
CREDIT ENHANCEMENT AGREEMENT

between

TOWN OF HERMON, MAINE

And

DYSARTS SERVICE

Received

JUL 18 2016

DECD

Dated as of July 1, 2016

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THIS CREDIT ENHANCEMENT AGREEMENT is executed on _____, 2016 but dated and effective as of July 1, 2016, between the Town of Hermon, Maine (the "Town"), a municipal body corporate and politic and a political subdivision of the State of Maine, and Dysarts Service a corporation duly organized and existing under the laws of the State of Maine, with a place of business in Hermon, Maine (the "Company" as further defined herein).

RECITALS

WHEREAS, on February 11, 2016 and pursuant to the Act, the Town Council of the Town at a meeting duly called and held, adopted an order that designated the District and adopted the Development Program with respect thereto; and,

WHEREAS, DECD reviewed and approved the District and the Development Program and subsequent amendment pursuant to an approval letter dated _____, 2016; and,

WHEREAS, in connection with the Development Program, and as contemplated thereby, the Town and the Company have agreed to execute and deliver this Agreement; and

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

WHEREAS, the Development Program was adopted and this Agreement is entered into by the Town in order to induce the Company to complete the Project in the Town by enabling the Town to contribute toward the capital cost of that facility the amounts contemplated by the Development Program and this Agreement; and

NOW, THEREFORE, in consideration of the foregoing and in consideration of the mutual promises and 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. All other capitalized terms not otherwise defined herein shall have the meaning given such terms in the Development Program.

"Act" means Chapter 206 of Title 30-A of the Maine Revised Statutes, as amended.

"Agreement" means this Credit Enhancement Agreement dated as of the date set forth above between the Town and the Company, as such may be amended by the parties from time to time.

“Captured Assessed Value” means 100% of the Increased Assessed Value retained in the District in each year during the term of the District, subject to the provisions of Section 3.1 hereof.

“Company” shall have the meaning given such term in the first paragraph hereto, and shall also mean and include any assignee or successor thereof.

“Current Assessed Value” means the then current assessed value of the Property located within the District to be determined by the Town’s Assessor as of April 1 of each year that this Agreement remains in effect.

“DECD” means the State of Maine Department of Economic and Community Development.

“Development Program” means the development program and financial plan for the District adopted by the Town entitled “Town of Hermon Maine Municipal Development and Tax Increment Financing District Development Program (No. 8) (Dysarts Service) adopted February 11, 2016.

“District” means the 1.17 (approx.) acre tax increment financing district designated by the Town which District consists of the land designate as Tax Map 8, Lot 24-1A as further described in the Development Program, a map of which is attached thereto as Exhibit A.

“Increased Assessed Value” means the valuation amount by which the Current Assessed Value exceeds the Original Assessed Value. If the Current Assessed Value is less than or equal to the Original Assessed Value in any year, there is no Increased Assessed Value in that year.

“Original Assessed Value” means \$35,200, the assessed value of the District as of March 31, 2015 (April 1, 2014).

“Project” means the construction of 14,000 (approx..) square foot commercial storage building a building located at 601 Coldbrook Road in the District, all as more particularly described in Section 1.01 of the Development Program.

“Project Costs” means the costs incurred by the Company on the Project within the meaning set forth in 30-A M.R.S.A. §5225(8), as amended.

“Project TIF Account” means the Project TIF Account into which the Tax Increment Revenues – Company Share are to be deposited, established and maintained pursuant to the Development Program and Article II hereof.

“Property” means the real property component of the Project, together with all other real property improvements in the District.

“Property Taxes” means any and all ad valorem property taxes in excess of any county, state or special district taxes levied, charged or assessed by the Town against the Property.

“Tax Increment Revenues” means the Property Taxes actually paid on or with respect to the Captured Assessed Value (which amount shall not include any investment earnings thereon).

“Tax Increment Revenues – Company Share” means 40% of the Tax Increment Revenues.

“Tax Payment Date” means the later of the date(s) on which Property Taxes assessed by the Town with respect to the Property are due or are paid, or if any such day is not a business day, the next succeeding business day.

Section 1.2. Interpretation and Construction.

In this Agreement, unless the context otherwise requires:

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

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

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

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

e. Except as otherwise provided herein, all approvals, consents and acceptances required to be given or made pursuant to this Agreement by any signatory hereto shall not be withheld unreasonably, provided, that this paragraph shall not apply to approvals, consents and acceptances under applicable laws, ordinances and codes, including, without limitation, land use ordinances.

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.

ARTICLE II
PROJECT TIF ACCOUNT AND FUNDING REQUIREMENTS

Section 2.1. Creation of Project TIF Account.

The Town hereby confirms the creation and establishment of a segregated account in the name of the Town designated as the "Dysarts Service TIF Account" pursuant to, and in accordance with the terms and conditions of, the Development Program (referred to as the "Project TIF Account").

Section 2.2. Deposits into Project TIF Account.

Each fiscal year during the term of this Agreement, the Town shall deposit the Tax Increment Revenues – Company Share into the Project TIF Account within fourteen (14) business days of each Tax Payment Date. Any and all revenues resulting from investment of monies on deposit in the Project TIF Account shall be retained by the Town and used for the Town's municipal purposes as the Town may elect.

Section 2.3. Use of Monies in Project TIF Account.

Monies deposited in the Project TIF Account (excluding any investment earnings thereon) shall be used and applied exclusively to fund the Town's payment obligation to the Company described in Article III hereof.

**ARTICLE III
PAYMENT OBLIGATIONS**

Section 3.1. Captured Assessed Value; Tax Increment Revenues – Company Share.

Starting with the Town's 2016-2017 fiscal year and continuing for each of the Town's next nine fiscal years, ending with its 2025-2026 fiscal year, the Town shall retain the Captured Assessed Value in the District. The Tax Increment Revenues – Company Share shall be retained and shall be deposited by the Town into the Project TIF Account, all in accordance with the provisions of Section 2.2 above and the priorities established by 30-A M.R.S.A. §5227(3)(B).

If, at any time during the term of the District, the Captured Assessed Value of the District increases by reason of a revaluation, the Tax Increment Revenues – Company Share to be paid to the Company shall be adjusted so that the Tax Increment Revenues – Company Share attributable to such revaluation, after giving due consideration to any change in the tax rate resulting from such revaluation, is eliminated from the calculation of Tax Increment Revenues – Company Share and shall not constitute Tax Increment Revenues – Company Share, it being the intention of the parties that any such revaluation shall not result in the increase in the amount of Tax Increment Revenues – Company Share to be deposited into the Project TIF Account and paid to the Company.

Section 3.2. Credit Enhancement Payments.

a. Subject to Section 3.3 below, within thirty (30) days following each Tax Payment Date, the Town shall pay to the Company the Tax Increment Revenues – Company Share then on deposit in the Project TIF Account (excluding any investment earnings thereon), provided, however, that all payments made hereunder shall only be used to pay Project Costs directly or to reimburse the Company for payment of Project Costs (including payment or reimbursement of debt service on indebtedness incurred to finance such Project Costs). The Town shall be required to make payments under this Agreement only upon receipt of satisfactory documentation of the costs of the Project.

b. The Town shall be entitled to setoff from any amounts due and owing to the Company under this Article III any amounts owed to the Town under Section 3.7 and/or Article IX hereof.

Section 3.3. Tax Payments; Tax Abatements.

The Company shall pay when due all taxes assessed by the Town on taxable property owned by the Company (including, but not limited to the Property) within the District and on any other taxable property owned by the Company at other locations in the Town. If such taxes or any portion of such taxes are not paid when due, the Town may withhold and suspend all payments under this Agreement until such taxes and all penalties, interest and other costs relating thereto are paid in full and 100% of such penalties, interest and other costs shall belong to the Town without any obligation to share such penalties, interest and other costs under Article III of this Agreement. In such event, the property taxes actually paid by the Company with respect to the Property on such Tax Payment Date shall be applied in the following order of priority: first, to taxes assessed with respect to the Original Assessed Value; second, to taxes assessed with

respect to the Increased Assessed Value not retained as Captured Assessed Value, if any, as described in Section 3.1(a) hereof; and; third, to taxes assessed with respect to the Captured Assessed Value, a portion of which constitutes Tax Increment Revenues – Company Share, which portion shall be held by the Town as provided in the foregoing sentence. In addition, if the Company institutes any tax abatement proceeding with respect to any property (including but limited to the Property) in the Town, the Town may withhold and suspend all payments to the Company of Tax Increment Revenues – Company Share, if any, subject to the abatement proceeding, and shall deposit the withheld amount into a separate interest bearing escrow account. Upon final action and completion of such abatement proceeding (whether by administrative or court action or by settlement), the proper amount (based on the results of the abatement proceedings) held in escrow account shall be paid to the Company.

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

Section 3.4. Failure to Make Payment.

In the event the Town should fail to, or be unable to, make any of the payments to the Company required under the foregoing provisions of this Article III, the item 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 establish and maintain the Project TIF Account, its obligation to deposit Tax Increment Revenues – Company Share in the Project TIF Account and its obligation to make payment to the Company.

Section 3.5. Manner of Payments.

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

Section 3.6. Limited Obligation.

The Town's obligations of payment hereunder shall be limited obligations of the Town payable solely from the Tax Increment Revenues – Company Share pledged therefor under this Agreement. The Town's obligations hereunder shall not constitute a general debt or a general obligation on the part of the Town or a charge against or pledge of the faith and credit or taxing power of the Town. This Agreement shall not directly or indirectly or contingently obligate the Town to levy or to pledge any form of taxation whatever therefor or to make any appropriation for their payment, excepting the Town's pledge of Tax Increment Revenues – Company Share under this Agreement.

Section 3.7. Indemnity.

The Company agrees to defend, indemnify, pay, reimburse and hold the Town, its town councilors, officers, agents and employees, harmless from any and all claims, suits, liabilities, actions, proceedings and expenses, including, without limitation, attorneys fees and expenses and accountant's fees and expenses, arising out of this Agreement, the Development Program or any claim of illegality or invalidity of this Agreement or the Development Program or the Town's approval of the District, this Agreement or the Development Program or out of the Town's preparation and participation of this Agreement or the Development Program. Notwithstanding any other provision of this Agreement, this Section 3.7 shall survive the termination or expiration of this Agreement and shall remain in full force and effect.

**ARTICLE IV
PLEDGE AND SECURITY INTEREST**

Section 4.1. Pledge of Project TIF Account.

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 to the Company the Project TIF Account and all sums of money and other securities and investments therein, excluding, however, any investment earnings thereon.

Section 4.2. Perfection of Interest.

The Town shall cooperate with the Company, at the Company's sole expense, in causing appropriate financing statements and continuation statements naming the Company as pledgee of all amounts from time to time on deposit in the Project TIF Account to be duly filed and recorded in the appropriate state offices as required by and permitted under the provisions of the Maine Uniform Commercial Code or other similar law as adopted in the State of Maine and any other applicable jurisdiction, as from time to time amended, in order to perfect and maintain the security interests created hereunder.

Section 4.3. Further Instruments.

The Town shall, upon the reasonable request of the Company, at the Company's sole expense, 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 impose any obligation on the Town additional to the obligations contained herein nor pledge the credit of the Town or require any payment or expense by the Town (unless paid by Company) nor discharge either party or change any provision of this Agreement, and the Company agrees to pay all expenses and attorneys fees incurred by the Town in connection therewith.

