

**City of Portland, Maine**  
**Finance Committee Meeting**  
**Thursday, July 19<sup>th</sup>, 2018**  
**6:00 p.m., City Council Chambers**

1. FC Meeting Agenda - July 19, 2018

Documents:

[FINANCE COMMITTEE MEETING AGENDA 07.19.2018.PDF](#)

2. FC Meeting Agenda With Back-Up - July 19, 2018

Documents:

[FINANCE COMMITTEE MEETING AGENDA WITH BACK-UP 7-19-2018.PDF](#)

**City of Portland, Maine  
Finance Committee Meeting  
Thursday, July 19<sup>th</sup>, 2018  
6:00 p.m., City Council Chambers**

**AGENDA**

- 1. Introductions**
  
- 2. Appropriation of \$130,000 of School Fund Balance for Middle School Math Curriculum Expansion and Materials for the Portland Public Schools (Public Hearing and Vote)**
  
- 3. Discussion Item – 0 Hancock Sale Proceeds**
  
- 4. Pension Obligation Bond Update**
  
- 5. Discussion of Future Agenda Items**
  - a. August – No Committee Meetings**
  - b. September / October / November**
    - i. Review of FY18 Budget to Actual Results**
    - ii. Staff Suggested Topic – Review Fund Balance Policy**
    - iii. Staff Suggested Topic – Review Debt Management Policy**
    - iv. Mayor Suggested Topic – City Contracting Changes**
    - v. Councilor Cook Suggested Topic – Fiscal Accountability Memos**
    - vi. Other Suggested Topics from March Council Workshop?**

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**MEMORANDUM**  
**City Council Agenda Item**

**TO:** Mayor and City Council

**FROM:** **Xavier Botana, Superintendent, Portland Public Schools**  
**Alicia Gardner, Executive Director of Budget & Finance, Portland Public Schools**

**DATE:** 6/4/2018

**DISTRIBUTION:** City Manager, Mayor, Sonia Bean, Danielle West-Chuhta,  
Nancy English, Julie Sullivan

**SUBJECT:** Use of Unassigned Fund Balance

**SPONSOR:**  
(If sponsored by a Council committee, list the date the committee met and the results of vote.)

**COUNCIL MEETING DATE ACTION IS REQUESTED:**  
1<sup>st</sup> reading June 18, 2018 Final Action July 2, 2018

Can action be taken at a later date:  Yes  No (If no why not?)

**PRESENTATION:** (List the presenter(s), type and length of presentation)

**I. SUMMARY OF ISSUE (Agenda Description)**

Portland Public Schools budgeted \$299,000 in FY2017 for continued curriculum expansion and materials, including funds for middle school mathematics. At the end of the fiscal year, PPS had approximately \$148,000 remaining in the budget as no purchase decision for the middle school math curriculum was made during the fiscal year. Part of the reason that no decision was made was due to the turnover of the prior Chief Academic Officer and that the Interim CAO was only in the position during the 2017-2018 school year.

PPS discussed with the external auditors how to encumber the funds for use in FY2018 but, because there had not been a decision made as to what vendor we would use, it was determined that we could not encumber the funds for over six months.

The Portland Board of Public Education met on May 1, 2018 and discussed the purchase of the middle school math curriculum. The Assistant Superintendent of Teaching and Learning has recommended that PPS purchase the math curriculum from Open Up Resources and explained that we will be requesting the use of FY2017 funds to pay for this curriculum as they were originally intended to do.

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**II. REASON FOR SUBMISSION (Summary of Issue/Background)**

During the FY2017 budget process, the Chief Academic Officer (CAO) budgeted approximately \$150,000 for a new middle school math curriculum. The CAO resigned their position at the end of FY2016 and an Interim CAO was named. Due to the temporary nature of their position, the Interim CAO did not want to purchase a middle school math curriculum and wanted to wait until a permanent CAO was hired. Unfortunately, the funds lapsed to unassigned fund balance at the end of the fiscal year. The Superintendent and Staff did highlight to the Board that we would be requesting the use of these funds at a later date and did let them know that it would require City Council approval.

