

Information
On RC-2 TIF:

Application
Amended Application
Assessor's Certification
Approval Letter



City of Caribou, Maine

Municipal Building
25 High Street
Caribou, ME 04736
Telephone (207) 493-3324
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27 February 2012

George Gervais

Commissioner
Maine Department of Community and Economic Development
59 State House Station
Augusta, Maine 04333

Dear Commissioner:

I hereby certify that all information contained in this City of Caribou Tax Increment Financing District application is true and accurate to the best of my knowledge. Thank you for your consideration of the proposed Ayer Potato Company project.

Sincerely,

A handwritten signature in black ink, appearing to read "Ken Murchison". The signature is fluid and cursive, with a large, stylized initial "K".

Ken Murchison,
Mayor, City of Caribou

**Ayer Potato Company
RC-2 Tax Increment Financing District
Development Program and Financing Plan**

City of Caribou

**Approved by the City Council
14 November 2011**

**Application to the
Maine Department of Community and Economic Development
29 February 2012**

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APPLICATION COVER SHEET

MUNICIPAL TAX INCREMENT FINANCING
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A. General Information

1. Municipality Name: City of Caribou		
2. Address: 25 High Street, Caribou, ME 04736		
3. Telephone: 493-5967	4. Fax: 493-3954	5. Email: communitydevelopment@cariboumaine.org
6. Municipal Contact Person: Mike Shrewsberry		
7. Business Name: Ayer Potato Company		
8. Address: 33 Caribou Lake Road, Caribou, ME 04736		
9. Telephone: 551-6344	10. Fax:	11. Email: ayerpotatocompany@gmail.com
12. Business Contact Person: Aaron Ayer		
13. Principal Place of Business: 33 Caribou Lake Road, Caribou, ME 04736		
14. Company Structure (e.g. corporation, sub-chapter S, etc.): Partnership		
15. Place of Incorporation: Caribou, Maine		
16. Names of Officers: n/a		
17. Principal Owner(s) Name: Aaron Ayer, Arthur Ayer		
18. Address: 33 Caribou Lake Road, Caribou, ME 04736		

B. Disclosure

1. Check the public purpose that will be met by the business using this incentive (any that apply):		
<input checked="" type="checkbox"/> job creation	<input checked="" type="checkbox"/> job retention	<input type="checkbox"/> capital investment
<input type="checkbox"/> training investment	<input checked="" type="checkbox"/> tax base improvement	<input checked="" type="checkbox"/> public facilities improvement
other (list):		
2. Check the specific items for which TIF revenues will be used (any that apply):		
<input type="checkbox"/> real estate purchase	<input type="checkbox"/> machinery & equipment purchase	<input type="checkbox"/> training costs
<input type="checkbox"/> debt reduction	<input checked="" type="checkbox"/> other (list): public infrastructure construction	

EMPLOYMENT GOALS
Company Goals for Job Creation and Job Retention

<i>A. Job Creation Goals</i>			
<i>Occupational Cluster*</i>	<i>Full-time</i>	<i>Part-time</i>	<i>Wage Level</i>
1. Executive, Professional & Technical			\$
2. Administrative Support, inc. Clerical			\$
3. Sales & Service			\$
4. Agriculture, Forestry & Fishing	1		\$ 24,000
5. Maintenance, Construction, Production, & Transportation			\$
<i>B. Job Retention Goals</i>			
<i>Occupational Cluster*</i>	<i>Full-time</i>	<i>Part-time</i>	<i>Wage Level</i>
1. Executive, Professional & Technical			\$
2. Administrative Support, inc. Clerical			\$
3. Sales & Service			\$
4. Agriculture, Forestry & Fishing	16	25	\$ 12,000-\$ 40,000
5. Maintenance, Construction, Production, & Transportation	30		\$ 30,000-\$ 60,000 (Annualized)
<i>*Please use the Occupational Cluster descriptions on the next page to complete this form.</i>			

INSTRUCTIONS

A. Job Creation Goals. Please list the number, type and wage level of jobs created as a result of the economic development incentive. NOTE: For this form, "full-time" employment means 30 hours or more; "part-time" employment means less than 30 hours. "Wage level" means the average annual wage paid for jobs created within an occupational cluster, e.g. either their annual salary, or their hourly wage times their annual hours. Also, "type" means "occupational cluster" which refers to the 12 categories defined below. Please include the number of your employees (both full-time and part-time) working within the category that most closely reflects their job duties.

B. Job Retention Goals. Please list the number, type and wage level of jobs retained as a result of the economic development incentive. Part B should be completed using same definitions in Part A.

OCCUPATIONAL CLUSTERS

1. EXECUTIVE, PROFESSIONAL & TECHNICAL

Executive, administrative and managerial. Workers in executive, administrative and managerial occupations establish policies, make plans, determine staffing requirements, and direct the activities of businesses and other organizations. Workers in management support occupations, such as accountant and auditor or underwriter, provide technical assistance to managers.

Professional specialty. This group includes engineers; architects and surveyors; computer, mathematical, and operations research occupations; life, physical, and social scientists; lawyers and judges; social, recreational, and religious workers; teachers, librarians, and counselors; health diagnosing, assessment, and treating occupations; and communications, visual arts, and performing arts occupations.

Technicians and related support. This group includes health technologists and technicians, engineering and science technicians, computer programmers, tool programmers, aircraft pilots, air traffic controllers, paralegals, broadcast technicians, and library technicians.

2. ADMINISTRATIVE SUPPORT, INCLUDING CLERICAL

Administrative support, including clerical. Workers in this group prepare and record memos, letters and reports; collect accounts; gather and distribute information; operate office machines; and handle other administrative tasks.

3. SALES AND SERVICE

Marketing and sales. Workers in this group sell goods and services, purchase commodities and property for resale, and stimulate consumer interest.

Service. This group includes a wide range of workers in protective, food and beverage preparation, health, personal, private household, and cleaning and building services.

4. AGRICULTURE, FORESTRY AND FISHING

Agriculture, forestry and fishing. Workers in these occupations cultivate plants, breed and raise animals, and catch fish.

5. MAINTENANCE, CONSTRUCTION, PRODUCTION AND TRANSPORTATION

Mechanics, installers, and repairers. Workers in this group adjust, maintain, and repair automobiles, industrial equipment, computers, and many other types of machinery.

Construction trades and extractive. Workers in this group construct, alter, and maintain buildings and other structures or operate drilling and mining equipment.

Production. These workers set up, adjust, operate, and tend machinery and/or use hand tools and hand-held power tools to make goods and assemble products.

Transportation and material moving. Workers in this group operate the equipment used to move people and materials. This group also includes handlers, equipment cleaners, helpers, and laborers who assist skilled workers and perform routine tasks.

STATUTORY REQUIREMENTS & THRESHOLDS

A. ACRE LIMITATION		
1. Total Acreage of Municipality		50747 Ac.
2. Total Acreage of Proposed Municipal TIF District		446 Ac.
3. Total Downtown acres contained in the Proposed Municipal TIF District		n/a
4. Total Transit acres contained in the Proposed Municipal TIF District		n/a
5. Total acreage of Proposed Municipal TIF District counted towards 2% cap (A2-A3-A4)		446 Ac.
6. Percentage of total acreage in proposed municipal TIF District (cannot exceed 2%) <i>Divide A5 by A1</i>		0.88%
7. Total acreage of all existing and proposed municipal TIF districts in the municipality. <i>Add A2 to sum of all existing TIF district acreage.</i>		1081 Ac.
8. Total acreage of an existing or Proposed Downtown TIF District in the municipality.		635 Ac.
9. Total acreage of all <u>existing</u> Pine Tree Zone TIF Districts in the municipality.		n/a
10. Total acreage of all existing or Proposed Transit TIF Districts in the municipality.		n/a
11. Total acreage of all existing and Proposed Municipal TIF Districts in the municipality counted toward 5% cap. <i>Subtract A8+A9+A10 from A7.</i>		446Ac.
12. Percentage of total acreage in all existing and proposed Municipal TIF Districts (cannot exceed 5%) <i>Divide A11 by A1.</i>		0.88%
13. Total Acreage of all real property in the Proposed Municipal TIF District that is:		
(Note: a, b, or c must be at least 25%)		%
a. Blighted (Divide acres by A2)	0	
b. In need of rehabilitation/conservation (Divide acres by A2)	0	
c. Suitable for industrial/commercial site (Divide acres by A2)	240 ac	54%
TOTAL	240 ac	54%
B. VALUATION LIMITATION		
1. Total Aggregate Value (TAV) of Municipality - <i>Use most recent April 1st</i>		\$ 245,025,100
2. Original Assessed Value (OAV) of Proposed Municipal TIF District. <i>Use March 31st of tax year preceding date of municipal designation</i>		\$ 5,839,643
3. Total OAV of all existing and Proposed Municipal TIF Districts in the municipality. <i>Add b2 to sum of all existing TIF district OAVs</i>		\$ 54,770,484
4. OAV of an existing or proposed Downtown TIF District in the municipality.		\$ 49,032,100
5. OAV of all <u>existing</u> Pine Tree Development Zone TIF Districts in the municipality.		n/a
6. OAV of all existing or Proposed Transit TIF Districts in the municipality.		n/a
7. Total OAV of all existing and Proposed Municipal TIF Districts in the municipality counted toward 5% cap <i>Subtract B4+B5+B6 from B3</i>		\$ 5,839,643
8. Percentage of total OAV to TAV in all existing and Proposed Municipal TIF Districts (cannot exceed 5%) <i>Divide B7 by B1</i>		0.24%

**Ayer Potato Company
RC-2 Tax Increment Financing District
Development Program and Financing Plan
City of Caribou
29 February 2012**

II. Introduction

A. Ayer Potato Company

Ayer Potato Company (the “Company”) is a family farming partnership located in the southern quadrant of the City of Caribou in central Aroostook County. They currently work over 1,000 acres under cultivation, of which 750 acres are owned. For the year 2011 the Company harvested 120,000 hundredweight of potatoes. The Company has proposed that the City of Caribou (the “City”) designate a Tax Increment Financing (“TIF”) district for the company’s proposed potato warehousing facility located at 997 Presque Isle Road (US Route 1) in Caribou (the “Project”). One warehouse was constructed during the year 2011, and at least one additional structure is proposed for the site. These facilities are vital to the Company’s continued operation, which currently employs forty (40) full-time and seasonal jobs.

B. Tax Increment Financing – the Project

TIF is a funding mechanism that takes advantage of the increase in assessed valuations of targeted private property resulting from new private development to pay for improvements necessary to accommodate that development. As the assessed value of a parcel of land within the TIF District increases as a result of new private investment, the resulting property tax revenues are dedicated to retire the debt incurred for the provision of those public or private improvements.

The Company’s project will enable them to properly store harvested crops on-site until they are processed. It requires the extension of adequate three-phase electrical power to the site to operate the warehouses’ climate-control equipment. The establishment of a TIF district, together with the execution of a Credit Enhancement Agreement (“CEA”), will help finance this infrastructure improvement and enable full development of the Company’s site. Through the CEA, a portion of the projected revenue produced from the property taxes generated by the captured assessed value of the improvements made within the TIF district will be allocated to and used by the Company to fund the aforementioned project.

C. Tax Increment Financing - Caribou Economic Development Program

The City intends to use its portion of TIF revenues from the proposed TIF District to finance the cost of public infrastructure improvement projects identified by this Development Program. These costs are delineated by § 5225, “Project Costs,” Title 30-A M.R.S.A., and are described in Table 1 below.

**Table 1
City of Caribou Proposed TIF Project Expenditures**

Statutory Citation	Project Descriptions	Cost Estimate
30-A MRSA § 5225	Project Costs	
1.	Authorized project costs. The commissioner shall review proposed project costs to ensure compliance with this subsection. Authorized project costs are:	
A.	Costs of improvements made within the TIF district, including, but not limited to:	

(1)	Capital costs, including, but not limited to:	
(a)	The acquisition or construction of land, improvements, buildings, structures, fixtures and equipment for public, arts district or commercial or transit-oriented development district use;	\$ 5,171,175
(i)	Eligible transit-oriented development district capital costs...	n/a
(b)	The demolition, alteration, remodeling, repair or reconstruction of existing buildings, structures and fixtures;	n/a
(c)	Site preparation and finishing work; and	604,575
(d)	All fees and expenses that are eligible to be included in the capital cost of such improvements, including, but not limited to, licensing and permitting expenses and planning, engineering, architectural, testing, legal and accounting expenses;	686,750
(2)	Financing costs...	n/a
(3)	Real property assembly costs;	n/a
(4)	Professional service costs...	n/a
(5)	Administrative costs...	n/a
(6)	Relocation costs...and	n/a
(7)	Organizational costs relating to the establishment of the district...	n/a
(8)	In the case of transit-oriented development districts...	n/a
B.	Costs of improvements that are made outside the [TIF]...	n/a
(1)	That portion of the costs reasonably related...	n/a
(2)	Costs of public safety improvements made necessary by the establishment of the district; and	270,000
(3)	Costs of funding to mitigate any adverse impact...	n/a
(a)	The public facilities or improvements are located in a downtown [TIF] district; and	n/a
(b)	The entire tax increment...	n/a
C.	Costs related to economic development, environmental improvements or employment training...	n/a
(1)	Costs...funding the marketing of the municipality as a business or arts location;	n/a
(2)	Costs of funding environmental improvement projects... for commercial or arts district use	n/a
(3)	Funding to establish permanent economic development revolving loan funds or investment funds;	n/a
(4)	Costs of services to provide skills development and training for residents of the municipality...	n/a
(5)	Quality child care costs...	n/a
(6)	...planning, design, construction, maintenance, grooming and improvements to new or existing recreational trails...	n/a
(7)	Costs associated with a new or expanded transit service, limited to:	n/a
(a)	Transit service capital costs...	n/a
(b)	...ongoing costs of adding to an existing transit system or creating a new transit service...	n/a
D.	Costs of constructing or improving facilities or buildings leased by State Government...	n/a

2.	Unauthorized project costs.	n/a
3.	Limitation.	n/a
	Total	\$ 6,732,500

These projected costs are expected to be incurred throughout the thirty-year term of the proposed TIF District.

III. Development Program Narrative

A. City of Caribou RC-2 Zoning District

The site in question is located within the City's southernmost Rural Commercial Two (RC-2) Zoning District, which parallels US Route 1 from the vicinity of its intersection with State Highway 164 and Dow Siding Road south to Doyle Road (See Exhibit 1). The size of this District is roughly 446 acres (See Exhibit 2), and has a combined Original Assessed Value (OAV) of \$ 5,839,643.^{oo}.

The 2004 Caribou Comprehensive Plan identifies this RC-2 District as a designated growth area (p. 183). It was established to concentrate commercial development requiring immediate access off US Route 1 and to prevent such development from spreading extensively along the entire corridor. As defined by the Zoning Ordinance of the Caribou Code,

“The RC-2 District is intended for commercial uses to which the public requires free and easy access. The lot size requirements are larger than other commercial districts, since the area may not be serviced by public sewer, and the set back requirements are greater, since most RC-2 districts are expected to be along major traveled roads.”

The 2004 Caribou Comprehensive Plan identifies this RC-2 District as a designated growth area (p. 183). It was established to concentrate commercial development requiring immediate access off US Route 1 and to prevent such development from spreading extensively along the entire corridor. As defined by the Zoning Ordinance of the Caribou Code,

The expanded development of the RC-2 zone complies with the following objectives of Title 30-A M.R.S.A. §4312(3), “State Growth Management Goals:”

1. To encourage orderly growth and development in appropriate areas of each community, while protecting the State's rural character, making efficient use of public services and preventing developmental sprawl.
2. To plan, finance, and develop an efficient system of public facilities and services to accommodate anticipated growth and economic development.
3. To promote an economic climate that increases job opportunities and overall economic well-being.

The City of Caribou will utilize the economic incentives afforded with TIF to leverage the development of public-private partnerships to accomplish these goals, and will implement a Development Plan for the RC-2 TIF District and utilize dedicated TIF revenues to support the following goals:

1. The City will utilize the economic incentive to attract residential, commercial, and light industrial development within this designated growth area, concentrating such development to prevent sprawl outside of the target area;
2. The City will use captured revenue to contract for an engineered study of the RC-2 land mass to ascertain its highest and best use, determine its full development poten-

tial, resolve incompatibility issues between adjoining residential and commercial properties, and to estimate the engineered costs of needed public infrastructure for full development of the District;

3. The City will use the captured revenue to continue the extension of public utilities within the target area, including three-phase electrical power and sanitary sewer; and
4. The City will use available funds to construct transportation improvements as provided under the MDOT US Route 1 Corridor Management Plan and supporting the goals and objectives of the Aroostook County Transportation Study.

The City requests that the designation of the RC-2 zone as a TIF District and its Development Program be authorized for the full thirty (30) years as allowed by Statute. This time period recognizes the long-term commitment that will be required to fully construct the extension of public utilities and roadways to maximize the public benefit. The City's past record of implementing such long-term commitments have been documented and the results are tangible.

B. The Project

The proposed project will initially create approximately \$ 450,000 in new assessed property value within the District. The ultimate build-out of the Company's property will add significant additional value to this total. The Company currently employs roughly forty (40) individuals in both full time and seasonal employment. Operation of the warehouse facility will expand one to two additional positions. Construction of these improvements themselves will involve the employment of over thirty (30) workers representing various trades over the course of a four-month term (refer to "Employment Goals," page 2).

The extension of suitable electrical power to this site is essential to the overall success of the Company in fulfilling product contracts with client food processors.

C. The Development Program

Immediate "qualified costs" identified within the newly adopted District Plan involves the extension of three-phase electrical power to 997 Presque Isle Road (US 1), and totals approximately \$24,000. The captured tax revenues from this development alone project the payback on this investment within four years. In addition, intervening properties along this power line will be able to utilize this improvement for their own enhanced development plans.

Other qualified costs identified within the Plan (See Exhibit 3) include:

- Further extension of three-phase electrical service southward along the US Highway 1 corridor to Doyle Road;
- Construction of access roads parallel to the US Highway 1 corridor in order to increase availability of land within the district for commercial and light industrial development;
- Residential development on appropriately designated properties;
- Expansion of the Caribou Utility District sanitary sewer network within the Spring Brook watershed;
- Conflict mitigation between incompatible residential and nonresidential land uses;
- Public open space and cultural amenities; and
- Other public infrastructure construction as deemed appropriate.

D. Strategic Growth and Long Term Development

The Company’s investment in the TIF District will greatly improve the overall development potential for the entire RC-2 zoning district. The provision of adequate public utilities will spur commercial and light industrial development throughout the District.

Long term improvements proposed for the District includes:

9,900 linear feet of 24-foot wide roadway	\$ 1,980,000
US Route 1 improved intersections (3)	300,000
7,500 linear feet of 8” sanitary sewer mains	637,500
2,500 linear feet of 4” sanitary sewer force main	125,000
1 sanitary sewer lift station	125,000
4,500 linear feet three-phase electrical distribution	50,000
Professional site planning and design studies	15,000
1 central district wood biomass heat plant	3,500,000
Total	<u>\$ 6,732,500</u>

The Development Program described herein is proposed for the purpose of administering the District as a tax increment financing district pursuant to Title 30-A M. R. S. A., § 207.

E. Operational Components

1. Public Facilities

The location and character of the proposed TIF District poses several advantages toward achieving the overall success of the Development Program. In 1982, the City financed the extension of sanitary sewer into the northern periphery of the District as part of an aborted attempt to develop the RC-2 Zoning District at that time. Although under utilized, it remains functional, and is available to accommodate increased development.

The first public infrastructure improvement project planned for this district involves the extension of three-phase electrical service from the intersection of US 1 and State Highway 164 south approximately one-quarter mile to the Company’s new potato storage facility. As illustrated on the location map, the Company’s site is centrally located within the District. Their proposed utility improvements will directly benefit intervening properties, and act as a springboard for even further expansion of a robust infrastructural environment.

Any costs associated with the construction of additional public facilities, such as the construction of sanitary sewer mains and access roads, will be identified, and the Development Program will be amended to reflect those findings.

2. Commercial Improvements Financed Through the Development Program

The City’s primary area of responsibility will involve the approval of planning and design of the infrastructure necessary to attract development that will result in uses of private property that will comply with both the Caribou Code of Ordinances, and the 2004 Caribou Comprehensive Plan. Accordingly, the implementation of the District will provide significant economic benefit to the public through:

- Increased local property tax base;
- Revenue stream to help implement development activities;
- Job retention and future growth potential; and
- Increase in flow of revenues to local area from increased commercial and industrial activity.

Projects proposed for inclusion in the Development Program have been prioritized and costs estimated, and as funding allows will be engineered and implemented. As other projects within the District are identified, the Development Program will be amended to allocate District TIF revenues accordingly.

For the next 30 years, the City will apply 100% of the captured assessed value from the proposed TIF District to the District Development Program.

3. Relocation of Displaced Persons

At this time, it is not anticipated that relocation or individuals of families will occur as a result of this project or future District activities. Should future projects identify the need to relocate displaced families or individuals, TIF District revenues will be allocated to help cover those costs.

4. Transportation Improvements

The RC-2 zoning district which comprises the proposed TIF District lies along US Route 1. This road segment has the highest average daily traffic counts of any roadway north of Bangor and is currently designated by the Maine Department of Transportation (MDOT) as a retro-grade arterial road. Municipal land use development policies are impacted by MDOT's "U.S. Route 1 Caribou to Presque Isle Corridor Management Plan" (CMP). This originated with the Aroostook County Transportation Study (ACTS) as part of its objective to construct a limited access highway along the entire north-south axis of Aroostook County as an incentive to improve its economic development potential. The CMP's goal is to preserve transportation mobility along the existing Route 1 corridor so as to avoid traffic congestion in the event of future development. This designation has prohibited past development opportunities due to MDOT's refusal to permit additional curb cuts for development proposals. To comply with the land use planning objectives outlined within the CMP, future developed properties in this District will be required to combine access by constructing parallel access roadways using singular curb cuts. To mitigate adverse impacts to the greatest extent possible, included in this effort will be modifications to intersections with US Route 1, including construction of turning and acceleration lanes. The proposed TIF district will provide dedicated funding opportunities and a development plan to support the goals and objectives of ACTS by constructing these parallel roadways.

5. Environmental Controls

Public review of the Development Plan has raised some environmental concerns, especially noise abatement. Section 13-700, Subsection 20, "Noise" of the Caribou Code of Ordinances shall be enforced to mitigate adverse impacts of commercial and light industrial uses located in proximity to residential properties.

Another environmental consideration within the District concerns the Spring Brook watershed, located in the north portion of the District, and its outfall into the Aroostook River. Section 13-500, "Shoreland Zoning" of the Code applies to this area, with its predominant protection being the observance of 75-foot setbacks from the banks of the stream. One advantage enjoyed by the proposed District is proximity to municipal sanitary sewer service provided by Caribou Utilities District. It should be economically feasible for lands located north of Spring Brook to access this amenity. Responsible development performed in compliance with all provisions of the Code shall be encouraged.

Given the opportunity for large scale planned development in the proposed TIF District, the City will advocate for the incorporation of alternative energy technologies to

ameliorate energy systems within the built environment. The use of locally processed wood biomass for interior space heating is a viable alternative to traditional petroleum-based methods used for this purpose. The economics of scale should make a centralized heating facility feasible.

Should future District project plans identify the need to apply additional environmental controls, TIF District revenues will be allocated to help cover those costs.

6. Plan of Operation

Future public improvements, funded through TIF revenue, shall be owned, operated, and maintained by either the City or applicable utility district. It is anticipated that as funding allows, the City will engage professional consultants to engineer specific projects, and either a private contractor or City Public Works Department will be responsible for construction improvements.

IV. Physical Description

A. Acreage Cap of TIF District

(1) Total Acreage of TIF District	446 Ac.
(2) Total Acreage within City of Caribou	50,747 Ac.
(3) Percentage of Acreage Devoted to TIF District (< 2%)	0.88%

B. Acreage Cap of Existing and Proposed TIF Districts

(4) Total Acreage of All Existing and Proposed TIF Districts Within City	1,081 Ac.
(5) Percentage of Acreage Devoted to TIF District (< 5%)	2.13%

C. Twenty-Five Percent (25%) Rule

(6) By area, is at least twenty-five percent (25%) of real property within the District:	
(a) Blighted:	No
(b) In need of rehabilitation, redevelopment, or conservation work:	No
(c) Suitable of commercial uses:	Yes

V. Financial Plan

The District will have an area of approximately 480 acres. As of 31 March 2012, the Original Assessed Value (OAV) of the proposed District is calculated to be \$ 5,839,643.³⁵ The City will enter into a CEA with the Company in order to assist the Company with financing the cost of the Project.

The Development Plan proposes that beginning on the April 1st after the Commissioner's approval of this TIF District and Development Program, the City will capture one hundred percent (100%) of taxable property value above that of the OAV. This is defined as being TIF Revenues. In the tax year of a qualifying event, as defined by the CEA, the four (4) year term of tax reimbursements to the Company will begin. During the five-year period of tax reimbursements, the City will refund to the Company fifty percent (50%) of TIF revenues generated by the captured assessed value of the real property controlled by the Company located within the District while retaining fifty percent (50%) of TIF revenues generated by the captured assessed value of the real property controlled by the Company located within the District for the City's Project costs. For each year of the

TIF District's thirty-year term occurring either before or after the lifespan of the City's ECA with the Company, the City will retain all TIF Revenues for the City's Project costs. In addition, the City will retain one hundred percent (100%) of any TIF Revenues generated by the captured assessed value of any non-Company owned or leased property located within the District.

