Portland, Maine — Yes. Life's good here.

ECONOMIC DEVELOPMENT COMMITTEE

DATE: **June 6, 2017 (Tuesday)**
TIME: **5:30 – 7:00 p.m.**
LOCATION: **Room 209**
Portland City Hall

A G E N D A

1. **Review and accept Minutes of previous meeting held on May 23, 2017.**

2. **Review and vote to recommend to the City Council proposed Purchase and Sale Agreement for sale of a small strip of unneeded City-owned Franklin Street right-of-way to an abutter.**
   a) See enclosed memo from Greg Mitchell.
   Note: Pursuant to 1 M.R.S.A. 405(6)(C), the Committee may go into executive session to provide City staff general policy guidance regarding real estate negotiations.

3. **Continue discussions regarding Mayor Strimling's proposed Amendments to Portland Tax Increment Financing Policy to include responsible contracting requirements. No public input will be taken. Discussions will be between Committee, staff, and a panel.**
   a) See enclosed materials:
      i Mayor's Memo with Attachments; and,
      ii Greg Mitchell's Memo with Attachments.

4. **Executive Session: Pursuant to 1 M.R.S.A. 405(6)(C), the Committee will go into executive session for staff to receive guidance to proceed with real estate negotiations for the following: – Greg Mitchell**
   a) Bayside Public Works property offers;
      i See enclosed Confidential Memo.
   b) City Thames Street property sale;
      i Verbal update to be provided at meeting.

Next Committee Meeting: June 27, 2017

Councilor David Brenerman, Chair

Minutes
Economic Development Committee
May 23, 2017

A meeting of the Economic Development Committee (EDC) of the Portland City Council was held on Tuesday, May 23, 2017 at 5:30 p.m. in Room 24 of Portland City Hall. Present from the Committee was its Chair Councilor David Brenerman and members Councilors Pious Ali and Spencer Thibodeau. Also present from the City Council was Councilor Belinda Ray, arriving as noted in the Minutes. Present from the City staff were Associate Corporation Counsel Michael Goldman, City Manager Jon Jennings, Economic Development Director Greg Mitchell, Senior Executive Assistant Lori Paulette, and Parking Manager John Peverada.

Item #1: Review and accept Minutes of previous meeting held on May 9, 2017.

On motion made and seconded, the Committee voted unanimously (3-0) to accept the Minutes as presented.

Item #2: Mayor Strimling's Proposed Amendments to Portland Tax Increment Financing Policy

Chair Brenerman noted that the Agenda had been updated on the City website that this item is being postponed at the Mayor's request, anticipated to be taken up at the June 6th EDC meeting.

Item #3: Staff presentation of one bid received for disposition of a small strip of unneeded City-owned Franklin Street right-of-way to an abutter, followed by a Committee executive session to proceed with real estate negotiations to prepare a Purchase and Sale Agreement.

Mr. Mitchell said that the Committee is familiar with this item and authorized staff to proceed with issuing a Request for Bids to the two abutters to this strip of land. He noted that the strip is unbuildable and has deed restrictions for it to provide access to an abutting property, so essentially this is a 12-foot driveway access. Mr. Mitchell said that one bid was received for the stated minimum purchase price of $10,000 from New Height Group (NHG), which Group has a purchase option on the abutting property to this strip of land. NHG provided an overview of its project with its bid, noting that it intends to combine this strip of land with the abutting property, and would continue to provide access to lot 28-C-18 by creating an access easement to travel under its proposed building.

Mr. Mitchell closed by saying that staff is asking the Committee for a vote for staff to move forward with negotiations to prepare a Purchase and Sale Agreement to bring back to this Committee for a review and vote to forward to the City Council.

Councilor Ali said that he toured the property with City staff, adding that City staff noted a future goal to reconnect Federal Street with Franklin Street. Mr. Mitchell agreed, saying that in selling this strip, as is, to NHG, the strip is planned to be added to the abutting property and then it can be developed with frontage on Franklin Street.

Chair Brenerman said the access to 28-C-18 would be moved elsewhere, perhaps under the building being proposed to be developed by NHG.

Mr. Federle of NHG said that the overall project, with this strip, would build on the strip to front the building on Franklin Street. The access driveway would be provided under the building and, therefore, moved further in to Federal Street, which would be beneficial if and when Federal Street and Franklin Street were reconnected. Mr. Federle noted that he has been negotiating with the owner of 28-C-18 and is ready to move forward with this purchase.

Mr. Federle then described NHG's project as a residential development of 25-30 units of workforce housing, as well as looking at the possibility for some retail on the first floor, similar to the Luminato project nearby. He noted that the property he has under contract provides for $7,000 annually in real estate taxes; with the new project and the strip, it is estimated to provide over $200,000 in taxes when completed.

Councilor Thibodeau noted that NHG's proposed development, oriented to face Franklin Street, was not looking for a curb cut on Franklin and the development would have access from Federal Street; Franklin Street access was not necessary.

Chair Brenerman then opened the meeting for public comment. There being none, the public comment session was closed.

Mr. Mitchell said that staff is looking for a vote for staff to move forward with negotiations for a Purchase and Sale Agreement, and Chair Brenerman agreed, perhaps to achieve a higher purchase price.

On motion made and seconded, the Committee voted unanimously for staff to negotiate a Purchase and Sale Agreement with NHG and bring it back to this Committee for review and recommendation to the City Council.

Item #4: Public Hearing with staff and developer presentations of two proposals received from the RFP for disposition of a portion of City Thames Street surface parking lot.

Mr. Mitchell said through EDC direction, staff issued an RFP for a portion of the Thames Street surface parking lot of approximately 48,000 sq. ft. Two proposals were received, and the purpose of today's meeting is to have presentations by the two developers, followed by Q&A, public comment, and then an executive session for the Committee to provide guidance for staff negotiations for the sale.

Atlantic Bayside Development LLC Proposal

Jim Hanley, CEO of Atlantic Bayside Development (ABD) LLC, thanked the Committee for this opportunity. Mr. Hanley said that in partnership with Mike Marino, this proposal has been presented. He noted Mr. Marino's ties in Portland, first beginning when he purchased The Roma in 1963. This partnership today involves Mr. Marino's property at 144 Fore Street, immediately abutting the subject City property. Mr. Hanley also noted ABD's ties in Portland with its purchasing the City's land at Preble Street and Marginal Way on both sides, resulting in the development of the Intermed facility and parking garage, Southern Maine Student Housing, and the AAA building, as well as development across the street for Gorham Savings Bank. ABD is Portland based and manages over 1,000,000 sq. ft. of property in the U.S.

Mr. Hanley noted that ABD is offering $3.1 Million for the subject property, and its development project will unify that City block. Phase I will include a 92,000 sq. ft. mixed use building with retail, office, and residential uses; and, demolition of the middle portion of the existing building at 144 Fore Street – leaving the VA and SMRT in place – and creating approximately 210 surface parking spaces on site. Of those 210 surface parking spaces, 111 would be on site, and 99 would be leased from the City on the remaining portion of the Thames Street surface parking lot. Phase II would be a demolition of the 144 Fore Street property with plans for another 62,000 sq. ft. office building to include retail on the first floor, residential on the upper floors, and a 382-space parking garage.

Paul Stevens, President of SMRT, then referred to the boards on display and described the architectural plans for the development, noting natural use of building material.

(Councilor Ray joined the meeting at this time.)

Mr. Stevens said that the concept plans respect the B-6 zone with its height limit of 45-

feet and set back requirements. He showed pocket parks included in the development plan, as well as the rooftop terrace. This development is planned in two phases due to leases of the 144 Fore Street property, including SMRT's lease. Parking is planned behind and on City property, leasing the remaining portion of the Thames Street property not for sale. Mountfort Street would remain available for possible extension to Thames Street. Phase II would start at the conclusion of the leases by VA and SMRT, with a second mixed use building and structured parking. Completion of Phase II will realize the EWMP goals; if the other proposal is chosen the vision of the EWMP will not come to fruition and Mr. Marino will continue the leases at 144 Fore Street.

Mr. Hanley said that this proposal should score higher for a number of reasons. First, it best meets the goals of the EWMP where it highlights on p. 7, and again on p. 18, the Marino property to have significant potential for redevelopment and integration with the under-utilized City property. This proposed development achieves that goal, having a unified development in two phases over five years. Second, its public benefit of a new building would bring vibrancy and new jobs in the first phase, and for greater opportunity for the public during the second phase. This proposal plan also considers ferry queuing lanes to be turned into parking and bringing an additional $300K in parking revenue.

Mr. Hanley then noted that the $3.1 Million purchase offer relates to comparable sales in the area, and this proposal results in a higher economic benefit because of two phases, as well as bringing in $600K in additional revenue from the other proposal. In addition, ABD has a track record and local team of experts with significant ties in the community.

Councilor Thibodeau asked about the yellow leftover piece of the City's Thames Street, as it seems different from what he has seen. Mr. Stevens said that Marino has a license over a portion of that leftover piece, so that entire leftover piece is not available for development.

Mr. Mitchell noted that the License Agreement was an attachment to the RFP. The only property the City is proposing for sale is just west of Mountfort Street.

Councilor Thibodeau asked about the Phase II 62,000 sq. ft. building and its interaction with Fore Street, and Mr. Stevens showed a concept plan and described the interaction and architectural plan.

Councilor Thibodeau asked if this proposal was not accepted, is VA and SMRT expected to remain, and it was answered affirmatively.

Councilor Ray asked about the importance to the proposal of the use of queuing lanes for parking, and Mr. Hanley said that in the short-term that use is dependent; the second phase will result in a shifting of parking.

Councilor Thibodeau said use of the queuing lanes for parking was not the intent of the EWMP. Mr. Mitchell added that these lanes are needed for ferry service when it is active. He also noted cruise ship activity has increased, and that there is preliminary discussion of a new pier between Ocean Gateway and the Maine State Pier.

Mr. Jennings said that staff will be master planning the future uses there in the not too distance future.

Chair Brenerman said that Mr. Stevens had noted that the extension of Mountfort Street could not be done by other proposal. Mr. Hanley agreed and said that if this proposal is not chosen, Mr. Marino has a valuable property and would modernize it and continue leasing the space.

Chair Brenerman said that it is highly doubtful that Mountfort Street would be extended to Thames Street by either proposal; it was a dream many years ago.

Chair Brenerman asked if the remaining piece of the City Thames Street surface parking lot is buildable, and Mr. Mitchell said that the remaining Thames Street property would an odd-shaped piece of property, with staff suggesting a phased approach for its future use.

Chair Brenerman asked if the $3.1 Million offer includes leasing City property and if they had a tenant, and Mr. Hanley indicated in the negative for both.

Councilor Ray asked if ABD would build Mountfort Street, and Mr. Hanley indicated that it is unsure at the present time.

Chair Brenerman, noting no further questions/comments, thanked the ABD team

0 Hancock Street LLC Proposal

Jonathan Cohen, Manager/0 Hancock Street LLC, thanked the Committee for the opportunity to present the proposal, noting that his remarks will be followed by his Architect Bill Hopkins, and by Charlie Craig of the Dunham Group representing WEX, who has a signed letter of intent to occupy the property once built. Mr. Cohen's presentation is attached to these Minutes.

Mr. Hopkins, of Archetype Architects, said the building is designed with 100,000 sq. ft. on 4 floors and a 30,000 sq. ft. footprint. A portion of the first floor is proposed for 10,000 sq. ft. of retail on Thames Street, and the remainder to be occupied by WEX. The design of the building has taken its cue from Ocean Gateway and is a 21st Century building to be built at the property line. View corridors remain intact as they are now and displayed visuals of those view corridors now. There is no change to road alignment. He noted proposed pocket parks, and public space on top as well, both for employees and community functions. Mr. Hopkins then showed a parking diagram with decks on site at Fore Street with 350 cars per deck. This could accommodate up to 1,750 parking spaces on five decks, and could be done at the same as the new connector road from Thames Street up to Fore Street.

Charlie Craig of the Dunham Group spoke on behalf of WEX. Please see attached presentation.

Chair Brenerman asked about the height of the parking decks/garage, and Mr. Cohen said three decks would be below Fore Street. Entrances to each deck would be at different grades and access points. Three decks would provide for 1,050 +/- parking spaces; the current building would need to be torn down.

Chair Brenerman asked about the new connector road, and Mr. Cohen noted that he owned a portion of the property needed for that new road and could negotiate with City for it to be built.

Councilor Thibodeau, for the record, noted although his employer has done some work with WEX, he has not and does not feel there is any conflict of interest. Councilor Thibodeau said that the parking decks are not compelling and asked about their interaction with Fore Street. Mr. Cohen said that there will be a façade but the top would still be at grade with Fore Street.

Councilor Brenerman asked if they would start construction this Summer, and Mr. Cohen said that they are prepared to move forward once the closing is done. His architect is poised to submit plans to the Planning Board as we speak.

Councilor Ray asked for clarification of parking as part of the proposal, and Mr. Cohen said that he has ample parking now for both the replacement parking, 150 spaces at market rate, and for WEX at Ocean Gateway Garage, which he owns, as well as the 100 Fore Street site which he owns. As soon as there is more demand for parking, the decks would be built.

Councilor Thibodeau said that the decks appear to be built on an area for Mountfort Street extension, and Mr. Cohen said there are very steep grade issues for Mountfort Street to ever be extended down to Thames Street.

Chair Brenerman said that he agreed about ever extending Mountfort Street to Thames Street; it is not practical today.

Councilor Ray asked about the width of the sidewalks, and Mr. Cohen noted them to be 10-feet wide.

Chair Brenerman opened the meeting for public comment.

Kelly Race of Sheridan Street supports the proposal for the WEX development, noting that this company would bring in more 20 and 30-year olds. Ms. Race also noted that the urban design planned for WEX works well with older designs in the area.

Jim Brady of 118 Congress Street said that both proposals are good and encouraged the Council to think about prompt action to close on the sale or risk losing a great company on the waterfront. Parking in both proposals is not committed and is a critical component for consideration, closing saying that parking in the ferry queuing area is a big mistake.

Lou Wood, of A&M Partners, said that he has been working in Portland for 25+ years and has developed the former Nissan and Maine National Bank buildings. One is the best – Cohen's bringing in WEX is so important for the downtown.

Steven Scharf of Salem Street said that Portland should become like Boston and these development projects would assist with that. He noted that he was disappointed that the Committee does not have scoring done from staff. In his scoring of the proposals, the WEX proposal comes in lower. Parking needs in the future will be go down with biking/walking/ public transit. He said that he was not worried about ABD not having a tenant. Mr. Scharf closed saying that he wished both property owners got together, and suggested that the City negotiate with the selected proposal for the remaining Thames Street piece.

Ara Aftandilian, developer of the hotel going up across the street from the subject property, said that both proposals are good but the WEX proposal would be very important for Portland in terms of residential growth in the Eastern Waterfront. It would promote retail activities and a mix of uses. Wex also has put a lot of time into this with Jonathan Cohen.

Nathan Bateman of Bateman Partners, also noted both proposals are good, but with a tenant in hand such as WEX now is the time move forward. This would bring in new business and tenants for other developments.

George Rheault of Bayside noted that he was glad WEX made a commitment to Portland but worried about merger issues. He cautioned about development in the area that would make for increased traffic congestion issues.

Seeing no further public comment, Chair Brenerman closed the public comment session, and seeing no further discussion, noted that this would be taken up in executive session after the next item, which has a public session and an executive session.

Item #5: Staff update on Bayside (former Department of Public Works) property offers, following by executive session.

Mr. Mitchell noted that the EDC had a public hearing on January 31, 2017, to receive public comment on this proposed property disposition. Public process was taken via RFP to select a broker to market these properties, and CBRE/The Boulos Company was chosen. Boulos then marketed the properties, including many site tours, with offers due in Tuesday, May 17^{th}. This resulted in offers from 11 different entities, which some have varying options. Mr. Mitchell noted that the majority of the Bayside properties are vacant except for Fleet Services and Public Works Administration. The goal, with the sale of these properties, is to also relocate these two uses. Appraisals have been done on the properties, and the offers have requested confidentiality.

There will be opportunity for public hearing/comments going forward.

Mr. Jennings said that the intent is to use same format at Thames Street, followed by presentations/public hearing(s).

Item #6: Executive sessions: Pursuant to 1 M.R.S.A. 405(6)(C), the Committee will go into executive session to provide City staff general policy guidance regarding real estate negotiations.

a) **Sale of small strip of unneeded City-owned Franklin Street right-of-way (agenda item 3),**
b) **Two Thames Street Property Proposals (agenda item 4) and**
c) **Bayside property offers.**

Note: Confidential Memos from Greg Mitchell are provided for the Thames Street and Bayside property disposition discussions.

Item #6(c) Bayside Property Offers

On motion made and seconded, the Committee voted unanimously at approximately 7:34 p.m. to go into executive session pursuant to 1 M.R.S.A. 405(6)(C) to review the Bayside property offers and provide City staff general policy guidance regarding real estate negotiations. At approximately 9:14 p.m., the Committee came out executive session.

Item #6(b) Thames Street Property Proposals

On motion made and seconded, the Committee voted unanimously at approximately 9:15 p.m. to go into executive session pursuant to 1 M.R.S.A. 405(6)(C) to review the Thames Street property proposals and provide City staff general policy guidance regarding real estate negotiations. At approximately 9:35 p.m., the Committee came out executive session and the meeting adjourned.

Respectfully, Lori Paulette

ECONOMIC DEVELOPMENT COMMITTEE MEETING 5/23/2017

GOOD EVENING COUNCILORS BRENNERMAN, THIBODEAU AND ALI,,, ECONOMIC DEVELOPMENT DIRECTOR MITCHELL, CITY STAFF, AND TO THE PUBLIC.

MY NAME IS JONATHAN COHEN AND I AM HERE TONIGHT REPRESENTING ZERO HANCOCK LLC IN REGARD TO OUR RESPONSE TO THE CITY'S RFP TO NEGOTIATE THE SALE OF A PORTION OF THE CITY PROPERTY LOCATED ON THAMES STREET.

THIS EVENING I WILL GO THROUGH THE HIGHLIGHTS OF OUR RESPONSE, I WILL THEN HAVE our architect BILL HOPKINS FROM ARCHETYPE TALK ABOUT OUR DESIGN AND CONFORMANCE WITH CURRENT ZONING . LAST CHARLIE CRAIG WILL SPEAK ON BEHALF OF OUR TENANT,WEX.

I FIRST WANT TO THANK YOU FOR THIS VERY EXCITING OPPORTUNITY. AS YOU SEE IN OUR PROPOSAL, THIS IS AN OPPORTUNITY TO BRING ONE OF MAINE'S TOP COMPANIES, WEX, TO DOWNTOWN PORTLAND, TO OCCUPY A WORLD CLASS, MULTI-USE BUILDING IN A LOCATION THAT IS THE PRIMARY ENTRY FOR OUR WATER-BASED VISITORS. FOR TOO LONG, THIS SPACE HAS BEEN UNDER-UTILIZED AND WE

ARE GRATEFUL TO HAVE THE OPPORTUNITY TO PRESENT OUR PLANS FOR THIS IMPORTANT SITE.

OUR PROPOSAL RECOGNIZES ALL THREE OF THE CITY'S MAIN GOALS:

PRIVATE SECTOR INVESTMENT; PARKING, AND FUTURE STREETS

FOR OUR PRIVATE SECTOR INVESTMENT, WE ARE PLANNING TO CONSTRUCT A 100,000 SQ FT MIXED USE BUILDING. IT WILL CONTAIN AT LEAST 10,000 SQ FEET OF RETAIL AT THE GROUND LEVEL OPPOSITE THE OCEAN GATEWAY TERMINAL, THE CRUISE SHIP GATEWAY TO PORTLAND. WE ARE PREPARED TO DO THIS WITHOUT REQUESTING A TIF OR OTHER DEVELOPER INCENTIVES FROM THE CITY TO ENHANCE OUR INVESTMENT.

REGARDING PARKING, AN ENTITY OF WHICH I AM A PRINCIPAL ALSO OWNS THE OCEAN GATEWAY GARAGE AND ANOTHER ENTITY OF WHICH I AM A PRINICPAL OWNS THE PROPERTY AT 100 FORE STREET. WE ARE THEREFORE ABLE TO PROVIDE SUFFICIENT REPLACEMENT PARKING TO SATISFY THE CITY'S PARKING NEEDS WITHIN CLOSE PROXIMITY to thames street AND, STILL OFFER PUBLIC PARKING, AND CAN ACCOMMODATE THE NEEDS OF WEX, WHEN THEY OCCUPY THEIR NEW HEADQUARTERS FACILITY ON PORTLAND'S WATERFRONT IN APRIL 2019. IN OUR PROPOSAL YOU WILL ALSO SEE REFERENCE TO OUR

ABILITY TO CONSTRUCT A MULTI-LEVEL PARKING GARAGE ON THE 100 FORE STREET SITE. ALTHOUGH WE ARE ABLE TO MEET CURRENT DEMANDS THROUGH SURFACE PARKING ON THAT SITE AND PARKING IN THE OCEAN GATEWAY GARAGE, A NEW GARAGE MAY MAKE SENSE AT 100 FORE STREET IN ORDER TO RESPOND TO ADDITIONAL FUTURE DEVELOPMENT DEMANDS IN THE NEIGHBORHOOD.

WITH REGARD TO THE PROPOSED FUTURE STREETS, MOUNTFORT STREET AND THE NEW CONNECTOR ROAD, WE ARE WILLING TO DISCUSS THE FUTURE OF THOSE STREETS OR ALTERNATIVE APPROACHES TO PERMEABILITY WITH THE CITY, AS WE CURRENLTY OWN MORE THAN HALF OF THE PROPOSED MOUNTFORT STREET LOCATION AND HALF OF THE PROPOSED LOCATION OF THE new CONNECTOR ROAD NOT CURRENTLY OWNED BY THE CITY.

I WAS FORTUNATE ENOUGH TO HAVE BEEN BORN AND RAISED IN PORTLAND, I HAVE SEEN THE CITY CHANGE OVER THE LAST 40+ YEARS AND I BELIEVE <u>THAT</u> CHANGE IS WHAT HAS BEST POSITIONED THE CITY FOR WHERE WE ARE TODAY. WHEN I GRADUATED DEERING HIGH SCHOOL, MOST OF THE VERY BEST, BRIGHTEST AND TALENTED LEFT TO GO TO COLLEGES OUT OF STATE, MANY TO NEVER RETURN TO MAINE BECAUSE THE JOB OPPORTUNITES THEY WANTED WERE NOT HERE. I DO NOT WANT THAT FOR MY CHILDREN, THEIR FRIENDS, OR THE YOUTH OF MAINE, I WANT THEM TO HAVE OPPORTUNITES HERE IN PORTLAND, AND THAT HAS

BEEN A MAJOR MOTIVATING FACTOR FOR ME IN WORKING TO ACHIEVE MY MISSION IN THE BETTERMENT OF GREATER PORTLAND.

I BELIEVE PORTLAND HAS REACHED THE TIPPING POINT WHERE COMPANIES LIKE WEX WILL NOT ONLY CHOOSE TO LOCATE IN PORTLAND BECAUSE OF OUR SCENIC BEAUTY, CULTURAL PROGRAMS AND OPPORTUNITIES as well as RESTAURANTS, BUT ALSO BECAUSE WE OFFER A SPECTACULR LOCATION TO COMPETE FOR LIFESTYLE TO RAISE A FAMILY AND LIVE, AT A COST OF LIVING FAR LOWER THAN SILICON VALLEY, CALIFORNIA, BOSTON, NEW YORK OR WASHINGTON DC, AND THAT IS THE TARGET DEMOGRAPHIC FOR MANY POTENTIAL EMPLOYEES, INCLUDING THE FUTURE WEX EMPLOYEES, WHO WILL BE PROVIDED WITH GREAT PAYING JOBS, BENEFITS AND LIFESTYLE.

TO THAT END, WEX HAS STATED THEY NEED A SIGNATURE, MODERN WORLD HEADQUARTERS OFFERING EVERY POSSIBLE ADVANTAGE TO ATTRACT AND RETAIN THE HIGHLY SKILLED, HIGHLY TRAINED AND HIGHLY EDUCATED WORK FORCE OF TODAY AND TOMORROW.

WE HAVE WORKED TOGETHER WITH WEX TO DESIGN THE 100,000 SQ FT multi-use BUILDING YOU SEE IN THE RFP, IT CONFORMS TO CURRENT ZONING, IT WILL BE A LANDMARK BUILDING FOR THE CITY AND WILL BE SEEN BY MORE THAN 100,000 CRUISE SHIP VISITORS EVERY YEAR. WE HAVE A 15 YEAR DEAL, WEX WILL BE PLACING 450 NET NEW JOBS TO PORTLAND INITIALLY IN APRIL 2019 WHEN THE FACILITY IS READY FOR OCCUPANCY, SOME OF THOSE JOBS EXIST BUT A

LOT WILL BE NEW, AND WEX HAS PROJECTED CREATING AT LEAST ANOTHER 200 JOBS WITHIN THE NEXT 2 YEARS AFTER OCCUPYING ITS NEW WORLD HEADQUARTERS, WEX NEEDS THIS FACILITY IN ORDER TO REMAIN IN MAINE AND TO GROW ITS WORK FORCE HERE. THESE ARE NEW JOBS FOR PORTLAND. THIS BUILDING IS NOT A LIFT AND SHIFT OF JOBS WITHIN THE CITY OF PORTLAND. THIS IS REAL, THIS IS HERE, THIS IS NOW.