On May 1, 2018 the Assistant Superintendent for Teaching and Learning/Chief Academic Officer, recommended the purchase of a curriculum from Open Up Resources. The materials and cost of professional development for the first year is a minimum of \$97,500 but could be up to \$130,000 depending on how many teachers are included in the initial training. In her memo to the Board, the Assistant Superintendent of Teaching and Learning noted that we would like to use the FY2017 funds budgeted for this purpose. Therefore, Portland Public Schools staff, including the Superintendent, Executive Director of Budget & Finance, and the Assistant Superintendent of Teaching and Learning, would like to request the approval from the City Council to use \$130,000 of unassigned fund balance, specifically budgeted for in FY2017, to purchase Open Up Resource's math curriculum.

**III. INTENDED RESULT**

We intend to increase appropriation for the Portland Public Schools by \$130,000 in order to purchase the middle school math curriculum. We would increase the budgeted use of fund balance in the general fund by \$130,000 and increase the budgeted curriculum materials account in the Academics budget line by \$130,000 in FY2018. This would allow for the school department to purchase the math curriculum ahead of the 2018-2019 school year.

**IV. COUNCIL GOAL ADDRESSED**

**IV. FINANCIAL IMPACT**

The financial impact of this would reduce unassigned fund balance by \$130,000. As of 6/30/17, PPS has \$682,697 over the maximum allowable fund balance (\$2,916,945 or 3% of the prior year general budget budget). The use of \$500,000 in FY2018 in addition to the use of \$130,000 for the purchase of the middle school math curriculum would bring us down closer to the maximum amount allowed.

**VI. STAFF ANALYSIS**

**VII. RECOMMENDATION**

**VIII. LIST ATTACHMENTS**

Prepared by: Alicia Gardiner, Executive Director of Budget & Finance

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Date: June 4, 2018

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**Executive Summary**  
 Portland Board of Public Education  
 Business Meeting Agenda Item

**TOPIC:** Board Focus: Policy IJ – Selection of Educational Materials

**DATE:** May 1, 2018

**PREPARED BY:** Melea Nalli, Assistant Superintendent for Teaching and Learning

**Recommended Action:**

- Action Item – Consent
- Action Item – First Read
- Action Item – Vote
- Discussion Item
- Information Item

**Agenda Reference:**

VII. b.

**School Year Item:**

C-7-17/18

**Recommendation(s):**

**Purpose:**

This is an update on the adoption of new middle school math educational materials.

**Connection to Comprehensive Plan Framework:**

The work of the Portland Board of Public Education (“Board”), as facilitated by the Chair, supports all goals and objectives of the Comprehensive Plan Framework:

**Goal 1 – ACHIEVEMENT:** All Portland Public School students be prepared for college and career and empowered to pursue a postsecondary path.

**Goal 3 – EQUITY:** Portland Public Schools is vigilant in supporting each and every student’s particular path to achieving high standards, rooting out systemic or ongoing inequities.

**Background:**

During the 2016-17 school year, middle school principals and teachers, in partnership with leadership from the Academic team, determined the need for a common set of educational materials in math. A previous curriculum adoption and roll-out were not successful and teachers had resorted to doing their own thing and so math instruction was varied across schools and even within schools. Our math results on MEAs are lower than we want and expect for all students and especially for students of color, those who are ELs and for students on IEPs, which contributed to our explicit Portland Promise goals of Achievement and Equity. During the spring of last year when it was time to make a decision about which new program to adopt, there was little consensus among teachers and principals based on the process that took place over the course of the year. At that point we decided to delay the decision, recognizing that it was essential to ensure strong process resulting in broad buy-in as the foundation for effective implementation. This year,

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we brought on a middle school math coach consultant, Jesse Robinson, via our Title II funds. As a part of her work, Ms. Robinson led a data-driven process to explore three high potential programs in deep partnership with principals and teachers. The selection committee came to a consensus decision to adopt Open Up Resources.

