

Order 138-14/15

Passage: 9-0 on 2/9/2015

MICHAEL F. BRENNAN (MAYOR)
KEVIN J. DONOGHUE (1)
DAVID A. MARSHALL (2)
EDWARD J. SUSLOVIC (3)
JUSTIN COSTA (4)

**CITY OF PORTLAND
IN THE CITY COUNCIL**

Effective 2/19/2015

DAVID H. BRENERMAN (5)
JILL C. DUSON (A/L)
JON HINCK (A/L)
NICHOLAS M. MAVODONES, JR (A/L)

**ORDER AMENDING AND RENAMING
THE CREATIVE PORTLAND DEVELOPMENT AND ARTS
TAX INCREMENT FINANCING DISTRICT TO THE
BAXTER LIBRARY OMNIBUS TAX INCREMENT FINANCING DISTRICT**

ORDERED, that the Creative Portland Development and Arts Tax Increment Financing District approved by City Council Order 94-08/09 and as amended by Orders 263-08/09, 275-08/09, 89-09/10, 218-09/10 and 184-11/12, is hereby further amended in substantially the form and according to the map attached hereto; and

BE IT FURTHER ORDERED, the Creative Portland Development and Arts Tax Increment Financing District is hereby renamed the Baxter Library Omnibus Tax Increment Financing District and the term reduced to expire with the City's Fiscal Year 2019, all as more fully detailed in the Amended Development Program, in substantially the form attached hereto; and

BE IT FURTHER ORDERED, that the Acting City Manager is hereby authorized to execute whatever documents are necessary to effect the intent and purpose of this Order.

City of Portland

Creative Portland Development Program

*Application for Creative Portland Development and
Arts Tax Increment Financing District*

11/17/08

Amended/Restated by Portland City Council June 1, 2009

Amended/Restated by Portland City Council November 2, 2009

Amended/Restated by City Council on May 21, 2012

Amended/Restated by City Council February 9, 2015

*To reduce geography and term, and rename district to:
"Baxter Library Omnibus Tax Increment Financing District"*

Prepared by:

The City of Portland Economic Development ~~Department~~ Division

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Exhibits Attachments (“The District” refers to amended TIF District):

1. Map of TIF Districts, including proposed Downtown TOD and Omnibus/TIF District and proposed Baxter Library Omnibus TIF District.
 2. Estimate of Tax Shifts
 3. Estimate of Tax Revenue
 4. City Tax Map of The District
 5. Map of The District in relation to geographic location of municipality.
 6. Statutory Thresholds and Requirements
- A. ~~October 2008 Report of the Creative Economy Steering Committee~~
- B. ~~Map of the proposed Creative Portland Development and Arts TIF District~~

- ~~C. Area map showing proposed TIF District in relation to geographic location of municipality.~~
- ~~D. Tax maps showing location of proposed TIF District on each map.~~
- ~~E. Spreadsheet detailing projections and tax shifts—adding five years from original.~~
- ~~7.F. Assessor's Certificate of original assessed value of The proposed TIF District.~~
- ~~8G. Legal notice of the City Council's public hearing on the proposed TIF District.~~
- ~~9H. Minutes of the City Council's public hearing on the proposed TIF District.~~
- ~~10I. Attested copy of the resolution of the City Council amending designating the Creative Portland Development and Arts TIF District.~~
- 11. Credit Enhancement Agreement between the City of Portland and Baxter Library LP as of November 15, 2009

I. Introduction

This amended and restated TIF District will rename the Creative Portland Development and Arts TIF District (“Arts TIF District”) to the Baxter Library Omnibus TIF District (“The District”), reduce the geographical boundary to establish the TIF District to include a single property called the Baxter Library Redevelopment Project, reduce the term five years as noted hereinbelow, and provide further information on the Baxter Library Redevelopment Project.

The City of Portland is reducing the former Arts TIF District geography to the one property that currently has a Credit Enhancement Agreement (CEA) (see Exhibit 11 – Executed CEA) in place in the Arts TIF District. The Baxter Library Redevelopment Project property is located at 619 Congress Street. It is proposed to reduce the term five years from the existing term ending with the City’s FY2023-24 (Tax Year 4/1/2023), to end with the City’s FY2018-19 (Tax Year 4/1/2018) to correspond to the term of the CEA for the Baxter Library Redevelopment Project. This is being done simultaneously with the City Council’s approval of a Downtown Transit Oriented Development and Omnibus Tax Increment Financing District (DT TOD/TIF) which will encompass not only the remaining portion of the Arts TIF District but additional property in the downtown peninsula area. (See Exhibit 1 – map of TIF Districts, including the DT TOD/TIF and The District.

The Baxter Library was built in 1888 and served as a municipal library until 1983. In 1983, the property was sold to the Maine College of Art (MECA). In 2009, MECA sold this property to Northland Enterprises.

Northland Enterprises then approached the City to provide tax increment financing to cover a portion of the Baxter Library Project redevelopment expense. The City Council negotiated and authorized a Credit Enhancement Agreement (CEA) with Baxter Library LP on November 2, 2009 for a term of nine years, beginning with the City FY2010-11 (Tax Year 4/1/2010) ending with City FY2018-19 (Tax Year 4/1/2018), including a fixed 65% capture value being returned to the redevelopment costs for the Baxter Library Redevelopment Project. Per the City Council approved CEA, 65% of the captured value will go the redevelopment costs, while the remaining 35% will go to the City’s General Fund. There is no change to the City Council approved CEA associated with this TIF District amendment.

~~Portland, Maine has a vibrant arts and cultural community. Portland is also seeing tremendous growth in creative enterprises such as architecture, advertising and marketing, specialty products design and manufacturing, engineering, and graphic design. All of this, and more, is Portland’s Creative Economy. Portland has long recognized that the creative sector plays an important role in its economy and community. The Congress Square redevelopment of the early 1980’s centered on the new Charles Shipman Payson wing of the Portland Museum of Art. The Downtown Vision in 1991 recognized the importance of arts and cultural activities on Congress Street, leading to the Arts District Plan of 1996. The arts and culture cluster along Congress Street, including Maine College of Art, Portland Stage Co., the Children’s Museum, and Center for Maine History, to name a few, provide a vital energy and economy to our traditional main commercial street. The artist~~

community is an increasingly important part of our Arts District, most exemplified by the lively street party atmosphere that explodes onto the sidewalk during the First Friday Art Walk each month.

With the publication of his book, Rise of the Creative Class¹ in 2002, Richard Florida popularized the economic story of the communities that are attractive to a broad range of creative entrepreneurs. In many respects, these creative enterprises represent the next wave of economic development. Historically we have seen agriculture give way to the industrial revolution, and the manufacturing economy yield to the service economy and development of high technology and bio-technology industries. The Creative Economy represents a global phenomenon of value creation by footloose entrepreneurs who migrate to good places to live from which they practice their trades. While cultural centers such as Los Angeles or New York remain important locations for film, animation, and fashion, it is increasingly possible for artistic and design professionals to live anywhere and practice their trade, communicating and transmitting their products and services worldwide through electronic media. It is also recognized that quality of life and creative vitality are the attractors of the creative class of entrepreneurs. Economic development programs are therefore turning to strategies that maximize the attractiveness of their communities to the creative enterprises, in addition to traditional strategies of business recruitment and marketing.

Portland is fortunate to have the community infrastructure and cultural amenities needed to attract creative enterprises. The good news is that there is no inherent limitation to our ability to attract and grow these businesses. We have, over the past twenty or so years, protected our historic assets, nurtured our cultural sector, improved our parks and trails systems, and invested in our public art collection, to name but a few examples of those qualities that attract the footloose creative entrepreneurs. For many, Portland's size, location, amenities, transportation and technology access, and overall distinctiveness and quality of life are magnetic. We have only recently become recognized on the many "places rated" listings of top communities for the arts, outdoors lifestyle, urban features such as diversity and good restaurants, and other remarkable features that put Portland on the map for so many reasons. This is a great accomplishment, and the City is well poised to capitalize on these qualities to promote the growth of the creative economy.

Therein lays the challenge. As Portland grows, the cost of space increases and artists and cultural organizations have an increasingly difficult time affording to be here. To a greater degree than ever, surrounding communities are seeing an influx of creative individuals and businesses who are unable to pay the rent to stay in Portland. This is good for the region, but a challenge for Portland. This is precisely why USM's Muskie School of Public Service identified in 2005 that the single greatest threat to Portland's Creative Economy was erosion.

Notwithstanding these challenges, Portland is fortunate to have the assets and to have made many of the right investments and plans to promote the creative environment. The stage is set. So what strategies and mechanisms are now needed to move forward and

¹ Florida, Richard; Rise of the Creative Class and how it's Transforming Work, Leisure, Community and Everyday Life; Basic Books; 2002

~~build on these assets? These were some of the questions addressed at the Creative Economy Summit, held on May 31, 2006. This summit, convened by then Mayor James Cohen, brought together over 200 creative stakeholders of artists, cultural organizations, and creative enterprises in an all day session to plan for the growth and development of Portland's creative economy, which in turn will improve and broaden the tax base.~~

~~The vision/opportunities identified by the Summit included:~~

- ~~(1) Build Portland's identity as an international creative center;~~
- ~~(2) Develop publicly supported and/or affordable space for artists, including performance space, office space, studio space, housing, and exhibition space; and,~~
- ~~(3) Increase collaboration, coordination, and communication within Portland's creative economy.—~~

~~Following the Summit, the Portland City Council established the **Creative Economy Steering Committee** (CESC) to consider and expand upon these areas and to come up with a set of recommendations on how best to move forward.—~~

~~The Steering Committee had a broad mission, but its primary focus was to develop ideas and strategies to move Portland's creative economy forward to the next level and implement the primary recommendations contained in the Creative Economy Summit Report, starting with the three top opportunities noted above.~~

II. Amended Development Program

A. *The Amended Project*

The Amended Development Program includes just the Baxter Library Redevelopment Project, which had an "all in" investment of \$4.6 Million to include design, regulatory approvals, legal, financing, construction, and contingency expenses. It was estimated that the municipal taxable value of this investment, at build-out, would be \$2.5 Million.

