

**DAVIS ISLAND ENVIRONMENTAL PROTECTION AND
DEVELOPMENT DISTRICT AND TAX INCREMENT FINANCING DISTRICT**

**AMENDMENT
May 22, 2010**

STATEMENT OF PURPOSE

The purpose of these amendments are to expand the boundary of the district by 1.84 acres to include the land parcels that are the site of the Town's current fire station and future site of its planned public safety building (identified as Map R02, Lot 100-1 & Map R02 Lot 103); and to add to the list of approved projects in the Town Development Program as adopted 11/4/04, by including the in-district costs associated with the construction of the planned public safety building.

SPECIFIC AMENDMENTS

1. Section I, Paragraph 7, Page 2 – Added M/L reference for proposed public safety building to description of District.
2. Section II, Subsection A, Paragraph 4, Page 4 – Expanded statute reference to include proposed in-district costs to description of Town portion of the Development Program.
3. Section II, Subsection C, Paragraph 6, Page 5 – Same change as #1 above.
4. Section II, Subsection E, Paragraph 1, Page 6 – Include “and construction of the proposed public safety building” to the reference to public improvements to be undertaken by Town.
5. Section III, Subsections B, C, D, E, and F, page 7 – Recalculate acreage limitations based on expansion of District boundary by 1.63 acres.
6. Section IV, Subsection A, Paragraph 1 – Same change as #'s 1 and 3 above.
7. Section IV, Subsection C, Paragraph 1, Page 9 – Add 1.63 acres to reference to District acreage.
8. Exhibit B-3. Insert TIF District Area Map (municipal) to show site of existing fire station and site of proposed public safety building.
9. Exhibit D. To outline of Town Development Program activities, include description of proposed public safety building project and justification for use of TIF revenues to support same.

10. Exhibit F-2. Insert published notice of 5/17/10 Public Hearing per requirements of 30-A M.R.S.A. §5226.

11. Exhibit G-2. Insert minutes from 5/17/10 Public Hearing per requirements of 30-A M.R.S.A. §5226.

12. Exhibit H-2. Insert Warrant and Minutes of 5/22/10 Annual Town Meeting for record of District and Development Program amendment.

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**“Davis Island Environmental Protection Development District and Tax Increment
Financing District”**

**A PROPOSAL TO CREATE A MUNICIPAL DEVELOPMENT
TAX INCREMENT FINANCING DISTRICT**

I. INTRODUCTION

In 2000, Sheepscoot River Holdings I, LLC and Sheepscoot River Holdings II, LLC (“Sheepscoot”) negotiated an agreement with the Town of Wiscasset to connect a wastewater line from the Wiscasset wastewater treatment plant to the Sheepscoot River Inn & Restaurant. The agreement, essentially completed, was never signed and Sheepscoot withdrew so that the Town of Edgecomb (the “Town”) could pursue the connection. Attempts at a connection from Edgecomb to the Wiscasset waste treatment plant have been dormant for the last two years.

The Sheepscoot River Inn & Restaurant currently has an overboard discharge (“OBD”) license from the Maine Department of Environmental Protection (“DEP”) for up to 4500 gallons per day of wastewater. While this is usually enough capacity to handle the Sheepscoot River Inn & Restaurant, there could be days during a peak season when the total wastewater generated could exceed 4500 gallons per day. To handle the excess flow contingency, Sheepscoot installed a temporary 8000-gallon tank to which the Sheepscoot River Inn & Restaurant would send wastewater on a busy weekend and have it pumped out and hauled off on Monday morning. Sheepscoot removed the tank each fall after the peak season concluded.

The DEP wanted a permanent solution for the handling of Sheepscoot’s wastewater. During the fall of 2003, Sheepscoot hired an engineering firm, Sebago Technics, to design an additional leach field above the current sand filter OBD field in an area just past the Sheepscoot River Inn tennis courts on Eddy Road. The new leach field was approved by the Maine Department of Human Services in late January 2004, and put out to bid. Five bids were received ranging from \$155,000-\$203,650. It made no sense to Sheepscoot, however, to spend approximately \$200,000 on a new leach field that would only be able to handle the Sheepscoot River Inn & Restaurant’s current capacity and that would not allow for any future growth and/or additional economic development opportunities. In addition, the new leach field would have a negative visual impact on the scenic drive along Eddy Road. Sheepscoot decided to pursue other possible courses of action.