**Fiscal Impact:**

Open Up Resources are made free under the Common Creative OER license. Upfront costs for intensive professional development and consumables is \$76,000. This money is available from the \$100,000 that had been saved from the 2016-17 budget when the Middle School Math curriculum decision was delayed. Ongoing costs for professional development and consumables are between \$21,500 and \$54,000 depending on how much professional development we require and how many teachers want to use the consumables. Currently, we spend \$75,000 centrally on all curriculum materials for the district. In order for us to achieve ongoing implementation of this program, it will require added investment in our curriculum budget.

**Attachment(s):**

Current Policy III



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**MEMORANDUM**

**DISTRIBUTE TO:** Members of the Finance Committee

**FROM:** Brendan T. O'Connell

**DATE:** July 19, 2018

**SUBJECT:** **Appropriation of \$130,000 of Fund Balance for Middle School Math Curriculum Expansion and Materials for the Portland Public Schools**

Members of the Finance Committee,

The School Department has requested appropriation of \$130,000 of their fund balance for Middle School Math Curriculum Expansion and Materials. This request will not have a significant impact on City compliance with our Fund Balance policy. As noted during the FY19 CIP, the City's fund balance (as of 6/30/17, after \$3.055M of appropriation) was at the recommended threshold of 12.5% of general fund expenditures. In dollars, the unassigned fund balance prior to completion of the 6/30/18 audit is approximately \$38.36M.

If this balance were to be reduced by the \$130,000 being requested for appropriation by the School Department, there would be no impact to the unassigned fund balance percentage. \$38.36M, reduced by \$130,000 down to \$38.23M, still represents an unassigned fund balance of approximately 12.5% of general fund expenditures.

Furthermore, although the annual audit is not completed until 180-270 days subsequent to year end, I fully expect another increase to unassigned fund balance as a result of positive FY18 results. These results will be discussed in draft during a future Finance Committee meeting.

I am supportive of the appropriation request.

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**MEMORANDUM**

**DISTRIBUTE TO:** Members of the Finance Committee

**FROM:** Brendan T. O'Connell, Finance Director

**DATE:** July 19, 2018

**SUBJECT:** **Appropriation of 0 Hancock Street Sales Proceeds**

On August 21, 2017, the City Council approved a \$3.3 million purchase and sale agreement with 0 Hancock Street, LLC for the sale of 48,000 square feet of the City-owned Thames Street property along the Eastern Waterfront. In October 2017, groundbreaking occurred on the 100,000 square foot, 4-story mixed-use development that will serve as the world headquarters of WEX with additional retail space.

The full \$3.3M of sale proceeds were collected in fiscal year 2018. The City does not typically budget for significant amounts of property sale revenue, so this inflow of funding is above and beyond our FY18 budgeted revenues. This funding is also expected to push the unassigned fund balance well above the recommended 12.5% threshold and should be appropriated for other uses. The City currently has several funding needs which merit consideration for appropriation of these sale proceeds. They include:

- Funding for rehabilitation of the Allen Avenue Fire Station
- Funding for Phase 1A of the Portland Landing project
- \$110,000 to support the Climate Action Plan (a joint venture with South Portland)
- \$100,000 to support a permanent memorial to Dr. Martin Luther King, Jr.
- Additional funding to capitalize the Housing Trust Fund
- Funding for an Economic Development Disparity Study

**Funding for Rehabilitation of the Allen Avenue Fire Station**

During September 2017 a fire broke out in the kitchen area of the Allen Avenue fire station, caused moderate damage to the kitchen and smoke damage throughout the one-story building, which houses the Ladder 4 and Medcu 4 fire companies. The station is currently closed due to the damage. The Allen Avenue ladder truck was relocated to the fire station on Forest Avenue

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and the ambulance crew was moved to the fire station on Ocean Avenue. The current cost estimate to repair the station (attached in Appendix A) is approximately \$1.3M. The cost is more extensive than simple damage repairs as the building is very old and needs to be brought up to current code in many areas. Although the insurance company will pay for a percentage of the repairs, the appropriation request is for \$1M of the \$1.3M to cover deductible and City share of expenses. Our Corporation Counsel staff is working with the insurance company to make a final determination of what is covered. Any excess insurance proceeds received will be deposited back into fund balance. Acting Fire Chief Keith Gautreau and Liability and Insurance Claims Manager Lori Smith are available to answer Committee questions about the project