OUR TIMELINE FOR THIS PROJECT IS VERY PROMPT AND WILL BEGIN AS SOON AS WE CAN REACH A PURCHASE AND SALE AGREEMENT WITH THE CITY AND CLOSE THE TRANSACTION, IN FACT OUR ARCHITECT IS READY TO PRESENT OUR PLANS TO THE PLANNING BOARD FOR SITE PLAN APPROVAL AND GET GOING ON CONSTRUCTION, SO THAT THE BUILDING CAN BE READY FOR OCCUPANCY by APRIL 2019.

THE PUBLIC BENEFITS FOR THE CITY ON THIS PROJECT ARE MULTI FOLD:

NET NEW JOBS, 450+ NEW WELL PAID PROFESSIONALS SPENDING MONEY IN THE CITY

INCREASED REAL ESTATE TAXES FOR THE PROPERTY, AS WELL AS NEW PERSONAL PROPERTY TAXES BEGINNING APRIL 2019

INCREASED HOSPITALITY DEMAND FOR HOTELS AND RESTAURANTS

INCREASED RETAIL AVAILABILTY DIRECTLY ACROSS FROM THE GATEWAY TERMINAL

WEX IS VERY INVOLVED IN CIVIC , CHARITABLE AND COMMUNITY SERVICE AND WITH THEIR LOCATING IN SUCH A PRIME LOCATION IT WILL ONLY ENHANCE WEX INVOLVEMENT IN THE COMMUNITY

FOR THE CITY OF PORTLAND, THIS WILL FURTHER ENHANCE AND ENCOURAGE PORTLAND'S STANDING AS A TECHNOLOGY HUB.

AS I MENTIONED BEFORE, ANOTHER PUBLIC BENEFIT IS THE OPPORTUNITY TO NEGOTIATE FOR THE MOUNTFORT STREET AND NEW CONNECTOR ROAD AND THE FUTURE PARKING STRUCTURE AT 100 FORE STREET

THE INITIAL PURCHASE PRICE IN OUR REPONSE WAS 2.5M FOR 100,000 BUILDABLE SQ FT, AND THAT WAS BASED ON several factors. OUR PURCHASE IN JANUARY OF THIS YEAR FOR 100 FORE STREET, WHICH WAS JUST UNDER 3 ACRES FOR 7.75 MILLION WE BELIEVE AROUND $13.00 PER BUILDABLE FOOT, SO 1/3 of that purchase WAS APPROXIMATELY 2.5M,   58 Fore Street: $15,000,000. 10 acres. $1,500,000 per acre. Permitted for 975,000 SF, $15 per buildable SF, THE Marriott AC Site: Imputed purchase price: $6,900,000. Permitted for 225,000 SF. $30 per buildable SF. AS WITH ANY REAL ESTATE TRANSACTION, WE ARE WILLING TO DISCUSS THE PURCHASE PRICE AS PART OF OUR NEGOTIATION WITH THE CITY.

WE FULLY ANITCIPATE AND EXPECT THAT THE REAL ESTATE AND OTHER TAX REVENUE FROM THIS BUILDING WILL BE A MAJOR BENEFIT TO THE CITY, THE NEW REAL ESTATE TAXES WILL BE IN EXCESS OF $320,000 A YEAR, WE WON'T KNOW THAT FINAL NUMBER UNTIL WE HAVE COMPLETED THE BUILDOUT, BUT THAT TAX PAYMENT WILL BEGIN IN APRIL OF 2019, WHEN WEX FIRST OCCUPIES THE BUILDING. I FEEL I NEED TO STRESS AGAIN, THERE IS NO TIF TIED TO THIS PROJECT.

I WOULD LIKE TO ADDRESS THE PROPOSER'S PROVEN CAPACITY AND RELEVANT EXPERIENCE. I HAVE THE CAPACITY TO PERFORM THIS PROJECT. I HAVE SPENT THE MAJORITY OF MY LIFE IN REAL ESTATE AND CONSTRUCTION, I HAVE BEEN INVOLVED IN THE LARGEST PROJECTS IN THE STATE AS WELL AS LARGE PROJECTS OUT OF STATE, MORE THAN I CARE TO REMEMEBER IN THE LAST 20+ YEARS. I HAVE WORKED WITH ALMOST ALL COMMERCIAL GC'S, AND ON THIS PROJECT WE WILL BE WORKING WITH EITHER CIANBRO OR LANDRY FRENCH, BOTH EXTREMELY QUALIFIED AND CAPABLE. OUR ARCHITECT, ARCHETYPE WILL SPEAK TO THEIR SEVERAL PROJECTS ON THE PORTLAND PENINSULA AND OTHER PLACES , AND THEIR CURRENT PROJECTS UNDERWAY IN THE IMMEDIATE neighborhood.

WE ARE VERY EXCITED FOR THIS OPPORTUNITY TO PRESENT OUR PLAN TO YOU AND HOPE THAT IF WE ARE SELECTED, WE GET TO WORK WITH THE CITY ON COMPLETING THIS PROJECT IN A TIMELY MANNER.

I WILL NOW TURN THE PRESENTATION OVER TO BILL HOPKINS OF ARCHTYPE AND THEN CHARLIE CRAIG OF NAI THE DUNHAM GROUP REPRESENTING WEX.

Comments by Charlie Craig/Dunham Group, as Representative of WEX at EDC Meeting on 5/23/2017.

On behalf of WEX, I would like to say how excited we are about the potential opportunity to locate our World Headquarters on Downtown Portland's waterfront.

WEX has recently grown to a $1 Billion technology company. Our continued growth depends on our ability to attract work talent nationally and internationally. We are competing for recruits with tech companies based in areas like Boston, San Francisco and Silicon Valley.

IT recruiting is critical, and the unemployment rate for qualified candidates in Maine is effectively negative, meaning there are more job openings than qualified applicants.

We see our proposed glass waterfront headquarters as a major selling tool in our effort to recruit the talent WEX needs to continue our growth.

Initially we will employ 450 employees in our proposed Portland headquarters. These will be high paying, value added positions. Of the 450 employees, we anticipate that 200 positions will be new to Maine.

We project our employee base growing to 650 in Portland over time. Simultaneously, we will continue to house a substantial employee base in South Portland.

WEX is committed to this site via our partnership with 0 Hancock Street, LLC. We have both a lease agreement with Johnathon Cohen and board approval. Given the proposed building design, developer qualifications, and existing parking capacity, we feel 0 Hancock LLC is the only developer that currently can accommodate our needs.

We see many additional benefits to the City of Portland including the following:

- A large cutting edge office development with a defined timetable and real estate tax revenues
- Increased demand for downtown hotels, restaurants, retail services
- Increased demand for middle and high income housing

- Opportunities for employees to both work and live in downtown Portland, a national trend for growing cities. In particular, opportunities for home grown talent to stay in Maine.
- Further enhancement of Portland's national reputation as a growing, vibrant, business friendly city and burgeoning technology hub. This will help accelerate the development of neighboring properties like 58 Fore Street.

In summary, we feel this is a great opportunity for WEX, the City of Portland, and O Hancock, LLC. We look forward to working hand in hand with the city to move forward.

Economic Development Department
Gregory A. Mitchell, Director

MEMORANDUM

TO: Economic Development Committee

FROM: Greg Mitchell, Economic Development Director

DATE: June 1, 2017

SUBJECT: **Sale of Strip of Unneeded City Land Along Franklin Street – Discussion and Vote to Recommend Purchase and Sale Agreement to the City Council**

I. ONE SENTENCE SUMMARY

Vote to recommend to the City Council a Purchase and Sale Agreement to sell property designated as 28-X-1 along Franklin Street to NewHeight Group LLC at the stated purchase price of $12,000.

II. BACKGROUND

It is noted that the proposed sale of the City property has been discussed publicly at the following EDC meetings on March 7, March 29, and May 23 this year.

NewHeight Group, which has option to purchase an abutting property to the strip of land, designated by the Assessor as 28-X-1 (see attached map), with approximately 1,800 sq. ft., is interested in acquiring this property to support a residential redevelopment project.

This property was acquired by the City to support the Franklin Street Arterial Project. When the City sold property in this area, it retained this strip as a 12-foot wide way for the owner of 28-C-18 to access an accepted City Street; otherwise 28-C-18 would be landlocked as access was not allowed onto the Franklin Street Arterial. The Deed stipulates for the 12-foot wide driveway that it be: " . . . for the purposes of travel by vehicles and pedestrians and for access to land herein conveyed to the Grantee, provided that no structures or buildings of any kind or nature shall be erected or maintained on said strip of land and no vehicles shall be parked thereon."

A City-wide Department survey was conducted, including the Mayor, District Councilor, and At-Large Councilors, to determine if this was excess or not to the City's needs.

Survey results from the Parking, Parks and Recreation, Planning, Public Works, and School Departments indicated they had no need for this property. Planning further noted that the sale would permit more options for infill development or redevelopment on adjacent property, and for the easement to continue.

Jeremiah Bartlett of Public Works Engineering indicated that the Federal Street Master Plan calls for Federal Street to connect to Franklin Street, and does not see a reason for the City to retain the lot; it would not adversely impact the Federal Street Master Plan if the City sold it. He also noted that it would be highly unlikely that curb cuts from Franklin Street to 28-X-1 would be allowed.

Councilor Ray had a few questions; please see below with staff responses:

1. How does this affect the Master Plan for Franklin Street that the Council adopted back in 2015?
    a. Jeremiah Bartlett responded that the sale of this property will not adversely impact the Franklin Street Master Plan, nor future Franklin Street reconnection from Federal Street.

2. Councilor Ray wanted an understanding of what the abutter intends to do with the land, noting that it appeared that the abutter does not plan to build directly on it, but that a portion of their building (an awning or arbor or something similar) will over hang it. So would it be a sidewalk? Green Space? A sort of front yard? Would they anticipate public interaction with this space or might it be fenced off for private use?
    a. The abutter has been working with City Planning staff to possibly build above this narrow strip of land, noting that the parcel allows them to have frontage on Franklin Street. Frontage on Franklin Street allows them additional development rights under the Form Based Code. The abutter is generally planning townhouses on the back of the site and a larger building fronting Franklin Street (housing) that would likely build above the easement, though their plans are still under development.

3. Would the developer be planning on any curb cuts for direct entry into their building through this land, or would they, perhaps, be hoping for a Federal Street reconnection to facilitate access?
    a. Staff is not aware of any new proposed development curb cut requests to Franklin Street. Jeremiah Bartlett indicated that it would be doubtful that any new curb cuts would be allowed from Franklin Street.

III. Intended Result and/or Council Goal Addressed

The intended result would be for the City to sell this strip of land, together with its Deed stipulations, to an abutter which would allow for a multi-family development consisting of 20+ units with a mix of one, two, and three bedroom units, which development, with the addition of this strip of land, could front on Franklin Street; without the strip, it cannot do so.

In addition, NewHeight's proposal includes its discussions with the holder of the easement rights for access purposes, with NewHeight proposing to provide the holder of the easement with a new easement to travel under its proposed building to access its parking lot and associated apartment building.

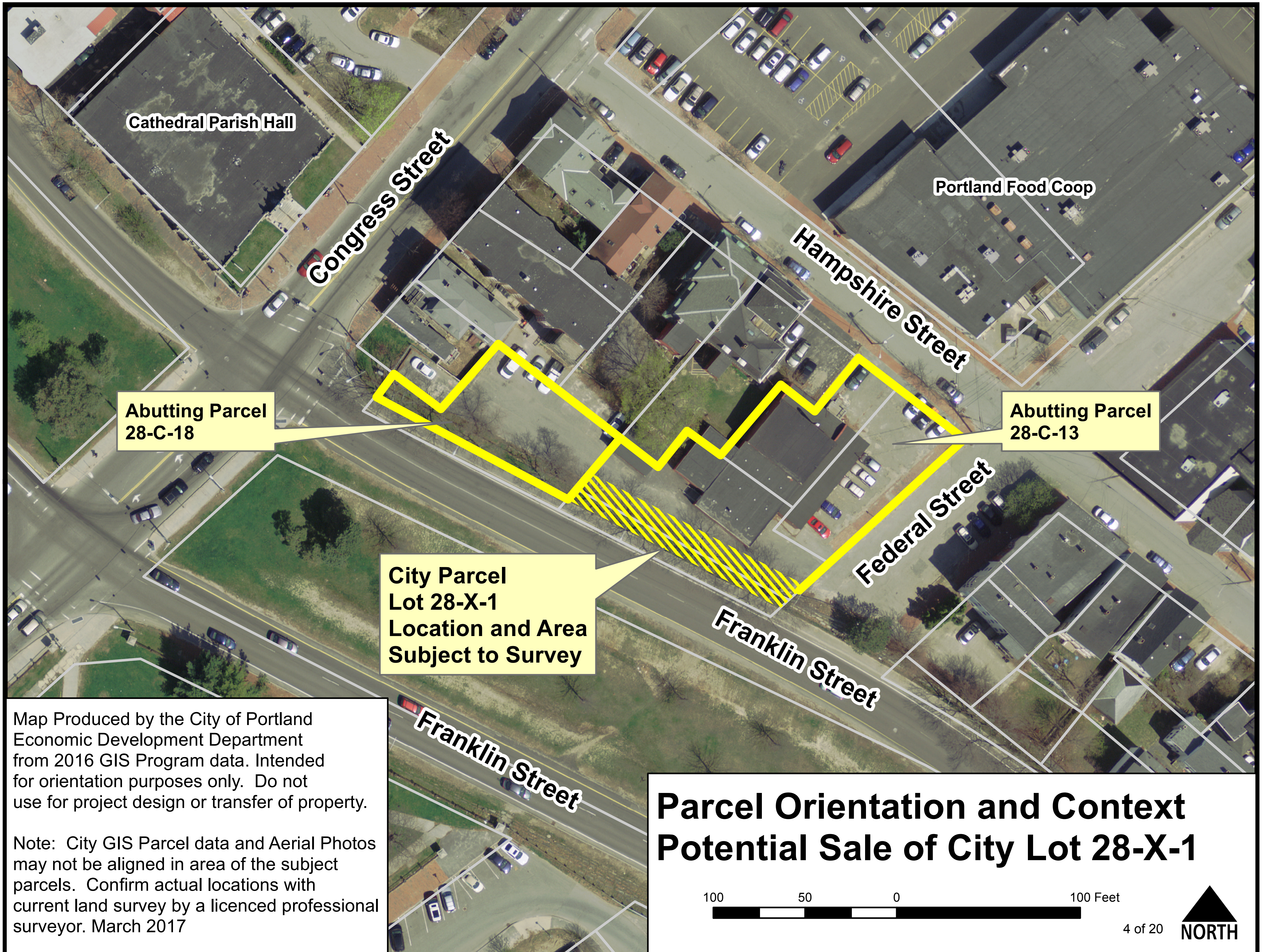
IV. Financial Impact

If sold, the City would realize property sale proceeds in the amount of $12,000 and future increase in taxes for the proposed development. Taxes now are at approximately $7,000 annually, and it is estimated that upon completed buildout the taxes would increase to approximately $200,000 annually to the City.

V. Staff Analysis and Recommendation

Staff recommends that the EDC vote to recommend approval of the proposed Purchase and Sale Agreement to the City Council.

Attachments: Map Highlighting the Properties
New Height's Bid
Proposed Purchase and Sale Agreement



Parcel Orientation and Context
Potential Sale of City Lot 28-X-1

Map Produced by the City of Portland Economic Development Department from 2016 GIS Program data. Intended for orientation purposes only. Do not use for project design or transfer of property.

Note: City GIS Parcel data and Aerial Photos may not be aligned in area of the subject parcels. Confirm actual locations with current land survey by a licenced professional surveyor. March 2017

FEDERLE LAW

May 11, 2017

Mathew F. Fitzgerald, Purchasing Manager

Purchasing Office

City Hall, Room 103

389 Congress Street

Portland, ME 04101

RE: Bid #EDD04-17 (Property Designated As CBL: 28-X-1)
NewHeight Group Bid Submission

Dear Mathew:

On behalf of the NewHeight Group, LLC, and responsive to Bid #EDD04-17, please find enclosed the following:

I. NewHeight Group's Option Agreement to purchase 56 Hampshire Street which abuts the City's property designated as CBL: 28-X-1;
II. NewHeight Group's Development Project Concept Plan;
III. NewHeight Group's demonstration of financial capacity; and
IV. The City bid form.

Sincerely,

Thomas B. Federle, Esq.

254 Commercial St., Ste. F, Portland, ME 04101 | www.federlelawmaine.com | O 207.899.0155

Option Agreement

By and Between
REBECO, LLC and NEWHEIGHT GROUP, LLC

Relating to Real Estate
Located at 56 Hampshire Street, Portland Maine

Whereas, ReBeCo, LLC ("ReBeCo")is the owner or real estate located at 56 Hampshire Street in Portland, Maine and depicted on the Portland city tax maps as Chart 28/ Block 13/ Lot 1 (the "Property");

Whereas, NewHeight Group, LLC ("NewHeight Group") is a Portland based real estate developer;

Whereas, on December 1, 2016 ReBeCo and NewHeight Group entered into an Agreement Relating to the Development of 56 Hampshire Street, Portland Maine (the "Agreement");

Whereas, NewHeight Group is proposing to purchase a strip of land from the City of Portland which is depicted on the Portland city tax maps as Chart 28/ Block X/ Lot 1 (the "City Strip");

Whereas, the City strip abuts the Property; and

Whereas, NewHeight Group desires to purchase the Property for the purpose of combining the City Strip and the Property to support the development of a multi-family residential structure fronting Franklin Street;

NOW THEREFORE, ReBeCo and NewHeight Group hereby agree as follows, to wit:

1. ReBeCo hereby grants to NewHeight Group, for a period of 45 days from the date of full execution below (the "Option Period"), an option to purchase the Property.

2. The terms of the purchase and sale of the Property shall be governed by the terms of the Agreement referenced above which is hereby extended to run coterminous with the Option Period.

3. In order to exercise the option, NewHeight Group must give ReBeCo written notice that it is exercising its option prior to expiration of the Option Period.

4. All terms of the Agreement shall remain in full force and effect unless expressly modified herein. In the event of a conflict between the terms of

this option agreement and the Agreement, the terms of the Agreement shall control.

May 10, 2017

ReBeCo, LLC
By: Ophir Barone
Its: Manager

NewHeight Group
By: Chip Newell
Its: Authorized Member

I. Development Project Concept Plan

The NewHeight Group has an option to purchase property located at 56 Hampshire Street (the former Tally's Tabaco Warehouse and more recently the former Portland Food Coop site). NewHeight Group is investigating re-development of the site.

The 56 Hampshire Street property is bounded on the east by Hampshire Street and the south by Federal Street. On the west, it is separated from Franklin Street by a 12' strip of land owned by the City of Portland (CBL 28X1). The city's strip of land is encumbered by an easement providing vehicular access to and from a surface parking lot near the corner of Franklin and Congress Street that provides 15 parking spaces for a 20 unit apartment building located at 312 Congress Street.

On December 1, 2016, NewHeight Group applied to the city to acquire the city's strip of land. NewHeight Group's assessment was that the strip of land has no value to the city, and perhaps a negative value, because 1) in its entirety, it is burdened by the vehicular access easement; 2) it is located in a spot that could impede the city's expressed goal of reconnecting Federal Street and Franklin Street (and relocating it or terminating it would be difficult and expensive for the city); and 3) the strip alone cannot be built upon because of its dimensions and required setbacks.

NewHeight Group proposed last December to pay the City $2,500 for the acquisition. This price was intended to cover costs of the City, primarily staff time, associated with transferring ownership of the strip of land. NewHeight Group, in response to the City's request for bids, is now bidding $10,000.00 for the property.

At this phase of our planning, we believe that the former co-op building property and the City's strip of land could support a multi-family development consisting of 20+ units with a mix of one, two and three bedroom units similar to our Luminato project one block down Franklin. Luminato has 24 units, 12 of which are one bedrooms targeted towards working professionals in Portland who are looking for the ability to purchase rather than rent. Prices at Luminato started in the mid $200,000s. All 24 of our units are sold. Of our 24 buyers, 18 of them live and work in Maine, 8 of them own their own business, and they range in age from 24 to 70. 16 of the buyers will live in Luminato as their primary residence. In conjunction with Luminato, NewHeight Group created 2 workforce housing units on Hampshire Street. These units have 99 year affordability covenants. We are proud to have located these units in one of the most desirable neighborhoods in Portland.

NewHeight Group will use the same marketing effort that led to the success of Luminato in this new project with the same goal of bringing more working, full-time Maine residents to this important location. One change from Luminato is that we will be investigating the feasibility of including some retail space on the ground floor of the building.

The City's strip of land with the vehicular easement running over it is located where Federal Street dead ends into Franklin. The preferred reconfiguration of Franklin adopted by the City includes reconnecting Federal Street and Franklin Street and possibly making it a full intersection. The location of the City's strip and vehicular easement would make this very difficult because it would be problematic for cars to enter Federal Street at its intersection with Franklin. Our preliminary investigation and conversation with the holder of the easement right shows that we could relocate the easement away from Franklin Street. We would do this by providing the holder of the easement with a new easement to travel under our building to access its parking lot.

By incorporating the City strip we would be able to front our new building on Franklin as imagined in the new India Street form based code, and design the project under the same parameters as Luminato. Our intention would be to build a condominium similar in scale (and compatible in design but unique) to Luminato. If we construct a building on this site with the City land we will be able to upgrade the streetscape at the current dead end of Federal Street as we are planning to do at the dead end of Newbury (where we are working with Portland Trails and the City to better activate that dead space).

In addition to the $10,000.00 that we are offering for this strip of land, we believe that the NewHeight Development Concept Plan delivers the following value to the City of Portland:

1. Relocation of the easement away from Franklin Street so as to improve functionality of a potential new intersection at Federal and Franklin;

2. Re-development that will continue the redevelopment along Franklin and establish housing fronting and engaging Franklin directly across from (a hopefully expanded) Lincoln Park;

3. Redevelopment of the former Portland Food Co-op building site and surrounding surface parking lot as an important in-fill development meeting the goals of the India Street Neighborhood Plan and the Form Based Code;

4. Activation of the Federal Street dead-end until reconnection can be achieved with Federal Street by removing a rusted and dented guard rail with boulders and other treatments to make it a better public space;

5. Possibility for new retail opportunities near the growing retail sector along the stretch of Congress Street between Washington and Franklin;

6. Creation of work force housing units (or payments in lieu) in compliance with the work-force housing requirements of Portland's Affordable Housing Ordinance; and

7. Increase in Portland's tax base. The City property that is the subject of this bid currently generates no taxes. The adjacent property on which NewHeight Group has an option generates taxes in an amount just above $7,000 annually. After development, we would expect that the combined properties would generate tax payments to the City of at least $200,000 annually.

SACO & BIDDEFORD
SAVINGS
INSTITUTION

MAILING ADDRESS • 50 Industrial Park Rd, Saco, ME 04072 • 1-877-SACO-BID

May 8, 2017

Gregory A. Mitchell
Department Director
Department of Economic Development
City of Portland
389 Congress Street
Portland, Maine 04101

Dear Greg:

I am writing this letter on behalf of New Height Group (NHG). Saco & Biddeford Savings Institution (SBSI) has an ongoing relationship with NHG. SBSI is currently providing multi-million dollar financing to NHG for the Luminato Condominium development in Portland. To date, NHG has proven to be highly qualified, effective and professional developers.

SBSI looks forward to continuing our relationship with NHG and would be pleased to entertain future financing requests from them.

I understand NHG is responding to an RFP from the City of Portland for a small land parcel for $10,000. Please be advised that NHG is fully qualified to receive bank financing for that purchase if requested.

Should you have any questions, please contact me at 207 602-7652.

Best Regards,

James M. Whelan
Vice President
Commercial Loan Officer
Saco & Biddeford Savings Institution

SACO • 207-284-4591 • Fax: 207-282-7908
BIDDEFORD • 207-284-0134 • Fax: 207-282-7909
WESTBROOK • 207-856-0049 • Fax: 207-856-0031
SCARBOROUGH • 207-883-2955 • Fax: 207-883-3862
SOUTH PORTLAND • 207-767-7422 • Fax: 207-767-7234
OLD ORCHARD BEACH • 207-934-2191 • Fax: 207-934-3872

www.sbsavings.com

Request for Bids from Two Abutters,
or Those Who Can Show Evidence of Right, Title, and Interest
to any of the two Abutting Properties
for City Property 28-X-1 Along Franklin Street

****THIS SHEET MUST BE SUBMITTED WITH YOUR BID****

The UNDERSIGNED hereby declares that he/she or they are the only person(s), firm or corporation interested in this bid as principal, that it is made without any connection with any other person(s), firm, or corporation submitting a bid for the same.

The UNDERSIGNED hereby declares that they have read and understand all conditions as outlined in the invitation for bids, and that the bid is made in accordance with same.

