

Information
On Downtown TIF
(Original Application):

Development Program
Application
Amended Application
Approval Letter

**CITY OF CARIBOU
DOWNTOWN TAX INCREMENT FINANCING DISTRICT
Development Program**

Development Program- "a statement of means and objectives to improve the quality of life, the physical facilities and structures and the quality of pedestrian and vehicular traffic control and transportation within the development district..."

Executive Summary: At the March 13, 2006 meeting the City Council exercised their authority pursuant to the Tax Increment Financing Ordinance as adopted by the City Council on September 13, 2004, to designate a Downtown Tax Increment Financing District and approve a Development Program. The first objective of the Development Program is to provide Tax Increment Financing to **Caribou Management, LLC** to be applied wholly towards its proposal for the co-located DHHS office space in Caribou, called the Skyway Plaza project (the Project). The City Council has so voted on 1/24/2005 to provide Tax Increment Financing for the Project in the amount of a 100% TIF on all newly captured assessed value relevant to this project for 15 years from the date of the first applied assessment in the form of a Credit Enhancement Agreement. The value of this Credit Enhancement Agreement is to be applied by the Developer to affect a lower cost per square foot for the duration of the fifteen year period, as submitted in the associated bid proposal, equivalent to the accumulated value of the TIF for said period.

There are additional Downtown TIF District projects that have been identified, which are still in the planning stage. As they are prioritized and engineered, cost estimates, and other details will be finalized, and the Development Program will be amended to allocate District TIF revenues accordingly.

Financial Plan...

Anticipated investment for District Projects

The total costs for the Skyway Plaza project are estimated at \$1.5 million to make the facility ready for DHHS operations. Additional Downtown TIF District improvements are still in the project development stages and are unknown at this time. The Development Program will be amended to address those projects as estimates become available.

Anticipated Indebtedness to be incurred

It is anticipated that Caribou Management, LLC will secure all funding necessary to complete the renovations to the facility. There will be no municipal debt created by the Project.

Sources of anticipated revenues

Caribou Management, LLC will likely borrow funds for the Skyway Plaza project at conventional rates and terms.

Estimate of the captured assessed value of the district

The municipal assessor has certified that the original assessed value of the Skyway Plaza project property is \$335,000 and the total for the District is \$27,397,500.

The CAV from incremental new assessed value from the Project is estimated to be \$1,500,000. There will be additional CAV from other District projects once they are developed and completed.

What portion of the CAV will be applied to the development program?

The City will apply 100% of the captured assessed value from the Downtown TIF District to the Development Program, and proposes to develop a Credit Enhancement Agreement in support of 100% return of the tax increment from improvements made at the Skyway Plaza Project property for a period of 15 years to Caribou Management, LLC.

Estimated impact of tax increment financing on the local taxing jurisdiction

It is estimated that the impacts upon Caribou will be very positive. The proposed improvements from the Skyway Plaza project will support the relocation of a significant new tenant into a commercial space that has been vacant for a long time. This relocation will result in approximately 27 new full-time jobs and 1 part-time job, and will ensure the retention of 84 jobs that already exist at the DHHS offices in Caribou. The economic spin off in sales for other commercial enterprises in the Caribou area such as food, fuel, and retail goods should spur additional employment and economic activity.

Real property assembly costs

There will be no assembly costs associated with the Skyway Plaza project because the project will take place on property already owned by Caribou Management, LLC. As for future District projects, any assembly costs will be identified as the activities become better defined, and the Development Program will be amended to reflect those findings.

Professional service costs...

To date, the only service costs associated with the project will be the cost for the preparation of the TIF application, which will be reimbursed to the City by Caribou Management, LLC from the TIF proceeds. As future District projects are developed, professional service costs will be identified and the Development Program will be amended to reflect those findings.

Administrative costs...

While there does not appear to be additional costs that City would incur as a result of the Downtown TIF District, the City has proposed that a portion of the property taxes generated from the new investment will be set aside to cover such costs, as they become known.

Relocation Costs...

It is not anticipated that relocation of individuals or families will occur as a result of this project or future District activities.

Organizational costs...

All organizational costs associated with the Skyway Plaza project will be borne by Caribou Management, LLC or through public funds should they be available. Organizational costs associated with future District activities will be borne by the City, but paid for from Downtown TIF District revenues set aside for that purpose.

Payments made at the discretion of the local legislative body...

At this time there do not appear to be additional costs to be made by the City for this project.

That portion of the costs related to the construction or alteration of wastewater treatment plants or other environmental protection systems or devices...

The Skyway Plaza project will not involve the construction of any new water or sewer infrastructure, and will not result in a designed increase in air emissions or particulate matter. As future District projects are developed, costs associated with any necessary alterations to wastewater treatment or other environmental protection systems will be identified and the Development Program will be amended to reflect those findings.

Training costs...

The Skyway Plaza project will result in approximately 27 new employees that will begin employment in 2006. Any associated training costs will be paid for by DHHS for the Project. No other training costs have been identified as a result of District activities at this time.

Improvements such as promoting public events, advertising...

DHHS will absorb any such costs, if any, for the Project. Future District promotion of events, marketing, or advertising will be paid for from TIF District revenues set aside for those purposes.

List of public facilities to be constructed...

There is no anticipated need for the construction of any public facilities associated with the Skyway Plaza project. As future District projects are developed, costs associated with any necessary construction of public facilities will be identified and the Development Program will be amended to reflect those findings.

Use of private property within District...

Proposed use of the Skyway Plaza project property will be for customary business occupancy. Other uses of private property in the District will be in accordance with the City of Caribou's Comprehensive Plan.

Plans for the relocation of displaced individuals...

The proposed and anticipated activities in the District will not affect families or individuals as well as can be determined at this time. Should future District project plans identify the need to relocate displaced families or individuals, Downtown TIF District revenues will be allocated to help cover those costs.

The proposed regulations and facilities to improve transportation...

There will be no appreciable impact on existing transportation systems by the Skyway Plaza project. All future District projects will be reviewed by the City to determine if outcomes are consistent with or will alter identified transportation improvement strategies in Caribou's Comprehensive Plan.

Environmental controls to be applied...

There are no additional environmental control needs generated by the Skyway Plaza project. Should future District project plans identify the need to apply additional environmental controls, Downtown TIF District revenues will be allocated to help cover those costs.

Proposed operation of District once development is completed...

Caribou Management, LLC will operate and maintain all facilities as they are proposed in the Skyway Plaza project at their expense, and will assume any and all responsibilities and liabilities for this project. The operation of the District will be determined and defined as capital project plans are fully developed. The Development Program will then be amended to detail how the District will be operated after these capital improvements are completed.

The duration of the Program

It is anticipated that the duration of the Development Program and District designation will be for a period of 15 years. The City will have entered into a Credit Enhancement Agreement with Caribou Management, LLC for 15 years as well.

**Caribou Management Company, LLC
Downtown Tax Increment Financing District
Development Program and Financing Plan**

City of Caribou

**Application to the
Maine Department of Community and Economic Development
March 14, 2006**

APPLICATION COVER SHEET

MUNICIPAL TAX INCREMENT FINANCING

A. General Information

1. Municipality Name: <i>City of Caribou</i>		
2. Address: <i>25 High Street</i>		
3. Telephone: <i>207.493.3324</i>	4. Fax: <i>207.498.3954</i>	5. Email: <i>manager@cariboumaine.org</i>
6. Municipal Contact Person: <i>Steven R. Buck</i>		
7. Business Name: <i>Caribou Management Company, LLC</i>		
8. Address: <i>171 Madison Ave., Suite 201, New York, NY 10016</i>		
9. Telephone: <i>212.686.8050</i>	10. Fax: <i>212.686.3805</i>	11. Email: <i>mjr_realestate@yahoo.com</i>
12. Business Contact Person: <i>Daniel Rosenberg</i>		
13. Principal Place of Business: <i>Caribou, Maine</i>		
14. Company Structure (e.g. corporation, sub-chapter S, etc.): <i>LLC</i>		
15. Place of Incorporation: <i>Maine</i>		
16. Names of Officers: <i>Daniel Rosenberg, Margery Rosenberg</i>		
17. Principal Owner(s) Name: <i>Daniel Rosenberg</i>		
18. Address: <i>same</i>		

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
<input type="checkbox"/> training investment	<input checked="" type="checkbox"/> tax base improvement	<input type="checkbox"/> public facilities improvement
<input type="checkbox"/> 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 checked="" type="checkbox"/> debt reduction	<input type="checkbox"/> other (list):	

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 <i>(please use next page)</i> .

D. Annual Report

Does the business anticipate receiving more than \$10,000 in TIF revenues in any calendar year during the term of the TIF development program? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <i>(If so, please review the example of an annual report at the back of the TIF manual – a current version will be mailed by May 15th each year to the business contact person on this page and by law must then be filed with DECD by August 1st).</i>
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EMPLOYMENT GOALS
Company Goals for Job Creation and Job Retention

A. Job Creation Goals (see note below)			
<i>Occupational Cluster*</i>	<i>Full-time</i>	<i>Part-time</i>	<i>Wage Level</i>
1. Executive, Professional & Technical	22	1	\$959,455 (\$42,642 avg.)
2. Administrative Support, inc. Clerical	5		\$129,481 (\$25,896 avg.)
3. Sales & Service			\$
4. Agriculture, Forestry & Fishing			\$
5. Maintenance, Construction, Production, & Transportation			\$
B. Job Retention Goals (see note below)			
<i>Occupational Cluster*</i>	<i>Full-time</i>	<i>Part-time</i>	<i>Wage Level</i>
1. Executive, Professional & Technical	67		\$2,489,835 (\$37,162 avg.)
2. Administrative Support, inc. Clerical	17		\$449,402 (\$26,435 avg.)
3. Sales & Service			\$
4. Agriculture, Forestry & Fishing			\$
5. Maintenance, Construction, Production, & Transportation			\$
<i>*Please use the Occupational Cluster descriptions on the next page to complete this form.</i>			

Note: Job creation and retention goals are those of the tenant – DHHS – enabled by the application of Tax Increment Financing to rehabilitate an acceptable facility in Caribou, which is the Skyway Plaza project element of the Downtown Development Program.

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.

**Caribou Downtown Development and Tax Increment Financing District
City of Caribou**

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I. DEVELOPMENT PROJECT NARRATIVE

A. Introduction and Background

Tax increment financing (TIF) is a funding mechanism that takes advantage of an increase in assessed valuation, 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 new property tax revenues are dedicated to retire the debt incurred for the provision of those public or private improvements.

TIF financing is necessary and appropriate when the private sector acting alone cannot absorb the cost associated with the development activity and the necessary public improvements or in so doing will jeopardize the project in its entirety. At the March 13, 2006 meeting the City Council exercised their authority pursuant to the Tax Increment Financing Ordinance as adopted by the City Council on September 13, 2004, to create a Downtown Tax Increment Financing District (CDTIF) in accordance with the goals, policies, and strategies within the Caribou Comprehensive Plan, which addresses the needs and opportunities for downtown redevelopment. The creation of the CDTIF allows the City to capture 100% of tax revenue generated from incremental new assessed value in the District for eligible economic development activities within the District, including the use of TIF revenues to finance the costs of constructing or improving facilities or buildings used by State Government that are located in the approved CDTIF.

B. Objectives of the Caribou Downtown Tax Increment Financing District

The designation of the Caribou Downtown Tax Increment Financing District will provide substantial benefit to private developers and building owners as well as the City of Caribou. The Caribou Management, LLC, owners of the retail space formerly occupied by Ames Department Stores, will benefit from the creation of the CDTIF as it can be applied to the renovation of this space for the co-location and consolidation of the Presque Isle and Caribou Department of Health and Human Services (DHHS) office space in Caribou. The City Council has so voted on 1/24/2005 to provide Tax Increment Financing for this project in the amount of a 100% TIF on all newly captured assessed value relevant to this project for 15 years from the date of the first applied assessment in the form of a Credit Enhancement Agreement. The value of this Credit Enhancement Agreement is to be applied by Caribou Management, LLC - the Developer - to affect a lower cost per square foot for the duration of the fifteen year period, as submitted in the associated bid proposal, equivalent to the accumulated value of the TIF for said period. Benefits to the City of Caribou will include the following:

- estimated additional annual property taxes to the City of Caribou following completion of the project will be \$17,721 per annum, with an estimated municipal valuation of \$694,937.
- anticipated 27 full-time and 1 part-time jobs created from cost savings provided by consolidation of offices;
- retention of 84 existing full-time jobs.

