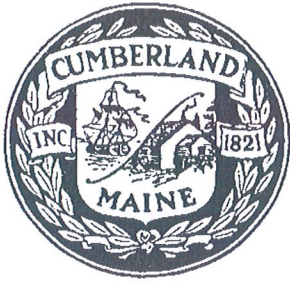


ITEM 18-086

To consider and act on amendments to the Credit Enhancement
Agreement for Grun Development, LLC



M E M O R A N D U M

TOWN OF CUMBERLAND, MAINE
290 TUTTLE ROAD
CUMBERLAND, MAINE 04021
TEL: 207-829-2205 FAX: 829-2224

To: Town Council
From: William R. Shane, Town Manager
Date: June 21, 2018
Re: **18- 086 CEA Grun Development**

Casco Systems will soon be one of our commercial anchors on Route 100. We are very excited that the building is well under way and will be employing over 50 people in this facility along with the opportunity for some rental space for additional commercial businesses.

Under the TIF District's #5 tax incentives, Grun Development is able to assign the Credit Enhancement agreement the Council granted them in March 2016 to Casco Systems. The Town Attorney sees no issues with this assignment and I would recommend approval of the assignment under this Agenda item.

The larger issue is the remainder of the CEA under Article 1 – the" Project is defined as the office building and manufacturing facility for shoe lasts (shoe molds). Since the Manufacturing facility has vaporized, the balance of the CEA has no value if not amended.

I would recommend setting a public hearing date of July 9, 2018 to amend the Credit enhancement agreement with Grun Development and that the existing CEA be re-written to reflect only commercial purposes. Commercial purposes shall exclude any type of multiplex housing including apartments, condominiums, single family homes, duplexes or any form of housing rental or otherwise. I'd also recommend the Developer pay the Town \$2,000 for attorney's fees to advertise and redraft the CEA. No assignment of the amended CEA will be permitted until **Financial Capacity** can be demonstrated for the remainder of the project approved by the Planning Board.

William Shane

From: Alyssa C. Tibbetts <ATibbetts@JBGH.com>
Sent: Thursday, June 14, 2018 9:54 AM
To: William Shane
Subject: Grun Development CEA

Bill,

As we discussed yesterday, Section 7.2 of the CEA with Grun Development provides that the Developer has the right *and obligation* to transfer and assign its rights to any person or entity that acquires title to the Developer's property subject to the CEA. This applies to Casco Systems, who will acquire the office building on the property following construction. As a condition to assignment, the assignee (Casco Systems) must provide written notice or agreement stating that it assumes all of the obligations of the Developer (Grun) under the CEA. Prior to the assignment, the Developer must also obtain the written consent of the Town, which requires that the Developer submit any information the Town reasonably requests related to the identity of the assignee and the plans for the use of the Property. You have this information already, so you likely won't have a need to require anything further in that regard. However, the Town should request a copy of the agreement or other written statement from Casco Systems related to its assumption of the obligations of the Developer under the CEA prior to consenting to the assignment. If the Town does not consent to the assignment, the Developer's rights under the agreement as to the portion of the property that has been transferred automatically terminate.

The Project as defined under Section 1.1 of the CEA includes this office building and the shoe last manufacturing facility. I see no reason for the Town to deny consent of the assignment to Casco Systems given that this was one of the projects originally contemplated, and assuming Casco Systems satisfactorily agrees to assume the obligations of the CEA pursuant to Section 7.2. However, I would consider the request to broaden the scope of the definition of Project under the CEA as a separate issue. The CEA does not have to be amended in order for the rights and benefits related to the office building to be assigned to Casco Systems. It does have to be amended in order to broaden the scope of the definition of Project.

If the rights under the CEA are assigned to Casco Systems, the only remaining right of Grun Development under the CEA will be related to the shoe last manufacturing facility. Since that was not part of the site plan approval and is no longer proposed, the CEA will have no value to Grun Development once the benefits related to the office building are assigned to Casco Systems. At that point, it is entirely within the Council's discretion to amend (or not) the CEA in any way, either to expand the definition of Project or offer any other rights/benefits to Grun Development under that agreement. However, that should not be confused with the assignment to Casco Systems and should be considered and handled independent from that request.

Please let me know if you have any questions.

