


MOORS & CABOT
INVESTMENTS

Banking & Advisory Group

NEW ISSUE

Moody's:
S&P:

In the opinion of Preti, Flaherty, Beliveau & Pachios, LLP, Bond Counsel, ("Bond Counsel") and assuming compliance with certain tax covenants, under existing statutes, regulations and court decisions, interest on the Bonds (as defined below) is excludable from the gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). In addition, such interest is not an item of tax preference for purposes of calculating the alternative minimum tax under the Code. Bond Counsel is also of the opinion that pursuant to Title 30-A, Section 5772(9) of the Maine Revised Statutes, as amended, the interest paid on the Bonds is exempt from income tax within the State of Maine (the "State") under existing statutes, regulations and judicial decisions. **The Town will designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.** See "THE BONDS - TAX MATTERS" and "APPENDIX B" herein.

TOWN OF WINDHAM, MAINE
\$4,960,000^(*)
2021 GENERAL OBLIGATION BONDS

Dated: Date of Delivery				Due: November 1, as shown below			
<u>Year of Maturity</u>	<u>Amount^(*)</u>	<u>Interest Rate</u>	<u>Yield or Price</u>	<u>Year of Maturity</u>	<u>Amount^(*)</u>	<u>Interest Rate</u>	<u>Yield or Price</u>
2021	\$345,000			2031	\$180,000		
2022	345,000			2032	180,000		
2023	345,000			2033	180,000		
2024	345,000			2034	189,000		
2025	345,000			2035	180,000		
2026	305,000			2036	180,000		
2027	305,000			2037	180,000		
2028	275,000			2038	180,000		
2029	275,000			2039	180,000		
2030	275,000			2040	180,000		

The Town of Windham, Maine 2021 General Obligation Bonds (the "Bonds") will be issued as fully-registered certificates without coupons and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the minimum denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interest in Bonds purchased. See "THE BONDS - BOOK-ENTRY-ONLY SYSTEM" herein. Principal and interest on the Bonds will be paid to DTC by U.S. Bank National Association, Boston, Massachusetts, as Paying Agent. Interest on the Bonds will be payable on November 1, 2021 and semi-annually on each May 1 or November 1 thereafter until maturity, or redemption prior to maturity.

The legal opinion of Bond Counsel will be provided to the original purchaser and will indicate that the Bonds are valid general obligations of the Town of Windham, Maine (the "Town") and, unless paid from other sources are payable as to both principal and interest from ad valorem taxes that are subject to limitation unless certain procedural requirements under Title 30-A, Section 5721-A of the Maine Revised Statutes, as amended, are met, in which case such ad valorem taxes may then be levied, without limit as to rate or amount upon all the property within the territorial limits of the Town and taxable by it (see "THE BONDS - SOURCE OF PAYMENTS AND REMEDIES - Limitation on Municipal Property Tax Levy" herein), except to the extent that the Town may enter into an agreement under Title 30-A, Chapter 223, Subchapter V of the Maine Revised Statutes, as amended, to share its assessed valuation with another municipality and except to the extent that the Town establishes or has established development districts either as tax increment financing districts or affordable housing development districts pursuant to Title 30-A, Chapter 206 and former (now repealed) Chapter 207 of the Maine Revised Statutes, as amended, the captured tax increment of which may not be available for payment of debt service on the Bonds (see "TOWN FINANCES - TAX INCREMENT FINANCING DISTRICTS AND AFFORDABLE HOUSING DEVELOPMENT DISTRICTS" herein). The Town's Treasurer has certified that the Town has no agreements under Title 30-A, Chapter 223, Subchapter V of the Maine Revised Statutes, as amended, to share assessed valuation with another municipality. The Town has established certain tax increment financing districts and an affordable housing tax increment financing district and elected to retain a portion of the tax increment on the captured assessed value of the property in the districts to pay costs of the economic development projects and programs described in the development programs adopted with respect to the districts. Within the limits established by statute, the Town has the right to designate additional development districts pursuant to Title 30-A, Chapter 206 of the Maine Revised Statutes, as amended. Bond Counsel's opinion will indicate that the enforceability of the obligations of the Town, including the Bonds, is subject to and may be limited by bankruptcy, insolvency, moratorium and other laws affecting the rights and remedies of creditors generally, and are subject to general principles of equity. The opinion will be dated and given on and will speak as of the date of original delivery of the Bonds to the original purchasers.

Bonds maturing on and before November 1, 2030 are not subject to redemption prior to their stated dates of maturity. Bonds maturing on and after November 1, 2031 are subject to redemption prior to their stated dates of maturity, at the option of the Town, on and after November 1, 2030 as more fully set forth herein (see "THE BONDS - OPTIONAL REDEMPTION PRIOR TO MATURITY" herein).

The Bonds are offered when, as and if issued, subject to the approval of legality by Preti, Flaherty, Beliveau & Pachios, LLP of Portland, Maine, Bond Counsel. It is expected that the Bonds in definitive form will be available for delivery to DTC on or about _____, 2021.

NOTE: ^(*) Preliminary, subject to change.

No dealer, broker, salesman or other person has been authorized by the Town or the Underwriter to give any information or to make any representations, other than those contained in this Official Statement, in connection with the offering of the Bonds, and if given or made, such information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the Town and other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, any party other than the Town. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the condition or affairs of the Town since the date hereof.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THE BONDS HAVE BEEN REGISTERED OR QUALIFIED, AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES, CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NONE OF THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

The CUSIP numbers set forth in this Official Statement have been assigned by an independent company not affiliated with the Town and are included solely for the convenience of the holders of the Bonds. Neither the Town nor the Underwriter makes any representation with respect to the accuracy of such CUSIP numbers set forth in this Official Statement or undertakes any responsibility for the selection of the CUSIP numbers or their accuracy now or at any time in the future. The Town is not responsible for the selection or uses of the CUSIP numbers and no representation is made as to their correctness on the Bonds or as set forth in this Official Statement. The CUSIP number for a specific maturity of the Bonds is subject to change after the issuance of the Bonds and as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that may be applicable to all or a portion of certain maturities of the Bonds.

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**CERTIFICATE
CONCERNING OFFICIAL STATEMENT**

The information contained herein has been prepared by the Town of Windham, Maine with the assistance of Moors & Cabot, Inc., its Municipal Advisor, from the records of the Town and from various other public documents and sources which are believed to be reliable. There has been no independent investigation of such information by the Municipal Advisor, by Preti, Flaherty, Beliveau & Pachios, LLP, Bond Counsel, and such information is not guaranteed as to accuracy or completeness and is not intended to be a representation by the Municipal Advisor or Bond Counsel.

This Official Statement is not to be construed as a contract or agreement between the Town and the purchasers or holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinion and not as representations of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town or its agencies and authorities, since the date hereof.

To the best of the knowledge and belief of the Treasurer of the Town, this Official Statement does not contain any untrue statement of a material fact and does not omit to state any material fact necessary to make the statements made herein, in the light of the circumstances under which they were made, not misleading, subject to the condition that while information in the Official Statement obtained from sources other than the Town is not guaranteed as to accuracy, completeness or fairness, the Treasurer has no reason to believe that such information is materially inaccurate or misleading. A certificate to this effect, with such if any corrections, changes and additions as may be necessary, will be signed by the Treasurer and furnished at the closing.

This Official Statement is in a form “deemed final” by the Town for purposes of Securities and Exchange Commission’s Rule 15c2-12(b) [17 C.F.R. §240.15c2-12(b)] except for the omission from the Preliminary Official Statement of such information as is permitted by such Rule.

Barry A. Tibbetts
Treasurer
Town of Windham, Maine

**OFFICIAL STATEMENT
TOWN OF WINDHAM, MAINE
\$4,960,000^(*)
2021 GENERAL OBLIGATION BONDS**

This Official Statement is provided for the purpose of presenting certain information relating to the Town of Windham, Maine (the “Town” or “Windham”) in connection with the sale of its 2021 General Obligation Bonds (the “Bonds”).

THE BONDS

DESCRIPTION OF THE BONDS

The Bonds will be issued only as fully-registered bonds without coupons, one certificate per maturity, and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York City, New York (“DTC” or the “Securities Depository”). DTC will act as the securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the minimum denomination of \$5,000, or any integral multiple thereof. The Bonds will be dated on the date of delivery and will bear interest (accrued on the basis of a 360-day year with twelve 30-day months) payable on November 1, 2021, and semi-annually thereafter on May 1 or November 1 of each year until maturity, or redemption prior to maturity. It is expected that the Bonds will be available for delivery at DTC on or about _____, 2021. The Bonds will mature as follows:

<u>Amount^(*)</u>	<u>November 1,</u>	<u>CUSIP</u>	<u>Amount^(*)</u>	<u>November 1,</u>	<u>CUSIP</u>
\$345,000	2021	973313____	\$180,000	2031	973313____
345,000	2022	973313____	180,000	2032	973313____
345,000	2023	973313____	180,000	2033	973313____
345,000	2024	973313____	189,000	2034	973313____
345,000	2025	973313____	180,000	2035	973313____
305,000	2026	973313____	180,000	2036	973313____
305,000	2027	973313____	180,000	2037	973313____
275,000	2028	973313____	180,000	2038	973313____
275,000	2029	973313____	180,000	2039	973313____
275,000	2030	973313____	180,000	2040	973313____

Principal of and interest on the Bonds will be payable in Clearing House Funds to DTC, or its nominee, as registered owner of the Bonds by U.S. Bank National Association, Boston, Massachusetts, as paying agent (the “Paying Agent”). Transfer of principal and interest payments to Participants of DTC will be the responsibility of DTC. Transfer of principal and interest payments to Beneficial Owners (as hereinafter defined) will be the responsibility of such Participants and other nominees of Beneficial Owners. The Town will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants. See “THE BONDS - BOOK-ENTRY-ONLY SYSTEM” herein.

OPTIONAL REDEMPTION PRIOR TO MATURITY

Bonds maturing on and before November 1, 2030 are not subject to optional redemption prior to their stated dates of maturity. Bonds maturing on or after November 1, 2031 are subject to redemption prior to their stated dates of maturity, at the option of the Town, on and after November 1, 2030, as a whole or in part at any time, in such order of maturity as the Town, in its discretion, may determine at a price of par (100% of original stated amount of value at maturity), together with interest accrued and unpaid to the redemption date, if any.

NOTE: ^(*) Preliminary, subject to change.

GENERAL PROVISIONS REGARDING REDEMPTION

Notice of Redemption

In the case of every redemption of the Bonds, the Town shall cause notice of such redemption to be given to the registered owner of any Bonds designated for redemption in whole or in part, at his or her address as the same shall last appear upon the registration books kept by the Paying Agent by mailing a copy of the redemption notice by first class mail not less than thirty (30) days prior to the redemption date. Any notice mailed shall be conclusively presumed to have been duly given, whether or not the Bondholder actually receives notice. The failure of the Town to give notice to a Bondholder or any defect in such notice shall not affect the validity of the redemption of any Bond of any other owner. Each notice of redemption shall specify the date fixed for redemption, the place or places of payment, that payment will be made upon presentation and surrender of the Bonds to be redeemed, that interest, if any, accrued to the date fixed for redemption will be paid as specified in said notice, and that on and after said date interest thereon will cease to accrue. If less than all the Bonds outstanding are to be redeemed, the notice of redemption shall specify the numbers of the Bonds or portions thereof (in denominations of \$5,000 or any integral multiple thereof) to be redeemed.

The Town shall notify the Securities Depository (see "THE BONDS - BOOK-ENTRY-ONLY SYSTEM" herein) in the same manner as the Bondholders, with a request that the Securities Depository notify its Participants who in turn notify the beneficial owners of such Bonds. Any failure on the part of the Securities Depository, or failure on the part of a nominee of a Beneficial Owner (having received notice from the Town, a Participant or otherwise) to notify the Beneficial Owner so affected, shall not affect the validity of the redemption of such Bond.

Bonds Due and Payable on Redemption Date; Interest Ceases to Accrue

On any redemption date, the principal amount of each Bond to be redeemed, together with the premium, if any, and accrued interest thereon to such date, shall become due and payable. Funds shall be deposited with the Paying Agent to pay, and the Paying Agent is authorized and directed to apply such funds to the payment of the Bonds called for redemption, together with accrued interest thereon to the redemption date and redemption premium, if any. After such redemption date, notice having been given and funds deposited in the manner described above, then, notwithstanding that any Bonds called for redemption shall not have been surrendered, no further interest shall accrue on any of such Bonds. From and after such date of redemption (such notice having been given and funds deposited), the Bonds to be redeemed shall not be deemed to be outstanding.

Cancellation

All Bonds that have been redeemed shall be canceled by the Paying Agent and either destroyed by the Paying Agent with counterparts of a certificate of destruction evidencing such destruction furnished by the Paying Agent to the Town or returned to the Town at its request.

Partial Redemption of Bonds

Bonds or portions of Bonds to be redeemed in part shall be selected when held by a Securities Depository by lot and when not held by a Securities Depository, by the Town by lot or in such other manner as the Town in its discretion may deem appropriate.

RECORD DATE; PAYMENT

The principal of the Bonds is payable upon surrender thereof at the designated Corporate Trust Office of the Paying Agent. Payment of the interest on the Bonds will be made to the person appearing on the registration books of the Paying Agent as the registered owner thereof at the close of business on the last day of the month preceding each interest payment date for the Bonds, and if such day is not a regular business day of the Paying Agent the next day preceding which is a regular business day of the Paying Agent, by check, wire or draft mailed to each registered owner at such person's address as it appears on the registration books, or at another address as is furnished to the Paying Agent in writing by the owner. Interest that is not timely paid or provided for shall cease to be payable to the registered owner as of the regular record date and shall be payable to the registered owner at the close of business on a special record date to be fixed by the Paying Agent.

AUTHORIZATION AND PURPOSE

The Bonds are issued under the authority of Title 30-A, Section 5772 of the Maine Revised Statutes, as amended and Article VIII, Section 2 of the Town's Charter; and Town Meeting referendum election held on June 13, 2020 to provide funds in amounts not to exceed, and shown below, to finance the "Projects":

- \$3,600,000 for the design, construction, improvement, expansion, repair and equipping of the police and fire station located at 375 Gray Road in the Town and related development of the site;
- \$480,000 for the repair, improvement and repaving of portions of Brand Road in the Town;
- \$105,000 for the design, construction, improvement and repair of sidewalks on Route 35 in the Town;
- \$359,000 for the design, acquisition, installation, upgrade, improvement and maintenance of the traffic lights in the Town \$201,544 for the acquisition of an ambulance for the Town;
- \$201,544 for the acquisition of an ambulance for the Town; and
- \$215,000 for the acquisition of a dump and pickup truck for the Town.

