

COUNTY OF CARROLL

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To: County Commissioners & Treasurer
From: Fergus Cullen, CFO
Date: Jan 13, 2021
Re: MVNH Bond

BACKGROUND: In 2009, the Carroll County Convention voted to issue \$23.5 million in General Obligation Bonds to finance construction of the new Mountain View Nursing Home.

The bond sale occurred August 1, 2010. These were serial bonds: 20 separate bonds, one expiring every year for 20 years, from 2011 - 2030. Rates varied between 2.5 and 5 percent. The average rate was 3.51 percent. Principal payments are due Aug. 1 of each year, and semi-annual interest payments are due on Feb. 1 and Aug. 1. Total interest over the 20 years came to about \$9.1 million. Annual debt service (principal and interest) started at about \$2 million, declined to about \$1.66 million in 2020, and is scheduled to decline to about \$1.2 million in 2030. At the time of issue, Moodys gave the County its highest possible bond rating, Aa3. Carroll County had \$4.25 million debt remaining on the \$8 million jail project; this debt was retired in 2017. The county also had a small Rural Development bond it paid off early a couple years ago.

We are now 10.5 years into that original 20 year span. The bond issue was locked in for a period of 10 years, until August 1, 2020. Starting on that date, the county has the option of redeeming remaining bonds with no penalty. Redemptions can only take place two times a year, when interest payments are due: Feb. 1 and Aug. 1.

PROPOSAL: Rates in 2010 were historically low – but they have since fallen yet further. It now makes sense to consider redeeming our remaining bonds and issuing new bonds at lower rates.

The potential savings: Nearly \$850,000 over nine years (\$795,000 present value). The nominal average annual savings would be about \$94,000 starting in 2022.

Attached is a proposal prepared by Stephen Maceroni of PMF Financial Advisors, in consultation with Renelle L'Huillier, bond counsel with Devine Millimet. The County does not currently have a bond rating. In lieu of issuing a new bond through the state Bond Bank, Maceroni believes we could use a direct offering by a bank at a fixed rate. For purposes of discussion, and to be conservative, we have used 2 percent as the rate -- though it is possible we could obtain a yet lower rate. (It is also possible rates could rise by the time we issued a note.) The loan would be put out to bid. We would issue the debt in July, then buy out the existing bonds on August 1. So, for a period of 30 days or so, we would carry twice the debt and incur some additional interest. Fees for bond counsel, financial advisor etc are quoted at \$32,000.

LEGAL APPROVAL PROCESS:

- 1) Convention holds a duly-noticed public hearing
- 2) Convention votes, with 2/3rds majority, to approve the bond. This vote must take place within 14 days of the hearing and can happen the same day as the hearing.
- 3) Commission votes to approve the bond at a duly-noticed meeting.



CARROLL COUNTY
STATE OF NEW HAMPSHIRE
Finance Office



To: Commissioners
From: Fergus Cullen, CFO
Date: Jan 19, 2021
Re: NH Bond Bank

Commissioner Plache suggested I contact the NH Municipal Bond Bank to discuss our potential bond issues.

On January 19 I spoke with Tammy St. Gelais, executive director. I also read through information on their website.

In the January bond sale, rates for the 10- and 20-year bonds were .81% and 1.58% respectively.

They received 12 bids on the January issue.

Next bond issue is scheduled for July 13, 2021. Applications are due April 30.

The longest term available is effectively 29 years and 1 month (can't do more than 30 years).