The CEA for the Baxter Library Redevelopment Project is for nine-years at 65% captured value sheltered going to the project to support its redevelopment and to retire developer loan.

In entering into this CEA, public benefits include:

- Job retention and expansion with The VIA Group's relocation to the redeveloped Baxter Library, with employment now at over 75;
- Reuse, redevelopment, and preservation of a hallmark downtown building;
- Additional City tax revenue.

In addition, with The District, the City “shelters” the increase in municipal valuation that development in The District. This tax shift benefit mitigates the adverse effect that The District’s increased assessed property value would have on the City’s share of state aid to education, municipal revenue, sharing and its county tax assessment. An estimate of the tax shift benefits is shown in Exhibit 2 attached hereto.

The City’s designation of The District and pursuit of this Amended Development Program constitute a good and valid public purpose pursuant to Chapter 206 of Title 30-A because it represents a substantial contribution to the economic well-being of both the City and the region by providing jobs, contributing to property taxes, and diversifying the region’s economic base.

~~With the City Council accepting the Report of the Creative Economy Steering Committee (Attachment A), the City Council formally recognized the unique business-development needs of the Creative Economy, and the need for the municipality to assist in fostering its growth. The recommendations contained in Attachment A will help the municipality sustain its unique cultural heritage. Specific recommendations, with details provided in Attachment A include:~~

- ~~■—Creative Economy Fund~~
- ~~■—Promote Creative Enterprises Cluster~~
- ~~■—Arts District Development~~
- ~~■—Create a Center for the Arts~~
- ~~■—Establish a Creative Economy Website~~
- ~~■—Identify and Support Tipping Point Projects~~
- ~~■—Conduct Creative Economy Analysis~~
- ~~■—Develop a Program Strategy for Current Events and Cultural Activities~~

~~In order to move forward with implementation and marketing of the above recommendations, the first step is to create an administrative structure to carry out the recommendations and initiatives contained in the Report. A quasi-governmental agency (for discussion purposes, it could be called the “Creative Portland Corporation” [CPC]) would be formed with a thirteen member board comprised of three representatives from each private creative category (creative enterprises, creative organizations [non-profits], and artists), plus two City positions (such as the Mayor or mayoral designee, and the City Manager’s designee who should be associated with or part of the Economic Development Division), and two members representing higher education and real estate. Once the Board is place, the Board would then hire its own administrator and assistant.~~

~~In order to fund the CPC, its administrator and assistant, and the programs recommended, the Report of the CESC recommends a TIF funding mechanism. Initial funding for this was estimated in the Report as being \$100,000 for both staff and programs. Attachment B is a map of the proposed Creative Portland Development and Arts TIF District located within the downtown district of Portland.~~

~~The CPC will quantify the potential revenues derived from the TIF District and recommend a program of action for the utilization of those funds based on the~~

~~recommendations of the Report. It is understood that incremental taxes may not materialize, or be relatively low, in first few years, based on market conditions and time needed for growth in valuation in that district over base line assessment. It is also recognized that the full scope of the recommendations contained in the Report go well beyond the funds anticipated to be generated through TIF financing. Therefore, the CPC will be challenged to generate City general funds or other resources needed for start up. Over time, there is the expectation that the tax increment will grow to cover the core funding for the agency and that City funds will be leveraged with private and grant funds, with a target of 50% non-City funding within five years. If this is achieved, the City's funding commitment will be stable and possibly could decline over time, even as the program budget increases modestly through other sources.~~

~~The City seeks authorization for the recommendations described above and in the Report to maintain flexibility and adaptability of the needs of its creative economy.~~

~~As development projects occur in this TIF District, the City of Portland may enter into Credit Enhancement Agreements from time to time to facilitate the construction of new taxable commercial investment.~~

B. *The Amended Development District*

Development within The District will provide a revenue source for the Development Program, as well as non-captured revenue to the City's general fund.

The Propertyies that areis to be designated as the a TIFThe District and isare the subject of this Amended application areis shown in the attached map (Exhibit 4Attachment B).

The TIFDistrict-will appliesy to only new value generated within theThe District and will not affect the current property tax base.

Use of TIF Revenues in The District include those listed in Table 1 below:

Table 1

<u>Project</u>	<u>Statutory Citation</u>	<u>Estimated Cost</u>
<u>In District: Baxter Library Redevelopment Financing Costs</u>	<u>Title 30-A, Chapter 206, Section 5225(1)(A)(2)</u>	<u>\$272,000 total over the 9-year term of CEA</u>
<u>In District: Relocation of Displaced Persons</u>	<u>Title 30-A, Chapter 206, Section 5225(1)(A)</u>	<u>Not budgeted/anticipated at time of TIF application</u>

C. *The Amended Development Program*

This Amended Development Program provides for the reuse of an historic downtown building into a building to house The VIA Group, adding to the vitality to this area of Congress Street, thereby increasing its appeal to businesses, visitors, and residents.

~~and providing the impetus for further jobs and investment. The City of Portland, by designating this 15-year Creative Portland Development and Arts TIF District, will capture all investments made within the District. The City will capture over the remaining term of the TIF District 65-100% of the new real property assessed value with a maximum cap to fund Creative Portland Corporation in addition to funding the approved credit enhancement agreements (CEA's). A maximum cap is established to fund up to \$100,000 annually to support Creative Portland Corporation TIF-eligible activities, in addition to funding approved CEA's. Each year that the City Council should change the 100% capture, it will forward the amendment to the Maine Department of Economic and Community Development. These revenues will be allocated to the approved economic development uses/recommendations called for in the Report of the Creative Economy Steering Committee (Attachment A) and highlighted in II.A above.~~

The success of this ~~Amended Development Program~~ ~~ese efforts~~ will enhance the City's ability to promote development and retain and grow its creative economy to ensure the continued diversity that many come to the downtown area to experience.

D. ~~Improvements to Public Infrastructure~~ ~~Municipal Use of TIF Revenues~~

~~With The District being exclusively for a CEA for the Baxter Library Redevelopment Project, there are no TIF revenues targeted to public infrastructure improvements for The District. The City of Portland seeks authorization to utilize the revenues generated from the TIF District in support of the recommendations called for in the Report of CESC (Attachment A) and, specifically, the activities outlined in Section II A of this application.~~

E. Operational Components

~~1. Uses of Private Property~~

1. Commercial Improvements Financed through the Development Program

The ~~Creative Portland Development and Arts TIF District~~ ~~is the Baxter Library~~ ~~includes~~ private property, and the funds generated from ~~The~~ ~~this~~ District will be used to support commercial investment on ~~both public and~~ ~~this~~ private property ~~ies~~ in Portland.

2. Public Facilities

TIF Revenues from The District go only to the Baxter Library Redevelopment Project; remaining uncaptured increased assessed value tax revenues go back to the City general fund.

~~2.~~ 3. Environmental Controls

The Amended Development Program's improvements will comply with all federal, state, and local rules and regulations and applicable land use

requirements.

34. Relocation of Displaced Persons

No persons will be relocated.

5. Plan of Operation

During the life of ~~the Tax Increment Financing~~The District, the City of Portland, City Council, or their designee, will be responsible for the administration of the District.

III. Amended Physical Description

The District encompasses .37 acres. The District is shown in Exhibit 4. The statutory threshold limits addressing the conditions for approval mandated by 30-A M.R.S.A. Section 5223(3) are set forth in Exhibit 6.

~~The following provides details regarding the acreage size of this Creative Portland Development and Arts TIF district, as well as noting the statutory limits:~~

- ~~A. Total acreage of the municipality: 12,386 (taxable acres)~~
- ~~B. Total acreage proposed for tax increment financing district: 50.6 acres~~
- ~~C. Percent of line B of line A (line B divided by line A cannot exceed 2%): 0.41%~~
- ~~D. Total acreage of all existing and proposed non-exempt TIF Districts in the municipality: 189.468 acres~~
- ~~E. Percent line D of line A (cannot exceed 5%): 1.53%~~
- ~~F. Not less than 25%, by area, of the real property within a development district shall meet at least one of the following criteria:
 - ~~1. Blighted acres N/A. Line F1 divided by line B = _____~~
 - ~~2. Acreage in need of rehabilitation, redevelopment or conservation N/A. Line F2 divided by line B = _____~~
 - ~~3. Acreage suitable for commercial siting = 50.6. Line F3 divided by line B = 100%.~~~~
- ~~G. Enclosed municipal maps:
 - 1. Area map showing site location of the The IF District in relation to geographic location of municipality (Exhibit 5 Attachment C)
 - 2. Tax maps showing The IF District location s on each map (Attachment~~

~~Exhibit 4)~~

IV. Amended Financial Plan

A. Financial Characteristics

The ~~TIF~~ District comprises an area of approximately .37 acres, with an Original Assessed Value (OAV) when created at \$0, as of 3/31/2008 (or Tax Year 41/2007), as it was previously owned by non-profit MeCA. Please see the Assessor’s certificate of the OAV attached as Exhibit 7.

~~50.6 acres of taxable real property with an original FY08 assessed value of \$231,979,370. The development within the District is estimated to add varying amounts in new assessed value in its first two years as noted in Table 1 and then remain even thereafter.~~

The Amended Development Program provides for 65% of the new tax revenues generated by the increase in assessed value of the real property of ~~the~~ District to be captured and designated as TIF Revenues. Personal property tax value will not be captured within The District. The City will apply ~~the~~ the portion of retained new tax revenues to the ~~economic development~~ commercial activities described in the Amended Development Program, ~~with the understanding that the CPC will determine which specific projects to undertake that have been outlined in the Development Program.~~ All assessed real property value captured in The District will be added to the City’s general fund at the end of The District’s term.

Estimates of the tax shifts, increased assessed property values of The District, and the anticipated TIF Revenues generated by the District are shown in Exhibit 2 and Exhibit 3.

The City of Portland reserves the right to amend this Financial Plan, subject to DECD approval.