The City will establish two Development Program Fund subaccounts:

1. Company reimbursement; and
2. City programs and projects.

Upon each payment of property taxes by the Company, the City, based upon the allocations described above, will deposit into the Development Program Fund Company subaccount that portion of the property tax payment constituting the Company's allocation of TIF Revenue from the Company's Project development in the District. The Development Program Fund Company subaccount is pledged to and charged with the payment of the project costs as provided by Title 30-A M.R.S.A. § 5227(3). The city will disburse funds from the Development Program Fund subaccount to the Company within thirty (30) business days after receipt of the reimbursement from the State of the taxes assessed against the real property in the District.

The CEA will provide TIF Revenue reimbursements to the Company for a period of four (4) years, commencing when the qualifying event specified by the ECA occurs. Estimates of the increased assessed values of the District, anticipated TIF Revenues generated by the District, that portion of TIF Revenues to be applied to the District each year, and the estimated tax shifts are shown in Exhibit C.

A. Costs and Sources of Revenue

Sources of anticipated revenues include: Net Revenues from Net Captured Assessed Value, grant funding, leveraged private investment capital, City revolving loan funds, and City operational funds as designated and allocated in the future.

B. Public Indebtedness

Currently, there is no municipal debt created by the Project. Administrative costs to operate the District will be borne by the City through the use of existing staff.

VI. Financial Data

Valuation Cap on Existing and Proposed TIF Districts

1. Total value of taxable property in all City of Caribou, as of 1 April 2011.	\$ 245,025,100. ⁰⁰
2. Original Assessed Value (OAV) of all existing and proposed TIF districts in all City of Caribou.	54,770,484. ⁰⁰
3. Percentage of total value of taxable property in all City of Caribou made up of the aggregate of the OAV for all existing and proposed tax increment financing districts (cannot exceed 5%)	0.24%
4. Aggregate original principal amount of City indebtedness financed by the proceeds from existing TIF districts within all City of Caribou does not exceed \$ 50,000,000. ⁰⁰ .	YES

VII. Tax Shifts

In accordance with Maine statutes governing the establishment of a tax increment financing district, the table shown in Exhibit 4 identifies the tax shifts that are expected to result during the term of the proposed District.

VIII. Municipal Approvals

A. Notice of Public Hearing

As shown in Exhibit 5, A Notice of Public Hearing was published in the 2 November edition of the *Aroostook Republican*, a newspaper of general circulation within the City of Caribou. The public hearing was held on 14 November 2011, in accordance with Title 30-A M.R.S.A. § 5226(1).

B. Minutes of Public Hearing

The Caribou City Council held a public hearing regarding the proposed District on 14 November 2011. A certified copy of the hearing minutes is shown in Exhibit 6.

C. Authorization Votes

On 23 January 2012, The Caribou City Council voted 6-0 to “authorize the Administration to submit an Application to the Maine Department of Economic and Community Development to establish a Tax Increment Financing District for the current RC-2 off Route 1, as amended to include the modification for Shoreland Zoning requirements for Spring Brook.”

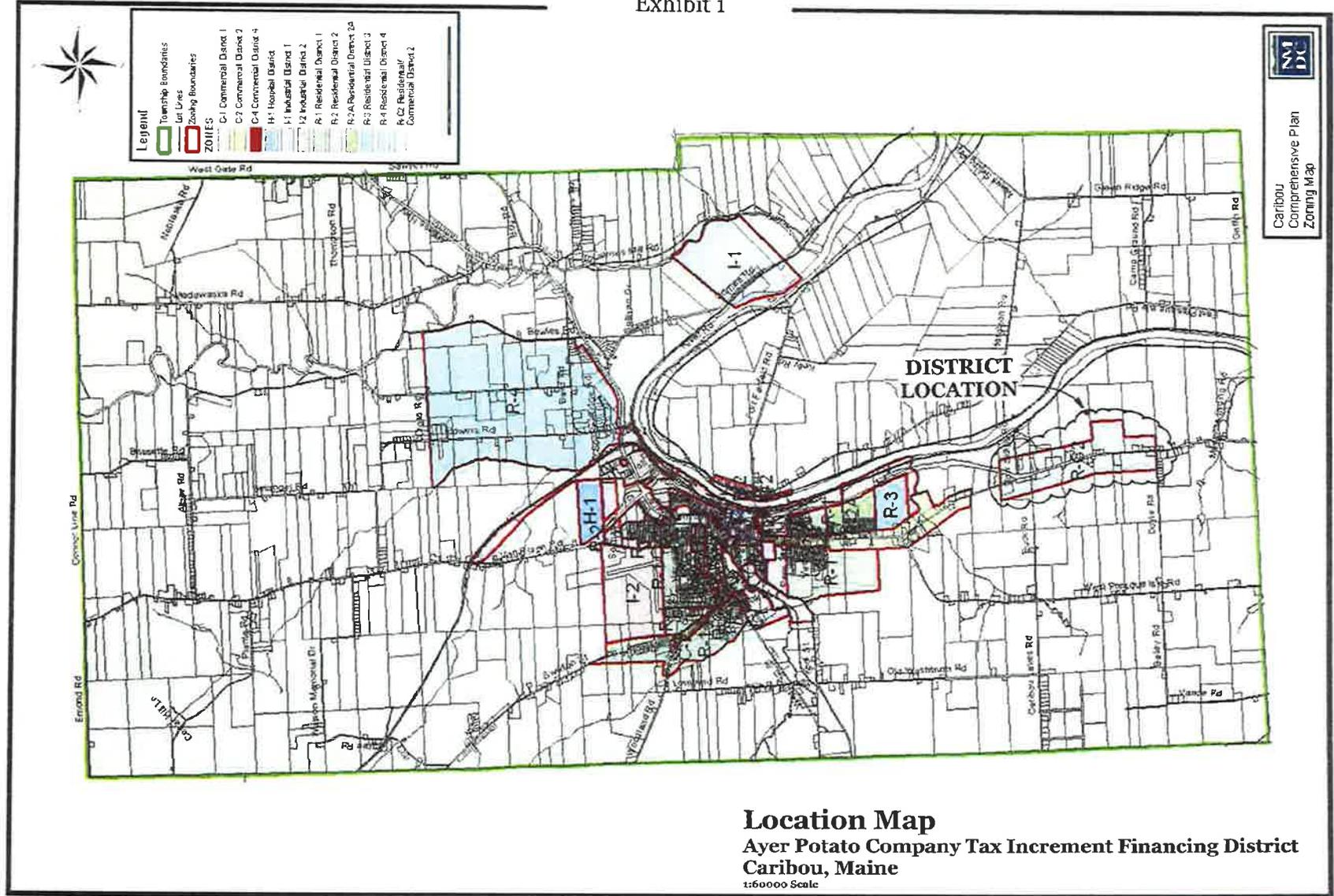


Exhibit 2

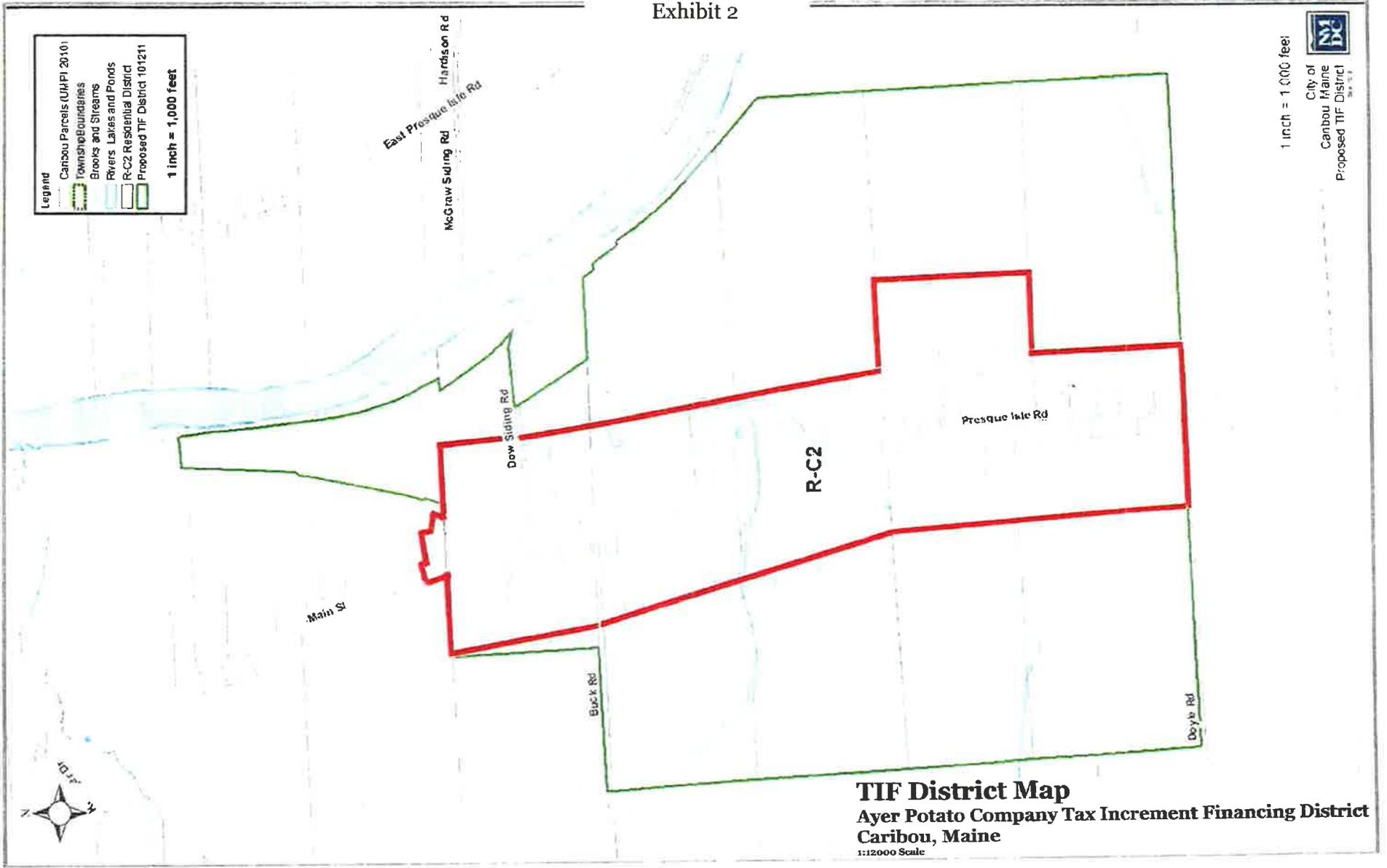
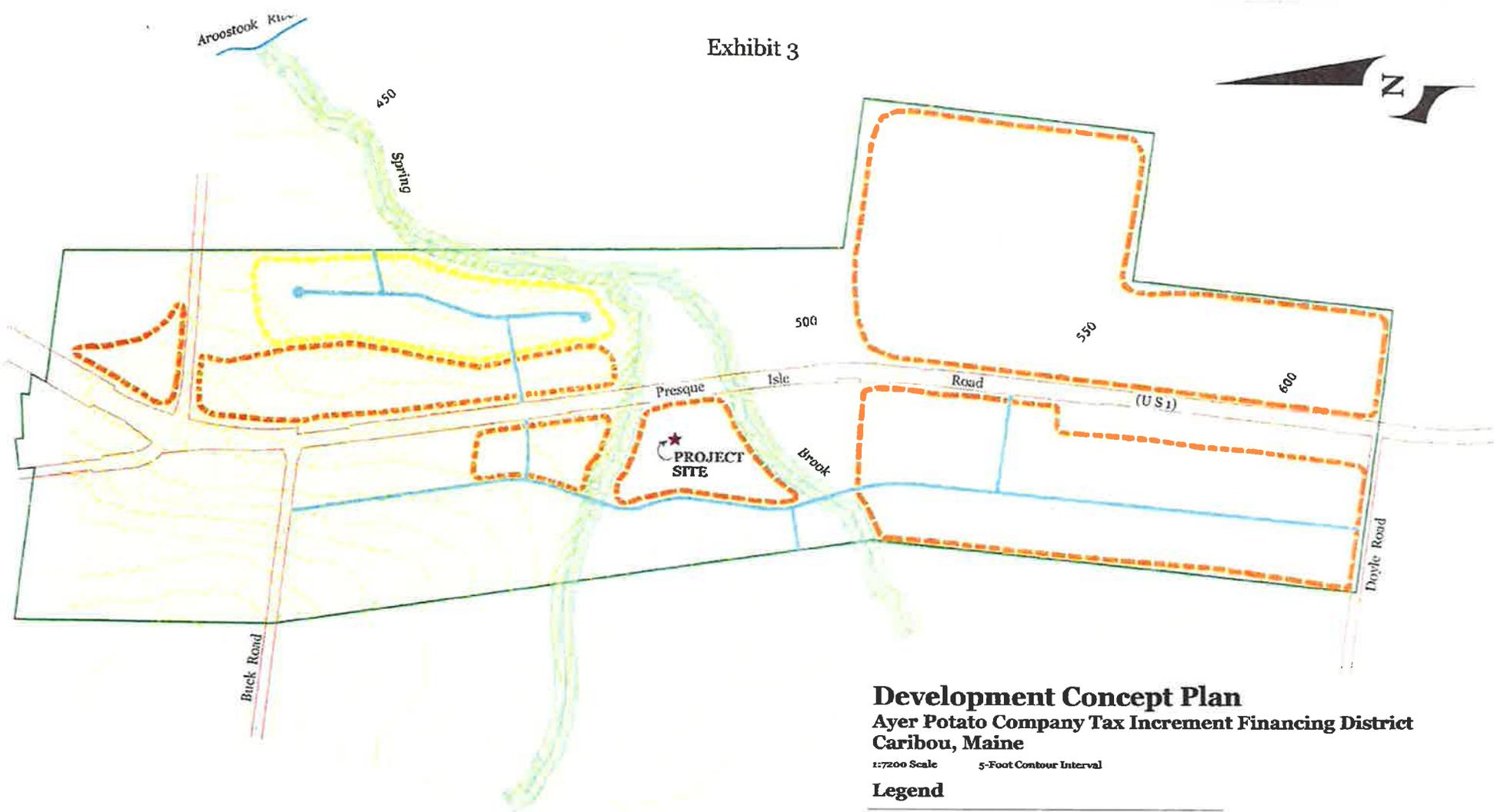


Exhibit 3



Development Concept Plan
Ayer Potato Company Tax Increment Financing District
Caribou, Maine

1:7200 Scale 5-Foot Contour Interval

Legend

-  Residential Development Area
-  Commercial Development Area
-  Light Industrial Development Area
-  Spring Brook Shoreland Protection Zone
-  Municipal Sanitary Sewer Service Area
-  Municipal Access Roads
-  TIF District Boundary

County Tax Shift

1. Estimated Average County Tax for past 10 Years

	County Tax	Percent County Change	County Valuation	Percent Municipal Change	Municipal Valuation	Percent Change	Mil Rate	Percent Change	Original OAV
2002	\$307,577.00		\$3,167,930,000		254,249,500.00			22.52	
2003	\$324,073.00	5.36%	\$3,203,250,000	1.11%	258,157,800.00	1.54%	23.25	3.24%	OAV as of March 31st, 2012
2004	\$331,884.00	2.41%	\$3,315,000,000	3.49%	262,221,700.00	1.57%	23.50	1.08%	\$5,839,643.35
2005	\$338,517.00	2.00%	\$3,443,700,000	3.88%	264,344,000.00	0.81%	25.50	8.51%	
2006	\$334,800.00	-1.10%	\$3,642,500,000	5.77%	257,356,400.00	-2.64%	24.50	-3.92%	Length of TIF 30
2007	\$342,323.00	2.25%	\$3,839,300,000	5.40%	273,045,350.00	6.10%	24.00	-2.04%	Length of CEA 4
2008	\$355,272.00	3.78%	\$4,149,400,000	8.08%	263,945,800.00	-3.33%	24.00	0.00%	Average Mil Rate 26
2009	\$351,859.20	-0.96%	\$4,459,000,000	7.46%	323,406,000.00	22.53%	24.00	0.00%	
2010	\$354,009.10	0.61%	\$4,812,000,000	7.92%	342,700,000.00	5.97%	24.10	0.42%	
2011	\$356,051.70	0.58%	\$4,977,600,000	3.44%	357,286,000.00	4.26%	26.10	8.30%	
10Yr Avg Rate Growth		1.66%		5.17%		1.78%		1.73%	

Year of TIF	Progression of County Tax	County Valuation	NCAV Real Property - Assumes 0.9817% growth per year on New Combined OAV	Single Project Injection - Real Property	Depreciation	NCAV Personal Property	Combined NCAV Real & Personal Property	County Tax Shift by Year	Education Mil Rate Effort per Year	Education Tax Shift by Year	Combined Tax Shifts by Year	Foregone Municipal Tax by Year	Foregone Municipal Tax Less School Shifts	Foregone Tax Less Schools Less Beneficial
1	\$361,958.64	\$4,037,911,028	\$104,113.69	\$0.00	60%	\$0.00	\$104,113.69	\$9.33	0.00916	\$953.33	\$962.67	\$2,706.96	\$1,353.48	\$390.81
2	\$367,963.59	\$4,246,796,413	\$210,083.59		50%	\$0.00	\$210,083.59	\$18.20	0.00916	\$1,922.95	\$1,941.15	\$5,462.17	\$2,731.09	\$789.93
3	\$374,068.15	\$4,466,487,659	\$317,942.81		50%	\$0.00	\$317,942.81	\$26.63	0.00916	\$2,909.12	\$2,935.75	\$8,266.51	\$4,133.26	\$1,197.51
4	\$380,273.99	\$4,697,543,764	\$427,725.03		50%	\$0.00	\$427,725.03	\$34.63	0.00916	\$3,912.10	\$3,946.73	\$11,120.85	\$5,560.43	\$1,613.70
5	\$386,582.79	\$4,940,552,645	\$539,484.53		50%	\$0.00	\$539,484.53	\$42.21	0.00916	\$0.00	\$0.00	\$0.00	\$0.00	-\$42.21
6	\$392,996.25	\$5,196,132,631	\$653,196.21		50%	\$0.00	\$653,196.21	\$0.00	0.00916	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
7	\$399,516.11	\$5,464,934,038	\$768,955.58		50%	\$0.00	\$768,955.58	\$0.00	0.00916	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
8	\$406,144.13	\$5,747,640,824	\$886,778.81		50%	\$0.00	\$886,778.81	\$0.00	0.00916	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
9	\$412,882.11	\$6,044,972,331	\$1,006,702.67		50%	\$0.00	\$1,006,702.67	\$0.00	0.00916	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
10	\$419,731.88	\$6,357,685,108	\$1,128,764.64		50%	\$0.00	\$1,128,764.64	\$0.00	0.00916	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
11	\$426,595.29	\$6,686,574,847	\$1,253,002.81		50%	\$0.00	\$1,253,002.81	\$0.00	0.00916	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
12	\$433,774.22	\$7,032,478,398	\$1,379,456.01		50%	\$0.00	\$1,379,456.01	\$0.00	0.00916	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
13	\$440,970.59	\$7,396,275,904	\$1,508,163.70		50%	\$0.00	\$1,508,163.70	\$0.00	0.00916	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
14	\$448,286.35	\$7,778,893,037	\$1,639,166.10		50%	\$0.00	\$1,639,166.10	\$0.00	0.00916	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
15	\$455,723.48	\$8,181,303,357	\$1,772,504.11		50%	\$0.00	\$1,772,504.11	\$0.00	0.00916	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
16	\$463,284.00	\$8,604,530,786	\$1,908,219.37		50%	\$0.00	\$1,908,219.37	\$0.00	0.00916	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
17	\$470,969.94	\$9,049,652,215	\$2,046,354.28		50%	\$0.00	\$2,046,354.28	\$0.00	0.00916	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
18	\$478,783.39	\$9,517,800,244	\$2,186,951.95		50%	\$0.00	\$2,186,951.95	\$0.00	0.00916	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
19	\$486,726.47	\$10,010,166,064	\$2,330,056.31		50%	\$0.00	\$2,330,056.31	\$0.00	0.00916	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
20	\$494,801.33	\$10,528,002,484	\$2,475,712.05		50%	\$0.00	\$2,475,712.05	\$0.00	0.00916	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
21	\$503,010.15	\$11,072,627,128	\$2,623,964.65		50%	\$0.00	\$2,623,964.65	\$0.00	0.00916	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
22	\$511,355.15	\$11,645,425,778	\$2,774,860.41		50%	\$0.00	\$2,774,860.41	\$0.00	0.00916	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
23	\$519,838.60	\$12,247,855,904	\$2,928,446.46		50%	\$0.00	\$2,928,446.46	\$0.00	0.00916	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
24	\$528,462.79	\$12,881,450,374	\$3,084,770.76		50%	\$0.00	\$3,084,770.76	\$0.00	0.00916	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
25	\$537,230.06	\$13,547,821,353	\$3,243,882.13		50%	\$0.00	\$3,243,882.13	\$0.00	0.00916	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
26	\$546,142.78	\$14,248,664,403	\$3,405,830.26		50%	\$0.00	\$3,405,830.26	\$0.00	0.00916	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
27	\$555,203.36	\$14,985,762,802	\$3,570,665.73		50%	\$0.00	\$3,570,665.73	\$0.00	0.00916	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
28	\$564,414.25	\$15,760,992,076	\$3,738,440.01		50%	\$0.00	\$3,738,440.01	\$0.00	0.00916	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
29	\$573,777.96	\$16,576,324,777	\$3,909,205.50		50%	\$0.00	\$3,909,205.50	\$0.00	0.00916	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
30	\$583,297.01	\$17,433,835,495	\$4,083,015.54		50%	\$0.00	\$4,083,015.54	\$0.00	0.00916	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
										\$9,828.51	\$27,556.49	\$13,778.25	\$3,949.74	

Exhibit 4



Mary Kate Barbosa

...I have contributed to during my first term." "A very important issue facing the community is that of maintaining the level of service on

which our citizens have come to rely on, while facing the challenge of dwindling state contributions to the city."

Barbosa described her primary goal, if elected "I would like to continue to maintain an environment of open dialogue and honest discussion where citizens' opinions are respected and they are not vilified for voicing their views."

In response as to why voters should re-elect her to the city council, the candidate stated, "I have the experience, open-mindedness and earnestness needed to represent all citizens of Caribou."

Barbosa was born and raised in Caribou and is a graduate of CHS. She and her husband David have three children, one of whom graduated from CHS and two who currently attend Caribou schools.

...since that time Genthner is chairperson of Board of Ar two and one l ous term, I se board and ha for three terms.



David R. Genthner, Sr.

manager/coach for the Caribou Little League from 1993-1997.

A 2007 graduate of Northern Maine Community College and currently employed at the Loring Job Corps Center in the transportation office, the candidate said, "I have been employed there (LJC) for more than 12 years and have worked in the transportation, building and ground maintenance fields, both private and public sectors since my honorable discharge from the U.S. Air Force in 1978."

Genthner stated he decided to seek election to the city council in order, to use his "leadership experience on the Zoning Board and to serve the citizens of Caribou as a team member on the city council, while being community-spirited and an independent thinker for all the citizens of Caribou."

In response as to what he sees as the most important issue facing the community Genthner stated, "we need to balance the city budget without adding any more financial burden on the taxpayers. There are

Exhibit 5

and which an't blame f the city; k a second at they are they have id depart-

...RIGHT HEADS JUST LIKE I DO at my job."

The candidate's primary goal, if elected, is, "to get the city budget balanced without tax increases. To make Caribou more 'business-friendly' for new businesses to move into. We need to make Caribou a place for people to move to and raise families and to reverse the 'brain drain' of our people who were educated in the county and left for 'greener' jobs that put money in someone else's pocket downstate or out of state. We need to make Caribou a destination for success, not a tourist layover stop."

Genthner feels voters should elect him to a council seat because, he was told by several people that "it doesn't matter how many campaign signs you post around Caribou for the election, that just shows how much money you spent on your campaign. What your platform is, is what counts."

"Some of my opponents will use trendy works like 'transparency' or being 'transparent.' How about using words like honesty, integrity and especially the word 'ethics?' When did you hear a candidate use those words lately? I ran two years ago and lost but I didn't lose any sleep. Like I told people two years ago, what's the worse that's going to happen — I'm going to lose. I'm telling them the same thing again this election. I'm still going to sleep if I lose and I will be back at work on the 9th of November. How's that for honesty? Also I was asked to run for a seat on the RSU 39 Board of Education because of my background in county education."

Please Turn to Page 3, VOTE

Notice of Public Hearing City of Caribou

There will be three Public Hearings at the Caribou City Council Chambers, 25 High Street, on November 14th, 2011 at 7:00 p.m. The Hearings will be to receive verbal and written comment on the proposed application to establish a Tax Increment Financing District for the RC-2 District along Route 1. The City intends to apply to the State to form a District to direct and incentive growth and extend public utilities and infrastructure in this dedicated growth area, pursuant to 30-A MRSA §5226. A draft application is available from the City Clerk. Interested parties are encouraged to attend or submit written comment prior to the Council proceeding to form the district.



combined 230 years of service s best.

...ard Schmidt, 5 years; Robin Palmer, ears. (Right photo, l-r): Tori Barber, 20 Parent, 15 years. Absent from photos.

KAMELEON™ Change is Natural. A logo featuring a chameleon and various circular patterns.

ARRESTOOK REPUBLICAN 2 NOVEMBER 2011



Exhibit 6
City of Caribou, Maine
1859 - 2009

Municipal Building
25 High Street
Caribou, ME 04736
Telephone (207) 493-3324
Fax (207) 498-3954
www.cariboumaine.org

Below is an excerpt from the minutes of the November 14, 2011 Caribou City Council Meeting. The minutes were approved November 28, 2011 by a vote of the Caribou City Council.

