensed in the period incurred, and for certain items requires the reclassification of amounts previously reported as assets and liabilities to deferred outflows of resources or deferred inflows of resources or to expenses or revenues. The impact of adoption of this statement is described in note 6.

# NEW HAMPSHIRE MUNICIPAL BOND BANK

## NOTES TO FINANCIAL STATEMENTS

June 30, 2014

### 2. Significant Accounting Policies (Continued)

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*, which was amended by Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These statements establish standards for reporting a pension asset or liability on the statement of net position for a defined benefit plan that is based on the fiduciary plan net position, rather than plan funding. The employer's annual pension expense will no longer be connected to the funding of the plan. This will result in pension expense being different from the actuarially determined annual required contributions. The provisions of these statements are effective for periods beginning after June 15, 2014. Management is currently evaluating the impact these statements will have on the Bond Bank's financial statements.

### 3. Cash, Cash Equivalents and Investments

Cash includes funds held in interest bearing demand deposit and savings accounts, which, at times, may exceed amounts guaranteed by the Federal Deposit Insurance Corporation. The Bond Bank has not experienced any losses in such accounts and management believes the Bond Bank is not exposed to any significant risk of loss on cash.

Investments held by trustee and Reserve Fund investments held by trustee consist primarily of U.S. Treasury obligations, U.S. Government-sponsored enterprises, New Hampshire government obligations, and shares of money market funds which invest in U.S. Government and Government Agency obligations. All investments are held by a trustee in the Bond Bank's name. In addition to the above, the Bond Bank's internal investment policies allow operating investments to include fixed-income mutual funds which hold diversified portfolios in investment-grade debt securities.

The Act and each of the Municipal Division's general bond resolutions under the State Guaranteed Fund Group and the Non-State Guaranteed Fund Group require the establishment of a debt service reserve fund. These resolutions are secured separately from all other general bond resolutions of the Bond Bank. Amounts on deposit in the debt service reserve fund of each of these resolutions are held by the trustee under each of such general bond resolutions. Investment earnings on amounts held in each respective debt service reserve fund are restricted to the payment of debt service on bonds of the Bond Bank issued pursuant to each respective general bond resolution for the purpose of funding each respective debt service reserve fund. Each of these resolutions pledges its debt service reserve fund to the payment of debt service in the event of a governmental unit payment default.

The 1978 and 1979 Resolutions require their respective debt service funds be sized to meet the maximum amount of maturing municipal bond debt service in any calendar year. The 2005 Resolution requires that for each issue of bonds, the reserve fund requirement shall equal the lesser of (i) 10% of the aggregate original net proceeds of such Series of Bonds, (ii) 125% of the average annual aggregate Debt Service on such Bonds, or (iii) the maximum aggregate amount of Debt Service due on such Bonds in any succeeding bond year. This requirement is subject to change by an amendment to the 2005 Resolution under certain circumstances, but only once 100 loans have been made by the Bank under the 2005 Resolution. At June 30, 2014, the Bank had made 74 loans under the 2005 Resolution.

**NEW HAMPSHIRE MUNICIPAL BOND BANK**

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

**3. Cash, Cash Equivalents and Investments (Continued)**

As permitted by the bond resolution, any funds not required for loans to government units or deposit to reserve funds, may be held by the Bond Bank as unrestricted investments. These amounts are classified as investments within the General Operating Fund Group.

Reserve Fund investments and investments held by trustee must be invested in any of the following obligations; (a) direct obligations of the United States of America or direct obligations of the State or obligations for which the faith and credit of the United States of America or the State is pledged to provide for the payment of the principal and interest, (b) any bond, debenture, note, participation or other similar obligation issued by the Federal National Mortgage Association, and (c) any other obligation of the United States of America or any Federal agencies which may then be purchased with funds belonging to the State or held in the State Treasury.