The UNDERSIGNED hereby declares that any person(s) employed by the City of Portland, Maine, who has direct or indirect financial interest in this bid or in any of the profits which may be derived therefrom has been identified and the interest disclosed by separate attachment. (Please include your disclosure any interest which you know of. An example of a direct interest would be a City employee who is related to any officers, employees, principal, or shareholders of your firm or to you. If in doubt as to status or interest, please disclose to the extent known).

COMPANY NAME: The NewHeight Group, a Maine limited liability company
(Individual, Partnership, Corporation, Joint Venture)

AUTHORIZED SIGNATURE: [signature] DATE: 5/10/17
(Officer, Authorized Individual, Owner)

PRINT NAME & TITLE: Stuart P. Newell

ADDRESS: Unit 401, 118 Congress Street, Portland, ME 04101

TELEPHONE: (202) 262-4567 FAX: —

EMAIL ADDRESS: Chip@newheightgroup.com

WEB ADDRESS: www.newheightgroup.com

FEDERAL TAX I.D. NR. OR SSN#: 52-2151111

NOTE: All bids must bear the handwritten signature of a duly authorized member or employee of the organization making the bid.

TOTAL PURCHASE PRICE FOR THE PROPERTY

$ 10,000.00
(Award Basis)

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PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT IS made this ______ day of _____________, 2017 by and between the CITY OF PORTLAND, a body politic and corporate located in Cumberland County, Maine, (hereinafter referred to as "Seller" or "City"), and NEWHEIGHT GROUP, LLC, or assigns, a Maine limited liability company having a mailing address of 118 Congress Street, #401, Portland, ME 04101 (hereinafter referred to as "Buyer" or "NewHeight").

RECITALS

WHEREAS, the CITY is the owner of an approximately 12-foot wide way with a chart block and lot number designated by the Portland Assessor as 28-X-1 off of Federal Street, Portland, Maine (the "Premises"), which is generally depicted on the orientation plan that is attached hereto as Exhibit A and incorporated herein (the "Plan"); and

WHEREAS, the City issued a "Request for Bids" for sale of the Premises, Bid #EDD04-17, a copy of which is attached hereto as Exhibit B and incorporated herein; and

WHEREAS, NewHeight timely submitted a bid for the Premises dated May 11, 2017, a copy of which is attached hereto as Exhibit C and made a part hereof (the "Proposal") and intends to develop the Premises and abutting property in accordance with the Proposal; and,

WHEREAS, NewHeight desires to purchase the Premises, and the City desires to convey the Premises to NewHeight pursuant to the terms of this Agreement.

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties, intending to be legally bound, hereby agree as follows:

1. **SALE.** City agrees to sell the Premises to NewHeight, and NewHeight agrees to purchase the Premises in accordance with the terms and conditions set forth in this Agreement. This Agreement is for the sale of land only.

2. **CONSIDERATION**. The purchase price for the Premises shall be Twelve Thousand Dollars ($12,000) (the "Purchase Price"), subject to the following cost adjustments and conditions:

    a. The City acknowledges receipt of NewHeight's deposit in the amount of One Thousand Dollars ($1,000.00) (the "Deposit") that the parties agree will be held in escrow as of the date of this Agreement; and

    b. NewHeight shall pay the balance of the Purchase Price to the City by wire transfer at closing.

3. TITLE AND DUE DILIGENCE.

a. Due Diligence Period. NewHeight will have from the date of this Agreement until 4:00 PM Eastern Daylight Savings Time on the day that is one month after the date of this Agreement (the "Due Diligence Period") to complete any survey, environmental review and title examinations. City shall provide whatever information it, or its agents, have in this regard to NewHeight within 10 days of the effective date of this Agreement.

b. Title and Survey Objections. NewHeight will have until the end of the Due Diligence Period to deliver to City any written objections to title, environmental, or survey matters (other than the permitted exceptions identified herein) that materially affect marketability or use. Objections not made prior to the end of the Due Diligence Period will be deemed waived; provided, however, that objections pertaining to matters of record first appearing after the end of the Due Diligence Period may be made at any time prior to the closing.

d. Option to Cure. In the event of a title or survey objection, City will have the option, but not the obligation, to cure the objection and will notify NewHeight of its election within ten (10) business days after receipt of the objection. In the event that the City elects to cure the objection, it will have sixty (60) days from the date of the notice of election, or such other reasonable time as the parties may agree, to cure the objection. In the event that the City does not elect to cure the objection, or, having elected to cure the objection fails to timely do so to NewHeight's reasonable satisfaction, NewHeight will have the option to (1) terminate this Agreement, (2) waive the objection and close, or (3) undertake the cure of such objection at its own expense (in which case it shall have 60 days to do so).

City shall convey the Premises to NewHeight at the closing in fee simple by a municipal quitclaim deed without covenant. Title shall be good, marketable and insurable title, free and clear of all encumbrances except (i) any easements of record, including, without limitation, the access easement described in a deed from the City to Ernest B. Woodard dated October 2, 1972 and recorded in the Cumberland County Registry of Deeds, Book 3554, Page 57; (ii) any easements for utilities on the property, (ii) zoning ordinances, and (iii) real estate taxes not yet due and payable.

4. INSPECTIONS.

a. During the Due Diligence Period, NewHeight and its employees, consultants, contractors and agents shall have the right, at NewHeight's expense, to enter on the Premises at reasonable times in order to (i) inspect the same, (ii) conduct engineering studies, survey work, percolation tests, geotechnical exams, environmental assessments, and other such studies, tests, exams, and assessments, and (iii) do such other things as NewHeight determines, it is sole discretion, to be required to determine the suitability of the Premises for NewHeight's intended use (collectively, the “Inspections”).

b. NewHeight agrees to defend, indemnify and hold harmless the City against any mechanics liens that may arise from the activities of NewHeight and its employees, consultants, contractors and agents on the Premises.

c. NewHeight shall exercise the access and inspection rights granted hereunder at its sole risk and expense, and NewHeight hereby releases the City from, and agrees to indemnify, defend, and hold the City harmless against, any and all losses, costs, claims, expenses and liabilities (including without limitation reasonable attorney fees and costs) (collectively, "Damages") suffered by the City on account of any injury to person or damage to property arising out of the exercise by NewHeight of its rights hereunder, except to the extent that such Damages result from the act or omission of the City.

d. NewHeight shall cause any contractors, consultants or any other party conducting the Inspections to procure automobile insurance, if applicable, and general public liability insurance coverage in amounts of not less than Four Hundred Thousand Dollars ($400,000.00) per occurrence for bodily injury, death and property damage, listing the City as an additional insured thereon, and also Workers’ Compensation Insurance coverage to the extent required by law.

e. In the event that NewHeight does not purchase the Premises, NewHeight agrees to either return the Premises as nearly as possible to its original condition after conducting the Inspections, or, at the City’s option, reimburse the City for any physical damage caused to the Premises in connection with the Inspections; provided, however, the City hereby acknowledges and agrees that the term "physical damage" does not include any disturbance of any pre-existing environmental contamination on the Premises caused by such inspections, studies, tests, exams, and assessments, and that NewHeight shall have no obligation to clean-up, remove or take any other action with respect to any pre-existing environmental contamination disturbed thereby.

f. The parties hereto acknowledge and agree that it is a condition to NewHeight's obligations under this Agreement that the results of the Inspections be acceptable to NewHeight in its sole discretion. If the results of such due diligence are not acceptable to NewHeight in its sole discretion, and if NewHeight exercises its right to terminate this Agreement, neither party shall have any further obligations or liabilities under this Agreement except as expressly set forth in this Agreement.

5. **<u>REAL ESTATE TAXES, PRORATIONS AND TRANSFER TAX.</u>** NewHeight shall be liable for all real estate taxes beginning as of the start of fiscal year following the closing and continuing thereafter. Because the Property is currently owned by the City of Portland, which is exempt from real estate taxes, no taxes were assessed or will be due for any portion of the current fiscal year, and no taxes will be prorated at

the closing. Any utilities for the Property shall be prorated as of the closing. The Maine real estate transfer tax shall be paid for by NewHeight in accordance with 36 M.R.S.A. § 4641-A. City is exempt from paying the transfer tax pursuant to 36 M.R.S.A. § 4641-C. The recording fee for the deed of conveyance and any expenses relating to NewHeight's financing or closing shall be paid for by NewHeight.

6. **DEFAULT AND REMEDIES**. In the event that NewHeight defaults hereunder for a reason other than the default of the City, City shall retain the deposit and shall have the right to pursue all other legal or equitable remedies available to City. In the event City defaults under this Agreement, and if NewHeight is not then in default hereunder, NewHeight shall have the right to pursue specific performance, but at all times may elect in substitution therefor, as its sole remedy, the right to a return of its deposit.

7. **RISK OF LOSS.** The risk of loss or damage to the Premises by fire, eminent domain, condemnation, or otherwise, until transfer of title hereunder, is assumed by the City. The Premises is to be delivered in substantially the same condition as of the date of this Agreement unless otherwise stated. In the event City is not able to deliver the Premises as stated, NewHeight may terminate this Agreement, and obtain a refund of the Deposit and neither party shall have any further obligations or liabilities under this Agreement.

8. **PROPERTY SOLD "AS IS, WHERE IS**." NewHeight acknowledges that NewHeight has had an opportunity to inspect the Premises, and to hire professionals to do so, and that Premises will be sold "as is, where is" and "with all faults." City, and its agents, make no representations or warranties with respect to the accuracy of any statement as to boundaries or acreage, or as to any other matters contained in any description of the Premises, or as to the fitness of the Premises for a particular purpose, or as to development rights, merchantability, habitability, or as to any other matter, including without limitation, land use, zoning and subdivision issues or the environmental, mechanical, or structural condition of the Premises. Acceptance by NewHeight of the Deed at closing and payment of the Purchase Price shall be deemed to be full performance and discharge by the City of every agreement and obligation contained herein.

9. **ENVIRONMENTAL INDEMNIFICATION**. NewHeight covenants and agrees to indemnify, defend, and hold the City harmless from and against any and all claims, damages, losses, liabilities, obligations, settlement payments, penalties, assessments, citations, directives, claims, litigation, demands, defenses, judgments, costs, or expenses of any kind, including, without limitation, reasonable attorneys', consultants', and experts' fees incurred in investigating, defending, settling, or prosecuting any claim, litigation or proceeding, that may at any time be imposed upon, incurred by or asserted or awarded against NewHeight or the City and relating directly or indirectly to the violation of or compliance with any federal, state, or local environmental laws, rules, or regulations governing the release, handling or storage of hazardous wastes or hazardous materials and affecting all or any portion of the Premises. This duty to indemnify, defend, and hold harmless shall be included in a

covenant in the deed and shall run with the land conveyed and be binding upon NewHeight's successors, assigns, and transferees.

10. **CLOSING**. Time is of the essence in the performance of this agreement. The closing shall be held at the offices of NewHeight's counsel at a time agreeable to the parties on or before the day that is two months after the date of this Agreement (the "Closing Date"). At the Closing:

    a. the City shall execute, acknowledge and deliver to NewHeight a municipal quitclaim deed conveying to NewHeight good and marketable title to the Premises, free and clear of all encumbrances except as otherwise set forth herein.

    b. The property description contained in the deed will be a survey description based on a survey prepared by NewHeight at its sole expense that will more specifically describe the property shown on the Plan. NewHeight will provide the survey description to the City prior to the expiration of the Due Diligence Period, and the parties will agree on the property description for the Premises prior to the closing.

    c. NewHeight shall deliver the Purchase Price to the City by wire transfer.

    d. Each party shall deliver to the other such other documents, certificates and the like as may be required herein or as may be necessary to carry out the obligations under this Agreement.

11. **ENTIRE AGREEMENT.** This Agreement represents the entire and complete Agreement and understanding between the parties and supersedes any prior agreement or understanding, written or oral, between the parties with respect to the acquisition or exchange of the Property hereunder. This Agreement cannot be amended except by written instrument executed by City and NewHeight.

12. **NON-WAIVER**. No waiver of any breach of any one or more of the conditions of this Agreement by either party shall be deemed to imply or constitute a waiver of any succeeding or other breach hereunder.

13. **HEADINGS AND CAPTIONS.** The headings and captions appearing herein are for the convenience of reference only and shall not in any way affect the substantive provisions hereof.

14. **BINDING EFFECT**. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, administrators, successors and assigns.

15. **TIME.** The City and NewHeight each confirm and agree that each of the time periods set forth herein are essential provisions of the terms of this Agreement.

16. **GOVERNING LAW**. This Agreement shall be construed in all respects in accordance with, and governed by, the laws of the State of Maine. All parties hereto

hereby consent to the exclusive jurisdiction of the Superior Court for the County of Cumberland in the State of Maine, for all actions, proceedings and litigation arising from or relating directly or indirectly to this Agreement or any of the obligations hereunder, and any dispute not otherwise resolved as provided herein shall be litigated solely in said Court. If any provision of this Agreement is determined to be invalid or unenforceable, it shall not affect the validity or enforcement of the remaining provisions hereof.

17. **<u>NOTICE</u>**. All notices, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given on the date of service if served personally on the party to whom notice is to be given, or on the first business day after mailing if mailed to the party to whom notice is to be given by first class mail, postage prepaid, certified, return receipt requested, addressed to the recipient at the addresses set forth below. Either party may change addresses for purposes of this paragraph by giving the other party notice of the new address in the manner described herein.

FOR The City:	City of Portland ATTN: City MANAGER 389 Congress Street Portland, ME 04101
With a copy to:	The Office of the Corporation Counsel at the same address.
FOR NewHeight:	NewHeight II, LLC 118 Congress St., #401 Portland, ME 04101
With a copy to:	Thomas B. Federle, Esq. 254 Commercial Street Portland, Maine 04101

18. **<u>SIGNATURES; MULTIPLE COUNTERPARTS.</u>** This Agreement may be executed in any number of counterparts and by different parties in separate counterparts. Each counterpart when so executed shall be deemed to be an original and all of which together shall constitute one and the same agreement.

19. **<u>BROKERS</u>.** The CITY and NewHeight each represent and warrant that they have not dealt with a real estate broker in connection with this transaction. NewHeight agrees to indemnify and hold harmless City from any claims made by any broker should NewHeight's representation in this paragraph be false. Subject to the limitations of liability set forth in the Maine Tort Claims Act, City agrees to indemnify and hold harmless NewHeight from any claims made by any broker should City's representation in this paragraph be false. The foregoing indemnities shall include all legal fees and costs incurred in defense against any such claim, and shall survive closing.

20. **<u>RECITALS INCORPORATED BY REFERENCE</u>**. The recitals set forth above are incorporated herein by reference and made a part of this Agreement.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals on the day and year first written above.

CITY OF PORTLAND

____________________ ________________________________
WITNESS Jon P. Jennings
Its City Manager

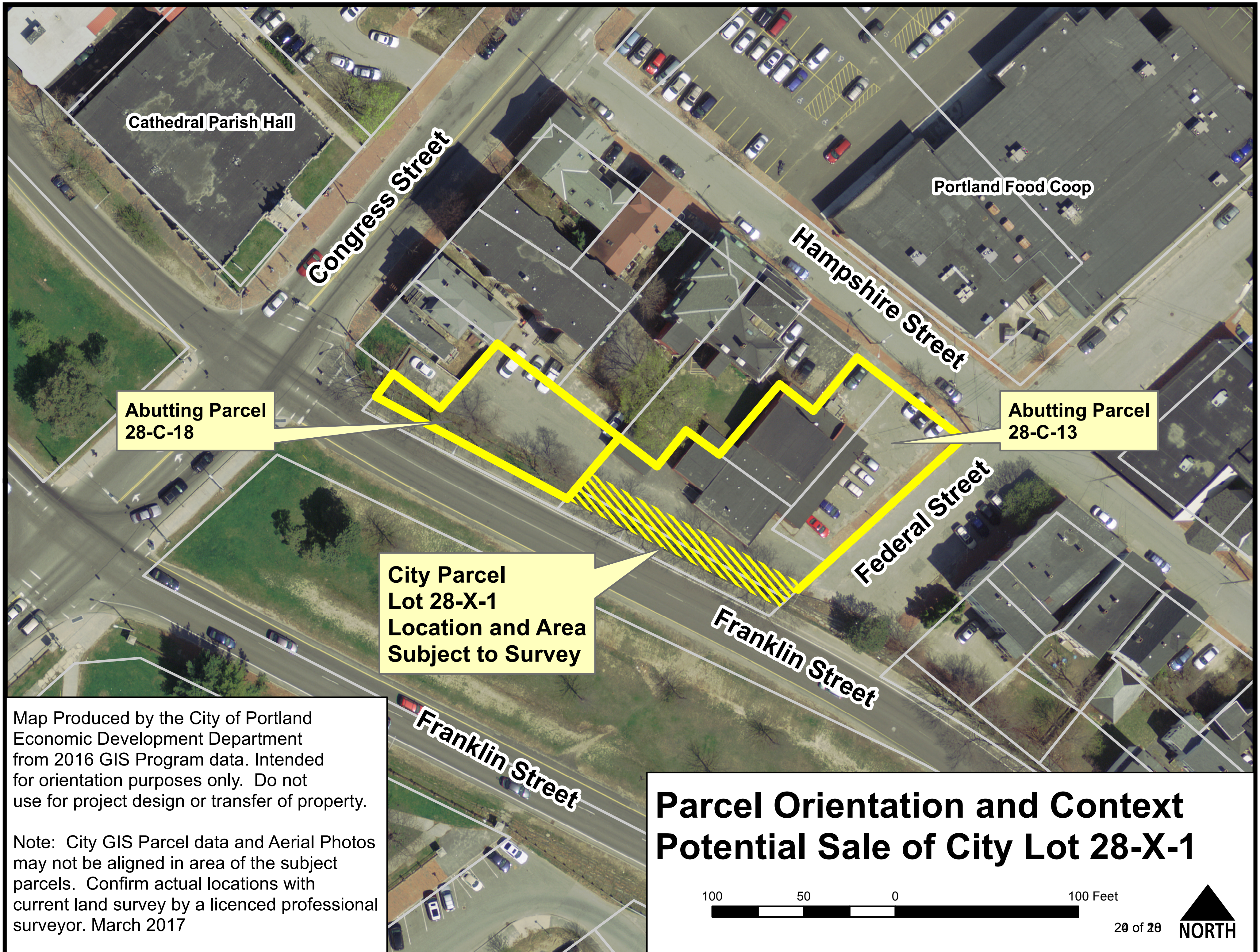
NEWHEIGHT II, LLC

__________________________ ________________________________
WITNESS Printed Name:____________________
Its ______________________________

Approved as to Form:

____
Corporation Counsel's Office

EXHIBIT A



Cathedral Parish Hall
Congress Street
Portland Food Coop
Hampshire Street
Abutting Parcel 28-C-18
Abutting Parcel 28-C-13
Federal Street
City Parcel Lot 28-X-1 Location and Area Subject to Survey
Franklin Street
Franklin Street
Map Produced by the City of Portland Economic Development Department from 2016 GIS Program data. Intended for orientation purposes only. Do not use for project design or transfer of property.
Note: City GIS Parcel data and Aerial Photos may not be aligned in area of the subject parcels. Confirm actual locations with current land survey by a licenced professional surveyor. March 2017
Parcel Orientation and Context
Potential Sale of City Lot 28-X-1
100
50
0
100 Feet
NORTH

Portland, Maine Yes. Life's good here.

Office of the Mayor, Ethan K. Strimling

MEMORANDUM

To: Economic Development Committee Chair David Brenerman
Councilors Pious Ali and Spencer Thibodeau
From: Ethan K. Strimling, Mayor
Date: June 1, 2017
Re: Committee Questions: Tax Increment Financing Reform

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1. Is the goal of these amendments to stop all TIFs?

No. The goal of this type of Tax Increment Financing (TIF) reform is to ensure the greatest public good is achieved when utilizing public dollars on a TIF project. These provisions will lead to better paying jobs, a more trained and diverse workforce and allow for higher accountability while at the same time providing city assistance to worthy companies. In fact, there is already precedent for Portland including benchmarks and measures when it comes to TIFs and awarding public dollars via the Portland Development Corporation.

On October 1, 2001, the Portland City Council approved a TIF for CommTel that included hiring requirements (120 jobs or a $4M payroll), wage requirements (200% of minimum wage), and access to healthcare and retirement. Additionally, the company was required to post hiring notices locally in the Career Center in order to meet the TIF expectations. These expectations were far from stopping the company from negotiating the TIF (See the Council-approved CommTel TIF [Attachment 1] and its accompanying order [Attachment 2]).

Additionally, the city also mandates hiring practices through the public dollars we expend for small businesses through the Portland Development Corporation, utilizing the same concept contemplated by this TIF reform. The requirements of the Portland Business Assistance Program for Job Creation, as approved by the Council on August 2, 2016 (Attachment 3) include:

- **"Create one (1) full-time job (at least 1,750 hours/year) for every $10,000 of grant Funding;**
- **Business location of applicant fits any of the following: In a low income area of the City; Within walking distance to one or more of these areas; or, Easily accessible from these areas via public transportation;**

- **Net new jobs created with the help of the grant are marketed to low/moderate income Portland residents, resulting in at least 51% of these jobs going to this population. As an example, if two jobs are created to meet grant requirements, then both must be filled by low/moderate income Portland residents;**
- **Job(s) are created within nine (9) months of signing a grant agreement."**

2. Why are the requirements in the proposal not inclusive of all city projects?

   The referral from the Council directed the Committee to focus on the "City of Portland's Tax Increment Financing (TIF) policy." While I would support a policy encompassing all publicly funded projects, this council order specifically directed us to review TIFs and did not include a provision for broadening the review. Obviously, if the Committee wishes to extend their scope, that is their prerogative.

3. Can we get some clarity on how "Apprenticeship Program" is defined?

   According to the Maine Department of Labor, a Registered Apprenticeship Program (the standard we require in this proposed policy) is, "Formal, nationally-recognized, occupational training provided primarily through structured on-the-job learning and supplemented with formal courses in theory, academics and technology. The on-the-job learning component is provided by the employer and follows specific occupational skill standards. Required courses may be taken at a community college, but in some cases may be provided directly by the sponsor or other training institutions. Apprenticeable occupations are those that require a minimum of one year, but up to five or more years of hands-on practical learning to become proficient." See Attachment 4 for more information.

   According to the US DOL in response to the question, "*Are all Registered Apprenticeships union-based*?" "A: No. Registered Apprenticeship is used widely across all industries and includes union and non-union programs. Registered apprenticeship sponsors include unions, but also employers, community colleges and universities, workforce investment boards, industry associations, and the military." See Attachments 5 and 6 for greater detail.

4. How do you (Mayor) feel about exempting affordable housing projects?

   Most affordable housing projects already have to meet Davis-Bacon (federal prevailing wage rates) or state prevailing wage, due to their public financing structure. In either case, they would meet the wage requirements of our proposed TIF Policy and would not incur increased costs. Therefore, I believe affordable housing projects should also be included.

5. Can you more fully explain the purpose of the bonus provision, whether other cities have something similar and where the 2.5% comes from?

   Other cities have bonus provisions in their public contract hiring requirements, in order to encourage companies to go above and beyond the minimum of their hiring expectations. The purpose of this provision is the same. San Francisco's bonus rate is 1%. The amendment before the committee suggests 2.5% in order to provide an additional incentive so more local people can be hired and disadvantaged communities brought out of poverty.

6. What will be the impact on financing if the clawback is included?

   Upon discussions with Corporation Counsel, rather than include a clawback provision, a more viable path might be to tie the reimbursements via the Credit Enhancement Agreement (CEA) to the satisfying of the requirements as outlined in the TIF Policy. If that is the case, financing would not be impacted as a company would still be able to use the CEA as collateral for a loan.

   An example of this form of "penalty" is the language used in the aforementioned CommTel TIF approved by the Council in 2001 (Attachment 1). The language in that CEA stated, "Beginning on January 1, 2004, if in any year of the Credit Enhancement Agreement Company fails to maintain 120 such jobs and fails to maintain the payroll level described above, $3,000 per job shortfall will be deducted from the TIF allocation to Company in the year of such shortfall, not to exceed 10% of the TIF allocation in the year of the shortfall. The job shortfall penalty will be imposed in the following year."

7. In reviewing whether a company met the hiring and wage expectations, what of their information will be made public, if anything?

   We have contacted city staff for assistance with this answer. Additional information will be provided to the Committee when available.

8. Can we better define "in good faith" and what principles would be used for a Councilor to rescind a TIF?

   Various jurisdictions define this term differently. For example, Baltimore's Local Hire Law states, "Good Faith Effort is defined as a set of activities conducted by the contractor/vendor or other person which demonstrate multiple types of outreach efforts have been made to City residents including, but not limited to: ads in local papers, paid local

job boards, information to local educational and workforce organizations, as well as an objective review and rating of resumes of city residents."

As noted in Question #7, upon discussions with Corporation Counsel, rather than rescind a TIF, a more viable path would be to tie the reimbursements via the Credit Enhancement Agreement (CEA) to the satisfying of the requirements as outlined in the TIF Policy.

9. Can we clarify "TIF-assisted project" and fully flesh out what is or is not included?

   A "TIF-assisted project" would include those projects that engage in a CEA with the City.

