MEMORANDUM

TO: Board of Trustees, University of Maine System
FROM: James C. Pitney, Jr.
SUBJECT: Certain Securities Law Requirements Applicable to Publicly Offered Bonds
DATE: March 5, 2013
CC: Rebecca Wyke, J. Kelley Wiltbank, Esq.

Public offering of University of Maine System (the “System”) bonds requires that the System address certain federal securities law requirements, including disclosure obligations applicable to sale of the bonds and the obligation to make annual filings (“continuing disclosure”) regarding System finances and operations until the bonds are paid off.

A. BOND ISSUE DISCLOSURE

The United States Securities and Exchange Commission (“SEC”) has set forth its view of the federal securities law responsibilities of members of a governmental authority authorizing bond issue disclosure documents (e.g., the Preliminary Official Statement (“POS”) provided prior to your March 18th meeting) in an SEC report concerning Orange County, California. The SEC issued the report in order “to emphasize the responsibilities under the federal securities laws of local government officials who authorize the issuance of municipal securities and related disclosure documents and the critical role such officials play with respect to the representations contained in the Official Statements for those securities.” In particular, the SEC report states that:

“A public official who approves the issuance of securities and related disclosure documents may not authorize disclosure that the public official knows to be materially false or misleading; nor may the public official authorize disclosure while recklessly disregarding facts that indicate that there is a risk that the disclosure may be misleading. When, for example, a public official has knowledge of facts bringing into question the issuer’s ability to repay the securities, it is reckless for that official to approve disclosure to investors without taking steps appropriate under the circumstances to prevent the dissemination of materially false or misleading information regarding those facts. In this matter, such steps could have included becoming familiar with the disclosure documents and questioning the issuer’s officials, employees or other agents about the disclosure of those facts.” (emphasis added)

B. CONTINUING DISCLOSURE

The System’s continuing disclosure obligations are described in the POS under the heading “Continuing Disclosure.”