### **Funding for Phase 1A of the Portland Landing Project**

In conjunction with the approval of Ocean Gateway 2005, the City Council and Planning Board requested that the Amethyst Lot be improved as active use marine open space consistent with the Eastern Waterfront Master Plan. Consistent with this direction, City Staff has brought forward plans for an incredible open space on our waterfront called Portland Landing. The spirit of Portland, Maine is reflected in our vision for this redevelopment which is expected to leverage public and private funds during multi-phase development. Portland Landing will be a vibrant waterfront public space tailored to the recreation and marine transportation needs of City residents of all ages and interests. Moreover, the innovative design proposed for Portland Landing will demonstrate how waterfront development can improve community resiliency in the face of sea level rise and climate change. Phase 1A of the project will include Moon Tide Park Stabilization and a Fishing Pier; design and permitting for which is currently underway.

### **\$110,000 to Support the Climate Action Plan**

The City Council has taken a number of steps recently to emphasize its commitment climate action. In May, 2017 the Council adopted a resolution committing the City to use 100% renewable energy by 2040. In June, 2017, the Council passed a resolution to join the Mayors Climate Action Agenda (Climate Mayors) that commits the City to take actions to achieve the goals established by the 2016 Paris Climate Accords. The Sustainability and Transportation Committee, led by Councilor Thibodeau, has made developing a plan to achieve these goals a priority for 2018. City staff recently made a presentation to the committee about joining with the City of South Portland to develop complementary climate action plans for each city. This would allow the cities to share costs associated with consulting and technical analysis. The resulting plans will describe actions each city should take to mitigate the effects of climate change as well as strategies to adapt to impacts such as sea level rise. The climate action plans will cover all sectors of the community -- residential, commercial, and industrial -- as well as municipal operations. Portland's share of the cost will be \$110,000.

**\$100,000 for a Permanent Memorial to Dr. Martin Luther King, Jr.**

For many years, the City has been attempting to remember the life and legacy of the Reverend Martin Luther King, Jr. Recently, the Sustainability and Transportation Committee established a task force specifically tasked with finding a permanent way to honor Dr. King. The task force spent several months analyzing various options and concluded renaming the Bayside Trail. After an additional meeting to also discuss other options including the renaming of Franklin Street, the task force was unable to reach a conclusion. It was determined that a permanent memorial be established and the cost estimate is currently \$100,000.

**Additional Funding to Capitalize the Housing Trust Fund**

In recent years there has been an increased focus on providing funding for the Housing Trust. The Council's Housing Committee, led by Councilor Duson, has made it a priority to increase the funding for the Housing Trust Fund. Historically the trust has been funded through fees assessed under the Housing Replacement Ordinance. More recently, the trust has been funded via contributions from developers under inclusionary zoning requirements. However these fees are paid when a project is issued a certificate of occupancy.

The Housing Trust provides a valuable source of funding for projects that have sought the other funding sources for affordable housing development, but that still have a financing gap. It also helps projects that do not meet the criteria for other funding sources (for example, workforce housing projects not eligible for HOME funds and Housing Tax Credits.) The most recent Housing Trust annual plan includes a waivable minimum balance of \$500,000 in the Trust. This minimum balance is held in reserve to cure defects in existing affordable housing developments if necessary in order to avoid losing existing units. For example, should a deed-restricted workforce condominium go into foreclosure, the minimum balance would give the City the flexibility to resolve the foreclosure and keep the unit affordable. Otherwise, the bank's mortgage may supercede any affordability restriction. In this case, the City could potentially then resell the unit with the deed restriction and recapture the funds for the Housing Trust. This minimum balance, while waivable, is in keeping with best practices for Housing Trusts nationally.

This year, in part due to the existence of the Housing Trust, the City has active proposals for over 200 units of affordable housing. It will not be possible to fund these projects while maintaining a minimum balance, and hopefully a reserve for future years, without the allocation of funds from the 0 Hancock Street sale into the Trust.