Attachment E ~~details the projections based upon the anticipated assessed value of the real property increases within the District and is a projection based upon best available information and is included for demonstration purposes only. No assurances are provided as to the results reflected therein.~~

Table 1—TIF Allocation Schedule

- ~~— OAV as of 3/31/2008: \$231,979,370~~
- ~~— For FY10, FY11, and FY12, the “Values” are actual; thereafter, estimated.~~
- ~~— Assume flat growth in value from FY13 to FY24.~~
- ~~— Assume 2% Annual Tax Rate Increase beginning with FY13~~

Tax Year	Value	Total Increase	Est. Mil-Rate	Total Incremental Tax
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FY10	237,729,920	5,750,550	0.01774	102,002
FY11	238,296,520	6,317,150	0.01797	113,519
FY12	236,043,180	4,063,810	0.01828	74,287
FY13	239,371,100	7,391,730	0.01865	137,823
FY14	239,371,100	7,391,730	0.01902	140,580
FY15	239,371,100	7,391,730	0.01940	143,391
FY16	239,371,100	7,391,730	0.01979	147,259
FY17	239,371,100	7,391,730	0.02018	149,184
FY18	239,371,100	7,391,730	0.02059	152,168
FY19	239,371,100	7,391,730	0.02100	155,211
FY20	239,371,100	7,391,730	0.02142	158,316
FY21	239,371,100	7,391,730	0.02185	161,482
FY22	239,371,100	7,391,730	0.02228	164,712
FY23	239,371,100	7,391,730	0.02273	168,006
FY24	239,371,100	7,391,730	0.02318	171,366
Total				2,138,305

Note: In FY10, FY11, and FY12, a \$100,000 total maximum cap was in place. With this Amendment, the cap would be adjusted as described above.

B. Amended Development Program Account

This Development Program requires establishment of a Development Program Account pledged to, and charged with, the payment of the project costs in the manner outlined in 30-A M.R.S.A. §5227(3)54 (3)(A)(2).

The Baxter Library~~Creative Portland Development TIF~~ Development Program Account is established consisting of a project cost account ("Project Cost Account") pledged to, and charged with, payment of project costs as detailed in Table 1 hereinabove. ~~The Project Cost Account shall consist of a City Cost Subaccount (the "City Cost Subaccount") pledged to, and charged with, payment to the City for the cost of approved economic development expenses, and Company Cost Subaccounts pledged and charged with payment to authorized companies under the terms of the approved CE~~Aredit Enhancement Agreements for reimbursement offor eligible projects costs.

Upon each payment of real property taxes for property located inside The District, the City will deposit into the Project Cost Account the entirety of the property tax payments constituting TIF Revenues. The Project Cost Account is pledged to and charged with the payment of the project costs in the manner and in the order provided in 30-A M.R.S.A. Section 5227(3). From the Development Program Account, the City will deposit the TIF Revenues into the City's Project Cost Account to be used to fund projects listed in Table 1 hereinabove.

C. Amended Financing Plan

The ~~TIF~~ District comprises an area of approximately 52.37 acres of taxable real

property. The value of the real property within the district as of March 31, 2008 is established as the original assessed value. ~~Exhibit 7 Attachment F~~ is the Assessor's Certificate of the assessed value.

~~An assumption is made herein that developments within the Creative Economy TIF District will add new taxable value in the first three years and then remain relatively stable.~~ TIF revenues will be allocated as described in II.A above to finance the costs of the ~~Creative Portland Amended~~ Development Program. Actual payments to the Project Cost Account will be adjusted based upon the actual annual assessed value within ~~t~~The District.

V. Amended Financial Data (See Statutory Requirements & Thresholds, Exhibit 6)
~~V.~~

~~The following provides details regarding the value of this Creative Economy and Arts TIF district, noting the statutory State limits:~~

~~A. Total FY12 value of equalized property in the municipality: \$7,659,250,000.~~

~~B. Original assessed value of all non-exempt properties in all existing and proposed TIF districts:~~

~~Existing: \$ 75,461,590~~

~~Proposed: \$231,979,370~~

~~Total \$307,440,960~~

~~Line B divided by line A = 4% (cannot exceed 5%).~~

~~C.A.~~ Estimate of increased assessed value by year after implementation of the development program: ~~See Revised Exhibit 3-Table 1 above.~~

~~D.B.~~ Percentage of increased assessed value to be applied to the development program fund: ~~See Revised Exhibit 3 100%.~~

~~E.C.~~ Estimated annual tax increment: ~~\$71,187,142,553~~ (Average).

~~F.D.~~ Total average annual value of development program fund: ~~\$71,187,142,553~~ (Average)

~~G.E.~~ Annual principal and interest payment of bonded indebtedness: ~~N/A~~

~~H.F.~~ Financial assumptions and safeguards: The City of Portland is under no obligation to repay any bonds that would involve a pledge of the City's full faith and credit. ~~only seeks to implement the Creative Economy Development Program and is under no obligation to repay any bonds that would involve a pledge of the City's full faith and credit. The City's participation in this Development Program is voluntary and, notwithstanding any approvals from the appropriate State entity,~~

~~can revoke its desire to implement the plan.~~

~~I. State of impact on TIF on taxing jurisdictions within the county: See Attachment E.~~

VI. Amended Tax Shifts (See Exhibit 2)

A. *Average Annual Amount:*

General Purpose Aid to Education Tax Shift: ~~\$43,046~~24,493

Municipal Revenue Sharing Tax Shift: ~~\$5,326~~2,326

County Tax Shift: ~~\$2,460~~1,604

Total Average Annual Savings: ~~\$50,833~~28,422

VII. Municipal Approvals

A. *Public Hearing Notice*

The City of Portland did give proper Notice of Public Hearing in accordance with the requirements of 30-A M.R.S.A. §5253. The notice was published on Tuesday, ~~January 20, 2015~~May 8, 2012 in a newspaper of general circulation (see Exhibit 8~~Attachment G~~).

B. *Public Hearing*

A Public Hearing at which the amendments to the municipal Creative Economy Tax Increment Financing District was discussed was held on Monday, ~~February 2, 2015~~May 21, 2012 in the Portland City Council Chambers. A copy of the minutes of that meeting is included as Exhibit 9~~Attachment H~~.

C. *Authorizing Votes*

An attested copy of the Order of the Portland City Council amending the Creative Economy Development Program and ~~Arts~~the TIF district created for the implementation of this ~~is a~~ Amended program is included as Exhibit 10~~Attachment I~~.

City of Portland

Creative Portland Development Program

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Prepared by:

The City of Portland Economic Development Department

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6. Statutory Thresholds and Requirements
7. Assessor’s Certificate of original assessed value of The District.
8. Legal notice of the City Council’s public hearing on The District.
9. Minutes of the City Council’s public hearing on The District.
10. Attested copy of the resolution of the City Council amending the Creative Portland Development and Arts TIF District.
11. Credit Enhancement Agreement between the City of Portland and Baxter Library LP as of November 15, 2009

I. Introduction

This amended and restated TIF District will rename the Creative Portland Development and Arts TIF District (“Arts TIF District”) to the Baxter Library Omnibus TIF District (“The District”), reduce the geographical boundary to establish the TIF District to include a single property called the Baxter Library Redevelopment Project, reduce the term five years as noted hereinbelow, and provide further information on the Baxter Library Redevelopment Project.

The City of Portland is reducing the former Arts TIF District geography to the one property that currently has a Credit Enhancement Agreement (CEA) (see Exhibit 11 – Executed CEA) in place in the Arts TIF District. The Baxter Library Redevelopment Project property is located at 619 Congress Street. It is proposed to reduce the term five years from the existing term ending with the City’s FY2023-24 (Tax Year 4/1/2023), to end with the City’s FY2018-19 (Tax Year 4/1/2018) to correspond to the term of the CEA for the Baxter Library Redevelopment Project. This is being done simultaneously with the City Council’s approval of a Downtown Transit Oriented Development and Omnibus Tax Increment Financing District (DT TOD/TIF) which will encompass not only the remaining portion of the Arts TIF District but additional property in the downtown peninsula area. (See Exhibit 1 – map of TIF Districts, including the DT TOD/TIF and The District.

The Baxter Library was built in 1888 and served as a municipal library until 1983. In 1983, the property was sold to the Maine College of Art (MECA). In 2009, MECA sold this property to Northland Enterprises.

Northland Enterprises then approached the City to provide tax increment financing to cover a portion of the Baxter Library Project redevelopment expense. The City Council negotiated and authorized a Credit Enhancement Agreement (CEA) with Baxter Library LP on November 2, 2009 for a term of nine years, beginning with the City FY2010-11 (Tax Year 4/1/2010) ending with City FY2018-19 (Tax Year 4/1/2018), including a fixed 65% capture value being returned to the redevelopment costs for the Baxter Library Redevelopment Project. Per the City Council approved CEA, 65% of the captured value will go the redevelopment costs, while the remaining 35% will go to the City’s General Fund. There is no change to the City Council approved CEA associated with this TIF District amendment.

II. Amended Development Program

A. The Amended Project

The Amended Development Program includes just the Baxter Library Redevelopment Project, which had an “all in” investment of \$4.6 Million to include design, regulatory approvals, legal, financing, construction, and contingency expenses. It was estimated that the municipal taxable value of this investment, at build-out, would be \$2.5 Million.

The CEA for the Baxter Library Redevelopment Project is for nine-years at 65% captured value sheltered going to the project to support its redevelopment and to retire developer loan.

In entering into this CEA, public benefits include:

- Job retention and expansion with The VIA Group’s relocation to the redeveloped Baxter Library, with employment now at over 75;
- Reuse, redevelopment, and preservation of a hallmark downtown building;
- Additional City tax revenue.

In addition, with The District, the City “shelters” the increase in municipal valuation that development in The District. This tax shift benefit mitigates the adverse effect that The District’s increased assessed property value would have on the City’s share of state aid to education, municipal revenue, sharing and its county tax assessment. An estimate of the tax shift benefits is shown in Exhibit 2 attached hereto.

The City’s designation of The District and pursuit of this Amended Development Program constitute a good and valid public purpose pursuant to Chapter 206 of Title 30-A because it represents a substantial contribution to the economic well-being of both the City and the region by providing jobs, contributing to property taxes, and diversifying the region’s economic base.

