

**TOWN OF MEXICO
TAX INCREMENT FINANCING POLICY**

FOLLOWING ARE THE TOWN OF MEXICO'S TAX INCREMENT FINANCING (TIF) POLICY AND APPLICATION GUIDELINES.

POLICY GUIDELINES

THE TOWN RECOGNIZES STATE LIMITATIONS ON THE USE OF TIFS. A TIF DISTRICT MAY NOT EXCEED 2% OF THE TOTAL AREA OF THE MUNICIPALITY, NOT MAY THE TOTAL OF ALL TIFS EXCEED 5% OF THE MUNICIPALITY'S TOTAL LAND AREA. THE PROPERTY VALUE OF A TIF DISTRICT AT ITS TIME OF DESIGNATION MAY NOT EXCEED 5% OF THE MUNICIPALITY'S TOTAL VALUATION. NO TIF DISTRICT TERM MAY EXCEED 30 YEARS. MUNICIPAL BONDS TO FUND TIF PROJECTS MAY ISSUED BE ISSUED FOR NO MORE THAN 20 YEARS.

FOR THE TIF APPLICATION TO BE CONSIDERED BY THE TOWN SELECTMEN AND TOWN MEETING, THE APPLICANT MUST MEET THE FOLLOWING GUIDELINES.

NOTWITHSTANDING COMPLIANCE WITH ANY OR ALL OF THE GUIDELINES, THE CREATION OF A TIF DISTRICT IS A POLICY CHOICE TO BE MADE BY TOWN MEETING ON A CASE-BY-CASE BASIS. A TIF IS NOT A RIGHT UNDER MAINE LAW AND MEETING THESE GUIDELINES DOES NOT CREATE A RIGHT OR ENTITLEMENT IN ANY APPLICATION.

I. BASIC PROVISIONS

- A. TO MINIMIZE RISK TO THE CITIZENS OF THE TOWN OF MEXICO, TAX INCREMENT FINANCING WILL BE PROVIDED FOR PUBLIC INFRASTRUCTURE TIF AGREEMENTS, OR CREDIT ENHANCEMENT AGREEMENTS ONLY. THE APPLICANT MUST PROVIDE ANY AND ALL OTHER DOCUMENTATION THAT WILL PROTECT THE TOWN'S ECONOMIC AND FINANCIAL POSITION.
- B. THE TIF AGREEMENT WILL PROVIDE FOR A RECAPTURE OF THE BENEFITS IF THE PROJECT SHOULD MOVE TO ANOTHER MUNICIPALITY. ASSIGNMENTS WILL BE ALLOWED ONLY FOR CONVENTIONAL, COMMERCIAL FINANCING PURPOSES OR WHERE THE PROPOSED ASSIGNEE AGREES TO BE BOUND BY THE SAME TERMS AND CONDITIONS AS THE ORIGINAL APPLICANT.
- C. TAX INCREMENT FINANCING SHALL BE REVENUE NEUTRAL, OR BETTER, OR THE TOWN OVER THE LIFE OF DISTRICT.
- D. INVOICES, SUPPORTING COST REIMBURSEMENT, MUST BE

FROM NON-AFFILIATED COMPANIES.

