

## MAINE HHEFA SERIES 2023A BONDS

### BACKGROUND

- Maine Health and Higher Educational Facilities Authority (“MHHEFA”) is an instrumentality of the state of Maine. The purpose of MHHEFA is to assist the State’s health care and higher educational institutions in the undertaking of projects involving the acquisition, construction, improvement, reconstruction, and equipping of facilities as well as the refinancing of existing indebtedness.
- The Series 2023A Bonds are supported by a Moral Obligation (“MO”) of the State and issued under the Reserve Fund Resolution, which calls for replenishment under the MO program, if needed. In addition, the Series 2023A Bonds are secured by loan repayments, a pledge of gross receipts, mortgage liens/negative pledges, and business covenants of the borrowers.
- The 2023A Bonds were insured by Assured Guaranty Municipal Corp. (“AGM”) having a rating of “A1” by Moody’s and “AA” by S&P. The Series 2023A Bonds underlying ratings are “A1/A+” by Moody’s and Fitch, respectively.
- The 2023A Bonds were a combination tax-exempt new money and tax-exempt refunding bonds. The bonds fund projects for Maine Maritime Academy, Fish River Rural Health and Lincoln Homes and refinance outstanding debt for St. Joseph’s College and Maine Veteran’s Home.
- The 2023A Bonds were also used to fund a Reserve fund, a Capitalized Interest fund and paid for the costs of issuance.

### SUCCESSFUL RESULTS

- MHHEFA’s 2023A Bonds attracted both retail and top institutional buyers as a result of the deal’s structure and credit enhancement, from AGM. Riding the momentum of a lower-than-anticipated CPI data release, investor demand generated \$791,740,000 in orders. Representing 415 orders during the initial order period.
- Treasuries, stocks and munis all saw a better bid after a weaker-than forecasted CPI report on Wednesday, July 12th, 2023. Treasuries were stronger by 12-14bps from 10 years and shorter with the 30-year end of the curve just 7bps stronger. The Dow and NASDAQ gained +.29% and 1.23%, respectively. Munis saw a positive bias out to 8 years, shifting the curve’s inflection point from 2031 to 2032.
- The Authority has built out and managed the MO program well over the past several years, this translated to both the lowest Bond Insurance premium since the reconstitution of the Bond Insurance Market and a strong market reception of the Authority’s paper. These factors allowed for considerably lower spreads than the Authority’s recent bond issues.
- The 2023A order period was conducted on Wednesday, 7/12. Oversubscription allowed for yields to be lowered in all maturities. After price bumps (yield reductions), the book stood firm with 368 orders for a total of \$599,570,000. Ultimately, Serial Bonds from 2024 thru 2043 were oversubscribed by 5.3x – 11.2x. Term Bond 2048 was 12.6x subscribed and Term Bond 2053 was 10.4x subscribed.
  - Serial Bonds from 2024 thru 2043 received price bumps between 6bps – 13bps and Term Bonds in 2048 and 2053 were bumped 17bps and 15bps, respectively.
  - Coupon structure remained constant during pricing day.
  - These bumps resulted in nearly a 12bps reduction in all-in TIC. MMD was cut only 2 basis points (2024-2031).
- Overall, MHHEFA’s 2023A Bonds yielded a positive result, having final allocations of 87% institutional and 13% retail investors with an All-in TIC of 4.304%.

**\$68,415,000**

**Series 2023A**

**(Tax-exempt)**

**Maine Health and Higher  
Educational Facilities Authority  
Revenue Bonds**

**MHHEFA**

Maine Health & Higher Educational Facilities Authority

*Raymond James served as  
Sole Managing Underwriter*

July 2023