

MAINE STATE LEGISLATURE

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Michael R. Goodwin, *Executive Director*
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January 27, 2016

The Honorable Mark W. Eves
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

Dear Speaker Eves and President Thibodeau,

Pursuant to 5 M.R.S.A. , Section 12023, please consider this the letter of transmittal for the required report from the Maine Municipal Bond Bank due by February 1, 2016.

Please feel free to contact me with any questions or if you need additional information. I can be reached at 622-9386 or by email at mrg@mmbb.com.

Sincerely Yours,

A handwritten signature in black ink, appearing to read "M. Goodwin".

Michael R. Goodwin
Executive Director

Enc.



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

Dear Speaker Eves and President Thibodeau:

I am pleased to provide the following report concerning the operating activities of the Maine Municipal Bond Bank (the Bond Bank) for our fiscal year ending June 30, 2015.

The Bond Bank has adopted and implemented policies and procedures concerning purchasing, contributions and travel during fiscal year 2013. All employees of the Bond Bank are familiar with these policies and procedures and are aware that only the Executive Director can waive them. No changes were made to the policies and procedures after adoption.

The Bond Bank Board of Commissioners approves an annual operating budget. They are provided a periodic Treasurer's Report that details all expenditures, including a comparison of budget to actual, and also includes 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 or a member, upon request.

General Expenditures:

I have not included expenditure detail to vendors that aggregate more than \$10,000.00 for the fiscal year, but were made over the course of the fiscal year in payments that were less than \$10,000.00 each. These expenditures represent payments for items such as computer equipment, software and other miscellaneous expenditures. I have also not included detailed expenditures for employee withholdings, the Treasurer of the State of Maine for property and other insurances and other miscellaneous fees that aggregate more than the \$10,000.00 threshold. In addition, I have not included expenditures that aggregate more than the \$10,000.00 threshold for electricity, utilities and property taxes paid to the City of Augusta. Property taxes are reimbursed to the Bond Bank by our tenant, Camden National Bank.

Bond Issue Related Expenditures:

Because of the mission of the Bond Bank, issuing bonds on behalf of our borrowers, there are payments that the Bond Bank makes to vendors that are bond issue related and are not put out for an RFP. These vendors include Standard and Poor's, Moody's Investor Services and Fitch, Inc. who provide bond ratings for our issues. These payments totaled approximately \$173,000.00 in fiscal year 2015.

Other bond issue related payments that aggregate more than \$10,000.00 but may be less than \$10,000 per issue include Anderson Aquino, LLP, who is the counsel of our Trustee, US Bank, totaling \$20,500.00 in fiscal year 2015.

Expenditures with Competitive Procurement Waived:

The Bond Bank has an ongoing relationship with three vendors that it has not issued an RFP for in more than several years.

The Bond Bank purchases its health and dental insurance through the Maine Municipal Employee's Health Trust (the Health Trust) and also provides the employees an opportunity to purchase long and short term disability and vision insurance, at their option. The Health Trust is a multi-employer, non-profit aggregator of these employee benefits and the Bond Bank believes that it will not be able to purchase these benefits at a lower cost elsewhere. Therefore, the Bond Bank does not issue an RFP for this purchase. The Bond Bank paid the Health Trust approximately \$447,000.00 in fiscal year 2015, which included benefits that the employees purchased at their option.

The Bond Bank has a continuing relationship with Bangor Savings Bank which provides the Bond Bank with investment custodian services. Bangor Savings Bank has not increased the fee that it charges for these services since the inception of the relationship in 1994. As a result, the Bond Bank believes that it is receiving superior service at a reasonable cost. The Bond Bank paid Bangor Savings Bank approximately \$196,000.00 in fiscal year 2015. The Bond Bank anticipates that it will be issuing an RFP for these services in fiscal year 2017.

The Bond Bank also has a continuing relationship with its bond trustee, US Bank. This relationship began in the early 1980's and has continued because US Bank has honored the original fee schedule and it has provided superior service. The Bond Bank paid US Bank approximately \$252,000.00 in fiscal year 2015. The Bond Bank anticipates that it will be issuing an RFP for these services in fiscal year 2017.

In addition, the Bond Bank extended the contract with Baker Newman Noyes for audit services for the June 30, 2015 fiscal yearend audit. The original RFP for audit services was awarded to Baker Newman Noyes for three years, but the Bond Bank granted an extension for an additional year considering that they held their pricing to the FY'14 pricing. The Bond Bank paid Baker Newman Noyes approximately \$90,000.00 in fiscal year 2015. We have issued a RFP for audit services in December, 2015 for the fiscal year 2016 audit services.

The Bond Bank was required to replace its general ledger accounting software during fiscal year 2015. Our software vendor, Sage, provided the new software to us at no cost but we needed to hire a consultant to assist us with installing the new software and transferring the historical data from the old software to the new. Two consultants were recommended to us, one in Canton, Massachusetts and the other in Toronto, Canada. Because of the expertise required to install the new software and transfer the data, we waived competitive procurement

for this expenditure and selected the vendor in Massachusetts. The Bond Bank paid ADSS Global, LLC approximately \$71,000.00 in fiscal year 2015.

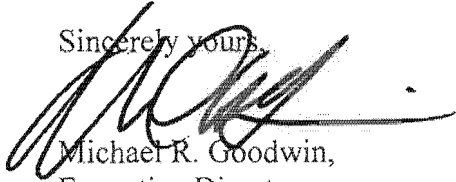
Other:

The Bond Bank did not make any contributions to any person during fiscal year 2015.

The Bond Bank does not employ any person, other than Bond Bank 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 622-9386 or by e-mail at mrg@mmbb.com

Sincerely yours,

A handwritten signature in black ink, appearing to read "M. Goodwin", with a long horizontal flourish extending to the right.

Michael R. Goodwin,
Executive Director