

**TOWN OF FREEPORT**  
**CONCORD GULLY BROOK DEVELOPMENT DISTRICT**  
**AND TAX INCREMENT FINANCING DISTRICT ~~#6~~#7**  
**DEVELOPMENT PROGRAM**

**Adopted by the Freeport Town Council: [\_\_\_\_\_, 2020]**

Note: This Development Program and Exhibits are made available to the public for review in advance of a Public Hearing on ~~April 28, 2020~~May 19, 2020. The Development Program and Exhibits are subject to change prior to final approval by the Town Council.

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**Town of Freeport**  
**Concord Gully Brook Development District and Tax Increment Financing District #6#7**  
**Development Program**

**Article I: Introduction and Summary of Benefits.**

Section 1.01: Municipal Development District. Pursuant to Chapter 206 of Title 30-A of the Maine Revised Statutes, the Town of Freeport (the “Town”) hereby designates the Concord Gully Brook Development District and Tax Increment Financing District #6#7, as depicted in **Exhibit C** and **Exhibit D**, attached hereto (the “District”), and adopts this Development Program (“Development Program”) to encourage L.L. Bean, Inc. (the “Company”) to implement its Master Facilities Plan (described more fully in Section 2.01). Phase III of the Master Facilities includes demolishing the Company’s existing headquarters on Casco Street and constructing major storm water improvements within the District. The Development Program and associated Credit Enhancement Agreement authorized herein (the “CEA,” attached hereto as **Exhibit M**) will provide partial funding to the Company for these storm water improvements (the “Company Project”, as further defined in section 2.01(a)), to be completed in Phase III and described, in Table 1 of Section 2.03 hereof, as Project (a), which has an estimated cost of \$9,600,000, and Project (b), which has an estimated cost of \$1,960,000. In addition, the Development Program will fund public facilities, improvements, and programs within and outside the District (the “Town Projects”).

Section 1.02. Benefits of the District.

A. New Tax Revenue for the Town. The Town estimates that Company’s Master Facilities Plan, which has a projected cost of \$110 million, has the potential to increase assessed valuation of the real property in the District, the Increased Assessed Value, by \$31,500,000 by the end of the Company Project and \$100,000,000 by the end of 2049. The Town projects that Property Taxes assessed on the Increased Assessed Value during the 30-year life of the District will total \$25,300,000, including (i) up to \$9,600,000 made available to the Company for the Company Project; (ii) up to \$8,404,369 available to the Town for Town Projects; and (iii) \$7,287,247 directly increasing the Town’s tax revenues (See **Exhibit E**).

B. Savings for Town from Shelter of New Tax Base Growth. Pursuant to the formulas adopted by the State of Maine in connection with Chapter 206 of Title 30-A of the Maine Revised Statutes, any Increased Assessed Value created by development in the District will be sheltered from the adverse effects that the District’s Increased Assessed Value would otherwise have on the Town’s share of state aid to education, municipal revenue sharing, and county tax assessment. See Section 3.06 herein. Accordingly, the designation of the District and the development that occurs therein will result in more net tax revenue for the Town than would result if such development were to occur without the creation of the District.

C. Public Facilities, Improvements and Programs. In addition to the Company Project, which will improve water quality in Concord Gully Brook, the District will also provide for the Town Projects, which may include the Public Facilities, Improvements, and Programs described in Table #1 of Section 2.03 herein, and which will constitute further public benefit to the Town.

D. Economic Development; New Jobs; Retention of Jobs. The Master Facilities Plan includes the redevelopment of existing buildings and expansion of the Company's corporate offices, which will result in the retention of the existing business operations and tax revenue of the Company within the Town as well as the retention of existing jobs and the consolidation of current workforce to the Town. In addition, the renovated corporate headquarters will include space for future employment growth. The development within the District will likely result in a need for additional commercial services throughout the Town, which will further enhance the Town's commercial tax base, as well as the job opportunities within the Town. The Town Projects described herein are also anticipated to create additional economic development and job opportunities within the Town.

## **Article II. Development Program Narrative and Designation of the District.**

Section 2.01: Statement of Means and Objectives. The Company is a Maine multichannel retail company founded in Freeport in 1912. Its corporate headquarters is located in the Town and it has additional office and manufacturing facilities in Brunswick, Lewiston, Portland, and Westbrook. The proposed redevelopment and expansion will occur at the Company's corporate headquarters in the Town. The property to be redeveloped and expanded is located at 15 Casco St. and consists of approximately 88.62 acres that currently contain five buildings that contain commercial offices and warehouse facilities totaling about 400,000 square feet (the "Property"). 500 employees currently work at the Property.

(a.) **The Company's Master Facilities Plan.** The building containing the Company's corporate headquarters is nearly 50 years old and was designed and built as a shoe factory and warehouse. Most of its major systems were not designed to be energy efficient or sustainable, are reaching the end of their useful life, and would require significant upgrades for future use. After a strategic planning process that included a broad real estate review, the Company committed to increasing its investment in Freeport. It then faced the choice of rehabilitating its existing office space or repurposing existing warehouse space into a new corporate office. The second choice was somewhat more expensive and much more sustainable. The Company is pursuing the second choice.

The Company developed its Master Facilities Plan to repurpose existing warehouse space and consolidate its headquarters under one roof, bringing more employees together in the Town. In the process, it will update the buildings to ensure that critical maintenance and systems needs are sustainably met, while also creating a headquarters to help attract and retain top talent.

Under the Master Facilities Plan, the Company will construct and rehabilitate about 400,000 square feet of office space. It will re-purpose a 280,000 square foot old building, with fewer, newer and more energy efficient systems. The amount of impermeable ground surface on the Property will decrease, and the campus will feature new green space. The renovated space will accommodate the Company's current corporate workforce, with space to allow 30% consolidation as well as future growth in the on-site workforce. To accomplish this, assuming the Town's application for tax increment financing is approved, the Company expects to spend about \$110,000,000, \$90,000,000 of which would be real property investment and \$20,000,000 of which will be personal property investment.

The Company planned that it could complete the Master Facilities Plan in as little as four or five years. In Phase I, the Company will create the bulk of the Increased Assessed Value—about \$21,000,000 more assessed value—but qualify for no payments under the CEA beyond possible

payments to the Company in the amount of \$100,000 after it conveys a trail easement to the Town for the purposes of creating a bicycle/pedestrian trail from Pine Street to West Street (the “Easement Payment”) and \$500,000 after completion of the storm water design phase (the “Design Phase Payment”). The significant storm water improvements of the Company Project will occur in Phase III, and are projected to result in an additional Increased Assessed Value of \$10,500,000. The remaining credit enhancement payments, under the CEA, are subject to the Company’s submission to the Town, once the storm water design phase is complete, of satisfactory documentation regarding its costs to design, construct, and finance the Company Project. Other than the Easement Payment and the Design Phase Payment, the Company will receive no payments under the CEA until the Company Project is satisfactorily completed as designed.

The Property is currently compliant with applicable Maine DEP regulations. *See* 06-096 C.M.R. ch. 500 (the “Storm Water Regulations”). Because of its age, the Property is grandfathered and exempt from certain current Storm Water Regulations. Under the Master Facilities Plan, the Company will invest about \$1,000,000 to bring the portion of the Property disturbed in Phase I up to the requirements of the current Storm Water Regulations. The Company seeks no tax increment financing related to the improvements it is undertaking in Phase I of the Master Facilities Plan, but is seeking payment of the Design Phase Payment after the Phase III storm water design is approved by the Maine Department of Environmental Protection (“Maine DEP”).

The Company seeks tax increment financing to partially fund the Company Project. The “Company Project” is a series of structural improvements, including associated design work, and storm water treatments on approximately 32 acres of the Property that the Company will construct during Phase III of the Master Facilities Plan that will result in the Property meeting the Storm Water Regulations through the redevelopment standard. If this Development Plan is approved, the Company will invest an estimated \$9,000,000 in the Company Project to improve the quality and flow of storm water runoff from the Property site into Concord Gully Brook. The Company seeks reimbursement for its design, construction, and financing costs of the Company Project, through the CEA, which would be conditioned on the successful implementation of storm water improvement strategies.

**(b.) Concord Gully Brook.** Concord Gully Brook begins near Stagecoach Road and flows parallel to U.S. Route 1A, through a mostly forested area, into the Harraseeket River just below Cove Road. The Concord Gully watershed covers 704 acres in the Town of Freeport.

The Maine DEP includes Concord Gully Brook on the list of Maine’s Urban Impaired Streams. Concord Gully Brook does not meet water quality standards for aquatic life or dissolved oxygen and has elevated chloride and bacteria levels. The Brook contains severe embankment erosion caused by excessive amounts of runoff. These impairments are caused by a variety of pollutants in urban storm water as well as erosion, habitat loss, and unstable stream banks. Storm water falling on roads, roofs, and parking lots in developed areas flows quickly off these impervious surfaces, carrying dirt, oils, metals, and other pollutants, sending high volumes of storm water into the Brook. The Maine DEP has urged the Town to address existing storm water problems in the Concord Gully watershed by installing structural and applying non-structural best management practices.

The Town has set a goal to reverse the Urban Impaired designation of Concord Gully Brook. The 2011 Comprehensive Plan calls for Freeport to continue to protect water quality. One of the

Comprehensive Plan's priorities is to develop watershed and sub-watershed storm water management plans in urban impaired streams, among other places. In 2013, the Town approved a Storm Water Management Plan, which identifies Concord Gully Brook as the Town's highest priority watershed. To that end, the Town has identified numerous projects to improve Concord Gully Brook's water quality, some of which are included among the Town Projects to be funded by tax increment financing. In addition, the Town actively seeks Maine DEP grants to complete projects and includes \$175,000 for this purpose in the proposed FY20-FY24 Town Capital Improvement Plan.

(c.) **Tax Increment Financing.** The Company has demonstrated a commitment to doing business in the Town of Freeport. The Town desires to retain the Company's existing operations within the Town and to promote the redevelopment of the Property to enable the Company to grow operations within the Town through the proposed renovation and repurposing of a 400,000 square foot commercial facility to accommodate office space in place of the existing warehouse use. The location of the Company in Freeport has created a thriving retail economy in the Town. The location of the Company's headquarters in Freeport has significantly strengthened and diversified the Town's economy. The Company continues to provide significant economic development opportunities for the Town, the region, and the State. The Company offers high-wage employment opportunities that are projected to continue. Maintaining these employment opportunities within the Town will benefit residents and business owners alike and will maintain and broaden the tax base within the Town. By supporting the redevelopment proposed in the Company's Master Facilities Plan through designation of the District and adoption of this Development Program, it is the Town's objective to improve the overall economy of the Town and the State, to provide the impetus for new commercial development, to protect water quality in Concord Gully Brook, and to provide the Public Facilities, Improvements, and Programs described in this Development Program.

Accordingly, the Town expects that the new taxes generated from the Increased Assessed Value within the District will be used to improve the Concord Gully Brook Watershed and fund the expansion of a trail network through the watershed. The Town desires to accomplish the following goals by designating this District and adopting this Development Program:

- Maintain existing tax revenues;
- Enhance future tax revenues generated by new development throughout the Town;
- Install environmental improvements to improve water quality;
- Maintain existing jobs;
- Assisting established construction businesses in the Town, thereby retaining existing employment opportunities;
- Construct new recreational trails that have a significant potential to promote economic development;
- Provide long-term, stable employment opportunities for area residents; and,
- Support existing businesses, attract new businesses, and promote the economic viability and sustainability of the general economy of the Town.

The Town recognizes that substantial renovation to a commercial development within the District offers a significant opportunity to install environmental improvements and create recreational trails that will promote economic development. Accordingly, the Development Program also provides for the Public Facilities, Improvements and Programs described in Section 2.03 below. The costs of the

Public Facilities, Improvements and Programs described in Section 2.03 below will be financed by the tax increment revenues from the District. Adoption of this Development Program will lead to creation of the necessary facilities within and directly related to the District that will provide appropriate infrastructure for development of the District. The Development Program thus will provide significant economic benefit to the Town by providing new storm water infrastructure. Such infrastructure and programs will help to expand and diversify the commercial tax base of the Town and to maintain employment opportunities in the Town.

The means and objectives of the Development Program thus are to promote commercial development, including significant storm water improvements, within the District and to provide financing for the Public Facilities, Improvements, and Programs made possible by such development. The Town, by adopting this Development Program, finds that the Development Program described herein, consisting of the Public Facilities, Improvements, and Programs, will significantly improve and broaden the Town's tax base, will protect substantial employment opportunities, and will improve the general economy of the Town.

Section 2.02: Brief Discussion of Financial Plan. The Financial Plan, as set forth in Article III below, consists of the cost estimates for the Development Program, the sources of anticipated revenues, a description of the terms and conditions of any agreements, contracts or other obligations related to the Development Program, estimates of increased assessed values of the District, the portion of the Increased Assessed Value to be applied to the Development Program as captured assessed values and resulting tax increments in each year of the Development Program and a calculation of the tax shifts resulting from designation of the tax increment financing district.

The District is expected to generate certain incremental or additional tax revenues. The real property taxes assessed upon the Increased Assessed Value of property in the District, the Tax Increment, will be captured or retained by the Town under the Development Program to pay costs of the Public Facilities, Improvements and Programs described in Section 2.03 below. Some of the Tax Increment will be paid to the Company, pursuant to the CEA, to reimburse the Company for its costs to directly fund the Company Project. All tax revenues presently generated on the current assessed property valuation in the District, the Original Assessed Value, will continue to be paid to the General Fund of the Town. The Development Program costs will be paid only from the Tax Increment.

The Town reserves the option to fund costs of this Development Program by incurring public indebtedness with debt service funded by the Tax Increment. The Town may also use the Tax Increment as matching funds to obtain other sources of funding for the Town Projects.

Adoption of this Development Program will lead to creation of the necessary public facilities within and directly related to the Development District that will provide appropriate infrastructure for development of the District.

Section 2.03: Public Facilities Descriptions. The Town finds that each of the Public Facilities, Improvements, and Programs (the "Public Facilities, Improvements, and Programs") described below, and the Project Costs thereof, will result in environmental improvements, improve and broaden the tax base or encourage or promote economic development that will broaden the Town's tax base and improve the general economy of the Town. The Development Program thus will provide financing for

certain important Public Facilities, Improvements and Programs currently under consideration by the Town that are either related to the Development Program or are otherwise qualifying projects under Chapter 206 of Title 30-A of the Maine Revised Statutes, as amended.