Council Agenda Item #7: *Public Hearing to receive written and verbal input on the proposed application to the State of Maine to establish a Tax Increment Financing District for the RC-2 Zone on Route 1.*

7:30 p.m. Public Hearing Opened.

Philip Bosse asked a series questions about the proposed application to establish a Tax Increment Financing District (TIF). Mr. Buck provided background information on the proposed TIF application including the goals that any dedicated revenues would support. The immediate investment in the TIF would be the extension of three-phase electrical power which has an estimated cost of \$24,000. Mr. Buck explained that any improvements in the TIF would not be speculative but done as development warrants it.

Forty-eight landowners were sent notification of this meeting. Anne and Steve Lagasse expressed their concerns about retaining property values for their home and others in the area. Denise Bosse spoke about living in their home since 1976 and how the area has changed from residential to increased commercial use. The Bosse's have experienced problems with their electricity, noise levels, and light pollution since the building and use of the Ayer potatoes storage facility.

Mr. Shrewsberry commented that any development will have to go through site planning and Planning Board review. So far the Planning Board has not been involved in the planning of the proposed TIF.

Mr. Bosse wants the Council to remember that this zone is a Residential Commercial.

8:23 p.m. Public Hearing Closed.

Exhibit 7

Below is an excerpt from the minutes of the January 23, 2012 Caribou City Council Meeting. The minutes were approved February 13, 2012 by a vote of the Caribou City Council.

Council Agenda Item #4: Review of the pending RC-2 Tax Increment Financing District establishment and application to the State of Maine Department of Economic and Community Development.

Community Development Director Michael Shrewsberry presented and commented on the revised RC-2 Tax Increment District Development Program and Financing Plan application. The revised application was developed after environmental questions were raised by Caribou residents living in the RC-2. Recently, the Code Enforcement Officer has received noise monitoring equipment which will allow for the enforcement of the City's noise and sound levels limits. During the Public Hearing, the RC-2 residents expressed concern about increasing the emphasis on commercial development rather than the residents of this zone. The revised application proposes using dedicated revenues to study the highest and best use of the RC-2 development area and to resolve incompatibility issues between adjoining residential and commercial properties. The Councilors asked several questions concerning noise levels, power surges, extension of public utilities, and Spring Brook.

Motion made by D. Martin, seconded by MK Barbosa, to authorize Administration to submit an Application to the Maine Department of Economic and Community Development to establish a Tax Increment Finance District for the current RC-2 off Route 1 as amended to include the modification for the Shoreland Zoning requirements for Spring Brook. (6 yes) So voted.

February 14, 2012

A True Copy Attest:



Jayne R. Farrin
Caribou City Clerk



City of Caribou, Maine
1859 - 2009

Municipal Building
25 High Street
Caribou, ME 04736
Telephone (207) 493-3324
Fax (207) 498-3954
www.cariboumaine.org

**ASSESSOR'S CERTIFICATE
CITY OF CARIBOU, MAINE
MUNICIPAL ASSESSOR**

The undersigned City Assessor for the City of Caribou, Maine does hereby certify pursuant to the provisions of 30-A M.R.S.A. Section 5227(2) that the assessed value of the **RC-2 Tax Increment Financing District** as described in the Development Program to which this Certificate is included was,

\$5,839,643.35 effective March 31, 2011.

The undersigned further certifies that the tax map and municipal map on which the District is delineated and which are attached to the Development Program referenced above as Exhibits and are accurate depictions of the District and the municipality.

IN WITNESS WHEREOF, this Certificate has been executed as of this 28th day of February 2012.

City of Caribou

Elizabeth A. O'Bar, CMA
Assessor's Agent

Attached are the documents of the Map and Lot valuations of those parcels as depicted in Caribou's RC-2 designation.

John P. Holden
jholden@eatonpeabodyconsulting.com



77 Sewall Street, Suite 2000
P.O. Box 5249, Augusta, Maine 04332-5249
Telephone 207-622-9820
Fax 207-622-9732
eatonpeabodyconsulting.com

November 7, 2012

Laura Santini-Smith
Director of Tax Incentive Programs
Dept. of Economic & Community Development
59 State House Station
Augusta, ME 04333-0059

RE: City of Caribou

Dear Smitty,

Enclosed is an Addendum to the *RC-2 Zoning District Tax Increment Financing District Development Program and Financing Plan*. This Addendum is being submitted to clarify points to the above referenced TIF Program

This Addendum is attached and clarifies for you, Smitty, the submission you were provided on February 29, 2012 (also enclosed). This Addendum clarifies the public process as well as other the items you and I discussed. We clarified these items as well, of course, with the public and Town Council as further explained in the Addendum and the attachments.

We appreciate your attention to the review of this Addendum. As always, I am available to answer any questions you may have.

Sincerely,

A handwritten signature in black ink, appearing to be "John Holden".

John Holden

Enclosure

cc: Michael Shrewsberry, Director of Community Development, City of Caribou



City of Caribou, Maine

*Municipal Building
25 High Street
Caribou, ME 04736
Telephone (207) 493-3324
Fax (207) 498-3954
www.cariboumaine.org*

October 3, 2012

Laura Santini-Smith, Director of Tax Incentive Programs
Office of the Commissioner
Department of Economic & Community Development
59 State House Station
Augusta, ME 04333-0059

Re: Addendum to the RC-2 Zoning District Tax Increment Financing District and Financing Plan

Dear Ms. Smith:

In accordance with Chapter 206 of Title 30-A of the Maine Revised Statutes, as amended, enclosed for approval herewith is an Addendum to the RC-2 Zoning District Tax Increment Financing District and Financing Plan. A Municipal Resolve approving the Addendum was approved by City vote at a City meeting on September 10, 2012. A record of that municipal approval is also included.

Further, this letter is to certify that all information contained in this TIF application is true and correct to the best of my knowledge.

The City of Caribou appreciates DECD's attention to this addendum, and we look forward to approval once your review has been completed. This application was prepared with the assistance of Eaton Peabody Consulting Group, and John Holden of their staff is prepared to answer any of your questions regarding this submittal. If I can be of further assistance, please don't hesitate to call my office at the number shown.

Sincerely,

Margaret Daigle
Interim City Manager

cc: John Holden, Eaton Peabody Consulting Group

Addendum

to the

RC-2 Zoning District

Tax Increment Financing District Development Program and Financing Plan

City of Caribou

Approved by City Council

14 November, 2011

This Addendum is submitted to clarify points to the above referenced Tax Increment Financing District Development Program and has been made available to the Public as of August 29, 2012 and reviewed at a Public Hearing on September 10, 2012 and acted upon by City Council vote on September 10, 2012.

Table of Contents: Addendum

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Summary Introduction1
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Statutory Requirements and Thresholds Worksheet.....6

Attachments

1. Notice of November 14, 2011 Public Hearing
2. Minutes of November 14, 2011 Public Hearing on proposed District
3. Minutes of January 23, 2012 Council Meeting, approving the District and Development Plan
4. Notice of May 14, 2012 Public Hearing
5. Minutes of May 14, 2012 Public Hearing
6. Notice of September 10, 2012 Public Hearing
7. Minutes of September 10, 2012 Public Hearing
8. TIF District Maps
9. Reference List of Maps and Lots within the TIF District
10. Memorandum from Mike Shrewsberry to Caribou City Council dated September 10, 2012
11. RC-2 Zoning District Tax Increment Financing District Development Program and Financing Plan, City of Caribou, Approved by the City Council November 14, 2011

Summary Introduction

This Addendum is submitted and attached as part of the *RC-2 Zoning District Tax Increment Financing (TIF) District Development Program and Financing Plan*, approved by City Council November 14, 2011.

The Addendum clarifies the schedule of events, public review, terms of future Credit Enhancement Agreements (CEAs), parcels included, and other items required for final approval of the Program by the Maine Department of Economic and Community Development (DECD).

The Addendum clarifies and updates the *Development Program* approved on November 14, 2011 and presents these updates and clarifications as part of a September 10, 2012 Public Hearing and Council Vote to finalize the *RC-2 Zoning District Tax Increment Financing (TIF) District Development Program and Financing Plan*, for approval by DECD.

It is understood that the municipal projects identified in this TIF District and its Development Program are funded exclusively by this TIF Program and are specific to the revenues generated by this TIF District.

Schedule of Events

The following outline the public notices, hearings, Council meetings and votes in the development of the TIF and initial CEA.

1. November 2, 2011. Notice of Public Hearing to be held on November 14, 2011, published in the Aroostook Republican. Copy of Notice included in TIF Application submitted to DECD on February 29, 2012. Copied in this Addendum as *Attachment 1*.
2. November 14, 2011. Public Hearing on the proposed TIF Application. Minutes taken. Minutes certified and attested and included as part of this Addendum as *Attachment 2*.
3. November 14, 2011. Action taken (Council vote) to proceed with the TIF application. See "Council Agenda Item #8" included as part of *Attachment 2*.
4. January 23, 2012. Council Meeting. The *Development Program* was revised to include project costs to mitigate negative impacts as a result of activity in the District, notably "noise levels," among others. The revised *Development Program* was reviewed by Council and a vote was made to approve these changes (see Council Minutes, January 23, 2012; included as *Attachment 3* of this Addendum). The changes to the *Development Program*, however, were not presented at a Public Hearing. These changes are now incorporated and noted as part of this Addendum and the presentation of this Addendum at the September 10, 2012 Public Hearing and Council Vote.
5. May 2, 2012. Notice of Public Hearing to be held on May 14, 2012, published in the Aroostook Republican. Public Hearing called for comment on the Initial CEA within the *RC-2 Zoning District Tax Increment Financing (TIF) District Development Program and Financing Plan*. Included as *Attachment 4*.
6. May 14, 2012. An attested copy of the minutes from the May 14, 2012 Public Hearing are provided as *Attachment 5* of this Addendum. The CEA approved by Council at the May 14, 2012 Council Meeting (following the Public Hearing of same date) is included as part of this Addendum.
7. August 29, 2012. Notice of Public Hearing to be held on September 10, 2012, published in Aroostook Republican. See *Attachment 6*. This Addendum was available for comment as of that date.
8. September 10, 2012. Public Hearing on this Addendum. Attested minutes from the Public Hearing included here as *Attachment 7*.
9. September 10, 2012. Council Meeting and vote to approve Addendum and the entire *RC-2 Zoning District Tax Increment Financing (TIF) District Development Program and Financing Plan*. Included here as part of *Attachment 7*. For clarity to the Council, the Council Agenda package included a revision of the *Development Program* with edits that match this Addendum (see *Attachment 10*).

Additions to RC-2 Zoning District Tax Increment Financing (TIF) District Development Program and Financing Plan Text

The following text is inserted to the Development Program. In general, the inserted text clarifies the projects identified in the *Development Program* and refers to the allowable costs as outlined in the new Table 1 (below).

Under II.C.A. Inserted before the replaced Table 1 (below): The City shall also consider future additional CEA's within the District. Future CEA's will be considered on a case-by-case basis but may range from 0% up to 100% for a term of up to 10 years but not to exceed the term of the TIF District.

Under III.A. Inserted just prior to Section B: Municipal projects identified to meet the objectives stated above are detailed in Table 1. In addition to the above municipal objectives of the TIF Program and the "Initial Project" as noted below and here within, the City shall consider future and additional CEA's within the District. Future CEA's will be considered on a case-by-case basis but may range from 0% up to 100% for a term of up to 10 years but not to exceed the term of the TIF District.

Section III.B. Is hereby renamed "Initial Project." Furthermore the following text is added just prior to Section C: The initial project under this TIF Program includes a CEA as further defined within this *Program* and approved by Council. That CEA as contemplated and approved as part of this *Program* is to cover qualified costs under §5225(1)(A)(1)(a) for the extension of three-phase power to 997 Presque Isle Road.

Deletions from RC-2 Zoning District Tax Increment Financing (TIF) District Development Program and Financing Plan Text

The following text is hereby stricken from the Development Program:

Section III.C. "The Overall Development Program" in its entirety is stricken from the RC-2 Zoning District Tax Increment Financing (TIF) District Development Program and Financing Plan.

Section III.D. "Strategic Growth and Long Term Development" in its entirety is stricken from the RC-2 Zoning District Tax Increment Financing (TIF) District Development Program and Financing Plan.

The pertinent information and text from Section C and Section D has been revised, clarified, and restated elsewhere in this Addendum, notably and primarily in Table 1.

Clarifications to Exhibit 5

The following shall clarify the projections and figures in Exhibit 5 of the *RC-2 Zoning District Tax Increment Financing (TIF) District Development Program and Financing Plan*.

1. Column "Total Projected Annual TIF Revenues" provides the projected estimates for the anticipated funds to be generated by and within the TIF District.
2. The total estimated costs are budgetary only. The total costs include all possible projects contemplated and allowable under statute within the Program. Actual project costs and allocations shall take place annually and under standard budgetary approval procedures in the community.
3. Projections in Exhibit 5 do not account for any anticipated additional revenues from community revaluation. This revaluation may result in projected revenues increasing by over \$1.0MM.
4. Projections do not account for future CEAs.

Replacing Table 1

The following introductory text and table shall replace Table 1.

The following Table 1 identifies the allowable costs under §5225.1. These costs represent the range of Municipal Development Projects contemplated by the City as part of the *RC-2 Zoning District Tax Increment Financing (TIF) District Development Program and Financing Plan*.

Ref#	Project	Eligibility Under Title 30-A	Estimated Cost
MUNICIPAL INVESTMENTS WITHIN THE PROPOSED TIF DISTRICT			
1	Acquisition (real property assembly) or construction of land, improvements, buildings, structures, fixtures and equipment for public or commercial use in the District including but not limited to the following public infrastructure projects in the District: <ul style="list-style-type: none"> * 9,900 linear feet of 24-foot wide roadway * US Route 1 improved intersections * 7,500 linear feet of 8" sanitary sewer mains (in District) * 2,500 linear feet of 4" sanitary sewer force main (in District) * 1 sanitary sewer list station * 4,500 linear feet of 3-phase electrical distribution 	§5225(1)(A)(1)(a-d) & §5225(1)(A)(3)	\$2,500,000
2	Professional service costs, including, but not limited to, licensing, architectural, planning, engineering and legal expenses associated with those projects identified above (Ref# 1) or allowable costs for improvements made within the District.	§5225(1)(A)(4)	\$100,000
3	Administrative costs, including, but not limited to, reasonable charges for the time spent by municipal employees in connection with the implementation of a development program.	§5225(1)(A)(5)	\$150,000
4	Organizational costs relating to the establishment of the district, including consulting and legal costs as well as consultant or other professional costs for studies as well as the implementation of the project plans here within	§5225(1)(A)(7)	\$10,000

MUNICIPAL INVESTMENTS OUTSIDE THE PROPOSED TIF DISTRICT, BUT NECESSITATED BY THE DISTRICT			
5	Costs of funding to mitigate any adverse impact of the District upon the municipality its constituents, including noise impacts from activity in the District	§5225(1)(B)(3)	\$100,000
COMMUNITY-WIDE MUNICIPAL INVESTMENTS			
6	Costs of funding economic development programs or funding the marketing of the municipality as a business location	§5225(1)(C)(1)	\$300,000
7	Costs associated with new or existing recreational trails determined by the department to have significant potential to promote economic development, including, but not limited to, costs for multiple projects and project phases that may include planning, design, construction, maintenance, grooming and improvements with respect to new or existing recreational trails, which may include bridges that are part of the trail corridor, used all or in part for all-terrain vehicles, snowmobiles, hiking, bicycling, cross-country skiing or other related multiple uses. Such trail and trail associated costs include (but are not limited to) those projects outlined in the comprehensive "Caribou Recreation Trails Plan", November 2004.	§5225(1)(C)(6)	\$200,000
<u>TOTAL</u>			\$3,360,000.00

STATUTORY REQUIREMENTS & THRESHOLDS

A. ACRE LIMITATION			
1. Total Acreage of Municipality			50747 Ac.
2. Total Acreage of Proposed Municipal TIF District			446 Ac.
3. Total Downtown acres contained in the Proposed Municipal TIF District			n/a
4. Total Transit acres contained in the Proposed Municipal TIF District			n/a
5. Total acreage of Proposed Municipal TIF District counted towards 2% cap (A2-A3-A4)			446 Ac.
6. Percentage of total acreage in proposed municipal TIF District (cannot exceed 2%) <i>Divide A5 by A1</i>			0.88%
7. Total acreage of all existing and proposed municipal TIF districts in the municipality. <i>Add A2 to sum of all existing TIF district acreage.</i>			1081 Ac.
8. Total acreage of an existing or Proposed Downtown TIF District in the municipality.			635 Ac.
9. Total acreage of all <u>existing</u> Pine Tree Zone TIF Districts in the municipality.			n/a
10. Total acreage of all existing or Proposed Transit TIF Districts in the municipality.			n/a
11. Total acreage of all existing and Proposed Municipal TIF Districts in the municipality counted toward 5% cap. <i>Subtract A8+A9+A10 from A7.</i>			446Ac.
12. Percentage of total acreage in all existing and proposed Municipal TIF Districts (cannot exceed 5%) <i>Divide A11 by A1.</i>			0.88%
13. Total Acreage of all real property in the Proposed Municipal TIF District that is:			
(Note: a, b, or c must be at least 25%)			%
a. Blighted (Divide acres by A2)	0		
b. In need of rehabilitation/conservation (Divide acres by A2)	0		
c. Suitable for industrial/commercial site (Divide acres by A2)	240 ac	54%	
TOTAL	240 ac	54%	
B. VALUATION LIMITATION			
1. Total Aggregate Value (TAV) of Municipality - <i>Use most recent April 1st</i>			\$ 245,025,100
2. Original Assessed Value (OAV) of Proposed Municipal TIF District. <i>Use March 31st of tax year preceding date of municipal designation</i>			\$ 5,839,643
3. Total OAV of all existing and Proposed Municipal TIF Districts in the municipality. <i>Add b2 to sum of all existing TIF district OAVs</i>			\$ 54,770,484
4. OAV of an existing or proposed Downtown TIF District in the municipality.			\$ 49,032,100
5. OAV of all <u>existing</u> Pine Tree Development Zone TIF Districts in the municipality.			n/a
6. OAV of all existing or Proposed Transit TIF Districts in the municipality.			n/a
7. Total OAV of all existing and Proposed Municipal TIF Districts in the municipality counted toward 5% cap <i>Subtract B4 + B5 + B6 from B3</i>			\$ 5,839,643
8. Percentage of total OAV to TAV in all existing and Proposed Municipal TIF Districts (cannot exceed 5%) <i>Divide B7 by B1</i>			0.24%



*City of Caribou, Maine
1859 - 2009*

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Below is an excerpt from the minutes of the November 14, 2011 Caribou City Council Meeting. The minutes were approved November 28, 2011 by a vote of the Caribou City Council.

Council Agenda Item #7: Public Hearing to receive written and verbal input on the proposed application to the State of Maine to establish a Tax Increment Financing District for the RC-2 Zone on Route 1.

7:30 p.m. Public Hearing Opened.

Philip Bosse asked a series questions about the proposed application to establish a Tax Increment Financing District (TIF). Mr. Buck provided background information on the proposed TIF application including the goals that any dedicated revenues would support. The immediate investment in the TIF would be the extension of three-phase electrical power which has an estimated cost of \$24,000. Mr. Buck explained that any improvements in the TIF would not be speculative but done as development warrants it.

Forty-eight landowners were sent notification of this meeting. Anne and Steve Lagasse expressed their concerns about retaining property values for their home and others in the area. Denise Bosse spoke about living in their home since 1976 and how the area has changed from residential to increased commercial use. The Bosse's have experienced problems with their electricity, noise levels, and light pollution since the building and use of the Ayer potatoes storage facility.

Mr. Shrewsberry commented that any development will have to go through site planning and Planning Board review. So far the Planning Board has not been involved in the planning of the proposed TIF.

Mr. Bosse wants the Council to remember that this zone is a Residential Commercial.

8:23 p.m. Public Hearing Closed.

Below is an excerpt from the minutes of the November 28, 2011 Caribou City Council public meeting.

A regular meeting of the Caribou City Council was held 7:00 p.m. on Monday, November 28, 2011 in Council Chambers with the following members present: Mayor Kenneth G. Murchison, Jr., Deputy Mayor Christopher A. R. Bell, David Martin, Miles R. Williams, John R. Boone, and Mary Kate Barbosa. R. Mark Goughan was absence and excused.

Steven R. Buck, City Manager was present.

Council Agenda Item #2: Consider authorizing the minutes of the following meetings:

A. November 14, 2011 Council Meeting

Motion made by C. Bell, seconded by M. Williams, to accept the minutes of the November 14, 2011 Council meeting as presented. (6 yes) So voted.

October 24, 2012

A True Copy Attest:

Jayne R. Farrin

Caribou City Clerk

Below is an excerpt from the minutes of the January 23, 2012 Caribou City Council Meeting. The minutes were approved February 13, 2012 by a vote of the Caribou City Council.

Council Agenda Item #4: Review of the pending RC-2 Tax Increment Financing District establishment and application to the State of Maine Department of Economic and Community Development.

Community Development Director Michael Shrewsberry presented and commented on the revised RC-2 Tax Increment District Development Program and Financing Plan application. The revised application was developed after environmental questions were raised by Caribou residents living in the RC-2. Recently, the Code Enforcement Officer has received noise monitoring equipment which will allow for the enforcement of the City's noise and sound levels limits. During the Public Hearing, the RC-2 residents expressed concern about increasing the emphasis on commercial development rather than the residents of this zone. The revised application proposes using dedicated revenues to study the highest and best use of the RC-2 development area and to resolve incompatibility issues between adjoining residential and commercial properties. The Councilors asked several questions concerning noise levels, power surges, extension of public utilities, and Spring Brook.

See
p 2
Nov 14
2011

Motion made by D. Martin, seconded by MK Barbosa, to authorize Administration to submit an Application to the Maine Department of Economic and Community Development to establish a Tax Increment Finance District for the current RC-2 off Route 1 as amended to include the modification for the Shoreland Zoning requirements for Spring Brook. (6 yes) So voted.

February 14, 2012
A True Copy Attest:


Jayne R. Farrin
Caribou City Clerk

Notice of Public Hearing

Public Hearing Notice

The City of Caribou

The Caribou City Council will hold a Public Hearing on Monday, 14 May 2012, beginning at 7:00 pm, in the Chambers of the City Council, Caribou City Hall, 25 High Street, to solicit comments regarding the approval of a Credit Enhancement Agreement between the City of Caribou and Lake Road Farms, Inc. to fund the construction of improved electrical utility service infrastructure within the City of Caribou's RC-2 Tax Increment Financing District, pursuant to Title 30-A M.R.S.A. § 5226.

All persons wishing to make comments or ask questions regarding this issue are invited to attend. People requiring special accommodations to participate in this hearing, and those wish to submit comments in writing may contact:

Mike Shrewsberry
City of Caribou
Director of Community Development
25 High Street
Caribou, Maine, 04736.
Tel: (207) 493-3324 ext 224
Fax: (207) 498-3954

May 14, 2012

Below is an excerpt from the minutes of the May 14, 2012 Caribou City Council public meeting. The minutes were approved May 29, 2012 by a vote of the Caribou City Council.

A regular meeting of the Caribou City Council was held 7:00 p.m. on Monday, May 14, 2012 in Council Chambers with the following members present: Mayor Kenneth G. Murchison, Jr., Deputy Mayor David Martin, Mary Kate Barbosa, John R. Boone, Philip McDonough II, Bryan Thompson and Gary Aiken.

Steven R. Buck, City Manager was present.

City of Caribou employees attending: Scott Susi, Elizabeth O'Bar, Penny Thompson, Kathleen Mazzuchelli, Ricky Patterson, David Ouellette, Constance J. Michaud, Brian Levesque, Mona Martin, Kalen Hill, Stephen Wentworth, Michael Shrewsberry, and Denise Lausier.

Council Agenda Item #4: Public Hearing to consider the terms of a Credit Enhancement Agreement with Lake Road Farms, Inc. for the extension of three-phase power within the RC-2 TIF District.

7:17 p.m. Public Hearing Opened

Director of Community Development Michael Shrewsberry presented the draft Credit Enhancement Agreement and noted that one page has been revised. The Department of Economic and Community Development has reviewed the draft and appear to be very accepting of it with the one exception. The revised language for Section 2.2 (e) is:

(e) For Property Taxes assessed against the Company during the balance of the thirty (30) year life of the District, an amount equal to up to one hundred percent (100%) of the Tax Increment revenues generated from the Increased Assessed Value of the property shall be designated as Captured Assessed Value, and shall be deposited into The City Programs and Projects Account.

Councilor McDonough asked if all conditions from previous communications have been met. Mr. Shrewsberry assured him that this has been done. Manager Buck thanked Mr. Shrewsberry for his work on this project.

7:24 p.m. Public Hearing Closed

Motion made by P. McDonough, seconded by MK Barbosa, to authorize Administration to complete the Credit Enhancement Agreement and implement with Lake Road Farms, Inc. for the extension of three-phase power within the RC-2 District. (7 yes) So voted.

May 30, 2012

A True Copy Attest:

Jayne R. Farrin

Caribou City Clerk

Classified Rates: Up to 3 lines - \$3.00 • Each additional line - \$1.00

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TO PLACE YOUR AD CALL 1-800-924-4949 OR 207-498-7585. PLEASE LEAVE A MESSAGE IF YOU CANNOT REACH US. WE WILL CALL YOU AT THE MOST CONVENIENT TIME. IF YOU ARE CALLING FROM OUTSIDE THE U.S., PLEASE ADD \$1.00 PER MINUTE. CLOSING DATE: 12/31/12. 12 MONTHS. 10% OFF. 10% OFF. 10% OFF.