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Sources and Uses of Housing Trust Fund

DEPOSITS	EXPENDITURES
Maine Medical Center HRO 2002-2003	\$ 315,580.00 Avesta Oak Street Lofts 2011
Sportsmand's Grill HRO 2002	\$ 40,000.00 Housing First Pre-Development RFP 2014
Berlin City Auto HRO 2009	\$ 116,000.00 65 Hanover & 62 Alder Sts Feasibility Study 2015
Stop n Shop HRO 2010	\$ 289,250.00 65 Munjoy Street 2017
Rockbridge/Eastland Park HRO 2012	\$ 42,500.00
Riverwalk/Ocean Gateway HRO 2012	\$ 250,000.00 Total Expenditures
118 Congress LLC HRO 2014	\$ 3,500.00
Sale of Tax Acquired Property 91 & 97 Belfort Street 2017	\$ 86,424.00
Sale of Tax Acquired Property 1.16 Upper A Street 2017	\$ 78,527.00
443 Congress Street IZ 2017	\$ 280,000.00
62 India Street IZ 2018	\$ 276,500.00
Short Term Rental Fee transfer 2018	\$ 33,318.80
Previous INTEREST EARNED	\$ 51,556.00
<b>Total Deposits</b>	<b>\$1,863,155.80 BALANCE</b>
	<b>\$1,223,320.80</b>

HRO - Housing Replacement Ordinance; IZ = Inclusionary Zoning Fee-in-lieu as of 7-13-2018

Inclusionary Zoning Development Projects: December 2015 - November 2017


Address	Status	# of Units	Type	Workforce Units	Off-Site	Fee-In-lieu
169 Newbury St (Luminato)	Under Construction	26	Condo	2 off site	2	\$0
62 India Street	Under Construction	29	Condo	0	0	\$290,000
443 Congress St	Under Construction	28	Apt	0	0	\$280,000
70 Anderson St	Approved (2016)	10	Town House	1	0	\$0
75 Chestnut St	Approved (2016)	54	Apt	5	0	\$0
20 Thames St	Approved (2017)	28	Condo	0	0	\$280,000
161 York St	Approved (2017)	11	Condo	0	0	\$110,000
221 Congress St	Approved (2017)	17	Condo	0	0	\$170,000
153-165 Sheridan St	Approved (2017)	19	Condo	1	0	\$0
1 Joy Place	Approved (2017)	12	Condo	1	0	\$0
218-220 Washington St	Approved (2017)	45	Condo	0	0	\$416,250
22 Hope Ave Subdivision (Brandy Ln)	Under Review	16	SF Home	1	0	\$0
383 Commercial St	Under Review	82	Condo	9	TBD	TBD
1700 Westbrook St (Stroudwater)	Under Review	123	SF/Townhouse	12		\$0

Funding for an Economic Development Disparity Study

During 2018 the Economic Development Committee will be examining whether a formal disparity study should be undertaken to determine if contractor hiring practices in the city are discriminatory and whether preferences should be considered for women, minorities, immigrants, veterans, and local residents, among others, when approving the use of TIF funds. The cost of this potential study is still being determined.

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Appendix A - Allen Avenue Fire Station Repairs Cost Estimate

