



Town of Hampden  
**Planning and Development Committee**  
Wednesday December 21, 2016, 6:00 pm  
Municipal Building Council Chambers  
**Agenda**

1. Approval of December 12, 2016 Minutes
2. Committee Applications:
3. Updates:
  - A. Status of MRC/Fiberight
  - B. Staff Report
4. Old Business:
  - A. Business Park TIF – Review Draft TIF documents
5. New Business:
  - A. Historic Preservation Commission Appointments
6. Zoning Considerations/Discussion: none
7. Citizens Initiatives:
8. Public Comments:
9. Committee Member Comments:
10. Adjourn



Town of Hampden  
**Planning and Development Committee**  
Wednesday November 16, 2016, 6:00 pm  
Municipal Building Council Chambers  
**Minutes – Draft**

Attending:

Committee/Council

Ivan McPike-Chair  
Stephen Wilde  
Terry McAvoy  
Mark Cormier  
Dennis Marble

Staff

Angus Jennings, Town Manager  
Karen Cullen, Town Planner  
Myles Block, CEO

Chairman McPike called the meeting to order at 6:00 p.m.

1. Approval of November 16, 2016 Minutes – Motion to approve as submitted made by Councilor McAvoy with second by Councilor Wilde; carried 5/0/0.
2. Committee Applications: None.
3. Updates:
  - A. Status of MRC/Fiberight: The meeting packet included a copy of the MRC's newsletter. Town Manager Jennings said there will be a meeting of the key parties, including Fiberight and MRC, this Wednesday morning to continue discussions on the water supply situation. Staff said the road/infrastructure construction is scheduled to continue through February 2017.
  - B. Staff Report – nothing outside of agenda items to report tonight.
4. Old Business:
  - A. Business Park TIF: Town Manager Jennings said we are expecting to receive a draft of the TIF document from our consultant this week; comments on it from staff and Sargent Corp. will be sent back to the consultant. This will be on the December 21 agenda for P&D. In response to an email inquiry from the consultant, after discussion the P&D by consensus agreed the official name of the TIF should be "Hampden Business Park Omnibus Municipal Development and Tax Increment Financing District." The Committee also agreed that it should be an omnibus district. On a 3-2 straw poll, the Committee decided to – for the draft – include transit oriented designation. These decisions are not binding, as the full Council will be the final vote on the TIF documents following a referral out from the P&D Committee.

DRAFT

- B. Market Study: Manager Jennings introduced Sarah Woodworth of W-ZHA, our consultant on the market study. Ms. Woodworth led a discussion with the Councilors on what is working and what is not in terms of economic development in town, and what the town's weaknesses are – barriers to investment – as well as our strengths. Sarah will return to Hampden in February 2017 for a presentation of her report, which will include a statistical analysis of demographic and economic data as well as a preliminary analysis of market factors that impact future business development.
5. New Business: None.
6. Zoning Considerations/Discussion: None.
7. Citizens Initiatives: None.
8. Public Comments: None.
9. Committee Member Comments: None.
10. Adjournment: Motion to adjourn at 7:55 pm by Councilor Marble; seconded by Councilor McAvoy, carried 4/0/0 (Councilor Wilde left at 7:30).

Respectfully submitted by  
Karen Cullen, Town Planner

DRAFT



Town of Hampden  
Land & Building Services

## Memorandum

To: Planning & Development Committee  
From: Karen M. Cullen, AICP, Town Planner *KMC*  
Date: December 19, 2016  
RE: MRC/Fiberight Update

Several documents are attached to this memo for your information:

- 3A-1: email regarding sewer service
- 3A-2: MRC Infrastructure Budget Breakdown prepared by CES, Inc
- 3A-3: MRC Financial Statements for Year Ended Dec 31, 2015

In addition, we want to remind the Council that there are three outstanding issues with this project:

1. The water line; although to a certain extent this issue has been resolved with the determination by the Hampden Water District that they will require the water line to go up Coldbrook Road to service this facility. MRC has indicated that the Coldbrook route costs would exceed their available budget, and the Town is working closely with the parties to secure a positive outcome.
2. The sewer service; as the email referenced above indicates, permits to discharge into the sewer system (Bangor WWTP) have not been secured yet. This information has been conveyed to MRC/Fiberight on several occasions, including recently, and they have been advised that this is a critical path issue for the project.
3. The frontage issue; we have repeatedly brought up the issue of frontage, or lack thereof, for the parcel where the Fiberight plant is to be built – without frontage the Town cannot issue a building permit. We expect an application to be submitted this winter, to allow for early spring ground breaking. Site work can commence without a building permit, but no work on foundations (including installing forms) can begin until a building permit is issued. The issue boils down to when the Fiberight parcel is sold and the parcel becomes a distinct parcel no longer associated with any of Bouchard's land – if this occurs prior to the building permit issuance then there will not be frontage, since the road will not be completed and accepted by the Town by Spring 2017 and thus frontage on that incomplete road cannot be counted as frontage (under the Town's Zoning Ordinance). The Planning Board Order approving the project provides more flexibility, but still requires that the road be constructed through the binder course with a bond posted to secure completion of any outstanding items.



Angus Jennings <townmanager@hampdenmaine.gov>

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## Fiberight wastewater

1 message

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Smith, Amanda <amanda.smith@bangormaine.gov>  
To: "townmanager@hampdenmaine.gov" <townmanager@hampdenmaine.gov>  
Cc: "Rudzinski, Andy" <andy.rudzinski@bangormaine.gov>

Mon, Dec 12, 2016 at 9:40 AM

Angus Jennings  
Town Manager, Hampden  
106 Western Ave.  
Hampden, ME 04444

RE: NEW SEWER SERVICE FOR FIBERIGHT FACILITY, HAMPDEN

Dear Angus Jennings:

In response to your request regarding the current status of the Fiberight Facility and concerns of the City of Bangor Wastewater Treatment Plant, I am providing the information, below.

At this time, Fiberight has delivered limited information on its proposed wastewater discharge. The pertinent information, received to date, includes:

- an estimated daily flow of 150,000 gallons per day
- a "General Arrangement Process Diagram"
- an "overall site plan"
- Fiberight has also provided the WWTP with one set of sampling data points; however, very limited background information was provided for the sampling results.

The WWTP has capacity, at this time, to accept this additional flow during "dry-weather" (non-CSO) conditions. Flow will be curtailed during CSO events. It will be the responsibility of Fiberight to make alternative arrangements such as on-site storage or trucking to alternative sites during these times.

Fiberight will be required to meet all Federal and State Pretreatment regulations and the Town of Hampden and City of Bangor Sewer Use Ordinance concerning reporting, construction & maintenance, installation of sample points, flow metering devices and other pretreatment controls. Fiberight will be required to provide access to City & Town personnel for purposes of inspection & sample collection. All such provisions shall be submitted to the Pretreatment Coordinator for pre-approval, including drawings, plans... etc. Fiberight will also be required to provide the City with Industrial User Permit Application and Pretreatment Survey & Disclosure forms prior to being permitted to connect its facility to the WWTP. Proposed new dischargers shall file such forms at least 90 days prior to connecting to the WWTP per the City of Bangor chapter 252-10.B.

Upon initial operation of the facility, Fiberight must participate in extensive sampling to provide base-line monitoring of its wastewater stream.

Should it be determined that, for any reason whatsoever, adverse effects are noted, or anticipated, at the WWTP or in the collection system, Fiberight will then be required to pre-treat discharge to acceptable levels or find an alternative

means of disposal for residuals and pollutants. Local limits or Categorical limits, as appropriate, shall be met & maintained. Other pollutants of concern will be monitored as needed. Additionally, flows shall not result in "slug loads" at any time and equalization will be provided for.

Fiberright has been made aware of the provisions above. These provisions are a comprehensive overview of the Federal Industrial Pretreatment Program and are not intended to be all-inclusive.

Should you have any questions or comments, please do not hesitate to contact me.

Sincerely,

Amanda Smith  
Industrial Pretreatment Coordinator  
Safety Coordinator  
City of Bangor- WWTP  
760 Main St.  
Bangor, Maine 04401  
(207)992-4471  
amanda.smith@bangormaine.gov

cc: Cathy Conlow – City Manager, City of Bangor

cc: Andrew Rudzinski – Bangor Director of Water Quality Management

Copy to file.



Angus Jennings &lt;townmanager@hampdenmaine.gov&gt;

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**FW: MRC/Fiberight Water Line Extension & Service Project**

1 message

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Greg Louder <glounder@mrcmaine.org>  
Reply-To: glounder@mrcmaine.org  
To: Angus Jennings <townmanager@hampdenmaine.gov>

Thu, Dec 15, 2016 at 1:16 PM

See below FYI

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From: Greg Louder [mailto:glounder@mrcmaine.org]  
Sent: Thursday, December 15, 2016 1:04 PM  
To: jholyoke@tds.net  
Subject: MRC/Fiberight Water Line Extension & Service Project

Hi Jamie –

Now with my annual meeting behind me and the PERC litigation and partnership wind basis up in the rearview mirror, I am turning focus to our continued work on establishing a water service route to the MRC site to service the Fiberight facility.

To start, I wanted to follow up on the action items identified in our last meeting in Hampden on December 7 that you attended for the HWD and Chip and I for the MRC. One request of us from the HWD Board was a breakdown of the 5M infrastructure budget. Please find a copy attached.

The other follow up items I'm a little less sure about so I wanted to circle back with you. You requested several items from the MRC that your board had expressed interest in obtaining.

I understood there to be an interest in further understanding of the MRC's finances and financial records. I also understood the HWD Board had indicated its general awareness of MRC's cash reserves wanted to know more about those, what the sources and uses were, types/nature of encumbrances... that sort of thing. I believe there was an interest in further understanding about the \$5,000,000 cap, what our thinking was? Additional HWD Board inquiry was on relationship of the reserves was to the Joinder Agreements for MSW delivery to Fiberight that the towns signed?

To start, in my effort to meet the HWD Board's requests, please find attached a copy of MRC's latest audited financial statements. This won't answer all of the HWD Board's questions, but at least it's a start.

I understand your board meets later today. If you could share this information with the HWD Board as a start, perhaps they could make time to outline a list of additional information they are interesting in receiving from us. If you could provide me that list tomorrow, we'll get right to work on it. I'd like to get this task completed before our next get together on December 27.

Thanks

Greg

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2 attachments

 2016-09-30 MRC Infastructure Improvements Budget Breakdown.pdf  
382K

 MRC audited Financials - 2015.pdf  
815K

**MRC INFRASTRUCTURE IMPROVEMENTS BUDGET BREAKDOWN**

10973.002

9/29/2016

Category	Description	Estimated Budget July 1-December 31, 2016	Estimated Budget 2017	Total Estimated Budget
<b>1-CES</b>				
1.1	Town Permitting	\$ 15,000	\$ -	\$ 15,000
1.2	Access Road & Utility Design ①	\$ 20,000	\$ -	\$ 20,000
1.3	Ammo Park Utility Ext Design & Permitting	\$ 15,000	\$ -	\$ 15,000
1.4	DEP Permit Response/Condition Compliance ②	\$ 25,000	\$ 15,000	\$ 40,000
1.5	Construction Estimates/Options/Scheduling	\$ 15,000	\$ -	\$ 15,000
1.6	Construction Administration & CQA ③	\$ 50,000	\$ 100,000	\$ 150,000
SUB-TOTAL		\$ 140,000	\$ 115,000	\$ 255,000
<b>2-CONTRACTOR</b>				
2.1	Access Road Construction ④	\$ 1,125,309	\$ 1,719,454	\$ 2,844,763
2.2	Utility Corridor-Water and Sewer Utilities ⑩	\$ -	\$ 936,165	\$ 936,165
SUB-TOTAL		\$ 1,125,309	\$ 2,655,619	\$ 3,780,928
<b>3-EMERA MAINE</b>				
3.1	Design and Install Overhead Electric along Access Road ⑤	\$ -	\$ 160,000	\$ 160,000
SUB-TOTAL		\$ -	\$ 160,000	\$ 160,000
<b>4-TOWN</b>				
4.1	Additional Utility Improvements (Hampden Water District) ⑥	\$ -	\$ -	\$ -
4.2	Town Peer Review (Woodard & Curran and Rudman & Winchell Review)	\$ 17,900	\$ -	\$ 17,900
4.3	Woodard & Curran Construction Inspection ⑦	\$ 8,500	\$ 16,000	\$ 24,500
SUB-TOTAL		\$ 26,400	\$ 16,000	\$ 42,400
<b>5-MISCELLANEOUS</b>				
5.1	Land Acquisition Bouchard (90 Acres)	\$ 285,000	\$ -	\$ 285,000
5.2	Land Acquisition Main Ground Developers	\$ -	\$ 160,000	\$ 160,000
5.3	Wetland Disturbance In-Lieu-Fee (Access Road)	\$ 87,600	\$ -	\$ 87,600
5.4	Wetland Disturbance In-Lieu-Fee (Utility Corridor)	\$ -	\$ 72,124	\$ 72,124
5.5	MDOT Highway Opening Permit Escrow Account ⑧	\$ -	\$ -	\$ -
SUB-TOTAL		\$ 372,600	\$ 232,124	\$ 604,724
PROJECT SUB-TOTAL		\$ 1,664,309	\$ 3,178,743	\$ 4,843,052
3.7% CONTINGENCY (CATEGORY 1-4)		\$ 47,833	\$ 109,115	\$ 156,948
<b>PROJECT TOTAL</b>		\$ 1,712,142	\$ 3,287,858	\$ 5,000,000

- ① If MRC requires the 2017 work to be publicly bid, we estimate additional CES fees in the amount of \$10,000 to develop bid document and assist in the bidding process.
- ② CES task does not include DEP permit appeal process.
- ③ 2017 Construction Administration and CQA is based on Construction schedule provided by Sargent Corp. If alternate Contractor is selected to perform this work, they could have a different schedule that requires longer Construction Administration and CQA.
- ④ Sargent has estimated that Fall 2016 work will extend into January of 2017. Total proposed cost for Fall 2016 thru January 2017 is \$1,125,309. Reduced construction scope: alternate stormwater treatment; reduced water services along Access Road; removed gas
- ⑤ Overhead electric power budgetary estimate based on information from Emera Maine.
- ⑥ Revised for supply water from Ammo Park. Hampden Water District (HWD) has not provided information for additional improvements for supplying water through Ammo Park.
- ⑦ Woodard & Curran Construction inspection budget based on 6 hours per week during construction at a rate of \$125/hour.
- ⑧ Revised price as MDOT Highway Opening Permit is not required for alternate water supply through Ammo Park.
- ⑨ Project Total does not include MRC legal fees.
- ⑩ Revised cost for supplying water from Ammo Park rather than Coldbrook Road. Alternate supply has not been approved by HWD, onsite water storage
- ⑪ Does not include Wetland Disturbance In-Lieu-Fee for Process Facility Site. ACE may require payment of this fee prior start of construction.

MUNICIPAL REVIEW COMMITTEE, INC.

FINANCIAL STATEMENTS

For the Year Ended December 31, 2015

Preliminary

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## Independent Auditors' Report

To the Board of the  
Municipal Review Committee, Inc.

We have audited the accompanying financial statements of the governmental activities and each major fund of Municipal Review Committee, Inc., (MRC) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise MRC's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Penobscot Energy Recovery Company (PERC), which represent 26%, 26%, and 11%, respectively, of the total assets, net position, and total additions of the fiduciary fund, Joint Venture of the Charter Municipalities of Municipal Review Committee, Inc. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for PERC, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes examining the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Municipal Review Committee, Inc., as of December 31, 2015, and the respective changes in financial position, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 14 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise MRC's basic financial statements. The Schedule of Equity Charter Member Net Position is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Loiselle, Goodwin & Hinds

\_\_\_\_\_, 2016  
Bangor, Maine

MUNICIPAL REVIEW COMMITTEE, INC.  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
OF THE FINANCIAL STATEMENTS FOR CALENDAR YEAR 2015

This report provides a discussion and analysis of the financial performance of the Municipal Review Committee, Inc. (MRC) and the Joint Venture of the Charter Municipalities of the Municipal Review Committee, Inc. (Joint Venture), for the fiscal year ended December 31, 2015. Please review it in conjunction with the financial statements and associated notes that follow this section.

## 1.0 Financial Highlights

### Municipal Review Committee, Inc.

- Received \$294,181 in total revenue in 2015, compared to \$292,792 in total revenue in 2014. Dues from members amounted to \$224,367 in 2015, compared to \$223,972 in 2014.
- Total expenses in 2015 were \$736,748, compared to \$1,028,280 in 2014.

