

SPECIAL CITY COUNCIL MEETING NOTICE AND AGENDA

Notice is hereby given that the City Council of Caribou will hold a Special City Council Meeting on **Monday, August 20, 2018** in the Council Chambers located at 25 High Street, **6:00 pm.**



- 1. Roll Call**
- 2. Pledge of Allegiance**
- 3. Public Input**
- 4. Declaration of Potential Conflicts of Interest**
- 5. Consent Agenda**
- 6. Bid Openings, Awards, and Appointments**
- 7. Formal Public Hearings**
- 8. New Business & Adoption of Ordinances and Resolutions**
 - a. Discussion and Possible Action Regarding Credit Enhancement with Caribou Senior Housing, LLC. Pgs 2-34
 - b. Discussion and Possible Action Regarding Initiative for Senior Tax Credit Program Pgs 35-38
 - c. Discussion and Possible Action Regarding Attendance at 2018 Fire Station Design Symposium Pg 39
 - d. Discussion and Possible Action Regarding Council Meetings in October and November Pg 40
- 9. Reports and Discussion by Mayor and Council Members**
- 10. Reports of Officers, Staff, Boards and Committees**
- 11. Executive Session** (May be called to discuss matters identified under Maine Revised Statutes, Title 1, §405.6)
 - a. §405.6.C Real Estate & Economic Development
- 12. Next Meeting:** September 10
- 13. Adjournment**

If you are planning to attend this Public Meeting and, due to a disability, need assistance in understanding or participating in the meeting, please notify the City ten or more hours in advance and we will, within reason, provide what assistance may be required.

Certificate of Mailing/Posting

The undersigned duly appointed City official for the municipality of Caribou City hereby certifies that a copy of the foregoing Notice and Agenda was posted at City Offices and on-line in accordance with City noticing procedures.

BY: _____ Jayne R. Farrin, City Clerk

CARIBOU ADMINISTRATION
25 HIGH STREET
CARIBOU, ME. 04736



MEMO

TO: Caribou City Council Members
FROM: Dennis Marker, City Manager
RE: Credit Enhancement Agreement with Caribou Senior Housing
DATE: August 17, 2018

DISCUSSION AND POSSIBLE ACTION ITEM

At the request of the Mayor, the credit enhancement agreement is being placed on the agenda for reconsideration by the Council. As mentioned during the previous City Council meeting, aside from state approval of the TIF district, this agreement is the final instrument needed to fully implement the Caribou Senior Housing TIF district and related development program. The agreement language is consistent with the city's template for other recently approved agreements. **It would be appropriate to conduct an executive session if there are specific concerns or items the Council desires to iron out or negotiate with the Caribou Senior Housing representatives before final action is taken.**

For the information of the Council, I've attached to this memo a summary history of Council actions on this matter and the primary influencing documents that have lead up to this juncture. I've included dates and references if you'd like to look up the information through the city's website or county records.

CREDIT ENHANCEMENT AGREEMENT

THIS CREDIT ENHANCEMENT AGREEMENT dated as of _____ 2018, between the **City of Caribou**, a municipal body corporate and politic and a political subdivision of the State of Maine (hereinafter the "City") and Caribou Senior Housing, LLC, a corporation duly organized and existing under the laws of the State of Maine, with a place of business in Caribou, Maine (hereinafter the "Company").

WITNESSETH THAT:

WHEREAS, the City is in the process of designating the Caribou Senior Housing, LLC Municipal Tax Increment Financing District (herein the "District") and associated Development Program pursuant to Title 30-A M.R.S.A. Chapter 206, and

WHEREAS, the District and related Development Program will be reviewed by Maine Department of Economic and Community Development; and

WHEREAS, the Development Program contemplates the execution and delivery of a Credit Enhancement Agreement between the City and the Company; and

WHEREAS, the City intends to negotiate, execute and deliver a credit enhancement agreement contemplated by and described in the Development Program by the City Council, in the name of and on behalf of the City, with such terms and provisions not inconsistent with the Development Program, as the City Council shall approve, such approval to be conclusively evidenced by its execution thereof; and

WHEREAS, the City and the Company desire and intend that this Credit Enhancement Agreement be and constitute the credit enhancement agreement contemplated by and described in the Development Program; and

WHEREAS, the City designated the District, adopted the Development Program and entered into this Agreement in order to induce the Company to complete the Project by enabling the City to contribute toward the capital cost of the Project the amounts contemplated by the Development Program and this Agreement;

NOW, THEREFORE, in consideration of the foregoing and in consideration of the mutual promises and covenants set forth herein, the parties agree as follows:

ARTICLE I DEFINITIONS

Section 1.1. Definitions.

As used in this Agreement, unless the context otherwise indicates, the following terms shall have the following meanings:

"Act" means chapter 206 of Title 30-A of the Maine Revised Statutes and regulations adopted thereunder, as amended from time to time.

“Agreement” shall mean this Credit Enhancement Agreement between the City and the Company dated as of the date set forth above, or the recent effective date of any amendments properly authorized by the parties hereto from time to time.

“Captured Assessed Value” shall mean the amount of Increased Assessed Value that is utilized from year-to-year to finance the project costs contained within the Development District;

“Current Assessed Value” means the assessed value of the District certified by the municipal assessor as of April 1st of each year that the Development District remains in effect;

“DECD” means the Maine Department of Economic & Community Development;

“Development Program” means the Caribou Senior Housing, LLC Municipal Tax Increment Financing and Development Program;

“District” means the Caribou Senior Housing, LLC Municipal Tax Increment Financing District;

“Financial Plan” means the financial plan described in the “Financial Plan” section of the Development Program;

“Fiscal Year” means the City adopted fiscal year, which may change from time to time;

“Increased Assessed Value” means, for each Tax Year during the term of this Agreement, the amount by which the Current Assessed Value exceeds the Original Assessed Value. If the Current Assessed Value is equal to or less than the Original Assessed Value in any given Tax Year, there is no Increased Assessed Value in that year.

“Original Assessed Value” means the assessed value of the Development District as of April 1st, 2018;

“Project” means renovation of the old Hilltop elementary school, located at 19 Marshall Avenue in Caribou, for use as a senior citizens/assisted living facility to be developed in the District by the Company as more specifically described in the Development Program and TIF Application;

“Project Costs” means any expenditures incurred or for which obligation of funds have been executed and that are authorized by Title 30-A MRSA Section 5225 as set forth and included in the District;

“Property Taxes” means all real and personal property taxes assessed by the City of Caribou in its governmental capacity against real and personal property owned by Company, or its successor, located within the District.

“Tax Increment” means real and personal property taxes assessed by the City, in excess of any state, county or special district tax, upon the Increased Assessed Value of the property in the Development District;

“Tax Payment Date” means the date as may be determined by the City from time to time on which Property Taxes assessed by the City are due and payable without accrued interest.
“Tax Year” means the period beginning on April 1st and ending on the succeeding March 31st.

“Tax Year” shall have the meaning given such term in 30-A M.R.S.A § 5222(18), as amended, to wit: April 1 to March 31.

Section 1.2. Interpretation and Construction.

In this Agreement, unless the context otherwise requires:

(a) The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder” and any similar terms, as used in this Agreement, refer to this Agreement, and the term “hereafter” means after, and the term “heretofore” means before, the date of delivery of this Agreement.

(b) Words importing a particular gender mean and include correlative words of every other gender and words importing the singular number mean and include the plural number and vice versa.

(c) Words importing persons mean and include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public or governmental bodies, as well as any natural persons.

(d) Any headings preceding the texts of the several Articles and Sections of this Agreement, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Agreement, nor shall they affect its meaning, construction or effect.

(e) All approvals, consents and acceptances required to be given or made by any signatory hereto shall not be withheld unreasonably.

(f) All notices to be given hereunder shall be given in writing and, unless a certain number of days is specified, within a reasonable time.

(g) If any clause, provision or Section of this Agreement shall be ruled invalid by any court of competent jurisdiction, the invalidity of such clause, provision or Section shall not affect any of the remaining provisions hereof.

ARTICLE II DEVELOPMENT PROGRAM FUND AND FUNDING REQUIREMENTS

Section 2.1. Creation of Project Cost Account.

Within forty-five (45) days of the date the District is approved by DECD, the City agrees to create and establish a project cost account, the funds from which are pledged to and charged with payment of Project Costs in accordance with the terms and conditions of the Development

Program. The account shall be known as the Caribou Hilltop TIF Cost Account (hereinafter the “Project Cost Account”). The City shall be solely responsible for the administration of the Project Cost Account.

Section 2.2. Deposits Into the Project Cost Account

(a) Each year during the term of this Agreement, commencing with the City’s 2019 Tax Year and continuing thereafter for up to a maximum of thirty (30) tax years to and including the City’s 2048 Tax Year, the City shall retain in the District one hundred percent (100%) of the Increased Assessed Value as may be allowed in the DECD approved Development Program.

(b) Within fifteen (15) days of each payment of Property Taxes by the Company, the City shall credit to the Project Cost Account the Property Taxes assessed during the thirty (30) year life of the District. It is the intention of the City that 100% of the Tax Increment revenues be designated as Captured Assessed Value. *It is understood and agreed that the credit to the Project Cost Account as specified above shall be due and payable solely from such Property Tax payments by Company.*

Notwithstanding any other provision of this Agreement, any and all revenues resulting from investment of monies allocated to the Project Cost Account after payment of all amounts then due to the Company hereunder shall be transferred to and become revenue available to the City for other purposes in accordance with the Development Program.

Section 2.3. Use of Monies Held By City in Project Cost Account

All monies actually paid by the Company to the City pursuant to this Agreement and credited to the Project Cost Account under the provisions hereof and the provisions of the Development Program shall be held by the City for the sole purpose of completing the Development Program in accordance with the terms and conditions of this Agreement.

Section 2.5. Allocation of Partial Tax Payments

If in any year during the term of this Agreement, the Company fails to pay any portion of the Property Taxes assessed by the City, the Property Taxes actually paid by the Company shall be applied: (a) first to the payment of Property Taxes due on the Original Assessed Value of property in the District and (b) second to the Project Cost Account.

ARTICLE III PAYMENT OBLIGATIONS

Section 3.1. Credit Enhancement Payments

Within forty-five (45) days following the payment of taxes by Company on property in the District, the City shall pay to the Company 95% of the amounts then credited to the Project Cost Account, exclusive of any deduction or withholding required by Federal or State law or as provided in this Agreement. Any amount in the Project Cost Account after making such payment

shall be transferred to the City of Caribou as other revenue regardless of remaining amount to be reimbursed for Project Costs.

All payments made to Company hereunder shall be used to reimburse the Company for payment of qualified “Project Costs” as that term is defined under Chapter 206 of Title 30-A of the Maine Revised Statutes, which are capitalized for federal income tax purposes.

Company covenants, warrants and agrees that 100% of the funds received by Company pursuant to this Agreement have been applied by Company to pay for the abatement of asbestos materials and development improvements contemplated in the Development Program for the Project.

Section 3.3 Company's Obligations

To be eligible to receive payments under this Agreement, Company shall provide on an annual basis with their tax payments documentation of Project Costs

Section 3.5. City's Limited Obligation.

The City's obligations of payment hereunder shall be limited obligations of the City payable solely from Tax Increment revenues and any earnings thereon, pledged under this Agreement. The City's obligations hereunder shall not constitute a general debt or a general obligation on the part of the City or a general obligation or charge against or pledge of the faith and credit or taxing power of the City, the State of Maine, or of any municipality or political subdivision thereof, but shall be payable solely from the Tax Increment Revenues received by the City, and any earnings thereon.

This Agreement shall not directly or indirectly or contingently obligate the City, the State of Maine, or any other municipality or political subdivision to levy or to pledge any form of taxation whatever therefore or to make any appropriation for payment due under this Agreement, excepting the City's obligation to assess property taxes upon the Project and to appropriate the Tax Increment Revenues, and earnings thereon, pledged under this Agreement.

Notwithstanding the above, in the event that the Company pays the taxes assessed against the District and the City fails to credit the funds to the Project Cost Account or fails to make the credit enhancement payments to the Company as set forth herein, the City shall be obligated to make such payments from general appropriations and taxation.

Section 3.2. No Suspension of Payments- No Right of Set Off

Except as otherwise expressly provided in this Agreement, the City shall not suspend or discontinue any such payment or terminate this Agreement because of: (a) any acts or circumstances that may constitute failure of consideration or frustration of purpose or (b) any change in the tax or other laws of the United States, the State of Maine or any political subdivision of either thereof.

City agrees to make the payments from the Project Cost Account irrespective of any right of set off, recoupment or counterclaim it might have against the Company for unpaid taxes

assessed against other property owned by Company or otherwise.

