

Information
On Bouchard TIF:

Application
Assessor's Certification
Approval Letter
Bouchard CEA

City of Caribou
March 15, 2013

**Application to the Maine Department of
Economic and Community Development for the**

**Bouchard Potato Company
Tax Increment Financing District
Development Program and Financing Plan**

**Approved by the Caribou City Council
January 14, 2013**

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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: 207-493-3324 x 230	4. Fax: 207-493-3954	5. Email: citymanager@cariboumaine.org
6. Municipal Contact Person: Austin Bless		
7. Business Name: Bouchard Potato Company		
8. Address: 61 Plante Road, Caribou, Maine, 04736		
9. Telephone: 207-496-0811	10. Fax: 207-896-5530	11. Email: cbouch01@maine.rr.com
12. Business Contact Person: Craig Bouchard		
13. Principal Place of Business: 1086 Van Buren Road, Caribou, Maine 04736		
14. Company Structure (e.g. corporation, sub-chapter S, etc.): Limited Partnership		
15. Place of Incorporation: Caribou, Maine		
16. Names of Officers Rick Bouchard		
17. Principal Owner(s) Name: Craig Bouchard		
18. Address: 61 Plante Road, Caribou, Maine 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 checked="" type="checkbox"/> capital investment
training investment	<input checked="" type="checkbox"/> tax base improvement	public facilities improvement
other (list):		
2. Check the specific items for which TIF revenues will be used (any that apply):		
real estate purchase	machinery & equipment purchase	training costs
debt reduction	<input checked="" type="checkbox"/> other (list): Administrative and organizational costs, environmental impact mitigation, economic development and marketing program funding, and recreational trail funding.	

C. Employment Data

List the Company's goals for the number, type and wage levels of jobs to be created or retained as part of this TIF development project *(please use next page)*.

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		\$ 12/Hour
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	10 (Seasonal)		\$ 10/Hour
5. Maintenance, Construction, Production, & Transportation			
*Please use the Occupational Cluster descriptions on the next page to complete this form.			

STATUTORY REQUIREMENTS & THRESHOLDS

A. ACRE LIMITATION			
1. Total Acreage of Municipality			47,429
2. Total Acreage of Proposed Municipal TIF District			4.49
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 <i>(A2-A3-A4)</i>			4.49
6. Percentage of total acreage in proposed municipal TIF District (cannot exceed 2%) <i>Divide A5 by A1</i>			0.009%
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>			1,086
8. Total acreage of an existing or Proposed Downtown TIF District in the municipality.			635
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>			451
12. Percentage of total acreage in all existing and proposed Municipal TIF Districts (cannot exceed 5%) <i>Divide A11 by A1.</i>			0.95%
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)	4.49		100%
TOTAL			
B. VALUATION LIMITATION			
1. Total Aggregate Value (TAV) of Municipality - <i>Use most recent April 1st</i>			\$371,512,200
2. Original Assessed Value (OAV) of Proposed Municipal TIF District. <i>Use March 31st of tax year preceding date of municipal designation</i>			\$147,100
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>			\$60,610,127
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>			\$11,578,027
8. Percentage of total OAV to TAV in all existing and Proposed Municipal TIF Districts (cannot exceed 5%) - <i>Divide B7 by B1</i>			3.1%

I. INTRODUCTION AND SUMMARY OF BENEFITS

Municipal Development District

This Development Program and Financial Plan describe the creation of a Tax Increment Financing District consisting of property owned by Bouchard Potato Company and its owners. Bouchard Potato Company (the "Company") is a family farming partnership located in the northwestern quadrant of the City of Caribou in central Aroostook County. They currently cultivate over 400 acres. For the year 2012 the Company harvested 92,400 hundredweight of potatoes.

The Company recently suffered the catastrophic loss of its processing facilities in New Sweden, Maine due to fire, and has proposed that the City of Caribou (the "City") designate a Tax Increment Financing ("TIF") District for their replacement potato warehouse and processing facility located at 1086 Van Buren Road (US Route 1) in Caribou (the "Project"). These structures were constructed during the year 2012. These facilities are vital to the Company's continued operation, which currently employs twelve (12) full-time and seasonal workers in various agricultural jobs.

The Company's project will enable them to properly store and process harvested crops on-site. Its location on US 1 also gives the Company access to a major transportation artery for them to more easily market and distribute their products. The execution of a Credit Enhancement Agreement ("CEA") in conjunction with the establishment of the District will help finance these improvements, and help enable full development of the Company's site.

Benefits of the District

The creation of this proposed TIF District allows the City of Caribou to benefit from new business tax revenue and job creation on property is currently farm land. More specifically:

- 1) Bouchard Potato Company is relocating from a nearby town. A TIF District covering the property for their new facility will capture the incremental tax revenues generated by the new investment. The District will shelter the City from the anticipated loss of State Aid to Education and revenue sharing, as well as the likely increase in county taxes, that would otherwise result with new development that was not contained within a TIF District.
- 2) The Bouchard Potato Company proposed TIF District allows the Company to acquire the financial assistance necessary so that it can invest in the City of Caribou, diversify the economy and broaden the City's tax base.
- 3) The District will allow Bouchard Potato Company to make investments within the proposed TIF District that will add a total of \$510,357 to the municipal tax base over the 30-year term of the TIF District.
- 4) It is anticipated that the District will create \$17,012 in average annual new tax revenues for the City over the 30-year TIF term.
- 5) The Company currently employs twelve (12) individuals in both full time and seasonal employment. Operation of the warehouse and processing 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 City of Caribou is proposing to capture 100% of the taxable real property incremental revenues being created within this District. The Bouchard Potato Company intends to invest \$1,370,000 into facilities to fulfill their business needs. In addition, the site is capable of accommodating future expansion by the company if needed.

II. DEVELOPMENT PROGRAM

Statement of Means and Objectives

In order to realize this opportunity for the City of Caribou, the Bouchard Potato Company Tax Increment Financing District (the "District") has been proposed. The area included in the proposed District is 4.49 acres and is delineated by Map 22, Lots 11, 11A, and 11B. The Development Program described herein will serve the purpose of administering the District as a Tax Increment Financing District pursuant to Chapter 206 of Title 30-A of the Maine Revised Statutes, as amended. Upon the approval by the City of Caribou designating the District and adoption of this Development Program by the Caribou City Council on January 14, 2013, the designation of the District and the adoption of this Development Program will become final immediately, subject only to approval by the Maine Department of Economic and Community Development.

A municipal map, attached as **Exhibit A**, and a site-specific map, attached as **Exhibit B**, define the district boundaries. **Table 1** below lists the map numbers, lot numbers, acres and original assessed value of each lot within the Development District:

Table 1: Taxable Property Within Proposed Development District

Map #	Lot #	Acreage	OAV (04/01/11)
22	11	1.50	\$146,500
22	11A	1.50	\$300
22	11B	1.49	\$300
Totals:		4.49	\$147,100

Financial Plan Narrative

The City views its participation with the Company as vital to the success of its relocation into the city and its long-term growth as an agribusiness enterprise. The cost of the development within the proposed TIF District will be privately financed through the Bouchard Potato Company. As part of the Development Program, the City and the Bouchard Potato Company will enter into a Credit Enhancement Agreement (CEA) with the following general terms:

- The CEA between the City and the Bouchard Potato Company will be for a duration of 20 years.
- The City is capturing 100% of taxable real property incremental value within the TIF District. The Company will receive a percentage of the incremental taxes resulting from the increased assessed value in the proposed TIF District. The percentage will step down from 95% to 25% reimbursement prior to the expiration of the CEA.
- Additionally, the Company investment includes \$1,541,000 in manufacturing equipment. This equipment is not captured within the TIF and will result in a BETE reimbursement from the State of Maine to the City of Caribou for a portion of the taxable value.

- The Company will use the TIF revenues for construction costs of structures on the property within the District.