Amortizations of the Projects

<u>Year</u>	<u>Nov 1,</u>	<u>Police & Fire Stat</u>	<u>Brand Road</u>	<u>Rt 35 Sidewalk</u>	<u>Smart Lights</u>	<u>Sub-Total (Const')</u>	<u>Ambulance</u>	<u>Dump Truck</u>	<u>Sub-Total Equip.</u>	<u>Totals</u>
1	2021	180,000	48,000	10,500	34,785	273,285	41,000	30,715	71,715	345,000
2	2022	180,000	48,000	10,500	35,785	274,285	40,000	30,715	70,715	345,000
3	2023	180,000	48,000	10,500	35,786	274,286	40,000	30,714	70,714	345,000
4	2024	180,000	48,000	10,500	35,786	274,286	40,000	30,714	70,714	345,000
5	2025	180,000	48,000	10,500	35,786	274,286	40,000	30,714	70,714	345,000
6	2026	180,000	48,000	10,500	35,786	274,286		30,714	30,714	305,000
7	2027	180,000	48,000	10,500	35,786	274,286		30,714	30,714	305,000
8	2028	180,000	48,000	10,500	36,500	275,000				275,000
9	2029	180,000	48,000	10,500	36,500	275,000				275,000
10	2030	180,000	48,000	10,500	36,500	275,000				275,000
11	2031	180,000				180,000				180,000
12	2032	180,000				180,000				180,000
13	2033	180,000				180,000				180,000
14	2034	180,000				180,000				180,000
15	2035	180,000				180,000				180,000
16	2036	180,000				180,000				180,000
17	2037	180,000				180,000				180,000
18	2038	180,000				180,000				180,000
19	2039	180,000				180,000				180,000
20	2040	180,000				180,000				180,000
Bonds		3,600,000	480,000	105,000	359,000	4,544,000	201,000	215,000	416,000	4,960,000

SOURCE OF PAYMENT AND REMEDIES

General

The Bonds are general obligations of the Town and their payment is not limited to a particular fund or revenue source. Municipalities in the State of Maine (the “State”) have the right to tax their inhabitants to pay municipal indebtedness. The Bonds are payable as to both principal and interest from ad valorem taxes that are subject to limitation unless the Town follows certain procedural requirements under Title 30-A, Section 5721-A of the Maine Revised Statutes, as amended, in which case the Town has the power to levy such ad valorem taxes without limit as to rate or amount upon all the taxable property within its territorial limits (see “THE BONDS – SOURCE OF PAYMENT AND REMEDIES – Limitation on Municipal Property Tax Levy” herein), except to the extent that the Town may enter into an agreement under Title 30-A, Chapter 223, Subchapter V of the Maine Revised Statutes, as amended, to share its assessed valuation with another municipality, and except to the extent that the Town establishes or has established development districts as tax increment financing districts or affordable housing development districts pursuant to Title 30-A, Chapter 206 and former (now repealed) Chapter 207 of the Maine Revised Statutes, as amended, the captured tax increment of which may not be available for payment of debt service on the Bonds (see “TOWN FINANCES - TAX INCREMENT FINANCING DISTRICTS AND AFFORDABLE HOUSING DEVELOPMENT DISTRICTS” herein). The Treasurer of the Town has certified that no tax base sharing agreement now exists. The Town has established certain tax increment financing districts and an affordable housing tax increment financing district and elected to retain a portion of the tax increment on the captured assessed value of the property in these districts to pay costs of the economic development projects and programs described in the development programs for the districts. Within the limits established by statute, the Town has the right to designate additional development districts pursuant to Title 30-A, Chapter 206 of the Maine Revised Statutes, as amended. There is no statutory provision for a lien on any portion of the tax levy to secure bonds or notes, or judgments thereon, in priority to other claims.

The Town is subject to suit on the Bonds. Title 14, Section 4951 of the Maine Revised Statutes, as amended, provides that executions against a town shall be issued against the personal property of the residents of that town and real estate within its boundaries, whether or not owned by the town. Only town real estate not used for public purposes, however, is subject to such execution. In addition, Title 30-A, Section 5701 of the Maine Revised Statutes, as amended, provides that the personal property of the residents and the real estate within the boundaries of a municipality may be taken to pay any debt due from the municipality. There has been no judicial determination as to whether the statutory remedy of taking property of residents to satisfy debts of or judgments against, a municipality is constitutional under current due process and equal protection standards and Bond Counsel expresses no opinion thereon.

Funds to meet Town expenses, including debt service, are not included in the tax levy to the extent they are expected to be met with other non-tax revenues. Amounts necessary to repay sums borrowed temporarily in anticipation of bonds or grants are similarly excluded because they would normally be expected to be paid from the anticipated bond proceeds or grants. Enforcement of a claim for payment of principal of or interest on bonds or notes would be subject to the applicable provisions of federal bankruptcy laws and to the provisions of statutes, if any, hereafter enacted by the Congress or the State Legislature extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. The Bonds are not guaranteed by the State.

Limitation on Municipal Property Tax Levy

Effective July 1, 2005, the Legislature enacted LD 1, codified in part as Title 30-A, Section 5721-A of the Maine Revised Statutes, as amended, which, subject to certain procedural overrides, establishes a limit on municipal property tax levies. This limit is referred to as the “Property Tax Levy Limit”. With certain

exceptions, a municipality may not adopt a property tax levy that exceeds its Property Tax Levy Limit from one year to the next by more than a specified growth limitation factor. Therefore, in cases where the amount of the prior year's Property Tax Levy Limit exceeds the amount of the Town's actual property tax levy, the Town may carry-forward that difference in establishing its future years' property tax levy. See "TOWN FINANCES - Property Tax Levy Limit" herein.

The growth limitation factor is the average personal income growth as defined by Title 5, Section 1531 of the Maine Revised Statutes, as amended, plus the property growth factor. The property growth factor is a percentage equivalent to a fraction established by a municipality whose denominator is the total valuation of the municipality, and whose numerator is the amount of increase in the assessed value of any real or personal property in the municipality that becomes subject to taxation for the first time, or taxed as a separate parcel for the first time for the most recent property tax year for which information is available, or that has had an increase in its assessed valuation over the prior year's valuation as a result of improvements to or expansion of the property. For municipalities that qualify as a result of a relatively larger percentage of personal property, personal property can be incorporated into the property growth factor calculation. In addition, a municipality is required to lower its Property Tax Levy Limit in any year by an amount equal to net new funds provided by the State for existing services funded in whole or in part by the property tax levy.

The Town may increase the Property Tax Levy Limit by a majority vote of the entire Town Meeting on a separate article that specifically identifies the intent to exceed the Property Tax Levy Limit. Pursuant to Title 30-A, Section 5721-A(7)(B) of the Maine Revised Statutes, as amended, this action, however, is subject to override by initiative upon a petition signed by at least 10% of the number of voters voting in the last gubernatorial election in the municipality submitted within 30 days of the Town Meeting or referendum vote. The opportunity for the voters to petition for a referendum vote on the council's decision is not provided if the municipal charter "prohibits a petition and referendum process.

In lieu of increasing the Property Tax Levy Limit, the Town Council may vote to exceed the Property Tax Levy Limit for extraordinary circumstances. Exceeding the Property Tax Levy Limit permits the property tax levy to exceed the Property Tax Levy Limit only for the year in which the extraordinary circumstance occurs and does not increase the base for purposes of calculating the Property Tax Levy Limit for future years. Extraordinary circumstances are circumstances outside the control of the Town Council and include:

- (1) Catastrophic events such as natural disaster, terrorism, fire, war or riot;
- (2) Unfunded or underfunded state or federal mandates;
- (3) Citizens' initiatives or other referenda;
- (4) Court orders or decrees; or
- (5) Loss of state or federal funding.

Extraordinary circumstances do not include changes in economic conditions, revenue shortfalls, increases in salaries or benefits, new programs or program expansions that go beyond existing program criteria and operation.

The Town does not expect that the Property Tax Levy Limit will have a material adverse effect on the Town's financial condition or on the ability of the Town to pay the principal of, and premiums, if any, and interest on the Bonds when due.

TAX MATTERS

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements that must be met on a continuing basis subsequent to the issuance of the Bonds in order that interest on the Bonds be

and remain excludable from gross income for federal income tax purposes pursuant to Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use, investment and expenditure of bond proceeds and the requirement that certain earnings be rebated to the federal government. Failure of the Town to comply with such requirements may cause interest on the Bonds to be included in the gross income of the holders thereof for purposes of federal income taxation retroactive to the date of issuance of the Bonds, regardless of when such noncompliance occurs or is ascertained.

The Town will make certain representations with respect to the use of the proceeds of the Bonds and the projects and improvements financed by the Bonds and will covenant (i) to comply with the provisions and procedures of the Code applicable to the Bonds and (ii) not to take any action or permit any action that would cause the interest paid on the Bonds to be included in gross income for purposes of federal income taxation pursuant to Section 103 of the Code.

In the opinion of Bond Counsel, under existing statutes, regulations and court decisions interest on the Bonds is excludable from the gross income of the owners of the Bonds for federal income tax purposes pursuant to Section 103 of the Code. In addition, such interest is not an item of tax preference under the Code. In rendering its opinion, Bond Counsel will rely upon the Town's representations made with respect to the use of the proceeds of the Bonds, and the projects financed with the Bonds, and the Town's covenant that it will comply with the Code. See "PROPOSED FORM OF LEGAL OPINION" in APPENDIX B herein.

Exemption of Interest on the Bonds from Taxation Within the State of Maine

In the opinion of Bond Counsel, interest paid on the Bonds is exempt from income taxation within the State pursuant to Title 30-A, Section 5772(9) of the Maine Revised Statutes, as amended. See "PROPOSED FORM OF LEGAL OPINION" in APPENDIX B herein.

Not Designated as Qualified Tax-Exempt Obligations

The Town will designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

Original Issue Discount

Certain maturities of the Bonds (the "Discount Bonds") may be sold at an issue price that is less than the stated redemption price of the Discount Bonds at maturity (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates). The difference between the issue price at which each of the Discount Bonds is sold and the stated redemption price at maturity (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) of each of the Discount Bonds constitutes original issue discount ("OID"). Pursuant to Section 1288 of the Code, OID on the Discount Bonds accrues on the basis of economic accrual under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on the Discount Bonds, as applicable. The basis of an initial purchaser of a Discount Bond acquired at the initial public offering price of the Discount Bond will be increased by the amount of such accrued OID for purposes of determining gain or loss on the sale, exchange, or other disposition of such Bond. Bond Counsel is of the opinion that the appropriate portion of the OID properly allocable to the original and each subsequent owner of the Discount Bonds will be treated as interest excludable from gross income for federal income tax purposes pursuant to Section 103 of the Code to the same extent as stated interest on the Discount Bonds.

Prospective purchasers of the Discount Bonds should consult their tax advisors with respect to the determination for federal income tax purposes of the OID properly accruable with respect to the Discount Bonds and the tax accounting treatment of accrued interest, and the state and local tax consequences of acquiring, holding, and disposing of Discount Bonds.

Original Issue Premium

Certain maturities of the Bonds may be sold at a purchase price in excess of the amount payable on such Bonds after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) (the “Premium Bonds”). The excess, if any, of the tax basis of the Premium Bonds to a purchaser (other than a purchaser who holds such Premium Bonds as inventory, stock in trade or for sale to customers in the ordinary course of business) over the amount payable at maturity (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) is amortizable bond premium, which is not deductible from gross income for federal income tax purposes. Amortizable bond premium, as it amortizes, will reduce the owner’s tax cost of the Premium Bonds used to determine, for federal income tax purposes, the amount of gain or loss upon the sale, redemption at maturity or other disposition of the Premium Bonds. Accordingly, an owner of a Premium Bond may have taxable gain from the disposition of the Premium Bond, even though the Premium Bond is sold, or disposed of, for a price equal to the owner’s original cost of acquiring the Premium Bond. Bond premium amortizes over the term of the Premium Bonds under the “constant yield method” described in regulations interpreting Section 1272 of the Code.

Prospective purchasers of the Premium Bonds should consult their tax advisors with respect to the calculation of the amount of bond premium which will be treated for federal income tax purposes as having amortized for any taxable year (or portion thereof) of the owner and with respect to other federal, state and local tax consequences in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Additional Federal Income Tax Consequences

Prospective purchasers of the Bonds should be aware that ownership of, accrual or receipt of interest on or disposition of tax-exempt obligations, such as the Bonds, may have additional federal income tax consequences for certain taxpayers, including, without limitation, taxpayers eligible for the earned income credit, recipients of certain Social Security and certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, property and casualty insurance companies, foreign corporations and certain S corporations. Prospective purchasers of the Bonds should consult their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

The Internal Revenue Service (the “IRS”) has an ongoing program of auditing state and local government obligations, which may include randomly selecting bond issues for audit, to determine whether interest paid to the holders is properly excludable from gross income for federal income tax purposes. It cannot be predicted whether the Bonds will be audited. If an audit is commenced, under current IRS procedures holders of the Bonds may not be permitted to participate in the audit process and the value and liquidity of the Bonds may be adversely affected.

Changes in Federal Tax Law

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under federal or state law or otherwise prevent beneficial owners of the Bonds from realizing the full current benefit of the tax exempt

status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Bonds. Prospective purchasers of the Bonds should consult their tax and financial advisors regarding such matters.

Opinion of Bond Counsel

The legal opinion of the firm of Preti, Flaherty, Beliveau & Pachios, LLP., of Portland, Maine (see APPENDIX B) will be furnished to the original purchaser of the Bonds. The opinion will be dated and given on and will speak only as of the date of original delivery of the Bonds to the original purchaser of the Bonds.

Extent of Opinion

Bond Counsel expresses no opinion regarding any tax consequences of holding the Bonds other than its opinion with regard to (a) the exclusion of interest on the Bonds from gross income pursuant to Section 103 of the Code, (b) interest on the Bonds not constituting an item of tax preference pursuant to Section 57 of the Code (c) designation of the Bonds as “Qualified Tax-exempt Obligations” for purposes of Section 265(b)(3) of the Code and (d) the exemption of interest on the Bonds from taxation within the State pursuant to Title 30-A, Section 5772(9) of the Maine Revised Statutes, as amended. Prospective purchasers of the Bonds should consult their tax advisors with respect to all other tax consequences (including but not limited to those described above) of holding the Bonds.

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued in fully-registered form registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One-fully registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and each such certificate will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated securities. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of securities deposited with DTC must be made by or through Direct Participants, which will receive a credit for such securities on DTC's records. The ownership interest of each actual purchaser of each security deposited with DTC ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in securities deposited with DTC are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in securities deposited with DTC, except in the event that use of the book-entry system for such securities is discontinued.

To facilitate subsequent transfers, all securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the securities deposited with it; DTC's records reflect only the identity of the Direct Participants to whose accounts such securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of a maturity is being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to securities deposited with it unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer of such securities or its paying agent as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on securities deposited with DTC will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the issuer of such securities or its paying agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the issuer of such securities or its paying agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the issuer of such securities or its paying agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants. DTC may discontinue providing its services as depository with respect to securities held by it at any time by giving reasonable notice to the issuer of such securities or its paying agent. Under such circumstances, in the event that a successor depository is not obtained,

physical certificates are required to be printed and delivered to Beneficial Owners.

The Town may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, physical certificates will be printed and delivered to Beneficial Owners. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Town believes to be reliable, but the Town takes no responsibility for the accuracy thereof.

RATINGS

The Bonds are rated “___” by Moody's Investors Service (“Moody's”) and “___” by S&P Global Ratings (“S&P”). The Town has furnished the rating agencies certain information and materials, some of which may not have been included in this Official Statement. The ratings, if obtained, will reflect only the view of Moody's or S&P at the time such rating is assigned and will be subject to revision or withdrawal, which could affect the market price of the Bonds. Moody's or S&P should be contacted directly for its rating on the Bonds and its explanation of such rating. A rating is not a recommendation to buy, sell or hold the Bonds, and such rating should be evaluated independently.

Except as set forth in the Continuing Disclosure Agreement set forth in APPENDIX C and referred to under “THE BONDS – CONTINUING DISCLOSURE” herein, the Town has not undertaken any responsibility either to bring to the attention of the owners of the Bonds any proposed change in, or withdrawal of, any rating of the Bonds or to oppose any such change or withdrawal.