ARTICLE IV FURTHER INSTRUMENTS

The City shall, upon the reasonable request of the Company, from time to time execute and deliver such further instruments and take such further action as may be reasonable and as may be required to carry out the provisions of this Agreement; provided, however, that no such instruments or actions shall pledge the credit of the City, materially disadvantage the City, or materially change this Agreement.

ARTICLE V LIENS

The City shall not create any liens, encumbrances or other interests of any nature whatsoever, nor shall it hypothecate the Project Cost Account or any funds therein or revenues resulting from investment of funds therein, other than those interests created in favor of the Company hereunder; provided, however, nothing herein shall prohibit creation of real and personal property tax liens on the Company's property in accordance with, and entitled to the priority provided under, Maine law.

ARTICLE VI ACCESS TO BOOKS AND RECORDS.

All books, records and documents in the possession of the City relating to the District, the Development Program, the Agreement and the monies, revenues and receipts on deposit or required to be deposited into the Project Cost Fund shall be open to inspection by the Company, its authorized agents and employees during normal business hours upon 48 hours notice.

ARTICLE VII DEFAULTS AND REMEDIES

Section 7.1. Events of Default.

Each of the following events shall constitute and be referred to in this Agreement as an "Event of Default":

- (a) Any failure by the City to pay any amounts due to Company when the same shall become due and payable;
- (b) Any failure by the City to credit to the Project Cost Account as and when due;
- (c) Any failure by the City or the Company to observe and perform in all material respects any respective covenant, condition, agreement or provision contained herein on the part of the City or the Company respectively to be observed or performed which failure is not cured within thirty (30) days following written notice thereof;

(d) If a receiver, conservator or liquidator is appointed for Company by any court of competent jurisdiction; or if the Company should file a voluntary petition in bankruptcy or fail to have a petition in bankruptcy dismissed within a period of 90 consecutive days following its filing; or if a court of competent jurisdiction orders the winding up or liquidation of Company.

Section 7.2. Remedies on Default.

Whenever any Event of Default referred to in Section 7.1 hereof shall have occurred and be continuing for a period of thirty (30) days after a party's receipt from the other party of written notice of an Event of Default by the party, the other party may (a) specifically enforce the performance or observance of any obligations, agreements or covenants of the defaulting party under this Agreement and any documents, instruments and agreements contemplated hereby or to enforce any rights or remedies available hereunder or (b) suspend its performance under this Agreement for so long as the Event of Default continues or remains uncured.

Section 7.3. Remedies Cumulative.

No remedy herein conferred upon or reserved to the Company or City is intended to be exclusive of any other available remedy or remedies but each and every such remedy shall be cumulative and shall be in addition to the remedy given under this Agreement or now or hereafter existing at law, in equity or by statute. Delay or omission to exercise any right or power accruing upon any default or to insist upon the strict performance of any of the covenants and agreements herein set forth or to exercise any rights or remedies upon the occurrence of a default shall not impair any such right or power or be considered or taken as a waiver or relinquishment for the future of the rights to insist upon and to enforce, from time to time and as often as may be deemed expedient, by injunction or other appropriate legal or equitable remedy, strict compliance by either party with all of the covenants and conditions hereof, or of the rights to exercise any such rights or remedies, if such default be continued or repeated.

Section 7.4. Agreement to Pay Attorneys' Fees and Expenses.

Notwithstanding the application of any other provision hereof, in the event a party should default under any of the provisions of this Agreement and the other party shall require and employ attorneys or incur other expenses or costs for the collection of payments due or to become due or for the enforcement of performance or observance of any obligation or agreement on the part of the party herein contained, the prevailing party in any litigation to enforce the provisions of this Agreement shall be entitled to be reimbursed for reasonable attorneys fees from the party in default.

Section 7.5. Tax Laws.

The parties acknowledge that all laws of the State now in effect or hereafter enacted with respect to taxation of property shall be applicable and that the City, by entering into this Agreement, is not excusing any non-payment of taxes by Company. Without limiting the foregoing, the City and the Company shall always be entitled to exercise all rights and remedies regarding assessment, collection and payment of taxes assessed on Company's property.

Section 7.6. Failure of Company to timely pay property taxes.

Should the Company fail to pay its assessed Property Taxes for two consecutive years the City is under no further obligation for payments to the Company and the District is dissolved, except in the case of a pending property tax valuation appeal. In the case of a pending property tax valuation appeal, the Company shall pay any uncontested amount by the Property Tax due date and the remainder immediately upon resolution of the appeal

ARTICLE VIII TERM

Section 8.1. Effective Date

This agreement shall be effective upon the execution thereof by all Parties indicated. Except as otherwise provided in this Agreement, this Agreement shall remain in full force and effect and shall expire 30 years from the date of execution or upon the payment of all amounts due to the Company hereunder and the performance of all obligations on the part of the City and Company hereunder (the "Term").

Section 8.2. Expiration of Term.

Upon the expiration of the Term, or the earlier termination of this Agreement, and following full payment of all amounts due and owing to the Company hereunder or provision for payment thereof, the City and the Company shall each execute and deliver such documents and take or cause to be taken such actions as may be necessary to evidence the termination of this Agreement. No such expiration or termination shall affect any rights or obligations then outstanding.

ARTICLE IX ASSIGNMENT AND PLEDGE OF COMPANY'S INTEREST

Section 9.1. Consent to Pledge and/or Assignment.

The City hereby acknowledges that the Company may pledge and assign its right, title and interest in, to and under this Agreement as collateral for financing for the Project, although no obligation is hereby imposed on the Company to make such assignment or pledge. Recognizing this possibility, the City does hereby consent and agree to the pledge and assignment of all the Company's right, title and interest in, to and under this Agreement and in, and to the payments to be made to Company hereunder, to third parties as collateral or security for indebtedness or otherwise, on one or more occasions during the term hereof.

Section 9.2. Pledge, Assignment or Security Interest.

The City hereby consents to the pledge, assignment or granting of a security interest by the Company of its right, title and interest in, to and under this Agreement to any lender which is financing the Project in whole or part.

Section 9.3. Assignment

The Company shall have the unrestricted right to transfer and assign all or any portion of its rights in, to and under this Agreement, at any time, and from time to time, as Company may, in its sole discretion, deem appropriate.

ARTICLE X **NO ADDITIONAL DEVELOPMENT**

It is understood and agreed that any additional development within the District by Company not within the scope of the original Project or any additional development within the District by any person other than the Company shall be outside the scope of this Agreement. The City shall have no obligations to make any payments into the Development Program Fund from any increased revenues received by the City from assessments made against such additional development.

ARTICLE XI **MISCELLANEOUS**

Section 11.1 Successors.

In the event of the dissolution of the Company or any sale or other transfer of all or substantially all of the Project, the covenants, stipulations, promises and agreements set forth herein, by or on behalf of or for the benefit of such party shall bind or inure to the benefit of the successors and assigns thereof from time to time and any entity, officer, board, commission, agency or instrumentality to whom or to which any power or duty of such party shall be transferred.

Section 11.2 Parties in Interest.

Except as herein otherwise specifically provided, nothing in this Agreement expressed or implied is intended or shall be construed to confer upon any person, firm or corporation other than the City and the Company or its assigns any right, remedy or claim under or by reason of this Agreement, it being intended that this Agreement shall be for the sole and exclusive benefit of the City and the Company; provided, however, that if the payment obligations of the City to the Company hereunder are held by a final and binding proceeding to be illegal or invalid, this Agreement shall terminate. In such event all obligations of the parties shall terminate, and no party shall have any further liability to the other hereunder.

Section 11.3 Severability.

In case any one or more of the provisions of this Agreement shall, for any reason, be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Agreement and this Agreement shall be construed and enforced as if such illegal or invalid provision had not been contained herein.

Section 11.4 No Personal Liability of Officials of the City.

No covenant, stipulation, obligation or agreement of the City contained herein shall be deemed to be a covenant, stipulation or obligation of any present or future elected or appointed official, officer, agent, servant or employee of the City in his or her individual capacity and

neither the members of the City Council, City Council members nor any official, officer, employee or agent of the City shall be liable personally with respect to this Agreement or be subject to any personal liability or accountability by reason hereof.

Section 11.5 Counterparts.

This Agreement may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original, but such counterparts shall together constitute but one and the same Agreement.

Section 11.6 Governing Law.

The laws of the State of Maine shall govern the construction and enforcement of this Agreement in all respects.

Section 11.7 Notices.

All notices, certificates, requests, requisitions or other communications by the City or the Company pursuant to this Agreement shall be in writing and shall be sufficiently given and shall be deemed given when mailed by first class mail, postage prepaid, addressed as follows:

If to the City:

City of Caribou
Attn: City Manager
25 High Street
Caribou, Maine 04736

With copies, which shall not constitute notice, to:

Solman & Hunter, P.A.
P.O. Box 665
Caribou, Maine 04736

If to the Company:

With a copy, which shall not constitute notice, to:

Either of the parties may, by notice given to the other, designate any further or different addresses to which subsequent notices, certificates, requests or other communications shall be sent hereunder.

Section 11.8 Amendments.

This Agreement may only be amended with the concurring written consent of both of the parties hereto.

Section 11.9 Benefit of Assignees or Pledgees.

The City agrees that this Agreement is executed in part to induce assignees or pledgees to provide financing for the Project and accordingly all covenants and agreements on the part of the City as to the amounts payable hereunder are hereby declared to be for the benefit of any such assignee or pledgee from time to time of the Company's right, title and interest herein.

11.10 Integration.

This Agreement completely and fully supersedes all other prior or contemporaneous understandings or agreements, both written and oral, between the City and the Company relating to the specific subject matter of this Agreement and the transactions contemplated hereby.

Section 11.11 No Obligation to Build Project.

The Company and the City agree, and the City hereby acknowledges that the Company shall have no obligation to go forward with the capital projects referred to herein or in the Development Program. All such projects are subject to final approval by the Company. Failure of Company to go forward with the capital projects referred to herein shall result in termination of this Agreement.

Section 11.12 Authority of City.

The Company and the City waive any right which either may have to contest, and shall not take any action to challenge, the other's authority to enter into, perform or enforce the Agreement or to carry out the Development Program or the validity or enforceability of this Agreement, the District or the Development Program. The City and the Company shall each utilize their respective best efforts to uphold the District, the Development Program, this Agreement and the City's authority to enter into this Agreement and the validity and enforceability of the District, the Development Program and this Agreement, including without limitation opposing, to the extent permitted by law, any litigation or proceeding challenging such authority, validity or enforceability.

Section 11.13 Indemnification.

The Company shall at its own expense defend, indemnify, and hold harmless the City, its officers, agents, and employees from and against any and all liability, claims, damages, penalties, losses, expenses, or judgments relating in any manner to, or arising out of the Development Program or this Agreement, except to the extent that such liability, claims, damages, penalties, losses, or expenses, result in whole or in part from any negligent act or intentional omission of the City, its officers, agents, employees or servants. Company shall, at its own cost and expense,

defend any and all suits or actions, just or unjust which may be brought against City upon any such above-mentioned matter, claim or claims, including claims of contractors, employees, laborers, materialmen, and suppliers. In cases in which the City is a party, the City shall have the right to participate at its own discretion and at its own expense and no such suit or action shall be settled without prior written consent of the City. Notwithstanding any other provision of this Agreement, this section shall survive any termination of this Agreement. In the event of any litigation or proceeding challenging this Agreement or the authority of the parties to enter into or perform hereunder, the Company shall indemnify and hold harmless the City against all costs, including the cost of defense and legal fees resulting from such challenges. Provided, however, that if the Company assumes the defense of all challenges, the City agrees to let the Company's attorney represent both parties at Company's expense.

SECTION XII CITY COSTS.

The Company shall pay or reimburse the City for all reasonable fees, expenses and other charges of the City and its consultants, including the City's attorneys and the City's Consultant, in connection with the negotiation, execution and approval of this Agreement and the negotiation, review and approval of the Development Program. If this is not done, the City shall deduct such payment due from credit enhancement payments due the Company. Notwithstanding any other provision of this Agreement, this section shall survive any termination of this Agreement.

IN WITNESS WHEREOF, the City and the Company have caused this Agreement to be executed in their respective corporate names and their respective corporate seals to be hereunto affixed and attested by the duly authorized officers, all as of the date first above written.

