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[Minibonds: Miles & Stockbridge](#)

The City of Cambridge, Massachusetts recently sold \$2,000,000 of community-sourced minibonds (the “Community Bonds”) to finance various capital projects, including school building renovations and street and sidewalk improvements. The Community Bonds are referred to as “minibonds” because (a) they were marketed only to residents of the City of Cambridge, (b) minimum denominations were lowered to \$1,000 from the customary \$5,000 and (c) individual orders were capped at \$20,000. The hope of such a sale is to engage residents and to make residents partners in infrastructure investments in the community. Such a sale required an additional publicity campaign in order to engage resident, including “Invest in Cambridge” pamphlets, bus signage and a sign in front of Cambridge City Hall. There were also additional administrative burdens and costs associated with such a sale.

To meet the larger infrastructure needs of the City of Cambridge, the City also sold (on the same day) \$56,500,000 of general obligation bonds (the “GO Bonds”) for purposes of sewer and stormwater projects, energy efficiency and street repair. Unlike the Community Bonds, the GO Bonds were sold to more traditional bond investors at a public sale.

Minibonds are not a completely new concept and in fact the same structure was employed many years ago to finance original infrastructure in many communities in this country. In more recent times, Denver, Colorado has used this concept to provide its residents the opportunity to invest in the community in which they live. Minibond sales are planned later this year in Burlington, Vermont, Austin, Texas and Lawrence, Kansas.

Minibonds might be what the new generation of public finance which investors desire.

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The content of this article is intended to provide a general guide to the subject matter. Specialist advice should be sought about your specific circumstances.

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