NORTH DEERING FIRE STATION RENOVATION				PROGRESS COST ESTIMATE	
 PREFERRED CONSTRUCTION MANAGEMENT	NEW	500 sf	PROJ. NO:	23-027	
	RENOVATED	5,662 sf	REVISION:		
			EST DATE:	7/9/2018	
			GROSS SF:	5662	
DESCRIPTION	QUANTITY	UNIT	UNIT COST	TOTAL COST	
DIVISION 2 - INTERIOR DEMOLITION	5,662	SF	\$ 4.15	\$ 23,487.50	
DIVISION 2 - SITE WORK	5,662	SF	\$ 8.10	\$ 45,867.60	
DIVISION 3 - BUILDING CONCRETE	5,662	SF	\$ 4.13	\$ 23,410.76	
DIVISION 4 - MASONRY	5,662	SF	\$ 5.87	\$ 33,255.60	
DIVISION 5 - STEEL	5,662	SF	\$ 1.82	\$ 10,320.50	
DIVISION 6 - CARPENTRY	5,662	SF	\$ 0.32	\$ 1,837.50	
DIVISION 7 - THERMAL MOISTURE PROTECTION	5,662	SF	\$ 8.39	\$ 47,495.03	
DIVISION 8 - DOORS AND HARDWARE	5,662	SF	\$ 12.50	\$ 70,770.00	
DIVISION 9 - FINISHES	5,662	SF	\$ 18.01	\$ 101,961.48	
DIVISION 10 - SPECIALTIES	5,662	SF	\$ 6.04	\$ 34,180.00	
DIVISION 11 - EQUIPMENT	5,662	SF	\$ 1.55	\$ 8,750.00	
DIVISION 12 - FURNISHINGS	5,662	SF	\$ 0.76	\$ 4,312.50	
DIVISION 12 - CASEWORK AND MILLWORK	5,662	SF	\$ 8.65	\$ 48,975.00	
DIVISION 13 - SPECIAL CONSTRUCTION	5,662	SF	\$ -	\$ -	
DIVISION 14 - CONVEYING	5,662	SF	\$ -	\$ -	
DIVISION 21 - SPRINKLER	5,662	SF	\$ 5.48	\$ 31,054.00	
DIVISION 22 - PLUMBING	5,662	SF	\$ 17.66	\$ 99,967.52	
DIVISION 23 - HVAC	5,662	SF	\$ 38.19	\$ 216,243.00	
DIVISION 26 - ELECTRICAL	5,662	SF	\$ 42.52	\$ 240,748.79	
<b>BLDG. CONSTR. SUBTOTAL</b>	<b>5,662</b>	<b>SF</b>	<b>\$ 184.15</b>	<b>\$ 1,042,637</b>	
GENERAL CONDITIONS	12.00	%		\$ 125,116	
<b>BLDG. CONSTR. SUB TOTAL</b>	<b>5,662</b>	<b>SF</b>	<b>\$ 206.24</b>	<b>\$ 1,167,753</b>	
OVERHEAD AND PROFIT	5.00	%		\$ 58,388	
<b>BLDG. CONSTR. SUB TOTAL</b>	<b>5,662</b>	<b>SF</b>	<b>\$ 216.56</b>	<b>\$ 1,226,141</b>	
DESIGN CONTINGENCY	5.00	%		\$ 61,307	
<b>BLDG. CONSTR. SUB TOTAL</b>	<b>5,662</b>	<b>SF</b>	<b>\$ 227.38</b>	<b>\$ 1,287,448</b>	
BOND AND INSURANCE	2.00	%		\$ 25,749	
<b>BLDG. CONSTR. GRAND TOTAL</b>	<b>5,662</b>	<b>SF</b>	<b>\$ 231.93</b>	<b>\$ 1,313,197</b>	

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**City of Portland, Maine**  
Multi-Modal Taxable General Obligation Bonds  
Debt Service Schedule as of 07/17/2001