10. What will be the financial impact on businesses that have to meet these requirements?

    Every business is obviously different and many already must pay prevailing wages on public projects, as Davis-Bacon rules apply. That said, even for those companies that do not, they will only need to meet the requirements outlined in the revised TIF Policy if they choose to seek a CEA. As with every financial decision a company makes, if they are seeking financial assistance from the city to engage in a new or expanded project they will need to make the determination if the long-term tax benefits (often lasting for decades) are worth meeting the community benefit standards outlined in the agreement. Similarly, the Council will have to determine if the community benefits are worth spending the public money.

    Additionally, as the Maine State Building Trades state: "Requiring workers to be paid the generally-accepted prevailing wages should not impact a company who is already compensating their workers fairly. Unfortunately, we know that although most companies do the right thing, there are some who underpay and undertrain their workers, thus tilting the scales towards businesses that cut corners. Setting requirements for wages and training for every company involved in the construction phase of a TIF will level the playing field and remove those unfair advantages. Further, properly compensating and training workers will increase safety, efficiency and job longevity; thus mitigating the longer-term costs of compensation for injuries, re-visting work completed and retraining new workers to replace those who leave the workforce." See Attachment 6 for more detail.

11. Can we get a copy of 26 MRSA §1306?

    See Attachment 7.

12. How many Maine companies either have an apprenticeship program or are connected to one?

According to the Maine Department of Labor, about 60 companies (not including affiliated organizations) in Maine have a registered apprenticeship program. Additionally, the Home Builders and Remodelers Association have recently been certified and the Associated General Contractors of Maine is on the verge of being certified, totaling more than 250 additional affiliated organizations with an apprenticeship program. For more, see Attachment 6. For a complete 2016 list of Active Sponsors from the Maine Department of Labor, see Attachment 8.

13. Do we know how many subcontractors that worked on past TIF projects would have met these requirements?

We have contacted city staff for assistance with this answer. Additional information will be provided to the Committee when available.

14. Do contractors come with their own workforce, or do they "hire up" for each job?

Both. Depending on the size and duration of the job, contractors both bring their own workers, and/or also hire local workers in order to reach and maintain the appropriate staff capacity.

15. Does the "prevailing wage" requirement help prevent companies from misclassifying employees?

The implementation of this policy would safeguard workers from misclassification by enabling the city to examine certified payroll, as can currently be accomplished on projects supported with federal funds. See Attachment 6 for more detail.

16. What is the purpose of an Apprenticeship program? Safety? Skilled Workforce?

According to the Maine State Building Trades: "For apprentices, some benefits include: improved skills, on-the-job training, incremental wage increases, career advancement and credentialing, opportunity for college credits. Businesses benefit from apprentices by ensuring: customized and systematic training, increased productivity and knowledge transfer, enhanced worker retention, an emphasis on safety training, a stable and predictable pipeline of trained workers, and utilizing the ability to conduct objective

readiness assessments for their workforce. The community benefits from apprenticeship programs by: gaining a skilled and productive workforce, establishing a pool of talent to meet the community's workforce demands, and providing a pathway to the middle class and lessening the burden on an already-taxed social services system." See Attachment 6 for additional information.

17. How do you define "Portland resident?"

Various jurisdictions define residency in different ways. Three such examples are:

San Francisco Mandatory Local Hiring Ordinance: "A resident is defined as an individual who is domiciled within the City seven days prior to commencing work on the project."

Seattle Priority Hire Ordinance: "Resident means a person who provides evidence to the satisfaction of the Director demonstrating that the person lives at a particular address."

Boston's Residents Jobs Policy: "Any person for whom the principal place where that person normally eats and sleeps and maintains his or her normal personal and household effects is within the city limits of the City."

In speaking with Corporation Counsel and from an administrative standpoint, Boston's simple definition might be the most viable option for Portland.

18. How do we define "minorities?"

Corporation Counsel suggested we use the definitions under the Equal Employment Opportunity Program (EEO). According to the EEO, the term "minority" describes:

- ***"American Indian or Alaskan Native.*** **A person having origins in any of the original peoples of North America, and who maintain their culture through a tribe or community.**
- ***Asian or Pacific Islander.*** **A person having origins in any of the original people of the Far East, Southeast Asia, India, or the Pacific Islands. These areas include, for example, China, India, Korea, the Philippine Islands, and Samoa.**
- ***Black (except Hispanic).*** **A person having origins in any of the black racial groups of Africa.**
- ***Hispanic.*** **A person of Mexican, Puerto Rican, Cuban, Central or South American, or other Spanish culture or origin, regardless of race."**

19. Does requiring "prevailing wage" discourage new hires?

No. Hiring new employees and the incorporation of apprenticeship programs has an additional benefit for companies above and beyond training the next generation of their workforce. Apprentices or workers in training do not automatically earn the prevailing wage upon hire. While each program is different, most times, these employees would earn a percentage of the prevailing wage (i.e. 50% in year one, 60% in year two). So rather than discourage new hires, this system would benefit the company by allowing them to compensate a new employee according to their skill level while at the same time building capacity and expertise for the future.

Further, according to the Maine State Building Trades: "Rather than discouraging new hires, setting fair wages will establish a floor for compensation that will prevent abuses and encourage tradespeople to enter and remain in their field of work... Companies required to adhere to minimum standards in wages and safety will be more likely to encourage quality hires by employing and investing in workers for the long term." See Attachment 6 for more detail.

Attachment #1

THIS CREDIT ENHANCEMENT AGREEMENT dated as of ______, 2001, between the City of Portland, Maine (the "City"), a municipal body corporate and politic and a political subdivision of the State of Maine, and Community Services Communications, Inc. d/b/a CommTel, a corporation duly organized and existing under the laws of the State of Maine, with a place of business in Winthrop, Maine (the "Company", as further specified herein).

WITNESSETH THAT

WHEREAS, the City designated the CommTel Municipal Development District and Tax Increment Financing District (the "District") pursuant to Chapter 207 of Title 30-A of the Maine Revised Statutes, as amended, by action of the Portland City Council on ________________ (the "Vote"), and pursuant to the same Vote adopted a development program and financial plan for the District (the "Development Program"); and

WHEREAS, upon submission of an application to DECD, the City expects DECD to review and approve the District and the Development Program; and

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

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

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

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.

"Account" shall mean the Company TIF Account, also known as the CommTel Development Program Account.

"Act" means Chapter 207 of Title 30-A of the Maine Revised Statutes, as amended.

"Affiliate" means, with respect to any specified entity, any other entity in which the specified entity has a more 50% ownership interest or of which the spedified entity controls more than 50% of the voting power.

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

"Captured Assessed Value" means the annual percentage of Increased Assessed Value retained in the District in each tax year during the term of the District, as specified in Section 3.1 hereof.

"City" shall have the meaning given such term in the recitals hereto.

"City Tax Increment Revenues" means in each year this Agreement is in effect, an amount of money equal to the percentage of Retained Tax Increment Revenues allocated to the City at the time and according to the schedule specified in 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, successor, or Affiliate thereof.

"Company TIF Account" means the account described in the Financial Plan section of the Development Program and established and maintained pursuant to the Development Program and Article II hereof.

"Company Tax Increment Revenues" means in each year this Agreement is in effect an amount of money equal to the percentage of Retained Tax Increment Revenues allocated to the Company at the times and according to the schedule specified in Section 3.1 hereof.

"Current Assessed Value" means the then current assessed value of the Property located within the District to be determined by the City'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 City as described in the document entitled "Proposal to Create a Tax Increment Financing District" presented to the City on behalf of the Company, a copy of which is attached hereto as <u>Appendix A</u>.

"District" shall have the meaning given such term in the recitals hereto.

"Financial Plan" means the financial plan described in the "Financial Plan" section of the Development Program.

"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 $2,463,950, the assessed value of the District as of March 31, 2001.

"Project" means the design, construction and equipping of a enterprise-class IP data Center in the District, which improvements include renovations of and additions to existing buildings, and the acquisition and installation of equipment and other personal property therein, all as more particularly described in Sections II(A) and IV(A) of the Development Program.

"Project Cost Account" means the account in the Development Program Fund described in Section 2.01 of the Development Program and established and maintained pursuant to the Development Program and Article II hereof.

"Project Costs" means all costs incurred by the Company on the Project within the meaning set forth in 30-A M.R.S.A. § 5252(8), as amended.

"Property" means all real or personal property, including but not limited to the Project, now or hereafter located within the District, whether or not the Company owns such Property or is otherwise liable for property taxes imposed and assessed thereon by the City, but excluding any personal property (other than any such property included in the Original Assessed Value or other property in replacement thereof) located at 39 Forest Avenue that is owned by or taxed to the tenants of the Company located there at (currently Maine Medical Center, James Daigle Photography and Channel 2 and 4 Public Access Television).

"Property Taxes" means any and all ad valorem property taxes in excess of any county, state or special district taxes levied, charged or assessed against the Property by the City or on its behalf and actually paid to the City.

"Qualified Investments" shall mean any and all securities, obligations or accounts in which municipalities may invest their funds under applicable Maine law, and which are of the same type and tenor as the investments in which the City invests its own funds.

"Retained Tax Increment Revenues" means that portion of Property Taxes assessed by the City on the Captured Assessed Value.

"Tax Payment Date" means the later of the date(s) on which Property Taxes assessed by the City 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. All notices to be given hereunder shall be given in writing and, unless a certain number of days is specified, within a reasonable time.

f. If any clause, provision or Section of this Agreement shall be ruled invalid by any court of competent jurisdiction, the invalidity of such clause, provision or Section shall not affect any of the remaining provisions hereof except as expressly provided in Section 3.4.

ARTICLE II
DEVELOPMENT PROGRAM FUND AND FUNDING REQUIREMENTS

Section 2.1. <u>Creation of Development Program Fund</u>.

The City hereby confirms the creation and establishment of a segregated account in the name of the City designated as the "CommTel Development Program Account" pursuant to, and in accordance with the terms and conditions of, the Development Program.

Section 2.2. <u>Deposits into Account</u>.

There shall be deposited into the Account contemporaneously with each payment of property tax by the Company an amount equal to that portion of the property tax payment constituting Company Tax Increment Revenues for the period to which the payment relates. Any and all revenues, if any, resulting from investment of monies on deposit shall be retained by the City and withdrawn from the Account contemporaneously with payment to the Company.

Section 2.3. <u>Use of Monies in Account</u>.

Monies deposited in the Account shall be used and applied exclusively to fund the City's payment obligation described in Article III hereof.

Section 2.4. Use of Monies in City TIF Account.

Monies deposited into the City TIF Account and all earnings thereunder will be dedicated to efforts of City's economic development department, as designated by City Council annually in the municipal budget in accordance with Chapter 207 of Title 30-A.

Section 2.5. Monies Held in Trust.

All monies required to be paid into the Account under the provisions hereof and the provisions of the Development Program, other than investment earnings thereon shall be held by the City, in trust, for the benefit of the Company.

Section 2.6. Investments.

Any monies in the Account shall be invested and reinvested in Qualified Investments as determined by the City. The City shall have discretion regarding the investment of such monies, provided such monies are invested in Qualified Investments. As and when any amounts thus invested may be needed for disbursements, the City shall cause a sufficient amount of such investments to be sold or otherwise converted into cash to the credit of such account. The City shall have the sole and exclusive right to designate the investments to be sold and to otherwise direct the sale or conversion to cash of investments made with monies in the Account.

Section 2.7. Tax Payments.

The Company shall pay when due all Property Taxes assessed by the City unless contested by the Company by appropriate proceedings pursuant to Maine law. No payments shall be made by the City under this Agreement at any time any such taxes or amounts are due and unpaid.

ARTICLE III
PAYMENT OBLIGATIONS

Section 3.1. Captured Assessed Value; Retained Tax Increment.

Annually, the following percentages of Increased Assessed Value shall be retained as Captured Assessed Value and the Tax Increment on such Captured Assessed Value shall be retained as Retained Tax Increment which Retained Tax Increment shall be deposited when received by the City into the Company TIF Account and the City TIF Account pursuant to the following allocation percentages, in accordance with the provisions of Section 2.2 of this Agreement and the priorities established by 30-A M.R.S.A. §5254(3)(B), each year starting with the 2002-2003 fiscal year of the City and continuing for each of the next 14 fiscal years of the City, ending with the 2016-2017 fiscal year, all as indicated on Table No. 1 below.

TABLE NO. 1

A	B	C	D	E
Year No.	Fiscal Year	% of Increased Assessed Value Retained as Captured Assessed Value	Allocation of Retained Tax Increment % to Company	% to City
1	2002-2003	100%	50%	50%
2	2003-2004	100%	75%	25%
3	2004-2005	100%	80%	20%
4	2005-2006	100%	85%	15%
5	2006-2007	100%	85%	15%
6	2007-2008	100%	80%	20%
7	2008-2009	100%	75%	25%
8	2009-2010	100%	75%	25%
9	2010-2011	100%	75%	25%
10	2011-2012	100%	50%	50%
11	2012-2013	100%	10%	90%
12	2013-2014	100%	10%	90%
13	2014-2015	100%	10%	90%
14	2015-2016	100%	5%	95%
15	2016-2017	100%	5%	95%

Section 3.2. <u>Completion of Development Program</u>.

Prior to receiving the first payment under this Agreement, the Company shall have substantially completed, or shall provide evidence reasonably satisfactory to the City of the Company's ability to substantially complete, the first two planned phases of the Project.

Section 3.3. <u>Revaluation</u>.

If, at any time during the life of the District, the assessed value of the District increases by reason of a revaluation, the percentage of Retained Tax Increment paid into the Company TIF Account shall be adjusted so that the retained tax increment revenues 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 retained tax increment revenues, it being the intention of the parties that any such revaluation shall not result in the increase in the amount of taxes to be deposited into the Company TIF Account.

Section 3.4. <u>Credit Enhancement Payments</u>.

Subject to Section 3.2, within thirty (30) days following the end of each Fiscal Year, the City shall pay to the Company all Retained Tax Increment Revenues then on deposit in the Account. The obligation of the City to make such payment shall be limited obligation payable solely out of monies on deposit in the Account and shall not constitute a general debt or obligation on the part of the City or a general obligation or charge against or pledge of the faith and credit or taxing power of the City, the State of Maine or any political subdivision thereof.

Section 3.5. Failure to Make Payment.

In the event the City 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 City, 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 City's obligations hereunder, including without limitation, the City's obligation establish and maintain the Account and to deposit Company Tax Increment Revenues to the Account and its obligation to make required payment to the Company.

Section 3.6. 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. Notwithstanding the above, no payments shall be made unless used to satisfy debt service on indebtedness incurred to finance qualified "Project Costs" as that term is defined under Chapter 207 of Title 30-A of the Maine Revised Statutes and as described as part of the Project in the Development Program or used to pay directly, or to reimburse the Company for payment of such Project Costs. The City shall make required payments in response to requests for payment submitted by the Company setting forth the amount of the payment and containing a certification in the form attached hereto as Exhibit B.

Section 3.7. Obligations Unconditional.

Except as otherwise expressly provided in this Agreement, the obligations of the City to make the payments described in this Agreement in accordance with the terms hereof shall be absolute and unconditional irrespective of any defense or any rights of setoff, recoupment or counterclaim it might otherwise have against the Company. Notwithstanding the above, the City reserves the right to terminate this Agreement upon receipt of an opinion from legal counsel to the City or a final judgment by a court of competent jurisdiction to the effect that the Agreement or Development Program adopted in connection herewith or any payment made thereunder is or would be illegal or invalid. In such event, the termination shall relate back to the original date of the Agreement which shall be deemed void ab initio, and neither party shall have any obligations or liability hereunder, under the Development Program or in respect of any of the transactions contemplated thereby, and shall be left in whatever positions, financial or otherwise, they may be in as of the date of termination. Such termination shall not, however, affect the Company's obligation to defend and indemnify the City, which obligation shall survive any such termination.

Section 3.8. Limited Obligation.

The City's obligations of payment hereunder shall be limited obligations of the City payable solely from Retained Tax Increment Revenues and any earnings thereon, pledged therefor under this Agreement. The City's obligations hereunder shall not constitute a general debt or a general obligation on the part of the City or a charge against or pledge of the faith and credit or taxing power of the City, but shall be payable solely from the Retained Tax Increment Revenues received by the City, and any earnings thereon. This Agreement shall not directly or indirectly or contingently obligate the City to levy or to pledge any form of taxation whatever therefor or to make any appropriation for their payment, excepting the City's obligation to assess property taxes upon the Project and the pledge of the Retained Tax Increment Revenues established under this Agreement.

Section 3.9. Administrative Fee.

The Company shall pay to the City an annual administrative fee to the City equal to 1% of the Retained Tax Increment (net of any penalties) paid by the City to the Company. Such payment shall be made contemporaneously with the payment by the City to the Company.

ARTICLE IV
COVENANTS OF THE COMPANY

Section 4.1. Employment.

Company either will assure:

> **that** 120 new permanent full-time jobs (not including executive positions) will be created in the City of Portland from September 25, 2000 to and as of January 1, 2004, provided that all such jobs created prior to the date of the Credit Enhancement Agreement shall be jobs which are required as a result of services proposed to be provided at Company's facilities at 380 Cumberland Avenue and 39 Forest Avenue, and at least 85% of those permanent full-time jobs will offer (1) regular hourly wages equal to or greater than the greater of 200% of the then-current Maine minimum wage or a wage that exceeds the average per capita income in Cumberland County; (2) provides access to group health insurance; and (3) provides access to an ERISA-qualified retirement program;
>
> **OR** for such of the new permanent full-time jobs (not including executive positions) created in the City of Portland from September 25, 2000 to and as of January 1, 2004, provided that all such jobs created prior to the date of the Credit Enhancement Agreement shall be jobs which are required as a result of services proposed to be provided at Company's facilities at 380 Cumberland Avenue and 39 Forest Avenue jobs, and that at least 85% of those permanent full-time jobs will offer (1) regular hourly wages equal to or greater than the greater of 200% of the then-current Maine minimum wage or a wage that exceeds the average per capita income in Cumberland County; (2) provides access to group health insurance; and (3) provides access to an ERISA-qualified retirement program, for those qualified jobs Company shall pay an annual payroll of at least $4,000,000 excluding bonuses, the compensation of the three highest compensated Company executives, and benefits paid by Company for parking, health insurance and retirement programs.

Beginning on January 1, 2004, if in any year of the Credit Enhancement Agreement Company fails to maintain 120 such jobs and fails to maintain the payroll level described above, $3,000 per job shortfall will be deducted from the TIF allocation to Company in the year of such shortfall, not to exceed 10% of the TIF allocation in the year of the shortfall. The job shortfall penalty will be imposed in the following year.

Section 4.2. <u>Technology Services</u>.

The Company will provide services to the City as may be reasonably requested by the City from time to time, such services being data storage and other services as provided by the Company generally. Such services will be provided at the Company's normal charge provided, however, that, commencing in calendar year 2004, the City shall receive an annual credit against such charges in an amount equal to the lesser of (a) ten percent (10%) of the Company Tax Increment Revenues paid to the Company for the next preceding fiscal year of the City or (b) $40,000, and provided further that such credit shall not, in the aggregate, exceed a total of $480,000 over the term of this Agreement.

Section 4.3. <u>Utilization of Career Center</u>.

The Director of Human Recourses of Company, or his or her appointee, shall work with a representative of the CareerCenter to maximize the use and value of CareerCenter services. Such use shall include Company posting all job openings related to the Project except executive positions with CareerCenter and consulting with the designated CareerCenter representative on at least a quarterly basis annually. Company shall receive from the CareerCenter annually within thirty days of the anniversary date of the Credit Enhancement Agreement a written indication that Company has complied with the foregoing requirements and shall forward such written indication to the City within ten days of receipt. Said report shall be verified with the CareerCenter by City. **[If City finds on the basis of such report that Company has failed to comply with the foregoing requirements, the City Council may impose a penalty of up to $15,000 of the reimbursement amount for that fiscal year to be deducted from the following fiscal year's reimbursement to company.]** [Company needs to discuss with City.]This provision shall expire on the fifth anniversary of the Credit Enhancement Agreement.

ARTICLE V
PLEDGE AND SECURITY INTEREST

Section 5.1. Pledge of Company 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 City, according to the terms and conditions contained herein, and in order to secure the performance and observance of all of the City's covenants and agreements contained herein, the City does hereby grant a security interest in and pledge to the Company the Company TIF Account and all sums of money and other securities and investments therein.

Section 5.2. Further Instruments.

The City and the Company shall, 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 agreements shall pledge the credit of the City.

Section 5.3. Liens.

Except as permitted hereunder, the City shall not sell, lease, pledge, assign or otherwise dispose, encumber or hypothecate any interest in the Account and will promptly pay or cause to be discharged or make adequate provision to discharge any lien, charge or encumbrance on any part thereof not permitted hereby.

Section 5.4. Access to Books and Records.

All books, records and documents in the possession of the City relating to the District, the Development Program, this Agreement and the monies, revenues and receipts on deposit or required to be deposited into the Account shall at all reasonable times be open to inspection by the Company, its agents and employees.

ARTICLE VI
DEFAULTS AND REMEDIES

Section 6.1. Events of Default.

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

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

b. Any failure by the City to make deposits into the Company TIF Account as and when due;

c. Other than as provided in paragraph (a) and (b) above, any failure by the City or the Company to observe and perform in all material respects any respective covenant, condition, agreement or provision contained herein on the part of the City or the Company respectively to be observed or performed, including any failure of the Company to use payments made under this Agreement as required in Section 3.6 of this Agreement or to perform the covenants under Article IV of this Agreement, 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 Property Taxes on the Property in the District 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 City, or if any insolvency, readjustment of debt, marshaling of assets and liabilities or similar proceedings for the winding up or liquidation of the City's affairs shall have been entered against the City or if the City shall have consented to the appointment of a conservator or receiver or liquidator in any such proceedings of or relating to the City 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 City or the failure by the City 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 City.

Section 6.2. <u>Remedies on Default</u>.

Whenever any Event of Default described in Section 6.1 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. In addition, in the event of a default under Section 6.1(c) relating to Section 3.6 or Article IV, the City may suspend further payments until such default is cured. If there is any dispute as to either party's performance of any of its obligations under this Agreement, such dispute may, by agreement of the parties, be submitted to non-binding mediation and, following such mediation or in the absence of any such agreement to submit the dispute to mediation, shall be submitted to arbitration in accordance with the rules of the American Arbitration Association. Payments by the City will not be suspended prior to a final determination in such proceeding in favor of the City. [Issue of 3rd party payments to be discussed with City.]

Section 6.3. <u>Remedies Cumulative</u>.

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

Section 6.4. Enforcement Rights.

The City and the Company agree that each party hereto shall have the right to initiate a legal proceeding to enforce the specific performance of this Agreement, it being understood and agreed that this Agreement is a material inducement to the Company continuing its pursuit of the Project. The parties agree that in the event of any dispute or disagreement hereunder the Company and the City shall continue to make payment of all amounts due hereunder in the manner and at the times specified herein until final resolution of such dispute, whether by mutual agreement or final decision of a court, arbitrator or other dispute resolution mechanism.

ARTICLE VII
EFFECTIVE DATE, TERM AND TERMINATION

Section 7.1. Effective Date and Term.

This Agreement shall become effective upon its execution and delivery by the parties hereto and shall remain in full force from the date hereof and shall expire on the later of the end of the 2016-2017 fiscal year of the City or upon the performance of all obligations on the part of the City and the Company hereunder, unless sooner terminated under Section 3.2 or 3.7 hereof.

Section 7.2. Cancellation and Expiration of Term.

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

ARTICLE VIII
ASSIGNMENT AND PLEDGE OF COMPANY'S INTEREST

Section 8.1. Consent to Pledge, Collateral Assignment Or Grant of a Security Interest.

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

Company's right, title and interest in, to and under this Agreement and in, and to the payments to be made to Company hereunder, to third parties as collateral or security for indebtedness related to the Project, on one or more occasions during the term hereof. The City agrees to execute and deliver any assignments, pledge agreements, consents or other confirmations required by the prospective pledgee or assignee, including without limitation recognition of the pledgee or assignee 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 the position of such assignee or pledgee and the irrevocable and binding nature of this Agreement and provide to the pledgee or assignee such rights and/or remedies as it may deem necessary for the establishing, perfection and protection of its interest herein.

Section 8.2. No Assignment.

Except as provided in Section 8.1, this Agreement and the obligations of the City hereunder are personal to the Company and may not be assigned or transferred by the Company or Tenant without the consent of the City which consent may be withheld for any reason or for no reason.

ARTICLE IX
MISCELLANEOUS

Section 9.1. Successors.

In the event the City or the Company are 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 such party shall bind or inure to the benefit of the successors and assigns thereof from time to time and any entity, officer, board, commission, agency or instrumentality to whom or to which any power or duty of such party shall be transferred.

Section 9.2. Parties in Interest.

Except as herein otherwise specifically provided, nothing in this Agreement expressed or implied is intended or shall be construed to confer upon any person, firm or corporation other than the City and the Company any right, remedy or claim under or by reason of this Agreement, it being intended that this Agreement shall be for the sole and exclusive benefit of the City and the Company; provided, however, that if the payment obligations of the City to the Company hereunder are held by a final and binding proceeding to be illegal or invalid, this Agreement shall terminate. In such event all obligations of the parties shall terminate, and no party shall have any further liability to the other hereunder.