B. The Amended Development District

Development within The District will provide a revenue source for the Development Program, as well as non-captured revenue to the City’s general fund.

The property that is to be designated as the The District and is the subject of this Amended application is shown in the attached map (Exhibit 4).

The District applies to only new value generated within The District and will not affect the current property tax base.

Use of TIF Revenues in The District include those listed in Table 1 below:

Table 1

Project	Statutory Citation	Estimated Cost
In District: Baxter Library Redevelopment Financing Costs	Title 30-A, Chapter 206, Section 5225(1)(A)(2)	\$272,000 total over the 9-year term of CEA
In District: Relocation of Displaced Persons	Title 30-A, Chapter 206, Section 5225(1)(A)	Not budgeted/anticipated at time of TIF application

C. *The Amended Development Program*

This Amended Development Program provides for the reuse of an historic downtown building into a building to house The VIA Group, adding to the vitality to this area of Congress Street, thereby increasing its appeal to businesses, visitors, and residents, and providing the impetus for further jobs and investment. The City of Portland will capture over the remaining term of the The District 65% of the new real property assessed value to fund the approved CEA. The success of this Amended Development Program will enhance the City's ability to promote development and retain and grow its creative economy to ensure the continued diversity that many come to the downtown area to experience.

D. *Improvements to Public Infrastructure*

With The District being exclusively for a CEA for the Baxter Library Redevelopment Project, there are no TIF revenues targeted to public infrastructure improvements for The District.

E. *Operational Components*

1. Commercial Improvements Financed through the Development Program

The District is the Baxter Library private property, and the funds generated from The District will be used to support commercial investment on this private property in Portland.

2. Public Facilities

TIF Revenues from The District go only to the Baxter Library Redevelopment Project; remaining uncaptured increased assessed value tax revenues go back to the City general fund.

3. Environmental Controls

The Amended Development Program's improvements will comply with all federal, state, and local rules and regulations and applicable land use requirements.

4. Relocation of Displaced Persons

No persons will be relocated.

5. Plan of Operation

During the life of The District, the City of Portland, City Council, or their designee, will be responsible for the administration of the District.

III. Amended Physical Description

The District encompasses .37 acres. The District is shown in Exhibit 4. The statutory threshold limits addressing the conditions for approval mandated by 30-A M.R.S.A. Section 5223(3) are set forth in Exhibit 6.

Enclosed municipal maps:

1. Area map showing site location of The District in relation to geographic location of municipality (Exhibit 5)
2. Tax map showing The District location. (Exhibit 4)

IV. Amended Financial Plan

A. Amended Financial Characteristics

The District comprises an area of approximately .37 acres, with an Original Assessed Value (OAV) when created at \$0, as of 3/31/2008 (or Tax Year 41/2007), as it was previously owned by non-profit MeCA. Please see the Assessor's certificate of the OAV attached as Exhibit 7.

The Amended Development Program provides for 65% of new tax revenues generated by the increase in assessed value of the real property of The District to be captured and designated as TIF Revenues. Personal property tax value will not be captured within The District. The City will apply the retained new tax revenues to the commercial activities described in the Amended Development Program. All assessed real property value captured in The District will be added to the City's general fund at the end of The District's term. Estimates of the tax shifts, increased assessed property values of The District, and the anticipated TIF Revenues generated by the District are shown in Exhibit 2 and Exhibit 3.

The City of Portland reserves the right to amend this Financial Plan, subject to DECD approval.

B. Amended Development Program Account

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

The Baxter Library Development Program Account is established consisting of a project cost account ("Project Cost Account") pledged to, and charged with, payment of project costs as detailed in Table 1 hereinabove under the terms of the approved CEA for reimbursement of eligible projects costs.

Upon each payment of real property taxes for property located inside The District, the City will deposit into the Project Cost Account the entirety of the property tax

payments constituting TIF Revenues. The Project Cost Account is pledged to and charged with the payment of the project costs in the manner and in the order provided in 30-A M.R.S.A. Section 5227(3). From the Development Program Account, the City will deposit the TIF Revenues into the City’s Project Cost Account to be used to fund projects listed in Table 1 hereinabove.

C. *Amended Financing Plan*

The District comprises an area of approximately .37 acres of taxable real property. The value of the real property within the district as of March 31, 2008 is established as the original assessed value. Exhibit 7 is the Assessor’s Certificate of the assessed value.

TIF revenues will be allocated as described in II.A above to finance the costs of the Amended Development Program. Actual payments to the Project Cost Account will be adjusted based upon the actual annual assessed value within The District.

V. Amended Financial Data (See Statutory Requirements & Thresholds, Exhibit 6)

- A. Estimate of increased assessed value by year after implementation of the development program: See Revised Exhibit 3.
- B. Percentage of increased assessed value to be applied to the development program fund: See Revised Exhibit 3.
- C. Estimated annual tax increment: \$71,187 (Average).
- D. Total average annual value of development program fund: \$71,187 (Average)
- E. Annual principal and interest payment of bonded indebtedness: N/A
- F. Financial assumptions and safeguards: The City of Portland is under no obligation to repay any bonds that would involve a pledge of the City’s full faith and credit.

VI. Amended Tax Shifts (See Exhibit 2)

A. *Average Annual Amount:*

General Purpose Aid to Education Tax Shift: \$24,493
 Municipal Revenue Sharing Tax Shift: \$2,326
 County Tax Shift: \$1,604
 Total Average Annual Savings: \$28,422

VII. Municipal Approvals

A. *Public Hearing Notice*

The City of Portland did give proper Notice of Public Hearing in accordance with the requirements of 30-A M.R.S.A. §5253. The notice was published on Tuesday,

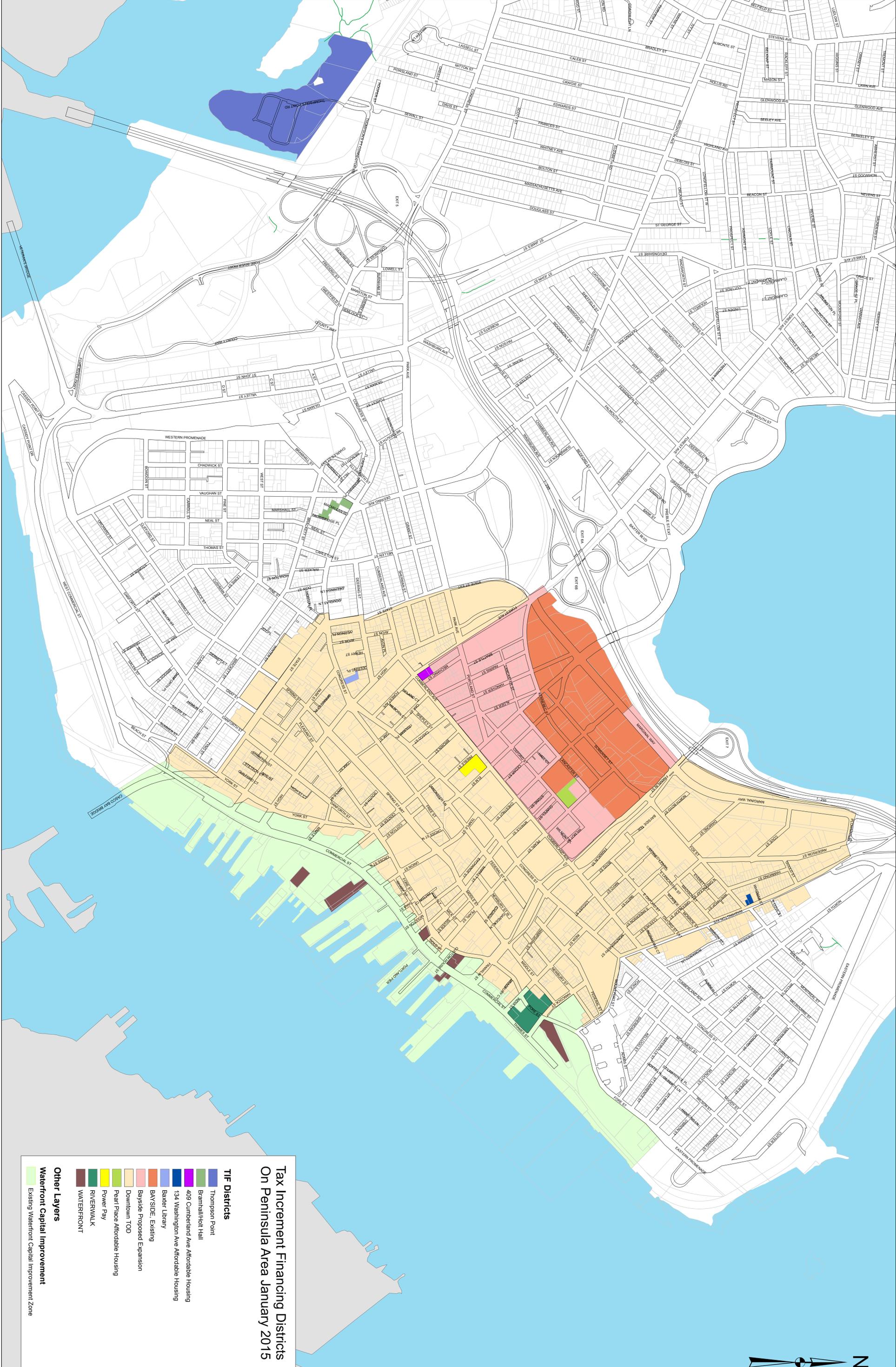
January 20, 2015 in a newspaper of general circulation (see Exhibit 8).

B. Public Hearing

A Public Hearing at which the amendments to the municipal Creative Economy Tax Increment Financing District was discussed was held on Monday, February 2, 2015 in the Portland City Council Chambers. A copy of the minutes of that meeting is included as Exhibit 9.

C. Authorizing Votes

An attested copy of the Order of the Portland City Council amending the Creative Economy Development Program and Arts TIF district created for the implementation of this Amended program is included as Exhibit 10.



