

OFFICE OF THE STATE TREASURER

Bond Issue Update

2014 Bond Issue Overview

State of Maine General Obligation Bonds 2014 Series A and 2014 Series B			
Sources:	2014 Series A (Federally Taxable)	2014 Series B (Tax-Exempt)	Total
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Bond Proceeds:			
Par Amount	40,045,000.00	72,900,000.00	112,945,000.00
Premium	61,164.45	14,679,883.50	14,741,047.95
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	40,106,164.45	87,579,883.50	127,686,047.95
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True Interest Cost (TIC)	.96%	2.03%	

2014 State GO Bond Rating Overview

Moody's revises Maine's outlook to stable from negative, affirms Aa2 GO rating and other related ratings *(Current Rating: Aa2, Stable Outlook; Previous Rating: Aa2 Negative Outlook) 6.4.14*

STRENGTHS

- Conservative debt structure
- Modestly improving revenue trends
- Significant pension and OPEB reforms

CHALLENGES

- Negative available fund balance restricts financial flexibility
- Large pension liability relative to revenues will pressure future budgets
- Weak General Fund liquidity
- Weak demographic trends that will limit economic improvement

S&P: Maine's 2014A&B General Obligation Bonds Assigned 'AA' Rating; Other Ratings Affirmed *(Current rating: AA, Stable Outlook; Affirmed) 6.6.14*

STRENGTHS

- Rapid debt amortization, with a strong legal framework for debt repayment; and
- Access to a large cash pool, which provides additional liquidity for the general fund.

CHALLENGES

- An accumulated unreserved general fund deficit, although this improved in fiscal 2013 due to the issuance of debt to retire liabilities for unpaid Medicaid payments owed to hospitals; and
- Somewhat high levels of unfunded pension ratios at fiscal year-end 2013, although substantially improved from 2010 levels.