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MEMO

TO: Senator Nagle, Chair
Representative Stover, Chair
Members of the Joint Standing Committee on State and Local Government

FROM: Terry Hayes, Maine Municipal Bond Bank Executive Director

RE: Government Evaluation Act Review of the Maine Municipal Bond Bank

DATE: October 26, 2023

This cover memo and the attached materials constitute the Program Evaluation Report of the Maine Municipal Bond Bank, due November 1, 2023, as requested in your letter dated April 14, 2023, and consistent with the details found in the Government Evaluation Act, Title 3, chapter 35 of the Maine Revised Statutes.

This program evaluation report tracks the contents of the statute in dark blue, followed by response data in italics. Many of the details are provided in hyperlinks to digital sources.

I look forward to meeting with the Committee in early 2024 to examine this information and answer members' questions.

2023/24 Maine Municipal Bond Bank Program Evaluation Report

Title 3: LEGISLATURE

Chapter 35: STATE GOVERNMENT EVALUATION

§956. Program evaluation report

1. **Report required.** Each agency and independent agency shall prepare and submit to the Legislature, through the committee of jurisdiction, a program evaluation report by a date specified by the committee.

This document and those linked here constitute the REPORT from the Maine Municipal Bond Bank (MMBB) to the Maine Legislature's Joint Standing Committee on State and Local Government for 2023/24.

2. **Program evaluation report; contents.** Each report must include the following information in a concise but complete manner:

A. Enabling or authorizing law or other relevant mandate, including any federal mandates;

Title 30-A: MUNICIPALITIES AND COUNTIES

Part 2: MUNICIPALITIES

Subpart 9: FISCAL MATTERS

Chapter 225: MAINE MUNICIPAL BOND BANK

Subchapter 1: GENERAL PROVISIONS; Subsections 5901 - 6054

<https://legislature.maine.gov/legis/statutes/30-A/title30-Asec5901.html>

The Maine Municipal Bond Bank is governed by a five-member Board of Commissioners. The roster of current Commissioners is found here: <https://www.mmbb.com/about-us/>

B. A description of each program administered by the agency or independent agency, including the following for each program:

(1) Established priorities, including the goals and objectives in meeting each priority;
The Bond Bank's goals include:

- I. *Make it as easy and inexpensive as possible for borrowers to access infrastructure financing using the MMBB's access to capital markets; See our website at mmbb.com for details.*
- II. *Manage MMBB loan programs in a manner to avoid borrower default; There has been no default in any of the pooled loan programs administered by the MMBB.*
- III. *Demonstrate sound stewardship of the loan programs administered by the MMBB.*

The MMBB's success is best evidenced by the independent credit ratings provided by [S&P](#) and [Moody's](#)

(2) Performance measures or other benchmarks used by the agency to measure its progress in achieving the goals and objectives;
In addition to the information provided above, the best data to demonstrate the MMBB's success is contained in the audited financials for the past ten years, attached below (2E).

and

(3) An assessment by the agency indicating the extent to which it has met the goals and objectives, using the performance measures. When an agency has not met its goals and

objectives, the agency shall identify the reasons for not meeting them and the corrective measures the agency has taken to meet the goals and objectives;
The MMBB has continually met its performance objectives.

C. Organizational structure, including a position count, a job classification and an organizational flow chart indicating lines of responsibility;

Please review [MMBB Organizational Chart](#)

D. Repealed

E. Financial summary, including sources of funding by program and the amounts allocated or appropriated and expended over the past 10 years;

The Bond Bank covers its expenses from a combination of fees collected from clients/borrowers and investment proceeds. The Bond Bank receives NO state appropriation.

Audited Financial Statements:

[FY14](#) [FY15](#) [FY16](#) [FY17](#) [FY18](#) [FY19](#) [FY20](#) [FY21](#) [FY22](#) [FY23](#)

F. Repealed

G. Identification of those areas where an agency has coordinated its efforts with other state and federal agencies in achieving program objectives and other areas in which an agency could establish cooperative arrangements, including, but not limited to, cooperative arrangements to coordinate services and eliminate redundant requirements

Use this link to learn about the [MMBB's various strategic partners](#).

H. Identification of the constituencies served by the agency or program, noting any changes or projected changes;

Refer to the document linked under G. Ultimately, residents of the State of Maine, and her many visitors, benefit from the infrastructure improvements that the Bond Bank finances for its clients/borrowers.