TABLE NO. 1: PUBLIC FACILITIES, IMPROVEMENTS AND PROGRAMS

<u>Project</u>	<u>Estimated Cost Over 30 Years</u>	<u>Statutory Citations (Title 30-A M.R.S.)</u>
(a) Design, construction and installation of voluntary storm water treatment systems onsite that result in less storm water leaving the site and discharged into Concord Gully Brook, which should improve the water quality in that body and partially addressing its DEP designation as an urban-impaired stream.	\$9,000,000 <sup>1</sup>	§ 5225(1)(A)(1)(b), (c) and (d); § 5225(1)(A)(4); and, § 5225(1)(C).
(b) Financing costs, including, but not limited to, closing costs, costs of any required performance guarantee, issuance costs and interest paid to holders of evidences of bonds and indebtedness issued to pay for project costs	\$1,960,000 <sup>1</sup>	§ 5225(1)(A)(2)
(c) Design and construct environmental improvements, including streambank restoration of Concord Gully Brook to stabilize stream banks, reduce erosion, and improve aquatic life habitat. Design and install structural best management practices for environmental improvements, including storm water improvements to properties within the Concord Gully Brook watershed, to reduce the impact of impervious surfaces on Concord Gully Brook.	\$4,000,000	§ 5225(1)(A)(1)(c) and (d); § 5225(1)(C)
(d) Acquisition, planning, design, construction, improvement, and maintenance of new and existing recreational trails and open space within and outside of the District, including without limitation, costs of real property interests, trails, bridges, signage, crosswalks, safety features, and other related improvements. Trails may include trail connections south toward Pine Street and north toward the downtown area.	\$2,100,000 <sup>1</sup>	§ 5225(1)(A)(1)(a); § 5225(1)(C)(6)
(e) Acquisition, planning, design, construction, improvement, and maintenance of new and existing bicycle lanes and recreational trails outside of the District that have significant potential to promote economic development, including without limitation, costs of real property interests, trails, bridges, signage, crosswalks, safety	\$14,875,000	§ 5225(1)(A)(1)(a) §5225(1)(C)(6)

features, and other related improvements. Bicycle lanes and trails may include connections south from Pine Street to Old South Freeport Road and north from Freeport Village to Brunswick along the course of the East Coast Greenway.		
(f) Funding of a permanent economic development revolving loan fund for businesses within the Town.*	\$5,000,000	§ 5225(1)(C)(3)
(g) <u>Economic development programs, projects, and events to promote arts and cultural and historic uses of the Town's downtown area.*</u>	<u>\$250,000</u>	<u>§ 5225(C)(1)</u>
(h) <u>Marketing and promotion of the Town's downtown area through public streetscape improvements, including landscaping, greenscaping, signage, and pedestrian improvements, such as crosswalks, crosswalk signals and warning systems, and crosswalk curb treatments.</u>	<u>Landscaping/Greenscaping*</u> <u>\$50,000</u> <u>Downtown Gateway and Wayfinding Signage</u> <u>\$50,000</u> <u>Crosswalk improvements*</u> <u>\$100,000</u> <u>Related professional service costs \$20,000</u>	<u>§ 5225(C)(1), (2)</u>
(i) <u>Conversion to underground utilities in the Town's downtown area to create a more attractive downtown for commercial and arts and cultural purposes.</u>	<u>\$4,100,000</u>	<u>§ 5225(C)(1)</u>
(j) <u>Installation or improvement of bus shelters, benches, signage, and other transit-related structures or infrastructure.</u>	<u>Bus shelters \$60,000</u> <u>Train Station Improvements</u> <u>\$150,000</u>	<u>§ 5225(C)(7)</u>
TOTAL Estimated Project Costs (30 Years)	<del>\$41,715,000</del> <u>\$36,935,000</u>	
<sup>1</sup> These project costs reflect, in part, payments made to the Company under a Credit Enhancement Agreement for the purposes specified in this table.		
* <u>None of the These</u> listed projects costs are common to the Town's existing TIF Districts #4.		

The projects currently under consideration to be undertaken pursuant to the Development Program are identified in Table No. 1 above. The Town recognizes that it needs to install environmental improvements and expand and diversify its tax base. In order to achieve these goals, the Town will support new public infrastructure within the Town to facilitate new commercial development as described herein. This Development Program will provide revenues to fund all or a portion of such costs.

Section 2.04: Current and Proposed Uses of Private Property. The District consists of five parcels, which are privately owned and located in the Town's Commercial III (C-3) and Industrial I (I-1) Zoning District. The Commercial III (C-3) Zoning District is intended to foster commercial uses that are appropriately situated at highway locations and to encourage an attractive entrance to the Town of Freeport. The Industrial I (I-1) Zoning District permits industrial, office, business, and warehouse uses that will be environmentally sound and physically attractive assets to the Town. The Town's Storm Water Management Plan notes, with approval, projects built in the prior decade that are believed

to have improved storm water quality from the pre-developed condition. The Company Project is expected to further improve the environmental condition of Concord Gully Brook. Therefore, all of the property within the District is privately owned and subject to independent development consistent with the Town's Zoning Ordinance, Comprehensive Plan, and Storm Water Management Plan.

Section 2.05: Relocation Plan. No businesses or persons will be displaced or relocated as a result of the development activities proposed in the District.

Section 2.06: Transportation Improvements. The existing transportation facilities of the Town will be adequate to accommodate the improvements contemplated by this Development Program.

Section 2.07: Environmental Controls. All environmental controls required by law shall apply to development in the District and the Town, including any applicable requirements of the Town of Freeport's Zoning Ordinance and all applicable State and federal environmental laws and regulations.

Section 2.08: District Operation. The day-to-day operations of the District and the Company Project, once completed, will require no substantial efforts by the Town other than to the extent described in Table 1 of Section 2.03 hereof. Operation of recreational trails created within the District will be operated by the Town's Public Works and Buildings and Grounds Departments.

Section 2.09: Program Duration. The duration of the District shall not exceed 30 tax years, beginning with the 2021 tax year (April 1, 2020 – March 31, 2021). The designation of the District and approval of this Development Program shall be effective upon approval by the Commissioner of the Maine Department of Economic and Community Development. The District and this Development Program shall remain in effect through the end of the Town's fiscal year ending June 30, 2050.

Section 2.10: Approval Considerations and Characteristics of the District.

A. Statutory Considerations for Approval. Before designating the District and before approving this Development Program, the Town held a public hearing at which interested parties were given a reasonable opportunity to present testimony concerning the District and Development Program. The Town has considered any evidence presented at such public hearing. Notice of the hearing was given as evidenced by Exhibit G to this Development Program. Before designating the District and before approving this Development Program, the Town determined and hereby finds and determines that the District created hereunder and this Development Program will contribute to the economic growth or well-being of the Town and to the betterment of the health, welfare or safety of the inhabitants of the Town, including employment opportunities, broadened and improved tax base and economic stimulus, constituting good and valid public purposes and any adverse economic effect on or detriment to any existing business is outweighed by the contribution made by the District and the Development Program to the economic growth or well-being of the Town and the betterment of the health, welfare and safety of its inhabitants, and the Town further makes the other findings and determinations as set forth in this Development Program and the exhibits hereto.

B. Statutory Conditions for Approval; Physical Characteristics. The Town hereby finds and determines that the District satisfies the conditions imposed under Chapter 206 of Title 30-A of the Maine Revised Statutes, as amended, as a prerequisite to designation of the District, including those relating to

the physical description of the District and to certain financial and statistical information as more particularly described in **Exhibit A** hereof:

(i) The property in the District is located in the Commercial III (C-3) Zoning District, which is intended to foster commercial uses which are appropriately situated at highway locations and to encourage an attractive entrance to the Town of Freeport, and the Industrial I (I-1) Zoning District, which permits industrial, office, business, and warehouse uses which will be environmentally sound and physically attractive assets to the Town. The land in the District is suitable for office and warehouse uses, as appropriate, and/or is in need of rehabilitation or redevelopment, and therefore at least 25%, by area, of the real property within the District meets the statutory criteria that it must be suitable for commercial uses;

(ii) The total area of the District is approximately 88.62 acres and thus such area represents 0.3% of the total acreage of the Town (which total acreage is approximately 29,740 acres) and does not exceed 2% of the total acreage of the Town. The total area of the District and the total area of all other development districts in the Town (which combined total is approximately 88.62 acres) is 0.91% of the total acreage of the Town and thus does not exceed 5% of the total acreage of the Town (see **Exhibit A**);

(iii) The taxable Original Assessed Value of the District is \$34,038,300 and the taxable Original Assessed Value of all existing tax increment financing districts within the Town is \$14,482,301 and such combined amounts of taxable Original Assessed Values (\$48,520,601) thus represent 2.56% of the total value of taxable real property within the Town as of April 1st preceding the date of the designation of the District (\$1,897,219,624) and thus do not exceed 5% of the total value of taxable property within the Town as of April 1st preceding the date of the designation of the District (April 1, 2020) (see **Exhibit B**).

**Section 2.11: Designation of the District.** The Town hereby designates Freeport Tax Increment Financing District ~~#6#7~~, the Concord Gully Brook Development District. The area of the Town of Freeport shown as the Concord Brook Development District on **Exhibit C** and **Exhibit D** hereof, and as more particularly described in this Development Program, is hereby designated as a municipal tax increment financing district and such designation shall automatically become final and shall take full force and effect upon approval of the District by the Commissioner of the Maine Department of Economic & Community Development, without the requirement of any further action by the Town, the Municipal Officers or any party. Maps depicting the District are attached hereto as **Exhibit C** and **Exhibit D**, and the District is further described in **Exhibit B**.

### **Article III. Financial Plan.**

**Section 3.01: Cost Estimates for the Development Program.** The estimated costs of the Public Facilities, Improvements and Programs are set forth in Section 2.03, Table No. 1 (see also, **Exhibit J**).

**Section 3.02: Amount of Indebtedness to be Incurred.** The Town will not incur any indebtedness at this time in connection with the Development Program and is not hereby authorizing any specific future indebtedness at this time. However, the Town reserves the right at a future date to incur indebtedness to finance a portion of the Public Facilities, Improvements and Programs and is hereby authorized to do so

subject to all necessary approvals for any such indebtedness or appropriations, including but not limited to the approval of the Town Council.

Section 3.03: Sources of Anticipated Revenues. The source of the revenue to be used to pay the costs of this Development Program is the Tax Increment on the Increased Assessed Value of the District. “Tax Increment” means all Property Taxes assessed by the Town, in excess of any state, county or special district tax, upon the Increased Assessed Value of all real property in the District. “Increased Assessed Value” means the valuation amount by which the Current Assessed Value of the District exceeds the Original Assessed Value of the taxable real property in the District. “Current Assessed Value” means the taxable assessed value of the real property in the District certified by the municipal assessor as of April 1st of each year that the District remains in effect. “Property Taxes” means any and all ad valorem property taxes levied, charged or assessed against real property by the Town. “Original Assessed Value” means the taxable assessed value of the real property in the District as of March 31, 2020 (April 1, 2019). Attached hereto as **Exhibit B** is the certification of Original Assessed Value by the Assessor of the Town of Freeport in accordance with the requirements of Title 30-A § 5227 of the Maine Revised Statutes. All property tax assessed and collected on the Original Assessed Value shall continue to be deposited in the General Fund of the Town.

Section 3.04: Estimated Increased Assessed Value; Portion Applied to Development Program. The Town hereby designates, as Captured Assessed Value for ten tax years beginning on April 1, 2020, 95% of the Increased Assessed Value as the portion of the Increased Assessed Value to be applied or retained each year to pay costs of the Public Facilities, Improvements and Programs and any other costs authorized by this Development Program. The amount of the total Tax Increment that may be used each year, for ten tax years beginning on April 1, 2020, to pay or reimburse the Town’s costs of the Public Facilities, Improvements and Programs is 95% of the entire Tax Increment of the entire District.

The Town hereby designates, as Captured Assessed Value for the ten tax years beginning on April 1, 2030, 90% of the Increased Assessed Value as the portion of the Increased Assessed Value to be applied or retained each year to pay costs of the Public Facilities, Improvements and Programs and any other costs authorized by this Development Program. The amount of the total Tax Increment that may be used each year, for ten tax years beginning on April 1, 2030, to pay or reimburse the Town’s costs of the Public Facilities, Improvements and Programs is 90% of the entire Tax Increment of the entire District.

The Town hereby designates, as Captured Assessed Value for the ten tax years beginning on April 1, 2040, 50% of the Increased Assessed Value as the portion of the Increased Assessed Value to be applied or retained each year to pay costs of the Public Facilities, Improvements and Programs and any other costs authorized by this Development Program. The amount of the total Tax Increment that may be used each year, for ten tax years beginning on April 1, 2040, to pay or reimburse the Town’s costs of the Public Facilities, Improvements and Programs is 50% of the entire Tax Increment of the entire District.

The parties acknowledge that, pursuant to the terms of the CEA, portions of the Tax Increment will be deposited into a Company Project Cost Subaccount and that the total cumulative amount of Tax Increment to be deposited into the Company Project Cost Subaccount shall equal but not exceed \$9,600,000. Notwithstanding anything to the contrary in this Development Program, in the event that the total cumulative amount of Tax Increment deposited into the Company Project Cost Subaccount does not equal \$9,600,000 by April 1, 2040, then beginning on April 1, 2040, the percentage of Increased Assessed

Value to be applied or retained each year to pay costs of the Public Facilities, Improvements and Programs and any other costs authorized by this Development Program shall continue at 90%, with 90% of that Tax Increment deposited in the Company Project Cost Subaccount and 10% deposited in the Town Project Cost Subaccount, but only until the total cumulative amount of Tax Increment deposited in the Company Project Cost Subaccount equals \$9,600,000.

100% of the Increased Assessed Value that is not captured will be deposited into the General Fund of the Town.

**Exhibit E** sets forth: (i) the annual estimates of the Increased Assessed Value of the District resulting from implementation of the Development Program; and (ii) the estimated annual Tax Increment per year on the Increased Assessed Value following implementation of the Development Program, that will be used to finance the Public Facilities, Improvements and Programs.

A Development Program Fund shall be established by the Town as more fully described in the CEA. The Development Program Fund shall consist of a Company Project Cost Subaccount and a Town Project Cost Subaccount. All funds deposited into the Town Project Cost Subaccount will be used to pay costs of the Public Facilities, Improvements and Programs described in Section 2.03 hereof, except for costs of the Company Project (Table 1, (a) and (b)). The Town will establish the Town Project Cost Subaccount as one or more permanent municipal reserve funds created and administered pursuant to the provisions of Title 30-A Section 5801 of the Maine Revised Statutes, which funds shall be dedicated to the financing and payment of costs of the Public Facilities, Improvements and Programs. Upon each payment of Property Tax with respect to property in the District, the Town shall deposit to the Town Project Cost Subaccount and Company Project Cost Subaccount Tax Increment funds as set forth in the CEA, for use as set forth therein. As the deposit and investment of funds in the Town Project Cost Account accrue and increase to a level which permits implementation of a portion of the Public Facilities, Improvements and Programs, the Public Facilities, Improvements and Programs may be undertaken and funded. Accordingly, all Tax Increment funds deposited into the Town Project Cost Subaccount shall be deemed to have been expended and used to satisfy the obligations of the Town Project Cost Subaccount with respect to the Public Facilities, Improvements and Programs described in the Development Program when deposited into the Town Project Cost Subaccount. If the Town determines to issue any bonds or indebtedness to pay for costs of the Public Facilities, Improvements and Programs, a development sinking fund account shall be created and amounts sufficient to satisfy all annual debt service on such bonds and indebtedness shall be transferred to such sinking fund account from the Town Project Cost Subaccount.