On March 25, 2004, Sheepscoot met with DEP representatives and asked for DEP’s support by giving Sheepscoot time to revisit the possibility of sending Sheepscoot’s wastewater to the Wiscasset treatment plant. DEP was very supportive, recognizing that this was a more expensive solution but it was the best solution for improving the water quality of the Sheepscoot River. Thus far, DEP has been willing to wait for the outcome of this effort.

In early April 2004, Sheepscoot met with the Town of Wiscasset regarding the possibility of reopening negotiations for Sheepscoot’s connection to its treatment plant. While willing to enter into a sewer service agreement with Sheepscoot, the Town of Wiscasset preferred to enter

into such an agreement with the Town of Edgecomb rather than Sheepscot. Since that time, town officials in Edgecomb have entered into active negotiations with (1) the Town of Wiscasset for an Interlocal Agreement that would govern sewer service provided by the Town of Wiscasset to Edgecomb; and (2) the Wiscasset Water District for an Interlocal Agreement that would govern water service provided by the District to Edgecomb.

On October 14, 2004, Sheepscot transferred its entire interest in its Edgecomb property to Edgecomb Development, LLC (the “Company”). The Company intends to complete the water and sewer line extensions envisioned and designed by Sheepscot, and desires to enter into the tax increment financing arrangement that Sheepscot has negotiated with the Edgecomb Town Officials.

The Company now seeks to cooperate with the Town of Edgecomb through the creation of a Tax Increment Financing (“TIF”) district to be known as the Davis Island Environmental Protection Development District and Tax Increment Financing District (the “District” or “TIF District”). This TIF District will encompass property identified on the Town’s Tax Map U5, Lots 007 & 004.02, Tax Map R02, Lots 100-1 & 103, and located along Route One in Edgecomb. (See Maps, Exhibits B-1 & B-2).

Tax increment financing revenues (“TIF Revenues”) from the District will be allocated to the Company to reimburse the Company for its cost incurred in constructing the water and sewer lines, as more specifically described in Exhibit I of this Development Program.

The Town of Edgecomb can create the proposed TIF District, authorize a Credit Enhancement Agreement, and accomplish the following goals:

- Maintain the existing tax revenues generated by the property;
- Create future economic development opportunities;
- Eliminate a licensed wastewater discharge into the Sheepscot River;
- Stabilize the Town’s tax rate while increasing revenues for the Town; and
- Strengthen diversification of the municipal tax base.

In addition, by creating this TIF District, the Town of Edgecomb will seize the unique opportunity of obtaining over one million dollars worth of water and sewer infrastructure, which will enable the Town to obtain water and sewer service from Wiscasset, without incurring *any* financial risk to the Town of Edgecomb. Further, creation of the District will “shelter” a portion of the increase in municipal valuation from any future development that occurs in the District. This will reduce the adverse impact of future development on the Town’s share of General Purpose Aid to Education, Municipal Revenue Sharing, and its County tax assessment.

II. DEVELOPMENT PROGRAM

A. The Project

The Company is proposing to connect its property identified on the Town’s Tax Assessing Maps at Tax Map U5, Lots 007 & 004.02, which includes the Sheepscot River Inn & Restaurant, to the Town of Wiscasset’s sewer treatment plant and the Wiscasset Water District’s

water system. The project includes running water and sewer lines under the Sheepscot River. The project also envisions the possible future development of a 10,000 square-foot building on the 9.3-acre Sheepscot River Inn & Restaurant parcel (Lot 007), and a 30 unit, deed-restricted elderly retirement facility and two (2) 15,000 square-foot office buildings (campus-style) on the 30-acre parcel identified as Lot 004.02. No specific use has been firmly identified for the sites.