CONTINUING DISCLOSURE

In order to assist the underwriter of the Bonds in complying with the Securities and Exchange Commission's (“SEC”) Rule 15c2-12 (the “Rule”), the Town will covenant for the benefit of the owners of the Bonds to provide certain financial information and operating data relating to the Rule by not later than 270 days after the end of each fiscal year (the “Annual Report”) and to provide notices of the occurrence of certain enumerated events, if material. Pursuant to the Rule, such filings will be made with the Municipal Securities Rulemaking Board (“MSRB”) through its Electronic Municipal Market Access System (“EMMA”). The covenants will be contained in a “Continuing Disclosure Agreement” (the “Agreement”), the proposed form of which is provided in APPENDIX C. The Agreement will be executed by the Treasurer of the Town, and incorporated by reference in the Bonds. The Town experienced senior level administrative changes during the 2018-2019 calendar years. During this turmoil, the Town did not receive its financial information until March 21, 2019 instead of the usual earlier receipt in other years and was reposted on March 11, 2020 to correct the wrong fiscal year's inclusion from 2017 to 2018. Otherwise, the Town has not failed to comply in all material respects with any previous undertakings to provide financial information or notices of material events in accordance with the Rule. The following are the dates of the most recent filings of the Town:

Financial Statements	Date	Days after
<u>FY ended June 30,</u>	<u>Filed</u>	<u>Fiscal Period end</u>
2020		
2019	March 9, 2020	253
2018	April 3, 2019	277
2017	December 3, 2017	156
2016	December 8, 2016	161
2015	December 2, 2015	155

NOTE: ⁽¹⁾ “... Such filings, if not completed by the required time in clause (a) above, but if filed when available, will not be deemed to be a “late filing””

Assurances of Future Compliance

On October 25, 2011, by Order 11-194, as amended, most recently on January 12, 2021, the Town incorporated a Post-Issuance Reporting and Compliance undertaking, that, among other things, provide for timely filings with EMMA or its successor repository, if any, with respect to its existing and future continuing disclosure undertakings; established written procedures and assigned specific responsibilities that it believes will provide prompt compliance with its continuing disclosure undertakings on a going forward basis. Further, the Town has registered with the EMMA reminder system to receive e-mail reminders to help ensure timely annual filing of required financial and operating data.

POTENTIAL IMPACT OF COVID-19

The outbreak of COVID-19, a new strain of coronavirus, has spread throughout the world, including the State of Maine (the “State”), and has been declared a pandemic by the World Health Organization. The COVID-19 outbreak is altering the behavior of businesses and people in a manner that is expected to have negative effects on global economies, including the economy and welfare of the State and local economies. In addition, financial markets throughout the United States and around the world have seen significant declines and volatility attributed to concerns over COVID-19. If such declines or volatility continue, the ability to sell or trade municipal securities in the financial markets could be materially constrained.

On March 15, 2020, the Governor of the State declared a state of emergency. Several elected officials of the State’s largest cities subsequently declared a state of emergency and took various actions to limit the spread of COVID-19 in their communities. The Governor has issued several Executive Orders to date regarding COVID-19, some of which called for the closure of non-essential businesses and required residents of the State to stay at home or at their residences unless engaged in essential activities. On March 31, 2020, the Governor issued Executive Order 34 urging residents of the State to stay at home unless they were conducting essential activities.

On April 29, 2020, the Governor issued Executive Order 49 extending the State of Maine’s stay at home order through May 31 and introduced the “Together We Are Maine: Restarting Maine’s Economy Plan” (the “Restarting Plan”). The Restarting Plan had four Stages, with Stage 1 beginning on May 1, allowing essential businesses to operate and continuing to prohibit gatherings of more than 10 people, calling for people to continue working from home if they are able to do so, and keeping in place the 14-day quarantine for non-essential travel into Maine. On May 8, Governor Mills announced an adjustment to Stage 1 of the Restarting Plan, permitting fitness and exercise gyms, initially categorized in Stage 2, to open on May 11 for outdoor classes of 10 or less. Further, the Governor announced the Rural Reopening Plan, which permitted retail stores, dine-in service, remote campsites and sporting camps with enhanced safety precautions to reopen in 12 of the State’s counties where community transmission of the COVID-19 virus was not present.

Stage 2 of the Restarting Plan began in June and permitted additional professional services to resume work in office settings, the opening of some personal services and hospitality industries, increased the maximum gathering to 50 people. Stage 3 was implemented on July 1, 2020 and Stage 4 began on October 13, 2020, enabling additional hospitality industries to open, outdoor recreation and expanded personal services. The 14-day quarantine requirement remains in place upon entering the State, but several states have been excluded from that requirement and it is expected that additional states will be excluded if cases remain low. Additionally, effective November 4, indoor gatherings went back to a maximum of 50 people, regardless of building capacity, while outdoor capacity limits remain at 100 people. The previously-expected November 2 reopening of bars and tasting rooms for indoor service has been postponed until further notice.

On November 23, Maine's Attorney General and Department of Health and Human Services issued joint guidance to businesses regarding enforcement, particularly with respect to mask wearing, and potential consequences of noncompliance and that individuals can be charged criminally for not wearing a face covering in a public setting after being warned by a law enforcement officer to do so. Effective December 11, 2020 the Governor issued Order 19, repealing and replacing Order 16, to simplify and strengthen enforcement of the face covering requirement, making clear that owners and operators of indoor public settings must require all persons to wear face coverings in publicly accessible areas.

On December 4, Maine's Governor announced an extension of the curfew previously imposed on certain businesses, originally set to expire on December 6. The curfew, which applies to all outdoor and indoor amusement venues, restaurants and bars currently open for outdoor service is now in effect through January 3, 2021. Businesses subject to the curfew must close for the night by 9:00 pm and remain closed until their scheduled reopening time the following day.

The COVID-19 outbreak has affected and is expected to continue to affect the overall economy of the nation as well as the State and its various governmental units, including the Town. Although the ultimate impact and cost to the State and local economies cannot be determined at this time, the outbreak may have an adverse impact on a governmental unit's ability to collect taxes, rates, charges and assessments, and to pay associated debt service on its Bonds.

CUSIP IDENTIFICATION NUMBERS

It is anticipated that CUSIP (an acronym that refers to Committee on Uniform Security Identification Procedures) identification numbers will be printed on the Bonds. All expenses in relation to the printing of CUSIP numbers on the Bonds will be paid for by the Town provided, however, that the Town assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers.

MUNICIPAL ADVISOR

Moors & Cabot, Inc. is a Municipal Advisor registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board and has acted as Municipal Advisor to the Town with respect to the issuance of the Bonds pursuant to MSRB Rule G-23. Moors & Cabot, Inc. does not intend to submit its bid on, or participate in an underwriting syndicate for the public distribution of, the Bonds.

STATUTORY REFERENCES

All quotations from and summaries and explanations of laws herein do not purport to be complete, and reference is made to said laws for full and complete statements of their provisions.

CONDITIONS PRECEDENT TO DELIVERY

The following, among other things, are conditions precedent to the delivery of the Bonds to the original purchasers thereof.

No Litigation

Upon delivery of the Bonds, the Town shall deliver or cause to be delivered a certificate of the Treasurer, and attested to by the Town Clerk, dated the date of delivery of the Bonds, to the effect that there is no litigation pending or, to the knowledge of such official, threatened, affecting the validity of the Bonds or

the power of the Town to levy and collect taxes to pay them, and that neither the corporate existence nor boundaries of the Town, nor the title of any of said officers to their respective offices, is being contested.

Approval of Legality

The legality of the Bonds will be approved by Bernstein Shur Sawyer & Nelson, Bond Counsel. The approving opinion of such counsel with respect to the Bonds in substantially the form attached to this Official Statement as APPENDIX B will be delivered at the time of original delivery of the Bonds and a copy of the opinion will be provided to the original purchasers. Bond Counsel are not passing upon, and do not assume responsibility for, the accuracy or adequacy of the statements made in this Official Statement (other than matters expressly set forth as their opinion) and make no representations that they have independently verified the same. See also “PROPOSED FORM OF LEGAL OPINION” in APPENDIX B herein.

Certificate With Respect to Debt Limits

At the time of the original delivery of and payment for the Bonds, the Town will deliver a certificate of the Treasurer of the Town which certifies that the Town has not exceeded its debt limit under Title 30-A, Section 5702 of the Maine Revised Statutes, as amended, and that issuance of the Bonds will not cause the Town to exceed such debt limit.

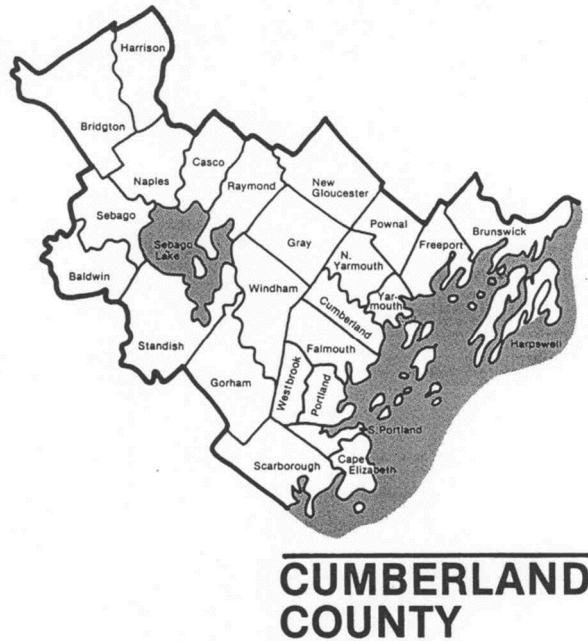
Certificate With Respect to Official Statement

At the time of the original delivery of, and payment for, the Bonds, the Town will deliver a certificate of the Treasurer to the effect that he has examined this Official Statement and the financial and other data contained therein and that, to the best of his knowledge and belief, both as of its date and as of the date of delivery of the Bonds, the Official Statement does not contain any untrue statement of a material fact and does not omit to state any material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading, subject to the condition that while information in the Official Statement obtained from sources other than the Town is not guaranteed as to accuracy, completeness or fairness, he has no reason to believe that such information is materially inaccurate or misleading.

TOWN OF WINDHAM

GENERAL

The Town of Windham is located in the center of the County of Cumberland, the County being in the southwestern section of the State of Maine along Maine's coast. Windham is approximately 12 miles northwest of Portland, the State's largest city. Shaped like an isosceles triangle with its base facing west, the Town is approximately 12 miles long with its greatest width at approximately three miles. The Presumpscot River separates Windham from the Town of Gorham as the base of the triangle, and as the Town's western border. A major portion of the northwestern corner of the Town is comprised of Jordan Bay in Sebago Lake where the Town shares its border with the Town of Raymond. The Town of Gray forms the northeastern line of the Town, with the towns of Cumberland, Falmouth and the City of Westbrook all being contiguous to Windham's southeastern boundary. The Pleasant River flows through the Town's center from the middle of its northeastern line as a tributary to the Presumpscot River at Windham's west. All or portions of ten lakes or ponds are within the Town, the most prominent being Sebago Lake.



Convenient access to Windham is provided by U.S. Route 302 which bisects the Town diagonally from the southeast to the northwest, through the village at North Windham where State Routes 35 and 115 intersect in an east-west direction. U.S. Route 202, also being State Route 4 in the Town, traverses from Windham's southwestern border due north through the Town, intersecting U.S. Route 302 at Foster's Corner in Windham's geographic center. The River Road, a town highway, follows Windham's western plain from Westbrook to North Windham, deriving its name from its proximity to the flow of the Presumpscot River. Air travel is accommodated by the Portland International Jetport in nearby Portland.

The Town was first established in 1734 when a township of 25,600 acres, consisting of 63 lots, was laid out on the eastern bank of the Presumpscot River and granted to various people from Marblehead, Massachusetts as "New Marblehead". The area was first settled in 1737 by Captain Thomas Chute and William Mayberry, both from Marblehead. The Town was incorporated as Windham on June 12, 1762. Various sources cite the origin of the Town's name as being either from Wymondham, a town in the County of Norfolk, England of the same spelling or from the British contraction of Wymonham, a parish located in Liecestershire in the central part of England. Being the location of its first settlement, South Windham became the initial industrial center of the Town with its waterfalls from the rivers providing power to woolen, cotton, pulp and grain mills, sawmills, a gunpowder mill and a box factory. The Cumberland & Oxford Canal provided transportation to Portland through 20 miles of hand-dug canals, from 1821 until it ceased operations in 1870 due to competition from railroads. In the early 1900's, due to its rivers and numerous lakes the area became a great source of recreation activities. By the mid-century most of the mills in South Windham stopped operating and the business community shifted to the north area of the Town where most of the Town's commercial activity is now located.

Today, Windham is a suburban community with primarily owner-occupied dwellings. The Town is a

popular recreational area and is also the commercial center for the surrounding communities as the “Gateway to the Sebago Lake Region”. The Town’s land area of approximately 55.58 square miles is comprised of tracts of forest and farm lands, open spaces, riverfront and lakefront areas which are separated into commercial, business park, farm residential, farm, industrial, various residential and aquifer protection zoning districts.

GOVERNMENT

There are two basic forms of local government in Maine: the “Direct” form, often referred to as town meeting government, in which the town meeting serves as the legislative body, passing laws, approving the spending of monies; and the “Representational” form, in which an elected council serves as the legislative body. There are five basic variations of these two forms. Variations of the Direct form are: *Selectmen/Town Meeting* form of government, the most common in Maine currently used by 169 municipalities in the state; *Selectmen/Town Meeting/Manager*, the second most common form of local government in Maine currently used by 141 towns; *Council/Town Meeting/Manager* (18 towns) variation of the town meeting form of government, where the legislative functions of government are shared between the town meeting and an elected council and *Selectmen/Town Meeting Administrative Assistant* or *Administrator* (a combined 80 towns). Variations of the Representational form are: *Council/Mayor/Administrator* (three cities), *Council/Mayor/Manager* (18 cities) and *Council/Manager* (26 towns).

The Town operates under a charter initially adopted in 1975, as amended most recently on November 6, 2012 (the “Charter”), providing for a Council/Manager form of government with a seven-member Town Council, each of whom is elected by voters of the entire Town for three-year staggered terms. At least one member shall be a resident of each of the areas of the Town (“Area Representatives” as defined in the Charter), as follows: North Windham, East Windham, West Windham and South Windham. The remaining three members are elected at-large, from any section of the Town. The members of the Town Council are the municipal officers of the Town. The Charter grants to the Town Council all powers to enact, amend, or repeal ordinances, orders and resolutions relating to the Town’s property, affairs and personnel policies and appointments to various officers and boards of the Town. The Town Council recommends an annual budget to the Town Meeting and provides for an annual audit.

Municipal elections are held on the second Tuesday in June of each year. The Town Meeting is then held on the first Saturday following the second Tuesday in June. Town Meeting action is required to approve the annual budget, any appropriation of \$25,000 or greater in addition to, or supplementary to, the annual budget appropriation, and the issuance of bonds or notes, except notes in anticipation of taxes to be paid within the fiscal year in which issued. The Town Meeting may not increase the amount of appropriations not recommended by the Town Council, nor increase the amount of any bond issue above the amount recommended by the Council. The Town Manager is the Chief Administrative Officer and head of the administrative branch of the Town’s government, and is the Tax Collector, Treasurer and Overseer of the Poor.