Section 9.3. 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 9.4. <u>No Personal Liability</u>.

(a) No covenant, stipulation, obligation or agreement of the City contained herein shall be deemed to be a covenant, stipulation or obligation of any present or future elected or appointed official, officer, agent, servant or employee of the City in his or her individual capacity and neither the members of the City Council of the City, or any official, officer, agent, servant or employee of the City shall be liable personally with respect to this Agreement or be subject to any personal liability or accountability by reason hereof.

(b) No covenant, stipulation, obligation or agreement of the Company contained herein shall be deemed to be a covenant, stipulation or obligation of any present or future director, member, officer, agent, servant or employee of the Company in his or her individual capacity and neither the directors, members, officers, agents, servants or employees of the Company shall be liable personally with respect to this Agreement or be subject to any personal liability or accountability by reason hereof.

Section 9.5. <u>Counterparts</u>.

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 9.6. <u>Governing Law</u>.

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

Section 9.7. <u>Notices</u>.

All notices, certificates, requests, requisitions or other communications by the City or the Company pursuant to this Agreement shall be in writing and shall be sufficiently given and shall be deemed given when mailed by first class mail, postage prepaid, or, for any notice of an Event of Default, by registered or certified mail, return receipt requested, addressed as follows:

If to the City:

City of Portland
389 Congress Street
Portland, ME 04101
Attn: City Attorney

If to the Company:
Community Services Communication, Inc.
39 Forest Avenue
Portland, ME 04101
Attn: William L. Ralph, CFO

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 9.8. Amendments.

Neither this Agreement nor the Development Program may be amended without the express written consent of all of the parties hereto, which consent shall not be unreasonably withheld. Provided, however, the parties agree to amend this Agreement in order to fulfill such reasonable requirement that a lender may require in connection with financing of the Project. This Agreement may only be amended in compliance with the provisions of 30-A M.R.S.A. §5251 et seq., as amended.

Section 9.9. Net Agreement.

This Agreement shall be deemed and construed to be a "net agreement," and the City shall pay absolutely net during the term hereof all payments required hereunder, free of any deductions, and without abatement, or setoffs; provided, it is understood that the City's payment obligations are to be satisfied solely from Retained Tax Increment Revenues actually paid in by the Company and received by the City, and earnings thereon and provided further that the City may offset the administrative fee described in Section 3.9 hereof.

Section 9.10. Integration.

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

Section 9.11. Project Responsibility.

The Company and the City agree, and the City hereby acknowledges that the Company shall have no obligation to go forward with the Project referred to herein or in the Development Program. Such Project is subject to final approval by the Company.

Section 9.12. Indemnification.

a. The Company agrees to defend, indemnify and hold harmless the City, its officers, agents and employees from any and all claims and expenses, including its attorney fees, arising out of or associated with the City's approval of the District and its preparation of and participation in this Agreement, including expenses arising from any default hereunder by the Company but excluding any such claims or expenses as may relate to actions or proceedings resulting from a default hereunder by the City. This indemnification obligation shall survive termination of this Agreement or a finding that this Agreement is void or invalid.

b. The City agrees to defend, indemnify and hold harmless the Company, its officers, agents and employees from any and all claims and expenses, including its attorney fees, arising out of or associated with any default hereunder by the City. This indemnification obligation shall survive termination of this Agreement or a finding that this Agreement is void or invalid.

Section 9.13. Waiver of Recapture if Agreement Found Void.

In the event this Credit Enhancement Agreement is found void "ab initio" by a Court of law with final jurisdiction over this Agreement City agrees to waive its rights to recapture all TIF proceeds paid to Company pursuant to this Agreement.

IN WITNESS WHEREOF, the City and the Company have caused this Agreement to be executed in their respective corporate names and their respective corporate seals to be hereunto affixed and attested by the duly authorized officers or members, as the case may be, all as of the date first above written.

WITNESS

CITY OF PORTLAND, MAINE

____

By:______________________________
Its City Manager

COMMUNITY SERVICES
COMMUNICATIONS, INC.
d/b/a CommTel

____

By:______________________________
Its Authorized Officer

EXHIBIT B

Request for Payment

The undersigned does hereby request payment in the amount of $________ from the CommTel Development Program Fund and does hereby certify that the amount requested will be used to pay Project costs as that term is defined in Chapter 207 of Title 30-A of the Maine Revised Statutes, as follows: (indicate applicable provisions)

_ Debt service on indebtedness incurred to finance project costs contemplated by the Development Program ("Project Costs"), in the amount of $________________; and/or

_ Direct payment of Project Costs in the amount of $______________; and/or

_ Reimbursement to the undersigned for Project Costs previously incurred, in the amount of $________________.

There are attached hereto invoices showing the incurring by the undersigned of Project Costs in the amount of $____________. None of these invoices has been the subject of a previous request for payment from the Development Program Fund.

COMMUNITY SERVICES COMMUNICATIONS, INC.

Date:____________________

By:________________________________
Its

CommTel TIF Financial Summary

Attachment D

TIF Allocation Table

Tax Year	Increased Real Prop	Increased Pers. Prop.	Total Increase	Mil Rate	Incremental Tax Real Estate	Incremental Tax Pers. Prop.	Total Incremental Tax	Original Value Tax
FY03	$ 5,825,700	$ 5,582,353	$ 11,408,053	25.00	$ 145,643	$ 139,559	$ 285,201	$ 61,599
FY04	$ 6,623,000	$ 10,084,922	$ 16,707,922	25.50	$ 168,887	$ 257,166	$ 426,052	$ 62,831
FY05	$ 6,623,000	$ 15,471,914	$ 22,094,914	26.01	$ 172,264	$ 402,424	$ 574,689	$ 64,087
FY06	$ 6,623,000	$ 20,214,033	$ 26,837,033	26.53	$ 175,710	$ 536,282	$ 711,992	$ 65,369
FY07	$ 6,623,000	$ 17,775,455	$ 24,398,455	27.06	$ 179,224	$ 481,018	$ 660,242	$ 66,676
FY08	$ 6,623,000	$ 16,203,418	$ 22,826,418	27.60	$ 182,808	$ 447,247	$ 630,055	$ 68,010
FY09	$ 9,623,000	$ 15,074,652	$ 24,697,652	28.15	$ 270,927	$ 424,413	$ 695,339	$ 69,370
FY10	$ 9,623,000	$ 14,544,652	$ 24,167,652	28.72	$ 276,345	$ 417,681	$ 694,026	$ 70,758
FY11	$ 9,623,000	$ 14,169,652	$ 23,792,652	29.29	$ 281,872	$ 415,050	$ 696,922	$ 72,173
FY12	$ 9,623,000	$ 14,084,652	$ 23,707,652	29.88	$ 287,509	$ 420,812	$ 708,321	$ 73,616
FY13	$ 9,623,000	$ 14,034,652	$ 23,657,652	30.47	$ 293,260	$ 427,704	$ 720,964	$ 75,089
FY14	$ 9,623,000	$ 14,034,652	$ 23,657,652	31.08	$ 299,125	$ 436,258	$ 735,383	$ 76,590
FY15	$ 9,623,000	$ 14,034,652	$ 23,657,652	31.71	$ 305,107	$ 444,983	$ 750,091	$ 78,122
FY16	$ 9,623,000	$ 14,034,652	$ 23,657,652	32.34	$ 311,209	$ 453,883	$ 765,092	$ 79,685
FY17	$ 9,623,000	$ 14,034,652	$ 23,657,652	32.99	$ 317,434	$ 462,961	$ 780,394	$ 81,278
		Average	$ 22,595,111		$ 3,667,322	$ 6,167,441	$ 9,834,763	$ 1,065,253

Credit Enhancement Revenue Allocation

	TIF % Alloc.	CommTel	Portland
FY03	50%	$ 142,601	$ 142,601
FY04	75%	$ 319,539	$ 106,513
FY05	80%	$ 459,751	$ 114,938
FY06	85%	$ 605,193	$ 106,799
FY07	85%	$ 561,206	$ 99,036
FY08	80%	$ 504,044	$ 126,011
FY09	75%	$ 521,504	$ 173,835
FY10	75%	$ 520,519	$ 173,506
FY11	75%	$ 522,692	$ 174,231
FY12	50%	$ 354,160	$ 354,160
FY13	10%	$ 72,096	$ 648,867
FY14	10%	$ 73,538	$ 661,845
FY15	10%	$ 75,009	$ 675,082
FY16	5%	$ 38,255	$ 726,838
FY17	5%	$ 39,020	$ 741,375
	48.90%	$ 4,809,127	$ 5,025,635

Total Financial Benefits

	CommTel	Portland	
TIF	$ 4,809,127	$ 5,025,635	
Original Value Tax	$ -	$ 1,065,253	
Service Value	$ -	$ 480,000	Eliminates as a cost to the City
Shelter Value	$ -	$ 3,261,685	(see below)
TOTALS	$ 4,809,127	$ 9,832,573	

Shelter Value Analysis

Education Shelter	$ -	$ 2,475,875	Avoids reduction by this amount
Revenue Sharing Shelter	$ -	$ 590,307	Avoids reduction by this amount
County Tax Shelter	$ -	$ 195,503	Avoids increase tax in this amount
		$ 3,261,685	Total from all shelters

8/30/01

Attachment #2

Order 64-01/02
Tab 23 9-5-01

City of Portland, Maine

IN THE CITY COUNCIL

ORDER DESIGNATING COMMTEL MUNICIPAL DEVELOPMENT AND TAX INCREMENT FINANCING DISTRICT AND ADOPTING THE COMMTEL DEVELOPMENT PROGRAM AND MUNICIPAL DEVELOPMENT PROGRAM FOR THE DISTRICT

WHEREAS, the City of Portland is authorized pursuant to Chapter 207 of Title 30-A of the Maine Revised Statutes, as amended, to designate specified areas within the City as a Municipal Development District and Tax Increment Financing District and to adopt a Development Program for such District; and

WHEREAS, there is a need for industrial, retail and commercial development in the City of Portland; and

WHEREAS, Community Services Communications, Inc. d/b/a CommTel intends to construct certain improvements within the proposed Municipal Development District and Tax Increment Financing District (the "District"); and

WHEREAS, there is a need to provide continuing employment opportunities for the citizens of Portland and the surrounding region; to improve and broaden the tax base of the City of Portland; and to improve the general economy of the City of Portland, the surrounding region and the State of Maine; and

WHEREAS, the project will help to provide continued employment for the citizens of Portland and the surrounding region; improve and broaden the tax base in the City of Portland and improve the economy of the City of Portland and the State of Maine; and

WHEREAS, there is a need to encourage the development, expansion and improvement of commercial, retail and light manufacturing facilities within the City through the establishment of Municipal Development Districts and Tax Increment Financing Districts in accordance with the provisions of Chapter 207 of Title 30-A; and

WHEREAS, the City has held a public hearing on the question of establishing the District in accordance with the requirements of 30-A M.R.S.A. § 5253, upon at least ten (10) days prior notice published in a newspaper of general circulation within the City; and

WHEREAS, the City desires to designate the CommTel Development District and Tax Increment Financing District and adopt Development Programs for such District; and

WHEREAS, it is expected that approval will be sought and obtained from the Maine Department of Economic and Community Development, approving the designation of the

First reading: 9/5/01 Postponed: 9/19/01 Passed: 10/1/01 6-2 (Kane, Cloutier opposed, Geraghty absent)

District and the adoption of the CommTel Development Program and Municipal Development Program for the District;

NOW, THEREFORE, BE IT HEREBY ORDERED BY THE CITY OF PORTLAND CITY COUNCIL AS FOLLOWS:

Section 1. The City hereby finds and determines that:

(a) At least 25%, by area, of the real property within the District, as hereinafter designated, is acreage in need of rehabilitation, redevelopment or conservation as defined in 30-A M.R.S.A. § 5253; and

(b) The total area of the District does not exceed 2% of the total acreage of the City, and the total area of all development districts within the City (including the District) does not exceed 5% of the total acreage of the City; and

(c) The aggregate value of equalized taxable property of the District as of April 1, 2001 does not exceed 5% of the total value of equalized taxable property within the City as of April 1, 2001; and

(d) The aggregate value of indebtedness financed by the proceeds from tax increment financing districts within Cumberland County, including the proposed District, does not exceed $50 million adjusted by a factor equal to the percentage change in the United States Bureau of Labor Statistics Consumer Price Index, United States City average, from January 1, 1996 to the date of calculation; and

(e) The City expects that the acquisition, construction and installment of all real and personal property improvements, buildings, structures, fixtures and equipment within the district contemplated by the Development Program will be completed in accordance with State law; and

(f) The designation of the District and pursuit of the CommTel Development Program and Municipal Development Program will generate substantial economic benefits for the City and its residents, including employment opportunities, broadened and improved tax base and economic stimulus, and therefore constitutes a good and valid public purpose.

Section 2. Pursuant to Chapter 207 of Title 30-A of the Maine Revised Statutes, as amended, the City hereby designates the CommTel Development and Tax Increment Financing District, as more particularly set forth in the document entitled "COMMTEL DEVELOPMENT AND TAX INCREMENT FINANCING DISTRICT AND DEVELOPMENT PROGRAM" presented to the City Council in the form attached hereto and the CommTel Development Program and the related Municipal Development Program are hereby incorporated by reference into this resolution as the Development Programs for the District (the "Development Programs").

Section 3. Pursuant to the provisions of 30-A M.R.S.A. § 5254, the City hereby adopts the statement of the percentage of Assessed Value to be retained by the City set forth as Exhibit A in the CommTel TIF application for purposes of said Section 5254.

Section 4. The City Manager be, and hereby is, authorized, empowered and directed to submit the proposed designation of the District and the proposed Development Programs for the District to the State of Maine Department of Economic and Community Development for review and approval pursuant to the requirements of 30-A M.R.S.A. §5253(1)(F).

Section 5. The City Manager be, and hereby is, authorized to execute and deliver a credit enhancement agreement substantially in the form described in the CommTel Development Program and attached as Attachment C to a memorandum dated August 30, 2001 from Councilor Jay Hibbard.

Section 6. The foregoing designation of the District and the adoption of the Development Programs for the District shall automatically become final and shall take full force and effect upon receipt by the City of approval of the designation of the District and adoption of the Development Programs by the Department of Economic and Community Development, without requirements of further action by the City, the Council or any other party.

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Attachment #3

Portland Business Assistance Program for Job Creation

Program Description

The City of Portland's Business Assistance Program for Job Creation provides grants up to $20,000 to new and expanding Portland businesses for the creation of net new, permanent full-time jobs for low/moderate income Portland residents.

Program Objectives

- Job creation for low/moderate income Portlanders;
- New business formation and existing business expansion;
- Leverage private investment to support business growth;
- Help new and expanding businesses establish credit;
- Enhance the health and vitality of the Portland economy.

Program Requirements

- Create one (1) full-time job (at least 1,750 hours/year*) for every $10,000 of grant funding;
- Business location of applicant fits any of the following: In a low income area of the City; Within walking distance to one or more of these areas; or, Easily accessible from these areas via public transportation;
- Net new jobs created with the help of the grant are marketed to low/moderate income** Portland residents, resulting in at least 51% of these jobs going to this population. As an example, if two jobs are created to meet grant requirements, then both must be filled by low/moderate income Portland residents;
- Job(s) are created within nine (9) months of signing a grant agreement.

Financing Terms

- Maximum grant: $20,000 per business.
- Required Private Match: Equal to or greater than grant amount.
- Private Match Sources: Private investment match includes at least 50% private equity. The remaining 50% may be a bank loan or a loan from the City's Commercial Loan Program, if conventional financing is not available. For existing businesses, the 50% equity can include private investment made within the past 12 months.

Application Review Preferences:

Preference is given to applications that include one or more of the following components (listed in no particular order):

- Job training: Teaching meaningful skill(s) to new hires;
- Private match exceeds the grant amount requested;

- Number of net new jobs exceeds one (1) per $10,000 of grant funding;
- Quality jobs are created offering wages that meet or exceed the minimum wage approved by the Portland City Council.

Eligible Funding Activities

- Equipment and machinery ;
- Permanent working capital, (e.g., inventory, furniture and fixtures, relocation expense);
- Working capital expenses (e.g., rent, utilities, salaries, insurance);
- Up to $1,000 for business consulting services (e.g., accounting, marketing, software training, legal assistance);
- Leasehold improvements, renovation, reconstruction, or restoration of vacant, under-utilized or deteriorated space; building modifications to enhance accessibility to elderly or handicapped persons. (Construction projects must comply with Davis Bacon federal labor standards.)

Ineligible Activities

- Refinance existing debt;
- Down payment for other financing;
- Use of grant funds for activities, (e.g., purchases of equipment and supplies), commenced or completed prior to program funding approval and prior to signing a grant agreement.

Basic Program Qualifications

- Business must be located within the City of Portland;
- Applicant cannot owe outstanding property taxes, fees, or judgments to the City, and property must be free of all City liens and encumbrances.

Application and Approval Process

The City's Economic Development Department is responsible for administration of the Business Assistance Program for Job Creation, with guidance from the Housing and Community Development Division. Eligible applications are reviewed by an underwriter and then presented to the Portland Development Corporation (PDC) for its review. The PDC has final decision-making authority in approving applicants for grant awards.

Reporting and Tracking (after grant approval)

Jobs: Jobs must be created within nine (9) months of signing a grant agreement after being approved for a grant. Grant recipients will be required to provide quarterly reports until all hires are made, and then for one year beyond that.

- Property: The City will retain an interest in property improved or equipment purchased (worth $5,000 or more) with grant funds for up to five (5) years. If such property improvements or equipment are transferred, or otherwise disposed of within the five (5) year period from the date the improvements are completed or equipment is purchased, respectively, the City may require partial repayment (on a pro rata basis) of the grant funds.

Program Actions if Grantee Business is Unable to Meet Job(s) Requirements

Nine (9) months from the date of signing the grant agreement, if a grantee business has been unable to create the required number of jobs, the PDC Board, at its discretion, may require that the grantee return all grant funds that it has drawn down. In the case of a grantee business that has been unable to retain the required job(s) for one year from the time the job(s) was initially created, the PDC Board, at its discretion, may require the partial repayment (on a pro-rata basis) of grant funds.

Alternatively, should the PDC Board determine, in its judgement, that the grantee has made a good faith effort to create the required number of jobs within nine (9) months of signing the grant agreement or to retain the job(s) one year from the time the job(s) was created:

A) The Board may approve the use of any of the following options it deems most appropriate:

- Allow the creation of two part-time jobs for low/moderate income Portland residents in place of one full-time job to meet the job creation requirement per $10,000 in grant funds. A part-time job is defined as working at least 875 hours per year but less than 1,750 per year;***

- Qualify the business as a microenterprise if the business owner meets HUD's low/moderate income threshold (80% of median HH income) and the business has five or fewer employees.**** This qualification would not require the creation of jobs, other than the job that was created for the low/moderate income business owner.

- Waive the Portland residency requirement for the full-time job that was created or will be created.

And,

B) The Board will make a determination whether to release the balance of the approved grant funds to the grantee.

NOTE: These actions are retroactive and may be applied to any BAP grantee business that has not yet met its job requirements, per these guidelines.

Definitions

*Definition of a full-time job, per the Maine Department of Economic and Community Development;

**For the purposes of this Program, low/moderate income is defined by the U.S. Department of Housing and Urban Development as 80% of median household income. A chart showing qualified income levels can be found on the City's website at the following link: http://www.portlandmaine.gov/DocumentCenter/Home/View/8939

***Definition of a part-time job, per the Maine Department of Economic and Community Development;

****Two part definition of a microenterprise, per the U.S. Department of Housing and Urban Development.

Fact Sheet Attachment #4

Maine Apprenticeship Program

FAQs for Apprentices

CareerCenter
The Maine Employment Resource

What Is Registered Apprenticeship?
It is formal, nationally-recognized, occupational training provided primarily through structured on-the-job learning and supplemented with formal courses in theory, academics and technology. The on-the-job learning component is provided by the employer and follows specific occupational skill standards. Required courses may be taken at a community college, but in some cases may be provided directly by the sponsor or other training institutions. Apprenticeable occupations are those that require a minimum of one year, but up to five or more years of hands-on practical learning to become proficient.

Can Anyone Become An Apprentice?
Anyone the employer/sponsor wants to hire and train can become an apprentice providing the following criteria is met:

- An employment and training agreement between apprentice and sponsor is put in place
- The employer/sponsor is registered with the Maine Apprenticeship Program
- The apprentice is registered with the Maine Apprenticeship Program

Applying for an apprenticeship is the same as applying for a job. Sponsors are seeking individuals who are committed to learning the full spectrum of skills both on and off the job. Some apprentices will be expected to take required courses on their own time and to pay part of the course costs. The employer/sponsor agrees to provide wage increases as apprentices' complete required courses and gain skill proficiency through on-the-job learning.

In Addition Apprentices Must:

- Be at least 16 years old (18 years old for certain occupations and/or employers).
- Have attained a High School Diploma or GED.
- Be physically and intellectually capable of performing the work and successfully completing required courses.

What Is Expected of An Apprentice?
Apprentices are expected to work full time, efficiently learn the complete range of skills outlined in their schedule of work experience, complete required courses with a grade of C or better, and effectively apply the knowledge learned.

How Do I Find Out About Apprenticeship Openings?
We ask employer/sponsors to list their apprenticeship openings on the Maine Job Bank. You can register for the Maine Job Bank online at no cost at www.mainecareercenter.com. Some sponsors list apprenticeship openings on their own websites and most union sponsors hold recruitment orientations throughout the year at their training centers. In some cases, apprentices are recruited through the Maine CareerCenters. In most cases, applicants are required to take aptitude assessments and may be required to successfully complete pre-training to meet the entry-level requirements.

Can I Get a List of Companies That Sponsor Apprenticeship?
More than 250 employers sponsor apprenticeship but not all of them have openings; therefore, we do not provide individual sponsor names unless they are actively recruiting new apprentices and have requested that we do so.

What Are The Benefits of Apprenticeship?

- Lets you to earn a competitive wage while learning occupational skills.
- Results in a national, industry-recognized skill certificate and, in some cases, an Associate's degree.
- Pays up to 50 percent of the cost of tuition for required related-instruction courses.
- Guarantees incremental wage increases as you gain skill proficiency and complete required courses.
- Lets you apply classroom learning (academic, technical and theoretical) to actual job situations.

How Can I Get an Employer to Sponsor Me As an Apprentice?
Sponsors invest considerable time and money in training apprentices. They seek individuals with genuine occupational interests and aptitudes, who are committed to learning new skills on-the-job and through formal classes, and who are reliable, responsible, self-directed workers.

Attachment #5

United States DEPARTMENT OF LABOR

https://www.dol.gov/featured/apprenticeship/faqs

(accessed 5.31.17)

Frequently Asked Questions

Q: What are Registered Apprenticeships?

A: Registered Apprenticeships are innovative work-based learning and post-secondary earn-and-learn models that meet national standards for registration with the U.S. Department of Labor (or federally recognized State Apprenticeship Agencies.

Q: Is a Registered Apprenticeship a Job?

A: Yes, Apprentices start working from day one with incremental wage increases as they become more proficient. The average starting wage for an apprentice is approximately $15.00 per hour.

Q: How is Registered Apprenticeship different from other types of work-based training?

A: Registered Apprenticeship training is distinguished from other types of workplace training by several factors: (1) participants who are newly hired (or already employed) earn wages from employers during training; (2) programs must meet national standards for registration with the U.S. Department of Labor (or federally-recognized State Apprenticeship Agencies; (3) programs provide on-the-job learning and job-related technical instruction; (4) on-the-job learning is conducted in the work setting under the direction of one or more of the employer's personnel; and 5) training results in an industry-recognized credential.

Q: How much money can an apprentice earn?

A: Apprentices earn competitive wages, a paycheck from day one and incremental raises as skill levels increase. The average wage for a fully proficient worker who completed an apprenticeship translates to approximately $50,000 annually. Apprentices who complete their program earn approximately $300,000 more over their career than non-apprenticeship participants[1].

Q: Are all Registered Apprenticeships union-based?

A: No. Registered Apprenticeship is used widely across all industries and includes union and non-union programs. Registered apprenticeship sponsors include unions, but also employers, community colleges and universities, workforce investment boards, industry associations, and the military.

Q: Do you earn college credit while participating in a Registered Apprenticeship program?

A: Today, most Registered Apprenticeship opportunities include on-the-job training, and classroom instruction provided by apprenticeship training centers, technical schools, community colleges, and even distance learning. Often Registered Apprenticeship sponsors work directly with community colleges that ultimately provide college credit for apprentice.

Q: What do I receive upon completion of a Registered Apprenticeship program?

A: After completion of an apprenticeship program, the apprentice earns a nationally recognized credential from the Department of Labor that is portable and stackable. Additionally, an apprentice, along with earning a paycheck throughout the apprenticeship, is also elevated to journeyworker status that leads to increased pay and upward career opportunities.

Q: How does a Registered Apprenticeship program benefit the sponsor (employer, Labor Management Organization, or Industry Association)?