As described above, the District contemplates future developments within its boundaries. Currently, the Sheepscot River Inn & Restaurant has an OBD license from the DEP for up to 4500 gallons per day of wastewater, with peak season's excess flows being temporarily stored in an 8000-gallon tank and trucked away. The DEP is looking for a long-term solution to handle the wastewater from the Sheepscot Inn & Restaurant. An enormous and unsightly leach field system has been approved, but will handle only current wastewater discharge amounts, leaving Lots 007 & 004.02 underutilized as economic development opportunities. This project will bring water and sewer to service the existing needs at the Inn & Restaurant with enough additional capacity to encourage and facilitate future economic development in the Town Edgecomb.

The goal of this proposal is to create a TIF district where tax revenues on future increased assessed value of the property will reimburse the Company for the high cost of constructing the water and sewer lines. The details regarding the new tax revenues are spelled out in a negotiated credit enhancement agreement between the Town and the Company ("CEA"). This agreement will also help the Company borrow the funds to finance the project. Simultaneously, in conjunction with the creation and final approval of the TIF District and execution of the CEA, the Company will transfer ownership of the water and sewer lines to the Town. Under provisions of an interlocal agreement with the Town of Wiscasset, Wiscasset will accept and treat sewage generated in Edgecomb via the new sewer extension, and Edgecomb will pay Wiscasset sewer user fees for this purpose. The Town will then bill sewer users in Edgecomb for this service. Under a separate "Water Service Extension Agreement" between the Town and the Wiscasset Water District, the District will become the owner of the water lines and will be the direct provider of water service to Davis Island customers. It is expressly understood by both the Town and the Company that these arrangements will satisfy the "Town of Edgecomb sewer and water" language found in Section 5(I) of the Town of Edgecomb Building Code Ordinance (as amended through May 22, 2004), as well as any other Town ordinance requirements for Town of Edgecomb sewer and water. The Company will remain solely responsible for the sewer and water construction debt, but it would receive a portion of the new TIF Revenues each year that can be used to retire that debt. The Company will only receive TIF Revenues equal to the actual cost of the sewer and water line construction as provided in Exhibit I, minus any grant money received to fund the construction project.

A separate Town portion of the Development Program, described in Exhibit D attached, will reserve TIF Revenues not required to reimburse the Company to fund future extensions of public water and sewer service on Davis Island and along the Route 1 corridor, on a "pay-as-you-go" basis. Future service extensions will provide additional economic benefits and tax base expansion for the Town. In addition, the Town's portion of the Development Program will allow use of a portion of the Town's TIF Revenues for general economic development programs and activities as provided in 30-A M.R.S.A. § 5225(1) (A) and (C).

This project and economic package will give the Town control of the sewer and water, at no financial exposure for the Town, and also provide an economic benefit for the Town, while facilitating future economic expansion.

B. Strategic Growth and Development

The sewer and water construction and anticipated future investment in the TIF district will expand the Town's tax base, assist an existing Edgecomb business, and responsibly terminate a licensed wastewater overboard discharge into the Sheepscot River.

This project will advance the Town of Edgecomb's economic development goals, as well as the State of Maine's goals of improving the environment, creating future economic development opportunities, broadening the tax base, and improving the state and local economy.

The Sheepscot project will:

- Terminate overboard discharge of wastewater from the Sheepscot River Inn & Restaurant into the Sheepscot River;
- Allow the Town of Edgecomb to connect with Wiscasset's water and sewer systems without incurring any financial risk related to the construction of the water and sewer lines;
- Strengthen and diversify the tax base of the community;
- Increase property tax revenues; and
- Create minimal new demand for local services.

The Davis Island Environmental Protection Development District and Tax Increment Financing District will serve the interests of both the Town and the project by expanding the economic base of the Town of Edgecomb and by making water and sewer construction economically feasible. It offers the Town an opportunity to maximize the value of prime properties within the Town, and support the growth and diversification of the local economy.

C. The Development District

The Company proposes the creation of a cooperative economic relationship between the Town of Edgecomb and the Company for the development of this project through the designation of the proposed TIF District.