In the event of a revaluation of taxable real property within the Town, the Captured Assessed Value may be adjusted in proportion to the change in taxable assessed real property values within the District in the year of the revaluation resulting from such revaluation pursuant to an amendment to this Development Program. To the extent such an amendment impacts the terms of a credit enhancement agreement authorized and executed under this Development Program, the credit enhancement agreement may be amended by mutual written consent of the parties thereto to reflect the mutually agreed upon changes to the terms of the credit enhancement agreement resulting from a revaluation provided that, under the amended credit enhancement agreement, the Company is fully reimbursed for its costs to design, construct and finance the Company Project as soon or sooner than it would have been fully reimbursed under the then existing credit enhancement agreement.

Section 3.05: Description of Terms and Conditions of Agreements. The Town is hereby expressly authorized to enter into the CEA with the Company that will set forth the terms and conditions under which the Town will reimburse the Company a percentage the Property Taxes paid by the Company on the Tax Increment within the District each year during the term of the District, not to exceed 30 years, as established in Section 2.09 of this Development Program. A copy of the CEA is attached hereto as **Exhibit M**, and the details of the allocations of Captured Assessed Value are shown in **EXHIBIT E**.

The Town has a TIF Policy (entitled TIF Tax Increment Financing Policy and Process and dated October 2010), which is attached hereto as **Exhibit N**.

Section 3.06: Calculation of Tax Shifts. In accordance with Maine statutes governing the establishment of tax increment financing districts, the table set forth below identifies the estimated tax shifts, as more particularly described in **Exhibit F** hereto, which will result during the term of the District from the establishment of the District.

<u>Tax Shift Item</u>	<u>Estimated</u>	<u>Average</u>	<u>Annual</u>	<u>Estimated Total Amount</u>
	<u>Amount</u>			
Educational Aid		\$ 290	_____	\$ 4,645
County Tax		\$ 3,139	_____	\$ 50,226
Revenue Sharing		\$ 31,967	_____	\$ 511,467
<b>Total</b>		<b>\$ 35,396</b>	_____	<b>\$ 566,338</b>

#### **Article IV: Municipal Approvals.**

Section 4.01: Public Hearings. Before designating the District and adopting the Development Program, the Town Council, as the legislative body of the Town, held ~~at two~~ public hearings. Notice of the hearings ~~was were~~ published on Friday April 17, 2020 and Friday May 8, 2020, a date that was at least 10 days before the hearing, in the *The Times Record*, a newspaper of general circulation within the Town. ~~Each notice preceded its respective public hearing by at least 10 days. A copy of~~ Copies of each the Notice of Public Hearing ~~are is~~ attached hereto ~~in as~~ **Exhibit G**. The public hearings ~~was were~~ held in accordance with the requirements of 30-A M.R.S. § 5226 on \_\_\_\_\_, April 28, 2020 and May 19, 2020. At the public hearings, interested parties were given a reasonable opportunity to present testimony concerning the District and the Development Program. Minutes of each of the public hearing are attached hereto ~~in as~~ **Exhibit H**.

Section 4.02: Authorizing Votes. The Town Council Orders related to the designation of the District and adoption of this Development Program at its meeting of \_\_\_\_\_, 2020 ~~is are~~ attached hereto ~~as in~~ **Exhibit I**. The Town Manager is thereby authorized and directed, on behalf of the Town to execute and submit to the Commissioner of the Maine Department of Economic and Community Development (“DECD”) such applications and further documentation as may be necessary or appropriate for any necessary final approval of this District and Development Program; and the Town Manager is thereby authorized and empowered, at his or her discretion, from time to time, to make such technical revisions to the District or the Development Program for the District as he or she deems reasonably

necessary or convenient in order to facilitate the process for review and approval of the District and the Development Program for the District by the Commissioner of DECD, so long as such revisions are not inconsistent with the Development Program as adopted or the basic structure and intent of the District.

## EXHIBIT A

### STATUTORY REQUIREMENTS AND THRESHOLDS Acreage Caps and Valuation Cap

*\*\*round to second decimal place*

SECTION A.   Acreage Caps		
1. Total <b>municipal</b> acreage	<b>18,400 acres</b>	
2. Acreage of <b>proposed</b> Municipal TIF District (if amendment, proposed updated total)	<b>88.62 acres</b>	
3. <b>Downtown-designation</b> <sup>1</sup> acres in proposed Municipal TIF district		
4. <b>Transit-Oriented Development</b> <sup>2</sup> acres in proposed Municipal TIF district		
5. <b>Total acreage</b> [=A2-A3-A4] of proposed Municipal TIF district counted toward 2% limit	<b>88.62 acres</b>	
6. <b>Percentage</b> [=A5÷A1] of total acreage in proposed Municipal TIF district (CANNOT EXCEED 2%)	<b>0.48%</b>	
7. <b>Total acreage</b> of all <u>existing/proposed</u> Municipal TIF districts in municipality <b>including</b> Municipal Affordable Housing Development districts: <sup>3</sup> ( <a href="#">List each district name/acreage</a> )	Existing	<b>78.76</b>
	Proposed	<b>88.62</b>
	Total	<b>167.38</b>
<b>30-A § 5223(3) EXEMPTIONS<sup>4</sup></b>		
8. Acreage of an <u>existing/proposed</u> <b>Downtown</b> Municipal TIF district	0	
9. Acreage of all <u>existing/proposed</u> <b>Transit-Oriented Development</b> Municipal TIF districts: ( <a href="#">List each district name/acreage</a> )	0	
10. Acreage of all <u>existing/proposed</u> <b>Community Wind Power</b> Municipal TIF districts: ( <a href="#">List each district name/acreage</a> )	0	
11. Acreage in all <u>existing/proposed</u> Municipal TIF districts <b>common to</b> <sup>5</sup> Pine Tree Development Zones per 30-A § 5250-I (14)(A) <b>excluding</b> any such acreage also factored in Exemptions 8-10 above: ( <a href="#">List each district name/acreage</a> )	0	
12. <b>Total acreage</b> [=A7-A8-A9-A10-A11] of all <u>existing/proposed</u> Municipal TIF districts counted toward 5% limit	<b>167.38 acres</b>	
13. <b>Percentage of total acreage</b> [=A12÷A1] of all <u>existing/proposed</u> Municipal TIF districts (CANNOT EXCEED 5%)	<b>0.91%</b>	
14. <b>Real property</b> in proposed Municipal TIF District that is:	ACRES	% [=Acres÷A2]
a. A blighted area		
b. In need of rehabilitation, redevelopment or conservation	<b>32 acres</b>	<b>36.11%</b>
c. Suitable for commercial or arts district uses		
<b>TOTAL (except for § 5223 (3) exemptions a., b. OR c. must be at least 25%)</b>		<b>68.83%</b>

<sup>1</sup> Before final designation, the Commissioner will seek advice from MDOACF and MDOT per 30-A § 5226(2).

<sup>2</sup> For Transit-Oriented Development (TOD) definitions see 30-A § 5222 sub-§§ 19-24.

<sup>3</sup> For AH-TIF acreage requirement see 30-A § 5247(3)(B). Alternatively, Section B must exclude AH-TIF valuation.

<sup>4</sup> Downtown/TOD overlap nets single acreage/valuation caps exemption.

<sup>5</sup> PTZ districts approved through December 31, 2008.

**SECTION B. | Valuation Cap**

1. <b>Total TAXABLE</b> municipal valuation—use most recent April 1	<b>\$1,897,219,624</b>	
2. <b>Taxable Original Assessed Value (OAV)</b> of proposed Municipal TIF District as of March 31 preceding municipal designation—same as April 1 prior to such March 31	<b>\$34,038,300</b>	
3. <b>Taxable OAV of all <u>existing/proposed</u> Municipal TIF districts in municipality excluding Municipal Affordable Housing Development districts: (List <u>each</u> district name/acreage)</b>	Existing	<b>\$14,482,301</b>
	Proposed	<b>\$34,038,300</b>
	Total	<b>\$48,520,601</b>
<b>30-A § 5223(3) EXEMPTIONS</b>		
4. <b>Taxable OAV</b> of an <u>existing/proposed</u> <b>Downtown</b> Municipal TIF district	\$0	
5. <b>Taxable OAV</b> of all <u>existing/proposed</u> <b>Transit-Oriented Development</b> Municipal TIF districts (List <u>each</u> district name/acreage)	\$0	
6. <b>Taxable OAV</b> of all <u>existing/proposed</u> <b>Community Wind Power</b> Municipal TIF districts (List <u>each</u> district name/acreage)	\$0	
7. <b>Taxable OAV</b> of all <u>existing/proposed</u> <b>Single Taxpayer/High Valuation</b> <sup>6</sup> Municipal TIF districts (List <u>each</u> district name/acreage)	\$0	
8. <b>Taxable OAV</b> in all <u>existing/proposed</u> Municipal TIF districts <b>common to</b> Pine Tree Development Zones per 30-A § 5250-I (14)(A) <b>excluding</b> any such OAV also factored in Exemptions 4-7 above: (List <u>each</u> district name/OAV)	\$0	
9. <b>Total taxable OAV [=B3-B4-B5-B6-B7-B8]</b> of all <u>existing/proposed</u> Municipal TIF districts counted toward 5% limit	<b>\$48,520,601</b>	
10. <b>Percentage of total taxable OAV [=B9÷B1]</b> of all <u>existing/proposed</u> Municipal TIF districts (CANNOT EXCEED 5%)	<b>2.56%</b>	

COMPLETED BY			
PRINT NAME			
SIGNATURE		DATE	
<p>If this form has <b>not be completed by the municipal or plantation assessor</b>, the assessor must sign and date below, acknowledging he/she agrees with the information reported on this form, and understands the OAV stated in Section B, line 2, will be used to determine the OAV for this District.</p>			
PRINT NAME			
SIGNATURE		DATE	

<sup>6</sup> For this exemption see 30-A §5223(3)(C) sub-§§ 1-4.

**EXHIBIT B**

**TOWN OF FREEPORT  
CERTIFICATE OF ASSESSOR**

The undersigned assessor of the Town of Freeport, Maine, does hereby certify pursuant to the provisions of Title 30-A M.R.S. Section 5227 that the Original Assessed Value of the taxable real property within the boundaries of the Freeport Concord Gully Brook Development District and Municipal Tax Increment Financing District #6#7, as described in the Development Program for the District and as identified in more detail below, was \$34,038,300 as of March 31, 2020 (April 1, 2019).

<b>Map/Lot</b>	<b>OAV</b>	<b>Acreage *</b>
Map 8 / Lot 13-ETC	\$ 797,200	1.77 acres
Map 8 / 19, and 20	\$ 215,800	0.25 acres
Map 8 / Lot 20	\$ 260,100	2.20 acres
Map 20 / Lot 98-ETC	\$ 32,441,000	61.00 acres
Map 20 / Lot 101	\$ 324,200	23.40 acres
Total	\$34,038,300	88.62 acres

\* The acreage listed here represents the current inventory of the Town. The Town recently identified an error in the acreage in its assessing records and is working to correct this error.

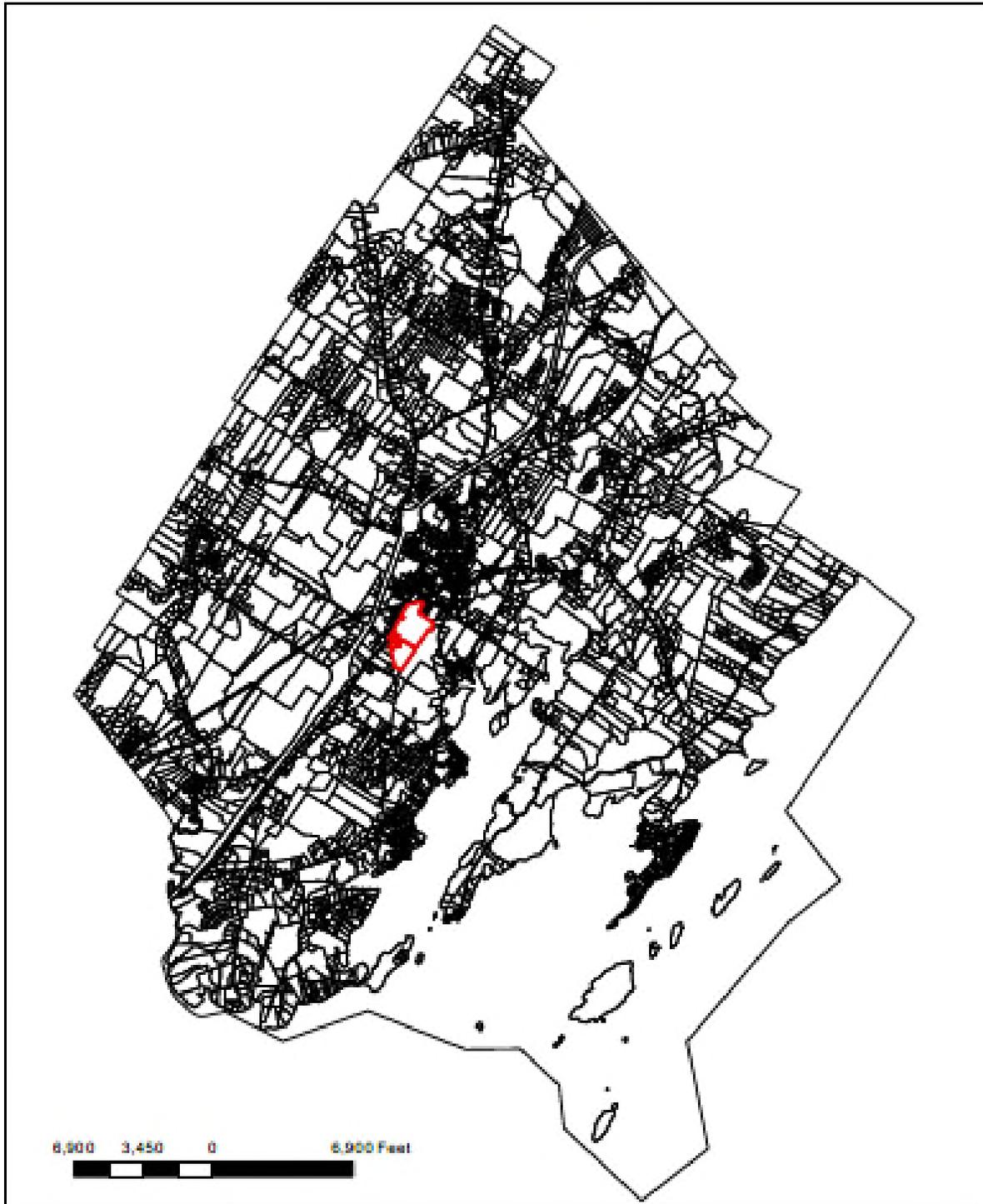
This Certificate has been executed as of this \_\_\_ day of \_\_\_\_\_, 2020.