CITY OF CARIBOU

Attest

By _____
Dennis L. Marker, City Manager
Duly Authorized

CARIBOU SENIOR HOUSING, LLC

Witness

By _____
Name:
Its:
Duly Authorized

Date	Document	Note
14-Sep-15	Council Minutes	General discussion between Council and PDT architects
13-Oct-15	Council Minutes	PDT presented additional "test fit" of school. Council consensus to move forward as long as Teague Park is "made whole"
23-Nov-15	Council Minutes	Council updated on state discussions about land swaps. Reference to land exchange involving Sincock School, Hilltop and RSU wetlands.
14-Dec-15	Council Minutes	Note made about test fits for Hilltop and High School sites to be discussed on Jan 11 agenda
11-Jan-16	Council Minutes	Council approved land swap with RSU for new school/teague park relocation
6-Apr-16	Appraisal	Appraisal of properties included in land transfer with RSU received
11-Apr-16	Council Minutes	Ordinance 7, 2016 Series introduced approving land transfer with RSU - Properties to be conveyed include pool site and Teague Park
25-Apr-16	Council Minutes	Conducted public hearing on Ordinance 7, 2016 Series approving land swap with RSU. Adopted Ordinance 7, 2016 Series approving land swap with RSU Discussion took place re: land option agreement with RSU 39. includes discussion about hilltop school and Soderberg demolition of some buildings.
9-May-16	Council Minutes	Public input received in favor of RSU school project Land Option Agreement approved contingent upon referendum approval. Agreement anticipates Hilltop TIF creation. Agreement fully executed between parties on May 16, 2016.
11-Oct-16	Council Minutes	Reference is made to the referendum date being set.
1-Nov-16	Council Work Session	Discussion about splash pad in new Teague Park and saving trees from old Teague Park
14-Nov-16	Council Minutes	Discussion about building permit fee for the new school
28-Nov-16	Council Minutes	Discussion about building permit fee for the new school
23-Jan-17	Council Minutes	Update provided on RSU project. RSU public hearing to be held in Limestone on January 26. Absentee ballots for RSU election available until February 2
7-Feb-17	Election	Vote passes for new elementary school including anticipated land transfers via "a certain Option and Real Estate Transfer Agreement dated as of May 16, 2016"
5-Jul-17	Deed	City records deed to pool property to RSU (Bk 5676 pg 270)
14-Aug-17	Council Minutes	Council discussed changes for new Teague Park
28-Aug-17	Council Minutes	Resolution approving discontinuance of Park Street adopted Discussion about Hilltop status. Sincock will come down regardless of TIF. TIF district discussion.
10-Oct-17	Council Minutes	Introduction of Ordinance 10, 2017 Series - releasing interest in properties to be conveyed to RSU.
20-Oct-17	Deed	RSU records deed to Sincock property to City (Bk 5714 pg 175)
23-Oct-17	Deed	Carl Soderberg records deed to Sincock property to City (recorded Bk 5714 Pg 295)
13-Nov-17	Council Minutes	Conducted public hearing on Ordinance 10, 2017 Series - releasing interests in properties to be conveyed to RSU Adopted Ordinance 10, 2017 Series - releasing interests in properties to be conveyed to RSU
11-Dec-17	Council Minutes	City received a FOAA request about land exchange deal with RSU
18-Dec-17	Recorded Document	City records Order of Discontinuance for Park Street (Bk 5734 Pg 294)
	Recorded Document	City records document releasing interests to lands deeded to RSU. Document reaffirms land transfer agreement. (Bk 5734 Pg 297)
27-Dec-17	Council Minutes	Public Input received about Hilltop exchange
5-Mar-18	Deed	City records deed to Teague Park to RSU (Bk 5753 Pg 141)
11-Jun-18	Council Minutes	Conducted public hearing on creation of the Hilltop TIF and related development program Adopted resolution approving the creation of the Hilltop TIF and related development program

P. McDonough
Councilor _____ introduced the following ordinance:

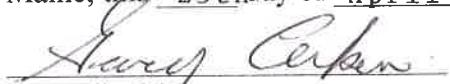
Ordinance No. 7, 2016 Series
City of Caribou
County of Aroostook
State of Maine

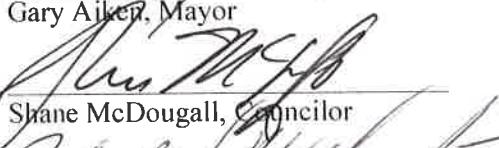
AN ORDINANCE REGARDING THE SALE OF MUNICIPAL PROPERTY

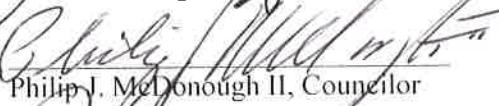
The City Council of the City of Caribou, County of Aroostook, State of Maine, pursuant to the requirements of the City of Caribou Charter, Section 2.11 (7) does ordain the following:

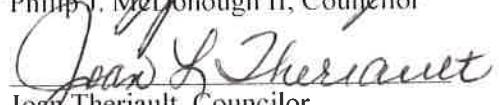
The City Council of the City of Caribou hereby authorizes the sale of municipally owned property located at Tax Map 34, Lot 84, Lot 82B of the 2015 Tax Maps.

This ordinance, being introduced on April 11, 2016 and a public hearing being held on April 25, 2016 was duly passed by the City Council of the City of Caribou, Maine, this 25th day of April 2016.


Gary Aiken, Mayor


Shane McDougall, Councilor


Philip J. McDonough II, Councilor

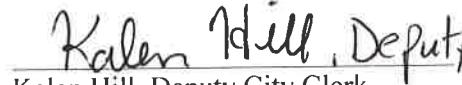

Joan Theriault, Councilor


David Martin, Councilor


Timothy Guerrette, Councilor


Jody Smith, Councilor

Attest:


Kalen Hill, Deputy
Kalen Hill, Deputy City Clerk

OPTION AND REAL ESTATE TRANSFER AGREEMENT

This Option and Real Estate Transfer Agreement by and among **REGIONAL SCHOOL UNIT NO. 39**, a Maine school administrative unit with a mailing address at c/o Office of the Superintendent, 75 Bennett Drive, Suite 3, Caribou, ME 04736 (“RSU 39”), the **CITY OF CARIBOU**, a Maine municipal corporation with a mailing address at c/o City Manager, 25 High Street, Caribou, ME 04736 (the “City”), and **ASSISTED LIVING OF CARIBOU, LLC**, a limited liability company with a mailing address of c/o Richard Solman P.O. Box 665, Caribou, ME 04736 (the “Developer”).

WHEREAS, the State of Maine Department of Education (“DOE”) has placed RSU 39 on the State Priority List for purposes of providing State education subsidy to RSU 39 for qualifying debt service costs of an elementary school project (the “New School Project”); and

WHEREAS, RSU 39, in consultation with DOE, has identified a potential site within the City for the New School Project, consisting of property currently owned by RSU 39, property owned by the City, and a portion of a public road within the City; and

WHEREAS, to receive Site Approval of the New School Project from the Maine State Board of Education (the “State Board”), RSU 39 must acquire right, title, and interest in and to the proposed site of the New School Project; and

WHEREAS, some of the City land and the RSU 39 land comprising the proposed site of the New School Project is subject to certain federal grant development restrictions that require parks to be maintained on that land unless comparable land is converted to park use pursuant to federal regulation (the “6(f) Conversion”); and

WHEREAS, the School has identified sites, currently owned by RSU 39 or by the Developer, which may be used for the 6(f) Conversion and which the City desires to be used for City park purposes subject to that federal restriction; and

WHEREAS, the 6(f) Conversion to the identified sites requires demolition of an existing building and certain park enhancements; and

WHEREAS, RSU 39 prefers the New School Project to be situated in the City; and

WHEREAS, the City desires that certain RSU 39 school property, formerly owned by the City and that will no longer be needed for school purposes once RSU 39 constructs the New School Project, be transferred to the City for economic development purposes and City recreational purposes; and

WHEREAS, the Developer seeks a suitable site for the development of a senior housing project;

NOW THEREFORE, the undersigned agree as follows:

1. **City Grant of Option and Condition of Exercise.** For \$1.00 and other good and valuable consideration, City hereby grants to RSU 39 the exclusive right and Option to purchase certain real estate and real estate interests situated in the City of Caribou, Aroostook County, Maine, consisting of the following parcels of land, together with any buildings and improvements thereon (collectively, the "City's Recreational Property"):
 - a. The Teague Park property, so-called (City Tax Map 34, Lot 84), shown on **Schedule A**, attached hereto, and as more particularly described in the following deeds and proceedings:
 1. Warranty Deed from Anne E. Teague and Dana L. Teague to Inhabitants of the Town of Caribou dated July 1, 1897 and recorded in the Aroostook County Registry of Deeds in Book 163, Page 352;
 2. Deed from Aroostook Trust Company to Inhabitants of the Town of Caribou dated April 1, 1940 and recorded in the Aroostook County Registry of Deeds in Book 486, Page 111; and
 3. Discontinuance proceedings by the City of Caribou of that section of North Street between Bennett Drive and Glenn Street as a public way.
 - b. The Public Pool property, so-called (City Tax Map 34, Lot 82B), shown on **Schedule B**, attached hereto, as more particularly described in the following deed: Quitclaim with Covenant from Aroostook Trust Company to Inhabitants of the Town of Caribou dated April 1, 1940 and recorded in the Aroostook County Registry of Deeds in Book 486, Page 111.

For similar consideration, the City's grant of option rights to RSU 39 hereunder also includes the exclusive right and Option for RSU 39 to purchase the City's reversionary rights excepted in a Municipal Quitclaim Deed from the Inhabitants of the Municipality of Caribou to RSU 39 by deed dated March 26, 2012 and recorded in said Registry, Book 5039, Page 332.

It is a condition of the RSU 39's exercise of its option under this Agreement that the voters of RSU 39 approve at referendum the construction financing of a school construction project at the proposed site of the New School Project in accordance with this Agreement.

2. **City Discontinuance and Release of Park Street.** Upon RSU 39's exercise of its option to purchase the City's Recreational Property, the City shall immediately proceed with and diligently prosecute to completion the discontinuance of Park Street between Bennett Drive and Glenn Street, as shown on **Schedule C**, and at the closing, or as soon thereafter as its discontinuance proceeding is complete, the City shall release to RSU 39 by quitclaim deed all right, title and interest in and to that discontinued portion of Park Street. RSU 39 intends to secure an option agreement on premises of a private owner at the southwest corner of Bennett Drive and Park Avenue. If that option is not secured or exercised, however, RSU 39 will be responsible for that owner's damages, if any, for the discontinuance pursuant to applicable statute.

3. **Teague Park; Cooperation with Park Relocation.** The parties recognize that a portion of the City's Recreational Property, known as "Teague Park," as well as a portion of RSU 39's Teague Park School may be subject to certain rights and interests of the Maine Attorney General's office and to certain grant restrictions of the federal government. The parties agree to fully cooperate for RSU 39 to clear title of these rights, interests, and grant restrictions to the reasonable satisfaction of RSU 39 or RSU 39's title insurance company for the New School Project, such that title to the site of the New School Project is good and marketable with respect to these matters, or at RSU 39's election, such that RSU 39's title insurer will insure against actual loss of title by virtue of such matters. Without limitation of the foregoing, this cooperation shall include cooperation with RSU 39 obtaining a "no action" or similar letter from the Maine Attorney General and obtaining National Park Service approval of the terms and conditions of a section 6(f) boundary conversion.

The section 6(f) boundary conversion shall occur as follows:

Location of existing 6(f) boundary: Teague Park property (6.59 acreage and est. land value of \$141,026), and the RSU 39 Teague Park School property (1.31 acres and est. land value of \$45,860).

Location of new 6(f) boundary: the Learning Center property (5.98 acres and est. land value of \$149,250), the Sincock School property (1.17 acres and est. land value of \$30,000), and the Soderberg Property adjoining Sincock School (0.66 acres and est. land value of \$23,000).

RSU 39, through its design team, is responsible to secure the boundary conversion in accordance with federal regulations, including approvals of all applicable federal and/or state government. The City agrees to serve as the project sponsor for that purpose and to execute and deliver such applications and other materials prepared by RSU 39's design team to secure the boundary conversion. RSU 39 is responsible for the improvements required by the federal government at the Learning Center property for approval of the boundary conversion, in addition to RSU 39's obligations under Section 4 of this Agreement. The Developer is responsible for the conveyance and for the demolition and site work described in Section 5 of this Agreement at the Sincock School property and

adjoining 0.66 acres, and the City is otherwise responsible for improvements to repurpose that site as a dog park and picnic area in accordance with requirements of the federal government for approval of the boundary conversion. The parties' respective obligations as described above for the boundary conversion and the boundary conversion improvements shall survive the closing.