Tax increment financing is a proven method of strengthening ties between business, the community, and the broader regional economic base. A strong cooperative relationship with the Town of Edgecomb and adoption of this TIF District is fundamental to this project. TIF Revenues to offset the extraordinary cost of constructing water and sewer lines under the Sheepscot River are critical to assuring the Company's ability to fund the project.

By investing a portion of the new tax revenues generated in the District, the Town of Edgecomb will be a partner in a project that creates taxable investment.

The TIF District will apply only to the increased (i.e., new) real and personal property values being generated within the District and will not affect the current tax base. The Company will continue to pay—and the Town will continue to retain—all of the taxes on the current value of the existing property. In addition, by adopting a Credit Enhancement Agreement, the Town of Edgecomb creates a TIF District that will:

- contribute to the success of the project by offsetting the project's high construction costs; and
- shelter the new municipal value from impacting overall state valuation, thereby minimizing potential decreases in school funding and state revenue sharing, and potential increases in county tax assessments.

The TIF District (see Exhibit B-2) will encompass two lots of taxable real property (Tax Map U5, Lots 007 {9.3 acres} & 004.02 {30 acres}), the new water and sewer line under the Sheepscot River and within the Town of Edgecomb, ~~and~~ the future water line extension along Route 1 within Edgecomb (estimated at 11,400 feet, approximately 6.5 acres), and the site of the Town's proposed public safety building, identified on the Town's Tax Map R-5, Lot 100-1 (1.4 acres) & 103 (.23 acres).

D. The Development Program

The Town of Edgecomb's adoption of this development program creates a municipal TIF district in order to capture the value of improvements made within the District and permit Tax Increment Financing for the Sheepscot River water and sewer lines construction project. The TIF District will apply only to any future increase in assessed value within the District, and will not affect the current tax base within the District.

Under this development program, the Town will capture 100% of the new assessed value over the original assessed value of each property and retain within the District the new tax revenues generated by that portion of the new assessed value. (See Exhibit A.) The Company's portion of the TIF Revenues will be used to defray the cost of the water and sewer line construction, as provided in Exhibit I. Once the Company has been reimbursed for its actual cost of constructing the water and sewer lines as provided in Exhibit I, or thirty (30) years, whichever occurs first, the TIF District will terminate. The cost of this project is estimated to be \$1.25 million (approximately 55% of new TIF revenues). The remaining portion of TIF revenues will be allocated to a Town of Edgecomb TIF fund, which is described in further detail in the Financial Plan section of this document.

Captured assessed value will be calculated within the District based upon that property's increased assessed value over its original assessed value as of March 31, 2004. The Edgecomb Board of Assessors, in the Assessors' Certificate, (Exhibit E), has certified the original assessed value of each of the properties within the District as \$1,463,410. By agreement, however, the TIF benefits will not commence until the property within the District reaches its April 1, 2004 assessed value, which is \$2,887,990. The tax increment revenues generated by the first \$1,424,580 increase in value will be deposited in the Town's general fund and will not be included in this TIF.

The maximum percentage of TIF Revenues that the Company will receive from the Town in any given year is fifty-five percent (55%), as set forth in Exhibit A. Total TIF Revenues to be received by the Company will not exceed the Company's out-of-pocket expense for the sewer and water line construction as provided in Exhibit I. The specific criteria for this arrangement will be detailed in the Credit Enhancement Agreement. The Company will be allocated TIF

Revenues sufficient to cover its actual project costs incurred in constructing the water and sewer lines.

This Development Program is based upon statutes adopted by the Maine Legislature. It enables local governments to establish development districts to encourage commercial and industrial development. The use of tax increment financing has distinct advantages:

- No impact on the existing tax base; only the increased taxable value over the base line original value will be included in the District; and
- The benefits to the Company are based solely on the actual investment made by the Company and the related increase in assessed value within the District.

E. Municipal Use of TIF Revenues for Public Improvements

The Town of Edgecomb will be undertaking a number of public improvements, namely water and sewer expansion projects, to support economic growth along the Route One commercial corridor, and the construction of the proposed public safety building within the District. These infrastructure projects will be funded with the Town's portion of TIF Revenues generated from the District. (See Exhibit D.)