- E. THE APPLICANT IS OBLIGATED TO APPLY FOR ANY STATE REIMBURSEMENT PROGRAMS FOR PERSONAL PROPERTY AND/OR REAL ESTATE TAXES. WHERE THE SAME VALUES ARE SHELTERED BY THE TIF DISTRICT, THE PROCEEDS FROM THIS APPLICATION WILL BE RETURNED TO THE TOWN, THEREBY PREVENTING A "DOUBLE-DIPPING" SCENARIO, AND THE PROCEEDS PLACED IN A "PUBLIC IMPROVEMENT" ACCOUNT.
- F. THE TOWN WILL EXPEND MONIES IN THE "PUBLIC IMPROVEMENT" ACCOUNT ACCORDING TO 30 - A.M.R.S.A. SECTION 5254, AS IT MAY BE AMENDED FROM TIME TO TIME.
- G. PRIORITY SHALL BE GIVEN TO 1) ESTABLISHED MEXICO BUSINESS THAT ARE EXPANDING A FACILITY 2) BUSINESSES THAT DO NOT COMPETE WITH AN EXISTING COMMERCIAL ENTERPRISE IN MEXICO 3) ONLY TO BUSINESSES WHERE THE LAND AND BUILDINGS ARE OWNED BY THE APPLICANT; LEASED COMMERCIAL ENTITIES WILL NOT BE CONSIDERED.
- H. TAX INCREMENT FINANCING AGREEMENTS OF LIMITED TERM ARE HIGHLY PREFERRED BY THE TOWN.
- I. THE APPLICANT WILL PROVIDE VERIFIED DOCUMENTATION AS TO THE VALUE OF THE FIXED ASSETS, BEING REAL AND PERSONAL PROPERTY, AS OF THE DATE OF THE ACCEPTANCE OF THE APPLICATION. THE TOWN AND APPLICANT WILL AGREE UPON THE FROZEN ASSESSED VALUE FOR TIF PURPOSES IF THERE IS A DIFFERENCE BETWEEN THE COMMITTED VALUE AND THE APRIL 1 ASSESSED VALUE.
- J. ALL APPLICANTS WILL BE REQUIRED TO SIGN A PROFESSIONAL FEE CONSENT FORM AGREEING TO REIMBURSE THE TOWN FOR ALL OUTSIDE PROFESSIONAL COSTS, SUCH AS LEGAL AND ACCOUNTING, INCURRED AS A RESULT OF THE TAX INCREMENT FINANCING PROPOSAL, WHETHER OR NOT TAX INCREMENT FINANCING IS APPROVED.
- K. IN ADDITION, ANY OUT-OF-POCKET EXPENSES, INCURRED BY THE TOWN, IN CONNECTION WITH THE TAX INCREMENT FINANCING PROPOSAL WILL BE REIMBURSED BY THE APPLICANT, WHETHER OR NOT TAX INCREMENT FINANCING IS APPROVED, E.G. EXPENSES RELATED TO CALLING A SPECIAL TOWN MEETING, PRINTED DOCUMENTS, POSTAGE, ETC.
- L. IF TAX INCREMENT FINANCING IS APPROVED, AN ANNUAL

ADMINISTRATIVE FEE, EQUAL TO 1% OF THE INCREMENTAL TAXES REALLOCATED BACK TO THE PROJECT, WILL BE CHARGED.

II REQUIREMENTS

APPLICANTS REQUESTING TAX INCREMENT FINANCING MUST DEMONSTRATE:

- A. THE TOWN'S PARTICIPATION IS ECONOMICALLY NECESSARY AND INVOLVEMENT BY THE TOWN IS NEEDED IN ORDER FOR THE PROJECT TO BE UNDERTAKEN. JUSTIFICATION FOR ECONOMIC NEED AND TOWN INVOLVEMENT MUST BE DEMONSTRATED BY:
 - (1) A NEED TO OFFSET ECONOMIC ADVANTAGES AVAILABLE TO THE CORPORATE ENTITY IF IT SHOULD BUILD (OR EXPAND) OUTSIDE OF MECHANICAL FALLS.
 - (2) A NEED TO OFFSET INFRASTRUCTURE COST UNIQUE TO THE SITE.

- B. FINANCIAL CAPABILITY TO UNDERTAKE PROJECT MUST BE EVIDENCED BY A LETTER OF FINANCIAL ABILITY FROM A FINANCIAL ABILITY FROM A FINANCIAL INSTITUTION AND APPLICANT MUST SUBMIT ONE OF THE FOLLOWING;
 - (1) A LETTER FROM A FINANCIAL INSTITUTION, GOVERNMENT AGENCY, OR OTHER FUNDING AGENCY INDICATING A COMMITMENT TO PROVIDE A SPECIFIED AMOUNT OF FUNDS AND THE USES FOR WHICH THE FUNDS MAY BE UTILIZED.
 - (2) IN CASES WHERE FUNDING IS REQUIRED BUT THERE CAN BE NO COMMITMENT OF MONEY UNTIL APPROVALS ARE RECEIVED, A LETTER OF "INTENT TO FUND" FROM THE APPROPRIATE FUNDING INSTITUTION INDICATING THE AMOUNT OF FUNDS AND THEIR SPECIFIED USES.
 - (3) THE MOST RECENT CORPORATE ANNUAL REPORT INDICATING AVAILABILITY OF SUFFICIENT FUNDS TO FINANCE THE DEVELOPMENT TOGETHER WITH EXPLANATORY MATERIAL INTERPRETING THE REPORT.
 - (4) EVIDENCE INDICATING AVAILABILITY OF FUNDS IF THE DEVELOPER WILL PERSONALLY FINANCE THE DEVELOPMENT