**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 Tax Increment Revenues – Company Share due to Company when the same shall become due and payable;
- b. Any failure by the Town to make deposits into the Project TIF Account as and when due;
- c. Other than as provided in paragraph (a) and (b) above, any failure by the Town or the Company to observe and perform in all material respects any respective covenant, condition, agreement or provision contained herein on the part of the Town or the Company respectively to be observed or performed which failure is not cured within thirty (30) days following written notice thereof; provided, however, that this subsection (c) shall not be construed to include the Company's failure to pay Taxes on the Property in the District or otherwise located in the Town for any reason as an Event of Default hereunder; and
- d. If a decree or order of a court or agency or supervisory authority having jurisdiction in the premises shall appoint a conservator or receiver or liquidator for the Company, or if any insolvency, readjustment of debt, marshaling of assets and liabilities or similar proceedings for the winding up or liquidation of the Company's affairs shall have been entered against the Company or if 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 a petition in bankruptcy dismissed within a period of 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.

Section 5.2. Remedies on Default.

Whenever any Event of Default described in Section 5.1 hereof shall have occurred and be continuing, the nondefaulting party may take any one or more of the following remedial steps following any applicable cure period:

- a. The nondefaulting party may take whatever action at law or at equity as may appear 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 nondefaulting party under this Agreement and any documents, instruments, and agreements contemplated hereby or to enforce any rights or remedies available hereunder; and
- b. The Company shall also have the right to exercise any rights or remedies available to a secured party under the laws of the State of Maine.

ARTICLE VI
EFFECTIVE DATE, TERM AND TERMINATION

Section 6.1. Effective Date and Term.

This Agreement shall become effective upon its execution and delivery by the parties hereto but shall be effective as of July 1, 2016 and shall remain in place until the final payment of Tax Increment Revenues – Company Share to the Company for the Town’s fiscal year 2025-2026.

Section 6.2. Cancellation and Expiration of Term.

At the termination or other expiration of this Agreement in accordance with the provisions of this Agreement, the Town and the Company shall each execute and deliver such documents and take or cause to be taken such actions as may be necessary to evidence the termination of this Agreement.

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 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 Company hereunder, to third parties as collateral or security for indebtedness or otherwise, on one or more occasions during the term hereof. Subject to the limitations set forth in Section 4.3, the Town agrees 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, provided, however that no such assignments, pledge agreements, consents or other confirmations shall pledge the credit of the Town or require any payment or expenses by the Town (unless paid by Company) or discharge either party or change any provision of this Agreement, and the Company agrees to pay all expenses and attorneys fees incurred by the Town in connection therewith.

Section 7.2. No Assignment.

a. Except to the extent provided in Section 7.1, the Company shall not have the right to transfer and assign all or any portion of its rights in, to and under this Agreement, except to the pledgees, assignees, mortgagees or secured parties of the Property in the District, without the consent of the Town, which consent may be withheld at the sole discretion of the Town.

b. Prior to giving consent to any proposed assignment, the Town shall receive documentation in form and substance satisfactory to it, that the proposed assignee accepts and agrees to be bound by the terms and conditions of the Agreement.

**ARTICLE VIII
MISCELLANEOUS**

Section 8.1. Successors.

In the event the Company is dissolved, merged into or consolidated with another entity, or undergo any form of corporate reorganization, the covenants, stipulations, promises and agreements set forth herein, by or on behalf of or for the benefit of the Company 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; provided, however, that if the payment obligations of the Town to the Company hereunder are held by a final and binding proceeding to be illegal or invalid, this Agreement shall terminate. In such event all obligations of the parties (except those of the Company under Section 3.7) shall terminate, and no party shall have any further liability to the other hereunder.

Section 8.3. Severability.

Except as otherwise provided herein, 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.

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 members of the Town Council of the Town, nor any official, officer, agent, servant or employee of the Town 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 in all respects.

Section 8.7. 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, or, for any notice of an Event of Default, by registered or certified mail, return receipt requested, addressed as follows:

If to the Town:

Town of Hermon
333 Billings Road
Hermon, Maine 04401
Attn: Town Manager

With copies to:

Pierce Atwood LLP
254 Commercial Street
Portland, ME 04101
Attn: James M. Saffian, Esq.

If to the Company:

Dysarts Service
601 Coldbrook Road
Hermon, Maine 04401

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 8.8. Amendments.

This Agreement may not be amended without the express written consent of the parties hereto.

Section 8.9. Benefit of Assignees or Pledges.

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

Section 8.10. 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.

Section 8.11. Agreement Controls.

In the event of any inconsistency between this Agreement and the Development Program, the terms and provisions of this Agreement shall take precedence, to the extent permitted by law, over the inconsistent provisions of the Development Program.

**ARTICLE IX
RECAPTURE**

Notwithstanding any other provision of this Agreement, in the event that either:

(i) the Company conveys, assigns, subleases, transfers or otherwise disposes of its ownership of the Project;

(ii) the Company relocates personal property previously assessed in the District outside of the Town with an assessed value greater than either 10% of the assessed value of the personal property as of the preceding April 1 or on a cumulative basis 20% of the greatest amount of the assessed value of the personal property in the District at any of the five preceding April 1's; or

(iii) the Company relocates its business previously conducted in the District to a location outside of the Town; or

(iv) makes any sale, transfer, conveyance or assignment of this Agreement or its rights hereunder that is not permitted under Article VII hereof; or

then the Town shall have no further obligation to pay Tax Increment Revenues – Company Share to the Company pursuant to Article III above.

IN WITNESS WHEREOF, the Town and the Company have caused this Agreement to be executed in their respective corporate names and attested by the duly authorized officers, officials or members, as the case may be, all on and as of the date(s) first above written.

WITNESS

Scott Cochran

TOWN OF HERMON, MAINE

By: [Signature]

Town Manager

DYSARTS SERVICE

By: [Signature]

By: Edward Ray Dysart
Its VP

Ruth A. Nickerson

Ruth A. Nickerson
Notary Public, State of Maine
My Commission Expires March 11, 2023

{W5511432.1}

Received
JUL 18 2016
DECD



STATE OF MAINE
DEPARTMENT OF ECONOMIC
AND COMMUNITY DEVELOPMENT



PAUL R. LEPAGE
GOVERNOR

GEORGE C. GERVAIS
COMMISSIONER

June 29, 2016

Roger Raymond,
Town Manager
TOWN OF HERMON
333 Billings Road
Hermon, ME 04401

COPY

RE: #8 Dysart's Service Municipal Tax Increment Financing (TIF) District and Development Program (Program)

A P P R O V E D

Dear Roger,

The Maine Department of Economic and Community Development (DECD) reviewed and EFFECTIVE TODAY APPROVED the above referenced Municipal TIF District and Program. Based on your application, I am happy to note/approve:

- a. District term of 30 years starting JUL-1-2016 and ending JUN-30-2046;
- b. District taxable Original Assessed Value of \$35,200 as of March 31, 2015 (April 1, 2014)—acreage 1.17;
- c. Real property Increased Assessed Value (IAV) capture of up to 100%;
- d. District revenues deposited/held in DEDICATED accounts and applied ONLY toward approved activities/projects,
 - i) Project Cost accounts to reimburse Dysart's Service (Company) for costs authorized by 30-A M.R.S.A. § 5225(1)(A) and DECD rules as amended from time to time AND/OR fund public activities/projects,
 - ii) Sinking Fund Account to retire associated public debt if any;
- e. Company reimbursement limited to incremental taxes from NEW actual value projected at \$24,295 total or 40% annually through District term year 10;
- f. IMMEDIATELY UPON EXECUTION, HERMON MUST FORWARD COPY of any associated credit enhancement agreement or assignment to DECD;
- g. Any non-captured incremental property values resulting in General Fund revenue/deposits MUST be included/reported with Town equalized assessed value;
- h. Any future amendment MUST comply with 30-A M.R.S.A. §§ 5221-5235 and DECD rules;
- i. When District expires or is terminated HERMON MUST NOTIFY DECD IN WRITING.

As further described in Program, Town revenue allocation projected at \$161,605 may facilitate funding for an estimated \$8.5 million in public costs and associated debt—if any. This funding MUST comply with municipal appropriation process—with activities/projects due completion BEFORE/BY JUN-30-2046. Approved public activities/projects costs are as follows:

WITHIN DISTRICT

- j. Administrative/Organizational costs including prorated municipal staff salaries; consultant fees \$900,000; ⑤

OUTSIDE DISTRICT ④

- k. Sewer/Water line extensions from Bangor border along Odlin/Coldbrook roads and associated improvements \$359,600; Ψ ①②③④⑤
- l. Sewer replacement fund \$1.8 million; Ψ ③④⑤



PAUL R. LEPAGE
GOVERNOR



COPY

GEORGE C. GERVAIS
COMMISSIONER

- m. Road improvements including directional signage, permitting and engineering costs \$600,000; ③④⑤

OUTSIDE DISTRICT ◊/WITHIN MUNICIPALITY

- n. Street and utility infrastructure including prorated municipal salaries, storm water and other environmental improvements and associated costs including permitting/engineering/legal \$500,000; ④⑤
- o. Public safety improvements including new fire station construction, fire/ambulance vehicles, fire safety capacity equipment, street/sidewalk improvements including crosswalk signalization and associated permitting/engineering/legal costs and protective surveillance equipment \$1.8 million; ① ‡ ③④⑤

WITHIN MUNICIPALITY

- p. Economic Development (ED) associated with marketing of municipality as a business location/destination including prorated municipal salaries, ED Department costs, funding for plans/studies,

consultant and advertising agency fees, implementation of programs/events and prorated municipal Web site \$750,000; † ③④⑤

- q. Permanent revolving loan funds, investment funds and grants programs per § 5225(1)(C)(3) for costs authorized by 30-A M.R.S.A. § 5225 and DECD rules as amended from time to time and grant matching related to 30-A M.R.S.A. §§ 5221-5235 economic development activities \$500,000; ④⑤
- r. Funding for training/retraining programs including facility rental/instruction/incidental costs and associated grants/grant matching strictly limited to jobs created or retained in Hermon \$150,000; ⑥
- s. Recreation trails \$200,000; ① ⑥

WITHIN MUNICIPALITY

- t. Prorated costs of broadband Internet access to businesses including infrastructure and municipal support/training \$900,000. ③④⑤

DECD notes while Program may list multiple statutory citations with public project costs, in application not all citations apply to all activities/projects described within each cost description. Hermon is obligated to verify proper authorization for each project cost to be undertaken. DECD also advises Town to plan for debt retirement to coincide with District term end of JUN-30-2046.

MAINE IS OPEN FOR BUSINESS. Please contact Municipal Tax Increment Financing Program Director Laura Santini-Smith with questions about this certification letter or DECD review. DECD extends best wishes for the success of your District.

Sincerely,

George C. Gervais
Commissioner

- cc: Senator Geoffrey Gratwick (SD-9) and Representative Roger Reed (HD-103)—127th Legislature; David Ledew, MRS Director Property Tax Division; Jamie Logan, Governor's Account Executive; Jim Saffian, Pierce Atwood

◊ To the extent a project is outside the District, Hermon must prorate/allocate costs not directly related to or made necessary by establishment/operation of this District to other funding sources.

Projects marked ①②③④⑤ are respectively common to Districts #1 Snowman Printing, #2 Maine Lubrication, #3 Business Parks First Omnibus, #4 Coldbrook Business Park Second Omnibus and #5 Third Omnibus. All of the above projects are common to newly proposed districts #6 Advanced Modifications, #7 Covey Properties and #9 Hersey EyeCare.

EXCLUDING FOLLOWING COSTS/FUNDING:

- ⊖ Public park(s)
- ‡ Law enforcement (police)
- Ψ Private residential distribution line(s)
- ✕ Items beyond § 5222(1) scope, i.e.: holiday decorations, plant pots/containers and art



PAUL R. LEPAGE
GOVERNOR

STATE OF MAINE
DEPARTMENT OF ECONOMIC
AND COMMUNITY DEVELOPMENT



GEORGE C. GERVAIS
COMMISSIONER

October 21, 2013

James M. Saffian
PIERCE ATWOOD
254 Commercial Street
Portland, ME 04101

COPY

RE: Natural gas projects and the Municipal Tax Increment Financing (TIF) Program

Dear Jim,

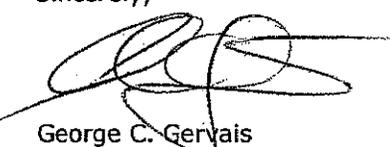
Thank you for meeting with us in September. Please accept this letter in reference to your inquiry regarding municipalities incentivizing private natural gas projects via so called TIF revenues.