Thanks,
Alyssa

Alyssa C. Tibbetts, Esq.
Jensen Baird Gardner & Henry
Ten Free St., P.O. Box 4510
Portland, ME 04112
(207) 775-7271
(207) 775-7935 (Fax)

CREDIT ENHANCEMENT AGREEMENT

THIS CREDIT ENHANCEMENT AGREEMENT dated as of March ___, 2016, is by and between the Town of Cumberland, Maine (the "Town"), a municipal body corporate and politic and a political subdivision of the State of Maine, and Grun Development LLC, a Maine limited liability company, its successors and assigns to the extent permitted under Article VII hereof (the "Developer").

WITNESSETH THAT

WHEREAS, the Town designated TIF District #5, the Route 100 Municipal Development and 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 Town Council held on January 14, 2008 (the "Order") and pursuant to the same Order adopted a development program and financial plan for the District; and

WHEREAS, the Maine Department of Economic and Community Development has reviewed and accepted the District and the Development Program by letter dated March 26, 2008; and

WHEREAS, the Development Program contemplates the execution and delivery of a credit enhancement agreement between the Town and the Developer, and the Town and the Developer desire and intend that this Credit Enhancement Agreement be and constitute a credit enhancement agreement contemplated by and described in the Development Program; and

WHEREAS, the Town Council of the Town has approved the execution of this Credit Enhancement Agreement and the Project described herein by action of the Town Council held on February 22, 2016.

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; INTERPRETATIONS

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:

"Agreement" shall mean this Credit Enhancement Agreement between the Town and the Developer.

"Current Assessed Value" shall mean the assessed value of the land and any buildings and improvements located on the Developer's Property, as certified by the municipal assessor as of April 1st of each year of the term of this Agreement. For purposes of this Agreement, the Current Assessed Value shall specifically exclude the assessed value of any personal property now or hereafter located in the District.

"Developer" means Grun Development LLC, a Maine limited liability company, its successors and assigns.

"Developer's Project Cost Account" means the Developer's Project Cost Sub-Account established and maintained pursuant to Article II hereof and the Development Program that is applicable to the Developer's Property and this Credit Enhancement Agreement.

"Developer's Property" means the real estate owned by Developer or to be acquired by Developer which is shown as Lot 70A, Lot 73 and Lot 74 of Cumberland Tax Map U20, including any improvements (as set forth in the "Project" definition below) to be constructed on Developer's Property.

"Development Program" means the development program for the District as adopted by the Cumberland Town Council at a meeting held on January 14, 2008.

"Development Program Fund" means the development program fund described in the Financial Plan section of the Development Program.

"District" means TIF District #5, the Route 100 Municipal Development and Tax Increment Financing District designated by the Town pursuant to Chapter 206 of Title 30-A of the Maine Revised Statutes, by vote of the Cumberland Town Council at a meeting held on January 14, 2008.

"Financial Plan" means the financial plan described in the "Financial Plan" Section of the Development Program.

"Fiscal Year" means July 1 to June 30 of each year or such other fiscal year as the Town may from time to time establish; for purposes of this Agreement, the first Fiscal Year or Fiscal Year 1 means the Fiscal Year commencing July 1, 2016 and ending June 30, 2017.

"Increased Assessed Value" means the valuation amount by which the Current Assessed Value of the Developer's Property exceeds the Original Assessed Value. For purposes of this Agreement, the Increased Assessed Value shall specifically exclude any tax increment on any property in the District other than Developer's Property, and shall also exclude any personal property now or hereafter located in the District. If the Current Assessed Value is equal to or less than the Original Assessed Value in any year, there is no Increased Assessed Value in that year.

"Original Assessed Value" means initially \$651,700 cumulatively for Developer's Property as defined above (respectively, \$404,000 for Lot 70A; \$121,300 for Lot 73; \$126,400 for Lot 74), the original assessed value of the Developer's Properties determined as of March 31, 2016, as the same may be adjusted from time to time in accordance with Section 3.7 hereof.

"Project" means the following improvements to be constructed on Developer's Property: office building and manufacturing facility for the manufacture of shoe lasts.

"Project Costs" means any expenditures or monetary obligations incurred or expected to be incurred that are authorized by section 5225, subsection 1 of Title 30-A of the Maine Revised Statutes and included in the Project.