MUNICIPAL SERVICES

The Town provides general governmental services for the territory within its boundaries, including police and fire protection, maintenance of highways, streets and sidewalks, parks, recreation and lakefront areas. Public education is provided for grades Kindergarten (“K”) through 12 through the Town’s affiliation with Regional School Unit 14 (see “PUBLIC EDUCATION – Regional School Unit 14” herein). Water service is provided by the Portland Water District, a quasi-municipal entity whose operations and direct obligations are not part of the Town. See also “INDEBTEDNESS - OVERLAPPING DEBT” herein. Household wastewater and sewerage for the majority of the Town’s residents is treated by individually owned and maintained septic systems.

Public Safety

Public Safety consists of Police, Fire/Rescue, Animal Control and Dispatching components. The Police Department is staffed by 26 full-time sworn law enforcement officers who include one Police Chief, one Lieutenant, five Sergeants, two Detectives and 17 officers. The Police Department maintains 21 vehicles including marked and unmarked police cruisers, two SUVs and a motorcycle. The Fire/Rescue Department is managed by one full-time Chief, one full-time Deputy Chief, two part-time/call Deputy Chiefs, five part-time/call Captains, eight part-time/call Lieutenants, 73 Fire/Rescue volunteers (on-call), and four full-time Firefighter/Paramedics who operate out of four stations. The Fire/Rescue Department maintains 12 fire vehicles and two rescue units, which are all in good repair. Animal Control is provided by one full-time Animal Control Officer who maintains one Town-owned Animal Control truck. Dispatching services are provided 24 hours a day to the above departments by Cumberland County Regional Communications Center under a contract between the Town and Cumberland County.

Public Works

The Public Works Department provides for roadway, buildings and grounds, and vehicle maintenance. In addition to a Public Works Director, the Department is staffed with two Supervisors, an Administrative Assistant, 18 full-time employees and various seasonal employees. The Department utilizes 18 vehicles, which are in good repair.

On September 1, 1993 the Town completed a Landfill Closeout Plan in partnership with the State of Maine's Department of Environmental Protection ("DEP"). Total costs to close the landfill were approximately \$980,000 of which \$245,000 (25%) was borne by the Town and \$735,000 (75%) by DEP. All costs have been paid and the closure is complete. Since April 2001, the Town has operated a "pay-as-you-throw" residential curbside trash collection and recycling program. The Town currently has a contract with Pine Tree Waste, a unit of Casella Waste Systems, to provide the service through June 30, 2023. Overall waste volume has declined and recycling rates have increased from 11-13% to 35-40% under the *Windham Recycles!* program.

Ecomaine, a Maine Corporation with 21 participating municipalities ("Member Municipalities"), including the Town, maintains a waste-to-energy resource recovery system ("RRS") for which the Member Municipalities are obligated severally to deliver certain of the solid waste produced within each such Member Municipality to ecomaine for processing. In 1991, six participating municipalities ("Participating Municipalities") entered into an agreement with ecomaine, along with its Member Municipalities, to establish a Material Recycling Facility ("MRF") at ecomaine's demolition debris and recycling facility in Gorham. See "INDEBTEDNESS – CONTINGENT DEBT – Regional Waste Systems, Inc." herein.

Windham Public Library

The Windham Public Library (the "Library") was preceded by the Windham Center Circulatory Library, a volunteer organization whose collection was domiciled in a small building constructed in the early 1880's first as a shoe shop, for a period until 1920 being a private home and then, until 1971, a library. The Library, a department of the Town, was established in 1971 with the construction and occupancy of a new 4,800 square foot facility. This facility has been expanded to a consolidated 10,620 square feet with a new addition, which was dedicated on October 17, 1993. The Library is governed by a five-member Board of Trustees, appointed by the Town Council. In addition, the "Friends of the Library", a volunteer group, supports the Library's programs and raises funds to supplement operating funds provided by the Town. The Library is managed by the Library Director who supervises four full-time staff members: an adult services librarian, a children's librarian, a children's assistant and technology services/reference librarian. The Library's collection includes over 45,000 volumes, subscriptions, a large video collection, many large print books, audio books and an extensive Maine collection.

LABOR RELATIONS

The Town employs approximately 95 full-time, and various part-time personnel. The following table lists the various bargaining units that are represented by a union, and the status of its current contract. Town employees not included in the below table are not represented by unions. The various contracts for employees represented by unions are effective and expire as follows:

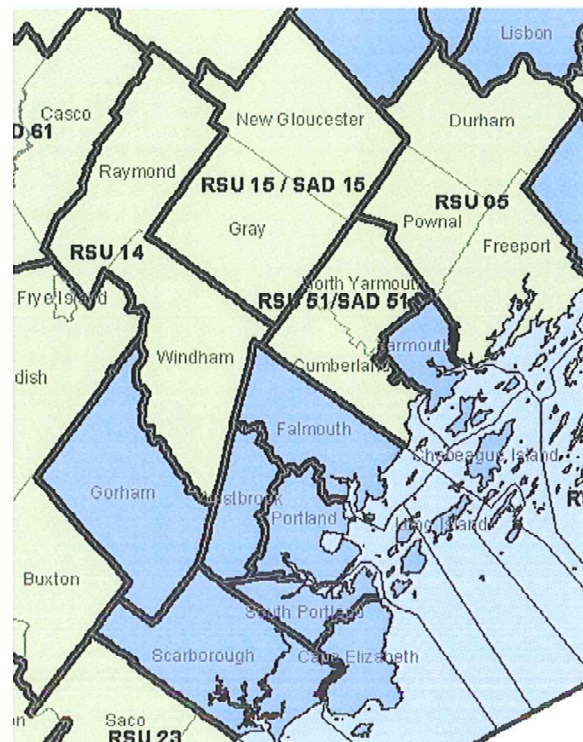
Union ⁽¹⁾	Bargaining Unit	Date of Contract	
		Effective	Expiration
MPA	Windham Police	July 1, 2019	June 30, 2022
IAFF Local 4095	Windham Firefighter/Paramedics	July 1, 2019	June 30, 2022
Teamsters Local 340	Windham Public Works	July 1, 2018	June 30, 2021

NOTE: ⁽¹⁾ “MPA” indicates the Maine Police Association, of which the respective local operates as a separate bargaining unit. “IAFF” indicates the International Association of Firefighters, affiliated with the American Federation of Labor & Congress of Industrial Organizations (“AFL-CIO”), as a separate bargaining unit. “Teamsters” indicates the International Brotherhood of Teamsters.

PUBLIC EDUCATION

Regional School Unit 14

Subject to certain exceptions, in 2008 School Administrative Units (“SAU”) were directed by the State of Maine’s Commissioner of Education (the “Commissioner”) to form Regional School Units (“RSUs”) to reduce school administrative costs. The Raymond School Department and Windham’s School Department submitted a Reorganization Plan to the Commissioner on September 18, 2008 that was approved to form Regional School Unit 14 (“RSU 14”) that became operational on July 1, 2009. On October 1, 2010, the State’s last reported date, the consolidated student enrollment for the RSU was 3,350 pupils. Since the consolidation, the administration and operations of the Town’s Department of Education are no longer part of the Town. The RSU’s annual budget is subject to approval by the voters of the members of the RSU, including the residents of the Town, through a RSU budget meeting and Budget Validation Process.



The map displays the municipalities that comprise RSU 14’s geographical area.

SOURCE: State of Maine, Department of Education.

The RSU Board is comprised of nine members, six of which are elected by the voters of the Town and three of which are elected by Raymond’s voters. Each Board member serves three-year staggered terms.

Composition and Apportionment of the RSU's Governing Body

<u>Former Affiliation</u>	<u>Town</u>	<u>2006 Population</u>	<u>% of Population</u>	<u># Board Members</u>	<u>% Votes per Member</u>	<u>% of 2020 Students</u>
Individual SAU	Windham	16,546	78.2%	6	73	81.3%
Individual SAU	Raymond	<u>4,601</u>	<u>21.8</u>	<u>3</u>	<u>130</u>	<u>18.7%</u>
		21,147	100.0%	9	203	100.0%

RSU 14 Schools, Locations, Grades and Enrollment

<u>School</u>	<u>Location</u>	<u>Grade</u>	<u>Est. Capacity</u>	<u>Enrollment⁽¹⁾</u>
Windham Primary	Windham	K - 3	689	762
Raymond Elementary	Raymond	K - 4	458	248
Manchester	Windham	4 - 5	383	380
Jordan-Small Middle	Raymond	5 - 8	348	180
Windham Middle	Windham	6 - 8	622	660
Windham High	Windham	9 - 12	1,150	933

NOTE: ⁽¹⁾ Enrollment on October 1, 2020.

RSU 14 Enrollment Trends

<u>Oct. 1,</u>	<u>K - 3</u>	<u>4 - 5</u>	<u>6 - 8</u>	<u>9 - 12</u>	<u>Totals</u>
2020	962	461	807	933	3,163
2019	925	503	769	928	3,125
2018	890	549	732	953	3,124
2017	950	498	765	937	3,150
2016	976	483	737	979	3,175
2015	928	495	728	1,023	3,174
2014	997	505	741	1,034	3,277
2013	996	490	741	1,080	3,307
2012	993	485	804	1,054	3,336
2011	952	519	804	1,043	3,318

SOURCE: State of Maine, Department of Education, "Attending Counts by Grade and School".

Historical Allocation for the RSU's Local Costs

<u>Community</u>	<u>2018/2019</u>		<u>2019/2020</u>		<u>2020/2021</u>	
	<u>Assessment</u>	<u>% Total</u>	<u>Assessment</u>	<u>% Total</u>	<u>Assessment</u>	<u>% Total</u>
Windham	\$21,247,844	69.11%	\$22,081,146	67.94%	\$23,154,451	68.33%
Raymond	<u>9,495,469</u>	<u>30.89%</u>	<u>10,418,235</u>	<u>32.06%</u>	<u>10,730,753</u>	<u>31.67%</u>
Total	\$30,743,313	100.00%	\$32,499,381	100.00%	\$33,885,204	100.00%

Career and Technical Education

Title 20-A, Chapter 313 of the Maine Revised Statutes, as amended, "career and technical education," or a course or program of education which is designed to create or improve job-related skills that are part of a secondary school or middle school curriculum. Chapter 313 establishes different "regions" and "centers" to provide career and technical education in various parts of the State. A Region is a statutory, quasi-

municipal corporation, comprised of all the school administrative units within its geographical area, as designated by the Legislature. A Region is governed by a cooperative board, and its budget is approved by its school administrative unit members. A Center is an administrative entity that is owned and operated by a single school administrative unit and affiliated with other school administrative units. A Center is governed by the school board of its school administrative unit owner, and its budget is approved by the voters or other legislative body of that school administrative unit. Pursuant to Title 20-A, Chapters 606-B and 609 of the Maine Revised Statutes, the State provides funding to Centers and Regions for career and technical education. State subsidy for a Region is paid directly to the Region, while State subsidy for a Center is paid to the school administrative unit that owns the Center. Certain costs are not always recognized or completely covered by the State's allocation model. To the extent a Region's budget includes costs that exceed its State subsidy and other available funding sources if any, a Region distributes those costs among its members pursuant to a cost sharing agreement. Likewise, a Center distributes such excess costs if any to its affiliates pursuant to a cost sharing agreement.

Portland Arts and Technology High School

As a Center, the Portland Arts & Technology High School ("PATHS") is owned, operated and maintained by the Department of Education of the City of Portland. The law regarding the funding of PATHS was changed by Chapter 226 of the Private and Special Laws of Maine (1999) such that sending SAUs (as defined herein) no longer pay per student tuition to Portland but pays for attendance through a cost sharing agreement. State subsidy for PATHS no longer goes entirely to Portland, but each SAU receives some subsidy for Career Technical Education based on their costs for student enrollment at PATHS.

Westbrook Regional Vocational Center

The Westbrook Regional Vocational Center (the "WRVC"), constructed in 1963 became a Center in 1968. The Vocational Center is owned, operated and maintained by the Department of Education of the City of Westbrook to provide technical education to students from grades 9 through 12. Westbrook has entered into a cooperative agreement (the "Cooperative Agreement") between the towns of Gorham, Scarborough, RSU 14 (comprised of Windham and Standish) and Maine School Administrative District No. 6 (comprised of the towns of Buxton, Hollis, Limington and Standish) (collectively the "Member Units"), which provides for an Administrative Advisory Committee, made of representatives from the Member Units, to plan, develop, coordinate, and govern services for vocational education for students enrolled by the Member Units, and to devise formulas to share costs. Starting in fiscal year 2018-2019, State subsidy for WRVC has been paid directly to the WRVC.

BUILDING PERMITS

	Commercial		Residential		Total	
	Number of Permits	Estimated Cost	Number of Permits	Estimated Cost	Number of Permits	Estimated Cost
2020	15	\$12,821,669	200	\$56,783,102	215	\$69,604,771
2019	9	2,364,950	116	35,150,103	125	37,515,053
2018	5	1,815,340	117	29,331,094	122	31,146,434
2017	10	1,025,683	125	27,649,595	135	28,675,278
2016	3	7,538,116	95	19,405,012	98	26,943,128
2015	4	1,411,247	74	15,828,300	78	17,239,547

ECONOMIC DEVELOPMENT

Former Portland Metropolitan Statistical Area

The Town is part of the former Portland Metropolitan Statistical Area (“Portland MSA”). The U.S. Department of Commerce, Bureau of the Census formerly defined a metropolitan statistical area (“MSA”) as an area that includes at least one city with 50,000 or more inhabitants, or a Census Bureau-defined urbanized area (of at least 50,000 inhabitants) and a total metropolitan population of at least 75,000 (in New England). An MSA was also considered a labor market area. The map displays the three cities and 19 towns that comprised the former Portland MSA.



Service Center for the Lakes Region

With six business parks and five shopping centers, the Town’s 800 plus businesses serve as the predominant shopping area for the “Lakes Region” communities. The primary trade area for the Windham commercial center includes the towns of Windham, Raymond, Standish, Naples, Casco, Gray, Sebago and the northern section of the Town of Gorham. This area has experienced rapid growth over the past 20 years. The primary area’s population is estimated at 52,000. It is estimated that the year-round population doubles to approximately 100,000 in the summer season. The below chart indicates the local economy’s strength in retail sales:

Retail Sales by Product Group and Consumer Sales
(\$/000)

	Business/ Operating	Building Supply	Food Store	General Mdse.	Other Retail	Auto/ Transp.	Rest. & Lodging	Group Total	Consumer Sales
2019	21,657.4	87,088.0	41,255.5	78,362.5	25,289.9	51,435.1	45,347.3	350,435.6	328,778.2
2018	22,299.8	82,644.7	39,372.2	77,394.2	20,622.4	46,415.0	43,514.7	332,262.8	309,963.1
2017	21,320.5	77,016.5	37,238.2	76,485.2	20,076.5	40,932.2	41,838.9	314,908.0	293,587.5
2016	18,953.4	73,360.5	38,242.0	75,837.8	19,785.2	30,749.3	37,800.6	294,728.8	275,775.4
2015	21,041.4	67,957.8	28,422.8	65,461.4	18,716.4	27,245.0	33,804.2	262,649.1	241,607.7
2014	20,028.3	62,738.0	26,464.8	63,990.9	17,756.6	25,836.7	30,740.2	247,555.4	227,527.1
2013	19,090.8	59,073.7	24,933.6	65,277.5	17,190.0	24,959.7	29,973.5	240,498.9	221,408.1
2012	17,791.6	51,968.8	23,738.2	65,347.5	16,380.3	24,455.7	28,959.6	228,641.7	210,850.1
2011	16,514.4	54,760.2	22,337.3	64,484.3	15,305.5	23,750.2	26,814.9	223,966.7	207,452.2
2010	15,231.7	54,244.6	22,802.8	68,228.2	15,688.5	21,774.7	25,722.6	223,693.1	208,461.4

SOURCE: State of Maine, Department of Taxation, Sales Tax Section.