F. Operational Components

1. Uses of Private Property

The identified site includes private property owned by the Company identified on Town of Edgecomb Tax Map U5, Lots 007 & 004.02.

The proposed project includes the investment of approximately \$1.25 million in water line and sewer line construction from Wiscasset, Maine to Edgecomb, Maine.

2. Environmental Controls

The Development Program proposes construction that will comply with all federal, state and local rules and regulations and applicable land use requirements.

3. Plan of Operation

Any future development within the District will at all times be owned or leased and operated by the Company, its successors or assigns, or by other property owners whose properties are located in the District, who will be responsible for payment of all maintenance expenses, insurance and taxes on said improvements. The Company will be responsible for the financing and completion of the water and sewer construction. Once the TIF District is approved by the State of Maine, the Company will transfer ownership of the sewer line to the Town of Edgecomb and the water line to the Wiscasset Water District.

During the life of the Davis Island Environmental Protection Development District and Tax Increment Financing District, the Edgecomb Board of Selectmen, or its designee, will be responsible for all administrative matters concerning the District.

4. Relocation of Displaced Persons

Not applicable.

III. PHYSICAL DESCRIPTION

A. Total acreage of the Town of Edgecomb: 11,891 acres

B. Total acreage proposed for tax increment financing district: ~~45.8~~ 47.43

C. Percentage of total acreage of the District to the total acreage of the Town of Edgecomb (Cannot Exceed 2%): ~~.00385%~~ 0.003989

D. Total acreage of all Existing and Proposed TIF Districts in the Town of Edgecomb: ~~45.8~~ 47.43

E. Percentage of total acreage of all existing and proposed development Districts within the Town of Edgecomb to the total acreage of the Town of Edgecomb (Cannot Exceed 5%): ~~.00385%~~ 0.003989

F. Not less than 25%, by area, of the real property within a development district shall meet at least one of the following criteria:

1. Blighted acres N/A
2. Acreage in need of rehabilitation, redevelopment or conservation
N/A
3. Acreage suitable for commercial siting = 39.3 (100%)

G. Enclosed municipal maps:

1. Area map showing site location of the TIF District in relation to geographic location of municipality (Exhibit B-1).
2. Site map showing existing tax map locations and TIF District (Exhibit B-2).

IV. FINANCIAL PLAN

Note that the Financial Plan will subsequently encompass qualified future development, and therefore the general conditions will apply to future as well as current projects. Because future projects are as of yet unidentified all specific project information presented in this section relates to the water and sewer line construction.

A. Costs and Sources of Revenues

The TIF District (see Exhibit B-2) will encompass two lots of taxable real property (Tax Map U5, Lots 007{9.3 acres} & 004.02 {30 acres}), the new water and sewer line under the Sheepscoot River and within the Town of Edgecomb, and the future water line extension along Route 1 within Edgecomb (estimated at 11,400 feet or 6.5 acres) and the site of the Town’s proposed public safety building, identified on the Town’s Tax Map R-5, Lot 100-1 (1.4 acres) & 103 (.23 acres).—The TIF District has a combined original assessed value of \$1,463,410 as of March 31, 2004.

Construction of the water and sewer lines and the possible future development of a 10,000 square-foot building on Lot 007 and, a 30 unit, deed restricted elderly retirement project and two (2) 15,000 square foot office buildings on Lot 004.02 would add approximately \$8.8 million of new value to the Town. The Development Program provides for the new tax revenues generated by the increase in assessed value of the District to be captured and designated as TIF Revenues. The Company will apply the TIF Revenues to the cost of water and sewer line construction. The Town will apply its portion of TIF Revenues to future water and sewer line extensions along Route 1 and related improvements.

Under the TIF District, approximately fifty-five percent (55%) of captured TIF Revenues will be allocated to the Company. TIF Revenues made available to the Company will be limited to the actual costs of the water and sewer line construction, as provided in Exhibit I, minus any grant money received to fund the construction project. The TIF District will terminate and the Town of Edgecomb will then receive and retain all (100%) of the taxes generated by the property at the first occurring of one of the following events: (1) when the Company has received TIF Revenues and grants that total the actual cost of the water and sewer lines construction, as provided in Exhibit I; or (2) the passage of thirty (30) years.

