

SOCIAL HOUSING TASK FORCE



MEMBERS

City Councilor Kate Sykes, Co-Chair
City Councilor Sarah Michniewicz
Paul Styslinger
Bill Stauffer
Jason Spector
Cat Buxton
Wendy Cherubini
Cullen Ryan
Matthew Peters
Kristin Leffler
Jon Fetherston, Co-Chair
Jonathan Culley
Tim Wells

Wednesday, November 19, 2025 at 6:00 PM
Via Zoom

REMOTE ACCESS INFORMATION:

The Social Housing Task Force will conduct this meeting remotely via Zoom pursuant to the Remote Meeting Policy adopted by the Social Housing Task Force. Allow your computer to install the free Zoom app to get the best meeting experience. If you are not able to attend live either in person or via Zoom, a recording will be available in the [Agenda Center](#) following the meeting.

For public comment via Zoom, you will need to use the "raise your hand" feature. To raise your hand via the telephone, please hit *9. You will be unmuted by the host when it is time for public comment.

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PUBLIC COMMENT INFORMATION:

To submit written public comment on an agenda item, email socialhousingtaskforce@portlandmaine.gov. Submissions must be received by 12:00 pm the day before the Social Housing Task Force meeting to guarantee their inclusion in the agenda packet. All submissions must include the commenter's name and legal address. To help ensure your comment is submitted for the correct item, please include the name of the agenda item (see below).

AGENDA:

1. **Welcome and Introductions - Greg Watson, Housing and Economic Development Department Director**

2. **City of Portland Municipal Bond Program - Presented by Brendan O'Connell, Finance Director**
 - i. City of Portland Power Point

3. **State Tax Exempt Bond Program - Presented by Adam Krea, Sr. Director Finance and Lending, MaineHousing**
 - i. Maine Housing Bonds Overview

4. **Task Force Members Discussion, Questions and Requests for Follow-up Information**



City of Portland, Maine Bonds & Debt Discussion

PRESENTATION TO THE SOCIAL HOUSING TASK FORCE
NOVEMBER 19, 2025





- Review the two different types of City of Portland bonds outstanding
 - a. General Obligation Bonds
 - b. Revenue Bonds
- Review City's \$423M+ of debt outstanding by type
 - a. General Obligation Bonds, Other Debt, Revenue Bonds
 - b. Credit ratings discussion
- City Budget & Fiscal Impacts of General Obligation Bond Issuance
- Questions & Answers

Agenda

General Obligation Bond (GO)

A general obligation bond (GO bond) is a type of municipal bond primarily relying on an issuing government's full faith and credit including taxation ability for its backing, rather than revenue from a specific project. With no assets held as collateral, general obligation bonds reflect confidence in a municipality's capacity to meet its financial obligations via tax revenue. GO bonds provide local governments with the ability to fund public projects like facilities, equipment, streets, sidewalks, vehicles and more without being tied to specific project revenue. Maturities typically match the underlying asset useful lives (5-30 years).

GO Bonds - Advantages for Investors

High Security and Low Risk: GO bonds are considered low-risk investments because they are backed by the issuer's unconditional pledge of its full taxing authority (property, sales, or income taxes) to repay bondholders. This broad revenue base provides a high level of security, making default rare.

Stable and Fixed Income: These bonds offer a predictable and stable stream of regular interest payments (coupons) and the return of principal at maturity, which appeals to conservative investors and retirees.

Tax Advantages: Interest earned on most municipal bonds, including GO bonds, is typically exempt from federal income tax and may also be exempt from state and local taxes if the investor resides within the state of issuance.

Capital Preservation and Diversification: GO bonds can help preserve capital due to their relative safety compared to other investments like stocks and are a good tool for diversifying an portfolio.

Marketability: They are generally marketable and are easily traded in the secondary market, offering a degree of liquidity and flexibility. GO bonds are a great tool in municipal finance and an attractive, stable investment option for those seeking reliable, tax-advantaged income.

GO Bonds - Advantages for Issuers

Flexible Funding for Public Projects: GO bonds allow municipalities to finance a wide range of capital projects that may not generate their own revenue stream.

Lower Borrowing Costs: Due to their high credit quality and low risk profile (backed by the issuer's "full faith and credit" and taxing power), GO bonds typically receive high credit ratings than other types of bonds, which translates to lower interest rates for the issuer towns and cities.

Cost Matching: Costs of a project are spread over the full period of benefit (i.e. the useful life of the asset being funded) rather than being fully borne within a single year.