- C. COMPLIANCE WITH ALL STATUTORY AND REGULATORY GUIDELINES OF THE TOWN AND STATE OVER THE LIFE OF THE TIF. FAILURE TO MAINTAIN COMPLIANCE WITH LOCAL AND STATE LAND

USE AND OTHER REGULATORY RULES AND LAWS RESULT IN A DISCONTINUANCE OF THE TIF AGREEMENT.

- D. ALL MUNICIPAL TAXES MUST BE PAID BY THE APPLICABLE DUE DATES. FAILURE TO MAKE PAYMENTS BY THE DUE DATE MAY RESULT IN PARTIAL OR FULL DISCONTINUANCE OF THE TIF AGREEMENT.
- E. THE PROJECT CREATES SIGNIFICANT NEW TAXABLE VALUE EQUAL TO OR GREATER THAN 1% OF THE TOTAL LOCAL ASSESSED LAND AND BUILDING VALUE OR A SIGNIFICANT EMPLOYMENT IMPACT.

II CONDITIONS OF APPROVAL

ALTHOUGH AN APPLICANT NEED NOT MEET EACH OF THE FOLLOWING CRITERIA, THEY WILL BE USED TO DETERMINE THE LEVEL OF PARTICIPATION BY THE TOWN:

- A. THE PROJECT ASSISTS AN ESTABLISHED BUSINESS IN THE TOWN OF MEXICO, THUS RETAINING EXISTING EMPLOYMENT;
- B. THE PROJECT CREATES LONG-TERM PERMANENT EMPLOYMENT;
- C. THE PROJECT IMPROVES THE GENERAL ECONOMY OF THE COMMUNITY;
- D. THE PROJECT IMPROVES AND BROADENS THE TAX BASE;
- E. THE PROJECT IS CONSISTENT WITH THE TOWN'S COMPREHENSIVE PLAN AND COMMUNITY DEVELOPMENT PLAN AND / OR GOALS;
- F. THE PROJECT IMPROVES A BLIGHTED BUILDING OR AREA IN NEED OF REDEVELOPMENT;
- G. THE PROJECT CREATES PUBLIC INFRASTRUCTURE FACILITIES, WHICH HAVE APPLICATION BEYOND THE PARTICULAR DEVELOPMENT SUCH AS TRAFFIC UPGRADES, PUBLIC PARKING FACILITIES, ETC.
- H. IF NOT FROM THE BEGINNING OF THE DISTRICT, THEN AS SOON AS IS FINANCIALLY POSSIBLE, THE PROJECT WILL SUPPORT COMMUNITY PROJECTS OR CREATE PUBLIC BENEFITS SUCH AS GRANTING ACCESS TO OPEN SPACES, CREATING STUDENT INTERNSHIPS, PROVIDING JOB TRAINING, SUPPORTING LOCAL CONTRACTORS AND SUPPLIERS, ETC.

IV APPLICATION GUIDELINES

A. STEP ONE. THE TOWN MANAGER/ COMMUNITY DEVELOPMENT DIRECTOR WILL ACT AS LIAISON AND COORDINATE ALL ACTIVITY REGARDING TAX INCREMENT FINANCING PROPOSALS. WORKING WITH POTENTIAL APPLICANTS, THE COMMUNITY DEVELOPMENT DIRECTOR WILL:

- (1) PROVIDE INFORMATION ON TAX INCREMENT FINANCING
- (2) DISCUSS PROJECT PROPOSALS AND ACCEPT THE APPLICATION INFORMATION FORM FROM APPLICANTS.
- (3) REVIEW THE APPLICATION INFORMATION FORM BASED ON POLICY GUIDELINES, IN CONSULTATION WITH THE TOWN MANAGER AND THE TOWN ASSESSOR TO INSURE THAT APPLICATION IS COMPLETE.
- (4) ASSIST APPLICANTS TO COMPLETE A FINAL APPLICATION SUITABLE FOR PRESENTATION TO THE TOWN MANAGER FOR FORMAL REVIEW AND RECOMMENDATION.
- (5) UPON RECEIPT OF THE FINAL DEVELOPMENT PLAN, CREDIT ENHANCEMENT AGREEMENT AND ANY COMPANION PROGRAM APPLICATIONS SUCH AS STATE TAX INCREMENT FINANCING (STIF), WHERE APPLICABLE, THE APPLICANT WILL PRESENT THE PLAN TO THE TOWN MANAGER ACCOMPANIED WITH A NON-REFUNDABLE \$250.00 APPLICATION FEE.

B. STEP TWO. TOWN MANAGER/COMMUNITY DEVELOPMENT DIRECTOR, IN CONSULTATION WITH TOWN STAFF AND OFFICIALS, WILL:

- (1) VERIFY TAX SHIFT FORMULAS
- (2) VERIFY CALCULATIONS IN VARIOUS EXHIBITS, WHICH AS A MINIMUM, WILL SHOW DEVELOPMENT COST, TAX SHIFTS, REVENUE RETURN PERCENTAGES OVER THE DURATION OF THE TIF
- (3) VERIFY THE REVENUE AMOUNTS TO BE RETURNED TO THE APPLICANT OVER THE LIFE OF THE TIF (STIF)
- (4) ACT AS THE FINANCIAL LIAISON BETWEEN THE APPLICANT, TOWN ATTORNEY AND TOWN OFFICIALS
- (5) MAKE FINANCIAL RECOMMENDATIONS TO THE TOWN SELECTMEN AS TO THE SCOPE OF THE PROPOSED TIF, THE CREDIT ENHANCEMENT AGREEMENT LANGUAGE AND THE WARRANT ARTICLES FOR A TOWN MEETING, IF APPROPRIATE.

C. STEP THREE. UPON COMPLETION OF REVIEW BY THE TOWN MANAGER/COMMUNITY DEVELOPMENT DIRECTOR, THE APPLICANT WILL BE REQUIRED TO:

- (1) SUBMIT TO THE TOWN SELECTMEN A REQUEST FOR A WARRANT ARTICLE 90 DAYS BEFORE TOWN MEETING.
- (2) INTRODUCE DEVELOPMENT PROGRAM AT A REGULARLY SCHEDULED TOWN SELECTMEN MEETING.
- (3) REQUEST THE TOWN SELECTMEN TO SCHEDULE A PUBLIC HEARING WITH TEN (10) DAY PUBLIC NOTICE.
- (4) REQUEST THE TOWN SELECTMEN RATIFY APPROPRIATE WARRANT ARTICLES.
- (5) ATTEND TOWN MEETING TO ANSWER ANY QUESTIONS PRIOR TO FINAL VOTE BY THE TOWN MEETING.

IF THE APPLICANT TRANSFERS OWNERSHIP OF ITS PROPERTY WITHIN THE DISTRICT, THE APPLICANT MUST NOTIFY THE TOWN MANAGER, IN WRITING, PRIOR TO FINALIZING THE TRANSFER. THE NEW OWNER MUST AGREE, IN WRITING, TO ACCEPT THE PROVISIONS OF THE TIF CREDIT ENHANCEMENT AGREEMENT AS PRESENTED TO AND APPROVED BY TOWN MEETING, BEFORE THE TOWN MANAGER/TREASURER WILL RELEASE ANY TIF PAYMENTS.

SIGNED,

ARTHUR BORDEAU, CHAIRMAN

Roland Arsenault
ROLAND ARSENAULT

Louise Waterhouse
LOUISE WATERHOUSE

Robert Lyons
ROBERT LYONS

Brian Elliott
BRIAN ELLIOTT

DATED 8/10/98 (signed)

Approved at a Selectmen's meeting on May 11, 1998

Attest:

Penny S. Duguay
Penny S. Duguay, Town Clerk