**TABLE 1:
PROJECTED COMPANY PROJECT COSTS**

Activity	TIF Proceeds	Company’s Private Sources	Total
Water/Sewer Construction	\$1,250,000		\$1,250,000
Building Construction (30 unit, 1,000 sf units of deed restricted elderly housing; two (2) 15,000		\$8,800,000	\$8,800,000

square foot office buildings; and 10,000 square foot building) and increased land value			
TOTAL	\$1,250,000	\$8,800,000	\$10,050,000

The attached Exhibit A details the projections based on the anticipated Development Program as it relates to the Company’s future project(s) within the District, including the projected tax shift. This exhibit has been developed using conservative assumptions. Exhibit A is a projection included for demonstration purposes only. No assurances are provided as to the results reflected therein.

B. Development Program Fund

This Development Program requires establishment of a Development Program Fund pledged to, and charged with, the payment of the project costs in the manner outlined in 30-A M.R.S.A. § 5227(3)(A)(1).

As stated above, all (100%) of the incremental tax revenues resulting from the increase in the District’s assessed real estate and personal property value will be captured by the Town under this Development Program to the extent that in any given tax year the then-current assessed value of the property exceeds the Original Assessed Value by more than \$1,424,580.

The TIF District Development Program Fund is established consisting of a project cost account (“Project Cost Account”) pledged to and charged with payment of project costs. The Project Cost Account shall consist of a Company Cost Subaccount (“Company Cost Subaccount”) pledged to and charged with payment to the Company under the Credit Enhancement Agreement for reimbursement of costs of the Company’s sewer and water construction project, and the Town Cost Subaccount (“Town Cost Subaccount”) pledged to and charged with payment to the Town for the cost of Town approved development program expenses. All TIF Revenues allocated to the Company shall be deposited into the Company Cost Account, which will fund the payments required under the Credit Enhancement Agreement between the Town and the Company.

The Credit Enhancement Agreement established between the Town and the Company will provide for the payments to the Company from the applicable Company Cost Subaccount. The TIF Revenues disbursed pursuant to the Credit Enhancement Agreement will be utilized by the Company to defray the costs of the water and sewer project as described in this Development Program and Exhibit I. The Town’s obligation under the Credit Enhancement Agreement will commence and constitute an unconditional and irrevocable commitment to the Company, as provided in the CEA. In each fiscal year, pursuant to the Credit Enhancement Agreement, the Town will make payments to the Company within thirty (30) days following payment of the associated property taxes on the Company’s Project.

C. Financing Plan

The TIF District will encompass approximately ~~45.8~~ 47.43 -acres of real property. The assessed value of the real property within the District is established as the Original Assessed

Value as certified in the Assessors' Certificate (Exhibit E). It is anticipated that the cost of constructing the water and sewer lines will be approximately \$1.25 million plus financing costs.

The development of future project(s) within the District could add approximately \$8.8 million of new taxable investment in the Town of Edgecomb, which will be financed by the Company. The Town of Edgecomb will not assume any financial liability for the sewer and water line construction, or for improvements made within the TIF District. TIF Revenues will be allocated to the Company as described on Exhibit A. Development costs as described in the Development Program will be funded from TIF Revenues paid to the Company under the Credit Enhancement Agreement. An estimate of annual TIF Revenues paid to the Company under the Credit Enhancement Agreement is shown in Exhibit A. Actual payments made to the Company pursuant to the Credit Enhancement Agreement will be adjusted based on the actual annual tax assessment of the property. These payments are designed to reimburse the Company for development costs of the water and sewer lines project.

The TIF District will have a maximum term of thirty (30) years, commencing with the Town's 2006-2007 fiscal year and ending with the Town's 2035-2036 fiscal year. The term of the District will expire earlier in the event the Company receives payments equal to the cost of water and sewer line construction, as provided in Exhibit I, minus any grants received to fund the water and sewer line construction project.