The Department will support reimbursement formulas based on mile(s) of pipeline laid in public property, whether main or distribution lines and irrespective of local zoning ordinances. Company or developer ("company") reimbursement via credit enhancement agreement (CEA) or other contract MAY include higher rates of reimbursement for pipeline laid in residential zones. The formula MAY also incentivize reimbursement based on speed and stages of project completion.

A municipality MAY set up a Revolving Loan, Investment or Grant fund to assist its commercial taxpayers. We encourage such a fund be set up to incentivize commercial conversions regardless of energy type, source, delivery means or final application.

Thank you again for bringing this matter to our attention.

Sincerely,



George C. Gervais
Commissioner

cc: Senior Policy Advisor John Butera; Office of Energy Independence Director Patrick Woodcock;
Office of Business Development and Innovation Director Brian Whitney; Tax Incentives Director
Laura Santini-Smith

MTIF: Application Synopsis for Commissioner Consideration

■ DISTRICT DATA

MUNICIPALITY	Hermon	COUNTY	Penobscot	TERM	30
DISTRICT NAME	#8 Dysart's Service				
ORIGINAL DISTRICT (OD) :: Y/N	Y	AMENDED :: Y/N	N	# AMD	-
DOWNTOWN EXEMPT :: Y/N	N	PAPER MILL EXEMPT :: Y/N	N	RE CAPTURE%	100
APP BASIS	Support for Company expansion; public projects. District start/end dates: July 1, 2016/June 30, 2046 respective of Town FY2016-17/FY2045-46.				

Increased Assessed Value (IAV); Real/Personal Property (RE/PP)

■ COMPANY OR DEVELOPER DATA

ENTITY	Dysart's Service				
ADDRESS	601 Coldbrook Road, Hermon ME 04401				
PROJECT	14,000 sq road salt storage for commercial use.				
NEW INVSTMNT \$	\$491,798	FT JOBS NEW	n/app	1	-
NEW PAYROLL \$	31,000	AVG WAGE/YR	n/app	\$31,000	-
#NEW JOBS	1	FT JOBS RETAINED	n/app	-	-
AVGE WAGE \$	31,000	AVG WAGE/YR	n/app	-	-

Company (CO); Developer (DEV)

■ STATUTORY REQUIREMENTS

WITHIN ACREAGE CAP?	1.17	Y	MUNICIPAL BONDS ISSUED? :: Y/N/MAY	M
ON SUITABLE PROPERTY?		Y	TAX SHIFTS CALCULATED?	Y
OAV CERTIFIED?	\$35,200	Y	PUBLIC NOTICE AND HEARING?	Y
WITHIN VALUE CAP?		Y	PASSED BY MAJORITY VOTE? :: 6/0	Y

Downtown; Transit-Oriented Development; Community Wind Power; Single Taxpayer/High Valuation exemptions may apply (EX).

■ PLANNED REVENUE DISTRIBUTION

TO GENERAL FUND (NON-TIF)?	\$0	IF AMD, ANY BONDS TO DATE?	n/app
FOR MUNICIPAL DEBT?	TBD		
FOR CREDIT ENHANCEMENT AGREEMENT?	\$24,295		
REIMBURSEMENT SCHEDULE	40% X 10 YRS.		
FOR BONA-FIDE ECONOMIC DEVELOPMENT?	\$161,605	60/100% respective of YRS 1-10/11-30.	

MTIF: Application Synopsis for Commissioner Consideration

PUBLIC PROJECTS/COSTS

[\$8,459,600] (T1) Administrative/Organizational costs including prorated municipal staff salaries; consultant fees \$900K... (T2) Sewer/Water line extensions from Bangor border along Odlin/Coldbrook roads and associated improvements \$359,600Ψ...; Sewer replacement fund \$1.8MMΨ...; Road improvements including directional signage, permitting and engineering costs \$600K... (T2/T3) Street and utility infrastructure including prorated municipal salaries, storm water and other environmental improvements and associated costs including permitting/engineering/legal \$500K...; Public safety improvements including new fire station construction, fire/ambulance vehicles, fire safety capacity equipment, street/sidewalk improvements including crosswalk signalization and associated permitting/engineering/legal costs and protective surveillance equipment \$1.8MM... (T3) Economic Development (ED) associated with marketing of municipality as a business location/destination including prorated municipal salaries, ED Department costs, funding for plans/studies, consultant and advertising agency fees, implementation of programs/events and prorated municipal Web site \$750K...; Revolving loan/investment funds and/or grants program capitalization, grant matching \$500K...; Funding for training/retraining programs including facility rental/instruction/incidental costs and associated grants/grant matching strictly limited to jobs created or retained in Hermon \$150K...; Recreation trails \$200K... (T3/T1) Prorated costs of broadband Internet access to businesses including infrastructure and municipal support/training \$900K...

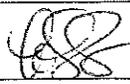
EXCLUDING ANY COSTS/FUNDING FOR:

- Φ Public park(s)
- ‡ Law enforcement (police)
- Ψ Private residential distribution line(s)
- × Items beyond § 5222(1) scope, i.e.: holiday decorations, plant pots/containers and art

Projects unique to this District/Program? [] YES [✓] NO: projects marked 12345 are respectively common to Districts #1 Snowman Printing, #2 Maine Lubrication, #3 Business Parks First Omnibus, #4 Coldbrook Business Park Second Omnibus and #5 Third Omnibus. All of the above projects are common to newly proposed districts #6 Advanced Modifications, #7 Covey Properties and #9 Hersey EyeCare.

Over TIF Term (OTT); §5225(1)(A-C) = Tier (T) 1-3

■ STAFF RECOMMENDATION

PROGRAM DIRECTOR (PD) REVIEWED APPLICATION AND OFFERS THIS OPINION:	Recommend approval; no concerns. <u>In reference to RLF, a copy of Commissioner natural gas letter to Pierce Atwood will go to Town as FYI.</u>		
PD RECOMMENDS COMMISSIONER APPROVAL? :: Y/N/OTHER	Y		6/21/16
APPLICATION RECEIPT DATE	3/17/16	CHECK AFTER DATA ENTRY <input type="checkbox"/>	

Form revised 10/21/15.

Merrill's Wharf
254 Commercial Street
Portland, ME 04101

PH 207.791.1319
FX 207.791.1350
jsaffian@pierceatwood.com
pierceatwood.com

March 16, 2016

VIA FEDEX

Laura Santini-Smith
Director of Tax Incentive Program
Department of Economic and Community Development
Burton M. Cross Office Building
State House Station 59
Augusta, ME 04333-0059

Re: Town of Hermon, Maine – Municipal Development and Tax Increment Financing
District Development Program No. 8 (Dysart's Service)
Dated February 11, 2016

Dear sMitty:

Enclosed please find the Town of Hermon's Municipal Development and TIF District Development Program No. 8 (Dysart's Service). I also enclose the City Administrator's submittal letter and the TIF Application Cover Sheet.

After you have reviewed the enclosed, please give me a call and let me know if you have any questions or comments.

Just for your information, the first year of TIF capture will be with respect to the April 1, 2014 (March 31, 2015) assessing date and the first reimbursement year will be the City's July 1, 2016 – June 30, 2017 fiscal year. Thus, we would like a final TIF approval by no later than May 1, 2016.

I look forward to hearing from you.

Very truly yours,


James M. Saffian

Enclosure

cc: Scott Perkins (with enclosure)

Received
MAR 17 2016
DECD



February 12, 2016

Maine Department of Economic and
Community Development
Attn: Commissioner (c/o Laura Santini-Smith)
State House Station 59
Augusta, ME 04333-0059

Re: Town of Hermon – Municipal Development and Tax Increment Financing District
Development Program (No. 8) – Dysart’s Service

Dear Commissioner:

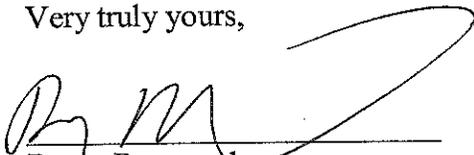
On behalf of the Town of Hermon, Maine, I am pleased to enclose for your review and approval pursuant to the provisions of 30-A M.R.S.A. Section 5226(2), the following documents relating to the above-referenced TIF application:

1. Application Cover Sheet, and
2. Municipal Development and Tax Increment Financing District Development Program (No. 8) – Dysart’s Service, with supporting exhibits.

As Town Manager of the Town of Hermon, Maine, I hereby attest that to the best of my knowledge, all information contained in the enclosed application is true and correct.

We look forward to your response and should you or your staff have any questions, please contact me at your convenience.

Very truly yours,


Roger Raymond
Hermon Town Manager
Enclosures

Received
MAR 17 2016
DECD

APPLICATION COVER SHEET

MUNICIPAL TAX INCREMENT FINANCING

A. General Information

1. Municipality Name: Town of Hermon, Maine		
2. Address: Billings Rd., P.O. Box 6300, Hermon, Maine 04402-6300		
3. Telephone: 848-3485	4. Fax: 848-3316	5. Email: raymond@hermon.net
6. Municipal Contact Person: Roger Raymond, Town Manager		
7. Business Name: Dysarts Service		
8. Address: 601 Coldbrook Road, Hermon ME 04401		
9. Telephone: (207) 942-4878	10. Fax: (207) 990-5810	11. Email: rory@dysarts.com
12. Business Contact Person: Rory Dysart		
13. Principal Place of Business: Hermon, Maine		
14. Company Structure (e.g. corporation, sub-chapter S, etc.): C corporation		
15. Place of Incorporation: Bangor, ME		
16. Names of Officers: Edward R. Dysart, D. Timothy Dysart		
17. Principal Owner(s) Name: Edward R. Dysart		
18. Address: Mailing - P.O. Box 1689, Bangor, ME 04402 Physical – 530 Cold Brook Rd., Hermon, ME 04401		

B. Disclosure

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

C. Employment Data

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

Received
MAR 17 2016
DECD

EMPLOYMENT GOALS
Company Goals for Job Creation and Job Retention

<i>A. JOB CREATION GOALS</i>			
<i>Occupational Cluster*</i>	<i>Full-time</i>	<i>Part-time</i>	<i>Wage Level</i>
1. Executive, Professional & Technical			\$
2. Administrative Support, inc. Clerical			\$
3. Sales & Service			\$
4. Agriculture, Forestry & Fishing			\$
5. Maintenance, Construction, Production, & Transportation	1		\$ 31,000
<i>B. JOB RETENTION GOALS</i>			
<i>Occupational Cluster*</i>	<i>Full-time</i>	<i>Part-time</i>	<i>Wage Level</i>
1. Executive, Professional & Technical			\$
2. Administrative Support, inc. Clerical			\$
3. Sales & Service			\$
4. Agriculture, Forestry & Fishing			\$
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 & TRANSPORTATION

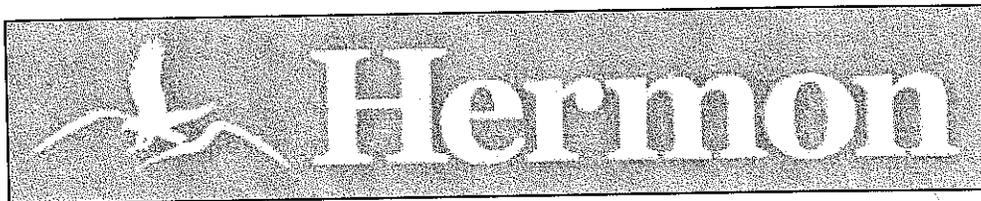
Mechanics, installers, and repairers. Workers in this group adjust, maintain, and repair automobiles, industrial equipment, computers, and many other types of machinery.