A: First and foremost, Apprenticeship sponsors develop highly skilled employees. Once established, Apprenticeship programs also reduce turnover rates, increase productivity, lower the cost of recruitment, and increase safety in the workplace/job site2.

Q: How do I qualify for a Registered Apprenticeship program?

A: Registered Apprenticeship program sponsors identify the minimum qualifications to apply for a program. The eligible starting age can be no less than 16 years of age; however, individuals must usually be 18 to be an apprentice in hazardous occupations. Program sponsors also identify additional minimum qualifications to apply, (e.g., education, ability to physically perform the essential functions of the occupation, proof of age.) All applicants are required to meet the minimum qualifications.

Q: Who oversees or "runs" the Registered Apprenticeship system?

A: The U.S Department of Labor's Office of Apprenticeship, works in conjunction with State Apprenticeship Agencies to administer the program nationally. These agencies are responsible for registering apprenticeship programs that meet federal and state standards; protecting the safety and welfare of apprentices; issuing nationally recognized and portable Certificates of Completion of Apprenticeship to apprentices; promoting the development of new programs through marketing and technical assistance; assuring that all programs provide high quality training; and assuring that all programs produce skilled and competent workers. In addition, a wide variety of stakeholders exist, including state organizations, industry associations, educational organizations (both secondary and post-secondary), workforce development organizations, economic development organizations, community-based organizations, and others. These stakeholders have a substantial interest in its success of Registered Apprenticeship.

Q: What occupations can I train for through Registered Apprenticeship?

A: The Registered Apprenticeship program offers access to 1,000 career areas, including the following top occupations: **Able Seaman, Carpenter, Chef, Child Care Development Specialist, Construction Craft Laborer, Dental Assistant, Electrician, Elevator Constructor, Fire Medic, Law Enforcement Agent**

Over-the-Road Truck Driver, and Pipefitter.

Q: How long are Registered Apprenticeship programs?

A: The length of an apprenticeship program depends on the complexity of the occupation and the type of program (Time-based, Competency-based, or Hybrid). Apprenticeship programs range from one (1) year to six (6) years, but the majority of programs are four years in length. During the program, the apprentice receives both structured, on-the-job training (OJT) and job-related education. For each year of the apprenticeship, the apprentice will receive normally 2,000 hours of on-the-job training and a recommended minimum of 144 hours of related classroom instruction.

Q: Who are typical Registered Apprenticeship Partners?

A: Through a proven system of public-private partnerships, Registered Apprenticeship partners with a wide range of organizations including, (but not limited to): Businesses, employer and industry associations, Labor-Management organizations, State and local workforce development agencies, Workforce Investment Boards, Two- and four-year colleges that offer associate and bachelor's degrees in conjunction with a Certificate of Completion of Apprenticeship , U.S. Military, Community Based Organizations and economic development organizations.

Q: Where can I find technical assistance resources to help me develop and registered my apprenticeship program with US DOL?

A: DOL maintains a number of web-based resources available at http://www.dol.gov/apprenticeship. Here you can find our newest technical assistance products including our Quick Start Toolkit, which provides helpful steps and resources to start and register an apprenticeship program as well as our Federal Resources Playbook, which provides information on using the other Federal funds and resources to support your registered apprenticeship program.

For more on Registered Apprenticeship, please visit us online at www.dol.gov/apprenticeship

Also, to find out what's happening throughout the Registered Apprenticeship system, please visit https://21stcenturyapprenticeship.workforce3one.org/page/home

Contact us: Phone: 202-693-2796 / E-mail at oa.administrator@dol.gov

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1 Mathematica Apprenticeship Earnings Study 2012

2 Washington State Workforce Board 2008 Evaluation of Apprenticeship

Attachment #6

MAINE STATE BUILDING & CONSTRUCTION TRADES COUNCIL
Mechanics Hall | 519 Congress Street | Portland, ME 04101 | (207)621-6728
Mainebuildingtrades.org

City of Portland
Economic Development Committee
389 Congress St.
Portland, ME 04101

RE: Tax Incentive Policy Changes

Dear Members of the Economic Development Committee:

During the Committee's first review of Mayor Strimling's proposal to update the City's TIF policy, the Committee presented the Mayor with a number of questions. In hopes of furthering this discussion, the Maine State Building and Construction Trades Council (MSBCTC) offers the following information responsive to a few of the questions. Although the MSBCTC can not speak to the Mayor's individual objectives for this policy change, we believe that the tax incentive programs used in Portland and across the State of Maine such as Tax Increment Financing and Credit Enhancement Agreements, generally recognized as "TIF" incentives, are valuable economic development tools for communities and developers alike. We also recognize, however, that the policies shaping TIF implementation have been largely unchanged for decades, and are ripe for asking whether the community can receive a greater net public good from these programs than we do now. The proposal before the Committee does just that, by continuing to make public resources available to support new development projects, but also by ensuring those new developments leave a legacy of economic opportunity for the tradespeople who ensure projects are properly built in the first place.

Question 3: Can we get some clarity on how "Apprenticeship Program" is defined?

The first question MSBCTC wants to comment upon is how "Apprenticeship Programs" should be defined. MSBCTC affiliates define "Apprenticeship" as the Registered Apprenticeship System. Registered Apprenticeship programs are written plans designed to move an apprentice from a low or no skill entry-level position to full occupational proficiency. These programs must meet parameters established under the National Apprenticeship Act designed to protect the welfare of the apprentice. The Act and its promulgating regulations are administered by the U.S. Department of Labor's Office of Apprenticeship or a State Apprenticeship Agency approved by the Secretary of Labor to serve the federal purposes. A Registered Apprenticeship program is sponsored by an individual business or an employer association. Although the Registered Apprenticeship Program may be partnered with a labor organization through a collective bargaining agreement, these programs are not exclusive to labor, and are available to (and offered by) hundreds of non-labor companies across the US.

Registered Apprenticeship Programs are structured to balance the needs of employers seeking to build a qualified workforce, with the opportunity for workers to get high-skilled, high-paying jobs. The structure establishes a clear path for workers to build skills in a safe work environment, and prevents workers from being exploited. In the long run, this structure supports the development and sustainability of a stable and experienced workforce that is equipped to handle future development projects. In this regard, the Registered Apprenticeship system effectively meets the needs of employers and workers and developers alike.

Question 10: What will be the financial impact on businesses that have to meet these requirements?

It is the position of the MSBCTC that there would be little to no financial impact upon businesses. First and foremost, a business "having to meet these requirements" would be doing so under their individual incentive agreement with the City of Portland. A company seeking financial assistance from the City to engage in a new project can decide for itself whether the costs of hiring a contractor who would commit to adhering to these modest standards is going to be outweighed by the financial benefit to the developer receiving a tax reduction. MSBTC highly doubts that this requirement is going to tilt the scales against moving forward with a development.

Construction projects have to incur the cost of hiring workers. Requiring that those workers are paid the generally-accepted prevailing wages should not impact general contractors unless they are going out of their way to hire untrained and unskilled workers, or otherwise shortchanging the individual workers and subcontractors when it comes time to pay their bills.[1] General contractors that cut corners still charge the developer the same amount to build a project at the end of the day, but pocket the money. The unfortunate by-product of this system, however, is that society loses by laborers who leave the industry after being abused, under-trained, and under-paid. This cycle continues to drive up the long-term costs for projects to maintain projects that are not built by skilled workers in the first place; to compensate for injuries and lost time that are preventable through proper training; and to support and re-train workers who leave the labor force.

[1] We've attached the current prevailing wage rates for Cumberland County. Prevailing wages are set by a committee every year with data obtained from actual local work sites. Please note, the prevailing wages for various trades are not astronomical, nor are they unreasonable. Paying this wage, and offering modest training programs do not unreasonably burden costs.

Question 12: How many Maine contractors either have an apprenticeship program, or are connected to one?

The Maine Department of Labor-monitored Apprenticeship Office had 60 Sponsor Companies/Organizations in 2016. Of note, union apprenticeships only count as 1 sponsor, so this number is significantly higher. In 2016, there were 1220 Registered Apprentices, including 230 women, 57 Minorities, and 213 veterans). These numbers did not include Portsmouth Naval Shipyard in Kittery, with 800+ apprentices in 2016.

Question 15: Does the "Prevailing Wage" requirement help prevent companies from misclassifying employees.

This question highlights another benefit of this proposal. A 2006 study by the General Accounting Office (GAO) noted that employers can skim 30 percent of their payroll costs by simply misclassifying workers as independent contractors. Nationwide the loss of revenue is $4.7 billion. The construction industry is one of the worst abusers of misclassification – 22 percent of construction company employees are misclassified as independent contractors. Although various taxing authorities and Labor-regulators have become more aware of this problem in the recent years, implementing this policy will further safeguard workers from potential abuses of misclassification, and will not unfairly penalize workers and companies who commit to working above-board by paying prevailing wages while also committing to training and safety.

Question 16: What is the purpose of an Apprenticeship Program? Safety? Skilled Workforce?

Yes, and more.

For apprentices, benefits include:

- **Improved skills and competencies** that meet the specific needs of the employer
- **Incremental wage increases** as their skills improve
- **On-the-job training** and occupation focused education
- **Career advancement**
- **Industry issued, nationally recognized credentials**
- **Articulation agreements** between certain apprenticeship training programs and 2- and 4-year colleges that create opportunities for college credit and future degrees

For employers, benefits include:

- **Customized training** that results in highly skilled employees trained to industry/employer specifications
- **Increased productivity and knowledge transfer** due to on-the-job learning from an assigned mentor combined with related technical instruction
- **Enhanced retention** 87 percent of program completers in 2011 were still employed nine months after completing their apprenticeship

- **Emphasis on safety training** that may reduce workers' compensation costs
- **A stable and predictable pipeline** for the development of qualified workers
- **Recognition** of the training program
- **A systematic approach to training** that ensures that employees are trained and certified to produce at the highest skill levels required for that occupation
- **The ability to conduct a ready assessment** of where the employer and employee are in terms of the continuous improvement process

For the public, generally, benefits include:

- Promoting a skilled workforce
- Establishing a stable pool of talent capable of meeting fluctuating demands
- Workers who are paid reasonable wages, and who remain employed pay state and local taxes, contribute to efforts in their community, and are far less likely to require governmental assistance.

Question 19: Does requiring "prevailing wage" discourage new hires?

The need for skilled workers is tied to the existence of building projects, generally. As long as there are projects to build, there will be a need for skilled workers to build them. These highly skilled workers will always need to be hired, and the market will always ultimately inform the "prevailing wage" for workers in each classification.

Requiring those hiring for a project to pay the prevailing wage will not discourage new hires as long as the work exists. It will instead set a floor for compensation that will prevent abuses and encourage tradespeople to enter and remain in the field. Construction is labor intensive, and will always require people to fill various roles. For example, as long as cranes are used in construction, a company needing a crane operator will always need to ensure it has a crane operator. If prevailing wages are one parameter that hiring companies are encouraged to meet, they will.

As opposed to "discouraging new hires," the more likely scenario is that companies required to adhere to minimum standards in wages and safety will be more likely to "encourage quality hires" by hiring and investing in workers for the long term rather than relying on transient or undocumented workers to fulfill their labor needs. As referenced in response 12, 60 organizations are already moving in the direction of affording minimum standards to new employees. Without increasing costs to them, the proposal before the Council will send a strong message that firms embracing apprenticeship, training, and supporting livable wages will not be disadvantaged by firms taking shortcuts on the backs of workers.

Conclusion

We appreciate the City's commitment to working through this issue. We look forward to working with the Committee, the Mayor, and the Council as this very important discussion moves forward.

/s/John Napolitano
John Napolitano
President, MSBCTC

Attachment #7

Maine Revised Statutes

Title 26: LABOR AND INDUSTRY

Chapter 15: PREFERENCE TO MAINE WORKS AND CONTRACTORS

§1306. Fair minimum rate of wages and benefits; determination

The public authority shall, before advertising for bids for a public contract, ascertain from the Director of the Bureau of Labor Standards the fair minimum rate of wages and benefits to be paid by the successful bidder to the laborers, workers or mechanics employed in the performance of the contract. A schedule of minimum wages and benefits must be attached to and made a part of the specifications for the construction and must be included in the bidding documents. The "fair minimum rate of wages and benefits," for the intent and purposes of sections 1304 to 1313, is the prevailing wage and benefits paid in the locality in like construction. The director or a delegated member of that bureau shall assemble the data as to wages paid by contractors employing 5 or more construction workers in the State during the 2nd and 3rd week of September of each year. From these data, the fair minimum wage and benefits for the following calendar year must be determined by the director. Minimum wages and benefits may not be established for any trade or occupation if fewer than 10 workers are employed in such a trade or occupation in the State in the 2nd and 3rd week of September. [1997, c. 757, §5 (AMD).]

The minimum wage and benefits must be established and filed as requested by the public authority within 30 days after such a request is received by the director. No minimum wage may be determined until January 1, 1968 and does not apply to the construction of public works then underway. When fair minimum wage and benefit rates are included and made a part of any contract, the rate must remain unchanged during the time the contract is in effect. [1997, c. 757, §5 (AMD).]

SECTION HISTORY

1965, c. 406, §2 (NEW). 1967, c. 403, (RPR). 1971, c. 620, §13 (AMD). 1975, c. 59, §3 (AMD). RR 1995, c. 2, §66 (COR). 1997, c. 757, §5 (AMD).

Attachment #8

Active Sponsors 2016

Advantage Funeral Services	Portland
Aroostook Medical Center	Presque Isle
Autumn Green Funeral Home	Alfred
Bath Iron Works	Bath
Black Management Company	Springvale
Blaicklock Carpentry	Woolwich
Blais and Hay Funeral Home	Westbrook
Boston Ocular Prosthetics, Inc.	Jackson
Bragdon-Kelly Funeral Home	Ellsworth
Brookings Smith Funeral Home	Bangor
Central Maine Motors Auto Group	Waterville
Central Maine Meats	Gardiner
Cianbro	Pittsfield
Clover Manor, Inc.	Auburn
Dennet-Craig and Pate Funeral Home	Saco
Eastern Fire Protection Services Company	Bangor
Everett J Prescott, Inc.	Gardiner
Finishing Trades Institute of Roslindale	Roslindale, MA
Gallant Funeral Home	Waterville
Hairbuilders	North Vassalboro
Hall Funeral Home	Waldoboro
Hobbs Funeral Home	South Portland

Hope Memorial Chapel	Biddeford
IBEW 1253, Augusta Electrical JATC	Fairfield
IBEW 567, Portland Electrical JATC	Lewiston
Interstate Electrical Services, Inc.	Westbrook
Irving Woodlands LLC	Fort Kent
Jones, Rich & Hutchins Funeral Home	Portland
Ken L. Electric, Inc.	St. Agatha
Knowlton, Hewins and Roberts Funeral Home	Augusta
Kennebec Valley Community Action Program	Waterville
Kiley and Foley Funeral Service	Brewer
Knowlton, Hewins & Roberts Funeral Home	Augusta
Lamson Funeral Home	Millinocket
Lawry Brothers Funeral Home	Fairfield
Lincoln County Healthcare	Boothbay Harbor
Maine General Medical Center	Augusta
Massachusetts and Northern New England Laborer's District Council	Hopkinton, MA
McIntire-McCooey Funeral Home	South Berwick
Mid State Machine Products	Winslow
Northern New England Carpenters	Hopkinton, MA
Northern New England District Carpenters	Augusta
OHI	Hermon
Panolam Industries International, Inc.	Auburn
Patten Tool and Engineering	Kittery
Penobscot Bay Healthcare	Rockport

Plumbers and Pipefitters UA Local 716	Augusta
Portsmouth Naval Shipyard	Kittery
Pratt and Whitney dba United Technologies	North Berwick
Saint Mary's Healthcare System	Lewiston
SEABEE Electric	Scarborough
Sheet Metal Workers Local 17	Lewiston
Shorey Nichols Funeral Home	Pittsfield
STDC, Inc. (Dan & Scott's Cremation & Funeral Services)	Farmington
Thomas Moser Cabinetmakers	Auburn
Plumbers and Pipefitters UA716	Augusta
Veilleux Funeral Home	Waterville
Wayne J. Griffin Electric, Inc.	Holliston, MA
Winthrop Water District	Winthrop

Economic Development Department
Gregory A. Mitchell, Director

MEMORANDUM

TO: Economic Development Committee

FROM: Greg Mitchell, Economic Development Director

DATE: June 2, 2017

SUBJECT: **Mayor Strimling's Proposed Tax Increment Financing Policy Amendments related to Credit Enhancement Agreements and Panel**

Overview of City of Portland Use of Tax Increment Financing Credit Enhancement Agreements

City staff prepared an overview of Portland's use of the Tax Increment Financing (TIF) Credit Enhancement Agreements (CEA) to inform the EDC for its discussion on the Mayor's proposed amendments to City TIF Policy. See attached matrices with provided comments on each page.

Also attached for your reference is the City Council current City of Portland TIF Policy.

TIF CEA Amendment Discussion Panel

A four-person panel has been invited to participate in your June 6th EDC meeting discussion to discuss this topic and answer your questions:

Denis Landry, Landry French - Member of ABC of Maine and AGC (Contractor)

John Napolitano, BM/FST, UA Local 716 (Labor/Union) or Representative

Peter Gallagher, MSHA Director (Affordable Housing)

Julie Chase, with SMCC (Workforce Training)

Attachments

Portland TIF CEA Overview Matrices, pp. 2 to 8 of 41
City of Portland TIF Policy, pp. 9 to 15 of 41
Annual TIF District Activity Report, pp. 16 to 41 of 41

City of Portland/Maine DECD and MSHA Approved

TIF Credit Enhancement Agreements

How many?	22 total approved over 22 years, with 2 approved TIF Credit Enhancement Agreement but no projects constructed.
How many are expired?	5
How many active Affordable Housing?	5
How many active commercial (non-Affordable Housing)?	10
How many active expire near-term?	1 in 2018
	3 in 2019

Comments:
City Council and Maine DECD or MSHA approval is required to establish TIF Districts.
TIF CEAs must meet a public benefit purpose as defined by State law and City TIF Policy. Examples including redevelopment of blighted property, investing in public infrastructure, supporting targeted technology companies or affordable housing.
A total of twenty (20) TIF Districts were established with constructed projects. This averages approvals of one TIF CEA per year.
TIF Districts are performanced based, meaning that developers receive a percentage of new property taxes based upon actual investment.
After 2019, the City will have six (6) active commercial TIF CEAs.

Portland TIF Credit Enhancement Agreements (CEAs) by the numbers -
Assessed Valuations of EXPIRED TIF CEAs as of FY2017

Name	FY2017 Assessed Value	Original Assessed Value	Difference
Shipyard	$4,283,010	$451,200	$3,831,810
Auto Europe	$3,817,360	$376,500	$3,440,860
Bay House	$16,966,700	$915,550	$16,051,150
UNUM	$71,680,400	$1,383,070	$70,297,330
Nichols Portland	$22,453,850	$18,401,520	$4,052,330
Totals:	**$119,201,320**	**$21,527,840**	**$97,673,480**
FY17 Taxes:	**$2,516,340**	**$454,453**	**$2,061,887**

Comments:
Specific public benefit purposes for Shipyard and Auto Europe projects were to stimulate redevelopment of blighted properties.
Specific public benefit purposes for the Bay House project was public infrastructure.
Specific public benefit purposes for UNUM and Nichols was to support business attraction and manufacturing investment.
The above five (5) TIF Districts today resulted in attracting $98 Million in new municipal tax base generating over $2 Million in annual property tax revenue.

Affordable Housing TIF Credit Enhancement Agreements (CEAs) by the numbers - Assessed Valuations of AFFORDABLE HOUSING ACTIVE TIF CEAs as of FY2017

Name	FY2017 Assessed Value	Original Assessed Value	Difference	Other Public/Private Investment	Number of Affordable Units
Pearl Place	$3,581,560	$646,050	$2,935,510	$12,932,585	60
409 Cumberland Avenue	$3,717,960	$470,200	$3,247,760	$11,120,171	46
134 Washington Avenue	$1,079,400	$155,600	$923,800	$3,685,763	18
17 Carleton Street	$261,600	$261,600	$0	$6,541,370	37
McAuley Place	$0	$0	$0	$18,070,801	66
Totals:	**$8,640,520**	**$1,533,450**	**$7,107,070**	**$52,350,690**	**227**
FY17 Taxes:	**$182,401**	**$32,371**	**$150,030**		

Comments:
The above five (5) Affordable Housing projects today created over $7 Million in new City tax base and attracted over $52 Million in public/private investments, which created 227 affordable residential units.
All five (5) Affordable Housing projects would not have happened "but for" the City TIF program financing.
Of the 227 affordable units, 58 are affordable at or below 50% of the area median income; the remaining 169 units are affordable at or below 60% of the area median income.

TIF Credit Enhancement Agreements (CEAs) by the numbers -
Assessed Valuations of COMMERCIAL ACTIVE TIF CEAs as of FY2017

Name	FY2017 Assessed Value	Original Assessed Value	Difference
Holt Hall	$4,956,760	$349,110	$4,607,650
Baxter Library	$2,502,600	0	$2,502,600
Ocean Gateway Garage/Riverwalk	$13,319,200	$1,085,550	$12,233,650
PowerPay/Public Market	$6,259,500	$1,862,600	$4,396,900
Atlantic Bayside Trust/AAA Building	$30,090,600	$0	$30,090,600
Blue Atlantic/Bayside Student Housing	$16,320,830	$0	$16,320,830
Waterfront Maine/Merrill's Wharf	$15,187,300	$950,930	$14,236,370
Thompson's Point	$8,434,470	$4,970,470	$3,464,000
ImmuCell	$52,600	$52,600	$0
Totals:	**$97,123,860**	**$9,271,260**	**$87,852,600**
FY17 Taxes:	**$2,050,285**	**$195,716**	**$1,854,568.39**

Comments:
Specific public benefit purposes for Holt Hall, Baxter Library, Public Market, and Merrill's Wharf pojrects supported attracting private sector investment to blighted or declining value properties, in addition to new jobs.
Specific public benefit purpose in Ocean Gateway Garage supported attracting millions of dollars in private investment in adjacent properties.
Specific public benefit for the AAA and Student Housing projects supported new construction and parking structures and new jobs.
Specific public benefit for Thompson's point was public infrastructure and new jobs.
Specific public benefit for ImmuCell was targeted technology company and jobs.
Total new property tax value, to date, associated with the above nine (9) TIF Districts is close to $88 Million, in addition to positive employment growth.

Portland TIF Credit Enhancement Agreements (CEAs) by the numbers - Overview for last four fiscal years:

	FYE2013	FYE2014	FYE2015	FYE2016
City General Fund-Taxes from OAV:	$5.8 Million	$6.1 Million	$6.3 Million	$22.8 Million
City General Fund-Taxes from Non-Captured Value:	$1.1 Million	$341,000	$720,000	$2.4 Million
Total TIF Taxes From Captured Value:	$2.7 Million	$3.5 Million	$3.2 Million	$1.8 Million
- TIF Taxes to CEAs:	$1.9 Million	$2.0 Million	$2.0 Million	$1 Million
- TIF Taxes to Public Infrastructure/Arts:	$.8 Million	$1.5 Million	$1.2 Million	$.8 Million
Total Tax Sheltering Value:	$143 Million	$180 Million	$160 Million	$87 Million
Estimated Annual Average Tax Sheltering Savings:	$1.3 Million	$1.6 Million	$1.3 Million	$.7 Million

NOTE: Above table explanations follow on next page.

Table Explanations from previous page:

City General Fund-Taxes from OAV - The table shows a yearly increase in taxes from the OAV into the General Fund. For FYE 2013 through FYE2015, this is based on increases in tax rates. FYE2016's higher increase is due to the Downtown TOD TIF Activation, where the OAV is just under $1 Billion, and associated taxes with that OAV at $20 Million (which also includes the property values previously in the Arts District and associated $5 Million in taxes). As noted earlier in the definition section, all taxes from the OAVs go to the General Fund.

City General Fund-Taxes from Non-Captured Value – This number fluctuates based on each CEA, as well as the City's budget needs for public infrastructure/Economic Development Department staff salaries/debt service. The captured value percentages for the area wide TIF Districts - Bayside and Waterfront - are adjusted yearly based on those needs. The captured value percentage for the Downtown TOD TIF was set at 12% for the first year (FY2016) and then set at 22% for years 2 through 30. The increase in this table for FYE2016, is due to capturing 12% from the Downtown TOD TIF and having the remaining non-captured 88% go into the General Fund. Non-captured increased assessed value taxes flow into the General Fund.

Total TIF Taxes From Captured Value – The percentage of captured value varies yearly based on CEAs and the City's financial needs. This TIF Revenue is then allotted to the various CEAs, and then to the City public infrastructure projects/arts.

Total Tax Sheltering Value – This number represents the total percentage of the increased assessed of value (IAV) all TIF Districts that has been captured. This value decreased from FYE2015, which was largely due to the UNUM TIF District's expiration in FY2015, and a decrease in the captured value percentage from the Bayside TIF District. The captured value percentage for area TIFs is adjusted yearly based on City use of TIF funds needed for public infrastructure projects, as well as debt service for payment of the Bayside HUD loan and for Ocean Gateway associated debt expenses.