Pursuant to the provisions of 30-A M.R.S.A. § 5227(1), The Town hereby adopts the following statement of the percentage of captured assessed value to be retained for purposes of funding the development program fund:

The annual percentage of captured assessed value to be retained in the District and the annual percentage of TIF Revenues to be allocated to the Company are detailed in Exhibit A. Exhibit A reflects the 30-year TIF term, the projected increase in assessed value, captured assessed value, tax increment value, tax increment revenues and allocation of tax increment revenues. Exhibit A also reflects the Tax Shift Projections based on assumptions concerning the annual growth of the mil rate, local valuation, and the assessed value of the project.

V. FINANCIAL DATA

- A. Total 2004 value of equalized property in the municipality: \$133,400,000
- B. Original assessed value of all properties in all existing and proposed TIF districts:

Existing	\$ 0
Proposed District	<u>\$ 1,463,410</u>
Total	\$ 1,463,410

Line B divided by line A = 0.02%*(Cannot exceed 5%).

- C. Estimate of increased assessed value by year after implementation of the development program: See Exhibit A
- D. Percentage of increased assessed value to be applied to the development program fund: See Exhibit A

E. Estimated annual tax increment

1. The average annual tax increment retained in the District to be applied to finance a portion of the costs of the Company's project over the life of the District is projected to be: See Exhibit A

F. Estimated average annual value of development program fund: \$122,040
Estimated annual average payment to Sheepscot: \$67,122 See Exhibit A

G. Annual principle and interest payment of bonded indebtedness: N/A.

H. Financial assumptions and safeguards:

Under the Credit Enhancement Agreement, the Town's payment obligation exists only insofar as new tax revenues are generated from new development within the District. The Town will pay an amount to the Company only insofar as new tax revenues from the increase in valuation are generated within the District over the original valuation of each property within the District.

I. Statement of impact of TIF on taxing jurisdictions within the county. See Exhibit A

VI. TAX SHIFTS

In accordance with the Maine statutes governing the establishment of Tax Increment Financing Districts, the following tax shifts which result from the establishment of the District have been identified, using a formula supplied by the Department of Economic and Community Development: See Exhibit A

Average Annual Amount

General Purpose Aid to Education Tax Shift	\$ 66,717
Municipal Revenue Sharing Tax Shift	\$ 5,412
<u>Country Tax Shift</u>	<u>\$ 72,460</u>
Total Average Annual Savings	\$144,589

VII. MUNICIPAL APPROVALS

A. Public Hearing Notice

Attached, as Exhibit F is a copy of the Notice of Public Hearing held in accordance with the requirements of 30-A M.R.S.A. § 5226. The notice was published on October 21, 2004 in a newspaper of general circulation in the Town of Edgecomb.

Attached, as Exhibit F-2 is a copy of the Notice of Public Hearing held in accordance with the requirements of 30-M.R.S.A. § 5226. The notice was published on April X, 2010 and May X 2010 in a newspaper of general circulation in the Town of Edgecomb.

B. Public Hearing Minutes

Attached, as Exhibit G is a certified copy of the minutes of the November 1, 2004 public hearing at which the proposed municipal tax increment financing district was discussed.

Attached, as Exhibit G-2 is a certified copy of the minutes of the May 17, 2010 public hearing at which the amendment to the Davis Island Environmental Protection Development District and Tax Increment Financing District was discussed.

C. Authorizing Votes

Attached as Exhibit H is a certified copy of the minutes of the Special Town Meeting of the Town of Edgecomb duly called and held on November 4, 2004 designating District and adopting the Development Plan.

Attached as Exhibit H-2 is a certified copy of the minutes of the Annual Town Meeting of the Town of Edgecomb duly called and held on May 22, 2010 amending the Davis Island Environmental Protection Development District and Tax Increment Financing District

Hold for Exhibit B-3. TIF District Area Map (Municipal)

EXHIBIT D

AMENDED TOWN DEVELOPMENT PROGRAM

To further enhance its tax base and provide additional economic development opportunities, the Town contemplates further extensions of public water and sewer service on Davis Island and along the Route 1 corridor, as funds become available.