Are counties eligible to use NHMBB? Yes

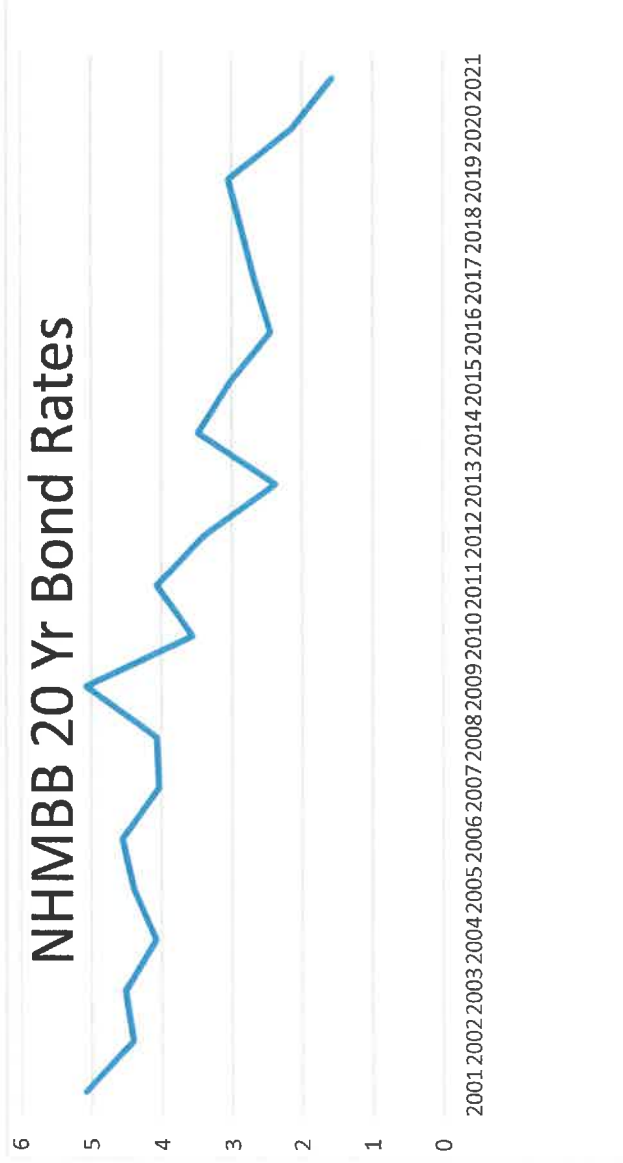
How many years of audits are needed? Three most recent (2017-2019), with expectation that 2020 is underway with an expected completion date

What if we don't have a current bond rating? Not needed if going through NHMBB. May be needed for a direct issue bank loan.

One advantage of a direct issue: A bank can quote us an interest rate today, while the NHMBB won't be sure what the rate will be until July. Interest rate risk works in two directions. Banks are more likely to allow pre-payment, though the bond bank does repurchase bonds when interest rates warrant such action.



Date	Rate
2001	5.08
2002	4.41
2003	4.52
2004	4.08
2005	4.4
2006	4.56
2007	4.04
2008	4.07
2009	5.07
2010	3.56
2011	4.07
2012	3.38
2013	2.38
2014	3.48
2015	3.03
2016	2.45
2017	2.67
2018	2.86
2019	3.05
2020	2.15
2021	1.58



For 20 yr bonds issued closest to January in each year
(varied from December - June)

Prepared by Fergus Cullen from NHMBB data,
<http://www.nhmbb.org/index.php/loan-program/history-of-municipal-interest-rates>



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SOURCES AND USES OF FUNDS

Carroll County, NH
Series 2021, Refunding of Series 2010 Scenario 3

Dated Date 07/01/2021
Delivery Date 07/01/2021

Sources:

Bond Proceeds:	
Par Amount	10,805,000.00

10,805,000.00

Uses:

Refunding Escrow Deposits:	
Cash Deposit	10,768,140.62
Delivery Date Expenses:	
Cost of Issuance	32,000.00
Other Uses of Funds:	
Additional Proceeds	4,859.38

10,805,000.00



BOND SUMMARY STATISTICS

Carroll County, NH
Series 2021, Refunding of Series 2010 Scenario 3

Dated Date	07/01/2021
Delivery Date	07/01/2021
Last Maturity	08/01/2030
Arbitrage Yield	1.999795%
True Interest Cost (TIC)	1.999795%
Net Interest Cost (NIC)	2.000000%
All-In TIC	2.063348%
Average Coupon	2.000000%
Average Life (years)	4.992
Duration of Issue (years)	4.716
Par Amount	10,805,000.00
Bond Proceeds	10,805,000.00
Total Interest	1,078,808.33
Net Interest	1,078,808.33
Total Debt Service	11,883,808.33
Maximum Annual Debt Service	1,489,108.33
Average Annual Debt Service	1,308,309.17
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	
Total Underwriter's Discount	
Bid Price	100.000000