Representative Employers

Representative Employer	Type of Business	Approximate # Employees
Wal-Mart Supercenter	Retail Shopping	100-499
Hannaford Supermarket	Retail Grocery	100-499
Shaw's Supermarket	Retail Grocery	100-499
Home Depot	Retail	100-499
Lowe's	Retail	100-499

Commuter Trends

Commuters to Windham, and <u>reside in:</u>	Number of <u>Workers</u>	% Windham <u>Workforce</u>	People who reside Windham, and <u>commute to:</u>	Number of <u>Workers</u>	% Windham <u>Workers</u>
Windham	2,380	40.33%	Portland	2,757	29.04%
Standish	329	5.57%	Windham	2,380	25.07%
Gorham	307	5.20%	South Portland	1,029	10.84%
Portland	297	5.03%	Westbrook	833	8.77%
Casco	288	4.88%	Scarborough	399	4.20%
Raymond	257	4.35%	Falmouth	304	3.20%
Gray	254	4.30%	Gorham	274	2.89%
Naples	234	3.96%	Lewiston	132	1.39%
South Portland	111	1.88%	Yarmouth	117	1.23%
Buxton	111	1.88%	Freeport	107	1.13%
Limington	109	1.85%	Standish	92	0.97%
Bridgton	94	1.59%	Cumberland	89	0.94%
Westbrook	84	1.42%	Augusta	76	0.80%
Poland	67	1.14%	Saco	75	0.79%
Biddeford	59	1.00%	Brunswick	61	0.64%
Brunswick	56	0.95%	Biddeford	51	0.54%
Sebago	55	0.93%	Gray	50	0.53%
Hollis	50	0.85%	Buxton	47	0.50%
Baldwin	49	0.83%	Auburn	45	0.47%
Otisfield	46	0.78%	Casco	45	0.47%
Scarborough	44	0.75%	Poland	41	0.43%
Lisbon	42	0.71%	Durham	34	0.36%
Limerick	41	0.69%	Bridgton	34	0.36%
All Other	<u>538</u>	<u>9.12%</u>	All Other	<u>421</u>	<u>4.43%</u>
Total	5,902	100.00%	Total	9,493	100.00%

SOURCE: State of Maine, Department of Labor, Labor Market Information Services; U.S. Department of Commerce, Bureau of Census - 2010 data.

ECONOMIC CHARACTERISTICS

	Town of Windham	% Change Since Last Census		
		<u>Town</u>	<u>State</u>	<u>USA</u>
Population				
1970	6,593	46.6%	2.4%	13.4%
1980	11,282	71.1	13.4	11.4
1990	13,020	15.4	9.2	9.8
2000	14,904	14.5	3.8	13.2
2010	17,001	17.1	4.2	8.9
Population Characteristics	<u>Town of Windham</u>	<u>Cumberland County</u>	<u>State of Maine</u>	<u>USA</u>
Median age (years)	39.9	41.0	42.7	37.2
% school age	14.1%	15.7%	18.2%	20.4%
% working age	65.1%	64.8%	63.4%	62.9%
% 65 and over	15.4%	14.3%	15.9%	13.0%
Persons/household	2.54	2.32	2.32	2.58
Income	<u>Town of Windham</u>	<u>Cumberland County</u>	<u>State of Maine</u>	<u>USA</u>
Median family income	\$57,302	\$71,335	\$58,185	\$62,982
% below poverty level	6.5%	10.5%	12.6%	13.8%
Per capita income	\$33,846 ^(*)	\$31,041	\$25,385	\$27,334
Housing	<u>Town of Windham^(*)</u>	<u>Cumberland County</u>	<u>State of Maine</u>	<u>USA</u>
% owner occupied	87.2%	68.5%	73.1%	66.6%
Owner occupied med. value	\$248,400	\$248,400	\$176,200	\$188,400
Median gross rent	\$1,067	\$868	\$707	\$841

SOURCE: 2010 Census (^(*) 2019 data), U.S. Department of Commerce, Bureau of the Census.

Unemployment	<u>Town of Windham</u>	<u>Cumberland County</u>	<u>State of Maine</u>	<u>USA</u>
2019	2.4%	2.4%	3.0%	3.7%
2018	2.7	2.7	3.4	3.9
2017	2.5	2.5	3.3	4.4
2016	2.9	2.9	3.9	4.9
2015	3.3	3.4	4.4	5.3
2014	4.3	4.4	5.7	6.2
2013	5.2	5.3	6.7	7.4
2012	4.7	5.8	7.3	8.1
2011	6.2	6.0	7.5	8.9
2010	6.7	6.3	7.9	9.6

SOURCE: State of Maine, Department of Labor, Division of Economic Analysis and Research.

TOWN FINANCES

BUDGETARY PROCESS

Article V, of the Town's Charter provides for a budget process. The fiscal year (or "budget year") of the Town begins on the first day of July and ends on the thirtieth day of June of the following year. The Town Manager submits a budget to the Council within 90 days prior to the beginning of the new fiscal year. The budget contains (A) an exact statement of the financial condition of the Town, (B) an itemized statement of appropriations recommended for current expenses, (C) proposed capital expenditures during the ensuing fiscal year, (D) an itemized statement of estimated revenue from all sources other than taxation; and a statement of taxes required, and (E) such other information as required by the Town Council. The Town budget is published and a public hearing is held; the Council reviews the budget, and recommends it, with or without change, to the annual Town Meeting prior to the beginning of the budget year. The budget becomes effective only after it is adopted at the Town Meeting by a majority vote of the voters at the Town Meeting. The Annual Town Meeting, in its vote on each article, approves or declines the items which form the Town's budget. Pursuant to State law, if the Appropriation Resolve increases the property tax levy from the prior year by more than a specified Growth Limitation factor then the excess of the appropriation must be approved by a majority of the Town Meeting voters. The school budget is subject to referendum by the voters of the RSU through a Budget Validation process. Upon adoption of the budget, a property tax levy is then established and filed with the Town Assessor. The following table sets forth the trends in the General Fund Budgets for the Town for the last four fiscal years and for the current fiscal year:

Budgets for Fiscal Year Ending June 30,

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Revenues					
Property taxes, fees, supplements	\$27,201,764	\$28,335,128	\$30,108,464	\$31,814,310	\$33,803,661
Excise taxes	2,875,000	3,275,000	3,425,000	3,725,000	3,993,000
Licenses and permits	324,568	439,382	474,382	488,533	552,685
Intergovernmental	1,297,703	1,207,077	1,107,551	1,950,466	2,220,273
Charges for services	539,000	1,159,600	1,260,500	1,435,500	1,603,813
Interest earned	120,000	125,000	125,000	235,000	320,000
Other	848,766	250,663	263,663	299,247	375,645
Total revenues	33,206,801	34,791,850	36,764,560	39,948,056	42,869,077
Expenditures					
General government	3,238,235	3,488,393	3,775,362	4,303,525	4,738,045
Public works	3,074,929	3,272,093	3,366,751	3,614,491	2,963,633
Public safety	2,439,738	2,513,125	2,659,099	2,753,940	2,258,538
Fire/rescue services	1,817,683	1,971,629	2,104,766	2,217,692	3,996,219
Recreation services	281,071	714,236	750,445	830,352	890,867
Education	17,699,917	18,263,875	19,664,904	21,247,844	22,081,146
County tax	1,216,178	1,264,831	1,304,678	1,332,023	1,435,970
Other	1,687,928	1,585,994	1,725,517	1,953,290	2,064,393
Debt service	200,625	236,500	313,888	473,073	1,525,458
Capital outlay	2,355,650	2,509,592	2,795,665	2,560,665	4,088,740
Total expenditures	34,011,954	35,820,268	38,461,075	41,286,895	46,043,009
Revenues over expenditures	(805,153)	(1,028,418)	(1,696,515)	(1,338,839)	(3,173,932)
Use of Fund Balance	480,000	763,927	1,008,901	846,039	2,689,406
Transfers from other	325,153	400,571	777,614	492,800	484,526
Transfers to other	0	0	(90,000)	0	0
Change in fund balance	0	(136,080)	0	0	0
Total other sources(uses)	\$805,153	\$1,028,418	\$1,696,515	\$1,338,839	\$3,173,932

Potential Impact of Coronavirus on Fiscal Capacity

The Town's budget relies on property collections for approximately 76% of its total General Fund budget needs. The Town believes that neither revenue source is significantly at risk in fiscal year 2020/2021.

Excise tax collections on vehicles are projected to generate just under 10% of total revenues, and Maine State Revenue Sharing contributes slightly less than 2% of the total revenue requirements for fiscal year 2020/2021. Both of these smaller sources could potentially be dampened by an economic contraction or recession triggered by COVID-19 or other world and national events as they relate to vehicle purchasing and state-wide sales and income tax collections by the State. Specifically with respect to Maine State Revenue Sharing payments, on April 2, 2020, the Treasurer of the State of Maine offered guidance to Maine municipalities. Due to COVID-19, State level sales and use and withholding tax receipts are expected to be well below budget, at least through the final quarter of the State's fiscal year. The Treasurer advised municipalities that it would be prudent to assume that Maine State Revenue Sharing payments beginning in July 2020 will be less than what was previously projected.

The Town recognized such risk to revenue projected revenue receipts and made adjustments to the revenue forecasts in its FY 21 budget plan prior to final budget adoption in response to the advisory notice of the State Treasurer. In the judgement of the Town's administration, the risks of further reductions would not materially affect overall financial position and are more likely to be generally experienced as delays in collections than actual revenue losses.

Management has identified another area of vulnerability is adequacy of workforce in the event significant numbers of employees and key leadership roles are taken out of the workforce, temporarily or permanently, due to personal or family exposures to the virus. The State, the Town, and Windham's town government have been relatively unaffected by employees or family members who have contracted COVID-19 so far (February -December 2020). Some full and part time employees with children may be adversely impacted in terms of work availability due to limited public school hours or day care availability. Management does not believe this will have a material impact on municipal finances but may have some detrimental impact on some customer/public service delivery.

PROPERTY TAX LEVY LIMIT

As previously discussed, unless the Town follows certain procedural requirements under Title 30-A, Section 5721-A of the Maine Revised Statutes, as amended the Town is limited to an increase in the Town's property tax levy from one year to the next of not more than its Property Tax Levy Limit (see "THE BONDS - SOURCE OF PAYMENT AND REMEDIES - Limitation on Municipal Property Tax Levy" herein). The Property Tax Limit for subsequent fiscal years is the Property Tax Levy Limit for the preceding year multiplied by the Growth Limitation Factor. Therefore, in cases where the amount of the prior year's Property Tax Levy Limit exceeds the amount of the Town's actual property tax levy ("Property Tax Levy"), the Town may carry-forward that difference in establishing its future years' property tax levy. The following table displays the Town's limitation on the Municipal Property Tax Levy:

Fiscal year:	<u>2016/2017</u>	<u>2017/2018</u>	<u>2018/2019</u>	<u>2019/2020</u>	<u>2020/2021</u>
State Personal Income Factor:	2.67%	2.84%	2.61%	1.00%	1.23%
Town Property Growth Factor:	<u>1.74</u>	<u>1.53</u>	<u>1.52%</u>	<u>2.77%</u>	3.30%
Growth Limitation Factor:	4.41%	4.37%	4.13%	3.77%	4.53%
Property Tax Levy Limit:	\$8,267,373	\$8,596,811	\$8,896,495	\$9,173,916	\$9,589,494
Property Tax Levy:	<u>8,289,552</u>	<u>8,617,744</u>	<u>8,619,500</u>	<u>9,608,577</u>	<u>9,273,666</u>
Over/(below) Property Tax Levy Limit:	\$22,179	\$20,933	(\$276,995)	\$434,661	(\$315,828)

CAPITAL IMPROVEMENT PROGRAM

Article V, Section 3 of the Town's Charter provides for a formal Capital Improvement Plan ("CIP"). The CIP includes a Capital Budget for the next five years that includes funds, and financing sources, necessary to acquire or improve buildings, lands, major equipment and other commodities that are of significant value and have a useful life of several years. The overall program is driven by a number of factors and may be revised and/or extended from year to year. Pursuant to Article VIII, Section 2 of the Town's Charter debt has to be adopted and then approved by a majority of the voters of the Town at a Town Meeting.

FUND BALANCE POLICY

Pursuant to Governmental Accounting Standards Board ("GASB") recently promulgated Statement 54 ("GASB 54"), on April 12, 2011 the Town Council repealed all previous Fund Balance Policies and replaced the General Fund Balance Policy with a General Fund – Fund Balance Policy. The purpose of this policy is to establish a target level of fund balance for the General Fund and certain Special Revenue funds, and to establish a process and criteria for the continued evaluation of that target level as conditions warrant. The policy also establishes a process for reaching and maintaining the targeted level of Unassigned Fund balance, and the priority for the use of amounts in excess of the target. Finally, the policy provides a mechanism for monitoring and reporting the Town's fund balance. The policy applies to the General Fund, Recreation Program Special Revenue Fund, and Sewer Special Revenue Fund.

It is the policy of the Town to maintain a combined Unassigned fund balance in the General Fund and Specified Special Revenue funds at 16.67% of the subsequent year's budget, defined as the total of municipal appropriations, school district assessment, and county taxes. In the event that the Unassigned fund balance drops below the target of 16.67% the Town will develop a plan, implemented through the annual budgetary process, to bring the balance to the target level. Once the target of 16.67% is reached, any portion of the Unassigned Fund balance above the target may be used to fund the capital needs of the community or reduce property taxes in any subsequent year as deemed appropriate by the Town Council. The Town Council will consider using Unassigned Fund balance for emergencies that cannot be addressed through a normal budget process and will consider using Unassigned Fund balance first to address any emergency. However, the use of Assigned or Committed Fund balances, in that order, will be considered only as a last resort.

Annually the Town Manager reports the Town's fund balance and the classification of the various components in accordance with GAAP and this policy and annually reviews the policy and the considerations used in establishing the Unassigned Fund balance target with the Finance Committee. The Finance Director reports whether changes in those considerations or additional considerations have been identified that would change the recommended level of Unassigned Fund balance. The following table displays fund balance results over the last five audited fiscal years under its policy:

	<u>Fiscal Year Ended June 30,</u>				
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Assigned & Unassigned GF Balance	\$7,441,341	\$8,383,792	\$10,295,236	\$10,036,969	\$11,190,043
Total Budgeted Expenditures	34,011,954	35,820,268	38,461,075	41,286,895	46,043,009
Fund Bal. as % Budg'd. Expenditures	21.88%	23.41%	26.77%	24.31%	24.30%
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Unassigned General Fund Balance	\$6,492,498	\$6,890,234	\$8,136,759	\$8,444,828	\$7,693,637
Total Budgeted Expenditures	34,011,954	35,820,268	38,461,075	41,286,895	46,043,009
Fund Bal. as % Budg'd. Expenditures	19.09%	19.24%	21.16%	20.45%	16.71%

INVESTMENT POLICY

On September 23, 1997, the Town adopted, and on February 13, 2007 made amendments to, and has continuously followed, its Investment Policy. Pursuant to the policy, and under applicable Maine law, Title 30-A, Section 5706 et seq. of the Maine Revised Statutes, as amended (the “Act”), all investments of the Town must be made with the judgment and care that persons of prudence, discretion and intelligence, under circumstances then prevailing, exercise in the management of their own affairs, not for speculation but for investment considering (i) safety of principal and maintenance of capital, (ii) maintenance of sufficient liquidity to meet all operating and cash requirements with which a fund is charged, that is reasonably expected, and (iii) return of income commensurate with avoidance of unreasonable risk. Under the Act, the Town’s investment practice is to maintain a cash and investment pool that is available for use by all funds and consists of short-term investments. The Town is not invested in any obligations typically referred to as derivatives, meaning obligations created from, or whose value depends on or is derived from, the value of one or more underlying assets or indexes of asset values in which the municipality owns no direct interest.