Utilization of General Funds for Operations: Using bond financing for major capital projects frees up the annual operating budget to be allocated toward ongoing costs and essential services like public safety and personnel salaries.

Voter Approval and Community Support: The requirement for voter approval on many GO bond issues ensures community buy-in and transparency for projects being funded, increasing public confidence.

Revenue Bond

A revenue bond is a type of municipal bond paid for by the revenue generated from a specific project or entity, such as improvements at Portland International Jetport, rather than from the full faith and credit of the issuer. The money from these projects is used to pay the principal and interest to bondholders, making them different from general obligation (GO) bonds that are backed by a government's taxing power. They are often tax-exempt and mature in 20 to 30 years.



Revenue Bonds - Advantages

Tax Exemption: Interest income from revenue bonds is typically exempt from federal, state, and local taxes, making them attractive for investors with higher tax brackets.

Higher Yields: Revenue bonds often offer higher yields compared to general obligation bonds, as they are backed by specific projects that generate income.

Predictable Income: The income from revenue bonds is generally predictable and low in volatility, providing a stable investment option.

Support for Infrastructure: Revenue bonds are used to finance public infrastructure projects, such as toll roads, airports, and utilities and other types of public infrastructure.

Lower Risk: While revenue bonds carry a higher risk of default compared to general obligation bonds, they are considered a safer investment option for those seeking to invest in infrastructure.



- \$292,910,000 of general obligation bonds
- \$48,225,195 of notes payable from direct borrowings
- \$82,430,000 of Jetport revenue bonds

\$423,565,194 of total outstanding debt as of 6/30/25

City of Portland Outstanding Debt (as of 6/30/25)

City of Portland General Obligation Bond Portfolio as of 6/30/25 - \$292.9M

CITY OF PORTLAND OUTSTANDING DEBT

Bond issue	Date of Issue	Final Maturity	Amount Issued	Interest Rate	General City	Enterprise Funds	Balance at June 30, 2025	
General obligation bonds:								
Multi-modal taxable pension bond	07/19/01	6/1/2026	\$111,800,000	variable	\$ 20,475,000	\$ -	\$ 20,475,000	Pension
Refunding and various purposes	03/01/10	9/1/2030	18,912,000	3.98	1,095,000	-	1,095,000	2010B
Various purposes	01/25/12	2/1/2027	11,494,000	2.06	1,281,000	44,000	1,325,000	2012A 2012B
Various purposes	02/01/13	2/1/2033	15,418,000	var	4,459,600	390,400	4,850,000	2013
Refunding and various purposes	02/01/14	11/1/2033	20,118,000	var	5,306,265	793,735	6,100,000	2014 2014R
Refunding and various purposes	02/03/15	11/1/2034	20,431,000	var	4,872,826	1,002,174	5,875,000	2015A 2015B
Refunding and various purposes	03/02/16	4/1/2036	33,385,000	var	10,005,075	2,524,926	12,530,000	2016 2016R
Various purposes	03/15/17	4/1/2037	14,514,000	var	5,048,876	1,821,124	6,870,000	2017
School construction	08/17/17	8/1/2037	24,600,000	var	15,990,000	-	15,990,000	2017B
Various purposes	03/22/18	4/1/2038	22,640,000	var	9,502,410	4,202,590	13,705,000	2018
Various purposes	05/15/19	4/1/2039	19,745,000	var	8,458,651	2,841,349	11,300,000	2019
Various purposes	03/26/20	10/1/2040	43,000,000	var	22,951,255	10,368,745	33,320,000	2020
Various purposes	06/08/21	4/1/2051	67,710,000	var	16,871,802	36,358,198	53,230,000	2021 2021R 2021CSO
Various purposes	05/05/22	5/1/2042	49,430,000	var	33,709,114	7,530,886	41,240,000	2022
Various purposes	10/17/23	11/1/2053	47,900,000	var	31,554,040	14,450,960	46,005,000	2023
Various purposes	04/30/25	7/15/2045	19,000,000	var	12,420,000	6,580,000	19,000,000	2025
Total general obligation bonds			<u>\$540,097,000</u>		<u>\$41,000,914</u>	<u>\$ 88,909,086</u>	<u>\$ 292,910,000</u>	

City of Portland Other Direct Borrowings as of 6/30/25 - \$48.2M

Notes from direct borrowings

Maine Municipal Bond Bank:

Combined sewer overflow	06/15/09	4/1/2029	\$ 11,135,000	1.00	\$ -	\$ 2,227,000	\$ 2,227,000	2008SRF
Combined sewer overflow	06/15/09	4/1/2029	1,912,762	0.00	-	382,553	382,553	ARRA09
Combined sewer overflow	11/23/10	10/1/2030	11,100,000	1.00	-	3,330,000	3,330,000	2010SRF
Combined sewer overflow	05/02/11	4/1/2031	7,286,467	1.00	-	2,185,940	2,185,940	2011SRF
Combined sewer overflow	12/18/11	10/1/2031	7,245,000	1.00	-	2,535,750	2,535,750	2012SRF
Combined sewer overflow	04/15/13	4/1/2033	14,300,000	0.50	-	5,720,000	5,720,000	2013SRF
Combined sewer overflow	12/01/15	12/1/2045	6,800,000	1.00	-	4,760,000	4,760,000	2015SRF
Combined sewer overflow	07/01/18	7/1/2048	11,240,000	1.00	-	8,992,000	8,992,000	2018FFR
Combined sewer overflow	03/09/21	7/1/2046	9,276,000	1.00	-	8,162,880	8,162,880	2021SRF
Combined sewer overflow	12/22/22	10/1/2043	6,408,143	1.83	-	6,087,736	6,087,736	2022SRF-B
Various school improvements	11/21/23	7/1/2034	250,000	0.00	225,000	-	225,000	2022SRRF
Total Maine Municipal Bond Bank			\$ 86,953,372		\$ 225,000	\$ 44,383,859	\$ 44,608,859	

Notes payable:

Maine Dept. of Transportation	338,128	-	338,128
Total notes payable	\$ 338,128	\$ -	\$ 338,128

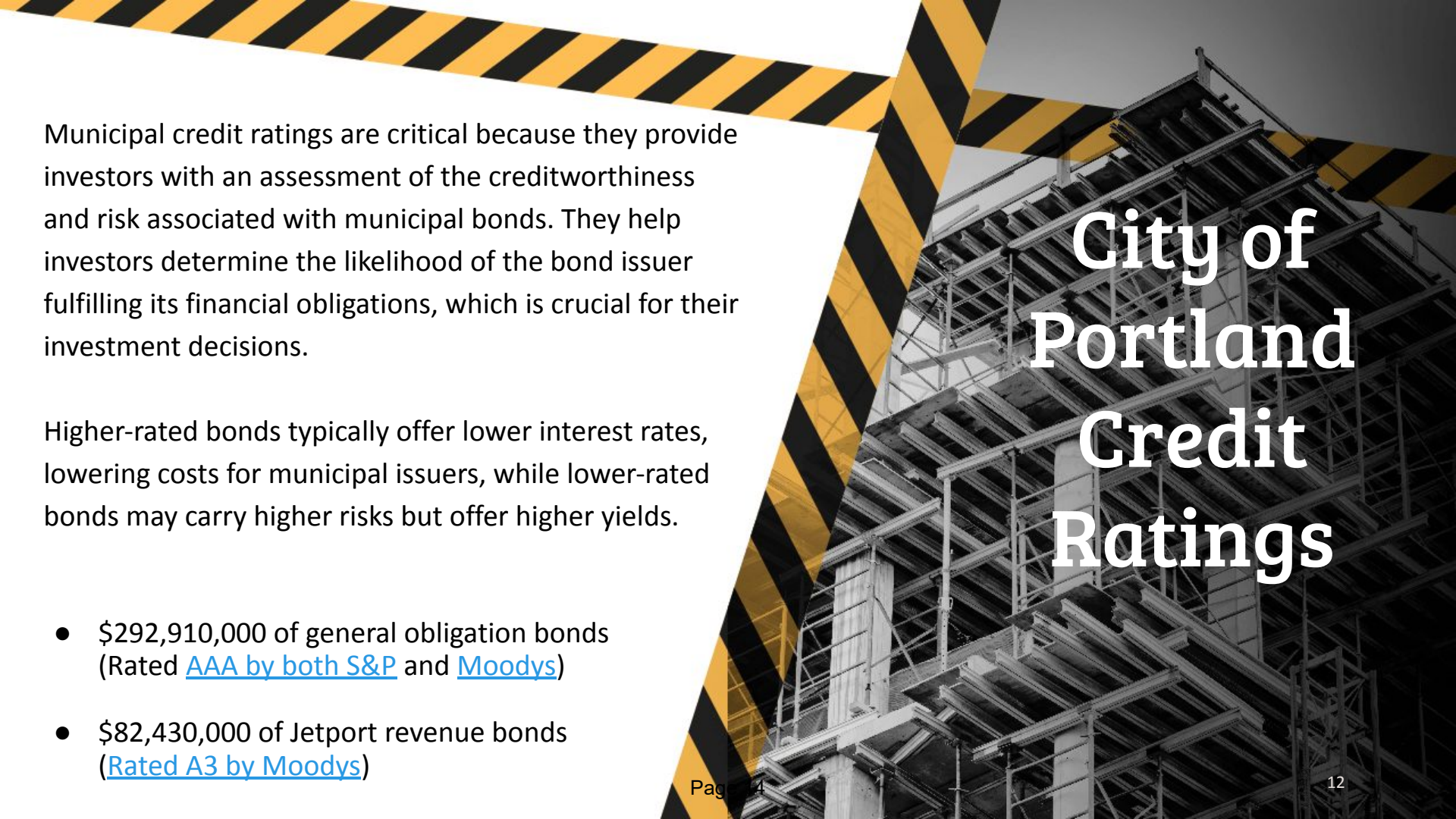
Direct borrowings:

LED street lighting - phase I	\$ 1,295,467	\$ -	\$ 1,295,467
LED street lighting - phase II	1,982,741	-	1,982,741
Total direct borrowings	\$ 3,278,208	\$ -	\$ 3,278,208
Total notes from direct borrowings	\$ 3,841,336	\$ 44,383,859	\$ 48,225,195

City of Portland Revenue Bond Portfolio as of 6/30/25 - \$82.4M

CITY OF PORTLAND REVENUE BONDS

	Stated Interest Rate Range	Face Value Outstanding June 30, 2025
General Airport Revenue Refunding Bonds, Series 2016 \$20,695,000 original principal, matures January 1, 2038	4.00%-5.00%	\$ 15,200,000
General Airport Revenue Refunding Bonds, Series 2019 \$58,450,000 original principal, matures January 1, 2040	3.00%-5.00%	55,685,000
General Airport Revenue Refunding Bonds, Series 2023 \$12,695,000 original principal, matures July 1, 2032	5.00%	<u>11,545,000</u>
		<u>\$ 82,430,000</u>



Municipal credit ratings are critical because they provide investors with an assessment of the creditworthiness and risk associated with municipal bonds. They help investors determine the likelihood of the bond issuer fulfilling its financial obligations, which is crucial for their investment decisions.

Higher-rated bonds typically offer lower interest rates, lowering costs for municipal issuers, while lower-rated bonds may carry higher risks but offer higher yields.

- \$292,910,000 of general obligation bonds (Rated [AAA by both S&P](#) and [Moodys](#))
- \$82,430,000 of Jetport revenue bonds ([Rated A3 by Moodys](#))

City of Portland Credit Ratings

Sample Secondary Market High Yield Tables (as of 11/18) by Bond Type and Rating

View by: **Highest Yield** | **Median Yield** [Pop out the yield table](#)

[Understanding This Table](#)

	3mo	6mo	9mo	1yr	2yr	3yr	5yr	10yr	20yr	30yr+
CDs (New Issues)	3.90%	3.80%	3.75%	3.85%	3.90%	4.00%	4.10%	4.05%	--	--
BONDS										
U.S. Treasury	3.85%	3.81%	3.73%	3.70%	3.59%	3.59%	3.72%	4.13%	4.77%	4.75%
U.S. Treasury STRIPS*	3.67%	3.66%	3.65%	3.57%	3.57%	3.61%	3.79%	4.33%	4.99%	4.82%
Agency/GSE	3.87%	3.83%	3.73%	3.87%	4.07%	4.13%	4.45%	5.12%	5.55%	5.22%
Corporate (Aaa/AAA)	3.80%	3.41%	3.73%	3.61%	3.51%	3.64%	3.90%	4.57%	5.08%	5.34%
Corporate (Aa/AA)	3.98%	3.97%	3.89%	3.88%	3.81%	3.92%	4.16%	4.86%	5.61%	5.88%
Corporate (A/A)	4.15%	4.08%	4.42%	3.99%	4.10%	4.15%	4.55%	5.40%	5.92%	6.20%
Corporate (Baa/BBB)	4.26%	4.37%	4.63%	4.74%	5.34%	6.27%	5.95%	6.33%	6.43%	6.82%
Municipal (Aaa/AAA)	3.08%	2.99%	3.24%	2.96%	3.22%	3.28%	3.56%	4.05%	4.7%	4.61%
Municipal (Aa/AA)	3.27%	3.50%	3.29%	3.48%	3.46%	3.60%	3.8%	4.45%	4.9%	4.55%
Municipal (A/A)	3.13%	3.50%	3.35%	3.35%	3.38%	3.57%	3.64%	4.50%	4.8%	4.87%
Taxable Municipal**	4.14%	3.82%	4.07%	4.11%	4.09%	4.2%	4.38%	5.00%	5.32%	6.11%