The Bouchard Potato Company estimates that all facilities will be constructed for 1086 Van Buren Road (US1) by March 2019, with an anticipated investment of \$1,370,000 by the Company. **Table 2** shows the Company's proposed schedule of improvements within the District:

Table 2: Proposed Schedule of Improvements within District

Date	Proposed Improvement	Cost
3/31/13	Potato Storage Warehouse	\$ 345,000
	Potato Packing Shed	315,000
	Site Grading and Improvements	60,000
3/31/15	Potato Packing Shed Addition	150,000
3/31/19	Potato Storage Warehouse	500,000
	Total	\$1,370,000

Description of Public Facilities, Improvements or Projects

No new public facilities will be constructed within the District boundaries. The project described in this Development Plan will not impact the present state of public facilities in the vicinity of the District.

As part of its plans for community-wide municipal investment, a portion of the TIF revenues allocated to the City will be used to plan and develop multi-purpose recreational trails throughout the City. A general description of this investment is included in **Exhibit C**.

Description of Commercial Facilities, Improvements or Projects

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 (excerpt attached as **Exhibit L**), and the 2004 Caribou Comprehensive Plan. Accordingly, the implementation of the District will provide significant economic benefit to the public through the development and maintenance of city-wide public recreational trails.

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.

Program Duration

The duration of the Bouchard Potato Company Tax Increment Financing District will be 30 years, starting in the City's fiscal year (FY) 2013-2014 and ending in FY 2042-2043. The Town intends to capture 100% of the real taxable property incremental assessed value created from the proposed TIF District.

Relocation of Displaced Persons

No persons will be displaced because of the Bouchard Potato Company Tax Increment Financing District.

Proposed Regulations and Facilities to Improve Transportation

The District has direct access to Van Buren Road (US 1), which is classified as an arterial thoroughfare, and is maintained by the Maine Department of Transportation. Currently this road has adequate capacity to handle traffic conditions in this area. Adverse impacts to the local transportation network as a result of this Development District plan are not anticipated.

Environmental Controls

The proposed District is located in a predominately agricultural use area, with an unincorporated low-density residential development known as 'North Lyndon' also present. For the most part, the District poses minimal adverse environmental impacts to the surrounding area. Primary concerns would involve air quality and noise abatement. Section 13-700, Subsections 20, "Noise," and 34, "Toxic and Noxious Discharges," and other appropriate provisions of the Caribou Code of Ordinances (excerpt attached as **Exhibit L**) shall be enforced to mitigate adverse impacts experienced by neighboring residential properties. Any necessary enforcement shall be funded with a portion of the City's TIF revenues.

Proposed Operation of the Development District

The day-to-day operation of the District will require no substantial efforts by the City. Bouchard Potato Company will operate the improvements constructed and pay all maintenance and operational expenses as a result of the improvements.

Any future public improvements funded through TIF revenue shall be owned, operated, and maintained by either the City or applicable utility district. Operational administration of public improvement programs will be the responsibility the City Manager, with the review and consent of the Mayor and City Council.

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

III. PHYSICAL DESCRIPTION

Physical Description of District

The geographic boundaries of the proposed TIF District consist of 4.49 acres as defined by the City of Caribou on Tax Map 22, Lots 11, 11A and 11B. A map that places the District in context with municipal borders is attached as **Exhibit A**, and a map showing the entire District with lot numbers is attached as **Exhibit B**.

The proposed District meets all conditions for approval as described in the Maine Revised Statutes.

- At least 25%, by area, of the real property within the Development District is suitable for commercial uses, as required by 30-A §5223 3.A.
- The total area of this single Development District does not exceed 2% of the total acreage of the municipality, as required by 30-A §5223 3.B.

- The original assessed value of the proposed TIF District plus the original assessed value of all existing TIF districts within the municipality does not exceed 5% of the total value of taxable property within the municipality as of April 1, 2012, as required by 30-A §5223 3.C.
- The aggregate value of municipal general obligation indebtedness financed by the proceeds from tax increment financing districts will not exceed \$50,000,000 adjusted by a factor equal to the percentage change in the United States Bureau of Labor Statistics Consumer Price Index, as required by 30-A §5223 3.D.

IV. FINANCIAL PLAN

Costs Estimates for the Development Program

The real and estimated costs borne for the Bouchard Potato Company Tax Increment Financing District Development Program are \$1,370,000. It is estimated that the City will receive \$510,357 in tax increment revenues over the 30 year term of the TIF District.

The City intends to use its portion of TIF revenues from the proposed TIF District to finance administrative and organizational costs relating directly to the proposed District. The City also intends to use TIF revenues to mitigate any adverse environmental impacts that the District may have on nearby properties. The City intends to put TIF revenues towards costs associated with the multi-purpose recreational trails throughout the City. Revenues will be allocated toward economic development and marketing programs, as well. These costs are delineated by § 5225, "Project Costs," Title 30-A M.R.S.A., and are described in **Exhibit C**.

Amount of Public Indebtedness to be Incurred

There is no municipal debt associated with the creation of this District. No municipal borrowing is requested with respect to this Development Program.

Sources of Anticipated Revenues

The Development Program is being 100% financed through private equity investment. All anticipated TIF revenues will be generated by Bouchard Potato Company private investment associated with the Capital Program.

The Bouchard Potato Company will be investing \$34 million in manufacturing equipment during the TIF District term. This equipment will be included in the State of Maine's Business Equipment Tax Exemption (BETE) Program and is not counted as part of the TIF District or in the District's revenue projections. The State of Maine will reimburse to the City a portion of the taxable value that would have been paid by the Company for the tax on the equipment.

Terms and Conditions of Agreements/Contracts/Obligations Related to the Development Program

The City and Bouchard Potato Company have agreed to a Credit Enhancement Agreement (CEA) for a duration of 20 years that would return a portion of the captured assessed value of the District to the Company. The City has agreed to enter into this CEA in order to assist the Company with financing the cost of the initial project. The Company would receive 95% of the TIF revenues for the first five (5) years of the District. The percentage returned to the Company would then follow the schedule outlined in **Table 3** below:

Table 3: Percentage Allocation of Taxes on Incremental Assessed Value

Tax Years	Percentage Capture to Company	Percentage Capture to City
2013 to 2017	95%	5%
2018 to 2022	75%	25%
2023 to 2027	50%	50%
2028 to 2032	25%	75%
2033 to 2042	0%	100%

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 real property value above that of the OAV. In the tax year of the qualifying event, the 20 year term of tax reimbursements to the Company will begin. During the 20-year period of tax reimbursements, the City will refund to the Company TIF revenues as specified by the CEA. The City will receive and retain all of the TIF revenues upon expiration of the Credit Enhancement Agreement.

Estimates of Increased Assessed Value (IAV) and Portion of IAV to be Applied to Development Program

It is estimated that the increased assessed value within the proposed District for its 30-year duration is an average of \$1,372,994 and the average annual captured incremental tax revenues for the District are projected to be \$26,498 per year.

Exhibit D shows the projections apportionment of the captured assessed value of the development and the allocation of the captured value by year.

Calculation of the Tax Shifts Resulting from Designation of the Tax Increment Financing District

Based on the projected development schedule provided by Bouchard Potato Company, it is estimated that the City of Caribou will have a total tax sheltering of \$441,152 over the entire term of the TIF District.

Exhibit E shows the Projected State/County Tax Shifts by year, a tax shift summary, and the tax shift calculation formulas.

Original Assessed Value

As of March 31, 2013 (April 1, 2012), the Original Assessed Value (OAV) of the proposed District is calculated to be \$147,100. **Exhibit F** shows the tax assessor’s certificate verifying this amount.

V. MUNICIPAL APPROVALS

Notice of Public Hearings

As shown in **Exhibit G**, Notices of Public Hearing were published in the January 2, 2013 and January 9, 2013 edition of the *Aroostook Republican*, a newspaper of general circulation within the City of Caribou for a public hearing scheduled for January 14, 2013. A list of attendees at the Public Hearing is attached as **Exhibit H**.