"Property Taxes" means any and all ad valorem real property taxes levied, charged or assessed against the Developer's Property (but excluding personal property taxes) by the Town, or on its behalf.

"Qualified Investments" shall mean any and all securities, obligations or accounts in which municipalities may invest their funds under applicable Maine law.

"Tax Increment" means the Property Taxes assessed by the Town and paid by the Developer within the meaning of Section 3.1 of this Agreement, in excess of any state, county or special district tax, upon the Increased Assessed Value of the Developer's Property but excluding all personal property taxes and excluding real property taxes on any other real property in the District.

"Tax Increment (Developer's Share)" means that portion of the Tax Increment, for each year during the term of this Agreement, solely with respect to Developer's Property (specifically excluding any tax increment on any other real property now or hereafter located in the District and specifically excluding any Tax Increment on any personal property), which are to be deposited by the Town in the Developer's Project Cost Account, to the extent provided in Section 3.1(b) of this Agreement and paid to the Developer pursuant to this Agreement. The Tax Increment (Developer's Share) for each year of the term of this Agreement shall be calculated as follows with respect to Developer's Property: First, the amount of the Tax Increment shall be determined by subtracting the real Property Tax for such year on the Original Assessed Value from the total real Property Tax for such year on the Current Assessed Value for such year; Second, 0.50 shall be multiplied by the Tax Increment, and the product thereof shall constitute the Tax Increment (Developer's Share) for such year. Notwithstanding the foregoing, the total payments by the Town to the Developer pursuant to this Agreement, determined on a cumulative basis, shall not exceed \$500,000, and thus as soon as the cumulative amounts of Tax Increment (Developer's Share) equal such \$500,000 amount, thereafter the Tax Increment (Developer's Share) shall equal zero (0).

"Tax Payment Date" means the date(s) on which Property Taxes levied by the Town are due and payable.

"Town" means the Town of Cumberland, Maine, a municipality duly organized and existing under the laws of the State of Maine.

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.

Section 1.3. Town Costs. The Developer shall pay or reimburse the Town for all reasonable out-of-pocket fees, expenses and other charges of the Town and its outside consultants, including the Town's attorneys and other consultants, in connection with the preparation, review, negotiation, approval, execution, administration, enforcement and carrying out of this Agreement. Notwithstanding any other provision of this Agreement, this section shall survive any termination of this Agreement.

ARTICLE II: DEVELOPER'S PROJECT COST ACCOUNT AND FUNDING REQUIREMENTS

Section 2.1. Creation of Development Program Fund. The Town hereby confirms the creation and establishment of a segregated fund in the name of the Town designated as "TIF District #5, the Route 100 Municipal Development Tax Increment Financing District Program Fund" (the "Development Program Fund") pursuant to, and in accordance with the terms and conditions of, the Development Program. The Development Program Fund shall consist, as described in the Development Program, of a Project Cost Account and a Sinking Fund. The Development Program Fund Project Cost Account shall consist of and be separated into separate sub-accounts or funds for each Credit Enhancement Agreement entered with respect to property in the District, and one of such sub-accounts shall be the Developer's Project Cost Account and a separate sub-account shall be established as the Town's Project Cost Account. The Sinking Fund, the Town's Project Cost Account and each sub-account for each Credit Enhancement Agreement entered with any person or entity other than Developer shall be the sole and exclusive property of the Town and shall not be subject in any way to the terms or provisions of this Agreement.

Section 2.2. Liens. The Town shall not create any liens, security interests or encumbrances of any nature whatsoever with respect to the Developer's Project Cost Account, other than the interest of the Developer granted under this Agreement in and to the amounts on deposit in the Developer's Project Cost Account, provided, however, nothing herein shall prohibit creation of real and personal property tax liens on the Developer's property in accordance with, and entitled to the priority provided under, Maine law and any trustee process, attachment and judgment liens and other liens obtained in accordance with applicable law.