4. **RSU 39 Real Estate Conveyances and Improvements in Exchange for the City's Recreational Property.** As part of the New School Project, if RSU 39 exercises its option under this Agreement, RSU 39 for \$1.00 and other good and valuable consideration agrees as follows:

A. First, RSU 39 shall convey the following real estate to City (collectively, the "Former School Property"):

- i. The Learning Center property, so-called (City Tax Map 34, Lot 83A), shown on Schedule D, attached hereto.
- ii. The Sincock School property, so called (City Tax Map 28, Lot 148), shown on Schedule E, attached hereto.
- iii. The Hilltop School Property, so-called (City Tax Map 26, Lot 78), shown on Schedule F, attached hereto.

The said Learning Center property, Sincock School property, and Hilltop School property all being lots with improvements thereon that are more particularly described in a Municipal Quitclaim Deed from Inhabitants of the Municipality of Caribou to Regional School Unit No. 39, dated March 26, 2012 and recorded in the Aroostook County Registry of Deeds in Book 5039, Page 332.

B. Second, to replace certain existing City park and recreational facilities on the City's Recreational Property conveyed to RSU 39 with new but otherwise comparable facilities, RSU 39 shall construct:

- i. Four (4) new replacement tennis courts;
- ii. Two (2) new replacement basketball courts;
- iii. One (1) new replacement softball field;
- iv. Lighting for items i.-iii. above, including nine (9) pole outlets
- v. One (1) new replacement storage building; and
- vi. One (1) new replacement park building with bathroom and changing rooms, a snack area and a meeting room (collectively, the "Relocated Recreation Facilities").

RSU 39 shall construct the Relocated Recreation Facilities on the City's current Recreation Center property, so-called (City Tax Map 34, Lot 83), and on the adjoining Learning Center property (City Tax Map 34, Lot 83A) to be conveyed pursuant to this Agreement.

During the process of such construction, RSU 39 agrees to cooperate with the City so that additional improvements desired by the City at its cost can be performed at the appropriate stage, which additional improvements may include but are not limited to the following:

- i. The City's proper handling of the Memorial Tress that have been planted over the years;
- ii. The City's removal and proper storage of 25 trees that were planted during the Sesquicentennial;
- iii. The City's relocation of the rock at the corner of Park and Glenn streets;
- iv. The City's removal from the existing park of as much fence fabric as the City deems appropriate
- v. The City's removal from the existing park of as much of the yellow fence topper as the City deems appropriate;
- vi. The City's removal of the existing metal roof material; and
- vii. The City's removal of the blue shade canopy at the pool, all bleachers and player benches.

C. Third, RSU 39 shall demolish the following buildings to allow repurposing of RSU 39 and City real estate through the New School Project:

- i. The RSU 39 Middle School building on the westerly side of Bennett Drive;
- ii. The Teague Elementary School building on the westerly side of Bennett Drive; and
- iii. The Learning Center building on the easterly side of Bennett Drive to be conveyed to City pursuant to this Agreement (collectively, the "Demolition").

The conveyances described in Section 4.A above shall occur at closing on the City's Recreational Property. RSU 39's obligations with respect to the improvements described in Sections 4.B and 4.C above shall survive the closing, and shall be performed by RSU 39's New School Project contractor and subcontractors.

5. **Developer Conveyance and Demolition.** Subject to the exercise by RSU 39 of its option under section 1 of this Agreement, and in consideration of the premises, Developer agrees to convey to City, and City agrees to accept and acquire, good and marketable title to Developer's lot or parcel of land situated in the City of Caribou, Aroostook County, Maine (City Tax Map 28, Lot 149E), shown on **Schedule G**, attached hereto (the "Soderberg Property"). The closing shall occur at the time and place specified for the closings on the City's Recreational Property and the Former School Property. Developer further agrees, subject to Developer's satisfaction with or waiver of

the Feasibility Study Condition described below, immediately after the closing, to promptly undertake and prosecute diligently to completion at Developer's sole expense the demolition of the school building and improvements on the Sincock school property transferred to the City (City Tax Map 28, Lot 148). The developer shall remove and dispose of all construction rubble and materials; regrade; remove stones and glass, add clean fill and add topsoil, all to appropriate depths for children's playground use; prepare the surface, including rototilling; and seed. This obligation shall survive the closing. The work shall be completed within 2 months of the closing, or in the event the closing takes place in the winter months, at such other time reasonably agreed by the parties. If the Feasibility Study Condition is not satisfied and is not waived, RSU 39 shall be responsible at its sole expense for the demolition and site preparation work on the Sincock school property as described in this Section, but may coordinate the timing of that work with its New School project and any time requirements of the National Park Service section 6(f) conversion approval.

6. **Economic Development.** Subject to the exercise by RSU 39 of its option under section 1 of this Agreement, and upon receiving title to the Hilltop School property from RSU 39, the City, in consideration of \$1.00 and other good and valuable consideration, agrees to convey the Hilltop School property (City Tax Map 26, Lot 78) to the Developer for Developer's proposed senior housing project, excepting and reserving to the City approximately 8.5 acres containing the existing ball fields on that site as shown on Schedule H, subject to an ordinance approving the same. The closing shall occur at the time and place specified for the closings on the City's Recreational Property and on RSU 39's Former School Property (including the closing on the Hilltop School property conveyed by RSU 39 to the City).

The City and Developer agree to cooperate for the development of senior housing units at that site, subject, however, to all required land use and zoning approvals that may be applicable. The parties acknowledge that RSU 39 is currently undertaking a report to estimate asbestos mitigation costs and costs of removal of existing underground storage facilities at the Hilltop School Building (Remediation Work). That report is expected within two (2) weeks. The City and the Developer agree to cooperate for the development of the site for Developer's senior housing project to be supported by a tax increment financing district through a credit enhancement agreement to apply a sufficient portion of the new tax revenues generated by that development to the extent available under applicable law such that the Developer is equitably compensated for the costs incurred for the Remediation Work, including costs of financing. This agreement shall survive the closing on the portion of the Hilltop School property conveyed by City to the Developer.

Notwithstanding anything to the contrary in this Section, the Developer shall have 60 days following the State Board's issuance of Site Approval to the site of the New School Project (the "Date of Site Approval") to complete a feasibility study by Developer's architectural team of the Hilltop School building and property for Developer's proposed senior housing project. Developer's satisfaction with that study is a condition of

Developer's obligation to acquire the Hilltop School Building property, and to perform the demolition and site preparation work under the preceding Section of this Agreement (the "Feasibility Study Condition"). If Developer is not reasonably satisfied with the Feasibility Study, taking into consideration any incentives offered by the City, and so notifies the other parties to this Agreement in writing within 60 days of the Date of Site Approval, then Developer shall have no obligation to acquire the Hilltop School Building property, and no obligation to perform the demolition and site preparation work under the preceding Section of this Agreement. Developer shall, however, perform the Developer's other obligations under this Agreement, including conveyance of title to the Soderberg Property. Developer shall be deemed to waive the Feasibility Study Condition, and that condition shall be deemed satisfied, if Developer has not so notified the other parties in writing within 60 days as provided above.

The parties acknowledge that the Rotary Club had originally intended its donation of playground equipment, installed at Hilltop School, for the New School Project. Accordingly, following the conveyance to the City of the Hilltop School Property, the City or the Developer, as applicable, shall permit RSU 39, at its sole risk and expense, to remove that equipment and relocate it. RSU 39 agrees to relocate that equipment within one (1) year of the conveyance of the Hilltop School property to the City.

7. **Term.** The term of this Option shall commence on the Effective Date and end at 11:59 p.m. on July 1, 2017.

8. **Notice of Exercise.** This Option may be exercised by RSU 39 giving written notice to the City Manager prior to the expiration of the Option term by U. S. mail or overnight delivery service addressed to the City as set forth above, or by fax sent via the fax number maintained by the City Manager for City business, or by email sent via the email address maintained by the City Manager for City business. RSU 39 shall promptly send a copy of this notice to the Developer by U. S. mail or overnight delivery service addressed to the Developer as set forth above, or by fax sent via the fax number maintained by the Developer's construction business, or by email sent to carl@soderbergconstruction.com.

9. **Closing.** Upon exercise of this Option, the closing shall occur at a date, time, and location reasonably specified by RSU 39, given the needs and schedule of the New School Project and the New School Project financing.

Title to property of the City and of RSU 39 subject to this Agreement shall be conveyed at closing by quitclaim deed, in each case subject to all matters of record as of the Effective Date, and none others. Developer shall convey good and marketable title to the **Schedule G** property by warranty deed, subject only to such utility easements and other matters of record that do not materially interfere or conflict with the intended use thereof for 6(f) conversion property and park purposes. Real estate taxes on each conveyance shall be pro-rated between the parties, to the extent applicable. Upon request of a party

for purposes of title insurance, each party shall execute and deliver an affidavit/indeemnity agreement at closing that there are no parties in possession of its real estate to be conveyed, and no person entitles to a statutory lien. Prior to closing, if a party notifies another of a title defect, the party notified shall use best efforts to remove the defect and shall have 30 days to do so, or such greater period as the notifying party may in writing permit.

10. **Default.** In the event of default by any party to this agreement, the other parties shall be entitled to all remedies at law or in equity, including specific performance.

11. **Inspections.** RSU 39 shall have reasonable access to the City's Recreational Property to conduct such surveys, tests, and inspections as it may deem necessary during the Option term or after exercise of the Option. RSU 39 shall provide reasonable notice to City, shall enter at its sole risk and shall restore the City's Recreational Property substantially to its prior condition.

12. **Successors and Assigns.** This Agreement is binding upon and shall inure to the benefit of the parties hereto and their personal representatives, heirs, successors and assigns.

IN WITNESS WHEREOF, the undersigned have executed this Option Agreement as of the day and year first above stated.

WITNESS:

Wanda L Raymond

CITY OF CARIBOU

Austin Bleess

By: Austin Bleess
Its: City Manager
Print Name _____

WITNESS:

Laurie Chapman

REGIONAL SCHOOL UNIT NO. 39

Amy Z. Dah

By: Timothy Doak
Its: Superintendent of Schools

WITNESS:

Mary Bois

ASSISTED LIVING OF CARIBOUS, LLC

Denise M. Lausier

By: Denise M. Lausier
Its: Member

STATE OF MAINE
AROOSTOOK, SS.

May 16, 20 16

Personally appeared before me the above-named Austin Bleess,
City Manager of said CITY OF CARIBOU, and acknowledged the foregoing instrument to be his/her free act and deed in said capacity and the free act and deed of said City.

Denise M. Lausier
NOTARY PUBLIC

Denise M. Lausier
Print Notary Name

My Commission Expires: January 25, 2021

STATE OF MAINE
AROOSTOOK, SS.

May 16, 2016

Personally appeared before me the above-named Timothy Doak, Superintendent of Schools of said REGIONAL SCHOOL UNIT NO. 39, and acknowledged the foregoing instrument to be his/her free act and deed in said capacity and the free act and deed of said Regional School Unit.

Mark J Bouchard
NOTARY PUBLIC

Mark J Bouchard
Print Notary Name

My Commission Expires: March 8, 2019

STATE OF MAINE
AROOSTOOK, SS.