\_\_\_\_\_  
\_\_\_\_\_, CMA, Municipal Assessor

EXHIBIT C

MAP OF DISTRICT LOCATION WITHIN TOWN

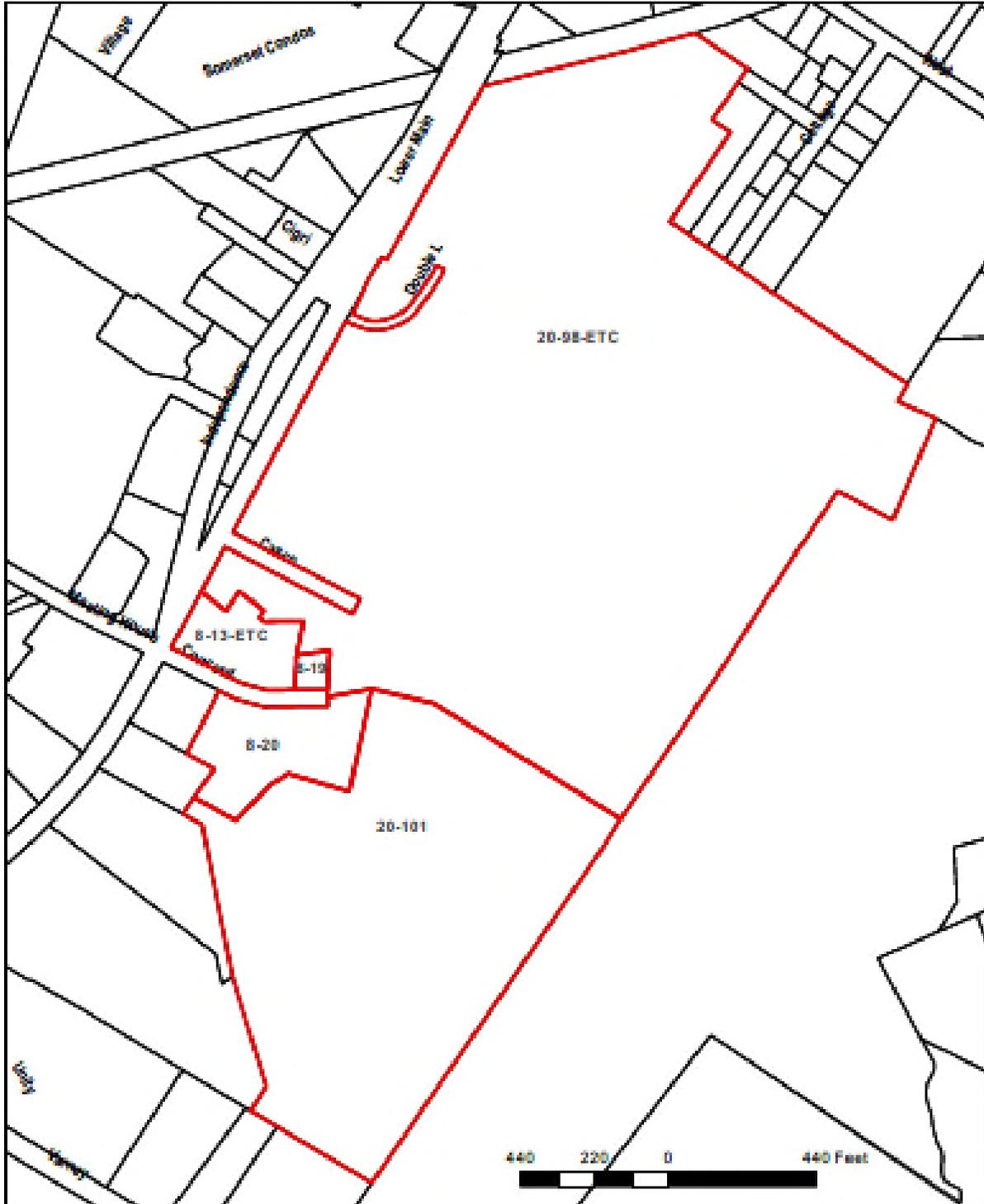
**Concord Gully Brook TIF Location Map**



**EXHIBIT D**

**MAP OF DISTRICT BOUNDARIES**

**Concord Gully Brook TIF Parcel Map**



**EXHIBIT E**

**ANNUAL TAX INCREMENT FINANCING REVENUE PROJECTIONS**

Tax Year	Fiscal Year (July-June)	Projected Increased Assessed Value	Percent of IAV Captured	Projected Captured Assessed Value	Mil Rate	Gross New Taxes	General Fund Revenues	TIF Revenues	Company TIF Revenue Projection		Town TIF Revenue Projection	
									Company % of TIF Revenue	Company \$ (up to \$9,600,000)	Town % of TIF Revenue	Town \$
1	2020-2021	\$ -	95%	\$ -	0.0143	\$ -	\$ -	\$ -	77%	\$ -	23%	\$ -
2	2021-2022	\$ 1,793,001	95%	\$ 1,703,351	0.0143	\$ 25,640	\$ 1,282	\$ 24,358	77%	\$ 18,756	23%	\$ 5,602
3	2022-2023	\$ 23,724,615	95%	\$ 22,538,385	0.0143	\$ 339,262	\$ 16,963	\$ 322,299	77%	\$ 248,170	23%	\$ 74,129
4	2023-2024	\$ 25,226,451	95%	\$ 23,965,129	0.0143	\$ 360,738	\$ 18,037	\$ 342,701	77%	\$ 263,880	23%	\$ 78,821
5	2024-2025	\$ 37,267,335	95%	\$ 35,403,968	0.0143	\$ 532,923	\$ 26,646	\$ 506,277	77%	\$ 389,833	23%	\$ 116,444
6	2025-2026	\$ 39,121,281	95%	\$ 37,165,217	0.0143	\$ 559,434	\$ 27,972	\$ 531,463	77%	\$ 409,226	23%	\$ 122,236
7	2026-2027	\$ 41,023,430	95%	\$ 38,972,259	0.0143	\$ 586,635	\$ 29,332	\$ 557,303	77%	\$ 429,124	23%	\$ 128,180
8	2027-2028	\$ 42,975,035	95%	\$ 40,826,283	0.0143	\$ 614,543	\$ 30,727	\$ 583,816	77%	\$ 449,538	23%	\$ 134,278
9	2028-2029	\$ 44,977,382	95%	\$ 42,728,513	0.0143	\$ 643,177	\$ 32,159	\$ 611,018	77%	\$ 470,484	23%	\$ 140,534
10	2029-2030	\$ 47,031,790	95%	\$ 44,680,200	0.0143	\$ 672,555	\$ 33,628	\$ 638,927	77%	\$ 491,974	23%	\$ 146,953
11	2030-2031	\$ 49,139,612	90%	\$ 44,225,651	0.0143	\$ 702,696	\$ 70,270	\$ 632,427	90%	\$ 569,184	10%	\$ 63,243
12	2031-2032	\$ 51,302,238	90%	\$ 46,172,014	0.0143	\$ 733,622	\$ 73,362	\$ 660,260	90%	\$ 594,234	10%	\$ 66,026
13	2032-2033	\$ 53,521,092	90%	\$ 48,168,983	0.0143	\$ 765,352	\$ 76,535	\$ 688,816	90%	\$ 619,935	10%	\$ 68,882
14	2033-2034	\$ 55,797,636	90%	\$ 50,217,872	0.0143	\$ 797,906	\$ 79,791	\$ 718,116	90%	\$ 646,304	10%	\$ 71,812
15	2034-2035	\$ 58,133,370	90%	\$ 52,320,033	0.0143	\$ 831,307	\$ 83,131	\$ 748,176	90%	\$ 673,359	10%	\$ 74,818
16	2035-2036	\$ 60,529,834	90%	\$ 54,476,850	0.0143	\$ 865,577	\$ 86,558	\$ 779,019	90%	\$ 701,117	10%	\$ 77,902
17	2036-2037	\$ 62,988,605	90%	\$ 56,689,745	0.0143	\$ 900,737	\$ 90,074	\$ 810,663	90%	\$ 729,597	10%	\$ 81,066
18	2037-2038	\$ 65,511,305	90%	\$ 58,960,174	0.0143	\$ 936,812	\$ 93,681	\$ 843,130	90%	\$ 758,817	10%	\$ 84,313
19	2038-2039	\$ 68,099,594	90%	\$ 61,289,635	0.0143	\$ 973,824	\$ 97,382	\$ 876,442	90%	\$ 788,798	10%	\$ 87,644
20	2039-2040	\$ 70,755,180	90%	\$ 63,679,662	0.0143	\$ 1,011,799	\$ 101,180	\$ 910,619	90%	\$ 817,671	10%	\$ 92,948
21	2040-2041	\$ 73,479,810	50%	\$ 36,739,905	0.0143	\$ 1,050,761	\$ 525,381	\$ 525,381	0%	\$ -	100%	\$ 525,381
22	2041-2042	\$ 76,275,281	50%	\$ 38,137,640	0.0143	\$ 1,090,737	\$ 545,368	\$ 545,368	0%	\$ -	100%	\$ 545,368
23	2042-2043	\$ 79,143,434	50%	\$ 39,571,717	0.0143	\$ 1,131,751	\$ 565,876	\$ 565,876	0%	\$ -	100%	\$ 565,876
24	2043-2044	\$ 82,086,159	50%	\$ 41,043,080	0.0143	\$ 1,173,832	\$ 586,916	\$ 586,916	0%	\$ -	100%	\$ 586,916
25	2044-2045	\$ 85,105,395	50%	\$ 42,552,698	0.0143	\$ 1,217,007	\$ 608,504	\$ 608,504	0%	\$ -	100%	\$ 608,504
26	2045-2046	\$ 88,203,131	50%	\$ 44,101,566	0.0143	\$ 1,261,305	\$ 630,652	\$ 630,652	0%	\$ -	100%	\$ 630,652
27	2046-2047	\$ 91,381,408	50%	\$ 45,690,704	0.0143	\$ 1,306,754	\$ 653,377	\$ 653,377	0%	\$ -	100%	\$ 653,377
28	2047-2048	\$ 94,642,321	50%	\$ 47,321,160	0.0143	\$ 1,353,385	\$ 676,693	\$ 676,693	0%	\$ -	100%	\$ 676,693
29	2048-2049	\$ 97,988,017	50%	\$ 48,994,008	0.0143	\$ 1,401,229	\$ 700,614	\$ 700,614	0%	\$ -	100%	\$ 700,614
30	2049-2050	\$ 101,420,701	50%	\$ 50,710,351	0.0143	\$ 1,450,316	\$ 725,158	\$ 725,158	0%	\$ -	100%	\$ 725,158
	<b>Cumulative</b>					\$ 25,291,616	\$ 7,287,247	\$ 18,004,369		\$ 9,600,000		\$ 8,404,369
	<b>Avg. Annual</b>	\$ 58,954,815		\$ 41,968,225		\$ 843,054	\$ 242,908	\$ 600,146		\$ 320,000		\$ 280,146

Note that beginning in Tax Year 21, the percentage of Increased Assessed Value that is captured drops from 90% to 50%, with 100% of the resulting TIF Revenues deposited in the Town Project Cost Subaccount.

In the event that the cumulative TIF Revenues deposited in the Company Project Cost Subaccount pursuant to the CEA through Tax Year 20 are less than \$9,600,000, then until the cumulative TIF Revenues deposited in the Company Project Cost Subaccount equals \$9,600,000, the percentage of Increased Assessed Value that is captured shall continue at 90% with 90% of the resulting TIF Revenues deposited in the Company Project Cost Subaccount and 10% deposited in the Town Project Cost Subaccount.

Once the cumulative TIF Revenues deposited in the Company Project Cost Subaccount equals \$9,600,000, the percentage of Increased Assessed Value that is captured shall be 50%, with 100% of the resulting TIF Revenues deposited in the Town Project Cost Subaccount.

## EXHIBIT F

### TAX SHIFT ESTIMATES

State/County Projected Tax Shift					
Tax Year	Fiscal Year (July-June)	EPS Education Shift	Revenue Sharing Shift	County Tax Shift	Total Tax Shift
1	2020-2021				
2	2021-2022	\$ 4,645	\$ 640	\$ 1,096	\$ 6,381
3	2022-2023	\$ -	\$ 8,473	\$ 1,148	\$ 9,621
4	2023-2024	\$ -	\$ 9,010	\$ 1,200	\$ 10,210
5	2024-2025	\$ -	\$ 13,310	\$ 1,252	\$ 14,562
6	2025-2026	\$ -	\$ 13,972	\$ 1,304	\$ 15,277
7	2026-2027	\$ -	\$ 14,652	\$ 1,356	\$ 16,008
8	2027-2028	\$ -	\$ 15,349	\$ 1,409	\$ 16,757
9	2028-2029	\$ -	\$ 16,064	\$ 1,461	\$ 17,524
10	2029-2030	\$ -	\$ 16,798	\$ 1,513	\$ 18,310
11	2030-2031	\$ -	\$ 16,627	\$ 1,565	\$ 18,192
12	2031-2032	\$ -	\$ 17,358	\$ 1,617	\$ 18,975
13	2032-2033	\$ -	\$ 18,109	\$ 1,669	\$ 19,778
14	2033-2034	\$ -	\$ 18,879	\$ 1,721	\$ 20,601
15	2034-2035	\$ -	\$ 19,670	\$ 1,773	\$ 21,443
16	2035-2036	\$ -	\$ 20,481	\$ 1,773	\$ 22,254
17	2036-2037	\$ -	\$ 21,312	\$ 1,773	\$ 23,085
18	2037-2038	\$ -	\$ 22,166	\$ 1,773	\$ 23,939
19	2038-2039	\$ -	\$ 23,042	\$ 1,773	\$ 24,815
20	2039-2040	\$ -	\$ 23,940	\$ 1,773	\$ 25,713
21	2040-2041	\$ -	\$ 13,812	\$ 1,773	\$ 15,585
22	2041-2042	\$ -	\$ 14,338	\$ 1,773	\$ 16,111
23	2042-2043	\$ -	\$ 14,877	\$ 1,773	\$ 16,650
24	2043-2044	\$ -	\$ 15,430	\$ 1,773	\$ 17,203
25	2044-2045	\$ -	\$ 15,998	\$ 1,773	\$ 17,771
26	2045-2046	\$ -	\$ 16,580	\$ 1,773	\$ 18,353
27	2046-2047	\$ -	\$ 17,177	\$ 1,773	\$ 18,950
28	2047-2048	\$ -	\$ 17,790	\$ 1,773	\$ 19,563
29	2048-2049	\$ -	\$ 18,419	\$ 1,773	\$ 20,192
30	2049-2050	\$ -	\$ 19,065	\$ 1,773	\$ 20,838
31	2050-2051	\$ -	\$ 19,065	\$ 1,773	\$ 20,838
32	2051-2052	\$ -	\$ 19,065	\$ 1,773	\$ 20,838
	<b>Cumulative</b>	\$ 4,645	\$ 511,467	\$ 50,226	\$ 566,338
	<b>Avg. Annual</b>	\$ 290	\$ 31,967	\$ 3,139	\$ 35,396

**Assumptions:**

1. Tax shift losses comprise declining subsidies in revenue sharing and increasing obligations to pay county taxes. Tax shift losses occur two years following the year in which the increased assessed value is recognized in the assessment. Accordingly, the Table shows tax shifts for two years following the end of the TIF District.
2. The tax shift calculations assume that the formulae and general inputs for state subsidies and county taxes do not change over time and that all other values in other communities remain fixed except for the increased assessed value. As a result, the accuracy of the tax shift estimates declines for each successive annual estimate.
3. The tax shift calculations assume that the assessment ratio in the Town is 100% for new property value such that the market value of new property is used for assessment purposes.