FINANCIAL STATEMENTS

Title 30-A, Chapter 223, Subchapter 8 of the Maine Revised Statutes, as amended, Article II(3)(H) and Article II(13) of the Town’s Charter provide for independent annual audits of the Town’s accounts and establishes procedures for such audits. The Town of Windham, in conformance with this statute and its Charter, currently engages the services of Runyon Kersteen Ouellette, Certified Public Accountants, to conduct its audit. The Town’s fiscal year 2020 Annual Report, audited by Runyon Kersteen Ouellette, is presented as APPENDIX A to this Official Statement. The consent of Runyon Kersteen Ouellette for the incorporation of the Financial Statements included in APPENDIX A has not been requested by the Town, nor has it been received.

FUNDS

The accounts of the Town are organized and operated on the basis of funds. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. The Town has the following fund types:

Governmental Funds are used to account for most governmental functions of the Town. Governmental Funds include the following fund types:

General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds account for revenue sources (not including expendable trusts or major capital projects) that are legally restricted to expenditure for specific purposes.

Capital Projects Fund is used to account for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or non-expendable trust funds.

Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting governments’ programs.

Enterprise Funds are used to account for those operations that are financed and operated in a manner similar to private business or where the Town Council has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

Fiduciary Funds account for assets held by the Town in a trustee capacity or as an agent on behalf of others. The Town’s Fiduciary Funds include the following types:

Private Purpose Trust Funds are used to report any trust arrangements under which principal and income benefit individuals, private organizations, and other governments and that are not accounted for in other fiduciary funds.

Agency Funds are custodial in nature and do not present results of operations or have a measurement focus. Agency Funds are accounted for using the accrual basis of accounting. The funds are used to account for assets that the Town holds for others in an agency capacity.

Town of Windham
Comparative Balance Sheet
Governmental Funds - General Fund
(As of June 30,)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
ASSETS					
Cash and equivalents	\$12,263,016	\$13,902,788	\$11,190,527	\$11,550,546	\$8,701,734
Receivables:					
Accounts receivable	570,781	442,128	573,091	377,526	819,817
Taxes (current year)	711,718	729,387	726,120	638,249	806,488
Taxes (prior years)	114,205	104,934	348,371	328,900	309,389
Tax liens	750,325	708,294	662,172	636,972	746,351
Notes	0	413,710	406,600	399,490	392,380
Inter-fund loans receivable	0	0	250,569	0	560,683
Inventory	34,008	33,205	83,385	8,481	13,372
Receivables (RSU 14)	7,765,000	9,395,000	11,030,000	12,665,000	14,300,000
TOTAL ASSETS	22,209,053	25,729,446	25,270,835	26,605,164	26,650,214
LIABILITIES					
Accounts payable	252,335	825,734	782,746	464,249	789,350
Accrued payroll	589,582	473,796	461,380	375,581	328,085
Other	31,617	36,871	161,287	0	0
Inter-fund loans	717,352	1,031,028	0	267,611	0
Taxes paid in advance	0	0	142,626	76,646	63,415
Unearned (Impact fees)	0	513,952	445,684	320,318	188,978
Miscellaneous	1,174,057	606,107	320,058	426,552	693,842
TOTAL LIABILITIES	2,764,943	3,487,488	2,313,781	1,930,957	2,063,670
DEFERRED INFLOWS					
Property taxes	1,270,000	1,210,000	1,400,000	1,251,000	1,472,000
RSU 14 debt service	7,765,000	9,395,000	11,030,000	12,665,000	14,300,000
TOTAL DEFERRED	9,035,000	10,605,000	12,430,000	13,916,000	15,772,000
FUND BALANCES					
Non-spendable	34,008	446,915	489,985	407,971	405,752
Restricted	0	0	0	55,000	25,000
Committed	458,736	0	0	0	0
Assigned	1,951,312	3,496,406	1,592,241	2,158,477	1,493,558
Unassigned:	7,965,054	7,693,637	8,444,828	8,136,759	6,890,234
TOTAL FUND BALANCES	10,409,110	11,636,958	10,527,054	10,758,207	8,814,544
TOTAL LIABILITIES					
AND FUND BALANCES	\$22,209,053	\$25,729,446	\$25,270,835	\$26,605,164	\$26,650,214

Prepared from Audited Financial Statements

Town of Windham
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds - General Fund
(For the Years Ended June 30,)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
REVENUES					
Property taxes and supplements	\$33,784,586	\$31,789,850	\$30,040,632	\$28,593,474	\$27,399,164
Excise taxes	3,841,726	4,021,074	3,850,785	3,627,003	3,364,943
Licenses and permits	916,247	496,922	407,019	422,764	370,173
Intergovernmental	2,985,668	2,720,073	2,050,173	1,514,965	1,332,429
Charges for services	1,607,165	1,439,979	1,111,914	1,356,991	580,893
Investment income	300,790	367,895	290,630	205,124	152,063
Other	589,426	414,011	416,627	403,469	910,053
TOTAL REVENUES	44,025,608	41,249,804	38,167,780	36,123,790	34,109,718
EXPENDITURES					
Current:					
General government	4,487,638	4,289,067	3,933,317	3,440,419	3,278,432
Public safety	3,072,340	2,724,421	2,610,165	2,533,986	2,324,180
Fire/Rescue	2,131,386	2,048,112	1,972,216	1,929,043	1,764,163
Public works	3,982,876	3,511,679	3,345,309	3,111,681	2,879,284
Recreation	858,739	868,596	784,304	736,448	269,370
Education	22,081,146	21,247,844	19,664,904	18,263,875	17,699,917
County tax	1,435,970	1,332,023	1,304,678	1,264,831	1,216,178
Other	1,515,020	1,495,634	1,340,595	1,185,291	1,597,436
Debt service	1,458,910	456,073	313,886	233,016	200,625
Capital outlay	3,973,802	2,075,131	2,682,939	2,555,484	2,726,633
TOTAL EXPENDITURES	44,997,827	40,048,580	37,952,313	35,254,074	33,956,218
EXCESS OF REVENUES					
OVER EXPENDITURES	(972,219)	1,201,224	215,467	869,716	153,500
OTHER FINANCING					
SOURCES:					
Proceeds from debt/leases	119,626	0	191,535	1,118,574	339,461
Transfers - in	438,108	359,800	402,997	398,402	331,110
Transfers - out	(1,352,276)	(451,120)	(1,041,152)	(443,029)	0
TOTAL OTHER	(794,542)	(91,320)	(446,620)	1,073,947	670,571
EXCESS OF REVENUES AND					
OTHER FINANCING					
SOURCES OVER					
EXPENDITURES	(1,766,761)	1,109,904	(231,153)	1,943,663	824,071
FUND BALANCE, JULY 1	12,175,871	10,527,054	10,758,207	8,814,544	7,990,473
FUND BALANCE, JUNE 30	\$10,409,110	\$11,636,958	\$10,527,054	\$10,758,207	\$8,814,544

Prepared from Audited Financial Statements

PROPERTY TAXATION

The principal tax of the Town is the tax on real and personal property. A single tax applies for each fiscal year to the assessed value of the taxable real or personal property. The Town's Tax Collector receives the tax commitment from the Town Assessor, with assessed values as of April 1 of each year, after which time the tax bills are due in two installments. For fiscal year 2020/2021 the tax due dates are October 1, 2020 and April 1, 2021. All taxes paid after the due dates are subject to interest, established under Title 39, Section 186 of the Maine Revised Statutes, as amended, currently at the rate of 8.0% per annum, as set by the Town.

Real Estate Taxes

Collection of real estate taxes is ordinarily enforced in the Town by the "tax lien" procedure as provided in the Maine Revised Statutes, as amended, to the collection of delinquent real estate taxes. Real Estate Tax Liens are recorded against the individual property at the County Registry of Deeds. This lien has priority over all mortgages, liens, attachments and encumbrances of any nature, subject to any paramount federal tax lien and subject to bankruptcy and insolvency laws. If the account is not satisfied within 18 months, the property becomes tax acquired and may be disposed of by the Town.

Business Personal Property Taxes

In 2006 the Maine Legislature enacted LD 2056, codified as Title 36, Chapter 105, Subchapter 4-C of the Maine Revised Statutes, as amended, which exempts from taxation, beginning with the April 1, 2008 tax year, various types of tangible business personal property subject to an allowance for depreciation and some specialty types of real property improvements. The exemption does not apply to: Office furniture; Lamps and lighting fixtures used to provide general purpose office or worker lighting; Property owned or used by public utilities and persons providing certain television/telecommunications services; Telecommunications personal property subject to the tax imposed by section 457 of Title 36; Gambling machines or devices and associated equipment; Property located at a retail sales facility unless such facility is more than 100,000 square feet in size and owned by a business whose Maine-based operations derive less than 30% of their total annual revenue from sales in the State.

Through the Business Equipment Tax Exemption Program ("BETE") the State will reimburse municipalities with respect to the lost property taxes associated with this new exemption through one of three formulas, whichever is most beneficial to the municipality, as follows:

1. Basic reimbursement formula - For all municipalities in the first year after the exemption, and for a majority of the municipalities thereafter, the reimbursement would be 100% for the lost property taxes in the first tax year after the exemption takes effect (i.e., FY 2009), 90% in the second year after the exemption takes effect (i.e., FY 2010), 80% in FY 2011, 70% in 2012, 60% in 2013, and 50% in 2014 and every subsequent year. The State Constitution requires a minimum reimbursement of at least 50%.
2. Enhanced formula - Municipalities that have a total property tax base that is made up of at least 5% personal property will be eligible for an alternative reimbursement formula any year in which the alternative reimbursement formula provides a higher level of reimbursement than the basic reimbursement formula. Those municipalities will be eligible to receive the 50% minimum reimbursement plus 50% of their tax base percentage that is made up of personal property. For example, if a town's tax base is 64% personal property, it would be eligible for a reimbursement rate of 82%, which is a combination of the minimum 50% reimbursement *plus* one-half of that municipality's 64% "personal property factor".

3. Municipal Retention TIF Districts – Certain TIF districts that were enacted prior to April 1, 2008 entitle a municipality to receive reimbursement at a rate of up to 100% for exempt business equipment that is TIF exempt business equipment as defined in Title 36, Section 691(1)(G) of the Maine Revised Statutes, as amended. The increased reimbursement percentage is based on the tax increment percentage allocated to the municipality, as provided in Title 36, Section 694(2)(C) of the Maine Revised Statutes, as amended.

For the purposes of identifying the municipality's valuation for determining the local property tax rate, the value of all property made exempt by this legislation in the municipality must be considered part of that municipality's local valuation to the extent the municipality is being reimbursed for its lost property taxes by the State other than property located in, and the assessed value of which is retained in, a tax increment financing district.

The value of all property made exempt by this law in the Town will also be considered part of that municipality's equalized State Valuation to the extent the Town is being reimbursed for its lost property taxes by the state with an additional adjustment for property in a tax increment financing district. The law provides some additional security for the municipal reimbursement system by funding the reimbursements described above directly from State Income Tax receipts before those receipts are deposited into the State's General Fund, rather than as an annual General Fund appropriation.

TAX INCREMENT FINANCING DISTRICTS AND AFFORDABLE HOUSING DEVELOPMENT DISTRICTS

Chapter 206 and former 207 (now repealed) of Title 30-A of the Maine Revised Statutes, as amended, enable a municipality to finance qualified development by borrowing against the future increased property tax receipts attributable to that development. Under the statutory framework, the municipality designates a tax increment financing ("TIF") district or an affordable housing development district (a "housing district") for a period of up to 30 years and adopts a development program (the "Development Program") stating the means and objectives for the development of that district. The municipality may designate, or "capture", all or a portion of the increase in assessed value resulting from development within the district and dedicate the increased property taxes it receives in future years generated by the "captured" assessed value to payment of the costs of the Development Program, which may include debt service on borrowing to fund such costs. Such districts are subject to statutory limits on their size, including the following limitations: (a) the total area of a single district may not exceed 2% of the total acreage of the municipality, (b) the total area of all TIF districts or housing districts within a municipality each may not exceed 5% of the total acreage of the municipality, and (c) the aggregate original assessed value of property of all TIF districts and the aggregate original assessed value of property of all housing districts within the municipality as of the April 1st preceding the date the Commissioner of the Department of Economic and Community Development, with respect to TIF Districts, or the Director of the Maine State Housing Authority, with respect to housing districts, approves the designation of any such district each cannot exceed 5% of the municipality's total value of taxable property. Excluded from this limit as applicable to TIF districts is any district involving project costs in excess of \$10,000,000, the geographic area of which consists entirely of contiguous property owned by a single taxpayer with an assessed value in excess of 10% of the municipality's total assessed value. In addition, the foregoing limitations do not apply to approved downtown TIF districts, TIF districts included within Pine Tree Development Zones or TIF districts that consist solely of one or more community wind power generation facilities owned by a community wind power generator that has been certified by the Public Utilities Commission pursuant to Title 35-A, Section 3403, Subsection 3 of the Maine Revised Statutes, as amended.

The increase in assessed value captured by the municipality is excluded from the municipality's equalized just value for each year's State valuation filed with the Secretary of State in accordance with Title 36, Sections 208 and 305 of Maine Revised Statutes, as amended, and is therefore not included in calculating

that municipality's share of State educational aid, State municipal revenue sharing, the county tax or the 15% debt limitation for the municipality pursuant to Title 30-A, Section 5702 of the Maine Revised Statutes, as amended.

The Town has designated various tax increment financing districts and an affordable housing tax increment financing district and may consider proposals for other districts on an ongoing basis. All districts will be evaluated based upon the Town's comprehensive plan for economic development, which includes tax increment financing as one of its aspects. In no event will the Town's districts exceed the statutory limitation of total area and aggregate equalized value within all districts, determined as of their date of designation, as set out above.

The future increased property tax receipts which have been and may, in the future, be "captured" for purposes of the Town's tax increment financing districts will not be available to pay debt service on the Bonds. The Town does not expect, however, that the use of such future increased property tax receipts for purposes of the Town's tax increment financing districts will have an adverse effect on the Town's ability to pay debt service on the Bonds.