May 16, 2016

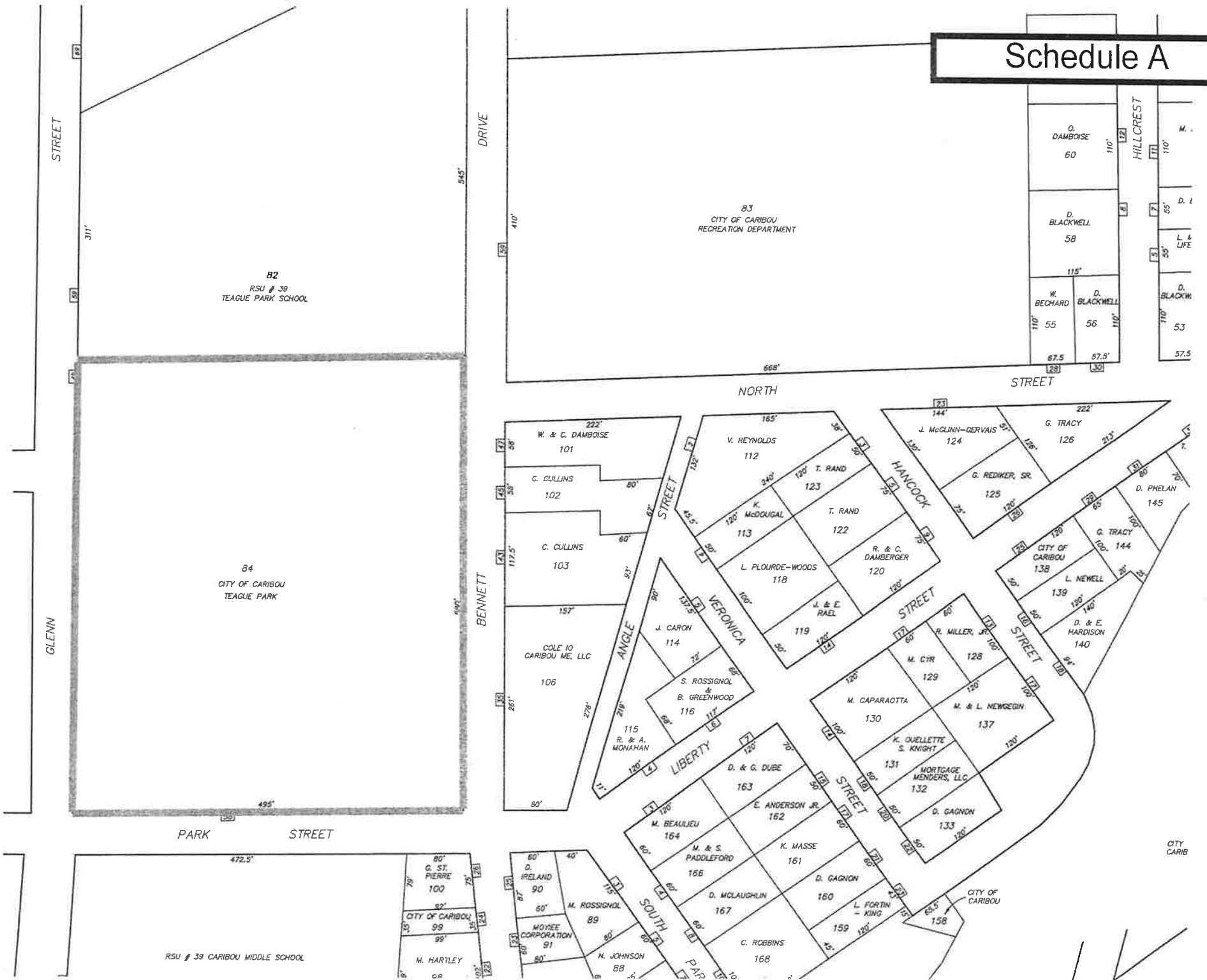
Personally appeared before me the above-named Carl Soderberg,
of said ASSISTED LIVING OF CARIBOU, LLC, and
acknowledged the foregoing instrument to be his/her free act and deed in said capacity
and the free act and deed of said ASSISTED LIVING OF CARIBOU, LLC.

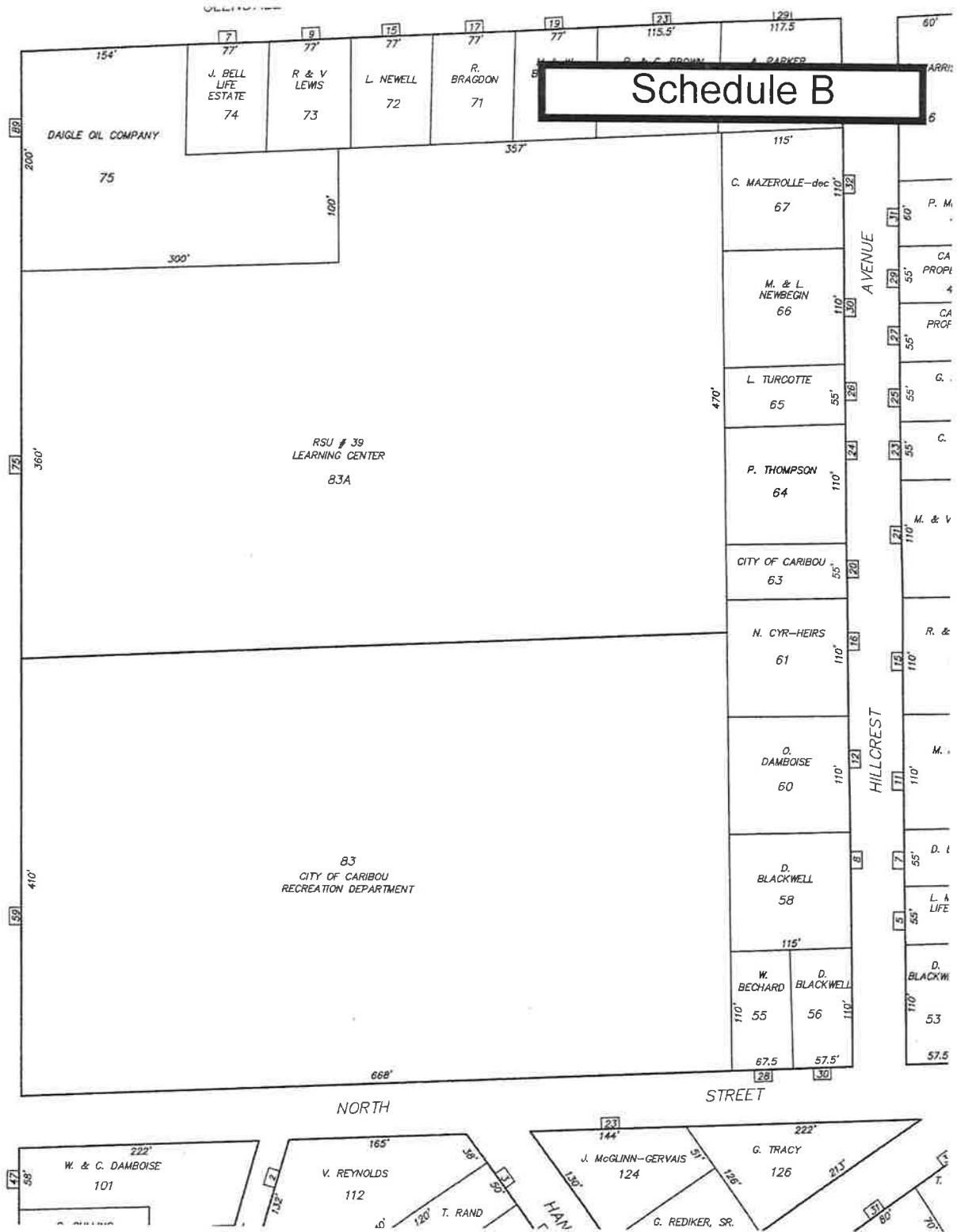
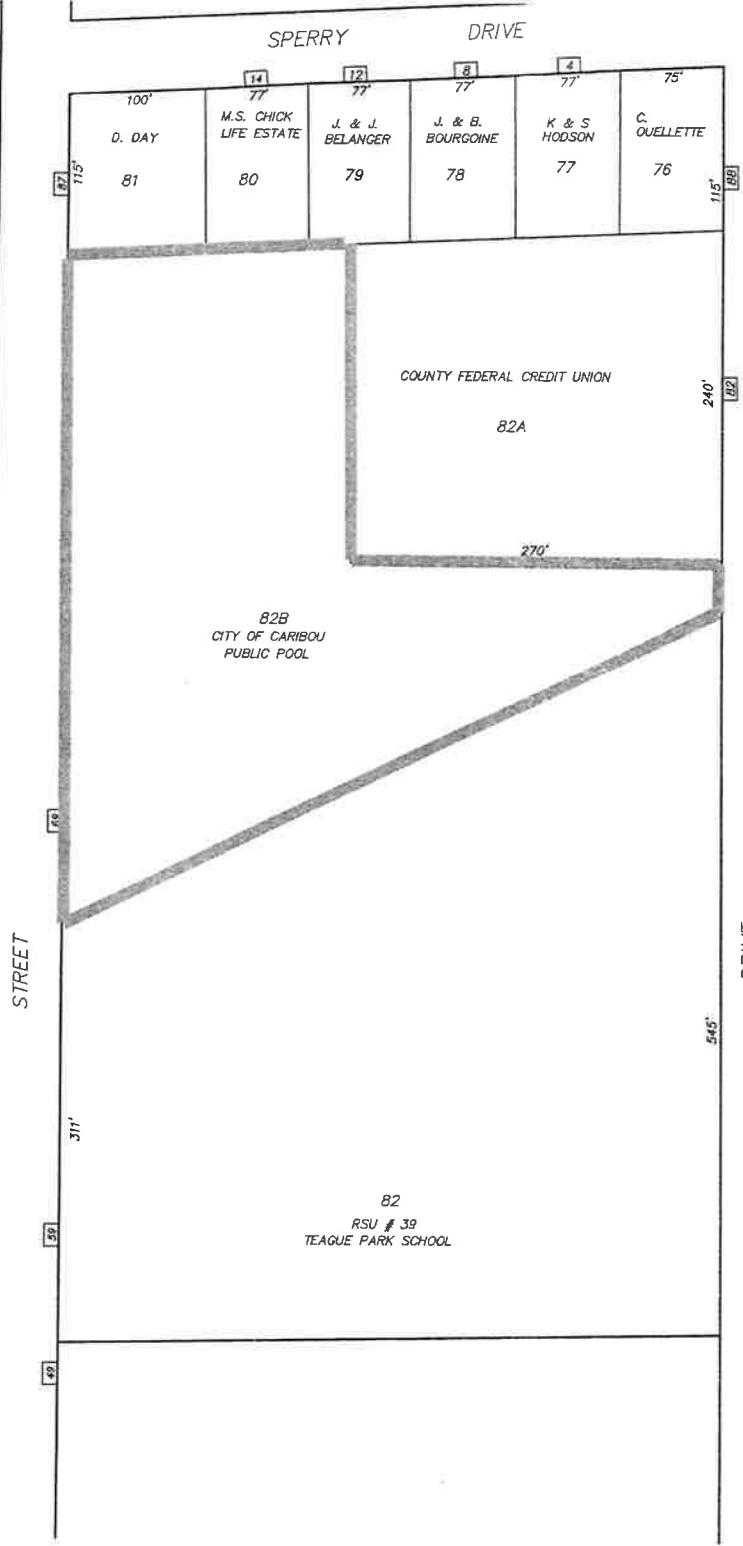
Danielle J Hufford
NOTARY PUBLIC