C. Description of the Development Program

Certain property located in the City of Caribou (see Exhibit - C) has been designated as the Caribou Downtown Development (the "Development Program") and Tax Increment Financing District (the "District") by the City of Caribou (the "City"). The Development Program described herein is proposed for the purpose of administering the District as a tax increment financing district pursuant to Chapter 207 of Title 30-A of the Maine Revised Statutes, as amended. Upon the vote by the City's Legislative body (City Council Meeting) designating the District and adopting this Development Program on March 13, 2006, the decision has become final, subject only to the approval by the Maine Department of Economic and Community Development.

The purpose of the District is to assist in financing the implementation of Downtown redevelopment activities as outlined in the Development Program, including the Skyway Plaza project, which involves renovations to the former Ames retail space for use as business offices that will consolidate DHHS operations from Presque Isle and Caribou. Under the Development Program, the City will return 100% of the property tax revenues from the incremental new assessed value to the Developer in accordance with Table 1 in Section D - Credit Enhancement Agreement.

The acquisitions and improvements contemplated by Developer for the Skyway Plaza project included in the Development Program will result in an investment of approximately \$1.5 million in 2006, thereby creating additional tax base within the Town, initially retaining 84 jobs on site, and helping to consolidate DHHS operations in the central Aroostook area. 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 Downtown redevelopment activities
- job retention and future growth potential
- increase in flow of revenues to local area from retail sales and services
- increased savings to the State by consolidating two offices into one

There are additional Caribou Downtown TIF District projects for inclusion in the Development Program that are still in the planning stage. As they are prioritized and engineered, cost estimates, and other details will be finalized, and the Development Program will be amended to allocate District TIF revenues accordingly.

D. Credit Enhancement Agreement

This Downtown TIF District is being proposed to ensure a tax revenue stream to the City while simultaneously reducing the company's property tax liability for the life of the Caribou Downtown TIF District. The reimbursement schedule will provide an incremental reduction in the reimbursement percentage of local property tax revenues to Caribou Management, LLC for the Skyway Plaza project as follows:

Table 1 – TIF Reimbursement Schedule for Skyway Plaza Project

YEAR	PROJECT	TAX RATE	TOT TAX	TIF %	CO.'S AMT*
2006*	\$1,500,000.00	0.02550	\$38,250	100	\$38,250
2007	\$1,425,000.00	0.02550	\$36,338	100	\$36,338
2008	\$1,353,750.00	0.02550	\$34,521	100	\$34,521
2009	\$1,286,062.50	0.02550	\$32,795	100	\$32,795
2010	\$1,221,759.38	0.02550	\$31,155	100	\$31,155
2011	\$1,160,671.41	0.02550	\$29,597	100	\$29,597
2012	\$1,102,637.84	0.02550	\$28,117	100	\$28,117
2013	\$1,047,505.94	0.02550	\$26,711	100	\$26,711
2014	\$995,130.65	0.02550	\$25,376	100	\$25,376
2015	\$945,374.11	0.02550	\$24,107	100	\$24,107
2016	\$898,105.41	0.02550	\$22,902	100	\$22,902
2017	\$853,200.14	0.02550	\$21,757	100	\$21,757
2018	\$810,540.13	0.02550	\$20,669	100	\$20,669
2019	\$770,013.12	0.02550	\$19,635	100	\$19,635
2020	\$731,512.47	0.02550	\$18,654	100	\$18,654
Totals					\$410,582

* Based on Assumptions of a local tax mil rate of \$25.50/\$1,000 valuation; 5% depreciation per year.

Table 2 - Sources and Uses of Funds
Including TIF Funded Portion...

Sources	
Private Investments	\$ 1,500,000
Total Sources	\$ 1,500,000
Uses	
FY05-06 Capital Projects	Estimated Cost
1. Renovation of retail space for offices	\$1,500,000
Total Uses	\$1,500,000

E. Project Impact upon Existing Regulations and Infrastructure

All improvements will comply with all the requirements and regulations of the City of Caribou. The Project, as it is currently proposed, will not adversely affect vehicular or pedestrian traffic. No additional public sewer, water, transportation, or other public facilities will be constructed at the City's expense for this project. All licenses and permits in connection with the project either have been, or will be applied for and obtained by the company as required by applicable law, rule and/or regulation.

F. Plan of Operation upon Construction and Completion

The Skyway Plaza project improvements funded through TIF will at all times be owned and operated and maintained by the principals of the Company, whose costs will include payment of all maintenance expenses, and insurance, and property taxes on said property. During the life of the District, the City Manager of Caribou or his designee will be responsible for all administrative matters concerning the implementation and operation of the District.

For future public improvements in the Development Program funded through Caribou Downtown TIF District revenue, operation, maintenance, and ownership will be by the City or the utility district as is the case.

II. PHYSICAL DESCRIPTION OF DISTRICT

The parcel map illustrating the subject property and proposed Caribou Downtown Tax Increment Financing District is included as Exhibit B. The 267.18 -acre District area, which represents the locally approved Downtown TIF District, provides the City an opportunity to utilize Tax Increment Financing as a local tool to directly assist in economic development to realize the long-term economic benefits of retaining major employers, improving buildings and infrastructure, and fostering new private investment without the need for the community to rely solely on other State assistance programs for projects to proceed.

Also included in Exhibit B is the listing of parcels by map and lot, with assessed real estate and personal property values, and individual parcel acreage.

There are 50,747 acres of land within the City of Caribou, and the city currently has no area under TIF designation. The proposed Downtown Development and Tax Increment Financing District represents 0.53% of the Town's acreage, but as an approved downtown tax increment financing district it is not subject to inclusion toward the 5% limit on TIF District area or assessed value to the total City area and value as stated in Title 30-A §5223-3.D.

III. FINANCIAL PLAN

A. Cost Estimates for Development Program

The following table contains an estimate of the cost of the Skyway Plaza project portion of the Development Program.

Table 2
Estimated Development Costs

Project Element	Cost
Buildings	\$1,500,000
Machinery & Equipment	\$0
Land	\$0
Total Estimated Costs	\$1,500,000
Estimated CAV	\$1,500,000

B. Indebtedness

The City will enter into a Credit Enhancement Agreement (CEA) with the Company pursuant to which the City will make available 100% of tax increment revenues over a period of ten (15) years for the purpose of reducing the square foot lease rate for DHHS, making the Skyway Plaza Project proposal acceptable. Assuming a CAV of \$1,500,000 with an estimated local mil rate of \$25.50 per \$1,000 valuation for a period of 15 years and 5% depreciation per annum, the Credit Enhancement Agreement allows the City to help the company offset \$410,582 of capital investment over the life of the CEA.

C. Sources of Anticipated Revenues

The proposed CEA allows for no revenues to the City during the 15 year term. The Company will be responsible for making annual property tax payments to the City of Caribou as billed and will bear the expense of any additional debt incurred as a result of the Skyway Plaza Project.

The following table reflects the original assessed value of Skyway Plaza Project, the cost of improvements in the District, and the estimated tax increment revenues per year following implementation of the Development Program:

TABLE 4
ESTIMATED PROJECTED TAX INCREMENT REVENUES

PROPOSED TIF PROGRAM						
YEAR	PROJECT¹	TAX RATE²	TOT TAX	TIF %	CO.'S AMT	CITY AMT.³
2006	\$1,500,000.00	0.02550	\$38,250	100	\$38,250	\$0
2007	\$1,425,000.00	0.02550	\$36,338	100	\$36,338	\$0
2008	\$1,353,750.00	0.02550	\$34,521	100	\$34,521	\$0
2009	\$1,286,062.50	0.02550	\$32,795	100	\$32,795	\$0
2010	\$1,221,759.38	0.02550	\$31,155	100	\$31,155	\$0
2011	\$1,160,671.41	0.02550	\$29,597	100	\$29,597	\$0
2012	\$1,102,637.84	0.02550	\$28,117	100	\$28,117	\$0
2013	\$1,047,505.94	0.02550	\$26,711	100	\$26,711	\$0
2014	\$995,130.65	0.02550	\$25,376	100	\$25,376	\$0
2015	\$945,374.11	0.02550	\$24,107	100	\$24,107	\$0
2016	\$898,105.41	0.02550	\$22,902	100	\$22,902	\$0
2017	\$853,200.14	0.02550	\$21,757	100	\$21,757	\$0
2018	\$810,540.13	0.02550	\$20,669	100	\$20,669	\$0
2019	\$770,013.12	0.02550	\$19,635	100	\$19,635	\$0
2020	\$731,512.47	0.02550	\$18,654	100	\$18,654	\$0
Total benefit to company over 15 year TIF					\$410,582	
2021	\$694,936.85	0.02550	\$17,721	0	\$0	\$17,721
¹ Assumes a 5% yearly depreciation. ² Assumes no annual increase in mil rate. ³ Estimated tax revenue to Caribou after TIF: \$17,721 Note: TIF District for 15 years; Credit Enhancement Agreement for 15 years						

Assumptions:

- Original assessed value of Skyway Plaza project facility is \$335,000
- Captured assessed value of Skyway Plaza project facility is estimated at \$1,500,000.
- Annual depreciation rate 5%
- Local mil rate valued at \$25.50/\$1,000 valuation 2004-05.

D. Statistical and Financial Data

A summary of financial and statistical information relating to the District's satisfaction of conditions imposed under Chapter 206 of Title 30-A of the Maine Revised Statutes, as amended, is set forth in Exhibit H. The City understands that approved Downtown TIF Districts are exempt from the aforementioned conditions, but has provided additional information as follows:

- Total value of equalized taxable property in Caribou as of March 31, 2005: \$279,000,000
- Aggregate value of equalized property value in the proposed tax increment financing district as of March 31, 2005 preceding the District's designation: \$27,397,500
- Percentage of total of equalized taxable property as it relates to the aggregate value of all taxable property in the proposed tax increment financing districts (item (b) divided by item (a) expressed as a percentage)-(30-A MRSA, § 5253, sub-§1, ¶C): 9.82%
- Total acreage of the City of Caribou: 50,747 acres
- Total acreage of proposed District 267.18 acres
- Total acreage of existing Districts 0 acres
- Ratio of total District acreage to total acreage within city (30-A MRSA, § 5253, sub-§1, ¶B): 0.53%
- The current principal amount of municipal indebtedness will not be affected as a result of this project. The total aggregate principal amount of municipal indebtedness from existing tax increment financing districts in Aroostook County which does not exceed \$50,000,000 (30-A MRSA, § 5253, sub-§1, ¶D). See list of currently existing tax increment financing districts attached as Exhibit I.

Attached hereto as Exhibit J is a certification of original assessed value executed by the Assessors of the City of Caribou in accordance with the requirements of 30-A MRSA, § 5254(2) certifying that the original assessed value of the District as of March 31, 2005, was \$27,397,500.

E. Estimated Impact of Financing upon Town

In accordance with Maine statutes governing the establishment of tax increment financing districts, the table set forth below identifies avoided tax shifts which will result from its establishment during the term of the District, using information supplied by the Maine Department of Economic & Community Development, Town, County, and Caribou School Department officials.

TABLE 5 ANNUAL TAX SHIFTS

Education Tax Shift	\$16,628
Revenue Sharing Tax Shift	\$4,965
County Tax Shift	\$148

Note: The amounts shown in the table above represent the fiscal impact to the City of Caribou should the City decide not to create a Downtown Tax Increment Finance District, and consequently not sheltering an estimated CAV of \$1.5 million over the 15-year term. These amounts were obtained from the Maine Dept Education, the Maine Municipal Association, and Aroostook County Commissioner's Office through the Caribou City Office

F. Duration of Program

The Development Program shall continue in effect (15 years) until final maturity and payment of all TIF proceeds to the Developer.