### Joint Venture

- Distributed \$3.73 million to Charter Municipalities, thereby achieving the target values for per-ton waste disposal costs of \$55 per ton in the first two quarters and \$59 per ton for the last two quarters of 2015.
- Represented the Equity Charter Municipalities regarding their ownership interest in the PERC partnership (25.5214 percent of the limited partnership shares, which constitute 90 percent of all shares).
- Maintained a balance of \$24.659 million, in the Tip Fee Stabilization Fund as of the end of 2015 and managed the investment of the fund balance. The MRC remains positioned to utilize the Tip Fee Stabilization Fund to stabilize tipping fees through and beyond the expiration of existing business arrangements for waste disposal in 2018.
- Maintained the balance in the MRC Operating Budget Stabilization Fund of \$862,529, by the end of 2015 and managed the investment of the fund balance. The MRC Operating Budget Stabilization Fund provides supplemental support to the MRC's budget for administration of the Joint Venture, which budget is managed separately, and serves as a source of funds to stabilize dues assessments, provide for continuation of the MRC mission after 2018, and prepare for unforeseen events.
- Held a total net position for the benefit of the Charter Municipalities of \$36.781 million at the close of 2015, including \$9.678 million in value of the Equity Charter Municipality share of the PERC partnership and \$27.103 million in other, more liquid, net assets.

## 2.0 Overview of the Financial Statements

The basic financial statements are presented herein in a format that is consistent with the requirements of the Governmental Accounting Standards Board.

### Municipal Review Committee, Inc.

The financial statements of MRC ("General Fund") are presented in two different formats:

1. The Governmental Funds Balance Sheet / Statement of Net Position ("Balance Sheet") identifies and presents values for the General Fund assets and liabilities as of the end of the calendar year. The Balance Sheet also identifies and presents adjustments for assets that are not currently available for application to expenditures, and identifies and presents net position after application of the adjustments between the two formats.

The key General Fund assets shown on the Balance Sheet include the following:

- Membership Fees Receivable, which refers to the dues members owe MRC based on tons of municipal solid waste delivered to PERC.
- Receivables from Bangor Hydro and PERC, with which MRC has agreements with for providing various services.

The Balance Sheet presents prepaid insurance, options to purchase land, site development and website design costs as adjustments, as they are assets that are not currently available for use to meet current expenditures.

The fund balance presented on the Balance Sheet is unassigned. It has not been restricted, committed, or assigned.

The net position presented on the Balance Sheet includes the value of prepaid insurance and capital assets, which are not currently available for use to meet expenditures, i.e., available within 60 days of year end.

2. The Statement of Governmental Fund Revenue, Expenditures and Changes in Fund Balances / Statement of Activities (“Income Statement”) identifies and presents revenues and expenditures/ expenses over the course of calendar year 2015. The Income Statement also identifies and presents the changes in the fund balance and net position over the course of 2015.

The General Fund revenues shown on the Income Statement include the following:

- Membership Fees.
- Revenue from the PERC Monitoring Agreement.
- Reimbursements of expenses and interest income.

The Income Statement presents as adjustments to expenditures the change in prepaid insurance, acquisition and depreciation of capital assets, and change in accrued vacation for the year.

#### Joint Venture

1. The Statement of Fiduciary Net Position (“Balance Sheet”) identifies and presents values for the Fiduciary Fund assets and liabilities of the Joint Venture as of the end of the calendar year.

The Fiduciary Fund assets shown on the Balance Sheet include the following:

- The Custody Account, which is invested in a U.S. government money market account held by Bangor Savings Bank.
- The Tip Fee Stabilization Fund and the MRC Operating Budget Stabilization Fund, which are primarily invested in a set of bonds and certificates of deposit having varying maturities and managed by an investment advisor, Peoples United Bank, in accordance with investment policies approved by the MRC Board.
- The Equity Charter Municipality investment in the PERC partnership, which is accounted for using the equity investment method. Included in the value of PERC is the Equity Charter Municipalities’ share of the reserve funds held by the Trustee as part of the security for PERC’s outstanding debt.

The liability shown on the Balance Sheet is the tipping fee rebates payable to the Charter Municipalities in the first quarter of 2016 based on tipping fees paid for the fourth quarter of 2015, including pro rata allocation among Equity Charter Municipalities of amounts payable to New Charter Municipalities. Net position is comprised of the carrying value of the investment in PERC and the various funds in excess of the distributions payable.

2. The Statement of Changes in Fiduciary Net Position (“Income Statement”) identifies and presents increases and decreases in Fiduciary net position over the course of calendar year 2015.

The Fiduciary Fund additions shown on the Income Statement include the following:

- Performance Credits as a result of PERC operations that were distributed to MRC on behalf of the Charter Municipalities.
- Partnership earnings as a result of a part ownership of PERC.
- Investment income and changes in investment fund values.

The Fiduciary Fund deductions shown on the Income Statement include the following:

- Quarterly distributions of cash paid to the Charter Municipalities.
- Operating transfers from the Operating Budget Stabilization Fund to the General Fund, to be used by MRC for administrative expenses and for expenses associated with planning for the fulfillment of the MRC mission after the existing arrangements expire in 2018. Such transfers in 2015 amounted to \$676,400.

### 3.0 Analysis of Overall Financial Position and Results of Operations

Municipal Review Committee, Inc.

MRC’s net position increased \$233,833 or 400.56% in 2015. The following table summarizes this change.

	<u>Governmental Activities</u>		<u>Total %</u>
	<u>2015</u>	<u>2014</u>	<u>Change</u>
Cash	-	\$ 9,604	(100.00)%
Membership Fees Receivable	\$ 56,209	56,438	(0.41)%
Options to Purchase Land	125,000	85,000	47.06%
Fiberight Site Development Costs	212,532	-	na
Other Assets	30,614	28,924	5.84%
Total Assets	424,355	179,966	135.80%
Current Liabilities	132,145	121,589	8.68%
<i>Net Position:</i>			
Invested in Capital Assets	337,824	85,876	293.39%
Unrestricted	(45,614)	(27,499)	(65.91)%
Total Net Position	<u>\$ 292,210</u>	<u>\$ 58,377</u>	400.56%

MRC’s changes in net position are summarized in the following table.

	<u>Governmental Activities</u>		<u>Total %</u>
	<u>2015</u>	<u>2014</u>	<u>Change</u>
Membership Fees	\$ 224,367	\$ 223,972	0.18%
Other Revenue	69,814	68,820	1.44%
Total Revenues	294,181	292,792	0.47%
Total Expenses	(736,748)	(1,028,280)	(28.35)%
Transfers from Fiduciary Fund	676,400	686,000	(1.40)%
Change in Net Position	233,833	(49,488)	na
Beginning Net Position	58,377	107,865	
Ending Net Position	<u>\$ 292,210</u>	<u>\$ 58,377</u>	

Joint Venture

MRC manages the assets of the Charter Municipalities in order to achieve two key objectives. First, MRC seeks to distribute sufficient cash on a quarterly basis to the Charter Municipalities to reduce their net cost for disposal of waste at the PERC facility to a pre-determined system-wide average per-ton net cost known as the “target value.” In the first two quarters of calendar year 2015, the target value was \$55 per ton for all Charter Municipalities. In the last two quarters of calendar year 2015, the target value was \$59 per ton for all Charter Municipalities. Second, MRC seeks to position the Charter Municipalities to continue to achieve target values to be determined by the MRC Board of Directors through 2018 by (a) ensuring that the Facility maintains its performance in providing waste disposal services; (b) maintaining an appropriate ownership position in the PERC partnership; (c) setting aside sufficient funds in the Tip Fee Stabilization Fund, and (d) managing other net position.

The Joint Venture’s net position increased from \$34.91 million to \$36.78 million, or 5.36%, in 2015. The following table summarizes these changes.

	<u>Fiduciary Activities</u>		<u>Total % Change</u>
	<u>2015</u>	<u>2014</u>	
Cash and Investments	\$27,897,817	\$25,586,174	9.03%
Investment in PERC	9,678,083	10,300,414	(6.04)%
Total Assets	37,575,900	35,886,588	4.71%
Tipping Fee Rebates Payable	795,183	976,380	(18.56)%
Total Net Position	<u>\$36,780,717</u>	<u>\$34,910,208</u>	5.36%

The Joint Venture’s changes in net position are summarized in the following table.

	<u>Fiduciary Activities</u>		<u>Total % Change</u>
	<u>2015</u>	<u>2014</u>	
PERC Performance Credits	\$ 5,221,329	\$ 3,872,626	34.83%
Share of PERC’s Net Income	690,071	1,118,652	(38.31)%
Investment Income	184,850	153,120	20.72%
Total Additions	6,096,250	5,144,398	18.50%
Total Deductions	4,225,741	4,734,203	(10.74)%
Change in Net Position	1,870,509	410,195	356.00%
Beginning Net Position	34,910,208	34,500,013	
Ending Net Position	<u>\$36,780,717</u>	<u>\$34,910,208</u>	

MRC distributed sufficient cash in each of the four quarters of 2015 to achieve the target values as shown in the following table:

<i>Quarter</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>
Tip fee, prior quarter	\$77.00	\$78.25	\$79.50	\$79.00
Distribution to Charter Municipalities	\$22.00	\$23.25	\$20.50	\$20.00
Net disposal cost for Charter Municipalities	\$55.00	\$55.00	\$59.00	\$59.00
Target value for Charter Municipalities	\$55.00	\$55.00	\$59.00	\$59.00

All values are in system-weighted average dollars per ton.

By the end of 2015, the balance in the Tip Fee Stabilization Fund was \$24.659 million, including accrued investment income. Based on the funds available as of the end of 2015 and the anticipated Performance Credits and PERC partnership distributions (assuming that the PERC facility will continue to perform as it has in the past few years), MRC has projected that the Charter Municipalities will have sufficient resources to continue to achieve the target values through 2018.

A key purpose of the Tip Fee Stabilization Fund is to position the Charter Municipalities to realize the benefits of affordable, long-term, environmentally sound disposal of MSW beyond 2018. Maintaining the existing target value unchanged, however, would deplete the balance in the Tip Fee Stabilization Fund by 2018, thereby undermining the capability to achieve MRC's mission beyond 2018.

Thus, at its October 2010 meeting, the MRC Board of Directors voted to adopt a Target Value Step Increase Implementation Plan to implement an increase in target values on an annual basis through 2018. This plan established increased target values for the Equity Charter Municipalities as follows:

\$46 per ton as of July 1, 2011  
\$48 per ton as of July 1, 2012  
\$51 per ton as of July 1, 2013  
\$55 per ton as of July 1, 2014  
\$59 per ton as of July 1, 2015  
\$63 per ton as of July 1, 2016  
\$67 per ton as of July 1, 2017

The target value for the New Charter Municipalities was set at \$54 per ton through July 1, 2014, and then set at \$55 per ton for the remainder of 2014. From 2015 and thereafter, the target values for the New Charter Municipalities are the same as the target values for the Equity Charter Municipalities per the schedule set forth above.

The intent of these increases is to avoid a spike in disposal costs; prepare the Charter Municipalities for post-2018 disposal costs; and, to maintain funds in reserve for use in enhancing the negotiating position and capacity of MRC to make available the best possible post-2018 arrangements for management of MSW for the Charter Municipalities.

#### **4.0 Significant Transactions**

MRC managed the following transactions on a routine basis during the year:

- Receipt of Performance Credits from PERC on a monthly basis.
- Receipt of partnership distributions from PERC on a monthly basis.
- Distribution of cash to Charter Municipalities to achieve the target values on a quarterly basis.
- Transfer of funds from the Custody Account to the Tip Fee Stabilization Fund in the second and third quarters of 2015.
- Transfer of funds to the MRC Operating Account from the Custody Account in the first and second quarters of 2015.

#### **5.0 Capital Assets and Debt Administration**

MRC had no outstanding debt in 2015.

MRC no longer receives payments of principal and interest on the promissory note from Bangor Hydro, as had been the case in 2008 and in prior years. Bangor Hydro made the last payment of principal and interest on the promissory note in May 2008.

#### **6.0 Economic Factors and Significant Foreseeable Future Conditions**

MRC notes the following significant foreseeable future conditions with the potential to affect performance in 2015 and beyond:

- Electric utility regulation. In 2015, approximately 58 percent of the revenue realized by PERC was in the form of payments for electricity purchased by Bangor Hydro pursuant to a Power Purchase

Agreement (“PPA”) that was originally executed in 1984 and is expected to remain in effect until February 14, 2018. Such purchases undertaken pursuant to the PPA in 2015 were at prices significantly in excess of market rates for electricity and associated products. In recognition of the PPA prices for electricity and related contract terms, in 1998 the PPA was amended to provide cost mitigation to Bangor Hydro. Such amendment was reviewed and approved by the Maine Public Utilities Commission (“Maine PUC”), which has regulatory jurisdiction over Bangor Hydro and its power purchase arrangements. Maine PUC ruled that the above-market purchases of electricity by Bangor Hydro pursuant to the PPA qualify as “stranded costs” and has set forth a procedure for recovery of such costs on an ongoing basis. Nevertheless, there is no assurance that the Facility might not be adversely affected in the future by changes in the regulatory treatment of electricity purchases pursuant to the PPA or by changes in the procedures for recovery of stranded costs prior to the expiration of the PPA.

- Facility maintenance costs. The facility operator, acting for PERC, LP, is planning to incur major maintenance expenditures for the PERC Facility to ensure that operations continue through March 31, 2018. Implementation of capital and maintenance investments in the PERC Facility’s major processing and production systems will continue to be an integral factor in maintaining its economic performance in 2016 and thereafter. The total cost of the investments required to sustain economic performance has increased in recent years. There is no assurance that the level of future investment in capital and major maintenance projects at the Facility as required for maintenance of current levels of performance will not exceed projections in the coming years, or that performance will be maintained at current levels. Moreover, the expiration of the PPA will dramatically reduce revenues to the PERC Facility. The MRC believes that the PERC Facility will not be economically viable starting in 2018 after the termination of the PPA, in part because PERC will not be able to sustain the same level of operations and maintenance starting in 2018.

As a facility with a nameplate generating capacity of more than 20 MW, the PERC Facility is required to comply with new requirements for the reliability and security of the regional electric grid as overseen by the Northeast Power Coordinating Council (NPCC), the North American Electricity Reliability Corporation (NERC) and other related organizations of applicable jurisdiction. These requirements, which can require changes to physical plant and software as well as development and documentation of operating procedures, continue to evolve and expand. There is no assurance regarding the nature of the full set of NPCC and NERC requirements that the PERC Facility might be required to implement, nor is there assurance regarding the cost and impact on performance of satisfying such requirements.

- Waste acquisition. In 2015, PERC recorded that it received 311,718 tons of municipal solid waste (MSW). The MSW included 123,435 tons of MSW from commercial and spot market arrangements to supplement the 175,497 tons of MSW reported by PERC as delivered by Charter Municipalities and 12,786 tons of MSW delivered by other municipalities. MSW deliveries to PERC by Charter Municipalities decreased by 3,995 tons (-2.2 percent) from 2014 to 2015, and, per PERC’s records, fell short by 8,755 tons of the guaranteed annual tonnage (GAT) that the Charter Municipalities, in aggregate, were obligated to deliver to PERC in 2015 to avoid shortfall penalties. Such shortfall does not account for MSW delivered to PERC that originated within the boundaries of Charter Municipalities but was credited to the accounts of commercial haulers. The MRC has not received notice from PERC related to a shortfall in deliveries. Whether a shortfall penalty will be assessed in 2016 for the delivery shortfalls in 2015, or for shortfalls in prior years, and the magnitude of such penalties, had not been finalized as of this writing.

Quantities of MSW available to the PERC facility have declined for a number of reasons, including lingering effects of the economic downturn; waste reduction or diversion through pay-as-you-throw and similar programs; and increased recycling resulting from new single-stream programs. There is no assurance that MSW from the commercial and spot market arrangements will continue to be

available to PERC in the future in the same quantities as it was acquired in the past, nor is there assurance that the quantities of MSW delivered by the Charter Municipalities, which include significant amounts of MSW originating from commercial sources within their borders and delivered to the account of the municipalities, will not decline from delivery levels in prior years. Thus, there is no assurance that the Charter Municipalities will not be exposed to further delivery shortfall penalties in future years. Moreover, there is no assurance that the Charter Municipalities will not be exposed to reduced Performance Credits and distributions of cash from the PERC Partnership due to reduced economic performance at PERC as a result of declines in waste deliveries.