Section 2.3. Deposits into Developer's Project Cost Account. The Town shall deposit into the Developer's Project Cost Account, within 15 days after each payment of Property Tax and other taxes described in Section 3.1 hereof during the term of this Agreement an amount equal to that portion thereof constituting the Tax Increment (Developer's Share) for the period or year to which the payment relates and shall allocate the amount so deposited to fund fully and pay the payments due to Developer under Article III of this Agreement. All interest and earnings on the Tax Increment (Developer's Share) prior to and after deposit thereof into the Developer's Project Cost Account shall be the sole property of the Town and shall be free and clear of any interest of the Developer under this Agreement.

Section 2.4. Monies Held in Trust. Subject to the terms of this Agreement, all monies required to be deposited into the Developer's Project Cost Account to fund payments to Developer under the provisions hereof and the provisions of the Development Program (excluding all interest and investment earnings thereon), shall be held by the Town, in trust, for the benefit of the Developer in accordance with the provisions of this Agreement.

Section 2.5. Investments. The monies in the Developer's Project Cost Account may be invested and reinvested in Qualified Investments as determined by the Town. The Town shall have discretion regarding the investment of such monies, provided such monies are invested in Qualified Investments. As and when any amounts thus invested may be needed for disbursements, the Town shall cause a sufficient amount of such investments to be sold or otherwise converted into cash to the credit of such account. The Town 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 Developer's Project Cost Account.

ARTICLE III: PAYMENT OBLIGATIONS

Section 3.1. Credit Enhancement Payments. (a) The term of this Agreement shall commence on July 1, 2016 and shall end on the earlier of (i) June 30, 2036, or (ii) the date on which the total

payments of Tax Increment (Developer's Share) by the Town to Developer, its successors or assigns, pursuant to this Agreement equal \$500,000, determined on a cumulative basis. Commencing with the first Fiscal Year, the Town agrees to pay to the Developer within 30 days following each Tax Payment Date or the date payment of Property Tax is actually received by the Town with respect to Developer's Property, whichever is later, payments equal to the Tax Increment (Developer's Share) for each Fiscal Year of the Town during the term of this Agreement.

(b) Notwithstanding Section 3.1(a), the amounts payable thereunder shall be due and payable only if: (i) all real property taxes and assessments and all personal property taxes that are due and payable with respect to the Developer's Property have been paid in full and (ii) all real property taxes and assessments and all personal property taxes that are due and payable with respect to any other real and personal property owned by the Developer, its successors and assigns, in the Town have been paid in full. If any of such property taxes are not paid when due, the property taxes actually paid by Developer, its successors and assigns shall, first, be applied to taxes due on account of Original Assessed Value, second to any personal property taxes with respect to any personal property located on the Developer's Property, third, to any real property and personal property of Developer, its successors and assigns located outside of the District and, fourth, to make the deposits to the Developer's Project Cost Account. If such property taxes and assessments are not paid when due, the Town may withhold and suspend all payments under this Agreement until such property taxes and assessments and all interest thereon and other costs relating thereto are paid in full. In addition, if the Developer institutes any tax abatement proceeding with respect to any Property in the District, the Town may withhold and suspend all payments of the Tax Increment (Developer's Share) with respect to the amount of value of the items of Property subject to the abatement proceeding, and shall deposit the withheld amount into a separate interest bearing escrow account. Upon final action and completion of such abatement proceeding, the proper amount (based on the results of the abatement proceedings plus an allocable share of the interest accrued thereon) held in escrow account shall be paid to the Developer.

(c) The Developer agrees that all payments made by the Town to the Developer pursuant to this Agreement will be used and applied to either pay debt service on indebtedness incurred to finance "Project Costs" as that term is defined under Act and described in the Development Program or used to pay directly, amortize or reimburse Developer for payment of, qualified Project Costs. The Town shall be required to make payments under this Agreement only upon receipt of satisfactory documentation that the amounts are being paid for Project Costs, which documentation shall be in the form of properly completed certificates, executed by the Developer in the form attached hereto as Schedule A.

(d) Developer covenants and agrees that in the event that title to Developer's Property is hereafter transferred to any entity exempt from the payment of Property Taxes, including, without limitation, any charitable corporation or the State of Maine or any agency or authority thereof, then the owner of the Developer's Property, as a covenant running with the land, shall be obligated to pay to the Town each year during and after the expiration or termination of this Agreement, an amount equal to (a) 100% of the Property Taxes that would be assessed by the Town on the Developer's Property, as if and under the assumption that the Developer's Property were fully taxable and owned in fee by Developer and not exempt from Property Taxes, less (b) solely during the term of this Agreement, the portion of the amounts described in the preceding clause (a) that would have been payable to the Developer, or its successors and assigns, under Section 3.1(a) if the Developer's Property had remained taxable. The covenants in this paragraph shall survive expiration or termination of this Agreement.