See following pages for explanation of Tax Shift calculations.

## Notes on Tax Shift Calculations

A Tax Increment Financing District will result in certain tax shifts which result because the retained Captured Assessed Value (“CAV”) of the District will be excluded from the State Valuation of the property in the Town. These tax shifts are noted in three basis formulas that use local property tax valuation as a basis for calculation. These three formulas are:

- Education Tax Shift (avoided decrease in State aid to education)
- County Tax Shift (avoided increase in municipal share of County taxes)
- Revenue Sharing Shift (avoided decrease in State revenue sharing)

The process to calculate these tax shifts is set forth the Town’s TIF Policy.

**EDUCATION TAX SHIFT:** The Education Tax Shift estimates how much of a loss in State aid to education the Town would experience has the TIF District not been created. The Town of Freeport is one of three member municipalities of Regional School Unit No. 5 (the “RSU”). Under the Essential Programs and Services Act, Chapter 606-B of Title 20-A of the Maine Revised Statutes, each member municipality is required to contribute to the cost of public education an amount equal to the lesser of (i) the municipality’s allocation of essential programs and services costs (“EPS Allocation”); and (ii) an amount equal to the statewide educational mill rate multiplied by the lesser of the municipality’s state valuation for the most recent prior year and the average of the state valuations for the 3 most recent prior years (“Mill Rate Expectation”). In the event that a municipality’s required contribution is its EPS Allocation, any increases in the municipality’s state valuation does not affect the required contribution.

In the case of Freeport, in recent years, its Mill Rate Expectation has exceeded the EPS Allocation by relatively small amounts, and the Town’s required contribution has been based on its Mill Rate Expectation. As a result, small future increases in the Town’s state valuation will increase the Town’s required contribution, but only until the increases in valuation cause the Mill Rate Expectation to exceed the EPS Allocation. The RSU’s most recent State Calculation for Funding Public Education Report (“ED 279”), dated January 30, 2020, shows that the Town’s required contribution for FY 2020-2021 is its Mill Rate Expectation (\$13,240,966), which just exceeds the EPS Allocation (\$13,279,916). Assuming that the statewide mill rate of 8.18 and the EPS allocation remain constant in subsequent years, if the projected Captured Assessed Value for FY 2021-2022 were not sheltered from educational taxes, it would increase the Town’s Mill Expectation Rate by \$4,645, but the Mill Expectation Rate would not exceed the EPS Allocation for that year. In 2022-2023 and subsequent years, based on the same assumptions, the projected Captured Assessed Value would cause the Town’s Mill Expectation Rate to exceed the EPS Allocation for each of those years. As a result, the Captured Assessed Value for these years would not result in an increase in educational taxes, and the education tax shift for these years would be \$0.

**COUNTY TAX SHIFT:** In order to compute this shift, we first obtained the five most recent years’ County State Valuation from the Town’s audited financial statements and current year’s projection. We then determined the average Captured Assessed Value from the TIF Revenue Projects (Exhibit E). We then determined the Town’s current share of the County Tax by dividing the current Town Valuation by the Current County Valuation (from the Maine Revenue Services 2020 State Valuation, dated Jan. 23, 2020). We then determined what the Town’s Share of the County Tax would be if the new value from the District were added by the Town’s Valuation without the creation of the District by dividing the sum of the current Town Valuation plus the average new value by the sum of the current County Valuation plus the average new value. The difference is the factor representing the percentage of the County Tax Shift. Next, we determined the estimated average annual county tax over the life of the District. To arrive at this number, the average change in County Tax for the last five years was determined and the percentage increase projected to the middle of the District’s life. This projected tax was then multiplied by the factor developed above to determine the County Tax Shift.

*(Captured Assessed Value / (Captured Assessed Value + Current County State Valuation)) x Estimated Average Annual County Tax = Annual County Tax Shift*

**REVENUE SHARING SHIFTS:** The first step in determining the Revenue Sharing Tax Shifts was to obtain the total Municipal Revenue Sharing Amount from the State Treasurer (FY '21 Revenue Sharing Projections, published March 4, 2020).

The five steps outlined in the following formula were then applied:

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

## EXHIBIT G



**The Times Record**

Local. Legitimate. Journalism.

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**Classified Advertising Proof**

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Thank you for placing your advertisement with us.

Your order information and a preview of your advertisement are attached below for your review. If there are changes or questions, please contact the classified department at (207) 729-3311

Thank you

(207) 729-3311                                      aodell@timesrecord.com                                      Monday – Friday 8:00 am – 4:30pm

Order Number	0179789	Order Price	\$195.10
Sales Rep.	Sara Odell	PO No.	Johanna Hanselman
Account	ATR228	Payment Type	Invoice
Publication	The Times Record	Number of dates	1
First Run Date	04/17/2020	Last Run Date	04/17/2020

**Public Notice**

**TOWN OF FREEPORT  
 NOTICE OF PUBLIC HEARING**

The Freeport Town Council hereby provides notice that it will hold a public hearing at 6:30 p.m. on Tuesday, April 28, 2020, by remote participation, for purposes of receiving public comments on the designation of the proposed new Concord Gully Brook Development District and Municipal Tax Increment Financing District #6, and the adoption of a Development Program for said new District pursuant to the provisions of Chapter 206 of Title 30-A of the Maine Revised Statutes, as amended.

The proposed new District comprises five parcels totaling 88 acres located at 15 Casco Street (Lots 13-ETC, 19, and 20 on Tax Map #8 and Lots 98-ETC and 101 on Tax Map #20). The proposed new District and Development Program will enable the Town to capture tax revenues generated by investments made within the District related to certain commercial development activities. The Town proposes to allocate certain revenues generated from this development within the District to municipal projects such as storm water improvements; environmental improvements, creation of recreational trails and bicycle paths, and establishment of an economic development loan program, and to authorize a Credit Enhancement Agreement with L.L.Bean, Inc., as may be approved and permitted pursuant to Section 5225 of Title 30-A of the Maine Revised Statutes, as amended.

A copy of the proposed Development Program for the new District is on file with the Town Clerk. A copy can be obtained on the Town's website at [www.freeportmaine.com](http://www.freeportmaine.com) or by contacting Town Clerk Christine Wolfe at 865-4743 x.123 during normal business hours or at [cwolfe@freeportmaine.com](mailto:cwolfe@freeportmaine.com). Interested residents may submit comments by mail to: Town Clerk, 30 Main Street, Freeport Maine, 04032, by email to: [cwolfe@freeportmaine.com](mailto:cwolfe@freeportmaine.com), or may participate remotely in the Public Hearing. Details for remote participation will be posted along with the Meeting Agenda on the Town's website not later than April 23, 2020.

[attach Notice for May 19, 2020 Hearing]

## **TOWN OF FREEPORT** **NOTICE OF PUBLIC HEARING**

The Freeport Town Council hereby provides notice that it will hold a public hearing at 6:30 p.m. on Tuesday, May 19, 2020, for purposes of receiving public comments on proposed amendments to Table 1/Exhibit J in the Development Program for the Concord Gully Brook Development District and Municipal Tax Increment Financing District #7 previously approved on April 28, 2020, and final approval of the District and Development Program.

A copy of the proposed amended Development Program for the District is on file with the Town Clerk. A copy can be obtained on the Town's website at [www.freeportmaine.com](http://www.freeportmaine.com) or by contacting Town Clerk Christine Wolfe at 865-4743 x.123 during normal business hours or at [cwolfe@freeportmaine.com](mailto:cwolfe@freeportmaine.com). Interested members of the public may submit comments by mail to: Town Clerk, 30 Main Street, Freeport, Maine 04032, by email to [cwolfe@freeportmain.com](mailto:cwolfe@freeportmain.com), or may participate remotely in the Public Hearing. Details for remote participation will be posted along with the Meeting Agenda on the Town's website not later than May 14, 2020.

**EXHIBIT H**

**ATTESTED MINUTES OF PUBLIC HEARINGS**

**Town Council Meeting of April 28, 2020**

**Town Council Meeting of May 19, 2020**

(See attached)

**EXHIBIT I**

**ORDER OF THE FREEPORT TOWN COUNCIL**

[to be provided]

**EXHIBIT J**

**PUBLIC PROJECTS**

TABLE NO. 1: PUBLIC FACILITIES, IMPROVEMENTS AND PROGRAMS

<b><u>Project</u></b>	<b><u>Estimated Cost Over 30 Years</u></b>	<b><u>Statutory Citations (Title 30-A M.R.S.)</u></b>
<b>Projects Within District</b>		
(a) Design, construction and installation of voluntary storm water treatment systems onsite that result in less storm water leaving the site and discharged into Concord Gully Brook, which should improve the water quality in that body and partially addressing its DEP designation as an urban-impaired stream.	\$9,000,000 <sup>1</sup>	§ 5225(1)(A)(1)(b), (c) and (d); § 5225(1)(A)(4); and, § 5225(1)(C).
(b) Financing costs, including, but not limited to, closing costs, costs of any required performance guarantee, issuance costs and interest paid to holders of evidences of bonds and indebtedness issued to pay for project costs	\$1,960,000 <sup>1</sup>	§ 5225(1)(A)(2)
<b>Projects Outside District <u>Related to TIF</u></b>		
<b><u>None</u></b>		
<b><u>Projects Throughout Municipality</u></b>		
(c) Design and construct environmental improvements, including streambank restoration of Concord Gully Brook to stabilize stream banks, reduce erosion, and improve aquatic life habitat. Design and install structural best management practices for environmental improvements, including storm water improvements to properties within the Concord Gully Brook watershed, to reduce the impact of impervious surfaces on Concord Gully Brook.	\$4,000,000	§ 5225(1)(A)(1)(c) and (d); § 5225(1)(C)
(d) Acquisition, planning, design, construction, improvement, and maintenance of new and existing recreational trails and open space within and outside of the District, including without limitation, costs of real property interests, trails, bridges, signage, crosswalks, safety features, and other related improvements. Trails may include	\$2,100,000 <sup>1</sup>	§ 5225(1)(A)(1)(a); § 5225(1)(C)(6)

trail connections south toward Pine Street and north toward the downtown area.		
(e) Acquisition, planning, design, construction, improvement, and maintenance of new and existing bicycle lanes and recreational trails outside of the District that have significant potential to promote economic development, including without limitation, costs of real property interests, trails, bridges, signage, crosswalks, safety features, and other related improvements. Bicycle lanes and trails may include connections south from Pine Street to Old South Freeport Road and north from Freeport Village to Brunswick along the course of the East Coast Greenway.	\$14,875,000	§ 5225(1)(A)(1)(a) §5225(1)(C)(6)
<b>Projects Throughout Municipality</b>		
(f) Funding of a permanent economic development revolving loan fund for businesses within the Town.*	\$5,000,000	§ 5225(1)(C)(3)
(g) <u>Economic development programs, projects, and events to promote arts and cultural and historic uses of the Town's downtown area.*</u>	\$250,000	§ 5225(C)(1)
(h) <u>Marketing and promotion of the Town's downtown area through public streetscape improvements, including landscaping, greenscaping, signage, and pedestrian improvements, such as crosswalks, crosswalk signals and warning systems, and crosswalk curb treatments.</u>	<u>Landscaping/Greenscaping*</u> \$50,000 <u>Downtown Gateway and Wayfinding Signage</u> \$50,000 <u>Crosswalk improvements*</u> \$100,000 <u>Related professional service costs \$20,000</u>	§ 5225(C)(1), (2)
(i) <u>Conversion to underground utilities in the Town's downtown area to create a more attractive downtown for commercial and arts and cultural purposes.</u>	\$4,100,000	§ 5225(C)(1)
(j) <u>Installation or improvement of bus shelters, benches, signage, and other transit-related structures or infrastructure.</u>	<u>Bus shelters \$60,000</u> <u>Train Station Improvements \$150,000</u>	§ 5225(C)(7)
TOTAL Estimated Project Costs (30 Years)	<del>\$36,935,000</del> <u>\$41,715,000</u>	
<sup>1</sup> These project costs reflect, in part, payments made to the Company under a Credit Enhancement Agreement for the purposes specified in this table.		
* <del>None of the</del> These listed projects costs are common to the Town's existing TIF Districts #4.		

**EXHIBIT K**

Reserved

**EXHIBIT L**

Reserved

**EXHIBIT M**

**CREDIT ENHANCEMENT AGREEMENT**

See attached.

**CREDIT ENHANCEMENT AGREEMENT  
CONCORD GULLY BROOK DEVELOPMENT DISTRICT  
AND TAX INCREMENT FINANCING DISTRICT ~~#6#7~~**

This Credit Enhancement Agreement (“Agreement”), dated as of April 28, 2020, is between the Town of Freeport, Maine (the “Town”), a municipal corporation and political subdivision of the State of Maine, and L.L. Bean, Inc. (the “Company”)

WITNESSETH:

WHEREAS, on April 28, 2020, the Town designated the Concord Gully Brook Development District and Tax Increment Financing District ~~#6#7~~ (the “District”) and adopted a related Development Program (the “Development Program”) in accordance with Chapter 206 of Title 30-A of the Maine Revised Statutes, by action of the Town Council at a meeting of the Town Council held on April 28, 2020 (the “Vote”); and

WHEREAS, on the same date and pursuant to the Vote, the Town Council authorized the execution and delivery of a credit enhancement agreement between the Town and the Company, as contemplated in the Development Program; and

WHEREAS, the Town and the Company desire and intend that this Agreement be and constitute the credit enhancement agreement contemplated in the Development Program and the Vote;

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

**ARTICLE I  
DEFINITIONS**

Section 1.1. Definitions. The terms defined in this Article I shall, for all purposes of this Agreement, have the meanings herein specified, unless the context clearly requires otherwise:

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

“Agreement” shall mean this Credit Enhancement Agreement between the Town and the Company dated as of the date set forth above, as such may be amended from time to time.

“Captured Assessed Value” means the amount, stated as a percentage, of the Increased Assessed Value of the real property in the District that is utilized in each Tax Year during the term of the District, as specified in Section 2.3 hereof, to fund Public Facilities, Improvements and Programs as authorized in the Development Program, and as that term is defined therein.

“CEA Year” shall have the meaning given such term in Section 2.3(a) of this Agreement.

“Company” shall have the meaning given such term in the first paragraph hereto.

“Company Project” means those portions of Phase 3 of the Company’s Corporate Master Plan consisting of major storm water improvements, as described in Subsections 2.01(a) and (a) and (b) of Table No. 1 in subsection 2.03 of the Development Program.

“Company Project Cost Subaccount” means that portion of the Project Cost Account of the Development Program Fund for the property in the District constituting the Company Project set aside for the Company established and maintained according to Article II hereof.

“Construction Phase Payment” shall have the meaning given such term in Section 3.1(a)(4) of this Agreement.

“Current Assessed Value” means the then-current assessed value of the real property in the District as determined by the Town Tax Assessor as of April 1 of each Tax Year that the District remains in effect.

“Design Phase Payment” shall have the meaning given such term in Section 3.1(a)(2) of this Agreement.