- Competition with other disposal facilities. PERC actively competes with other disposal facilities to acquire MSW as needed to allow the facility to operate at capacity. Competing disposal facilities at the start of 2016 include two other operating municipal waste combustion facilities in Maine; operating landfills that are permitted to accept MSW in Maine; and facilities that are located outside of Maine. Failure of PERC to attract sufficient MSW to allow the facility to operate at capacity, or loss of significant quantities of MSW to competing disposal facilities, could have a significant adverse impact on the economic performance of PERC in 2016 and thereafter, and could adversely affect the capability for Charter Municipalities to achieve the target values through 2018.

The competitive market for disposal of MSW in Maine changed dramatically in 2013 due to the following events:

1. The Maine Energy Resource Company (MERC) facility in Biddeford was shut down permanently at the end of 2012. The MERC facility had previously accepted for disposal 120,000 tons per year of MSW generated in Maine and 170,000 tons per year of MSW from other states. Such MSW must now be managed through other facilities.
2. In 2013, the Juniper Ridge Landfill in Old Town applied for and received approval from the Maine DEP to amend its operating license to allow acceptance for disposal, under a number of stated conditions, of up to 81,800 tons per year of unprocessed in-state MSW that had previously been accepted at the Maine Energy Resource Company (MERC) facility in Biddeford, but excluding (a) out-of-state waste; and (b) waste originating in areas that are under contract for delivery for disposal to a competing facility (such as the PERC Facility). The license amendment was requested by a corporate affiliate of Casella Waste Systems, Inc. (Casella), which operates the Juniper Ridge Landfill, and which owned and operated the MERC facility, through corporate affiliates.
3. In light of the above, the PERC partnership, PERC's private owners, and Casella negotiated a new contract (the Casella-PERC Contract) regarding delivery of MSW to the PERC facility from in-state sources, including MSW that had previously been delivered to the MERC facility.

The new Casella-PERC contract would have Casella deliver up to 100,000 tons per year of MSW to the PERC facility, including up to 30,000 tons per year of MSW that had previously been delivered to the MERC facility from in-state sources. Thus, the new arrangements were intended to provide additional assurance that the PERC facility would secure sufficient MSW to operate at or near its full capacity with maximum reliance on MSW generated within Maine and with reduced reliance on MSW imported from other states. Actual deliveries from Casella's affiliated companies in 2014 were on the order of 67,000 tons and did reduce reliance on other sources of out-of-state MSW to enable the PERC Facility to operate at or capacity. Nonetheless, there is no certainty that the PERC facility will not face shortfalls in the availability of MSW as required to operate at full capacity. Such circumstances might have a significant adverse impact on the economic performance of PERC in 2016 and beyond.

- Environmental regulation. Many aspects of the operation of the Facility are subject to stringent regulation of the Maine Department of Environmental Protection (the DEP) and by other federal,

state, and local agencies. Thus, there is always a risk that changes in applicable law, regulations, or regulatory policies and enforcement practices will have an adverse impact on the Facility's performance or the economics of continuing Facility operation. The Facility works diligently to comply with all applicable environmental laws, regulations, permits, and policies. In addition, MRC works jointly with PERC on an ongoing basis to monitor potential changes in applicable laws, regulations, permits, and policies in order to identify initiatives that might have an adverse impact on the Facility and to ensure that such impacts are recognized and given due consideration. Nevertheless, there is no assurance that the Facility will not be adversely affected in the future by changes in applicable law, regulation, regulatory policy, or enforcement practices.

The products of combustion at the Facility that are emitted to the atmosphere include, among other things, carbon dioxide, which is considered a contributor to global warming and, pursuant to a 2009 ruling of the U.S. Environmental Protection Agency, is also considered a regulated pollutant. The contribution to global warming by the Facility's emissions of carbon dioxide is more than offset by two factors of its operation. First, the Facility combusts municipal solid waste that, had it been deposited in a landfill, might have caused emission to the atmosphere of methane and other greenhouse gases with a greater overall contribution to global warming than the carbon dioxide emitted from the Facility. Second, the Facility generates electricity from the combustion of waste that displaces a like amount of electricity that might have been generated from combustion of fossil fuels at facilities with emissions that contribute proportionately more to global warming than the Facility. Nonetheless, both the U.S. Congress and the U.S. Environmental Protection Agency are considering new measures to control carbon dioxide emissions and global warming that might have an adverse impact on Facility operations. There is no assurance as to what the nature or magnitude of such impacts might be.

## **7.0 Post-2018 Planning Initiative and Implementation**

As described previously, the PPA that provides the PERC facility with 58 percent of its revenues, through prices that are significantly in excess of market prices, is scheduled to terminate on February 14, 2018. After a lengthy evaluation process, the MRC believes that the PERC facility will not be economically viable after the PPA expires in 2018.

In recognition of the need for capacity to accept and process MSW after the PERC facility closes, MRC has proceeded with sponsorship of the development of a new facility to manage MSW originating in its member municipalities after the existing disposal agreements expire early in 2018. To this end, MRC has performed the following:

- Issued a Request for Expressions of Interest (RFEI) to solicit responses from vendors that might design, develop, finance, construct and operate a facility to accept and process MSW into marketable products starting on April 1, 2018.
- Reviewed and evaluated 15 proposals from vendors that responded to the RFEI.
- Selected as most advantageous a developer of an emerging technology, Fiberight, Inc. (Fiberight), that would own and manage design, permitting, financing, construction and operation of the new facility on a site to be secured by the MRC.
- Acquired an option to purchase a suitable site for development of the Facility in Hampden, Maine.
- Entered into a Development Agreement dated February 4, 2015, with Fiberight regarding the development of a facility on the Hampden site.
- Worked with Fiberight to submit applications to the Maine Department of Environmental Protection for an air emissions license and a solid waste facility license for the facility being developed at the Hampden site.
- Entered into a Waste Disposal Agreement with Waste Management Disposal Services of Maine, Inc. dba Crossroads Landfill (Crossroads Landfill), dated August 24, 2015, for disposal of solid

waste residuals from the Fiberight facility, as well as MSW that the Fiberight facility cannot accept for processing after April 1, 2018.

- Negotiated a Master Waste Supply Agreement and a Site Lease with Fiberight regarding development and construction of the facility at the Hampden site by April 1, 2018; commitments to deliver MSW to the facility as of April 1, 2018, and thereafter; operation of the facility to accept delivered MSW; and related business arrangements.
- Negotiated a form of Joinder Agreement that has been distributed to each Charter Municipality as a contractual basis for providing MSW to the Facility in Hampden for an initial term of 15 years starting on April 1, 2018. The form of Joinder Agreement provides a basis for allocation of all of the cash assets of the Equity Charter Municipalities as of April 1, 2018. Under that allocation, \$5.0 million would be used to purchase and develop the Hampden site. The remaining funds would be used to support the anticipated MSW processing and disposal arrangements going forward for those Charter Municipalities that enter into Joinder Agreements. The allocable share of such funds would be returned to Equity Charter Municipalities that do not enter in Joinder Agreements.
- Circulated the Joinder Agreements and other related materials to all of the Charter Municipalities with a recommendation for approval of the Joinder Agreement in the first part of 2016.

MRC's expenses to support such development have been funded by reserves held in the MRC Operating Budget Stabilization Fund in accordance with the permitted uses of such funds. At this time, the effort for development of the Fiberight facility in Hampden remains on schedule and the MRC remains confident that such facility will be available to accept and process MSW when and as needed. In the event that the availability of the Fiberight facility is delayed or limited, MSW from those entities that have signed Joinder Agreements would be directed to the Crossroads Landfill under the terms of the Waste Disposal Agreement between the MRC and the Crossroads Landfill.

At this time, the MRC continues to support the obligations of its member municipalities to manage their MSW through delivery to the PERC Facility through and into 2018 in accordance with the existing disposal agreements. Nonetheless, the MRC recognizes that its efforts to evaluate and develop an alternative to the PERC Facility after the disposal agreements expire in 2018 might have impacts on the performance of the existing facility and the existing arrangements prior to their expiration in 2018. There is no assurance as to what the nature or magnitude of such impacts might be.

- Litigation. There has been disagreement between the private and public sector partners in the PERC Partnership regarding the preferred course of action after 2018 and the management of funds related to the future of the PERC Facility. The partners have disagreed regarding expenditure of partnership funds on professional and legal services; on government relations and lobbying regarding legislation that might affect the competitiveness of the PERC Facility after 2018; and on related matters.

In this context, the MRC and five of the Equity Charter Municipalities (Bar Harbor, Fairfield, Mount Desert, Orono and Waterville) have filed suit in federal court against the private general partner in the PERC facility to seek recovery of certain funds that such general partner diverted from the PERC Partnership without what the MRC would consider to be proper authorization. The suit was transferred to Superior Court in the State of Maine, Penobscot County, as Civil Action Docket No. CV-2015-22. The parties completed a court-mandated one-day mediation session, which was not successful in achieving a settlement. A trial is being scheduled for the fall of 2016.

As 2018 approaches, additional disagreements might occur regarding expenditures on capital projects or improvements to the PERC Facility related to life extension or continued operations or closure after 2018. There is no assurance as to what the nature or magnitude of the impacts might be of such disagreements or expenditures on the economic performance of the PERC Facility.

There is no assurance as to the costs or results of such suit or how such results might affect future cash flows from the PERC Partnership or to the MRC.

## **8.0 Components of Equity Charter Municipality Net Position as of December 31, 2015**

The MRC appreciates that certain Equity Charter Municipalities have, in the past, incorporated into their own financial statements the value of their allocated share of the assets managed by the MRC for all of the Equity Charter Municipalities. In the past, such allocated shares have been reported in the form of a single value for each Equity Charter Municipality. Given our belief that the PERC facility will close in 2018, however, the MRC believes that such allocated shares in the Joint Venture's net position ought to be unbundled in order to distinguish (a) the value of the funds being held by MRC in the name of each Equity Charter Municipality; (b) the value of funds held for stabilizing MRC's budgeted operations; and (c) the overall and net carrying values of the interest held in the PERC Partnership for each Equity Charter Municipality.

To date, the carrying value of the investment in the PERC Partnership has been determined on the equity method of accounting, i.e., by the actual investment of resources into and distributions out of the PERC Partnership, as well as a share of the earnings of the PERC Partnership based on ownership. MRC recognizes that any future cash flows from the PERC facility in 2018 or after, should it close, would be best determined by its net salvage value rather than on the basis of the equity method of accounting. Unfortunately, the PERC Partnership, as noted in the auditor's report on its 2015 financial statements, has not updated the expected residual value of property, plant and equipment, or the associated retirement obligations, for the PERC facility should it be closed in 2018. Thus, no current estimate of what the net cash flows from the PERC facility may be in 2018 or after is available.

The MRC has also received numerous inquiries regarding the allocation among the Equity Charter Municipalities of the funds being held in the Debt Service Reserve Fund and that are scheduled to be released to the MRC upon retirement of PERC's outstanding debt. Such funds are not included in these financial statements as a separate asset, inasmuch as these funds are included on PERC's books and included in the carrying value of the PERC Partnership. The MRC Board has previously voted to allocate such funds among the Equity Charter Municipalities in proportion to the actual share of total tons delivered by the Equity Charter Municipalities to the PERC facility over the period of the most recent refinancing (that is, from July 1, 1998, through December 31, 2017).

To address both these issues, the following table sets forth, for each Equity Charter Municipality, the allocated shares of each of the reserve funds held on its behalf by the MRC, as well as the imputed allocation to each Equity Charter Municipality of the carrying value of the PERC Partnership. Again, the overall value of the PERC Partnership in this table has been determined using the equity method of accounting instead of the net salvage value of the PERC facility. By presenting this information in an unbundled fashion, each Equity Charter Municipality will have the information needed to make its own decision regarding how to value its net position in, and any future cash flows from, the Joint Venture.

Also included in this table is a tabulation of the share of the Debt Service Reserve Fund (which is included in the carrying value of the PERC Partnership in the financial statements) allocable to each Equity Charter Municipality as of December 31, 2015. Although these data are interim values, they provide a reasonable indication of the magnitude of the final allocation that will be determined early in 2018, when all data necessary to make the final allocation will become available.

## **9.0 Contact Information**

More information on MRC and the Joint Venture may be obtained at MRC's administrative office, 395 State Street, Ellsworth, ME 04605.

**Table of Equity Charter Municipality Net Position as of December 31, 2015**

Based on account balances as of December 31, 2015

	Net Funds Held for Equity Charter Municipalities				MRC	Investment in PERC Partnership				
					Operating					
					Budget	Debt Service	Net			
	Custody	Tip Fee	Tipping Fee		Stabilization	Reserve	Investment		Total Net	
	Account	Account	Payable	Subtotal	Account	Fund (1)	in PERC (2)	Subtotal	Position	
Albion	13,411	130,119	(4,045)	139,486	4,792	7,978	37,667	45,645	189,923	
Alton	4,752	50,101	(1,647)	53,205	1,726	2,633	17,584	20,217	75,148	
Atkinson	2,054	17,321	(612)	18,763	606	995	5,462	6,457	25,826	
Baileysville	26,846	258,755	(7,363)	278,238	8,357	14,437	61,521	75,958	362,553	
Bangor	414,650	4,165,744	(140,350)	4,440,043	151,368	236,632	1,413,875	1,650,508	6,241,919	
Bar Harbor	85,380	836,355	(25,097)	896,637	26,825	39,998	277,494	317,492	1,240,955	
Blue Hill/Surry	64,282	579,877	(18,603)	625,556	19,297	31,228	172,461	203,689	848,543	
Boothbay RRDD	69,003	755,105	(21,051)	803,057	25,086	37,991	236,157	274,147	1,102,291	
Bradley	8,260	67,938	(2,498)	73,699	2,467	4,027	22,326	26,353	102,519	
Brewer	84,822	1,077,430	(34,684)	1,127,568	38,349	52,971	420,582	473,553	1,639,470	
Brooks	6,844	41,333	(1,785)	46,392	1,517	2,785	11,761	14,547	62,456	
Brownville	9,075	104,379	(3,292)	110,162	3,871	5,550	37,675	43,225	157,257	
Bucksport	18,530	319,611	(9,289)	328,853	11,655	15,419	132,914	148,333	488,840	
Burnham	10,044	85,570	(2,962)	92,651	3,069	4,997	27,072	32,070	127,790	
Carmel	17,999	146,081	(5,251)	158,829	5,267	8,901	43,765	52,666	216,761	
Central Penobscot	37,273	291,747	(9,906)	319,113	10,129	18,216	73,107	91,323	420,565	
China	19,552	266,538	(7,750)	278,340	9,941	14,161	95,497	109,658	397,939	
Clifton	5,819	51,192	(1,723)	55,288	1,879	3,252	15,523	18,775	75,942	
Clinton	22,603	346,233	(9,522)	359,314	12,225	18,354	127,892	146,246	517,785	
Dedham	5,676	62,851	(1,908)	66,619	2,224	3,340	21,361	24,701	93,544	
Dover-Foxcroft	35,401	308,446	(10,693)	333,154	10,799	17,632	96,948	114,580	458,534	
Eddington	13,194	126,603	(4,456)	135,341	4,720	7,337	45,454	52,792	192,853	
Enfield	12,271	112,313	(3,870)	120,714	4,042	6,375	38,178	44,553	169,310	
Fairfield	50,496	467,595	(14,497)	503,594	15,644	28,911	133,584	162,495	681,733	
Glenburn	35,399	271,592	(9,906)	297,085	9,701	16,997	81,756	98,753	405,540	
Gouldsboro	7,365	120,651	(3,047)	124,968	4,225	5,813	40,785	46,598	175,792	
Greenbush	9,777	80,374	(2,991)	87,160	2,981	4,846	26,437	31,282	121,423	
Guilford	21,111	183,543	(7,016)	197,637	6,683	10,142	69,187	79,329	283,650	
Hampden	53,268	501,995	(16,975)	538,288	17,218	27,148	165,997	193,146	748,651	
Hancock	5,719	82,634	(2,296)	86,058	2,864	4,097	29,503	33,600	122,522	
Hermon	57,048	445,672	(16,698)	486,022	15,730	26,696	134,538	161,234	662,987	
Holden	16,058	135,673	(4,931)	146,800	4,645	7,357	44,972	52,330	203,774	
Jackson	3,005	18,351	(795)	20,560	698	1,274	5,292	6,566	27,825	
Lamoine	8,136	87,344	(2,653)	92,827	2,999	4,730	27,144	31,874	127,701	
Lee	8,394	55,965	(2,399)	61,960	2,017	3,273	19,786	23,059	87,035	
Levant	15,749	128,598	(4,854)	139,492	4,499	7,472	42,521	49,992	193,984	
Lincoln	48,483	534,788	(17,329)	565,943	19,589	29,181	196,035	225,216	810,748	
Lucerne	4,387	38,175	(1,230)	41,333	1,362	2,298	10,931	13,228	55,924	
Mariaville	2,225	20,235	(674)	21,786	731	1,184	6,263	7,448	29,965	
Mars Hill	17,360	133,722	(5,474)	145,609	5,139	7,798	49,402	57,201	207,949	
Mattawamkeag	4,650	57,653	(1,740)	60,562	2,038	2,942	20,824	23,766	86,366	
Midcoast SWD	109,611	1,091,143	(36,757)	1,163,998	37,379	55,006	403,013	458,020	1,659,396	
Mid-Maine SWD	70,751	614,721	(23,835)	661,637	22,257	33,525	238,453	271,978	955,871	
Milford	14,683	160,284	(5,263)	169,704	5,828	8,607	58,520	67,127	242,659	
Millinocket	36,972	431,203	(13,047)	455,128	14,620	21,706	152,405	174,111	643,858	
Milo	20,760	191,630	(6,596)	205,794	6,621	10,556	64,307	74,863	287,278	
Monson	3,353	34,247	(1,040)	36,559	1,130	1,797	10,622	12,419	50,108	
Mt. Desert/EMR	91,398	1,030,920	(28,442)	1,093,875	34,504	52,314	313,980	366,294	1,494,673	
Newburg	8,117	79,503	(2,614)	85,006	3,027	5,311	26,266	31,576	119,609	
Old Town	45,466	647,898	(19,954)	673,410	24,267	34,607	252,623	287,230	984,908	
Orland	4,520	51,725	(2,003)	54,241	2,158	2,665	25,992	28,657	85,055	
Orono	62,519	596,380	(21,389)	637,510	20,522	31,103	216,514	247,618	905,650	
Otis	2,934	28,373	(970)	30,337	1,045	1,506	10,912	12,417	43,799	
Palmyra	14,106	101,768	(3,963)	111,911	3,756	6,757	31,277	38,034	153,701	
Parkman	3,404	28,366	(992)	30,779	963	1,588	8,406	9,994	41,735	
Penobscot Co.	12,297	124,547	(4,179)	132,665	4,379	6,711	43,465	50,176	187,220	
Pleasant River SWD	7,550	180,839	(4,522)	183,867	7,671	10,339	65,870	76,209	267,746	
Plymouth	7,596	73,196	(2,518)	78,274	2,749	4,336	24,890	29,226	110,249	
Reed Pt	1,562	13,499	(504)	14,558	475	733	4,758	5,491	20,524	
Rockland	76,127	800,839	(26,076)	850,889	29,129	44,385	278,104	322,489	1,202,508	