IV. Municipal Approvals

A. Public Hearings

Attached hereto as Exhibit F is a copy of the Notice of Public Hearing held in accordance with the requirements of 30-A MRSA, § 5253. The Notice was posted in a number of conspicuous locations in the community and in accordance with the local municipal warrant notification procedure. It was also advertised in the March 3, 2006 edition of the Bangor Daily News and placed on the local Channel 8 television program guide.

B. Authorizing Votes

Attached as Exhibit G is a copy of the votes adopted at the Public Meeting of the City of Caribou duly called and held on March 13, 2006 approving the designation of the Caribou Downtown Tax Increment Financing District by the City officials and approving the adoption of the District Development Program.

Exhibit A Credit Enhancement Agreement

The original and two copies of this agreement have been previously forwarded to DECD under separate cover, and are included again on the following pages.

CREDIT ENHANCEMENT AGREEMENT

THIS CREDIT ENHANCEMENT AGREEMENT dated as of February 28th, 2005, between the **City of Caribou**, a municipal body corporate and politic and a political subdivision of the State of Maine (herein the "City") and **Caribou Management, LLC**, a limited liability company 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 Skyway Plaza Development District and Tax Increment Financing District (herein the "District") pursuant to Title 30-A M.R.S.A. Section 167, by vote at a City Council Meeting duly noticed and held on September 12, 2005 (the "Vote"); and

WHEREAS, pursuant to the Vote adopted a development program and financial plan for the District entitled "Caribou Skyway Plaza Development and Tax Increment Financing Development Program" (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 approved the execution and delivery of 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;

"Company" means Caribou Management, LLC;

"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 Skyway Plaza Development and Tax Increment Financing Development Program;

"DHHS" means the State of Maine Department of Health and Human Services, the intended lessee of the Project following redevelopment by the Company;

"District" means the Caribou Skyway Plaza Development District 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, 2005;

"Project" means an office building for the co-located offices of the Maine Department of Health & Human Services to be developed in the District by 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 and personal property taxes assessed by the City of Caribou in its governmental capacity against real and personal property owned by Company, or its successor, located within the District;

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

"Tax Payment Date" means the date as 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 Project Cost Account.

Within forty-five (45) days of the date the District is approved by DECD, the City agrees to create and establish a project cost account, the funds from which are pledged to and charged with payment of Project Costs accordance with the terms and conditions of, the Development Program. The account shall be known as the Skyway Plaza Project Cost Account (herein the "Project Cost Account").

Section 2.2. Deposits Into the Skyway Plaza Project Cost Account

Within ten (10) days of each payment of Property Taxes by the Company, the City shall credit to the Project Cost Account the following amounts:

(a) For Property Taxes assessed during the fifteen (15) year life of the District, an amount equal to 100% of the Tax Increment revenues generated from the Increased Assessed Value of the property in the District. It is the intention of the City that 100% of the Tax Increment revenues be designated as Captured Assessed Value. *It is understood and agreed that the credit to the Project Cost Account as specified above shall be due and payable solely from such Property Tax payments by Company.*

Notwithstanding any other provision of this Agreement, any and all revenues resulting from investment of monies allocated to the Project Cost Account after payment of all amounts

then due to the Company hereunder shall be transferred to and become revenue available to the City for other purposes.

Section 2.3. Use of Monies in Project Cost Account.

Monies credited to the Project Cost Account shall be paid and delivered 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 Skyway Plaza Project Cost Account under the provisions hereof and the provisions of the Development Program shall be held by the City for the sole benefit of the Company in accordance with the terms and conditions of this Agreement.

Section 2.5. Allocation of Partial Tax Payments

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

ARTICLE III

PAYMENT OBLIGATIONS

Section 3.1. Credit Enhancement Payments

Within forty-five (45) days following the payment of taxes by Company on property in the District, the City shall pay to the Company all amounts then credited to the Project Cost 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 to be received by Company pursuant to this Agreement will be applied by Company to reduce the lease payments charged to the State of Maine, Bureau of General Services for the co-located offices of DHHS and that amount of such reduction is reflected in the rental amounts recited in the Company's lease with DHHS.

Any amount in the Project Cost 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 3.4. No Suspension of Payments- No Right of Set Off

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

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

Notwithstanding the above, the parties acknowledge that the public value of all Tax Increment Financing must be evaluated on a case by case basis by the City. Therefore the City reserves the right to suspend payments, equitably modify the terms of the Agreement or terminate this Agreement if the lease with the State of Maine is terminated as set forth in Article XI herein or upon preliminary injunction or other court order. Further, in the event that this Agreement is declared illegal or invalid by a court of competent jurisdiction, this Agreement shall be terminated effective as of the date that such decision becomes final.

Section 3.5. 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 Account or any funds therein or revenues resulting from investment of funds therein, other than those interests created in favor of the Company hereunder; provided, however, nothing herein shall prohibit creation of real and personal property tax liens on the Company's property in accordance with, and entitled to the priority provided under, Maine law.

ARTICLE VI

ACCESS TO BOOKS AND RECORDS.

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

ARTICLE VII

DEFAULTS AND REMEDIES

Section 7.1. Events of Default.

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

- (a) Any failure by the City to pay any amounts due to Company when the same shall become due and payable;

- (b) Any failure by the City to credit to the Skyway Plaza Project Cost Account as and when due;
- (c) Any failure by the City or the Company to observe and perform in all material respects any respective covenant, condition, agreement or provision contained herein on the part of the City or the Company respectively to be observed or performed which failure is not cured within thirty (30) days following written notice thereof;
- (d) If a receiver, conservator or liquidator is appointed for Company by any court of competent jurisdiction; or if the Company should file a voluntary petition in bankruptcy or fail to have a petition in bankruptcy dismissed within a period of 90 consecutive days following its filing; or if a court of competent jurisdiction orders the winding up or liquidation of Company.

Section 7.2. Remedies on Default.

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

Section 7.3. Remedies Cumulative.

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

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

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

provisions of this Agreement shall be entitled to be reimbursed for reasonable attorneys fees from the party in default.

Section 7.5. Tax Laws.

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

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

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

ARTICLE VIII

TERM

Section 8.1. Effective Date

This Agreement shall be effective upon written approval of the Development Program by DECD and shall expire fifteen (15) 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 Account from any increased revenues received by the City from assessments made against such additional development.

ARTICLE XI

TERMINATION OF LEASE WITH STATE OF MAINE

In the event of the expiration or termination of the lease between Company and the State of Maine Bureau of General Services on behalf of the Maine Department of Health & Human Services during the term of this Agreement for any reason, this Agreement shall expire and terminate at the option of the City.

ARTICLE XII

MISCELLANEOUS

Section 12.1. 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 12.2. 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 12.3. 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 12.4. 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 12.5. 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 12.6. Governing Law.

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

Section 12.7. 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, ME 04736

If to the Company:

Caribou Management, LLC
171 Madison Ave., Suite 201
New York, NY 10016

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

Erik Stumpf

Eaton Peabody
Fleet Center, 80 Exchange Street
P.O. Box 1210
Bangor, ME 04402-1210

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 12.8. Amendments.

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

Section 12.9. Benefit of Assignees or Pledges.

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

Section 12.10. 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 12.11. 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 12.12 Original Assessed Value

The original assessed value of the District is \$355,000.00 for land and buildings.

Section 12.13 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 12.14 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.

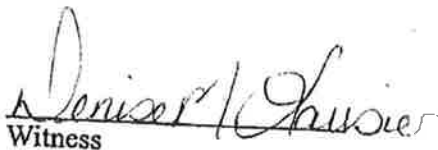
In the event of any litigation or proceeding challenging this Agreement or the authority of the parties to enter into or perform hereunder, the Company shall indemnify and hold harmless the City against all costs, including the cost of defense and legal fees resulting from such challenges. Provided, 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.

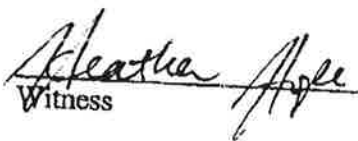
SECTION XII

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 as provided in the "City of Caribou Professional Fee Consent" dated September 6, 2005, previously executed by the parties. The amount of these fees shall not exceed \$7,500.00. 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


Witness

CITY OF CARIBOU

By 

CARIBOU MANAGEMENT COMPANY,
LLC

By 

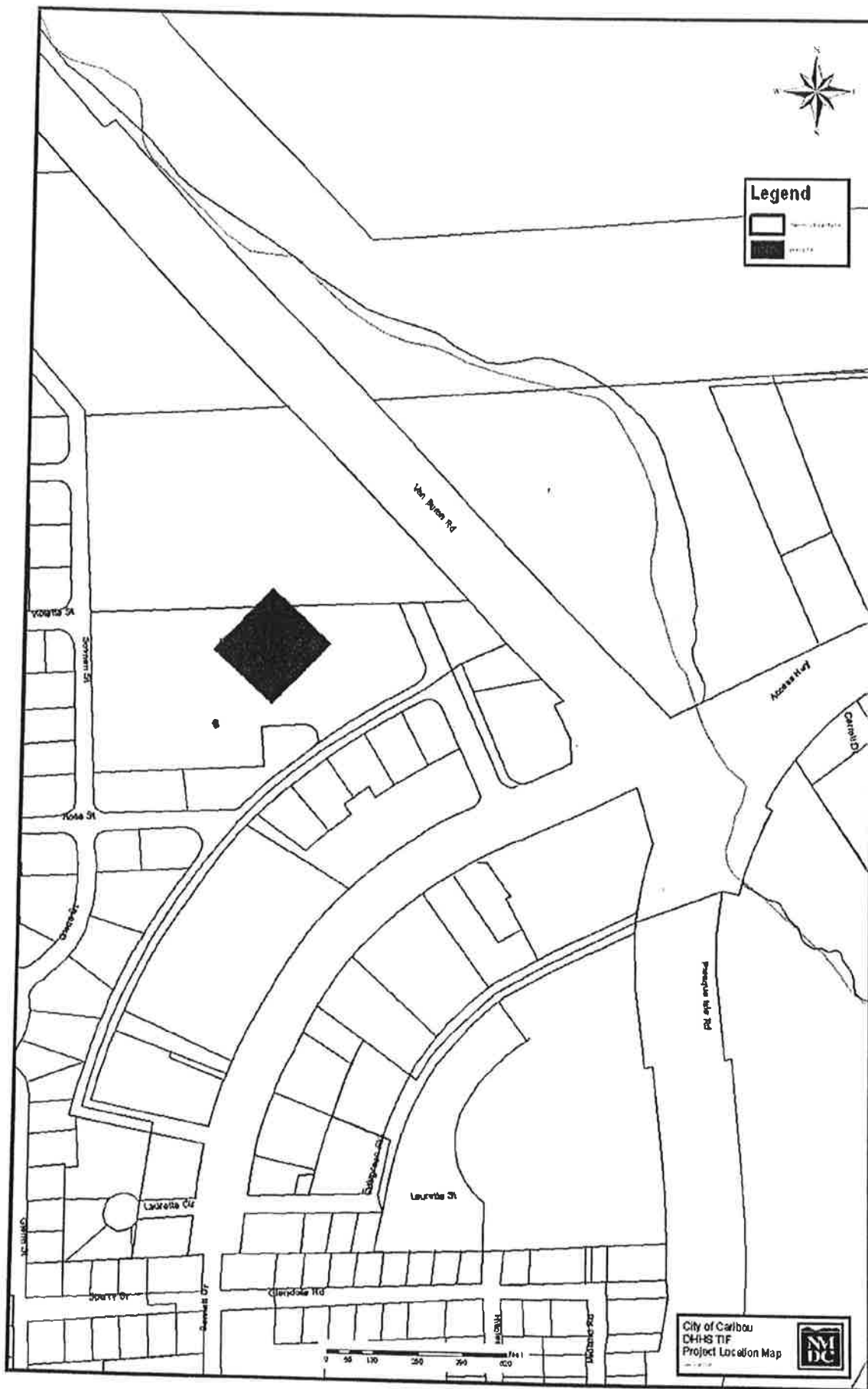
Daniel Rosenberg, President

Exhibit B Parcel Map

Please refer to the following pages.