5 Year Tax Levy & Operating Budget History

- Council has approved tax levy increases of approximately \$53M since FY22 (a 28% increase) over the period.
- Council has approved budget increases of approximately \$135M (a 25.5% increase) over the period.
- Figures exclude capital and grant budgets which are separately approved by Council.

Tax Levy - 5 Year History	
FY22	\$ 190,098,182.00
FY23	\$ 200,437,989.00
FY24	\$ 214,409,661.00
FY25	\$ 227,318,310.00
FY26	\$ 243,152,498.00

City of Portland - Council Approved Budget History - 5 Year					
	Municipal	County	Schools	Enterprise Funds	GRAND TOTAL
FY22	\$ 205,009,575	\$ 7,147,309	\$ 126,454,700	\$ 56,059,417	\$ 394,671,001
FY23	\$ 261,282,727	\$ 7,563,215	\$ 133,070,967	\$ 65,143,196	\$ 467,060,105
FY24	\$ 252,666,885	\$ 9,206,423	\$ 143,810,343	\$ 71,468,475	\$ 477,152,126
FY25	\$ 268,012,467	\$ 8,414,304	\$ 154,045,767	\$ 76,600,285	\$ 507,072,823
FY26	\$ 275,967,733	\$ 9,082,446	\$ 162,806,974	\$ 81,876,119	\$ 529,727,272

- The current overall City mill rate is **\$11.98**. This rises by \$0.01 for each **\$202,970** of increase to the tax levy.
- Changes to the tax levy result from increased expenditures, loss of revenues, or a combination of both.



\$0.01 increase = \$202,970

City Budget & Fiscal Impacts of Bond Issuance

Financing with Bonds and Fiscal Impact (Example)

- Debt service expense created by City Council municipal borrowing is typically repaid over 10 or 20 years and has a lower initial impact to the property tax levy and sewer/stormwater rates than if projects were paid in cash. The impact in total is larger over the full 10 or 20 year period of debt service repayment due to interest cost but better synchronizes the costs and benefits of infrastructure over time.
- “Borrowing allows a municipality to enjoy the immediate benefit from the capital improvement, which is not always possible when relying on current revenues. Current revenues (taxes and user fees) are usually not sufficient to fund large expenditures on a “pay-as-you-go basis” (PAYGO).....Borrowing allows municipalities to avoid large year-to-year fluctuations in tax rates.”
-UN Habitat (Guide to Municipal Finance)

MUNICIPAL BORROWING 10 YEAR DEBT VS 20 YEAR DEBT VS PAYGO

\$20M CAPITAL INVESTMENT

Year	PAYGO	10 YEAR MUNICIPAL BORROWING			20 YEAR MUNICIPAL BORROWING		
		PRINCIPAL OUTSTANDING	INTEREST AT 4%	PRINCIPAL PAYMENT	PRINCIPAL OUTSTANDING	INTEREST AT 4%	PRINCIPAL PAYMENT
1	\$20,000,000	\$ 20,000,000	\$ 800,000	\$ 2,000,000	\$ 20,000,000	\$ 800,000	\$ 1,000,000
2		\$ 18,000,000	\$ 720,000	\$ 2,000,000	\$ 19,000,000	\$ 760,000	\$ 1,000,000
3		\$ 16,000,000	\$ 640,000	\$ 2,000,000	\$ 18,000,000	\$ 720,000	\$ 1,000,000
4		\$ 14,000,000	\$ 560,000	\$ 2,000,000	\$ 17,000,000	\$ 680,000	\$ 1,000,000
5		\$ 12,000,000	\$ 480,000	\$ 2,000,000	\$ 16,000,000	\$ 640,000	\$ 1,000,000
6		\$ 10,000,000	\$ 400,000	\$ 2,000,000	\$ 15,000,000	\$ 600,000	\$ 1,000,000
7		\$ 8,000,000	\$ 320,000	\$ 2,000,000	\$ 14,000,000	\$ 560,000	\$ 1,000,000
8		\$ 6,000,000	\$ 240,000	\$ 2,000,000	\$ 13,000,000	\$ 520,000	\$ 1,000,000
9		\$ 4,000,000	\$ 160,000	\$ 2,000,000	\$ 12,000,000	\$ 480,000	\$ 1,000,000
10		\$ 2,000,000	\$ 80,000	\$ 2,000,000	\$ 11,000,000	\$ 440,000	\$ 1,000,000
11					\$ 10,000,000	\$ 400,000	\$ 1,000,000
12					\$ 9,000,000	\$ 360,000	\$ 1,000,000
13					\$ 8,000,000	\$ 320,000	\$ 1,000,000
14					\$ 7,000,000	\$ 280,000	\$ 1,000,000
15					\$ 6,000,000	\$ 240,000	\$ 1,000,000
16					\$ 5,000,000	\$ 200,000	\$ 1,000,000
17					\$ 4,000,000	\$ 160,000	\$ 1,000,000
18					\$ 3,000,000	\$ 120,000	\$ 1,000,000
19					\$ 2,000,000	\$ 80,000	\$ 1,000,000
20					\$ 1,000,000	\$ 40,000	\$ 1,000,000
	\$20,000,000		\$ 4,400,000	\$ 20,000,000		\$ 8,400,000	\$ 20,000,000