**Table of Equity Charter Municipality Net Position as of December 31, 2015**

Based on account balances as of December 31, 2015

	Net Funds Held for Equity Charter Municipalities				MRC	Investment in PERC Partnership				
					Operating					
	Custody	Tip Fee	Tipping Fee		Budget	Debt Service	Net			Total Net
	Account	Stabilization	Rebates	Subtotal	Stabilization	Reserve	Investment			Position
		Account	Payable		Account	Fund (1)	in PERC (2)	Subtotal		
Sangerville	9,692	79,256	(2,764)	86,184	2,813	4,729	23,115	27,844		116,841
Searsport	15,898	166,335	(5,747)	176,486	5,533	7,718	67,860	75,578		257,597
Stetson	7,571	70,663	(2,210)	76,025	2,674	4,615	17,848	22,463		101,162
Steuben	9,715	82,677	(2,837)	89,554	2,846	4,675	25,022	29,697		122,098
Stonington	18,481	148,126	(4,968)	161,640	4,909	8,248	42,276	50,524		217,072
Thomaston Group	61,668	559,975	(19,060)	602,583	20,101	32,418	180,149	212,567		835,251
Thorndike	3,129	42,207	(1,227)	44,110	1,589	2,299	14,163	16,462		62,161
Troy	2,408	30,287	(926)	31,769	1,156	1,677	11,025	12,702		45,627
Union River SWD	5,840	50,599	(1,783)	54,656	1,837	3,000	15,991	18,990		75,483
Unity	14,080	120,913	(4,183)	130,810	4,264	7,160	36,992	44,152		179,226
Vassalboro	19,339	212,781	(6,990)	225,130	7,648	11,729	75,181	86,911		319,689
Veazie	9,316	108,112	(3,391)	114,037	3,812	5,668	37,991	43,659		161,507
Verona	4,325	42,762	(1,464)	45,623	1,540	2,441	14,572	17,013		64,177
Waldoboro Group	40,545	474,198	(13,886)	500,858	16,199	25,364	154,077	179,442		696,498
Waterville	93,609	1,522,351	(38,744)	1,577,215	46,688	73,293	495,882	569,175		2,193,078
Winslow	50,772	495,983	(16,347)	530,408	16,779	26,468	153,487	179,954		727,140
West Gardiner	14,797	169,685	(5,359)	179,123	5,887	8,441	60,770	69,211		254,220
Winthrop	44,987	434,830	(14,772)	465,045	14,797	22,468	150,738	173,207		653,049
<b>Total</b>	<b>2,376,269</b>	<b>24,659,019</b>	<b>(795,183)</b>	<b>26,240,105</b>	<b>862,529</b>	<b>1,333,333</b>	<b>8,344,750</b>	<b>9,678,083</b>		<b>36,780,717</b>
Notes: 1	Debt Service Reserve Funds would be released in 2018 unless drawn upon to pay debt service or costs related to recovery.									
2	The Net Investment in PERC was determined by the use of the equity method of accounting and does not indicate the market value or liquidation value. No current estimate of market value is available as of March 31, 2018, or thereafter.									
	See Section 8.0 of the Management's Discussion & Analysis.									

**MUNICIPAL REVIEW COMMITTEE, INC.**  
**GOVERNMENTAL FUNDS BALANCE SHEET / STATEMENT OF NET POSITION**  
**DECEMBER 31, 2015**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<b>ASSETS</b>			
Membership Fees Receivable	\$ 56,209	-	\$ 56,209
Accounts Receivable - Bangor Hydro	14,687	-	14,687
Reimbursements Receivable - PERC	2,700	-	2,700
Prepaid Insurance	-	\$ 12,935	12,935
Capital Assets:			
Options to Purchase Land	-	125,000	125,000
Fiberight Project Site Development Costs	-	212,532	212,532
Website Design Costs	-	292	292
Total Capital Assets	<u>-</u>	<u>337,824</u>	<u>337,824</u>
 Total Assets	 <u>\$ 73,596</u>	 <u>350,759</u>	 <u>424,355</u>
 <b>LIABILITIES</b>			
Overdrawn Checking Account	\$ 6,526	-	6,526
Accounts Payable	110,429	-	110,429
Accrued Payroll	3,367	-	3,367
Accrued Vacation	-	11,823	11,823
Total Liabilities	<u>120,322</u>	<u>11,823</u>	<u>132,145</u>
 <b>FUND BALANCES / NET POSITION</b>			
<i>Fund Balances:</i>			
Unassigned	<u>(46,726)</u>	<u>46,726</u>	<u>-</u>
 Total Liabilities and Fund Balances	 <u>\$ 73,596</u>		
 <i>Net Position:</i>			
Invested in Capital Assets		337,824	337,824
Unrestricted		<u>(45,614)</u>	<u>(45,614)</u>
 Total Net Position		 <u>\$ 292,210</u>	 <u>\$ 292,210</u>

**MUNICIPAL REVIEW COMMITTEE, INC.**  
**STATEMENT OF GOVERNMENTAL FUND REVENUE, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES / STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>REVENUE</b>			
Membership Fees	\$ 224,367	-	\$ 224,367
PERC Monitoring Agreement	58,690	-	58,690
Reimbursements for PERC Oversight Committee Expenses	10,800	-	10,800
Interest Income	324	-	324
Total Revenue	<u>294,181</u>	<u>-</u>	<u>294,181</u>
 <b>EXPENDITURES / EXPENSES</b>			
<i>Current:</i>			
Payroll Costs	128,795	\$ (5,132)	123,663
Consulting - Resource Management	95,228	-	95,228
Legal Fees	88,971	-	88,971
Legislative Advocacy and Communications	49,388	-	49,388
Administrative and Miscellaneous	25,604	584	26,188
Insurance	10,727	(83)	10,644
Audit Fee	12,000	-	12,000
Occupancy	5,800	-	5,800
Fiberight Project and Post-2018 Planning:			
Legal Fees	144,604	-	144,604
Consulting - Resource Management	111,987	-	111,987
Communications	64,937	-	64,937
Other	3,338	-	3,338
<i>Capital Outlay:</i>			
Fiberight Project - Site Development Costs	212,532	(212,532)	-
Option to Purchase Land	40,000	(40,000)	-
Total Expenditures / Expenses	<u>993,911</u>	<u>(257,163)</u>	<u>736,748</u>
 <b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES AND USES</b>	 (699,730)	 699,730	 -
 <b>OTHER FINANCING SOURCES AND USES</b>			
Transfers from the MRC Operating Budget Stabilization Fund of the Joint Venture of the Charter Municipalities of Municipal Review Committee, Inc.	 <u>676,400</u>	 <u>(676,400)</u>	 -
 <b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	 (23,330)	 23,330	 -
 <b>TRANSFERS FROM FIDUCIARY FUND</b>	 -	 <u>676,400</u>	 <u>676,400</u>
 <b>CHANGE IN NET POSITION</b>	 -	 <u>\$ 233,833</u>	 233,833
 <b>FUND BALANCE / NET POSITION - January 1, 2015</b>	 <u>(23,396)</u>		 <u>58,377</u>
 <b>FUND BALANCE / NET POSITION - December 31, 2015</b>	 <u>\$ (46,726)</u>		 <u>\$ 292,210</u>

**MUNICIPAL REVIEW COMMITTEE, INC.  
STATEMENT OF FIDUCIARY NET POSITION  
JOINT VENTURE OF THE CHARTER MUNICIPALITIES  
OF MUNICIPAL REVIEW COMMITTEE, INC.  
DECEMBER 31, 2015**

		Fiduciary Fund
<b>ASSETS</b>		
<i>Custody Account:</i>		
Government Obligations Money Market Mutual Fund		\$ 2,376,269
<i>Tip Fee Stabilization Fund:</i>		
Certificates of Deposit	\$ 10,471,784	
Government Obligations Money Market Mutual Fund	3,012,564	
U.S. Government Agency Bonds	8,617,888	
U.S. Treasury Notes	2,503,325	
Accrued Investment Income	53,458	
Total Tip Fee Stabilization Fund		24,659,019
<i>MRC Operating Budget Stabilization Fund:</i>		
Certificate of Deposit	50,049	
Government Obligations Money Market Mutual Fund	130,796	
U.S. Government Agency Bonds	679,392	
Accrued Investment Income	2,292	
Total MRC Operating Budget Stabilization Fund		862,529
Investment in PERC (per the equity method - See Note 3)		9,678,083
Total Assets		37,575,900
<b>LIABILITIES</b>		
Tipping Fee Rebates Payable		795,183
<b>NET POSITION</b>		
Held for the Benefit of the Equity Charter Municipalities of Municipal Review Committee, Inc.		\$ 36,780,717

**MUNICIPAL REVIEW COMMITTEE, INC  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
JOINT VENTURE OF THE CHARTER MUNICIPALITIES  
OF MUNICIPAL REVIEW COMMITTEE, INC.  
FOR THE YEAR ENDED DECEMBER 31, 2015**

		Fiduciary Fund
<b>ADDITIONS</b>		
PERC Performance Credits	\$ 5,221,329	
Interest and Dividend Income	217,582	
Net Earnings from Investment in PERC	690,071	
Appreciation (Depreciation) of Investments	<u>(32,732)</u>	
Total Additions		\$ 6,096,250
<b>DEDUCTIONS</b>		
Rebates of Tipping Fees	3,549,341	
MRC Operating Budget Stabilization Fund Transfers to General Fund	<u>676,400</u>	
Total Deductions		<u>4,225,741</u>
<b>CHANGE IN NET POSITION</b>		1,870,509
<b>NET POSITION - January 1, 2015</b>		<u>34,910,208</u>
<b>NET POSITION - December 31, 2015</b>		<u>\$ 36,780,717</u>

Preliminary

**MUNICIPAL REVIEW COMMITTEE, INC.  
NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Municipal Review Committee, Inc. (MRC) was organized as a nonprofit corporation in 1991 to better ensure the continuing availability to its members of long-term, reliable, safe, and environmentally sound methods of solid waste disposal at a stable and reasonable cost. It was formed by municipalities with waste disposal agreements with Penobscot Energy Recovery Company Limited Partnership (PERC). Its members (also known as Charter Municipalities) include counties, refuse disposal districts, public waste disposal corporations, municipalities, and other quasi-municipal entities. Only municipalities within the State of Maine may be eligible for membership upon execution of a waste-disposal agreement with MRC.

MRC's Board of Directors is elected by the Charter Municipalities, and must be persons who, at the time of their election, are either elected or appointed officials, employees, or legal residents of the Charter Municipalities. As of December 31, 2015, MRC's membership was made up of 86 "Equity" Charter Municipalities and 47 "New" Charter Municipalities.

MRC's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for governmental nonprofit entities through its pronouncements (Statements and Interpretations). The more significant accounting policies, established in GAAP and used by the Reporting Entity, are discussed below.

**A. Financial Reporting Entity**

The financial reporting entity is comprised of the following:

Primary Government	Municipal Review Committee, Inc.
Component Unit	Joint Venture of the Charter Municipalities of Municipal Review Committee, Inc.

These financial statements present the activities of MRC (the primary government) and its component unit. As defined by GASBS No. 14, component units are legally separate entities that are included in the primary government's reporting entity because of the significance of their operating or financial relationships with the primary government. However, as the relationship between MRC and its component unit is fiduciary in nature, the component unit's activities are reported in a fiduciary fund and are not blended with the activities of the primary government.

*Municipal Review Committee, Inc.*

MRC acts as a liaison for and as a representative of its members with the PERC and Emera Maine, f.k.a. Bangor Hydro-Electric Company (Bangor Hydro). In performing this function, MRC:

- Reviews PERC's monthly and annual financial performance and operating reports.
- Reviews PERC's quarterly tipping fee adjustments.
- Reviews and oversees the projected and documented utilization of the Capital Maintenance and Reserve Account (CMRA) monies.
- Reviews and verifies PERC's calculation of cash and performance credits to be provided to MRC's members and PERC.

**MUNICIPAL REVIEW COMMITTEE, INC.  
NOTES TO FINANCIAL STATEMENTS**

- Reviews PERC's compliance with performance standards.
- Participates in the Oversight Committee of the PERC Partnership.
- Enforces the priority lien MRC's members have on the CMRA monies in the event of termination of PERC's operations.
- Identifies alternative waste disposal options that may be implemented following termination of the members' waste disposal agreements with PERC, including, but not limited to, developing, financing, and/or operating a new integrated solid waste disposal facility to serve the Charter Municipalities.
- For members who elected as of September 30, 1998, to become "Equity" Charter Municipalities:
  1. Purchases, sells, and otherwise deals with the members' limited partnership interest in PERC, as well as the Net Cash Flow from the ownership of PERC; and
  2. Receives and/or directs the cash distributions from PERC known as performance credits and determines the allocation, use, and application of those funds.

*Joint Venture of the Charter Municipalities of Municipal Review Committee, Inc.*

The Joint Venture of the Charter Municipalities of Municipal Review Committee, Inc. (Joint Venture) is an organization that resulted from a contractual arrangement among certain members of MRC (known as Equity Charter Municipalities), PERC, and Bangor Hydro. It was formed to pool resources of the Equity Charter Municipalities for the long-term goal of handling the disposal of their present and projected volumes of nonhazardous municipal solid waste at a stable and reasonable cost. Those resources are administered by MRC. New members (known as New Charter Municipalities) do not have an ongoing financial interest in the Joint Venture and do not participate in the purchase of a limited partnership interest in PERC.