WZV'd 4/9/94: 143

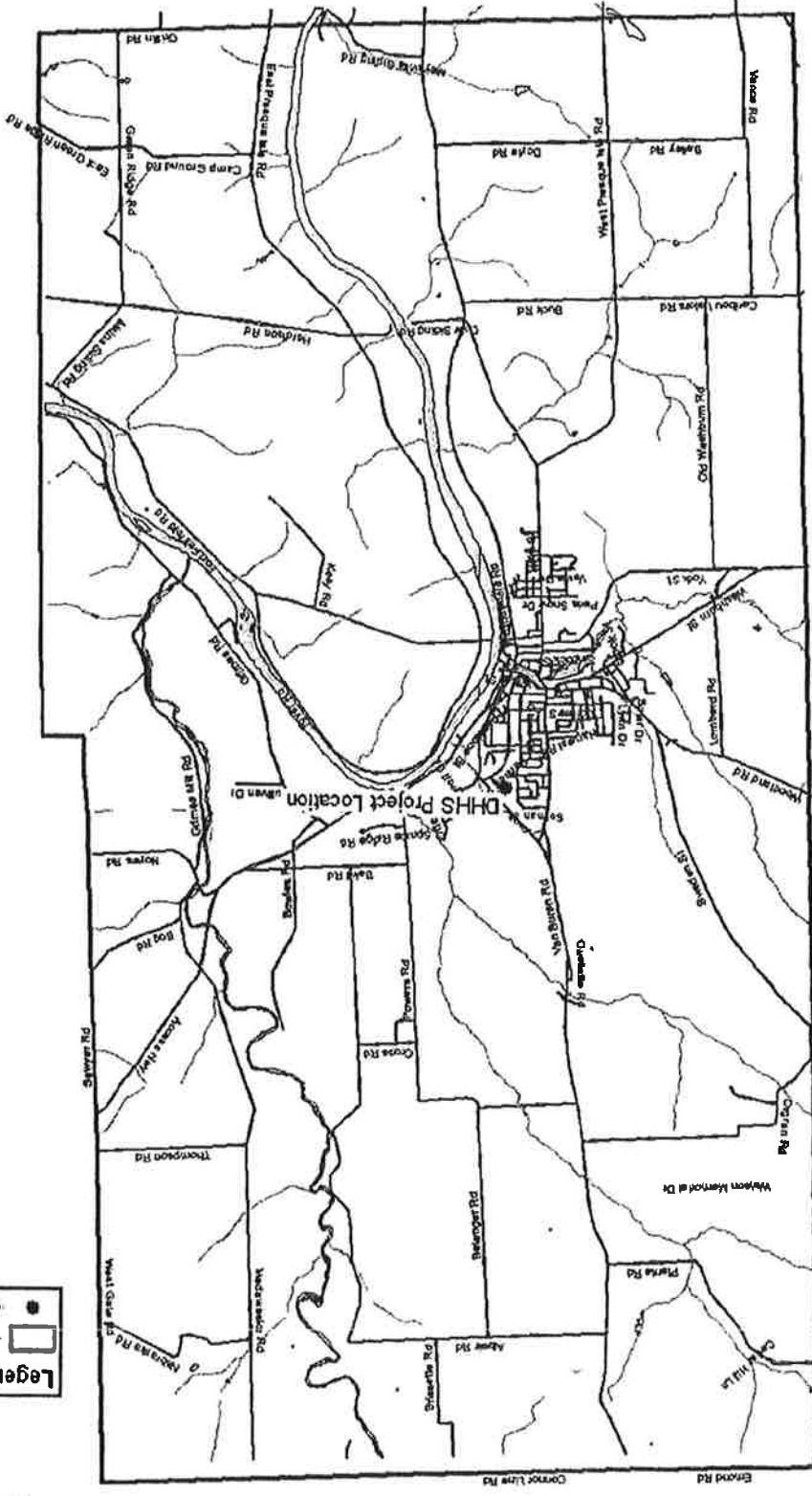






City of Carbon
DHHS TP
Project Area Map

0 1500 2100 2700 3300 Feet





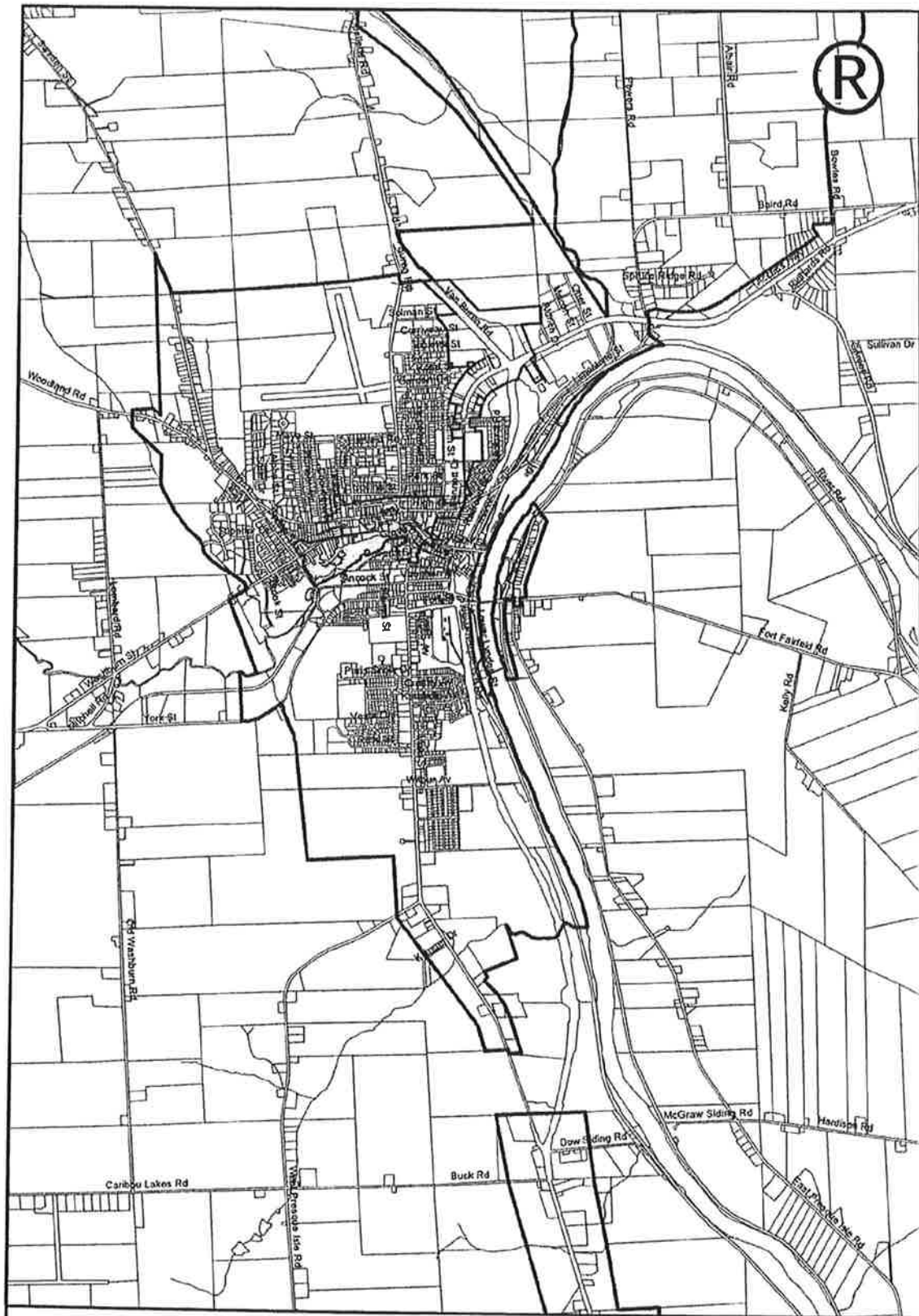
Legend

- Township Boundaries
- Downtown Area
- Growth Area
- Lot Lines

0 200 400 800 1,200 1,600 Feet

City of Caribou
Downtown Area





Legend

- Township Boundaries
- Downtown Area
- Growth Area
- Lot Lines

0 750 1,500 3,000 4,500 6,000
Feet

City of Caribou
Downtown Area



Exhibit C Legal Description of TIF District

The following exhibit is a complete description of the Caribou Downtown Development and Tax Increment Financing District. The following exhibit includes a listing of properties from the City tax record as shown on the City of Caribou Downtown Area map in Exhibit B, indicating tax map and lot, acreage, real estate valuation, and personal property valuation assessments as of March 31, 2006.

The Caribou Downtown Development and Tax Increment Financing District shall be defined as shown on the City of Caribou Downtown Area Map, which is based on the official zoning map of Caribou. The Caribou Downtown TIF District encompasses 267.18 acres including the Skyway Plaza project property being a portion of Map 39 Lot 58 containing the commercial properties owned and operated by Caribou Management Company, LLC and being that portion of said property formerly occupied by the Ames Corporation, as an Ames retail store, being so delineated on the Caribou assessing records as the portion of the Skyway Plaza being 53,285 square feet in area and being the eastern most portion of said complex.

As of 03/03/06, the valuation of taxable property in the zones to be considered in a TIF district as follows:

Map 11	\$ 3,409,100
Map 30	967,900
Map 31	12,056,400
Map 32	1,352,800
Map 34	1,269,200
Map 38	1,306,800
Map 39	6,975,700
Map 41	59,600

Total of all Maps in the proposed TIF districts. \$ 27,397,500.

Feame

Exhibit D Development Program / Development Costs

**Caribou Downtown Development and
Tax Increment Financing District
ESTIMATED DEVELOPMENT COSTS**

Skyway Plaza Project

ACTIVITY	BANK LOANS	TOTAL
1. BUILDINGS	\$1,500,000	\$1,500,000
2. MACHINERY/EQUIPMENT	\$0	\$0
TOTAL	\$1,500,000	\$1,500,000

* That portion of the TIF proceeds that are to be returned to the company have not been restricted by the City of Caribou to any one or more activities, therefore the table reference above is for guidance purposes only and could be subject to modification.

Exhibit E Tax Shift Formulas & Methodologies

Required in any application for designation as a tax increment financing district is the calculation of 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 calculation. 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 was obtained from the Maine Revenue Services and Aroostook County Government. First, the most recent County State Valuation was obtained. The average Captured Assessed Value for the District for the life of the project was then determined. The averaged Captured Assessed Value was then divided by the Current County State Valuation.

The estimated average county tax over the life of the District was determined. To arrive at this number, the County Tax for the City for the last five years was obtained. The average change was then determined and projected to the middle of the District's life. This projected tax was multiplied by the factor developed above to arrive at the County Tax Shift.

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

Revenue Sharing Shift

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

Step One:

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

Step Two:

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

Step Three:

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

Step Four:

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

Step Five:

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

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 Caribou Downtown Development and Tax Increment Financing 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 City paying more *and receiving less*.

There is no direct tax shift created by the establishment of a TIF District. All taxing jurisdictions in Caribou School Department continue to receive school aid funds as before the establishment of a TIF District. However, because the establishment of the TIF District *freezes* the tax base for the purpose of funding the Development Program, those revenues derived from the new development in the CDTIF District aren't counted toward the Town's valuation.

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".

The current outlay from the City of Caribou toward education in Caribou School Department is \$3,092,763. At a \$1,500,000 dollar increase in State valuation, the Maine Department of Education has determined that the City would experience an annual decrease in State Aid to local Education of about \$15,988 per annum over the 15-year term of the TIF District. In addition, Caribou's share of the educational assessments would experience an annual increase of \$16,628, or \$249,420 over the 15-year life of the District.