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 and Credit Enhancement Agreement on January 14, 2013.

During the Public Hearing, Ricky Bouchard of Caribou spoke in favor of the proposed TIF District.

On January 14, 2013, 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 Bouchard Potato Company.”

Attested minutes of the hearing and the Council vote are displayed in **Exhibit I**.

Exhibit A: Municipal Map

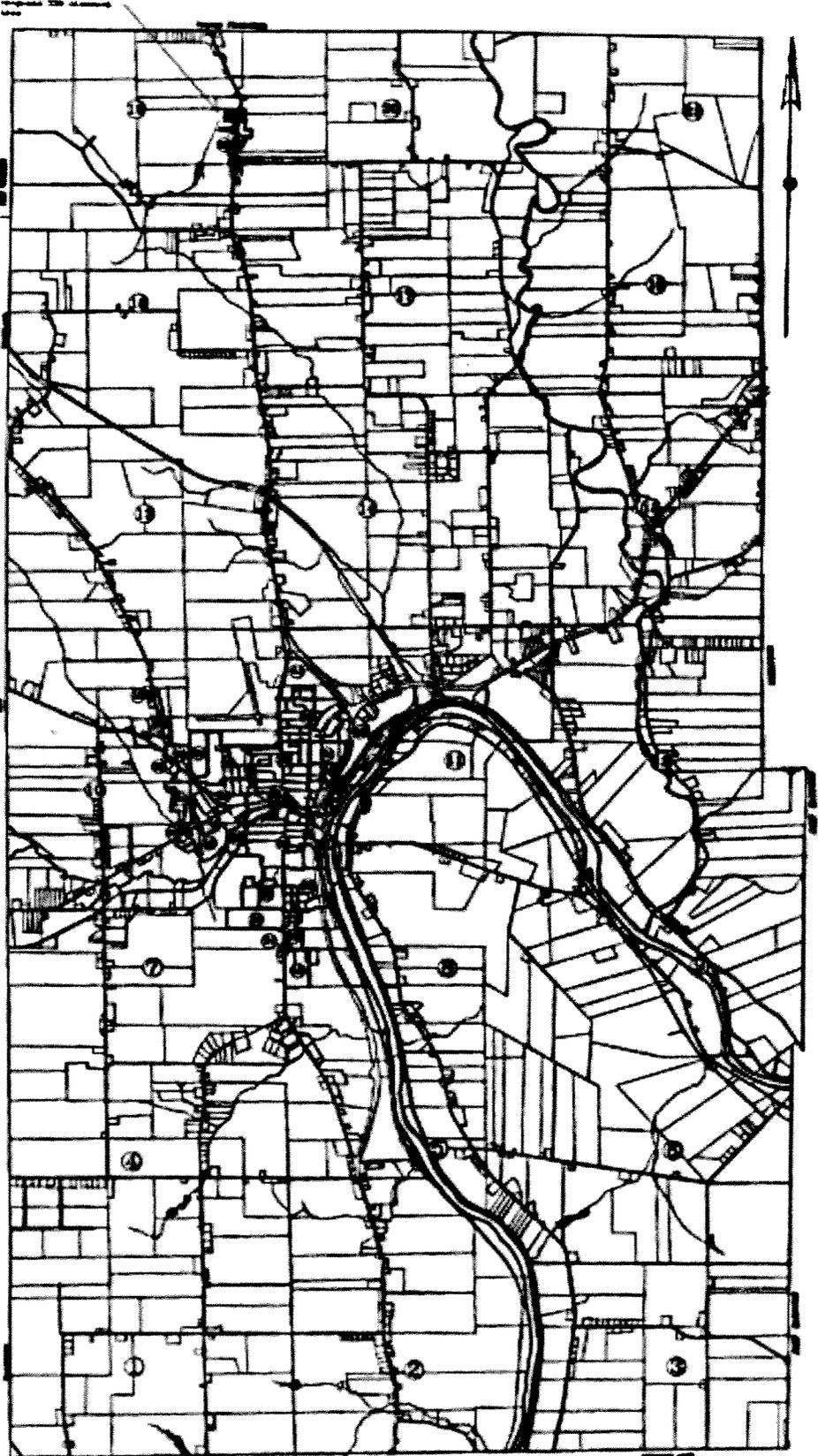


Exhibit B: Site-Specific Map

Location Map

1:1000 Scale

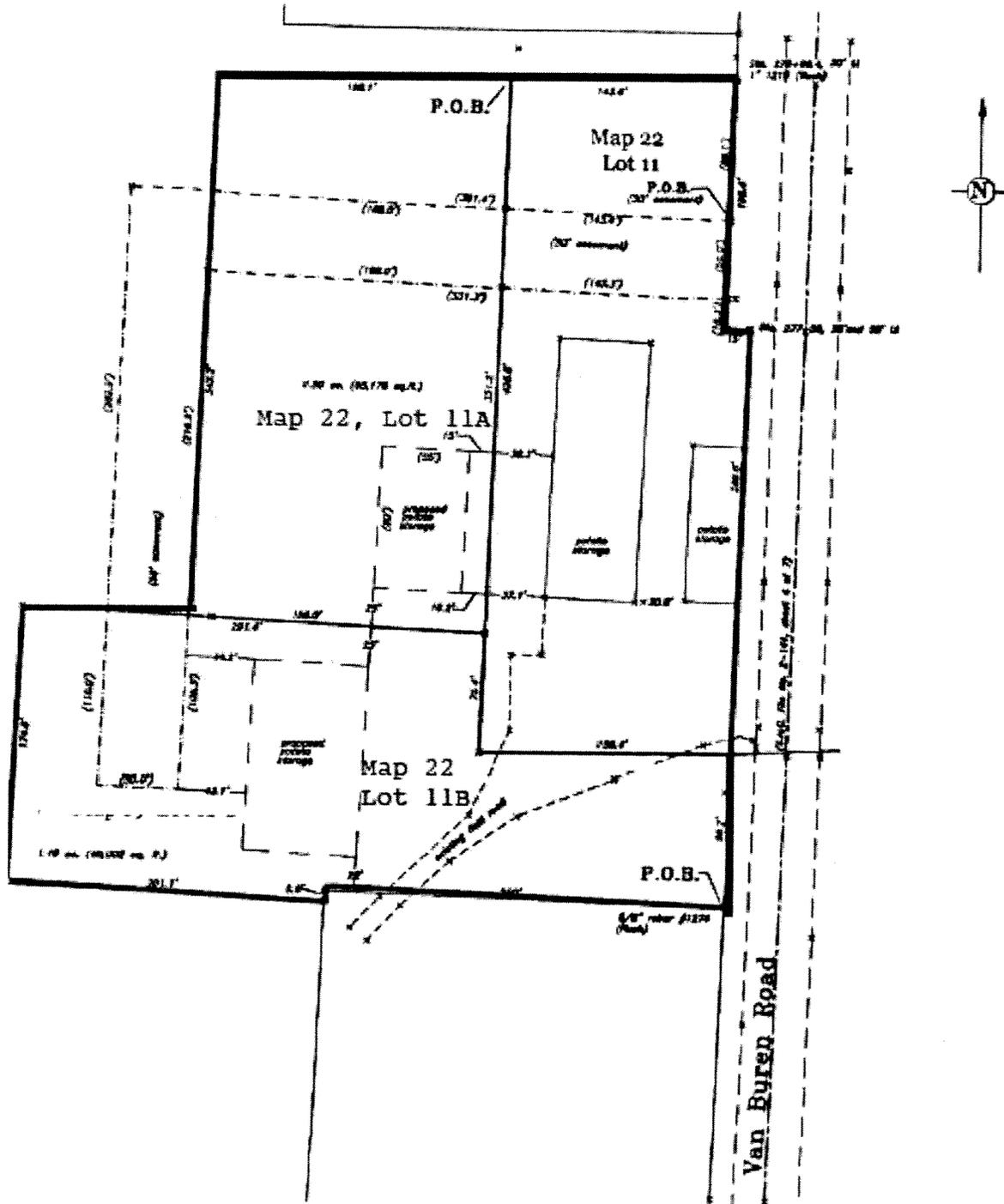


Exhibit C: Proposed Municipal TIF Project Expenditures

Statutory Citation	Project Description	Cost Estimate
Municipal Investments Within the Proposed TIF District		
§ 5225.1.A.(5)	Administrative costs, including, but not limited to, reasonable charges for time spent by municipal employees in connection with the implementation of the development program.	\$20,000
§ 5225.1.A.(7)	Organizational costs relating to the establishment of the proposed district, including consulting and legal costs as well as the implementation of project plans.	\$20,000
Municipal Investments Outside Proposed TIF District, but Necessitated by District		
§ 5225.1.B.(3)	Costs required to mitigate adverse environmental activities within the District imposed upon neighboring and proximate properties.	\$100,000
Community-Wide Municipal Investments		
§ 5225.1.C.(1)	Costs of funding economic development and marketing programs promoting the City as a desirable business and recreational destination.	\$100,000
§ 5225.1.A.(1)(ii) and § 5225.1.C.(6)	Costs associated with the planning, design, development and maintenance of new and existing year round multi-purpose recreational trails throughout the municipality, including those projects specified in the approved 2004 Caribou Recreational Trails Plan.	\$270,357
Total		\$510,357

These projected costs are expected to be incurred throughout the thirty-year term of the proposed TIF District. All activities are unique to this Bouchard Potato Company TIF District.

Exhibit D: TIF Pro Forma

base	Tax Year (Ends Mar. 31)	Real Estate	Projected Increased Assessed Value	% Captives	Mil Rate	Gross New Taxes	Total TIF Revenues	New General Fund	Town TIF %	Total Town Revenues	Company TIF Allocation %	TIF Revenues
1	2013	\$ 720,000	\$ 720,000	100%	19.30	\$13,896	\$13,896	\$0	5%	\$695	95%	\$ 13,201
2	2014	\$873,600	\$873,600	100%	19.30	\$16,860	\$16,860	\$0	5%	\$843	95%	\$ 16,017
3	2015	\$877,968	\$877,968	100%	19.30	\$16,944	\$16,944	\$0	5%	\$847	95%	\$ 16,097
4	2016	\$882,358	\$882,358	100%	19.30	\$17,029	\$17,029	\$0	5%	\$851	95%	\$ 16,178
5	2017	\$886,770	\$886,770	100%	19.30	\$17,114	\$17,114	\$0	5%	\$856	95%	\$ 16,258
6	2018	\$1,391,203	\$1,391,203	100%	19.30	\$26,850	\$26,850	\$0	25%	\$6,713	75%	\$ 20,138