In 1998, the waste disposal agreements of the Equity Charter Municipalities were amended and restated, and extended to 2018, as part of a settlement that involved the refinancing of PERC's outstanding debt and the renegotiation of a power purchase agreement between PERC and Bangor Hydro, which purchases the electrical output of PERC's waste-to-energy facility ("Facility.") In exchange for certain guarantees, the Equity Charter Municipalities negotiated to receive the following:

Performance Credits from Facility operations. The Charter Municipalities are entitled to receive one-third of the Net Distributable Cash generated from the operation of the Facility, which is known as Performance Credits. Through September 2000, 15% of the Performance Credits were required to be deposited into a restricted cash account, which could only be used for acquisitions of PERC. The Performance Credits are now being directed to the Joint Venture without any requirement for deposit into a restricted account.

Warrants to purchase 1,000,000 shares of Bangor Hydro. The Equity Charter Municipalities received warrants to purchase Bangor Hydro common stock at a price of \$7.00 per share. During the year ended December 31, 2001, the then remaining unexercised 700,900 warrants were exchanged for a \$13,667,550 promissory note from Bangor Hydro.

Bangor Hydro \$2,000,000 reserve. The Equity Charter Municipalities were entitled to receive \$2,000,000 from Bangor Hydro over a four-year period. This cash was deposited into a restricted cash account, which could only be used for acquisitions of a limited partnership interest in PERC.

**MUNICIPAL REVIEW COMMITTEE, INC.  
NOTES TO FINANCIAL STATEMENTS**

One-third of \$10,000,000 in reserves. The Charter Municipalities are entitled to receive one-third of three reserves upon PERC's repayment of its outstanding debt. These reserves were held as collateral for the bondholders. The debt was refinanced during the year ended December 31, 2012, and the requirement for PERC to maintain \$10,000,000 in the reserve accounts was reduced to \$2,000,000. MRC has received one-third of the released funds.

The waste disposal agreements of the Equity Charter Municipalities provide that the interests acquired in PERC be allocated among themselves based on their respective shares of cumulative Performance Credits and other cash flows and reserves. To facilitate this allocation, MRC allocates resources among the municipalities on the basis of actual tons of acceptable waste delivered to PERC each quarter.

In an effort to stabilize the net cost of the disposal of the Charter Municipalities' solid waste, rebates of tipping fees are paid to the Charter Municipalities on a system-wide average basis to offset the difference between the tipping fee paid and the applicable target price.

**B. Basis of Presentation**

*Government-Wide Financial Statements*

The government-wide financial statements (i.e., statement of net position and the statement of activities) display information about the reporting entity as a whole. They include all funds of the reporting entity except fiduciary funds. The governmental activities are financed by administrative fees paid by members and operating transfers from the fiduciary fund's Operating Budget Stabilization Fund.

*Fund Financial Statements*

The fund financial statements of the reporting entity are organized into funds, each of which is considered a separate accounting entity. Each fund is accounted for with a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. The funds have been organized into two categories: governmental and fiduciary.

Governmental. The General Fund is the Entity's only governmental fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Fiduciary. Fiduciary funds are used to account for assets held for the benefit of other parties that generally are not used to finance the governmental entity's own operations.

**C. Measurement Focus and Basis of Accounting**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The accounting objective is the determination of changes in net position and financial net position. All assets and liabilities (whether current or noncurrent) are reported.

**MUNICIPAL REVIEW COMMITTEE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are generally recorded as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Entity considers revenues to be available if they are to be collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

The accounting objective of governmental funds is the presentation of the sources, uses, and balances of the Entity's expendable financial resources and related liabilities. The revenues associated with the current fiscal period and susceptible to accrual are the membership fees, PERC monitoring agreement, and reimbursements. All other governmental fund revenues are considered measurable and available only when the Entity receives cash.

The fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The accounting objective is the measurement of the changes in net position and financial position. All assets and liabilities (whether current or noncurrent) are reported.

**D. Assets, Liabilities, and Equity**

Membership Fees Receivable. Annually, the Board of Directors determines an administrative fee necessary to support the Entity's oversight duties. Each member pays its proportionate share based upon waste tonnage delivered to PERC. Membership Fees Receivable represents uncollateralized amounts due from members for the administrative fees.

Accounts Receivable – Bangor Hydro. During the year ended December 31, 1998, MRC completed negotiations to restructure the contractual relationships among MRC, its members, Bangor Hydro, and PERC through March 31, 2018. The agreement requires Bangor Hydro to pay MRC \$10,000 each calendar quarter to cover costs associated with monitoring PERC's operations. This amount is adjusted once each year to reflect changes in the Consumer Price Index.

Capital Assets. Capital assets purchased or acquired with an original cost of \$2,500 or more are reported at historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets that have been placed into service is provided on the straight-line basis over the following estimated useful lives:

Website development costs	5 years
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The Entity has made deposits on land and has incurred costs for site development that have not yet been placed into service. These capital assets are not being depreciated.

Custody Account. The Custody Account is the operating cash account of the Joint Venture. All deposits made to and held in this account are invested in Federated Government Obligations Money Market Fund. This investment is carried at fair value based on quoted market prices.

**MUNICIPAL REVIEW COMMITTEE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

Tip Fee Stabilization Fund. In 2001, the Board of MRC voted to set aside a portion of the Performance Credits received each quarter into an investment account for future distributions to Charter Municipalities. In 2003, the Board voted to temporarily suspend additional purchases of PERC and to transfer to this Fund amounts in the Custody Account when they exceed a certain minimum balance. The investments in this account are carried at fair value based on quoted market prices.

Operating Budget Stabilization Fund. In 2004, the Board of MRC voted to establish this investment account from certain funds that the Joint Venture had received from the general partner of PERC. These investments may be used to provide MRC with funds each year through March 31, 2018, for balancing its annual operating budget in the event of contingencies. The investments in this account are carried at fair value based on quoted market prices.

Net Position. Equity in government-wide financial statements is classified as net position. Net position is further classified as invested in capital assets, restricted, and unrestricted. Capital assets are assets that are associated with governmental activities and arise from expenditures of governmental fund resources. Restricted net position consists of equity with constraints placed upon its use either by (1) external groups such as creditors or the laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.

Equity in fiduciary fund financial statements is also classified as net position. This net position is not divided into the three categories used in government-wide financial statements. It simply reports the difference between the fund's assets and liabilities, and is shown as "Net position held for the benefit of the Equity Charter Municipalities of Municipal Review Committee, Inc."

Fund Balance. Governmental fund equity is classified as fund balance. The fund balance is further classified as restricted, committed, assigned, or unassigned. Restricted funds consist of amounts that are legally restricted by external parties or laws for a specific purpose. Committed funds consist of amounts that can only be used for a specific purpose pursuant to constraints imposed by the Board. Assigned funds represent tentative plans for future use.

## **2. DEPOSITS AND INVESTMENTS**

### **a. Custodial Credit Risk—Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the entity's deposits may not be returned to it. The Entity does not have a deposit policy for custodial credit risk. As of December 31, 2015, \$303,034 of the Entity's deposits held in banks totaling \$10,570,402 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	<u>\$303,034</u>
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The Entity has not experienced any losses in the past. Management believes it is not exposed to any significant risk on its uninsured and uncollateralized cash deposits.

**MUNICIPAL REVIEW COMMITTEE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**b. Credit Risk, Concentration of Credit Risk, and Interest Rate Risk—Investments**

The following schedule summarizes the Fiduciary Fund's marketable investments at December 31, 2015:

	Market Value	Investment Maturities (in Years)			Weighted Average Maturity
		Less Than 1	1-5	6-10	
U.S. Treasury Notes	\$ 2,503,325	\$ 499,405	\$2,003,920	-	1.73 years
U.S. Government Agency Bonds:					
Federal Home Loan Bank	6,140,808	2,562,190	3,578,618	-	1.41 years
Federal Farm Credit Bank	2,905,279	1,052,840	1,852,439	-	1.16 years
Federal National Mortgage Association	<u>251,193</u>	<u>251,193</u>	<u>-</u>	<u>-</u>	0.88 years
Total Bonds	9,297,280	3,866,223	5,431,057	-	1.32 years
Money Market Mutual Funds:					
Federated Government Obligations Tax-Managed Fund	<u>5,519,629</u>	<u>5,519,629</u>	<u>-</u>	<u>-</u>	50 days
Totals	<u>\$17,320,234</u>	<u>\$9,885,257</u>	<u>\$7,434,977</u>	<u>\$ -</u>	

Maine statutes authorize the Entity to invest its municipal revenues in all obligations of the U.S. government and its instrumentalities, in U.S. agencies within the three highest ratings issued by nationally recognized statistical rating organizations, in repurchase agreements secured by U.S. obligations, and in shares of registered mutual fund companies that invest in U.S. obligations. The Entity invests only in instruments allowed under Maine Law; however, it does not invest in any subordinated debt.

*Credit Risk.* Credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to fulfill its obligations. The Entity's investments in the bonds of U.S. Agencies were all rated Aaa, AAA, and AAA by Moody's Investors Service, Standard & Poor's, and Fitch Ratings, respectively. The money market mutual funds were both rated Aaa-mf and AAAM by Moody's Investors Service and Standard & Poor's, respectively.

*Concentration of Credit Risk.* Concentration of credit risk exists when the investments in any one issuer exceed 5% of total investments. However, no concentration of credit is deemed to exist for investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds. MRC does not have a policy for managing its concentration of credit risk. The investment in bonds issued by Federal Home Loan Bank and Federal Farm Credit Bank amount to 35.45% and 16.77%, respectively, of total investments.

*Interest Rate Risk.* Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment's fair value. In accordance with its investment policy, the Entity limits the weighted average maturity of its investment portfolio to within two years of the duration of a benchmark based on blended values of the Barclay's Agency 1-3 Year Index and the Barclay's U.S. Government Intermediate Bond Index.

**MUNICIPAL REVIEW COMMITTEE, INC.  
NOTES TO FINANCIAL STATEMENTS**

**3. INVESTMENT IN PERC**

The Entity accounts for its investment in PERC under the equity method, that is, at cost adjusted periodically by the Entity's share of PERC's earnings or losses as reported in its audited financial statements, and increased by contributions made and decreased by the distributions received. During the year ended December 31, 2015, the Entity received a distribution of \$1.312 million and no contributions were made.

The Partnership has a limited life extending to December 31, 2018, unless further extended by a vote of all partners. Profits and losses, including gains and losses upon sale or refinancing, are allocated among the partners in accordance with their ownership percentages. The difference between the cost of the investment in the PERC partnership and the underlying equity in the partnership's capital when acquired, approximately \$1,000,000, is accounted for as goodwill not subject to amortization. In view of the uncertainties of PERC's viability after 2018 or its salvage value at that time, this difference may not be recoverable.

As noted on Page 12 in the management's discussion and analysis, PERC's auditors have qualified their opinion in their report on PERC's 2015 financial statements. The PERC Partnership has not re-measured the estimated retirement obligations for disposal, closure, or dismantlement of its facility since 2003, despite the approaching 2018 contractual termination date. The effects of that departure from U.S. generally accepted accounting principles are not reasonably determinable. Thus, no adjustment has been made to the Entity's share of PERC's earnings or its carrying value to account for this departure.

The ownership interests of the partners of PERC at December 31, 2015, are as follows:

	<u>General Partners</u>	<u>Limited Partners</u>
USA Energy Group, LLC	10.0%	42.7%
Equity Charter Municipalities of MRC	-	23.0%
PERC Holdings, LLC	-	<u>24.3%</u>
Total	<u>10.0%</u>	<u>90.0%</u>

Summarized financial information of PERC at December 31, 2015, and for the year then ended, is as follows:

**ASSETS**

Cash and cash equivalents	\$ 6,293,525
Accounts receivable, prepaid expenses, and other assets	3,951,582
Restricted funds	3,007,474
Property, plant, and equipment, net of accumulated depreciation	<u>28,044,670</u>
Total assets	<u>\$41,297,251</u>

**LIABILITIES AND PARTNERS' CAPITAL**

Accounts payable, accrued expenses, and other liabilities	\$ 3,186,045
Note payable	<u>3,409,049</u>
Total liabilities	6,595,094
Partners' capital	<u>34,702,157</u>
Total liabilities and partners' capital	<u>\$41,297,251</u>

**MUNICIPAL REVIEW COMMITTEE, INC.  
NOTES TO FINANCIAL STATEMENTS**

**STATEMENT OF INCOME**

Revenues	\$34,485,111
Operating expenses	<u>31,269,943</u>
Operating income before interest and other financing costs	3,215,168
Interest and other financing costs	<u>(210,845)</u>
Net income	<u>\$ 3,004,323</u>

**4. CAPITAL ASSETS**

A summary of changes in capital assets follows:

	Balance January 1	Increases	Decreases	Balance December 31
<b>Governmental Activities</b>				
<i>Capital assets not being depreciated:</i>				
Options to Purchase Land	\$ 85,000	\$ 40,000	-	\$ 125,000
Fiberight Site Development Costs	<u>-</u>	<u>212,532</u>	<u>-</u>	<u>212,532</u>
Total Capital Assets Not Being Depreciated	85,000	252,532	-	337,532
<i>Capital assets being depreciated:</i>				
Website Development Costs	2,921	-	-	2,921
<i>Less accumulated depreciation for:</i>				
Website Development Costs	<u>2,045</u>	<u>584</u>	<u>-</u>	<u>2,629</u>
Net Capital Assets Being Depreciated	<u>876</u>	<u>(584)</u>	<u>-</u>	<u>292</u>
Governmental Activities - Capital assets, net	<u>\$ 85,876</u>	<u>\$ 251,948</u>	<u>\$ -</u>	<u>\$ 337,824</u>

**5. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A Explanation of the differences between the governmental fund balance sheet and the statement of net position—governmental activities**

Fund Balance—Governmental Fund	\$ (46,726)
Amounts reported for <i>governmental activities</i> in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	337,824
Some assets, including prepaid expenses in the governmental activities, are not financial resources and therefore are not reported in the funds.	12,935
Some liabilities, including accrued vacation, are not payable in the current period and therefore are not reported in the fund financial statements.	<u>(11,823)</u>
Net Position of Governmental Activities	<u>\$ 292,210</u>

**MUNICIPAL REVIEW COMMITTEE, INC.  
NOTES TO FINANCIAL STATEMENTS**

**B. Explanation of the differences between the statement of revenues, expenditures, and changes in fund balances—governmental funds and the government-wide statement of activities**

Net Change in Fund Balance—Governmental Fund	\$ (23,330)
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$252,532) exceeds depreciation (\$584) in the current period.	251,948
Governmental funds report the payment of insurance the earlier of when expended or when the current financial resources are available and payments are due. However, on the statement of activities, these payments are reported as expense in the period to which they relate.	2,185
Some expenses, such as accrued vacation expense, reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the fund financial statements.	<u>3,030</u>
Change in Net Position of Governmental Activities	<u>\$ 233,833</u>

**6. OPTIONS TO PURCHASE LAND**

As part of its post-2018 planning initiative, the Entity has acquired options to purchase tracts of land in Greenbush, Argyle, and Hampden, Maine. The options allow the Entity to purchase land at a predetermined amount during initial two- or three-year and successive terms. The options will automatically renew for either two or three successive one-year terms, provided that additional option consideration is paid. The option price and any additional consideration may be applied toward the purchase price.

**7. SCHEDULE OF EQUITY CHARTER MUNICIPALITY NET POSITION**

A significant portion of the Joint Venture’s cash inflows have been allocated among the Equity Charter Municipalities on the basis of actual tons of acceptable waste delivered to PERC each quarter. Each individual acquisition of PERC has been allocated among the Equity Charter Municipalities based on the allocation for the calendar quarter the purchase was made. The distributions of PERC’s earnings are allocated among the municipalities based on each municipality’s respective ownership of PERC at the time of the distributions.

Some of the Joint Venture’s assets have not been allocated among its members yet, such as the undistributed profits of PERC. These assets will be allocated in the calendar quarter that they are converted to cash. Or, as in the case of the Debt Service Reserve Fund included in the carrying value of PERC, these funds will be allocated based on the total tons delivered by each Equity Charter Municipality from July 1, 1998, through December 31, 2017. However, for purposes of this schedule, the allocation of these assets has been estimated based on the cumulative allocations of the allocated assets. The actual allocations that will be made in the future may be different than those presented here.

**MUNICIPAL REVIEW COMMITTEE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

The Joint Venture's net position has been divided into three categories to show some detail of each Equity Charter Municipality's allocated share of net position. (See Management's Discussion and Analysis.) The net position includes the carrying value of the PERC Partnership based on the equity method of accounting. (See Note 3.) This value does not represent the market value of the PERC Partnership or the net cash flows that may result from its operations or termination, including the dismantlement and disposal of its facility.