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Aroostook County Pickers Antiques
641 Rt. 1, MONTICELLO, ME
NOW OPEN for the season.
Hours: Mon.-Sat. 10-5. Closed Wednesday, Sunday, 12-5.
WIGGY'S TRADING POST
16 BANGOR ST., HOULTON
Multi dealer shop. Open daily. Buying and selling Antiques, Collectables, Glass, Books, Jewelry, Coins and Currency

2 & 3 Bedroom newly remodeled duplex homes in PRESQUE ISLE. Full foundation & garage. Large back yard. 2 B/R \$625/mo.; 3 B/R \$675/mo. 540-7158. Presque Isle.
2 BD apts. for rent immediately in LAKESTONE area. Call 702-965-8130 or jnfulton@me.com.
2 Bedroom apt in quiet neighborhood, PRESQUE ISLE. \$575/month. Pay your own electric. Phone 227-1855.
2 Bedroom heated apt. in PRESQUE ISLE. \$650/month. Call: 227-4501.
2 Bedroom, washer, dryer

CARBOU - 2 BDRM apt. on 1/2 acre. Dishwasher, washer, dryer, heat & water inc. Call 498-3111.
CARBOU: 1 Bedroom. Rent available for \$625 per month. Heat, Garbage, Snow and Lawn Care in most units. All 100% NON SMOKERS. Qualified renters only. Call today for more info. 551-7476.
CARBOU: 1 BDRM. in town. Call today for more info. 551-7476.
CARBOU: 1 BDRM. in town. Call today for more info. 551-7476.

Lodge/Cottage For Rent
Lodge/Cottage East Grand Lake, ORIENT. Fishing, hunting, swimming. Reasonable rates. 207-448-2929.
Machinery Tools For Sale

Roommate Wanted
Looking for non smoking roommates, 21+, to share country home in PRESQUE ISLE on a month-to-month basis. Rooms are comfortable and partially furnished. Heat and electricity included. \$350 per month. Applicants must have a steady job. References and security deposit required. Very important to be considerate and respectful of others. Ideal situation for locum tenens. Please leave contact information at 784-6634 if you are interested.

Address _____
City _____
State _____ Zip _____
Phone _____ No. of W _____

Bids to be opened Sept. 13, 2012
George Watson, PWD
(207) 472-3884

Mail Completed Order Form W/ Payment to either:

AROOSTOOK REPUBLICAN AND NEWS
P.O. Box 608
Caribou, ME 04736
496-3251

THE STAR-HERALD
P.O. Box 510
Presque Isle, ME
768-5431

HOULTON PIONEER TIMES
P.O. Box 456
Houlton, ME 04730
532-2281

Notice of Public Hearing
PUBLIC HEARING NOTICE
The City of Caribou

The Caribou City Council will hold a Public Hearing on Monday, September 10, 2012, beginning at 7:00 p.m., in the Chambers of the City Council, Caribou City Hall, 25 High Street, to solicit comments regarding clarification of the City of Caribou's RC-2 Tax Increment Financing District, its Municipal Development Program, and City Council responsibilities and functions in its administration of the RC-2 Tax Increment Financing District, pursuant to Title 30-A M.R.S.A. § 5226.

All persons wishing to make comments or ask questions regarding this issue are invited to attend. People requiring special accommodations to participate in this hearing, and those wishing to submit comments in writing may contact:

Mike Shrewsberry
City of Caribou
Director of Community Development
25 High Street
Caribou, Maine 04736
Tel: (207) 493-5967
Fax: (207) 498-3954

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City of Caribou, Maine

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Attachment 7

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Council Agenda: PUBLIC HEARING: RC-2 TIF
7:00 p.m. Public Hearing Opened

John Holden of Eaton Peabody Consulting Group spoke about the items that were clarified and added to the RC-2 TIF documents and are required by the Department of Economic & Community Development (DECD) prior to their approval of the RC-2 TIF.

- DECD wants included a timeline of events including public hearings and meetings held concerning the RC-2 TIF.

There are three areas the DECD wants added or clarified:

1. Include language that states that on a case by case basis the City will consider other credit enhancement agreements.
2. Add a list of projects that are allowed under state statutes and would fit with the anticipated budget the City would raise in the TIF District.
3. Addition of a map with all map and lot numbers.

Councilor P. McDonough requested that Director Shrewsberry review the City's Code to see if any changes need to be made to have the RC-2 TIF and the Code complement each other.

The Mayor, Director Shrewsberry, and John Holden answered several questions from Wilfred Martin concerning the number of TIFs in Caribou, whether TIFs are for one business or a designated area, location of the TIFs, credit enhancement agreements, the City's use of TIF monies, and whether TIFs can be a burden to the other taxpayers in the City.

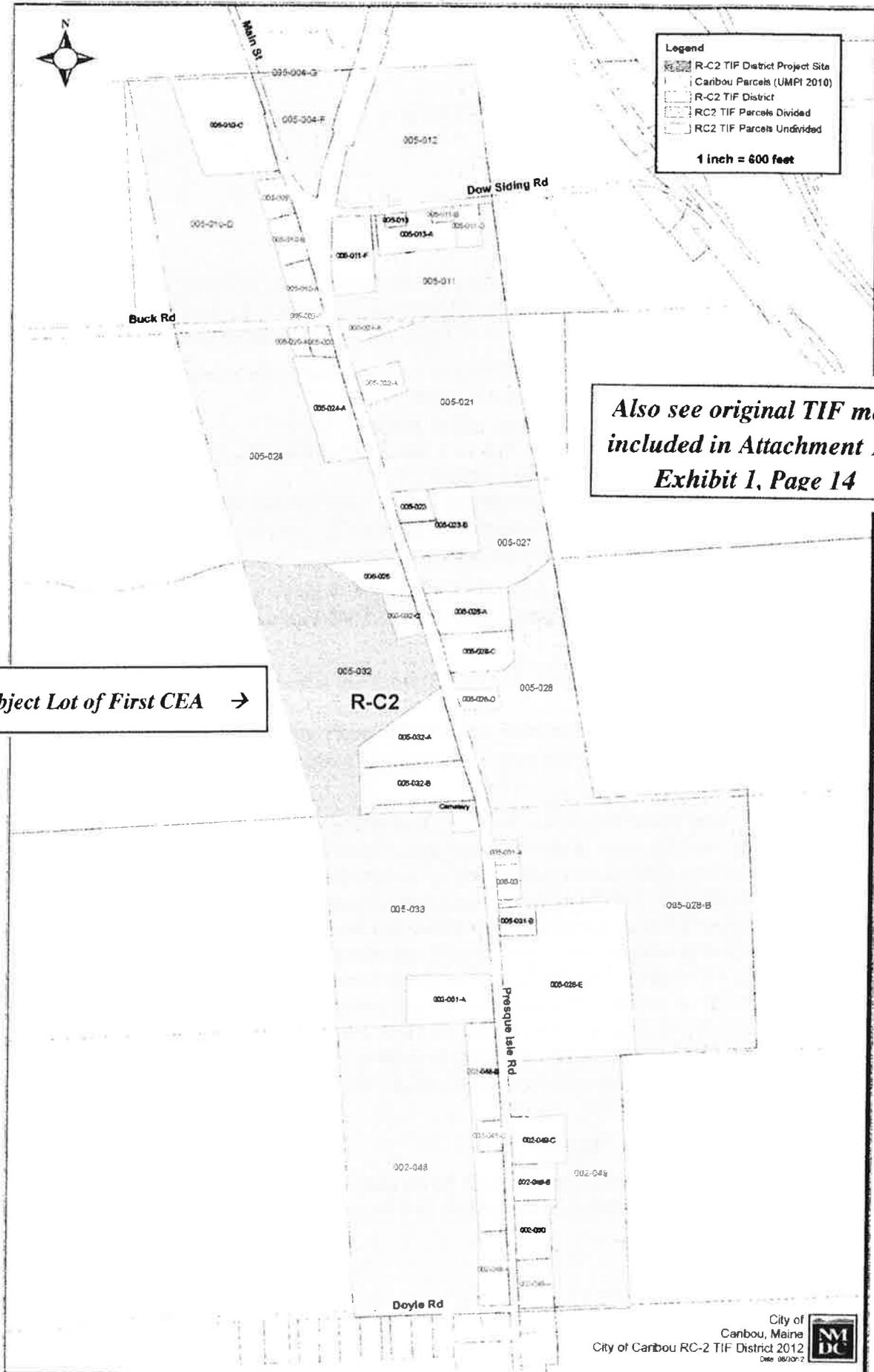
Mr. Martin commented that when TIFs were first talked about in Caribou, he thought they were for specific areas of development and to enhance the development in that one area and now they seem to be spreading all over. Interim City Manager Daigle stated that one of the reasons for TIFs is to give an incentive to businesses to locate businesses as a TIF is merely a tool to get development in place and funded. Councilor Aiken commented that businesses have reasons to locate where they do and it may not be in a prior created TIF district. Mr. Holden noted that it is not uncommon for a community to have several TIF Districts. Communities cannot have more than 5% of the land area in TIFs and only 2% of Caribou's land area is in TIFs. Mr. Holden stated that new developments in TIF Districts are sheltered from three formulas that could save Caribou money; they are State Revenue Sharing, Education, and County Tax. Life span of a TIF is limited to 30 years.

7:27 p.m. Public Hearing Closed.

Motion made by P. McDonough, seconded by D. Martin, to accept the RC-2 TIF District as defined and presented this evening by Director Shrewsberry and Mr. Holden. (7 yes)
So voted.

From the September 10, 2012 Caribou City Council Minutes approved October 9, 2012.

Jayne R. Farrin
Jayne R. Farrin, City Clerk



Legend

- R-C2 TIF District Project Site
- Caribou Parcels (UMPI 2010)
- R-C2 TIF District
- RC2 TIF Parcels Divided
- RC2 TIF Parcels Undivided

1 inch = 600 feet

Also see original TIF map included in Attachment 10, Exhibit 1, Page 14

Subject Lot of First CEA →

Reference List of Lots Within TIF District

Map	Lot	Ac.	OAV
2	48	41.3	\$17,177
2	48-A	2.6	\$77,100
2	48-B	6.3	\$114,700
2	48-C	1.0	\$68,100
2	49	23.4	\$8,585
2	49-A	1.8	\$72,100
2	49-B	1.9	\$83,800
2	49-C	3.1	\$164,100
2	50	2.0	\$121,500
2	51-A	5.0	\$171,200
		88.4	\$898,362
5	4-F	7.0	\$2,035,700
5	4-G-ABC	6.0	\$1,222,700
5	9	1.3	\$106,200
5	10-A	2.0	\$37,300
5	10-B	2.0	\$8,500
5	10-C	10.0	\$0
5	10-D	25.0	\$169,021
5	11	12.0	\$10,168
5	11-B	0.3	\$19,800
5	11-F	4.1	\$89,000
5	11-G	1.0	\$13,000
5	12	20.2	\$6,060
5	13	0.3	\$4,700
5	13-A	3.3	\$15,100
5	20	0.7	\$194,600
5	20-A	0.5	\$88,300
5	21	28.0	\$70,654
5	21-A	1.0	\$42,600
5	22-A	1.7	\$61,900
5	23	1.2	\$40,400
5	23-B	4.8	\$9,900
5	24	35.0	\$14,191
5	24-A	5.0	\$20,000
5	25	1.3	\$0
5	27	10.0	\$24,570
5	28	24.0	\$8,400
5	28-A	4.0	\$94,000
5	28-B	45.0	\$16,697
5	28-C	3.0	\$62,600
5	28-D	1.0	\$69,900
5	28-E	21.5	\$17,500
5	31	1.0	\$35,000
5	31-A	0.5	\$67,900
5	31-B	1.2	\$117,000
5	32	30.0	\$28,214
5	32-A	6.0	\$47,200
5	32-B	4.8	\$0
5	32-C	1.9	\$61,200
5	33	30.0	\$11,306
		357.6	\$4,941,281
TOTAL		446.0	\$5,839,643



City of Caribou, Maine

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Memorandum

To: Caribou City Council
From: Mike Shrewsberry, Director of Community Development
Date: 10 September 2012
Re: RC-2 Zone Tax Increment Financing District Revisions

Attached are pertinent excerpts of the Development Program and Financing Plan for the RC-2 TIF District, intended to satisfy concerns posed by the state Department of Economic and Community Development (DECD), and garner final approval for the District. The primary purpose for these revisions is to clarify the parameters for the City's use of credit enhancement agreements (CEA) for future development efforts within the District.

The Council's 14 May 2012 vote to approve the Lake Road Farm's CEA was specific to that particular project. Since that time DECD has requested that the Development Program be modified to allow the City to enter into subsequent CEA's without case-by-case approval of the Commissioner. Revisions high-lighted on pages 5 and 7 adequately confer this ability to the City Council.

DECD also expressed concern about the District's ultimate ability to fund all projects listed in Section III-D. In response to this, Table 1, "Municipal Development Program Projects" has been modified to include the information originally contained in Sections III-C and III-D of the Development Program, which have been double-struck from pages 6 and 8. In addition, the central district wood biomass heat plant project has been deleted from the list of long-term development projects originally proposed for the District. This reduces the estimated cost of infrastructure improvements from \$ 6, 732,500 to \$ 3,360,000. This change is reflected on Table 5.

One additional request by DECD is the inclusion of a tax parcel map of properties contained within the TIF District, and has been provided.

**RC-2 Zone Tax Increment Financing District
Development Program and Financing Plan
City of Caribou**

II. Introduction

A. Tax Increment Financing – the Concept

TIF is a funding mechanism that takes advantage of the increase in assessed valuations of targeted private property resulting from new private development to pay for improvements necessary to accommodate that development. As the assessed value of a parcel of land within the TIF District increases as a result of new private investment, the resulting property tax revenues are dedicated to retire the debt incurred for the provision of those public or private improvements.

Thirty years ago the City organized the RC-2 Zoning District along the U S Route 1 corridor south of the city's Urban Compact Zone in the hopes of promoting a low-density regionally scaled commercial development magnet for central Aroostook County. However, this has yet to come to full fruition. The establishment of this proposed TIF district will help realize this goal by financing a range of infrastructure improvements that will enable full development of this zone. Through the use of Credit Enhancement Agreements (CEA) in partnership with private-sector development concerns, a portion of the projected revenue produced from the property taxes generated by the captured assessed value (CAV) within the TIF district will be allocated and used to fund these proposed improvements.

B. The Initial Project – Lake Road Farms, Inc.

Lake Road Farms, Inc. (the "Company") is a family farming partnership located in the southern quadrant of the City of Caribou in central Aroostook County. They currently work over 1,000 acres under cultivation, of which 750 acres are owned. For the year 2011 the Company harvested 120,000 hundredweight of potatoes. The Company has proposed that the City of Caribou (the "City") designate a Tax Increment Financing ("TIF") district for the company's proposed potato warehousing facility located at 997 Presque Isle Road (US Route 1) in Caribou (the "Project"). One warehouse was constructed during the year 2011, and at least one additional structure is proposed for the site. These facilities are vital to the Company's continued operation, which currently employs forty (40) full-time and seasonal jobs.

The Company's project will enable them to properly store harvested crops on-site until they are processed. It requires the extension of adequate three-phase electrical power to the site to operate the warehouses' climate-control equipment. The execution of a CEA in conjunction with the establishment of the District will help finance this infrastructure improvement and enable full development of the Company's site.

C. The RC-2 Zoning District Economic Development Program

The City intends to use its portion of TIF revenues from the proposed TIF District to finance the cost of public infrastructure improvement projects identified by this Development Program. The City shall also consider future additional CEA's within the District. Future CEA's will be considered on a case-by-case basis but may range from 0% up to 100% for a term of up to 10 years but not to exceed the term of the TIF District. These costs are delineated by § 5225, "Project Costs," Title 30-A M.R.S.A., and are described in Table 1 below.

**Table 1
City of Caribou Proposed TIF Project Expenditures**

Statutory Citation	Project Descriptions	Cost Estimate
30-A M.R.S.A. § 5225	Project Costs	
1.A.(1)(a)	The acquisition or construction of land, improvements, buildings, structures, fixtures and equipment for public, arts district or commercial or transit-oriented development district use;	\$ 5,171,175
1.A.(1)(c)	Site preparation and finishing work and	604,575
1.A.(1)(d)	All fees and expenses that are eligible to be included in the capital cost of such improvements, including, but not limited to, licensing and permitting expenses and planning, engineering, architectural, testing, legal and accounting expenses;	686,750
1.B.(2)	Costs of public safety improvements made necessary by the establishment of the district; and	270,000
	Total	\$ 6,732,500

These projected costs are expected to be incurred throughout the thirty-year term of the proposed TIF District.

III. Development Program Narrative

A. City of Caribou RC-2 Zoning District

The proposed District is the City's southernmost Rural Commercial Two (RC-2) Zoning District, which parallels US Route 1 from the vicinity of its intersection with State Highway 164 and Dow Siding Road south to Doyle Road (See Exhibit 1). The size of this District is roughly 446 acres (See Exhibit 2). The Assessor for the City of Caribou has determined and certified that the Original Assessed Value (OAV) for the proposed TIF District is \$ 5,839,643.⁰⁰ (See Exhibit 9).

The 2004 Caribou Comprehensive Plan identifies this RC-2 District as a designated growth area (p. 183). It was established to concentrate commercial development requiring immediate access off US Route 1 and to prevent such development from spreading extensively along the entire corridor. As defined by the Zoning Ordinance of the Caribou Code,

“The RC-2 District is intended for commercial uses to which the public requires free and easy access. The lot size requirements are larger than other commercial districts, since the area may not be serviced by public sewer, and the set back requirements are greater, since most RC-2 districts are expected to be along major traveled roads.”

The 2004 Caribou Comprehensive Plan identifies this RC-2 District as a designated growth area (p. 183). It was established to concentrate commercial development requiring immediate access off US Route 1 and to prevent such development from spreading extensively along the entire corridor. As defined by the Zoning Ordinance of the Caribou Code,

The expanded development of the RC-2 zone complies with the following objectives of Title 30-A M.R.S.A. §4312(3), “State Growth Management Goals:”

1. To encourage orderly growth and development in appropriate areas of each community, while protecting the State's rural character, making efficient use of public services and preventing developmental sprawl.
2. To plan, finance, and develop an efficient system of public facilities and services to ac-

commodate anticipated growth and economic development.

3. To promote an economic climate that increases job opportunities and overall economic well-being.

The City of Caribou will utilize the economic incentives afforded with TIF to leverage the development of public-private partnerships to accomplish these goals, and will implement a Development Plan for the RC-2 TIF District and utilize dedicated TIF revenues to support the following objectives:

1. The City will utilize the economic incentive to attract residential, commercial, and light industrial development within this designated growth area, concentrating such development to prevent sprawl outside of the target area;
2. The City will use captured revenue to contract for an engineered study of the RC-2 land mass to ascertain its highest and best use, determine its full development potential, resolve incompatibility issues between adjoining residential and commercial properties, and to estimate the engineered costs of needed public infrastructure for full development of the District;
3. The City will use the captured revenue to continue the extension of public utilities within the target area, including three-phase electrical power and sanitary sewer; and
4. The City will use available funds to construct transportation improvements as provided under the MDOT US Route 1 Corridor Management Plan and supporting the goals and objectives of the Aroostook County Transportation Study.

The City requests that the designation of the RC-2 zone as a TIF District and its Development Program be authorized for the full thirty (30) years as allowed by Statute. This time period recognizes the long-term commitment that will be required to fully construct the extension of public utilities and roadways to maximize the public benefit. The City's past record of implementing such long-term commitments have been documented and the results have been tangible. Municipal projects identified to meet the objectives stated above are detailed in Table 1. In addition to the above municipal objectives of the TIF Program and the "Initial Project" as noted below and here within, the City shall consider future and additional CEA's within the District. Future CEA's will be considered on a case-by-case basis but may range from 0% up to 100% for a term of up to 10 years but not to exceed the term of the TIF District.

B. The Opening Initial Project

The proposed project will initially create approximately \$ 450,000 in new assessed property value within the District. The ultimate build-out of the Company's property will add significant additional value to this total. The Company currently employs roughly forty (40) individuals in both full time and seasonal employment. Operation of the warehouse facility will expand one to two additional positions. Construction of these improvements themselves will involve the employment of over thirty (30) workers representing various trades over the course of a four-month term (refer to "Employment Goals," page 2). The extension of suitable electrical power to this site is essential to the overall success of the Company in fulfilling product contracts with client food processors.

The initial project under this TIF Program includes a CEA as further defined within this Program and approved by Council. That CEA as contemplated and approved as part of this Program is to cover qualified costs under §5225(1)(A)(1)(a) for the extension of three-phase power to 997 Presque Isle Road.

The City views its participation with the Company as a vital first step in the overall development of the RC-2 Zoning District. However, other private business concerns will have to fulfill the role as catalyst for future expansions. The City will actively recruit these enterprises through the use of concerted economic development efforts.

C. The Overall Development Program

Immediate "qualified costs" identified within the newly adopted District Plan involves the extension of three-phase electrical power to 997 Presque Isle Road (US-1), and totals approximately \$24,000. The captured tax revenues from this development alone project the payback on this investment within four years. In addition, intervening properties along this power line will be able to utilize this improvement for their own enhanced development plans.

Other qualified costs identified within the Plan (See Exhibit 3) include:

- Further extension of three-phase electrical service southward along the US Highway 1 corridor to Doyle Road;
- Construction of access roads parallel to the US Highway 1 corridor in order to increase availability of land within the district for commercial and light industrial development;
- Expansion of the Caribou Utility District sanitary sewer network within the Spring Brook watershed;
- Residential development on appropriately designated properties located within the northeast quadrant of the TIF District;
- Conflict mitigation between incompatible residential and nonresidential land uses;
- Public open space and cultural amenities; and
- Other public infrastructure construction as deemed appropriate.

D. Strategic Growth and Long-Term Development

The Company's investment in the TIF District will greatly improve the overall development potential for the entire RC-2 zoning district. The provision of adequate public utilities and other infrastructure should help spur commercial and light industrial development throughout the District. The CEA process will be used to facilitate and administer subsequent land development projects within the District as well.

Long-term improvements proposed for the District includes:

9,900 linear feet of 24-foot wide roadway	\$1,980,000
US Route 1 improved intersections (3)	300,000
7,500 linear feet of 8" sanitary sewer mains	637,500
2,500 linear feet of 4" sanitary sewer force main	125,000
1 sanitary sewer lift station	125,000
4,500 linear feet three-phase electrical distribution	50,000
Professional site planning and design studies	15,000
1 central district wood biomass heat plant	3,500,000
Total	\$6,732,500

These projects represent a tentative situation that ideally would be constructed provided there is full development of the RC-2 Zoning District. This is totally dependent upon the strength of the private land development market to sustain economic growth throughout the life term of the proposed TIF District. The Development Program described herein is proposed for the purpose of administering the District as a tax increment financing district pursuant to Title 30-A M.R.S.A., § 207.

E. Operational Components

1. Public Facilities

The location and character of the proposed TIF District poses several advantages toward achieving the overall success of the Development Program. In 1982, the City financed the extension of sanitary sewer into the northern periphery of the District as part of an aborted attempt to develop the RC-2 Zoning District at that time. Although

under utilized, it remains fully functional, and is available to accommodate increased urban-scale development.

The first public infrastructure improvement project planned for this district involves the extension of three-phase electrical service from the intersection of US 1 and State Highway 164 south approximately one-quarter mile to the Company's new potato storage facility. As illustrated on the location map, the Company's site is centrally located within the District. Their proposed utility improvements will directly benefit intervening properties, and act as a springboard for even further expansion of a robust infrastructural environment.

Any costs associated with the construction of additional public facilities, such as the construction of sanitary sewer mains and access roads, will be identified, and the Development Program will be amended to reflect those findings. The City Council will negotiate the terms of future CEA's used to facilitate private-sector development within the District.

2. Commercial Improvements Financed Through the Development Program

The City's primary area of responsibility will involve the approval of planning and design of the infrastructure necessary to attract development that will result in uses of private property that will comply with both the Caribou Code of Ordinances, and the 2004 Caribou Comprehensive Plan. Accordingly, the implementation of the District will provide significant economic benefit to the public through:

- Increased local property tax base;
- Revenue stream to help implement future land development activities;
- Job retention and future growth potential; and
- Increase in flow of revenues to local area from increased commercial and industrial activity.

Projects proposed for inclusion in the Development Program have been prioritized, and costs have been estimated. These will be engineered and implemented as funding allows. As other projects within the District are identified, the Development Program will be amended to allocate District TIF revenues accordingly.

For the next 30 years, the City will apply up to one hundred percent (100%) of the CAV from the proposed TIF District toward the completion of the District Development Program.

3. Relocation of Displaced Persons

At this time, it is not anticipated that relocation of individuals or families will occur as a result of this project or future District activities. Should future projects identify the need to relocate displaced families or individuals, TIF District revenues will be allocated to help cover those costs.

4. Transportation Improvements

The RC-2 zoning district which comprises the proposed TIF District lies along US Route 1. This road segment has the highest average daily traffic counts of any roadway north of Bangor and is currently designated by the Maine Department of Transportation (MDOT) as a retro-grade arterial road. Municipal land use development policies are impacted by MDOT's "U.S. Route 1 Caribou to Presque Isle Corridor Management Plan" (CMP). This originated with the Aroostook County Transportation Study (ACTS) as part of its objective to construct a limited access highway along the entire north-south axis of Aroostook County as an incentive to improve its economic development potential. The CMP's goal is to preserve transportation mobility along the existing Route 1 corridor so as to avoid traffic congestion in the event of future development. This designation has prohibited past development opportunities due to MDOT's

refusal to permit additional curb cuts for development proposals. To simultaneously address the concerns outlined within the CMP while maximizing the development potential within this District, the City proposes to construct a 1.35-mile long road west of and parallel with US Route 1 between Buck Road and Doyle Road to serve as the primary source of access to commercial development within the District. Connecting streets would be added to improve traffic flow and provide increased control of access along US Route 1 by allowing the closure of surplus curb cuts that currently exist along its right-of-way. To mitigate any adverse traffic impacts posed by the addition of this network, funding to construct modifications to intersections, designed to improve public safety, and including construction of dedicated turning and acceleration lanes along US Route 1 are included in the District Development Program.

