

# Board of Directors

December 13, 2023 | 4:00 p.m. – 5:00 p.m.



## Onsite:

Greater Portland Transit District  
114 Valley Street, Portland, ME 04102 | Administration Conference Room

## Remote:

Please click the link below to join the webinar:  
<https://us02web.zoom.us/j/83886736258?pwd=UDh4K2NYRHNaQIR1cUtUQjBHbHUrUT09>  
Passcode: 043599 | Webinar ID: 838 8673 6258  
Phone: (646) 558-8656 | Telephone participants: \*9 to raise hand, \*6 to unmute

## AGENDA

AGENDA ITEM	PRESENTER	ACTION or INFORMATION
<b>1. Call Meeting to Order (4:00)</b>	Michael Foley, Board President	N/A
<b>2. Public Comment (4:00-4:05)</b> The board welcomes public comments at this time for items <u>not listed</u> on this agenda at this time. For items listed on the agenda, the chair will allow members of the public to comment following the staff presentation. There is a <i>three-minute time limit</i> per speaker.	Michael Foley, Board President	Information
<b>3. Approval of Meeting Minutes (4:00-4:05)</b> Consider approval of the meeting minutes from the September 28, 2023 and October 26, 2023 board meetings.	Michael Foley, Board President	<b>ACTION</b>
<b>4. Executive Director's Report (4:05-4:25)</b> Information and updates pertaining to agency operations, service performance, major projects and programs, and related issues.	Greg Jordan, Executive Director	Information
<b>5. Authorization for Tax Anticipation Borrowing of \$5,600,000 for 2024 (4:25-4:45)</b> Authorize issuance of a Tax Anticipation Note (TAN) of \$5,600,000 to provide operating cash flow for 2024 through short-term borrowing.	Shelly Brooks, Chief Financial Officer	<b>ACTION</b>
<b>6. Future Agenda Items (4:45-5:00)</b> <ul style="list-style-type: none"><li>Strategic Planning: Goals-Objectives Workshops (Jan)</li><li>Committee Evaluation (Jan)</li><li>Final 2024 Operating-Capital Budgets (Feb)</li><li>Agency-Board Policies Review and Reorganization (Feb)</li><li>Collective Bargaining Agreement renewal (Mar)</li></ul>	Michael Foley, Board President	Information

<p><b>7. Upcoming Meetings (4:45-5:00)</b></p> <ul style="list-style-type: none"> <li>• Ridership Committee – December 20, 2023 at 4:00 p.m.</li> <li>• Finance Committee – January 3, 2024 at 4:00 p.m.</li> <li>• Executive Committee – January 10, 2024 at 3:30 p.m.</li> <li>• Ridership Committee – January 17, 2024 at 4:00 p.m.</li> <li>• Board of Directors – January 25, 2024 at 4:00 p.m.</li> </ul>	<p>Michael Foley, Board President</p>	<p>Information</p>
<p><b>8. Adjournment (5:00)</b></p>	<p>Michael Foley, Board President</p>	<p><b>ACTION</b></p>

*As of November 9, 2022 Greater Portland METRO is holding meetings of the Board of Directors (and its committees) in hybrid format, both in person at METRO’s offices and via webinar. The remote portions of all meetings are conducted in accordance with the requirements of [METRO’s Remote Participation Policy](#) (adopted August 25, 2022) as well as LD 1772, PL 2022 Ch. 666, and 1 MRSA Chapter 13, Subchapter 1.*

**DATE**

December 13, 2023

**SUBJECT**

Authorization for Tax Anticipation Borrowing of \$5,600,000 for 2024

**PURPOSE**

Authorize issuance of a Tax Anticipation Note (TAN) of \$5,600,000 to provide operating cash flow for 2024 through short-term borrowing.

**BACKGROUND/ANALYSIS**

Because of the timing of the receipt of both the FTA annual operating funds, which are received in September/October, and municipal funds which are received in July/August, Metro requires annual short-term financing to ensure the agency can maintain cash flow to meet its operational needs throughout the year. By definition, the term of a TAN is twelve months.

The principal amount of the 2023 TAN was \$5.6 million, and was based on the budget increase as well as the continued impact of COVID19 that continued to suppress fare and advertising revenue throughout the year. The receipt of CARES funding resulted in the need to draw only \$3.30 million of the TAN.

The \$5.6 million principal amount for 2024 is based on an increased budget, as well as the dampening effect COVID19 continues to have on fare revenue. While the CARES funding was exhausted in 2023, State funding has increased for 2024, and will be received early in the year (January 2024), lessening the dependence on the TAN, at least in very early 2024. The unpredictability of these revenue streams results in a conservative estimate for cash flow needs of the \$5.6 million. However, as in 2023, only the amount needed will be drawn from the TAN and interest cost will be based on that amount.

