

December 30, 2021

TO: Senator Joseph Baldacci
Representative Ann Matlack

FROM: Terry Hayes, Executive Director

RE: Governmental Evaluation Act review for the Maine Governmental Facilities Authority

Attached please find reports, audits, and other materials in response to the Committee's request for information and a self-evaluation from the Maine Governmental Facilities Authority for the Committee's review of the Authority pursuant to the Governmental Evaluation Act. The attachments and the material in this memo are designed to provide the State and Local Government Committee with information to address the eleven elements in the program evaluation report statute:

- A. Enabling Legislation: Included below is a link to the Authority's enabling legislation found in MRSA Title 4, Chapter 33, Section 1601 et.sec.
(<https://legislature.maine.gov/legis/statutes/4/title4ch33sec0.html>), The Maine Governmental Facilities Authority Act. The Authority was originally created in 1987 as the Maine Court Facilities Authority. In 1997, the Maine Court Facilities Act was amended and re-named to create the Maine Governmental Facilities Authority.
- B. Pursuant to the Act the Authority has a single program to provide municipal bond financing, normally using tax-exempt bonds, for capital projects as specifically authorized on a project by project basis by an act of the Legislature, for governmental facilities as used by the Judicial, Legislative, and Executive Branches of Maine State Government. Attached is a list of the bond sales accomplished by the Authority, beginning in 1988. The goal of the Authority is to sell tax exempt municipal bonds in the national capital markets, in a timely fashion at the lowest cost available in the market, to provide cost effective capital for the construction of court facilities and other governmental facilities within the State. The pricing of the Authority's various bond sales at competitive prices is evidence of the accomplishment of that goal.

Once legislative authorization is complete, the MGFA Program Officer works with the borrower (Legislative, Administrative, or Judicial branch) to structure the bond offering. The MGFA sells the bonds in a negotiated sale, listing the improvements as the collateral for the deal. Once the project bonds are sold, the MGFA Program Assistant and the Executive Director process construction requisitions through project completion. The State agency responsible for the project remits bond payments twice annually until the bonds mature. Once the bond holders are paid in full the MGFA passes title to the improvements to the State.

- C. **Organizational Structure.** The Authority is created in the Act as an instrumentality of the State with a Board of Commissioners and an Executive Director. The Board of Commissioners consists of five members with two ex-officio members - the Commissioner of Administration and Financial Services and the State Treasurer, and three public members. The currently serving public members are: Joel Allumbaugh, Stacey Morrison and the Honorable Gay Grant. The Act provides that the Executive Director of the Maine Municipal Bond Bank (MMBB) shall serve as Executive Director of the Authority.

The MMBB employs a total of 20 staff, none of whom work exclusively for MGFA. The organizational chart for MMBB is enclosed for your reference.

All of the staff are hired by the MMBB and their services are contracted for by the MGFA as needed. All Maine Municipal Bond Bank employees are members of a Participating Local District created with the Maine State Retirement System.

The Authority receives no direct appropriation from the General Fund to pay for its operations. The Authority assesses origination and loan servicing fees to its borrowers to pay for its operations. Annual operating costs average +/- \$300,000.

- D. **Compliance with Health and Safety Laws:** The Authority requires through its loan agreements and leases with its borrowers that they must comply with all applicable federal, state and local laws and regulations, including those covering health and safety, during construction and after occupancy. These compliance requirements include ADA and OSHA. The Authority's office space is in compliance with current ADA and OSHA workplace standards.
- E. **Ten Year Financial History:** Under the terms of the Authority's contracts with its Bondholders or bond resolutions, it is required to have independent financial audits undertaken every year. Attached are copies of the Authority's audits for the last ten years through June 30, 2021.
- F. **Regulatory Agenda and Rules:** The Authority has no rules pending on the Regulatory Agenda and has not adopted any rules under the Administrative Procedures Act. Loan requirements for Authority borrowers such as borrower eligibility and project activity are required by the Act to be made individually for each project and borrower by a separate act of the Legislature specifically authorizing that borrower to undertake a specific project within a specific authorized amount.
- G. **Coordination:** At the center of the Authority's work is providing money for capital projects to be undertaken by the three separate branches of State government. A successful financing for an authorized project demands that the Authority work in close cooperation with that branch of State government undertaking the specific project and with the Department of Administration and Financial Services to assure

that money is available in a timely fashion to pay for the project construction costs. This collaborative effort ensures that the structure for ongoing lease or loan payments used to pay bondholders is managed in the most effective and efficient way for the operations of State government and the individual branch of State government or department of State government whose budget covers the ongoing use of the completed project.

In addition, the Authority has established a close working relationship with the MMBB through its staff arrangements. This coordination of staff and office space has resulted in substantial operational cost savings for the Authority while simultaneously assuring the highest level of professional skills are at the Authority's disposal when needed. This coordination has eliminated the duplication of effort that would have resulted had the Authority not collaborated with the MMBB.