5. Environmental Controls

Public review of the Development Plan has raised some environmental concerns, especially noise abatement. Section 13-700, Subsection 20, "Noise" of the Caribou Code of Ordinances shall be enforced to mitigate adverse impacts of commercial and light industrial uses located in proximity to residential properties.

Another environmental consideration within the District concerns the Spring Brook watershed, located in the north portion of the District, and its outfall into the Aroostook River. Section 13-500, "Shoreland Zoning" of the Code applies to this area, with its predominant protection being the observance of 75-foot setbacks from the banks of the stream. One advantage enjoyed by the proposed District is proximity to municipal sanitary sewer service provided by Caribou Utilities District. It should be economically feasible for lands located north of Spring Brook to access this amenity. Responsible development performed in compliance with all provisions of the Code shall be encouraged.

Given the opportunity for large scale planned development in the proposed TIF District, the City will advocate for the incorporation of alternative energy technologies to ameliorate energy systems within the built environment. The use of locally processed wood biomass for interior space heating is a viable alternative to traditional petroleum-based methods used for this purpose. The economies of scale should make a centralized heating facility feasible.

Should future District project plans identify the need to apply additional environmental controls, TIF District revenues will be allocated to help cover those costs.

6. Plan of Operation

Future public improvements, funded through TIF revenue, shall be owned, operated, and maintained by either the City or applicable utility district. It is anticipated that as funding allows, the City will engage professional consultants to engineer specific projects, and either a private contractor or City Public Works Department will be responsible for construction improvements. Operational administration of District programs will be the responsibility the City Manager, with the review and consent of the Mayor and City Council.

The City Council will negotiate and approve the terms of future public-private development relationships, including the use of additional CEA's to reimburse up to one hundred percent (100%) of eligible development costs back to private participants.

The Code Enforcement Officer is charged with enforcement of the City's land use ordinances, and land development proposals within the RC-2 Zoning District will be subject to design review by the City Planning Board.

IV. Physical Description

A. Acreage Cap of TIF District

- | | |
|--|------------|
| (1) Total Acreage of TIF District | 446 Ac. |
| (2) Total Acreage within City of Caribou | 50,747 Ac. |
| (3) Percentage of Acreage Devoted to TIF District (< 2%) | 0.88% |

B. Acreage Cap of Existing and Proposed TIF Districts

- | | |
|--|-----------|
| (4) Total Acreage of All Existing and Proposed TIF Districts Within City | 1,081 Ac. |
| (5) Percentage of Acreage Devoted to TIF District (< 5%) | 2.13% |

C. Twenty-Five Percent (25%) Rule

- | | |
|--|------------|
| (6) By area, is at least twenty-five percent (25%) of real property within the District: | |
| (a) Blighted: | No |
| (b) In need of rehabilitation, redevelopment, or conservation work: | No |
| (c) Suitable of commercial uses: | Yes |

V. Financial Plan

The District will have an area of approximately 446 acres. As of 31 March 2012, the Original Assessed Value (OAV) of the proposed District is calculated to be \$ 5,839,643.³⁵ The City will enter into a CEA with the Company in order to assist the Company with financing the cost of the initial Project.

The Qualifying Event for the City to initiate TIF revenue reimbursement to the Company, as defined by the CEA, will be the final approval of the TIF District application by the Commissioner of the DECD. The Development Plan proposes that beginning on the April 1st after the Commissioner's approval of this TIF District and Development Program, the City will capture up to one hundred percent (100%) of taxable property value above that of the OAV. This is defined as being TIF Revenues. In the tax year of the qualifying event, the four (4) year term of tax reimbursements to the Company will begin. During the four-year period of tax reimbursements, the City will refund to the Company TIF revenues specified by the CEA generated by the CAV of the real property controlled by the Company located within the District, while retaining the balance of TIF revenues generated by the captured assessed value of the real property controlled by the Company located within the District for the City's Project costs. For each year of the TIF District's thirty-year term occurring either before or after the lifespan of the City's CEA with the Company, the City will retain all TIF Revenues for the City's Project costs. In addition, the City will retain up to one hundred percent (100%) of any TIF Revenues generated by the CAV of any non-Company owned or leased property located within the District.

The City will establish two Development Program Fund accounts:

1. Company Reimbursement Account; and
2. City Programs and Projects Account.

Upon each annual payment of property taxes by the Company, the City, based upon the allocations described within the CEA, will deposit into the Company Reimbursement Account that portion of the property tax payment constituting the Company's allocation of TIF Revenue from the Company's project development within the District. The Company Reimbursement Account is pledged to and charged with the payment of the project costs as provided by Title 30-A M.R.S.A.

§ 5227(3). The city will disburse funds from the Development Program Fund to the Company Reimbursement Account in accordance with the procedures described within the CEA.

The CEA will provide TIF revenue reimbursements to the Company for a period of four (4) years, commencing when the qualifying event specified by the CEA occurs. Estimates of the increased assessed values of the District, anticipated TIF Revenues generated by the District, that portion of TIF Revenues to be applied to the District each year, and the estimated tax shifts are shown in Exhibit 4.

A. Costs and Sources of Revenue

Sources of anticipated revenues include: Net TIF Revenues from the District's CAV, grant funding, leveraged private investment capital, City revolving loan funds, and City operational funds as designated and allocated in the future. The adoption of any subsequent CEA's to fund future development within this District shall be within the discretion of the City's mayor and City Council. These may be negotiated on a case-by-case basis, and may include reimbursement to private sector participants up to one hundred percent (100%) of qualified costs.

B. Public Indebtedness

Currently, there is no municipal debt created by the Project. Administrative costs to operate the District will be borne by the City through the use of existing staff.

VI. Financial Data

Valuation Cap on Existing and Proposed TIF Districts

1. Total value of taxable property in all City of Caribou, as of 1 April 2011.	\$ 245,025,100. ⁰⁰
2. Original Assessed Value (OAV) of all existing and proposed TIF districts in all City of Caribou.	54,770,484. ⁰⁰
3. Percentage of total value of taxable property in all City of Caribou made up of the aggregate of the OAV for all existing and proposed tax increment financing districts (cannot exceed 5%)	0.24%
4. Aggregate original principal amount of City indebtedness financed by the proceeds from existing TIF districts within all City of Caribou does not exceed \$ 50,000,000. ⁰⁰ .	YES

VII. Tax Shifts

In accordance with Maine statutes governing the establishment of a tax increment financing district, the table shown in Exhibit 4 identifies the tax shifts that are expected to result during the term of the proposed District.

VIII. Municipal Approvals

A. Notices of Public Hearings

As shown in Exhibit 6, Notices of Public Hearing were published in the 2 November 2011 edition of the *Aroostook Republican*, a newspaper of general circulation within the City of Caribou for a public hearing scheduled for 14 November 2011. A second Notice was published in the 2 May 2012 edition of the *Aroostook Republican*, for a public hearing scheduled for 14 May 2012.

B. Minutes of Public Hearings

In accordance with Title 30-A M.R.S.A. § 5226(1), The Caribou City Council held a public hearing for the purpose of garnering public comment regarding the proposed TIF District on 14 November 2011. The Caribou City Council held a separate public hearing for the purpose of considering

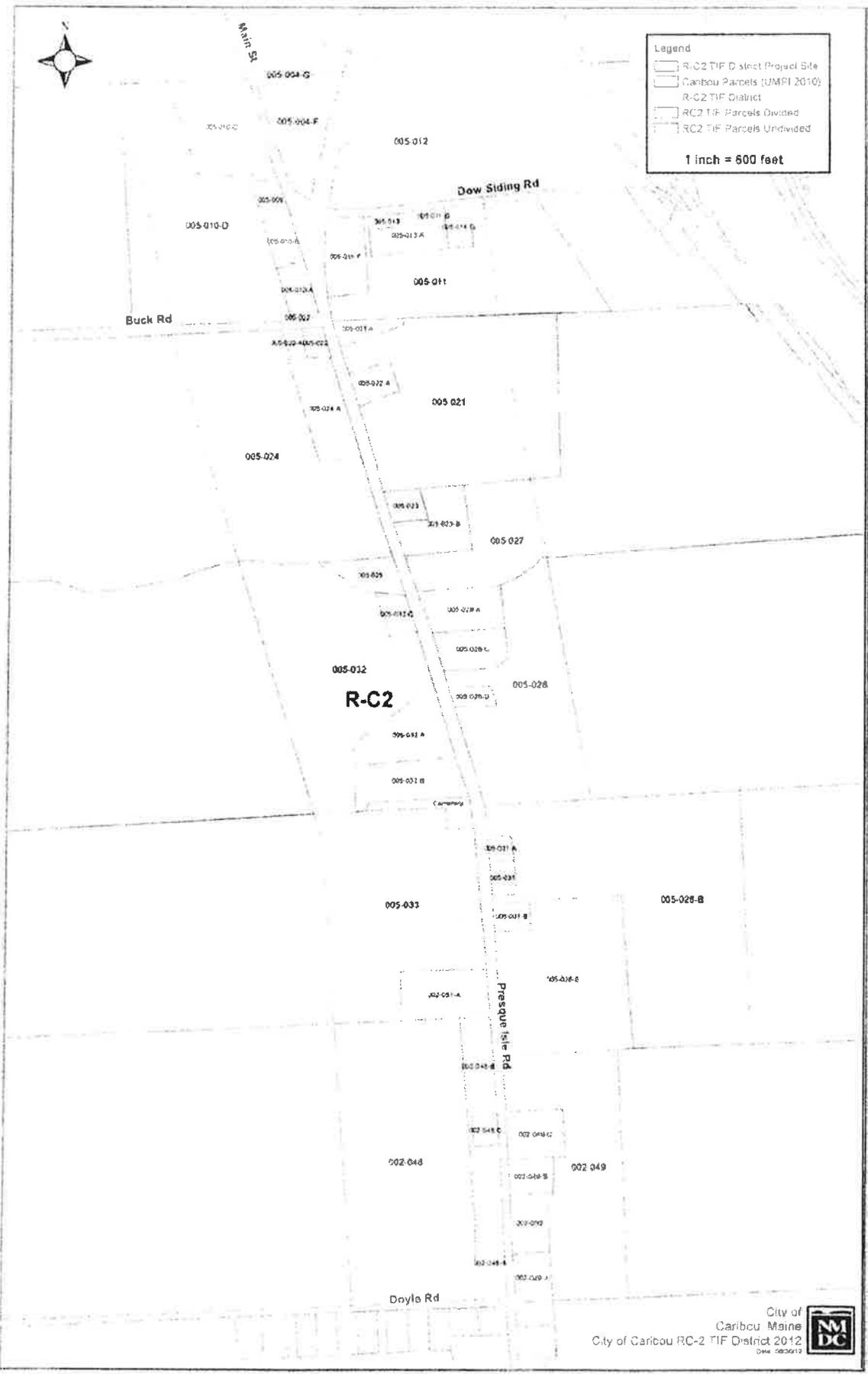
approval of the credit enhancement agreement with Lake Road Farms, Inc. 14 May 2012. Certified copies of these hearing minutes are displayed in Exhibit 7.

C. Authorization Votes

On 23 January 2012, The Caribou City Council voted 6-0 to "authorize the Administration to submit an Application to the Maine Department of Economic and Community Development to establish a Tax Increment Financing District for the current RC-2 off Route 1, as amended to include the modification for Shoreland Zoning requirements for Spring Brook." This is shown in Exhibit 8.

Table 1. Municipal Development Program Projects

Ref#	Project	Eligibility Under Title 30-A	Estimated Cost
MUNICIPAL INVESTMENTS WITHIN THE PROPOSED TIF DISTRICT			
1	<p>Acquisition (real property assembly) or construction of land, improvements, buildings, structures, fixtures and equipment for public or commercial use in the District including but not limited to the following public infrastructure projects in the District:</p> <ul style="list-style-type: none"> * 9,900 linear feet of 24-foot wide roadway * US Route 1 improved intersections * 7,500 linear feet of 8" sanitary sewer mains (in District) * 2,500 linear feet of 4" sanitary sewer force main (in District) * 1 sanitary sewer lift station * 4,500 linear feet 3-phase electrical distribution 	<p>§5225(1)(A)(1)(a-d) & §5225(1)(A)(3)</p>	\$2,500,000
2	Professional service costs, including, but not limited to, licensing, architectural, planning, engineering and legal expenses associated with those projects identified above (Ref# 1) or allowable costs for improvements made within the District.	§5225(1)(A)(4)	\$100,000
3	Administrative costs, including, but not limited to, reasonable charges for the time spent by municipal employees in connection with the implementation of a development program	§5225(1)(A)(5)	\$150,000
4	Organizational costs relating to the establishment of the district, including consulting and legal costs as well as consultant or other professional costs for studies as well as the the implementation of the project plans herewithin	§5225(1)(A)(7)	\$10,000
MUNICIPAL INVESTMENTS OUTSIDE THE PROPOSED TIF DISTRICT, BUT NECESSITATED BY THE DISTRICT			
5	Costs of funding to mitigate any adverse impact of the District upon the municipality its constituents, including noise impacts from activity in the District	§5225(1)(B)(3)	\$100,000
COMMUNITY-WIDE MUNICIPAL INVESTMENTS			
6	Costs of funding economic development programs or funding the marketing of the municipality as a business location	§5225(1)(C)(1)	\$300,000
7	Costs associated with new or existing recreational trails determined by the department to have significant potential to promote economic development, including, but not limited to, costs for multiple projects and project phases that may include planning, design, construction, maintenance, grooming and improvements with respect to new or existing recreational trails, which may include bridges that are part of the trail corridor, used all or in part for all-terrain vehicles, snowmobiles, hiking, bicycling, cross-country skiing or other related multiple uses. Such trail and trail associated costs include (but are not limited to):	§5225(1)(C)(6)	\$200,000
Total			\$ 3,360,000.00



Legend

- R-C2 TIF District Project Site
- Caribou Parcels (UMPI 2010)
- R-C2 TIF District
- R-C2 TIF Parcels Divided
- R-C2 TIF Parcels Undivided

1 inch = 600 feet

Exhibit 5
City of Caribou RC-2 Tax Increment Financing District
Estimate of Captured Assessed Value (CAV)

TIF Year	Tax Year (#1 - 3/31)	Lake Road Farms (LRF) Increased Assessed Value†	Projected Tax Mill Rate	Projected LRF Annual TIF Revenues	Percentage Value Captured	TIF District Increased Assessed Value (Other Lots)†	Projected Annual TIF Revenues (Other Lots)	Percentage Value	Combined Assessed Value	Total Projected Annual TIF Revenues	Projected Allocations for Infrastructure Improvements	Projected City Reimbursements to Lake Road Farms	Projected City TIF Revenue Retention
	2000 - 2001	\$12,802				\$5,093,018							
	2001 - 2002	\$12,802				\$5,113,620							
	2002 - 2003	\$12,802				\$5,206,242							
	2003 - 2004	\$12,802				\$5,505,613							
	2004 - 2005	\$13,586				\$5,438,167							
	2005 - 2006	\$13,992				\$5,419,737							
	2006 - 2007	\$16,849				\$5,461,156							
	2007 - 2008	\$16,849				\$5,714,821							
	2008 - 2009	\$16,849				\$5,691,716							
	2009 - 2010	\$16,849				\$5,783,265							
	2010 - 2011	\$16,849				\$5,822,994							
	2011 - 2012	\$16,849				\$5,822,994							
1	2012 - 2013	\$466,300	25.00	\$11,650	100%	\$5,906,300	\$147,658	100%	\$532,657	\$13,316	\$24,000	\$5,822	\$7,486
2	2013 - 2014	\$472,700	25.00	\$11,818	100%	\$5,990,700	\$149,768	100%	\$623,757	\$15,594	\$24,000	\$5,822	\$9,865
3	2014 - 2015	\$929,400	25.00	\$23,235	100%	\$6,076,400	\$151,910	100%	\$1,166,157	\$29,154	\$26,000	\$5,909	\$21,486
4	2015 - 2016	\$942,700	25.00	\$23,568	100%	\$6,163,300	\$154,083	100%	\$1,266,357	\$31,659	\$26,000	\$7,069	\$27,061
5	2016 - 2017	\$956,200	25.00	\$23,905	100%	\$6,251,400	\$156,285	100%	\$1,367,957	\$34,199	\$855,000	\$4,596	\$34,199
6	2017 - 2018	\$969,900	25.00	\$24,248	100%	\$6,340,800	\$158,520	100%	\$1,471,057	\$36,776			\$36,776
7	2018 - 2019	\$983,700	25.00	\$24,593	100%	\$6,431,500	\$160,788	100%	\$1,575,597	\$39,369			\$39,369
8	2019 - 2020	\$997,800	25.00	\$24,945	100%	\$6,523,500	\$163,088	100%	\$1,681,657	\$42,041	\$700,000		\$42,041
9	2020 - 2021	\$1,012,100	25.00	\$25,303	100%	\$6,616,700	\$165,418	100%	\$1,785,157	\$44,729			\$44,729
10	2021 - 2022	\$1,026,500	25.00	\$25,663	100%	\$6,711,400	\$167,785	100%	\$1,886,257	\$47,456	\$605,000		\$47,456
11	2022 - 2023	\$1,041,200	25.00	\$26,030	100%	\$6,807,300	\$170,183	100%	\$2,008,857	\$50,221			\$50,221
12	2023 - 2024	\$1,056,100	25.00	\$26,403	100%	\$6,904,700	\$172,618	100%	\$2,121,157	\$53,029			\$53,029
13	2024 - 2025	\$1,071,200	25.00	\$26,780	100%	\$7,003,400	\$175,085	100%	\$2,234,957	\$55,874			\$55,874
14	2025 - 2026	\$1,086,500	25.00	\$27,163	100%	\$7,103,600	\$177,590	100%	\$2,350,457	\$58,781			\$58,781
15	2026 - 2027	\$1,102,100	25.00	\$27,553	100%	\$7,205,100	\$180,128	100%	\$2,467,557	\$61,689	\$575,000		\$61,689
16	2027 - 2028	\$1,117,800	25.00	\$27,945	100%	\$7,308,200	\$182,705	100%	\$2,586,357	\$64,659			\$64,659
17	2028 - 2029	\$1,133,800	25.00	\$28,345	100%	\$7,412,700	\$185,318	100%	\$2,706,857	\$67,671			\$67,671
18	2029 - 2030	\$1,150,000	25.00	\$28,750	100%	\$7,518,700	\$187,968	100%	\$2,829,057	\$70,726			\$70,726
19	2030 - 2031	\$1,166,500	25.00	\$28,163	100%	\$7,626,200	\$190,655	100%	\$2,953,057	\$73,826			\$73,826
20	2031 - 2032	\$1,183,200	25.00	\$29,586	100%	\$7,735,300	\$193,383	100%	\$3,078,857	\$76,971	\$575,000		\$76,971
21	2032 - 2033	\$1,200,100	25.00	\$30,003	100%	\$7,845,900	\$196,148	100%	\$3,206,357	\$80,159			\$80,159
22	2033 - 2034	\$1,217,200	25.00	\$30,430	100%	\$7,958,100	\$198,953	100%	\$3,335,657	\$83,391			\$83,391
23	2034 - 2035	\$1,234,500	25.00	\$30,865	100%	\$8,071,900	\$201,798	100%	\$3,466,857	\$86,671			\$86,671
24	2035 - 2036	\$1,252,300	25.00	\$31,308	100%	\$8,187,500	\$204,683	100%	\$3,599,957	\$89,999			\$89,999
25	2036 - 2037	\$1,270,200	25.00	\$31,755	100%	\$8,304,400	\$207,610	100%	\$3,734,957	\$93,374			\$93,374
26	2037 - 2038	\$1,288,400	25.00	\$32,210	100%	\$8,423,100	\$210,578	100%	\$3,871,857	\$96,798			\$96,798
27	2038 - 2039	\$1,306,800	25.00	\$32,670	100%	\$8,543,600	\$213,590	100%	\$4,010,757	\$100,269			\$100,269
28	2039 - 2040	\$1,325,500	25.00	\$33,138	100%	\$8,665,800	\$216,645	100%	\$4,151,657	\$103,791			\$103,791
29	2040 - 2041	\$1,344,400	25.00	\$33,610	100%	\$8,789,700	\$219,743	100%	\$4,294,457	\$107,361			\$107,361
30	2041 - 2042	\$1,363,700	25.00	\$34,093	100%	\$8,915,400	\$222,885	100%	\$4,439,457	\$110,986			\$110,986
Total										\$1,920,643	\$3,360,000	\$24,000	\$1,896,543
Annual Average										\$64,018			\$63,218

CAV
\$5,439,643

Term of LRF CEA

\$5,822
\$9,909
\$7,069
\$4,596

Notes:

- Column "Total Projected Annual TIF Revenues" provides the projected estimates for the anticipated funds to be generated by and within the TIF District
- The total estimated costs are budgetary only. The total costs include all possible projects contemplated and allowable under statute within the Program. Actual project costs and allocations shall take place annually and under standard budgetary approval procedures in the community.
- Projections in Exhibit 5 do not account for any anticipated additional revenues from community revaluation. This revaluation may result in projected revenues increasing by over \$1.0MM.
- Projections do not account for future CEAs.

* Data given for historical reference only
† Projected annual appreciation of assessed values during term of TIF District: 1.4%

**RC-2 Zoning District
Tax Increment Financing District
Development Program and Financing Plan**

City of Caribou

**Approved by the City Council
14 November 2011**

**Application to the
Maine Department of Community and Economic Development
29 February 2012**

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APPLICATION COVER SHEET

MUNICIPAL TAX INCREMENT FINANCING
--

A. General Information

1. Municipality Name: City of Caribou		
2. Address: 25 High Street, Caribou, ME 04736		
3. Telephone: 493-5967	4. Fax: 493-3954	5. Email: communitydevelopment@cariboumaine.org
6. Municipal Contact Person: Mike Shrewsberry		
7. Business Name: Lake Road Farms, Inc.		
8. Address: 33 Caribou Lake Road, Caribou, ME 04736		
9. Telephone: 551-6344	10. Fax:	11. Email: ayerpotatocompany@gmail.com
12. Business Contact Person: Aaron Ayer		
13. Principal Place of Business: 33 Caribou Lake Road, Caribou, ME 04736		
14. Company Structure (e.g. corporation, sub-chapter S, etc.): Partnership		
15. Place of Incorporation: Caribou, Maine		
16. Names of Officers: n/a		
17. Principal Owner(s) Name: Aaron Ayer, Arthur Ayer		
18. Address: 33 Caribou Lake Road, Caribou, ME 04736		

B. Disclosure

1. Check the public purpose that will be met by the business using this incentive (any that apply):		
<input checked="" type="checkbox"/> job creation	<input checked="" type="checkbox"/> job retention	<input type="checkbox"/> capital investment
<input type="checkbox"/> training investment	<input checked="" type="checkbox"/> tax base improvement	<input checked="" type="checkbox"/> public facilities improvement
other (list):		
2. Check the specific items for which TIF revenues will be used (any that apply):		
<input type="checkbox"/> real estate purchase	<input type="checkbox"/> machinery & equipment purchase	<input type="checkbox"/> training costs
<input type="checkbox"/> debt reduction	<input checked="" type="checkbox"/> other (list): public infrastructure construction	

EMPLOYMENT GOALS

Company Goals for Job Creation and Job Retention

<i>A. Job Creation Goals</i>			
<i>Occupational Cluster*</i>	<i>Full-time</i>	<i>Part-time</i>	<i>Wage Level</i>
1. Executive, Professional & Technical			\$
2. Administrative Support, inc. Clerical			\$
3. Sales & Service			\$
4. Agriculture, Forestry & Fishing	1		\$ 24,000
5. Maintenance, Construction, Production, & Transportation			\$
<i>B. Job Retention Goals</i>			
<i>Occupational Cluster*</i>	<i>Full-time</i>	<i>Part-time</i>	<i>Wage Level</i>
1. Executive, Professional & Technical			\$
2. Administrative Support, inc. Clerical			\$
3. Sales & Service			\$
4. Agriculture, Forestry & Fishing	16	25	\$ 12,000-\$ 40,000
5. Maintenance, Construction, Production, & Transportation	30		\$ 30,000-\$ 60,000 (Annualized)
<i>*Please use the Occupational Cluster descriptions on the next page to complete this form.</i>			

INSTRUCTIONS

A. Job Creation Goals. Please list the number, type and wage level of jobs created as a result of the economic development incentive. **NOTE:** For this form, “full-time” employment means 30 hours or more; “part-time” employment means less than 30 hours. “Wage level” means the average annual wage paid for jobs created within an occupational cluster, e.g. either their annual salary, or their hourly wage times their annual hours. Also, “type” means “occupational cluster” which refers to the 12 categories defined below. Please include the number of your employees (both full-time and part-time) working within the category that most closely reflects their job duties.

B. Job Retention Goals. Please list the number, type and wage level of jobs retained as a result of the economic development incentive. Part B should be completed using same definitions in Part A.

