

**ECONOMIC DEVELOPMENT
WISCASSET, MAINE**

An Application for a Municipal Development and Tax Increment Financing District

**OPTIMUS SENIOR LIVING
MUNICIPAL DEVELOPMENT AND
TAX INCREMENT FINANCING DISTRICT**

Presented to:
TOWN OF WISCASSET
on
October _____, 2021

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I. Introduction

A. The Site and Development Project

The Town of Wiscasset (the “Town”) seeks to establish a tax increment financing (the “TIF”) district to facilitate and promote the re-development of 146 Gardiner Road, to be known as Optimus Senior Living into senior living project. The Town intends to designate a TIF district and enter into a credit enhancement agreement with the owner.

The developer of the project will be Optimus Senior Living, LLC (the “Developer”). The Developer is affiliated with entities that developed similar projects throughout New England including three senior living facilities in Connecticut, Massachusetts and New Hampshire. JSJ Holdings, LLC is the current owner of the parcel and is affiliated with the Developer. The cost of this current planned development is estimated at twenty million dollars (\$20,000,000). The owner of the project will be Wiscasset Senior Living, LLC (the “Owner”).

The Developer is proposing 100 units of senior living, comprised of independent living, assisted living, and memory care units. The development project meets a critical need for variable living options for seniors in the Town, will support further economic, community, and workforce development and contribute to the productive reuse of the property.

B. Establishment of the Development District

The Town hereby establishes the “**Optimus Senior Living Municipal Development and Tax Increment Financing District**” (the “District”). This development program will serve as the governing document for the District (the “Development Program”). The District will exist for a maximum total of seven (7) years beginning on July 1, 2022 and is more fully described below in this Development Program. The District is depicted on the maps attached as Exhibit A. The Town plans to capture no increased assessed value during the District term unless such year falls within a CEA Year, as defined below in Section II(A)(2). The Town plans to capture 100% of the of the increased assessed value of taxable real property located within the District and in the first CEA Year, 80% in the second CEA Year, 60% in the third CEA Year, 40% on the fourth CEA Year and 20% in the fifth CEA Year. The Town plans to use all of the property taxes paid on captured value (the “TIF Revenues”) to fulfill the payment obligations pursuant to a credit enhancement agreement with the Developer.

C. Advantages of TIF District

In designating the District and adopting this Development Program, the Town can accomplish the following goals:

- Maintain existing tax revenues;
- Realize new tax revenues generated by new development within the District;
- Create long-term, housing opportunities for area residents; and

- Improve the overall economy of the region and the State of Maine.

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

II. Development Program Narrative

A. The Projects

1. Project Costs

The Town will not retain any of the TIF Revenues for municipal project costs at this time. TIF Revenues used for the credit enhancement agreement are described below and additional tax revenues generated from property in the District will be deposited into the Town’s general fund.

2. Credit Enhancement Agreement with Owner

In designating the District, the Town Meeting is also authorizing a credit enhancement agreement with the Owner. The credit enhancement agreement (the “CEA”) will provide for a 5-year CEA term (the “CEA Years”) during which one hundred percent (100%) of the TIF Revenues generated by the captured assessed value from the District will be paid to the Owner in CEA Year 1, with a twenty percent (20%) decrease in each of the CEA Years 2-5. The CEA Years will start in the first fiscal year following the Tax Year in which the Project receives a certificate of occupancy from the Town. Notwithstanding the foregoing and anything to the contrary contained herein, the CEA Years shall not run beyond the District term.

B. The Development District

1. Physical Description

The proposed District will encompass a 11.6 acre area comprised of parcel known on Town tax maps as Map R-6 Lot 008. Maps of the proposed District are presented in Exhibit A-1 and A-2.

2. Statutory Requirements and Thresholds

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

3. Duration of the Program

The District and Development Program will begin July 1, 2022 and will continue for a total of seven (7) years, terminating on June 30, 2029.

4. Certification of Original Assessed Value

The Original Assessed Value of the District was seven hundred twenty-five thousand dollars (\$725,000) as of March 31, 2021 (April 1, 2020). This assessed value is wholly attributable to taxable real property value. The Assessor’s Certificate of Original Assessed Value is included as Exhibit C.