- H. **Constituencies Served:** The constituencies served by the Authority are generally defined in the Act as the three branches of State government and specifically identified in the statutory authorization required for each financing the Authority undertakes.
- I. **Private Services:** The Authority makes extensive use of the private sector in the delivery of its services. All of its legal, banking, underwriting, banking trustee, auditing, and printing services amongst others are provided by the private sector. The extensive use of the private sector for the accomplishment of many bond issuance and associated activities, along with its shared services with other entities as mentioned previously, has allowed the Authority to successfully accomplish its responsibilities with the small budget that it has. There are very few if any remaining elements of the Authority's activities that, given the restrictions of the federal tax code, the IRS, the Securities and Exchange Commission and the Municipal Securities Rule Making Board, can be carried out through other delivery mechanisms or private sector providers.
- J. **Emerging Issues:** Federal tax code standards and regulations as they affect the issuance of tax-exempt debt by the States and institutions such as the Authority change on a regular basis but there are no particular issues on the horizon that would seem to raise concerns or problems for the functioning of the Authority.
- K. The Authority is not aware of any other specific information regarding its operations that has been requested by the Committee.
- L. **Federal law/State law comparison:** There is no comparable legislation at the federal level to the enabling legislation for the Authority. On the other hand, the Authority's activities are sharply defined and controlled by the provisions of the federal tax code as they apply to issuance of tax-exempt bonds by sub-Federal level governmental entities including state governments and their instrumentalities. There are no comparable restrictions in the state income tax code dealing with the issuance of tax-

exempt debt except. The state tax-exemption on the income derived from the Authority bonds for the purchasers of those bonds is established in the enabling legislation for the Authority, as it is done for all other entities in Maine which issue debt, the interest earning on which is exempt from the state income tax. Maine, as do all other states, defers to the federal tax code in the regulation on the issuance of tax-exempt debt.

- M. Privacy/Technology: The Authority does not collect any personal information about anyone either electronically or otherwise.

The Authority makes extensive use of technology in its operations ranging from computer generation and access to its legal documents associated with a particular bond sale to data for reports, audits and similar activities. The Authority Website (www.mgfa.com) contains general information as well as audited financial statements about its activities and methods for members of the public to communicate with staff of the Authority. Within the statutory limits of things such as pending legal action, the Authority's general policy is that all of its documents are public records and available to the public upon request.

- N. Paperwork Requirements: Under the terms of its bond resolutions and lease agreements the Authority requires that its borrowers submit annually an audited financial statement. All of the Authority borrowers are part of the State of Maine Annual Audit and the Authority's receipt of the annual state audit establishes compliance for all of its borrowers with that requirement. Also, in the Act there is provision for the State to make available the State Audit to nationally recognized information services for compliance with what are known as the secondary market disclosure requirements of the Securities and Exchange Commission. The state audit is submitted to the Authority once each year and is simultaneously made available to comply with the SEC standard. There are no other reports or filing requirements made by the Authority for members of the general public.

The Authority believes that it has implemented the duties and responsibilities that it has been charged with in carrying out public policy as established by the Legislature. Through extensive use of private sector services, shared services with other governmental entities, and close coordination with its borrowers the Authority has provided timely, cost-effective service to the borrowers we have been specifically directed by the Legislature to serve. If there is any other information about the Authority's activities that I might provide or any other questions the Committee would like me to respond to I will be happy to do so. Thank you

Attached materials for the Committee's review include:

- A) [Link](#) to the MGFA enabling statute
- B) MGFA Annual Audit Reports for FY 2012 through FY 2021
- C) Organizational Chart for the Maine Municipal Bond Bank
- D) Summary of Bonds Issued and Outstanding