OCCUPATIONAL CLUSTERS

1. EXECUTIVE, PROFESSIONAL & TECHNICAL

Executive, administrative and managerial. Workers in executive, administrative and managerial occupations establish policies, make plans, determine staffing requirements, and direct the activities of businesses and other organizations. Workers in management support occupations, such as accountant and auditor or underwriter, provide technical assistance to managers.

Professional specialty. This group includes engineers; architects and surveyors; computer, mathematical, and operations research occupations; life, physical, and social scientists; lawyers and judges; social, recreational, and religious workers; teachers, librarians, and counselors; health diagnosing, assessment, and treating occupations; and communications, visual arts, and performing arts occupations.

Technicians and related support. This group includes health technologists and technicians, engineering and science technicians, computer programmers, tool programmers, aircraft pilots, air traffic controllers, paralegals, broadcast technicians, and library technicians.

2. ADMINISTRATIVE SUPPORT, INCLUDING CLERICAL

Administrative support, including clerical. Workers in this group prepare and record memos, letters and reports; collect accounts; gather and distribute information; operate office machines; and handle other administrative tasks.

3. SALES AND SERVICE

Marketing and sales. Workers in this group sell goods and services, purchase commodities and property for resale, and stimulate consumer interest.

Service. This group includes a wide range of workers in protective, food and beverage preparation, health, personal, private household, and cleaning and building services.

4. AGRICULTURE, FORESTRY AND FISHING

Agriculture, forestry and fishing. Workers in these occupations cultivate plants, breed and raise animals, and catch fish.

5. MAINTENANCE, CONSTRUCTION, PRODUCTION AND TRANSPORTATION

Mechanics, installers, and repairers. Workers in this group adjust, maintain, and repair automobiles, industrial equipment, computers, and many other types of machinery.

Construction trades and extractive. Workers in this group construct, alter, and maintain buildings and other structures or operate drilling and mining equipment.

Production. These workers set up, adjust, operate, and tend machinery and/or use hand tools and hand-held power tools to make goods and assemble products.

Transportation and material moving. Workers in this group operate the equipment used to move people and materials. This group also includes handlers, equipment cleaners, helpers, and laborers who assist skilled workers and perform routine tasks.

STATUTORY REQUIREMENTS & THRESHOLDS

A. ACRE LIMITATION			
1.	Total Acreage of Municipality		50747 Ac.
2.	Total Acreage of Proposed Municipal TIF District		446 Ac.
3.	Total Downtown acres contained in the Proposed Municipal TIF District		n/a
4.	Total Transit acres contained in the Proposed Municipal TIF District		n/a
5.	Total acreage of Proposed Municipal TIF District counted towards 2% cap (A2-A3-A4)		446 Ac.
6.	Percentage of total acreage in proposed municipal TIF District (cannot exceed 2%) <i>Divide A5 by A1</i>		0.88%
7.	Total acreage of all existing and proposed municipal TIF districts in the municipality. <i>Add A2 to sum of all existing TIF district acreage.</i>		1081 Ac.
8.	Total acreage of an existing or Proposed Downtown TIF District in the municipality.		635 Ac.
9.	Total acreage of all <u>existing</u> Pine Tree Zone TIF Districts in the municipality.		n/a
10.	Total acreage of all existing or Proposed Transit TIF Districts in the municipality.		n/a
11.	Total acreage of all existing and Proposed Municipal TIF Districts in the municipality counted toward 5% cap. <i>Subtract A8+A9+A10 from A7.</i>		446Ac.
12.	Percentage of total acreage in all existing and proposed Municipal TIF Districts (cannot exceed 5%) <i>Divide A11 by A1.</i>		0.88%
13.	Total Acreage of all real property in the Proposed Municipal TIF District that is:		
(Note: a, b, or c must be at least 25%)			%
	a. Blighted (Divide acres by A2)	0	
	b. In need of rehabilitation/conservation (Divide acres by A2)	0	
	c. Suitable for industrial/commercial site (Divide acres by A2)	240 ac	54%
TOTAL		240 ac	54%
B. VALUATION LIMITATION			
1.	Total Aggregate Value (TAV) of Municipality - <i>Use most recent April 1st</i>		\$ 245,025,100
2.	Original Assessed Value (OAV) of Proposed Municipal TIF District. <i>Use March 31st of tax year preceding date of municipal designation</i>		\$ 5,839,643
3.	Total OAV of all existing and Proposed Municipal TIF Districts in the municipality. <i>Add b2 to sum of all existing TIF district OAV's</i>		\$ 54,770,484
4.	OAV of an existing or proposed Downtown TIF District in the municipality.		\$ 49,032,100
5.	OAV of all <u>existing</u> Pine Tree Development Zone TIF Districts in the municipality.		n/a
6.	OAV of all existing or Proposed Transit TIF Districts in the municipality.		n/a
7.	Total OAV of all existing and Proposed Municipal TIF Districts in the municipality counted toward 5% cap <i>Subtract B4+B5+B6 from B3</i>		\$ 5,839,643
8.	Percentage of total OAV to TAV in all existing and Proposed Municipal TIF Districts (cannot exceed 5%) <i>Divide B7 by B1</i>		0.24%

**RC-2 Zone Tax Increment Financing District
Development Program and Financing Plan
City of Caribou**

II. Introduction

A. Tax Increment Financing – the Concept

TIF is a funding mechanism that takes advantage of the increase in assessed valuations of targeted private property resulting from new private development to pay for improvements necessary to accommodate that development. As the assessed value of a parcel of land within the TIF District increases as a result of new private investment, the resulting property tax revenues are dedicated to retire the debt incurred for the provision of those public or private improvements.

Thirty years ago the City organized the RC-2 Zoning District along the U S Route 1 corridor south of the city's Urban Compact Zone in the hopes of promoting a low-density regionally scaled commercial development magnet for central Aroostook County. However, this has yet to come to full fruition. The establishment of this proposed TIF district will help realize this goal by financing a range of infrastructure improvements that will enable full development of this zone. Through the use of Credit Enhancement Agreements (CEA) in partnership with private-sector development concerns, a portion of the projected revenue produced from the property taxes generated by the captured assessed value (CAV) within the TIF district will be allocated and used to fund these proposed improvements.

B. The Initial Project – Lake Road Farms, Inc.

Lake Road Farms, Inc. (the "Company") is a family farming partnership located in the southern quadrant of the City of Caribou in central Aroostook County. They currently work over 1,000 acres under cultivation, of which 750 acres are owned. For the year 2011 the Company harvested 120,000 hundredweight of potatoes. The Company has proposed that the City of Caribou (the "City") designate a Tax Increment Financing ("TIF") district for the company's proposed potato warehousing facility located at 997 Presque Isle Road (US Route 1) in Caribou (the "Project"). One warehouse was constructed during the year 2011, and at least one additional structure is proposed for the site. These facilities are vital to the Company's continued operation, which currently employs forty (40) full-time and seasonal jobs.

The Company's project will enable them to properly store harvested crops on-site until they are processed. It requires the extension of adequate three-phase electrical power to the site to operate the warehouses' climate-control equipment. The execution of a CEA in conjunction with the establishment of the District will help finance this infrastructure improvement and enable full development of the Company's site.

C. A. The RC-2 Zoning District Economic Development Program

The City intends to use its portion of TIF revenues from the proposed TIF District to finance the cost of public infrastructure improvement projects identified by this Development Program. These costs are delineated by § 5225, "Project Costs," Title 30-A M.R.S.A., and are described in Table 1 below.

**Table 1
City of Caribou Proposed TIF Project Expenditures**

Statutory Citation	Project Descriptions	Cost Estimate
30-A MRSA § 5225	Project Costs	
1.A.(1)(a)	The acquisition or construction of land, improvements, buildings, structures, fixtures and equipment for public, arts district or commercial or transit-oriented development district use;	\$ 5,171,175
1.A.(1)(c)	Site preparation and finishing work; and	604,575
1.A.(1)(d)	All fees and expenses that are eligible to be included in the capital cost of such improvements, including, but not limited to, licensing and permitting expenses and planning, engineering, architectural, testing, legal and accounting expenses;	686,750
1.B.(2)	Costs of public safety improvements made necessary by the establishment of the district; and	270,000
	Total	\$ 6,732,500

These projected costs are expected to be incurred throughout the thirty-year term of the proposed TIF District.

III. Development Program Narrative

A. City of Caribou RC-2 Zoning District

The proposed District is the City's southernmost Rural Commercial Two (RC-2) Zoning District, which parallels US Route 1 from the vicinity of its intersection with State Highway 164 and Dow Siding Road south to Doyle Road (See Exhibit 1). The size of this District is roughly 446 acres (See Exhibit 2). The Assessor for the City of Caribou has determined and certified that the Original Assessed Value (OAV) for the proposed TIF District is \$ 5,839,643.⁰⁰ (See Exhibit 9).

The 2004 Caribou Comprehensive Plan identifies this RC-2 District as a designated growth area (p. 183). It was established to concentrate commercial development requiring immediate access off US Route 1 and to prevent such development from spreading extensively along the entire corridor. As defined by the Zoning Ordinance of the Caribou Code,

“The RC-2 District is intended for commercial uses to which the public requires free and easy access. The lot size requirements are larger than other commercial districts, since the area may not be serviced by public sewer, and the set back requirements are greater, since most RC-2 districts are expected to be along major traveled roads.”

The 2004 Caribou Comprehensive Plan identifies this RC-2 District as a designated growth area (p. 183). It was established to concentrate commercial development requiring immediate access off US Route 1 and to prevent such development from spreading extensively along the entire corridor. As defined by the Zoning Ordinance of the Caribou Code,

The expanded development of the RC-2 zone complies with the following objectives of Title 30-A M.R.S.A. §4312(3), “State Growth Management Goals:”

1. To encourage orderly growth and development in appropriate areas of each community, while protecting the State's rural character, making efficient use of public services and preventing developmental sprawl.
2. To plan, finance, and develop an efficient system of public facilities and services to ac-

commodate anticipated growth and economic development.

3. To promote an economic climate that increases job opportunities and overall economic well-being.

The City of Caribou will utilize the economic incentives afforded with TIF to leverage the development of public-private partnerships to accomplish these goals, and will implement a Development Plan for the RC-2 TIF District and utilize dedicated TIF revenues to support the following objectives:

1. The City will utilize the economic incentive to attract residential, commercial, and light industrial development within this designated growth area, concentrating such development to prevent sprawl outside of the target area;
2. The City will use captured revenue to contract for an engineered study of the RC-2 land mass to ascertain its highest and best use, determine its full development potential, resolve incompatibility issues between adjoining residential and commercial properties, and to estimate the engineered costs of needed public infrastructure for full development of the District;
3. The City will use the captured revenue to continue the extension of public utilities within the target area, including three-phase electrical power and sanitary sewer; and
4. The City will use available funds to construct transportation improvements as provided under the MDOT US Route 1 Corridor Management Plan and supporting the goals and objectives of the Aroostook County Transportation Study.

The City requests that the designation of the RC-2 zone as a TIF District and its Development Program be authorized for the full thirty (30) years as allowed by Statute. This time period recognizes the long-term commitment that will be required to fully construct the extension of public utilities and roadways to maximize the public benefit. The City's past record of implementing such long-term commitments have been documented and the results have been tangible.

B. The Opening Project

The proposed project will initially create approximately \$ 450,000 in new assessed property value within the District. The ultimate build-out of the Company's property will add significant additional value to this total. The Company currently employs roughly forty (40) individuals in both full time and seasonal employment. Operation of the warehouse facility will expand one to two additional positions. Construction of these improvements themselves will involve the employment of over thirty (30) workers representing various trades over the course of a four-month term (refer to "Employment Goals," page 2). The extension of suitable electrical power to this site is essential to the overall success of the Company in fulfilling product contracts with client food processors.

The City views its participation with the Company as a vital first step in the overall development of the RC-2 Zoning District. However, other private business concerns will have to fulfill the role as catalyst for future expansions. The City will actively recruit these enterprises through the use of concerted economic development efforts.

C. The Overall Development Program

Immediate "qualified costs" identified within the newly adopted District Plan involves the extension of three-phase electrical power to 997 Presque Isle Road (US 1), and totals approximately \$24,000. The captured tax revenues from this development alone project the payback on this investment within four years. In addition, intervening properties along this power line will be able to utilize this improvement for their own enhanced development plans.

Other qualified costs identified within the Plan (See Exhibit 3) include:

- Further extension of three-phase electrical service southward along the US Highway 1 corridor to Doyle Road;
- Construction of access roads parallel to the US Highway 1 corridor in order to increase availability of land within the district for commercial and light industrial development;
- Expansion of the Caribou Utility District sanitary sewer network within the Spring Brook watershed;
- Residential development on appropriately designated properties located within the northeast quadrant of the TIF District;
- Conflict mitigation between incompatible residential and nonresidential land uses;
- Public open space and cultural amenities; and
- Other public infrastructure construction as deemed appropriate.

} Ties II -

D. Strategic Growth and Long Term Development

The Company's investment in the TIF District will greatly improve the overall development potential for the entire RC-2 zoning district. The provision of adequate public utilities and other infrastructure should help spur commercial and light industrial development throughout the District. The CEA process will be used to facilitate and administer subsequent land development projects within the District as well.

Long term improvements proposed for the District includes:

9,900 linear feet of 24-foot wide roadway	\$ 1,980,000
US Route 1 improved intersections (3)	300,000
7,500 linear feet of 8" sanitary sewer mains	637,500
2,500 linear feet of 4" sanitary sewer force main	125,000
1 sanitary sewer lift station	125,000
4,500 linear feet three-phase electrical distribution	50,000
Professional site planning and design studies	15,000
1 central district wood biomass heat plant	<u>3,500,000</u>
Total	\$ 6,732,500

} revise include into table 2 -

These projects represent a tentative situation that ideally would be constructed provided there is full development of the RC-2 Zoning District. This is totally dependent upon the strength of the private land development market to sustain economic growth throughout the life term of the proposed TIF District. The Development Program described herein is proposed for the purpose of administering the District as a tax increment financing district pursuant to Title 30-A M.R.S.A., § 207.

E. Operational Components

1. Public Facilities

The location and character of the proposed TIF District poses several advantages toward achieving the overall success of the Development Program. In 1982, the City financed the extension of sanitary sewer into the northern periphery of the District as part of an aborted attempt to develop the RC-2 Zoning District at that time. Although under utilized, it remains fully functional, and is available to accommodate increased urban-scale development.

The first public infrastructure improvement project planned for this district involves the extension of three-phase electrical service from the intersection of US 1 and State Highway 164 south approximately one-quarter mile to the Company's new potato storage facility. As illustrated on the location map, the Company's site is centrally located within the District. Their proposed utility improvements will directly benefit intervening properties, and act as a springboard for even further expansion of a robust infrastructural environment.

Any costs associated with the construction of additional public facilities, such as the construction of sanitary sewer mains and access roads, will be identified, and the Development Program will be amended to reflect those findings. The City Council will negotiate the terms of future CEA's used to facilitate private-sector development within the District.

2. Commercial Improvements Financed Through the Development Program

The City's primary area of responsibility will involve the approval of planning and design of the infrastructure necessary to attract development that will result in uses of private property that will comply with both the Caribou Code of Ordinances, and the 2004 Caribou Comprehensive Plan. Accordingly, the implementation of the District will provide significant economic benefit to the public through:

- Increased local property tax base;
- Revenue stream to help implement future land development activities;
- Job retention and future growth potential; and
- Increase in flow of revenues to local area from increased commercial and industrial activity.

Projects proposed for inclusion in the Development Program have been prioritized, and costs have been estimated. These will be engineered and implemented as funding allows. As other projects within the District are identified, the Development Program will be amended to allocate District TIF revenues accordingly.

For the next 30 years, the City will apply up to one hundred percent (100%) of the CAV from the proposed TIF District toward the completion of the District Development Program.

3. Relocation of Displaced Persons

At this time, it is not anticipated that relocation of individuals or families will occur as a result of this project or future District activities. Should future projects identify the need to relocate displaced families or individuals, TIF District revenues will be allocated to help cover those costs.

4. Transportation Improvements

The RC-2 zoning district which comprises the proposed TIF District lies along US Route 1. This road segment has the highest average daily traffic counts of any roadway north of Bangor and is currently designated by the Maine Department of Transportation (MDOT) as a retro-grade arterial road. Municipal land use development policies are impacted by MDOT's "U.S. Route 1 Caribou to Presque Isle Corridor Management Plan" (CMP). This originated with the Aroostook County Transportation Study (ACTS) as part of its objective to construct a limited access highway along the entire north-south axis of Aroostook County as an incentive to improve its economic development potential. The CMP's goal is to preserve transportation mobility along the existing Route 1 corridor so as to avoid traffic congestion in the event of future development. This designation has prohibited past development opportunities due to MDOT's refusal to permit additional curb cuts for development proposals. To simultaneously address the concerns outlined within the CMP while maximizing the development potential within this District, the City proposes to construct a 1.35-mile long road west of and parallel with US Route 1 between Buck Road and Doyle Road to serve as the primary source of access to commercial development within the District. Connecting streets would be added to improve traffic flow and provide increased control of access along US Route 1 by allowing the closure of surplus curb cuts that currently exist along its right-of-way. To mitigate any adverse traffic impacts posed by the addition of this network, funding to construct modifications to intersections, designed to improve public safety, and including construction of dedicated turning and acceleration lanes

along US Route 1 are included in the District Development Program.

5. Environmental Controls

Public review of the Development Plan has raised some environmental concerns, especially noise abatement. Section 13-700, Subsection 20, "Noise" of the Caribou Code of Ordinances shall be enforced to mitigate adverse impacts of commercial and light industrial uses located in proximity to residential properties.

Another environmental consideration within the District concerns the Spring Brook watershed, located in the north portion of the District, and its outfall into the Aroostook River. Section 13-500, "Shoreland Zoning" of the Code applies to this area, with its predominant protection being the observance of 75-foot setbacks from the banks of the stream. One advantage enjoyed by the proposed District is proximity to municipal sanitary sewer service provided by Caribou Utilities District. It should be economically feasible for lands located north of Spring Brook to access this amenity. Responsible development performed in compliance with all provisions of the Code shall be encouraged.

Given the opportunity for large scale planned development in the proposed TIF District, the City will advocate for the incorporation of alternative energy technologies to ameliorate energy systems within the built environment. The use of locally processed wood biomass for interior space heating is a viable alternative to traditional petroleum-based methods used for this purpose. The economies of scale should make a centralized heating facility feasible.

Should future District project plans identify the need to apply additional environmental controls, TIF District revenues will be allocated to help cover those costs.

6. Plan of Operation

Future public improvements, funded through TIF revenue, shall be owned, operated, and maintained by either the City or applicable utility district. It is anticipated that as funding allows, the City will engage professional consultants to engineer specific projects, and either a private contractor or City Public Works Department will be responsible for construction improvements. Operational administration of District programs will be the responsibility the City Manager, with the review and consent of the Mayor and City Council.

The City Council will negotiate and approve the terms of future public-private development relationships, including the use of additional CEA's to reimburse up to one hundred percent (100%) of eligible development costs back to private participants.

The Code Enforcement Officer is charged with enforcement of the City's land use ordinances, and land development proposals within the RC-2 Zoning District will be subject to design review by the City Planning Board.

IV. Physical Description

A. Acreage Cap of TIF District

(1) Total Acreage of TIF District	446 Ac.
(2) Total Acreage within City of Caribou	50,747 Ac.
(3) Percentage of Acreage Devoted to TIF District (< 2%)	0.88%

B. Acreage Cap of Existing and Proposed TIF Districts

- (4) Total Acreage of All Existing and Proposed TIF Districts Within City 1,081 Ac.
- (5) Percentage of Acreage Devoted to TIF District (< 5%) 2.13%

C. Twenty-Five Percent (25%) Rule

- (6) By area, is at least twenty-five percent (25%) of real property within the District:
 - (a) Blighted: **No**
 - (b) In need of rehabilitation, redevelopment, or conservation work: **No**
 - (c) Suitable of commercial uses: **Yes**

V. Financial Plan

The District will have an area of approximately 446 acres. As of 31 March 2012, the Original Assessed Value (OAV) of the proposed District is calculated to be \$ 5,839,643.³⁵ The City will enter into a CEA with the Company in order to assist the Company with financing the cost of the initial Project.

The Qualifying Event for the City to initiate TIF revenue reimbursement to the Company, as defined by the CEA, will be the final approval of the TIF District application by the Commissioner of the DECD. The Development Plan proposes that beginning on the April 1st after the Commissioner’s approval of this TIF District and Development Program, the City will capture up to one hundred percent (100%) of taxable property value above that of the OAV. This is defined as being TIF Revenues. In the tax year of the qualifying event, the four (4) year term of tax reimbursements to the Company will begin. During the four-year period of tax reimbursements, the City will refund to the Company TIF revenues specified by the CEA generated by the CAV of the real property controlled by the Company located within the District, while retaining the balance of TIF revenues generated by the captured assessed value of the real property controlled by the Company located within the District for the City’s Project costs. For each year of the TIF District’s thirty-year term occurring either before or after the lifespan of the City’s CEA with the Company, the City will retain all TIF Revenues for the City’s Project costs. In addition, the City will retain up to one hundred percent (100%) of any TIF Revenues generated by the CAV of any non-Company owned or leased property located within the District.

The City will establish two Development Program Fund accounts:

- 1. Company Reimbursement Account; and
- 2. City Programs and Projects Account.

Upon each annual payment of property taxes by the Company, the City, based upon the allocations described within the CEA, will deposit into the Company Reimbursement Account that portion of the property tax payment constituting the Company’s allocation of TIF Revenue from the Company’s project development within the District. The Company Reimbursement Account is pledged to and charged with the payment of the project costs as provided by Title 30-A M.R.S.A. § 5227(3). The city will disburse funds from the Development Program Fund to the Company Reimbursement Account in accordance with the procedures described within the CEA.

The CEA will provide TIF revenue reimbursements to the Company for a period of four (4) years, commencing when the qualifying event specified by the CEA occurs. Estimates of the increased assessed values of the District, anticipated TIF Revenues generated by the District, that portion of TIF Revenues to be applied to the District each year, and the estimated tax shifts are shown in Exhibit 4.

A. Costs and Sources of Revenue

Sources of anticipated revenues include: Net TIF Revenues from the District’s CAV, grant funding, leveraged private investment capital, City revolving loan funds, and City operational funds as designated and allocated in the future. The adoption of any subsequent CEA’s to fund future development within this District shall be within the discretion of the City’s mayor and City Council. These may be negotiated on a case-by-case basis, and may include reimbursement to private sector participants up to one hundred percent (100%) of qualified costs.

B. Public Indebtedness

Currently, there is no municipal debt created by the Project. Administrative costs to operate the District will be borne by the City through the use of existing staff.

VI. Financial Data

Valuation Cap on Existing and Proposed TIF Districts

1. Total value of taxable property in all City of Caribou, as of 1 April 2011.	\$ 245,025,100. ⁰⁰
2. Original Assessed Value (OAV) of all existing and proposed TIF districts in all City of Caribou.	54,770,484. ⁰⁰
3. Percentage of total value of taxable property in all City of Caribou made up of the aggregate of the OAV for all existing and proposed tax increment financing districts (cannot exceed 5%)	0.24%
4. Aggregate original principal amount of City indebtedness financed by the proceeds from existing TIF districts within all City of Caribou does not exceed \$ 50,000,000. ⁰⁰ .	YES

VII. Tax Shifts

In accordance with Maine statutes governing the establishment of a tax increment financing district, the table shown in Exhibit 4 identifies the tax shifts that are expected to result during the term of the proposed District.

VIII. Municipal Approvals

A. Notices of Public Hearings

As shown in Exhibit 6, Notices of Public Hearing were published in the 2 November 2011 edition of the *Aroostook Republican*, a newspaper of general circulation within the City of Caribou for a public hearing scheduled for 14 November 2011. A second Notice was published in the 2 May 2012 edition of the *Aroostook Republican*, for a public hearing scheduled for 14 May 2012.

B. Minutes of Public Hearings

In accordance with Title 30-A M.R.S.A. § 5226(1), The Caribou City Council held a public hearing for the purpose of garnering public comment regarding the proposed TIF District on 14 November 2011. The Caribou City Council held a separate public hearing for the purpose of considering approval of the credit enhancement agreement with Lake Road Farms, Inc. 14 May 2012. Certified copies of these hearing minutes are displayed in Exhibit 7.

C. Authorization Votes

On 23 January 2012, The Caribou City Council voted 6-0 to “authorize the Administration to submit an Application to the Maine Department of Economic and Community Development to establish a Tax Increment Financing District for the current RC-2 off Route 1, as amended to in-

clude the modification for Shoreland Zoning requirements for Spring Brook.” This is shown in Exhibit 8.