Estimated Tax Sheltering Savings – As noted earlier in Section 7, this number decreased by $.7 Million from FYE2015. This is, again, due to the UNUM TIF District expiring, and a smaller percentage of IAV captured from the Bayside TIF.

For Details See:

- City of Portland TIF Annual Report for TIF Public Benefit Purposes and Specific Capture Rates.
  Weblink: http://portlandmaine.gov/529/Tax-Increment-Financing

- FY2017 Matrix

For Questions: Contact Greg Mitchell, gmitchell@portlandmaine.gov, (207) 874-8945.

PORTLAND TIF POLICY

February 4, 2013

INTRODUCTION

Tax Increment Financing (TIF) is an economic development program authorized under state law to support municipal projects. The TIF program allows municipalities to provide financial assistance to local economic development projects and programs – from infrastructure, municipal economic development programs and staff, to business expansions - by using new property taxes that result from new commercial or residential investment associated with the corresponding increase in property value.

Portland TIF Policy supports investment in municipal economic development programs, infrastructure investment (which is generally through the establishment of area wide or neighborhood TIF districts) and individual project site specific TIF districts to support either infrastructure or individual private project financing needs.

The City is committed to invest in infrastructure located within the public rights-of-way that encourage economic development. Use of TIF investment to invest in infrastructure recognizes the savings which occurs through the TIF Program tax sheltering benefits.

"Infrastructure" is defined, but not limited to: traffic upgrades, public parking facilities, roadway improvements, lighting, sidewalks, water and sewer utilities, storm water management improvements and placing above ground overhead electric and telecommunications lines underground.

STATE TIF LIMITATION

There are acreage and value caps limitations for municipalities to establish TIF along with term limits. Term limits include bonds which may be issued for a maximum of 20 years (anticipation notes for three years). TIF districts may be designated for a maximum of 30 years.

PURPOSE

The primary purposes of the TIF Policy include:

1. To support Portland Economic Development and Housing Plans and Policies;
2. To stimulate expansion of the City's commercial and industrial tax base;
3. To stimulate new affordable and market rate housing investment;
4. To retain and create quality employment;
5. To support Portland's Capital Improvement Plan; and,
6. To establish standards upon which the City Council will authorize TIF.

GENERAL PRINICPLES

The three primary general principles for the City Council to establish TIF districts include:

A. Investment

***Minimum Real Property Investment*.** A minimum of $1 million in new taxable investment property value for commercial and industrial development and $500,000 for affordable housing development is needed to qualify for a TIF. This is the minimum amount which makes practical sense to consider use of the TIF program due to the amount of new municipal property tax revenue generated from new private investment.

B. Jobs Associated with Commercial and Industrial Development

Applicants for TIF participation will be required to provide a plan outlining the number and quality of jobs retained or created associated with each TIF district. While there is not a specific formula for the numbers of jobs associated with the amount of TIF financial assistance, the number and quality of the jobs will be taken into consideration for each TIF district. It is recognized that housing projects do not create many permanent jobs.

C. Maximize Tax Sheltering Benefits

A municipality's total equalized assessed value is used to calculate General Purpose Aid to Education (subsidy), State Revenue Sharing (subsidy) and County taxes (expense). When a municipality's equalized assessed value increases, State Aid for Education decreases, municipal revenue sharing decreases, and the municipality pays a greater portion of County taxes. TIF allows municipalities to "shelter" new value resulting from private investment from the calculation of its State subsidies (education and revenue sharing) and County taxes. In other words, specific municipal shelter benefits, for the term of the TIF, include:

1) No reduction in State aid for education,
2) No reduction in municipal revenue sharing and
3) No increase in County taxes.

Annually, the Council Committee with jurisdiction over housing and community development and City Council will evaluate available TIF district capacity related to State acreage and value limitations to determine whether existing TIF districts need amending and/or new TIF district establishment. Scheduled public infrastructure investments included in the City's Capital Improvement Plan will inform decisions about adjustments to existing TIF districts or establishment of new TIF districts.

APPROACH, POLICY, and TERM REQUIREMENTS

Must meet or exceed the below requirements.

A. Approach

There are three approaches to consider establishing TIF districts. They include:

1) ***Municipal Economic Development Programs funded directly through a pay-as-you-go approach.***

   Examples of municipal economic development programs include paying for economic development staff, annual funding to Creative Portland for city marketing/branding, and other TIF law allowable activities.

2) Area wide TIF districts financed by City Bond/Debt Issuance

   Issuance of municipal general obligation bonds or limited obligation bonds is a mechanism that may be used to fund a TIF district program. Allowable uses are spelled out in state TIF law. Generally, municipalities will issue debt to cover the cost of infrastructure investment.

3)Individual Site Specific TIF districts utilizing Credit Enhancement Agreements (CEAs)

   A CEA is a contract between a municipality and developer to assist an individual development project by using a percentage or all of the tax revenue generated by the investment to pay certain authorized project costs which could include site specific infrastructure or private individual project financing needs. Allowable project costs are spelled out in state TIF law.

B. Policy for the Three Approaches

1. **Policy for Municipal Economic Development Programs.**

Requires annual review and City Council financial appropriations.

2. Policy for Area wide TIF District Locations (for City Bond/Debt Issuance)

a) Area wide TIF will be established for infrastructure investment which has applications beyond one individual project.

b) City TIF emphasis will be placed upon the following general "Priority Revitalization Areas" to support commercial development, housing development, redevelopment, or to support buildings in need to redevelopment, address blight or historic preservation:

- Affordable housing projects off peninsula;
- India Street Neighborhood;
- Franklin Street Corridor from I-295 to Commercial Street;
- Riverside Street commercial and industrial zoned areas;
- Forest Avenue corridor from I-295 to Woodfords Corner;
- Washington Avenue corridor from Congress Street to I-295;
- Re-examine the boundary of Bayside TIF District;
- Examine establishing a Downtown TIF district in place of the Arts TIF District;
- Portland Technology Park ;
- Areas in which future significant wastewater and/or stormwater infrastructure investments are planned;
- West Commercial Street vacant property;
- Libbytown;
- St. Johns Street Valley;
- Other areas based upon scheduled public infrastructure investment included in the City's Capital Improvement Plan.

The above list of general priority revitalization areas serve as guides to establish specific boundaries for TIF districts at time of district establishment.

c) Market Rate Housing. Market rate rental housing projects must be located in priority revitalization areas to stimulate housing investment for the purpose of attracting 24/7 pedestrian activity. Pursuant to State Law, TIF for condominium projects are not allowed.

d) Affordable Housing**.** Affordable Housing TIF (AHTIF) may be designated on an area wide or site specific basis.

The relevant City Council Committee will complete an annual assessment of housing needs and priorities. This assessment will include a determination regarding designation of an area wide AHTIF. Site specific AHTIF requests submitted by developers will be considered on a case-by-case basis. Area wide or site specific AHTIF designations must address an identified community need.

State law requires that at least 25% of the district area must be suitable for residential use, development must be primarily residential, and at least 1/3 of the units must be for households at or below 120% of area median income which allows for individual mixed income projects or area wide affordable housing TIF districts.

Allowable uses of AHTIF revenues are defined by State law.

e) City preference is to invest in area wide public infrastructure TIF districts versus establishing individual private site specific TIF districts.

f) Area wide TIF districts also should seek to maximize the benefit of downtown and transit oriented development (TOD) districts which are exempt from State TIF law for acreage and value limitations.

g) Terms for area wide TIF districts will be considered for up to 100% of new tax revenue and upwards of thirty (30) years, the maximum allowed by State law, due to the long-term need to invest in neighborhood infrastrucutre.

NOTE 1: As of this Amended TIF Policy date, there are three existing area wide TIF Districts, i.e., Bayside, Arts, and Waterfront TIF Districts.

NOTE 2: As of this Amended TIF Policy date, there also exists one Transit Oriented Development (TOD) District, namely the Thompson Point TOD TIF District to support new or expanded transit services and improved transit connections between the Portland Transportation Center, Jetport and Downtown.

3. Policy for Individual Site Specific TIF Districts Utilizing Credit Enhancement Agreements (CEAs)

a) CEAs for individual site specific TIF districts will be considered for investment in infrastructure or project financing need and cannot be applied to any agreed upon public infrastructure improvements associated with a City Council approved conditional rezone agreement. Additional provisions related to CEAs include:

i) City Green Building Code

Compliance with the City's Green Building Code is required when TIF assistance is provided to individual private project CEAs.

ii)Affordable Housing

Affordable Housing TIF (AHTIF) may be designated on an area wide or site specific basis. Developments are encouraged to promote economic diversity.

The City Council Committee will complete an annual assessment of housing needs and priorities. This assessment will include a determination regarding designation of an area wide AHTIF. Site specific AHTIF requests submitted by developers will be considered on a case-by-case basis. Area wide or site specific AHTIF designations must address an identified community need.

State law requires that at least 25% of the district area must be suitable for residential use, development must be primarily residential, and at least 1/3 of the units must be for households at or below 120% of area median income which allows for individual mixed income projects or area wide AHTIF districts.

Allowable uses of AHTIF revenues are defined by State law.

b) Applicants for CEA participation must demonstrate and pay the following:

i) Financial Necessity.

The applicant must demonstrate the City's participation is financially necessary in order for the project to proceed.

ii) Financial Capacity**.**

The applicant must demonstrate financial capacity to support their project.

iii) Fees

-- A financial underwriting analysis will be conducted by a third party on all projects requesting CEA participation. Applicants for CEA assistance will be responsible for reimbursing the City for all project third party legal and financial underwriting costs***.***

C. Terms for CEA Projects

1) Maximum Percentages.

A maximum average percentage of 65% for the entire term associated with individual project CEA's.

2) Maximum Number of Years.

Up to twenty (20) years to match individual private sector commercial financing terms. The term of a TIF may start upon agreed trigger event, such as an increased assessed value. This would be included in a CEA on that negotiated triggering event.

3) Use of Maine Services for CEA Projects Encouraged.

TIF APPLICATION AND ADMINISTRATION PROCESS

A. Application Information and Contact.

The Economic Development Department handles all TIF inquires and processes requests for TIF. An applicant must submit a letter to the Economic Development Department outlining the proposed project, including TIF project financial information, along with a plan outlining the number of jobs associated with the proposed project.

B. Approval Process.

There is a two step approval process which includes obtaining a recommendation from the City Council Committee and City Council approval. Two meetings (or readings) by the City Council are needed. The City Council vote on the TIF occurs at the second meeting.

C. Annual Report to City Council.

The Economic Development Department shall provide annual reports to the City Council Committee and City Council regarding TIF district activity.

Portland, Maine — Yes. Life's good here.

Tax Increment Financing

Fiscal Year End (FYE) 2016 Annual Report
(July 1, 2015 through June 30, 2016)

Prepared by the Economic Development Department

(Report prepared 10/2016)

Table of Contents

1. Introduction

On February 4, 2013, the City Council adopted revised City Tax Increment Financing (TIF) Policy (Item A in Appendix) in support of investment in municipal economic development programs and infrastructure investment. Revised City Policy favors area-wide TIF Districts to support investment in public infrastructure and economic development programs versus individual site TIF Districts for private project financing needs.

City TIF Policy requires an annual report, to the City Council Committee and full City Council, regarding TIF District activity. This Report provides an overview of the TIF District Program, Portland's utilization of TIF Districts to date, and TIF District financial value impacts.

2. Definitions

Commonly used terms, included in this Report, include:

"***Captured Assessed Value***" means increased assessed value retained in a TIF District each year during its term.

"***Credit Enhancement Agreement (CEA)***" means the agreement between the City and the site specific TIF District Developer whereby it includes the terms under which the City will provide a portion of the Retained Tax Increment Revenue back to the Developer.

"***Current Assessed Value***" means the then current assessed value of the property located in the TIF District to be determined by the City Assessor as of April 1 of each year during the term of the District.

"***District***" means that portion of property depicted on a map to apply to the TIF.

"***Increased Assessed Value (IAV)*** " 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 OAV, there is no Increased Assessed Value in that year.

"***Infrastructure***" is defined, but not limited to: traffic upgrades, public parking facilities, roadway improvements, lighting, sidewalks, water and sewer utilities, storm water management improvements, and placing above ground overhead electric and telecommunications lines underground.

"***Original Assessed Value (OAV)***" means the assessed value of the property in the TIF District as of March 31 of the year that it was created. For instance, if a TIF District was approved as of the date of this report, or October 2016, the OAV would be the assessed value of the property on March 31, 2016. All taxes from the OAV go into the City's General Fund for any City use.

"***Property Taxes***" means any and all ad valorem property taxes levied, charged or assessed against the property by the City or on its behalf and actually paid to the City, but excluding any county, state, or special District taxes that are separately levied, charged, or assessed against the property.

"***Retained Tax Increment Revenues***" means that portion of the Property Taxes paid with respect to the Captured Assessed Value.

"***Tax Year***" means April 1 to March 31.

3. Tax Increment Financing Overview and Value

Tax Increment Financing (TIF) is the most flexible economic development program available to municipalities. Associated with private sector or affordable housing investment, TIFs are flexible municipal financing tools to fund the following types of activities to support private sector investment:

- public infrastructure projects;
- economic development programs, including municipal marketing and staff; and,
- support of individual private commercial and affordable housing project financing needs.

The two property tax components associated with TIF Districts include:

- ***New Property Taxes***. TIF revenue is generated from new increased municipal assessed value and associated new property taxes. TIFs can be established for up to thirty (30) years and new or "captured assessed value" in the TIF District can range from 1% to 100% of the amount of new property taxes.

- ***Original Assessed Property Value (OAV)***. The taxes from property base or "Original Assessed Value" reverts to the municipal general fund and is not captured in a TIF District.

4. TIF District Approval Process

There is a three step process to approve establishment of a TIF District. The three steps include:

- Economic Development Committee recommendation for approval to the City Council;
- City Council approval; and,
- State of Maine Department of Economic Development Department approval for commercial TIF districts or Maine State Housing Authority approval for affordable housing TIF Districts.

5. City Council Actions During FY2016

City Council actions taken during FY2016 include:

(a) The Council's Housing and Community Development Committee, at the end FY2015, reviewed and recommended to the Council approval of the 17 Carleton Avenue Affordable Housing TIF and Credit Enhancement Agreement. The City Council's review and approval occurred during FY2016 at its August 3, 2015 meeting. The Council then brought it back for reconsideration on September 9, 2015 and postponed it at that meeting to September 21, 2015, at which meeting it voted to reapprove the District and Credit Enhancement Agreement.

(b) It is noted that during FY2016, the Council's Economic Development Committee reviewed and recommended to the City Council creating a TIF District and associated Credit Enhancement Agreement for ImmuCell. The City Council's review and approval occurred during FY2017 at its September 19, 2016 meeting.

6. **Statutory Limits for TIF Districts**

There are two State statutory limitations which include:

- ***Acreage***: No single TIF District, including Affordable Housing Districts, can be larger than 2% of a municipality's total acreage, or in the case of Portland, 2% of Portland's 12,386 acres is 247 acres. Also, all active TIF Districts have to be less than 5% of a municipality's total acreage, or in the case of Portland, 5% is 619 acres. Based upon active TIF Districts, including Affordable Housing TIF Districts, as of FYE2016, Portland has the ability to include 471 additional acres in TIF Districts.

- ***Value***:

  - **Commercial/Area Wide TIF Districts:** The OAV of all these TIF Districts in a municipality cannot be more than 5% of its total aggregate value (FY16 aggregate value: $7,996,350,000), or in the case of Portland, 5% is $399,817,500. Based upon active TIF Districts as of FYE2016, Portland has the ability to include an additional $266.5 Million of property value in TIF Districts.

  - **Affordable Housing TIF Districts:** The OAV of all Affordable Housing TIF Districts cannot be more than 5% of the total aggregate value (FY16 aggregate value: $7,996,350,000), or in the case of Portland, 5% is $399,817,500. Based upon active Affordable Housing Districts as of FYE2016, Portland has the ability to include an additional $398 Million of property value in Affordable Housing TIF Districts.

It is noted that the amount of acreage and value to include in TIF Districts fluctuates as TIF districts are created, expired, and/or terminated.

There are exemptions from State limitations for Transit Oriented Development (TOD) and Downtown TIF Districts, for which Portland now has two: Thompson's Point TOD TIF, and the Downtown TOD and Omnibus TIF, the latter created in FY15 and activated in FY16.

7. Tax Sheltering Benefits

Municipalities realize "savings" from the tax sheltering effect of TIF Districts. The following direct financial impacts occur when municipal valuation increases:

- State Education Aid is reduced,
- State Municipal Revenue Sharing is reduced, and
- A municipality pays a higher percentage of the County budget.

This amount of "savings" is significant and one of the most important benefits of establishing TIF Districts.

For Portland, tax shelter savings is conservatively estimated at 30%, meaning that for every new tax dollar, Portland saves 30 cents which would otherwise be lost for property tax value not included in a TIF district. Portland's estimated total tax shelter savings for all active TIF Districts is just over $715,000 for FYE2016, which is approximately $600,000 less than FY2015 due largely to the UNUM TIF expiring in FY2015 with the City not capturing $61 Million of increased assessed value in FY2016, and the City capturing a smaller percentage of the increased assessed value for the Bayside TIF – from 83% in FY15 to 55% in FY16. It is also noted that the total sheltering value decreased by $73 Million from FYE2015 to FYE2016, or $160 Million in FYE2015 and $87 Million in FYE16. Again, this was largely due to the UNUM TIF District's expiration in FY2015, and a decrease in the captured value percentage from the Bayside TIF District. The captured value percentage for area TIFs is adjusted yearly based on City use of TIF funds needed for public infrastructure projects, as well as debt service for payment of the Bayside HUD loan and for Ocean Gateway associated debt expenses.

8. TIF Districts in Portland

A listing of all approved TIF Districts is provided as Item B in the Report Appendix. This listing includes four expired TIF Districts – Auto Europe, Shipyard Brewery, Nichols Portland, and UNUM. This listing also includes two TIF Districts which were terminated by the City Council during FY15 – those being the Village at Oceangate (Bay House), and the Fore India Middle LLC TIF District.

It is noted that after expiration and termination of the above TIF Districts, 100% of their property tax revenue reverts to the City's General Fund.

Also, this listing provides the following information for each TIF District:

- TIF District duration;
- percentages of taxes allocated to the Recipient/Developer, City, and General Fund;
- TIF District location; and
- brief description.

Item C in the Appendix provides a map showing the location for each active TIF District.

A listing of approved active individual site specific TIF Districts, area-wide TIF Districts, Downtown TOD TIF, Thompson's Point TOD TIF, non-active TIF Districts, and terminated TIF Districts by name are provided below.

Active Approved Individual Site Specific TIF Districts

As of FYE2016, the City has eight, single site active TIF Districts with associated CEAs, namely:

- Holt Hall
- Riverwalk/Ocean Gateway
- PowerPay/Portland Public Market
- Baxter Library
- Avesta/Pearl Place Affordable Housing TIF
- 409 Cumberland Avenue Affordable Housing TIF
- 134 Washington Avenue Affordable Housing TIF
- 17 Carleton Street Affordable Housing TIF

Active Approved Area Wide TIF Districts and Associated CEAs

The City has two active area wide TIF Districts, for which the City retains a portion of the TIF funds for public infrastructure projects, with a portion of the TIF funds targeted to CEAs within those Districts, namely:

- Bayside
  - Capital LLC CEA
  - Bayside Student Housing CEA
- Waterfront (Appendix D and E)
  - Waterfront Maine CEA

Approved Downtown and/or Transit-Oriented Development (TOD) TIF Districts

- Downtown TOD TIF

The City retains a portion of the TIF funds for public infrastructure, Creative Portland, and transit projects for the Downtown TOD TIF. This Downtown TOD TIF was approved during FY2015 and was activated with FY2016. There is no CEA associated with it at this time.

- Thompson's Point TOD TIF and CEA

For the Thompson's Point TOD TIF, the City retains a portion of TIF Funds for transit projects. This TOD TIF also has an associated CEA with Thompson's Point Development Company, Inc. for development of Thompson's Point, which is not yet active. Activation of this TIF CEA will occur when the Increased Assessed Value is at least $5 Million.

Non-Active Approved TIF District

In FY09, the City Council approved a TIF District that is expected to be activated with the McAuley Place senior housing project.

Terminated TIF Districts

The City Council has terminated two TIF Districts, namely:

- Fore India Middle LLC – This TIF project had not come to fruition and, therefore, was terminated by the City Council in November 2014; and,

- The Village at Oceangate, LLC (Bay House) – This TIF District was also terminated by the City Council in November 2014 due to this District's use being converted into residential condominiums which is not an allowable TIF District use.

9. <u>TIF District Financial Overview for FYE2016, including FY2013, FY2014, and FY15</u>

See below for financial comparison of FYE2016, 2015, FYE2014, and FY2013 for then active TIF Districts:

	FYE2013	**FYE2014**	**FYE2015**	**FYE2016**
City General Fund-Taxes from OAV	$5.8 Million	$6.1 Million	$6.3 Million	$22.8 Million
City General Fund-Taxes from Non-Captured Value	$1.1 Million	$341,000	$720,000	$2.4 Million
Total TIF Taxes From Captured Value	$2.7 Million	$3.5 Million	$3.2 Million	$1.8 Million
- TIF Taxes to CEAs	$1.9 Million	$2.0 Million	$2.0 Million	$1 Million
- TIF Taxes to Public Infrastructure/Arts	$.8 Million	$1.5 Million	$1.2 Million	$.8 Million
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Estimated Annual Average Tax Sheltering Savings	$1.3 Million	$1.6 Million	$1.3 Million	$.7 Million

<u>Table Explanations:</u>

<u>City General Fund-Taxes from OAV</u> - The above table shows a yearly increase in taxes from the OAV into the General Fund. For FYE 2013 through FYE2015, this is based on increases in tax rates. FYE2016's higher increase is due to the Downtown TOD TIF Activation, where the OAV is just under $1 Billion, and associated taxes with that OAV at $20 Million (which also

includes the property values previously in the Arts District and associated $5 Million in taxes). As noted earlier in the definition section, all taxes from the OAVs go to the General Fund.

City General Fund-Taxes from Non-Captured Value – The number fluctuates based on each CEA, as well as the City's budget needs for public infrastructure/Economic Development Department staff salaries/debt service. The captured value percentages for the area wide TIF Districts - Bayside and Waterfront - are adjusted yearly based on those needs. The captured value percentage for the Downtown TOD TIF was set at 12% for the first year (FY2016) and then set at 22% for years 2 through 30. The increase in this table for FYE2016, is due to capturing 12% from the Downtown TOD TIF and having the remaining non-captured 88% go into the General Fund. Non-captured increased assessed value taxes flow into the General Fund.

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Estimated Tax Sheltering Savings – As noted earlier in Section 7, this number decreased by $.7 Million from FYE2015. This is, again, due to the UNUM TIF District expiring, and a smaller percentage of IAV captured from the Bayside TIF.

Appendix D is a spreadsheet showing the FYE 2016 TIF Districts funding allocation and individual CEA annual payments.

10. Strategies and Recommendations to Optimize use of TIF Districts

- ***Future public infrastructure investment.*** Align the City's future Capital Improvement Program investments, including utility and transportation investment; and,

- ***Future Growth Areas.*** Decide where the City wants to direct investment by location and type (i.e. commercial and affordable housing).

PORTLAND TIF POLICY

February 4, 2013

INTRODUCTION

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B. Jobs Associated with Commercial and Industrial Development

Applicants for TIF participation will be required to provide a plan outlining the number and quality of jobs retained or created associated with each TIF district. While there is not a specific formula for the numbers of jobs associated with the amount of TIF financial assistance, the number and quality of the jobs will be taken into consideration for each TIF district. It is recognized that housing projects do not create many permanent jobs.

C. Maximize Tax Sheltering Benefits

A municipality's total equalized assessed value is used to calculate General Purpose Aid to Education (subsidy), State Revenue Sharing (subsidy) and County taxes (expense). When a municipality's equalized assessed value increases, State Aid for Education decreases, municipal revenue sharing decreases, and the municipality pays a greater portion of County taxes. TIF allows municipalities to "shelter" new value resulting from private investment from the calculation of its State subsidies (education and revenue sharing) and County taxes. In other words, specific municipal shelter benefits, for the term of the TIF, include:

1) No reduction in State aid for education,
2) No reduction in municipal revenue sharing and
3) No increase in County taxes.

Annually, the Council Committee with jurisdiction over housing and community development and City Council will evaluate available TIF district capacity related to State acreage and value limitations to determine whether existing TIF districts need amending and/or new TIF district establishment. Scheduled public infrastructure investments included in the City's Capital Improvement Plan will inform decisions about adjustments to existing TIF districts or establishment of new TIF districts.

APPROACH, POLICY, and TERM REQUIREMENTS

Must meet or exceed the below requirements.

A. Approach

There are three approaches to consider establishing TIF districts. They include:

1) ***Municipal Economic Development Programs funded directly through a pay-as-you-go approach.***

   Examples of municipal economic development programs include paying for economic development staff, annual funding to Creative Portland for city marketing/branding, and other TIF law allowable activities.