Section 3.2. Failure to Make Payment. In the event the Town should fail to, or be unable to, make any of the payments required under the foregoing provisions of this Article III, the amount so unpaid shall continue as a limited obligation of the Town, under the terms and conditions hereinafter set forth, until the amount unpaid shall have been fully paid. Developer shall be entitled to initiate an action

against the Town to specifically enforce its obligations hereunder, including without limitation the Town's obligation to establish and maintain the Developer's Project Cost Account and deposit the Tax Increment (Developer's Share) into the Developer's Project Cost Account established thereunder and make required payments to Developer.

Section 3.3. Manner of Payments. The payments provided for in this Article III shall be paid directly to the Developer in the manner provided hereinabove for the Developer's own use and benefit by check drawn on the Town.

Section 3.4. Obligations Unconditional. Except as otherwise provided in this Agreement or as required by applicable law, the obligations of the Town to make the payments described in this Agreement shall be absolute and unconditional, and the Town shall not suspend or discontinue any payment hereunder or terminate this Agreement for any cause, irrespective of any defense or any rights of setoff, recoupment or counterclaim it might otherwise have against the Developer, other than by reason of and to the extent provided in a final judgment by a court of competent jurisdiction or by reason of an order of Trustee Process or Attachment. The Town hereby acknowledges that the Developer has the right to enforce the contractual obligations of the Town under this Agreement and that the governmental immunity of the Town does not apply to actions to enforce its contractual obligations; provided however, that nothing herein shall constitute a waiver of the Town's tort immunity or any other governmental immunities.

Notwithstanding the foregoing, the Town reserves the right to terminate this Agreement upon receipt of a final judgment by a court of competent jurisdiction to the effect that this Agreement or the Development Program (or the designation of the District) adopted in connection herewith or any payment made thereunder or hereunder is or would be illegal or invalid or not properly authorized. In addition, the Town may setoff any amount found by the court of competent jurisdiction to be due to the Town from the Developer or from the owner of the Developer's Property. Except as provided in subsection 3.1(b) and subsection 2.3, the obligations of the Town to make payments hereunder shall be absolute and irrevocable, irrespective of any rights of set-off, recoupment or counterclaim.

The Developer agrees to defend, indemnify, pay, reimburse and hold the Town, its councilors, officers, agents and employees, harmless from any and all claims, suits, liabilities, actions, proceedings and expenses, including, without limitation, attorneys fees and expenses and accountant's fees and expenses, arising out of this Agreement, or any claim of illegality or invalidity of this Agreement or the Town's approval of this Agreement or out of the Town's preparation and participation in this Agreement except that such indemnity shall not apply to the extent any such claims or actions arise out of the Town's negligence or misconduct, or to the extent that the Town has breached any material obligations hereunder.

Section 3.5. Limited Obligation. The Town's obligations under this Agreement, including the Town's obligations of payment hereunder shall be limited obligations of the Town payable solely from the Tax Increment (Developer's Share) actually paid by the Developer with respect to Property owned by the Developer in the District and actually received by the Town and required to be deposited in the Developer's Project Cost Account in accordance with the terms of this Agreement and pledged therefor under this Agreement. The Town's obligations hereunder shall not constitute a general debt or a general obligation or charge against or pledge of the faith and credit or taxing power of the Town, the State of Maine, or of any municipality or political subdivision thereof, but shall be payable solely from such Tax Increment (Developer's Share) actually paid by the Developer with respect to Property in the District and actually received by the Town. This Agreement shall not directly or indirectly or contingently obligate the Town, the State of Maine, or any other municipality or political subdivision to levy or to pledge any form of taxation whatever therefor or to make any appropriation for their payment, excepting the pledge of the Developer's Project Cost Account established under this Agreement.