Exhibit 1

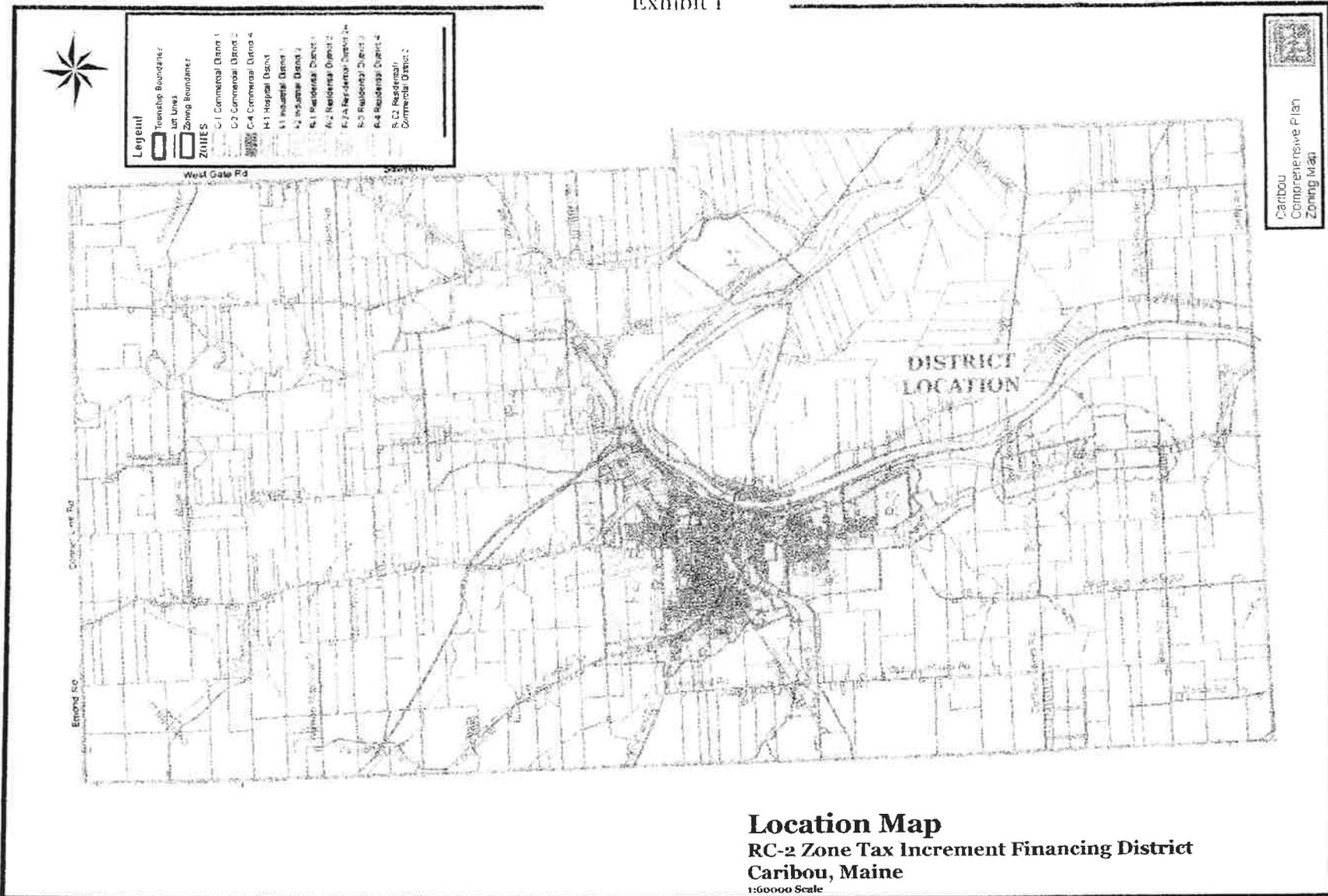
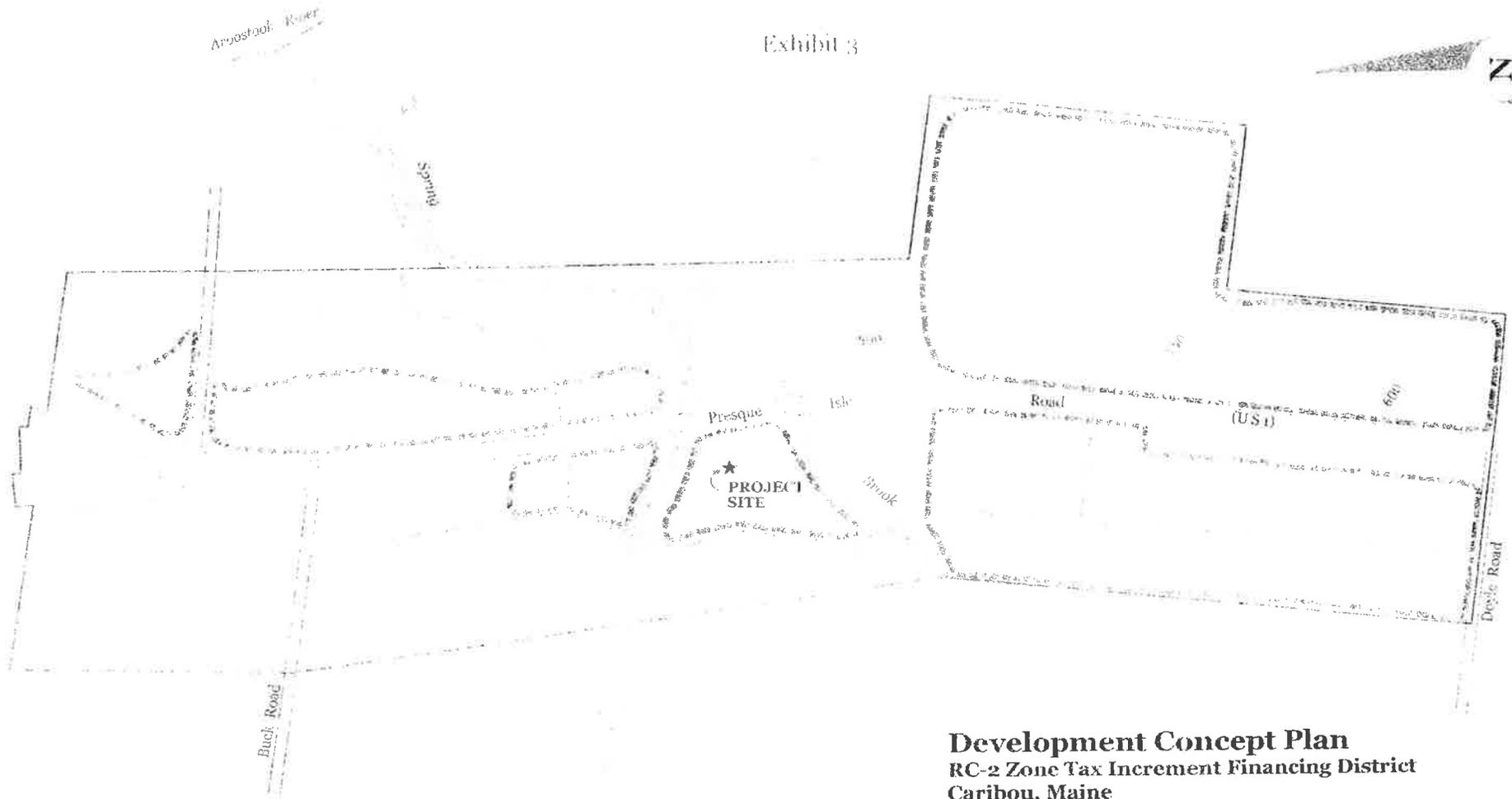


Exhibit 3



Development Concept Plan
RC-2 Zone Tax Increment Financing District
Caribou, Maine

1:7200 Scale 5-Foot Contour Interval

Legend

-  Residential Development Area
-  Commercial Development Area
-  Light Industrial Development Area
-  Spring Brook Shoreland Protection Zone
-  Municipal Sanitary Sewer Service Area
-  Municipal Access Roads
-  TIF District Boundary

Exhibit 4
City of Caribou RC-2 Tax Increment Financing District
Estimate of County Tax Shift 2012-2016

Average County Tax for past 6 Years

Tax Year (4/1 - 3/31)	Total Annual Municipal Mill Rate	Aroostook County Tax Mill Rate	Aroostook County Tax Assessment	Caribou Municipal Tax Mill Rate	Caribou Municipal Tax Assessment	Caribou Schools RSU 39 Tax Mill Rate	Caribou Schools RSU 39 Tax Assessment
2005 - 2006	24.50	1.22500	\$334,800	10.78000	\$5,958,515	12.49500	\$3,152,327
2006 - 2007	24.00	1.44000	\$342,323	10.56000	\$8,250,272	12.00000	\$3,136,087
2007 - 2008	24.00	1.20000	\$355,272	11.28000	\$6,334,702	11.52000	\$3,119,847
2008 - 2009	24.00	1.20000	\$351,859	11.76000	\$6,371,779	11.04000	\$2,990,387
2009 - 2010	24.10	1.20500	\$354,009	12.29100	\$6,556,993	10.60400	\$2,930,775
2010 - 2011	26.10	1.30500	\$356,052	13.57200	\$7,152,055	11.22300	\$3,092,769
5 Year Average Mill Rate	25.00000	1.25000		13.00000		10.75000	

Year of TIF	TIF District OAV: \$5,839,643	District Total Estimated Future Valuations	Estimated Future Captured Assessed Value (CAV)	Estimated Aroostook County Tax Assessment	Estimated Caribou Municipal Tax Assessment	Estimated Caribou Schools RSU 39 Tax Assessment	Total Estimated Annual Tax Shift	Company Reimbursement Account Portion	City Programs & Projects Account Portion
2011 - 2012	1	\$6,372,300	\$532,657	\$666	\$6,925	\$5,726	\$13,316	\$5,825.00	\$7,491
2012 - 2013	2	\$6,463,400	\$623,757	\$780	\$8,109	\$6,705	\$15,594	\$5,909.75	\$9,684
2013 - 2014	3	\$7,005,800	\$1,168,157	\$1,458	\$15,160	\$12,536	\$29,154	\$7,668.55	\$21,485
2014 - 2015	4	\$7,106,000	\$1,266,357	\$1,583	\$16,463	\$13,613	\$31,659	\$4,596.70	\$27,062
2015 - 2016	5	\$7,207,600	\$1,367,957	\$1,710	\$17,783	\$14,706	\$34,199		
2016 - 2017	6	\$7,310,700	\$1,471,057	\$1,839	\$19,124	\$15,814	\$36,776	\$24,000	\$65,723
2017 - 2018	7	\$7,415,200	\$1,575,557	\$1,969	\$20,482	\$16,937	\$39,389		
2018 - 2019	8	\$7,521,300	\$1,681,657	\$2,102	\$21,862	\$18,078	\$42,041		
2019 - 2020	9	\$7,628,800	\$1,789,157	\$2,236	\$23,259	\$19,233	\$44,729		
2020 - 2021	10	\$7,737,900	\$1,898,257	\$2,373	\$24,677	\$20,406	\$47,456		
2021 - 2022	11	\$7,848,500	\$2,008,657	\$2,511	\$26,115	\$21,595	\$50,221		
2022 - 2023	12	\$7,960,800	\$2,121,157	\$2,651	\$27,575	\$22,802	\$53,029		
2023 - 2024	13	\$8,074,600	\$2,234,957	\$2,794	\$29,054	\$24,026	\$55,874		
2024 - 2025	14	\$8,190,100	\$2,350,457	\$2,938	\$30,556	\$25,257	\$58,761		
2025 - 2026	15	\$8,307,200	\$2,467,557	\$3,084	\$32,078	\$26,526	\$61,689		
2026 - 2027	16	\$8,426,000	\$2,586,357	\$3,233	\$33,623	\$27,803	\$64,659		
2027 - 2028	17	\$8,546,500	\$2,706,857	\$3,384	\$35,189	\$29,099	\$67,671		
2028 - 2029	18	\$8,668,700	\$2,829,057	\$3,536	\$36,778	\$30,412	\$70,726		
2029 - 2030	19	\$8,792,700	\$2,953,057	\$3,691	\$38,390	\$31,745	\$73,826		
2030 - 2031	20	\$8,918,500	\$3,078,857	\$3,849	\$40,025	\$33,098	\$76,971		
2031 - 2032	21	\$9,046,000	\$3,206,357	\$4,008	\$41,683	\$34,468	\$80,159		
2032 - 2033	22	\$9,175,300	\$3,336,657	\$4,170	\$43,364	\$35,858	\$83,391		
2033 - 2034	23	\$9,306,500	\$3,468,857	\$4,334	\$45,069	\$37,269	\$86,671		
2034 - 2035	24	\$9,438,600	\$3,599,957	\$4,500	\$46,799	\$38,700	\$89,999		
2035 - 2036	25	\$9,574,600	\$3,734,957	\$4,669	\$48,554	\$40,151	\$93,374		
2036 - 2037	26	\$9,711,500	\$3,871,857	\$4,840	\$50,334	\$41,622	\$96,796		
2037 - 2038	27	\$9,850,400	\$4,010,757	\$5,013	\$52,140	\$43,116	\$100,269		
2038 - 2039	28	\$9,991,300	\$4,151,657	\$5,190	\$53,972	\$44,630	\$103,791		
2039 - 2040	29	\$10,134,100	\$4,294,457	\$5,368	\$55,828	\$46,165	\$107,361		
2040 - 2041	30	\$10,279,100	\$4,439,457	\$5,549	\$57,713	\$47,724	\$110,986		
Total Funds				\$96,027	\$998,682	\$825,833	\$1,926,543		CEA Total Funds

**Exhibit 5
City of Caribou RC-2 Tax Increment Financing District
Estimate of Captured Assessed Value (CAV)**

TIF Year	Tax Year (4/1 - 3/31)	Lake Road Farms (LRF) Increased Assessed Value†	Projected Tax Mill Rate	Projected LRF Annual TIF Revenues	Percentage Value Captured	TIF District Increased Assessed Value (Other Lots)†	Projected Annual TIF Revenues (Other Lots)	Percentage Value	Combined Assessed Value	Total Projected Annual TIF Revenues	Projected Allocations for Infrastructure Improvements	Projected City Reimbursements to Lake Road Farms	Projected City TIF Revenue Retention
	* 2000 - 2001	\$12,802				\$5,093,018							
	* 2001 - 2002	\$12,802				\$5,113,620							
	* 2002 - 2003	\$12,802				\$5,206,242							
	* 2003 - 2004	\$12,802				\$5,505,613							
	* 2004 - 2005	\$13,580				\$5,438,167							
	* 2005 - 2006	\$13,992				\$5,419,737							
	* 2006 - 2007	\$16,649				\$5,461,156							
	* 2007 - 2008	\$16,649				\$5,714,621							
	* 2008 - 2009	\$16,649				\$5,691,716							
	* 2009 - 2010	\$16,649				\$5,783,265							
	* 2010 - 2011	\$16,649				\$5,822,994							
	* 2011 - 2012	\$16,649				\$5,822,994							
1	2012 - 2013	\$466,000	25.00	\$11,650	100%	\$5,906,300	\$147,658	100%	\$532,657	\$13,316	\$24,000	\$5,825	\$7,488
2	2013 - 2014	\$472,700	25.00	\$11,818	100%	\$5,990,700	\$149,768	100%	\$623,757	\$15,694		\$5,905	\$9,685
3	2014 - 2015	\$929,400	25.00	\$23,235	100%	\$6,076,400	\$151,910	100%	\$1,166,157	\$29,154	\$28,000	\$7,668	\$21,486
4	2015 - 2016	\$942,700	25.00	\$23,958	100%	\$6,163,300	\$154,063	100%	\$1,266,357	\$31,659		\$4,596	\$27,063
5	2016 - 2017	\$956,200	25.00	\$23,905	100%	\$6,251,400	\$156,285	100%	\$1,367,957	\$34,199	\$855,000		\$34,199
6	2017 - 2018	\$969,900	25.00	\$24,248	100%	\$6,340,800	\$158,520	100%	\$1,471,057	\$36,776			\$36,776
7	2018 - 2019	\$983,700	25.00	\$24,593	100%	\$6,431,500	\$160,788	100%	\$1,575,557	\$39,389			\$39,389
8	2019 - 2020	\$997,800	25.00	\$24,945	100%	\$6,523,500	\$163,088	100%	\$1,681,657	\$42,041	\$4,072,500		\$42,041
9	2020 - 2021	\$1,012,100	25.00	\$25,302	100%	\$6,616,700	\$165,418	100%	\$1,789,157	\$44,729			\$44,729
10	2021 - 2022	\$1,026,500	25.00	\$25,663	100%	\$6,711,400	\$167,785	100%	\$1,898,257	\$47,456	\$605,000		\$47,456
11	2022 - 2023	\$1,041,200	25.00	\$26,030	100%	\$6,807,300	\$170,183	100%	\$2,008,857	\$50,221			\$50,221
12	2023 - 2024	\$1,056,100	25.00	\$26,403	100%	\$6,904,700	\$172,618	100%	\$2,121,157	\$53,029			\$53,029
13	2024 - 2025	\$1,071,200	25.00	\$26,780	100%	\$7,003,400	\$175,085	100%	\$2,234,957	\$55,874			\$55,874
14	2025 - 2026	\$1,086,500	25.00	\$27,163	100%	\$7,103,600	\$177,590	100%	\$2,350,457	\$58,761			\$58,761
15	2026 - 2027	\$1,102,100	25.00	\$27,553	100%	\$7,205,100	\$180,128	100%	\$2,467,557	\$61,689	\$575,000		\$61,689
16	2027 - 2028	\$1,117,800	25.00	\$27,945	100%	\$7,308,200	\$182,705	100%	\$2,586,357	\$64,659			\$64,659
17	2028 - 2029	\$1,133,800	25.00	\$28,345	100%	\$7,412,700	\$185,318	100%	\$2,706,857	\$67,671			\$67,671
18	2029 - 2030	\$1,150,000	25.00	\$28,750	100%	\$7,518,700	\$187,968	100%	\$2,829,057	\$70,726			\$70,726
19	2030 - 2031	\$1,166,500	25.00	\$29,163	100%	\$7,626,200	\$190,655	100%	\$2,953,057	\$73,826			\$73,826
20	2031 - 2032	\$1,183,200	25.00	\$29,580	100%	\$7,735,300	\$193,383	100%	\$3,078,857	\$76,971	\$575,000		\$76,971
21	2032 - 2033	\$1,200,100	25.00	\$30,003	100%	\$7,845,900	\$196,148	100%	\$3,206,357	\$80,159			\$80,159
22	2033 - 2034	\$1,217,200	25.00	\$30,430	100%	\$7,958,100	\$198,953	100%	\$3,335,657	\$83,391			\$83,391
23	2034 - 2035	\$1,234,600	25.00	\$30,865	100%	\$8,071,900	\$201,798	100%	\$3,466,857	\$86,671			\$86,671
24	2035 - 2036	\$1,252,300	25.00	\$31,308	100%	\$8,187,300	\$204,683	100%	\$3,599,957	\$89,999			\$89,999
25	2036 - 2037	\$1,270,200	25.00	\$31,755	100%	\$8,304,400	\$207,610	100%	\$3,734,957	\$93,374			\$93,374
26	2037 - 2038	\$1,288,400	25.00	\$32,210	100%	\$8,423,100	\$210,578	100%	\$3,871,857	\$96,796			\$96,796
27	2038 - 2039	\$1,306,800	25.00	\$32,670	100%	\$8,543,600	\$213,590	100%	\$4,010,757	\$100,269			\$100,269
28	2039 - 2040	\$1,325,500	25.00	\$33,138	100%	\$8,665,800	\$216,645	100%	\$4,151,657	\$103,791			\$103,791
29	2040 - 2041	\$1,344,400	25.00	\$33,610	100%	\$8,789,700	\$219,743	100%	\$4,294,457	\$107,361			\$107,361
30	2041 - 2042	\$1,363,700	25.00	\$34,093	100%	\$8,915,400	\$222,885	100%	\$4,439,457	\$110,986			\$110,986
Total										\$1,920,543	\$6,732,500	\$24,000	\$1,896,543
Annual Average										\$64,018			\$63,218

**CAV
\$5,839,643**

Term of CEA
\$5,825
\$5,905
\$7,668
\$4,596

* Data given for historical reference only.

† Projected annual appreciation of assessed values during term of TIF District: 1.4%



City of Caribou, Maine 1859 - 2009

Municipal Building
25 High Street
Caribou, ME 04736
Telephone (207) 493-3324
Fax (207) 498-3954
www.cariboumaine.org

Below is an excerpt from the minutes of the November 14, 2011 Caribou City Council Meeting. The minutes were approved November 28, 2011 by a vote of the Caribou City Council.

Council Agenda Item #7: Public Hearing to receive written and verbal input on the proposed application to the State of Maine to establish a Tax Increment Financing District for the RC-2 Zone on Route 1.

7:30 p.m. Public Hearing Opened.

Philip Bosse asked a series questions about the proposed application to establish a Tax Increment Financing District (TIF). Mr. Buck provided background information on the proposed TIF application including the goals that any dedicated revenues would support. The immediate investment in the TIF would be the extension of three-phase electrical power which has an estimated cost of \$24,000. Mr. Buck explained that any improvements in the TIF would not be speculative but done as development warrants it.

Forty-eight landowners were sent notification of this meeting. Anne and Steve Lagasse expressed their concerns about retaining property values for their home and others in the area. Denise Bosse spoke about living in their home since 1976 and how the area has changed from residential to increased commercial use. The Bosse's have experienced problems with their electricity, noise levels, and light pollution since the building and use of the Ayer potatoes storage facility.

Mr. Shrewsberry commented that any development will have to go through site planning and Planning Board review. So far the Planning Board has not been involved in the planning of the proposed TIF.

Mr. Bosse wants the Council to remember that this zone is a Residential Commercial.

8:23 p.m. Public Hearing Closed.

Below is an excerpt from the minutes of the January 23, 2012 Caribou City Council Meeting. The minutes were approved February 13, 2012 by a vote of the Caribou City Council.

Council Agenda Item #4: Review of the pending RC-2 Tax Increment Financing District establishment and application to the State of Maine Department of Economic and Community Development.

Community Development Director Michael Shrewsberry presented and commented on the revised RC-2 Tax Increment District Development Program and Financing Plan application. The revised application was developed after environmental questions were raised by Caribou residents living in the RC-2. Recently, the Code Enforcement Officer has received noise monitoring equipment which will allow for the enforcement of the City's noise and sound levels limits. During the Public Hearing, the RC-2 residents expressed concern about increasing the emphasis on commercial development rather than the residents of this zone. The revised application proposes using dedicated revenues to study the highest and best use of the RC-2 development area and to resolve incompatibility issues between adjoining residential and commercial properties. The Councilors asked several questions concerning noise levels, power surges, extension of public utilities, and Spring Brook.

See
PH
Nov 14
2011

Motion made by D. Martin, seconded by MK Barbosa, to authorize Administration to submit an Application to the Maine Department of Economic and Community Development to establish a Tax Increment Finance District for the current RC-2 off Route 1 as amended to include the modification for the Shoreland Zoning requirements for Spring Brook. (6 yes) So voted.

February 14, 2012

A True Copy Attest:


Jayne R. Farrin
Caribou City Clerk

Notice of Public Hearing

Public Hearing Notice

The City of Caribou

The Caribou City Council will hold a Public Hearing on Monday, 14 May 2012, beginning at 7:00 pm, in the Chambers of the City Council, Caribou City Hall, 25 High Street, to solicit comments regarding the approval of a Credit Enhancement Agreement between the City of Caribou and Lake Road Farms, Inc. to fund the construction of improved electrical utility service infrastructure within the City of Caribou's RC-2 Tax Increment Financing District, pursuant to Title 30-A M.R.S.A. § 5226.

All persons wishing to make comments or ask questions regarding this issue are invited to attend. People requiring special accommodations to participate in this hearing, and those wish to submit comments in writing may contact:

Mike Shrewsberry
City of Caribou
Director of Community Development
25 High Street
Caribou, Maine, 04736.
Tel: (207) 493-3324 ext 224
Fax: (207) 498-3954

May 14, 2012

Below is an excerpt from the minutes of the May 14, 2012 Caribou City Council public meeting. The minutes were approved May 29, 2012 by a vote of the Caribou City Council.

A regular meeting of the Caribou City Council was held 7:00 p.m. on Monday, May 14, 2012 in Council Chambers with the following members present: Mayor Kenneth G. Murchison, Jr., Deputy Mayor David Martin, Mary Kate Barbosa, John R. Boone, Philip McDonough II, Bryan Thompson and Gary Aiken.

Steven R. Buck, City Manager was present.

City of Caribou employees attending: Scott Susi, Elizabeth O'Bar, Penny Thompson, Kathleen Mazzuchelli, Ricky Patterson, David Ouellette, Constance J. Michaud, Brian Levesque, Mona Martin, Kalen Hill, Stephen Wentworth, Michael Shrewsberry, and Denise Lausier.

Council Agenda Item #4: Public Hearing to consider the terms of a Credit Enhancement Agreement with Lake Road Farms, Inc. for the extension of three-phase power within the RC-2 TIF District.

7:17 p.m. Public Hearing Opened

Director of Community Development Michael Shrewsberry presented the draft Credit Enhancement Agreement and noted that one page has been revised. The Department of Economic and Community Development has reviewed the draft and appear to be very accepting of it with the one exception. The revised language for Section 2.2 (e) is:

(e) For Property Taxes assessed against the Company during the balance of the thirty (30) year life of the District, an amount equal to up to one hundred percent (100%) of the Tax Increment revenues generated from the Increased Assessed Value of the property shall be designated as Captured Assessed Value, and shall be deposited into The City Programs and Projects Account.

Councilor McDonough asked if all conditions from previous communications have been met. Mr. Shrewsberry assured him that this has been done. Manager Buck thanked Mr. Shrewsberry for his work on this project.

7:24 p.m. Public Hearing Closed

Motion made by P. McDonough, seconded by MK Barbosa, to authorize Administration to complete the Credit Enhancement Agreement and implement with Lake Road Farms, Inc. for the extension of three-phase power within the RC-2 District. (7 yes) So voted.

May 30, 2012

A True Copy Attest:

Jayne R. Farrin

Caribou City Clerk



City of Caribou, Maine
1859 - 2009

Municipal Building
25 High Street
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Telephone (207) 493-3324
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www.cariboumaine.org

**ASSESSOR'S CERTIFICATE
CITY OF CARIBOU, MAINE
MUNICIPAL ASSESSOR**

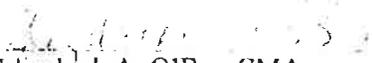
The undersigned City Assessor for the City of Caribou, Maine does hereby certify pursuant to the provisions of 30-A M.R.S.A. Section 5227(2) that the assessed value of the **RC-2 Tax Increment Financing District** as described in the Development Program to which this Certificate is included was,

\$5,839,643.35 effective March 31, 2011.