7	2019	\$1,398,159	\$1,398,159	100%	19.30	\$26,984	\$26,984	\$0	25%	\$6,746	75%	\$ 20,238
8	2020	\$1,405,150	\$1,405,150	100%	19.30	\$27,119	\$27,119	\$0	25%	\$6,780	75%	\$ 20,339
9	2021	\$1,412,176	\$1,412,176	100%	19.30	\$27,254	\$27,254	\$0	25%	\$6,814	75%	\$ 20,441
10	2022	\$1,419,237	\$1,419,237	100%	19.30	\$27,391	\$27,391	\$0	25%	\$6,848	75%	\$ 20,543
11	2023	\$1,426,333	\$1,426,333	100%	19.30	\$27,528	\$27,528	\$0	50%	\$13,764	50%	\$ 13,764
12	2024	\$1,433,465	\$1,433,465	100%	19.30	\$27,665	\$27,665	\$0	50%	\$13,833	50%	\$ 13,833
13	2025	\$1,440,632	\$1,440,632	100%	19.30	\$27,804	\$27,804	\$0	50%	\$13,902	50%	\$ 13,902
14	2026	\$1,447,835	\$1,447,835	100%	19.30	\$27,943	\$27,943	\$0	50%	\$13,972	50%	\$ 13,972
15	2027	\$1,455,074	\$1,455,074	100%	19.30	\$28,082	\$28,082	\$0	50%	\$14,041	50%	\$ 14,041
16	2028	\$1,462,350	\$1,462,350	100%	19.30	\$28,223	\$28,223	\$0	75%	\$21,167	25%	\$ 7,056
17	2029	\$1,469,662	\$1,469,662	100%	19.30	\$28,364	\$28,364	\$0	75%	\$21,273	25%	\$ 7,091
18	2030	\$1,477,010	\$1,477,010	100%	19.30	\$28,506	\$28,506	\$0	75%	\$21,380	25%	\$ 7,127
19	2031	\$1,484,395	\$1,484,395	100%	19.30	\$28,648	\$28,648	\$0	75%	\$21,486	25%	\$ 7,162
20	2032	\$1,491,817	\$1,491,817	100%	19.30	\$28,792	\$28,792	\$0	75%	\$21,594	25%	\$ 7,198
21	2033	\$1,499,276	\$1,499,276	100%	19.30	\$28,936	\$28,936	\$0	100%	\$28,936	0%	\$ -
22	2034	\$1,506,772	\$1,506,772	100%	19.30	\$29,080	\$29,080	\$0	100%	\$29,080	0%	\$ -
23	2035	\$1,514,306	\$1,514,306	100%	19.30	\$29,226	\$29,226	\$0	100%	\$29,226	0%	\$ -
24	2036	\$1,521,878	\$1,521,878	100%	19.30	\$29,372	\$29,372	\$0	100%	\$29,372	0%	\$ -
25	2037	\$1,529,487	\$1,529,487	100%	19.30	\$29,519	\$29,519	\$0	100%	\$29,519	0%	\$ -
26	2038	\$1,537,135	\$1,537,135	100%	19.30	\$29,666	\$29,666	\$0	100%	\$29,666	0%	\$ -
27	2039	\$1,544,820	\$1,544,820	100%	19.30	\$29,815	\$29,815	\$0	100%	\$29,815	0%	\$ -
28	2040	\$1,552,544	\$1,552,544	100%	19.30	\$29,964	\$29,964	\$0	100%	\$29,964	0%	\$ -
29	2041	\$1,560,307	\$1,560,307	100%	19.30	\$30,113	\$30,113	\$0	100%	\$30,113	0%	\$ -
30	2042	\$1,568,109	\$1,568,109	100%	19.30	\$30,264	\$30,264	\$0	100%	\$30,264	0%	\$ -
	2043	\$41,189,829	\$41,189,829	100%	19.30	\$794,951	\$794,951	\$0	100%	\$510,357	0%	\$ -
	Ave. Annual	\$1,372,994	\$1,372,994	100%	19.30	\$26,498	\$26,498	\$0	59%	\$17,012	41%	\$ 9,486
	Cumulative											

Assumptions:
 Years in Projection 30 years
 Mil Rate 19.30
 RE Appreciation 0.5%
 Original Assessed Value \$147,100
 Property value does NOT include manufacturing equipment

Exhibit E: Tax Shifts by Year, Tax Shift Summary and Formula

The table below shows tax shift calculations by year during the term of the District. The numbers were derived using formulas specified by the Department of Economic and Community Development. A summary chart follows, as well as a summary of the methodology and calculations used in calculating tax shifts.

