

Winthrop Town Council
Special Meeting Minutes
Wednesday, January 11, 2012 at 7 p.m.
Town Office

Chairman Cookson brought the meeting to order at 7 pm

Attendance: Chairman Cookson, Councilors Fuller, Caprara, Buck Sr, Jenkins, and Currier, Town Attorney Lee Bragg and Town Manager Woolston. Councilor Lattin was absent.

Ordered that the Winthrop Town Council meet to consider the following items:

Approve the minutes of January 2, 2012 - Councilor Fuller made a motion, seconded by Buck to approve the meeting minutes as corrected. The motion was carried unanimously.

- Item # 8 - Consider a Tax Increment Financing Proposal for the Winthrop Commerce Center

Chairman Cookson gave an overview of the original agreement between the Winthrop Commerce Center and the Town of Winthrop. Chairman Cookson remarked that the commerce center is in a TIF district. He said that Mr Carrier wanted to continue with the original agreement and just add the increase in property value to the agreement. The reason for the meeting was that although the center is in a district, only the Phase 1 investments could be used for the enhanced credit agreement. The center would have to return to the council each time it made a new investment and wanted to put the increase into the agreement.

Councilor Caprara wanted to make sure the council knew what was going on within the commerce center.

Chairman Cookson remarked the reason for the meeting is one sentence within the Development Program Narrative which states that, " While the TIF District will encompass the entire mill property and the parking lot located to the rear of the building, only the Phase I improvements will be eligible for reimbursement under this TIF development program." During the discussion it was mentioned that several other phases were talked about during the early days of the commerce center's development. Only Phase I was used in the original agreement because that was the only phase to be completed at the time.

Mr Carrier answered a question from Councilor Caprara about planned apartments by saying he believes there were 12 apartments planned. Chairman Cookson remarked that if the council really wants to see Mr Carrier each time he wants to have the increased value added to the agreement, then the sentence would be left alone. Chairman Cookson remarked that he didn't think it should have been in the agreement in the first place.

Councilor Jenkins asked about where the approximately \$3.3 million of new assessed real estate value to the Town came from within the original agreement. Manager Woolston said it

was a best guess from the Assessor's office about how much the property in question would increase in value from the initial investment. Councilor Jenkins asked why was only Phase I put into the document.

Attorney Bragg could not recall why only Phase I was put into the agreement in 2005/6 but put a theory forward to explain the situation. TIFs have 2 components.

The first component is the district which has to be approved by DECD. There are guidelines that govern what size district might be approved. TIF districts can be established without talking to the developer. The council decides what is to be done with the captured tax revenue.

The second component is a contract with the developer which identifies the project for which taxes are going to be returned to the developer. So it has to describe the taxes being discussed, how they will be captured, and which part goes to the municipality, which part goes to the developer, and which part goes into the general fund. This agreement is called a credit enhancement agreement because it enhances the ability for the developer to get investment loans for the project.

TIFs can be done in a variety of ways. They can be done relative to a time period or by phases. The document can be amended by going through a process similar to developing a new document.

Chairman Cookson said he would like to get away from phases and move towards language that allowed investments within the district until FY 26 in accordance with the original agreement. Attorney said if the idea is to change this to cover value that is added, then the particulars do not have to be described.

Councilor Caprara likes to TIFs but does not think residential units should be in TIFs....because the residence would not be paying taxes....she does favor businesses being in them.

Fuller, couple quick thoughts...believes a plan with a schedule should be reviewed by the council....should be getting progress reports regardless of whether it is in a TIF and that as long as the investment is in the comprehensive plan, she supports the investment.

The issue within the council seems to center on whether or not the developer should have to report back to the council to get additional tax revenue returned to it.

Then followed a short discussion including Chairman Cookson, Councilor Jenkins, Councilor Caprara, and Attorney Bragg about how the tax monies actually move. The developer pays all the property taxes to the municipality, then the town returns a percentage of those TIF proceeds to the developer in accordance with the credit enhancement agreement.

There are various percentages that can be withheld by the town and further allocated to projects within the town.

Mr Carrier mentioned all the improvements his company had made within and outside the TIF district. Mr Bragg asked if he wanted to expand the district and said that it would not do any good unless new value was added to the expanded area. Mr Carrier went on to explain that there will be 2500 sq ft of office space in the commerce center for office space.

Mr Bragg mentioned that the amount of money captured is the amount that is not taxed by the State of Maine.

Councilor Fuller suggested that they might consider capturing 100% and the town keeping 25% for economic development.

Councilor Caprara said if it would be easier she would like to see the entire plan. Chairman Cookson said the plan had already been outlined at the open house. Councilor Caprara said the plan might have changed. Mr Carrier said the overall plan had not changed.

Discussion ensued about when the amendment paperwork had to be sent to the state for approval. Mr Bragg said paperwork had to be submitted. Mr Bragg mentioned that the March 1st date is only significant if the intent is to capture value added between last March 31, 2011 and this April 1, 2012. An updated assessment has not been accomplished.

Motion by Councilor Fuller, amended by Councilor Buck that TIF would include phase two by listing all remaining projected work and apply the same percentages on any increase in value, motion died from a tie vote (Cookson, Caprara, Buck for, Fuller, Jenkins, Currier against)

Councilor Fuller made a new motion, seconded by Jenkins to see an amended TIF between the Town of Winthrop and the Winthrop Commerce Center including Phase 2 for all proposed projects, and the council will consider projections for captured value at a later date. Passed unanimously (6.0)

Councilor Jenkins mentioned that for clarifications sake that for the new change in assessed value, that we could return only 75% and keep 25% for the town. Councilor Caprara just wants to make sure that what the Winthrop Commerce Center is thinking about gets told to the general public. Councilor Jenkins also wanted to make sure that there was no hurry to send papers to DECD. Mr Bragg said that unless Mr Carrier had improvements beyond phase one that went on the books in 2011, Apr 1st the paperwork would not have to be rushed through.

Mr Carrier stated that all monies are reinvested in the project. The WCC needs all the help it can get. A TIF accelerates investments.

There was no manager's report or other business

Councilor Buck made the motion, seconded by Councilor Jenkins to adjourn. The motion was carried unanimously. **The meeting adjourned at 8:34pm**