TAX LEVY AND COLLECTIONS

Fiscal Yr. End June 30,	Equalized State Valuation (000)	Assessed Valuation (000)	Tax Rate (000)	Tax Commitment (000)	Collections (after Supplements and Abatements)		
					Year End (000)	% of Levy	% of Levy A/O 8/31/2020
2021	\$2,441,900 ⁽¹⁾	\$2,336,553	\$15.00	\$35,048,302	-----	In Process	-----
2020	2,272,500	2,306,602	14.64	33,768,660	\$33,085,135	97.89%	98.59%
2019	2,095,000	2,094,816	15.18	31,799,310	31,091,363	97.71%	99.19%
2018	1,916,750	1,831,617	16.43	30,093,464	29,429,014	97.59%	99.59%
2017	1,877,500	1,803,830	15.70	28,320,128	27,701,694	97.75%	99.71%
2016	1,867,050	1,794,183	15.15	27,181,869	26,410,771	97.04%	99.81%
2015	1,788,800	1,768,154	14.67	25,938,812	25,106,825	96.79%	99.84%
2014	1,721,650	1,748,071	14.45	25,259,625	24,405,278	96.55%	99.81%
2013	1,751,900	1,723,892	14.25	24,565,454	23,672,976	96.34%	99.88%
2012	1,792,250	1,707,733	13.90	23,737,482	22,728,174	95.74%	99.89%
2011	1,808,100	1,870,209	12.20	22,816,547	21,981,630	96.29%	99.89%

NOTE: ⁽¹⁾ Preliminary. Pursuant to Title 36, §208 of the Maine Revised Statutes, as amended, the State Tax Assessor equalizes and adjusts the assessment list of each municipality to its just value as of April 1st of each year. Title 36, §305 of the Maine Revised Statutes, as amended provides that the State Tax Assessor must certify to the Secretary of State before the first day of February the equalized just value of all real and personal property in each municipality. Therefore the final 2021 equalized valuation may not be available until on or before February 1, 2021.

LARGEST TAXPAYERS

<u>Taxpayer</u>	<u>Business</u>	<u>As of April 1, 2020</u>		
		<u>Assessed Total</u>	<u>Property Tax</u>	<u>% of Levy</u>
Central Maine Power Company	Electric Distribution	\$35,092,200	\$526,383	1.45%
WS North Windham Prop. Ltd.	Retail Super Center	14,636,300	219,545	0.60%
ARC LWWDMMME001 LLC	Shopping Center	13,233,900	198,509	0.55%
SP Windham Owner LLC	Real Estate	11,829,000	177,435	0.49%
Portland Natural Gas	Gas Distribution	10,194,600	152,919	0.42%
JLB Windham LLC	Warehouse	8,792,600	131,889	0.36%
Jonlee Windham LLC	Shopping Center	7,059,100	105,887	0.29%
Hannaford Bros	Grocery	5,889,300	88,340	0.24%
Kettle Estates LLC	Apartments	5,525,900	82,889	0.23%
Maine Natural Gas LLC	Gas Distribution	<u>5,273,300</u>	<u>79,100</u>	<u>0.22%</u>
Top Ten Taxpayers		\$117,526,200	\$1,762,896	4.85%

REVENUES FROM THE STATE

The State provides revenue to the Town in a number of areas including aid to the Town in a number of areas including education and road maintenance, reimbursement for general assistance, homestead exemption and BETE and revenue sharing. The amount of revenue in each category is based upon a number of formulas, many of which contain variables that change annually. Further, most categories of State disbursements are governed by laws that may be changed by the State Legislature are subject to appropriation by the State Legislature in its budgetary process.

The State subsidizes most local school administrative units through the Essential Programs and Services (“EPS”) model of calculating and distributing state education aid. EPS utilizes a number of factors that are subject to change each year. In addition, the EPS model itself is subject to change by the Legislature. Furthermore, subsidies for school administrative units are an annual item in the State’s budgetary process and are subject to legislative appropriation in that process. The following table displays State revenues received by the Town for the last five audited fiscal periods.

Fiscal Yr. End June 30,	State Revenue Sharing	Reimbursements		Other State Aid	Total From State
		Homestead & BETE Exemptions	General Assistance		
2020	\$1,278,690	\$966,505	\$42,071	\$287,487	\$2,574,753
2019	846,478	985,750	40,266	271,218	2,143,712
2018	742,104	953,913	42,464	273,915	2,012,396
2017	677,413	529,175	11,249	268,163	1,486,000
2016	721,722	335,175	3,985	271,547	1,332,429

INDEBTEDNESS

LIMITATIONS AND EXCLUSIONS

In accordance with Title 30-A, Section 5702 of the Maine Revised Statutes, as amended, “No municipality may incur debt which would cause its total debt outstanding at any time, exclusive of debt incurred for school purposes, for storm or sanitary sewer purposes, for energy facility purposes or for municipal airport purposes to exceed 7½% of its last full state valuation, or any lower percentage or amount that a municipality may set. A municipality may incur debt for school purposes to an amount outstanding at any time not exceeding 10% of its last full state valuation, or any lower percentage or amount that a municipality

may set, for storm and sewer purposes to an amount outstanding at any time not exceeding 7½% of its last full state valuation, or any lower percentage or amount that a municipality may set, and for municipal airport and special district purposes to an amount outstanding at any time not exceeding 3% of its last full state valuation, or any lower percentage or amount that a municipality may set; provided, however, that in no event shall any municipality incur debt which would cause its total debt outstanding at any time to exceed 15% of its last full state valuation, or any lower percentage or amount that a municipality may set.”

Title 30-A, Section 5703 of the Maine Revised Statutes, as amended, provides that the limitations on municipal debt contained in Section 5702 do not apply “... to any funds received in trust by any municipality, any loan which has been funded or refunded, notes issued in anticipation of federal or state aid or revenue sharing money, tax anticipation loans, notes maturing in the current municipal year, indebtedness of entities other than municipalities, indebtedness of any municipality to the Maine School Building Authority, debt issued under Chapter 213 and Title 10, chapter 110, subchapter IV, obligations payable from revenues of the current municipal year or from other revenues previously appropriated by or committed to the municipality, and the state reimbursable portion of school debt. The limitations on municipal debt set forth in [Section 5702](#) do not apply to obligations incurred by one or more municipalities pursuant to [Title 38, Section 1304-B](#), with respect to solid waste facilities, which obligations are regulated in the manner set forth in [Title 38, Section 1304-B](#).”

The Town’s 2020 equalized state valuation (“equalized State Valuation”) is \$2,272,500,000. The 15% debt limit is \$34,087,500,000. As of June 30, 2020 the Town’s long-term debt outstanding was \$18,597,800, or 0.82% of the 2020 equalized State Valuation.

The Town will certify on the date of issue of the Bonds that the Town has not exceeded the foregoing debt limits and that issuance of the Bonds will not cause the Town to exceed such debt limits.

DEBT SUMMARY

Issue Date	Amount Issued	Final Maturity	Balance on 6/30/2020 (Audited)	Paid FY 2020/2021 (Projected)	Balance on 6/30/2021 (Projected)
12/15/2011	\$19,045,000 ⁽¹⁾	11/1/2024	\$8,345,000	(\$1,775,000)	\$6,570,000
5/26/2016	1,668,000	11/1/2036	1,417,800	(83,400)	1,334,400
11/1/2018	9,300,000	11/1/2038	<u>8,835,000</u>	<u>(465,000)</u>	<u>8,370,000</u>
	Sub-totals		18,597,800	(2,323,400)	16,274,400
2/1/2021	4,960,000	11/1/2040	<u>0</u>	<u>0</u>	<u>4,960,000</u>
	Totals		\$18,597,800	(\$2,323,400)	\$21,234,400

NOTE: ⁽¹⁾ As of July 1, 2009, the Windham School Department joined Regional School Unit #14. RSU #14 reimburses the Town the associated debt service for all former Windham School Department bonds payable, when. The Town has recorded a receivable for \$7,765,000, which is the outstanding amount of bonds payable related to the former Windham School Department.

DEBT SERVICE COMPONENT OF OPERATING EXPENDITURES

	Audited				Budgeted
	2017	2018	2019	2020	2021
Current Year Town Debt:	\$233,016	\$313,886	\$418,227	\$860,983	\$845,967
Current Year RSU 14 Debt:	<u>2,215,238</u>	<u>2,162,100</u>	<u>2,134,546</u>	<u>2,222,978</u>	<u>2,151,054</u>
Total Current Debt:	\$2,448,253	\$2,475,986	\$2,552,773	\$3,083,961	\$2,997,021
Budgeted Operating Expense:	35,820,268	38,461,075	41,286,895	46,043,009	47,759,084
Debt Service as % Oper. Expense:	6.83%	6.44%	6.18%	6.70%	6.28%

DEBT RATIOS

Fiscal Yr. End June 30,	Population	Equalized State Val. (000)	Assessed Valuation (000)	Total Debt	Debt as % Eq. Val.	Per Capita Debt
2020	18,540	\$2,272,500	\$2,306,603	\$18,597,800	0.82%	\$1,003.12
2019	18,540	2,095,000	2,094,816	20,921,200	1.00%	\$1,128.44
2018	18,026	1,916,750	1,831,617	13,489,600	0.70%	\$748.34
2017	18,006	1,877,500	1,803,830	15,358,000	0.82%	\$852.94
2016	17,816	1,867,050	1,794,183	17,143,000	0.92%	\$962.22
2015	17,589	1,788,800	1,768,154	17,260,000	0.96%	\$981.30
2014	17,272	1,721,650	1,748,071	19,301,234	1.12%	\$1,117.49
2013	17,272	1,751,900	1,723,892	21,354,571	1.22%	\$1,236.37
2012	17,272	1,792,250	1,707,733	23,395,748	1.31%	\$1,354.55
2011	17,001	1,808,100	1,872,209	25,760,375	1.42%	\$1,515.23

PROJECTED PRINCIPAL PAYMENTS, BY ISSUE

<u>June 30,</u>	<u>2011</u>	<u>2016</u>	<u>2018</u>	<u>2021</u>	<u>Totals</u>
2020	\$1,775,000	\$83,400	\$465,000	\$0	\$2,323,400
2021	1,775,000	83,400	465,000	0	2,323,400
2022	1,775,000	83,400	465,000	345,000	2,668,400
2023	1,770,000	83,400	465,000	345,000	2,663,400
2024	1,770,000	83,400	465,000	345,000	2,663,400
2025	1,255,000	83,400	465,000	345,000	2,148,400
2026		83,400	465,000	345,000	893,400
2027		83,400	465,000	305,000	853,400
2028		83,400	465,000	305,000	853,400
2029		83,400	465,000	275,000	823,400
2030		83,400	465,000	275,000	823,400
2031		83,400	465,000	275,000	823,400
2032		83,400	465,000	180,000	728,400
2033		83,400	465,000	180,000	728,400
2034		83,400	465,000	180,000	728,400
2035		83,400	465,000	180,000	728,400
2036		83,400	465,000	180,000	728,400
2037		83,400	465,000	180,000	728,400
2038			465,000	180,000	645,000
2039			465,000	180,000	645,000
2040				180,000	180,000
2041				180,000	180,000
	<u>\$10,120,000</u>	<u>\$1,501,200</u>	<u>\$9,300,000</u>	<u>\$4,960,000</u>	<u>\$25,881,200</u>

PROJECTED DEBT SERVICE REQUIREMENTS

FY end June 30,	Prior Debt			Pro-forma			
	Principal	Interest	Total	Principal	Interest	Total	Totals
2020	\$2,323,400	\$616,676	\$2,940,076	\$0	\$0	\$0	\$2,940,076
2021	2,323,400	535,060	2,858,460	0	0	0	2,858,460
2022	2,323,400	448,668	2,772,068	345,000	120,550	465,550	3,237,618
2023	2,318,400	362,105	2,680,505	345,000	88,850	433,850	3,114,355
2024	2,318,400	266,454	2,584,854	345,000	81,950	426,950	3,011,804
2025	1,803,400	183,366	1,986,766	345,000	75,050	420,050	2,406,816
2026	548,400	144,183	692,583	345,000	68,150	413,150	1,105,733
2027	548,400	136,026	684,426	305,000	61,650	366,650	1,051,076
2028	548,400	127,457	675,857	305,000	55,550	360,550	1,036,407
2029	548,400	118,469	666,869	275,000	49,750	324,750	991,619
2030	548,400	109,155	657,555	275,000	44,250	319,250	976,805
2031	548,400	99,137	647,537	275,000	38,750	313,750	961,287
2032	548,400	88,525	636,925	180,000	34,200	214,200	851,125
2033	548,400	77,396	625,796	180,000	30,600	210,600	836,396
2034	548,400	65,953	614,353	180,000	27,000	207,000	821,353
2035	548,400	54,230	602,630	180,000	23,400	203,400	806,030
2036	548,400	42,300	590,700	180,000	19,800	199,800	790,500
2037	548,400	30,268	578,668	180,000	16,200	196,200	774,868
2038	465,000	19,509	484,509	180,000	12,600	192,600	677,109
2039	465,000	9,829	474,829	180,000	9,000	189,000	663,829
2040				180,000	5,400	185,400	185,400
2041				180,000	1,800	181,800	181,800
2020	\$20,921,200	\$3,534,767	\$24,455,967	\$4,960,000	\$864,500	\$5,824,500	\$30,280,467
Pd 2020/2021	(2,323,400)	(616,676)	(2,940,076)	0	0	0	(2,940,076)
2021	\$18,597,800	\$2,918,091	\$21,515,891	\$4,960,000	\$864,500	\$5,824,500	\$27,340,391

OVERLAPPING DEBT

County of Cumberland

The Town is subject to an annual assessment of its proportional share of the County of Cumberland's expenses, including debt repayment, as determined by the percentage of the Town's equalized State Valuation to the County's equalized State Valuation. As of January 1, 2020 the Town's equalized State Valuation was 4.57% of the County's equalized State Valuation of \$50,417,650,000. The Town's share is 4.51%, or \$1,628,080, of the County's \$36,125,000 long-term debt outstanding as of December 31, 2019 (audited).

Portland Water District – Water Debt

The Water Division of the PWD also provides water to the inhabitants of ten cities and towns within the Greater Portland Area (the "PWD Municipalities"), including the Town. The Water Division's debt is not a debt or obligation of the Town. However, under Title 35-A, Section 6103 of the Maine Revised Statutes, as amended (the "Act"), and pursuant to an agreement with nine of the ten PWD Municipalities, (the "Section 6103 Members" - the exception being the Town of Standish) in compliance with Subsection 6 of the Act, the PWD possesses authority for taxation in the event of default in the payment of the indebtedness of the PWD incurred for water purposes (the "Water System Debt"). In the event of a default by PWD in the payment of the principal of, or interest on, its Water System Debt, the Trustees of the PWD have the authority to issue a warrant for payment of amounts necessary to cure the default to the assessors in each Section 6103 Member municipality within the PWD, including the Town. Such assessment is allocated,

pro-rata, to each Section 6103 Member municipality based upon 100% of its respective equalized State Valuation. , The Town is contingently liable for 6.68%, or \$3,724,805, of the PWD's \$55,760,544 Water System Debt, as of December 31, 2020 (unaudited).

CONTINGENT DEBT

ecomaine

ecomaine had issued debt to fund a Resource Recovery System (the "RRS"). The RRS debt is a special revenue obligation of ecomaine, payable from and secured by a pledge of ecomaine revenues. The debt does not constitute a debt or liability within the meaning of any constitutional or statutory provision, or a pledge of the full faith and credit of any political subdivision of the State of Maine. ecomaine has no taxing power. Notwithstanding the foregoing, pursuant to certain waste handling agreements between ecomaine and certain participating municipalities, including the Town, such municipalities are obligated severally to deliver certain of the solid waste produced within each such participating municipality to ecomaine for processing and to make service payments and pay tipping fees for such processing in amounts which, when added to other available monies, will be at least equal required debt service on the RRS debt. The obligations of the Member Municipalities under the Waste Handling Agreements are secured by the full faith and credit of the participating municipalities subject to certain limitations. All outstanding RRS debt of ecomaine was retired by June 30, 2013.