Investments of the Bond Bank consist of short-term money market funds that are 100% collateralized by government securities and investments in U.S. Treasury and U.S. Government sponsored enterprise securities. At June 30, 2014, investments are categorized as follows:

	<u>Fair Value</u>
<u>General Operating Fund Group</u>	
Investments held by trustee:	
Cash equivalents	\$ <u>331,762</u>
Operating investments:	
Fixed income – mutual funds	\$ <u>4,220,943</u>
<u>State Guaranteed Fund Group</u>	
Investments held by trustee:	
Cash equivalents	\$ <u>3,278</u>
Reserve fund investments held by trustee:	
U.S. Treasury strips	\$ <u>777,692</u>
<u>Non-State Guaranteed Fund Group</u>	
Investments held by trustee:	
Cash equivalents	\$ <u>11,657,357</u>
Reserve fund investments held by trustee:	
Cash equivalents	\$ 3,793,903
U.S. Government obligations	34,920,652
U.S. Treasury strips	19,033,508
U.S. Government-sponsored enterprises strips <sup>(1)</sup>	14,597,534
N.H. G.O. capital improvement bonds	<u>16,022,304</u>
	<b><u>\$88,367,901</u></b>

<sup>(1)</sup> Includes FHLMC, FHLB, FNMA and REFCORP.

**NEW HAMPSHIRE MUNICIPAL BOND BANK**

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

**3. Cash, Cash Equivalents and Investments (Continued)**

As a means of limiting its exposure to fair value losses arising from rising interest rates, the Bond Bank's investment policy provides that investment maturities be closely matched with future bond principal and interest requirements, which are the primary use of invested assets. The Bond Bank's general practice has been to hold all debt securities to their maturity, at which point the funds are needed to make required bond principal and interest payments for the respective resolutions. The following table provides information on future maturities of the Bond Bank's investments as of June 30, 2014:

	<u>Fair Value</u>	<u>Less than One Year</u>	<u>One to Five Years</u>	<u>Six to Ten Years</u>	<u>More than Ten Years</u>
<u>General Operating Fund Group</u>					
Fixed income – mutual funds	\$ 4,220,943	\$ 4,220,943	\$ —	\$ —	\$ —
	<u>\$ 4,220,943</u>	<u>\$ 4,220,943</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
<u>State Guaranteed Fund Group</u>					
U.S. Treasury strips	\$ 777,692	\$ 360,965	\$ 416,727	\$ —	\$ —
	<u>\$ 777,692</u>	<u>\$ 360,965</u>	<u>\$ 416,727</u>	<u>\$ —</u>	<u>\$ —</u>
<u>Non-State Guaranteed Fund Group</u>					
U.S. Government obligations	\$34,920,652	\$ 554,477	\$ 3,003,248	\$11,272,949	\$20,089,978
U.S. Treasury strips	19,033,508	2,258,434	8,655,159	8,119,915	—
U.S. Government-sponsored enterprises strips	14,597,534	1,083,876	3,637,546	6,714,112	3,162,000
N.H. G.O. capital improvement bonds	<u>16,022,304</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>16,022,304</u>
	<u>\$84,573,998</u>	<u>\$3,896,787</u>	<u>\$15,295,953</u>	<u>\$26,106,976</u>	<u>\$39,274,282</u>

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Bond Bank will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Bond Bank's investments are held by People's United Bank, a state-chartered and publicly traded commercial bank. Management of the Bond Bank is not aware of any issues with respect to custodial credit risk at People's United Bank at June 30, 2014.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the Bond Bank. The Bond Bank's investment policy limits its investments to those with high credit quality such as U.S. Treasury Obligations and U.S. Government-sponsored enterprises.

NEW HAMPSHIRE MUNICIPAL BOND BANK

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

3. Cash, Cash Equivalents and Investments (Continued)

Obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government are considered to have minimal credit risk.

At June 30, 2014, the Bond Bank is invested in the State of New Hampshire's general obligation capital improvement bonds within the Non-State Guaranteed Fund Group.

The Bond Bank has invested some of its long-term funds in U.S. Treasury and U.S. Government-sponsored enterprises principal-only strips in order to maximize yields coincident with cash needs for operations, debt service, and arbitrage. These securities are similar to zero coupon bonds which are purchased deeply discounted, with the Bond Bank receiving its only repayment stream at maturity; therefore, they are sensitive to interest rate changes. These securities are reported at fair value in the statement of net position. At June 30, 2014, the fair value of these investments is approximately \$778,000 and \$33,631,000 with the State Guaranteed and Non-State Guaranteed Fund Groups, respectively.