Date	Principal	Coupon	Interest	Debt Service	Annual Interest	Annual Debt Service	UAAL	Savings	Balance Outstanding
7/19/01									
12/1/01	-	4.919%	2,016,462	2,016,462	-	-	-	-	111,800,000
6/1/02	-	4.919%	2,749,721	2,749,721	4,766,183	4,766,183	5,717,120	950,937	111,800,000
12/1/02	-	4.664%	2,607,176	2,607,176	-	-	-	-	111,800,000
6/1/03	-	4.664%	2,607,176	2,607,176	5,214,352	5,214,352	6,060,148	845,796	111,800,000
12/1/03	-	4.989%	2,788,851	2,788,851	-	-	-	-	111,800,000
6/1/04	-	4.989%	2,788,851	2,788,851	5,577,702	5,577,702	6,423,756	846,054	111,800,000
12/1/04	-	5.334%	2,981,706	2,981,706	-	-	-	-	111,800,000
6/1/05	-	5.334%	2,981,706	2,981,706	5,963,412	5,963,412	6,809,182	845,770	111,800,000
12/1/05	-	5.610%	3,135,990	3,135,990	-	-	-	-	111,800,000
6/1/06	100,000	5.610%	3,135,990	3,235,990	6,271,980	6,371,980	7,217,732	845,752	111,800,000
12/1/06	-	6.003%	3,352,676	3,352,676	-	-	-	-	111,700,000
6/1/07	100,000	6.003%	3,352,676	3,452,676	6,705,351	6,805,351	7,650,796	845,445	111,700,000
12/1/07	-	6.419%	3,581,802	3,581,802	-	-	-	-	111,600,000
6/1/08	100,000	6.419%	3,581,802	3,681,802	7,163,604	7,263,604	8,109,844	846,240	111,600,000
12/1/08	-	6.862%	3,825,565	3,825,565	-	-	-	-	111,500,000
6/1/09	100,000	6.862%	3,825,565	3,925,565	7,651,130	7,751,130	8,596,436	845,306	111,500,000
12/1/09	-	7.331%	4,083,367	4,083,367	-	-	-	-	111,400,000
6/1/10	100,000	7.331%	4,083,367	4,183,367	8,166,734	8,266,734	9,112,222	845,488	111,400,000
12/1/10	-	7.829%	4,356,839	4,356,839	-	-	-	-	111,300,000
6/1/11	100,000	7.829%	4,356,839	4,456,839	8,713,677	8,813,677	9,658,954	845,277	111,300,000
12/1/11	-	8.357%	4,646,492	4,646,492	-	-	-	-	111,200,000
6/1/12	100,000	8.357%	4,646,492	4,746,492	9,292,984	9,392,984	10,238,492	845,508	111,200,000
12/1/12	-	8.903%	4,945,617	4,945,617	-	-	-	-	111,100,000
6/1/13	115,000	8.903%	4,945,617	5,060,617	9,891,233	10,006,233	10,852,800	846,567	111,100,000
12/1/13	-	8.903%	4,940,497	4,940,497	-	-	-	-	110,985,000
6/1/14	775,000	8.903%	4,940,497	5,715,497	9,880,995	10,655,995	11,503,968	847,973	110,985,000
12/1/14	-	8.903%	4,905,998	4,905,998	-	-	-	-	110,210,000
6/1/15	1,535,000	8.903%	4,905,998	6,440,998	9,811,996	11,346,996	12,194,206	847,210	110,210,000
12/1/15	-	8.903%	4,837,668	4,837,668	-	-	-	-	108,675,000
6/1/16	2,400,000	8.903%	4,837,668	7,237,668	9,675,335	12,075,335	12,925,858	850,523	108,675,000
12/1/16	-	8.903%	4,730,832	4,730,832	-	-	-	-	106,275,000
6/1/17	3,390,000	8.903%	4,730,832	8,120,832	9,461,663	12,851,663	13,701,410	849,747	106,275,000
12/1/17	-	8.903%	4,579,926	4,579,926	-	-	-	-	102,885,000
6/1/18	4,515,000	8.903%	4,579,926	9,094,926	9,159,852	13,674,852	14,523,494	848,642	102,885,000
12/1/18	-	8.903%	4,378,941	4,378,941	-	-	-	-	98,370,000
6/1/19	5,790,000	8.903%	4,378,941	10,168,941	8,757,881	14,547,881	15,394,904	847,023	98,370,000
12/1/19	-	8.903%	4,121,199	4,121,199	-	-	-	-	92,580,000
6/1/20	7,230,000	8.903%	4,121,199	11,351,199	8,242,397	15,472,397	16,318,598	846,201	92,580,000
12/1/20	-	8.903%	3,799,355	3,799,355	-	-	-	-	85,350,000
6/1/21	8,850,000	8.903%	3,799,355	12,649,355	7,598,711	16,448,711	17,297,714	849,004	85,350,000
12/1/21	-	8.903%	3,405,398	3,405,398	-	-	-	-	76,500,000
6/1/22	10,675,000	8.903%	3,405,398	14,080,398	6,810,795	17,485,795	18,335,578	849,783	76,500,000
12/1/22	-	8.903%	2,930,200	2,930,200	-	-	-	-	65,825,000
6/1/23	12,725,000	8.903%	2,930,200	15,655,200	5,860,400	18,585,400	19,435,712	850,312	65,825,000
12/1/23	-	8.903%	2,363,747	2,363,747	-	-	-	-	53,100,000
6/1/24	15,025,000	8.903%	2,363,747	17,388,747	4,727,493	19,752,493	20,601,856	849,363	53,100,000
12/1/24	-	8.903%	1,694,909	1,694,909	-	-	-	-	38,075,000
6/1/25	17,600,000	8.903%	1,694,909	19,294,909	3,389,817	20,989,817	21,837,966	848,149	38,075,000
12/1/25	-	8.903%	911,445	911,445	-	-	-	-	20,475,000
6/1/26	20,475,000	8.903%	911,445	21,386,445	1,822,889	22,297,889	23,148,244	850,355	20,475,000
<b>Total</b>	<b>111,800,000</b>		<b>180,578,566</b>	<b>292,378,566</b>	<b>180,578,566</b>	<b>292,378,566</b>	<b>313,666,990</b>	<b>21,288,424</b>	