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.

TOWN OF HERMON, MAINE



**MUNICIPAL DEVELOPMENT AND
TAX INCREMENT FINANCING DISTRICT
DEVELOPMENT PROGRAM (No. 8)**

Dysarts Service



Dated: February 11, 2016

{W5274283.1}
Prepared by:
Pierce Atwood LLP
Portland, Maine

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EXHIBIT B - Project Costs
EXHIBIT C - TIF and Tax Sheltering Projections
EXHIBIT D - Statutory Requirements & Thresholds Financial and Statistical TIF Information
EXHIBIT E - Assessor Certificate
EXHIBIT F - Tax Shift Formulas
EXHIBIT G - Public Hearing Notice and Minutes
EXHIBIT H – Town Council TIF Order
EXHIBIT I - Town TIF Projects

ARTICLE I.
DEVELOPMENT PROGRAM NARRATIVE

Section 1.01. The TIF District.

a. Introduction.

The Maine Legislature established tax increment financing as an economic development tool to be used by municipalities to: (a) provide new employment opportunities; (b) improve and broaden its tax base; and (c) improve the general economy of the state. The Legislature recognizes that the State and its municipalities benefit from a municipality's economic development partnership with local businesses to promote responsible new development that (a) enhances local efforts for economic, industrial or commercial development; and (b) retains and expands the local tax base and employment opportunities. The Town of Hermon now proposes to designate a municipal development and tax increment financing district in furtherance of such legislatively approved and authorized goals, under the terms specified in this Development Program. The District is established for the benefit of Dysarts Service ("Dysart" or the "Company").

b. Dysart Project.

Since 1967, the Dysart family of businesses has been growing and serving the people of central Maine. They various Dysart businesses provide a variety of services, including the following:

- Truck Brokerage
- Mulch Reload Yard
- Lumber Reload Yard
- Warehouse
- Truck Wash
- Service Center
- Low Brokerage Fee
- Full Service Dry Van Carrier
- Fast Professional Service
- Serving 48 States and Canada
- Specializing in Transportation East of the Mississippi
- Company Trucks, Owner Operators and Brokered Trucks

Dysarts Service now proposes to expand at the current Hermon Location, 601 Coldbrook Road, and construct a 14,000 (approx.) commercial storage building that will be used to distribute road salt for winter road maintenance and de-icing (the "Dysart Project"). The existing warehouse facility currently operates with six employees. Following completion of the Dysart Project, the Company expects to add one new employee dedicated to the specific use and operation of the Dysart Project. The estimated cost for the construction project including site improvements is \$491,798.

Section 1.02. Statement of Means and Objectives.

The District's means and objectives are to capture and retain all (100%) of this increased assessed value attributable to the real property in the District. The Town will allocate to Dysart a portion of the related tax increment revenues attributable to the Dysart Project's real property improvements to help finance the Dysart Project. The Town will retain the balance of the tax increment revenue attributable to the Dysart Project's real property improvements to help fund the Town's TIF administration costs as well as its general economic development activities, all as discussed in more detail in Section 1.03 and in the Financial Plan section below (referred to as the "Town TIF Projects"). Tax increment revenue attributable to the Dysart Project's personal property improvements will be deposited into the Town's General Fund. Allocation to Dysart will be pursuant to a Credit Enhancement Agreement between the Town and Dysart, as described in Section 2.01(d) below.

To the extent the Town can assist, promote and otherwise encourage Dysart to complete the Dysart Project and can separately build the Town TIF Projects, the following public benefits result: (1) to provide financing assistance to Dysart to induce Dysart to complete the Dysart Project in the Town by enabling the Town to contribute toward the capital cost of that facility the

amounts contemplated by this Development Program, (2) to help the Town undertake the Town TIF Projects more specifically described in this Development Program, (3) to expand the tax base of the Town; (4) to retain and grow Dysart's employment headcount in the Town, and (5) to indirectly promote and encourage other economic development in the Town through the Town TIF Projects.

The District will be administered as a municipal development and tax increment financing district under this Development Program and pursuant to Chapter 206 of Title 30-A of the Maine Revised Statutes, as amended. Pursuant to the approving vote of the Town Council at a Council Meeting designating the District and adopting this Development Program, designation of the District and adoption of this Development Program will become immediately final, subject only to approval of the Commissioner of the Maine Department of Economic and Community Development ("DECD").

Section 1.03. Town TIF Projects.

The Town intends to use its share of the TIF Revenues (Town Share) (as defined and allocated in Article II below) from the District to finance some or all of the costs of the projects described in Exhibit I, such costs being authorized as project costs as defined under 30-A M.R.S.A. §5225 (herein referred to as the "Town TIF Projects"). The Town now finds that the Town TIF Projects either will directly or indirectly provide, induce, or encourage new employment opportunities within the Town, will encourage and promote economic development that will broaden the Town's tax base, will fund environmental improvements within and near to the District and will provide economic development programs and skills development and training to the residents of the Town and will improve the general economy of the Town. These

costs either are related to the Development Program or are otherwise qualifying projects under Chapter 206 of Title 30-A of the Maine Revised Statutes.

Section 1.04. Uses of Private Property.

The associated improvements acquired or financed under this Development Program other than the Town TIF Projects (Tiers 2 and 3) will be located within the District. The Dysart Project will be owned, maintained and operated by the Company.

Section 1.05. Relocation of Displaced Persons.

As described above, the Dysart Project involves the relocation of Dysart (and a related relocation of employment) to the District.

Section 1.06. Proposed Regulations and Facilities to Improve Transportation.

The Town TIF Projects may include facilities to improve transportation.

Section 1.07. Environmental Controls.

The improvements contemplated by this Development Program will comply with all federal, state and local environmental and land development laws, rules, regulations, and ordinances.

Section 1.08. Plan of Operation Upon Completion.

During the term of the TIF, the Dysart Project is expected to be and remain at all times owned by Dysart and its successors or assigns, who will be responsible for payment of all maintenance expenses, insurance and taxes on said improvements. Dysart shall be solely responsible for implementation of the Dysart Project. During the life of the District, the Town Manager or his designee will be responsible for all administrative matters required of the Town concerning the implementation and operation of the District.

ARTICLE II
FINANCIAL PLAN

Section 2.01. General Characteristics.

a. Original Assessed Value.

Attached as Exhibit E is a certification of original taxable assessed value executed by the Assessor of the Town of Hermon in accordance with the requirements of 30-A M.R.S.A. §5227(2) (the “Original Assessed Value”).

b. Duration of Development Program.

This Development Program shall continue in effect for thirty (30) years, commencing with the Town’s 2016-2017 fiscal year (from July 1, 2016 to June 30, 2017) and ending with the Town’s 2045-2046 fiscal year (from July 1, 2045 to June 30, 2046).

c. Captured Assessed Value.

The Town will retain 100% of the increased taxable assessed value from all taxable real property within the District as captured assessed value for the 30 year term of this Development Program. No increased assessed value from personal property will be retained in the District.

d. Allocation of TIF Revenues.

During the term of the TIF, the tax increment revenues generated by the captured assessed value attributable to the real property component of the District will be allocated between Dysart (“TIF Revenues (Dysart Share)”) and the Town (“TIF Revenues (Town Share)”) follows:

TABLE NO. 1
TIF Revenue Allocation

<u>TIF Year</u>	<u>Fiscal Year</u>	<u>TIF % Allocation</u>	
		TIF Revenues (Dysart Share)	TIF Revenues (Town Share)
1-10	FY16/17 – FY25/26	40%	60%
11-30	FY26/27 – FY45/46	0%	100%

The TIF Revenues (Dysart Share) shall be applied to pay a portion of the costs associated with the Dysart Project. The TIF Revenues (Dysart Share) will be paid by the Town to Dysart (or its designee) under a credit enhancement agreement to be entered into by the Town and Dysart (or its designee) (the “Credit Enhancement Agreement”).

All TIF Revenues (Town Share) will be used to pay directly (or reimburse the Town for such costs) or to finance the Town TIF Projects listed on Exhibit I hereto. Although the Town expects to expend all such TIF Revenues (Town Share) allocated to and retained by the Town on the Town TIF Projects, to the extent the Town elects not to expend such TIF Revenues (Town Share) on Town TIF Projects, then such monies will be deposited into the Town’s general fund.

e. Project Funds and Accounts.

This Development Program requires the establishment of a Development Program Fund consisting of a Town TIF Account and a Company TIF Account. The Town will deposit the TIF Revenues (Town Share) into the Town TIF Account (segregated from the Town’s General Fund). Pursuant to the credit enhancement agreement entered into by the Town and Dysart, the Town will deposit the TIF Revenues (Dysart Share) into the Company TIF Account.

All TIF Revenues (Town Share) deposited into the Town TIF Account will be used to pay costs of the Town TIF Projects as described below and in Exhibit I.

The Town will establish the Town TIF Account or a series of Town TIF accounts, 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, as amended, which funds shall be dedicated to the financing and payment of costs of the Town TIF Projects. Upon each payment of property tax with respect to property in the District, the Town shall deposit to the Town TIF Account all of the TIF Revenues (Town Share). As the deposit and investment of funds in the Town TIF Account accrue and increase to a level which permits implementation of a portion of the Town TIF Projects, the Town TIF Projects will be undertaken and funded from such reserve fund(s). If the Town determines to issue any bonds or indebtedness to pay for costs of the Town TIF Projects, 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 from the Town TIF Account.

Section 2.02. Cost Estimates for Development Program.

The estimated cost of the Dysart Project is approximately \$491,798 of real property improvements. As discussed above, only the increased assessed value of real property improvements will be retained in the District. A more detailed schedule of those costs is listed on Exhibit B hereto.

Section 2.03. Indebtedness.

None of the costs of the Dysart Project will be financed through issuance of any municipal indebtedness. It is anticipated that a portion of the debt service on any loans to Dysart will be paid from revenues in the Company TIF Account established hereunder, which shall consist of the TIF Revenues (Dysart Share) but not any earnings thereon. Any additional amounts required either to pay debt service or costs of the Dysart Project directly will be the responsibility of Dysart (see Section 2.04, "Sources of Anticipated TIF Revenues" below). All funds in excess of any loan to complete the Dysart Project will be the responsibility of Dysart.

The Town may elect at a future date to incur issue Town bonds to finance a portion of the Town TIF Projects but no such indebtedness is authorized at this time. Debt service for these improvements will be an eligible use of the Town's retained TIF Revenues (Town Share).

Section 2.04. Sources of Anticipated TIF Revenues.

Exhibit C reflects: (i) the estimated capital investment by Dysart and accompanying estimated increase in assessed value per year following implementation of the Development Program; (ii) the estimated TIF revenues; (iii) the percentage and estimated amount of increased assessed value and TIF revenues retained by the Town in the District; and (iv) the estimated allocation of the TIF revenues following implementation of the Development Program.

Section 2.05. Financial and Statistical Data.

Exhibit D contains financial and statistical information relating to the District required as a prerequisite to designation of the District by the Town and approval by DECD.

Section 2.06. Estimated Impact of Financing Upon Taxing Jurisdiction.

The table set forth below identifies estimated tax shifts projected to result from the establishment of the District, using formulas reviewed by DECD. A more detailed schedule of the tax shifts is included as part of Exhibit C.