Danielle J Hufford
Print Notary Name

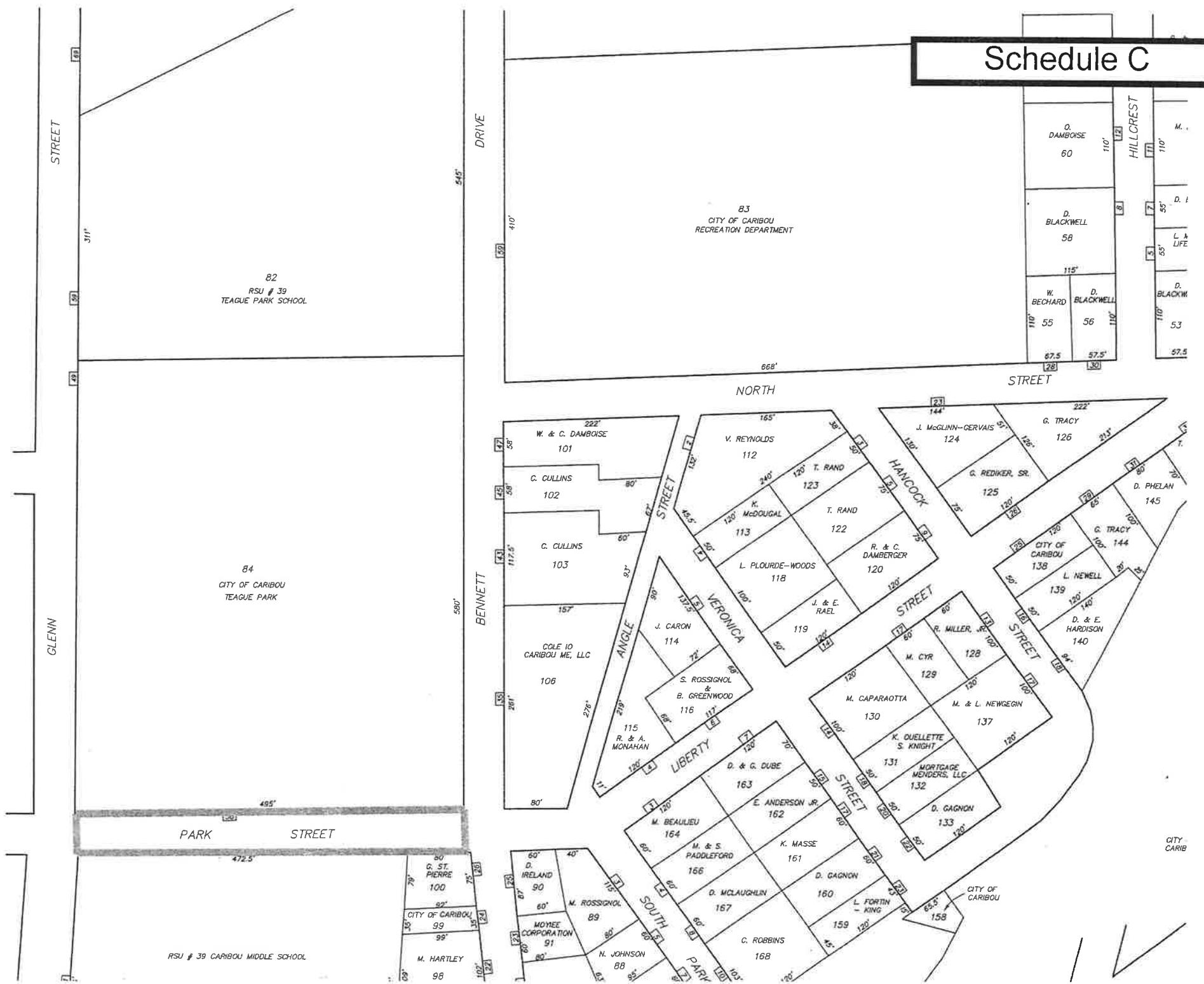
My Commission Expires: Sept 12, 2021

Schedule A

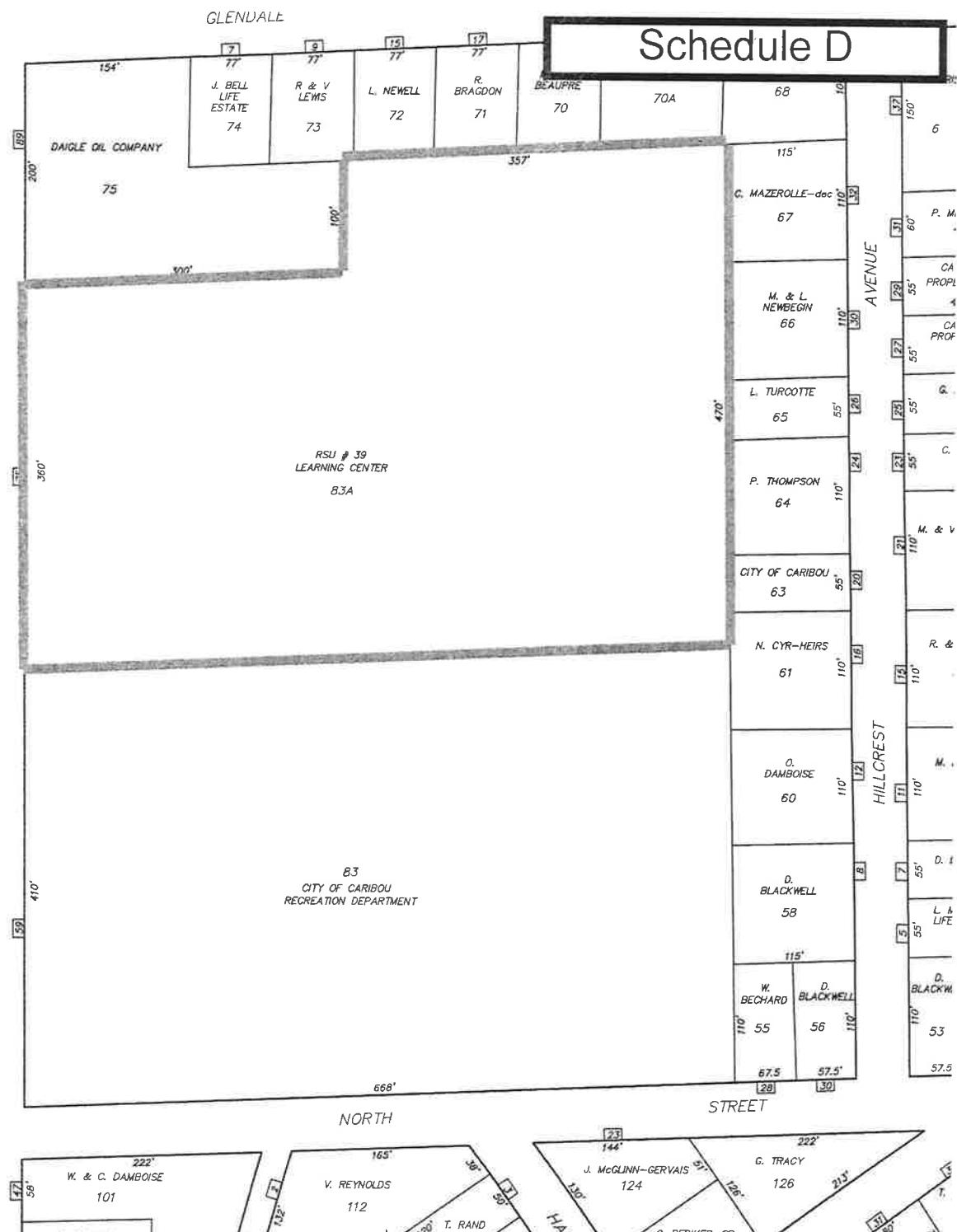
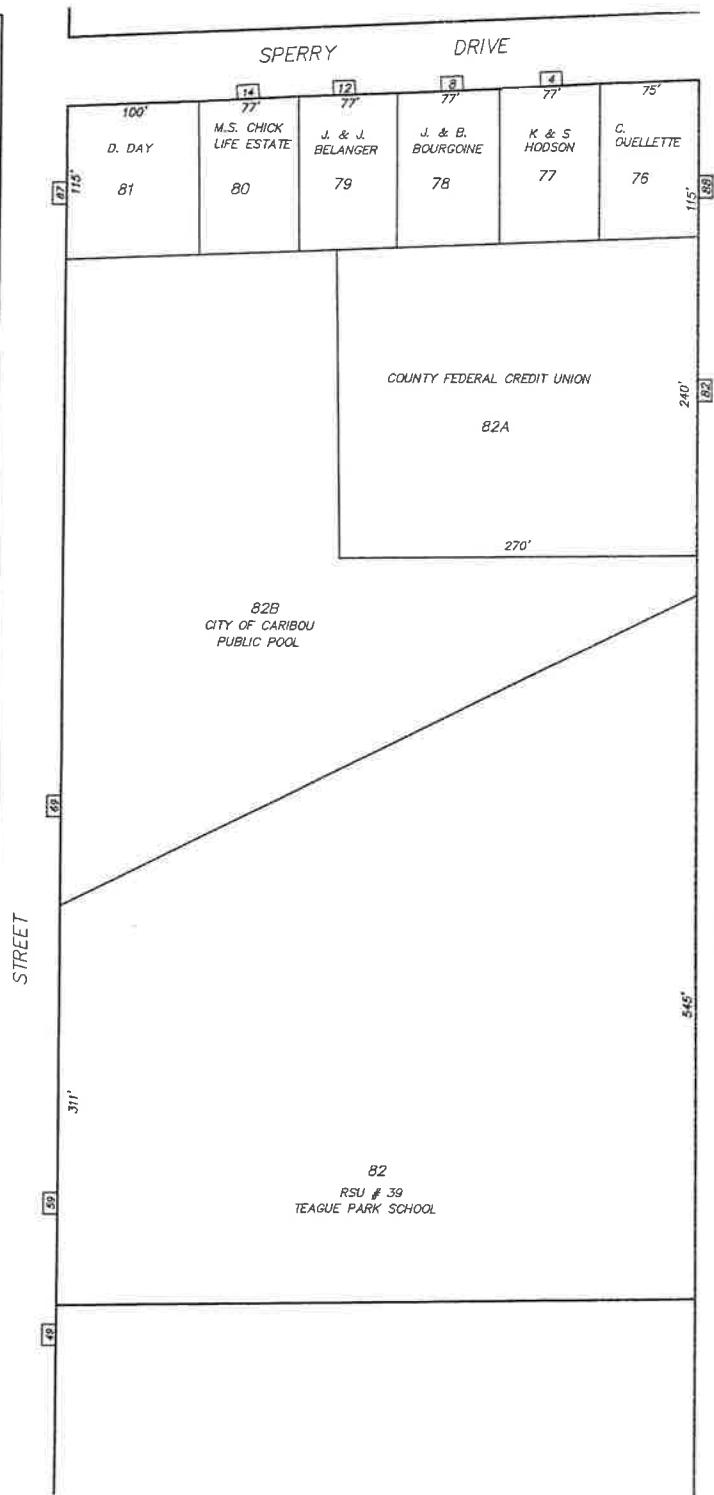




Schedule C



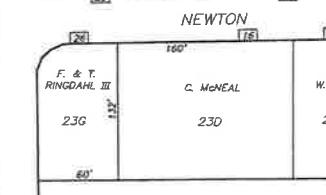
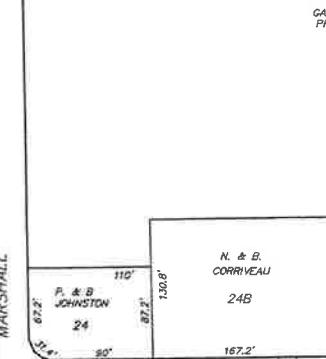
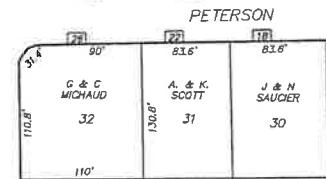
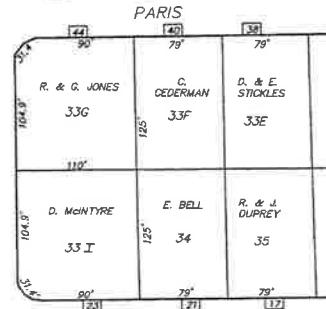
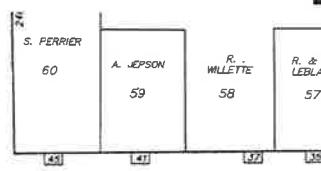
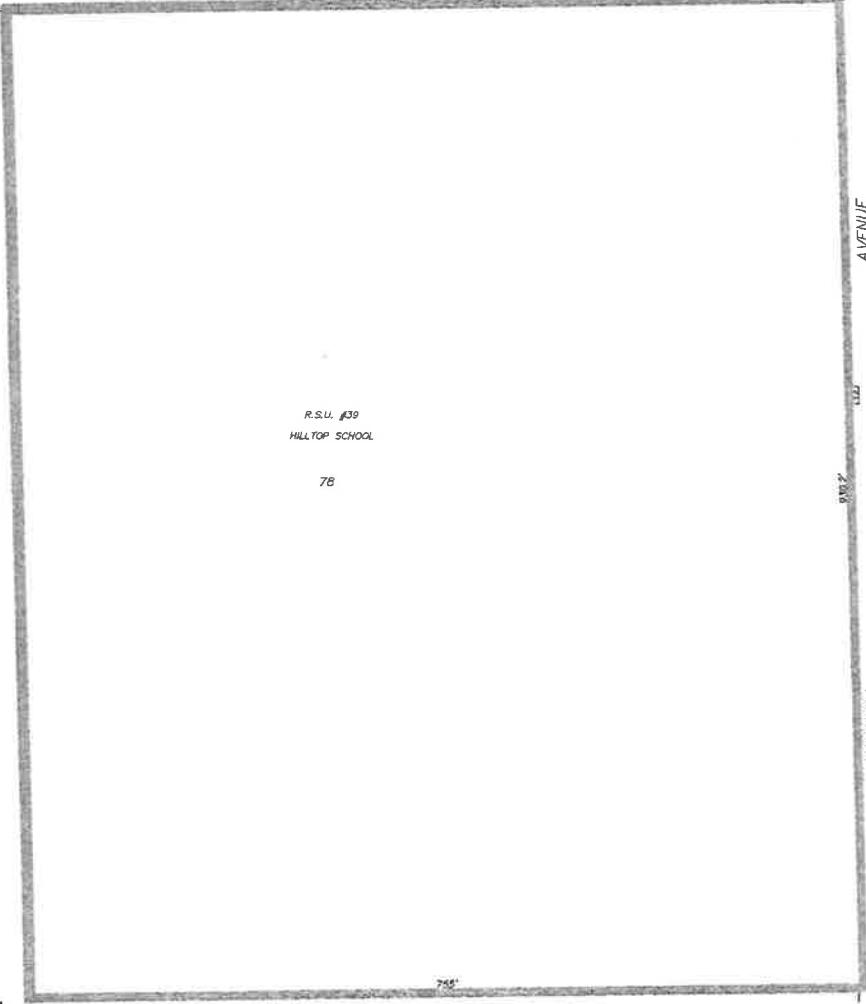
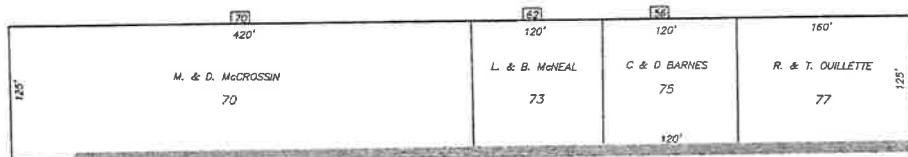
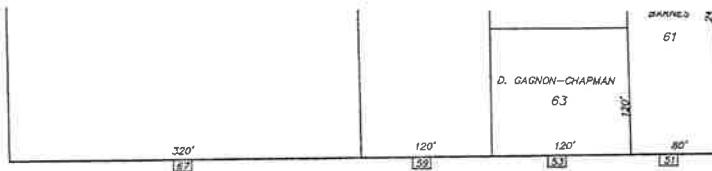
Schedule D