Tax Shift Calculations by Year

	Tax Year (Ends March 31)	EPS Education Shift	Revenue Sharing Shift	County Tax Shift	Total Tax Shift
base	2013	\$-	\$-	\$-	\$-
1	2014	\$0	\$0	\$0	\$0
2	2015	\$0	\$0	\$0	\$0
3	2016	\$5,378	\$1,197	\$695	\$7,271
4	2017	\$6,526	\$1,452	\$892	\$8,870
5	2018	\$6,558	\$1,459	\$922	\$8,939
6	2019	\$6,591	\$1,467	\$952	\$9,010
7	2020	\$6,624	\$1,474	\$984	\$9,083
8	2021	\$10,392	\$2,309	\$1,588	\$14,289
9	2022	\$10,444	\$2,321	\$1,641	\$14,406
10	2023	\$10,496	\$2,332	\$1,696	\$14,525
11	2024	\$10,549	\$2,344	\$1,753	\$14,646
12	2025	\$10,602	\$2,356	\$1,812	\$14,769
13	2026	\$10,655	\$2,367	\$1,873	\$14,895
14	2027	\$10,708	\$2,379	\$1,935	\$15,023
15	2028	\$10,762	\$2,391	\$2,000	\$15,153
16	2029	\$10,815	\$2,403	\$2,067	\$15,286
17	2030	\$10,869	\$2,415	\$2,137	\$15,421
18	2031	\$10,924	\$2,427	\$2,208	\$15,559
19	2032	\$10,978	\$2,439	\$2,282	\$15,700
20	2033	\$11,033	\$2,451	\$2,359	\$15,843
21	2034	\$11,088	\$2,463	\$2,438	\$15,990
22	2035	\$11,144	\$2,475	\$2,520	\$16,139
23	2036	\$11,200	\$2,488	\$2,604	\$16,292
24	2037	\$11,256	\$2,500	\$2,692	\$16,447
25	2038	\$11,312	\$2,513	\$2,782	\$16,606
26	2039	\$11,368	\$2,525	\$2,875	\$16,769
27	2040	\$11,425	\$2,538	\$2,971	\$16,934
28	2041	\$11,482	\$2,550	\$3,071	\$17,104
29	2042	\$11,540	\$2,563	\$3,174	\$17,277
30	2043	\$11,598	\$2,576	\$3,280	\$17,454
<i>For Tax Shift Purposes</i>					
31	2044	\$11,655	\$2,589	\$3,390	\$17,635
32	2045	\$11,714	\$2,602	\$3,504	\$17,819
Cumulative		\$307,688	\$68,363	\$65,101	\$441,152
Average Annual		\$10,256	\$2,279	\$2,170	\$14,705

Tax Shift Summary Chart

Tax Shift Summary		
<i>Tax Shift Item</i>	<i>Average Annual Amount</i>	<i>Total Undiscounted Amount</i>
Educational Aid	\$10,256	\$307,688
County Tax	\$2,170	\$65,101
State/ Municipal Revenue Sharing	\$2,279	\$68,363
Total	\$14,705	\$441,152

Tax Shift Formulas

It is required during any application for designation as a tax increment financing district to calculate tax shifts that result from the creation of the District. These tax shifts are noted in the following basic formulae that use local property tax valuation as a basis for calculations. These formulae provided by DECD are:

- Municipal Share of County Taxes
- Revenue Sharing
- Education Costs

The following is the process used to derive these tax shifts.

County Tax Shift

In order to produce this result, information must be obtained from the Maine Revenue Services and the County government of which the District will reside in. First, the most recent County State Valuation should be obtained. The averaged Captured Assessed Value for the District for the life of the project will then be determined. The averaged Captured Assessed Value is then divided by the Current County State Valuation. To find the estimated average county tax over the life of the District, you must obtain the County Tax for the Town for the last five years. The average change is then determined and projected to the middle of the districts life. This projected tax was multiplied by the factor developed above to arrive at the County Tax Shift.

$$\frac{\text{(Captured Assessed Value)}}{\text{(Captured Assessed Value + Current County State Valuation)}} \times \text{Estimated Average Annual County Tax}$$

Revenue Sharing Shift

The total Municipal Revenue Sharing amount was obtained for the State Treasurer in order to complete the following formula:

Step 1:

$$\frac{\text{Municipal Population} \times \text{Local Property Tax Levied}}{\text{State Local Valuation}} = \text{Current Factor}$$

Step 2:

$$\frac{\text{Municipal Population} \times \text{Local Property Tax Levied}}{\text{State Local Valuation} + \text{Captured Assessed Value}} = \text{Adjusted Factor}$$

Step 3:

$$\frac{\text{Current Factor}}{\text{Adjusted Factor}} = 1.X$$

Step 4:

$$1.X - 1.0 = .X$$

Step 5:

$$.X (\text{Total Municipal Revenue Sharing Amount}) = \text{Revenue Sharing Shift}$$

Education Tax Shift

State law requires that an estimate be made of how much of a loss in State aid to education a community would experience had the TIF District not been created. The premise for this requirement is that if the TIF did not exist and the development still occurred, other taxing jurisdictions would benefit by the (TIF) Town paying more *and receiving less*.

Historically, the methodology used to determine the fiscal impact from the establishment of a TIF District was to multiply the Captured Assessed Value by the constant .009. The result would be an annual and cumulative "Education Tax Shift" for the proposed district. Changes in the distribution of State funding for education have required TIF applicants to develop other methodologies that more accurately reflect the "Education Shift".

Exhibit F: Assessor's Certificate of Original Assessed Value



City of Caribou, Maine

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

**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 taxable real assessed value of the **Bouchard Potato Company Tax Increment Financing District** as described in the Development Program Application to which this Certificate is included was:

\$147,100 as of March 31, 2013 (April 1, 2012)

The undersigned further certifies that the tax map on which the District is delineated outlining Map 22, Lots 11, 11A and 11B as well as the attached municipal map which are attached to the Development Program referenced above as Exhibits are accurate depictions of the District and the municipality.

IN WITNESS WHEREOF, this Certificate has been executed this 19th day of March, 2013.

City of Caribou

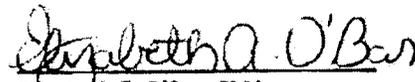
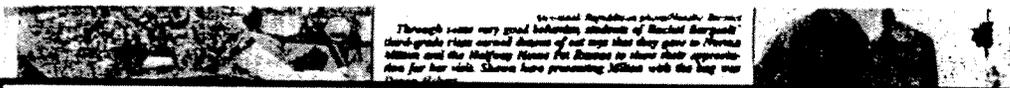

Elizabeth E. O'Bar, CMA
Assessor's Agent

Exhibit G: Notice of Public Hearing

AROOSTOOK REPUBLICAN AND NEWS, WEDNESDAY, JANUARY 2, 2013 PAGE 3



AROOSTOOK REPUBLICAN AND NEWS, WEDNESDAY, JANUARY 2, 2013 PAGE 3

Public Hearing Notice The City of Caribou

The Caribou City Council will hold a Public Hearing on Monday, January 14, 2013, beginning at 7 p.m., in the Chambers of the City Council, Caribou City Hall, 25 High Street, to solicit comments regarding the approval of a Tax Increment Financing District for Bouchard Potato Company, Inc. to fund the construction of agricultural products, warehousing and commercial agricultural facilities located at 1086 Van Buren Road in Caribou, 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:

Austin Bleess, City Manager
25 High Street, Caribou, Maine 04736
Tel: (207) 493-3324 ext 230 Fax: (207) 498-3954

Hotham Veterinary Service
James Hotham, DVM
307 Centerline Rd., Presque Isle
768-PEL

You see a puppy...

A blind person sees the world.