Summary of Bonds Issued and Outstanding by Resolution
As Of 12/28/2021

Series Name	Issue Date	Original Par Amount	Outstanding Amount	Series Term	Interest Rate (TIC)	Resolution Name	Resolution Date
1988	11/18/1988	\$6,490,000.00	\$0.00	20 years	N/A	Bond Resolution	11/10/1988
1990	08/30/1990	\$8,500,000.00	\$0.00	20 years	N/A	Bond Resolution	08/17/1990
1993	09/29/1993	\$16,255,000.00	\$0.00	15 years	0.0000%	General Bond Resolution	09/22/1993
1996	10/31/1996	\$5,990,000.00	\$0.00	20 years	5.7270%	General Bond Resolution 1996	10/17/1996
1999	09/01/1999	\$86,945,000.00	\$0.00	20 years	5.5600%	General Bond Resolution 1999	08/18/1999
2000	07/12/2000	\$51,855,000.00	\$0.00	20 years	5.4790%	1st Supplemental Bond Resolution	06/21/2000
2000B	11/10/2000	\$6,995,000.00	\$0.00	20 years	5.3040%	2nd Supplemental Bond Resolution	11/01/2000
2001	09/06/2001	\$36,485,000.00	\$0.00	20 years	4.5700%	3rd Supplemental Bond Resolution	07/25/2001
2002	12/04/2002	\$10,860,000.00	\$0.00	20 years	4.3520%	4th Supplemental Bond Resolution	11/21/2002
2003	09/11/2003	\$18,425,000.00	\$0.00	20 years	3.7070%	5th Supplemental Bond Resolution	07/22/2003
2004A	04/22/2004	\$750,000.00	\$0.00	20 years	3.8548%	6th Supplemental Bond Resolution	03/25/2004
2004B	04/22/2004	\$1,000,000.00	\$0.00	10 years	2.7758%	6th Supplemental Bond Resolution	03/25/2004
2004C	04/22/2004	\$27,750,000.00	\$0.00	13 years	3.5107%	6th Supplemental Bond Resolution	03/25/2004
2005A	03/08/2005	\$54,210,000.00	\$0.00	15 years	3.8291%	7th Supplemental Bond Resolution	02/01/2005
2005B	11/17/2005	\$8,890,000.00	\$0.00	10 years	3.9375%	8th Supplemental Bond Resolution	10/14/2005
2007A	05/31/2007	\$10,985,000.00	\$0.00	20 years	4.2400%	9th Supplemental Bond Resolution	05/17/2007
2008A	06/19/2008	\$40,565,000.00	\$0.00	20 years	4.1864%	10th Supplemental Bond Resolution	06/04/2008
2009A	10/29/2009	\$11,960,000.00	\$0.00	20 years	4.1066%	11th Supplemental Bond Resolution	10/01/2009
2010A	04/01/2010	\$25,600,000.00	\$545,000.00	13 years	3.1301%	12th Supplemental Bond Resolution	01/05/2010
2011A	10/26/2011	\$33,000,000.00	\$0.00	20 years	3.9999%	13th Supplemental Bond Resolution	10/26/2011
2013A	06/13/2013	\$30,290,000.00	\$8,000,000.00	20 years	3.4223%	14th Supplemental Bond Resolution	06/13/2013
2014A	06/19/2014	\$10,055,000.00	\$2,160,000.00	11 years	1.9800%	15th Supplemental Bond Resolution	05/08/2014
2014B	07/10/2014	\$2,900,000.00	\$935,000.00	11 years	2.1002%	15th Supplemental Bond Resolution	05/08/2014
2015A	07/16/2015	\$41,115,000.00	\$70,000.00	9 years	1.4659%	16th Supplemental Bond Resolution	05/20/2015
2015B	11/19/2015	\$21,190,000.00	\$9,575,000.00	10 years	2.0300%	17th Supplemental Bond Resolution	10/16/2015
2016A	10/06/2016	\$24,950,000.00	\$17,435,000.00	20 years	1.9934%	18th Supplemental Bond Resolution	08/23/2016
2016B	10/06/2016	\$17,980,000.00	\$13,065,000.00	20 years	2.4943%	19th Supplemental Bond Resolution	08/23/2016
2017A	08/24/2017	\$58,535,000.00	\$50,505,000.00	20 years	3.0335%	20th Supplemental Bond Resolution	06/15/2017
2018A	09/27/2018	\$50,510,000.00	\$44,565,000.00	20 years	3.4294%	21st Supplemental Bond Resolution	08/15/2018
2020A	01/16/2020	\$170,995,000.00	\$160,265,000.00	19 years	2.5656%	22nd Supplemental Bond Resolution	11/20/2019
2021A	02/10/2021	\$12,785,000.00	\$12,785,000.00	20 years	2.1810%	23rd Supplemental Bond Resolution	12/10/2020
2021B	02/10/2021	\$37,355,000.00	\$37,255,000.00	13 years	1.7216%	24th Supplemental Bond Resolution	12/10/2020
		\$942,170,000.00	\$357,160,000.00				

MAINE MUNICIPAL BOND BANK

Maine Municipal Bond Bank Board

MHHEFA Board

MGFA Board

Terry Hayes
Executive Director

Cindy Roy
Executive Administrative Assistant
Human Resources Clerk

Karen Wood
IT Manager

Mark Spaulding
Network Administrator

Matt Tardiff
Programmer Analyst

David Delano
Chief Financial Officer

Erryl Parker
Accountant

Accounting Assistant

Toni Reed
MMBB
Program Officer

Makenzie Carlow
Program Assistant

Jill Pierce
MMBB Accountant

Kelley Wheeler
DWSRF/CWSRF
Program Officer

Justin Rowe
Program Assistant

Sherry Kenney
CWSRF/DWSRF
Accountant

Anthony Jaccarino
MHHEFA/MGFA
Program Officer

Investment Officer

Sandra Thompson
Program Assistant

Jennifer Stevens
MGFA Accounting
MMBB Payroll

Gannet White
MHHEFA Accountant

Jon Youde
MPO
Program Officer

Terry Bailey
Program Assistant
Receptionist