Assumptions

• 2000 City population	8,312
• 2004 Local mil rate:	.02550
• 2004 Local tax levy (commitment)	\$6,334,016
• 2006 County mil rate:	.001237
• 2004 Municipal State valuation:	\$279,000,000
• 2004 Current County State Valuation	\$3,443,700,000
• Captured Assessed Value	\$1,500,000
• County tax:	\$338,517
• Estimated Annual Average County Tax	\$218,599
• 2004 State Revenue Sharing to City:	\$923,594
• 2004 Local outlay toward education	\$3,092,763

Exhibit F Public Hearing Notice

Please refer to following page.

Legal Notices
Notice of Public Hearing
Downtown Tax Increment
Financing District

There will be a Public Hearing at the Caribou City Council Chambers, 25 High Street, on March 13, 2006 at 7:00 p.m. The Hearing will be to receive verbal and written comment on the adoption of the Caribou Downtown Tax Increment Financing District, pursuant to MRSA Title 30-A §5226.

March 3, 2006

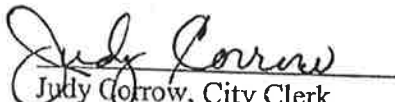
**CITY OF CARIBOU
NOTICE OF PUBLIC HEARING**

Notice is hereby given that the City Council of the City of Caribou will hold a public hearing on Monday, September 12, 2005 at 7:00 p.m. in the Council Chambers of the City of Caribou Municipal Building, 25 High Street, Caribou, Maine, for the purpose of receiving public comments on the designation of the proposed Skyway Plaza Municipal Development District and Tax Increment Financing District, and the adoption of a development program for said District, pursuant to the provisions of Chapter 206 of Title 30-A of the Maine Revised Statutes, as amended.

The proposed Municipal Development District and Tax Increment Financing District consists of 53,300 square feet of the property located at the Skyway Plaza Complex, the area formerly occupied by the Ames Corp., identified as part of Tax Maps 39, Lot 58.

A summary of the proposed development program for the District will be on file at the office of the Caribou City Clerk after 8:00Am on September 7, 2005 and may be reviewed at the office of the Caribou City Clerk during normal business hours.

All interested persons are invited to attend the public hearing and will be given opportunity to be heard at the time.


Judy Corrow, City Clerk
Caribou, Maine

Posted this 25th day of August 2005

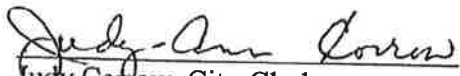
**CITY OF CARIBOU
NOTICE OF PUBLIC HEARING**

Notice is hereby given that the City Council of the City of Caribou will hold a public hearing on Monday, March 13th at 7:00 p.m. in the Council Chambers of the City of Caribou Municipal Building, 25 High Street, Caribou, Maine, for the purpose of receiving public comments on the designation of the proposed Caribou Municipal Downtown Tax Increment Financing District and Development Program, and the adoption of a development program for said District, pursuant to the provisions of Chapter 206 of Title 30-A of the Maine Revised Statutes, as amended.

The proposed Caribou Municipal Downtown Tax Increment Financing District and Development Program consists of 267.18 acres as mapped as the Downtown Area of Caribou, a designated Growth Area and containing the zoning designations of C-1, C-2 and C-3.

A summary of the proposed development program for the District will be on file at the office of the Caribou City Clerk after 8:00Am on March 3, 2006 and may be reviewed at the office of the Caribou City Clerk during normal business hours.

All interested persons are invited to attend the public hearing and will be given opportunity to be heard at the time.


Judy Corrow, City Clerk
Caribou, Maine

Posted this 13th day of March 2006

Exhibit G Authorizing Vote

Please refer to following page.

September 12, 2005

05-16

A regular meeting of the Caribou City Council was held at 7:00 p.m. on Monday, September 12, 2005, in Council Chambers with the following members present: Deputy Mayor Christopher A.R. Bell, Wilfred Martin, Jr., Kenneth G. Murchison, Philip J. McDonough II, and Miles R. Williams. Mayor Reginald R. Reed and Councilor Lucinda J. Hebert were absent and excused.

Steven R. Buck, City Manager, and David Ouellette, Director of Public Works, were present.

Also attending the meeting were CCC&I member Wendy Landes; Noreen Norton, Economic Development Consultant with Eaton and Peabody; Daniel Rosenberg, owner of Caribou Management Company LLC; Alain Ouellette, of NMDC; and Sandy Marrett.

Time Warner covered the meeting.

Council Agenda item #1: Public input Session. There was no public input.

Council Agenda item #2: Public Hearing: to receive public comments on the proposed designation of the Caribou Skyway Plaza Municipal Development District, pursuant to MRSA Title 30-A, Chapter 206.

7:00 p.m. Public Hearing opened.

The City Manager noted that this public hearing was a requirement in the process of designating a Development District and Tax Increment Financing District and approving the Development Program. As he pointed out, the Council voted in January to offer a TIF as an incentive package to the developer, who was successful in bidding the co-located DHHS office space in Caribou. Daniel Rosenberg, of Caribou Management Company LLC, was that developer, and now the City is working toward providing Tax Increment Financing for his project.

Alain Ouellette, of NMDC, presented the development program, which is the operative document used to develop and submit an application for a Development District and Tax Increment Financing qualification by the Department of Economic Development. NMDC would assist the City throughout the process. Mr. Ouellette outlined the details of the program, which is structured exactly the same as Title 30-A of the Maine State Statutes, including the executive summary, the financial plan, the indebtedness factors, and the cost factors as they pertain to per each party. He defined the original assessed value to be the value of the property as of 3/31/2006, and the captured assessed value to be the value of the property as of 4/1/06. He explained that a TIF would lessen the fiscal impact to the City, since the property would be isolated from the computation of county, educational, and state revenue sharing taxes during the 15-year life of the TIF. After the fifteen years, there would be options for two additional 5-year terms under the Credit Enhancement Agreement with Caribou Management Company LLC.

Councilor Martin wanted to know why the two additional 5-year terms would be necessary.

Noreen Norton, on behalf of Mr. Rosenberg, explained that those options would not be an extension of the TIF, but would be part of the Credit Enhancement Agreement. Steve further explained how the extensions would actually benefit the City beyond the 15-year period.

05-16 Pg. 2

Daniel Rosenberg addressed the Council and thanked everyone involved in this endeavor, which he deemed to be a real team effort. He envisioned that this project would greatly increase the economy of the area, saying the increased traffic would create a tremendous spill over to local businesses. He displayed a drawing of the proposed facility, noting it would enhance the image of the area, as well. Mr. Rosenberg's grandfather built the shopping center in the sixties, and it has been owned by the family ever since.

7:23 p.m. Public Hearing closed.

Council Agenda item #3: Consider acting upon the proposed designation of the Caribou Skyway Plaza Municipal Development District, pursuant to MRSA Title 30-A, Chapter 206 and authorize such an application to the Maine Department of Economic and Community Development.

Motion made by K. Murchison, seconded by W. Martin, to designate the Caribou Skyway Plaza Development District and Tax Increment Financing District ("the District") consisting of a portion of Caribou Tax Map 39 Lot 58 and Tax Map 41 Lot 14 being a portion of the commercial properties owned and operated by Caribou Management Company, LLC, and being that portion of said property formerly occupied by the Ames Corporation, as an Ames retail store, being so delineated on the Caribou assessing records as the portion of the Skyway Plaza being 53,285 square feet in area and being the eastern most portion of said complex. The Caribou Skyway Plaza Development District shall be defined and confined to the limits of the exterior walls of the former Ames retail store forming a simple rectangle of said 53,285 square feet and shall not include any appurtenances, sidewalks, parking areas, additional and attached commercial and non-commercial spaces being present or future or any other vacant space now or in the future a part of Caribou Tax Map 39 Lot 58 and Tax Map 41 Lot 14. The City Manager requested the motion be amended to include the five elements that satisfy the criteria as required.

Motion amended by K. Murchison, second amended by W. Martin, as follows: In approving this motion, the City Council hereby finds as follows: (a) At least twenty-five percent (25%) of the area of the real property within the District is blighted; in need of rehabilitation, redevelopment or conservation work; or suitable for commercial uses; (b) The total area of the District does not exceed two percent (2%) of the total acreage of the City of Caribou, and the total area of all development districts within the City does not exceed five percent (5%) of the total acreage of the City; (c) The original assessed value of the District plus the original assessed value of all existing tax increment financing districts within the City of Caribou as of the date of this designation will not exceed five percent (5%) of the total taxable value of property within the City of Caribou as of April

1, 2005; (d) The aggregate value of municipal general obligation indebtedness financed by the proceeds from tax increment financing districts within Aroostook County does not exceed \$50,000,000 as adjusted pursuant to 30-A MRSA section 5223(3)(D); and (e) Designation of the District and pursuit of the Development Program for the District will generate substantial economic benefits for the City of Caribou and its residents, including increased employment opportunities, rehabilitation and redevelopment of a vacant commercial structure, and general economic stimulus; and therefore constitutes a valid public purpose of the City of Caribou. (5 yes) So voted.

05-16 Pg. 3

Motion made by M. Williams, seconded by P. McDonough, to approve the Development Program for the Caribou Skyway Plaza Development District and Tax Increment Financing District dated September 12, 2005, as presented at this Council meeting ("the Development Program"), to provide Tax Increment Financing via a Credit Enhancement Agreement to Caribou Management Company, LLC for redevelopment of property within the District as outlined by way of a Credit Enhancement Agreement and to authorize the City Manager to submit an application to the Department of Economic and Community Development for designation of the Development District and Tax Increment Financing as presented, pursuant to 30-A MRSA section 5227(1) and the Development Program, the percentage of increased assessed value within the District to be retained as captured assessed value for Development Program purposes is one hundred percent (100%). (5 yes) So voted.

Motion made by P. McDonough, seconded by K. Murchison, to authorize the City Manager to finalize the development of a Credit Enhancement Agreement with additions, deletions and amendments as noted during this Council Meeting and so voted on January 24, 2005 to provide Tax Increment Financing for this project in the amount of a 100% TIF on all newly captured assessed value relevant to this project for 15 years from the date of the first applied assessment, April 1, 2006, in the form of a Credit Enhancement Agreement. The value of this Credit Enhancement Agreement is to be applied by the Developer to affect a lower cost per square foot for the duration of the fifteen year period for the co-located offices of the Department of Health and Human Services equivalent to the accumulated value of the TIF for said period. authorize the City Manager. (5 yes) So voted.



City of Caribou, Maine

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

March 14, 2006

I, Judy-Ann Corrow, City Clerk of Caribou, in the County of Aroostook and the State of Maine, hereby certify that the following is taken from the minutes of a Caribou City Council meeting held March 13, 2006 in the City Council Chambers with the following members present: Mayor Philip J. McDonough II, R. Mark Goughan, Wilfred Martin, Jr., Kenneth G. Murchison, Doug C. Morrell, and participating via speaker phone, Councilor Reginald R. Reed:

Council Agenda item#2: Public Hearing:

7:01 p.m. Public hearing opened to receive written and verbal comment on the designation of a Caribou Downtown Tax Increment Financing District, pursuant to MRSA, Title 30-A, Section 5226 for MRSA, Title 30-A Section 5225(1)(D).

It appearing that a notice of said hearing was published in Caribou, in the County of Aroostook and the State of Maine, in the Aroostook Republican, a newspaper published in Caribou, on the 1st day of March, 2006, at least seven days having elapsed since said notice was published, and that copies of said notice have been duly distributed to each member of the Council and to the City Manager, and copies of same filed with the City Clerk, and it appearing that all legal procedure has been followed according to Article 2, Sections 2.11 and 2.12 of the City Charter of the City of Caribou.

There was no public comment.

7:02 p.m. Public hearing closed.