Bond Component	Par Value	Price	Average Coupon	Average Life
Bond Component	10,805,000.00	100.000	2.000%	4.992
	10,805,000.00			4.992

	TIC	All-In TIC	Arbitrage Yield
Par Value	10,805,000.00	10,805,000.00	10,805,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount			
- Cost of Issuance Expense		-32,000.00	
- Other Amounts			
Target Value	10,805,000.00	10,773,000.00	10,805,000.00
Target Date	07/01/2021	07/01/2021	07/01/2021
Yield	1.999795%	2.063348%	1.999795%

BOND PRICING

Carroll County, NH
Series 2021, Refunding of Series 2010 Scenario 3

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Bond Component:					
	08/01/2022	1,255,000	2.000%	2.000%	100.000
	08/01/2023	1,250,000	2.000%	2.000%	100.000
	08/01/2024	1,235,000	2.000%	2.000%	100.000
	08/01/2025	1,225,000	2.000%	2.000%	100.000
	08/01/2026	1,205,000	2.000%	2.000%	100.000
	08/01/2027	1,190,000	2.000%	2.000%	100.000
	08/01/2028	1,170,000	2.000%	2.000%	100.000
	08/01/2029	1,150,000	2.000%	2.000%	100.000
	08/01/2030	1,125,000	2.000%	2.000%	100.000
		10,805,000			

Dated Date	07/01/2021		
Delivery Date	07/01/2021		
First Coupon	02/01/2022		
Par Amount	10,805,000.00		
Original Issue Discount			
Production	10,805,000.00	100.000000%	
Underwriter's Discount			
Purchase Price	10,805,000.00	100.000000%	
Accrued Interest			
Net Proceeds	10,805,000.00		

SAVINGS

Carroll County, NH
Series 2021, Refunding of Series 2010 Scenario 3

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 07/01/2021 @ 1.9997948%
12/31/2021	193,140.62		193,140.62	192,820.62
12/31/2022	1,561,281.24	1,489,108.33	72,172.91	71,290.19
12/31/2023	1,511,343.74	1,441,000.00	70,343.74	68,184.36
12/31/2024	1,474,625.00	1,401,000.00	73,625.00	69,871.89
12/31/2025	1,436,437.50	1,366,300.00	70,137.50	65,217.77
12/31/2026	1,396,781.24	1,321,800.00	74,981.24	68,242.12
12/31/2027	1,355,656.24	1,282,700.00	72,956.24	65,028.08
12/31/2028	1,313,062.50	1,238,900.00	74,162.50	64,712.97
12/31/2029	1,269,000.00	1,195,500.00	73,500.00	62,785.97
12/31/2030	1,222,000.00	1,147,500.00	74,500.00	62,283.47
	12,733,328.08	11,883,808.33	849,519.75	790,437.43

Savings Summary

PV of savings from cash flow	790,437.43
Plus: Refunding funds on hand	4,859.38
Net PV Savings	795,296.81