GuideDog Foundation
371 East Jordan Terrace
Caribou, ME 04736
1-800-636-5277
www.guidedog.org

**Public Hearing Notice
The City of Caribou**

The Caribou City Council will hold a Public Hearing on Monday, January 14, 2013, beginning at 7 p.m., in the Chambers of the City Council, Caribou City Hall, 25 High Street, to solicit comments regarding the approval of a Tax Increment Financing District for Bouchard Potato Company, Inc. to fund the construction of agricultural products, warehousing and commercial agricultural facilities located at 1086 Van Buren Road in Caribou, 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:

Austin Bleess, City Manager
25 High Street, Caribou, Maine 04736
Tel: (207) 493-3324 ext 230 Fax: (207) 498-3954

MY NEW YEAR'S RESOLUTIONS
Get a new car
#2 Take a trip
#3 Save Money

GET IT ALL PELLETIER FORD

2011 FORD FOCUS \$25,495	2012 FORD FOCUS \$34,995	2012 FORD FOCUS \$26,995	2011 FORD FOCUS \$21,995
2011 FORD FOCUS \$15,500	2012 FORD FOCUS \$14,995	2012 FORD FOCUS \$11,495	2011 FORD FOCUS \$9,995
2011 FORD FOCUS \$21,995	2012 FORD FOCUS \$19,995	2012 FORD FOCUS \$16,995	2011 FORD FOCUS \$14,995

PELLETIER FORD OPEN SATURDAYS 9 AM TO 6 PM
213 EAST MAIN STREET - FORT KE
834-3173 WWW.PELLETIERFORD.COM

Exhibit H: Public Hearing Sign-In Sheet

Council
1/14/2013
Please Print

Phil Cyr

Dana Howell

Mila Henry

SHANE McDERMID

BILL GERRISH

Craig Bouchard

Kathy Mazzucelli

PAUL R. CAMPING

MARK RESCHKE

Gregory [unclear]

Carl Johnson

Wilfred [unclear]

Exhibit I: Minutes of Public Hearing/Authorization



City of Caribou, Maine

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 January 14, 2013 Caribou City Council Meeting. The minutes were approved January 28, 2013 by a vote of the Caribou City Council.

Council Agenda #5: Public Hearing on Bouchard TIF District Application

Bouchard Farms, Inc is requesting a TIF District for their property to help them expand their operation. The proposed TIF would be approximately half of an acre in size.

7:28 p.m. Public Hearing opens.

Ricky Bouchard stated that a TIF will allow Bouchard Farms to further invest in the farm, allow them to increase the number of employees, and obtain more growth in the market place for their product.

7:31 p.m. Public Hearing closes.

Motion made by D. Martin, seconded by P. McDonough, to approve the TIF Application and the Credit Enhancement Agreement for Bouchard Farms, Inc. (6 yes) So voted.

January 29, 2013

A True Copy Attest:


Jayne R. Farrin
City Clerk

Exhibit J: Request for Extension



City of Caribou, Maine

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

February 28, 2013

George Gervais, Commissioner
Maine Department of Economic and Community Development
Buxton Cross Office Building, 3rd Floor
111 Sewall Street
Augusta, Maine 04330

Dear Commissioner Gervais:

The City of Caribou, with assistance from Eaton Peabody Consulting Group, is well into the process of preparing an application for the City's proposed Bouchard Potato Company Tax Increment Financing District. I am writing to request an extension of time to submit that application to the Department, thus allowing us to finalize our negotiations after having just learned of the potential benefits of utilizing the Business Equipment Tax Exemption (BEI E) program. It is the wish of the City to have this application approved in the current tax year to preserve the value of the investment already made by Bouchard Potato Company and allow them to recoup the benefits of the Credit Enhancement Agreement that they were anticipating. I plan to have the package ready for submission no later than March 15, 2013.

I thank you for your time and attention. Please do not hesitate to contact me if you have any questions or concerns regarding this request.

Sincerely,

Austin Bleez
City Manager

cc: Raegan LaRochelle, Eaton Peabody Consulting Group

Exhibit K: Extension Approval



PAUL R. LEPAGE
GOVERNOR

STATE OF MAINE
DEPARTMENT OF ECONOMIC
AND COMMUNITY DEVELOPMENT



GEORGE C. GERVAIS
COMMISSIONER

February 28, 2013

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

**RE: Annual Deadline Extension Request, Municipal Tax Increment Financing (TIF) Program;
Bouchard Potato TIF District and Program**

Dear Austin,

We are in receipt of your request for a deadline extension to submit above referenced TIF District application.

I am pleased to grant your request and urge you to submit application as soon as possible, preferably by close of business March 26 and NO LATER THAN COB Friday, March 29.

My staff and I will do our best to accommodate your timeline. Please note due to Program demand, TIF eligible entities granted deadline extensions are more likely to receive conditional approval of whole, or any part of, development program. Other than to extend deadline this letter has no bearing on review process.

MAINE IS OPEN FOR BUSINESS. Please contact Municipal Tax Increment Financing Program Director Laura Santini-Smith (207-624-7487) with questions regarding this letter or any aspect of your application.

Sincerely,

George C. Gervais
Commissioner

cc: Raegan LaRochelle, Eaton Peabody Consulting Group

Exhibit L: Excerpt from Caribou Code of Ordinances (2 pages)

- C. All monuments required by this subsection shall be set along any street, road, way, or parcel to be dedicated to the municipality prior to the acceptance of any street, road, way, or parcel by the municipality.
- D. Monument, monument location, and artificial monument settings shall conform with the requirements of the Maine Board of Licensure for Professional Land Surveyors, latest edition.
- E. Artificial monuments shall be located in a manner and be of sufficient size, composition, and material that:
 - 1. The likelihood of their disturbance is minimal;
 - 2. The monument is capable of being detected with electromagnetic metal detectors;
 - 3. Their life expectancy, under normal circumstances, shall exceed 25 years; and
 - 4. The person who placed the monument can be identified with certainty by inspection of the monument.
- F. Monuments shall be set at all corners and angle points of the property boundaries where the interior angle of the boundaries is 135° or less.

20. Noise.

- A. The maximum permissible sound pressure level of any continuous, regular, or frequent source of sound produced by any activity shall be limited by the time period and land use District listed in the following chart. Sound levels shall be measured at least 4 feet above ground at the property boundary.

Sound Pressure Level Limits (Measured in dB (a) scale)

	<u>7 AM - 10 PM</u>	<u>10 PM - 7 AM</u>
Residential Districts	55	45
Commercial Districts	60	50
Industrial Districts	65	50

- B. The levels specified may be exceeded by 10 dBA for a single 15 minute period per day. Noise shall be measured by a meter set on the A-weighted response scale, slow response. The meter shall meet the American National Standards Institute (ANSI S1.4-1961) "*American Standard Specification for General Purpose Sound Level Meters*".
- C. No person shall engage in construction activities, on a site abutting any residential use, between the hours of 10 PM and 7 AM which exceed those limits established for residential Districts. Otherwise the following activities shall be exempt from these regulations:
 - 1. Sounds emanating from construction and maintenance activities conducted between 7 AM - 10 PM.
 - 2. Sounds emanating from safety signals, warning devices, emergency pressure relief valves, and other emergency activities.
 - 3. Sounds emanating from traffic on public transportation facilities.

21. Preservation of Natural Features.

The CEO or Planning Board may require that a proposed development preserve such natural features as trees, streams, water courses, and scenic views. The road and lot layout shall be adapted to the topography. Extensive grading and filling shall be avoided as much as practical.

22. Professional Offices in Residential Districts.

Professional offices may be permitted in those residential Districts indicated on the Land Use Permit Table and in accordance with the provisions below:

- A. New professional offices shall be located only within existing buildings, in order to retain the essential character of the neighborhood, except as allowed in "E", below.
- B. Parking for professional offices shall be located to the side or rear of the building, and shall be screened from view from all streets and abutting residential properties.
- C. All outdoor lighting shall be directed in such a manner as to avoid "overspill" onto abutting residential properties or glare into the street.
- D. Exterior alterations shall be minimized and shall be similar to the original architectural style of the building.

32. Swimming Pools.

- A. Swimming pools designed to hold more than 10,000 gallons of water installed after the effective date of this Ordinance shall require a permit issued by the CEO.
- B. All swimming pools shall meet accessory structure setback requirements for the District they are to be located in.
- C. Enclosures of swimming pools shall comply with the provisions of Title 22, MRSA, §1632.