I. A summary of efforts by an agency or program regarding the use of alternative delivery systems, including privatization, in meeting its goals and objectives;

The MMBB has not explored privatization as it conflicts with its enabling statute.

J. Identification of emerging issues for the agency or program in the coming years

The Bond Bank is subject to the economic forces of the capital markets and the impact of federal and state laws. Interest rates are a double-edged sword; higher rates return stronger investment returns for reserve accounts, but borrowers then pay more to access the cash they need for the improvements they seek.

The Clean Water and Drinking Water programs are vulnerable to the practice of congressional earmarks. Use of this strategy to award project funds diverts money away from the Maine DHHS and DEP project priority lists. If this trend continues, the administration of these two programs will diminish and the project priority lists will become irrelevant.

K. Any other information specifically requested by the committee of jurisdiction

None have been requested.

L. A comparison of any related federal laws and regulations to the state laws governing the agency or program and the rules implemented by the agency or program;

The MMBB manages several federal sources of funds for a variety of agencies in Maine state government. These programs/funds are independently audited each year. See the detailed audit reports linked under 2E. above.

M. Agency policies for collecting, managing and using personal information over the Internet and nonelectronically, information on the agency's implementation of information technologies and an evaluation of the agency's adherence to the fair information practice principles of notice, choice, access, integrity and enforcement;

Although the Bond Bank's clients/borrowers are all public entities, it does have confidential bank account information of its clients and borrowers. This information and the entire IT infrastructure of the MMBB are protected by a variety of tools, hardware, staff training, and cyber insurance. The MMBB has not experienced a data breach.

N. A list of reports, applications and other similar paperwork required to be filed with the agency by the public. The list must include:

- (1) The statutory authority for each filing requirement;
- (2) The date each filing requirement was adopted or last amended by the agency;
- (3) The frequency that filing is required;
- (4) The number of filings received annually for the last 2 years and the number anticipated to be received annually for the next 2 years; and
- (5) A description of the actions taken or contemplated by the agency to reduce filing requirements and paperwork duplication;

Borrowers with an open loan with the MMBB are required to submit a copy of their annual audit until the loan is paid in full.

Title 30-A Chapter 223 Sub-chapter 3 Municipal Debt subsection 5704 reads:

Each special district in the State, whether or not its boundaries are coterminous with the boundaries of a municipality, including districts established for the purposes of providing water, sewer, electric, educational, health, transportation, solid waste management, parking or recreation services, or any other public purpose, shall file an annual report of its total outstanding debt.

1. Content. These reports shall include debts by:
 - A. Amount;
 - B. Purpose;
 - C. Creditors;
 - D. Date incurred;
 - E. Interest rate;
 - F. Amortization period;
 - G. Amount of annual principal payments and annual interest payments;and
 - H. Assessments and contributions received from municipalities in the district to service the debts.

2. Filing; public records. The reports shall be filed within 45 days of the end date of each fiscal year. The reports shall be filed with the Maine Municipal Bond Bank upon forms provided by it. Information reported under this section is a public record.

There are 167 special districts in Maine. The MMBB has collected this data from those entities for 50 years, during which it has received zero requests for data regarding these debts. The MMBB is contemplating requesting that the Legislature repeal this reporting requirement.

O. A list of reports required by the Legislature to be prepared or submitted by the agency or independent agency;

- 1. By end of December, Annual Report of MMBB's activities for the preceding fiscal year to Governor, Speaker of the House, and the Senate President*
- 2. By March 1st, Annual Report to the joint standing committee of the Legislature having jurisdiction over utilities and energy matters regarding the program: Loans for energy efficiency improvements in municipal and school buildings*
- 3. A copy of the annual audit shall be filed with the Treasurer of State*
- 4. A quarterly report of any Out-of-State Travel is reported to the joint standing committee of the Legislature having jurisdiction over appropriations and financial affairs to report the previous quarter's out-of-state travel activity*

P. A copy of the single-page list of organizational units and programs within each organizational unit required pursuant to section 955, subsection 1, placed at the front of the report;

Refer to the [MMBB Organizational Chart](#) (also linked under item 2C)

Q. (REALLOCATED FROM T. 3, §956, sub-§2, ¶O) Identification of provisions contained in the agency's or independent agency's enabling or authorizing statutes that may require legislative review to determine the necessity of amendment to align the statutes with federal law, other state law or decisions of the United States Supreme Court or the Supreme Judicial Court.

There are none.