4. Bonds Payable

The carrying amount of bonds payable at June 30, 2014, by program, are as follows:

Municipal Division:

State Guaranteed	\$ 2,017,327
Qualified School Construction	37,970,000
Non-State Guaranteed	<u>910,532,373</u>
	<u>\$ 950,519,700</u>

Following is a comprehensive summary of bonds payable, with original interest rates, by program at June 30, 2014:

**Municipal Division – State Guaranteed**

Bonds payable consist of the following at June 30, 2014:

Series 1994 D Bonds, maturing August 15, 1995 to August 15, 2014, with interest ranging from 4.25% to 7.15%	\$ 65,058
Series 1994 E Bonds, maturing August 15, 2001 to August 15, 2014, with interest ranging from 5.25% to 6.25%	275,000
Series 2009 B Refunding Bonds, maturing August 15, 2009 to August 15, 2017 with interest ranging from 2.25% to 4.00%	<u>1,570,000</u>
	1,910,058
Net unamortized original issue premium	<u>107,269</u>
Bonds payable	2,017,327
Current portion	<u>754,378</u>
Noncurrent portion	<u>\$ 1,262,949</u>

**NEW HAMPSHIRE MUNICIPAL BOND BANK**

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

**4. Bonds Payable (Continued)**

The above bonds payable will mature as follows, with interest payable semiannually:

<u>Fiscal year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 720,058	\$258,886	\$ 978,944
2016	295,000	40,225	335,225
2017	285,000	30,100	315,100
2018	<u>610,000</u>	<u>12,200</u>	<u>622,200</u>
	<u>\$1,910,058</u>	<u>\$341,411</u>	<u>\$2,251,469</u>

**Municipal Division – Qualified School Construction Bond**

Bonds payable consist of the following at June 30, 2014:

Series 2010 C Bonds maturing September 15, 2011 to  
September 15, 2026 with interest at 5.39% \$37,970,000

Current portion 2,945,000

Noncurrent portion \$35,025,000

The above bonds payable will mature as follows, with interest payable semiannually:

<u>Fiscal year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 2,945,000	\$ 1,967,215	\$ 4,912,215
2016	2,940,000	1,808,615	4,748,615
2017	2,925,000	1,650,553	4,575,553
2018	2,925,000	1,492,895	4,417,895
2019	2,925,000	1,335,238	4,260,238
2020 – 2024	14,580,000	4,314,965	18,894,965
2025 – 2027	<u>8,730,000</u>	<u>705,821</u>	<u>9,435,821</u>
	<u>\$37,970,000</u>	<u>\$13,275,302</u>	<u>\$51,245,302</u>

**Municipal Division – Non-State Guaranteed**

Series 2003 D Bonds, maturing August 15, 2004 to August 15, 2023,  
with interest ranging from 2% to 5% \$ 7,000,000

Series 2004 A Refunding Bonds, maturing August 15, 2005 to August 15,  
2014, with interest ranging from 2% to 5% 5,615,000

