

MAINE STATE LEGISLATURE

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Michael R. Goodwin, *Executive Director*
Tel 207-622-1958
Fax 207-623-5359

January 27, 2017

The Honorable Sara Gideon
Speaker of the House of Representatives
2 State House Station
Augusta, ME 04333-0002

The Honorable Michael D. Thibodeau
President of the Maine Senate
3 State House Station
Augusta, ME 04333-0003

RE: Quasi-Independent State Entities annual report required under 5 MRSA c.379, sub-c.3,
section 12023

Dear Speaker Gideon and President Thibodeau:

I am pleased to provide the following annual report concerning the operating activities of the Maine Health and Higher Educational Facilities Authority (the Authority) for our fiscal year ended June 30, 2016.

The Authority adopted and implemented policies and procedures concerning purchasing, contributions and lobbying and travel prior to July 1, 2013. All employees of the Authority are familiar with these policies and procedures and are aware that only the Executive Director can waive them. No changes have been made to the policies and procedures since adoption.

The Authority Board approves an annual operating budget. They are also provided a periodic Treasurer's Report that details all expenditures, including a comparison of budget to actual expenditures and a list of checks written during the period of the report in order to monitor compliance with all policies and procedures. The Board Members are given an opportunity to question the staff concerning the report before they vote to approve it. Backup for any expenditure is provided to the Board, upon request.

As a bit of background, the Authority shares administrative space, expenses, personnel and associated costs with the Maine Governmental Facilities Authority and the Maine Municipal Bond Bank. All shared costs are allocated based on employee time and billed to each entity by the Maine Municipal Bond Bank. All employees are employees of the Maine Municipal Bond Bank.

Expenditures with Competitive Procurement Waived:

The Authority has a continuing relationship with its bond trustee, US Bank. This relationship began in the 1990's and has continued as US Bank has honored the original fee schedule and has provided superior service. The Authority paid US Bank approximately \$76,000 in fiscal year 2016. The Authority is anticipating issuing an RFP for trustee services in early fiscal year 2018.

As an issuer of municipal securities, the Authority incurs some bond issue related expenses which are required by the industry and do not lend themselves to be put out for an RFP. These vendors include the rating agencies Standard and Poor's, Moody's Investor Services and Fitch, Inc. who provide bond ratings on all bonds. These payments totaled \$190,050 in fiscal year 2016.

In addition, the Authority had a borrower that went into bankruptcy in 2016 and the Authority needed legal representation for the proceedings. Because of the nature and timing of the bankruptcy proceedings, the Authority directly hired James Mitchell to represent the Authority. Payments to Mr. Mitchell in fiscal year 2016 totaled approximately \$89,000.00.

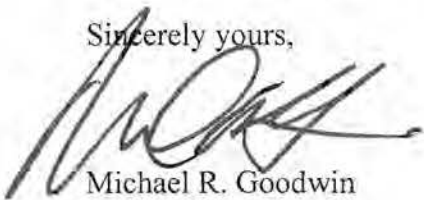
Other:

The Authority made no contributions to any person during fiscal year 2016.

The Authority does not employ any person, other than Authority staff, for the purpose of lobbying.

Please feel free to contact me with any questions or comments that you might have concerning this report. I can be reached at 622-1958 or by e-mail at mrg@mhhefa.com

Sincerely yours,



Michael R. Goodwin
Executive Director

Procurement Procedures

For

Maine Municipal Bond Bank

Maine Health and Higher Educational Facilities Authority

Maine Governmental Facilities Authority

Maine Public Utilities Financing Bank

(The “Authorities”)

Approved by Board of Commissioners February 27, 2013

General: These procedures establish specific requirements that employees of the Authorities will adhere to in order to assure that the Authorities are in compliance with not only the Boards of Commissioners requirements, but also requirements outlined in Federal grants and the laws of the State of Maine.

The Authorities procure supplies, products and professional services that are necessary to operate all programs. These procedures are established to assure that the procurement of these supplies, products and professional services is efficient, effective and at favorable prices. These procedures are also intended to promote open and free competition in purchasing based on equal consideration of quality, experience, service and price.

Authority & Administration: The Executive Director of the Authorities has the responsibility for purchasing for the Authorities. Purchasing authority is granted by the Boards of Commissioners either as part of the annual budget or by special vote. The Boards review any purchase that exceeds \$10,000.00 (a Board may set a lower dollar limit) and may decide to interview any vendor proposing to provide professional services to the Authorities, such as underwriting, trust, legal, etc, in order to assure that the Authorities are receiving the best service. The boards also approve the Authority's auditor.

Procurement of supplies, products or services: The normal Authorities' procurement process is to issue "Request for Proposals" (RFP) to qualified vendors for all major purchases and to issue a RFP, or at a minimum, request quotes from multiple vendors, for other purchases, except as outlined below. The Executive Director may waive the RFP process for any purchase if (s)he believes that another method is efficient and cost effective.

A major purchase is defined as \$10,000.00 or more.

The Authorities will maintain records sufficient to detail the procurement process for each major purchase for a minimum of seven years, in accordance with the Record Retention Policy. Records maintained will include a copy of the RFP or other documents as approved by the Executive Director, a list of who the RFP or specifications were sent to, a copy of the responses and an analysis that supports the final decision of the vendor or product selected.

The Authorities may enter into State or local intergovernmental agreements for procurement or use of common goods and services when it is to the Authorities advantage to do so.

For purchases of supplies or products that are material in cost and a RFP is not used, the Authorities will seek quotes from multiple vendors by telephone, fax, e-mail, internet, verbally or mail and document the responses that they receive. Documentation for these purchases will also be required and, in accordance with the Record Retention Policy, be on file for a minimum of seven years, including:

- the names and addresses of the Vendors/Contractors,
- price, quantity, specifications and quality of product or services,
- criteria of decision making, using quality, experience, service and price as criteria

While the lowest price is a consideration in the procurement process, quality, experience and service are also equal considerations. Multiple quotes will be obtained whenever possible, however there may be instances where it is not possible to seek multiple quotes including, but not limited to;

- an emergency that requires an immediate repair;
- after a reasonable review the item is only available from a single source;
- after solicitation of a number of vendors, either only one vendor fully meets the Authorities' needs or only one vendor responds.

The Authorities do not seek multiple quotes for services or products if it participates in a program that aggregates the purchase of these services or products for multiple purchasers. The Authorities believe that the aggregator has already searched the market for the best price and the best service/product that meets the Authorities' needs and that participating in an aggregation program benefits all participants in the program.

The Authorities do not seek multiple quotes for supplies or products that are considered immaterial in cost such as copier paper, office supplies, toner, etc.

Length of Contract: The length of a contractual agreement to provide supplies, products, or services should not exceed five years. Prior to the end of the contract, the Authority should begin the process for replacing the contract according to the Procurement Procedures.

Internal Procedures for Monitoring all expenditures: The annual budget includes all anticipated expenditures, which the Board of Commissioners review when they consider approving the budget. Actual expenditures are approved by the staff of the Authorities and by the Executive Director. Actual expenditures are included on the monthly Treasurer's Reports to the Boards of Commissioners, including a budget to actual comparison by line item as well as a list of checks written for the month.

Ethics: The Personnel Policy for the Authorities includes an employee Code of Ethics and Conduct which includes the procurement process. That Code includes the following "avoid any interest or activity which is in conflict with the conduct of official duties. Serve in a manner as to avoid inappropriate personal gain resulting from performance of official duties."