33. Temporary Dwellings.

- A. Purpose: To provide for the temporary habitation of one dwelling during the construction or renovation of a second dwelling on a lot, except within the Resource Protection District of the City's Shoreland Zoning Ordinance.
- B. The CEO may issue a Temporary Dwelling permit for the purpose of the owner residing in one dwelling while a new dwelling is constructed or an existing dwelling is renovated, only if all of the following are met:
 - 1. The temporary structure to be resided in during the construction or renovation of the second (primary) structure shall be connected to an approved subsurface sewage disposal system.
 - 2. All zoning setbacks and lot coverage requirements of this Ordinance shall be met.
 - 3. The owner must reside in one of the structures during construction or renovations.
 - 4. The structure which is not to be the principle residence shall be resided in for not more than eighteen (18) months from the date of the issuance of the permit for the construction of the primary residence.
 - 5. Within eighteen (18) months from the date of the issuance of a permit in the case of a mobile home it shall be removed from the lot and other structures shall be converted to an accessory structure or removed.
 - 6. Prior to the issuance of a building permit for the construction and renovation on a lot where a temporary residential structure will be located, the owner shall sign a binding agreement with the City that the provisions of this subsection shall be complied with.

34. Toxic and Noxious Discharges.

No use shall for any period of time discharge across the boundaries of the lot on which it is located toxic and noxious matter in concentrations in excess of one-fourth of the maximum allowable concentrations set forth in Table 1 of the Industrial Hygiene standards, maximum Allowable Concentration, Chapter 5 of the "*Air Pollution Abatement Manual*," latest edition, which is hereby incorporated in and made a part of this subsection by reference.

35. Utilities.

- A. Easements for utilities, either within or beyond the proposed development, as may be necessary, shall be provided for where necessary and shall be at least twelve feet (12') wide.
- B. Whenever practical, the applicant should be encouraged to install underground conduits and other necessary subsurface structures to provide electric power, telephone, and cable service throughout the development. Such underground structures shall be constructed according to the requirements of the utility company involved.

36. Waste Material Accumulations Regulated.

Deposits or accumulations of rubbish, junk, junk automobiles and parts thereof, discarded articles of any kind, household, industrial, or commercial wastes shall not be made in any District except at a dumping place or places designated as such by the City Council provided, however, that nothing in this subsection shall be construed to prohibit the establishment or operation of commercial automobile graveyards and junkyards as permitted under the terms of these Ordinances.

37. Water Supply.

- A. Public Water Supply.
 - 1. Any development within 1000 feet of a public water supply, at its nearest point, shall make provisions for connection to the public system. When public water supply service shall not be available at the time of construction, a "capped system" may be installed within the development, at the discretion of the Planning



City of Caribou, Maine

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CERTIFICATE
CITY OF CARIBOU, MAINE
MUNICIPAL ASSESSOR

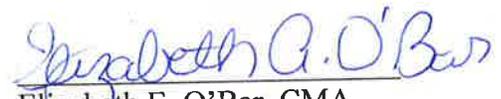
The undersigned City Assessor for the City of Caribou, Maine does hereby certify pursuant to the provisions of 30-A M.R.S.A. Section 5227(2) that the assessed value of the **Bouchard Potato Company Tax Increment Financing District** as described in the Development Program Application to which this Certificate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

\$169,500 as of April 1, 2011
\$147,100 as of April 1, 2012

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 this 12th day of February, 2013.

City of Caribou


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

Attached are the documents of the Map and Lot valuations of those parcels as depicted in Caribou's Bouchard Potato Company designation.

Legend

- Bouchard Farms Proposed Development
- Caribou Parcels (UMPI 2010)



1 inch = 60 feet

City of Caribou, Maine
 Bouchard Farms
 Proposed Development
 Date: 12/05/12



PAUL R. LEPAGE

Governor

GEORGE C. GERVAIS

Commissioner

March 29, 2013

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

**RE: Bouchard Potato Company Municipal Tax Increment Financing (TIF) District;
Development Program**

Dear Mr. Bless,

The Maine Department of Economic and Community Development (Department) has reviewed and **effective today approved** the above referenced TIF District and Program. Based on your original designation application, the Department notes:

- a. District term of 30 years ending March 28, 2043;
- b. District Original Assessed Value of \$147,100 as of March 31, 2013 (April 1, 2012)—acreage 4.49;
- c. Increased Assessed Value capture of \$0 until April 1, 2013 then up to 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 Bouchard Potato (Company) AND/OR fund public facilities/improvements/programs,
 - ii) City may NOT establish Sinking Fund nor incur public indebtedness without formal Program amendment;
- e. Company reimbursement is limited to incremental taxes from new actual value and projected at \$284,594 total or 95/75/50/25% annually respective of Tax Years 2013-17/18-22/23-27/28-32;
- f. CITY MUST FORWARD COPY of any Credit Enhancement Agreement linked to this District **immediately following execution**—with corresponding Application Cover Sheet including detailed private project description and Employment Goals Form;
- 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.

During District term, City revenue allocation may fund public activities/projects/costs per Development Program. Related funding MUST also comply with established City appropriation process—with activities/projects COMPLETE by end of District term (March 28, 2043):

WITHIN DISTRICT

- j. Administrative costs \$20,000;
- k. Organizational costs \$20,000;

OUTSIDE DISTRICT

- l. District mitigation \$100,000;

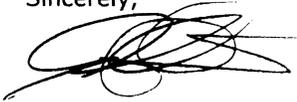
THROUGHOUT MUNICIPALITY

- m. Economic Development/Marketing \$100,000;
- n. Recreational Trails \$270,357.

MAINE IS OPEN FOR BUSINESS. Please contact Municipal Tax Increment Financing Program Director Laura Santini-Smith with questions regarding this approval letter or Department review. With

this certification of designation, Department extends an open ended offer of assistance and best wishes for the success of your District.

Sincerely,

A handwritten signature in black ink, appearing to be "G. Gervais", written over a horizontal line.

George C. Gervais
Commissioner

cc: Raegan LaRochelle, Eaton Peabody Consulting Group; David Ledew, MRS Director Property Tax Division; Brian Doyle, Governor's Account Executive

CREDIT ENHANCEMENT AGREEMENT

THIS CREDIT ENHANCEMENT AGREEMENT dated as of April 25, 2013 between the **City of Caribou**, a municipal body corporate and politic and a political subdivision of the State of Maine (hereinafter the "City") and **Bouchard Potato Company**, a corporation duly organized and existing under the laws of the State of Maine, with a place of business in Caribou, Maine (hereinafter the "Company").

WITNESSETH THAT:

WHEREAS, the City has designated the Bouchard Potato Company Tax Increment Financing District (hereinafter 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 January 14, 2013, (the "Vote"); and

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

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

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

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

ARTICLE I

DEFINITIONS

Section 1.1. Definitions.

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

“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, stated in a percentage, of Increased Assessed Value that is retained in the District with respect to each Tax Year as specified in this Agreement during the term of the District.

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

“City Cost Subaccount” means that portion of the Project Cost Account of the Development Program Fund for the District as defined in the Financial Plan Section of the Development Program and established and maintained according to Article II hereof.

“City Improvements” means the improvements described in the Development Program, as such may be approved by the City from time to time.

“Company” means Bouchard Potato Company.

“Company Cost Subaccount” means the portion of the Project Cost Account of the Development Program Fund set aside for the Developer as described in the Financial Plan section of the Development Program and established and maintained pursuant to Article II hereof.

“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 adopted Development Program and Financial Plan for the District.

“Development Program Fund” means the Bouchard Potato Company Municipal Development and Tax Increment Financing District Program Fund described in the Financial Plan section of the Development Program and established and maintained pursuant to Article II hereof and 30-A M.R.S. § 5227(3)(A). The Development Program Fund shall consist of a

Sinking Fund (as necessary) and a Project Cost Account with two subaccounts: the City Cost Subaccount and the Company Cost Subaccount.

“District” means the Bouchard Potato Company 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 or such other fiscal year as the City may from time to time establish.

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

“Original Assessed Value” means \$147,100.00, the taxable assessed value of the District as of March 31, 2013 [April 1, 2012].