C. The Development Program

Under this Development Program, the Town will capture the following percentage of increased assessed taxable value of real property in the District in each of the CEA Years: CEA Year 1 – 100%; CEA Year 2 – 80%; CEA Year 3 – 60%; CEA Year 4 – 40%; CEA Year 5 – 20%). No increased assessed value will be captured in District years which are not CEA Years. Tax revenues generated by the captured assessed taxable real property value will be used for the CEA payment.

This Development Program is structured and proposed pursuant to Chapter 206 of Title 30-A of the Maine Revised Statutes, as amended. Subsequent to a public hearing and Town Meeting vote, adoption of this Development Program will be effective upon approval by DECD.

D. Improvements to the Public Infrastructure

There will be no public infrastructure improvements supported by TIF revenues.

E. Operational Components

1. Commercial Improvements Financed Through Development Program

The Town will enter into a credit enhancement agreement with the Owner to support commercial improvements in the District.

2. Relocation of Displaced Persons.

Not applicable.

3. Transportation Improvements

There will be no transportation improvements supported by TIF revenues.

4. Environmental Controls

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

5. Plan of Operation

During the term of the District, the Town Manager or his designee will be responsible for all administrative matters within the purview of the Town concerning the implementation and operation of the District.

III. Financial Plan

The District will encompass a total of 11.6 acres of property. The Original Assessed Value of the District was seven hundred twenty-five thousand dollars (\$725,000) as of March 31, 2021 (April 1, 2020). The Town will capture the percentage of increased assessed value as identified above. The TIF Revenues so collected will provide funding for the credit enhancement agreement so authorized herein, which will improve the Town's economy and increase senior living opportunities and the Town's ability to stand out in a competitive marketplace as a dynamic place in which to grow a business. All taxable real property value captured in the District will be added to the general tax rolls at the end of the TIF term.

Upon each payment of property taxes by the future property taxpayers in the District, the Town will deposit into a development program fund (the "Development Program Fund") the portion of the property tax payments constituting TIF Revenues. The Development Program Fund is pledged to and charged with the payment of the project costs in the manner provided in 30-A M.R.S.A. § 5227(3). The Development Program Fund consists of two segregated accounts, a sinking fund account ("Sinking Fund Account") and a project cost account (the "Project Cost Account"). The Town will deposit the TIF Revenues necessary to pay debt service on any bonds issued to pay for District-related improvements, if any, into the Sinking Fund Account. The money in this account is pledged to and charged with the payment of interest and principal on municipal indebtedness related to the improvements (none is contemplated at this time). The Town will deposit any additional TIF Revenues into (a) a subaccount or subaccounts of the Project Cost Account to be used for payments pursuant to a credit enhancement agreement, if any, and/or (b) to a subaccount of the Project Cost Account for other approved municipal projects, if any (none are contemplated at this time).

A. Increased Assessed Values & Tax Shifts

Estimates of the increased assessed value of the District property and the anticipated TIF Revenues generated by the District are shown in Exhibit D-1 and the estimated tax shifts are shown in Exhibit D-2.

B. Sources of Revenues

It is anticipated that all private improvements located within the District will be funded through private sources.

C. Public Indebtedness

There will be no public indebtedness associated with this District.

D. Original Assessed Value

Certification by the Town's Tax Assessor of the original assessed value of the District is set forth in Exhibit C.

IV. Municipal Approvals

A. Notice of Public Hearing

Attached as Exhibit E is a copy of the Notice of Public Hearing regarding the establishment of the Optimus Senior Living Municipal Development and Tax Increment Financing District and adoption of this Development Program for the District, published in _____ a newspaper of general circulation in the Town on a date at least ten (10) days prior to the public hearing. The public hearing on the District designation and Development Program, was held on _____, in accordance with the requirements of 30-A M.R.S.A. § 5226(1).

B. Minutes of Public Hearing Held by Board of Selectmen

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

C. Authorizing Votes

Attached as Exhibit G is a copy of the Wiscasset Town Meeting Warrant Article designating the District and adopting this Development Program and authorizing the execution of a credit enhancement agreement, which Warrant Article was adopted by the Town at a Town Meeting duly called and held on _____.