Schedule E

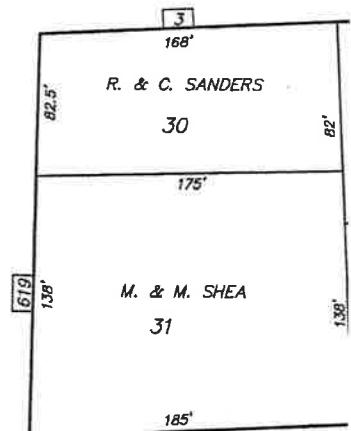
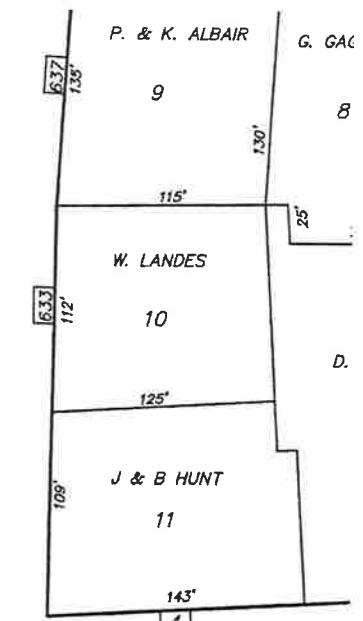
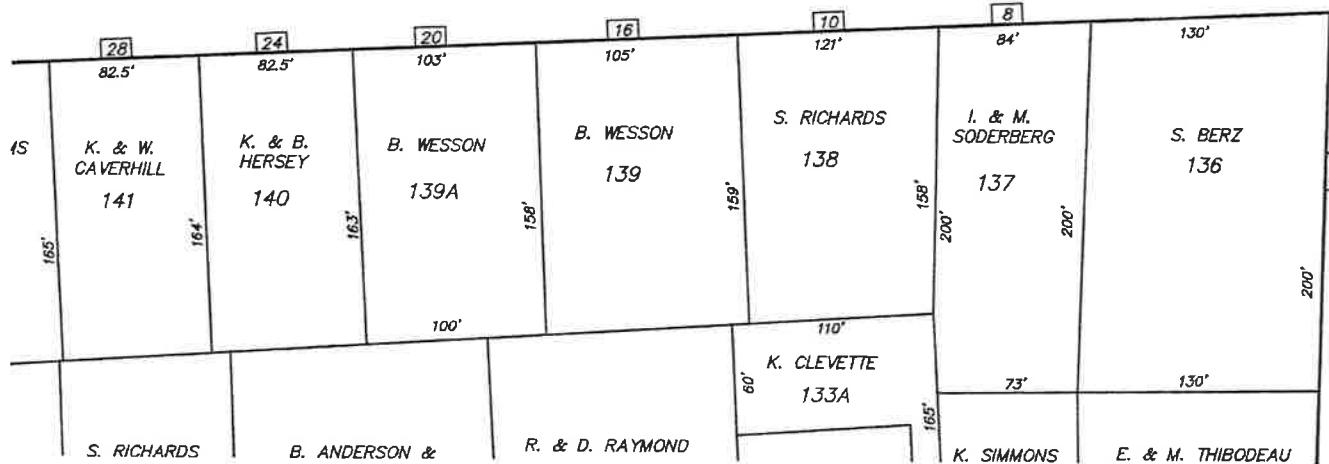
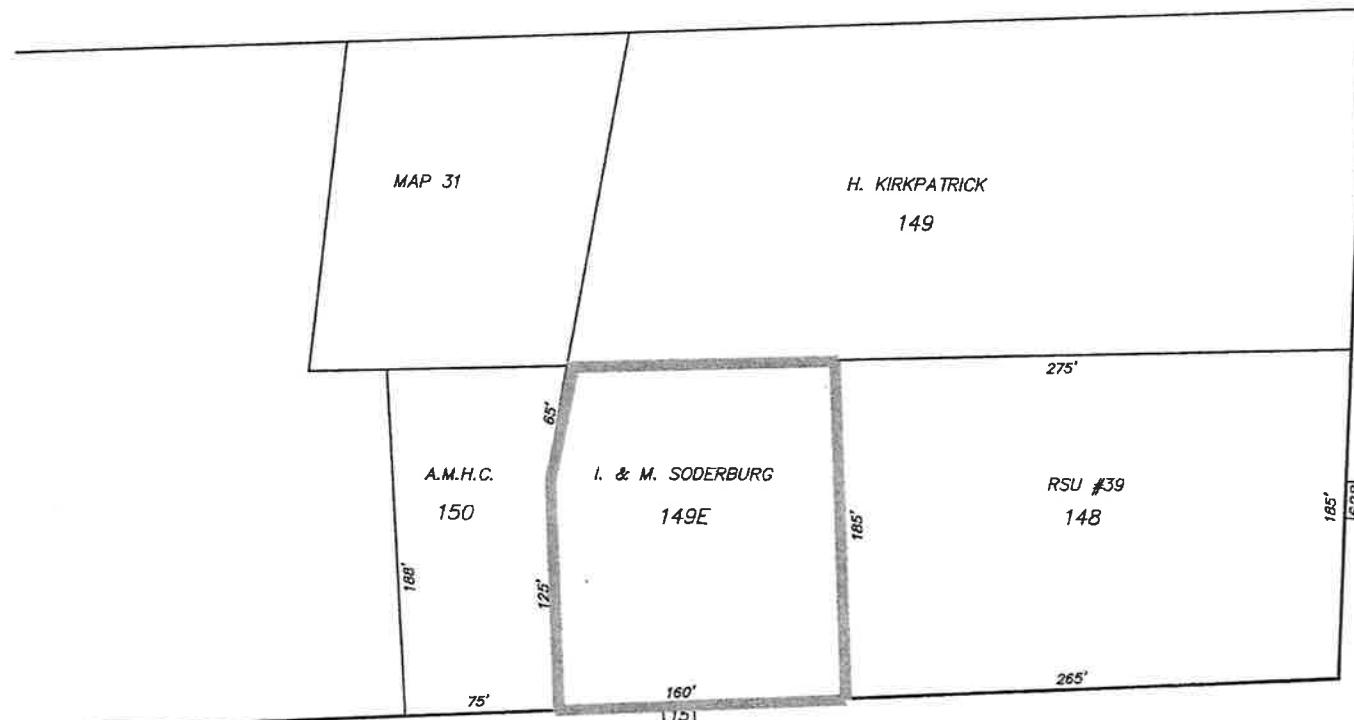


Schedule F



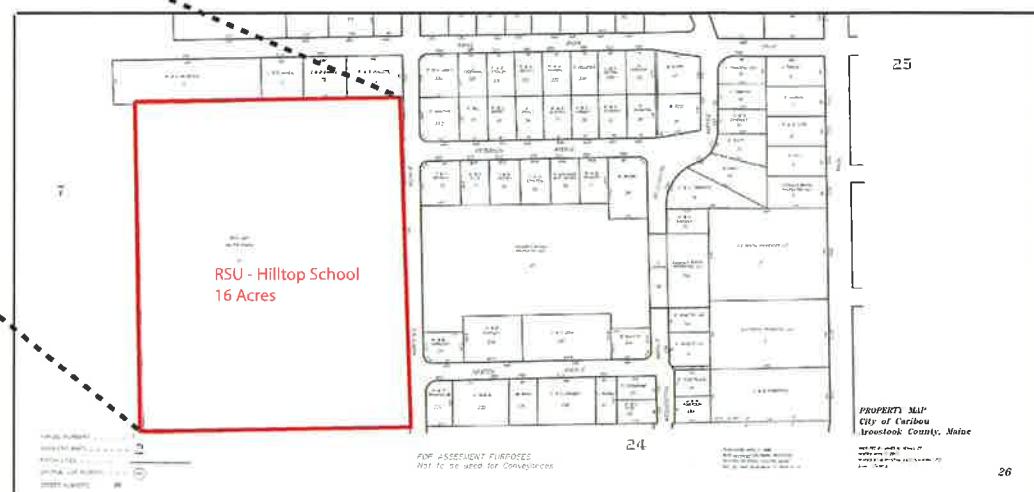
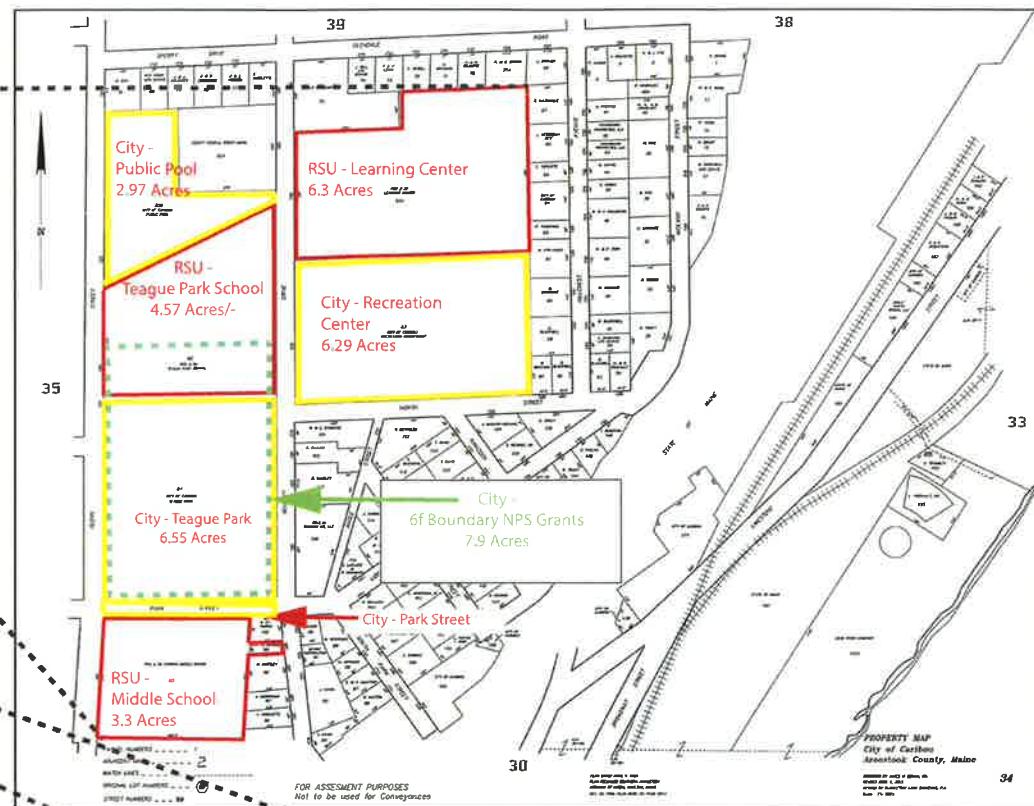
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Schedule G