**Tax Increment Financing Districts
On Peninsula Area January 2015**

- TIF Districts**
- Thompson Point
 - Bramhall/Holt Hall
 - 409 Cumberland Ave Affordable Housing
 - 134 Washington Ave Affordable Housing
 - BAYSIDE, Existing
 - BAYSIDE, Proposed Expansion
 - Downtown TOD
 - Pearl Place Affordable Housing
 - Power Pay
 - RIVERWALK
 - WATERFRONT

Other Layers

- Waterfront Capital Improvement
- Existing Waterfront Capital Improvement Zone

Exhibit 2

Tax Shifts-Avoided Formula Impacts from Sheltering of Valuation: City of Portland - TIF Analysis								
Creative Portland TIF: Year 1 - 37% Captured Value (CV); Year 2 - 41% CV; Year 3 to 5 - 100% CV; Year 6 - 20% CV								
TIF Year	Tax Year- April 1	City Fiscal Year	Total Added Valuation	Sheltered Valuation	Avoided Formula Impacts from Sheltering of Valuation			
					Avoided Loss of State Aid to for Education	Avoided Loss of State Municipal Revenue Sharing	Avoided Increase in County Tax	Total Avoided Impacts
1	2009	2009/2010	\$4,538,800	\$1,679,356	\$11,403	\$803	\$699	\$12,905
2	2010	2010/2011	\$6,317,150	\$2,579,924	\$17,518	\$1,461	\$1,074	\$20,052
3	2011	2011/2012	\$4,063,810	\$4,063,810	\$27,593	\$4,089	\$1,692	\$33,374
4	2012	2012/2013	\$8,857,670	\$8,857,670	\$60,144	\$4,089	\$3,687	\$67,920
5	2013	2013/2014	\$6,434,970	\$6,434,970	\$43,693	\$4,286	\$2,679	\$50,659
6	2014	2014/2015	\$33,173,000	\$6,634,600	\$45,049	\$4,286	\$2,762	\$52,097
6 Year TIF Total			\$63,385,400	\$30,250,330	\$205,400	\$19,016	\$12,593	\$237,008
6 Year TIF Average					\$34,233	\$3,169	\$2,099	\$39,501

Tax Shifts-Avoided Formula Impacts from Sheltering of Valuation: City of Portland - TIF Analysis								
Baxter Library Redevelopment Project TIF - Years 7 to 10 65% CV								
7	2015	2015/2016	\$2,502,600	\$1,626,690	\$4,392	\$1,060	\$861	\$6,313
8	2016	2016/2017	\$2,502,600	\$1,626,690	\$8,784	\$1,060	\$861	\$10,705
9	2017	2017/2018	\$2,502,600	\$1,626,690	\$13,176	\$1,060	\$861	\$15,097
10	2018	2018/2019	\$2,502,600	\$1,626,690	\$13,176	\$1,060	\$861	\$15,097
4 Year TIF Total					\$39,528	\$4,240	\$3,444	\$47,212
4 Year TIF Average					\$9,882	\$1,060	\$861	\$11,803

10 Year TIF Average					\$24,493	\$2,326	\$1,604	\$28,422
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Creative Portland Development and Arts TIF District

Actual Tax Revenues from beginning, FY2009-2010, through FY2014-2015.

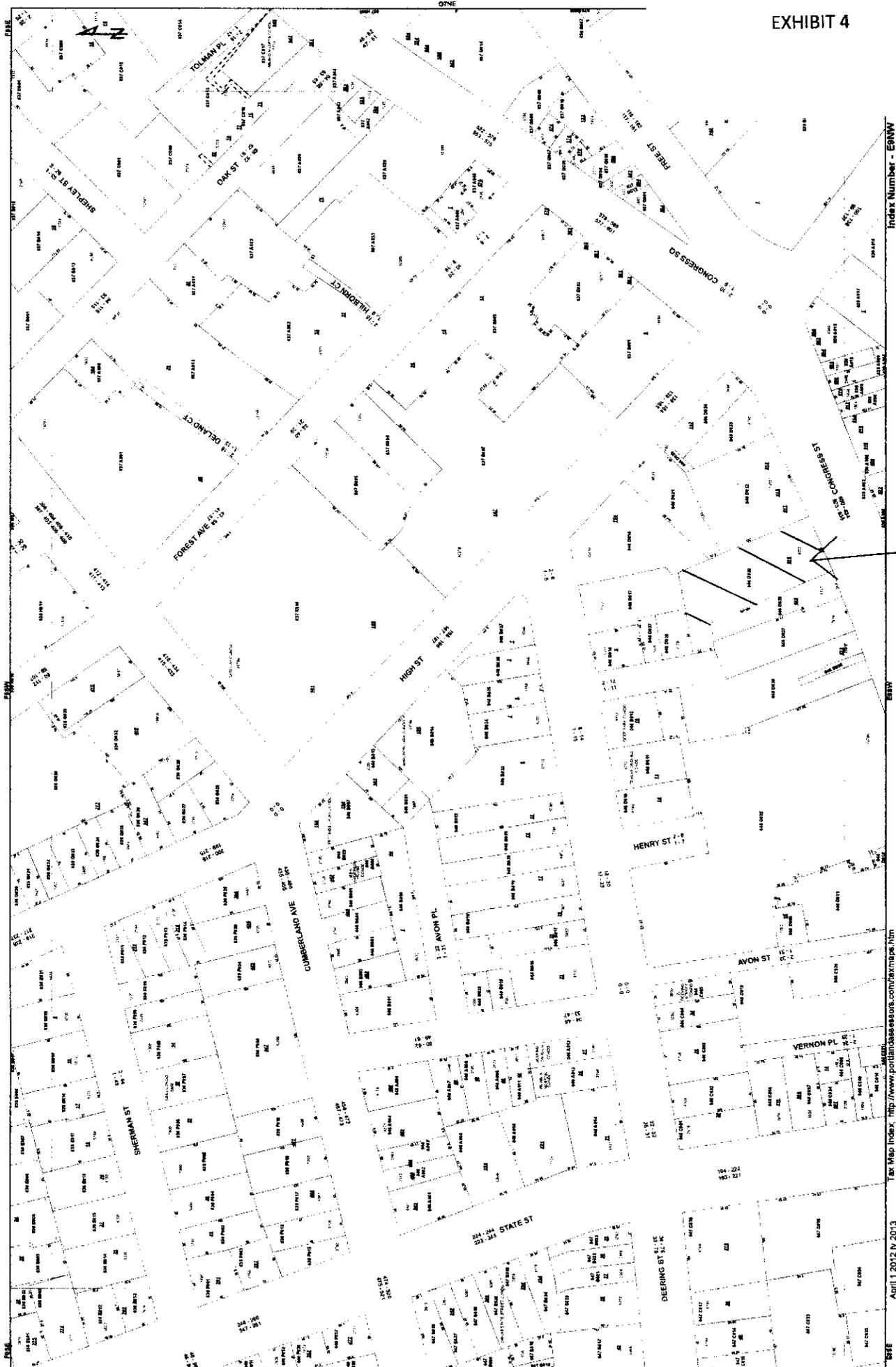
	TIF	ORIGINAL	TIF PLAN	CITY	REAL	PERSONAL	TOTAL	ORIGINAL	CAPTURED	PERCENT	PROCEEDS	PROCEEDS	
NAME	ACRES	TERM	YEAR	FY	ESTATE	PROPERTY	ASSESSED	ASSESSED	VALUE	APPLIED	TO CEA	TO CITY FUND/CP	MIL RATE
ARTS	50.6	15 Years	1	2009/2010	236,518,170	0	236,518,170	231,979,370	4,538,800	37%	-	30,000	0.01774
			2	2010/2011	238,296,520	0	238,296,520	231,979,370	6,317,150	41%	16,676	30,000	0.01792
			3	2011/2012	236,043,180	0	236,043,180	231,979,370	4,063,810	100%	29,736	44,550	0.01828
			4	2012/2013	240,837,040	0	240,837,040	231,979,370	8,857,670	100%	30,614	136,087	0.01882
			5	2013/2014	238,414,340	0	238,414,340	231,979,370	6,434,970	100%	31,574	93,329	0.01941
			6	2014/2015	265,152,370	0	265,152,370	231,979,370	33,173,000	20%	32,534	99,999	0.02000
Actual Total Tax Revenue:											141,134	433,965	

Amended District, renamed "Baxter Library Omnibus TIF District", beginning with FY2015-2016 through amended expiration of FY2018-19

Estimated Tax Revenues from FY2015-2016 through FY2018-2019

	TIF	ORIGINAL	TIF PLAN	CITY	REAL	PERSONAL	TOTAL	ORIGINAL	CAPTURED	PERCENT	PROCEEDS	PROCEEDS	
NAME	ACRES	TERM	YEAR	FY	ESTATE	PROPERTY	ASSESSED	ASSESSED	VALUE	APPLIED	TO CEA	TO CITY GEN. FUND	MIL RATE*
Baxter	0.37	9 years	6	2015/2016	2,502,600	0	2,502,600	0	2,502,600	65%	33,184	17,869	0.02040
			7	2016/2017	2,502,600	0	2,502,600	0	2,502,600	65%	33,848	18,226	0.02081
			8	2017/2018	2,502,600	0	2,502,600	0	2,502,600	65%	34,525	18,590	0.02122
			9	2018/2019	2,502,600	0	2,502,600	0	2,502,600	65%	35,216	18,962	0.02165
Estimated Total Tax Revenue:											136,773	73,647	
Average Estimated Yearly Tax Revenue:											34,193	18,412	
Average Actual and Estimated Yearly Tax Revenue from FY2009-2010 through FY2018-2019:											71,187		

*Mil Rate increased 2% yearly from FY2015.



