



**Bernstein, Shur,  
Sawyer & Nelson, P.A.**  
45 Memorial Circle  
PO Box 5057  
Augusta, ME 04332-5057

T (207) 623-1596  
F (207) 626-0200

James Cote  
Project Manager  
207-629-6216 direct  
jcote@bernsteinshur.com

**Testimony in Support of LD 2242  
An Act to Set a Debt Limit for the Anson Madison Water District  
March 6, 2024**

Senator Lawrence, Representative Zeigler, and members of the committee, my name is James Cote of Bernstein Shur and I am here today on behalf of our client, the Anson Madison Water District, in support of LD 2242.

The Legislature passed An Act to Create the Anson and Madison Water District in 2011 (Chapter 6 of the P&S Laws of 2011). The Act consolidated the Anson Water District and the Madison Water District into a single District. The new AMWD Charter required the new District to assume the outstanding debt of the individual Districts. This was done.

The new AMWD Charter also authorized AMWD to increase its debt limit by using one of the methods in Chapter 64 of Title 35-A. Establishing a new debt limit is critical to AMWD's ability to secure permanent funding for its infrastructure projects. Section 6413-A of Chapter 64 gives AMWD the option of increasing its debt limit either by referendum vote or by asking the Legislature to set a debt limit without the need for a confirming referendum vote.

AMWD has undertaken a substantial project to upgrade antiquated facilities in both Anson and Madison. It has received commitments for loans and grants from the United States Department of Agriculture and the Drinking Water State Revolving Fund through the Maine Municipal Bond Bank. The USDA financing commitment consists of a loan in the amount of \$6,000,000 and a grant in the amount of \$3,500,000. The Bond Bank's financing commitment is \$750,000 of which \$532,000 is to be forgiven, resulting in a loan amount of \$218,000.

Interim funding is authorized by Section 6412 of Title 35-A for projects such as the one currently being undertaken by AMWD. AMWD has issued an interim note for temporary financing against the USDA loan commitment as required by USDA funding procedures. (USDA does not close on permanent loan financing until the project has reached substantial completion, at which point the interim note is redeemed with the USDA funds. USDA grant funds are available during the course of construction, as are DWSRF funds.)

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The delay and uncertainty that would be involved if AMWD pursued the referendum option in Section 6413-A of Title 35-A would place the District in an untenable financial position as it proceeds with its current water main project. The District will be facing substantial financial risk without the certainty that it will ultimately be able to cover the costs of the project with the USDA loan and grant funding and the Bond Bank's SRF loan and forgiveness funding.

A legislative amendment to the District's Charter as authorized by Section 6413-A of Title 35-A will provide the financial certainty that AMWD needs at this point in time if it is to avoid significant project delays and the potential loss of its funding commitments.

The District currently has an outstanding debt balance of approximately \$7,750,000. The total of the USDA and Bond Bank loans for the pending project, exclusive of USDA grant funds and the portion of the Bond Bank loan that is to be forgiven, is approximately \$6,218,000. An amendment to the AMWD Charter establishing a debt limit of \$20,000,000 would cover immediate needs and allow for any future system upgrades that might become necessary.

It is for these reasons that we ask your support of LD 2242. We would be pleased to answer any questions or provide more information at the work session at your request. Thank you for your consideration.