**NEW HAMPSHIRE MUNICIPAL BOND BANK**

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

**4. Bonds Payable (Continued)**

**Municipal Division – Non-State Guaranteed (Continued)**

Series 2004 B Bonds, maturing August 15, 2005 to August 15, 2014 with interest ranging from 3% to 5%	\$ 4,755,000
Series 2004 C Bonds, maturing January 15, 2006 to January 15, 2015 with interest ranging from 3.75% to 5%	265,000
Series 2005 A Refunding Bonds, maturing August 15, 2009 to August 15, 2020 with interest ranging from 3% to 5%	27,885,000
Series 2005 B Bonds, maturing August 15, 2006 to August 15, 2015 with interest ranging from 4% to 5%	6,820,000
Series 2005 C Bonds, maturing March 15, 2006 to March 15, 2028 with interest ranging from 3% to 5%	15,705,000
Series 2005 D Bonds, maturing July 15, 2006 to July 15, 2029 with interest ranging from 3% to 5%	36,910,000
Series 2006 A Bonds, maturing August 15, 2007 to August 15, 2026 with interest ranging from 4% to 5%	35,230,000
Series 2006 B Bonds, maturing January 15, 2008 to January 15, 2027 with interest ranging from 4% to 5%	11,215,000
Series 2007 A Refunding Bonds, maturing August 15, 2008 to February 15, 2029 with interest ranging from 3.75% to 4.50%	36,450,000
Series 2007 B Bonds, maturing August 15, 2008 to August 15, 2036 with interest ranging from 4% to 5%	51,920,000
Series 2007 C Bonds, maturing January 15, 2009 to January 15, 2037 with interest ranging from 4.25% to 5.25%	7,395,000
Series 2008 A Bonds, maturing August 15, 2009 to August 15, 2037 with interest ranging from 4% to 5.25%	30,875,000
Series 2008 B Bonds, maturing January 15, 2010 to January 15, 2029 with interest ranging from 4.50% to 5.875%	7,800,000
Series 2009 A Refunding Bonds, maturing August 15, 2009 to February 15, 2026 with interest ranging from 2.50% to 4.25%	4,235,000
Series 2009 C Bonds, maturing August 15, 2010 to August 15, 2029 with interest ranging from 3.00% to 5.00%	17,200,000
Series 2009 D Bonds, maturing July 15, 2010 to July 15, 2039 with interest ranging from 2.50% to 5.50%	25,975,000
Series 2009 E Bonds, maturing January 15, 2011 to January 15, 2030 with interest ranging from 3.00% to 5.00%	23,665,000
Series 2010 A Refunding Bonds, maturing August 15, 2010 to August 15, 2022 with interest ranging from 2.00% to 5.00%	90,445,000
Series 2010 B Bonds, maturing August 15, 2011 to August 15, 2039 with interest ranging from 3.00% to 5.00%	95,685,000
Series 2010 D Bonds, maturing January 15, 2012 to January 15, 2031 with interest ranging from 3.00% to 5.00%	1,935,000
Series 2011 A Bonds, maturing August 15, 2011 to August 15, 2021 with interest ranging from 2.00% to 4.50%	6,695,000
Series 2011 B Bonds, maturing August 15, 2012 to August 15, 2031 with interest ranging from 2.00% to 4.00%	21,135,000
Series 2011 C Bonds, maturing January 1, 2012 to January 1, 2026 with interest ranging from 2.00% to 4.00%	6,715,000

**NEW HAMPSHIRE MUNICIPAL BOND BANK**

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

**4. Bonds Payable (Continued)**

**Municipal Division – Non-State Guaranteed (Continued)**

Series 2011 D Bonds, maturing February 15, 2012 to February 15, 2024 with interest ranging from 2.00% to 5.00%	\$ 43,225,000
Series 2011 E Bonds, maturing January 15, 2013 to January 15, 2041 with interest ranging from 3.00% to 5.00%	32,480,000
Series 2011 F Bonds, maturing from July 15, 2012 to July 15, 2021 with interest ranging from 2.00% to 4.00%	4,820,000
Series 2012 A Refunding Bonds, maturing August 15, 2012 to February 15, 2025 with interest ranging from 2.00% to 5.00%	43,980,000
Series 2012 B Bonds, maturing August 15, 2013 to August 15, 2032 with interest ranging from 2.00% to 5.00%	16,570,000
Series 2012 C Bonds, maturing February 15, 2013 to February 15, 2039 with interest ranging from 2.00% to 5.00%	35,705,000
Series 2012 D Bonds, maturing February 15, 2014 to February 15, 2033 with interest ranging from 2.00% to 5.00%	7,565,000
Series 2013 A Refunding Bonds, maturing August 15, 2018 to August 15, 2025 with interest ranging from 3.00% to 5.00%	29,090,000
Series 2013 B Refunding Bonds, maturing August 15, 2013 to February 15, 2020 with interest ranging from 0.25% to 2.10%	29,195,000
Series 2013 C Bonds, maturing August 15, 2014 to August 15, 2033 with interest ranging from 4.00% to 5.50%	<u>53,390,000</u>
	875,545,000
Net unamortized original issue premium on refundings	<u>34,987,373</u>
Bonds payable	910,532,373
Current portion	<u>74,397,456</u>
Noncurrent portion	<u>\$ 836,134,917</u>