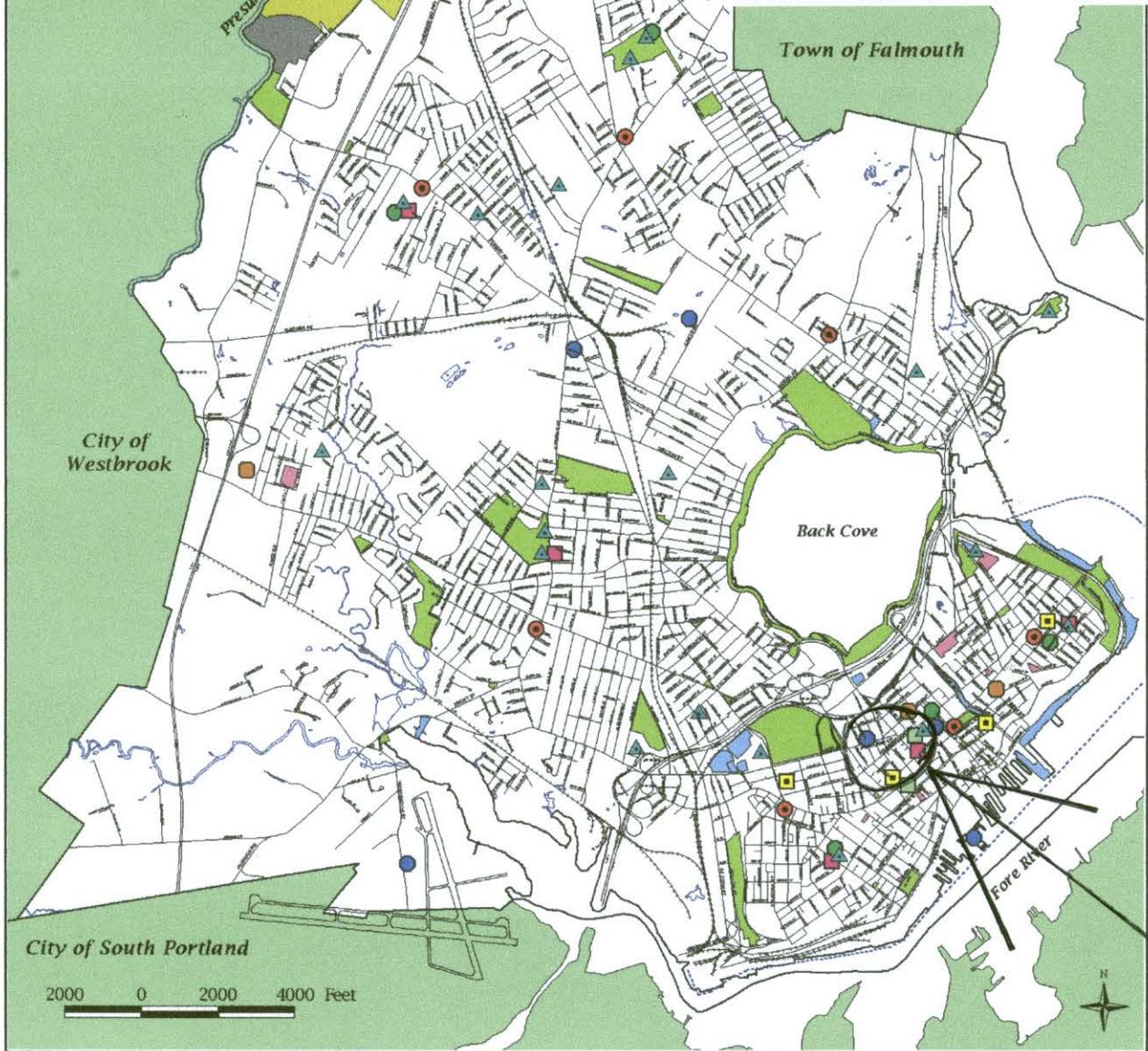
Index Number - E88W

Tax Map Index: <http://www.portlandassessor.com/taxmap.js.htm>

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City of Portland, Maine

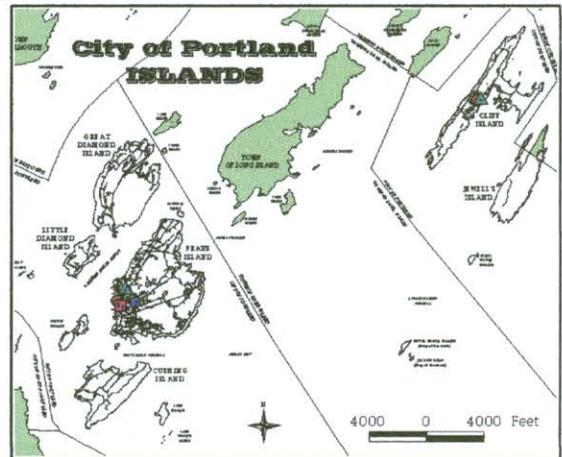
EXHIBIT 5



CITY FACILITIES

	CITY GOVERNMENT		GOLF COURSE
	FIRE		OPEN SPACE
	LIBRARY		PARK
	PARKING GARAGE		PLAYGROUND
	POLICE		SPORTS FACILITY
	PARKS & RECREATION		
	PUBLIC SCHOOL		
	SOCIAL SERVICES		

Map produced by the City of Portland's GIS Workgroup August 2002



STATUTORY REQUIREMENTS & THRESHOLDS

A. ACRE LIMITATION		
1. Total Acreage of Municipality		12,386
2. Total Acreage of Proposed Municipal TIF District		.37
3. Total Downtown acres contained in the Proposed Municipal TIF District		0
4. Total Transit acres contained in the Proposed Municipal TIF District		0
5. Total acreage of Proposed Municipal TIF District counted towards 2% cap (A2-A3-A4)		.37
6. Percentage of total acreage in proposed municipal TIF District (cannot exceed 2%) Divide A5 by A1		0%
7. Total acreage of all existing and proposed municipal TIF districts in the municipality. Add A2 to sum of all existing TIF district acreage.		280.7
8. Total acreage of an existing or Proposed Downtown TIF District in the municipality.		0
9. Total acreage of all <u>existing</u> Pine Tree Development Zone TIF Districts in the municipality.		0
10. Total acreage of all existing or Proposed Transit TIF Districts in the municipality.		30
11. Total acreage of all existing and Proposed Municipal TIF Districts in the municipality counted toward 5% cap. Subtract A8+A9+A10 from A7.		250.7
12. Percentage of total acreage in all existing and proposed Municipal TIF Districts (cannot exceed 5%) Divide A11 by A1.		2%
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	100%
a. Blighted (Divide acres by		
b. In need of rehabilitation/conservation (Divide acres by		
c. Suitable for industrial/commercial site (Divide acres by	.37	
TOTAL	.37	
B. VALUATION LIMITATION		
1. Total Aggregate Value of Municipality (TAV) <i>Use most recent April 1st</i>		\$7,707,200,000
2. Original Assessed Value (OAV) of Proposed Municipal TIF District. <i>Use March 31st of tax year preceding date of municipal designation</i>		\$0
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</i>		\$372,887,510
4. OAV of an existing or proposed Downtown TIF District in the municipality.		\$0
5. OAV of all <u>existing</u> Pine Tree Development Zone TIF Districts in the municipality.		\$0
6. OAV of all existing or Proposed Transit TIF Districts in the municipality.		\$4,970,470
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>		\$367,917,040
8. Percentage of total OAV to TAV in all existing and Proposed Municipal TIF Districts (cannot exceed 5%) <i>Divide B7 by B1</i>		4.77%

Listing of Existing TIF Districts for MDECD and City's Amended Creative Economy & Arts TIF District

Active TIFs			
TIF District	FY Start/End	Original Assessed Value (OAV)	Acres
Bramhall/Holt Hall	FY00/FY19	\$349,110	1.065
UNUM	FY01/FY15	\$1,383,070	53.813
Waterfront	FY03/FY32	\$6,716,410	3.171
Bayside Existing	FY04/FY33	\$44,066,380	62.180
Proposed Bayside - Expanded area of	FY16/FY33	\$78,251,800	67.000
Waterfront - Sub District			
-- Waterfront ME	FY12/FY31	\$950,900	1.550
Riverwalk/Ocean Gateway	FY07/FY19	\$1,085,550	2.872
Pearl Place/Avesta-AH TIF	FY08/10-2036	\$646,050	1.035
Arts TIF District	FY11/FY24	\$231,979,370	50.600
Public Market/Power Pay	FY11/FY40	\$1,862,600	1.070
McAuley Place	FY10/FY39	\$0	5.320
Avesta/409 Cumberland Ave-AH TIF	FY14/FY35	\$470,200	0.410
Thompson's Pt TOD/TIF II	FY15/FY44	\$4,970,470	30.000
134 Washington Avenue/AH TIF	FY15/FY34	\$155,600	0.230
Proposed Reduced Arts TIF District and Renamed Baxter Library	FY10/FY19	\$0	0.370
Sub-Total:		\$372,887,510	280.686
Less Exempt:			
Thompson's Point (TOD TIF)		-\$4,970,470	-30.000
Totals for Caps:		\$367,917,040	250.686
FY15 Aggreg Total Value:		\$7,707,200,000	
Total Acreage for Ptl'd:			12,386.000
5% Allowed to be TIF'd:		\$385,360,000	619.300
Current Amounts TIF'd:		\$367,917,040	250.686
Amount Remaining that can be TIF'd:		\$17,442,960	368.614



TAX INCREMENT FINANCING DEVELOPMENT PROGRAM

EXHIBIT 7

**ASSESSOR'S CERTIFICATE/REDUCED AREA
OF FORMER CREATIVE PORTLAND DEVELOPMENT
AND ARTS TIF DISTRICT, AND RENAMED TO
BAXTER LIBRARY OMNIBUS TIF DISTRICT**

The undersigned Tax Assessor for the City of Portland, Maine, does hereby certify pursuant to the provisions of 30-A M.R.S.A. Section 5254 that the taxable real property assessed value of the above reduced TIF District (formerly Creative Portland Development and Arts TIF District and renamed to Baxter Library Omnibus TIF District) as described in the Baxter Library Omnibus TIF District Program to which this Certificate is included is \$0 as of March 31, 2008.

IN WITNESS WHEREOF, this Certificate has been executed as of this 12 day of January 2015.

Witness:

City Assessor

Richard Blackburn

Exhibit 8. Legal notice of the City Council’s public hearing on The District – to be in *Portland Press Herald* 1/20/2015.