Capital Improvement Plan: Financing Example



City needs to purchase 10 fire trucks (estimated cost = \$20M)

Paying in full via operating budget (aka PAYGO) has an immediate \$20M, one year impact to the operating budget. The fiscal impact is an estimated 99 cent increase to the tax rate in Year 1 only. **This represents an 18.7% increase in City municipal portion of property tax levy in a single year from \$5.26 to \$6.25.**

Financing the trucks with a 10 year bond reduces volatility in City operating budget, with only \$2.8M of Year 1 debt service costs. This fiscal impact of a 10 year financed purchase is approximately 14 cents, a 2.6% increase in the municipal property tax levy. Costs under this option are higher in total (\$24.4M vs \$20M) but the impact is spread over the useful life of the asset.

Questions and Answers

An Overview of Bond Types Issued by MaineHousing

Adam Krea, Senior Director of Finance and Lending

November 19, 2025



MaineHousing
MAINE STATE HOUSING AUTHORITY

Bonds Issued for Housing

MaineHousing issues the following types of Bonds:

- 🏠 **Mortgage Revenue Bonds** = more than 90% of our bonds
 - 🏠 Single family bonds for First-Time Homebuyers
 - 🏠 Multifamily bonds for affordable rental housing
 - 🏠 Only type of bond that can generate the 4% automatic Low Income Housing Tax Credit
 - 🏠 Subject to private activity bond cap (a limited resource allocated by the IRS)

- 🏠 **501c3 bonds** = <10% of what MaineHousing issues for bonds
 - 🏠 For non-profit owners if more flexibility is needed than allowed under Mortgage Revenue Bonds
 - 🏠 Not subject to private activity bond cap

- 🏠 **Governmental Bonds for Housing** = part of a very few bond issues
 - 🏠 When lending to a Public Housing Authority for a wholly-owned property (not owned by the non-profit development corp.)
 - 🏠 No limit on issuance



Pooled Issues

MaineHousing issues revenue bonds on a pooled loan basis, creating our bank structure

- 🏠 More than 200 MaineHousing pooled bond issues since 1972
- 🏠 Pooled financings are generally part of a program with defined parameters, has a credit rating based on the financial strength of the pool, and allows the issuer a certain level of financial flexibility depending upon the structure of the pool
- 🏠 Bonds are not backed by a single asset, but rather by the strength of the entire pool and the defined parameters that cannot be changed without bondholder consent



Bonds Issued for Housing

Advantages of a bank structure

- 🏠 All single family and multifamily loans are in one pool
- 🏠 All bonds are issued on parity
- 🏠 Insured single family loans boosts overall portfolio of uninsured multifamily loans
- 🏠 Net Assets/Fund Balance cover haircuts of multifamily and Supportive Housing loans, which are riskier (rating agencies assume a greater number of loans are non-performing)
- 🏠 Individual projects are not rated on their own merits
 - 🏠 Entirety of MaineHousing “the bank” is rated based on the credit and safety of combined assets



Disclaimer

This presentation is for discussion purposes only and is not meant to be an exhaustive overview of all aspects of MaineHousing-issued municipal bonds and the financial markets. MaineHousing is not providing financial or legal advice. Federal, state, and municipal laws; market conditions; and financial forecasts are subject to change making information potentially outdated after the date of this presentation.