**8. INCOME TAXES**

The Organization is tax exempt under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), and is classified by the Internal Revenue Service (IRS) as other than a private foundation. However, the Internal Revenue Code may subject an organization to tax on unrelated business taxable income. It is Management's opinion that the Organization had no unrelated business taxable income during the year ended December 31, 2015.

The Organization is required to file Form 990 (Return of Organization Exempt from Income Tax), which is generally subject to examination by the IRS and state authorities up to three years from the due date. Forms 990 for 2012 to 2014 were open to examination as of December 31, 2015.

**9. RETIREMENT PLAN**

MRC has sponsored a SIMPLE IRA plan for its employee and matches 100% of the employee's deferred compensation up to 3% of the employee's compensation. The expense for the year ended December 31, 2015, was \$2,867.

**10. OPERATING LEASE**

During the year ended December 31, 2015, the Entity continued its lease for office space in Ellsworth, Maine, entering into a 12-month lease beginning April 1, 2015, at a base rate of \$450 per month. Rental expense under this lease and the prior lease for the year ended December 31, 2015, amounted to \$5,800.

**11. INSURANCE**

The Entity is exposed to a variety of risks in the ordinary course of its daily activities. Some of these risks include workers' compensation, legal, and fiduciary liabilities. MRC has purchased commercial insurance policies to cover potential claims.

**MUNICIPAL REVIEW COMMITTEE, INC.**  
**SCHEDULE OF EQUITY CHARTER MUNICIPALITY NET POSITION**  
**DECEMBER 31, 2015**

	Net Funds Held for ECMs	MRC Budget Stabilization	Investment in PERC (Note)	Net Position
Albion	\$ 139,486	\$ 4,792	\$ 45,645	\$ 189,923
Alton	53,205	1,726	20,217	75,148
Atkinson	18,763	606	6,457	25,826
Baileyville	278,238	8,357	75,958	362,553
Bangor	4,440,043	151,368	1,650,508	6,241,919
Bar Harbor	896,638	26,825	317,492	1,240,955
Blue Hill/Surry	625,557	19,297	203,689	848,543
Boothbay RRDD	803,057	25,086	274,147	1,102,291
Bradley	73,699	2,467	26,353	102,519
Brewer	1,127,568	38,349	473,553	1,639,470
Brooks	46,392	1,517	14,547	62,456
Brownville	110,161	3,871	43,225	157,257
Bucksport	328,853	11,655	148,332	488,840
Burnham	92,651	3,069	32,070	127,790
Carmel	158,828	5,267	52,666	216,761
Central Penobscot	319,113	10,129	91,323	420,565
China	278,340	9,941	109,658	397,939
Clifton	55,288	1,879	18,775	75,942
Clinton	359,314	12,225	146,246	517,785
Dedham	66,619	2,224	24,701	93,544
Dover-Foxcroft	333,155	10,799	114,580	458,534
Eddington	135,341	4,720	52,792	192,853
Enfield	120,715	4,042	44,553	169,310
Fairfield	503,594	15,644	162,495	681,733
Glenburn	297,085	9,701	98,753	405,540
Gouldsboro	124,969	4,225	46,598	175,792
Greenbush	87,160	2,981	31,282	121,423
Guilford	197,638	6,683	79,329	283,650
Hampden	538,287	17,218	193,146	748,651
Hancock	86,058	2,864	33,600	122,522
Hermon	486,023	15,730	161,234	662,987
Holden	146,799	4,645	52,330	203,774
Jackson	20,561	698	6,566	27,825
Lamoine	92,828	2,999	31,874	127,701
Lee	61,959	2,017	23,059	87,035
Levant	139,493	4,499	49,992	193,984
Lincoln	565,943	19,589	225,216	810,748
Lucerne	41,333	1,362	13,228	55,924
Mariaville	21,786	731	7,448	29,965
Mars Hill	145,609	5,139	57,201	207,949

**Note:** The Net Funds Held for Equity Charter Municipalities (ECM) are not available for immediate withdrawal due to various restrictions, designations, and other limitations. The Investment in PERC was determined with the use of the equity method of accounting and does not indicate the market value or liquidation value of partnership interest. No current estimate of market value as of March 31, 2018, or liquidation value as of December 31, 2018 (when the PERC partnership would be terminated), is currently available. See Note 3.

**MUNICIPAL REVIEW COMMITTEE, INC.**  
**SCHEDULE OF EQUITY CHARTER MUNICIPALITY NET POSITION**  
**DECEMBER 31, 2015**

	Net Funds Held for ECMs	MRC Budget Stabilization	Investment in PERC (Note)	Net Position
Mattawamkeag	\$ 60,562	\$ 2,038	\$ 23,766	\$ 86,366
Midcoast SWD	1,163,997	37,379	458,020	1,659,396
Mid-Maine SWD	661,636	22,257	271,978	955,871
Milford	169,704	5,828	67,127	242,659
Millinocket	455,127	14,620	174,111	643,858
Milo	205,794	6,621	74,863	287,278
Monson	36,559	1,130	12,419	50,108
Mt. Desert/EMR	1,093,875	34,504	366,294	1,494,673
Newburg	85,006	3,027	31,576	119,609
Old Town	673,411	24,267	287,230	984,908
Orland	54,240	2,158	28,657	85,055
Orono	637,510	20,522	247,618	905,650
Otis	30,337	1,045	12,417	43,799
Palmyra	111,911	3,756	38,034	153,701
Parkman	30,778	963	9,994	41,735
Penobscot Co.	132,665	4,379	50,176	187,220
Pleasant River SWD	183,867	7,671	76,209	267,746
Plymouth	78,274	2,749	29,226	110,249
Reed Plantation	14,558	475	5,491	20,524
Rockland	850,890	29,129	322,489	1,202,508
Sangerville	86,184	2,813	27,844	116,841
Searsport	176,486	5,533	75,578	257,597
Stetson	76,025	2,674	22,463	101,162
Steuben	89,555	2,846	29,697	122,098
Stonington	161,639	4,909	50,524	217,072
Thomaston Group	602,583	20,101	212,567	835,251
Thorndike	44,110	1,589	16,462	62,161
Troy	31,769	1,156	12,702	45,627
Union River SWD	54,656	1,837	18,990	75,483
Unity	130,810	4,264	44,152	179,226
Vassalboro	225,130	7,648	86,911	319,689
Veazie	114,036	3,812	43,659	161,507
Verona	45,623	1,540	17,013	64,177
Waldoboro Group	500,858	16,199	179,441	696,498
Waterville	1,577,215	46,688	569,175	2,193,078
Winslow	530,407	16,779	179,954	727,140
West Gardiner	179,122	5,887	69,211	254,220
Winthrop	465,045	14,797	173,207	653,049
<b>Total</b>	<b><u>\$ 26,240,105</u></b>	<b><u>\$ 862,529</u></b>	<b><u>\$ 9,678,083</u></b>	<b><u>\$ 36,780,717</u></b>

**Note:** The Net Funds Held for Equity Charter Municipalities (ECM) are not available for immediate withdrawal due to various restrictions, designations, and other limitations. The Investment in PERC was determined with the use of the equity method of accounting and does not indicate the market value or liquidation value of partnership interest. No current estimate of market value as of March 31, 2018, or liquidation value as of December 31, 2018 (when the PERC partnership would be terminated), is currently available. See Note 3.

## OPTION TO PURCHASE REAL ESTATE

**THIS OPTION** is made as of the first day of December, 2016, by and between **TOWN OF HAMPDEN, MAINE** ("Seller"), and **SARGENT CORPORATION**, a Maine corporation located at 378 Bennoch Road, Stillwater, Maine ("Buyer").

1. Grant of Option. Seller hereby grants Buyer an exclusive option pursuant to a Development Agreement between the parties dated April 24, 2014 to purchase the land described in **Exhibit A**, attached hereto and incorporated by reference, located at Hampden Business Park (the "Property"), upon the terms and conditions set forth below.

2. Option Consideration. Seller accepts one dollar (\$1.00) for each lot listed in Exhibit A paid by Buyer, the receipt of which is hereby acknowledged, as legal, adequate and valuable consideration for this option. In the event Buyer elects to exercise this option as to the Property, the option consideration shall be credited to the purchase price. In the event Buyer does not exercise this option as to the Property, the option consideration shall be retained by Seller, except as otherwise provided herein.

3. Option Period & Exercise. The initial term of this option shall be at any time or times within a period of ten (10) years after the earlier of (a) the date of completion of the phase of the infrastructure development in which the lot is located, or (b) eighty-six (86) months (ending May 24, 2021) from the effective date of the Development Agreement between the parties dated April 24, 2014. This option may be exercised by Buyer as to the Property at any time prior to the expiration of this option by delivering written notice to Seller in accordance with Section 7 below.

4. Default. In the event Seller fails to fulfill any of Seller's obligations hereunder, then Buyer shall be entitled to pursue any remedy available to Buyer at law or in equity including the right to specifically enforce this agreement in any court of competent jurisdiction.

### 5. General Provisions

- a. This option shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, successors and assigns.
- b. This option incorporates and is in furtherance of the terms of the Development Agreement between the parties dated April 24, 2014.
- c. This agreement may be simultaneously executed in any number of counterparts, each of which when duly executed and delivered shall be an original, but all such counterparts shall constitute but one and the same agreement.
- d. If any provision of this agreement is found to be invalid or unenforceable, such finding shall not affect the validity or enforceability of any other provision hereof.

- e. This agreement shall be construed and enforced in accordance with and governed by the laws of the State of Maine, without regard to conflict of law principles.

6. Notices

All notices permitted or required to be given under this agreement may be sent by facsimile, a nationally recognized overnight courier service, first class or certified U.S. Mail or hand delivered to the parties at the following addresses, or to such other addresses as the parties may, from time to time, designate:

*If to the Seller:* Angus Jennings, Town Manager  
Town of Hampden  
106 Western Avenue  
Hampden, Maine 04444

*If to the Buyer:* Herbert Sargent, President  
Sargent Corporation  
P.O. Box 435  
Stillwater, ME 04489

Notice shall be deemed given when received by the addressee on a business day. In the absence of proof of the actual receipt date, the following presumptions shall apply:

- a. Notice by overnight courier shall be presumed to have been received on the next business day after it was sent.
- b. Notice by first class or certified U.S. Mail shall be presumed delivered three (3) business days after mailing.

7. Assignment. This Agreement may be assigned by the Buyer to any individual, corporate entity or to any form of partnership or limited liability company, or any other person or entity having legal standing to hold title to real estate in the State of Maine.
8. Liens and Encumbrances. Seller agrees and covenants to prohibit and prevent any and all liens or encumbrances in any form or manner from being placed upon the Property besides those matters that may arise from Buyer's execution of development activities in the Hampden Business Park as such are contemplated in the April 24, 2014 Development Agreement.

IN WITNESS WHEREOF, the parties have caused this Option Agreement to be executed by their duly authorized representatives this first day of December, 2016.

WITNESS:

TOWN OF HAMPDEN

*Cheryl M Johnson*  
Cheryl M Johnson

By: *Angus Jennings*  
Angus Jennings  
Its Town Manager  
Hereunto Duly Authorized

STATE OF MAINE  
PENOBSCOT, ss.

Dec. 1st, 2016

Personally appeared the above-named Angus Jennings, Town Manager for the Town of Hampden, and acknowledged the foregoing Option to Purchase Real Estate to be his free act and deed and the free act and deed of said municipality.

Before me,

*Paula A Scott*  
Notary Public  
Attorney-at-Law

Paula A. Scott  
Notary Public - Maine  
My Commission expires Feb. 22, 2021



WITNESS:

SARGENT CORPORATION

*Cheryl M Johnson*  
Cheryl M Johnson

By: *Herbert R. Sargent*  
Herbert Sargent  
Its President  
Hereunto Duly Authorized

STATE OF MAINE  
PENOBSCOT, ss.

Dec. 1st, 2016

Personally appeared the above-named Herbert Sargent, President of Sargent Corporation, and acknowledged the foregoing Option to Purchase Real Estate to be his free act and deed and the free act and deed of said corporation.

Before me,

*Paula A Scott*  
Notary Public  
Attorney-at-Law

Paula A. Scott  
Notary Public - Maine  
My Commission expires Feb. 22, 2021



**EXHIBIT A**

The following lots depicted on the Hampden Business and Commerce Park recorded in the Penobscot County Registry of Deeds in Map File Nos. 2001-70 and 2001-71, as amended by the Final Subdivision Plan-Amendment No. 1 recorded at said Registry in Map Files 2002-89 and 2002-90; Final Subdivision Plan-Amendment No. 2 recorded at said Registry in Map File No. 2007-112 and Final Subdivision Plan-Amendment No. 3 recorded at said Registry in Map File No. 2014-60 and 2014-61:

Lot 2, 4, 6, 8, 9, 10, 17, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, and 37.

Susan F. Bulay, Register  
Penobscot County, Maine



Town of Hampden  
Land & Building Services

Memorandum

To: Planning & Development Committee  
From: Karen M. Cullen, AICP, Town Planner *KME*  
Date: December 19, 2016  
RE: Hampden Business Park TIF

Attached is a draft of the TIF document being prepared by our consultant Noreen Norton. It is still being reviewed and revised, although we do not expect any substantive modifications prior to Wednesday evening's meeting. Noreen will be at the meeting to discuss this with the committee.

In her transmittal of this draft, Noreen offered the following notes:

- Pay no attention to the page numbers in the Table of Contents. They won't be reconciled until the document is in final form.
- The Yellow highlights are items that require a final check.
- Other color highlights are either missing information, conflicting information or decision points.
- Work on assembling the remaining Exhibits is ongoing and these will be shared when they are ready.

**ECONOMIC DEVELOPMENT  
HAMPDEN, MAINE**

*An Application for a Municipal Development and Tax Increment Financing District*

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**HAMPDEN BUSINESS PARK OMNIBUS  
MUNICIPAL DEVELOPMENT AND  
TAX INCREMENT FINANCING DISTRICT**

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*Presented to:*

**TOWN OF HAMPDEN**

**DATED: \_\_\_\_\_**

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**EXHIBITS:**

- A-1 TIF District Map Showing District in Relation to Municipal Boundaries**
- A-2 Map Showing TIF District Boundary**
- B Statutory Requirements & Thresholds**
- C Assessor's Certification of Original Assessed Value**
- D-1 TIF Revenue/Captured Assessed Values Projections**
- D-2 Tax Shift Calculations**
- E Public Hearing Notice**
- F Public Hearing Minutes**
- G Town Council Resolution**

## **I. Introduction**

### **A. The Hampden Business Park Project**

In 1999 the Town of Hampden voters approved several measures to create the “Hampden Business & Commerce Park”, a 132 acre, 37 lot business park off Route 202 and with immediate access to I-395 and I-95. A portion of the infrastructure was completed in 2002 and in 2003 the first building was erected. Seven additional sites have been built on since 2003. At some point the word “Commerce” was dropped from the name and the park is currently referred to as the “Hampden Business Park”.

In 2013, infrastructure to the interior portions of the Park remained incomplete. The estimated costs to complete roads, bridges, water, sewer and other utility services to the subdivision was over \$3 million. Without completion of the infrastructure improvements, many of the unsold lots could not be legally sold or developed. In response to a Request for Proposal issued by the Town, Sargent Corporation, a major earthwork construction and site preparation contractor submitted a proposal to Hampden to complete the infrastructure development in the Park in exchange for conveyance of the remaining unsold lots by the Town to Sargent Corporation.

In 2014 the Town of Hampden (“the Town”) entered into a Development Agreement with Sargent Corporation (“the Developer”) to advance infrastructure improvements within the Hampden Business Park. Through this partnership, Sargent would install roads and infrastructure within the Business Park making the land available for development.

The Developer initiated work on the infrastructure improvements within the Hampden Business Park project (“the Project”) in 2014 and the first phase of those infrastructure improvements is now nearing completion, which means that individual lots will soon be available for development.

### **B. Tax Increment Financing – Hampden Business Park Project**

To ensure the success of the Project, the Development Agreement between the Town and the Developer included allowance for the creation of a Municipal Tax Increment Financing (“TIF”) district. The establishment of a TIF district, together with the execution of a credit enhancement agreement between the Town and the Developer, will help ensure the economic viability of the Project, ensure that benefit of this economic development will accrue specifically to the area in which the Project will be located and will help ensure that the Project will bring investment and jobs to the Town.