Motion made by K. Murchison, seconded by D. Morrell, to authorize a Caribou Downtown Tax Increment Financing District, pursuant to MRSA, Title 30-A, Section 5226 for MRSA, Title 30-A Section 5225(1)(D) as presented. Councilor Goughan asked the City Manager for some further background information to better understand the issue. This was provided.

Councilor Reed asked that the proposed resolution be part of the motion and that it be read aloud.

Motion amended by K. Murchison, to include the following resolution that he read:

Whereas, the City of Caribou has previously mapped and designated its Downtown as such an area containing approximately 267.18 acres, and



City of Caribou, Maine

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March 13, 2006 public hearing cont'd

Whereas, the City of Caribou has previously determined that said Downtown area contains zoning designations of C-1, C-2 and C-3, and

Whereas, the City of Caribou has designated said mapped area as its Designated Growth Area, and

Whereas, the City of Caribou has established these designations and planned growth as part of the 2004 Caribou Comprehensive Plan, and

Whereas, the City of Caribou has so established a Tax Increment Financing Ordinance setting the standards utilized by the City of Caribou in considering applications for Tax Increment Financing (TIF) to enhance economic development within Caribou, and

Whereas, the Caribou Assessor has so established the Original Assessed Value (OAV) of said Downtown area to be \$27,397,500 as of March 31, 2006, and

Therefore Be It Resolved That: The City of Caribou pursuant to the procedures set forth by MRSA Title 30-A, Subsection 5226 does hereby designate Caribou's Downtown Area as designated Downtown Tax Increment Financing District pursuant to MRSA Title 30-A Subsection 5223.

Amended motion seconded by R. Reed. (6 yes) So voted.

Judy-Ann Corrow
City Clerk

**RESOLUTION ESTABLISHING THE
CARIBOU
DOWNTOWN TAX INCREMENT FINANCING DISTRICT**

Whereas, the City of Caribou has previously mapped and designated its Downtown as such an area containing approximately 267.18 acres, and

Whereas, the City of Caribou has previously determined that said Downtown area contains zoning designations of C-1, C-2 and C-3, and

Whereas, the City of Caribou has designated said mapped area as its Designated Growth Area, and

Whereas, the City of Caribou has established these designations and planned growth as part of the 2004 Caribou Comprehensive Plan, and

Whereas, the City of Caribou has so established a Tax Increment Financing Ordinance setting the standards utilized by the City of Caribou in considering applications for Tax Increment Financing (TIF) to enhance economic development within Caribou, and

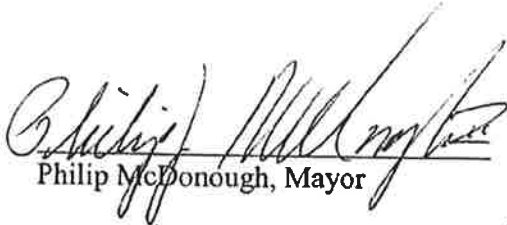
Whereas, the City of Caribou has established the Caribou Downtown Development Program so associated with said Downtown TIF District, and

Whereas, the Caribou Assessor has so established the Original Assessed Value (OAV) of said Downtown area to be \$27, 397,500 as of March 31, 2006, and

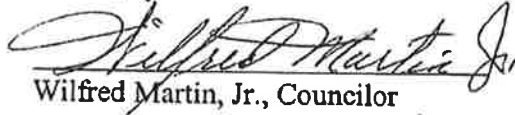
THEREFORE BE IT RESOLVED THAT: The City of Caribou pursuant to the procedures set forth by MRSA Title 30-A §5226 does hereby designate Caribou's Downtown Area as a designated **Downtown Tax Increment Financing District** pursuant to MRSA Title 30-A §5223 and adopts the **Development Program**.

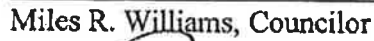
Attested and Supported at the regular meeting of the Caribou City Council on the 13th day of March, 2006 and signed as follows:

**RESOLUTION ESTABLISHING THE
CARIBOU
DOWNTOWN TAX INCREMENT FINANCING DISTRICT**

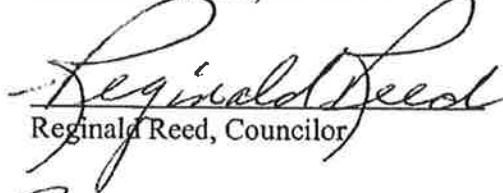

Philip McDonough, Mayor

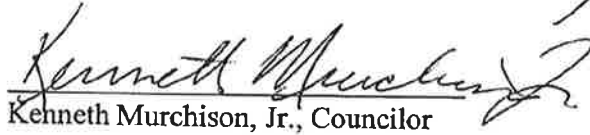

Mark Goughan, Deputy Mayor


Wilfred Martin, Jr., Councilor


Miles R. Williams, Councilor


Doug Morrell, Councilor


Reginald Reed, Councilor


Kenneth Murchison, Jr., Councilor

Attested this 13th day of March, 2006

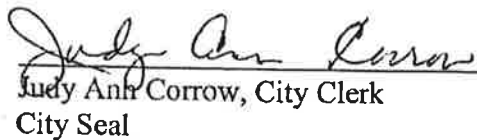

Judy Ann Corrow, City Clerk
City Seal

Exhibit H Statutory Requirements & Thresholds

A. ACRE LIMITATION		ENTER ONLY THOSE VALUES IN GREEN CELLS
1. Total Acreage of Municipality.		50747
2. Total Acreage of Proposed Municipal TIF District.		267.18
3. Percentage of total acreage in proposed municipal TIF District (cannot exceed 2%). <i>Divide A2 by A1.</i>		0.53%
4. 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>		267.18
5. Total acreage of an existing or proposed Downtown TIF District in the municipality.		267.18
6. Total acreage of all existing or proposed Pine Tree Zone TIF Districts in the municipality.		0
7. Total acreage of all existing and proposed municipal TIF Districts in the municipality counted toward 5% cap. <i>Subtract A5+A6 from A4.</i>		0
8. Percentage of total acreage in all existing and proposed municipal TIF Districts (cannot exceed 5%). <i>Divide A7 by A1.</i>		0.00%
9. Total Acreage of all real property in the proposed municipal TIF District that is:		
Note: a, b or c must be at least 25% unless exempt as a <u>Downtown TIF District</u> or PTDZ TIF District	Acres	%
a. Blighted. <i>Divide acres by A2.</i>	0	0%
b. In need of rehabilitation/conservation. <i>Divide acres by A2.</i>	0	0%
c. Suitable for industrial/commercial sites. <i>Divide acres by A2.</i>	0	0%
Total	0	0%

B. VALUE LIMITATION	
1. Total Aggregate Value of Municipality (TAV). <i>Use most recent April 1st.</i>	\$279,000,000.00
2. Original Assessed Value (OAV) of proposed municipal TIF District. <i>Use March 31st of tax year preceding date of municipal designation.</i>	\$27,397,500.00
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>	\$27,397,500.00
4. OAV of an existing or proposed Downtown TIF District in the municipality.	\$27,397,500.00
5. OAV of all existing or proposed Pine Tree Zone TIF Districts in the municipality.	\$0.00
6. Total OAV of all existing and proposed municipal TIF Districts in the municipality counted toward 5% cap. <i>Subtract B4+B5 from B3.</i>	\$0.00
7. Percentage of total OAV to TAV in all existing and proposed municipal TIF Districts (cannot exceed 5%). <i>Divide B6 by B1.</i>	0.00%

Exhibit I List of Aroostook County TIF Districts-

Municipality	Date Approved	Term	Description
Portage Lake	10/19/98	20 Years	Maine Woods Company: Hardwood Sawmill and Kiln
Caribou	4/17/86	10 Years	Caribou Motor Inn: Sewer Line Extension
Mars Hill	4/23/96	15 Years	Freshway: Finance water supply and waste treatment system
Presque Isle	4/16/92	3 Years	Aroostook Centre Mall: Maysville Street extension and infrastructure
Easton	6/28/99	10 Years	McCain Foods: Plant Expansion
Weston	12/3/99	5 Years	First Settler's Lodge
Fort Kent	3/16/00	18 years	East Main Street Reconstruction
Mars Hill	5/30/2000	20 years	Potato Storage/Wash Plant
Mars Hill	Will get	Will get	Evergreen Wind Power Project

Source: DECD 5/2000

Exhibit J Certification of Assessed Value
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Please refer to following page.



City of Caribou, Maine

Municipal Building
25 High Street
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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 **Caribou Downtown Tax Increment Financing District** as described in the Development Program to which this Certificate is included, was

\$27, 397,500 as of March 31, 2006.

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 25th day of August, 2005.

City of Caribou


Claire Randolph, CMA
Assessor's Agent

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

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

The undersigned Town 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 Skyway Plaza Tax Increment Financing District as described in the Development Program to which this Certificate is included, was \$335,000 as of March 31, 2005.


The assessed value of the District is broken down as follows:

Real Estate Value as of March 31, 2005	\$335,000
Personal Property Value as of March 31, 2005	\$ <u>0</u>
	\$335,000

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 25th day of August, 2005.

City of Caribou


Claire Randolph, CMA
Assessor's Agent

The following is a breakdown of the assessed value of Map 39, Lot 58, current owner is Caribou Management Company, LLC. The following values represent the footprint of the former "Ames Building" only.

As of March 31st, 2005, the value of the land under the building is \$54,900.

The City of Caribou assesses commercial land in that area at \$45,000 per acre.

The area of land under the building is 53,285 square feet.

$$53,285 \text{ divided by } 43,560 = 1.22 \text{ acre} \times \$45,000 = \$54,900.$$

The footprint of the building is 53,285 square feet

The City of Caribou is using a price per square foot for this type of building at \$27.75

The City is allowing 35% physical depreciation, 25% functional obsolescence, and 25% Economic obsolescence.

$$53,285 \text{ square feet} \times \$27.75 \text{ cost per square foot} = \$1,478,659$$

$$\$1,478,659 \times 65\% \text{ physical depreciation} = \$961,128$$

$$\$961,128 \times 75\% \text{ functional obsolescence} = \$720,846$$

$$\$720,846 \times 75\% \text{ economic obsolescence} = \$540,634$$

\$540,634 is the final cost of the building before the Board of Assessors granted an abatement of \$260,000.

$$\$540,634 \text{ less } \$260,000 = \$280,634 \text{ rounded to } \$280,600$$

Final Valuation of the former "Ames Building"

Land Value	\$ 54,900
Building Value	\$280,600
Total Value	\$335,500
 Total Value	 \$335,500

EXHIBIT K DEFINITIONS

Development District	A specified area within the corporate limits of the municipality which has been designated for development by the municipality under a development program.
Captured Assessed Value	The valuation amount by which the current assessed value of a tax increment financing district exceeds the original assessed value of the district.
Development Program	A statement of the improvements to be undertaken within the development district. A statement must include cost estimates, the amount of indebtedness to be incurred, and sources of anticipated value.
Development Program Fund	The fund containing the two accounts that must be established when utilizing tax increment financing.
Development Sinking Fund Account	The account within the development program fund responsible for payment of long-term obligations.
Project Cost Account	The account within the development program fund responsible for the payment of project costs other than long-term obligations.
Project Costs	Refer to 30-A MRSA, sub-§8.
Original Assessed Value	The assessed value of the district as of March 31st of the preceding tax year.
Tax Increment	That portion of all real and personal property taxes assessed by a municipality, on the captured assessed value of the property in a development district.

Exhibit L Statutory Limits

The following is intended to provide a comparison of statutory requirements as they relate to the Caribou Downtown Tax Increment Financing District (CDTIFD) in Caribou.

Column "A" presents the appropriate citation from State Law that imposes a specific limit as it relates to Tax Increment Financing. Column "B" defines the limit, and Column "C" describes the circumstances of the Caribou Downtown Tax Increment Financing District Project.