# Market Update: Refunding of 2001 GO Pension Bonds

# STIFEL

The City's taxable 2001 GO Pension Bonds are currently in weekly variable rate mode and are synthetically fixed with an interest rate swap

- The City could refund its taxable 2001 GO Pension Bonds into long-term fixed rate mode
  - Refunding prior bonds that have an interest rate swap attached may constitute a termination event for the swap
  - The City's S&P rating report from its March 2018 transaction estimates the current "mark-to-market" value of the swap at -\$31 million, which the City could pay to BNY Mellon as part of the refunding of the underlying bonds
- If the City conducted this refunding and terminated the associated swap, it could remove its entire variable rate exposure and lock in taxable fixed rates for the remaining life of the bonds through 6/1/2026
  - Unlike a typical refunding done for interest rate savings, this refunding could actually result in higher annual payments from the City due to the additional bonds required to fund the termination payment
  - Under the existing weekly variable rate mode and interest rate swap, we cannot predict future interest rate movements or the ultimate cost to the City over time and the associated impact those rate movements have on the mark-to-market of the swap

## 2001 Taxable GO Pension Bonds

Dated Date	July 19, 2001
Final Maturity	June 1, 2026
Original Par	\$111.8 million
Outstanding Par	\$96.1 million
Optional Redemption	Any Interest Payment Date at Par
Interest Rate Mode	Weekly Rate
<i>Source: 2001 Official Statement.</i>	

## Swap on the 2001 Taxable GO Pension Bonds

Swap Counterparty	BNY Mellon
City Pays	8.903%
City Receives	1m LIBOR + 40 bps
Est. Mark to Market	-\$31 million (against the City)
<i>Sources: Moody's, Credit Opinion, Portland (City of) ME, 5 March 2018. S&amp;P Global Ratings RatingsDirect, Portland, Maine; General Obligation, 1 March 2018.</i>	

## Refunding Summary Statistics 1-2-3-4-5-6-7

Pricing Date	10/1/2018
Redemption Date	10/1/2018
Final Maturity Date	6/1/2026
All-in TIC	3.35%
Escrow Yield	N/A
Bond Par Amount	\$130,680,000
Par of Refunded Bonds	\$98,370,000
Swap Termination Payment	\$31,000,000
Average Life (Years)	4.72

<i>PV Savings (5/%)</i>	<del>-\$8,302,798</del> / -8.48%
PV Savings Sensitivity: +25bps	-\$9,626,054 / -9.79%
PV Savings Sensitivity: -25bps	-\$7,040,206 / -7.16%

1. Market conditions as of close on June 1, 2018. Assumes 10-year par call.
2. Preliminary and subject to change.
3. Interest rate assumptions are based on current market conditions and similar credits.
4. The City's actual results may differ, and Stifel makes no commitment to underwrite at these levels.
5. Costs of issuance and underwriter's discount are estimates for discussion purposes.
6. Analysis was performed with no changes to the term or the structure of the debt service from the currently outstanding issue.
7. The use of the 'Aa1' / 'Aa+' rating for the refunding bonds is consistent with the rating of the outstanding prior bonds.

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