The above bonds payable will mature as follows, with interest payable semiannually:

<u>Fiscal year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 71,095,000	\$ 37,063,718	\$ 108,158,718
2016	69,450,000	34,307,195	103,757,195
2017	69,300,000	31,584,833	100,884,833
2018	59,990,000	28,866,569	88,856,569
2019	59,680,000	26,264,766	85,944,766
2020 – 2024	277,955,000	93,755,920	371,710,920
2025 – 2029	146,470,000	43,494,134	189,964,134
2030 – 2034	71,060,000	20,018,555	91,078,555
2035 – 2039	35,215,000	7,846,713	43,061,713
2040 – 2041	<u>15,330,000</u>	<u>439,794</u>	<u>15,769,794</u>
	<u>\$ 875,545,000</u>	<u>\$ 323,642,197</u>	<u>\$ 1,199,187,197</u>



**NEW HAMPSHIRE MUNICIPAL BOND BANK**

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

**4. Bonds Payable (Continued)**

Some bonds contain provisions for prepayment at the Bond Bank's option. All bonds are secured by the payment stream of loans receivable from governmental units or institutions. The monies in the reserve funds shall be held and applied solely to the payment of the interest and principal of the reserve fund bonds as they become due and payable and for the retirement of the reserve fund bonds. In the event of a deficiency in an interest and/or principal payment from the governmental units or institutions, transfers can be made from the general reserve funds to cover the shortfall. If this transfer creates a deficiency in the required amount of the reserve funds, the State can annually appropriate and cover such deficiency through the moral obligation. Reserve funds of one division (as defined in note 1) cannot be used to cover deficiencies of another division.

In periods of declining interest rates, the Bond Bank has refunded certain bond obligations by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. The Bond Bank accounts for these transactions by removing the U.S. Treasury obligations and liabilities for the in-substance defeased bonds from its records, and records a deferred amount on refunding. As of June 30, 2014, defeased bonds payable by irrevocable trusts were approximately \$125,730,000.

The following summarizes bonds payable activity for the Bond Bank for the year ended June 30, 2014:

	<u>State</u> <u>Guaranteed</u> <u>Fund Group</u>	<u>Qualified</u> <u>School</u> <u>Construction</u> <u>Fund Group</u>	<u>Non-State</u> <u>Guaranteed</u> <u>Fund Group</u>
Balance, beginning of year, as restated – see note 6	\$ 3,131,440	\$40,915,000	\$ 946,090,381
Issuances	–	–	53,390,000
Redemptions	(1,079,793)	(2,945,000)	(87,145,000)
Capitalized premiums	–	–	1,611,077
Amortization of premiums	<u>(34,320)</u>	<u>–</u>	<u>(3,414,085)</u>
Balance, end of year	<u>\$ 2,017,327</u>	<u>\$37,970,000</u>	<u>\$ 910,532,373</u>

**5. Subsequent Events**

On July 17, 2014, the Bond Bank issued \$65,965,000 in Non-State Guaranteed Bonds. The issue included \$60,460,000 for loans to sixteen municipalities and \$5,235,000 issued as Reserve Fund Bonds. The coupon rate ranged from 3.00% to 5.00% with a True Interest Cost (TIC) of 2.95%.

**NEW HAMPSHIRE MUNICIPAL BOND BANK**

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

**6. Adoption of New Accounting Pronouncement**

As discussed in note 2, the Bond Bank adopted the provisions of GASB 65, *Items Previously Reported as Assets and Liabilities* as of July 1, 2013. Among other provisions, GASB 65 requires the immediate write-off of bond issuance costs, excluding costs related to bond insurance. Additionally, certain balance sheet items, including unamortized rebates to governmental units and unamortized deferred loss on refundings, are required to be presented as deferred outflows of resources. The provisions of GASB 65 are required to be applied retrospectively.