**TABLE NO. 2
Tax Shifts**

<u>Tax Shift Item</u>	<u>Total</u> (30 years)
State Aid to Education	\$119,490
Municipal Revenue Sharing	\$8,610
County Tax	\$17,700
Total all Tax Shifts:	\$145,800

Together with the obvious advantages associated with stimulation of economic development within the District, the Town gains the advantage of "sheltering" the increase in

value due to the Dysart Project from the calculation of (1) state aid to education; (2) the Town's share of State Municipal Revenue Sharing and (3) the Town's share of county tax. Thus, the Town will receive a proportionately larger share of education aid and municipal revenue sharing and pay a smaller portion of the county tax than would otherwise have been the case had the increase in value of the Dysart Project been included in the Town's equalized value. Exhibit F is a summary of the methodology utilized in calculating tax shifts.

ARTICLE III
PHYSICAL DESCRIPTION

Section 3.01. Description of District.

The District is consists of the following property.

TABLE NO. 3
District Acreage

<u>Tax Map/Lot No.</u>	<u>Acreage</u>
Tax Map 8 Lot 24-1A	1.17

A map of the District is attached as Exhibit A hereto.

ARTICLE IV
MUNICIPAL APPROVALS

Section 4.01. Public Hearing.

In accordance with the requirements of 30-A M.R.S.A. §5226, the Hermon Town Council held a public hearing on the proposed District and Development Program on February 11, 2016. Notice of said public hearing was published in the *Bangor Daily News*, a newspaper of general circulation in Hermon, on or before February 1, 2016, a date at least ten (10) days prior to the public hearing. A copy of such Notice and a record of such public hearing are attached as Exhibit G.

Section 4.02. Authorizing Votes.

At a Town Council Meeting held February 11, 2016, the Town Council designated the District and adopted this Development Program. A certified copy of the approving vote of the Town Council preliminarily designating the District and adopting this Development Program is attached as Exhibit H. Following such approval, the designation of the District and adoption of this Development Program is final subject only to approval of the Commissioner of DECD.

ARTICLE V
VALUATION ISSUES

Section 5.01. Adjustment to Assessed Valuation.

There are certain assumptions regarding valuation and depreciation of assets, which underlie the analysis set forth in the Development Program. The Town and Dysart each covenant and agree that the assumptions, analysis and results set forth in the Development Program shall in no way prejudice the rights of any party or be used, in any way, by any party in either presenting evidence or making argument in any dispute which may arise in connection with valuation or assessment of the property within the District.



Dysart Services TIF Districts (marked in blue)

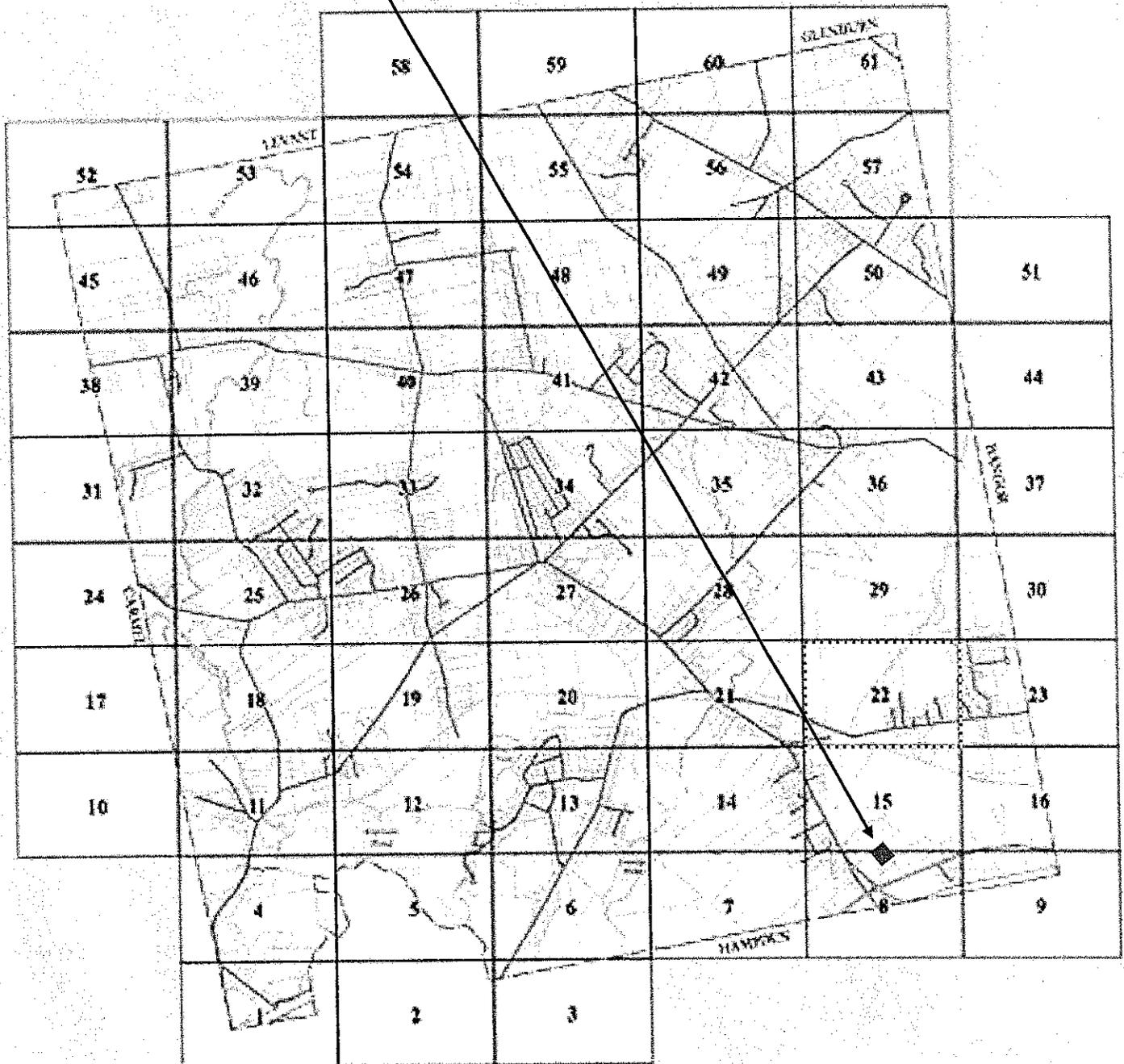


EXHIBIT B
Project Costs

DEVELOPMENT COSTS – Dysart Project

Activity	Municipal TIF Proceeds Allocable to Bank	Private Funds -----		Other (Specify)	Total
		Equity	Bank(s)		
1. Land Acquisition					
2. Building Acquisition					
3. Relocation of Persons and Business					
4. Clearance & Demolition					
5. Street & Site Improvements					
6. Water & Sewer Improvements					
7. Building Renovations and Construction	\$24,295			\$467,503	\$491,798
8. Parking Facilities					
9. Capital Equipment					
10. Professional Fees					
11. Administrative Costs					
12. Discretionary Payments					
13. Other Costs					
Total	\$24,295			\$467,503	\$491,798

EXHIBIT C
TIF and Tax Sheltering Projections

Assessing TIF Year	Date 1-Apr	Fiscal Year	Investment	Increased Value	CAY % Retained	D	E	F	G	H	Taxes to Town			Total TIF and GF
											I	J	K	
											CEA Payments			
											% Above Base Value	\$	% Above OAV	\$
											Total Tax Increment	Taxes on OAV to General Fund		S
1	2016	2016-2017	491,798	491,798	100%	491,798	\$12.25	6,025	40%	2,410	23,255	60%	3,615	26,870
2	2017	2017-2018	491,798	491,798	100%	491,798	\$12.25	6,025	40%	2,410	23,255	60%	3,615	26,870
3	2018	2018-2019	491,798	491,798	100%	491,798	\$12.50	6,049	40%	2,420	23,255	60%	3,629	26,885
4	2019	2019-2020	491,798	491,798	100%	491,798	\$12.50	6,049	40%	2,420	23,255	60%	3,629	26,885
5	2020	2020-2021	491,798	491,798	100%	491,798	\$12.35	6,074	40%	2,429	23,255	60%	3,644	26,900
6	2021	2021-2022	491,798	491,798	100%	491,798	\$12.35	6,074	40%	2,429	23,255	60%	3,644	26,900
7	2022	2022-2023	491,798	491,798	100%	491,798	\$12.40	6,098	40%	2,439	23,255	60%	3,659	26,914
8	2023	2023-2024	491,798	491,798	100%	491,798	\$12.40	6,098	40%	2,439	23,255	60%	3,659	26,914
9	2024	2024-2025	491,798	491,798	100%	491,798	\$12.45	6,123	40%	2,449	23,255	60%	3,674	26,929
10	2025	2025-2026	491,798	491,798	100%	491,798	\$12.45	6,123	40%	2,449	23,255	60%	3,674	26,929
11	2026	2026-2027	491,798	491,798	100%	491,798	\$12.50	6,147	40%	2,449	23,255	100%	6,147	29,403
12	2027	2027-2028	491,798	491,798	100%	491,798	\$12.50	6,147	40%	2,449	23,255	100%	6,147	29,403
13	2028	2028-2029	491,798	491,798	100%	491,798	\$12.55	6,172	40%	2,459	23,255	100%	6,172	29,428
14	2029	2029-2030	491,798	491,798	100%	491,798	\$12.55	6,172	40%	2,459	23,255	100%	6,172	29,428
15	2030	2030-2031	491,798	491,798	100%	491,798	\$12.60	6,197	40%	2,469	23,255	100%	6,197	29,452
16	2031	2031-2032	491,798	491,798	100%	491,798	\$12.60	6,197	40%	2,469	23,255	100%	6,197	29,452
17	2032	2032-2033	491,798	491,798	100%	491,798	\$12.65	6,221	40%	2,479	23,255	100%	6,221	29,477
18	2033	2033-2034	491,798	491,798	100%	491,798	\$12.70	6,246	40%	2,489	23,255	100%	6,246	29,501
19	2034	2034-2035	491,798	491,798	100%	491,798	\$12.70	6,246	40%	2,489	23,255	100%	6,246	29,501
20	2035	2035-2036	491,798	491,798	100%	491,798	\$12.75	6,270	40%	2,499	23,255	100%	6,270	29,526
21	2036	2036-2037	491,798	491,798	100%	491,798	\$12.75	6,270	40%	2,499	23,255	100%	6,270	29,526
22	2037	2037-2038	491,798	491,798	100%	491,798	\$12.80	6,295	40%	2,509	23,255	100%	6,295	29,550
23	2038	2038-2039	491,798	491,798	100%	491,798	\$12.80	6,295	40%	2,509	23,255	100%	6,295	29,550
24	2039	2039-2040	491,798	491,798	100%	491,798	\$12.85	6,320	40%	2,519	23,255	100%	6,320	29,575
25	2040	2040-2041	491,798	491,798	100%	491,798	\$12.85	6,320	40%	2,519	23,255	100%	6,320	29,575
26	2041	2041-2042	491,798	491,798	100%	491,798	\$12.90	6,344	40%	2,529	23,255	100%	6,344	29,600
27	2042	2042-2043	491,798	491,798	100%	491,798	\$12.90	6,344	40%	2,529	23,255	100%	6,344	29,600
28	2043	2043-2044	491,798	491,798	100%	491,798	\$12.95	6,369	40%	2,539	23,255	100%	6,369	29,624
29	2044	2044-2045	491,798	491,798	100%	491,798	\$12.95	6,369	40%	2,539	23,255	100%	6,369	29,624
30	2045	2045-2046	491,798	491,798	100%	491,798	\$12.95	6,369	40%	2,539	23,255	100%	6,369	29,624
Total											185,900	697,663	161,605	859,268
											24,295			

TIF ASSUMPTIONS
Years in TIF Term: 30
OAV: 1,898,403 (4/1/14)
Base Value: n/a (4/1/14)
*Increased assessed value of real property of new investment retained in the TIF Districts
(W5274283.1)