Section 3.6. Calculation of Retained Tax Increment. The Town and the Developer shall maintain records which are adequate to calculate the Tax Increment and the Tax Increment (Developer's Share), and shall cooperate with each other in making such calculations. Annually, within 30 days of the payment of Property Tax by Developer, the Town shall calculate the amount of Tax Increment and the Tax Increment (Developer's Share) for that year. If the Developer does not object to such calculations within 120 days of receipt thereof or of any payment of Tax Increment (Developer's Share) for such year, the calculations shall be final and binding on all parties.

Section 3.7. Revaluation. In the event there is a Town-wide revaluation of taxable property within the Town, the Original Assessed Value shall be increased or decreased, as the case may be, in proportion to the Town-wide increase or decrease, as the case may be, in property values resulting from such revaluation.

Section 3.8. Payments to the Town. The Developer shall pay to the Town an annual administrative fee equal to 1/2% of the Tax Increment paid by the Town to the Developer pursuant to this Agreement in the year in question, which payment shall be made in equal installments each year in the form of a setoff on the same dates as the Tax Increment for that year is paid by the Town to the Developer.

ARTICLE IV: PLEDGE AND SECURITY INTEREST

Section 4.1. Pledge of Developer's Project Cost Account. In consideration of this Agreement and for the purpose of securing payment of the amounts provided for hereunder to the Developer by the Town, according to the terms and conditions contained herein, and in order to secure the performance and observance of all of the Town's covenants and agreements contained herein, the Town does hereby grant a security interest in and pledge to the Developer the Developer's Project Cost Account and all sums of money and other securities and investments therein. This pledge and the provisions of Section 2.4 hereof shall not apply to any interest and investment earnings on the Developer's Project Cost Account, all of which shall be the absolute property of the Town, free and clear of any interest of the Developer.

Section 4.2. Perfection of Interest. The Town shall cooperate with the Developer, if requested in writing by Developer, in causing appropriate financing statements and continuation statements naming the Developer or the holder of a first mortgage on Developer's Property or other security interest in Developer's rights and interest hereunder, as pledgee of all such amounts from time to time on deposit in the Developer's Project Cost Account to be duly filed and recorded in the appropriate state offices as required by and permitted under the provisions of the Maine Uniform Commercial Code or other similar law as adopted in the State of Maine and any other applicable jurisdiction, as from time to time amended, in order to perfect and maintain the security interests created hereunder. To the extent reasonably deemed necessary by the Developer, the Town will at such time and from time to time as requested by Developer establish the Developer's Project Cost Account Fund described in Section 2.3(b)(i) hereof as a segregated fund under the control of an escrow agent, trustee or other fiduciary so as to perfect Developer's interest therein on terms reasonably satisfactory to the Town.

Section 4.3. Further Instruments. The Town shall, upon the reasonable request of the Developer, 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 actions shall pledge the credit of the Town or require any payment or expense by the Town (unless paid by Developer) or discharge either party or change any provision of this Agreement.

Section 4.4. No Disposition of Developer's Project Cost Account. Except as permitted hereunder, the Town shall not sell, lease, pledge, assign or otherwise dispose, encumber or hypothecate any interest in the Developer's Project Cost 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 4.5. Access to Books and Records. All books, records and documents in the possession of the Town relating to the District, the Development Program, the Agreement and the monies, revenues and receipts on deposit or required to be deposited into the Development Program Fund and the Developer's Project Cost Account shall at all reasonable times be open to inspection by the Developer and its agents. All books, records and documents of the Developer reasonably necessary to the verification of Project Costs shall at all reasonable times be open to inspection by the Town, and its agents, provided, however, that any information reasonably designated by Developer as proprietary shall be inspected, to the extent permitted by law, in a manner so as to preserve the confidential nature of such information.

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 Town or the Developer to pay any amounts due hereunder when the same shall become due and payable except as provided in subsection (c) below; (b) any failure by the Town to make deposits into the Developer's Project Cost Account as and when due; or (c) any failure by the Town or the Developer to observe and perform in all material respects any covenant, condition, agreement or provision contained herein on the part of the Town or Developer to be observed or performed, 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 Developer's failure to pay property taxes for any reason as an Event of Default hereunder.