BOND DEBT SERVICE

Carroll County, NH
Series 2021, Refunding of Series 2010 Scenario 3

Dated Date 07/01/2021
Delivery Date 07/01/2021

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service	Bond Balance	Total Bond Value
07/01/2021						10,805,000	10,805,000
02/01/2022			126,058.33	126,058.33		10,805,000	10,805,000
08/01/2022	1,255,000	2.000%	108,050.00	1,363,050.00		9,550,000	9,550,000
12/31/2022					1,489,108.33	9,550,000	9,550,000
02/01/2023			95,500.00	95,500.00		9,550,000	9,550,000
08/01/2023	1,250,000	2.000%	95,500.00	1,345,500.00		8,300,000	8,300,000
12/31/2023					1,441,000.00	8,300,000	8,300,000
02/01/2024			83,000.00	83,000.00		8,300,000	8,300,000
08/01/2024	1,235,000	2.000%	83,000.00	1,318,000.00		7,065,000	7,065,000
12/31/2024					1,401,000.00	7,065,000	7,065,000
02/01/2025			70,650.00	70,650.00		7,065,000	7,065,000
08/01/2025	1,225,000	2.000%	70,650.00	1,295,650.00		5,840,000	5,840,000
12/31/2025					1,366,300.00	5,840,000	5,840,000
02/01/2026			58,400.00	58,400.00		5,840,000	5,840,000
08/01/2026	1,205,000	2.000%	58,400.00	1,263,400.00		4,635,000	4,635,000
12/31/2026					1,321,800.00	4,635,000	4,635,000
02/01/2027			46,350.00	46,350.00		4,635,000	4,635,000
08/01/2027	1,190,000	2.000%	46,350.00	1,236,350.00		3,445,000	3,445,000
12/31/2027					1,282,700.00	3,445,000	3,445,000
02/01/2028			34,450.00	34,450.00		3,445,000	3,445,000
08/01/2028	1,170,000	2.000%	34,450.00	1,204,450.00		2,275,000	2,275,000
12/31/2028					1,238,900.00	2,275,000	2,275,000
02/01/2029			22,750.00	22,750.00		2,275,000	2,275,000
08/01/2029	1,150,000	2.000%	22,750.00	1,172,750.00		1,125,000	1,125,000
12/31/2029					1,195,500.00	1,125,000	1,125,000
02/01/2030			11,250.00	11,250.00		1,125,000	1,125,000
08/01/2030	1,125,000	2.000%	11,250.00	1,136,250.00			
12/31/2030					1,147,500.00		
	10,805,000		1,078,808.33	11,883,808.33	11,883,808.33		

BOND DEBT SERVICE

Carroll County, NH
Series 2021, Refunding of Series 2010 Scenario 3

Dated Date 07/01/2021
Delivery Date 07/01/2021

Period Ending	Principal	Coupon	Interest	Debt Service	Bond Balance	Total Bond Value
12/31/2021					10,805,000	10,805,000
12/31/2022	1,255,000	2.000%	234,108.33	1,489,108.33	9,550,000	9,550,000
12/31/2023	1,250,000	2.000%	191,000.00	1,441,000.00	8,300,000	8,300,000
12/31/2024	1,235,000	2.000%	166,000.00	1,401,000.00	7,065,000	7,065,000
12/31/2025	1,225,000	2.000%	141,300.00	1,366,300.00	5,840,000	5,840,000
12/31/2026	1,205,000	2.000%	116,800.00	1,321,800.00	4,635,000	4,635,000
12/31/2027	1,190,000	2.000%	92,700.00	1,282,700.00	3,445,000	3,445,000
12/31/2028	1,170,000	2.000%	68,900.00	1,238,900.00	2,275,000	2,275,000
12/31/2029	1,150,000	2.000%	45,500.00	1,195,500.00	1,125,000	1,125,000
12/31/2030	1,125,000	2.000%	22,500.00	1,147,500.00		
	10,805,000		1,078,808.33	11,883,808.33		

SUMMARY OF REFUNDING RESULTS

Carroll County, NH
Series 2021, Refunding of Series 2010 Scenario 3

Dated Date	07/01/2021
Delivery Date	07/01/2021
Arbitrage yield	1.999795%
Escrow yield	0.000000%
Value of Negative Arbitrage	
Bond Par Amount	10,805,000.00
True Interest Cost	1.999795%
Net Interest Cost	2.000000%
Average Coupon	2.000000%
Average Life	4.992
Par amount of refunded bonds	10,575,000.00
Average coupon of refunded bonds	3.715619%
Average life of refunded bonds	5.083
PV of prior debt to 07/01/2021 @ 1.999795%	11,595,437.43
Net PV Savings	795,296.81
Percentage savings of refunded bonds	7.520537%
Percentage savings of refunding bonds	7.360452%

