

Order 51-04/05

Passage: 9/8/04 7-0 (Leeman, Cohen absent)

NATHAN H. SMITH (MAYOR)(3)
WILLIAM R. GORHAM (1)
KAREN A. GERAGHTY (2)
CHERYL A. LEEMAN (4)
JAMES I. COHEN (5)

CITY OF PORTLAND
IN THE CITY COUNCIL

PETER E. O'DONNELL (A/L)
JAMES F. CLOUTIER(A/L)
JILL C. DUSON (A/L)
NICHOLAS M. MAVODONES (A/L)

**ORDER SUBMITTING RATIFICATION
OF PORTLAND'S EXISTING COUNCIL-APPROVED DEBT
TO REFERENDUM ELECTION**

WHEREAS, on November 2, 2004, the citizens of the State of Maine will vote whether to enact a citizens' initiative entitled "An Act to Impose Limits on Real and Personal Property Taxes," more commonly known as the Palesky Initiative; and

WHEREAS, if passed, the Palesky Initiative would limit property taxes to 1% of the assessed value of property; and

WHEREAS, reducing the City of Portland's tax rate to 1% of the assessed value of property as provided for by the Palesky Initiative would adversely impact the City's ability to provide essential services; and

WHEREAS, the Palesky Initiative would exempt from the 1% tax cap the payment of interest and principal on indebtedness approved by the voters prior to the effective date of the Palesky Initiative but does not exempt council-approved debt; and

WHEREAS, in Portland most of the existing debt has been approved by the City Council over the past 23 years for various public improvements including schools, roads, sewers, parks, equipment purchases and to fund the City's pension obligation to retirees pursuant to the City Charter;

WHEREAS, approval of all existing indebtedness of the City of Portland will mitigate the adverse impact of the Palesky Initiative on the City of Portland's bond rating and municipal and school services in the event that it is enacted;

NOW THEREFORE BE IT ORDERED, that the Portland City Council shall submit the following to be voted on at the November 2, 2004 municipal election:

Shall the following question be approved: "Shall the City of Portland's currently existing council-approved debt in the amount of \$222,846,300 which has been issued over the last 23 years for various public improvements including schools, roads, sewers, parks, equipment purchases and to fund the City's pension obligation to retirees, be ratified and approved as an exemption to the proposed statewide tax cap?"

O:/Office/Orders/Referendum Election 8.31.04

TREASURER'S CERTIFICATE

The undersigned Treasure of the City of Portland hereby certifies that as of November 2, 2004:

1. The total amount of general obligation council-approved bonded indebtedness of the City of Portland currently outstanding is \$222,846,300.
2. The total amount of general obligation bonds (including any notes in anticipation thereof) of the City of Portland authorized, but unissued, is \$7,552,280.
3. The interest cost associated with the City's outstanding debt is \$198,554,906 to maturity which would result in a total cost of principal and interest to be paid at maturity of \$421,140,120.

The foregoing represents an estimate of costs associated with the outstanding indebtedness and such estimates may change due to market conditions. The validity of the bonds and of the voters' ratification of the bonds shall not be affected by any errors in the foregoing estimates. Notwithstanding any variance of actual debt service costs from the estimates provided hereinabove, the ratification by the voters is nevertheless conclusive and the validity of the same is not affected by reason of such variance.

Treasurer, City of Portland