Section 5.2. Remedies on Default. Whenever any Event of Default described in Section 5.1 hereof shall have occurred and be continuing, the nondefaulting party may take whatever action at law in at equity as may appear necessary or desirable to collect the amount then due and thereafter to become due, to specifically enforce the performance or observance of any obligations, agreements or covenants of the nondefaulting party under this Agreement and any documents, instruments and agreements contemplated hereby or to enforce any rights or remedies available hereunder or under applicable law. Developer also has the right to exercise any rights or remedies available to a secured party under Maine law. Neither party has the right to terminate this Agreement based on an Event of Default.

Section 5.3. Remedies Cumulative. No remedy herein conferred upon or reserved to 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 every other 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 Event of Default 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 right 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 Event of Default be continued or repeated.

Section 5.4. Enforcement Rights. The Town and Developer 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 Developer continuing its pursuit of the Project.

Section 5.5. Tax Laws. The parties acknowledge that all laws of the State now in effect or hereafter enacted with respect to taxation of property shall be applicable and that the Town, by entering into this Agreement, is not excusing any non-payment of taxes by Developer. Without limiting the foregoing, the Town and the Developer shall always be entitled to exercise all rights and remedies regarding assessment, collection and payment of taxes assessed on Developer's property.

ARTICLE VI: TERM AND TERMINATION

Section 6.1. 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 upon the performance of all obligations on the part of the Town and the Developer hereunder or upon any earlier termination as provided in this Agreement. The Town shall have the right to terminate this Agreement by written notice to the Developer in the event of any change in the use of the Developer's Property without the prior written consent of the Town, which consent shall not be unreasonably withheld, delayed or conditioned.

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 Town and the Developer 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 DEVELOPER'S INTEREST

Section 7.1 Consent to Pledge and/or Assignment. The Town hereby acknowledges that it is the intent of the Developer to 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 Developer to make such assignment or pledge. Recognizing this intention, the Town does hereby consent and agree to the pledge and assignment of all the Developer's right, title and interest in, to and under this Agreement (provided that such collateral assignment shall be effective only as long as the assignee holds a first mortgage on the Developer's Property) and in, and to the payments to be made to Developer hereunder, to a bank or other financial institution regularly engaged in making commercial loans as collateral or security for financing the Development Property, on one or more occasions during the term hereof. The Town agrees to execute and deliver any assignments, pledge assignments, consents or other confirmations on terms reasonably satisfactory to the Town (including that any pledge or secured party succeeding to Developer's rights hereunder assume in writing, in form satisfactory to the Town, the obligations of Developer under this Agreement) 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 pledge 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 the parties may reasonably deem necessary for the establishing, perfection and protection of its interest herein.

Section 7.2. Other Assignments. The Developer shall also have the right and obligation to transfer and assign its rights under this Agreement to any person or entity that acquires title to the Developer's Property, provided, that (a) such owner assumes in writing, in form satisfactory to the Town,

the obligations of Developer under this Agreement; and (b) prior to any such assignment, Developer shall obtain the written consent of the Town. In making any request for such written consent of the Town, the Developer shall submit such information as the Town may reasonably request relating to the identity of the proposed assignee and their plans regarding use of the Developer's Property. Such consent shall not be unreasonably withheld, delayed or conditioned. In the event that such written consent is not given, upon transfer of title to the Developer's Property, this Agreement and all rights of Developer, its successors and assigns under this Agreement shall terminate.

Section 7.3. Conditions. Notwithstanding Section 7.1 and Section 7.2, the Developer shall not have the right to transfer and assign all or any portion of its rights in, to and under this Agreement, except to the then owner of, or holder of a first mortgage on, the Developer's Property.

ARTICLE VIII: MISCELLANEOUS

Section 8.1. Successors. In the event of the dissolution of the Town or the Developer, 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 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 Town and the Developer any right, remedy or claim under or by the reason of this Agreement, it being intended that this Agreement shall be for the sole and exclusive benefit of the Town and the Developer.

Section 8.3. Severability. In case any one or more of the provisions of this Agreement shall, for any reason, be held to be illegal and 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 Town 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 Town in his individual capacity and neither the members of the Town Council of the Town nor any official, officer, employee or agent of the Town 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 Developer 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 Developer in his or her individual capacity and neither the members, directors, officers, agents, servants or employees of the Developer 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.