“Development Program” shall have the meaning given such term in the recitals hereto.

“Development Program Fund” means the Development Program Fund described in the Development Program and established and maintained pursuant to Article II hereof and Section 5227(3)(A) of the Act consisting of subaccounts further described herein.

“District” shall have the meaning given such term in the first recital hereto, which comprises Lots 13-ETC, 19, and 20 as depicted on Map 8 and Lots 98-ETC and 101 as depicted on Map 20 of the Town Assessor’s tax maps (approximately 88.62 acres) as more particularly described in the Development Program.

“Easement Payment” shall have the meaning given such term in Section 3.1(a)(1) of this Agreement.

“Effective Date” means the date on which the Commissioner of the Maine Department of Economic & Community Development approves the Development Program.

“Fiscal Year” means July 1 to June 30 each year or such other fiscal year as the Town may from time to time establish.

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

The “Notice” shall have the meaning given such term in Section 3.1(a)(4) of this Agreement.

“Original Assessed Value” means \$34,038,300, which is the taxable assessed value of the real property in the District as of the Effective Date (for the 2020 Tax Year: April 1, 2019 through March 31, 2020).

“Project Cost Account” means the project cost accounts described in section 3.04 of the Development Program and established and maintained pursuant to Section 5227(3)(A)(1) of the Act and Article II hereof.

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

“State” means the State of Maine.

“Tax Increment Revenues” means that portion of all Property Taxes assessed and paid to the Town in any Tax Year, in excess of any state, or special district tax, upon the Captured Assessed Value.

“Tax Payment Date” means the later of the date(s) on which property taxes levied by the Town are due and payable from owners of property located within the Town, or are actually paid to the Town with respect to taxable property located within the District.

“Tax Year” shall have the meaning given such term in Section 5222(18) of the Act, namely April 1 to March 31.

“Town” shall have the meaning given such term in the first paragraph hereto.

“Town Project Cost Subaccount” means that portion of the Project Cost Account of the Development Program Fund for the District set aside for the Town established and maintained according to Article II hereof.

“Vote” shall have the meaning given such term in the recitals hereto.

Section 1.2. Interpretation and Construction. In this Agreement, unless the context otherwise requires:

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

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

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

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

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

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

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

## **ARTICLE II DEVELOPMENT PROGRAM FUND AND FUNDING REQUIREMENTS**

Section 2.1. Creation of Development Program Fund. Within sixty (60) days after the Effective Date, the Town shall create and establish a segregated fund in the name of the Town designated as the “Concord Gully Brook TIF District Program Fund” (hereinafter the “Development Program Fund”) pursuant to, and in accordance with the terms and conditions of, the Development Program and Section 5227(3) of the Act. The Development Program Fund shall consist of the Company Project Cost Subaccount and the Town Project Cost Subaccount, both of which are pledged to and charged with the payment of Company Project costs described in the Development Program, as provided in Section 5227(3)(A)(1) of the Act. The Development Program Fund is pledged to and charged with the payment of costs in the manner and priority provided in Section 3.1(a) below.

Section 2.2. Liens. The Town shall not create any liens, encumbrances, or other interests of any nature whatsoever on the Company Project Cost Subaccount, nor shall it hypothecate the Company Project Cost Subaccount described in Section 2.1 hereof or any funds therein, other than the interest in favor of the Company hereunder; provided, however, that nothing herein shall prohibit the creation of property tax or other liens and encumbrances on property in the District in accordance with and entitled to priority pursuant to Maine law.

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

(a) Each year during the term of this Agreement, commencing with the 2021 Tax Year (April 1, 2020 through March 31, 2021, the Tax Year of the Effective Date) and continuing through June 30, 2050 (during the 30<sup>th</sup> Tax Year of this Agreement) (collectively the “CEA Years”), the Town shall retain in the District a percentage of the Increased Assessed Value as Captured Assessed Value as shown in Table 1.

(b) For each of the CEA Years, the Town shall deposit into the Development Program Fund contemporaneously with each payment of Property Taxes during the term of this Agreement an amount equal to one hundred percent (100%) of that portion of the property tax payment attributable to the Captured Assessed Value, i.e, the Tax Increment Revenues. The Town shall allocate the Tax Increment Revenues so deposited in the Development Program Fund to the Company Project Cost Subaccount and to the Town Project Cost Subaccount as shown in Table 1. In any event, the aggregate amount of Tax Increment Revenues allocated to the Company Project Cost Subaccount during the term of this Agreement shall not exceed \$9,600,000. After the aggregate amount of Tax Increment Revenues allocated to the Company Project Cost Subaccount reaches \$9,600,000, 100% of the Tax Increment Revenues shall be deposited into the Town Project Cost Subaccount.

Table 1

CEA Year	Fiscal Year (ending June 30,)	Captured Assessed Value	% of Tax Increment Revenues to Company Project Cost Subaccount	% of Tax Increment Revenues to Town Project Cost Subaccount
1	2021	95%	77%	23%
2	2022	95%	77%	23%
3	2023	95%	77%	23%
4	2024	95%	77%	23%
5	2025	95%	77%	23%
6	2026	95%	77%	23%
7	2027	95%	77%	23%
8	2028	95%	77%	23%
9	2029	95%	77%	23%
10	2030	95%	77%	23%
11	2031	90%	90%	10%
12	2032	90%	90%	10%
13	2033	90%	90%	10%
14	2034	90%	90%	10%
15	2035	90%	90%	10%
16	2036	90%	90%	10%
17	2037	90%	90%	10%
18	2038	90%	90%	10%
19	2039	90%	90%	10%
20	2040	90%	90%	10%
21	2041	50%	0%	100%
22	2042	50%	0%	100%
23	2043	50%	0%	100%
24	2044	50%	0%	100%
25	2045	50%	0%	100%
26	2046	50%	0%	100%
27	2047	50%	0%	100%
28	2048	50%	0%	100%
29	2049	50%	0%	100%
30	2050	50%	0%	100%

Notwithstanding information in Table 1 or any other provision in this Agreement or the Development Program to the contrary, in the event that the total aggregate amount of Tax Increment Revenues deposited into the Company Project Cost Subaccount does not equal \$9,600,000 by April 1, 2040, then beginning on April 1, 2040, the percentage of Captured Assessed Value shall continue at 90%, with 90% of the resulting Tax Increment Revenues

deposited in the Company Project Cost Subaccount and 10% deposited in the Town Project Cost Subaccount, but only until the total cumulative amount of Tax Increment Revenues deposited in the Company Project Cost Subaccount equals \$9,600,000.

Section 2.4. Use of Monies in Development Program Fund. All monies in the Development Program Fund that are allocable to and/or deposited in the Company Project Cost Subaccount shall in all cases be used and applied to fund fully the Town's payment obligations to the Company as described in Articles II and III hereof. The Company shall be obligated to use such payments for Company Project costs as approved in the Development Program, as allowed under Section 5225 of the Act and as determined pursuant to Article III.

Section 2.5. Monies Held for Benefit of the Company. All monies required to be deposited with or paid into the Company Project Cost Subaccount under the provisions hereof and the provisions of the Development Program, and any investment earnings thereon, shall be held by the Town for the benefit of the Company.

### **ARTICLE III PAYMENT OBLIGATIONS**

Section 3.1. Payments.

(a) (1) Upon the Company's conveyance to the Town of a mutually agreeable easement for the purposes of creating a bicycle/pedestrian trail from Pine Street to West Street, the Town shall pay the Company all amounts then on deposit in the Company Project Cost Subaccount up to \$100,000 (the "Easement Payment"). If the amounts then on deposit in the Company Project Cost Subaccount are less than the amount of the Easement Payment, then the Town shall pay the Company, within thirty (30) days following each of the subsequent Tax Payment Dates, amounts then on deposit in the Company Project Cost Subaccount until the full amount of the Easement Payment has been paid to the Company.

(2) Upon (i) completion of the design of the Company Project, designed to meet the applicable requirements of 06-096 C.M.R. ch. 500; and (ii) approval of the design by the Maine Department of Environmental Protection ("Maine DEP"), the Town shall pay the Company all amounts then on deposit in the Company Project Cost Subaccount up to \$500,000 (the "Design Phase Payment"). If the amounts then on deposit in the Company Project Cost Subaccount are less than the amount of the Design Phase Payment, then the Town shall pay the Company, within thirty (30) days following each of the subsequent Tax Payment Dates, amounts then on deposit in the Company Project Cost Subaccount until the full amount of the Design Phase Payment has been paid to the Company.

(3) Upon (i) completion of the Company Project; (ii) confirmation by the Town Engineer that the Company Project was satisfactorily completed as designed and as approved by the Project Review Board in the Site Plan; (iii) the Company filing documentation with Maine DEP, as it may require; and (iv) determination of the Construction Phase Payment, the Town shall pay the Company all amounts then on deposit in the Company Project Cost Subaccount up to the amount of the Construction Phase Payment to reimburse the Company for a portion of its costs to design, construct, and finance the Company Project. If the amounts then on deposit in the Company Project Cost Subaccount are less than the amount of the Construction

Phase Payment, then the Town shall also pay the Company, within thirty (30) days following each of the subsequent Tax Payment Dates, the amounts then on deposit in the Company Project Cost Subaccount until the full amount of the Construction Phase Payment has been paid to the Company. After the full amounts of the Easement Payment, Design Phase Payment and the Construction Phase Payment have been paid to the Company, all of the Company's interest in the Company Project Cost Subaccount shall terminate, and any amounts remaining in the Company Project Cost Subaccount shall be transferred to the Town Project Cost Subaccount.

(4) Within 30 days after the Company has secured a performance guarantee in the amount to cover the cost of all site work associated with the Company Project, as required by the Town Project Review Board, the Company shall submit to the Town a "Notice" similar to the sample Notice of Determination of the Construction Phase Payment which is attached hereto as **Exhibit A**. The amount of the "Construction Phase Payment" shall be determined, pursuant to this paragraph, by the Company's costs to design, construct and finance the Company Project as it discloses to the Town in a Notice, as follows:

(i) \$9,000,000 shall be deemed to be the Construction Phase Payment if the Company reasonably estimates in a Notice that the sum of the Company's costs to design, construct, and finance the Company Project is an amount that meets or exceeds the product of ninety percent (90%) and \$9,600,000; or

(ii) If the Company reasonably estimates in a Notice that the sum of the Company's costs to design, construct and finance the Company Project is an amount that is less than the product of ninety percent (90%) and \$9,600,000, the Construction Phase Payment shall be deemed to be the difference of such lesser amount and the sum of the Easement Payment and the Design Payment.

(b) During the term of this Agreement, the Company agrees to pay, when due, all amounts lawfully assessed by the Town against the Company as Property Taxes against real estate in the District.

(c) Notwithstanding anything to the contrary contained herein, if, with respect to any Tax Payment Date, any portion of the property taxes assessed against the real property located in the District remain unpaid because of a bona fide valuation dispute being pursued by the Company, the property taxes actually paid by the Company with respect to such Tax Payment Date shall be applied in the following order of precedence:

1. Property Taxes with respect to the Original Assessed Value;
2. Property Taxes with respect to non-Captured Assessed Value;
3. Property Taxes with respect to Captured Assessed Value to be deposited in the Town Project Cost Subaccount, as detailed in Table 1; and
4. Property Taxes with respect to Captured Assessed Value to be deposited in the Company Project Cost Subaccount, as detailed in Table 1.

Section 3.2. Failure to Make Payment. In the event the Town should fail to, or be unable to, make any of the payments at the time and in the amount required under the foregoing provisions of this Article III including in the event that the amount deposited into the Company Project Cost Subaccount is insufficient to reimburse the Company for the full amount due to the Company under this Agreement, the amount or installment so unpaid shall continue as a limited

obligation of the Town, under the terms and conditions hereinafter set forth, until the amount unpaid shall have been fully paid. The Company shall have the right to initiate and maintain an action to specifically enforce the Town's obligations hereunder, including without limitation, the Town's obligation to deposit Tax Increment Revenues to the Company Project Cost Subaccount and its obligation to make payment out of the Company Project Cost Subaccount to the Company.

Section 3.3. Manner of Payments. The payments provided for in this Article III shall be paid directly to the Company at the address specified in Section 8.8 hereof in the manner provided hereinabove by check drawn on the Town or by other method of payment agreed to by the parties.

Section 3.4. Obligations Unconditional. Subject to each party's compliance with the terms and conditions of this Agreement, the obligations of the Town to make the payments described in this Agreement in accordance with the terms hereof shall be absolute and unconditional, and the Town shall not suspend or discontinue any payment hereunder or terminate this Agreement for any cause, other than pursuant to this Agreement or by court order or by reason of a final judgment by a court of competent jurisdiction that the District is invalid or otherwise illegal.

Section 3.5. Limited Obligation. The Town's obligations of payment hereunder shall be limited obligations of the Town payable solely from Tax Increment Revenues pledged therefor under this Agreement. The Town's obligations hereunder shall not constitute a general debt or a general obligation or charge against or pledge of the faith and credit or taxing power of the Town, the State of Maine, or of any municipality or political subdivision thereof, but shall be payable solely from that portion of Tax Increment Revenues payable to the Company hereunder, whether or not actually deposited into the Company Project Cost Subaccount. This Agreement shall not directly, indirectly, or contingently obligate the Town, the State of Maine, or any other Town or political subdivision to levy or to pledge any form of taxation whatever therefor or to make any appropriation for their payment, excepting the pledge of the Tax Increment Revenues established under this Agreement.

#### **ARTICLE IV PLEDGE AND SECURITY INTEREST**

Section 4.1. Pledge of and Grant of Security Interest in the Company Project Cost Subaccount. In consideration of this Agreement and other valuable consideration and for the purpose of securing payment of the amounts provided for hereunder to the Company by the Town, according to the terms and conditions contained herein, and in order to secure the performance and observance of all of the Town's covenants and agreements contained herein, the Town does hereby grant a security interest in and pledge the Company Project Cost Subaccount described in Section 2.1 hereof and all sums of money and other securities and investments therein to the Company.

Section 4.2. Further Instruments. The Town 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 Town; and provided further that the cost of executing and delivering such further instruments (including the reasonable and related costs of counsel to the Town with respect thereto) shall be borne exclusively by the Company.

Section 4.3. No Disposition of the Company Project Cost Subaccount. Except as permitted hereunder, the Town shall not sell, lease, pledge, assign or otherwise dispose, encumber or hypothecate any interest in the Company Project Cost Subaccount and will promptly pay or cause to be discharged or make adequate provision to discharge any lien, charge or encumbrance on any part thereof not permitted hereby.