Exhibit 9. Minutes of the City Council’s public hearing on The District – to be provided after City Council meeting of February 2, 2015.

Exhibit 10. Attested copy of the resolution of the City Council amending the Creative Portland Development and Arts TIF District – to be provided after City Council meeting of February 2, 2015.

CREDIT ENHANCEMENT AGREEMENT

between

CITY OF PORTLAND, MAINE

And

BAXTER LIBRARY, L.P.

Dated as of Nov. 15, 2009

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THIS CREDIT ENHANCEMENT AGREEMENT dated as of _____, 2009, between the City of Portland, Maine (the “City”), a municipal body corporate and politic and a political subdivision of the State of Maine, a corporation duly organized and existing under the laws of the State of Maine, with a place of business in Portland, Maine and BAXTER LIBRARY, L.P. (the “Company”), a Maine limited partnership, having an office at One City Center, 4th Floor, Portland, Maine 04101.

WITNESSETH THAT

WHEREAS, the City designated the Creative Portland Development and Arts Tax Increment Financing District (the “District”) pursuant to Chapter 206 of Title 30-A of the Maine Revised Statutes, as amended, by action of the Portland City Council on November 17, 2008 (the “Vote”), and pursuant to the same Vote adopted a development program and financial plan for the District (the “Development Program”); and

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

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

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

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

NOW, THEREFORE, in consideration of the foregoing and in consideration of the mutual promises and covenants set forth herein, the parties hereby agree as follows:

**ARTICLE I
DEFINITIONS**

Section 1.1. Definitions.

The terms defined in this Article I shall, for all purposes of this Agreement, have the meanings herein specified, unless the context clearly requires otherwise. All other capitalized terms not otherwise defined herein shall have the meaning given such terms in the Development Program.

“Account” shall mean the Company TIF Account, also known as the Baxter Library Development Program Account.

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

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

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

“Captured Assessed Value” means the annual percentage of Increased Assessed Value of the property in each tax year during the term of this Agreement, as specified in Section 3.1 hereof.

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

“City Tax Increment Revenues” means in each year this Agreement is in effect, an amount of money equal to the percentage of Retained Tax Increment Revenues allocated to the City at the time and according to the schedule specified in Section 3.1 hereof.

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

“Company Debt” means debt that is secured by the Company Tax Increment Revenue due to the Company pursuant to this Agreement.

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

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

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

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

“Development Program” means the development program and financial plan for the District adopted by the City as amended and attached hereto as Appendix A.

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

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

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

“Lender” means Bangor Savings Bank or any subsequent holder of TIF Loan Agreement.

“Original Assessed Value” means, the assessed value of the Property as of March 31, 2008.

“Project” means the renovations of the former approximately 22,000 square foot Baxter Library building into approximately 24,189 square feet of office space.

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

“Project Costs” means all costs incurred by the Company on the Project within the meaning set forth in 30-A M.R.S.A. § 5222(14), as amended.

“Property” means the Baxter Library building and property, located at 619 Congress Street, Portland, Maine.

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

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

“Retained Tax Increment Revenue” means that portion of Property Taxes assessed by the City on the Captured Assessed Value.

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

“Tenant” means VIA Group, LLC.

“TIF Loan Agreement” means all documents related to the Company Debt between the Company and Bangor Savings Bank.

Section 1.2. Interpretation and Construction.

In this Agreement, unless the context otherwise requires:

- a. The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder” and any similar terms, as used in this Agreement, refer to this Agreement, and the term “hereafter” means after, and the term “heretofore” means before, the date of delivery of this Agreement.
- b. Words importing a particular gender mean and include correlative words of every other gender and words importing the singular number mean and include the plural number and vice versa.
- c. Words importing persons mean and include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public or governmental bodies, as well as any natural persons.
- d. Any headings preceding the texts of the several Articles and Sections of this Agreement, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Agreement, nor shall they affect its meaning, construction or effect.
- e. All notices to be given hereunder shall be given in writing and, unless a certain number of days is specified, within a reasonable time.
- f. If any clause, provision or Section of this Agreement shall be ruled invalid by any court of competent jurisdiction, the invalidity of such clause, provision or Section shall not affect any of the remaining provisions hereof except as expressly provided in Section 3.4.

**ARTICLE II
DEVELOPMENT PROGRAM FUND AND FUNDING REQUIREMENTS**

Section 2.1. Creation of Development Program Fund.

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

Section 2.2. Deposits into Account.

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

Section 2.3. Use of Monies in Account.

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

Section 2.4. Monies Held in Trust.

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

Section 2.5. Investments.

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

Section 2.6. Tax Payments.

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

**ARTICLE III
PAYMENT OBLIGATIONS**

Section 3.1. Captured Assessed Value; Retained Tax Increment.

a. Annually, the Increased Assessed Value shall be retained as Captured Assessed Value. The real estate taxes on the Captured Assessed Value shall be retained as Retained Tax Increment Revenue, a portion of which Retained Tax Increment Revenue shall be deposited when received by the City into the Company TIF Account as the Company Tax Increment as set forth on Table 2 attached hereto, in accordance with the provisions of Section 2.2 of this Agreement and the priorities established by 30-A M.R.S.A. § 5227(3)(B), starting with taxes assessed as of April 1, 2010 and continuing for each of the next 9 years, ending with taxes assessed as of April 1, 2018.

b. Notwithstanding the foregoing, payments to the Company TIF Account shall be the lesser of (i) the Company Tax Increment Revenue as calculated above, or (ii) the amount necessary to service the Company Debt. However, should any default occur under the TIF Loan Agreement, the Lender shall nevertheless be entitled to the full Increased Assessed Value for the

remaining term of the CEA that is due to the Company pursuant to Section 3.1(a) hereof to offset principal, interest, and any fees due under the TIF Loan Agreement.

c. On the later of the seventh anniversary of the real estate closing, or the time when the Company is required to refinance both the first and second position mortgages placed on the Property for the purposes of the acquisition and redevelopment of the Project, the amount of Company Tax Increment Revenue placed in the Company TIF Account shall be reduced, for the remaining term of this Agreement, only if and to the extent of the savings on the total debt service realized by the Company as a result of a decreased interest rate on the combined debt after the refinancing, as calculated in Section 3.1(d) hereof.

d. The amount by which the Company Tax Increment Revenue shall be reduced shall be calculated by using the new “refinance loan” amount and amortization rate, and then comparing the annual debt service thereunder with the total annual debt service on both loans prior to such refinancing. For instance, if the refinancing results in a lower interest rate, and with that new rate, the debt service is \$10,000 less than the Company would have paid with the original interest rates on the original loans, then the Company Tax Increment Revenue, for the remaining term of this Agreement, shall be reduced by \$10,000. Notwithstanding the foregoing, should the Company default under the TIF Loan Agreement, the Lender shall be entitled to the full amount of Company Tax Increment Revenues, for the remaining term of the CEA, as calculated in Section 3.1(a) hereof.

Section 3.2. Completion of Development Program.

Prior to receiving the first payment under this Agreement, the Company shall provide evidence reasonably satisfactory to the City of the Company’s ability to complete the Project in accordance with State law. Reasonably satisfactory evidence shall include the Company’s having closed on the financing for the Project, or that Company will close on such financing subject only to the execution of this Agreement.

Section 3.3. Credit Enhancement Payments.

Within thirty (30) days following the end of each Fiscal Year, the City shall pay to the Company all Company Tax Increment Revenues due and owing pursuant to Section 3.1 and then on deposit in the Company TIF Account. The obligation of the City to make such payment shall be limited obligation payable solely out of monies on deposit in the Company TIF Account and shall not constitute a general debt or obligation on the part of the City or a general obligation or charge against or pledge of the faith and credit or taxing power of the City, the State of Maine or any political subdivision thereof.

Section 3.4. Failure to Make Payment.

In the event the City should fail to, or be unable to, make any of the payments to the Company required under the foregoing provisions of this Article III, the item or installment so unpaid shall continue as a limited obligation of the City, under the terms and conditions hereinafter set forth, until the amount unpaid shall have been fully paid. The Company shall

have the right to initiate and maintain an action to specifically enforce the City's obligations hereunder, including without limitation, the City's obligation establish and maintain the Account and to deposit Company Tax Increment Revenues to the Account and its obligation to make required payment to the Company.

Section 3.5. Manner of Payments.

The payments provided for in this Article III shall be paid in immediately available funds directly to the Company in the manner provided hereinabove for its own use and benefit. Notwithstanding the above, no payments shall be made unless used to satisfy debt service on indebtedness incurred to finance qualified "Project Costs" as that term is defined under Chapter 206 of Title 30-A of the Maine Revised Statutes and as described as part of the Project in the Development Program or used to pay directly, or to reimburse the Company for payment of such Project Costs. The City shall make required payments in response to requests for payment submitted by the Company setting forth the amount of the payment and containing a certification in the form attached hereto as Exhibit B.

Section 3.6. Obligations Unconditional.

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

Section 3.7. Limited Obligation.

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

Section 3.8. Administrative Fee.

The Company shall pay to the City an annual administrative fee to the City equal to 1% of the Company Tax Increment Revenue (net of any penalties) paid by the City to the Company as calculated pursuant to Section 3.1(a) hereof. Such payment shall be made by the City deducting the 1% fee from the Company TIF Account prior to distribution of the remaining funds to the Company. Notwithstanding the foregoing, if the Company Tax Increment Revenues are reduced as set forth in Sections 3.1(b) or 3.1(d) hereof, the 1% administrative fee shall be deducted from the entire Retained Tax Increment Revenue prior to the payment to the Company, such that due to the Company pursuant to Sections 3.1(b) or 3.1(d) hereof shall not be further reduced by such administrative fee.

**ARTICLE IV
PLEDGE AND SECURITY INTEREST**

Section 4.1. Pledge of Company TIF Account.

In consideration of this Agreement and other valuable consideration and for the purpose of securing payment of the amounts provided for hereunder to the Company by the City, according to the terms and conditions contained herein, and in order to secure the performance and observance of all of the City's covenants and agreements contained herein, the City does hereby grant a security interest in and pledge to the Company the Company TIF Account and all sums of money and other securities and investments therein.