Tax Shift*

Fiscal Year	M N O P			
	Tax Shift Benefits		Rev.	County
	Total	Education Shift	Sharing Shift	Tax Shift
2016-2017	\$0	\$0	\$0	\$0
2017-2018	\$0	\$0	\$0	\$0
2018-2019	\$4,860	\$3,983	\$287	\$590
2019-2020	\$4,860	\$3,983	\$287	\$590
2020-2021	\$4,860	\$3,983	\$287	\$590
2021-2022	\$4,860	\$3,983	\$287	\$590
2022-2023	\$4,860	\$3,983	\$287	\$590
2023-2024	\$4,860	\$3,983	\$287	\$590
2024-2025	\$4,860	\$3,983	\$287	\$590
2025-2026	\$4,860	\$3,983	\$287	\$590
2026-2027	\$4,860	\$3,983	\$287	\$590
2027-2028	\$4,860	\$3,983	\$287	\$590
2028-2029	\$4,860	\$3,983	\$287	\$590
2029-2030	\$4,860	\$3,983	\$287	\$590
2030-2031	\$4,860	\$3,983	\$287	\$590
2031-2032	\$4,860	\$3,983	\$287	\$590
2032-2033	\$4,860	\$3,983	\$287	\$590
2033-2034	\$4,860	\$3,983	\$287	\$590
2034-2035	\$4,860	\$3,983	\$287	\$590
2035-2036	\$4,860	\$3,983	\$287	\$590
2036-2037	\$4,860	\$3,983	\$287	\$590
2037-2038	\$4,860	\$3,983	\$287	\$590
2038-2039	\$4,860	\$3,983	\$287	\$590
2039-2040	\$4,860	\$3,983	\$287	\$590
2040-2041	\$4,860	\$3,983	\$287	\$590
2041-2042	\$4,860	\$3,983	\$287	\$590
2042-2043	\$4,860	\$3,983	\$287	\$590
2043-2044	\$4,860	\$3,983	\$287	\$590
2044-2045	\$4,860	\$3,983	\$287	\$590
2045-2046	\$4,860	\$3,983	\$287	\$590
2046-2047	\$4,860	\$3,983	\$287	\$590
2047-2048	\$4,860	\$3,983	\$287	\$590
	\$145,800	\$119,490	\$8,610	\$17,700

*Estimate of additional State Education Subsidy and Municipal Revenue Sharing and reduced County Tax to Town as a result of sheltering incremental value in the District.

EXHIBIT D

Statutory Requirements & Thresholds
Financial and Statistical TIF Information

SECTION A Acreage Caps		
1. Total municipal acreage;	23,488	
2. Acreage of proposed Municipal TIF District;	1.17	
3. Downtown-designation ¹ acres in proposed Municipal TIF District;	0	
4. Transit-Oriented Development ² acres in proposed Municipal TIF District;	0	
5. Total acreage [=A2-A3-A4] of proposed Municipal TIF District counted toward 2%	1.17	
6. Percentage [=A5÷A1] of total acreage in proposed Municipal TIF District (CANNOT	0.005%	
7. Total acreage of all <u>existing/proposed</u> Municipal TIF districts in municipality including Municipal Affordable Housing Development districts: ³ (See attached table)	Existing	215.32
	Other	1.84
	Proposed ⁴	1.76
	Proposed	1.17
	Total:	221.25
30-A § 5223(3) EXEMPTIONS ⁵		
8. Acreage of an <u>existing/proposed</u> Downtown Municipal TIF district;	0	
9. Acreage of all <u>existing/proposed</u> Transit-Oriented Development Municipal TIF districts:	0	
10. Acreage of all <u>existing/proposed</u> Community Wind Power Municipal TIF districts:	0	
11. Total acreage of all existing or proposed of all <u>existing/proposed</u> Single Taxpayer/High Valuation ⁶ Municipal TIF districts:	0	
12. Acreage in all <u>existing/proposed</u> Municipal TIF districts common to ⁷ Pine Tree Development Zones per 30-A § 5250-l (14)(A) excluding any such acreage also factored in Exemptions 8-10 above:	0	
13. Total acreage [=A7-A8-A9-A10-A11] of all <u>existing/proposed</u> Municipal TIF districts counted toward 5% limit;	221.25	
14. Percentage of total acreage [=A12÷A1] of all <u>existing/proposed</u> Municipal TIF districts (CANNOT EXCEED 5%).	0.942%	
15. Real property in proposed Municipal TIF District that is:	ACRES	%
a. A blighted area;	0	0
b. In need of rehabilitation, redevelopment or conservation;	0	0
c. Suitable for commercial or arts district uses.	1.17	100%
TOTAL (except for § 5223 (3) exemptions a., b. OR c. must be at least 25%)		

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

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

³ For AH-TIF acreage requirement see 30-A § 5247(3)(B) because that Program has its own/separate valuation limit.

⁴ The "Other Proposed" reference is to three other TIF applications the Town designated contemporaneously with this TIF application.

⁵ Downtown/TOD overlap nets single acreage/valuation caps exemption.

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

⁷ PTDZ districts approved through December 31, 2008.

(W5274283.1)

SECTION B. Valuation Cap		
1. Total TAXABLE municipal valuation—use most recent April 1;		\$472,927,465
2. Taxable Original Assessed Value (OAV) of proposed Municipal TIF District as of March 31 preceding municipal designation—same as April 1 prior to such March 31;		\$35,200
3. Taxable OAV of all <u>existing/proposed</u> Municipal TIF districts in municipality: (See attached table)	Existing	\$8,144,569
	Other Proposed ⁸	\$22,700 \$38,500 195,700
	Proposed	\$35,200
	Total:	\$8,436,669
30-A § 5223(3) EXEMPTIONS		
4. Taxable OAV of an <u>existing/proposed</u> Downtown Municipal TIF district;		0
5. Taxable OAV of all <u>existing/proposed</u> Transit-Oriented Development Municipal TIF districts:		0
6. Taxable OAV of all <u>existing/proposed</u> Community Wind Power Municipal TIF districts:		0
7. Taxable OAV of all <u>existing/proposed</u> Single Taxpayer/High Valuation⁹ Municipal TIF districts:		0
8. Taxable OAV in all <u>existing/proposed</u> Municipal TIF districts common to Pine Tree Development Zones per 30-A § 5250-I (14)(A) excluding any such OAV also factored in Exemptions 4-7 above:		0
9. Total taxable OAV [=B3-B4-B5-B6-B7-B8] of all <u>existing/proposed</u> Municipal TIF districts counted toward 5% limit;		\$8,436,669
10. Percentage of total taxable OAV [=B9÷B1] of all <u>existing/proposed</u> Municipal TIF districts (CANNOT EXCEED 5%).		1.784%

⁸ The "Other Proposed" reference is to three other TIF applications the Town designated contemporaneously with this TIF application.

⁹ For this exemption see 30-A §5223(3)(C) sub-§§ 1-4.
(W5274283.1)

TIF No.	District	Acreage	2% Limit	OAV
1	Snowman Printing (2001)(No.1)	4.86	0.021%	2,000
2	Maine Lubrication (2002)(No.2)	3.07	0.013%	67,600
3	Business Parks - 1st Omnibus (2005)(No.3)	85.14	0.362%	1,538,600
3 (amend)	1st Amendment to Business Parks - 1st Omnibus (2008)(No.3A)	70.39	0.300%	5,681,900
4	Coldbrook Business Park - 2nd Omnibus (2011)(No.4)	25.07	0.107%	82,200
4 (amend)	1st Amendment to Coldbrook Business Park - 2nd Omnibus (2013)(No.4A)	16.70	0.071%	65,300
5	3rd Omnibus (2016)(No.5)	10.09	0.043%	706,969
Sub-Total - Existing		215.32		8,144,569
6	Advanced Modifications (2016) (No. 6)	1.84	0.008%	22,700
7	Covey Properties (2016) (No. 7)	1.76	0.007%	38,500
8	Dysarts Service (2016) (No. 8)	1.17	0.005%	35,200
9	Hersey Eye Care (No. 9)	1.16	0.005%	195,700
Sub-Total - Proposed		5.93		292,100
TOTAL ACREAGE / OAV		221.25		8,436,669
<u>Excluded Acreage</u>				
	Downtown TIF Acreage	0.00		0
	Transit-Oriented TIF Acreage	0.00		0
	Community Wind Power Acreage	0.00		0
	Single Taxpayer/High Valuation	0.00		0
	Pine Tree Zone Acreage	0.00		0
TOTAL ACREAGE / OAV - Countable		221.25		8,436,669
5% Limit			0.942%	1.784%
Municipal Acreage		23,488.00		
Taxable Valuation (4/1/15)				472,927,465

NOTE: Four Proposed TIF Programs

EXHIBIT E

Assessor Certificate

**TOWN OF HERMON, MAINE
CERTIFICATE OF ASSESSOR**

The undersigned Assessor for the Town of Hermon, Maine, does hereby certify pursuant to the provisions of 30-A M.R.S.A. §5227(2) that the taxable assessed value of the real property located in the District described in the Town of Hermon Municipal Development and Tax Increment Financing District Development Program (Dysarts Service) to which this Certificate is attached, as of March 31, 2015 (April 1, 2014) is as follows:

Tax Map/Lot No.	Taxable Assessed Value of Real Property at 3/31/15 (4/1/14)
Tax Map 8, Lot 24-1A	\$35,200

IN WITNESS WHEREOF, this Certificate has been executed as of the 12 day of February, 2016.

TOWN OF HERMON

Benjamin F. Birch

Town Assessor

EXHIBIT G

Public Hearing Notice and Minutes

Legal Notices

TOWN OF HERMON
LEGAL NOTICE – PUBLIC HEARING

The Hermon Town Council will hold a public hearing on Thursday, February 11, 2016 at 7:00pm in the Public Safety Meeting Room at the Hermon Municipal Building, 333 Billings Road, Hermon, Maine, for the purpose of receiving public comments on the proposed designation of the following four Municipal Development and Tax Increment Financing Districts and the adoption of related Development Programs for the Districts:

- TIF District No. 6 – Advanced Modifications, Inc. – 1766 Hammond Street, Route 2 – Tax Map 22, Lot 83-1 (portion)
- TIF District No. 7 – Covey Properties, LLC and Covey Physical Therapy – 2263 Route 2 – Tax Map 21, Lot 15
- TIF District No. 8 – Dysarts Service – 601 Coldbrook Road – Tax Map 8, Lot 24-1A
- TIF District No. 9 – Hersey Eye Care – 2350 Route 2 – Tax Map 27, Lot 72

A Copy of the proposed Development Programs for the four Districts will be on file with the Hermon Town Clerk prior to the public hearing and may be reviewed at the office of the Hermon Town Clerk during normal business hours.

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

Jan. 29, 2016

BANGOR Commercial space as low as \$200/month in prime location. Surrounded by other thriving businesses. Sm/med/lg areas available. 947-2210

ATTENTION!



BANGOR 3 BR, oil heat, yard, no pets, sec. dep. 1st & last mo. rent. Refs. req. \$800 + utils. 924-7541

BANGOR 4 BR, newer home, hrdwd flr



Town of Hermon

Public Safety Building Meeting Room

February 11, 2016

Town Council Meeting

7:00 PM

MINUTES

***** Televised live on Cable Channel 121.111 *****

Council Meetings may be viewed live online and are archived after the meeting
has taken place – check hermon.net for link.

*****ALL ITEMS ARE SUBJECT TO APPROPRIATE COUNCIL ACTION*****

I. CALL TO ORDER BY CHAIRPERSON

Chair McCluskey called the meeting to order at 7:00pm.

II. PLEDGE OF ALLEGIANCE

Chair McCluskey led those in attendance in the Pledge of Allegiance.