A	B	C
30-A MRSA §5252, sub§4	"The development program must not exceed 30 years from the date of the designation of the CDTIFD.	The CDTIFD shall not exceed 15 years.
30-A MRSA §5252	Bonds sold in conjunction with a tax increment financing district must mature within 20 years of the date of the sale.	There are no bonds issued in conjunction with the approved TIF Development Program activities.
30-A MRSA §5253, sub§1	The aggregate value of indebtedness supported by tax increment financing within any county may not exceed \$50,000,000.	Aroostook County's aggregate value of indebtedness is less than \$2,261,000.
30-A MRSA §5253, sub§1A	At least 25% of the real property within a development district must be blighted, in need of rehabilitation, redevelopment, or conservation, or suitable for industrial sites.	This condition does not apply to CDTIFD as an approved downtown TIF district.
30-A MRSA §5253, sub§1B	The total area of a single development district may not exceed 2% of the total acreage of the municipality.	This condition does not apply to CDTIFD as an approved downtown TIF district.
30-A MRSA §5253, sub§1B	The total area of all development districts may not exceed 5% of the total acreage of the municipality.	The CDTIFD is the only TIF District in Caribou and is exempt from this condition (see previous).
30-A MRSA §5253, sub§1C	The aggregate value of all tax increment financing districts may not exceed 5% of the total value of equalized taxable property within the municipality.	This condition does not apply to CDTIFD as an approved downtown TIF district.
30-A MRSA §5254, sub§4A	Real property within a tax increment financing district shall be taxed equally with other property in the municipality.	The City shall apply the same valuation methodology currently in use for the City of Caribou

30-A MRSA §5254, sub§4B	Tax increments shall be expended only in accordance with the development program.	The City assures by virtue of this application that it will expend tax increments only in accordance with its development program.
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Exhibit M Planning Board Review

Please refer to the following page.



City of Caribou, Maine

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

February 24, 2006

To: Steve Buck, Caribou City Manager

Ref: DHHS Project, Map 39, Lot 58, Skyway Plaza

As per Caribou's current land use table: the C-3 commercial zone allows "Business, Medical or Professional Office use" without Planning Board review. The table states that only Code Enforcement Officer review is required for this use. The building permit was issued 10-3-05.

If I can be of further assistance, please advise.

Steve Wentworth, CEO



City of Caribou, Maine

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

March 14th, 2006

James Nimon
Development Program Manager
Business Development Office
59 State House Station
Burton Cross Bldg, 3rd Floor
Augusta, Maine 04333-0059

Dear Mr. Nimon,

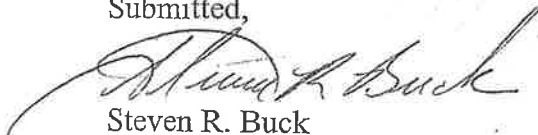
On behalf of the City of Caribou, I am pleased to submit an application for the Caribou Downtown Tax Increment Financing District and Development Program. The City contracted for the development services of this application through the Northern Maine Development Commission to ensure a complete and accurate presentation of the pertinent information.

Your timely review and attention to this document will be greatly appreciated. Should you have any further questions or need for assistance with this application, please feel free to contact my offices for resolve as below:

Steven R. Buck
City Manager
25 High Street
Caribou, Maine 04736
Phone (207) 493 3324 Ext. 230
Fax (207) 498 3954
Email manager@cariboumaine.org

The City of Caribou would like to again recognize the continued support and initiative that has become reflective of the Department of Economic and Community Development as our City builds from such initiatives.

Submitted,



Steven R. Buck
City Manager

APPLICATION COVER SHEET

MUNICIPAL TAX INCREMENT FINANCING

A. General Information

1. Municipality Name: <i>City of Caribou</i>		
2. Address: <i>25 High Street</i>		
3. Telephone: <i>207.493.3324</i>	4. Fax: <i>207.498.3954</i>	5. Email: <i>manager@cariboumaine.org</i>
6. Municipal Contact Person: <i>Steven R. Buck</i>		
7. Business Name: <i>Caribou Management Company, LLC</i>		
8. Address: <i>171 Madison Ave., Suite 201, New York, NY 10016</i>		
9. Telephone: <i>212.686.8050</i>	10. Fax: <i>212.686.3805</i>	11. Email: <i>mjr_realestate@yahoo.com</i>
12. Business Contact Person: <i>Daniel Rosenberg</i>		
13. Principal Place of Business: <i>Caribou, Maine</i>		
14. Company Structure (e.g. corporation, sub-chapter S, etc.): <i>LLC</i>		
15. Place of Incorporation: <i>Maine</i>		
16. Names of Officers: <i>Daniel Rosenberg, Margery Rosenberg</i>		
17. Principal Owner(s) Name: <i>Daniel Rosenberg</i>		
18. Address: <i>same</i>		

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
<input type="checkbox"/> training investment	<input checked="" type="checkbox"/> tax base improvement	<input type="checkbox"/> public facilities improvement
<input type="checkbox"/> 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 checked="" type="checkbox"/> debt reduction	<input type="checkbox"/> other (list):	

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*).

D. Annual Report

Does the business anticipate receiving more than \$10,000 in TIF revenues in any calendar year during the term of the TIF development program? Yes ☒ No ☐ (*If so, please review the example of an annual report at the back of the TIF manual – a current version will be mailed by May 15th each year to the business contact person on this page and by law must then be filed with DECD by August 1st*).

EMPLOYMENT GOALS
Company Goals for Job Creation and Job Retention

<i>A. Job Creation Goals (see note below)</i>			
<i>Occupational Cluster*</i>	<i>Full-time</i>	<i>Part-time</i>	<i>Wage Level</i>
1. Executive, Professional & Technical	22	1	\$959,455 (\$42,642 avg.)
2. Administrative Support, inc. Clerical	5		\$129,481 (\$25,896 avg.)
3. Sales & Service			\$
4. Agriculture, Forestry & Fishing			\$
5. Maintenance, Construction, Production, & Transportation			\$
<i>B. Job Retention Goals (see note below)</i>			
<i>Occupational Cluster*</i>	<i>Full-time</i>	<i>Part-time</i>	<i>Wage Level</i>
1. Executive, Professional & Technical	67		\$2,489,835 (\$37,162 avg.)
2. Administrative Support, inc. Clerical	17		\$449,402 (\$26,435 avg.)
3. Sales & Service			\$
4. Agriculture, Forestry & Fishing			\$
5. Maintenance, Construction, Production, & Transportation			\$
*Please use the Occupational Cluster descriptions on the next page to complete this form.			

Note: Job creation and retention goals are those of the tenant – DHHS – enabled by the application of Tax Increment Financing to rehabilitate an acceptable facility in Caribou, which is the Skyway Plaza project element of the Downtown Development Program.

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.

**Caribou Downtown Development and Tax Increment Financing District
City of Caribou**

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I. DEVELOPMENT PROJECT NARRATIVE

A. Introduction and Background

Tax increment financing (TIF) is a funding mechanism that takes advantage of an increase in assessed valuation, 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 new property tax revenues are dedicated to retire the debt incurred for the provision of those public or private improvements.

TIF financing is necessary and appropriate when the private sector acting alone cannot absorb the cost associated with the development activity and the necessary public improvements or in so doing will jeopardize the project in its entirety. At the March 13, 2006 meeting the City Council exercised their authority pursuant to the Tax Increment Financing Ordinance as adopted by the City Council on September 13, 2004, to create a Downtown Tax Increment Financing District (CDTIF) in accordance with the goals, policies, and strategies within the Caribou Comprehensive Plan, which addresses the needs and opportunities for downtown redevelopment. The creation of the CDTIF allows the City to capture 100% of tax revenue generated from incremental new assessed value in the District for eligible economic development activities within the District, including the use of TIF revenues to finance the costs of constructing or improving facilities or buildings used by State Government that are located in the approved CDTIF.

B. Objectives of the Caribou Downtown Tax Increment Financing District

The designation of the Caribou Downtown Tax Increment Financing District will provide substantial benefit to private developers and building owners as well as the City of Caribou. The Caribou Management, LLC, owners of the retail space formerly occupied by Ames Department Stores, will benefit from the creation of the CDTIF as it can be applied to the renovation of this space for the co-location and consolidation of the Presque Isle and Caribou Department of Health and Human Services (DHHS) office space in Caribou. The City Council has so voted on 1/24/2005 to provide Tax Increment Financing for this project in the amount of a 100% TIF on all newly captured assessed value relevant to this project for 15 years from the date of the first applied assessment in the form of a Credit Enhancement Agreement. The value of this Credit Enhancement Agreement is to be applied by Caribou Management, LLC - the Developer - to affect a lower cost per square foot for the duration of the fifteen year period, as submitted in the associated bid proposal, equivalent to the accumulated value of the TIF for said period. Benefits to the City of Caribou will include the following:

- estimated additional annual property taxes to the City of Caribou following completion of the project will be \$17,721 per annum, with an estimated municipal valuation of \$694,937.
- anticipated 27 full-time and 1 part-time jobs created from cost savings provided by consolidation of offices;
- retention of 84 existing full-time jobs.

C. Description of the Development Program

Certain property located in the City of Caribou (see Exhibit - C) has been designated as the Caribou Downtown Development (the "Development Program") and Tax Increment Financing District (the "District") by the City of Caribou (the "City"). The Development Program described herein is proposed for the purpose of administering the District as a tax increment financing district pursuant to Chapter 207 of Title 30-A of the Maine Revised Statutes, as amended. Upon the vote by the City's Legislative body (City Council Meeting) designating the District and adopting this Development Program on March 13, 2006, the decision has become final, subject only to the approval by the Maine Department of Economic and Community Development.

The purpose of the District is to assist in financing the implementation of Downtown redevelopment activities as outlined in the Development Program, including the Skyway Plaza project, which involves renovations to the former Ames retail space for use as business offices that will consolidate DHHS operations from Presque Isle and Caribou. Under the Development Program, the City will return 100% of the property tax revenues from the incremental new assessed value to the Developer in accordance with Table 1 in Section D - Credit Enhancement Agreement.

The acquisitions and improvements contemplated by Developer for the Skyway Plaza project included in the Development Program will result in an investment of approximately \$1.5 million in 2006, thereby creating additional tax base within the Town, initially retaining 84 jobs on site, and helping to consolidate DHHS operations in the central Aroostook area. 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 Downtown redevelopment activities
- job retention and future growth potential
- increase in flow of revenues to local area from retail sales and services
- increased savings to the State by consolidating two offices into one

There are additional Caribou Downtown TIF District projects for inclusion in the Development Program that are still in the planning stage. As they are prioritized and engineered, cost estimates, and other details will be finalized, and the Development Program will be amended to allocate District TIF revenues accordingly.

D. Credit Enhancement Agreement

This Downtown TIF District is being proposed to ensure a tax revenue stream to the City while simultaneously reducing the company's property tax liability for the life of the Caribou Downtown TIF District. The reimbursement schedule will provide an incremental reduction in the reimbursement percentage of local property tax revenues to Caribou Management, LLC for the Skyway Plaza project as follows:

Table 1 – TIF Reimbursement Schedule for Skyway Plaza Project

YEAR	PROJECT	TAX RATE	TOT TAX	TIF %	CO.'S AMT*
2006*	\$1,500,000.00	0.02550	\$38,250	100	\$38,250
2007	\$1,425,000.00	0.02550	\$36,338	100	\$36,338
2008	\$1,353,750.00	0.02550	\$34,521	100	\$34,521
2009	\$1,286,062.50	0.02550	\$32,795	100	\$32,795
2010	\$1,221,759.38	0.02550	\$31,155	100	\$31,155
2011	\$1,160,671.41	0.02550	\$29,597	100	\$29,597
2012	\$1,102,637.84	0.02550	\$28,117	100	\$28,117
2013	\$1,047,505.94	0.02550	\$26,711	100	\$26,711
2014	\$995,130.65	0.02550	\$25,376	100	\$25,376
2015	\$945,374.11	0.02550	\$24,107	100	\$24,107
2016	\$898,105.41	0.02550	\$22,902	100	\$22,902
2017	\$853,200.14	0.02550	\$21,757	100	\$21,757
2018	\$810,540.13	0.02550	\$20,669	100	\$20,669
2019	\$770,013.12	0.02550	\$19,635	100	\$19,635
2020	\$731,512.47	0.02550	\$18,654	100	\$18,654
Totals					\$410,582

* Based on Assumptions of a local tax mil rate of \$25.50/\$1,000 valuation; 5% depreciation per year.