For this purpose, all TIF revenues not required to reimburse the Company for its expenses incurred in connection with establishment of the TIF District and the initial extension of public sewer and water service from Wiscasset shall be deposited by the Town in a capital project reserve account to be created by the Town within the Development Program fund, and will be used to fund future public water and sewer service extensions within or serving the TIF District. Such future service extensions shall be funded on a “pay-as-you-go” basis, when sufficient funds have been accumulated in the reserve account for this purpose.

Service extensions to be funded with Town TIF revenues will include the following, plus the cost of any necessary land acquisition and related facilities:

Sewage Pump Station:	\$500,000 estimated cost
Water and sewer line extensions:	\$120 / lineal foot estimated cost (combined installation)
Road surface repaving, as needed	
Design & engineering	
MDOT permit costs	

In addition to future public water and sewer service extensions, the Town contemplates costs associated with the construction of a new, 6,800 SF Public Safety building to address inadequacy of present facility to respond to increased demand brought about by commercial and residential development within the District. \$1,188,780 estimated cost (§5225. 1. A. (a-d))

The District was established to create a permanent solution for wastewater disposal issues at the Sheepscot Harbor Village and Resort through the construction of water and sewer lines that would address the environmental issues there and maintain the existing tax revenues generated by the property. The increase in infrastructure capacity was also expected to create future economic development opportunities within the District.

This has occurred since the establishment of the District in 2005. The Sheepscot Harbor Village and Resort features a 13 room Inn, 40 cottages, a lodge with an additional 8 units, and 13 house pre-approved house lots. Each of these residential units have been configured as condominiums and are being individually sold. In addition, commercial buildings have been built on site and the Resort’s restaurant is presently in negotiations to re-open in 2010.

Further, in 2007, the ‘Townhouses at Davis Island’, a 26-unit workforce housing project, was constructed and opened within the District. This development is connected to, and could not have been built without, the expanded water and sewer infrastructure that was built with District TIF revenues.

This combined activity within the District has resulted in a substantial increase in demand on services provided by the Town’s fire department, including not only fire fighting services but also emergency response, search and rescue, traffic accidents, traffic control, and storm cleanup.

This increased demand has exacerbated longstanding problems with the Town’s existing fire station, built in 1945-1948, accelerating the obsolescence of the existing station. What was once an inconvenience is now an untenable situation. Because limited Town funds were used over generations to support the purchase of needed equipment and training over fire station maintenance and upgrades, the facility has decayed over time. A recent engineering analysis has resulted in roof repairs to avoid collapse and the second floor being closed off because it is unstable. In addition to these issues which threaten the safety of the Town’s firefighters, the building is greatly undersized and does not accommodate the full complement of fire-fighting equipment. Minimal clearance in the apparatus bays require that truck mirrors be folded back before a truck can be stored and that firefighters must bring their equipment home because there is no storage. Further, there is no room for routine maintenance on the trucks and equipment. Naturally, these inefficiencies have a deleterious effect on response times.

A modern, well-equipped Public Safety building is essential to improving the Town’s ability to respond to all kinds of emergencies, such as those being posed by increased commercial and residential activity within the TIF district. TIF funds will be used to pay debt service on \$675,000 construction costs. Additional public grant/loan opportunities will also be sought to support this critical project.

In addition ~~to future public water and sewer service extensions~~, the Town may vote in any one year to appropriate up to twenty-five percent (25%) of the Town’s TIF revenues for that year to support general economic development activities and environmental projects as authorized under 30-A MRSA sec. 5225(1)(C), subsections (1) through (3). All such appropriations by the Town shall be accompanied by a Town-approved (Town Meeting approval) amendment to the Development Program, specifying the specific use of the funds concerned. No such appropriation shall be valid until the Development Program amendment has been reviewed and approved by the Maine Department of Economic and Community Development.

Hold for Exhibit F-2. Notice of 5/17/10 Public Hearing

Hold for Exhibit G-2. 5/17/10 Public Hearing Minutes

Hold for Exhibit H-2. Warrant and Minutes of 5/22/10 Annual Town Meeting