Section 8.7. Notices. All notices, certificates, requests, requisitions or other communication by the Town or the Developer 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, addressed as follows:

If to the Town: Town Manager, Town of Cumberland
290 Tuttle Road
Cumberland Center, ME 04021-0128

If to the Developer: Grun Development LLC
110 Marginal Way, Suite 193
Portland, ME 04101

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. This Agreement may be amended only with the written consent of both of the parties hereto.

Section 8.9. Net Agreement. Subject only to the provisions of Article III and 5.2 hereof, this Agreement shall be deemed and construed to be a "net agreement," and the Town shall pay absolutely net during the term hereof all payments required hereunder, free of any deductions, and without abatement, deductions or setoffs.

Section 8.10. Benefit of Assignees or Pledges. The Town agrees that this Agreement is executed in part to assist the Developer in obtaining financing for the Project and accordingly all covenants and agreements on the part of the Town as to the amounts payable hereunder are hereby declared to be for the benefit of any such assignee or pledgee from time to time of the Developer's right, title and interest herein.

Section 8.11. Integration. This Agreement completely and fully supersedes all other prior or contemporaneous understandings or agreements, both written and oral, between the Town and the Developer relating to the specific subject matter of this Agreement and the transactions contemplated hereby.

Section 8.12. Disputes. The Town and the Developer both covenant and agree that the assumptions, analyses and results set forth in this Agreement and in the Development Program shall in no way prejudice the rights of either party or be used, in any way, by either party in either presenting evidence or making argument in any dispute which may arise in connection with valuation of property in the District.

Section 8.13. Valuation Agreement. The Development Program makes certain assumptions and estimates regarding valuation, depreciation of assets, tax rates, estimated amounts of the Increased Assessed Value and the Tax Increment, estimated amounts of the Tax Increment (Developer's Share), estimated development costs and other estimates. The Town and the Developer hereby covenant and agree that the assumptions, estimates, analysis and results set forth in the Development Program shall in no way: (a) prejudice the rights of any party to be used, in any way, by any party in either presenting evidence or making argument in any dispute which may arise with respect to Developer's property for purposes of ad valorem property taxation or any tax abatement proceeding or (b) modify or change in any

way the terms of this Agreement even if the actual results differ substantially from the estimates, assumptions or analysis.

Section 8.14. Reports. The Developer agrees to file with the State of Maine Department of Economic and Community Development all annual written reports required under Maine law relating to the receipt of tax increment financing revenues, including, without limitation, those required under 5 MRSA section 13056-B. The Developer agrees to send a copy of each such report to the Town at the time of the filing thereof with DECD.

IN WITNESS WHEREOF, the Town and the Developer 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, all as of the date first above written.

WITNESS:

Brenda L. Moore

Town of Cumberland

By: [Signature]

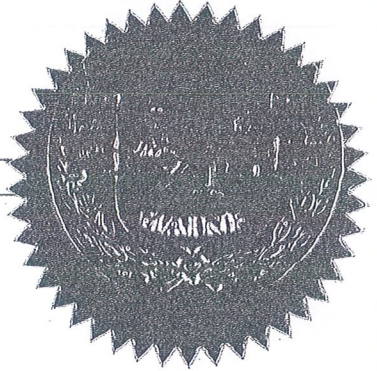
Its Town Manager, duly authorized

Developer: Grun Development, LLC

[Signature]

By: [Signature]

Name: Marlene Eaton
Its: Managing member



Schedule A

Request for Payment

The undersigned Grun Development LLC (the "Developer") does hereby request payment in the amount of \$_____ from the Town of Cumberland out of the Developer's Project Cost Account established under the Development Program of TIF District #5, the Route 100 Municipal Development District and Tax Increment Financing District and does hereby certify to the Town of Cumberland 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: [check applicable provisions]

☐

Direct payment of Project Costs in the amount of \$_____; and/or

☐

Reimbursement to the Developer 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 have been the subject of a previous request for payment from the Developer's Project Cost Account.

The Developer further certifies that all of such Project Costs constitute Project Costs as defined in the Credit Enhancement Agreement, dated March ____, 2016 between the Town of Cumberland and the undersigned, and that the Developer has complied with all terms, conditions and covenants of such Agreement and that no default or event of default exists under said Agreement.

Dated: _____

Developer: Grun Development LLC

By: _____
Its