## **ARTICLE V DEFAULTS AND REMEDIES**

Section 5.1. 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 Town to pay any amounts due to the Company when the same shall become due and payable;

(b) Any failure by the Town to make deposits into the Company Project Cost Subaccount as and when due;

(c) Any failure by the Town or the Company to observe and perform in all material respects any covenant, condition, agreement or provision contained herein on the part of the Town or the Company to be observed or performed, which failure is not cured within thirty (30) days following written notice thereof;

(d) If a decree or order of a court or agency or supervisory authority having jurisdiction in the premises of the appointment of a conservator or receiver or liquidator of, any insolvency, readjustment of debt, marshaling of assets and liabilities or similar proceedings, or for the winding up or liquidation of the Company's affairs shall have been entered against the Company or the Company shall have consented to the appointment of a conservator or receiver or liquidator in any such proceedings of or relating to the Company or of or relating to all or substantially all of its property, including without limitation the filing of a voluntary petition in bankruptcy by the Company or the failure by the Company to have an involuntary petition in bankruptcy dismissed within a period of ninety (90) consecutive days following its filing or in the event an order for release has been entered under the Bankruptcy Code with respect to the Company; and

(e) If any written representation or warranty given to the Town by the Company is knowingly incorrect or incomplete in any material respect, other than statements made about or in agreements with the Town that were later changed by mutual consent.

Section 5.2. Remedies on Default. Whenever any Event of Default described in Section 5.1 hereof shall have occurred and be continuing, the non-defaulting party, following the expiration of any applicable cure period, shall have all rights and remedies available to it at law

or in equity, including the rights and remedies available to a secured party under the laws of the State of Maine, and may take whatever action consistent with section 8.7 as may be necessary or desirable to collect the amount then due and thereafter to become due, to 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. Further, the non-defaulting party may elect to terminate this Agreement upon 30 days' written notice to the defaulting party.

Section 5.3. Remedies Cumulative. No remedy herein conferred upon or reserved to any party 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 every other 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 Event of Default, 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 an Event of Default shall not impair any such right or power or be considered or taken as a waiver or relinquishment for the future of the right 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 the parties hereto with all of the covenants and conditions hereof, or of the rights to exercise any such rights or remedies, if such one or more Event of Default be continued or repeated.

## **ARTICLE VI TERM AND TERMINATION**

This Agreement shall remain in full force from the date of this Agreement and continuing through June 30, 2050, unless sooner terminated pursuant to Section 3.4, Section 5.2, or any other applicable provision of this Agreement. The Town may terminate this Agreement by delivering written notice of such termination to the Company in the event that Maine DEP does not approve a design of the Company Project, designed to meet the applicable requirements of 06-096 C.M.R. ch. 500, before December 31, 2025.

## **ARTICLE VII ASSIGNMENT AND PLEDGE OF COMPANY'S INTEREST**

Section 7.1. Consent to Pledge, Collateral Assignment Or Grant of a Security Interest. The Town hereby acknowledges that the Company may pledge, assign and grant a security interest in its right, title and interest in, to and under this Agreement as collateral for financing by a bank or financial institution to the Company for the Company Project, although no obligation is hereby imposed on the Company to make such assignment or pledge. Recognizing this possibility, the Town does hereby consent and agree to the pledge and assignment of and the grant of a security interest in all the Company's right, title and interest in, to and under this Agreement and in, and to the payments to be made to the Company hereunder, to third parties as collateral or security for indebtedness or otherwise, on one or more occasions during the term hereof. The Town agrees upon request to execute and deliver any assignments, pledge agreements, consents or other confirmations required by the prospective pledgee or assignee or secured party, including without limitation recognition of the pledgee or assignee or secured party as the holder of all right, title and interest herein and as the payee of amounts due and

payable hereunder and any and all such other documentation as shall confirm to such pledgee or assignee or secured party the position of such assignee or pledgee or secured party and the irrevocable and binding nature of this Agreement, and provide to the pledgee or assignee such rights and/or remedies as the parties may reasonably deem necessary for establishing, perfection and protection of its interest herein. The Company shall be responsible for the Town's necessary and reasonable costs of counsel with respect to any such pledge or assignment.

Section 7.2. Transfer. Except as specified in Section 7.1 hereof, the Company shall not transfer or assign any portion of its rights in, to and under this Agreement without the prior written consent of the Town, which consent shall not be unreasonably withheld, conditioned, or delayed.

## **ARTICLE VIII MISCELLANEOUS**

Section 8.1. Successors. In the event of the dissolution, merger, or consolidation of the Town or the Company, 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 8.2. 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 Town and the Company 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 Town and the Company.

Section 8.3. 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 8.4. No Personal Liability of Officials of the Town.

(a) No covenant, stipulation, obligation, or agreement of the Town 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 Town in his or her individual capacity, and neither the Town Council nor any official, officer, employee, or agent of the Town shall be liable personally with respect to this Agreement or be subject to any personal liability or accountability by reason hereof.

(b) No covenant, stipulation, obligation, or agreement of the Company contained herein shall be deemed to be a covenant, stipulation, or obligation of any present or future officer, agent, servant, or employee of the Company in his or her individual capacity, and no official, officer, employee, or agent of the Company shall be liable personally with respect to this Agreement or be subject to any personal liability or accountability by reason hereof.

Section 8.5. 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 8.6. Governing Law. The laws of the State of Maine shall govern the construction and enforcement of this Agreement.

Section 8.7. Arbitration. All disputes under this Agreement shall be determined by arbitration as provided in this Section. The arbitration shall be conducted by a single arbitrator in Portland, Maine according to the JAMS Streamlined Arbitration Rules and Procedures, except as follows:

a. Selection of Arbitrator; Qualifications. A party initiating arbitration proceedings may do so by giving notice to that effect to the other party. Not later than 15 days after the initiation of the arbitration proceedings, the parties shall designate a disinterested person as an arbitrator, who shall judge the dispute without the requirement of a formal filing of the arbitration demand with JAMS. If the parties fail to designate an arbitrator during the 15-day period, the parties shall request that the Cumberland County, Maine Superior Court designate an arbitrator. A person designated or selected as an arbitrator shall be licensed to practice law in the State of Maine and have at least 5-years' experience as a lawyer, judge or the like, or, in the event of arbitration on a specific issue under this Agreement, specialized knowledge or experience relating to the issue in dispute.

b. Replacement Arbitrator. If the arbitrator so appointed shall, at any time, be unable or unwilling to serve, or to continue to serve, in such capacity, a replacement arbitrator shall be mutually agreed to by the parties or appointed as provided in this Agreement. A replacement arbitrator shall have the same standing and power as though originally appointed.

c. Effect of Determination. The determination of the arbitrator, including the arbitrator's determination of the arbitrability of any issue, shall be conclusive and binding upon the parties, and the parties shall have no right to appeal any determination but may seek to vacate an award as permitted by the Maine Uniform Arbitration Act. The parties waive any right to jury trial. Judgment may be entered upon the award of the arbitrator by either party in the Cumberland County, Maine Superior Court.

Section 8.8. Notices. All notices, certificates, requests, requisitions or other communications by the Town 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 Town:  
Town of Freeport  
30 Main Street  
Freeport, ME 04032  
Attn. Town Manager

Copy to:  
Drummond Woodsum  
84 Marginal Way, Suite 600  
Portland, ME 04101  
Attn: Amy K. Tchao, Esq.

If to the Company:

Copy to:

L.L. Bean, Inc.  
Casco Street  
Freeport, ME 04033  
Attn: Tax Department

Brann & Isaacson  
184 Maine Street, 4<sup>th</sup> Floor  
P.O. Box 3070  
Lewiston, ME 042443-3070  
Attn: George S. Isaacson, Esq.

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

Section 8.10. Records. The Town shall maintain records which are adequate in all respects to make the calculation of Increased Assessed Value and Tax Increment Revenues required to calculate the deposits into the Development Program Fund hereunder, and shall provide to the Company, upon request by the Company, a summary of such calculations.

Section 8.11. Integration. This Agreement completely and fully supersedes all other prior or contemporaneous understandings or agreements, both written and oral, between the Town and the Company relating to the specific subject matter of this Agreement and the transactions contemplated hereby.

IN WITNESS WHEREOF, the Town 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:

TOWN OF FREEPORT

\_\_\_\_\_

\_\_\_\_\_  
Peter Joseph, its Town Manager duly authorized

L.L. BEAN, INC.

\_\_\_\_\_

\_\_\_\_\_  
By

**SAMPLE  
NOTICE OF DETERMINATION OF  
THE CONSTRUCTION PHASE PAYMENT**

**EXHIBIT A**

Town Council Chair \_\_\_\_\_  
Freeport Town Council  
30 Main Street  
Freeport, ME 04032

Dear Town Council Chair \_\_\_\_\_,

On \_\_\_\_\_, 2020, the Town of Freeport and L.L.Bean, Inc. entered into a Credit Enhancement Agreement (the “Agreement”) regarding the Concord Gully Brook Development District and Tax Increment Financing District ~~#6#7~~. This letter is a Notice to determine the amount of the Construction Phase Payment, as both terms are defined in the Agreement. In reliance on the Agreement, L.L.Bean has begun to make major storm water improvements (the “Company Project”) on its approximately 88.62-acre property located at 15 Casco St., Freeport, on which L.L.Bean’s corporate headquarters is located. The Company Project is part of L.L.Bean’s Master Facilities Plan, for which L.L.Bean has secured financing. Without the Town’s consideration in the Agreement, L.L.Bean would not have begun the Company Project or begun storm water improvements of close to the scale of the Company Project.

L.L.Bean has contracted with Zachau Construction, Inc. to design and construct the Company Project. Enclosed is a copy of the cover page of an amendment to a contract that details that L.L.Bean will pay Zachau Construction the guaranteed amount of \$\_\_\_\_\_ (the “GMP”) to design and construct the Company Project. On \_\_\_\_\_, the Company secured a performance guarantee in the amount of \$\_\_\_\_\_ (which equals or exceeds the amount of the GMP reduced by costs included in the GMP for work already completed) to cover the cost of all site work associated with the Company Project as approved by the Town Engineer and in a form acceptable to the Town Attorney, as required by the Town Project Review Board. L.L.Bean expects that the costs to finance the Company Project will increase the total cost of the Company Project to over \$9.6 million. This is a reasonable estimate of L.L.Bean’s costs to design, construct, and finance the Company Project.

L.L. Bean represents that (i) the amount of the GMP is based on the Company Project design approved by the Maine Department of Environmental Protection and (ii) the sum of the GMP and the costs to finance the Company Project meets or exceeds the product of ninety percent (90%) and \$9,600,000 (the “Threshold”). Accordingly, the amount of the Construction Phase Payment shall be deemed to be \$9,000,000. The Town and the Company agreed to use the Threshold at the time the Agreement was executed. *[In the event that the sum of the GMP and the financing costs of the Company Project is less than the Threshold, the first two sentences of*

*this paragraph will be similar to the following: ‘L.L. Bean represents that (i) the amount of the GMP is based on the Company Project design approved by the Maine Department of Environmental Protection and (ii) the sum of the GMP and the costs to finance the Company Project is less than the product of ninety percent (90%) and \$9,600,000 (the “Threshold”). Accordingly, the amount of the Construction Phase Payment, as that term is defined in the Agreement, shall be deemed to be \$ [the amount shall be the sum of the GMP and the costs to finance the Company Project, reduced by the amount of the Design Phase Payment].’*

This letter is written with knowledge that, under the Agreement, the term “Event of Default” is defined to include the following: “[i]f any written representation or warranty given to the Town by L.L.Bean is knowingly incorrect or incomplete in any material respect, other than statements made about or in agreements with the Town that were later changed by mutual consent.”

Please contact me if you have any questions.

Sincerely,

L.L.Bean

**EXHIBIT N**

TOWN OF FREEPORT TIF POLICY

See attached.

**TIF**  
**Tax Increment Financing**  
**Policy and Process**  
**Freeport, Maine**  
**October 2010**

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# FREEPORT TAX INCREMENT FINANCING POLICY AND PROCESS

## I. INTRODUCTION

### ***“Municipal Economic Development***

*A municipality may elect to provide financial assistance to local economic development projects – from infrastructure improvements to business expansions – by using new property taxes that result from the commercial investment and corresponding increase in property value. The state program that guides and encourages this local economic development activity is called municipal tax increment financing (TIF). TIF is predominantly a ‘real estate based’ tax incentive program.” (State of Maine, DECD Municipal Tax Increment Financing publication dated March 8, 2010)*

Tax Increment Financing (TIF) is a tool that a town can use to participate in local project financing by using some or all of the new property taxes generated by capital investment within a geographic district. TIF is one of the few techniques authorized under state law to promote economic development projects by cities and towns. In the Town of Freeport, applications for tax increment financing will be considered in the village districts, the commercial districts, and the industrial districts. Projects proposed in those areas of town receive special consideration in light of the goals established through the Comprehensive Plan and by the Freeport Economic Development Corporation. The Town may consider projects outside these areas on a case-by-case basis. Projects under consideration will directly or indirectly have a positive impact on the town.

### **Program Example**

Land in a designated area (TIF district) is assessed at <i>(original assessed value)</i>	\$500,000
A developer builds a building on that land that is assessed at	\$1,000,000
The tax rate in Freeport per thousand dollars of assessed value is	\$15.15
The total property tax per year on this land and building is	\$19,125
The property tax per year on the new building <b>only</b> (Increment) is	\$15,150

All - or a portion - of the property tax of \$15,150 can be used to support the TIF district's eligible development program and financial plan for as long as 30 years.

Not only can the \$15,150 per year be designated for eligible programs, that same amount can be “sheltered” from the computation of state subsidies (Revenue Sharing and General Purposed Aid to Education) and the payment of county taxes. As the town’s total value **increases** the town will realize a **decrease** in Revenue Sharing and Education subsidies and an **increase** in County tax payments.

	Taxes Sheltered in TIF	Without TIF Shelter – taxes to general fund
Taxes from new building (example above)	\$15,150	\$15,150
Portion paid to county *		- \$531
State Rev Sharing reduction *		- \$443
State Education Aid reduction *		- \$6,800
Net to Freeport	\$15,150	\$7,376

\*Please note that these figures are adjusted annually and may change based on the adjustment.

The Sheltered tax amount of \$15,150 (all or a portion) may be designated for eligible economic development programs including reimbursement to a developer for business or development project costs (via a Credit Enhancement Agreement).

Economic development projects will be eligible to apply for TIF funding when they meet at least three of the following objectives:

- The projects receiving TIF funding assistance are public infrastructure projects in support of the development that would typically be projects the community might fund through the general fund, or capital fund, but was unable to do so
- The project proceeds complete a public infrastructure project identified as needed by the community or an identified public benefit for the community
- The project cannot move forward without the infrastructure support
- The project itself will create or retain significant and sustainable employment opportunities

The purpose of this policy is to outline standards and processes that the Town of Freeport will use in initiating or considering applications for Tax Increment Financing (TIF). Notwithstanding this policy the creation of a TIF agreement is a decision made on a case-by-case basis by the Freeport Town Council and the Maine Department of Economic & Community Development

(Maine DECD). Tax Increment Financing is not a right under Maine law and meeting these policies should not be interpreted as creating any rights or entitlements in any application.

## II. BASIC PROVISIONS

Applications for Tax Increment Financing (whether initiated by the Town or requested by a developer or business) will be considered by Town staff and the Freeport Economic Development Corporation (FEDC), with all final approvals vested with the Freeport Town Council and the Maine DECD. Applications for Affordable Housing TIFs and Amendments to existing TIFs will follow this process. The terms and specific details of each TIF agreement are developed on a case by case basis. The Town Manager and the Manager's designated departments will negotiate for the Town based on the merits of the project and this policy, following the process laid out in the Application Requirements Section IV. In developing the application, the applicant (the Town or the developer) shall meet the following basic provisions, as well as the policies and requirements stipulated in subsequent sections.