Table 2 - Sources and Uses of Funds
Including TIF Funded Portion...

Sources	
Private Investments	\$ 1,500,000
Total Sources	\$ 1,500,000
Uses	
FY05-06 Capital Projects	Estimated Cost
1. Renovation of retail space for offices	\$1,500,000
Total Uses	\$1,500,000

E. Project Impact upon Existing Regulations and Infrastructure

All improvements will comply with all the requirements and regulations of the City of Caribou. The Project, as it is currently proposed, will not adversely affect vehicular or pedestrian traffic. No additional public sewer, water, transportation, or other public facilities will be constructed at the City's expense for this project. All licenses and permits in connection with the project either have been, or will be applied for and obtained by the company as required by applicable law, rule and/or regulation.

F. Plan of Operation upon Construction and Completion

The Skyway Plaza project improvements funded through TIF will at all times be owned and operated and maintained by the principals of the Company, whose costs will include payment of all maintenance expenses, and insurance, and property taxes on said property. During the life of the District, the City Manager of Caribou or his designee will be responsible for all administrative matters concerning the implementation and operation of the District.

For future public improvements in the Development Program funded through Caribou Downtown TIF District revenue, operation, maintenance, and ownership will be by the City or the utility district as is the case.

II. PHYSICAL DESCRIPTION OF DISTRICT

The parcel map illustrating the subject property and proposed Caribou Downtown Tax Increment Financing District is included as Exhibit B. The 267.18 -acre District area, which represents the locally approved Downtown TIF District, provides the City an opportunity to utilize Tax Increment Financing as a local tool to directly assist in economic development to realize the long-term economic benefits of retaining major employers, improving buildings and infrastructure, and fostering new private investment without the need for the community to rely solely on other State assistance programs for projects to proceed.

Also included in Exhibit B is the listing of parcels by map and lot, with assessed real estate and personal property values, and individual parcel acreage.

There are 50,747 acres of land within the City of Caribou, and the city currently has no area under TIF designation. The proposed Downtown Development and Tax Increment Financing District represents 0.53% of the Town's acreage, but as an approved downtown tax increment financing district it is not subject to inclusion toward the 5% limit on TIF District area or assessed value to the total City area and value as stated in Title 30-A §5223-3.D.

III. FINANCIAL PLAN

A. Cost Estimates for Development Program

The following table contains an estimate of the cost of the Skyway Plaza project portion of the Development Program.

Table 2
Estimated Development Costs

Project Element	Cost
Buildings	\$1,500,000
Machinery & Equipment	\$0
Land	\$0
Total Estimated Costs	\$1,500,000
Estimated CAV	\$1,500,000

B. Indebtedness

The City will enter into a Credit Enhancement Agreement (CEA) with the Company pursuant to which the City will make available 100% of tax increment revenues over a period of ten (15) years for the purpose of reducing the square foot lease rate for DHHS, making the Skyway Plaza Project proposal acceptable. Assuming a CAV of \$1,500,000 with an estimated local mil rate of \$25.50 per \$1,000 valuation for a period of 15 years and 5% depreciation per annum, the Credit Enhancement Agreement allows the City to help the company offset \$410,582 of capital investment over the life of the CEA.

C. Sources of Anticipated Revenues

The proposed CEA allows for no revenues to the City during the 15 year term. The Company will be responsible for making annual property tax payments to the City of Caribou as billed and will bear the expense of any additional debt incurred as a result of the Skyway Plaza Project.

The following table reflects the original assessed value of Skyway Plaza Project, the cost of improvements in the District, and the estimated tax increment revenues per year following implementation of the Development Program:

TABLE 4
ESTIMATED PROJECTED TAX INCREMENT REVENUES

PROPOSED TIF PROGRAM						
YEAR	PROJECT ¹	TAX RATE ²	TOT TAX	TIF %	CO.'S AMT	CITY AMT. ³
2006	\$1,500,000.00	0.02550	\$38,250	100	\$38,250	\$0
2007	\$1,425,000.00	0.02550	\$36,338	100	\$36,338	\$0
2008	\$1,353,750.00	0.02550	\$34,521	100	\$34,521	\$0
2009	\$1,286,062.50	0.02550	\$32,795	100	\$32,795	\$0
2010	\$1,221,759.38	0.02550	\$31,155	100	\$31,155	\$0
2011	\$1,160,671.41	0.02550	\$29,597	100	\$29,597	\$0
2012	\$1,102,637.84	0.02550	\$28,117	100	\$28,117	\$0
2013	\$1,047,505.94	0.02550	\$26,711	100	\$26,711	\$0
2014	\$995,130.65	0.02550	\$25,376	100	\$25,376	\$0
2015	\$945,374.11	0.02550	\$24,107	100	\$24,107	\$0
2016	\$898,105.41	0.02550	\$22,902	100	\$22,902	\$0
2017	\$853,200.14	0.02550	\$21,757	100	\$21,757	\$0
2018	\$810,540.13	0.02550	\$20,669	100	\$20,669	\$0
2019	\$770,013.12	0.02550	\$19,635	100	\$19,635	\$0
2020	\$731,512.47	0.02550	\$18,654	100	\$18,654	\$0
Total benefit to company over 15 year TIF					\$410,582	
2021	\$694,936.85	0.02550	\$17,721	0	\$0	\$17,721
¹ Assumes a 5% yearly depreciation. ² Assumes no annual increase in mil rate. ³ Estimated tax revenue to Caribou after TIF: \$17,721 Note: TIF District for 15 years; Credit Enhancement Agreement for 15 years						

Assumptions:

- Original assessed value of Skyway Plaza project facility is \$335,000
- Captured assessed value of Skyway Plaza project facility is estimated at \$1,500,000.
- Annual depreciation rate 5%
- Local mil rate valued at \$25.50/\$1,000 valuation 2004-05.

D. Statistical and Financial Data

A summary of financial and statistical information relating to the District's satisfaction of conditions imposed under Chapter 206 of Title 30-A of the Maine Revised Statutes, as amended, is set forth in Exhibit H. The City understands that approved Downtown TIF Districts are exempt from the aforementioned conditions, but has provided additional information as follows:

- Total value of equalized taxable property in Caribou as of March 31, 2005: \$279,000,000
- Aggregate value of equalized property value in the proposed tax increment financing district as of March 31, 2005 preceding the District's designation: \$27,397,500
- Percentage of total of equalized taxable property as it relates to the aggregate value of all taxable property in the proposed tax increment financing districts (item (b) divided by item (a) expressed as a percentage)-(30-A MRSA, § 5253, sub-§1, ¶(C): 9.82%
- Total acreage of the City of Caribou: 50,747 acres
- Total acreage of proposed District: 267.18 acres
- Total acreage of existing Districts: 0 acres
- Ratio of total District acreage to total acreage within city (30-A MRSA, § 5253, sub-§1, ¶(B): 0.53%
- The current principal amount of municipal indebtedness will not be affected as a result of this project. The total aggregate principal amount of municipal indebtedness from existing tax increment financing districts in Aroostook County which does not exceed \$50,000,000 (30-A MRSA, § 5253, sub-§1, ¶(D)). See list of currently existing tax increment financing districts attached as Exhibit I.

Attached hereto as Exhibit J is a certification of original assessed value executed by the Assessors of the City of Caribou in accordance with the requirements of 30-A MRSA, § 5254(2) certifying that the original assessed value of the District as of March 31, 2005, was \$27,397,500.

E. Estimated Impact of Financing upon Town

In accordance with Maine statutes governing the establishment of tax increment financing districts, the table set forth below identifies avoided tax shifts which will result from its establishment during the term of the District, using information supplied by the Maine Department of Economic & Community Development, Town, County, and Caribou School Department officials.

TABLE 5 ANNUAL TAX SHIFTS

Education Tax Shift	\$16,628
Revenue Sharing Tax Shift	\$4,965
County Tax Shift	\$148

Note: The amounts shown in the table above represent the fiscal impact to the City of Caribou should the City decide not to create a Downtown Tax Increment Finance District, and consequently not sheltering an estimated CAV of \$1.5 million over the 15-year term. These amounts were obtained from the Maine Dept Education, the Maine Municipal Association, and Aroostook County Commissioner's Office through the Caribou City Office

F. Duration of Program

The Development Program shall continue in effect (15 years) until final maturity and payment of all TIF proceeds to the Developer.

IV. Municipal Approvals

A. Public Hearings

Attached hereto as Exhibit F is a copy of the Notice of Public Hearing held in accordance with the requirements of 30-A MRSA, § 5253. The Notice was posted in a number of conspicuous locations in the community and in accordance with the local municipal warrant notification procedure. It was also advertised in the March 3, 2006 edition of the Bangor Daily News and placed on the local Channel 8 television program guide.

B. Authorizing Votes

Attached as Exhibit G is a copy of the votes adopted at the Public Meeting of the City of Caribou duly called and held on March 13, 2006 approving the designation of the Caribou Downtown Tax Increment Financing District by the City officials and approving the adoption of the District Development Program.

Exhibit A Credit Enhancement Agreement

The original and two copies of this agreement have been previously forwarded to DECD under separate cover, and are included again on the following pages.



JOHN ELIAS BALDACCI
GOVERNOR

STATE OF MAINE
DEPARTMENT OF
ECONOMIC AND COMMUNITY DEVELOPMENT
59 STATE HOUSE STATION
AUGUSTA, MAINE
04333-0059



JOHN RICHARDSON
COMMISSIONER

March 26, 2007

Steven R. Buck
City Manager
City of Caribou
25 High Street
Caribou, ME 04736

Dear Mr. Buck:

The Maine Department of Economic and Community Development ("the department") has reviewed and approved the City of Caribou's **Downtown Municipal Development Tax Increment Financing (TIF) District** Development Program ("development program"), effective today.

The department previously approved the City of Caribou's **Downtown Municipal Development Tax Increment Financing (TIF) District** ("the district") on March 30, 2006.

Based on the City of Caribou's application submittal of additional materials including an adopted, updated comprehensive plan containing downtown redevelopment strategies, the department notes and approves the following: the district term is for a period of fifteen (15) fiscal years through and including the City's 2020 fiscal year, development costs described in the development program including the credit enhancement agreement with Caribou Management, LLC (Skyway Plaza).

Approval is subject to the following provision: should any business receive TIF payments from this district that exceed \$10,000 in a calendar year, they must submit an annual written report no later than August 1st of the following year, in accordance with 5 MRSA §13070-J(3).



PRINTED ON RECYCLED PAPER

PHONE: (207) 624-9800 (VOICE)

FAX: (207) 287-2861

I did not
find this
letter. PT

Steven R. Buck
March 26, 2007

Page 2

Any changes to this approval including the district, development program or both require an amendment that is adopted in the same manner as the initial designation, and approved by the department.

Please note that all tax increment revenues derived from the district must be deposited into either a Project Cost Account (for CEA or other TIF-approved costs) or Sinking Fund Account (for approved municipal debt service) and available for the development program as authorized by the department. If any tax increment revenues from the district are instead deposited into the City's general fund for non-TIF purposes, the incremental property values generating "unsheltered" revenues must be included with the City's equalized assessed value and reported as such, since the value cannot be captured.

The district designation remains in effect for fifteen (15) fiscal years or until the authorized project costs are expended. If for any reason the City decides to forfeit this designation, it must promptly notify the department.

If you have questions regarding this approval, or the applicability of the economic development incentive reporting requirements, please do not hesitate to contact Daniel Stevenson at 624-7415.

Sincerely,

A handwritten signature in black ink, appearing to read "John Richardson", with a long, sweeping horizontal line extending to the right.

John Richardson
Commissioner

cc: Jerome Gerard, Acting State Tax Assessor
David Ledew, Director of Property Tax