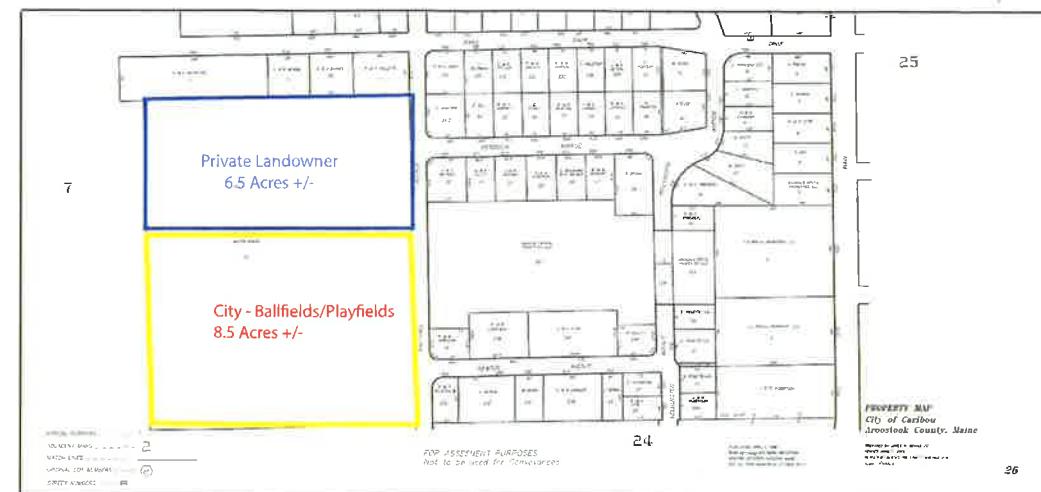
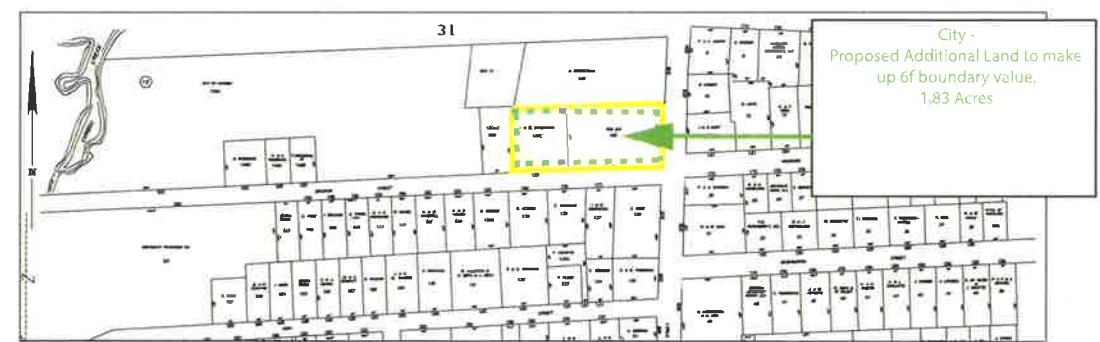
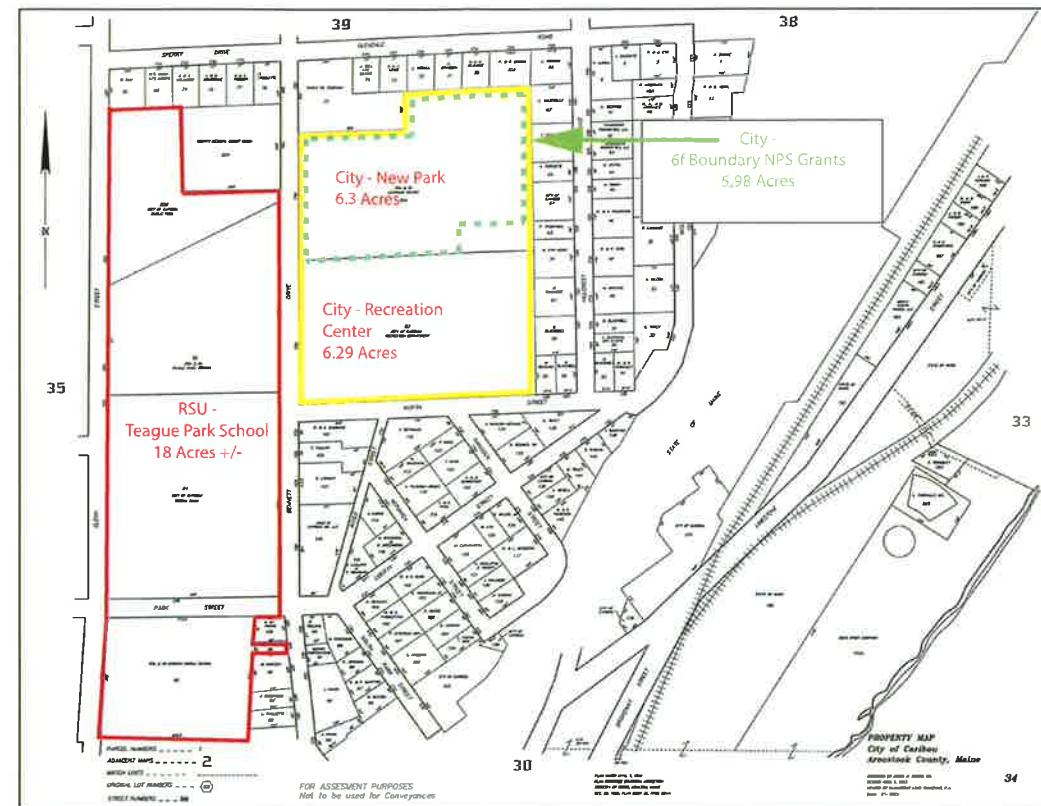


SCHEDULE H

Existing Conditions



Proposed Ownership



**CARIBOU ADMINISTRATION
25 HIGH STREET
CARIBOU, ME. 04736**



MEMO

TO: Caribou City Council Members
FROM: Dennis Marker, City Manager
RE: Senior Homestead Tax Credit Program
DATE: August 17, 2018

DISCUSSION AND POSSIBLE ACTION ITEM

The Mayor has requested the Council continue its discussion of the Senior Homestead Tax Credit Program.

Attached to this memo you will find a draft program for consideration. There are several policy points which are highlighted and would need Council decision.

If the Council chooses to allow the citizens to provide input by ballot, the following is some possible language to put forward.

NON-BINDING ADVISORY REFERENDUM

Should the city of Caribou create a program to provide property tax relief to senior citizens who are longtime residents and who have low or very low incomes? This program would increase annual taxes by \$50 per \$100,000 in home value and be in addition to currently available abatements due to poverty or hardship.

Section 1. Purpose

The purpose of this Ordinance is to establish a program to provide property tax assistance to persons **XX** years of age and over who reside in the City of Caribou.

Section 2. Definitions

As used in this article, the following terms shall have the meanings indicated:

Benefit Base: Property taxes paid by a Qualifying Applicant during the tax year on the qualifying applicant's homestead or Rent Constituting Property Taxes paid by the resident individual during the tax year on a Homestead.

Homestead: For purposes of this article, "Homestead" shall have the same meaning as defined in 36 M.R.S.A. §5219-KK(1)(C). Generally, a Homestead is a dwelling owned or rented by the person seeking tax assistance under this article or held in a revocable living trust for the benefit of that person.

Income: Total household income as determined by the total (gross) income reported on the applicant's most recent federal income tax return (line 22 of Form 1040; line 15 of Form 1040A; line four of Form 1040EZ), plus the total (gross) income reported on the most recent federal income tax return of each additional member of the household if filing separately. If the applicant and/or any member of the household do not file a federal income tax return, income shall be the cumulative amount of all income received by the applicant and each additional member of the household from whatever source derived, including, but not limited to the following:

- i. Compensation for services, including wages, salaries, tips, fees, commissions, fringe benefits and similar items;
- ii. Gross income derived from business;
- iii. Gains derived from dealings in property (capital or other);
- iv. Interest;
- v. Rents from real estate;
- vi. Royalties;
- vii. Dividends;
- viii. Alimony and separate maintenance payments received;
- ix. Annuities;
- x. Pensions;
- xi. Income from discharge of indebtedness;
- xii. Distributive share of partnership gross income;
- xiii. Income from an interest in an estate or trust;
- xiv. IRA distributions;
- xv. Unemployment compensation; and
- xvi. Social security benefits.

Qualifying Applicant: A person who is determined by the City Manager or her/his designee, after review of a complete application submitted under Section 4 of this Ordinance, to be eligible for a payment under the terms of this ordinance.

Rent Constituting Property Tax: Fifteen percent of the gross rent actually paid in cash or its equivalent during the tax year solely for the right of occupancy of a homestead. For the purposes of this article, "gross rent" means rent paid at arm's length solely for the right of occupancy of a homestead, exclusive of charges for any utilities, services, furniture, furnishings or personal property appliances furnished by the landlord as part of the rental agreement, whether or not expressly set out in the rental agreement.

Section 3. Criteria for Participation

In order to participate in the Property Tax Assistance Program, an applicant shall demonstrate all of the following:

- i. The applicant shall be **XX** years of age or more at the time of application.
- ii. The applicant shall have a homestead in the City of Caribou at the time of the application and for the entire year prior to the date of application.
- iii. The applicant has been a resident of the City of Caribou for at least **XX** years immediately preceding the date of application for participation in the program.
- iv. The applicant shall meet the application and eligibility criteria set forth in Section A and Section B of this article.

Section 4. Application and Payment Procedures

Persons seeking to participate in the Property Tax Assistance Program shall submit a written request to the City Manager or their designee no later than August 1st. Applications are required every year to participate in this program. The City Clerk shall provide an application form for the program, which shall include at a minimum the applicant's name, homestead address and contact information. Applicants must provide adequate evidence of eligibility including Income and proof of property taxes paid or Rent Constituting Property Taxes paid during the tax year on the individual's Homestead.

The City Manager or designee shall review and determine if the application is complete and accurate and if the applicant is eligible to participate in the program. Within two weeks from submittal, the city will notify an applicant if an application is determined to be incomplete. The City Manager's decision on eligibility to participate in the Program shall be final.

Section 5. Determination of eligibility and amount.

Eligibility under this article is designed to provide greater benefits proportionally to applicants with lower income in relation to their Benefit Base.

- A. Applicants with income greater than an amount equal to 90% of the current United States Department of Housing and Urban Development metropolitan area median family income shall not be eligible for benefits under this article.
- B. For those applicants not disqualified under paragraph A, Qualifying Applicants will receive a benefit totaling the amounts set forth in Subsection B1 and B2 as follows, provided the maximum cumulative benefit allowed shall be **\$XXX**:
 1. The total amount of any increase to the applicant's Benefit Base from the most recent tax year to the current tax year; and
 2. Eligible benefit as shown in the following table and calculated using the following formula
[(Benefit Base/Income) x 100 = % of Benefit Base to Income.]

% of Benefit Base to Income	Eligible Benefit
Greater than 10%	\$XXX
8 – 10%	\$XXX
5 – 7%	\$XXX
Less than 5%	\$0

Section 6. Annual Report to the Town Council

The City Manager shall report to the City Council no later than their first regular meeting in December each year the projected payments and number of eligible applicants requesting assistance for the program fund.

Section 7. Program Fund - Limitations On Payments

In the event that a lack of funding results in no payment or less than the full payment to a qualifying applicant, the request will not carry over to the next year.

Section 8. Creation of the Program Fund

The Program Fund from which payments shall be made under the terms of this Ordinance shall be created as funds are available. The City Council may annually appropriate monies from the general fund or other sources to support this program. Any surplus program monies shall revert to the Property Tax Assistance Reserve Account.

Section 9. Timing of Payments

A person who qualifies for payment under this Program shall be mailed a check for the full amount no later than December 15th for the year in which participation is sought.

Section 10. Limitations upon Payments

Only one qualifying applicant per household shall be entitled to payment under this Program each year. The right to file an application under this Ordinance is personal to the applicant and does not survive the applicant's death, but the right may be exercised on behalf of an applicant by the applicant's legal guardian or attorney-in-fact. If an applicant dies after having filed a timely complete application that results in a determination of qualification, the amount determined by the City Manager shall be disbursed to another member of the household. If the applicant was the only member of a household, then no payment shall be made under this Ordinance.

**CARIBOU ADMINISTRATION
25 HIGH STREET
CARIBOU, ME. 04736**



MEMO

TO: Caribou City Council Members
FROM: Dennis Marker, City Manager
RE: 2018 Fire Station Design Symposium
DATE: August 17, 2018

DISCUSSION AND POSSIBLE ACTION ITEM

Chief Susi has identified a conference which focuses on best practices and cost saving methods for new fire stations. He is planning to attend the conference. Is there a council member interested in attending and available to go? Anticipated expenses will be around \$2,000 and would come from New Fire Station study funds.

Information about the conference can be found at <http://fierofirestation.com/schedule.php>

**CARIBOU ADMINISTRATION
25 HIGH STREET
CARIBOU, ME. 04736**

MEMO

TO: Caribou City Council Members
FROM: Dennis Marker, City Manager
RE: Council Meetings in October and November
DATE: August 17, 2018



DISCUSSION AND POSSIBLE ACTION ITEM

The regular council meeting planned for October 8th is on Columbus Day and the offices will be closed.

The regular council meeting planned for November 12th is on the observed Veteran's Day and the offices will be closed.

Would the Council like to move these two meetings to a Wednesday night or a different week?

Other meeting dates to consider include:

October 10 or 17 – Council Budget Retreat with department heads

October 29th is the scheduled public forum on the Expense and Capital Budgets

November 15 is the deadline for a public hearing on the expense and capital budgets