Affordable Housing TIFs are submitted using a special application form and are approved at the state level by the Maine State Housing Authority. The local review process is the same but unique criteria are used for evaluation. Separate documentation is available from the Maine State Housing Authority.

TIF Agreements. TIF is a tool that permits a municipality to participate in local project financing by using some or all of the new property taxes from a capital investment within a designated geographic district. The Town has the right to retain TIF proceeds for public infrastructure improvements or TIF eligible expenses. The municipality has the option of using the "incremental" taxes to retire bonds it has issued for the project, fund eligible municipal economic development activities, or reimburse a developer or business for development project costs (via a Credit Enhancement Agreement).

TIF districts may be designated for up to 30 years and bonds may be issued for up to 20 years. The designation of a TIF district requires proper notice, a local public hearing, the majority vote of the municipal legislative body, and state approval.

- Eligible Expenses. Eligible TIF expenses include construction, design, and permitting of necessary infrastructure to support the proposed project. Other eligible expenses are defined by the State of Maine in its TIF Publication and Statutes (which may be

amended from time to time). The Town Council will consider proposals that further economic development goals endorsed by the community.

- Documentation. The applicant is required to provide all documentation associated with the application. This documentation becomes the basis by which the project's implementation is reviewed for compliance with final approvals.
- Geographic Boundaries. The Town reserves the right, during the application process, to establish the size of the district necessary to meet the needs of the applicant or to meet the needs of infrastructure improvements deemed necessary by the community.
- Personal Property. Personal property shall not be included in the calculations for the TIF.
- Excess Funds. TIF agreements that include a CEA shall include a provision that directs any excess funds after the CEA is satisfied to be directed to economic development uses.

THE FOLLOWING 4 ITEMS APPLY TO TIFs THAT INCLUDE CREDIT ENHANCEMENT  
AGREEMENTS ONLY

Credit Enhancement Agreement

If the TIF funds are to be used to reimburse a developer or business for development project costs, a Credit Enhancement Agreement (CEA) is created. The CEA, or contract between the municipality and developer or business, is a mechanism to assist the development project by using all, or a percentage of, the tax revenues generated by the new investment to pay certain authorized project costs with payments made directly to the developer or business.

- Amount of Funds. The TIF funds reimbursed/returned to the developer (via a CEA) will not exceed, over time, the amount of funds agreed to in the TIF document. The applicant is required to submit all documentation that will justify the expenditure to be reimbursed as estimated in the TIF agreement.
- Terms. Terms shall be negotiated between the Town and the applicant on a case-by-case basis.
  - Agreements can extend between 1 and 30 years; and 20% to 100% of the incremental value can be captured depending upon the merits of the project
  - These terms are consistent with state statute.

- Suspension and Recapture of Benefits. The Credit Enhancement Agreements shall contain provisions for the suspension, termination, and/or recapture of benefits to the applicant. These actions will occur when the applicant does not meet the compliance standards outlined in this document. This would also include any statements or representations made by the applicant which would have a bearing on the Town Council's decision to participate in a TIF and at what level. The agreements shall also provide for the termination and/or recapture of benefits from the applicant if the applicant relocates all or a substantial portion of the Freeport operation outside the project, during the term of the agreement.
- Level of Funding Adjustments. During the application process and during the life of the TIF (and CEA), the applicant shall demonstrate that the funds are being used at appropriate levels for the purpose intended. If the level of funds the applicant receives exceeds the projected need, the amount returned to the applicant shall be adjusted.

### III. LEVEL OF MUNICIPAL PARTICIPATION

The Town will use various criteria to determine participation including those listed below:

- The *value* of the proposed public infrastructure
- The project creates public infrastructure facilities that have application beyond the particular development, such as improvements to traffic patterns, parking facilities, access to water, the incorporation of sustainable technologies, green space, or environmental remediation
- The project is generally consistent with goals and actions stated in the Town's Comprehensive Plan
- The project assists an established business in the Town of Freeport, thus retaining existing employment opportunities
- The project brings a new business to the community that is consistent with one of the business sectors identified below
- The project supports, or will support, local efforts and programs that assist in the development of the following business sectors: light manufacturing, the creative economy, medical industry, lodging, eco-tourism or the State's targeted industries consistent with Pine Tree Zone standards (manufacturing, advanced technologies for

forestry & agriculture, aquaculture & marine technology, biotechnology, composite materials technology, environmental technology, financial services, information technology)

- The project creates long-term, permanent, and quality employment opportunities
- The project contributes to the unique quality of the Village, commercial and industrial districts or other areas in need of redevelopment
- The project improves a blighted building site that will benefit from rehabilitation
- The project supports or will support community projects, provides job training, provides student internships, supports local contractors and suppliers

#### IV. APPLICATION REQUIREMENTS *for projects that include a Credit Enhancement Agreement*

Applicants for a Credit Enhancement Agreement should demonstrate that the Town of Freeport's participation is economically necessary and that participation is needed to undertake the project. Such justification is demonstrated by:

- The financial need to offset public infrastructure costs unique to the project or site
- The project is one that is supported in Freeport's Comprehensive Plan, in its capital improvement program, or in other supporting documents recognized by the community
- The developer demonstrates the financial capacity to undertake the project and provides evidence in support of this capacity. Evidence will include but is not limited to:
  - Development budget and pro-forma
  - Financial commitments of project lenders
  - A project implementation plan and schedule

All such information shall be kept confidential. Town staff and Town Council will agree to a non-disclosure agreement, if deemed necessary.

- The project creates incremental tax value equal to or greater than \$1 million, excluding personal property
- The developer is compliant with all statutory and regulatory guidelines of the Town of Freeport and the State of Maine

## V. APPLICATION PROCESS

The FEDC and Planning Department will coordinate all activities regarding applications for Increment Financing, possible CEAs, Affordable Housing TIFs and TIF Amendments. It is understood that the TIF process can precede other local approvals; however, the final TIF approval can have receiving such approvals as a condition. Working with applicants, the Departments will coordinate the following process

- Phase 1: The FEDC Staff will provide information on Freeport's Tax Increment Financing program to the applicants and discuss the merits of the project proposal(s). Where appropriate, the staff will reach out to obtain preliminary input from Town departments, including the Town Manager, Tax Assessor, Town Attorney, Codes Enforcement Officer, Director of Public Works, Director of Public Safety, and advise applicants on the findings of Town staff.
- Phase 2: The applicant shall file a preliminary application with the Town. The Director of the FEDC shall review the application for completeness and then submit the application to the FEDC Board of Directors for their preliminary review and comments.
- Phase 3: The Town Manager will schedule a workshop meeting with the Town Council and the FEDC Board of Directors to review the proposal. The meeting should result in the creation of a determination as to whether the application is an appropriate use of TIF funding or not. At that meeting:
  - The applicant shall provide an overview of the project
  - The Director of the FEDC shall provide any preliminary input from staff, and
  - The Town Council and FEDC members shall provide comment, as appropriate
  - There should be a preliminary discussion of terms including those involved with a CEA
  - There should be a discussion of policy waivers requested, if any
- Phase 4: Using the comments from that meeting, the applicant may apply for final application approval (the application is a separate document). The Town Planner and Director of Freeport Economic Development shall proceed with the following:
  - Meet and obtain input from appropriate department heads
  - For those TIF applications in which a Credit Enhancement Agreement may be involved or anticipated, negotiate with the developer on the conditions under which

a CEA agreement may be reached, including waivers and the rationale behind their need

- Develop a findings of fact from the FEDC Directors
- Unless otherwise specified by the Town Council in Phase 3, the applicant shall obtain any necessary local permits such as site plan review, design review, traffic and parking review
- Vet the Findings of Fact with FEDC, revise, and renegotiate with the applicant as necessary, and
- Finalize the findings of fact and forward the findings, with an FEDC recommendation, to the Town Council.
- Phase 5: Present the Findings of Fact to the Town Council for their action.
- Phase 6: Based on the Town Council's direction and approval, designated staff shall prepare and submit the application for Tax Increment Financing to the State of Maine.
- Phase 7: During implementation, the designated departments will monitor ongoing public and private investments in the particular development project to insure their compliance with Findings of Fact and the policies contained herein.

## **Application Fee.**

All developer or business applicants are required to:

- Submit a non-fundable application fee at the time of final submission to the Town
- Reimburse the Town of Freeport for all legal, staff, and consulting costs and any additional expenses whether or not an application is approved.
- At the time of final application submission, a deposit of \$1,500 will be made by the applicant into a fund to be used to reimburse the Town for staff time and any other direct expenses like required legal fees. Any funds not used during that time may be returned when the construction project is completed.
- Applications will be provided by the Freeport Economic Development Corporation, Freeport Town Hall, 30 Main Street, Freeport, Maine 04032.

## VI. WAIVER PROVISIONS

The Town Council may waive the provisions of this policy. The decision to do so shall be made by applying the intent of the following guidelines to insure that the project remains within the general parameters of Freeport's economic and community development vision. Criteria to be considered when granting the waiver include:

- Consistency with the Freeport Comprehensive Plan;
- Consistency with the Town's economic and community development vision
- Consistency with other local, state and federal rules
- Evidence of need, and,
- Capacity to carry out the project

This document replaces all previous TIF Guidelines for projects after  
October 26, 2010.

# Appendix 1 - TIF/Credit Enhancement Agreement Application

(requested by developer)

Name of Applicant:
Applicant's Address:
Applicant's Phone:
Applicant's e-mail:
Location of Project: (map/lot)
Brief Project Description: (new building, square footage, use)
Reason for the TIF and Credit Enhancement Request:
Estimated project cost:
Current value of land and existing development:
Public benefit anticipated:
Preferred duration of credit enhancement benefit:
Preferred amount of credit enhancement benefit:
Projected project completion date:
Estimated completion percentage for next two years:
Anticipated additional development within the next 5 years:
Waivers requested if any:

Deposit of \$1500.00 received from developer

## Appendix 2 – TIF Application

Town of Freeport

### TIF APPLICATION COVER SHEET

### MUNICIPAL TAX INCREMENT FINANCING

#### A. General Information

1. Municipality Name:		
2. Address:		
3. Telephone:	4. Fax:	5. Email:
6. Municipal Contact Person:		
7. Business Name:		
8. Address:		
9. Telephone:	10. Fax:	11. Email:
12. Business Contact Person:		
13. Principal Place of Business:		
14. Company Structure (e.g. corporation, sub-chapter S, etc.):		
15. Place of Incorporation:		
16. Names of Officers:		
17. Principal Owner(s) Name:		
18. Address:		

#### B. Disclosure

1. Check the public purpose that will be met by the business using this incentive (any that apply):		
<input type="checkbox"/> job creation	<input type="checkbox"/> job retention	<input type="checkbox"/> capital investment
<input type="checkbox"/> <i>training investment</i>	<input type="checkbox"/> <i>tax base improvement</i>	<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 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> ).
--

## EMPLOYMENT GOALS

Company Goals for Job Creation and Job Retention

<b><i>A. <u>Job Creation Goals</u></i></b>			
<i>Occupational Cluster*</i>	<i>Full-time</i>	<i>Part-time</i>	<i>Wage Level</i>
1. Executive, Professional & Technical			\$
2. Administrative Support, inc. Clerical			\$
3. Sales & Service			\$
4. Agriculture, Forestry & Fishing			\$
5. Maintenance, Construction, Production, & Transportation			\$
<b><i>B. <u>Job Retention Goals</u></i></b>			
<i>Occupational Cluster*</i>	<i>Full-time</i>	<i>Part-time</i>	<i>Wage Level</i>
1. Executive, Professional & Technical			\$
2. Administrative Support, inc. Clerical			\$
3. Sales & Service			\$
4. Agriculture, Forestry & Fishing			\$

5. Maintenance, Construction, Production, & Transportation			\$
<i>*Please use the Occupational Cluster descriptions on the next page to complete this form.</i>			

INSTRUCTIONS

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

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

## OCCUPATIONAL CLUSTERS

### 1. EXECUTIVE, PROFESSIONAL & TECHNICAL

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

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

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

### 2. ADMINISTRATIVE SUPPORT, INCLUDING CLERICAL

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

### 3. SALES AND SERVICE

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

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

### 4. AGRICULTURE, FORESTRY AND FISHING

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

### 5. MAINTENANCE, CONSTRUCTION, PRODUCTION AND TRANSPORTATION

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

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

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

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

## TAX SHIFT FORMULAS

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

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

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

### County Tax Shift

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

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

### Revenue Sharing Shift

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

#### Step 1:

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

#### Step 2:

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

**Step 3:**

$$\underline{\text{Current Factor}} = 1.X$$

*Adjusted Factor*

**Step 4:**

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

**Step 5:**

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

**Education Tax Shift**

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

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

## Appendix 3 – TIF/CEA Evaluation Checklist

Name of Applicant:
Name of Project:
Date:

**Applicants requesting TIF funding with a Credit Enhancement Agreement must meet one or more of the following objectives:** *Refer to TIF Policies for further explanation*

- The project requesting TIF funding assistance contains public infrastructure
- The TIF funding would complete a public infrastructure project identified as needed by the town
- The project cannot move forward without the infrastructure support
- The project itself will create or retain quality jobs

**Applicants for a CEA will demonstrate that the Town’s financial participation is needed by the following:**

TIF Application Requirements	Evaluation of Current Application
There is a financial need to offset public infrastructure costs unique to the project or site	
The developer demonstrates the financial capacity to undertake the project and provides evidence in support of this capacity. Evidence will include but is not limited to: <ul style="list-style-type: none"> <li>• Development budget and pro-form</li> <li>• Financial commitments of project lenders</li> <li>• Project implantation plan and schedule</li> </ul>	
The project creates incremental tax value equal to or greater than \$1 million, excluding personal property	
The number, type, and wage level of jobs that will be created	

The developer is compliant with all statutory and regulatory guidelines of the Town of Freeport and the State of Maine	
--	--

**The following will guide the level of potential Town participation**

<b>TIF Policies to be Met</b>	<b>Evaluation of Current Application</b>
The value of the proposed public infrastructure	
The public infrastructure has value beyond the current project	
The project is generally consistent with the Town's Comprehensive Plan	
The project brings a new business to town in a targeted sector – light manufacturing, creative economy, medical, lodging, eco-tourism, and eligible PTDZ sectors. Tax base diversification is important.	
The project creates long-term, permanent, quality jobs either by an existing business expansion or new business development – specific targeted numbers are important here	
The project's impact on existing businesses	
The project contributes to the unique quality of the Town, especially	

commercial areas in need of redevelopment	
The project improves a blighted building site	
The project supports (or will support) community projects, provides job training, provides student internships, supports local contractors and suppliers	

**Application Components**

- \_\_\_\_\_ Completed TIF/CEA Application
- \_\_\_\_\_ Inclusion of accompanying financial documents
- \_\_\_\_\_ Request for policy waivers or modifications, if any
- \_\_\_\_\_ Deposit of \$1500.00 toward reimbursement for town staff time and direct expenses