The Town seeks to support the Project as it will facilitate the timely development of individual parcels within the Business Park which will help to maintain a healthy tax base and attract and retain quality jobs and development in the community. The Town also seeks to

invest in public infrastructure and undertake other economic development activities to retain and attract jobs and commercial investment throughout the Town. In order to fulfill these goals, the Hampden Business Park property on Route 202 (Map 10-B, Lots 001-038) including roads contained therein, have been proposed as the “**Hampden Business Park Omnibus Municipal Development and Tax Increment Financing District**” (the “District”). Through the creation of the District, together with a credit enhancement agreement (the “Credit Enhancement Agreement”) between the Town and the Developer, a portion of the projected tax revenue generated from the property taxes paid on the captured assessed value of the improvements made within the Developer Tract (as described herein) of the TIF District will be allocated to and used by the Developer to fund the Project and to pay current and future debt service associated with the improvements. These proposed investments are described more fully herein.

**C. Tax Increment Financing – Hampden Economic Development Program**

The Town intends to use its portion of tax revenue generated from the property taxes paid on the captured assessed value of the improvements made within the District (the “TIF Revenues”) to finance some or all of the costs of public improvement projects and future economic development programs and initiatives which collectively will improve the Town’s economy and increase the Town’s ability to stand out in a competitive marketplace as a dynamic place in which to grow a business. Anticipated Town Projects are described in Table 1 below, such costs being authorized as project costs as defined under 30-A M.R.S.A. § 5225 and § 5230.

**TABLE 1  
Town of Hampden TIF District Project Costs**

Project Description	Cost Estimate	Statutory Cite
<b>Investments Within the District</b>		
1. <u>Capital Costs including but not limited to:</u> <ul style="list-style-type: none"> <li>• The acquisition or construction of land, improvements, public ways, <b>infrastructure</b>, buildings, structures, fixtures and equipment for public, commercial <b>or transit-oriented</b> development district use.</li> <li>• The demolition, alteration, remodeling, repair or reconstruction of existing buildings, structures and fixtures;</li> <li>• Site preparation and finishing work;</li> </ul>	<b>\$,000</b>	30-A M.R.S.A. § 5225(1)(A)(1)(a),(b), (c), and (d)

Project Description	Cost Estimate	Statutory Cite
<ul style="list-style-type: none"> <li>Fees and expenses including but not limited to licensing, permitting expenses, project design and planning, engineering, architectural, legal and accounting expenses.</li> </ul>		
<p>2. <u>Financing Costs</u>: TIF Revenues may be used to finance any of the other projects listed herein. Such costs may include, but are not limited to, closing costs, issuance costs and interest paid to holders of evidences of indebtedness issued to pay for project costs and any premium paid over the principal amount of that indebtedness because of the redemption of the obligations before maturity.</p>	\$,000	30-A M.R.S.A. § 5225(1)(A)(2)
<p>3. <u>Professional service costs</u>: including but not limited to, licensing, architectural, planning, engineering, consultant and legal expenses.</p>	\$,000	30-A M.R.S.A. § 5225(1)(A)(4)
<p>4. <u>Administrative Costs</u>: A dedication of reasonable reimbursement from District revenues to defray administrative costs in connection with the implementation of the development program, including pro-rated municipal staff salaries.</p>	\$,000	30-A M.R.S.A. § 5225(1)(A)(5)
<p>5. <u>Organizational Costs</u>: relating to the establishment of the district, including, but not limited to, the costs of conducting environmental impact and other studies and the costs informing the public about the creation of the District and implementation of the project plans.</p>	\$,000	30-A M.R.S.A. § 5225(1)(A)(7)
<b>Investments Made Necessary by District</b>		
<p>6. <u>Infrastructure Costs</u>: Improvements directly related to and made necessary by the Town Tract of the District including, but not limited to areas affected by the increased impervious surface area caused by the Project: watershed management, catch basin and culvert repair along Sucker Brook and/or its tributaries.</p>	\$,000	30-A M.R.S.A. § 5225(1)(B)(1)

Project Description	Cost Estimate	Statutory Cite
<p>7. <u>Public Safety</u>:                      As development occurs within the District significant increases in traffic are anticipated that will require measures to address safety concerns outside the District boundaries. TIF Revenues will be used to address those concerns through measures such as, but not limited to, installation of turning lanes, signalization, or other traffic control; or fire protection equipment &amp; maintenance if development requires equipment not currently owned by the municipality.</p>	<p>\$,000</p>	<p>30-A M.R.S.A. § 5225(1)(B)(2)</p>
<p>8. # <u>Portage to Downtown Projects</u>: Mitigation of Downtown Impacts: development of a Downtown Redevelopment Plan which is anticipated to lead to designation of a Downtown TIF District with [AI]100% of revenues from captured assessed value reinvested in the Downtown according to its development program. While the Project is within the Town’s designated growth area and is zoned to encourage exactly the type of redevelopment proposed, the Town also recognizes that certain types of development that were traditionally downtown-based can dilute demand for downtown space and the long-term health of downtown when located elsewhere. The development which may occur within the Hampden Business Park represent such uses. When, <u>and only if</u>, the Downtown District is created, the Town will seek to mitigate some of the impacts of lost development by reinvesting some of the TIF revenues from this District into the Downtown District.</p>	<p>\$,000</p>	<p>30-A M.R.S.A. § 5225(1)(B)(3)</p>

<b>Investments Related to Economic Development</b>		
<p>9. * # <u>Costs of funding economic development programs and/or events</u>: funding the development by the municipality of economic development programs and/or events marketing of the municipality as a business location and planning for economic development within the Town of Hampden, including but not limited to, Economic Development Strategic Planning, Feasibility Studies for a Downtown Development District, Downtown Redevelopment Plan, Transportation Planning, Broadband Feasibility Study, Utilities expansion feasibility etc.</p> <p>The development program includes sharing in the support for the Town’s economic development staff salaries.</p>	\$,000	30-A MRSA §5225 (1)(C)(1)
<p>10. # <u>Costs of funding environmental improvement projects</u> related to commercial activities in Hampden. Such projects could include impact studies and watershed management in areas that affect, or are affected by commercial development in Hampden.</p>	\$,000	30-A MRSA §5225 (1)(C)(2)
<p>11. # <u>Costs of funding to establish permanent economic development revolving loan funds, investment funds and grants.</u></p>	\$,000	30-A MRSA §5225 (1)(C)(3)
<p>12. # <u>Costs of services and equipment to provide skills development and training</u>, including scholarships to in-state educational institutions or to online learning entities when in-state options are not available, for jobs created or retained within Hampden.</p>	\$,000	30-A MRSA §5225 (1)(C)(4)
<p>13. * /# <u>Costs relating to planning, design, construction, maintenance, grooming and improvements to new or existing recreational trails</u> determined by the department to have significant potential to promote economic development, including bridges that are part of the trail corridor, used all or in part for all-terrain vehicles, snowmobiles, hiking, bicycling, cross-country skiing or other related multiple uses. Trail systems are prevalent and active in Hampden, drawing visitors</p>	\$,000	30-A M.R.S.A. § 5225(1)(C)(6)

<p>from surrounding communities. Hampden’s numerous recreational areas, with facilities and trails, serve as a destination for family picnicking and recreation. Opportunities are being continually explored to expand and enhance this asset.</p>		
<p>14. <i>Costs associated with a new or expanded transit service</i>, limited to transit service capital costs, including but not limited to: transit vehicles such as buses, ferries, vans, rail conveyances and related equipment; bus shelters and other transit-related structures; and benches, signs and other transit-related infrastructure.</p>	\$,000	30-A M.R.S.A. § 5225(1)(C)(7)(a)
<p>15. <i># TIF revenues to be used as match for applicable State and Federal Economic Development Grant Programs</i> To be used for purposes identified as authorized project costs in 30-A M.R.S.A. § 5225.</p>	\$,000	30-A M.R.S.A. § 5230
<p><b>Total Municipal Investment Plan Costs:</b></p>	\$,000	

**\*/#** Projects identified with an asterisk (\*) share funding with Dennis Paper & Foodservice TIF and with a hashtag (#) share funding with Coldbrook Road & Emera Maine Hampden TIF; both currently active TIF Districts in the Town of Hampden.

## II. Development Program Narrative

### A. The Development District

The District consists of real property and facilities within the identified boundaries and will exist for a total of thirty (30) years. The Development Program described herein will serve the purpose of administering the District as a Municipal Development and Tax Increment Financing District pursuant to Chapter 206 of Title 30-A of the Maine Revised Statutes, as amended (the “Development Program”). Subsequent to the Town Council vote designating the District and adopting the Development Program, the designation of the District and adoption of this Development Program will become effective on **July 1, 2017**, the July following approval by the Commissioner of the Maine Department of Economic and Community Development (“DECD”) and end on **June 30, 2047**. The District is more fully described below in this Development Program and is depicted on the maps attached as **Exhibit A**. The Town plans to capture **one-hundred percent (100%)** <sup>[A2]</sup> of the increased assessed value of taxable real property located within the District. The Town will use the property taxes paid on such captured value to fund a CEA with the Developer of the Project, any subsequent CEAs with Developers of property within the District boundaries and to fund municipal projects described in detail in Table 1 herein.

## 1. Physical Description

The District will encompass a total of 118.54 +/- acres of property with a Developer Tract and a Town Tract.

**Developer Tract:** The Developer Tract is a 53 +/- acre collection of twenty parcels within the Hampden Business Park found on Town tax maps 10-B.

**Town Tract:** The Town Tract is a collection of parcels within the Hampden Business Park found on Town tax maps 10-B (x acres) and? Maps of the proposed District are presented in Exhibit A-1, a Locational Map and A-2, which provides detail of individual sections of the District.

## 2. Statutory Requirements and Thresholds

The Statutory Requirements and Thresholds form addressing the acreage and valuation conditions for approval mandated by 30-A M.R.S.A. § 5223(3) is set forth in Exhibit B.

## 3. Duration of the Program

The District will be designated for a total of thirty (30) years, becoming effective on July 1, 2017, the July following approval by the Commissioner of the Maine Department of Economic and Community Development (“DECD”) and ending on June 30, 2047.

## 4. Certification of Original Assessed Value

The Original Assessed Value (“OAV”) of the District was six million, nine hundred fifty-seven thousand, six hundred dollars (\$6,957,600) as of March 31, 2016 (April 1, 2015). The Assessor’s Certificate of Original Assessed Value is included as Exhibit C.

## B. The Project

The Project, as described herein, consists of the construction of infrastructure improvements to the Project. The District is designed to finance infrastructure improvements put into place within the Hampden Business Park which will make 20 lots over 53 +/- acres of new developable land available for investment. The Project is to be completed in two phases. The Developer has the option of completing either phase first.

The Town intends to use tax increment financing to support the Project by allocating certain tax revenues generated by future new development within the District to the Project. Under the Development Program, the Town will make a portion of the incremental tax revenues from real property investments within the Developer Tract of the District available to the Developer pursuant to a Credit Enhancement Agreement, which Agreement will be consistent with the allocation of incremental tax revenue as detailed below in the Financial Plan section of this document and reflected in Exhibit D-1 attached. These revenues will be used by the Developer to pay costs of the Project directly or to pay debt service on funds borrowed

privately by the Developer to finance the cost of the Project. By means of a Credit Enhancement Agreement between the Town and the Developer, a portion of the TIF Revenue generated solely from the property taxes paid on the captured assessed value of certain improvements made within the Developer Tract of the District will be allocated to and used by the Developer to fund the Project and to pay the current and future debt service associated with the improvements. The TIF Revenues will provide financial assistance for the Project itself, making it a more viable endeavor for the Developer.

**C. The Development Program**

The Town’s designation of the District and adoption of this Development Program creates a single municipal TIF district in order to capture the value of the taxable real property improvements to be made within the District and enable the use of a portion of the TIF Revenues to assist the Developer through a Credit Enhancement Agreement. It will also permit a portion of the TIF revenues be used to finance various municipal economic development projects as set forth in Table 1 above.

This Development Program will run for a term of 30 years and will capture **one-hundred percent (100%)** of the increased assessed taxable real property value of the District. The Town will retain the tax revenues generated by the captured assessed taxable real property value for designated economic development purposes.

The Town will enter into a Credit Enhancement Agreement with the Developer, which will allocate to the Developer **fifty percent (50%)<sup>[A3]</sup>** of the TIF Revenues generated from the captured assessed value resulting from site improvements and building investment on each lot within the Developer Tract beginning in the tax year of a **“triggering event<sup>[A4]</sup>,”** on that lot and lasting for a period up to ten years, as set forth below in Section IV—Financial Plan. The Developer will use such TIF Revenues to offset the cost of its investment in the Project, as more fully discussed in this Development Program. Any TIF Revenues not allocated to the Credit Enhancement Agreement will be retained by the Town to fund municipal economic projects as described in this document.

Through the Omnibus feature of this TIF District, the Town reserves the right to negotiate and execute one or more future **~~credit—Credit enhancement—Enhancement agreements—Agreements~~<sup>[A5]</sup>** for up to the balance of the term of the District with up to one hundred percent (100%) reimbursement of the TIF Revenues to a developer or company making investments within the Town Tract of the TIF District within the Hampden Business Park. Approval of such future credit enhancement agreements is at the sole discretion of the Hampden Town Council.

The Town will retain any portion of the TIF Revenues not designated to a **~~credit—Credit enhancement—Enhancement agreement—Agreement~~<sup>[A6]</sup>** for economic development programs

and projects as discussed in Table 1 above. By adopting this Development Program, the Town will underscore Hampden’s commitment to business retention and growth, support its growing reputation as a desirable Service Center Community (as recognized by State of Maine Rule) in which to locate a business and accomplish the following goals:

- Increase future tax revenues generated from investment within the District;
- Enhance money available to the Town for economic development projects;
- Create long-term, stable employment opportunities for area residents; and
- Improve the overall economy of the region and the State of Maine.

In addition, by creating the District, the Town will “shelter” the increase in municipal valuation that development in the District will bring about. This tax shelter will mitigate the impacts that the District’s increased assessed property value would have on the Town’s share of state aid to education, municipal revenue sharing and its county tax assessment. An estimate of the tax shelter benefit is shown as Exhibit D-2 attached hereto.

This Development Program is structured and proposed pursuant to Chapter 206 of Title 30-A of the Maine Revised Statutes, as amended. Subsequent to a public hearing and Town Council vote, adoption of this Development Program will be effective on July 1, 2017, the Town’s fiscal year immediately following approval by DECD.

**D. Operational Components**

**1. Public Facilities**

Please refer to Table 1 for the various public infrastructure improvements that TIF Revenues will be eligible to support. The Town will be responsible for these improvements. The infrastructure being installed by the Developer within the Town Tract of the Business Park will ultimately be turned over to the Town as completed Town roadway and public sewer, and the water infrastructure will be turned over to the Hampden Water District as public water.

**2. Commercial Improvements Financed Through Development Program**

The Developer Project consists of planning, permitting and construction of infrastructure improvements to the Hampden Business Park and includes erosion control, installation and construction of roads, storm and sanitary infrastructure, water lines and landscaping. The estimated direct cost for this project is approximately \$3.5 million.

By means of an Omnibus structure, the Town will have the flexibility to negotiate and execute future credit enhancement agreements with a developer or owner/company of property within the Town Tract of the District. Such credit enhancement agreements will be executed at the sole discretion of the Town Council and may provide a reimbursement of up to

one hundred percent (100%) of the TIF Revenue generated for a term not to exceed the balance of the District term remaining at the time of approval.

**3. Relocation of Displaced Persons**

Not applicable.

**4. Transportation Improvements**

Please refer to Table 1. The Town will fund road and traffic improvements within the District and/or outside the District that are made necessary by the investments within the District.

**5. Environmental Controls**

The improvements made under this Development Program will meet or exceed all federal, state and local environmental laws, regulations and ordinances and will comply with all applicable land use requirements for the Town.

**6. Plan of Operation**

Upon completion of the infrastructure development, the Developer will execute any documents necessary to convey title to the completed infrastructure (roadways) to the Town. From that point the roads will be accepted as Town roads and the Town will be responsible for maintenance. The Developer holds an option to buy on each of the individual lots within the Developer Tract. These lots are currently owned by the Town. The Developer may exercise that option according to the terms of the Development Agreement dated April 24, 2014 and the Option to Purchase Real Estate Agreement executed and recorded with the Penobscot County Registry of Deeds Book 14359 Pages 86-89.

During the term of the District, the Town Manager or his designee will be responsible for all matters related to the lots and open space areas of the Business Park and all administrative matters within the purview of the Town concerning implementation and operation of the District.