III. ROLL CALL

Members Present: Douglas Sinclair Sr., Steven Thomas, Alden Brown, Timothy McCluskey,
Donna Ellis and Anne Freeman

Members Absent: William Scott

Others Present: Town Manager Roger Raymond, Town Clerk Ruth A. Nickerson, Interim Economic
Development Director Scott Perkins, Sergeant B. Pelletier, Senator Geoff Gratwick
and Justin from Channel 2/6

**Councilor Brown moved to excuse Councilor Scott's absence. Councilor Ellis seconded the
motion. The motion was accepted without doubt.**

The motion carries.

**IV. REVIEW CONSENT CALENDAR: REGULAR BUSINESS, APPOINTMENTS, SIGNATURES,
And APPROVAL of MINUTES:**



MINUTES. -APPROVE January 28, 2016

WARRANTS. -SIGN February 12, 2016

RESOLVES. -SIGN FR15-16-41 (previously approved on 1/28/16)

Councilor Sinclair moved to approve the Consent Calendar as presented. Councilor Thomas seconded the motion. A Roll Call vote was unanimous in favor of the motion.

The motion carries.

V. NEWS, PRESENTATIONS AND RECOGNITIONS

#1. Hear presentation by Casella regarding 0-sort

Jim Dunning from Casella waste spoke to the Council about an expanded version of our current recycling program. He spoke of changing our current zero-sort drop off program to a curbside pickup program. The result would be a 50% reduction in our solid waste. The Council participated in a conversation with Mr. Dunning regarding savings, implementation, citizen education, sorting and transportation. Casella trucks their recyclables to their plant in Lewiston. Mr. Dunning also proposed a pay as you throw program for the Town of Hermon, stating that when combined with a zero sort recycling program households can get their trash down to a bag a week. Implementing a pay as you throw program makes citizens more aware of and more responsible for their solid waste. The Council briefly discussed different components of the MRC proposal and the PERC proposal regarding the required tonnage of municipal solid waste.

VI. PUBLIC ITEMS OR COMMENTS (*Items Not Already on Agenda*)

Senator Gratwick took the time to share a couple of thoughts with the Council. He told how the general workings of Augusta are not really working well these days. The Governor does not allow the members of the executive branch to talk to the committees, which is very frustrating. However, there has been good dialogue between both parties in both houses. This short session has been a civil one. The Tax Conformity Bill is an important issue revolving around the idea that state taxes should for the most part be parallel to federal taxes. Another current question in Augusta is how long should the 2011 business stimulus package passed by congress be continued for? This is a very politicized issue. Finally, of course were always looking for a win-win in education. Currently a very small bill has become a catalyst for a supplemental budget.

In response to Chair McCluskey, the Senator promised to follow up on the clean-up of the railroad ties along Route #2. The two concurred that the railroad should do the right thing and remove the creosote laden mess without legislation forcing them to do so.

VII. PUBLIC HEARINGS

#2. Hold Public Hearing – new TIF District



Chair McCluskey opened the Public Hearing at 7:17pm. He asked for public comment either for or against the establishment of four new Tax Incremental Financing Districts including Dysarts Service, Hersey EyeCare, Advanced Modifications, Inc and Covey Properties LLC/Covey Physical Therapy. There were no comments. Chair McCluskey closed the Public Hearing at 7:18pm.

VIII. COMMITTEE REPORTS

None

IX. SCHEDULED AGENDA ITEMS

A. OLD BUSINESS

#3. Consider Resolution approving new TIF Districts as previously approved by the Town Council.

The Town Manager informed the Council that tonight is the formal adoption for the TIF Districts and Development Programs that have previously been presented, discussed and approved by the Council.

Councilor Sinclair moved to approve O15-16-03, O15-16-04, O15-16-05 and O15-16-06. Councilor Thomas seconded the motion. A Roll Call vote was unanimous in favor of the motion.

The motion carries.

**(O15-16-03, 04, 05 & 06 are attached for review.)*

B. NEW BUSINESS

#4. Set date for workshop to review options for Post 2018 disposal of MSW

The Town Manager recommended the Council plan to discuss in a workshop the future of Municipal Solid Waste for the Town of Hermon. He told how all legal reviews will be complete by February 18, 2016. A comparison chart will be made to make the review simpler. In response to Councilor Brown, Manager Raymond agreed that this should be the only agenda item for that meeting. The Manager recommended that the first workshop take place on March 24, 2016 and indicated that this complex topic may take several meetings.

Councilor Brown moved to approve R15-16-74. Councilor Sinclair seconded the motion. The motion was accepted without doubt.

The motion carries.

**(R15-16-74 is attached for review.)*

#5. Consider approving vendor for purchase of surveillance cameras.

At the previous Council meeting the Councilors approved the installation of security cameras at the



Public Works facility. Three proposals were recently received for the purchase of the cameras and the necessary associated equipment. Josh Burgess our IT technician worked to find and provide the quotes. One of those quotes comes directly from Mr. Burgess' own IT company. The Council participated in a conversation with the Manager regarding purchasing equipment from one of our employees. Mr. Raymond clarified that Josh is a school employee, not a town employee, and there is no policy that would prevent the Town from purchasing equipment from Josh. Additionally, he will be available to install and maintain the equipment. In response to Councilor McCluskey, the Manager stated that cameras will be installed at the fuel station, the salt shed and the sand shed. Sgt. Pelletier told how these cameras are excellent deterrents for crime. He demonstrated how he can access the cameras from his phone in addition to his office and cruiser; an ability he will make available for the other officers as well.

Councilor Sinclair moved to approve FR15-16-43. Councilor Thomas seconded the motion. A Roll Call vote was unanimous in favor of the motion.

The motion carries.

**(FR15-16-43 is attached for review.)*

#6. Schedule Public Hearing – Hermon Golf Inc. Liquor License

The Council agreed to schedule a Public Hearing on March 10, 2016 to hear public comments regarding the renewal of Hermon Golf's Liquor License.

Councilor Brown moved to approve R15-16-75. Councilor Sinclair seconded the motion. The motion was accepted without doubt.

The motion carries.

**(R15-16-75 is attached for review.)*

#7. Consider Real Estate Tax Abatement for M/L 021-025-000

Manager Raymond informed the Council of a property that was reclassified several years ago. When the reclassification took place the affected acreage was not separated from the original parcel which resulted in an incorrect assessment. In response to Chair McCluskey, the Manager explained that the Council only has the authority to approve abatements for up to three years.

Councilor Brown moved to approve FR15-16-44. Councilor Sinclair seconded the motion. A Roll Call vote was unanimous in favor of the motion.

The motion carries.

**(FR15-16-44 is attached for review.)*

C. WORKSHOPS

#8. Hold workshop on the 2016-2021 CIP

In response to the Town Manager, Chair McCluskey requested that this workshop focus on the Capital Improvement Plan for just the upcoming year rather than all five years. The Manager reviewed the planned activities for 2016-2017 and the related costs for each Reserve Account.



- HERM01 Police Equipment Reserve* Lap tops will be purchased for the police cruisers. Mr. Raymond explained that we were supposed to purchase a new cruiser this year. However the Tahoe accident changed that plan. Now we will purchase a cruiser this year (2016) none next year (2017) and another cruiser after that (2018.)
- HERM02 Unemployment Reserve* We are self insured for unemployment.
- HERM03 Legal Liability Reserve* There is no activity proposed for this reserve. However if someone decided to sue the Town, these monies would be used because we do not keep enough in the legal line of our operating budget to cover those costs.
- HERM04 Cemetery Reserve* A cemetery maintenance plan that addressed the needs of each cemetery over the next five years. This year we will repair the roads at Evergreen Cemetery. We will also clear brush and trees that are intruding the lots at Snow's Corner Cemetery. Every two years we will replace the stone millings. On an annual basis going forward we will trim bushes, shrubs cutting any wild trees less than 6 inches around. We will also loam and seed any sunken lots. The Town Manager noted that the "New" Snow's Corner Cemetery has its own reserve account.
- HERM05 Fire Dept. Equipment Reserve* We will purchase SCBA tanks and new radios.
- HERM06 Highway Improvement Reserve* Drainage improvements on various roads will take place in addition to the reconstruction of Klatte Road and Fuller Road.
- HERM08A Public Works Equipment Reserve* We will sheet rock the walls in the Public Works Garage
- HERM09 Recreation Facility Reserve* This years plan includes the purchase of storage cabinets, signage and sealing the tennis courts. We will also pay for a site plan for a practice field and track.
- HERM11 Municipal Office Reserve* A new flag pole is needed in addition to cameras at the municipal office. We need to ventilate the server room and we need to obtain the services of an architecture that can develop a plan to expand or redesign the Town Office to allow for appropriate storage and more efficient office space.
- HERM12 Sewer Maintenance Reserve* Again this year we will clean and televise our sewer lines. A SCADA System for the Odlin Road Pump Station is also necessary.
- HERM16 Economic Development Reserve* We need to pay for the Drive-In bypass lane improvements as previously approved. We will install additional cameras in our business parks and work on the landscaping at our business parks.
- HERM17 Public Safety Reserve* A study of the space in this building that is occupied by the Police Department is necessary as well as a building sign.



HERM19 Town Office Technology Reserve Department of Motor Vehicle will be converting from the current pin printers to laser printers. We also need an additional workspace. Our AV equipment used for broadcasting Council Meetings needs to be upgraded as well.

HERM24 School Tax Stabilization Reserve Payment on debt.

HERM26 Jackson Beach Reserve Additional Float and extend the boat launch.

HERM27 Transfer Station Reserve The new sign will be installed and we will pave the unloading area.

HERM29 Rural Fire Protection Reserve Necessary repairs to hydrants will take place.

HERM30 Elementary School Reserve Architectural study

HERM31 Snow's Corner Cemetery The new cemetery road will be extended.

These proposed projects will cost \$1,286,500. \$573,800 will be raised by taxes. \$60,000 will come from TIF Revenues. \$500,000 will be provided in grants and the final \$150,000 will be transferred from the surplus.

The Council agreed with the proposed projects. The Manager reminded the Council that several layers of approval will take place before any project begins.

D. OTHER ITEMS (from Table Package)

None

X. APPOINTMENTS

None

XI. MANAGER STATUS REPORT:

Fiberight has requested the opportunity to present their proposal to the Hermon Town Council. I will let you know when we establish a date for their presentation.

XII. FINAL PUBLIC ITEMS OR COMMENT (Items Not Already on Agenda)

None



XIII. COUNCIL ITEMS:

Councilor Freeman asked if anything is currently happening with the prospect of Senior Housing in Hermon. Manager Raymond told how he will be pursuing Senior Housing in the spring.

Councilor Thomas asked if there was a change in the plowing. There were some real slush issues in the roads this past storm. The Manager responded that Mr. Thomas' observation was correct; the roads were not scraped as they should have been. It has been discussed with the contractor.

Councilor Sinclair asked when the snowplow contract is going to go out to bid. The Manager stated we will discuss it at the next meeting.

XIV. EXECUTIVE SESSION:

None

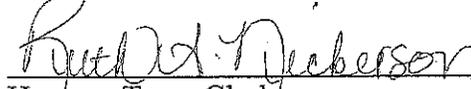
XV. ADJOURNMENT:

Councilor Brown moved to adjourn the meeting at 9:57pm. **Councilor Ellis** seconded the motion. **With no objection the meeting was adjourned.**

Respectfully Submitted,

**Ruth A. Nickerson, CCM
Town Clerk**

A TRUE COPY OF THE MINUTES OF THE FEBRUARY 11, 2016 HERMON TOWN COUNCIL MEETING.