Section 4.2. Further Instruments.

The City and the Company shall, from time to time execute and deliver such further instruments and take such further action as may be reasonable and as may be required to carry out the provisions of this Agreement, provided, however that no such instruments or agreements shall pledge the credit of the City.

Section 4.3. Liens.

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

Section 4.4. Access to Books and Records.

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

**ARTICLE V
DEFAULTS AND REMEDIES**

Section 5.1. Events of Default.

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

- a. Any failure by the City to pay any amounts due to Company when the same shall become due and payable;
- b. Any failure by the City to make deposits into the Company TIF Account as and when due;
- c. Other than as provided in paragraph (a) and (b) above, any failure by the City or the Company to observe and perform in all material respects any respective covenant, condition, agreement or provision contained herein on the part of the City or the Company respectively to be observed or performed, including any failure of the Company to use payments made under this Agreement as required in Section 3.6 of this Agreement, which failure is not cured within thirty (30) days following written notice thereof; provided, however, that this subsection (c) shall not be construed to include the Company’s failure to pay Property Taxes on the Property in the District for any reason as an Event of Default hereunder; and
- d. If a decree or order of a court or agency or supervisory authority having jurisdiction in the premises shall appoint a conservator or receiver or liquidator for the City, or if any insolvency, readjustment of debt, marshaling of assets and liabilities or similar proceedings for the winding up or liquidation of the City's affairs shall have been entered against the City or if the City shall have consented to the appointment of a conservator or receiver or liquidator in any such proceedings of or relating to the City or of or relating to all or substantially all of its property, including without limitation the filing of a voluntary petition in bankruptcy by the City or the failure by the City to have a petition in bankruptcy dismissed within a period of 90 consecutive days following its filing or in the event an order for release has been entered under the Bankruptcy Code with respect to the City.

Section 5.2. Remedies on Default.

Whenever any Event of Default referred to in Section 5.1 hereof shall have occurred and be continuing, the non-defaulting party may take any one or more of the following remedial steps: (a) the non-defaulting party may take whatever action at law or at equity as may appear necessary or desirable to collect any amount then due and thereafter to become due, to specifically enforce the performance or observance of any obligations, agreements or covenants of the non-defaulting party under this Agreement and any documents, instruments and agreements contemplated hereby or to enforce any rights or remedies available hereunder; and (b) Baxter Library, L.P. shall also have the right to exercise any rights and remedies available to a secured party under the laws of the State of Maine. Neither party has the right to terminate this Agreement.

Section 5.3. Remedies Cumulative.

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

Section 5.4. Enforcement Rights.

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

**ARTICLE VI
EFFECTIVE DATE, TERM AND TERMINATION**

Section 6.1. Effective Date and Term.

This Agreement shall become effective upon its execution and delivery by the parties hereto and shall remain in full force from the date hereof and shall expire on the later of the end of the 2019-2020 fiscal year of the City or upon the performance of all obligations on the part of the City and the Company hereunder, including without limitation payment of all amounts to be paid to Company, unless sooner terminated under Section 3.7 or 7.2 hereof.

Section 6.2. Cancellation and Expiration of Term.

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

**ARTICLE VII
ASSIGNMENT AND PLEDGE OF COMPANY'S INTEREST**

Section 7.1. Consent to Pledge, Collateral Assignment Or Grant of a Security Interest.

The City hereby acknowledges that the Company may pledge and assign its right, title and interest in, to and under this Agreement as collateral for financing for the Project, although no obligation is hereby imposed on the Company to make such assignment or pledge. Recognizing this possibility, the City does hereby consent and agree to the pledge and assignment of all the Company's right, title and interest in, to and under this Agreement and in, and to the payments to be made to Company hereunder, to third parties as collateral or security for indebtedness related to the Project, on one or more occasions during the term hereof. The City agrees to execute and deliver any assignments, pledge agreements, consents or other confirmations required by the prospective pledgee or assignee, including without limitation recognition of the pledgee or assignee as the holder of all right, title and interest herein and as the payee of amounts due and payable hereunder and any and all such other documentation as shall confirm to such pledgee or assignee the position of such assignee or pledgee and the irrevocable and binding nature of this Agreement and provide to the pledgee or assignee such rights and/or remedies as it may deem necessary for the establishing, perfection and protection of its interest herein.

Section 7.2. Assignment.

Except as provided in Section 8.1, this Agreement and the obligations of the City hereunder are personal to the Company and may not be assigned or transferred by the Company or Tenant without the consent of the City which consent may be withheld for any reason or for no reason; *provided, however*, that the City will not unreasonably withhold, condition or delay its consent to a transfer of the rights of Company hereunder to a subsequent owner of the Property. For the purposes of this Agreement, City hereby consents to the assignment of this Agreement to Company's Tenant pursuant to the purchase option contained in the lease between the Company and such Tenant.

**ARTICLE VIII
MISCELLANEOUS**

Section 8.1. Successors.

In the event the City or the Company are dissolved, merged into or consolidated with another entity, or undergo any form of corporate reorganization, the covenants, stipulations, promises and agreements set forth herein, by or on behalf of or for the benefit of such party shall bind or inure to the benefit of the successors and assigns thereof from time to time and any entity, officer, board, commission, agency or instrumentality to whom or to which any power or duty of such party shall be transferred.

Section 8.2. Parties in Interest.

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

Section 8.3. Severability.

Except as otherwise provided herein, in case any one or more of the provisions of this Agreement shall, for any reason, be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Agreement and this Agreement shall be construed and enforced as if such illegal or invalid provision had not been contained herein.

Section 8.4. No Personal Liability.

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

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

Section 8.5. Counterparts.

This Agreement may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original, but such counterparts shall together constitute but one and the same Agreement.

Section 8.6. Governing Law.

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

Section 8.7. Notices.

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

If to the City:

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

If to the Company:

Baxter Library, L.P.
C/O Northland Enterprises, LLC
One City Center, 4th Floor
Portland, ME 04101
Attn: Rex S, Bell, Manager

With copies to:

Drew A. Anderson
Murray, Plumb & Murray
75 Pearl Street
PO Box 9785
Portland, ME 04101-5085

Either of the parties may, by notice given to the other, designate any further or different addresses to which subsequent notices, certificates, requests or other communications shall be sent hereunder.

Section 8.8. Amendments.

Neither this Agreement nor the Development Program may be amended without the express written consent of all of the parties hereto, which consent shall not be unreasonably withheld. Provided, however, the parties agree to amend this Agreement in order to fulfill such reasonable requirement that a lender may require in connection with financing of the Project. This Agreement may only be amended in compliance with the provisions of 30-A M.R.S.A. §5211 et seq., as amended.

Section 8.9. Net Agreement.

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

Section 8.10. Integration.

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

Section 8.11. Project Responsibility.

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

Section 8.12. Indemnification.

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

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

Section 8.13. Waiver of Recapture if Agreement Found Void.

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

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

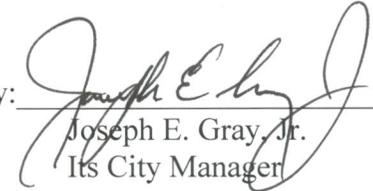
WITNESS





Josh Bennett

CITY OF PORTLAND, MAINE

By: 

Joseph E. Gray, Jr.
Its City Manager

BAXTER LIBRARY, L.P.

By: 

(Print Name)
REX BELL
Its MANAGER

Exhibit A to Credit Enhancement Agreement

Table No. 1

A	B	C	D	E
Year No.	Tax Year	Estimated Increased Assessed Value Retained as Captured Assessed Value	Allocation of Retained Tax Increment	
			% to Company	% to City
1	April 1, 2010	1,250,000	65%	35%
2	April 1, 2011	2,500,000	65%	35%
3	April 1, 2012	2,500,000	65%	35%
4	April 1, 2013	2,500,000	65%	35%
5	April 1, 2014	2,500,000	65%	35%
6	April 1, 2015	2,500,000	65%	35%
7	April 1, 2016	2,500,000	65%	35%
8	April 1, 2017	2,500,000	65%	35%
9	April 1, 2018	2,500,000	65%	35%

Exhibit A to Credit Enhancement Agreement

Table No. 2

Baxter Library TIF Spreadsheet

TIF Years	Tax Year	Estimated Increased Assessed Value (Cumulative)	Est. Tax Rate (plus 2% per year)	Est. Real Estate Taxes from Captured Value	TIF Revenue to Developer	Revenue to City	Developer Share	City Share
1	April 1, 2010	1,250,000	0.01809	22,619	65%	35%	14,702	7,916
2	April 1, 2011	2,500,000	0.01846	46,142	65%	35%	29,992	16,150
3	April 1, 2012	2,500,000	0.01883	47,065	65%	35%	30,592	16,473
4	April 1, 2013	2,500,000	0.01920	48,006	65%	35%	31,204	16,804
5	April 1, 2014	2,500,000	0.01959	48,966	65%	35%	31,828	17,138
6	April 1, 2015	2,500,000	0.01998	49,945	65%	35%	32,464	17,481
7	April 1, 2016	2,500,000	0.02038	50,944	65%	35%	33,114	17,830
8	April 1, 2017	2,500,000	0.02079	51,963	65%	35%	33,776	18,187
9	April 1, 2018	2,500,000	0.02120	53,002	65%	35%	34,452	18,551
TOTAL							272,124	146,528
NPV @8%							198,148	

EXHIBIT B to Credit Enhance Agreement

Request for Payment

The undersigned does hereby request payment in the amount of \$ _____ from the Development Program Fund and does hereby certify that the amount requested will be used to pay Project costs as that term is defined in Chapter 206 of Title 30-A of the Maine Revised Statutes, as follows: (indicate applicable provisions)

- Debt service on indebtedness incurred to finance project costs contemplated by the Development Program ("Project Costs"), in the amount of \$ _____; and/or
- Direct payment of Project Costs in the amount of \$ _____; and/or
- Reimbursement to the undersigned for Project Costs previously incurred, in the amount of \$ _____.

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

BAXTER LIBRARY, L.P.

Date: _____

By: _____
Its