**III. Financial Plan**

**A. Increased Assessed Values & Credit Enhancement Agreements**

Estimates of the increased assessed value of the District property, TIF Revenues to be generated by the District, and credit enhancement projections are shown in Exhibit D-1.

The Development Program provides that the Town will “capture” one-hundred percent (100%) of the increased assessed value over the Original Assessed Value on taxable real property of the District beginning on the July 1st after the Commissioner of DECD approves this TIF District and Development Program. The TIF Revenues so collected will fund tax

reimbursements to the Developer pursuant to a Credit Enhancement Agreement and/or contribute to the funding of the approved municipal projects as described on Table 1 hereof. At the end of the TIF term all taxable real property value captured in the District will be added to the general tax rolls.

A twenty-year period for tax reimbursements to the Developer will begin with the tax year subsequent to the Town's acceptance of Phase 1 or Phase 2 infrastructure, or July 1, 2018, whichever is earlier. Actual reimbursements to the Developer will begin when a "triggering event" occurs within any lot of the Developer Tract of the District. The "Triggering Event" for each lot of the Developer Tract of the District means the first Tax Year when the Increased Assessed Value resulting from site improvements and building development on that lot first equals at least five-hundred-thousand dollars (\$500,000.00). The Developer will continue receiving reimbursements for each lot for which a Triggering Event has occurred for ten years or until the Developer's twenty period for tax reimbursements has expired. For purposes of calculating reimbursement to the Developer, only the incremental new taxes resulting from site improvements and building development on that lot will be used. Incremental new taxes resulting from increases in land value will accrue to the Town portion of TIF revenues.

Any TIF revenues not committed to a ~~credit~~ Credit enhancement ~~Enhancement agreement~~ Agreement will be retained by the Town to fund municipal TIF project costs as outlined in Table 1.

Upon each payment of property taxes by the property taxpayers in the District, the Town will deposit into a development program fund (the "Development Program Fund") the entirety of the property tax payments constituting TIF Revenues. The Development Program Fund is pledged to and charged with the payment of the project costs in the manner provided in 30-A M.R.S.A. § 5227(3). The Development Program Fund consists of two segregated accounts, a sinking fund account ("Sinking Fund Account") and a project cost account (the "Project Cost Account"). The Town will deposit the TIF Revenues necessary to pay debt service on any bonds issued to pay for District improvements, if any, into the Sinking Fund Account. The money in this account is pledged to and charged with the payment of interest and principal on municipal indebtedness related to the improvements in the District. The Town will deposit any additional TIF Revenues into (a) a subaccount or subaccounts of the Project Cost Account to be used for credit enhancement payments to the Developer and (b) to a subaccount of the Project Cost Account for other approved municipal projects outlined in this Development Program and not financed with Town indebtedness. Additional dedicated Development Program subaccounts will be created with each Omnibus credit enhancement agreement approved by the Town Council.

The Town has agreed to enter into a Credit Enhancement Agreement with the Developer spanning a period of twenty (20) years with tax reimbursements for any given lot in

the Developer Tract occurring for no more than ten years. Because of the number of lots in the Developer Tract there is no way to anticipate the value or timing of investment on the lots. Therefore, estimates of the increased assessed values of the District and the anticipated TIF Revenues generated by the District are projected based on one lot with investment at the Triggering Event level. [Exhibit D](#) presents estimates of the increased assessed values, the anticipated TIF Revenues generated by the District, that portion of the TIF Revenues to be applied to the District each year, and the estimated tax shifts of investment of \$500,000 on just one lot of the Developer Tract of the Project.

**B. Sources of Revenues**

The Developer will finance the Project through private funds. The Developer will be responsible for making all arrangements for, and payments with respect to, any additional indebtedness incurred to fund the Project.

Town Public Improvements that are not part of the Project will be financed with municipal resources including TIF revenues. The Town will be responsible for making all arrangements for, and payments with respect to, any additional indebtedness incurred to fund the Public Improvements.

**C. Public Indebtedness**

The Town [does not](#) anticipate funding municipal project costs through public indebtedness. The Town, however, reserves the right to incur bonded indebtedness for approved projects in the future, provided that the timing and funding of any bonded projects complies with all statutory requirements for paying bonded indebtedness with TIF Revenues.

**D. Original Assessed Value**

Certification by the Town's Tax Assessor of the Original Assessed Value of the District is set forth in [Exhibit C](#).

**IV. Statutory Requirements and Thresholds**

The Statutory Requirements and Threshold limits addressing the conditions for approval mandated by 30-A M.R.S.A. § 5223(3) are set forth in [Exhibit B](#).

**V. TIF Projections and Tax Shifts**

In accordance with 30-A M.R.S.A. § 5224(4), the tables set forth in [Exhibit D-1](#) and [Exhibit D-2](#) show, based on one Developer Tract lot being fully developed, for each year of the term of the District: (1) estimates of the increased assessed values of the District; (2) the portion of increased assessed values to be applied to the Development Program as captured assessed values; (3) the resulting tax increments (i.e., the TIF Revenues); and (4) the estimated

tax shifts that are expected to result from the designation of the District. There is no reliable way to project investment value or timing of full development of the District.

**VI. Municipal Approvals**

**A. Notice of Public Hearing**

Attached as **Exhibit E** is a copy of the Notice of Public Hearing regarding the establishment of the Hampden Business Park Omnibus Municipal Development and Tax Increment Financing District and adoption of this Development Program for the District, published in the Bangor Daily News, a newspaper of general circulation in the Town, on **January XX, 2017**, a date at least ten (10) days prior to the public hearing.

**B. Minutes of Public Hearing Held by Town Council**

Attached as **Exhibit F** is a certified copy of the minutes of the public hearing held on **Date, 2017** at which time the proposed District and Development Program were discussed by the public.

**C. Authorizing Votes**

Attached as **Exhibit G** is a copy of the Hampden Town Council Resolution designating the District and adopting this Development Program, which Resolution was adopted by the Council at a meeting of the Council duly called and held on **Date, 2017**.

EXHIBIT A-1  
TIF DISTRICT MAP SHOWING DISTRICT IN RELATION TO MUNICIPALITY BOUNDARIES

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EXHIBIT B  
STATUTORY REQUIREMENTS & THRESHOLDS

<b>A. ACRE LIMITATION</b>		
1. Total Acreage of Municipality		24,000
2. Total Acreage of Proposed Municipal TIF District		118.54
3. Total <b>Downtown</b> acres contained in the Proposed Municipal TIF District		-0-
4. Total <b>Transit acres</b> contained in the Proposed Municipal TIF District		-0-
5. Total acreage of Proposed Municipal TIF District counted towards 2% cap (A2-A3-A4)		118.54
6. Percentage of total acreage in proposed municipal TIF District (cannot exceed 2%) Divide A5 by A1		0.49%
7. Total acreage of all existing and proposed municipal TIF districts in the municipality. Add A2 to sum of all existing TIF district acreage. $(240.56-1.53+A.5.)$ *		357.57
8. Total acreage of an existing or Proposed <b>Downtown</b> TIF District in the municipality.		0
9. Total acreage of all <u>existing</u> <b>Pine Tree Development Zone</b> TIF Districts in the municipality.		0
10. Total acreage of all existing or Proposed <b>Transit</b> TIF Districts in the municipality.		0
11. Total acreage of all existing and Proposed Municipal TIF Districts in the municipality counted toward 5% cap. Subtract A8+A9+A10 from A7.		357.57
12. Percentage of total acreage in all existing and proposed Municipal TIF Districts (cannot exceed 5%) Divide A11 by A1.		1.49%
13. Total Acreage of all real property in the Proposed Municipal TIF District that is:		
(Note: a, b, or c must be at least 25%)	Acres	%
a. Blighted (Divide acres by	-	-
b. In need of rehabilitation/conservation (Divide acres by	-	-
c. Suitable for industrial/commercial site (Divide acres by	118.54	100%
<b>TOTAL</b>	118.54	100%
<b>B. VALUATION LIMITATION</b>		
1. Total Aggregate Value of Municipality (TAV) <i>Use most recent April 1<sup>st</sup></i>		\$xxx,xxx,xxx
2. Original Assessed Value (OAV) of Proposed Municipal TIF District. <i>Use March 31<sup>st</sup> of tax year preceding date of municipal designation</i>		6,957,600
3. Total OAV of all existing and Proposed Municipal TIF Districts in the municipality. <i>Add b2 to sum of all existing TIF district OAVs <math>(2,915,100 - 84,200 + B.2.)</math> *</i>		9,788,500
4. OAV of an existing or proposed <b>Downtown</b> TIF District in the municipality.		0
5. OAV of all <u>existing</u> <b>Pine Tree Development Zone</b> TIF Districts in the municipality.		0
6. OAV of all existing or Proposed <b>Transit</b> TIF Districts in the municipality.		0
7. Total OAV of all existing and Proposed Municipal TIF Districts in the municipality counted toward 5% cap. <i>Subtract B4+B5+B6 from B3</i>		9,788,500
8. Percentage of total OAV to TAV in all existing and Proposed Municipal TIF Districts (cannot exceed 5%). <i>Divide B7 by B1</i>		xx%

\*Total from Coldbrook Road TIF, less Hampden Properties TIF, plus proposed

ASSESSOR'S CERTIFICATE OF ORIGINAL ASSESSED VALUE

TOWN OF HAMPDEN

HAMPDEN BUSINESS PARK OMNIBUS MUNICIPAL DEVELOPMENT & TAX INCREMENT FINANCING DISTRICT

**ASSESSOR'S CERTIFICATE**

The undersigned Tax Assessor for the Town of Hampden, Maine, does hereby certify pursuant to the provisions of 30-A M.R.S.A. §5254 that the taxable assessed value of taxable real property in the Hampden Business Park Omnibus Municipal Development and Tax Increment Financing District, as delineated on a map included in the Development Program to which this Certificate is included, was \$ 9,957,600 as of March 31, 2016 (April 1, 2015).

As of the Original Assessed Value date, there was [redacted] personal property which is exempt from taxation pursuant to the business equipment tax exemption within the Hampden Business Park Omnibus Municipal Development and Tax Increment Financing District.

**IN WITNESS WHEREOF**, This Certificate has been executed as of this XXth day of Month, 201x.

TOWN ASSESSOR

By: \_\_\_\_\_

Original Assessed Value for Individual Tax Map Lots

Tax Map and Lot Number	Acreage	Original Assessed Value as of March 31, 2016 (April 1, 2015)
Town Tract List Lots		
Total Town Tract	65.45	\$ 6,957,600-
Developer Tract List Lots		
Total Developer Tract	53.09	\$ -0-
<b>Total:</b>	118.54	\$ 6,957,600



EXHIBIT D-1  
INCREASED ASSESSED VALUE AND TIF REVENUE PROJECTIONS

EXHIBIT D-2  
TAX SHIFT PROJECTIONS

EXHIBIT E  
NOTICE OF PUBLIC HEARING

**NOTICE OF PUBLIC HEARING  
TOWN OF HAMPDEN MAINE  
Regarding**

**A Municipal Tax Increment Financing Development Program for the District Known as the  
“Hampden Business Park Omnibus Municipal Development and Tax Increment Financing  
District”**

Notice is hereby given that the Hampden Town Council will hold a public hearing on

**Date**  
at the  
**Council Chambers, Hampden, Maine,**  
**The Public Hearing will be at 7:00 p.m.**

The purpose of the public hearing is to receive public comments on the designation of the proposed Hampden Business Park Omnibus Municipal Development and Tax Increment Financing District (the “District”), the Development Program and Financial Plan for said District, and a proposed credit enhancement agreement with ~~The~~ the Developer, Sargent Corporation, all pursuant to the provisions of Chapter 206 of Title 30-A of the Maine Revised Statutes, as amended. The proposed Municipal Development and Tax Increment Financing District consists of approximately 118 acres of property located on Route 202, known as the Hampden Business Park and identified on Town Tax Map Map 10-B, Lots 001-038; including the roads contained therein.

All interested persons are invited to attend the public hearing and will be given an opportunity to be heard at that time. Verbal and written comments received prior to the close of the public hearing will be included in the public hearing record.

EXHIBIT F  
MINUTES OF PUBLIC HEARING AND TOWN COUNCIL MEETING

EXHIBIT G  
TOWN COUNCIL RESOLUTION



Town of Hampden  
Land & Building Services

Memorandum

To: Planning & Development Committee  
From: Karen M. Cullen, AICP, Town Planner *KME*  
Date: December 14, 2016  
RE: Historic Preservation Commission Appointments

Currently our Historic Preservation Commission (HPC) has two members and three vacancies; the Town has been trying to fill those vacant seats for over a year. As you know, earlier this year Town Manager Jennings worked to establish a process to handle applications for Certificate of Appropriateness to have the Services Committee of the Town Council serve in the role for the HPC until enough members were seated to have a quorum.

We have recently received two applications for membership on the HPC (attached), and we are now seeking a recommendation by the P&D Committee to the Town Council regarding these appointments. We are bringing this to P&D based on the "Council Committee Structure, Purposes, & Guidelines."

The Land & Building Services office has recently received two applications for a Certificate of Appropriateness. I am trying to manage the timeframes for these applications to be processed by the HPC; with these two appointments to the Commission we can process them in a timely manner.

Request: to refer the two applications for appointment to the HPC to Town Council for approval at the Council's January 3, 2017 meeting.



COPY

Check One:  Initial Application
 Reappointment Application

TOWN OF HAMPDEN

APPLICATION FOR TOWN BOARDS AND COMMITTEES

NAME: GRESSER LAST VIVIAN FIRST M MI

ADDRESS: 19 CARVER RD STREET HAMPDEN TOWN 04444 ZIP

MAILING ADDRESS (if different):

TELEPHONE: 862-3676 HOME WORK

EMAIL: vivgresser@gmail.com

OCCUPATION: Retired

BOARD OR COMMITTEE PREFERENCE:
FIRST CHOICE: Historic Preservation

SECOND CHOICE (OPTIONAL):

How would your experience, education and/or occupation be a benefit to this board or committee?
Current member of Hampden Historical Society
Former town employee

Are there any issues you feel this board or committee should address, or should continue to address?

- CONSERVATION COMMITTEE
BOARD OF ASSESSMENT REVIEW
PERSONNEL APPEALS BOARD
LURA HOIT MEMORIAL POOL
ECONOMIC DEVELOPMENT COMMITTEE
FRIENDS OF DOROTHEA DIX PARK

3 YEAR

- DYER LIBRARY
RECREATION COMMITTEE
BOARD OF APPEALS
HISTORIC PRESERVATION COMMITTEE
TREE BOARD

5 YEAR
PLANNING BOARD

FOR TOWN USE ONLY
Date Application Received:
COUNCIL COMMITTEE ACTION: DATE:
COUNCIL ACTION: DATE:
NEW APPT REAPPOINTMENT DATE APPOINTMENT EXPIRES:



COPY

Check One:  Initial Application  
 Reappointment Application

TOWN OF HAMPDEN

APPLICATION FOR TOWN BOARDS AND COMMITTEES

NAME: Simons Jeff.  
LAST FIRST MI

ADDRESS: 43 Cottage Hampden ME 04441  
STREET TOWN ZIP

MAILING ADDRESS (if different): \_\_\_\_\_

TELEPHONE: 207-460-1953  
HOME WORK

EMAIL: jamseffsimons@gmail.com

OCCUPATION: Manager Sandollar

BOARD OR COMMITTEE PREFERENCE:  
FIRST CHOICE: Historic Preservation.

SECOND CHOICE (OPTIONAL): \_\_\_\_\_

How would your experience, education and/or occupation be a benefit to this board or committee? life time in construction business  
and love of architecture.

Are there any issues you feel this board or committee should address, or should continue to address? \_\_\_\_\_

- 3 YEAR
- CONSERVATION COMMITTEE
- BOARD OF ASSESSMENT REVIEW
- PERSONNEL APPEALS BOARD
- LURA HOIT MEMORIAL POOL
- ECONOMIC DEVELOPMENT COMMITTEE
- FRIENDS OF DOROTHEA DIX PARK
- DYER LIBRARY
- RECREATION COMMITTEE
- BOARD OF APPEALS
- HISTORIC PRESERVATION COMMITTEE
- TREE BOARD
- 5 YEAR
- PLANNING BOARD

<b>FOR TOWN USE ONLY</b>		Date Application Received: _____
COUNCIL COMMITTEE ACTION: _____	DATE: _____	
COUNCIL ACTION: _____	DATE: _____	
<input type="checkbox"/> NEW APPT	<input type="checkbox"/> REAPPOINTMENT	DATE APPOINTMENT EXPIRES: _____