The net position of the Bond Bank's State Guaranteed and Non-State Guaranteed Fund Groups as of July 1, 2013 were restated to adopt the provisions of GASB 65. The following table summarizes the changes in the affected statement of position line items (total column amounts) as of the adoption of GASB 65 on July 1, 2013:

	As Previously <u>Reported</u>	Accounting <u>Change</u>	As <u>Restated</u>
Bond issuance costs	\$ 2,245,436	\$(1,247,313)	\$ 998,123
Unamortized deferred loss on refunding	21,963,262	(1,311,681)	20,651,581
Bonds payable, excluding unamortized deferred loss on refunding	984,524,440	5,612,381	990,136,821
Total net position – July 1, 2013	24,981,392	(8,171,375)	16,810,017

**NEW HAMPSHIRE MUNICIPAL BOND BANK**  
**Proposed Form of Continuing Disclosure Certificate**

In connection with the issuance by the New Hampshire Municipal Bond Bank (the “Bank”) of its \$81,470,000 2015 Series A Refunding Bonds dated their date of delivery (the “Bonds”) and with reference to the continuing disclosure requirements of Rule 15c2-12 under the Securities and Exchange Act of 1934, as amended, and officially interpreted from time to time (the “Rule”), the Bank hereby covenants that it will engage in the undertakings described in Paragraphs 1, 2 and 3 herein for the benefit of the beneficial owners of the Bonds, subject to the conditions and limitations specified herein. The Bank reserves the right to incorporate by reference its Official Statement relating to the Bonds in any future disclosure provided hereunder.

1. Not later than 270 days after the end of each fiscal year of the Bank, the Bank will provide to the Municipal Securities Rulemaking Board (the “MSRB”):

a. financial information and operating data relating to the Bank and each obligated person with respect to the Bonds for the preceding fiscal year, of the type presented in the Official Statement regarding (i) revenues and expenditures relating to operating budgets, (ii) capital expenditures, (iii) fund balances, (iv) assessment or property tax information, as appropriate, (v) outstanding indebtedness and overlapping indebtedness, (vi) pension obligations and (vii) such other financial information, operating data and financial statements, including without limitation, unaudited financial statements, as may be required to comply with the Rule; and

b. promptly upon their public release, the audited financial statements of the Bank and any obligated person with respect to the Bonds for the most recently ended fiscal year, prepared in accordance with generally accepted accounting principles in the case of the Bank and in accordance with customary New Hampshire municipal finance accounting practices in the case of any obligated person with respect to the Bonds, to the extent any such audited financial statements have been commissioned and publicly released.

The Bank reserves the right to modify from time to time the specific types of information provided under subparagraph (a) above or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the Bank; provided that any such modification will be done in a manner consistent with the Rule.

2. The Bank will provide notice to the MSRB in a timely manner, not in excess of ten (10) business days after the occurrence of the event, of the occurrence of any of the following events with respect to the Bonds:

- a. Principal and interest payment delinquencies.
- b. Non-payment related defaults, if material.
- c. Unscheduled draws on debt service reserves reflecting financial difficulties.
- d. Unscheduled draws on credit enhancements reflecting financial difficulties.
- e. Substitution of credit or liquidity providers, or their failure to perform.
- f. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax-exempt status of the Bonds.
- g. Modifications to rights of the beneficial owners of the Bonds, if material.
- h. Bond calls, if material, and tender offers.

- i. Defeasance of the Bonds or any portion thereof.
- j. Release, substitution or sale of property securing repayment of the Bonds, if material.
- k. Rating changes.
- l. Bankruptcy, insolvency, receivership or similar event of the Bank.\*
- m. The consummation of a merger, consolidation, or acquisition involving the Bank or the sale of all or substantially all of the assets of the Bank, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- n. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

The Bank from time to time may choose to provide notice of the occurrence of certain other events, in addition to those listed above, if, in the judgment of the Bank, such other event is material with respect to the Bonds, but the Bank does not undertake to commit to provide any such notice of the occurrence of any event except those listed above.

