

REFERENDUM QUESTION 3

June 14, 2011

Question 3: Shall the Order entitled, "Order Authorizing the Acceptance of a Federal United States Department of Agriculture Grant Administered by the Maine Department of Conservation in the Amount of \$500,000 and the Issuance of Bonds, Notes, or Lease Purchase Agreements in an Amount not to Exceed \$1,200,000 (Plus Issuance Costs) (which issuance is conditioned on the acceptance of the foregoing grant) to Finance an Energy Conservation Project at Falmouth Middle School Including the Installation of a Biomass Boiler and the Construction of a Storage Building and Related Facilities and Improvements," be adopted?

- a. The project described in the above-mentioned Order will only be undertaken and the bonds, notes and lease purchase agreements will only be issued if the United States Department of Agriculture Grant described above is awarded to the School Department.
- b. The project described in the above-mentioned Order may also serve the new Falmouth elementary school and the Falmouth Town Hall provided the project budget is not exceeded.

TREASURER'S STATEMENT

The undersigned Treasurer of the Town of Falmouth hereby provides the following statement as required by 30-A MRSA §5772(2-A). As of April 25, 2011:

1. The Town has \$51,988,500 of general obligation bonds outstanding and unpaid.
2. The Town has \$2,000,000 of general obligation bonds authorized but unissued.
3. The total amount of general obligation bonds contemplated to be issued if Article ___ is adopted is \$1,200,000.
4. The anticipated interest rate on the proposed bonds is between 4.5% and 5.5%. Assuming a borrowing of the full \$1,200,000 proposed to be authorized, level principal payments over a 20 year term and an average annual interest rate of 5.0%, the interest cost associated with the borrowing would be \$630,000, which would result in a total cost of principal and interest to be paid at maturity of \$1,830,000.

The foregoing represents an estimate of costs associated with the financing and such

estimates will change due to market conditions. The validity of the voters' ratification of the bonds shall not be affected by any errors in the foregoing estimates. The ratification by the voters is nevertheless conclusive and the validity of the bond issue is not affected by reason of any variance of actual costs from the estimates provided hereinabove.

Treasurer, Town of Falmouth

The Town Council recommends that Question 3 be approved.