Hermon Town Clerk
Date: 2/22/16

EXHIBIT H

Town Council TIF Order



015-16-05

AN ORDER

Providing for: Designation of Municipal Development and Tax Increment Financing District (No. 8) – Dysarts Service and Adoption of Related Development Program

WHEREAS, the Town of Hermon is authorized pursuant to Chapter 206 of Title 30-A of the Maine Revised Statutes, as amended, to designate a specified area within the Town as a municipal development district and tax increment financing district and to adopt a development program for such district; and,

WHEREAS, there is and continues to be a need to encourage the expansion, improvement and attraction of manufacturing, industrial and commercial, businesses in the Town, and to provide continuing employment opportunities for the citizens of the Town and the surrounding region, to improve and broaden the tax base of the Town, and to improve the general economy and general business development climate of the Town, the surrounding region and the State of Maine; and

WHEREAS, designating the proposed Municipal Development and Tax Increment Financing District (No. 8) – Dysarts Service (the “District”) and adopting and implementing the proposed related Development Program (the “Development Program”) will help to provide new employment opportunities for the citizens of the Town and the surrounding region and will help the Town to continue the pursuit of business development in the Town and the region; and

WHEREAS, the Town has held a public hearing on the proposed District and Development Program in accordance with the requirements of 30-A MRSA sub-section 5226(1) upon at least ten (10) days prior notice published in a newspaper of general circulation within the Town; and,

WHEREAS, the Town desires to designate the proposed District and adopt the Development Program in accordance with the proposed amendment presented to the Town Council this day; and,

WHEREAS, it is expected that the Commissioner of the Maine Department of Economic and Community Development will approve the adoption of the above-described amendment;

NOW, THEREFORE,

IT IS ORDERED by the Hermon Town Council that:

1. The Town Council hereby finds and determines that:
 - (a) At least twenty-five percent (25%) of the real property within the District is suitable for commercial sites as defined in 30-A M.R.S.A. §5223(3); and
 - (b) The total area of the District does not exceed two percent (2%) of the total acreage of the Town, and the total area of all development districts within the Town (including the District) does not exceed five percent (5%) of the total acreage of the Town; and

Attest Original: Richard T. Deeberson

Motion <u>Sinclair</u>	Yeas <u>6</u>	Date <u>2/11/16</u>
Second <u>Thomas</u>	Nays <u>0</u>	

(c) Subject to the exclusions permitted under 30-A MRSA §5223(3), the original assessed value of the District plus the original assessed value of all other tax increment financing districts in the Town does not exceed five percent (5%) of the total value of taxable property within the Town as of April 1, 2015; and

(d) Designation of the District and implementation of the Development Program will generate substantial economic benefits for the Town and its residents, including employment opportunities, broadened and improved tax base and economic stimulus, and therefore constitute a good and valid public purpose and will contribute to the economic growth or well-being of the inhabitants of the Town or to the betterment of the health, welfare or safety of the inhabitants of the Town; and

(e) The Town Council has considered all evidence presented to it with regard to any adverse economic effect on or detriment to any existing business and has found and determined that designation of the District and implementation of the Development Program will not result in a substantial detriment to any existing business in the Town, and any adverse economic effect of the proposed Development Program on any existing business in the Town is outweighed by the contributions expected to be made by the District and the projects and improvements described in the Development Program to the economic growth or well-being of the Town or to the betterment of the health, welfare or safety of the inhabitants of the Town.

2. Pursuant to Chapter 206 of Title 30-A of the Maine Revised Statutes, as amended, and to promote completion of the projects and improvements described therein, the Town Council hereby designates the proposed Municipal Development and Tax Increment Financing District (No. 8) – Dysarts Service and adopts the related Development Program presented to the Town Council and such Development Program is hereby incorporated by reference into this vote as the Development Program for the District.
3. The foregoing designation of the District and adoption of the Development Program shall automatically become final and shall take full force and effect upon receipt by the Town of approval of the designation of the District and adoption of the Development Program by the Commissioner of DECD, without requirement of any further action by the Town, the Town Council, or any other party.
4. Pursuant to the provisions of 30-A M.R.S.A. §5227, the percentage of the increased assessed value to be retained as captured assessed value in the District is hereby established as set forth in the Development Program.
5. The Town Manager be, and hereby is, authorized and empowered and directed to submit the proposed designation of the District and adoption of the Development Program to Commissioner of the Department of Economic and Community Development (DECD) for review and approval, pursuant to the requirements of 30-A M.R.S.A. §5226(2). The Town Manager is further authorized, at his discretion from time to time, to make such revisions to the Development Program as the Town Manager deems reasonably necessary or convenient in order to facilitate the process for review and approval by DECD, or for any other reason so long as such revisions are not inconsistent with these resolutions or the basic structure and intent of the Development Program.
6. The Town Manager be, and hereby is authorized and directed to enter into and execute in the name of and on behalf of the Town, a credit enhancement agreement with Dysarts Service or its designee as contemplated by the Development Program, in the name of and on behalf of the Town, such agreements to

Attest Original: Richard D. Dickerson

Motion <u>Sinclair</u>	Yeas <u>6</u>	Date <u>2/11/16</u>
Second <u>Thomas</u>	Nays <u>0</u>	

be in such form and to contain such terms and provisions, not inconsistent with the Development Program as the Town Manager may approve, his approval and the approval of the Town to be conclusively evidenced by his execution thereof.

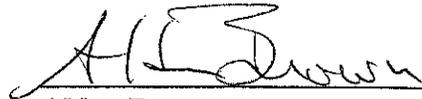
IT IS FURTHER ORDERED that this Order shall take effect immediately upon adoption.

SIGNED this February 11, 2016 by the Hermon Town Council:


Donna Ellis

Absent
William Scott


Timothy McCluskey

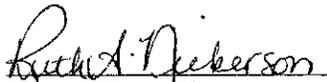

Alden Brown

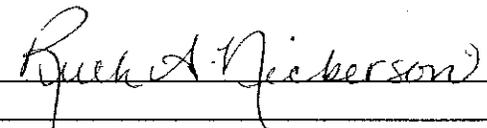

Douglas Sinclair, Sr.


Steven Thomas


Anne Freeman

A true copy of the Order adopted February 11, 2016, by the Town Council of the Town of Hermon, at a meeting duly convened and conducted at Hermon, Maine, attest.


Hermon Town Clerk
Date: February 11, 2016

Attest Original: 

Motion <u>Sinclair</u>	Yeas <u>6</u>	Date <u>2/11/16</u>
Second <u>Thomas</u>	Nays <u>0</u>	

EXHIBIT I

Town TIF Projects

<u>Project</u>	<u>Eligibility Under Title 30-A</u>	<u>Estimate Cost</u>	<u>Common Projects</u>
TIF Administration and Organization Costs – Associated costs and pro-rated salaries of municipal employees and consultants in connection with implementing and administering this Development Program and related Credit Enhancement Agreement.	§5225(1)(A)(5) §5225(1)(A)(7)	Annual: \$30,000 Total: \$900,000	TIF No. 5 - 3 rd Omnibus
Sewer and Water Improvements - Pro-rated costs of sewer and water line extension from the Hermon/Bangor municipal line to the Districts along Odlin and Coldbrook Roads	§5225(1)(B)(1)	\$359,600* (approx. remaining debt service)	TIF No. 1 - Snowman Printing TIF No. 2 - Maine Lubrication TIF No. 3 - Business Parks - 1st Omnibus TIF No. 4 - Coldbrook Business Park - 2 nd Omnibus TIF No. 5 - 3 rd Omnibus
Sewer Replacement Fund – Pro-rated costs to fund Sewer Replacement Fund to accumulate funds for sewer replacement requirements to the public sewer system	§5225(1)(B)(1)	Annual: \$60,000 Total: \$1,800,000	TIF No. 3 - Business Parks - 1st Omnibus TIF No. 4 - Coldbrook Business Park - 2nd Omnibus TIF No. 5 - 3rd Omnibus
Signage and Road Improvements – Pro-rated costs to fund Signage and Road Improvements to accommodate the additional wear and tear due to the increased commercial traffic in and around the Districts, including permitting, engineering, legal and feasibility costs	§5225(1)(B)(1) & (1)(B)(2)	Annual: \$20,000 Total: \$600,000	TIF No. 3 - Business Parks - 1st Omnibus TIF No. 4 - Coldbrook Business Park - 2nd Omnibus TIF No. 5 - 3rd Omnibus
Street and Utility Infrastructure - Pro-rated costs and pro-rated municipal salaries to fund construction of street and utility infrastructure, including storm water infrastructure and other environmental improvements, to expand the Pinewood and Freedom Business Parks adjacent to the Districts and to promote development access to the Business Parks and other adjacent commercially zoned property, including permitting, engineering, legal and feasibility costs	§5225(1)(B)(1) & (1)(B)(3) §5225(1)(C)(2)	Total: \$500,000	TIF No. 4 - Coldbrook Business Park - 2 nd Omnibus TIF No. 5 - 3rd Omnibus
Internet Access - Low cost broadband internet access to all businesses in the Town over a comprehensive, state of the art voice and data communications system, including training, support and maintenance by municipal staff; TIF revenues will be limited to a reasonable allocation of costs to business use of the network based upon various factors, including data usage	§5225(1)(A)(5) §5225 (1)(C)(1)	Annual: \$30,000 Total: \$900,000	TIF No. 3 - Business Parks - 1st Omnibus TIF No. 4 - Coldbrook Business Park - 2nd Omnibus TIF No. 5 - 3rd Omnibus
General Economic Development / Business Attraction / Marketing – Costs of the Town’s Economic Development Department including municipal staff salaries associated with municipal economic development activities and the Town’s Economic	§5225(1)(C)(1)	Annual: \$25,000 Total: \$750,000	TIF No. 3 - Business Parks - 1st Omnibus TIF No. 4 - Coldbrook Business Park - 2nd Omnibus TIF No. 5 - 3rd Omnibus

* The sewer /water line extension costs were an approved project cost under the Original Second Omnibus Development Program. Municipal bonds were issued to finance these costs in 1998.

Development Department, establishing a municipal economic development plan, consultant and advertising agency fees, administrative costs, and implementation costs such as marketing and promotional efforts (e.g., electronic media such as television, radio and internet, trade shows, print advertising, and other related activities). Any municipal web site development will be limited to economic development and business support and assistance information.			
Public Safety Improvements - Pro-rated costs to fund public safety improvements outside the Districts but related to physical improvements and other activities in the Districts as well as increased traffic due to development of the Districts, including but not limited to (a) construction of a new fire station and acquisition of fire and ambulance vehicles and other public safety equipment that will improve fire safety capacity in and around the Districts, and (b) street and sidewalk improvements in the Village portion of the Town, including crosswalk and crosswalk signalization, to improve safety, encourage use by pedestrians and to enhance economic development activity, including permitting, engineering, legal and feasibility costs, and (c) cameras along municipal recreation trails and walkways to enhance the Town's appeal to businesses interested with the benefits that come with protective surveillance.	§5225(1)(B)(2) §5225(1)(C)(6)	\$1,800,000	TIF No. 3 - Business Parks - 1st Omnibus TIF No. 4 - Coldbrook Business Park - 2nd Omnibus TIF No. 5 - 3rd Omnibus
Revolving Loan / Grant / Investment Program – To promote business development, renovations and expansion both within and without the Districts. Funds may also be used for matching grant programs to fund municipal infrastructure and economic development improvements and initiatives.	§5225(1)(C)(3) §5230	\$500,000	TIF No. 4 - Coldbrook Business Park - 2 nd Omnibus TIF No. 5 - 3rd Omnibus
Work Force Training – Costs of Town sponsored or supported worker training and retraining program, including facility rental, instruction and incidental costs for worker retraining. TIF funds could also be in the form of grant or matching fund grants for business assistance to help train for jobs created / retained in Hermon because of employer need have for employees concerning specific skill sets not available in a current workforce.	§5225(1)(C)(4)	\$150,000	TIF No. 5 - 3 rd Omnibus
Recreational Trails – Town will implement a multi-year plan to expand and maintain recreational trails as an urban and rural pedestrian corridor to enhance and provide connectivity in order to promote economic development and in furtherance of public health and safety.	§5225(1)(C)(6)	\$200,000	TIF No. 5 - 3 rd Omnibus
	Total	\$8,459,600	