The undersigned further certifies that the tax map and municipal map on which the District is delineated and which are attached to the Development Program referenced above as Exhibits and are accurate depictions of the District and the municipality.

IN WITNESS WHEREOF, this Certificate has been executed as of this 28th day of February 2012.

City of Caribou


Elizabeth A. O'Bar, CMA
Assessor's Agent

Attached are the documents of the Map and Lot valuations of those parcels as depicted in Caribou's RC-2 designation.

CREDIT ENHANCEMENT AGREEMENT

THIS CREDIT ENHANCEMENT AGREEMENT dated as of May 25th 2012, between the **City of Caribou**, a municipal body corporate and politic and a political subdivision of the State of Maine (herein the "City") and **Lake Road Farms, Inc.**, a corporation duly organized and existing under the laws of the State of Maine, with a place of business in Caribou, Maine (herein the "Company").

WITNESSETH THAT:

WHEREAS, the City has designated the Caribou RC-2 Zoning District Omnibus Development and Tax Increment Financing District (herein the "District") pursuant to Title 30-A M.R.S.A. Chapter 206, by vote at a City Council Meeting duly noticed and held on May 14, 2012 (the "Vote"); and

WHEREAS, pursuant to the Vote adopted a Development Program and Financial Plan for the District (herein the "Development Program"); and

WHEREAS, the District and the 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

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

“Agreement” shall mean this Credit Enhancement Agreement between the City and the Company dated as of the date set forth above, as such may be amended 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;

“City” means the **City of Caribou**, Maine, a municipality duly organized and existing under the laws of the State of Maine;

“City Programs and Projects Account” means the depository for Tax Increment revenues accrued by the City throughout the term of the District.

“Company” means **Lake Road Farms, Inc.**;

“Company Reimbursement Account” means the depository for Tax Increment revenues reimbursed by the City to the Company during the term of this agreement.

“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 RC-2 Development and Tax Increment Financing Development Program;

“District” means the Caribou RC-2 Zoning District Omnibus Development and Tax Increment Financing District;

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

“Fiscal Year” means January 1 to December 31;

“Increased Assessed Value” means the valuation amount by which the Current Assessed Value of the District exceeds the Original Assessed Value of the District. If the current assessed value is equal to or less than the original, there is no increased assessed value.

“Original Assessed Value” means the assessed value of the Development District as of March 31st, 2011;

“Project” means the extension of three phase electrical power to 997 Presque Isle Road to provide adequate electrical power for the operation, ventilation and refrigeration for one newly constructed agricultural storage unit and for a second unit 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 expected to be incurred that are authorized by Title 30-A MRSA Section 5225 as set forth and included in the District;

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

“Qualifying Event” means the final approval of the Tax Incremental District application by the Commissioner of the Maine Department of Economic and Community Development

“Tax Increment” means real 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 determined by the City from time to time on which property taxes assessed by the City are due and payable without interest from owners of property located within the City.

“Tax Year” means the period of time beginning on April 1st and ending on the succeeding March 31st.

ARTICLE II

DEVELOPMENT PROGRAM FUND AND FUNDING REQUIREMENTS

Section 2.1 Creation of Development Program Fund.

Within forty-five (45) days of the date the District is approved by the DECD, the City agrees to create and establish two (2) Project Cost Accounts, herein named a “Company Reimbursement Account” and a “City Programs and Projects Account,” the funds of which are pledged to and charged with the payment of appropriate Project costs in accordance with the terms and conditions of the Development Program.

Section 2.2. Deposits Into the Project Cost Accounts.

(a) Within ten (10) days of payment of 2011-2012 Property Taxes by the Company, the

City shall deposit into the Company Reimbursement Account the following amount: \$ 5,825.⁰⁰.

(b) For Property Taxes assessed against the Company during the remainder of the four (4) year term of this Agreement, the City will deposit into the Company Reimbursement Account within ten (10) days of each payment of Property Taxes by the Company funds according to the following schedule:

Tax Year 2013-2014	5,909. ⁷⁵
Tax Year 2014-2015	7,668. ⁵⁵
Tax Year 2015-2016	4,596. ⁷⁰

It is understood and agreed that the credit to the Company Reimbursement Account as specified above shall be due and payable solely from such Property Tax payments by Company.

(c) During the term of this Agreement, Property Tax revenues collected from the Company in excess of the amounts specified to be reimbursed to the Company in items (a) and (b) above shall be deposited into The City Programs and Projects Account.

(d) Total funds reimbursed to the Company shall be \$ 24,000.⁰⁰.

(e) For Property Taxes assessed against the Company during the balance of the thirty (30) year life of the District, an amount equal to up to one hundred percent (100%) of the Tax Increment revenues generated from the Increased Assessed Value of the property shall be designated as Captured Assessed Value, and shall be deposited into The City Programs and Projects Account.

(f) For Property Taxes assessed against all other properties located within the District for the thirty (30) year life of the District, an amount equal to up to one hundred percent (100%) of the Tax Increment revenues generated from the Increased Assessed Value of these properties shall be designated as Captured Assessed Value, and shall be deposited into the City Programs and Projects Account.

(g) Notwithstanding any other provision of this Agreement, any and all revenues resulting from investment of monies allocated to the City Programs and Projects 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.

Section 2.3. Use of Monies in the Company Reimbursement Account.

Monies credited to the Company Reimbursement Account shall be paid and delivered to the Company in accordance with the terms of this Agreement.

Section 2.4. Monies Held By City

All monies actually paid by the Company to the City pursuant to this Agreement and credited to the City Programs and Projects Account under the provisions hereof and the provisions of the Development Program shall be held by the City 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 Company Reimbursement Account.

ARTICLE III

PAYMENT OBLIGATIONS

Section 3.1. Credit Enhancement Payments

Within ten (10) days following the payment of Property Taxes by Company on property in the District, the City shall pay to the Company the amounts-specified by section 2.2(a) and (b) of this agreement to the Company Reimbursement Account, exclusive of any deduction or withholding required by Federal or State law.

All payments made to Company hereunder shall be used to pay directly or 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 the Company pursuant to this Agreement have been applied by Company to pay for the extension of three phase electrical power from its current termination within the District to the Project location at 997 Presque Isle Road.

Any amount in the City Programs and Projects Account after making such payment shall be transferred to the City of Caribou as other revenue.

Section 3.2. Manner of Payments.

The payments provided for in this Article III shall be paid in immediately available funds directly to the Company in the manner provided hereinabove for its own use and benefit.

Section 3.3. 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 Company Reimbursement 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.

In the event that this Agreement is declared illegal or invalid by a court of competent jurisdiction, this Agreement shall be terminated effective when such decision is final.

Section 3.4. 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.

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 Accounts 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 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 the Company when the same shall become due and payable;

(b) Any failure by the City to credit to the Company Reimbursement 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 the Company by any court of

competent jurisdiction; or if the Company should file a voluntary petition in bankruptcy or fail to have a 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 the 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, 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 written approval of the Development Program by DECD and shall expire five (5) years from the date of such approval.

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 Project Cost Accounts 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 a copy, which shall not constitute notice, to:

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

If to the Company:

Lake Road Farms
33 Lake Road
Caribou, Maine 04736

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.

Neither this Agreement nor the Development Program may be amended without the express written consent of all of the parties hereto.

Section 11.9 Benefit of Assignees or Pledges.

The City agrees that this Agreement is executed in part to induce assignees or pledges 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.

Section 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 Original Assessed Value

The Original Assessed Value of the District is **\$5,839,643.00** for land and buildings.

Section 11.13 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 11.14 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, approval and approval of the Development Program. The amount of these fees shall not exceed three hundred dollars (\$300.⁰⁰). 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.


Witness

CITY OF CARIBOU

By 


Witness

LAKE ROAD FARMS, INC.

By 
Arthur Ayer, Treasurer



City of Caribou, Maine
1859 - 2009

Municipal Building
25 High Street
Caribou, ME 04736
Telephone (207) 493-3324
Fax (207) 498-3954
www.cariboumaine.org

**ASSESSOR'S CERTIFICATE
CITY OF CARIBOU, MAINE
MUNICIPAL ASSESSOR**

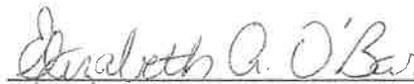
The undersigned City Assessor for the City of Caribou, Maine does hereby certify pursuant to the provisions of 30-A M.R.S.A. Section 5227(2) that the assessed value of the **RC-2 Tax Increment Financing District** as described in the Development Program to which this Certificate is included was,

\$5,839,643.35 effective March 31, 2011.

The undersigned further certifies that the tax map and municipal map on which the District is delineated and which are attached to the Development Program referenced above as Exhibits and are accurate depictions of the District and the municipality.

IN WITNESS WHEREOF, this Certificate has been executed as of this 28th day of February 2012.

City of Caribou



Elizabeth A. O'Bar, CMA
Assessor's Agent

Attached are the documents of the Map and Lot valuations of those parcels as depicted in Caribou's RC-2 designation.

RC-2 TIF District 2011

Map	Lot	Owner	Roster				Tract	*Zone	TIF					
			Total	Land	Building	Exemption			Ac.	Ac.	Percentage	Ratio Land	Ratio Bldg	Ratio Exempt
2	48	Guerrette Farms, Inc.	\$73,200	\$73,200			176.0	41.3	23.47%	\$17,180.04	\$0	\$0	\$17,180.04	
2	48-A	W & S Labbe	\$77,100	\$11,800	\$78,500	\$13,200	2.6	2.6	100.00%	\$11,800.00	\$78,500	\$13,200	\$77,100.00	
2	48-B	G & M Raymond	\$114,700	\$23,700	\$91,000		6.3	6.3	100.00%	\$23,700.00	\$91,000	\$0	\$114,700.00	
2	48-C	J Ellis	\$68,100	\$19,500	\$48,600		1.0	1.0	100.00%	\$19,500.00	\$48,600	\$0	\$68,100.00	
2	49	J Griffith	\$57,600	\$57,600			157.0	23.4	14.90%	\$8,582.40	\$0	\$0	\$8,582.40	
2	49-A	R Pike	\$72,100	\$21,100	\$51,000		1.8	1.8	100.00%	\$21,100.00	\$51,000	\$0	\$72,100.00	
2	49-B	W & S Labbe	\$83,800	\$21,400	\$62,400		1.9	1.9	100.00%	\$21,400.00	\$62,400	\$0	\$83,800.00	
2	49-C	Sullivans Entreprises	\$164,100	\$22,000	\$142,100		3.1	3.1	100.00%	\$22,000.00	\$142,100	\$0	\$164,100.00	
2	50	D & P McIntyre	\$121,500	\$11,500	\$118,300	\$8,300	2.0	2.0	100.00%	\$11,500.00	\$118,300	\$8,300	\$121,500.00	
2	51-A	B Grant	\$171,200	\$23,000	\$148,200		5.0	5.0	100.00%	\$23,000.00	\$148,200	\$0	\$171,200.00	\$898,362.44
			\$1,003,400							\$179,762.44	\$740,100.00	\$21,500.00	\$898,362.44	89.53%
5	4-F	KBS Enterprises	\$2,035,700	\$90,000	\$1,945,700		7.0	7.0	100.00%	\$90,000.00	\$1,945,700	\$0	\$2,035,700.00	
5	4-G-ABC	MJG Inc	\$1,222,700	\$80,000	\$1,142,700		6.0	6.0	100.00%	\$80,000.00	\$1,142,700	\$0	\$1,222,700.00	
5	9	K & N Huston	\$106,200	\$10,100	\$104,400	\$8,300	1.3	1.3	100.00%	\$10,100.00	\$104,400	\$8,300	\$106,200.00	
5	10-A	N & S Morneau	\$37,300	\$8,500	\$28,800		2.0	2.0	100.00%	\$8,500.00	\$28,800	\$0	\$37,300.00	
5	10-B	K & N Huston	\$8,500	\$8,500			2.0	2.0	100.00%	\$8,500.00	\$0	\$0	\$8,500.00	
5	10-C	Catholic Charities	\$0	\$25,500	\$157,700	\$183,200	10.0	10.0	100.00%	\$25,500.00	\$157,700	\$183,200	\$0	\$0
5	10-D	Irving Farms, Inc	\$171,200	\$15,800	\$155,400		29.0	25.0	86.21%	\$13,621.18	\$155,400	\$0	\$169,021.18	
5	11	N Griffith	\$16,100	\$16,100			19.0	12.0	63.16%	\$10,168.76	\$0	\$0	\$10,168.76	
5	11-B	F Hewitt	\$19,800	\$6,700	\$21,400	\$8,300	0.3	0.3	100.00%	\$6,700.00	\$21,400	\$8,300	\$19,800.00	
5	11-F	N Griffith	\$89,000	\$19,600	\$69,400		4.1	4.1	100.00%	\$19,600.00	\$69,400	\$0	\$89,000.00	
5	11-G	J Morin	\$13,000	\$9,500	\$16,700	\$13,200	1.0	1.0	100.00%	\$9,500.00	\$16,700	\$13,200	\$13,000.00	
5	12	J Chan-Simon	\$30,300	\$30,300			101.0	20.2	20.00%	\$6,060.00	\$0	\$0	\$6,060.00	
5	13	M Drost	\$4,700	\$6,300	\$11,600	\$13,200	0.3	0.3	100.00%	\$6,300.00	\$11,600	\$13,200	\$4,700.00	
5	13-A	P Hewitt	\$15,100	\$12,100	\$16,200	\$13,200	3.3	3.3	100.00%	\$12,100.00	\$16,200	\$13,200	\$15,100.00	
5	20	County Quickstop	\$194,600	\$18,400	\$176,200		0.7	0.7	100.00%	\$18,400.00	\$176,200	\$0	\$194,600.00	
5	20-A	R & P Gorence	\$88,300	\$7,300	\$81,000		0.5	0.5	100.00%	\$7,300.00	\$81,000	\$0	\$88,300.00	
5	21	Mehdizadegan & Kathordeh	\$76,000	\$23,600	\$52,400		36.2	28.0	77.35%	\$18,254.60	\$52,400	\$0	\$70,654.60	
5	21-A	J Wong	\$42,600	\$9,500	\$33,100		1.0	1.0	100.00%	\$9,500.00	\$33,100	\$0	\$42,600.00	
5	22-A	J Siddiqui	\$61,900	\$10,900	\$59,300	\$8,300	1.7	1.7	100.00%	\$10,900.00	\$59,300	\$8,300	\$61,900.00	
5	23	S Cousins	\$40,400	\$9,900	\$38,800	\$8,300	1.2	1.2	100.00%	\$9,900.00	\$38,800	\$8,300	\$40,400.00	
5	23-B	S Cousins	\$9,900	\$9,900			4.8	4.8	100.00%	\$9,900.00	\$0	\$0	\$9,900.00	
5	24	J Lancaster	\$51,900	\$56,800		\$4,900	128.0	35.0	27.34%	\$15,529.12	\$0	\$1,340	\$14,189.46	
5	24-A	J Noble	\$20,000	\$20,000			5.0	5.0	100.00%	\$20,000.00	\$0	\$0	\$20,000.00	
5	25	A Micmacs	\$0	\$10,000	\$39,900	\$49,900	1.3	1.3	100.00%	\$10,000.00	\$39,900	\$49,900	\$0	\$0
5	27	D Enman	\$55,800	\$34,700	\$21,100		100.0	10.0	10.00%	\$3,470.00	\$21,100	\$0	\$24,570.00	
5	28	M Yaghmai	\$54,600	\$54,600			156.0	24.0	15.38%	\$8,397.48	\$0	\$0	\$8,397.48	
5	28-A	P & D Bosse	\$94,000	\$12,500	\$89,800	\$8,300	4.0	4.0	100.00%	\$12,500.00	\$89,800	\$8,300	\$94,000.00	
5	28-B	J Griffith	\$55,100	\$55,100			148.5	45.0	30.30%	\$16,695.30	\$0	\$0	\$16,695.30	
5	28-C	C & N Ireland	\$62,600	\$12,000	\$58,900	\$8,300	3.0	3.0	100.00%	\$12,000.00	\$58,900	\$8,300	\$62,600.00	
5	28-D	J & A LaPlante	\$69,900	\$9,500	\$60,400		1.0	1.0	100.00%	\$9,500.00	\$60,400	\$0	\$69,900.00	
5	28-E	G & N Doody	\$17,500	\$17,500			21.5	21.5	100.00%	\$17,500.00	\$0	\$0	\$17,500.00	
5	31	S & A LaGasse	\$35,000	\$9,500	\$33,800	\$8,300	1.0	1.0	100.00%	\$9,500.00	\$33,800	\$8,300	\$35,000.00	
5	31-A	W & N McDougal	\$67,900	\$7,600	\$60,300		0.5	0.5	100.00%	\$7,600.00	\$60,300	\$0	\$67,900.00	
5	31-B	G & N Doody	\$117,000	\$19,800	\$97,200		1.2	1.2	100.00%	\$19,800.00	\$97,200	\$0	\$117,000.00	
5	32	Lake Roads Farms, Inc	\$72,700	\$57,700	\$15,000		131.0	30.0	22.90%	\$13,213.30	\$15,000	\$0	\$28,213.30	
5	32-A	J & M Chasse	\$47,200	\$13,500	\$42,000	\$8,300	6.0	6.0	100.00%	\$13,500.00	\$42,000	\$8,300	\$47,200.00	
5	32-B	Caribou Historical Society	\$0	\$12,900	\$105,100	\$118,000	4.8	4.8	100.00%	\$12,900.00	\$105,100	\$118,000	\$0	\$0
5	32-C	R & K Kingsbury	\$61,200	\$11,300	\$49,900		1.9	1.9	100.00%	\$11,300.00	\$49,900	\$0	\$61,200.00	
5	33	Guerrette Farms, Inc	\$50,500	\$50,500			134.0	30.0	22.39%	\$11,306.95	\$0	\$0	\$11,306.95	\$4,941,277.03
Total: Tax Maps 2 & 5			\$5,216,200				1437.8	446.0		\$615,516.69	\$4,784,200.00	\$458,439.66	\$4,941,277.03	94.73%
			\$6,219,600									\$5,839,639.47	93.89%	

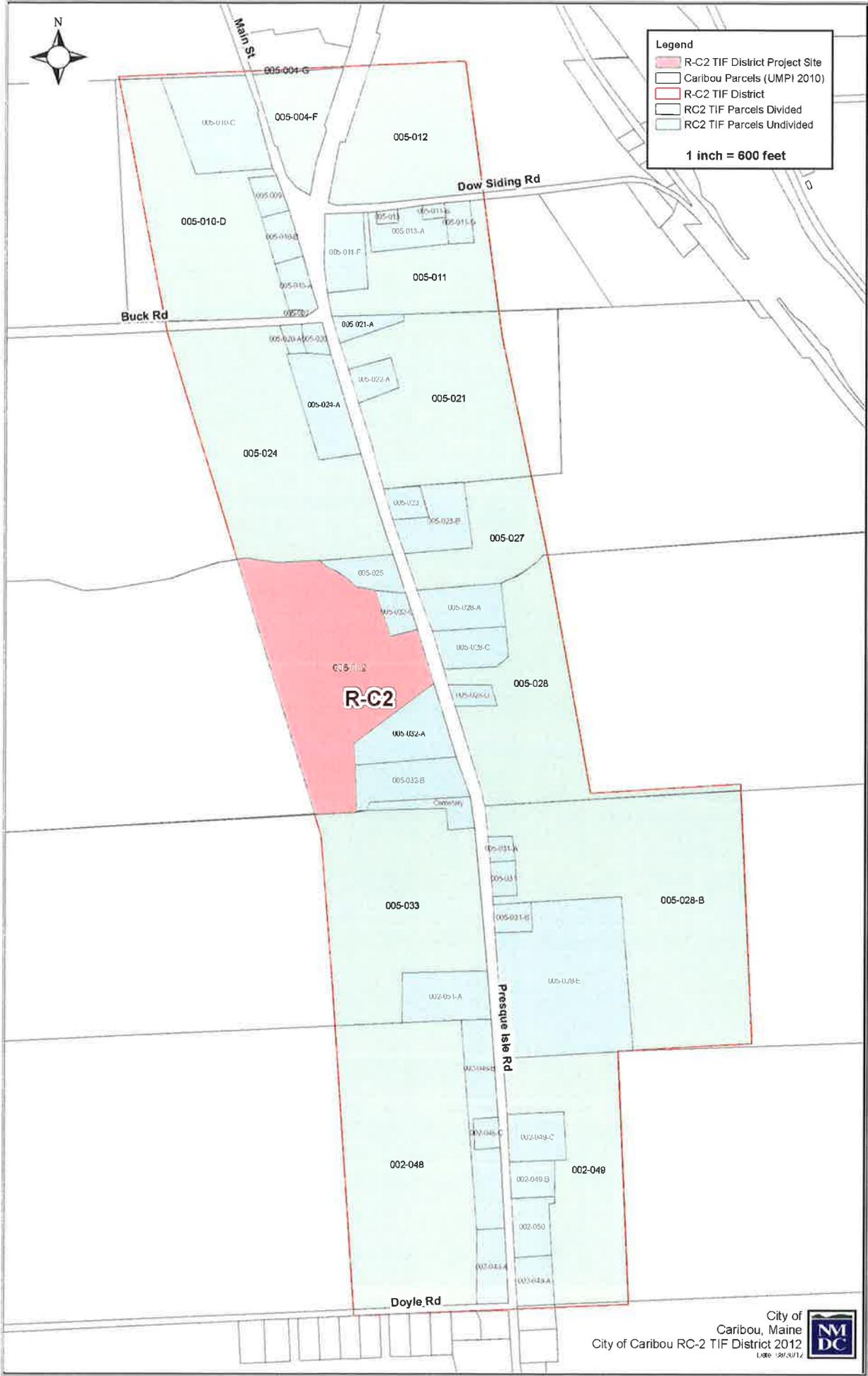
*These figures provided to the City Assessor by the Director of Community Development



Legend

- R-C2 TIF District Project Site
- Caribou Parcels (UMPI 2010)
- R-C2 TIF District
- RC2 TIF Parcels Divided
- RC2 TIF Parcels Undivided

1 inch = 600 feet





PAUL R. LEPAGE
GOVERNOR

GEORGE C. GERVAIS
COMMISSIONER

December 28, 2012

Austin Bless
City Manager
CITY OF CARIBOU
25 High Street
Caribou, ME 04736

RE: RC-2 Zoning Omnibus Municipal Tax Increment Financing (TIF) District/Program Full Approval

Dear Mr. Bless,

The Maine Department of Economic and Community Development (Department) has received/reviewed balance of requirements for above referenced District Program. Referencing previous conditional March 29 and June 22, 2012 approval letters, it is my pleasure to certify District and Program to be in full compliance effective today. Based on complete application, Department restate/approves:

- a. District term of 30 years through March 28, 2042;
- b. District Original Assessed Value of \$5,839,643 as of March 31, 2011 (April 1, 2010), acreage 446;
- c. Increased Assessed Value capture of 100% of real property improvements;
- d. TIF revenues to be deposited/held in dedicated accounts and applied ONLY toward approved activities/projects,
 - i) Project Cost Accounts to reimburse private companies/developers AND/OR fund public facilities/improvements/programs,
 - ii) Sinking Fund Account to retire public debt, with associated improvements completed by March 28, 2020 (8 YEARS) and debt retired by March 28, 2032 (20 YEARS);
- e. Per May 25, 2012 Credit Enhancement Agreement (CEA)—Lake Road Farms Inc. reimbursement is factored on 50% real property improvements during four years starting April 1, 2012 and capped at \$24,000 total. Negotiation/execution of additional CEAs is within sole Council discretion and may include up to 100% company/developer reimbursement limited to incremental taxes from new actual value;
- f. Immediately following execution Department MUST receive copy of any CEA linked to this District/Program, with corresponding Application Cover Sheet (if company/developer) including private project description and Employment Goals form (if company only);
- g. Any non-captured incremental property values triggering General Fund revenue/deposits MUST be included/reported with City equalized assessed value;
- h. Any future amendment MUST comply with 30-A M.R.S. §§ 5221-5235 and Department rules;
- i. Department MUST be notified in writing when District expires or is terminated.

Public activities/projects/costs identified below and projected at \$3,360,000 represent COMPREHENSIVE list and supersede previously approved projects/costs. Please note related funding MUST comply with established City appropriation process—with activities/projects COMPLETE at end of District term:

WITHIN DISTRICT

- j. Land acquisitions/improvements, buildings and fixtures \$2,500,000;
- k. Professional services \$100,000;
- l. Administration \$150,000;
- m. Organization related to District establishment \$10,000;

OUTSIDE DISTRICT

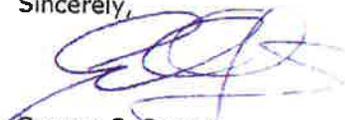
- n. Adverse impact mitigation including noise abatement \$100,000;

THROUGHOUT MUNICIPALITY

- o. Economic development/marketing \$300,000;
- p. Recreational trails \$200,000.

Please contact Municipal Tax Increment Financing Program Director Laura Santini-Smith with questions regarding this approval letter or Department review. With this full certification, Department extends an open ended offer of assistance and best wishes for the success of your District.

Sincerely,



George C. Gervais
Commissioner

cc: John Holden, Eaton Peabody; David Ledew, MRS Director Property Tax Division; Stephen Landry, MDOT Assistant State Traffic Engineer