“Project” means the construction and development of potato storage and processing facilities at 1086 Van Buren Road to be developed in the District by the Company as more specifically described in the Development Program and TIF Application.

“Project Costs” means any costs incurred or expected to be incurred that are authorized by Title 30-A MRSA Section 5225, as may be amended.

“Property Tax” means any and all *ad valorem* property taxes levied, charged, or assessed against real and personal property located in the District by the Town, or on its behalf.

“Tax Increment” means all property taxes assessed and paid to the City in any given Tax Year, in excess of any state, county or special district tax, upon the Captured Assessed Value of the property in the 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.

Section 1.2. Interpretation and Construction.

In this Agreement, unless the context otherwise requires:

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

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

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

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

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

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

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

ARTICLE II

DEVELOPMENT PROGRAM FUND AND FUNDING REQUIREMENTS

Section 2.1. Creation of Development Program Fund.

Within forty-five (45) days after the date the District is approved by the DECD, the City agrees to create and establish a segregated fund in the name of the City designated as the "Bouchard Potato Company Municipal Development and Tax Increment Financing District Program Fund" (hereinafter the "Development Program Fund") pursuant to, and in accordance with the terms and conditions of, the Development Program and 30-A M.R.S. § 5227(3). The Development Program Fund shall consist of: (a) the Project Cost Account that is pledged to and charged with the payment of project costs as outlined in the Financial Plan of the Development Program and as provided in 30-A M.R.S. § 5227(3)(A)(1); and (b) the Sinking Fund Account that is pledged to and charged with the payment of municipal indebtedness as outlined in the Financial Plan of the Development Program and as provided in 30-A M.R.S. § 5227(3)(A)(2). The Project Cost Account shall also contain two subaccounts designated as the "Bouchard Potato Company Cost Subaccount" and the "City of Caribou Cost Subaccount".

Section 2.2. Timing for Deposits Into Company Cost Subaccount.

The City shall deposit the Company Tax Increment Revenues in the Company Cost Subaccount within ten (10) days of each Tax Payment Date, or, if not a business day, on the next succeeding business day consistent with the terms of this Agreement.

Section 2.3. Captured Assessed Value; Deposits into Development Program Fund.

(a) Each year during the term of this Agreement, commencing with the City’s 2013 Tax Year and continuing thereafter for up to a maximum of twenty (20) years to and including the Town’s 2032 Tax Year, the Town shall retain in the District one hundred percent (100%) of the Increased Assessed Value in the TIF District as Captured Assessed Value.

(b) Each year during the first twenty years of this Agreement, the City shall deposit into the Development Program Fund contemporaneously with each payment of Property Taxes during the term of this Agreement an amount equal to one hundred percent (100%) of that portion of the property tax payment constituting Bouchard Potato Company Tax Increment Revenues. The Development Program Fund is pledged to and charged with the payment of costs in the manner and priority provided in 30-A M.R.S.A. § 5227(3)(B). The City shall allocate Company Tax Increment Revenues so deposited in the Development Program Fund between the Company Cost Subaccount of the Project Cost Account, and the City as set forth in the Table below:

Percentage Allocation of Taxes on Incremental Assessed Value

Tax Years	Percentage Capture to Company	Percentage Capture to City
2013 to 2017	95%	5%
2018 to 2022	75%	25%
2023 to 2027	50%	50%
2028 to 2032	25%	75%
2033 to 2042	0%	100%

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) Company Tax Increment Revenues allocated to the City will be deposited into the Sinking Fund Account to the extent and in such amounts necessary to finance the costs for improvements undertaken by the City and financed with municipal indebtedness, and otherwise to the City Cost Subaccount of the Project Cost Account for use by the City to fund the cost of City projects as described in the Development Program. The City shall retain one hundred percent (100%) of the Company Tax Increment Revenues allocated to the City consistent with this Agreement and the Company is not entitled to reimbursement of any portion of said revenues.

(d) 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 shall be designated as Captured Assessed Value, and shall be deposited into the City Cost Subaccount.

(e) Notwithstanding any other provision of this Agreement, any and all revenues resulting from investment of monies allocated to the Development Program Fund 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 Development Program Fund.

Monies credited in the Development Program Fund that are allocable to and/or deposited in the Company Cost Subaccount shall be in all cases be used and applied to fund fully the City's payment obligations to 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 Cost Subaccount 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 Cost Subaccount.

ARTICLE III

PAYMENT OBLIGATIONS

Section 3.1. Company Payments

Within ten (10) days following the payment of Property Taxes by Company on property in the District, or, if not a business day, on the next succeeding business day, the City shall pay to the Company all amounts then on deposit in the Company Cost Subaccount, 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 construction and development of potato storage and processing facilities at 1086 Van Buren Road in Caribou.

Any amount in the Development Program Fund after making such payment shall be transferred to the City of Caribou consistent with this Agreement.

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 Cost Subaccount 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 Company Cost Subaccount 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 Company Cost Subaccount 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 Development Program Fund shall be open to inspection by the Company, its agents and employees during normal business hours upon 48 hours written 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 Cost Subaccount 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 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 thirty (30) years from the date of such approval on the last Tax Year stated in Article II of this Agreement.

Section 8.2. Expiration of Term.

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

ARTICLE IX

ASSIGNMENT AND PLEDGE OF COMPANY'S INTEREST

Section 9.1. Consent to Pledge and/or Assignment.

The City hereby acknowledges that the Company may pledge and assign its right, title and interest in, to and under this Agreement as collateral for financing for the Project, although no obligation is hereby imposed on the Company to make such assignment or pledge. Recognizing this possibility, the City does hereby consent and agree to the pledge and assignment of all the Company's right, title and interest in, to and under this Agreement and in,

and to the payments to be made to Company hereunder, to third parties as collateral or security for indebtedness or otherwise, on one or more occasions during the term hereof.

Section 9.2. Pledge, Assignment or Security Interest.

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

Section 9.3. Assignment

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

ARTICLE X

NO ADDITIONAL DEVELOPMENT

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

ARTICLE XI

MISCELLANEOUS

Section 11.1 Successors.

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

Section 11.2 Parties in Interest.

Except as herein otherwise specifically provided, nothing in this Agreement expressed or implied is intended or shall be construed to confer upon any person, firm or corporation other than the City and the Company or its assigns any right, remedy or claim under or by reason of this Agreement, it being intended that this Agreement shall be for the sole and exclusive benefit of the City and the Company; provided, however, that if the payment obligations of the City to

the Company hereunder are held by a final and binding proceeding to be illegal or invalid, this Agreement shall terminate. In such event all obligations of the parties shall terminate, and no party shall have any further liability to the other hereunder.

Section 11.3 Severability.

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

Section 11.4 No Personal Liability of Officials of the City.

No covenant, stipulation, obligation or agreement of the City contained herein shall be deemed to be a covenant, stipulation or obligation of any present or future elected or appointed official, officer, agent, servant or employee of the City in his or her individual capacity and neither the members of the City Council, City Council members nor any official, officer, employee or agent of the City shall be liable personally with respect to this Agreement or be subject to any personal liability or accountability by reason hereof.

Section 11.5 Counterparts.

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

Section 11.6 Governing Law.

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

Section 11.7 Notices.

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

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

With copies, which shall not constitute notice, to:

Eaton Peabody

Attn: Jonathan A. Pottle, Esq.
P.O. Box 1210
80 Exchange Street
Bangor, Maine 04402-1210

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

If to the Company:

Bouchard Potato Company
1086 Van Buren 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 **\$147,100.00** 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 \$500. 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.

Renny Thompson
Witness

CITY OF CARIBOU

By Austin Bleess
Austin Bleess, City Manager

Renny Thompson
Witness

BOUCHARD POTATO COMPANY

By Craig Bouchard
Craig Bouchard
Its Partner

Renny Thompson
Witness

By Ricky Bouchard
Ricky Bouchard
Its Partner