3. The Bank will provide notice to the MSRB, in a timely manner not in excess of ten (10) business days after the occurrence of the event, of a failure to satisfy the requirements of Paragraph 1 herein. Filing information relating to the MSRB is set forth in Exhibit A hereto. Unless otherwise required by law, all notices, documents and information provided to the MSRB shall be provided in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

4. The intent of the Bank's undertaking in this Continuing Disclosure Certificate is to provide on a continuing basis the information described in the Rule. The provisions of the Continuing Disclosure Certificate may be amended by the Bank without the consent of, or notice to, any beneficial owners of the Bonds, (a) to comply with or conform to the provisions of the Rule or any amendments thereto or authoritative interpretations thereof by the Securities and Exchange Commission or its staff (whether required or optional), (b) to add a dissemination agent for the information required to be provided by such undertakings and to make any necessary or desirable provisions with respect thereto, (c) to add to the covenants of the Bank for the benefit of the beneficial owners of Bonds, (d) to modify the contents, presentation and format of the annual financial information from time to time as a result of a change in circumstances that arises from a change in legal requirements, or (e) to otherwise modify the undertakings to respond to the requirements of the Rule concerning continuing disclosure; provided, however, that in the case of any amendment pursuant to clause (d) or (e), (i) the undertaking, as amended, would have complied with the requirements of the Rule at the time of the offering of the Bonds, after taking into account any amendments or authoritative interpretations of the Rule, as well as any change in circumstances, and (ii) the amendment does not materially impair the interests of the beneficial owners of the Bonds, as determined either by a party unaffiliated with the Bank (such as bond counsel), or by the vote or consent of beneficial owners of a majority in outstanding principal amount of the Bonds affected thereby at or prior to the time of such amendment. Furthermore, to the extent that the Rule, as in effect from time to time, no longer requires the issuer of municipal securities to provide all or any portion of the information the Bank has agreed to provide pursuant to the Continuing Disclosure Certificate, the obligation of the Bank to provide such information also shall cease immediately.

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\* As noted in the Rule, this event is considered to occur when any of the following occur: (i) the appointment of a receiver, fiscal agent or similar officer for the Bank in a proceeding under the U.S. Bankruptcy Code or in any proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Bank, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or (ii) the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Bank.

5. The purpose of the Bank's undertaking is to conform to the requirements of the Rule and, except for creating the right on the part of the beneficial owners of the Bonds, from time to time, to specifically enforce the Bank's obligations hereunder, not to create new contractual or other rights for any registered owner or beneficial owner of the Bonds, any municipal securities broker or dealer, any potential purchaser of the Bonds, the Securities and Exchange Commission or any other person. The sole remedy in the event of any actual or alleged failure by the Bank to comply with any provision herein shall be an action for the specific performance of the Bank's obligations hereunder and not for money damages in any amount. Any failure by the Bank to comply with any provision of this undertaking shall not constitute an event of default with respect to the Bonds.

6. Any Governmental Unit obligated to pay, from time to time, 15 percent or more of the total outstanding debt service due on all bonds issued by the Bank under the 2005 Resolution shall be an obligated person with respect to the Bonds as long as such Governmental Unit remains obligated to pay at least 15 percent of all debt service for bonds issued pursuant to the 2005 Resolution. The loan agreement with each Governmental Unit provides that to the extent a Governmental Unit becomes an obligated person with respect to the Bonds, it agrees to provide the Bank with the information necessary to enable the Bank to comply with the rule as in effect from time to time. At the present time, no Governmental Units are obligated persons with respect to the Bonds.

7. Capitalized terms used herein and not otherwise defined shall have the meanings as set forth in the Official Statement of the Bank, dated February 26, 2015, prepared in connection with the Bonds.

8. The Executive Director of the Bank, or such official's designee from time to time, shall be the contact person on behalf of the Bank from whom the foregoing information, data and notices may be obtained. The name, address and telephone number of the initial contact person is Sheila M. St. Germain, Executive Director, New Hampshire Municipal Bond Bank, 25 Triangle Park Drive, Concord, New Hampshire 03301, Telephone (603) 271-2595.