The Town has also entered into an agreement with ecomaine, as one of 20 RWS original Member Municipalities along with an additional seven Participating Municipalities, to establish a Material Recycling Facility (a "MRF") at ecomaine's demolition debris and recycling facility. All outstanding MRF Debt of ecomaine was retired by June 30, 2013.

ecomaine operates a licensed balefill and ashfill site for which projected landfill closure and post-closure care costs. Selected balance sheet information for ecomaine for the year ended June 30, 2019 includes total assets of \$63,227,321 total liabilities of \$18,166,889 and unrestricted net position of \$14,041,866. The liabilities include an accrual for landfill closure and post-closure care amounting to \$15,082,777. ecomaine has a plan to fund this liability in the form of a cash reserve over the period of years between 2011 and a projected closing date..

Portland Water District – Sewer Debt

The Town is also served by the Wastewater Division of the Portland Water District (the "PWD"), a wholly separate quasi-municipal entity whose operations are not part of the Town, for treatment of its wastewater. The Town owns and maintains the collector sewer lines and is responsible for the cost of their maintenance, improvements and expansion. The PWD owns and operates a sewer interceptor system, all pumping stations within the Town and a treatment plant in the Town for sewage delivered to the plant by the Town, for which the Town pays a monthly fee. The Town is responsible for the entire debt service required to finance the PWD's treatment plant (the "Wastewater System Debt"). All Town users of the wastewater system pay monthly fees, based upon water volume, to support expenditures from the Enterprise Fund which are paid for these services. The Town is directly responsible for \$1,040,935 of its portion of PWD's Wastewater System Debt, as of December 31, 2020 (unaudited).

TOTAL GENERAL OBLIGATION, OVERLAPPING AND CONTINGENT DEBT

	<u>Direct Debt</u>	<u>Overlapping</u>	<u>Contingent</u>	<u>Total Debt</u>
Town of Windham	\$18,597,800			\$18,597,800
County of Cumberland ⁽¹⁾		\$1,628,080		1,628,080
ecomaine (RRS)			\$0	0
ecomaine (MRF)			0	0
ecomaine (Landfill)			0	0
PWD (Water)			3,724,805	3,724,805
PWD (Wastewater)		1,040,935		1,040,935
Total A/O June 30, 2020	\$18,597,800	\$2,669,015	\$3,724,805	\$24,991,620
 % 2020 ESV	 0.82%	 0.12%	 0.16%	 1.10%
Debt Per Capita	\$1,003.12	\$143.96	\$200.91	\$1,347.98

FUTURE FINANCING

The Town Manager develops a formal Capital Improvement Program that is submitted to the Town Council (see “TOWN FINANCES - CAPITAL IMPROVEMENT PROGRAM” herein). The CIP includes an inventory of possible capital projects, some of which may ultimately be included in the CIP, and is an indication of future projects that may be financed through the issuance of debt. The Town’s voters must approve any order which authorizes issuing debt for supplemental appropriations not covered in the annual budget or by Capital Reserves. Other than the projects being financed by the Bonds, no official action has been taken by the Town at this time to authorize bonding such projects.

RETIREMENT

A. DEFINED BENEFIT PENSION PLAN

For its participating municipal employees and certain participating School Department employees, the Town contributes to the Consolidated Plan for Participating Local Districts (the “PLD Plan”) a cost-sharing multiple-employer, defined benefit pension plan administered by the Maine Public Employees Retirement System (“MainePERS”).

The PLD Plan provides defined retirement benefits based on members’ average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit. In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60 (65 for new members to the PLD Plan on or after July 1, 2014). The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. MPERS also provides disability and death benefits, which are established by contract under applicable statutory provisions for the PLD Plan.

The MainePERS is established and administered under Maine law, and the authority to establish and amend benefit provisions rests with the State legislature. The MainePERS issues a publicly available financial report which may be obtained by writing the Maine Public Employees Retirement System, 46 State House Station, Augusta, ME 04333-0046 or at www.mainebers.org.

The Town reports on the benefits provided and the contributions to the pension plans, associated pension liabilities, pension expense, deferred outflows and deferred inflows of resources related to pensions, as well

as the actuarial methodology and assumptions in its Comprehensive Annual Financial Report (CAFR). Please see “APPENDIX A – TOWN OF WINDHAM, MAINE, ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2020”, pages 43-46herein.

B. DEFERRED COMPENSATION PLAN

The Town offers its employees not participating in MainePERS a deferred compensation plan created in accordance with Section 457(k) of the Internal Revenue Code, as amended. The plan, available to all Town employees at their option, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. In applying the provisions of Governmental Accounting Standards Board Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, the Town has determined that effective July 1, 1997 it is no longer required to record assets and associated liability of the plan.

C. OTHER POST-EMPLOYMENT BENEFITS

The Town sponsors a post-retirement benefit plan providing healthcare and life insurance benefits to retiring employees (the “OPEB Plan”). The plan is a single-employer defined benefit OPEB plan administered by the Maine Municipal Employees Health Trust (“MMEHT”). Town employees over the age of 55 with 5 years of continuous service are allowed to participate in the plan. Retirees that are designated in a plan pay 100% of the single coverage premium and 100% of the family coverage premium. For those Town employees eligible for Medicare (post-65 Retiree Plan), the plan is offered in conjunction with Medicare Parts A and B and the Companion Plan B.

At June 30, 2020, the following employees were covered by the Health Plan benefit terms:

Inactive employees or beneficiaries currently receiving benefits:	8
Inactive employee entitled to but not yet receiving benefits:	0
Active employees:	<u>87</u>
Total:	95

Eligible retirees are required to pay 100% of health insurance premiums to receive health benefit coverage and therefore, the Town makes no actual contributions.

The Town reports on the benefits provided and the contributions for these OPEB plans, as well as the actuarial methodology and assumptions in its Comprehensive Annual Financial Report (CAFR). Please see “APPENDIX A – TOWN OF WINDHAM, MAINE, COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2020”, pages 46-48 herein.

ENVIRONMENTAL MATTERS

Securities and Exchange Commission Regulation 229.103 (the “Regulation”) requires that issuers subject to the disclosure requirements of the Securities Exchange Act of 1934 disclose, among other things, any material pending legal proceedings, including without limitation, legal proceedings involving environmental issues. The Regulation states that no information need be given with respect to any proceeding that involves primarily a claim for damages if the amount involved, exclusive of interest and costs, does not exceed ten percent (10%) of the current assets of the issuer, and, if a governmental authority is a party to such proceeding and such proceeding involves potential monetary sanctions, unless the issuer reasonably believes that such proceeding will result in no monetary sanctions, or in monetary sanctions, exclusive of interest and costs, of less than \$100,000. Although the Town, as an issuer of municipal

securities, is not subject to the provisions of the Regulation or the Securities Exchange Act of 1934, the Town is voluntarily making the following disclosure with respect to environmental liabilities: The Town is not subject to any pending or threatened proceedings or actions involving environmental matters that, if adversely decided, would have a material adverse impact upon the Town's financial condition or ability to pay debt service on the Bonds as and when due.

LITIGATION

In the opinion of Town officials there is no litigation pending against the Town which, either individually or in the aggregate, would result in judgments that would have a material adverse effect on the Town's financial position or its ability to meet its debt service obligations. In addition, there is no controversy or litigation of any nature now pending, or to the knowledge of the Town, threatened, restraining or enjoining or challenging the issuance, sale, execution or delivery of the Bonds or the power to assess, levy or collect any tax or other charge to pay the interest on or principal or redemption price of the Bonds, or in any way contesting or affecting the validity of the Bonds or any proceedings of the Town taken with respect to the issuance or sale thereof, or in any way contesting the existence or powers of the Town.

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APPENDIX A

**TOWN OF WINDHAM, MAINE
ANNUAL FINANCIAL REPORT
FOR
FISCAL YEAR ENDED JUNE 30, 2020**

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APPENDIX B

PROPOSED FORM OF LEGAL OPINION

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APPENDIX C

**PROPOSED FORM
OF
CONTINUING DISCLOSURE AGREEMENT**

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**TOWN OF WINDHAM, MAINE
PROPOSED FORM OF
CONTINUING DISCLOSURE AGREEMENT**

In connection with the issuance by the Town of Windham, Maine (the “Issuer”) of its \$_____,000 2021 General Obligation Bonds, dated as of _____, 2021 (the “Bonds”) and with reference to the continuing disclosure requirements of Rule 15c2-12 under the Securities and Exchange Act of 1934, as amended, and officially interpreted from time to time (the “Rule”), the Issuer hereby covenants under this Continuing Disclosure Agreement (the “Agreement”) that it will engage in the undertakings described in Section 1, 2 and 3 herein for the benefit of the beneficial owners of the Bonds, subject to the conditions and limitations specified herein. Under the Agreement, the Issuer is obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to the MSRB (defined below). This information will be available from the MSRB via the Electronic Municipal Market Access (“EMMA”) system at www.emma.msrb.org. The Issuer reserves the right to incorporate by reference its Official Statement dated January __, 2021 relating to the Bonds (the “Official Statement”), which will be submitted to the MSRB, as hereinafter defined, at the time of delivery of the Bonds, in any future disclosure provided hereunder.

In addition to the definitions set forth above in the undertaking, which apply to any capitalized term used in this Agreement unless otherwise defined, if used the following capitalized terms shall have the following meanings:

“Annual Financial Information” shall mean the financial information or operating data of the type included in the final Official Statement, provided at least annually by the Issuer pursuant to, and as described in, Sections 1 of this Agreement.

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Business Day” shall mean a day other than a Saturday or a Sunday or a day on which banks in Maine are authorized or required by law to close.

“Dissemination Agent” shall mean the Issuer or any Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

“Financial Obligation” shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with SEC Rule 15c2-12.

“Holders” shall mean the registered Holders of the Bonds, as recorded in the registration books of the Registrar.

“Municipal Securities Rulemaking Board” or “MSRB” shall mean the Municipal Securities Rulemaking Board, established under the Securities and Exchange Act of 1934, as amended, or any successor thereto, with an address of 1300 I Street NW, Suite 1000, Washington, DC 20005.

“State” shall mean the State of Maine.

1. The Issuer will provide to the MSRB: (a) not later than 270 days after the end of each fiscal year, commencing with the fiscal year ending June 30, 2021, certain updated Annual Financial Information and operating data relating to the Issuer for the preceding fiscal year of the type presented in the Official Statement prepared in connection with the Bonds under the headings “TOWN FINANCES,”

“INDEBTEDNESS,” “RETIREMENT” and in APPENDIX A to the Official Statement and such other Annual Financial Information and operating data as may be required to comply with the Rule; and (b) the updated information discussed in clause (a) above will include audited financial statements, if the Issuer commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the Issuer will provide audited financial statements when and if such audited financial statements become available. Such filings, if not completed by the required time in clause (a) above, but if filed when available, will not be deemed to be a “late filing”. Any such financial statements will be prepared in accordance with the accounting principles described in APPENDIX A to the Official Statement or such other accounting principles as the Issuer may be required to employ from time to time pursuant to State law or regulation.

2. The Issuer will provide in a timely manner, not in excess of ten (10) Business Days, after the occurrence of an event listed in this Section 2 to the MSRB through EMMA (in an electronic format as prescribed by the MSRB) unless otherwise required by the MSRB, notice of the occurrence of any of the following events with respect to the Bonds:
 - (1) Principal and interest payment delinquencies;
 - (2) Non-payment related defaults, if material;
 - (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
 - (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
 - (5) Substitution of credit or liquidity providers, or their failure to perform;
 - (6) Adverse tax opinions, the issuance by the Internal Revenue Service of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
 - (7) Modifications to the rights of Holders of the Bonds, if material;
 - (8) Bond calls, if material, and tender offers;
 - (9) Defeasances;
 - (10) Release, substitution, or sale of property securing repayment of the Bonds, if material;
 - (11) Rating changes;
 - (12) Bankruptcy, insolvency, receivership or similar event of the Issuer (Note: For the purposes of the event identified in this subparagraph (12), the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.);
 - (13) The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
 - (14) Appointment of a successor or additional trustee or the change of name of a trustee, material;
 - (15) Incurrence of a Financial Obligation of the Issuer or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer or obligated person, any of which affect the Holders, if material; and

- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of any Financial Obligation of the Issuer or obligated person, any of which reflect financial difficulties.

The Issuer from time to time may choose to provide notice of the occurrence of certain other events, in addition to those listed above, but the Issuer does not undertake to commit to provide any such notice of the occurrence of any material event except those listed above.

3. The Issuer will provide in a timely manner to the MSRB notice of a failure to satisfy the requirements of Section 1 herein. The Issuer hereby agrees that all documents and information provided to the MSRB shall be provided in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.
4. The intent of the Issuer's undertaking in this Agreement is to provide on a continuing basis the information described in the Rule. The provisions of the Agreement may be amended by the Issuer without the consent of, or notice to, any Beneficial Owners of the Bonds, (a) to comply with or conform to the provisions of the Rule or any amendments thereto or authoritative interpretations thereof by the Securities and Exchange Commission ("SEC") or its staff (whether required or optional), (b) to add a Dissemination Agent for the information required to be provided by such undertakings and to make any necessary or desirable provisions with respect thereto, (c) to add to the covenants of the Issuer for the benefit of the Beneficial Owners of the Bonds, (d) to modify the contents, presentation and format of the Annual Financial Information from time to time as a result of a change in circumstances that arises from a change in legal requirements, or (e) to otherwise modify the undertakings in a manner consistent with the requirements of the Rule concerning continuing disclosure; provided, however, that in the case of any amendment pursuant to clause (d) or (e), (i) the undertaking, as amended, would have complied with the requirements of the Rule at the time of the offering of the Bonds, after taking into account any amendments or authoritative interpretations of the Rule, as well as any change in circumstances, and (ii) the amendment does not materially impair the interests of the Beneficial Owners of the Bonds, as determined either by a party unaffiliated with the Issuer (such as bond counsel), or by the vote or consent of Beneficial Owners of a majority in outstanding principal amount of the Bonds affected thereby at or prior to the time of such amendment.

Furthermore, the Issuer's obligations under this Agreement shall terminate upon the legal defeasance, prior redemption or payment of in full of all of the Bonds or to the extent that the Rule, as in effect from time to time, no longer requires the issuers of municipal securities to provide all or any portion of the information the Issuer has agreed to provide pursuant to the Agreement, the obligation of the Issuer to provide such information also shall cease immediately.

5. The purpose of the Issuer's undertaking is to conform to the requirements of the Rule and, except for creating the right on the part of the Beneficial Owners of the Bonds, from time to time, to specifically enforce the Issuer's obligations hereunder, not to create new contractual or other rights for any Beneficial Owner of the Bonds, any municipal securities broker or dealer, any potential purchaser of the Bonds, the SEC or any other person. The sole remedy in the event of any actual or alleged failure by the Issuer to comply with any provision herein shall be an action for the specific performance of the Issuer's obligations hereunder and not for money damages in any amount. Any failure by the Issuer to comply with any provision of this undertaking shall not constitute an event of default with respect to the Bonds.
6. Except as disclosed in its Official Statement, the Issuer has never failed to comply in all material respects with any previous undertakings to provide Annual Financial Information or notices of material events in accordance with the Rule.
7. The Issuer's Treasurer, or such official's designee from time to time, shall be the contact person on behalf of the Issuer from whom the foregoing information, data and notices may be obtained. The

name, address and telephone number of the initial contact person is: Barry A. Tibbetts , Treasurer, Town of Windham, 8 School Road, Windham, ME 04062-4899; Telephone: (207) 892-1907; Facsimile: (207) 892-1910; e-mail: batibbetts@windhammaine.us

TOWN OF WINDHAM, MAINE

Dated: _____, 20__

By: _____
Its Treasurer