2) Area wide TIF districts financed by City Bond/Debt Issuance

   Issuance of municipal general obligation bonds or limited obligation bonds is a mechanism that may be used to fund a TIF district program. Allowable uses are spelled out in state TIF law. Generally, municipalities will issue debt to cover the cost of infrastructure investment.

3)Individual Site Specific TIF districts utilizing Credit Enhancement Agreements (CEAs)

   A CEA is a contract between a municipality and developer to assist an individual development project by using a percentage or all of the tax revenue generated by the investment to pay certain authorized project costs which could include site specific infrastructure or private individual project financing needs. Allowable project costs are spelled out in state TIF law.

B. Policy for the Three Approaches

1. **Policy for Municipal Economic Development Programs.**

Requires annual review and City Council financial appropriations.

2. Policy for Area wide TIF District Locations (for City Bond/Debt Issuance)

a) Area wide TIF will be established for infrastructure investment which has applications beyond one individual project.

b) City TIF emphasis will be placed upon the following general "Priority Revitalization Areas" to support commercial development, housing development, redevelopment, or to support buildings in need to redevelopment, address blight or historic preservation:

- Affordable housing projects off peninsula;
- India Street Neighborhood;
- Franklin Street Corridor from I-295 to Commercial Street;
- Riverside Street commercial and industrial zoned areas;
- Forest Avenue corridor from I-295 to Woodfords Corner;
- Washington Avenue corridor from Congress Street to I-295;
- Re-examine the boundary of Bayside TIF District;
- Examine establishing a Downtown TIF district in place of the Arts TIF District;
- Portland Technology Park ;
- Areas in which future significant wastewater and/or stormwater infrastructure investments are planned;
- West Commercial Street vacant property;
- Libbytown;
- St. Johns Street Valley;
- Other areas based upon scheduled public infrastructure investment included in the City's Capital Improvement Plan.

The above list of general priority revitalization areas serve as guides to establish specific boundaries for TIF districts at time of district establishment.

c) Market Rate Housing. Market rate rental housing projects must be located in priority revitalization areas to stimulate housing investment for the purpose of attracting 24/7 pedestrian activity. Pursuant to State Law, TIF for condominium projects are not allowed.

d) Affordable Housing**.** Affordable Housing TIF (AHTIF) may be designated on an area wide or site specific basis.

The relevant City Council Committee will complete an annual assessment of housing needs and priorities. This assessment will include a determination regarding designation of an area wide AHTIF. Site specific AHTIF requests submitted by developers will be considered on a case-by-case basis. Area wide or site specific AHTIF designations must address an identified community need.

State law requires that at least 25% of the district area must be suitable for residential use, development must be primarily residential, and at least 1/3 of the units must be for households at or below 120% of area median income which allows for individual mixed income projects or area wide affordable housing TIF districts.

Allowable uses of AHTIF revenues are defined by State law.

e) City preference is to invest in area wide public infrastructure TIF districts versus establishing individual private site specific TIF districts.

f) Area wide TIF districts also should seek to maximize the benefit of downtown and transit oriented development (TOD) districts which are exempt from State TIF law for acreage and value limitations.

g) Terms for area wide TIF districts will be considered for up to 100% of new tax revenue and upwards of thirty (30) years, the maximum allowed by State law, due to the long-term need to invest in neighborhood infrastrucutre.

NOTE 1: As of this Amended TIF Policy date, there are three existing area wide TIF Districts, i.e., Bayside, Arts, and Waterfront TIF Districts.

NOTE 2: As of this Amended TIF Policy date, there also exists one Transit Oriented Development (TOD) District, namely the Thompson Point TOD TIF District to support new or expanded transit services and improved transit connections between the Portland Transportation Center, Jetport and Downtown.

3. Policy for Individual Site Specific TIF Districts Utilizing Credit Enhancement Agreements (CEAs)

a) CEAs for individual site specific TIF districts will be considered for investment in infrastructure or project financing need and cannot be applied to any agreed upon public infrastructure improvements associated with a City Council approved conditional rezone agreement. Additional provisions related to CEAs include:

i) City Green Building Code

Compliance with the City's Green Building Code is required when TIF assistance is provided to individual private project CEAs.

ii) Affordable Housing

Affordable Housing TIF (AHTIF) may be designated on an area wide or site specific basis. Developments are encouraged to promote economic diversity.

The City Council Committee will complete an annual assessment of housing needs and priorities. This assessment will include a determination regarding designation of an area wide AHTIF. Site specific AHTIF requests submitted by developers will be considered on a case-by-case basis. Area wide or site specific AHTIF designations must address an identified community need.

State law requires that at least 25% of the district area must be suitable for residential use, development must be primarily residential, and at least 1/3 of the units must be for households at or below 120% of area median income which allows for individual mixed income projects or area wide AHTIF districts.

Allowable uses of AHTIF revenues are defined by State law.

b) Applicants for CEA participation must demonstrate and pay the following:

i) Financial Necessity.

The applicant must demonstrate the City's participation is financially necessary in order for the project to proceed.

ii) Financial Capacity**.**

The applicant must demonstrate financial capacity to support their project.

iii) Fees

-- A financial underwriting analysis will be conducted by a third party on all projects requesting CEA participation. Applicants for CEA assistance will be responsible for reimbursing the City for all project third party legal and financial underwriting costs***.***

C. Terms for CEA Projects

1) Maximum Percentages.

A maximum average percentage of 65% for the entire term associated with individual project CEA's.

2) Maximum Number of Years.

Up to twenty (20) years to match individual private sector commercial financing terms. The term of a TIF may start upon agreed trigger event, such as an increased assessed value. This would be included in a CEA on that negotiated triggering event.

3) Use of Maine Services for CEA Projects Encouraged.

TIF APPLICATION AND ADMINISTRATION PROCESS

A. Application Information and Contact.

The Economic Development Department handles all TIF inquires and processes requests for TIF. An applicant must submit a letter to the Economic Development Department outlining the proposed project, including TIF project financial information, along with a plan outlining the number of jobs associated with the proposed project.

B. Approval Process.

There is a two step approval process which includes obtaining a recommendation from the City Council Committee and City Council approval. Two meetings (or readings) by the City Council are needed. The City Council vote on the TIF occurs at the second meeting.

C. Annual Report to City Council.

The Economic Development Department shall provide annual reports to the City Council Committee and City Council regarding TIF district activity.

SUMMARY OF ALL APPROVED

TAX INCREMENT FINANCING (TIF) DISTRICTS

IN THE CITY OF PORTLAND A/O FYE2016 (June 30, 2016)

This provides an overview of tax increment financing districts (TIF's) approved by the City of Portland.

Please note that the City approved fifteen TIF's, with three of these TIFs having separate Credit Enhancement Agreements (CEA) for various projects included in the respective TIF Districts. These three TIF Districts are the Bayside TIF, Waterfront TIF, and Creative Portland Development and Arts TIF District. The separate CEAs are detailed in the listing below.

1. Nichols Portland (Economic Development TIF) **(Expired FY14)**

Duration: 20 year term (FY95 through FY14)
Percentages: Years 1 to 5, 90% to Recipient, 10% to City General Fund; years 6 to 10, 75% to Recipient, 25% to City General Fund; years 11 to 20, 50% to Recipient, 50% to City General Fund.
Location: 2400 Congress Street

This TIF was created to support Nichols Portland expansion of its existing manufacturing facility at 2400 Congress Street and retain 450 jobs.

2. Shipyard/Longfellow (Economic Development TIF) **(Expired FY07)**

Duration: 12 year term (FY96 through FY07). Please note this TIF has expired and the City General Fund is receiving 100% of the real estate taxes.
Percentages: 50% to Recipient; 50% to City General Fund
Location: Newbury Street

This TIF was used to transform the former Crosby-Laughlin site on Newbury Street into the Shipyard Brewing Company.

3. Auto Europe (Economic Development TIF) **(Expired FY11)**

Duration: 15 year term (FY97 through FY11). Please note this TIF has expired and the City General Fund is receiving 100% of the real estate taxes.
Percentages: 75% to Recipient; 25% to City General Fund
Location: Commercial Street across the street from Casco Bay Lines, former Galt Block building.

This TIF was used to renovate the former Galt Block Building into the headquarters for Auto Europe. The Galt Block Building had been vacant for over 10 years.

4. <u>Bramhall/Holt Hall</u> (Economic Development TIF)

Duration: 20 year term (FY00 through FY19)
Percentages: 75% to Recipient; 25% to City General Fund, plus a Payment in Lieu of Taxes (PILOT) associated with first floor space.
Location: 794 Congress Street

This TIF was used to renovate Holt Hall, built in the 1860's, and then vacant in excess of 10 years, into 36 market rate rental apartments and office space on the ground floor at a cost of almost $4 Million.

5. <u>UNUM</u> (Economic Development TIF) (**Expired FYE15)**

Duration: 15 year term (FY01 through FY15)
Percentages: 100% capture of increased value with 75% going to the Recipient, and 25% going to economic development projects for the City.
Location: Outer Congress Street.

This TIF was utilized to support expansion of UNUM offices and to build a 1,200 space parking garage.

6. <u>Waterfront TIF</u> (Economic Development TIF)

Duration as originally approved March 18, 2002: 10 year term (FY03 to FY12)
Duration Extended as of June 7, 2010 for a 30-year term: FY03 to FY32
Percentage: 100% TIF capture. Annually, the City Council has adjusted this TIF capture rate to place property tax revenue in the City General Fund.
Location: Selected waterfront properties.

This is a municipal TIF to be used for waterfront projects.

6a. Waterfront Maine LP (Cumberland Cold Storage Building) on Commercial Street (Economic Development TIF)

Duration: 20-year term (FY12 through FY31)
Percentage: 63% years 1 through 5; 64% years 6 through 10; 55% years 7 through 15; 45% years 16 and 17; 40% years 18 and 19; and, 35% year 20 – with a maximum cumulative TIF payment numeric cap not to exceed $2,870,058.
Location: 252 Commercial Street on the Portland waterfront.

The City entered into the TIF in order to support the renovation of the Cumberland Cold Storage building into a Class A office building, with continued marine uses on the first floor and berthing according to zoning regulations. The reuse of this building will accommodate the relocation of Pierce Atwood, bringing its 175 employees to the Portland waterfront.

7. <u>Bayside TIF</u> (Economic Development TIF)

Duration: 30 year term (FY04 through FY33)
Percentages: 100% TIF capture. Annually, the City Council has adjusted this TIF capture rate to place property tax revenue in the City General Fund.

The geographic area of this TIF District was expanded by City Council vote on November 17, 2014, expanding it from 62 acres, to 129 acres, to align with the area of Bayside contained in the *Bayside Vision Plans I* and *II.*

This is a municipal TIF to be used for public infrastructure improvements, relocation of the one remaining scrap metal recycling facility and acquisition of the scrap metal yard site, business recruitment marketing for the Bayside area, pledging TIF revenue as a repayment source to HUD or any other agency or entity that finances Bayside investment, and administrative and staff costs for the Economic Development Department. Investments from this TIF also include two Credit Enhancement Agreements (CEA's) with the following:

7a. Capital LLC (Intermed Building) on Marginal Way (Economic Development TIF)

Duration: 15 year term (FY09 through FY23)
Percentage: 100% to return, to Developer, to an annual maximum cap of $355,000 and annual debt service threshold test.
Location: Bayside next to I-295

The City entered into the CEA in order to assist with the development of a parking structure in connection with the office building.

7b. Southern Maine Student Housing on Marginal Way (Economic Development TIF)

Duration: 11 year term (FY08 through FY18)
Percentage: 100% to return, to Developer, to a maximum annual cap of $120,000 and annual debt services threshold test.
Location: Bayside next to I-295

The City entered into the CEA in order to assist with the development of a parking structure in connection with the student housing development.

8. <u>Riverwalk/Ocean Gateway</u> (Economic Development TIF)

Duration: 12 year term (FY07 through FY19)
Percentages: Formula based percentages in Credit Enhancement Agreement
Location: Hancock and Fore Street area

The TIF was entered into to assist with the construction of a parking structure for the development plan for the area adjacent to Hancock Street.

9. **Avesta/Pearl Place** (Affordable Housing TIF)

Duration: 30 year term (FY08 through FY37)
Percentages: Various percentages captured value to return to Developer based on Maine State Housing Authority Certificate of Approval, to a maximum of $22,000 annual cap.
Location: Oxford and Pearl Streets

This TIF is an affordable housing TIF to assist in the creation of affordable housing in the City's Bayside area along Oxford and Pearl Streets.

10. Creative Portland Development and Arts (Economic Development TIF)

NOTE: ***This area wide TIF District was reduced/renamed by the City Council on February 19, 2015, reducing the geography to just the Baxter Library property (see #10a below), and renaming it the Baxter Library TIF District with the term ending FY19; this will take effect with FY16).***

Original Duration: 15-year term (FY10 through FY24); ***Term amended as noted above to end FY19.***
Original Percentages: 100% capture; annually, the City Council may adjust this TIF capture rate to place property tax revenue in the City General Fund; ***Percentage amended to reflect the 65% capture for the Baxter Library project***.
Original Location: Multiple properties included in the Downtown Area; ***Location amended as noted above to be only the Baxter Library property.***

This TIF was ***originally*** created to assist in maintaining the creative economy businesses through the creation of the Creative Portland Corporation and TIF funds to assist in funding its administrative personnel and program of activities up to a maximum of $100,000 annually. ***This element of the original TIF District is now included in the recently created Downtown Transit Oriented Development (TOD) TIF District – See Item #18 below.***

10a. Baxter Library LP at 621 Congress Street (Economic Development TIF)

Duration: 9-year term (FY11 through FY19)
Percentage: Lesser of annual 65% to return to Developer or amount necessary to service project debt. Adjustments to annual payment if project refinancing occurs.
Location: 621 Congress Street

The City entered into the CEA in order to assist with the reuse, redevelopment, and preservation of a hallmark downtown building built in 1888, where adaptive reuse of this former library is challenging and expensive. This Project will add $2.5 Million in new municipal assessed commercial valuation and generate an average of $16,000 annually, in funds, to support the Creative Economy TIF Program or the City's General Fund as directed by the City Council. The reuse of this building will accommodate the relocation of the VIA Group, bringing its 64 employees to this upper area of downtown Portland.

11. McAuley Place (Economic Development TIF)

Duration: 30 year term (FY10 through FY29)
Percentages: 60% to Recipient; 40% to City General Fund.
Location: 605 Stevens Avenue

This TIF was created to assist in the renovation of the former Mother House/Convent (built over 100 years ago) on Stevens Avenue into a market rate independent senior living community, including 45 to 50 apartments in the renovated Convent; 25 to 30 apartments (new construction) in an addition to the Convent; and, 36 units (new construction) located in three townhouse/cottages adjacent to the Convent.

12. PowerPay/Portland Public Market (Economic Development TIF)

Duration: 30 year term (FY11 through FY40)
Percentages: Years 1 through 8 – 75% to Developer, 25% to City General Fund; Years 9 through 30 – 50% to Developer, 50% to City General Fund.
Location: 25 Preble Street

This TIF district was created to support the retention and expansion of PowerPay along with redeveloping an important asset in Portland's Downtown that was formerly known as the Portland Public Market. Because of the complex renovation issues and the high cost associated with redeveloping the Portland Public Market property, PowerPay requested TIF assistance to cover the Project financing gap. PowerPay renovated and moved its headquarters to this location with well over 150 employees.

13. Thompson's Point Development Company, Inc. (Transit-Oriented TIF)

Duration: 30 year term (FY15 through FY44).

Percentages:
Phase One of Project*:* Years 1 through 10 – 75% to Developer and 25% to City transit-oriented projects; years 11 through 15 – 60% to Developer, 25% to City transit-oriented projects, and 15% to City's General Fund; years 16 through 20 – 50% to Developer, 25% to City transit-oriented projects, and 25% to City's General Fund; years 21 through 30 – 40% to Developer, 25% to City transit-oriented projects, and 35% to City's General Fund.

Phases Two and Three of Project: Years 1 through 30 – 0% to Developer; 25% to City transit-oriented projects; 75% to City's General Fund.

Location: Thompson's Point

This Transit-Orient Development (TOD) Tax Increment Financing (TIF) District was created to support Thompson's Point Development Company Inc.'s redevelopment of

Thompson's Point into the **Forefront at Thompson's Point.** Additionally, the TOD will assist to expand and improve transit connections between Thompson's Point and key commercial locations within Portland (i.e. Jetport, Portland Transportation Center and Portland's Downtown) and around the region.

Thompson's Point consists of approximately 30 acres of real estate adjacent to the Portland Transportation Center that is home to the Northern New England Passenger Rail Authority, which runs the Amtrak Downeaster and Concord Trailways bus company.

The Forefront at Thompson's Point is a proposed mixed-use development that will transform a blighted and grossly underutilized 30-acre parcel located along Interstate 295 into a highly visible gateway destination event center that is expected to generate significant economic activity within the District and throughout Portland. The Company plans to redevelop Thompson's Point in a manner that includes a substantial investment in public infrastructure, including construction of an above-ground parking garage with approximately 700 spaces, road extensions and widenings, rail crossings upgrade, utility investments, and expanded walking and biking trails.

14. The Village at Oceangate, LLC (Bay House) (Economic Development TIF)

This TIF was terminated by the City Council on November 3, 2014 due to the conversion of market rate apartments into condominiums which is not allowable use of TIF funds.

Duration: 11 year term (FY14 through FY25)
Percentages: Years 1 through 5 – 75% to Developer, 25% to City General Fund; Years 6 through 10 - 65% to Developer, 35% to City General Fund. Total revenue to developer is capped at $647,971 over the term of the District.
Location: Hancock Street, between Newbury and Middle Streets.

This TIF district was created to support the development of The Bay House Project. The Project includes the construction of two new buildings that will contain ninety-four (94) market rate apartments, a parking garage, and approximately 5,700 square feet of commercial retail space. Use of TIF proceeds is directed to support public infrastructure investments.

15. Fore India Middle, LLC (former Jordan's Meat Site) (Economic Development TIF)

This TIF was terminated by the City Council on November 3, 2014 due to the project not coming to fruition.

Duration: 4 year term (FY14 through FY17)
Percentages: Years 1 and 2 – 50% to Developer, 10% to City TIF Project; 40% to City General Fund; Year 3 - 40% to Developer, 10% to City TIF Project; 50% to City General Fund; Year 4 – 40% to Developer, 60% to City General Fund. Total revenue to developer is capped at $650,000 over the term of the District.
Location: Portion of block surrounded by Fore, India, and Middle Streets.

This TIF district was created to support the development of a portion of the former Jordan's Meats site. This development project includes a five-story, approximately 180,000 sf. of mixed-use consisting of 12,300 sf. of retail space on Middle Street, 9,800 sf. of retail space on Fore Street, three levels of office space comprising 63,900 sf. on Middle Street, and 18 residential condominium units along Fore Street and India Street. In addition, there will be two "internal" parking garages behind the retail spaces (not visible from the street), one 110-space garage at the Fore Street level, and another 63-space garage one story above at the Middle Street Level. The Developer expects to have an urban grocery on Middle Street with a variety of produce, meats, food, and household items, with an emphasis on natural, organic and healthy items. The other retail users and the office users have not been identified yet. Use of TIF proceeds is directed to support public infrastructure investments.

16. 409 Cumberland Avenue (Affordable Housing TIF)

Duration: 22 year term (FY14 through FY35)
Percentage: 50% to Developer; 50% to City Housing Affordable Housing Revolving Loan Fund

Location: 409 Cumberland Avenue

This Affordable Housing TIF District supports the development of 46 affordable units and 11 market rate units of rental housing. TIF revenues will be used by Developer to pay operating costs for the project; City TIF revenues will be used for the establishment of an affordable housing revolving loan fund.

17. 134 Washington Avenue (Affordable Housing TIF)

Duration: 20 year term (FY15 through FY34)
Percentages: 50% to Developer; 50% to City General Fund.

This Affordable Housing TIF District supports the development of an 18-unit residential rental project. TIF revenues will be used by Developer to pay for operating costs for the project.

18. Downtown Transit Oriented Development (TOD) TIF (Economic Development TIF District)

Duration: 30 year term (FY16 through FY45)
Percentages: 12% Year One; 22% years 2 through 30; 88% to General Fund Year One; 78% to General Fund Years Two through Thirty.

This Downtown TOD TIF will support various municipal and other development projects, including sidewalk and pedestrian enhancements, streetscape, lighting, yearly funding of up to $100,000 for Creative Portland to assist in funding its administrative personnel and program of activities (see Item #10 above), street alignment, utilities, bicycle improvements, public transit, wayfinding, and administrative and staff costs for the Economic Development Department.

19. 17 Carleton Street (Affordable Housing TIF)

Duration: 22 year term (FY16 through FY37)
Percentages: Years 1 and 2: 0% to Developer; 100% to City. Years 3 through 22: 65% to Developer; 35% to City General Fund.

This Affordable Housing TIF District supports the development of a 37-unit residential rental project. TIF revenues will be used by Developer to pay for operating costs for the project.

Tax Increment Financing Districts
June 30, 2016
TIF Districts
Downtown TOD
Bayside
Thompson Point
Bramhall/Holt Hall
409 Cumberland Ave Affordable Housing
134 Washington Ave Affordable Housing
Baxter Library
Pearl Place
Power Pay
Riverwalk
17 Carleton St AH
Waterfront
McAuley Place
N
0 1,000 2,000 4,000
Feet

FY16 ANNUAL REPORT TO COUNCIL

FY 16 Tax Rate: 0.02063

TIF Name SITE Specific with CEA:	Starts/ Ends-FY	TERM	TIF PLAN YEAR	TOTAL ASSESSED	ORIGINAL ASSESSED	Increased Assessed value	PERCENT APPLIED	Total Cpt. Value	PROCEEDS TO OWNER	City TIF Funds	City General Fund (OAV and Non-Captured Taxes from IAV))
HOLT HALL	00/19	20 YEARS	**17**	4,956,760	349,110	4,607,650	67%	3,070,538	63,345	0	38,913
- FY16 Taxes				102,258	7,202	95,056		63,345			
Baxter Library (f/k/a Arts)	42693	9 YEARS	**6**	2,502,600	0	2,502,600	65%	1,626,690	33,559	0	18,070
- FY16 Taxes				51,629	0	51,629		33,559			
AVESTA	08/37	30 YEARS	**9**	3,576,320	646,050	2,930,270	36%	1,054,897	21,763	0	52,017
- FY16 Taxes				73,779	13,328	60,451		21,763			
OCEAN GATEWAY	07/19	13 YEARS	**10**	12,946,800	1,085,550	11,861,250	52%	6,215,295	128,101	0	138,991
- FY16 Taxes				267,092	22,395	244,698		128,222			
PowerPay/Ptld Pub Mkt	11/40	30 YEARS	**6**	6,259,500	1,862,600	4,396,900	75%	3,297,675	68,031	0	61,102
- FY16 Taxes				129,133	38,425	90,708		68,031			
McAuley/Inactive	10/29	30 YEARS	**6**	0	0	0	60%	0	0	0	0
Thompson's Point TOD	15/44	30 YEARS	**2**	5,516,870	4,970,470	546,400	25%	136,600	0	2,818	110,995
- FY16 Taxes				113,813	102,541			2,818			
409 Cumberland Ave. AH	14/35	22 YEARS	**3**	3,717,960	470,200	3,247,760	100%	3,247,760	33,501	33,501	9,700
- FY16 Taxes				76,702	9,700	67,001		67,001			
134 Washington Ave. AH	15/34	20 YEARS	**2**	184,000	155,600	28,400	50%	14,200	293	0	3,503
- FY16 Taxes				3,796	3,210	586		293			
17 Carleton St. AH	16/37	22 YEARS	**1**	261,600	261,600	0	0%	0	0	0	5,397
- FY16 Taxes					5,397						
Area-Wide TIFs, with CEA											
BAYSIDE	**04/33**	**30 YEARS**	**13**	**189,680,720**	**122,318,180**	**67,362,540**	**55%**	**36,766,474**	**463,749**	**294,743**	**3,154,621**
FY16 Taxes				**3,913,113**	**2,523,424**			**758,492**			
- CEA/Atlantic Bayside Trust	09/23	15 YEARS	8	29,268,370	0	29,268,370	Formula		355,000		
- CEA/Blue Atlantic	08/18	11 YEARS	9	16,312,380	0	16,312,380	Formula		108,749		
WATERFRONT	**03/32**	**30 YEARS**	**14**	**41,426,010**	**7,667,340**	**33,758,670**	**69%**	**23,188,830**	**185,047**	**293,339**	**376,233**
FY16 Taxes				854,619	158,177			478,386			
- CEA/Waterfront Maine	12/31	20 YEARS	5	15,187,300	950,930	14,236,370	63%		185,047		
DOWNTOWN TOD TIF	16/45	30 YEARS	**1**	1,040,381,920	968,136,850	72,245,070	12%	8,669,408		178,850	21,284,229
FY16 Taxes				21,463,079	19,972,663	1,490,416		178,850			

Total Value:				**1,311,149,460**	**1,107,923,550**	**203,487,510**		**87,288,368**			
Total Taxes:				**27,049,013**	**22,856,463**	**4,197,947**		**1,800,759**	**997,388**	**803,251**	**25,253,772**