Camden National Bank, who has held our TANs for the past several years and continues to be our depository bank, proposed to offer a competitive interest rate of 5.96% for 2024, albeit a rate that is 0.82% greater than 2023, as the Federal Reserve continues to raise interest rates as an inflationary control measure. Short-term interest rates had risen in 2018/2019, with our TAN rate being 3.15%, and then dropping to 2.18% in 2020 and 1.67% in 2022, and then climbed significantly in 2023 to 5.14%.

We did request rate quotes from several other banks, with Mascoma Bank being the only bank that responded outside of Camden. Mascoma's proposed borrowing rate was 6.25%.

To approve the financing, Bond Counsel has provided the Motion language and item description in **Attachment A** to authorize the District to borrow funds and to authorize the Board President and Treasurer to execute the required paperwork for generating the note.

**FISCAL IMPACT**

Cash flow financing accrues interest as funds are drawn periodically, is based on the cumulative outstanding balance, and must be fully retired by the end of the year. The interest expense has increased not only from rate increases, but also due to cash requirements early in the year which required drawing the TAN amount sooner, and the expenditures have increased as the budget has increased.

The following table shows comparative principal amounts, interest rates, and total interest paid. The budget estimate for 2024 interest is \$85,000.

Year	Principal	Rate	Int Paid	Operating Budget
2017	\$2,000,000	1.30%	\$ 7,272	Budget = \$ 8.7m
2018	\$2,450,000	2.12%	\$23,126	Budget = \$10.1m
2019	\$3,000,000	3.15%	\$51,485	Budget = \$11.4m
2020	\$4,100,000	2.18%	\$32,958	Budget = \$12.1m
2021	\$4,600,000	1.59%	\$15,408	Budget = \$12.7m
2022	\$5,300,000	1.67%	\$23,053	Budget= \$13.9m
2023	\$5,600,000	5.14%	\$66,570	Budget= \$14.3m
2024	\$5,600,000	5.96%	TBD	Budget= \$16.8m

**PRIOR COMMITTEE ACTION**

N/A

**RECOMMENDATION**

Staff recommends approval authorizing the district to borrow funds and authorizing the Board President and Treasurer to execute the required paperwork for generating the note.

**CONTACT**

Shelly Brooks  
 Finance Director  
 207-423-5052  
[sbrooks@gpmetro.org](mailto:sbrooks@gpmetro.org)

**ATTACHMENTS**

Attachment A – Voting Item and Resolution

**Motion:** I move that the vote entitled, “Authorization for Tax Anticipation Borrowing (\$5,600,000)” be approved in form presented to this meeting and that the Clerk file an attested copy of said vote with the minutes of this meeting.

**TITLE: Authorization for Tax Anticipation Borrowing (\$5,600,000)**

***By the Board of Directors of the Greater Portland Transit District be it hereby voted, ordered and resolved as follows:***

VOTED: That, pursuant to Sections 3504 and 3512 of Title 30-A of the Maine Revised Statutes, the President (or if the President is unavailable, the Vice President) and Treasurer of the Greater Portland Transit District (the “District”) are hereby authorized and empowered to borrow from Camden National Bank (the “Bank”), at one time or from time to time during the fiscal year ending December 31, 2024, an aggregate principal amount not to exceed \$5,600,000 in anticipation of the collection of taxes, such borrowing to be evidenced by the issuance of the District’s tax anticipation note (the “Note”).

VOTED: That the Note shall be executed in the name of and on behalf of the District by the Treasurer, countersigned by the President (or if the President is unavailable, the Vice President) of the District, attested to by the Clerk.

VOTED: That the Note shall mature on or before December 31, 2024, shall bear interest at the rate not to exceed 5.96% per annum and shall be in such form and contain such other terms and provisions, not inconsistent herewith, as shall be approved by the officers and officials signing the same, which approval shall be conclusively evidenced by their execution thereof.

VOTED: That the Treasurer, to the extent permitted and available under the Internal Revenue Code of 1986, as amended (the “Code”), be and hereby is authorized to designate the Note as a qualified tax-exempt obligation for purposes of Section 265(b) of the Code.

VOTED: That the Treasurer be and hereby is authorized to covenant with the Bank, on behalf of the District and for the benefit of the Bank as the holder of the Note, that the District shall take whatever steps, including filing any reports and rebating any excess earnings, as may be required by federal law, and shall refrain from taking any action, as may be necessary or appropriate to ensure that interest on the Note will remain exempt from federal income taxes.

VOTED: That the Treasurer, President (or if the President is unavailable, the Vice President) and Clerk of the District be and hereby are authorized and empowered on behalf of the District to undertake all such acts and things and execute and deliver all such documents and certificates as may be necessary or convenient in connection with the issuance, sale, execution, and delivery of the Note.

VOTED: That if the Treasurer, President, Vice President, or Clerk are for any reason unavailable to approve and execute the Note or any related documents, the person or persons then acting in any such capacity, whether as an assistant, a deputy, or otherwise, is authorized to act for such official with the same force and effect as if such official had himself/herself performed such act.