SUMMARY OF BONDS REFUNDED

Carroll County, NH
Series 2021, Refunding of Series 2010 Scenario 3

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
Series 2010 Scenario 2, 2010:					
	08/01/2022	4.250%	1,175,000.00	08/01/2021	100.000
	08/01/2023	3.125%	1,175,000.00	08/01/2021	100.000
	08/01/2024	3.250%	1,175,000.00	08/01/2021	100.000
	08/01/2025	3.375%	1,175,000.00	08/01/2021	100.000
	08/01/2026	3.500%	1,175,000.00	08/01/2021	100.000
	08/01/2027	3.625%	1,175,000.00	08/01/2021	100.000
	08/01/2028	3.750%	1,175,000.00	08/01/2021	100.000
	08/01/2029	4.000%	1,175,000.00	08/01/2021	100.000
	08/01/2030	4.000%	1,175,000.00	08/01/2021	100.000
			10,575,000.00		

PRIOR BOND DEBT SERVICE

Carroll County, NH
Series 2021, Refunding of Series 2010 Scenario 3

Period Ending	Principal	Coupon	Interest	Debt Service	Bond Balance	Total Bond Value
12/31/2021			193,140.62	193,140.62	10,575,000	10,575,000
12/31/2022	1,175,000	4.250%	386,281.24	1,561,281.24	9,400,000	9,400,000
12/31/2023	1,175,000	3.125%	336,343.74	1,511,343.74	8,225,000	8,225,000
12/31/2024	1,175,000	3.250%	299,625.00	1,474,625.00	7,050,000	7,050,000
12/31/2025	1,175,000	3.375%	261,437.50	1,436,437.50	5,875,000	5,875,000
12/31/2026	1,175,000	3.500%	221,781.24	1,396,781.24	4,700,000	4,700,000
12/31/2027	1,175,000	3.625%	180,656.24	1,355,656.24	3,525,000	3,525,000
12/31/2028	1,175,000	3.750%	138,062.50	1,313,062.50	2,350,000	2,350,000
12/31/2029	1,175,000	4.000%	94,000.00	1,269,000.00	1,175,000	1,175,000
12/31/2030	1,175,000	4.000%	47,000.00	1,222,000.00		
	10,575,000		2,158,328.08	12,733,328.08		

ESCROW STATISTICS

Carroll County, NH
Series 2021, Refunding of Series 2010 Scenario 3

Total Escrow Cost	Modified Duration (years)	Yield to Receipt Date	Yield to Disbursement Date	Perfect Escrow Cost	Value of Negative Arbitrage	Cost of Dead Time
Global Proceeds Escrow: 10,768,140.62				10,768,140.62		
10,768,140.62				10,768,140.62	0.00	0.00

Delivery date 07/01/2021
Arbitrage yield 1.999795%

ESCROW REQUIREMENTS

Carroll County, NH
Series 2021, Refunding of Series 2010 Scenario 3

Period Ending	Interest	Principal Redeemed	Total
08/01/2021	193,140.62	10,575,000.00	10,768,140.62
	193,140.62	10,575,000.00	10,768,140.62

ESCROW STATISTICS

Carroll County, NH
 Series 2021, Refunding of Series 2010 Scenario 3

Total Escrow Cost	Modified Duration (years)	Yield to Receipt Date	Yield to Disbursement Date	Perfect Escrow Cost	Value of Negative Arbitrage	Cost of Dead Time
Global Proceeds Escrow: 10,768,140.62				10,768,140.62		
10,768,140.62				10,768,140.62	0.00	0.00

Delivery date 07/01/2021
 Arbitrage yield 1.999795%

COST OF ISSUANCE

Carroll County, NH
Series 2021, Refunding of Series 2010 Scenario 3

Cost of Issuance	\$/1000	Amount
Bond Counsel	0.92550	9,000.00
FA	0.87922	9,500.00
Bank Counsel	0.69412	7,500.00
Redemption Fee	0.09255	1,000.00
Verification Fee	0.13882	1,500.00
Contingency	0.23137	2,500.00
	2.96159	32,000.00