NEW HAMPSHIRE MUNICIPAL BOND BANK

By: \_\_\_\_\_  
Sheila M. St. Germain  
Executive Director

Dated: \_\_\_\_\_, 2015

EXHIBIT A

Filing information for the Municipal Securities Rulemaking Board is as follows:

Municipal Securities Rulemaking Board

<http://emma.msrb.org>

**NEW HAMPSHIRE MUNICIPAL BOND BANK  
2015 SERIES A REFUNDING BONDS**

**Summary of Bonds Refunded**

Issue	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price	
2006 Series A						
	8/15/2017	5.000%	\$ 2,810,000	8/15/2016	100.00	%
	8/15/2018	4.500%	2,860,000	8/15/2016	100.00	
	8/15/2019	4.625%	2,920,000	8/15/2016	100.00	
	8/15/2020	4.625%	2,985,000	8/15/2016	100.00	
	8/15/2021	4.750%	3,045,000	8/15/2016	100.00	
	8/15/2022	4.750%	2,275,000	8/15/2016	100.00	
	8/15/2023	4.625%	2,345,000	8/15/2016	100.00	
	8/15/2024	4.700%	2,415,000	8/15/2016	100.00	
	8/15/2025	4.750%	2,480,000	8/15/2016	100.00	
	8/15/2026	4.750%	<u>2,570,000</u>	8/15/2016	100.00	
			26,705,000			
2006 Series B						
	1/15/2018	4.500%	825,000	1/15/2017	100.00	%
	1/15/2019	4.000%	830,000	1/15/2017	100.00	
	1/15/2020	4.500%	835,000	1/15/2017	100.00	
	1/15/2021	4.000%	840,000	1/15/2017	100.00	
	1/15/2022	4.500%	845,000	1/15/2017	100.00	
	1/15/2023	4.000%	855,000	1/15/2017	100.00	
	1/15/2024	4.125%	860,000	1/15/2017	100.00	
	1/15/2025	4.000%	860,000	1/15/2017	100.00	
	1/15/2026	4.000%	865,000	1/15/2017	100.00	
	1/15/2027	4.000%	<u>870,000</u>	1/15/2017	100.00	
			8,485,000			
2007 Series B						
	8/15/2018	5.000%	2,845,000	8/15/2017	100.00	%
	8/15/2019	5.000%	2,895,000	8/15/2017	100.00	
	8/15/2020	4.750%	2,925,000	8/15/2017	100.00	
	8/15/2021	4.750%	2,955,000	8/15/2017	100.00	
	8/15/2022	4.750%	3,000,000	8/15/2017	100.00	
	8/15/2023	4.750%	2,815,000	8/15/2017	100.00	
	8/15/2024	4.750%	2,865,000	8/15/2017	100.00	
	8/15/2025	4.750%	2,895,000	8/15/2017	100.00	
	8/15/2026	4.750%	2,940,000	8/15/2017	100.00	
	8/15/2027	4.750%	2,985,000	8/15/2017	100.00	
	8/15/2032	5.000%	5,385,000	8/15/2017	100.00	
	8/15/2036	5.000%	<u>5,395,000</u>	8/15/2017	100.00	
			39,900,000			
2007 Series C						
	1/15/2019	4.250%	435,000	1/15/2018	100.00	%
	1/15/2020	4.250%	440,000	1/15/2018	100.00	
	1/15/2021	4.250%	440,000	1/15/2018	100.00	
	1/15/2022	4.250%	440,000	1/15/2018	100.00	
	1/15/2023	4.250%	445,000	1/15/2018	100.00	
	1/15/2024	4.250%	445,000	1/15/2018	100.00	
	1/15/2025	4.250%	450,000	1/15/2018	100.00	
	1/15/2026	4.250%	455,000	1/15/2018	100.00	
	1/15/2027	4.250%	450,000	1/15/2018	100.00	
	1/15/2028	4.375%	450,000	1/15/2018	100.00	
	1/15/2029	4.375%	115,000	1/15/2018	100.00	
	1/15/2030	4.500%	120,000	1/15/2018	100.00	
	1/15/2032	4.500%	255,000	1/15/2018	100.00	
	1/15/2037	4.500%	<u>720,000</u>	1/15/2018	100.00	
		Total	\$ 5,660,000			
			<u>\$ 80,750,000</u>			

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